Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
September 5, 2017	9:30 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci

1221 Broadway, Suite 900 • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com

Released: August 29, 2017
Revised: August 31, 2017

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

I.   Approval of Minutes

Meeting held on August 2, 2017

II.   Working Group Meeting Summaries

Claims Working Group Meeting held July 31, 2017

III.   New Business

A.   AC17-09-01: 6/30/2017 Experience – Review of Methodologies

B.   AC17-09-02: Basis of Apportioning Countrywide ULAE to California

IV.   Matters Arising at Time of Meeting

V.   Next Meeting Date: December 6, 2017

VI.   Adjournment

Claims Working Group

Meeting Summary

To: Participants of the Claims Working Group
Date: August 16, 2017

RE: Summary of July 31, 2017 Meeting

Discussion Topics
At the meeting, the following topics were discussed.

1. **Third Quarter 2017 Review of Diagnostics**
   The meeting materials included the WCIRB's standard set of diagnostics that are reviewed by the Actuarial Committee and the Claims Working Group on a semi-annual basis. Among the diagnostics discussed by the Working Group were the following:

   a. Permanent disability claims continue to close at a faster rate, while the rate at which temporary disability claims close has remained relatively steady. The Group suggested that the factors driving the acceleration in the settlement rates of permanent disability claims included the independent medical review (IMR) provisions of Senate Bill No. 863 (SB 863) expediting medical treatment dispute resolution, reduced post-SB 863 lien activity, reduced rates of spinal surgeries and decreased uses of opioids.

   b. The number of expedited hearings remained stable in the first quarter of 2017, continuing the trend from the previous three quarters, after a large increase in the second quarter of 2016. The distribution of expedited hearings by type of hearing have also remained relatively stable. The Group advised that with recent WCAB decisions there will likely be a drop in expedited hearings on medical treatment issues and suggested that staff review the underlying data provided by the Division of Workers' Compensation (DWC) with the DWC.

   c. Lien filings decreased significantly in the first two quarters of 2017 after rising sharply in the fourth quarter of 2016. These changes are likely due to Senate Bill No. 1160 (SB 1160), which places additional restrictions on lien filings and became effective on January 1, 2017. The Group suggested that there remain significant uncertainties as to the impact of SB 1160 and the lien filing volume in subsequent quarters should be monitored closely.

   d. The number of quarterly incremental indemnity and medical-only claims both increased significantly in the first quarter of 2017. It was suggested that this increase in medical-only claim filings may be in part attributable to recent changes to Uniform Statistical Reporting Plan requirements intended to clarify the reporting requirements related to first aid claims.

   e. The proportion of indemnity claims involving cumulative trauma in the Los Angeles Basin and San Diego areas continue to increase sharply. The percent of first unit statistical report claims for accident year 2015 that were reported as involving cumulative injury was 14% for the Los Angeles Basin area, almost 11% for the San Diego area and only 6% for the remainder of the state.

Meeting Summary
Date: August 16, 2017

2. **Permanent Disability Claim Survey**
    Staff presented the Working Group with a draft of the changes to the Permanent Disability Claim Survey form. The Working Group provided initial feedback at the meeting. Staff informed the Group that the draft survey form will be revised based on the feedback and the existing survey instructions will be revised accordingly, and they will be distributed to a few participants for final feedback prior to release. Staff also informed the Group that sample stratification will continue to be used, but staff suggests oversampling cumulative trauma claims, rather than major permanent partial disability claims as was done in the past. The number of permanent disability claims to be surveyed each year at the first survey level will be reduced from 3,500 to 2,000 to be more in line with the reduction in the number of permanent disability claims since the survey was initially implemented. Also, the number of claims to be resurveyed a year after the claims were initially surveyed will be reduced by about half based on changing the criteria to resurvey based on whether the claims have significant subsequent activity in unit statistical data, rather than whether the claims were indicated as resolved at the first report level.

3. **New Drug Formulary**
    Staff provided the Group with an overview of the current status and timeline for the drug formulary being developed pursuant to Assembly Bill No.1124 (AB 1124). This included a discussion of the structure of the draft formulary that was proposed by the Department of Industrial Relations (DIR) as well as its ancillary rules. Staff advised that the proposed formulary will most likely apply to drugs dispensed for outpatient use on or after January 1, 2018 regardless of the date of injury. Staff has also advised that the physician drug dispensing rule that requires prospective review for all physician dispensed drugs does not apply to "special fill" and "perioperative fills" in the latest proposed regulations.

    The Working Group discussed the economic impact figures released by the DIR including some of the assumptions used to calculate the DIR's expected decrease in California workers' compensation prescription drug spending that was published earlier this year. The Group noted that from an overall system cost impact, the DIR estimated savings were modest but that, with the lack of price controls, the ultimate cost impact would depend on how the presence of the formulary will impact how drugs are being prescribed in the California system. Staff also summarized the process envisioned to evaluate the cost impact of the new formulary once the final regulations are adopted.

4. **Medical Severity**
    Staff presented an update of the WCIRB's medical severity trends by component based on medical transaction data collected by the WCIRB. This analysis included medical payments through December 31, 2016. The Working Group was advised that payments per claim for the medical services increased 1% in the first half of 2016 then decreased 2% in the second half of 2016. Staff shared with the Working Group that on a cumulative basis, medical costs per claim have declined 12% from the second half of 2012 through the second half of 2016, which was largely attributable to the impact of Senate Bill No. 863 (SB 863).

    Staff noted the largest shifts in the shares of medical paid by service type was the pharmacy cost share that decreased from 15% to 8% and the medical legal cost share that increased from 9% to 14% comparing service provided in the second half of 2012 to service year 2016 amounts.

    The Group was advised that pharmaceutical payments per claim declined significantly in 2016 continuing the sharp downward trend that began in 2013. It was noted that the cumulative decrease in pharmaceutical costs from the second half of 2012 through service year 2016 was 63%. Staff noted there were a number of factors influencing this trend including the April 1, 2016 California Medi-Cal fee methodology change that incorporated the average Federal Upper Limit. Other factors identified include the independent medical review process, reduced physician prescribing, decreased opioid prescribing, fewer spinal implant surgeries and potential savings

related to fraud indictments. To continue to help assess the impact of anti-fraud efforts, the Group requested that the WCIRB update the information provided at the March Working Group meeting on the volume of services provided by parties indicted for fraud.

Staff also presented a summary of the first five service quarters of Copy Service Fee data since the Copy Service Fee Schedule went into effect July 1, 2015. Staff informed the Working Group that the data is emerging generally as expected.

5. **Legislative, Regulatory and Judicial Update**
The Working Group reviewed the pending legislation and the regulatory update in the meeting materials. A Working Group member noted that SB 1160 included provisions effective January 1, 2018 providing that emergency medical treatment and treatment that is for an accepted body and that is covered by the Medical Treatment Utilization Schedule (MTUS) provided by the MPN or a predesignated physician shall be authorized without prospective utilization review for the first 30 days following an injury. The statute goes on to provide a list of medical treatment services that are not subject to prospective utilization review but states that the medical treatment services listed are defined in rules adopted by the DIR. The Working Group member noted that regulations have not yet been promulgated to define the medical treatment referenced in this statute and that it was unlikely that such regulations would be promulgated and approved prior to January 1, 2018.

The Working Group also reviewed the pending cases included in the materials. With respect to the Hikida case, a Working Group member noted that the decision clarified and solidified the exclusive remedy of workers' compensation and that if an injured worker is hurt because of treatment provided to cure an industrial injury, even if that industrial injury is subject to apportionment, the employer is responsible for the resulting injury and any resulting permanent disability is not subject to apportionment. It was mentioned that this case could impact the King v. CompPartners case in that the Hikida decision reiterates that workers' compensation would be the sole remedy resulting from an injury from treatment to cure a work related injury and not a civil lawsuit filed against the utilization review company and doctor as King is attempting to do in the King v. CompPartners case.

Finally, a Working Group member also noted a recent panel decision in which an employer entered into two separate Stipulated Awards and as a result was required to provide two separate supplemental job displacement benefit vouchers.

Item AC17-09-01
6/30/2017 Experience – Review of Methodologies

At the August 2, 2017 meeting, the Committee reviewed statewide experience through March 31, 2017 and recommended a series of loss development and trending methodologies for the purposes of the WCIRB's January 1, 2018 Pure Premium Rate Filing. At the August 9, 2017 meeting, the Governing Committee authorized the WCIRB to submit the filing using a loss projection based on the methodologies recommended by the Actuarial Committee. On August 18, 2017, the WCIRB submitted its filing to the California Department of Insurance. In the filing, the WCIRB advised that it "will be reviewing accident year experience valued as of June 30, 2017 once it is received and, if authorized by the WCIRB Governing Committee, will amend the pure premium rates proposed in this filing."

Staff has prepared a preliminary analysis of statewide experience through June 30, 2017, which is included in Exhibits 1 through 8. This information reflects insurers writing almost 100% of the market based on 2016 premium levels. The methodologies used are consistent with those reflected in the January 1, 2018 Pure Premium Rate Filing. Wage and loss levels were projected to January 1, 2019—the approximate midpoint of experience on policies incepting in 2018, and premiums were adjusted to the industry average filed pure premium rate level as of July 1, 2017.

As shown on Exhibit 8, the projected policy year 2018 loss to the industry average filed pure premium ratio based on June 30, 2017 experience and the January 1, 2018 Pure Premium Rate Filing loss projection methodologies is 0.643. (The comparable ratio projected based on March 31, 2017 experience as reflected in the January 1, 2018 Pure Premium Rate Filing is 0.662.)

Additional supplemental information is included in Exhibits 9 through 12.

California Workers' Compensation
Accident Year Experience as of June 30, 2017

Year	Earned Premium	Paid Indemnity	Indemnity Reserves	Paid Medical**	Medical Reserves	IBNR*	Total Incurred**	Loss Ratio*
1985	2,872,481,605	1,278,308,881	3,956,434	984,218,072	22,339,240	19,069,547	2,307,892,174	0.803
1986	3,506,609,097	1,381,690,793	5,405,747	1,133,045,524	32,851,170	58,492,141	2,611,485,375	0.745
1987	4,374,085,383	1,503,966,597	7,235,039	1,325,593,821	46,468,783	31,400,626	2,914,664,866	0.666
1988	5,173,049,472	1,700,747,543	7,987,532	1,529,675,606	47,618,952	43,529,240	3,329,558,873	0.644
1989	5,674,529,942	1,936,680,015	9,511,947	1,784,168,775	62,577,397	47,455,839	3,840,393,973	0.677
1990	5,698,665,461	2,253,926,769	9,201,766	2,028,738,288	64,471,878	68,898,282	4,425,236,983	0.777
1991	5,863,319,243	2,468,994,840	17,802,200	2,180,319,320	70,676,631	69,955,763	4,807,748,754	0.820
1992	5,681,466,382	1,970,135,533	15,280,072	1,740,964,330	71,313,380	63,801,036	3,861,494,351	0.680
1993	5,928,480,359	1,687,997,835	16,021,256	1,490,763,438	91,116,258	56,555,097	3,342,453,884	0.564
1994	5,022,749,028	1,620,173,219	23,570,167	1,448,746,478	102,403,221	60,276,419	3,255,169,504	0.648
1995	3,778,975,599	1,752,825,901	32,615,565	1,590,847,057	127,684,796	69,088,294	3,573,061,613	0.946
1996	3,736,857,547	1,937,334,818	40,322,895	1,681,066,523	139,764,587	74,997,788	3,873,486,611	1.037
1997	3,916,944,392	2,296,028,604	51,099,691	1,974,572,609	163,946,022	129,422,189	4,615,069,115	1.178
1998	4,322,051,270	2,746,593,698	63,939,731	2,584,617,614	265,604,426	215,723,229	5,876,478,698	1.360
1999	4,537,629,086	3,024,534,488	63,738,289	2,963,146,228	239,592,846	300,030,938	6,591,042,789	1.453
2000	5,905,419,052	3,384,555,782	87,726,987	3,485,601,818	290,404,870	459,181,944	7,707,471,401	1.305
2001	10,094,684,192	4,775,567,401	140,148,627	5,224,571,240	485,369,873	702,489,719	11,328,146,860	1.122
2002	13,405,893,679	4,703,215,308	125,630,190	5,342,317,379	440,685,023	974,914,901	11,586,762,801	0.864
2003	19,429,675,115	4,456,085,063	190,171,647	4,900,202,589	466,201,186	1,362,348,024	11,375,008,509	0.585
2004	23,043,963,090	3,136,461,373	162,772,269	3,915,312,098	410,541,037	1,429,645,737	9,054,732,514	0.393
2005	21,350,709,483	2,456,737,275	143,939,069	3,504,667,953	393,918,516	1,197,233,690	7,696,496,503	0.360
2006	17,209,009,327	2,534,861,821	166,048,675	3,598,336,596	418,344,709	859,161,659	7,576,753,460	0.440
2007	13,256,259,568	2,649,301,450	188,245,923	3,830,640,388	489,787,444	858,546,121	8,016,521,326	0.605
2008	10,748,217,184	2,675,924,545	210,822,715	3,814,571,330	495,649,016	731,939,825	7,928,907,431	0.738
2009	8,885,303,850	2,522,696,115	220,945,007	3,589,178,969	501,055,721	706,141,198	7,540,017,010	0.849
2010	9,411,101,176	2,519,138,520	234,891,530	3,636,391,650	493,088,583	828,838,918	7,712,349,201	0.819
2011	10,146,407,076	2,422,163,101	277,048,816	3,212,643,717	583,655,248	1,049,290,342	7,544,801,224	0.744
2012	11,718,349,189	2,377,243,718	344,497,925	3,012,987,096	642,113,986	1,948,400,491	8,325,243,216	0.710
2013	14,186,071,217	2,294,604,473	413,658,203	2,737,128,870	745,289,413	2,755,171,830	8,945,852,789	0.631
2014	16,014,478,353	2,105,474,996	598,210,818	2,380,918,985	910,870,983	3,705,120,083	9,700,595,865	0.606
2015	17,055,735,027	1,633,981,574	854,544,614	1,884,608,990	1,217,597,447	4,867,011,515	10,457,744,140	0.613
2016	17,955,232,751	839,515,129	910,852,128	1,187,773,733	1,408,979,748	6,268,729,066	10,615,849,804	0.591
2017*	8,793,781,999	89,713,720	310,738,591	179,884,852	652,689,043	3,676,900,596	4,909,926,802	0.558

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

Source: WCIRB quarterly experience calls

Incurred Indemnity Loss Development Factors

Age-to-Age (in months)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186
1992															1.001
1993														1.000	1.001
1994													1.001	1.001	0.999
1995												1.000	1.003	1.002	1.000
1996											1.002	1.001	1.000	1.000	1.002
1997										1.005	1.002	1.002	1.002	1.002	1.000
1998									1.005	1.004	1.001	1.005	1.004	1.000	1.002
1999								1.003	1.007	1.002	1.004	1.003	1.004	1.001	1.001
2000							1.008	1.006	1.005	1.005	1.005	1.002	1.004	1.002	1.001
2001						1.014	1.013	1.006	1.008	1.008	1.005	1.004	1.002	1.001	1.003
2002					1.022	1.017	1.010	1.010	1.008	1.007	1.002	1.004	1.002	1.002	
2003				1.037	1.028	1.016	1.020	1.017	1.010	1.008	1.005	1.003	1.003		
2004			1.051	1.044	1.032	1.029	1.021	1.015	1.014	1.005	1.005	1.002			
2005		1.129	1.083	1.059	1.047	1.035	1.020	1.013	1.009	1.004	1.005				
2006	1.402	1.158	1.089	1.067	1.044	1.029	1.020	1.008	1.007	1.008					
2007	1.446	1.171	1.090	1.060	1.040	1.028	1.017	1.012	1.008						
2008	1.472	1.200	1.100	1.057	1.034	1.022	1.017	1.009							
2009	1.504	1.190	1.106	1.059	1.035	1.021	1.016								
2010	1.502	1.199	1.096	1.055	1.030	1.022									
2011	1.487	1.180	1.092	1.046	1.029										
2012	1.471	1.174	1.084	1.049											
2013	1.453	1.161	1.075												
2014	1.465	1.174													
2015	1.465														
Selected (a)	1.465	1.174	1.075	1.049	1.029	1.022	1.016	1.009	1.009	1.007	1.005	1.003	1.003	1.001	1.002
Cumulative	2.180	1.488	1.268	1.179	1.124	1.093	1.069	1.052	1.043	1.033	1.026	1.022	1.019	1.015	1.014

(a) Selections are latest year for the 18-to-30 month through 102-to-114 month factors and six-year average for the subsequent age-to-age factors.

Incurred Indemnity Loss Development Factors (Continued)

Age-to-Age (in months)

Accident Year	210/198	222/210	234/222	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	ULT/390Inc (b)
1982										0.998	1.001	1.000	1.002	1.000	1.001	1.000	
1983									1.000	0.999	1.001	1.001	1.001	1.001	1.000	1.000	
1984								1.000	1.000	1.001	1.001	1.000	1.001	1.000	1.000	1.000	
1985								1.000	1.001	1.000	1.002	1.001	1.001	1.000	1.000		
1986						1.001	1.000	1.001	1.000	1.002	1.000	1.000	0.999	1.001			
1987					0.999	1.000	1.000	1.002	1.002	1.001	1.000	1.001	1.001				
1988				1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.001	1.000	1.000				
1989			1.000	1.001	1.000	1.001	1.002	1.001	1.000	1.000	1.000	1.000					
1990		1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000							
1991	1.000	1.001	1.000	1.000	1.001	1.001	1.000	1.000	1.000								
1992	0.999	1.000	1.001	1.001	1.002	1.000	1.000	1.000									
1993	0.999	1.000	1.002	1.001	1.000	1.001	1.000										
1994	1.001	1.002	0.999	1.000	1.000	1.000											
1995	1.002	1.002	1.000	1.001	1.001												
1996	1.001	1.002	1.000	1.000													
1997	1.001	1.000	1.002														
1998	1.001	1.001															
1999	1.001	1.000															
2000	1.001																
Selected (a)	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.001	1.001	1.000	1.001	1.000	1.000	1.000	
Cumulative	1.013	1.011	1.010	1.010	1.009	1.008	1.008	1.008	1.007	1.007	1.006	1.005	1.005	1.005	1.004	1.004	1.004

(b) The ULT/390Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 114-to-126 through 342-to-354 factors, excluding the most recent evaluation, and extrapolated to 80 development years.

Incurred Medical Loss Development Factors

Age-to-Age (in months) (b)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186
1992															1.011
1993														1.016	1.011
1994													1.006	1.009	1.018
1995												1.025	1.022	1.012	1.005
1996											1.015	1.020	1.015	1.017	1.008
1997										1.024	1.018	1.019	1.010	1.008	1.006
1998									1.032	1.019	1.020	1.010	1.010	1.012	1.008
1999								1.035	1.025	1.018	1.016	1.011	1.011	1.010	1.002
2000							1.039	1.022	1.022	1.019	1.018	1.014	1.010	1.003	0.996
2001						1.041	1.041	1.028	1.032	1.019	1.015	1.019	1.002	0.998	0.997
2002					1.052	1.037	1.034	1.026	1.026	1.018	1.010	1.006	0.997	0.999	
2003				1.061	1.050	1.043	1.038	1.033	1.024	1.016	1.006	1.000	1.001		
2004			1.099	1.071	1.060	1.052	1.036	1.029	1.024	1.006	1.003	0.998			
2005		1.112	1.076	1.083	1.065	1.053	1.038	1.026	1.014	1.007	1.001				
2006	1.266	1.141	1.092	1.073	1.055	1.050	1.038	1.014	1.004	1.003					
2007	1.293	1.150	1.101	1.074	1.063	1.036	1.030	1.012	1.005						
2008	1.294	1.164	1.106	1.077	1.051	1.031	1.025	1.006							
2009	1.322	1.170	1.117	1.072	1.042	1.023	1.009								
2010	1.347	1.184	1.097	1.058	1.035	1.017									
2011	1.340	1.161	1.090	1.049	1.023										
2012	1.282	1.127	1.071	1.044											
2013	1.257	1.107	1.061												
2014	1.241	1.110													
2015	1.247														
Selected (a)	1.247	1.110	1.061	1.044	1.023	1.017	1.009	1.006	1.016	1.012	1.009	1.008	1.005	1.005	1.003
Cumulative	1.818	1.458	1.313	1.238	1.186	1.159	1.140	1.129	1.123	1.105	1.092	1.083	1.074	1.069	1.063

(a) Selections are latest year for the 18-to-30 month through 102-to-114 month factors and six-year average for the subsequent age-to-age factors.
(b) Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Incurred Medical Loss Development Factors (Continued)

Age-to-Age (in months)

Accident Year	210/198	222/210	234/222	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	ULT/390Inc (c)
1982										1.007	1.009	1.002	1.009	1.002	1.004	1.000	
1983									1.003	1.005	1.003	1.004	1.004	1.003	0.997	1.000	
1984								1.004	1.001	1.001	1.004	1.001	1.002	0.999	1.000	0.999	
1985							0.998	1.004	1.002	1.003	1.005	1.003	1.004	1.000	0.998		
1986						1.006	1.003	1.006	1.007	1.005	1.004	1.004	1.001	1.000			
1987					1.002	1.004	1.010	1.001	1.004	1.003	1.004	1.001	1.001				
1988				1.003	1.004	1.005	1.003	1.005	1.003	1.003	1.003	1.001	0.999				
1989			1.008	1.006	1.006	1.006	1.006	1.005	1.000	1.002	0.998	0.999					
1990		1.005	1.005	1.007	1.005	1.003	1.003	0.999	1.000	1.001	1.000						
1991	1.005	1.007	1.005	1.004	1.002	1.004	1.001	1.002	1.001	0.999							
1992	1.007	1.007	0.997	1.007	1.004	1.004	1.002	0.999	1.000								
1993	1.009	1.004	1.013	1.011	1.002	1.000	0.998	0.996									
1994	1.010	1.012	1.005	1.006	1.001	1.003	0.993										
1995	1.012	1.002	1.007	1.002	0.999	0.999											
1996	1.006	1.008	1.001	0.998	1.002												
1997	1.003	0.998	0.994	0.998													
1998	1.008	1.000	0.997														
1999	1.000	0.996															
2000	0.996																
Selected (a)	1.004	1.003	1.003	1.004	1.002	1.002	1.001	1.001	1.001	1.002	1.002	1.002	1.002	1.001	1.000	1.000	
Cumulative	1.060	1.056	1.053	1.050	1.046	1.045	1.042	1.042	1.041	1.039	1.037	1.035	1.033	1.031	1.030	1.031	1.031

(c) The ULT/390Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 114-to-126 through 342-to-354 factors, excluding the most recent evaluation, and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

Age-to-Age (in months)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186
1992															1.003
1993														1.004	1.003
1994													1.006	1.004	1.003
1995												1.008	1.007	1.005	1.003
1996											1.011	1.008	1.007	1.004	1.005
1997										1.014	1.010	1.007	1.007	1.006	1.005
1998									1.018	1.014	1.009	1.009	1.008	1.007	1.005
1999								1.020	1.017	1.012	1.010	1.008	1.008	1.006	1.005
2000							1.027	1.021	1.014	1.011	1.010	1.008	1.008	1.006	1.004
2001						1.041	1.028	1.020	1.016	1.013	1.012	1.009	1.008	1.006	1.006
2002					1.058	1.039	1.025	1.018	1.017	1.014	1.009	1.009	1.009	1.006	
2003				1.091	1.056	1.035	1.028	1.025	1.022	1.018	1.014	1.009	1.009		
2004			1.160	1.090	1.060	1.044	1.040	1.032	1.023	1.017	1.013	1.011			
2005		1.337	1.167	1.095	1.068	1.054	1.047	1.033	1.023	1.018	1.014				
2006	1.910	1.337	1.171	1.110	1.077	1.059	1.042	1.027	1.024	1.019					
2007	1.909	1.351	1.182	1.114	1.076	1.056	1.038	1.031	1.024						
2008	1.933	1.386	1.200	1.118	1.072	1.049	1.035	1.024							
2009	2.012	1.402	1.207	1.118	1.075	1.050	1.037								
2010	2.020	1.414	1.201	1.114	1.073	1.047									
2011	2.035	1.394	1.190	1.113	1.069										
2012	2.019	1.387	1.186	1.108											
2013	2.013	1.390	1.182												
2014	2.066	1.396													
2015	2.056														
Selected (a)	2.056	1.396	1.182	1.108	1.069	1.047	1.037	1.024	1.024	1.018	1.014	1.010	1.008	1.006	1.005
Cumulative Unadjusted for Impact of SB 863	5.039	2.451	1.756	1.485	1.340	1.254	1.198	1.155	1.128	1.102	1.082	1.068	1.057	1.049	1.043
Cumulative Adjusted for Impact of SB 863 (b)	5.340	2.597	1.860	1.515	---	---	---	---	---	---	---	---	---	---	---

(a) Selections are latest year for the 18-to-30 month through 102-to-114 month factors and three-year average for the subsequent age-to-age factors.

(b) The 42-to-ultimate factor for accident year 2014 and the 54-to-ultimate factor for accident year 2013 have been adjusted by 6.0% and 2.0%, respectively, for the impacts of SB 863 on indemnity loss development. (See *Impact of Senate Bill No. 863 on Loss Development Patterns*, WCIRB, August 13, 2013.)

Paid Indemnity Loss Development Factors (Continued)

Age-to-Age (in months)

Accident Year	210/198	222/210	234/222	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	390Inc/390Pd (c)	ULT/390Inc (d)
1982																	1.004	
1983									1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.005	
1984								1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.006	
1985							1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
1986						1.001	1.001	1.001	1.001	1.002	1.001	1.002	1.001	1.001	1.001		1.003	
1987					1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			1.003	
1988				1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001					
1989			1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001						
1990		1.001	1.001	1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.000							
1991	1.002	1.002	1.001	1.002	1.002	1.002	1.001	1.001	1.001	1.001								
1992	1.002	1.002	1.003	1.002	1.003	1.001	1.001	1.001	1.001									
1993	1.002	1.003	1.003	1.003	1.003	1.002	1.002	1.001										
1994	1.004	1.004	1.004	1.003	1.002	1.001	1.002											
1995	1.005	1.004	1.004	1.002	1.002	1.003												
1996	1.004	1.004	1.004	1.004	1.003													
1997	1.004	1.004	1.003	1.002														
1998	1.006	1.005	1.004															
1999	1.004	1.004																
2000	1.004																	
Selected (a)	1.005	1.004	1.004	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.004	
Cumulative	1.038	1.033	1.029	1.025	1.022	1.019	1.017	1.016	1.015	1.014	1.013	1.012	1.011	1.010	1.009	1.008		1.004

(c) Three-year averages of the 390Inc/390Pd factors are selected.

(d) The ULT/390Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 114-to-126 through 342-to-354 factors, excluding the most recent evaluation, and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a)

Age-to-Age (in months)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186
1992															1.017
1993														1.013	1.012
1994													1.016	1.013	1.013
1995												1.022	1.019	1.018	1.015
1996											1.024	1.022	1.020	1.015	1.014
1997										1.026	1.024	1.021	1.017	1.016	1.012
1998									1.034	1.031	1.024	1.020	1.018	1.017	1.016
1999								1.031	1.033	1.028	1.027	1.018	1.016	1.017	1.017
2000							1.040	1.034	1.028	1.024	1.022	1.019	1.021	1.015	1.012
2001						1.050	1.042	1.036	1.032	1.025	1.022	1.025	1.018	1.015	1.013
2002					1.064	1.049	1.040	1.031	1.026	1.024	1.020	1.020	1.014	1.012	
2003				1.092	1.065	1.053	1.043	1.031	1.029	1.031	1.023	1.017	1.015		
2004			1.150	1.108	1.079	1.064	1.044	1.038	1.037	1.029	1.020	1.016			
2005		1.254	1.171	1.112	1.084	1.058	1.053	1.046	1.036	1.026	1.020				
2006	1.585	1.291	1.172	1.116	1.078	1.061	1.053	1.038	1.030	1.022					
2007	1.618	1.300	1.177	1.112	1.085	1.069	1.047	1.037	1.025						
2008	1.616	1.308	1.183	1.124	1.088	1.060	1.045	1.029							
2009	1.648	1.328	1.199	1.135	1.083	1.055	1.038								
2010	1.678	1.353	1.202	1.119	1.079	1.054									
2011	1.699	1.340	1.190	1.121	1.071										
2012	1.712	1.339	1.183	1.114											
2013	1.707	1.324	1.180												
2014	1.702	1.321													
2015	1.693														

Adjusted (b)

Age-to-Age (in months)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186
1999															1.018
2000														1.016	1.013
2001													1.020	1.016	1.014
2002												1.021	1.015	1.013	
2003											1.025	1.018	1.016		
2004										1.032	1.022	1.018			
2005									1.038	1.028	1.021				
2006								1.040	1.032	1.024					
2007							1.050	1.039	1.027						
2008						1.064	1.048	1.032							
2009					1.088	1.059	1.040								
2010				1.126	1.084	1.057									
2011			1.200	1.128	1.074										
2012		1.352	1.190	1.118											
2013	1.721	1.331	1.183												
2014	1.709	1.323													
2015	1.693														
Selected (c)	1.693	1.323	1.183	1.118	1.074	1.057	1.040	1.032	1.032	1.028	1.023	1.019	1.017	1.015	1.015
Cumulative	4.964	2.932	2.216	1.873	1.676	1.560	1.476	1.419	1.375	1.332	1.296	1.267	1.243	1.223	1.205

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

(b) These factors are adjusted for the following impacts: (i) reduction of historical outstanding medical losses paid prior to January 1, 2013 by the estimated 4.2% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 2.1% decrease in costs, and losses paid prior to January 1, 2015 by an estimated 1.7% decrease in costs due to RBRVS.

(c) Selections are latest year for the 18-to-30 month through 102-to-114 month factors and three-year average for the subsequent age-to-age factors.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)

Age-to-Age (in months)

Accident Year	210/198	222/210	234/222	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	390Inc/390Pd (d)	ULT/390Inc (e)
1982											1.007	1.008	1.006				1.029	
1983									1.004	1.007	1.005	1.004	1.004	1.003	1.004	1.004	1.031	
1984									1.003	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.036	
1985									1.004	1.003	1.004	1.004	1.003	1.002	1.002	1.003	1.035	
1986						1.004		1.003	1.005	1.005	1.005	1.005	1.006	1.004	1.005		1.021	
1987						1.005	1.006	1.004	1.005	1.004	1.006	1.004	1.003	1.003			1.022	
1988					1.007	1.005	1.005	1.005	1.005	1.006	1.003	1.003	1.003					
1989					1.005	1.006	1.005	1.005	1.005	1.006	1.003	1.003						
1990		1.005	1.007	1.007	1.005	1.005	1.008	1.006	1.004	1.003	1.002							
1991	1.008	1.007	1.005	1.005	1.006	1.005	1.005	1.005	1.003	1.003								
1992	1.009	1.008	1.006	1.005	1.007	1.006	1.006	1.005	1.004									
1993	1.011	1.012	1.002	1.006	1.012	1.010	1.008	1.005										
1994	1.013	1.010	1.010	1.010	1.011	1.007	1.008											
1995	1.014	1.014	1.015	1.012	1.010	1.013												
1996	1.014	1.013	1.013	1.010	1.007													
1997	1.014	1.014	1.008	1.006														
1998	1.016	1.012	1.009															
1999	1.014	1.011																
2000	1.010																	

Adjusted (b)

Age-to-Age (in months)

Accident Year	210/198	222/210	234/222	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	390Inc/390Pd (d)	ULT/390Inc (e)
1982																	1.029	
1983																1.005	1.031	
1984															1.003	1.003	1.036	
1985														1.002	1.003	1.003	1.035	
1986													1.006	1.004	1.006		1.021	
1987												1.005	1.003	1.003			1.022	
1988											1.004	1.003	1.003					
1989										1.006	1.003	1.003						
1990									1.004	1.003	1.002							
1991								1.005	1.004	1.003								
1992							1.006	1.005	1.005									
1993						1.011	1.009	1.006										
1994					1.011	1.008	1.009											
1995				1.013	1.011	1.014												
1996			1.014	1.011	1.008													
1997		1.015	1.009	1.007														
1998	1.017	1.013	1.010															
1999	1.015	1.011																
2000	1.011																	
Selected (c)	1.014	1.013	1.011	1.010	1.010	1.011	1.008	1.005	1.004	1.003	1.003	1.004	1.004	1.003	1.004	1.004	1.029	
Cumulative	1.187	1.170	1.155	1.142	1.131	1.120	1.107	1.099	1.093	1.088	1.084	1.080	1.077	1.072	1.069	1.065	1.029	1.031

(d) Six-year averages of the 390Inc/390Pd factors are selected.
(e) The ULT/390Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 114-to-126 through 342-to-354 factors, excluding the most recent evaluation, and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Age 234, Incurred from Age 234 to Ultimate

Accident Year	Age-to-Age (in months)																		
	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186	210/198	222/210	234/222	234Inc/234Pd (c)
1992															1.003	1.002		1.001	1.015
1993														1.004	1.003	1.002	1.002	1.003	1.015
1994													1.006	1.004	1.003	1.004	1.003	1.003	1.021
1995													1.007	1.005	1.003	1.005	1.004	1.004	1.026
1996											1.011	1.008	1.007	1.004	1.005	1.004	1.004	1.004	1.025
1997										1.014	1.010	1.008	1.007	1.006	1.005	1.004	1.004	1.003	1.025
1998									1.018	1.014	1.009	1.007	1.008	1.007	1.005	1.006	1.005	1.004	1.023
1999								1.020	1.017	1.012	1.010	1.009	1.008	1.006	1.005	1.004	1.004		
2000							1.027	1.021	1.014	1.011	1.010	1.008	1.008	1.006	1.004	1.004			
2001						1.041	1.028	1.020	1.016	1.013	1.012	1.009	1.008	1.006	1.006				
2002					1.058	1.039	1.025	1.018	1.017	1.014	1.009	1.009	1.006	1.006					
2003				1.091	1.056	1.035	1.028	1.025	1.022	1.018	1.014	1.009	1.009						
2004			1.160	1.090	1.060	1.044	1.040	1.032	1.023	1.017	1.013	1.011							
2005		1.337	1.167	1.095	1.068	1.054	1.047	1.033	1.023	1.018	1.014								
2006	1.910	1.337	1.171	1.110	1.077	1.059	1.042	1.027	1.024	1.019									
2007	1.909	1.351	1.182	1.114	1.076	1.056	1.038	1.031	1.024										
2008	1.933	1.386	1.200	1.118	1.072	1.049	1.035	1.024											
2009	2.012	1.402	1.207	1.118	1.075	1.050	1.037												
2010	2.020	1.414	1.201	1.114	1.073	1.047													
2011	2.035	1.394	1.190	1.113	1.069														
2012	2.019	1.387	1.186	1.108															
2013	2.013	1.390	1.182																
2014	2.066	1.396																	
2015	2.056																		
Selected (a)	2.034(d)	1.379(d)	1.174(d)	1.096(d)	1.061(d)	1.047	1.037	1.024	1.024	1.018	1.014	1.010	1.008	1.006	1.005	1.005	1.004	1.004	1.024
Cumulative Unadjusted for Impact of SB 863	4.845	2.382	1.728	1.471	1.342	1.265	1.208	1.165	1.138	1.112	1.092	1.077	1.067	1.059	1.052	1.047	1.042	1.038	
Cumulative Adjusted for Impact of SB 863 (b)	5.135	2.524	1.831	1.501	---	---	---	---	---	---	---	---	---	---	---				

(a) Selections are latest year for the 18-to-30 month through 102-to-114 month factors and three-year average for the subsequent age-to-age factors. Paid development factors are selected to age 234, where an incurred-to-paid ratio is chosen, and subsequently, six-year average incurred loss development factors are selected until ultimate.

(b) The 42-to-ultimate factor for accident year 2014 and the 54-to-ultimate factor for accident year 2013 have been adjusted by 6.0% and 2.0%, respectively, for the impacts of SB 863 on indemnity loss development. (See Impact of Senate Bill No. 863 on Loss Development Patterns, WCIRB, August 13, 2013.)

(c) A three-year average of the 234Inc/234Pd factor is selected.

(d) Based on calculations shown on Exhibits 2.5.3 to 2.5.8. Each of these selections is calculated as the latest year paid indemnity age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

Selected Indemnity Development Factors - Paid to Age 234, Incurred from Age 234 to Ultimate (Continued)

Accident Year	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	ULT/390Inc (e)
1981								1.001	1.001	1.000				
1982							0.998	1.001	1.000	1.002				
1983						1.000	0.999	1.001	1.001	1.001	1.000	1.001	1.000	
1984					1.000	1.000	1.001	1.001	1.000	1.001	1.001	1.000	1.000	
1985			1.001	1.000	1.000	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	
1986			1.000	1.000	1.001	1.000	1.002	1.002	1.000	0.999	1.000	1.000		
1987		0.999	1.000	1.001	1.000	1.002	1.001	1.000	1.001	1.001	1.001			
1988	1.000	1.000	1.001	1.002	1.002	1.000	1.000	1.000	1.000	1.000				
1989	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.000					
1990	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000						
1991	1.000	1.000	1.001	1.000	1.001	1.000	1.000							
1992	1.001	1.001	1.000	1.000	1.000	1.000								
1993	1.001	1.002	1.000	1.000	1.000									
1994	1.001	1.000	1.001	1.000										
1995	1.000	1.000	1.000											
1996	1.001	1.001												
1997	1.000													
Selected (a)	1.001	1.001	1.001	1.000	1.001	1.000	1.001	1.001	1.000	1.001	1.000	1.000	1.000	
Cumulative	1.010	1.009	1.008	1.008	1.008	1.007	1.007	1.006	1.005	1.005	1.005	1.004	1.004	1.004

(e) The ULT/390Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 114-to-126 through 342-to-354 factors, excluding the most recent evaluation, and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						118,318
2009					112,691	113,035
2010				115,870	116,514	116,860
2011			116,080	117,329	118,023	118,353
2012		119,935	122,987	124,292	125,020	
2013	116,601	128,384	131,618	132,844		
2014	121,471	134,561	137,654			
2015	126,973	140,553				
2016	129,487					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	15-27	27-39	39-51	51-63	63-75	75-Ultimate
2009					1.003	
2010				1.006	1.003	
2011			1.011	1.006	1.003	
2012		1.025	1.011	1.006		
2013	1.101	1.025	1.009			
2014	1.108	1.023				
2015	1.107					
Latest Year	1.107	1.023	1.009	1.006	1.003	
Cumulative	1.158	1.046	1.023	1.014	1.008	1.005

Acc. Year	2016	2015	2014	2013	2012	2011
Ult. Claim Counts	150,001	147,088	140,818	134,643	125,975	118,925

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						101,678
2009					90,748	96,847
2010				86,631	95,588	101,916
2011			75,761	89,186	98,348	104,367
2012		62,113	82,088	96,201	105,618	
2013	38,901	67,921	89,641	105,006		
2014	41,134	72,715	95,582			
2015	43,886	78,328				
2016	47,282					

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

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						85.4%
2009					79.7%	85.1%
2010				73.8%	81.4%	86.8%
2011			63.7%	75.0%	82.7%	87.8%
2012		49.3%	65.2%	76.4%	83.8%	
2013	28.9%	50.4%	66.6%	78.0%		
2014	29.2%	51.6%	67.9%			
2015	29.8%	53.3%				
2016	31.5%					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						104,496
2009					95,428	99,888
2010				91,578	98,449	103,050
2011			80,722	92,748	99,707	104,367
2012		67,085	85,507	98,246	105,618	
2013	42,441	71,701	91,391	105,006		
2014	44,387	74,989	95,582			
2015	46,364	78,328				
2016	47,282					

F. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						15,955
2009					14,839	16,831
2010				12,569	15,215	17,241
2011			9,479	12,913	15,546	17,325
2012		5,926	10,055	13,295	15,596	
2013	2,639	6,342	10,497	13,658		
2014	2,720	6,727	11,160			
2015	3,015	7,386				
2016	3,259					

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

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

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

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						16,846
2009					16,345	17,925
2010				13,968	16,100	17,649
2011			10,626	13,879	15,931	17,325
2012		6,760	10,759	13,764	15,596	
2013	2,937	6,923	10,816	13,658		
2014	2,986	7,074	11,160			
2015	3,215	7,386				
2016	3,259					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						1,760,315
2009					1,559,770	1,790,496
2010				1,279,126	1,585,022	1,818,719
2011			857,744	1,287,227	1,588,440	1,808,161
2012		453,460	920,001	1,352,280	1,647,180	
2013	124,665	496,385	988,520	1,434,136		
2014	132,545	530,472	1,066,692			
2015	149,076	578,535				
2016	154,114					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						683,827
2009					760,675	655,885
2010				836,038	717,738	590,043
2011			851,984	774,112	640,809	526,262
2012		761,510	841,772	751,535	630,290	
2013	402,917	775,850	856,608	749,805		
2014	419,045	817,205	894,421			
2015	446,853	852,627				
2016	461,535					

(c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.

(d) Each amount is the product of the adjusted closed indemnity claim counts (Item E) and the adjusted average paid indemnity per closed claim (Item G), and divided by $1,000.

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

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

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						41,095
2009					34,666	40,517
2010				28,593	34,299	39,484
2011			21,131	27,506	32,570	37,628
2012		13,170	20,582	26,754	32,486	
2013	5,186	12,832	20,407	26,935		
2014	5,216	13,214	21,259			
2015	5,378	13,702				
2016	5,614					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						-115,807
2009					-162,237	-123,211
2010				-141,451	-98,129	-44,774
2011			-104,831	-97,978	-44,262	
2012		-65,481	-70,369	-54,711		
2013	-18,357	-48,504	-35,712			
2014	-16,968	-30,048				
2015	-13,327					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2008						568,020
2009					598,438	532,673
2010				694,587	619,609	545,268
2011			747,153	676,134	596,546	526,262
2012		696,030	771,403	696,824	630,290	
2013	384,560	727,346	820,896	749,805		
2014	402,077	787,158	894,421			
2015	433,526	852,627				
2016	461,535					

(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)					
	15	27	39	51	63	75
2008						2,328,335
2009					2,158,208	2,323,170
2010				1,973,714	2,204,631	2,363,987
2011			1,604,897	1,963,361	2,184,986	2,334,423
2012		1,149,490	1,691,405	2,049,104	2,277,470	
2013	509,225	1,223,731	1,809,417	2,183,941		
2014	534,623	1,317,630	1,961,112			
2015	582,602	1,431,162				
2016	615,649					

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2008					
2009					1.076
2010				1.117	1.072
2011			1.223	1.113	1.068
2012		1.471	1.211	1.111	
2013	2.403	1.479	1.207		
2014	2.465	1.488			
2015	2.457				
Latest Year	2.457	1.488	1.207	1.111	1.068
3-Year Average	2.441	1.479	1.214	1.114	1.072

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					1.085
2010				1.128	1.081
2011			1.227	1.127	1.076
2012		1.476	1.218	1.122	
2013	2.386	1.490	1.215		
2014	2.460	1.501			
2015	2.471				

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

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

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

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

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					-0.77%
2010				-1.01%	-0.77%
2011			-0.26%	-1.23%	-0.70%
2012		-0.30%	-0.53%	-0.91%	
2013	0.70%	-0.75%	-0.66%		
2014	0.17%	-0.86%			
2015	-0.59%				

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2009					1.076
2010				1.118	1.073
2011			1.224	1.115	1.068
2012		1.473	1.214	1.112	
2013	2.402	1.480	1.207		
2014	2.461	1.489			
2015	2.456				
Latest Year	2.456	1.489	1.207	1.112	1.068
3-Year Average	2.440	1.480	1.215	1.115	1.072

(j) Each factor represents the change in age-to-age development factors from Item O to those in Item N.
(k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item P)] and [the paid indemnity age-to-age development factor from Exhibit 2.5.1].

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

Selected Medical Development Factors - Paid to Age 234, Incurred from Age 234 to Ultimate

Unadjusted (a)

Age-to-Age (in months)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186	210/198	222/210	234/222	234Inc/234Pd (d)
1992															1.017	1.009	1.008	1.002	1.060
1993														1.013	1.012	1.011	1.012	1.010	1.101
1994													1.016	1.013	1.013	1.013	1.010	1.010	1.108
1995												1.022	1.019	1.018	1.015	1.014	1.014	1.015	1.120
1996										1.026	1.024	1.022	1.020	1.015	1.014	1.014	1.013	1.013	1.101
1997										1.031	1.024	1.021	1.017	1.016	1.012	1.014	1.014	1.008	1.092
1998									1.034	1.028	1.024	1.020	1.018	1.017	1.016	1.016	1.012	1.009	1.099
1999									1.033	1.024	1.027	1.018	1.016	1.017	1.017	1.014	1.011		
2000							1.040	1.031	1.028	1.025	1.022	1.019	1.021	1.015	1.012	1.010			
2001						1.050	1.042	1.034	1.032	1.024	1.022	1.025	1.018	1.015	1.013				
2002					1.064	1.049	1.040	1.036	1.026	1.025	1.020	1.020	1.014	1.012					
2003				1.092	1.065	1.053	1.043	1.031	1.029	1.024	1.023	1.017	1.015						
2004			1.150	1.108	1.079	1.064	1.044	1.038	1.037	1.029	1.020	1.016							
2005		1.254	1.171	1.112	1.084	1.058	1.053	1.046	1.036	1.026	1.020								
2006	1.585	1.291	1.172	1.116	1.078	1.061	1.053	1.038	1.030	1.022									
2007	1.616	1.300	1.177	1.112	1.085	1.069	1.047	1.037	1.025										
2008	1.618	1.308	1.183	1.124	1.088	1.060	1.045	1.029											
2009	1.648	1.328	1.199	1.135	1.083	1.055	1.038												
2010	1.678	1.353	1.202	1.119	1.079	1.054													
2011	1.699	1.340	1.190	1.121	1.071														
2012	1.712	1.339	1.183	1.114															
2013	1.707	1.324	1.180																
2014	1.702	1.321																	
2015	1.693																		

Adjusted (b)

Age-to-Age (in months)

Accident Year	30/18	42/30	54/42	66/54	78/66	90/78	102/90	114/102	126/114	138/126	150/138	162/150	174/162	186/174	198/186	210/198	222/210	234/222	234Inc/234Pd (d)
1996																		1.014	1.101
1997																	1.015	1.009	1.092
1998																1.017	1.013	1.010	1.099
1999															1.018	1.015	1.011		
2000														1.016	1.013	1.011			
2001													1.020	1.016	1.014				
2002												1.021	1.015	1.013					
2003											1.025	1.018	1.016						
2004										1.032	1.022	1.018							
2005									1.038	1.028	1.021								
2006								1.040	1.032	1.024									
2007							1.050	1.039	1.027										
2008						1.064	1.048	1.032											
2009					1.088	1.059	1.040												
2010				1.126	1.084	1.057													
2011			1.200	1.128	1.074														
2012		1.352	1.190	1.118															
2013	1.721	1.331	1.183																
2014	1.709	1.323																	
2015	1.693																		
Selected (c)	1.686(e)	1.313(e)	1.175(e)	1.108(e)	1.067(e)	1.057	1.040	1.032	1.032	1.028	1.023	1.019	1.017	1.015	1.015	1.014	1.013	1.011	1.097
Cumulative	4.840	2.871	2.187	1.861	1.679	1.574	1.489	1.431	1.387	1.344	1.307	1.278	1.254	1.233	1.215	1.197	1.180	1.165	

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

(b) These factors are adjusted for the following impacts: (i) reduction of historical outstanding medical losses paid prior to January 1, 2013 by the estimated 4.2% cost savings due to applicable SB 863 provisions; (ii) adjustment to historical outstanding medical losses paid prior to January 1, 2014 by an estimated 2.1% decrease in costs, and losses paid prior to January 1, 2015 by an estimated 1.7% decrease in costs due to RBRVS.

(c) Selections are latest year for the 18-to-30 month through 102-to-114 month factors and three-year average for the subsequent paid age-to-age factors. Paid development factors are selected to age 234, where an incurred-to-paid ratio is chosen, and subsequently, six-year average incurred loss development factors are selected until ultimate.

(d) A three-year average of the 234Inc/234Pd factor is selected.

(e) Based on calculations shown on Exhibits 2.6.3 to 2.6.8. Each of these selections is calculated as the latest year paid medical age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

Selected Medical Development Factors - Paid to Age 234, Incurred from Age 234 to Ultimate (Continued)

	Age-to-Age (in months)													
Accident Year	246/234	258/246	270/258	282/270	294/282	306/294	318/306	330/318	342/330	354/342	366/354	378/366	390/378	ULT/390Inc (f)
1983										1.004	1.002	1.004	1.000	
1984									1.001	1.002	1.003	0.997	1.000	
1985								1.005	1.003	1.004	0.999	1.000	0.999	
1986							1.005	1.004	1.004	1.001	1.000	0.998		
1987						1.004	1.003	1.004	1.001	1.001	1.000			
1988					1.005	1.003	1.003	1.003	1.001	0.999				
1989				1.006	1.005	1.000	1.002	0.998	0.999					
1990			1.003	1.003	0.999	1.000	1.001	1.000						
1991		1.002	1.004	1.001	1.002	1.000	0.999							
1992	1.007	1.004	1.004	1.002	0.999	1.000								
1993	1.011	1.002	1.000	0.998	0.996									
1994	1.006	1.001	1.003	0.993										
1995	1.002	0.999	0.999											
1996	0.998	1.002												
1997	0.998													
Selected (c)	1.004	1.002	1.002	1.001	1.001	1.001	1.002	1.002	1.002	1.002	1.001	1.000	1.000	
Cumulative	1.050	1.046	1.045	1.042	1.042	1.041	1.039	1.037	1.035	1.033	1.031	1.030	1.031	1.031

(f) The ULT/390Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 114-to-126 through 342-to-354 factors, excluding the most recent evaluation, and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						116,605
2009					111,327	111,671
2010				114,467	115,114	115,460
2011			116,080	117,329	118,023	118,353
2012		119,935	122,987	124,292	125,020	
2013	116,601	128,384	131,618	132,844		
2014	121,471	134,561	137,654			
2015	126,973	140,553				
2016	129,487					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	15-27	27-39	39-51	51-63	63-75	75-Ultimate
2009					1.003	
2010				1.006	1.003	
2011			1.011	1.006	1.003	
2012		1.025	1.011	1.006		
2013	1.101	1.025	1.009			
2014	1.108	1.023				
2015	1.107					
Latest Year	1.107	1.023	1.009	1.006	1.003	
Cumulative	1.158	1.046	1.023	1.013	1.007	1.005

Acc. Year	2016	2015	2014	2013	2012	2011
Ult. Claim Counts	149,977	147,065	140,795	134,622	125,955	118,906

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						100,110
2009					89,555	100,624
2010				85,459	98,348	104,367
2011			75,761	96,201	105,618	104,367
2012		62,113	89,641	105,006	105,618	
2013	38,901	72,715	95,582	105,006		
2014	41,134	78,328	95,582			
2015	43,886	78,328				
2016	47,282					

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
2008						85.3%
2009					79.6%	85.0%
2010				73.7%	81.3%	86.7%
2011			63.7%	75.0%	82.7%	87.8%
2012		49.3%	65.2%	76.4%	83.9%	
2013	28.9%	50.5%	66.6%	78.0%		
2014	29.2%	51.6%	67.9%			
2015	29.8%	53.3%				
2016	31.5%					

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
2008						102,996
2009					94,286	98,693
2010				90,480	97,270	101,816
2011			80,722	92,748	99,707	104,367
2012		67,085	85,507	98,246	105,618	
2013	42,441	71,701	91,391	105,006		
2014	44,387	74,989	95,582			
2015	46,364	78,328				
2016	47,282					

F. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						19,147
2009					18,016	20,824
2010				15,163	18,744	21,598
2011			10,649	14,696	18,120	20,816
2012		6,575	11,013	14,669	17,595	
2013	2,987	6,717	10,978	14,350		
2014	3,000	6,886	11,011			
2015	3,252	7,309				
2016	3,502					

(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
2008						18,441
2009					20,178	22,441
2010				17,095	20,025	22,265
2011			11,996	15,943	18,697	20,816
2012		7,476	11,805	15,260	17,595	
2013	3,298	7,317	11,319	14,350		
2014	3,268	7,216	11,011			
2015	3,448	7,309				
2016	3,502					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						1,899,401
2009					1,902,534	2,214,781
2010				1,546,732	1,947,806	2,266,914
2011			968,314	1,478,682	1,864,230	2,172,503
2012		501,507	1,009,455	1,499,265	1,858,325	
2013	139,954	524,608	1,034,418	1,506,875		
2014	145,079	541,087	1,052,462			
2015	159,846	572,510				
2016	165,591					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						1,004,141
2009					1,080,889	978,538
2010				1,143,097	1,022,247	875,472
2011			1,074,256	1,028,002	892,661	742,236
2012		907,990	1,006,090	939,113	807,099	
2013	512,886	891,560	961,099	870,443		
2014	513,382	881,187	939,089			
2015	524,028	890,566				
2016	558,586					

(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 Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						60,875
2009					49,646	60,900
2010				39,406	49,208	59,010
2011			26,644	36,528	45,370	54,012
2012		15,703	24,599	33,431	41,297	
2013	6,601	14,746	22,896	29,941		
2014	6,390	14,248	20,581			
2015	6,307	11,353				
2016	4,619					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						-175,687
2009					-234,874	-188,180
2010				-197,859	-144,179	-70,340
2011			-132,180	-130,112	-61,658	
2012		-78,076	-84,105	-68,367		
2013	-23,367	-55,738	-40,068			
2014	-20,788	-32,400				
2015	-15,629					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						828,454
2009					846,015	790,358
2010				945,238	878,068	805,132
2011			942,076	897,890	831,003	742,236
2012		829,914	921,985	870,746	807,099	
2013	489,519	835,822	921,032	870,443		
2014	492,594	848,787	939,089			
2015	508,400	890,566				
2016	558,586					

(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
2008						237,275
2009					220,358	223,427
2010				216,387	219,819	222,357
2011			204,298	209,093	212,956	216,227
2012		203,074	211,320	216,817	221,516	
2013	173,685	207,302	216,112	222,106		
2014	195,576	230,319	240,022			
2015	204,448	242,099				
2016	219,444					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2008						2,965,130
2009					2,968,907	3,228,565
2010				2,745,114	3,086,185	3,337,896
2011			2,309,722	2,809,939	3,153,348	3,388,614
2012		1,534,494	2,142,760	2,586,829	2,886,940	
2013	803,158	1,567,733	2,171,561	2,599,424		
2014	833,249	1,620,194	2,231,573			
2015	872,693	1,705,176				
2016	943,622					

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
2009					1.087
2010				1.124	1.082
2011			1.217	1.122	1.075
2012		1.396	1.207	1.116	
2013	1.952	1.385	1.197		
2014	1.944	1.377			
2015	1.954				
Latest Year	1.950	1.386	1.207	1.121	1.081

(h) Each amount is the sum of [adjusted paid medical on closed indemnity claims (Item H)], [adjusted paid medical on open indemnity claims (Item L)] and [paid medical on medical-only claims (Item M)]. The effect of the paid cost of medical cost containment programs are only present for accident years 2011 and prior.

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

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

P. Paid Medical Loss Development Factors (i)

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2009					1.095
2010				1.133	1.086
2011			1.216	1.130	1.082
2012		1.396	1.210	1.125	
2013	1.937	1.390	1.203		
2014	1.937	1.384			
2015	1.957				

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

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2009					-0.73%
2010				-0.80%	-0.45%
2011			0.08%	-0.70%	-0.65%
2012		0.01%	-0.23%	-0.76%	
2013	0.77%	-0.34%	-0.47%		
2014	0.39%	-0.49%			
2015	-0.17%				

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

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

(i) Development factors are based on paid medical losses from the same insurer mix as that used
   in the adjustment for changes in claim settlement rates and applied in the calculation of the
   development factors in Item O.
(j) Each factor represents the change in age-to-age development factors from Item P to those in
   Item O.
(k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement
   rates (Item Q)] and [the adjusted paid medical age-to-age development factor from Exhibit
   2.6.1].

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

Developed Indemnity Loss Ratios Using Selected Loss Development Factors
Adjusted for Changes in Claim Settlement Rates
Based on Experience as of June 30, 2017

		Development Factors			
			Cumulative		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid or Incurred Loss Ratio (a)	Annual (b)	Unadjusted for Impact of SB 863 (b)	Adjusted for Impact of SB 863 (b)	Projected Ultimate Loss Ratio
					(5) = (1) x (4)
1985	0.446	1.001	1.004	1.004	0.448
1986	0.396	1.000	1.004	1.004	0.397
1987	0.345	1.000	1.004	1.004	0.347
1988	0.330	1.000	1.005	1.005	0.332
1989	0.343	1.001	1.005	1.005	0.345
1990	0.397	1.000	1.005	1.005	0.399
1991	0.424	1.001	1.006	1.006	0.427
1992	0.349	1.001	1.007	1.007	0.352
1993	0.287	1.000	1.007	1.007	0.289
1994	0.327	1.001	1.008	1.008	0.330
1995	0.472	1.000	1.008	1.008	0.476
1996	0.529	1.001	1.008	1.008	0.534
1997	0.599	1.001	1.009	1.009	0.605
1998	0.650	1.001	1.010	1.010	0.656
1999	0.667	1.004	1.038	1.038	0.692
2000	0.573	1.004	1.042	1.042	0.597
2001	0.473	1.005	1.047	1.047	0.495
2002	0.351	1.005	1.052	1.052	0.369
2003	0.229	1.006	1.059	1.059	0.243
2004	0.136	1.008	1.067	1.067	0.145
2005	0.115	1.010	1.077	1.077	0.124
2006	0.147	1.014	1.092	1.092	0.161
2007	0.200	1.018	1.112	1.112	0.222
2008	0.249	1.024	1.138	1.138	0.283
2009	0.284	1.024	1.165	1.165	0.331
2010	0.268	1.037	1.208	1.208	0.323
2011	0.239	1.047	1.265	1.265	0.302
2012	0.203	1.061	1.342	1.342	0.272
2013	0.162	1.096	1.471	1.501	0.243
2014	0.131	1.174	1.728	1.831	0.241
2015	0.096	1.379	2.382	2.524	0.242
2016	0.047	2.034	4.845	5.135	0.240

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

(b)   See Exhibits 2.5.1 and 2.5.2 .

Developed Medical Loss Ratios Using Selected Loss Development Factors
Adjusted for Changes in Claim Settlement Rates with Adjustment for SB 863
Based on Experience as of June 30, 2017

	(1)	(2)	(3)	(4)	(5)	(6)
					Adjusted for SB 863	
	Unadjusted	Adjusted			Adjusted	Projected
Accident	Paid or Incurred	Paid or Incurred	Development Factors		Developed	Ultimate
Year	Loss Ratio (a)	Loss Ratio (b)	Annual (c)	Cumulative	Loss Ratio (d)	Loss Ratio
					(2) x (4)	(1) + ((5) - (2))
1985	0.350	0.350	1.001	1.031	0.361	0.361
1986	0.332	0.332	1.000	1.031	0.343	0.343
1987	0.314	0.314	1.000	1.030	0.323	0.323
1988	0.305	0.305	1.001	1.031	0.314	0.314
1989	0.325	0.325	1.002	1.033	0.336	0.336
1990	0.367	0.367	1.002	1.035	0.380	0.380
1991	0.384	0.384	1.002	1.037	0.398	0.398
1992	0.319	0.319	1.002	1.039	0.332	0.332
1993	0.267	0.267	1.001	1.041	0.278	0.278
1994	0.309	0.309	1.001	1.042	0.322	0.322
1995	0.455	0.455	1.001	1.042	0.474	0.474
1996	0.487	0.487	1.002	1.045	0.509	0.509
1997	0.546	0.546	1.002	1.046	0.571	0.571
1998	0.659	0.659	1.004	1.050	0.693	0.693
1999	0.653	0.605	1.011	1.165	0.704	0.753
2000	0.590	0.546	1.013	1.180	0.645	0.689
2001	0.518	0.480	1.014	1.197	0.574	0.612
2002	0.399	0.369	1.015	1.215	0.449	0.478
2003	0.252	0.234	1.015	1.233	0.289	0.307
2004	0.170	0.158	1.017	1.254	0.198	0.210
2005	0.164	0.153	1.019	1.278	0.195	0.207
2006	0.209	0.195	1.023	1.307	0.255	0.269
2007	0.289	0.270	1.028	1.344	0.362	0.382
2008	0.355	0.332	1.032	1.387	0.461	0.483
2009	0.404	0.380	1.032	1.431	0.544	0.568
2010	0.386	0.366	1.040	1.489	0.545	0.565
2011	0.317	0.303	1.057	1.574	0.477	0.490
2012	0.257	0.250	1.067	1.679	0.419	0.427
2013	0.193	0.190	1.108	1.861	0.354	0.357
2014	0.149	0.148	1.175	2.187	0.324	0.324
2015	0.110	0.110	1.313	2.871	0.317	0.317
2016	0.066	0.066	1.686	4.840	0.320	0.320

(a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.

(b) Based on experience evaluated as of June 30, 2017. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015. No adjustments are applied to the incurred loss ratios.

(c) Based on Exhibits 2.6.1 and 2.6.2. Reflects an adjustment for SB 863 of -4.2% applied to payments made before January 1, 2013, and adjustments for RBRVS of -2.1% applied to payments made before January 1, 2014, and -1.7% applied to payments made before January 1, 2015.

(d) The developed medical loss ratios shown were derived based on an adjustment for SB 863 and RBRVS. They are only for purposes of projecting future medical loss ratios and do not reflect true estimates of ultimate loss ratios for those accident years.

Indemnity Benefit Level Factors

Accident Year	(1) Annual Benefit Change Prior to Frequency Adjustments (a)	(2) Frequency Adjustments (a)	(3) Annual Impact on Indemnity Benefits Due to Wage Inflation (b)	(4) Annual Cost Impact on Indemnity (c)	(5) Composite Indemnity Adjustment Factor (d)
1985	0.0	0.0	2.0	2.0	1.537
1986	0.0	0.0	1.6	1.6	1.513
1987	0.0	0.0	1.9	1.9	1.485
1988	0.0	0.0	1.5	1.5	1.463
1989	0.0	0.0	1.5	1.5	1.441
1990	2.3	19.9	1.7	24.7	1.155
1991	4.9	14.8	0.8	21.4	0.952
1992	1.8	-8.3	1.6	-5.2	1.004
1993	0.2	-18.1	0.4	-17.6	1.218
1994	-5.1	0.2	0.6	-4.3	1.273
1995	6.3	0.6	1.0	8.0	1.179
1996	5.3	0.4	1.2	7.0	1.102
1997	9.7	0.2	1.6	11.7	0.987
1998	6.5	0.0	1.8	8.4	0.910
1999	5.7	0.0	2.1	7.9	0.843
2000	3.9	0.0	3.1	7.1	0.787
2001	-0.3	0.0	0.2	-0.1	0.788
2002	-0.7	0.0	0.2	-0.5	0.809 (e)
2003	7.3	0.0	1.1	8.5	0.808 (e)
2004	-6.0	-13.7	1.6	-17.6	1.114 (e)
2005	-31.6	-15.3	1.1	-41.5	1.512
2006	5.6	-5.7	1.6	1.2	1.495
2007	1.6	0.0	1.6	3.2	1.448
2008	4.8	0.6	0.7	6.2	1.364
2009	0.4	1.4	0.2	2.0	1.337
2010	0.4	0.0	1.0	1.4	1.318
2011	0.0	0.0	1.6	1.6	1.298
2012	0.3	0.0	2.1	2.4	1.267
2013	2.2	0.2	0.4	2.8	1.233
2014	7.0	1.5	1.7	10.4	1.116
2015	0.3	0.0	2.2	2.5	1.089
2016	0.3	0.0	1.7	2.0	1.068
2017	0.5	0.0	2.1	2.6	
2018	0.4	0.0	2.2	2.6	
1/1/2019	0.2 (Annual 0.4)	0.0	1.2 (Annual 2.4)	1.4	

(a)   Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity
       benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact
       of recent legislation, including SB 863 as reflected in emerging post-reform costs. The annual cost
       impacts have been segregated between claim severity and claim frequency impacts.
(b)   These impacts are based on the weekly wages of injured workers and the legislatively scheduled benefits
       for that year.
(c)   { [Column (1) /100 + 1.0] x [Column (2) /100 + 1.0] x [Column (3) /100 + 1.0] - 1.0 } x 100.
(d)   These factors represent the combined impact of the annual benefit changes on claim severity shown in
       Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in
       Column (3), adjusted to the 1/1/2019 level.
(e)   On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims
       that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for
       accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for
       the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.

Annual Medical Cost Level Change - Non-Legislative

Accident Year	(1) Proportion of Medical Subject to Fee Schedule (a)	(2) Proportion of Medical Not Subject to Fee Schedule (a)	(3) Impact of Fee Schedule Change on Total Medical (b)	(4) Change in Medical CPI (c)	(5) Impact of CPI Change on Total Medical (d)	(6) Annual Non-Legislative Cost Impact on Total Medical (e)
1985	0.665	0.335	2.3%	6.5%	2.2%	4.5%
1986	0.604	0.396	0.0%	9.1%	3.0%	3.0%
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	0.1%
2014	0.928	0.072	0.5%	4.2%	0.3%	0.8%
2015	0.934	0.066	0.1%	3.1%	0.2%	0.3%
2016	0.919	0.081	0.1%	5.4%	0.4%	0.5%
2017	0.919	0.081	0.1%	2.9%	0.2%	0.3%
2018	0.919	0.081	0.0%	3.3%	0.3%	0.3%
1/1/2019	0.919	0.081	0.0% (Annual 0.0%)	1.5% (Annual 3.0%)	0.1%	0.1%

(a) From a Special Carrier Study through 1990. Based on WCIRB's Aggregate Indemnity and Medical Costs Calls for years 1991 through 2012. Based on WCIRB medical transaction data from 2013 onwards. Accident years 2011 and subsequent do not include MCCP costs.

(b) Based on the WCIRB's evaluation of the cost impact of changes in the medical fee schedules. Includes the 1/1/2014 changes to the physician fee schedule to a resource-based relative value scale (RBRVS) except for the proportion reflected in loss development (See Exhibit 2.4).

(c) Based on a component of the Consumer Price Index. Projections furnished by the California Department of Finance.

(d) Adjusted CPI on workers' compensation medical costs that are not subject to fee schedules. The current year impact is the 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	-2.0%	0.0%	-2.0%
2012	-3.0%	0.0%	-3.0%
2013	-3.0%	0.2%	-2.8%
2014	-2.0%	1.3%	-0.7%
2015	0.0%	0.0%	0.0%
2016	0.0%	0.0%	0.0%
2017	0.0%	0.0%	0.0%
2018	0.0%	0.0%	0.0%
1/1/2019	0.0%	0.0%	0.0%

(a) These annual cost impacts reflect the WCIRB's retrospective estimates of the cost impact of legislation based on WCIRB cost monitoring results. These factors do not include the estimated - 4.2% impact of 1/1/2013 medical provisions in SB 863, which was reflected in loss development projections.

(b) This reflects the annual percentage impact on medical costs due to changes in the frequency of

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

Total Medical Cost Level Factors

Accident Year	(1) Annual Non-Legislative Cost Impact on Medical (a)	(2) Annual Legislative Cost Impact on Medical(b)	(3) Total Annual Cost Impact on Medical(c)	(4) Composite Medical On-level Factor(d)
1985	4.5%	0.0%	4.5%	0.991
1986	3.0%	0.0%	3.0%	0.962
1987	3.8%	0.0%	3.8%	0.927
1988	3.8%	0.0%	3.8%	0.893
1989	3.0%	0.0%	3.0%	0.867
1990	3.7%	19.1%	23.5%	0.702
1991	3.6%	12.9%	16.9%	0.601
1992	3.0%	-7.9%	-5.2%	0.633
1993	2.7%	-18.7%	-16.5%	0.758
1994	-2.3%	-2.3%	-4.6%	0.795
1995	0.9%	0.5%	1.4%	0.784
1996	1.0%	0.4%	1.4%	0.773
1997	0.7%	0.2%	0.9%	0.766
1998	0.8%	12.6%	13.5%	0.675
1999	2.5%	12.6%	15.4%	0.585
2000	1.7%	7.0%	8.8%	0.537
2001	2.9%	6.6%	9.7%	0.490
2002	2.0%	-5.6%	-3.7%	0.509
2003	1.4%	-6.0%	-4.7%	0.534
2004	0.0%	-33.9%	-33.9%	0.807
2005	0.0%	-13.9%	-13.9%	0.937
2006	0.3%	-5.1%	-4.8%	0.984
2007	1.8%	0.1%	1.9%	0.966
2008	0.2%	0.5%	0.7%	0.959
2009	0.4%	1.0%	1.4%	0.946
2010	0.3%	0.0%	0.3%	0.943
2011	0.3%	-2.0%	-1.7%	0.960
2012	0.1%	-3.0%	-2.9%	0.988
2013	0.1%	-2.8%	-2.7%	1.016
2014	0.8%	-0.7%	0.1%	1.020 (e)
2015	0.3%	0.0%	0.3%	1.018 (e)
2016	0.5%	0.0%	0.5%	1.014 (e)
2017	0.3%	0.0%	0.3%	
2018	0.3%	0.0%	0.3%	
1/1/2019	0.1%	0.0%	0.1%	

(a)   See Exhibit 4.2, Column (6).
(b)   See Exhibit 4.3, Column (3).
(c)   Column (3) = [1.0 + Column (1)] x [1.0 + Column (2)] - 1.0.
(d)   These factors adjust the annual impact shown in Column (3) to the 1/1/2019 level.
(e)   The on-level factors for accident years 2014, 2015, and 2016 include the estimated impact of the January 1, 2014 physician fee schedule for the service year 2017.

Annual Wage Level Changes

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

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

Premium Adjustment Factors

Calendar Year	(1) Factor to a 1/1/2019 Wage Level (a)	(2a) Ratio of Industry Average Charged Rates to Advisory Pure Premium Rates (b)	(2b) Factor to Industry Average Filed Pure Premium Rate Level as of July 1, 2017 (c)	(2c) Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of July 1, 2017 (d)	(3) Adjustment to Remove Surcharge Premium (e)	(4) Average Experience Modification (f)	(5) Off-Balance Correction in Advisory January 1, 2017 Pure Premium Rates	(6) Factor to Adjust for Impact of Premium Resulting from Audits (g)	(7) Composite Premium Adjustment Factor (h)
1985	3.286	---	---	0.974	0.991	0.984	1.026	---	3.142
1986	3.138	---	---	0.890	0.991	0.983	1.026	---	2.745
1987	2.972	---	---	0.782	0.992	0.983	1.026	---	2.287
1988	2.846	---	---	0.700	0.993	0.963	1.026	---	2.002
1989	2.729	---	---	0.689	0.993	0.945	1.026	---	1.926
1990	2.599	---	---	0.672	0.991	0.942	1.026	---	1.791
1991	2.541	---	---	0.622	0.987	0.939	1.026	---	1.619
1992	2.427	---	---	0.597	0.982	0.940	1.026	---	1.475
1993	2.398	---	---	0.589	0.981	0.949	1.026	---	1.424
1994	2.356	---	---	0.675	0.986	0.948	1.026	---	1.612
1995	2.289	---	---	0.913	0.995	0.958	1.026	---	2.117
1996	2.214	1.024	0.970	0.947	1.000	0.935	1.026	---	2.186
1997	2.114	0.989	0.968	0.979	1.000	0.949	1.026	---	2.126
1998	2.010	0.965	1.009	1.046	1.000	0.959	1.026	---	2.136
1999	1.893	0.972	1.019	1.048	1.000	0.954	1.026	---	2.027
2000	1.736	1.006	0.924	0.918	1.000	0.970	1.026	---	1.603
2001	1.726	1.029	0.814	0.791	1.000	0.969	1.026	---	1.373
2002	1.717	1.157	0.729	0.630	1.000	0.991	1.026	---	1.064
2003	1.663	1.267	0.596	0.470	1.000	1.005	1.026	---	0.759
2004	1.588	1.397	0.606	0.434	1.000	0.981	1.026	---	0.684
2005	1.540	1.470	0.730	0.497	1.000	0.982	1.026	---	0.759
2006	1.472	1.447	0.940	0.650	1.000	0.956	1.026	---	0.975
2007	1.409	1.493	1.281	0.858	1.000	0.931	1.026	0.985	1.247
2008	1.380	1.426	1.525	1.069	1.000	0.946	1.026	0.991	1.507
2009	1.373	1.366	1.503	1.100	1.000	0.937	1.026	1.034	1.625
2010	1.333	1.383	1.473	1.065	1.000	0.941	1.026	1.005	1.478
2011	1.293	1.401	1.472	1.051	1.000	0.982	1.026	---	1.349
2012	1.242	1.222	1.213	0.993	1.000	1.000	1.026	---	1.202
2013	1.234	1.138	0.977	0.859	1.000	0.983	1.026	---	1.050
2014	1.194	1.126	0.900	0.799	1.000	0.961	1.026	---	0.968
2015	1.145	1.108	0.874	0.789	1.000	0.952	1.026	---	0.925
2016	1.109	1.147	0.941	0.820	1.000	0.952	1.026	---	0.932

(a) See Exhibit 5.1.
(b) Based on WCIRB calendar year experience calls. The industry average charged rates reflect most rating plan adjustments but do not reflect the application of deductible credits or retrospective rating plan adjustments.
(c) Reflects (1) advisory pure premium rate level changes to bring premium to the advisory July 1, 2017 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory July 1, 2017 pure premium rate ($2.00) to the industry average filed pure premium rate as of July 1, 2017 ($2.34).
(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 July 1, 2017.
(e) Based on unit statistical data.
(f) Based on average promulgated experience modifications. Calendar years 1996 through 2000 include adjustments for the impacts of AB 1913 and SB 1217 (1998).
(g) Based on a comparison of premium reported on a calendar year basis to premium reported on an estimated ultimate policy year basis over the course of two accident years. The factor is applied only for calendar years 2007 to 2010, during which reported premiums were impacted by recessionary economic forces.
(h) (1)x(2c)x(3)x(6) ÷ [(4)x(5)] for calendar years 2007 to 2010. (1)x(2c)x(3) ÷ [(4)x(5)] for all other calendar years.

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

	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
AY	Total	Total	Cumulative	Non-cum.	Benefit Level	Injury Index	(1st Prin. Comp.)	Variable
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.080	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.078	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.292	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.221	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.077	0.000
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.150	0.000
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.088	0.000
1989	2.5%	0.024	0.212	0.009	0.046	0.203	0.045	0.000
1990	9.0%	0.087	0.337	0.061	0.071	0.276	-0.120	0.000
1991	0.3%	0.003	0.166	-0.018	0.023	0.184	-0.291	0.000
1992	-11.1%	-0.118	-0.272	-0.098	0.013	-0.174	-0.185	0.068
1993	-14.9%	-0.162	-0.240	-0.153	-0.057	-0.088	-0.022	0.464
1994	-12.8%	-0.136	-0.462	-0.107	0.061	-0.355	0.106	0.173
1995	-4.6%	-0.048	-0.016	-0.050	0.053	0.034	0.092	0.295
1996	-6.8%	-0.070	-0.136	-0.065	0.096	-0.071	0.074	0.000
1997	-3.3%	-0.033	-0.023	-0.034	0.066	0.011	0.137	0.000
1998	-3.8%	-0.038	-0.040	-0.038	0.058	-0.002	0.078	0.000
1999	1.5%	0.014	0.100	0.008	0.040	0.092	0.127	0.000
2000	4.0%	0.039	0.071	0.037	-0.003	0.034	0.066	0.000
2001	-6.9%	-0.072	-0.017	-0.076	-0.007	0.059	-0.100	0.000
2002	-2.8%	-0.029	0.001	-0.031	0.060	0.033	-0.197	0.000
2003	-3.2%	-0.032	-0.009	-0.035	-0.065	0.026	-0.022	0.000
2004	-16.9%	-0.185	-0.212	-0.182	-0.398	-0.030	0.098	0.000
2005	-13.6%	-0.147	-0.299	-0.134	0.051	-0.165	0.143	0.000
2006	-5.7%	-0.059	-0.050	-0.059	0.016	0.009	0.090	0.000
2007	-1.6%	-0.017	0.021	-0.020	0.049	0.040	-0.095	0.000
2008	-2.7%	-0.027	0.038	-0.033	0.006	0.071	-0.320	0.000
2009	-0.2%	-0.002	0.168	-0.018	0.066	0.186	-0.414	0.000
2010	8.9%	0.085	0.139	0.079	0.012	0.060	-0.077	0.000
2011	1.2%	0.012	0.033	0.010	0.003	0.022	0.048	0.000
2012	4.9%	0.048	0.115	0.039	-0.008	0.076	0.122	0.000
2013	0.9%	0.009	0.172	-0.013	0.071	0.185	0.154	0.000
2014	0.8%	0.008	0.097	-0.006	0.003	0.102	0.170	0.000
2015*	-0.8%	-0.009	0.050	-0.020	0.003	0.070	0.180	0.000
2016	-0.5%	-0.005	-0.005	-0.005	0.004	0.000	0.144	0.000
2017	-1.5%	-0.015	-0.015	-0.015	0.003	0.000	0.039	0.000
2018	-1.4%	-0.014	-0.014	-0.014	0.003	0.000	0.056	0.000
2019	-1.2%	-0.012	-0.012	-0.012	0.003	0.000	0.074	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020
Std Err of Y Est	0.041
R Squared	0.582
No. of Observations	37
Degrees of Freedom	32

X Coefficient(s)	0.174	0.285	0.101	-0.135
Std Err of Coef.	0.074	0.063	0.045	0.078

Notes:

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

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

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

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

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

Economic variables are historical through 2016; June 2017 UCLA Anderson Forecasts for 2017 on.

Regression is over AY 1979 through AY 2015. AY 2016 through AY 2019 are projections.

The constant term, -0.020, consists of measured offsets that recognize annual changes in real benefit levels relative to nominal

benefit levels and long-term economic growth. Without these offsets, the indemnity benefit level and economic variables would project

frequency to increase without bound.

*AY 2015 change is based on a comparison of 2015 accidents on 2014 policies to 2014 accidents on 2013 policies.

Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of June 30, 2017

Accident Year	(1) Estimated Ultimate Severity	(2) Annual % Change	(3) Indemnity Adjustment Factor(a)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	9,977	---	1.848	18,439	---
1991	10,914	9.4%	1.748	19,075	3.4%
1992	11,015	0.9%	1.690	18,614	-2.4%
1993	12,001	8.9%	1.680	20,159	8.3%
1994	12,976	8.1%	1.759	22,831	13.3%
1995	14,543	12.1%	1.639	23,834	4.4%
1996	16,291	12.0%	1.538	25,054	5.1%
1997	19,359	18.8%	1.380	26,712	6.6%
1998	21,198	9.5%	1.273	26,979	1.0%
1999	23,277	9.8%	1.179	27,450	1.7%
2000	24,682	6.0%	1.101	27,173	-1.0%
2001	27,182	10.1%	1.102	29,955	10.2%
2002	26,265	-3.4%	1.131	29,717	-0.8%
2003	25,836	-1.6%	1.130	29,205	-1.7%
2004	21,080	-18.4%	1.344	28,340	-3.0%
2005	18,999	-9.9%	1.546	29,367	3.6%
2006	20,752	9.2%	1.441	29,898	1.8%
2007	22,593	8.9%	1.396	31,533	5.5%
2008	24,773	9.6%	1.323	32,762	3.9%
2009	25,854	4.4%	1.315	33,988	3.7%
2010	25,558	-1.1%	1.296	33,133	-2.5%
2011	25,201	-1.4%	1.276	32,157	-2.9%
2012	24,743	-1.8%	1.246	30,830	-4.1%
2013	25,085	1.4%	1.214	30,462	-1.2%
2014	27,061	7.9%	1.116	30,202	-0.9%
2015	27,967	3.3%	1.089	30,453	0.8%
2016	28,687	2.6%	1.068	30,632	0.6%

(6) Estimated Annual Exponential Trend Based on 2005 to 2016: -0.1%

(7) Estimated Annual Exponential Trend Based on 2011 to 2016: -0.8%

Selected Indemnity Severity Trend: 1.0%

(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 June 30, 2017

Accident Year	(1) Estimated Ultimate Severity(a)	(2) Annual % Change	(3) Medical Adjustment Factor(b)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	8,857	---	1.017	9,005	---
1991	9,514	7.4%	0.998	9,493	5.4%
1992	9,611	1.0%	0.965	9,275	-2.3%
1993	10,666	11.0%	0.949	10,118	9.1%
1994	11,784	10.5%	0.998	11,759	16.2%
1995	13,526	14.8%	0.991	13,398	13.9%
1996	14,544	7.5%	0.981	14,263	6.5%
1997	17,273	18.8%	0.974	16,820	17.9%
1998	21,247	23.0%	0.860	18,265	8.6%
1999	24,101	13.4%	0.745	17,957	-1.7%
2000	27,147	12.6%	0.685	18,598	3.6%
2001	32,312	19.0%	0.626	20,219	8.7%
2002	32,724	1.3%	0.650	21,280	5.2%
2003	31,261	-4.5%	0.684	21,372	0.4%
2004	28,959	-7.4%	0.906	26,240	22.8%
2005	29,874	3.2%	0.908	27,133	3.4%
2006	32,751	9.6%	0.906	29,680	9.4%
2007	36,740	12.2%	0.892	32,783	10.5%
2008	40,129	9.2%	0.892	35,796	9.2%
2009	42,272	5.3%	0.893	37,743	5.4%
2010	42,632	0.9%	0.896	38,196	1.2%
2011	38,995 (c)	---	0.920	35,862 (c)	---
2012	36,887	-5.4%	0.957	35,307	-1.5%
2013	35,019	-5.1%	0.996	34,867	-1.2%
2014	34,498	-1.5%	1.018	35,124	0.7%
2015	34,696	0.6%	1.018	35,314	0.5%
2016	36,163	4.2%	1.014	36,665	3.8%

Selected Medical Severity Trend: 3.0%

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

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

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

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 June 30, 2017

(1)	MCCP Included				MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change
2005	29,874	---	27,133	---	28,272	---	25,678	---
2006	32,751	9.6%	29,680	9.4%	30,668	8.5%	27,793	8.2%
2007	36,740	12.2%	32,783	10.5%	34,257	11.7%	30,568	10.0%
2008	40,129	9.2%	35,796	9.2%	36,578	6.8%	32,628	6.7%
2009	42,272	5.3%	37,743	5.4%	38,700	5.8%	34,553	5.9%
2010	42,632	0.9%	38,196	1.2%	38,990	0.8%	34,933	1.1%
2011	42,796	0.4%	39,357	3.0%	38,995	0.0%	35,862	2.7%
2012	40,472	-5.4%	38,739	-1.6%	36,887	-5.4%	35,307	-1.5%
2013	38,534	-4.8%	38,367	-1.0%	35,019	-5.1%	34,867	-1.2%
2014	38,002	-1.4%	38,692	0.8%	34,498	-1.5%	35,124	0.7%
2015	38,225	0.6%	38,906	0.6%	34,696	0.6%	35,314	0.5%
2016	39,736	4.0%	40,287	3.5%	36,163	4.2%	36,665	3.8%
Estimated Annual Exponential								
Trend Based on 2005 to 2016:				3.0%				2.6%
Trend Based on 2011 to 2016:				0.4%				0.3%

Selected Medical Severity Trend: 3.0%

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

Source: WCIRB experience calls

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of June 30, 2017

Accident Year	(1) Developed Indemnity Loss Ratio(a)	(2) Composite Indemnity Adjustment Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
1985	0.448	1.537	3.142	0.219
1986	0.397	1.513	2.745	0.219
1987	0.347	1.485	2.287	0.225
1988	0.332	1.463	2.002	0.242
1989	0.345	1.441	1.926	0.258
1990	0.399	1.155	1.791	0.258
1991	0.427	0.952	1.619	0.251
1992	0.352	1.004	1.475	0.239
1993	0.289	1.218	1.424	0.248
1994	0.330	1.273	1.612	0.261
1995	0.476	1.179	2.117	0.265
1996	0.534	1.102	2.186	0.269
1997	0.605	0.987	2.126	0.281
1998	0.656	0.910	2.136	0.280
1999	0.692	0.843	2.027	0.288
2000	0.597	0.787	1.603	0.293
2001	0.495	0.788	1.373	0.284
2002	0.369	0.809	1.064	0.281
2003	0.243	0.808	0.759	0.259
2004	0.145	1.114	0.684	0.236
2005	0.124	1.512	0.759	0.247
2006	0.161	1.495	0.975	0.246
2007	0.222	1.448	1.247	0.258
2008	0.283	1.364	1.507	0.256
2009	0.331	1.337	1.625	0.272
2010	0.323	1.318	1.478	0.288
2011	0.302	1.298	1.349	0.291
2012	0.272	1.267	1.202	0.287
2013	0.243	1.233	1.050	0.285
2014	0.241	1.116	0.968	0.278
2015	0.242	1.089	0.925	0.285
2016	0.240	1.068	0.932	0.275
				Projections (d)
2017				0.278
2018				0.277
1/1/2019				0.277

(a)   See Exhibit 3.1.
(b)   See Exhibit 4.1.
(c)   See Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual indemnity severity trend from Exhibit 6.2, the actual frequency trend for accident year 2016 from Appendix B, Exhibit 1, and projected frequency trends for accident years 2017, 2018, and 2019 from Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.

On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of June 30, 2017

* On-level indemnity to industry average filed pure premium ratios (see Exhibit 7.1)
** The 1/1/2019 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2015 and 2016 years.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of June 30, 2017

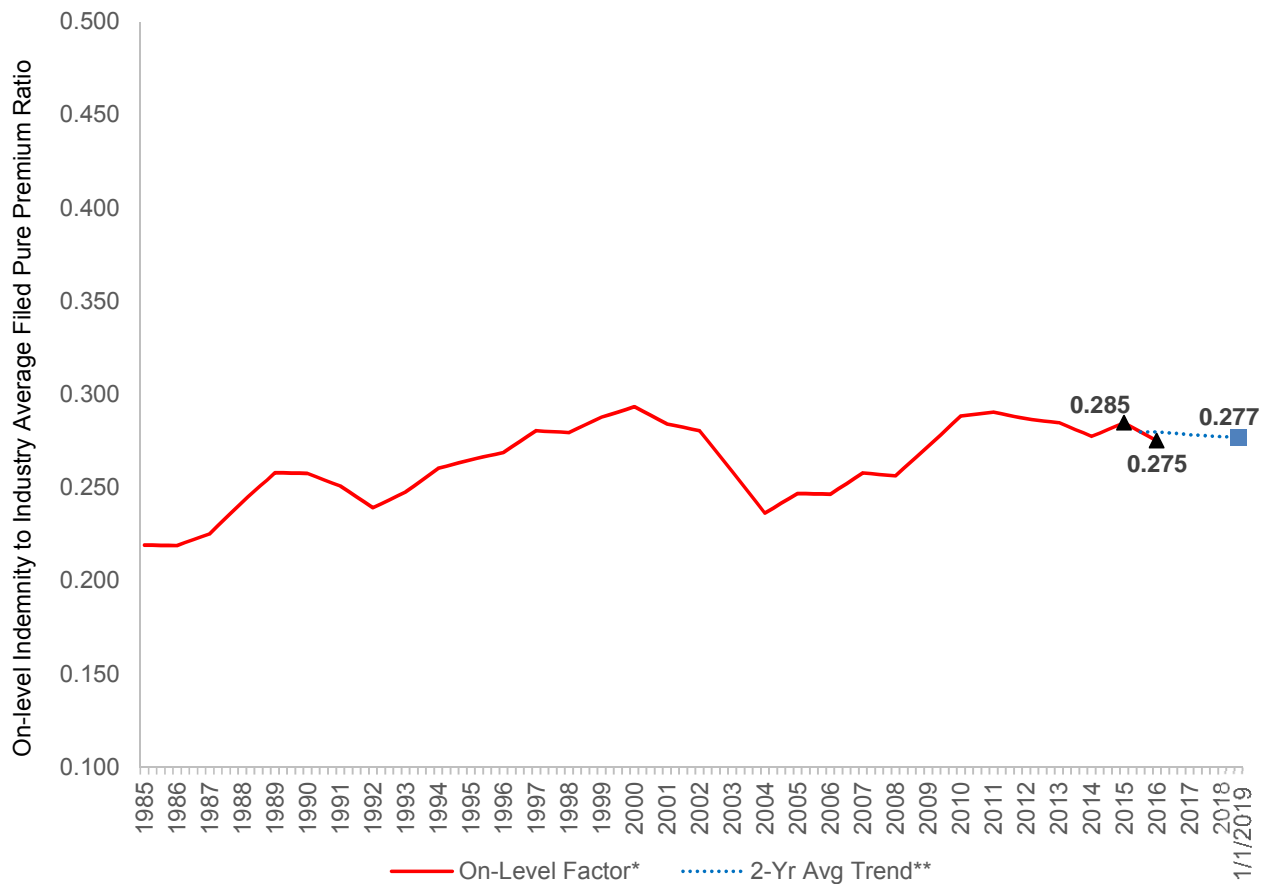| Accident Year	(1) Developed Medical Loss Ratio(a)	(2) Composite Medical On-Level Factor(b)	(3) Composite Premium Adjustment Factor(c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1)×(2)÷(3)
1985	0.361	0.991	3.142	0.114
1986	0.343	0.962	2.745	0.120
1987	0.323	0.927	2.287	0.131
1988	0.314	0.893	2.002	0.140
1989	0.336	0.867	1.926	0.151
1990	0.380	0.702	1.791	0.149
1991	0.398	0.601	1.619	0.148
1992	0.332	0.633	1.475	0.142
1993	0.278	0.758	1.424	0.148
1994	0.322	0.795	1.612	0.159
1995	0.474	0.784	2.117	0.175
1996	0.509	0.773	2.186	0.180
1997	0.571	0.766	2.126	0.206
1998	0.693	0.675	2.136	0.219
1999	0.704	0.585	2.027	0.203
2000	0.645	0.537	1.603	0.216
2001	0.574	0.490	1.373	0.205
2002	0.449	0.509	1.064	0.214
2003	0.289	0.534	0.759	0.203
2004	0.198	0.807	0.684	0.233
2005	0.195	0.937	0.759	0.241
2006	0.255	0.984	0.975	0.257
2007	0.362	0.966	1.247	0.281
2008	0.461	0.959	1.507	0.293
2009	0.544	0.946	1.625	0.317
2010	0.545	0.943	1.478	0.348
2011	0.477	0.960	1.349	0.339
2012	0.419	0.988	1.202	0.345
2013	0.354	1.016	1.050	0.343
2014	0.324	1.020	0.968	0.341
2015	0.317	1.018	0.925	0.349
2016	0.320	1.014	0.932	0.348
				Projections (d)
2017				0.357
2018				0.363
1/1/2019				0.366

(a) See Exhibit 3.2.
(b) See Exhibit 4.4.
(c) See Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from Exhibit 6.4, the actual frequency trend for accident year 2016 from Appendix B, Exhibit 1, and projected frequency trends for accident years 2017, 2018, and 2019 from Exhibit 6.1; these trends were then separately applied to the 2015 and 2016 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

On-Level Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of June 30, 2017
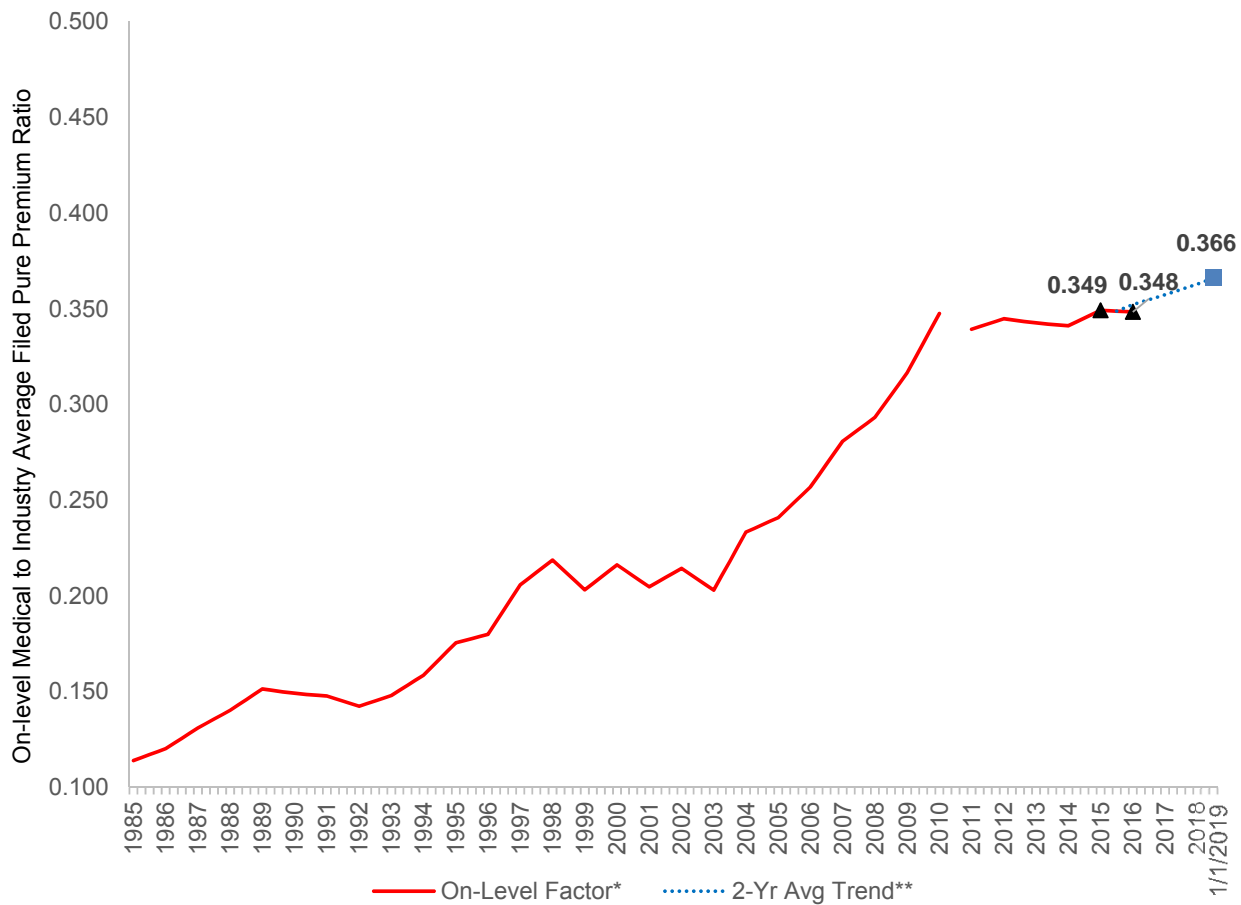
* On-level medical to industry average filed pure premium ratios (see Exhibit 7.3)
** The 1/1/2019 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2015 and 2016 years.

Indicated Loss to Industry Average Filed Pure Premium Ratios
For Policies with Effective Dates between January 1, 2018 and December 31, 2018
Based on Experience as of June 30, 2017

	Indemnity	Medical	Total
1. Projected Loss to Industry Average Filed Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.277	0.366	0.643

Quarterly Incurred Indemnity Loss Development Factors
Through June 30, 2017

Age in Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
																	Accident Year		
6/3									2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209	3.201
9/6									1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948	1.945
12/9									1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.578	1.578
15/12	1.229	1.260	1.268	1.250	1.257	1.238	1.180	1.149	1.189	1.234	1.248	1.293	1.306	1.306	1.303	1.301	1.301	1.313	1.309
18/15	**1.172**	**1.202**	**1.188**	**1.184**	**1.206**	**1.167**	**1.101**	**1.103**	**1.140**	**1.158**	**1.182**	**1.194**	**1.197**	**1.195**	**1.206**	**1.178**	**1.190**	**1.187**	**1.189**
21/18	1.145	1.140	1.150	1.148	1.153	1.127	1.066	1.096	1.117	1.128	1.139	1.153	1.140	1.146	1.141	1.141	1.132	1.137	
24/21	1.126	1.112	1.121	1.111	1.117	1.094	1.045	1.082	1.098	1.106	1.106	1.114	1.119	1.117	1.111	1.104	1.114	1.111	
27/24	1.074	1.096	1.093	1.100	1.094	1.073	1.045	1.070	1.082	1.081	1.088	1.089	1.091	1.085	1.087	1.081	1.082	1.087	
30/27	**1.078**	**1.069**	**1.074**	**1.082**	**1.064**	**1.051**	**1.040**	**1.054**	**1.057**	**1.072**	**1.075**	**1.075**	**1.080**	**1.071**	**1.068**	**1.067**	**1.074**	**1.066**	
33/30	1.045	1.058	1.048	1.062	1.047	1.032	1.036	1.042	1.049	1.053	1.059	1.052	1.064	1.053	1.060	1.047	1.055		
36/33	1.043	1.046	1.039	1.046	1.035	1.020	1.029	1.033	1.039	1.043	1.051	1.049	1.049	1.043	1.041	1.043	1.042		
39/36	1.038	1.041	1.035	1.038	1.028	1.017	1.027	1.029	1.031	1.033	1.040	1.039	1.039	1.041	1.035	1.031	1.036		
42/39	**1.027**	**1.028**	**1.034**	**1.030**	**1.023**	**1.018**	**1.020**	**1.020**	**1.031**	**1.033**	**1.036**	**1.038**	**1.035**	**1.032**	**1.028**	**1.031**	**1.030**		
45/42	1.024	1.026	1.026	1.020	1.009	1.019	1.018	1.024	1.026	1.028	1.030	1.035	1.027	1.033	1.022	1.024			
48/45	1.025	1.020	1.022	1.013	1.008	1.013	1.013	1.021	1.019	1.021	1.024	1.024	1.026	1.023	1.024	1.020			
51/48	1.022	1.017	1.018	1.015	1.010	1.016	1.010	1.018	1.021	1.018	1.022	1.023	1.021	1.018	1.017	1.015			
54/51	**1.019**	**1.018**	**1.013**	**1.009**	**1.007**	**1.017**	**1.009**	**1.017**	**1.021**	**1.020**	**1.021**	**1.020**	**1.020**	**1.016**	**1.019**	**1.015**			
57/54	1.014	1.017	1.012	1.006	1.008	1.011	1.011	1.018	1.017	1.014	1.018	1.017	1.015	1.014	1.013				
60/57	1.013	1.014	1.007	1.005	1.008	1.009	1.011	1.013	1.019	1.016	1.013	1.015	1.012	1.014	1.012				
63/60	1.012	1.012	1.007	1.007	1.008	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.014	1.009	1.012				
66/63	**1.014**	**1.009**	**1.005**	**1.006**	**1.011**	**1.008**	**1.010**	**1.013**	**1.016**	**1.014**	**1.015**	**1.013**	**1.013**	**1.009**	**1.010**				
69/66	1.010	1.007	1.003	1.005	1.008	1.007	1.011	1.012	1.011	1.010	1.009	1.012	1.007	1.010					
72/69	1.009	1.006	1.005	1.005	1.005	1.009	1.009	1.013	1.011	1.009	1.009	1.009	1.010	1.008					
75/72	1.006	1.004	1.004	1.005	1.003	1.005	1.007	1.010	1.011	1.010	1.010	1.008	1.007	1.004					
78/75	**1.007**	**1.004**	**1.003**	**1.007**	**1.005**	**1.006**	**1.006**	**1.012**	**1.009**	**1.010**	**1.006**	**1.006**	**1.006**	**1.006**					
81/78	1.005	1.002	1.003	1.004	1.004	1.005	1.006	1.010	1.009	1.007	1.007	1.006	1.006						
84/81	1.003	1.003	1.005	1.003	1.006	1.006	1.007	1.008	1.005	1.009	1.006	1.004	1.007						
87/84	1.003	1.003	1.002	1.003	1.004	1.002	1.007	1.010	1.007	1.004	1.005	1.006	1.004						
90/87	**1.001**	**1.003**	**1.003**	**1.003**	**1.003**	**1.004**	**1.008**	**1.008**	**1.008**	**1.008**	**1.004**	**1.005**	**1.005**						
93/90	1.001	1.002	1.004	1.003	1.002	1.005	1.006	1.008	1.006	1.007	1.006	1.003							
96/93	1.002	1.003	1.001	1.004	1.002	1.006	1.006	1.003	1.002	1.003	1.004	1.004							

Source: WCIRB acident year experience calls

Quarterly Incurred Medical Loss Development Factors *
Through June 30, 2017

Age in Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6/3									2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863	3.019
9/6									1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884	1.755
12/9									1.453	1.443	1.466	1.454	1.488	1.521	1.484	1.500	1.482	1.451	1.487
15/12	1.144	1.168	1.201	1.207	1.203	1.197	1.132	1.145	1.138	1.182	1.167	1.199	1.206	1.228	1.211	1.207	1.199	1.206	1.215
18/15	**1.093**	**1.116**	**1.123**	**1.144**	**1.151**	**1.126**	**1.086**	**1.087**	**1.103**	**1.106**	**1.126**	**1.135**	**1.129**	**1.141**	**1.136**	**1.117**	**1.114**	**1.094**	**1.094**
21/18	1.078	1.086	1.101	1.122	1.116	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.085	1.088	1.077	1.082	
24/21	1.074	1.072	1.080	1.083	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.067	1.064	1.055	1.059	
27/24	1.044	1.061	1.070	1.080	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.058	1.048	1.046	1.048	
30/27	**1.044**	**1.052**	**1.058**	**1.070**	**1.051**	**1.038**	**1.039**	**1.049**	**1.046**	**1.054**	**1.057**	**1.048**	**1.063**	**1.052**	**1.046**	**1.037**	**1.044**	**1.037**	
33/30	1.035	1.047	1.051	1.059	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.046	1.031	1.033		
36/33	1.037	1.042	1.035	1.040	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.041	1.037	1.028	1.026	1.027		
39/36	1.029	1.032	1.034	1.037	1.018	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.027	1.021	1.024		
42/39	**1.025**	**1.031**	**1.036**	**1.026**	**1.019**	**1.013**	**1.017**	**1.020**	**1.025**	**1.035**	**1.036**	**1.037**	**1.037**	**1.031**	**1.022**	**1.026**	**1.022**		
45/42	1.025	1.033	1.032	1.023	1.012	1.019	1.033	1.021	1.025	1.029	1.026	1.030	1.028	1.027	1.021	1.018			
48/45	1.028	1.023	1.026	1.017	1.008	1.013	1.025	1.018	1.022	1.025	1.029	1.034	1.022	1.023	1.020	1.018			
51/48	1.019	1.020	1.024	1.014	1.009	1.013	1.018	1.015	1.020	1.021	1.021	1.026	1.024	1.019	1.014	1.013			
54/51	**1.025**	**1.027**	**1.017**	**1.016**	**1.010**	**1.012**	**1.021**	**1.019**	**1.022**	**1.022**	**1.027**	**1.023**	**1.019**	**1.018**	**1.015**	**1.011**			
57/54	1.027	1.024	1.014	1.007	1.011	1.017	1.020	1.018	1.019	1.019	1.023	1.020	1.017	1.018	1.013				
60/57	1.021	1.021	1.015	1.009	1.008	1.014	1.020	1.019	1.018	1.017	1.019	1.016	1.015	1.014	1.012				
63/60	1.014	1.020	1.013	1.012	1.008	1.016	1.015	1.021	1.015	1.018	1.016	1.020	1.015	1.010	1.010				
66/63	**1.023**	**1.016**	**1.010**	**1.012**	**1.015**	**1.013**	**1.015**	**1.022**	**1.019**	**1.018**	**1.017**	**1.015**	**1.010**	**1.009**	**1.008**				
69/66	1.025	1.013	1.006	1.008	1.016	1.018	1.015	1.023	1.017	1.017	1.015	1.014	1.010	1.008					
72/69	1.020	1.009	1.007	1.009	1.015	1.010	1.014	1.015	1.013	1.014	1.012	1.011	1.010	1.007					
75/72	1.015	1.008	1.006	1.008	1.010	1.009	1.012	1.012	1.011	1.018	1.013	1.008	1.006	1.002					
78/75	**1.012**	**1.012**	**1.008**	**1.012**	**1.010**	**1.011**	**1.018**	**1.013**	**1.012**	**1.012**	**1.010**	**1.008**	**1.008**	**1.006**					
81/78	1.006	1.006	1.006	1.009	1.010	1.014	1.018	1.017	1.016	1.009	1.009	1.005	1.006						
84/81	1.008	1.006	1.009	1.014	1.009	1.007	1.012	1.011	1.008	1.010	1.008	1.007	1.005						
87/84	1.005	1.008	1.008	1.010	1.009	1.010	1.012	1.014	1.012	1.008	1.007	1.004	1.003						
90/87	**1.002**	**1.005**	**1.008**	**1.008**	**1.009**	**1.012**	**1.009**	**1.009**	**1.013**	**1.008**	**1.006**	**1.006**	**1.004**						
93/90	1.006	1.007	1.015	1.009	1.011	1.010	1.011	1.012	1.009	1.009	1.007	1.002							
96/93	1.007	1.007	1.010	1.012	1.008	1.010	1.011	1.009	1.005	1.006	1.005	1.003							

Source: WCIRB acident year experience calls

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

Quarterly Paid Indemnity Loss Development Factors
Through June 30, 2017

Age in Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6/3									4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056	5.086
9/6									2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484	2.456
12/9									1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879	1.910	1.882
15/12	1.499	1.536	1.538	1.552	1.550	1.516	1.491	1.456	1.482	1.488	1.481	1.507	1.532	1.539	1.506	1.539	1.540	1.559	1.571
18/15	**1.380**	**1.399**	**1.395**	**1.401**	**1.403**	**1.379**	**1.331**	**1.306**	**1.306**	**1.327**	**1.332**	**1.343**	**1.355**	**1.361**	**1.361**	**1.353**	**1.364**	**1.372**	**1.365**
21/18	1.323	1.298	1.303	1.303	1.311	1.297	1.241	1.217	1.233	1.235	1.243	1.259	1.257	1.261	1.261	1.263	1.267	1.264	
24/21	1.259	1.257	1.256	1.258	1.260	1.244	1.183	1.181	1.195	1.191	1.194	1.206	1.209	1.215	1.213	1.204	1.216	1.211	
27/24	1.186	1.199	1.203	1.200	1.205	1.186	1.140	1.142	1.151	1.149	1.153	1.162	1.165	1.168	1.164	1.159	1.170	1.176	
30/27	**1.157**	**1.161**	**1.165**	**1.175**	**1.172**	**1.161**	**1.122**	**1.117**	**1.126**	**1.129**	**1.130**	**1.141**	**1.141**	**1.137**	**1.134**	**1.141**	**1.147**	**1.142**	
33/30	1.118	1.125	1.130	1.142	1.136	1.123	1.097	1.096	1.100	1.101	1.108	1.114	1.116	1.112	1.111	1.111	1.115		
36/33	1.102	1.103	1.103	1.115	1.111	1.097	1.085	1.081	1.080	1.084	1.092	1.094	1.098	1.091	1.091	1.096	1.092		
39/36	1.074	1.081	1.081	1.092	1.087	1.072	1.070	1.066	1.064	1.067	1.074	1.078	1.077	1.073	1.075	1.074	1.075		
42/39	**1.067**	**1.071**	**1.077**	**1.080**	**1.073**	**1.063**	**1.059**	**1.058**	**1.058**	**1.062**	**1.067**	**1.067**	**1.071**	**1.070**	**1.065**	**1.064**	**1.066**		
45/42	1.057	1.054	1.063	1.064	1.056	1.049	1.047	1.049	1.047	1.051	1.058	1.059	1.057	1.055	1.054	1.052			
48/45	1.049	1.050	1.055	1.053	1.046	1.044	1.041	1.044	1.043	1.047	1.049	1.051	1.050	1.048	1.048	1.048			
51/48	1.039	1.038	1.043	1.044	1.036	1.035	1.033	1.036	1.036	1.037	1.042	1.042	1.043	1.039	1.038	1.038			
54/51	**1.035**	**1.038**	**1.036**	**1.037**	**1.034**	**1.035**	**1.030**	**1.028**	**1.035**	**1.036**	**1.038**	**1.041**	**1.038**	**1.036**	**1.036**	**1.034**			
57/54	1.029	1.033	1.037	1.030	1.028	1.026	1.025	1.028	1.030	1.032	1.033	1.033	1.032	1.033	1.028				
60/57	1.025	1.030	1.027	1.026	1.024	1.024	1.024	1.024	1.028	1.029	1.029	1.032	1.027	1.030	1.028				
63/60	1.023	1.026	1.024	1.021	1.022	1.019	1.019	1.021	1.023	1.025	1.025	1.024	1.026	1.025	1.025				
66/63	**1.023**	**1.023**	**1.023**	**1.021**	**1.019**	**1.019**	**1.019**	**1.020**	**1.025**	**1.025**	**1.025**	**1.025**	**1.023**	**1.022**	**1.023**				
69/66	1.019	1.021	1.020	1.017	1.016	1.017	1.016	1.021	1.020	1.020	1.020	1.022	1.020	1.019					
72/69	1.018	1.016	1.018	1.016	1.016	1.015	1.017	1.015	1.020	1.019	1.019	1.019	1.019	1.019					
75/72	1.015	1.016	1.015	1.014	1.012	1.012	1.013	1.015	1.019	1.018	1.016	1.016	1.017	1.015					
78/75	**1.014**	**1.014**	**1.012**	**1.013**	**1.012**	**1.011**	**1.012**	**1.015**	**1.017**	**1.016**	**1.015**	**1.016**	**1.016**	**1.015**					
81/78	1.013	1.013	1.011	1.012	1.011	1.010	1.012	1.015	1.015	1.016	1.015	1.015	1.013						
84/81	1.011	1.011	1.013	1.010	1.010	1.009	1.011	1.013	1.015	1.014	1.013	1.012	1.013						
87/84	1.012	1.010	1.008	1.010	1.009	1.008	1.009	1.012	1.014	1.013	1.010	1.012	1.010						
90/87	**1.008**	**1.009**	**1.010**	**1.009**	**1.008**	**1.008**	**1.011**	**1.012**	**1.013**	**1.012**	**1.011**	**1.010**	**1.010**						
93/90	1.009	1.009	1.008	1.008	1.007	1.008	1.012	1.011	1.011	1.012	1.010	1.010							
96/93	1.008	1.009	1.006	1.007	1.007	1.007	1.008	1.011	1.011	1.008	1.010	1.010							

Source: WCIRB acident year experience calls

Quarterly Paid Medical Loss Development Factors *
Through June 30, 2017

Age in Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
															Accident Year				
6/3									5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720	5.897
9/6									2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287	2.326
12/9									1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.736	1.750	1.705	1.752
15/12	1.453	1.490	1.514	1.547	1.554	1.510	1.437	1.423	1.429	1.444	1.413	1.429	1.445	1.472	1.446	1.443	1.460	1.454	1.479
18/15	**1.241**	**1.267**	**1.286**	**1.310**	**1.330**	**1.295**	**1.243**	**1.230**	**1.227**	**1.259**	**1.243**	**1.259**	**1.268**	**1.282**	**1.284**	**1.263**	**1.265**	**1.278**	**1.259**
21/18	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.192	1.193	1.192	1.189	
24/21	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.154	1.148	1.146	1.146	
27/24	1.096	1.108	1.121	1.128	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.123	1.122	1.122	1.124	
30/27	**1.077**	**1.088**	**1.101**	**1.108**	**1.103**	**1.077**	**1.084**	**1.087**	**1.097**	**1.100**	**1.100**	**1.106**	**1.107**	**1.111**	**1.109**	**1.111**	**1.111**	**1.105**	
33/30	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.094	1.090	1.089		
36/33	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.078	1.080	1.076		
39/36	1.051	1.059	1.060	1.061	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.069	1.065	1.064		
42/39	**1.044**	**1.049**	**1.055**	**1.054**	**1.041**	**1.044**	**1.049**	**1.054**	**1.055**	**1.058**	**1.059**	**1.061**	**1.068**	**1.063**	**1.062**	**1.057**	**1.059**		
45/42	1.039	1.045	1.047	1.044	1.036	1.037	1.040	1.047	1.048	1.049	1.054	1.053	1.056	1.056	1.053	1.051			
48/45	1.035	1.039	1.044	1.037	1.032	1.035	1.037	1.043	1.043	1.046	1.047	1.050	1.051	1.046	1.045	1.046			
51/48	1.030	1.035	1.037	1.034	1.031	1.030	1.033	1.037	1.036	1.036	1.039	1.041	1.043	1.040	1.039	1.038			
54/51	**1.031**	**1.036**	**1.032**	**1.027**	**1.030**	**1.029**	**1.034**	**1.034**	**1.035**	**1.035**	**1.036**	**1.042**	**1.038**	**1.035**	**1.035**	**1.035**			
57/54	1.026	1.030	1.027	1.024	1.024	1.024	1.029	1.031	1.034	1.031	1.033	1.038	1.034	1.034	1.031				
60/57	1.026	1.028	1.026	1.021	1.023	1.026	1.028	1.029	1.028	1.032	1.032	1.035	1.030	1.030	1.030				
63/60	1.023	1.025	1.022	1.019	1.019	1.020	1.024	1.024	1.024	1.024	1.027	1.027	1.026	1.026	1.025				
66/63	**1.026**	**1.021**	**1.020**	**1.020**	**1.018**	**1.021**	**1.023**	**1.024**	**1.026**	**1.026**	**1.029**	**1.029**	**1.024**	**1.027**	**1.024**				
69/66	1.021	1.022	1.019	1.018	1.016	1.019	1.021	1.023	1.023	1.021	1.024	1.024	1.022	1.020					
72/69	1.022	1.018	1.016	1.017	1.018	1.016	1.021	1.021	1.022	1.022	1.023	1.021	1.020	1.019					
75/72	1.017	1.016	1.014	1.015	1.015	1.014	1.018	1.020	1.019	1.019	1.018	1.018	1.018	1.015					
78/75	**1.018**	**1.015**	**1.014**	**1.015**	**1.016**	**1.015**	**1.016**	**1.018**	**1.017**	**1.022**	**1.019**	**1.018**	**1.017**	**1.016**					
81/78	1.015	1.014	1.013	1.014	1.013	1.014	1.018	1.018	1.015	1.019	1.018	1.015	1.015						
84/81	1.013	1.012	1.013	1.012	1.012	1.013	1.016	1.016	1.015	1.018	1.015	1.015	1.015						
87/84	1.013	1.011	1.010	1.012	1.012	1.012	1.014	1.013	1.015	1.017	1.013	1.013	1.012						
90/87	**1.013**	**1.012**	**1.011**	**1.013**	**1.012**	**1.013**	**1.015**	**1.013**	**1.015**	**1.013**	**1.013**	**1.012**	**1.012**						
93/90	1.011	1.010	1.011	1.012	1.011	1.013	1.013	1.012	1.014	1.014	1.013	1.011							
96/93	1.010	1.010	1.008	1.010	1.010	1.009	1.013	1.015	1.016	1.011	1.012	1.010							

Source: WCIRB acident year experience calls

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

Reported Indemnity Claim Count Development

Accident Year	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198
1992																1.001
1993															1.000	1.000
1994														1.000	1.000	1.000
1995													1.000	1.000	1.001	1.000
1996												1.001	1.001	1.000	1.000	1.000
1997											1.000	1.000	1.000	1.000	1.000	1.000
1998										1.000	1.000	1.001	0.998	1.000	1.000	1.000
1999									1.000	1.000	1.000	0.996	1.000	1.000	1.000	1.000
2000								1.000	1.000	1.000	0.994	1.000	1.000	1.000	1.000	1.000
2001							0.999	0.999	1.000	0.997	1.000	1.000	1.000	1.000	1.000	1.000
2002						0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	
2003					0.999	0.998	0.999	0.998	0.999	0.999	1.000	1.000	1.000	1.000		
2004				0.999	0.999	1.000	0.999	0.998	0.999	1.000	1.000	1.000	1.000			
2005			1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2006		1.011	1.006	1.003	1.001	0.999	1.001	1.000	1.000	1.000	1.000					
2007	2.584	1.023	1.009	1.004	1.003	1.001	1.000	1.000	1.001	1.000						
2008	2.471	1.041	1.012	1.008	1.003	1.003	1.001	1.001	1.001							
2009	2.691	1.050	1.019	1.008	1.004	1.002	1.002	1.001								
2010	2.829	1.058	1.017	1.008	1.005	1.003	1.000									
2011	2.926	1.067	1.019	1.009	1.005	1.003										
2012	2.936	1.073	1.020	1.009	1.005											
2013	2.979	1.066	1.019	1.008												
2014	2.938	1.067	1.017													
2015	2.960	1.066														
2016	2.925															

Latest Year

Age-to-Age

2.925	1.066	1.017	1.008	1.005	1.003	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Ultimate

3.234	1.106	1.037	1.020	1.012	1.007	1.004	1.005	1.003	1.002	1.002	1.002	1.002	1.003	1.003	1.003

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 68% to 100% of the total California workers' compensation insured market measured using 2016 earned premium levels).

Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2008	2.541	1.653	1.341	1.089	1.024	1.014	1.010	1.008	1.006	1.004	1.004	1.004	1.002	1.003	1.002
2009	2.713	1.688	1.385	1.112	1.037	1.021	1.012	1.009	1.007	1.008	1.005	1.004	1.003	1.003	1.002
2010	2.710	1.716	1.408	1.131	1.040	1.023	1.017	1.012	1.008	1.006	1.005	1.003	1.004	1.003	1.002
2011	2.737	1.748	1.428	1.129	1.041	1.026	1.019	1.010	1.011	1.006	1.005	1.004	1.003	1.003	1.002
2012	2.763	1.741	1.422	1.126	1.054	1.029	1.019	1.013	1.009	1.007	1.005	1.005	1.004	1.003	1.002
2013	2.862	1.746	1.428	1.143	1.045	1.027	1.017	1.010	1.010	1.006	1.004	1.004	1.004	1.002	1.002
2014	2.784	1.729	1.427	1.136	1.047	1.025	1.018	1.013	1.010	1.005	1.004	1.004	1.004		
2015	2.857	1.743	1.425	1.141	1.048	1.025	1.017	1.013	1.009						
2016	2.771	1.709	1.423	1.148	1.047										
2017	2.854														

Reported Indemnity Claim Settlement Ratios

Accident Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198
1999										94.6%	95.5%	96.1%	96.7%	97.1%	97.4%	97.8%	98.0%
2000									92.5%	93.9%	94.9%	95.7%	96.2%	96.8%	97.3%	97.6%	97.9%
2001								89.0%	91.2%	92.7%	93.9%	94.8%	95.6%	96.3%	96.7%	97.1%	97.5%
2002							86.3%	89.4%	91.4%	92.9%	94.2%	95.2%	96.1%	96.6%	97.1%	97.5%	
2003						81.8%	86.5%	89.1%	91.2%	92.9%	94.4%	95.4%	96.1%	96.7%	97.2%		
2004					76.6%	82.7%	86.2%	89.0%	91.2%	93.1%	94.6%	95.6%	96.3%	97.0%			
2005				69.4%	78.1%	83.0%	86.7%	89.4%	91.7%	93.6%	94.9%	95.8%	96.7%				
2006			57.8%	70.2%	78.0%	83.2%	86.8%	89.8%	92.2%	93.8%	95.1%	96.1%					
2007		41.1%	56.7%	68.7%	77.0%	82.4%	86.6%	90.1%	92.3%	94.1%	95.4%						
2008	14.6%	40.6%	55.0%	67.2%	75.8%	82.1%	87.0%	90.3%	92.8%	94.4%							
2009	13.7%	38.8%	53.2%	65.8%	75.1%	82.0%	86.8%	90.5%	92.8%								
2010	14.5%	39.1%	54.0%	66.9%	77.0%	83.5%	88.4%	91.6%									
2011	16.3%	39.5%	54.9%	68.4%	78.2%	84.8%	89.2%										
2012	16.2%	39.8%	56.1%	70.1%	79.6%	86.0%											
2013	16.3%	39.5%	57.3%	71.5%	81.4%												
2014	15.1%	39.9%	58.2%	72.8%													
2015	15.2%	41.1%	60.6%														
2016	16.2%	43.6%															
2017	17.3%																

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

Estimated Ultimate Indemnity Claim Settlement Ratios

| Accident Year	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198
																	Evaluated as of (in months):
1992																	99.0%
1993																98.7%	98.9%
1994																98.5%	98.6%
1995														97.5%	97.9%	98.2%	98.3%
1996													97.1%	97.6%	97.8%	98.0%	98.3%
1997												96.6%	97.1%	97.4%	97.7%	97.9%	98.1%
1998											95.6%	96.3%	96.8%	97.0%	97.3%	97.6%	97.9%
1999										94.6%	95.5%	96.2%	96.4%	96.8%	97.1%	97.6%	97.8%
2000									92.8%	94.2%	95.2%	95.4%	95.9%	96.5%	97.0%	97.4%	97.6%
2001								89.2%	91.3%	92.7%	93.6%	94.5%	95.3%	96.0%	96.5%	96.9%	97.3%
2002							86.4%	89.4%	91.4%	92.8%	94.0%	95.0%	95.8%	96.4%	96.8%	97.3%	
2003						82.1%	86.6%	89.2%	91.2%	92.8%	94.2%	95.2%	95.8%	96.4%	97.0%		
2004					76.9%	82.8%	86.4%	89.0%	91.1%	92.9%	94.4%	95.4%	96.1%	96.7%			
2005				69.1%	77.8%	82.9%	86.5%	89.3%	91.6%	93.4%	94.7%	95.6%	96.4%				
2006			57.1%	69.8%	77.7%	83.0%	86.6%	89.6%	92.0%	93.6%	94.9%	95.9%					
2007		39.4%	55.6%	67.9%	76.5%	82.0%	86.3%	89.8%	92.0%	93.9%	95.2%						
2008	5.5%	37.8%	53.3%	65.9%	74.9%	81.5%	86.6%	89.9%	92.5%	94.2%							
2009	4.7%	35.5%	51.2%	64.5%	74.1%	81.3%	86.2%	90.0%	92.5%								
2010	4.7%	35.6%	52.0%	65.6%	76.1%	82.9%	88.0%	91.1%									
2011	5.0%	35.6%	52.7%	67.0%	77.3%	84.2%	88.9%										
2012	4.9%	35.6%	53.9%	68.6%	78.6%	85.4%											
2013	4.9%	35.6%	55.2%	70.1%	80.4%												
2014	4.6%	36.0%	56.1%	71.4%													
2015	4.7%	37.2%	58.4%														
2016	5.0%	39.4%															
2017	5.3%																

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

Quarterly Ultimate Settlement Ratios

Accident Year	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
							Evaluated as of (in months):									
2008	0.9%	5.5%	13.3%	23.1%	31.6%	37.9%	42.2%	45.9%	49.5%	53.1%	56.5%	59.9%	62.7%	65.4%	68.0%	70.5%
2009	0.7%	4.6%	12.2%	21.3%	29.8%	35.8%	40.2%	44.0%	47.6%	51.1%	54.8%	58.2%	61.1%	64.2%	66.8%	69.3%
2010	0.6%	4.6%	11.8%	20.9%	29.7%	35.7%	40.1%	44.3%	48.0%	52.0%	55.4%	58.8%	62.0%	65.4%	68.4%	71.3%
2011	0.8%	5.0%	11.9%	21.2%	29.8%	36.0%	40.6%	44.9%	48.7%	53.0%	56.9%	60.8%	64.2%	67.2%	70.1%	72.8%
2012	0.8%	5.0%	11.9%	20.9%	29.1%	35.7%	40.5%	45.4%	49.6%	53.9%	58.1%	61.9%	65.3%	68.6%	71.4%	74.1%
2013	0.9%	4.9%	11.5%	20.5%	29.0%	35.5%	40.9%	45.9%	50.6%	55.0%	59.1%	63.0%	66.6%	69.9%	72.9%	75.6%
2014	0.7%	4.6%	11.5%	20.4%	29.2%	36.0%	41.6%	46.7%	51.5%	56.0%	60.3%	64.2%	67.6%	71.2%		
2015	0.8%	4.5%	11.5%	20.3%	29.5%	36.8%	42.5%	47.7%	52.9%	58.0%						
2016	0.8%	5.0%	12.1%	21.6%	31.5%	39.3%										
2017	0.8%	5.3%														

Accident Year	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
						Quarterly Incremental Change									
2008	4.6%	7.8%	9.8%	8.6%	6.3%	4.3%	3.7%	3.6%	3.6%	3.4%	3.4%	2.8%	2.7%	2.7%	2.4%
2009	3.9%	7.6%	9.0%	8.5%	6.0%	4.4%	3.8%	3.6%	3.6%	3.7%	3.5%	2.9%	3.1%	2.5%	2.6%
2010	4.0%	7.1%	9.1%	8.8%	6.0%	4.3%	4.2%	3.7%	3.9%	3.4%	3.5%	3.2%	3.4%	3.0%	2.9%
2011	4.2%	6.9%	9.3%	8.5%	6.2%	4.6%	4.3%	3.9%	4.3%	3.9%	3.9%	3.3%	3.0%	2.9%	2.7%
2012	4.2%	6.9%	9.0%	8.3%	6.5%	4.9%	4.9%	4.2%	4.3%	4.2%	3.9%	3.4%	3.2%	2.8%	2.7%
2013	4.0%	6.6%	9.0%	8.5%	6.6%	5.4%	5.0%	4.6%	4.5%	4.1%	3.9%	3.5%	3.3%	3.0%	2.7%
2014	3.9%	6.8%	8.9%	8.8%	6.8%	5.6%	5.1%	4.7%	4.5%	4.3%	4.0%	3.4%	3.5%		
2015	3.8%	7.0%	8.8%	9.2%	7.3%	5.7%	5.2%	5.2%	5.1%						
2016	4.2%	7.1%	9.5%	9.9%	7.9%										
2017	4.5%														

California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year

Year-to-Year Change
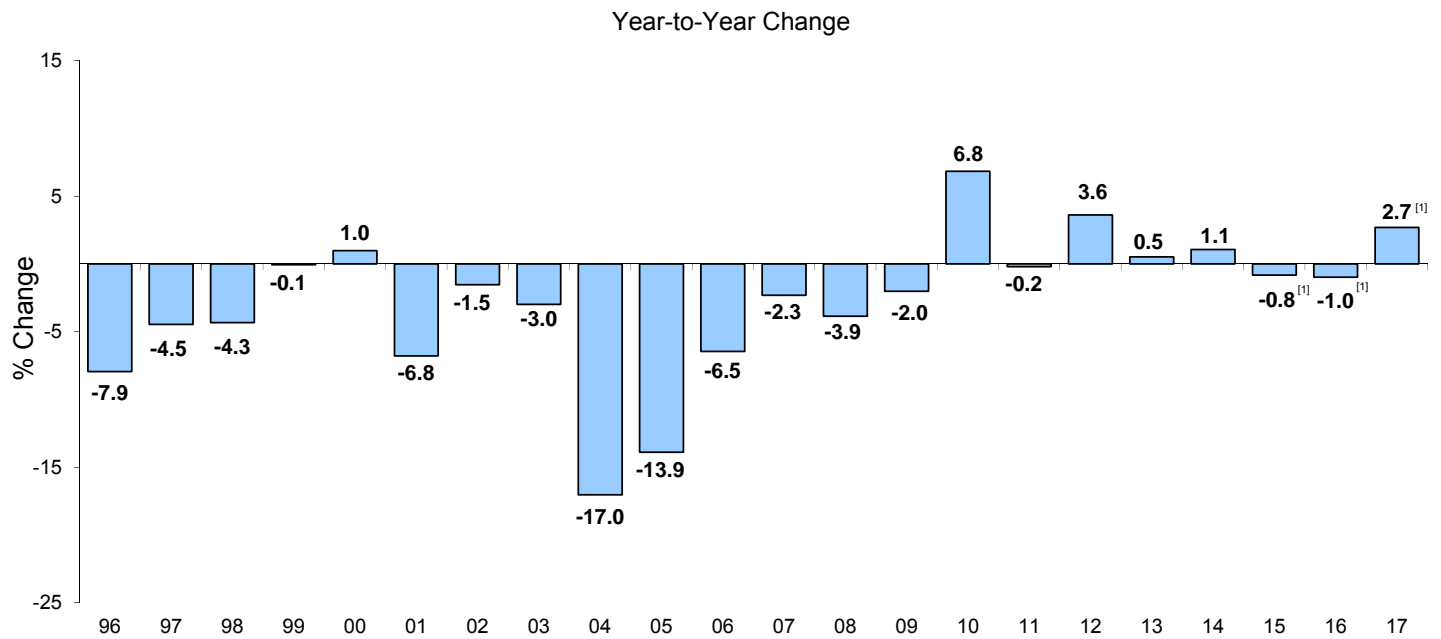
[1] The 2014-2015 estimate is based on partial year unit statistical data.   The 2015-2016 and 2016-2017 estimates are based on comparison of claim counts based on WCIRB accident year experience as of June 30, 2017 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Item AC17-09-02
Basis of Apportioning Countrywide ULAE to California

At the June 12, 2015 and August 6, 2015 meetings, the Committee reviewed and adopted an approach to address the long-standing large differential between ULAE ratios reported by private 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 adopted approach involved changes to the WCIRB's Expense Call to collect additional countrywide information in order derive a more appropriate California paid ULAE for ratemaking purposes based on adjusting the countrywide paid ULAE to more accurately reflect the cost of handling claims by third party administrators and for large deductible policies. The countrywide ULAE amount adjusted on this basis is then apportioned to California based on California's share of countrywide gross-of-deductible paid losses.[1]

At the August 6, 2015 meeting, several Committee members suggested that the use of paid losses as the basis of apportioning countrywide ULAE to California may understate California ULAE since it is only partially reflective of the extended duration claims are open in California relative to other states. While acknowledging that a paid loss basis may understate the ULAE allocation, staff noted at the time that this information is readily available on both a countrywide and California basis and can be verified against other sources of information. Staff also suggested that after there are a few years of adjusted paid ULAE data available, the use of paid losses as an apportioning measure can be revisited.

Since that time, staff has collected two years of the new Expense Call information and adjusted paid ULAE for ratemaking purposes in accordance with the new approach. For the vast majority of insurers, the adjustments to ULAE have been consistent for the two years. Staff has begun reviewing the method to apportion countrywide ULAE to California and whether there is a more appropriate apportioning basis available. Staff's initial findings will be presented at the meeting.

---

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