

Actuarial Committee

Meeting Agenda

| Date | Time | Location | Staff Contact |
|--|-------------|---|----------------------|
| August 1, 2019 | 9:45 AM | WCIRB California 1221 Broadway, Suite 900 Oakland, CA | David M. Bellusci |
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Released: July 25, 2019; Revised July 29, 2019

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

I. Approval of Minutes

Meeting held on June 14, 2019

II. Working Group Meeting Summaries

None

III. Unfinished Business

- A. AC17-12-02: Legislative Cost Monitoring
- B. AC19-06-01: 3/31/2019 Experience – Review of Methodologies

IV. New Business

- A. AC19-08-01: Third Quarter 2019 Review of Diagnostics
- B. AC19-08-02: 1/1/2020 Filing – Loss Adjustment Expense Experience Review
- C. AC19-08-03: 1/1/2020 Filing – Review of Alternative Loss Projection Methodologies
- D. AC19-08-04: Impact of Claim Settlement Rate Changes on ALAE Development
- E. AC19-08-05: Review of Loss Development Tail Methodology (sent under separate cover)

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: September 3, 2019

VII. Adjournment

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Item AC17-12-02 Legislative Cost Monitoring

At the December 5, 2018 meeting, the Committee reviewed updated cost monitoring information related to the reforms of Senate Bill No. 863 (SB 863), Senate Bill No. 1160 (SB 1160), and the Medical Treatment Utilization Schedule (MTUS) Drug Formulary adopted pursuant to Assembly Bill No. 1124. At that meeting, it was observed that while the specific SB 863 provisions related to weekly permanent disability (PD) benefit minimums and maximums and changes to PD rating computations appear to have emerged as expected, overall indemnity cost levels in 2013 and 2014 have been flat to declining. As a result, the Committee recommended that staff review the overall impact of SB 863 on indemnity cost levels. The Committee also noted that the review of the utilization review (UR) related provisions of SB 1160 and the MTUS Drug Formulary were preliminary based on six months of data and recommended these reforms be reviewed again once a full year of post-reform data is available.

SB 863 Impact on Overall Indemnity Cost Levels

At the March 18, 2019 meeting, the Committee reviewed an initial analysis of the estimated overall impact of SB 863 on indemnity cost levels. The approach presented at the meeting assumed the significant difference between the actual change in indemnity severities for accident years 2013 and 2014 and the change projected based on the measurable provisions of SB 863 and pre-reform trends was primarily attributable to SB 863. However, the Committee noted that other factors, such as changing economic conditions, have likely also dampened recent indemnity cost levels, suggesting that the recommended -10% adjustment to the on-level severity adjustment factors determined on this basis is an upper bound on the magnitude of the SB 863 impact. The Committee also noted that the SB 863 reforms also likely impacted indemnity costs for some pre-2013 accident years which have also experienced a recent speed-up in claim settlement and reductions in temporary disability (TD) duration. The Committee recommended that staff further refine the estimated impact by reviewing recent changes in TD duration and average PD ratings.

Exhibit S10.2 of Item AC19-08-01 shows average TD duration based on WCIRB permanent disability claim survey data. In the four years prior to SB 863 (2009 to 2012 at first survey level and 2008 to 2011 at second survey level), average TD duration was declining at a rate of approximately 2% per year. In the four years since SB 863, average TD duration has declined at a rate of approximately 3.25% per year.¹ The additional 1.25% decline in average TD duration over the four-year period results in a total 5% reduction in TD costs or a 2.5% reduction in indemnity costs (TD costs are approximately half of all indemnity costs based on the WCIRB's latest report on losses and expenses).

Exhibit S11 of Item AC19-08-01 shows average PD rating based on WCIRB unit statistical data. Shortly prior to SB 863, median PD ratings had generally been increasing. Over the last several calendar years, average and median PD ratings have declined significantly. This decline correlates with an acceleration in claim settlement rates during this period resulting in earlier settlements of PD claims, which is also related to the recent decline in TD duration discussed above. In addition, Exhibit S11 of Item AC19-08-01 is based on unit statistical data which often includes claims adjusters' estimates of the PD rating rather than the final PD rating. As a result, rather than basing an estimate of the SB 863 impact directly on the observed changes in average or median PD rating estimates, staff believes it is reasonable to judgmentally assume a decline in PD costs due to SB 863 reform related speed-ups in claim settlement and TD duration. Assuming a total 5% reduction in PD costs, consistent with the assumed reduction in TD duration, results in a 2% reduction in overall indemnity costs (PD costs are approximately 40% of all indemnity costs based on the WCIRB's latest report on losses and expenses).

¹ The change from 2014 to 2015 was tempered by 50% given a change in survey sampling that occurred during this period.

The combined impact of the estimates above is an additional 4.5% reduction in overall indemnity cost levels resulting from SB 863 beyond the impact of those reform provisions that have been explicitly measured. Given that the reductions in average TD duration and average PD rating appeared to have occurred steadily over the 2012 through 2015 accident years, staff recommends distributing the impact of the 4.5% reduction in indemnity costs uniformly over accident years 2012 through 2015 for purposes of indemnity loss on-leveling.

SB 1160 Provisions Related to UR and MTUS Drug Formulary

At the meeting, staff will present an update to the cost impact analysis of SB 1160 provisions related to UR and the new Drug Formulary, both effective January 1, 2018, using medical transaction data through December 31, 2018. Slides outlining the updated analysis are attached.

Legislative Cost Monitoring Update

- Senate Bill No. 1160 (SB 1160) Utilization Review (UR) restrictions in the first 30 days
 - Effective in 2018
 - An updated review of the first year of UR reforms for this meeting
- Assembly Bill No. 1124 Drug Formulary (AB 1124)
 - Effective in 2018
 - An updated review of the first year of post-formulary experience for this meeting

SB 1160 UR Restrictions – Background

- Effective on injuries occurring on 1/1/2018 or after
- Treatment requests are automatically authorized without prospective UR if:
 - within 30 days of the DOI
 - meet specified conditions
- Conditions to be met:
 - Accepted body part or condition
 - Performed by a member of the Medical Provider Network (MPN) or Health Care Organization (HCO), or by a designated physician
 - Allowed for in MTUS
 - Not one of enumerated treatment types:
 - Non-emergency inpatient or outpatient surgery
 - Psychological treatment services
 - Home health care services
 - Imaging and radiology services (excluding x-rays)
 - Durable medical equipment ≥ \$250
 - Electrodiagnostic medicine
 - Pharmaceuticals not exempted by drug formulary
- Preliminary cost impact analysis of the SB 1160 UR restrictions for 1/1/2017 Pure Premium Rate Filing:
 - Impact on medical **+0.1%** of the total losses and LAE offset by reduced UR costs

Review of SB 1160 UR Restrictions – Analysis Based on 12/31/2018 Experience

- WCIRB's medical transaction data
 - Accident dates between 1/1 and 12/31 in 2016, 2017 and 2018
 - Medical services rendered within 30 days of the accident dates
- Identified services excluded from the UR restrictions in the medical data
- Compared the medical service utilization and payments in 2018 vs. 2017
 - Transactions per claim, paid per transaction and paid per claim
 - Assess if there were increases in utilization of certain types of medical services in the first 30 days of treatment
 - Compare utilization of medical services in the first 30 days vs. after 30 days (1, 3 and 6 months)

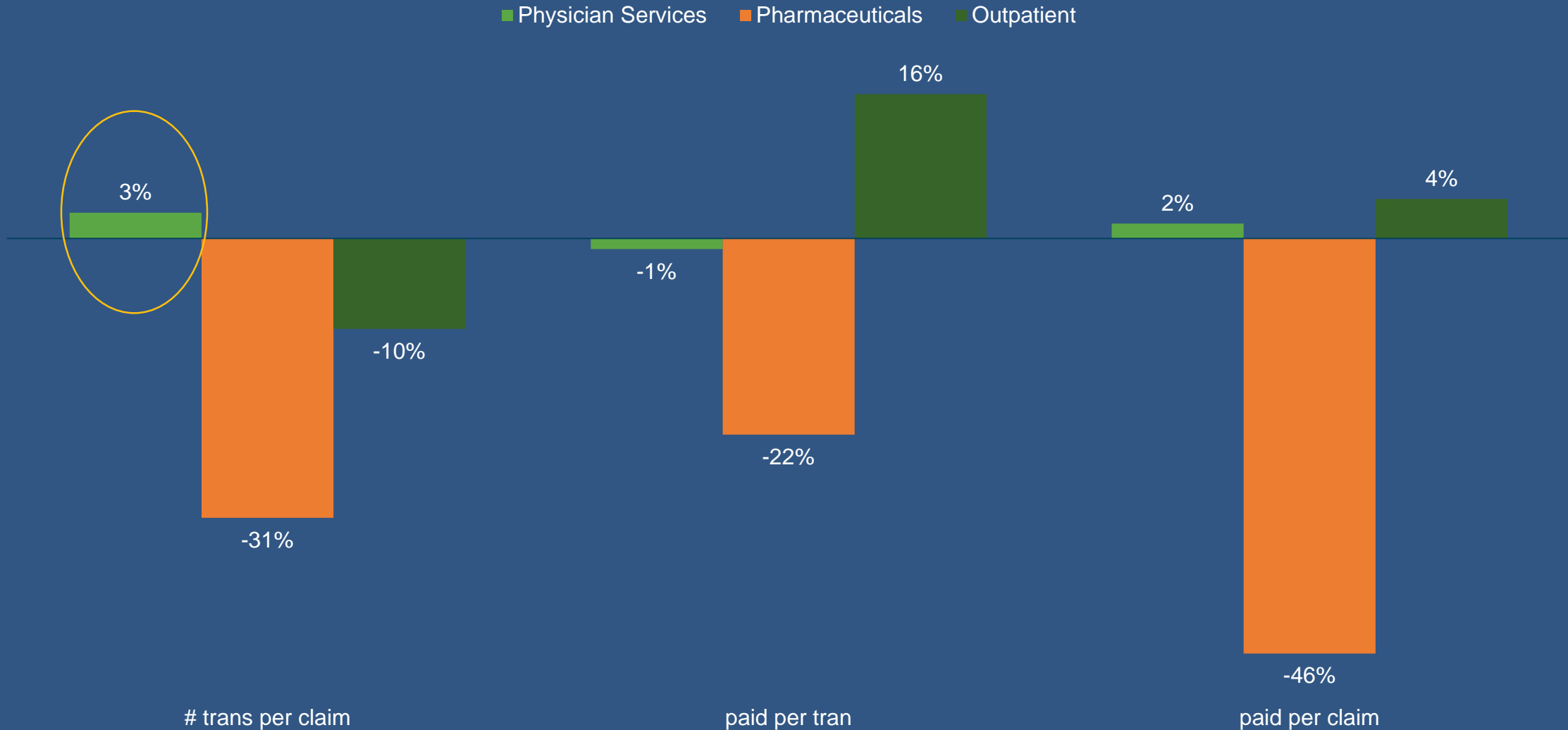
Total Medical Payments and Transactions: AY2018 vs. AY2017

As of July 7, 2019

- Within 30 days of the injury
 - Claim count: up by 2%
 - Total paid: up by 4%
 - Paid per transaction: up by 3%
 - Transactions per claim: down by 1%
 - Paid per claim: up by 2%
- Paid MCCP per indemnity claim: up by 9% for AY 2018 at 15 months

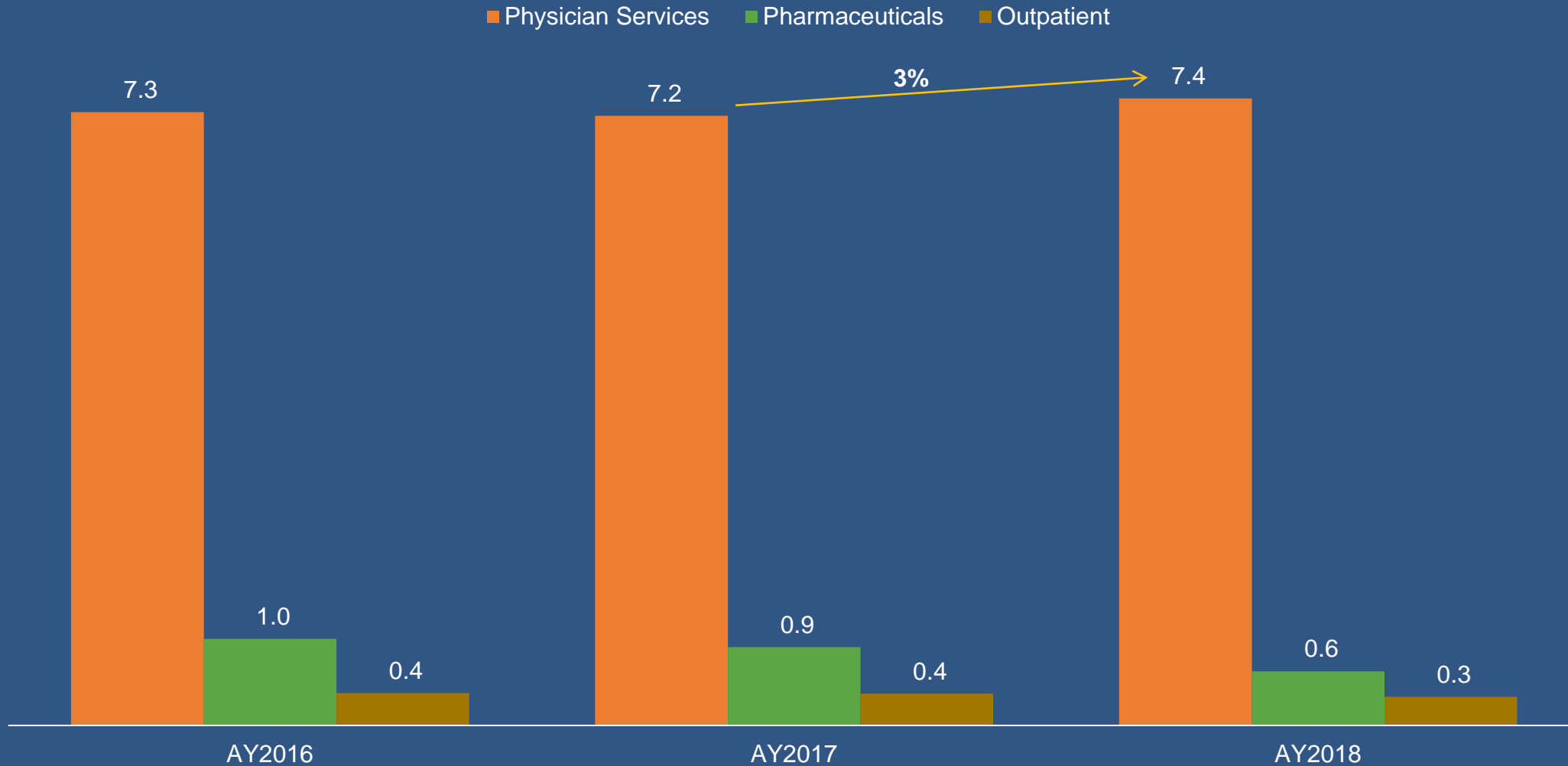
Changes in Transactions and Payments – Three Leading Types of Medical Services AY2018 vs. AY2017 (within 30 days of the accident date)

As of July 7, 2019



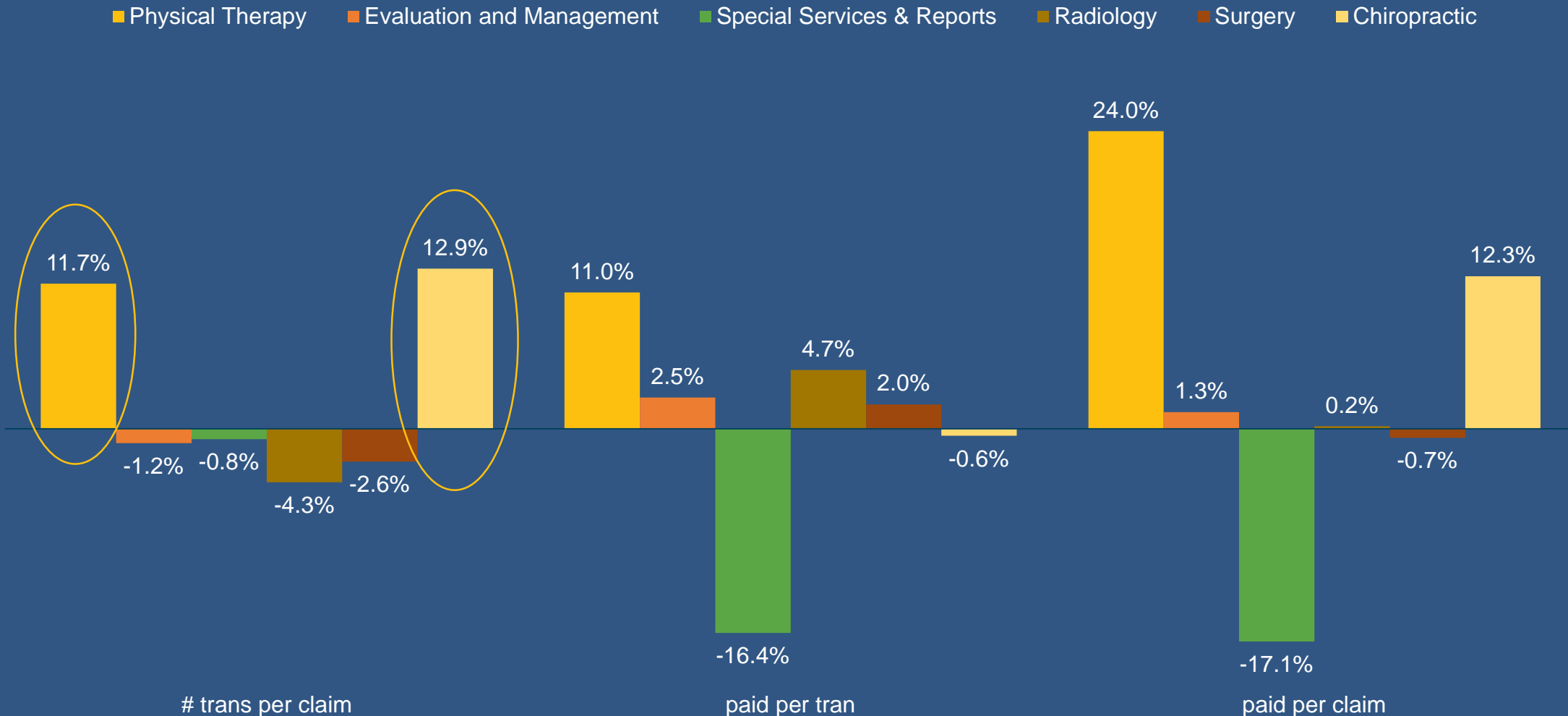
Number of Transactions per Claim – Three Leading Types of Medical Services (within 30 days of the accident date)

As of July 7, 2019



Changes in Transactions and Payments – Leading Types of Physician Services AY2018 vs. AY2017 (within 30 days of the accident date)

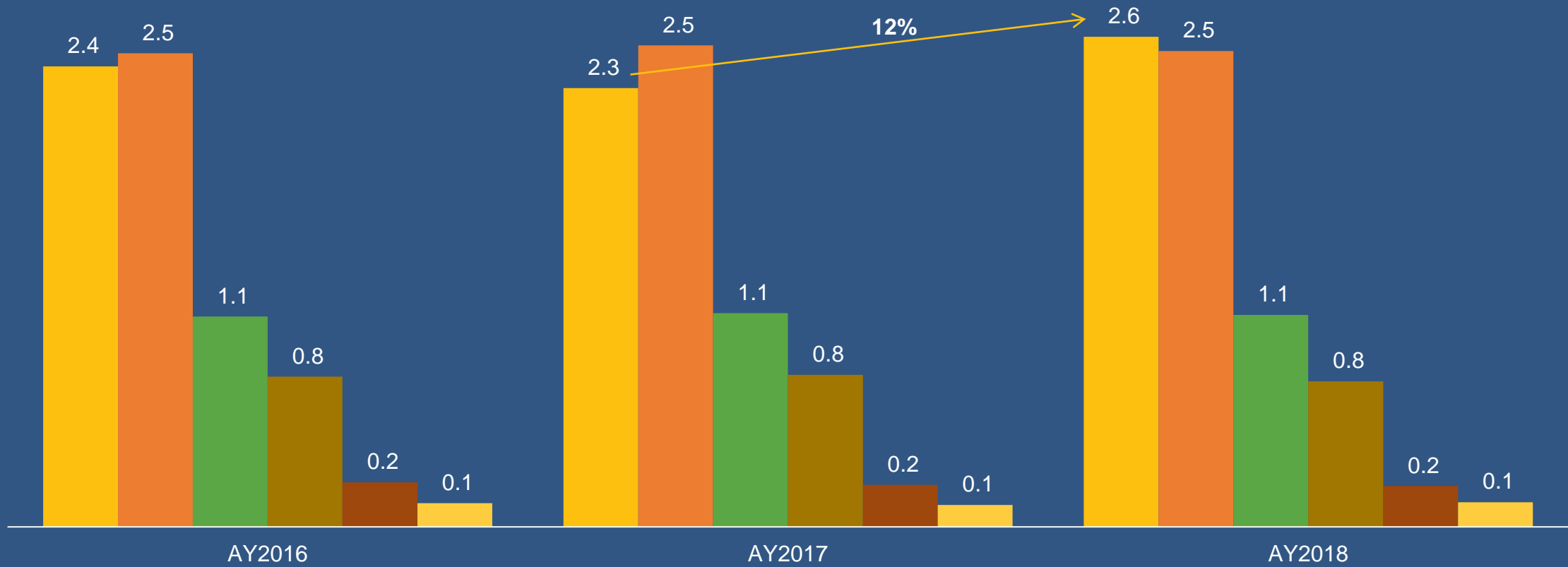
As of July 7, 2019



Number of Transactions per Claim – Leading Types of Physician Services (within 30 days of the accident date)

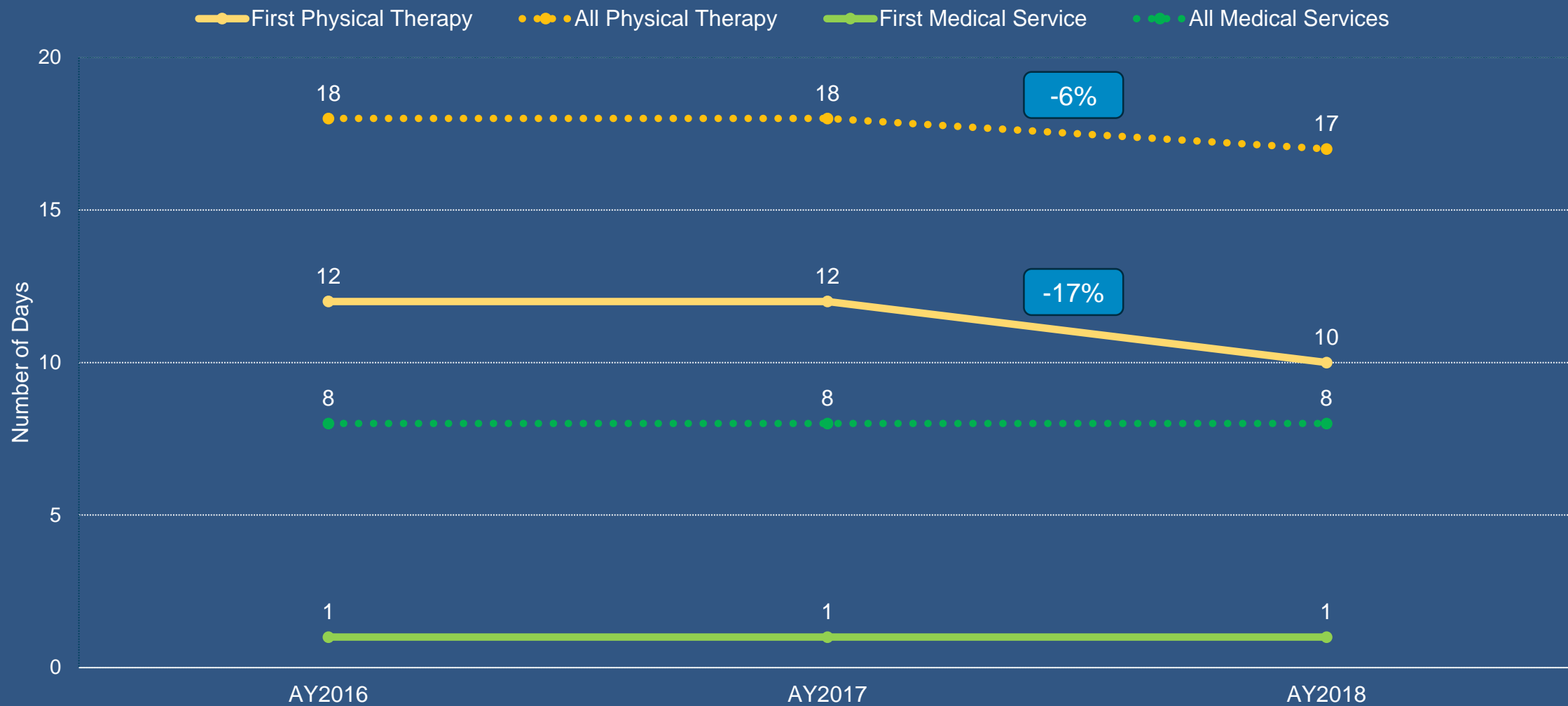
As of July 7, 2019

■ Physical Therapy ■ Evaluation and Management ■ Special Services & Reports ■ Radiology ■ Surgery ■ Chiropractic



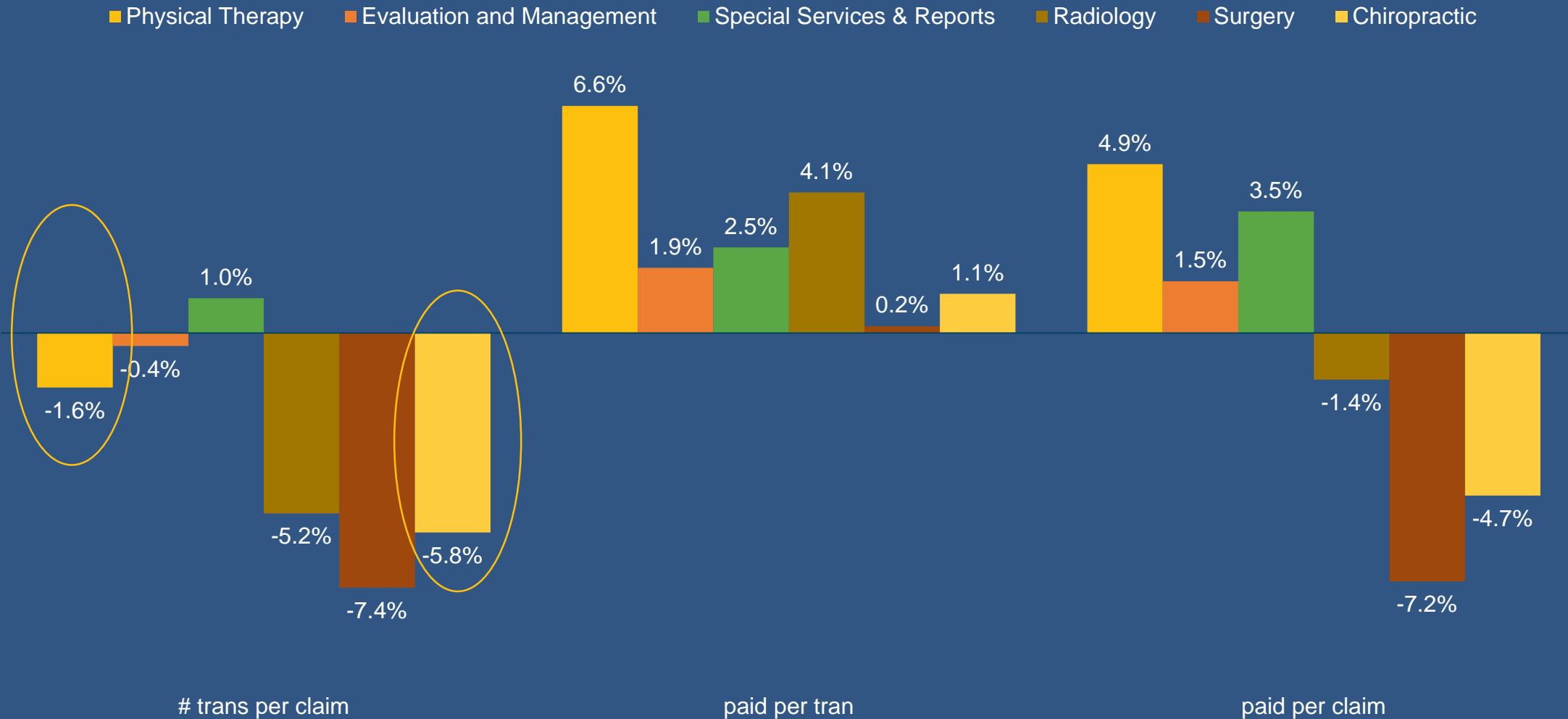
Changes in Median Time between Injury Date and Receipt of Physical Therapy (within 30 days of the accident date)

As of July 7, 2019



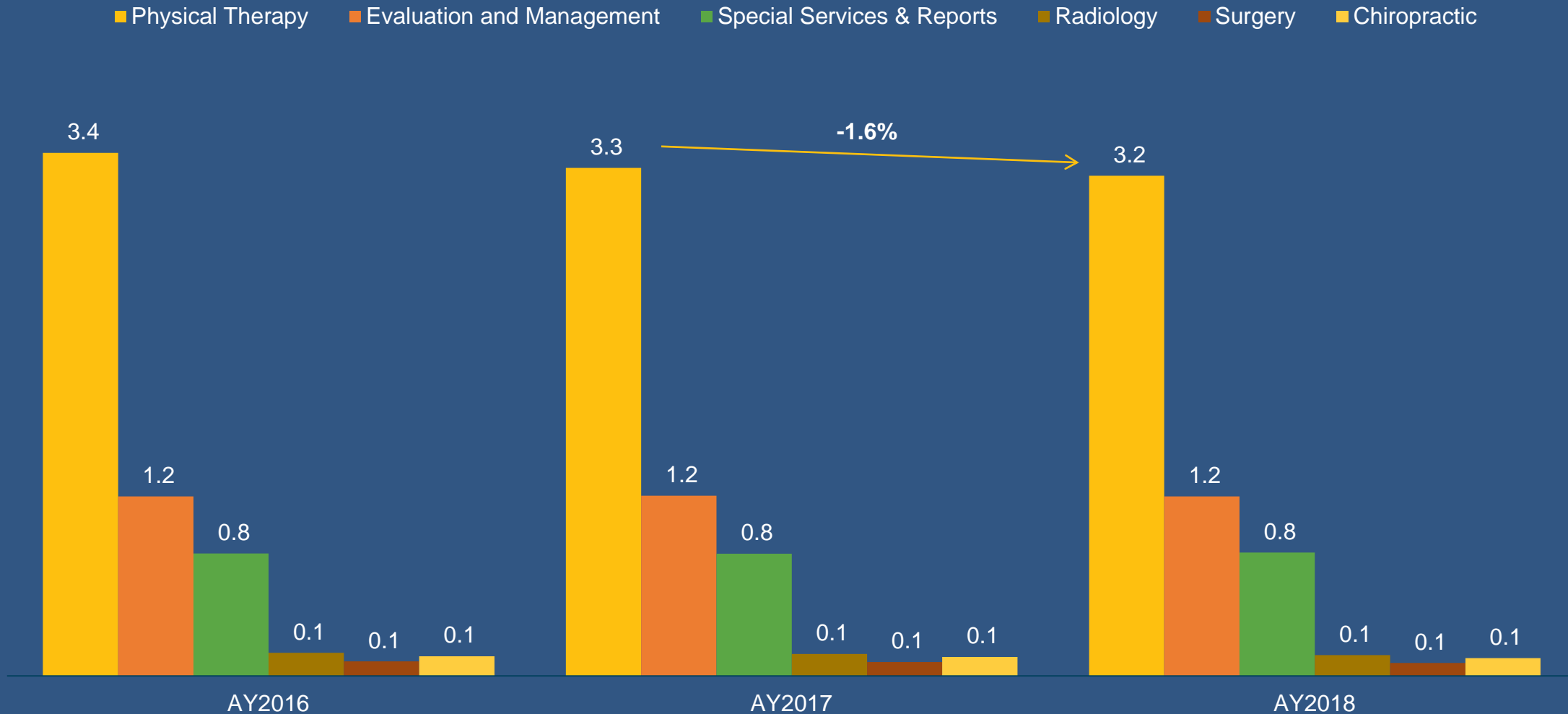
Changes in Transactions and Payments – Leading Types of Physician Services AY2018 vs. AY2017 (3 months after 30 days of the accident date)

As of July 7, 2019



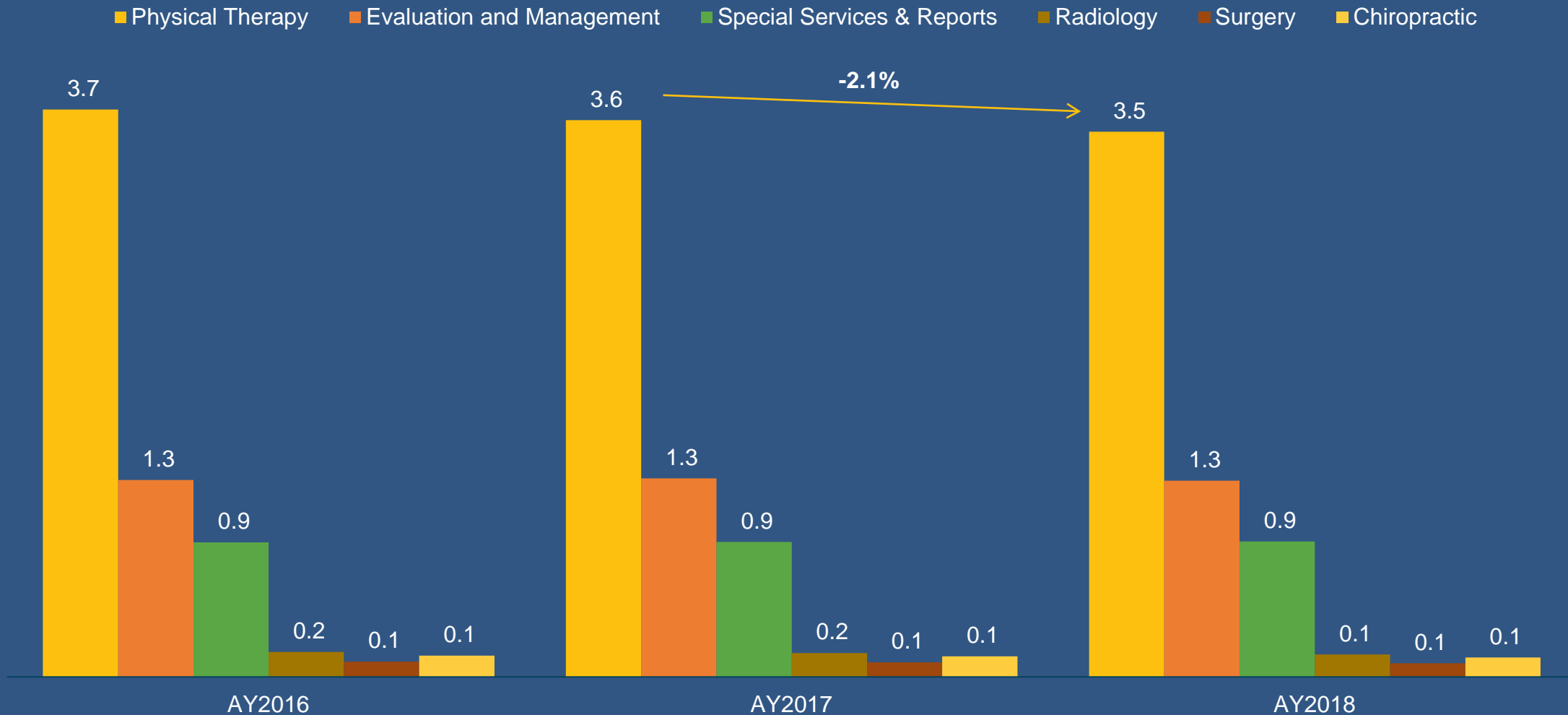
Number of Transactions per Claim – Leading Types of Physician Services (3 months after 30 days of the accident date)

As of July 7, 2019



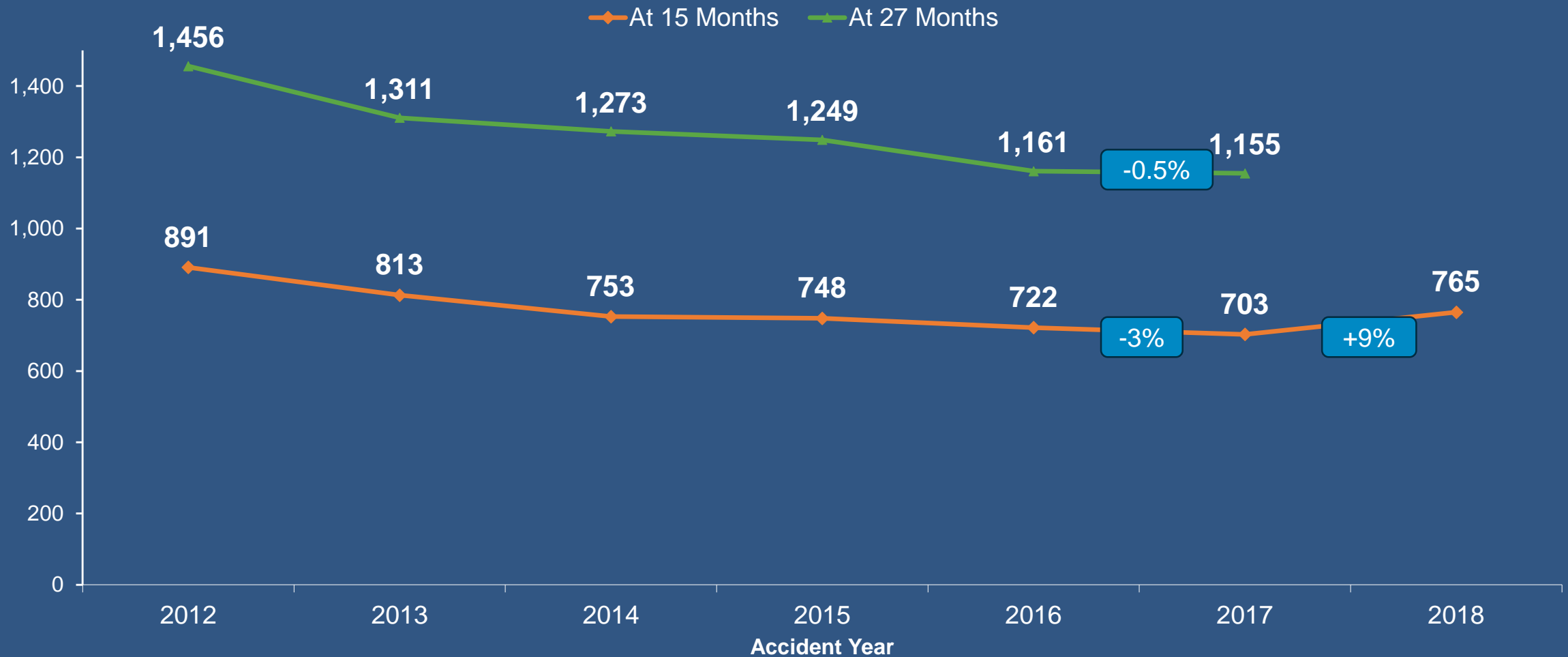
Number of Transactions per Claim – Leading Types of Physician Services (4 months after the accident date regardless of first 30 days)

As of July 7, 2019



Paid Medical Cost Containment Program Costs per Claim

As of March 31, 2019



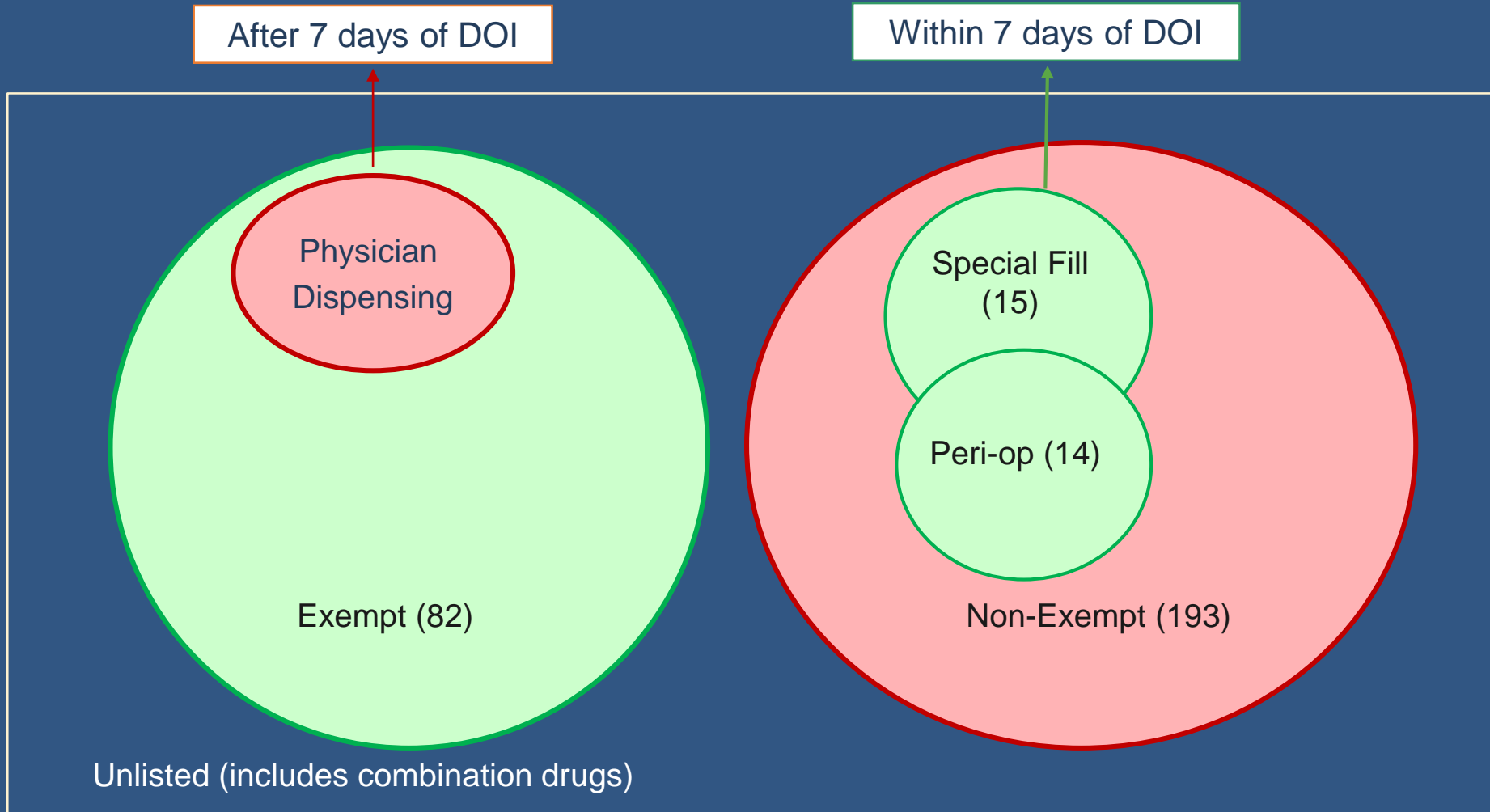
Overview of AB 1124 Drug Formulary – Analysis Based on 12/31/2018 Experience

- AB 1124 required the DWC to adopt an evidence-based drug formulary in the California workers' compensation system.
- Primary goals of the Formulary:
 - Regulate prescribing of opioids
 - Reduce frictional costs (from UR and IMR) in the system
 - Ensure medically necessary and timely medications for injured workers
- The new MTUS Drug Formulary became effective January 1, 2018.

- Preliminary cost impact analysis of the drug formulary for 7/1/2018 Pure Premium Rate Filing:
 - Impact on frictional costs (UR and IMR)
 - Approximately **-0.1%** of the total losses and LAE
 - Impact on pharmaceutical costs - opioids, compounds, physician dispensing and brand name drugs
 - Approximately **-0.4%** of the total losses and LAE (10% reduction in pharmaceutical costs)

MTUS Drug List – 275 Drug Ingredients (initial version)

As of January 2018



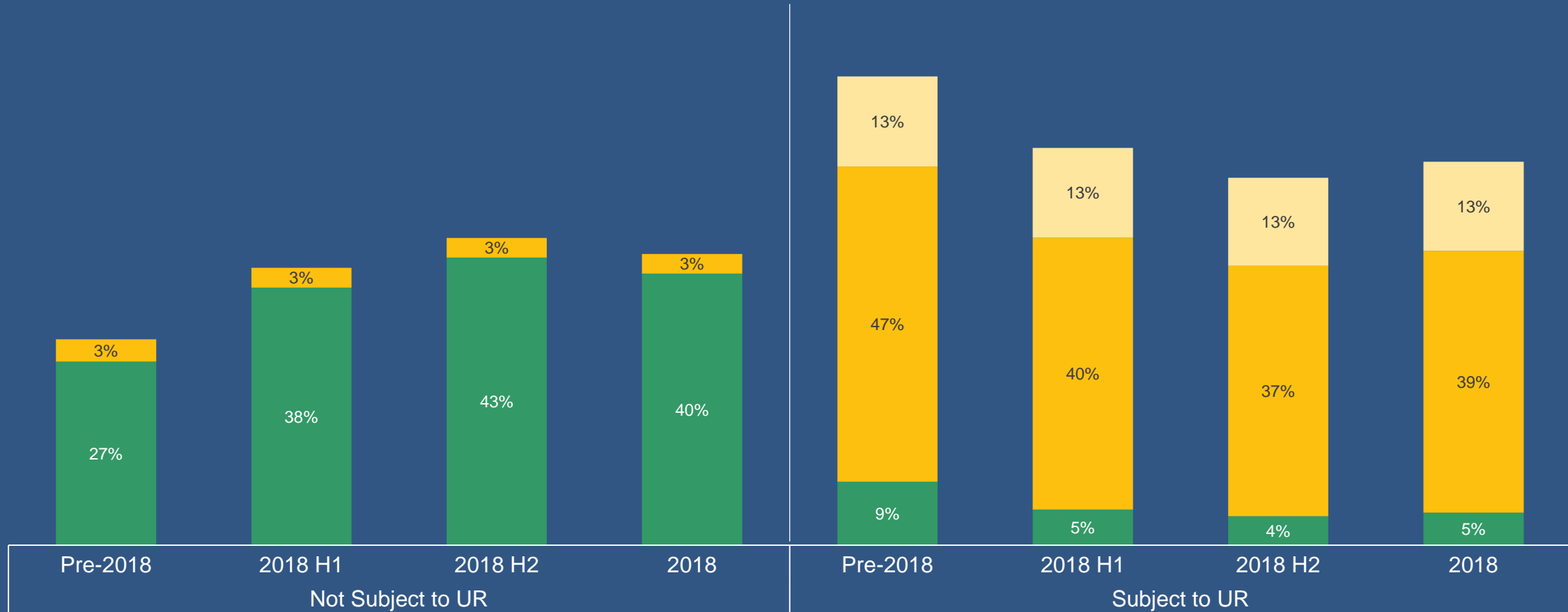
Changes Made to the MTUS Drug List

- MTUS drug list has been updated quarterly to reflect changes in the MTUS treatment guidelines.
- Drugs added and deleted from the MTUS list since 1/1/2018 for treatment of:
 - Eye disorders
 - Chronic pain and those addressed in the Opioid Guidelines
 - Traumatic brain injury (effective 2/15/2019)
 - Post-traumatic stress disorder (effective 8/1/2019)
- The Pharmacy Therapeutics Committee plans to add a unique drug identifier to facilitate drug mapping.

Share of Pharmaceutical Transactions by the Drug Formulary Category

As of July 7, 2019

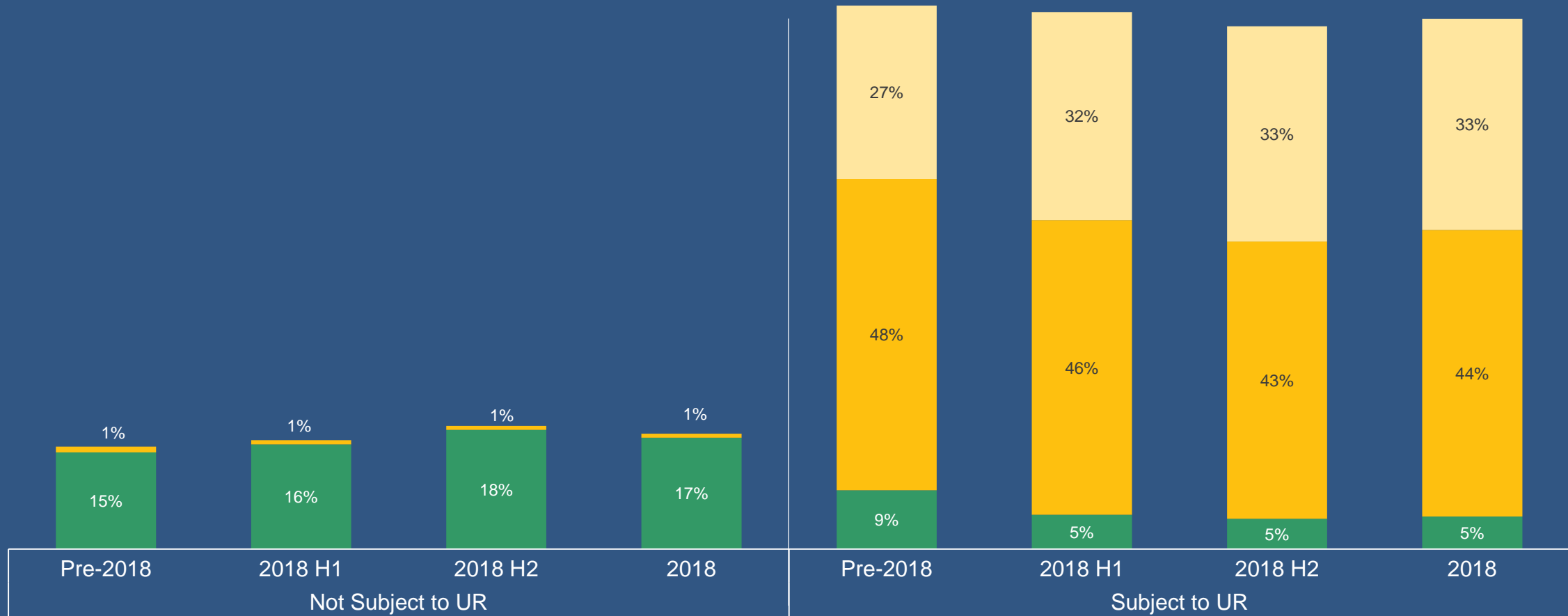
■ Exempt ■ Non-Exempt ■ Not Listed



Share of Pharmaceutical Payments by the Drug Formulary Category

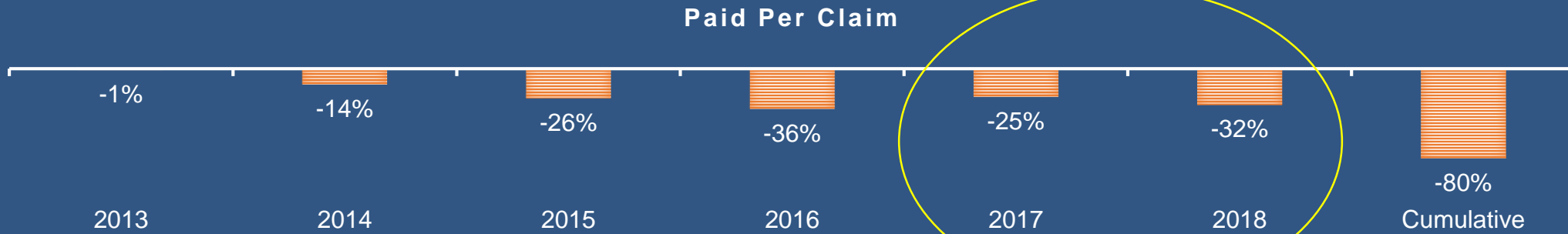
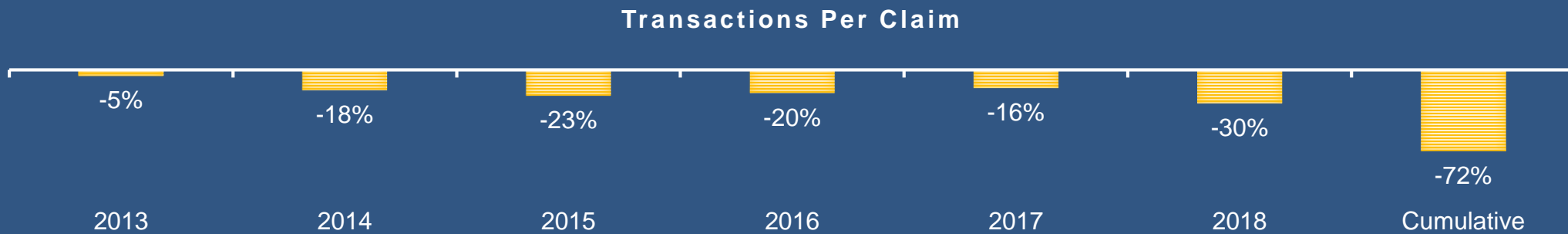
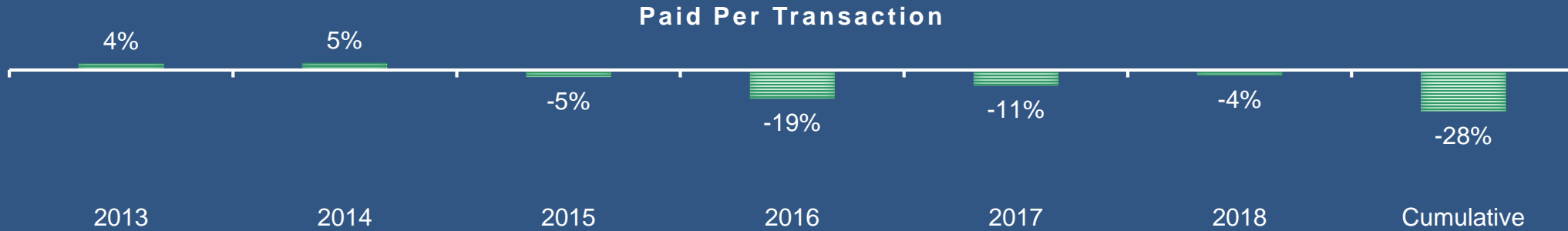
As of July 7, 2019

■ Exempt ■ Non-Exempt ■ Not Listed



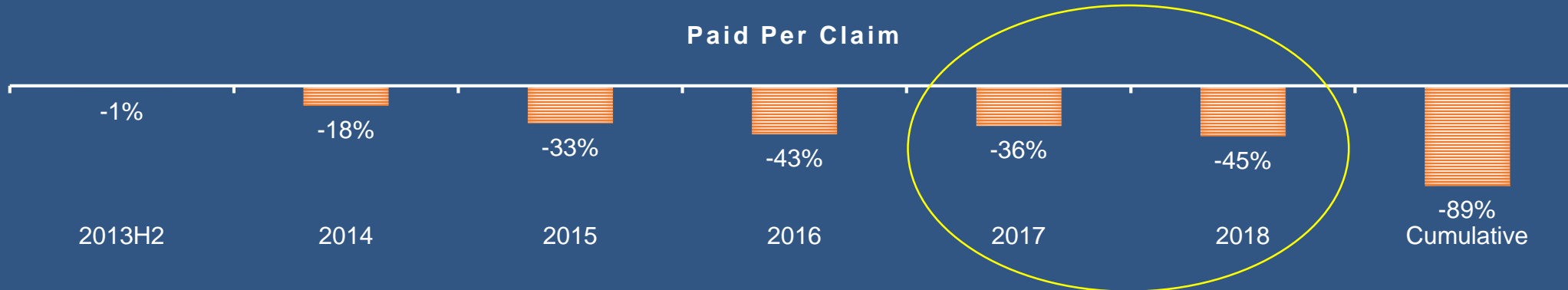
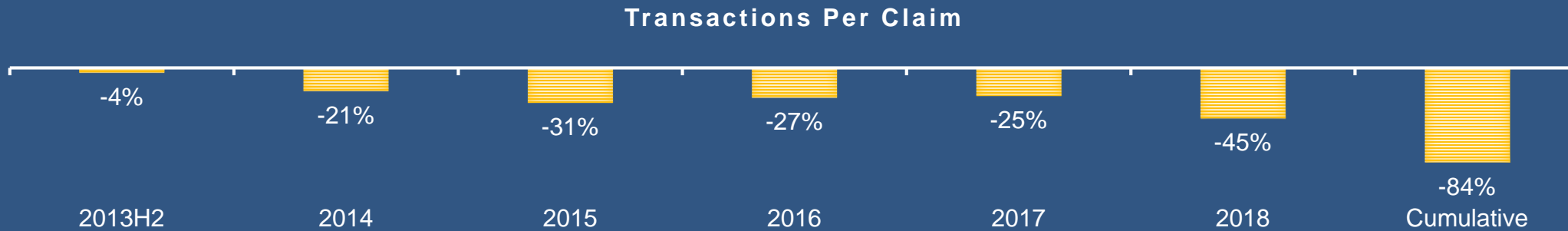
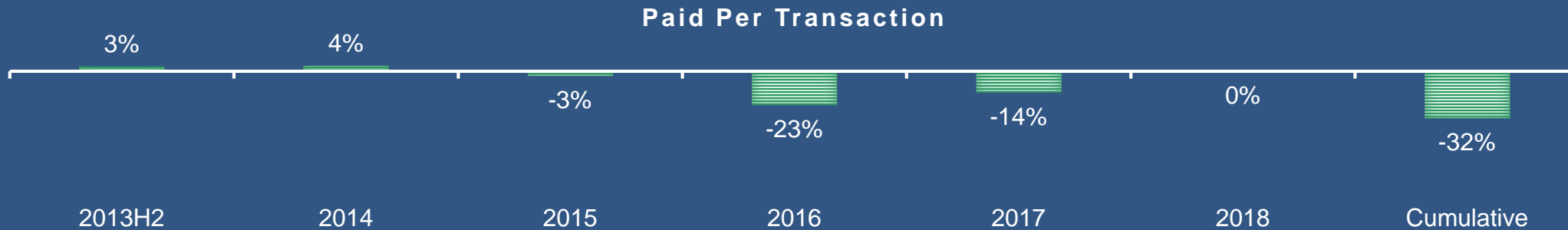
% Change in *Pharmaceutical* Cost per Claim

As of April 7, 2019



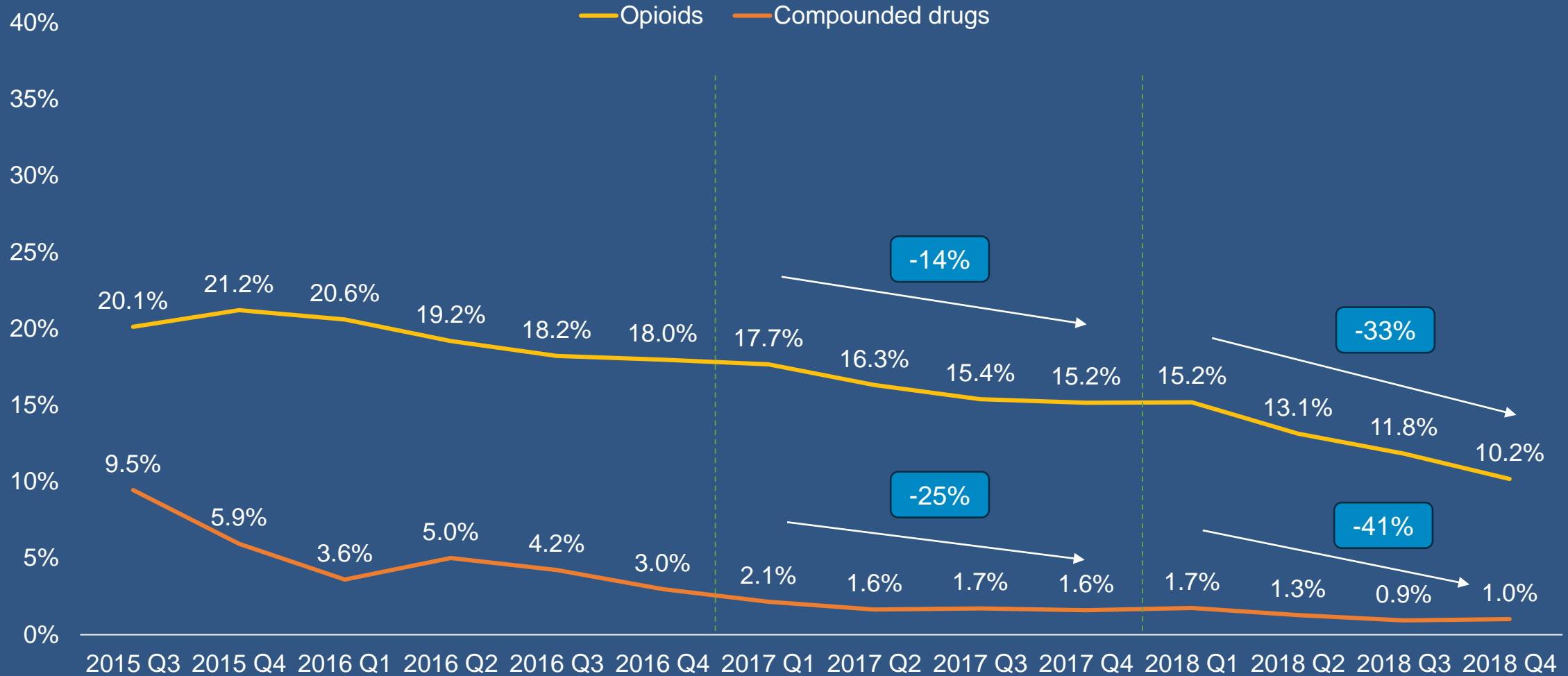
% Change in *Opioid* Cost per Claim

As of April 7, 2019



Share of All Drug Payments to Opioids and Compounded drugs

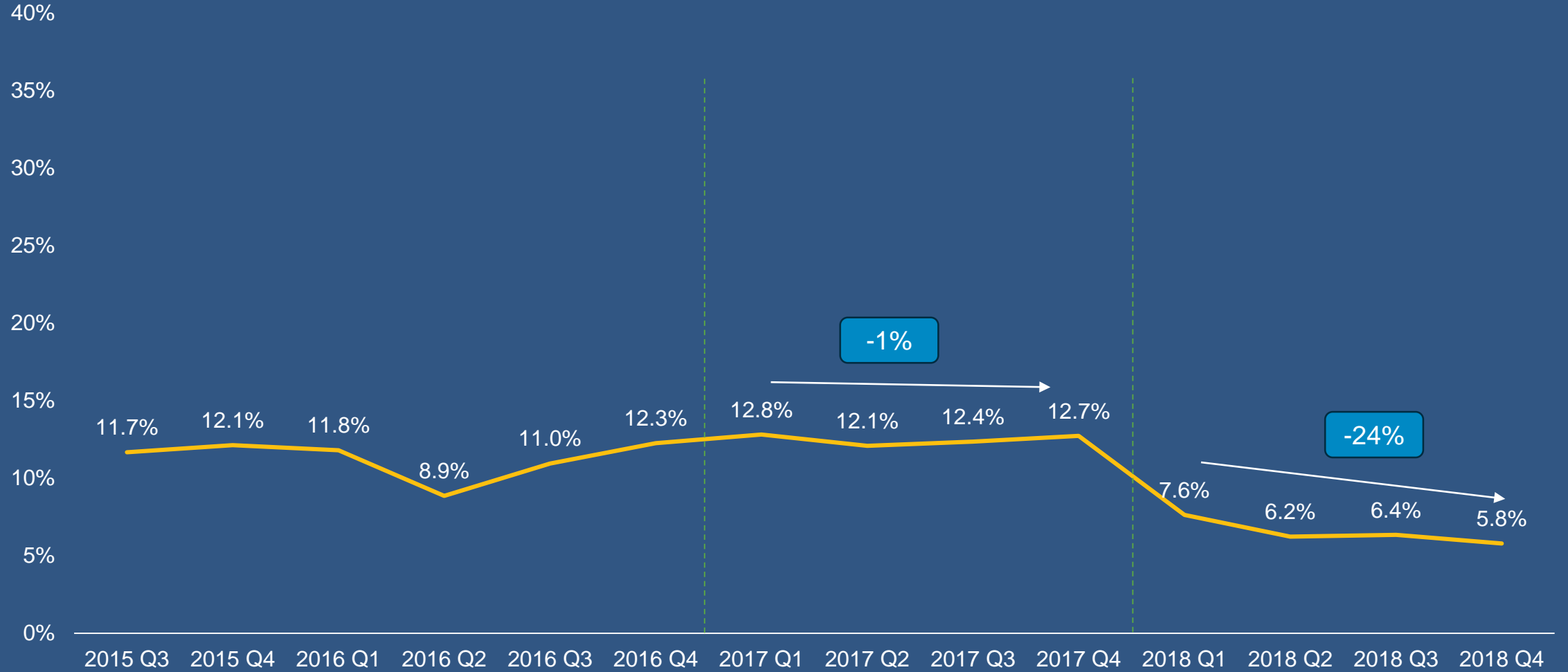
As of July 7, 2019



Preliminary

Share of All Drug Payments to Physician-Dispensed Drugs Subject to UR (excl. opioids and compounded drugs)

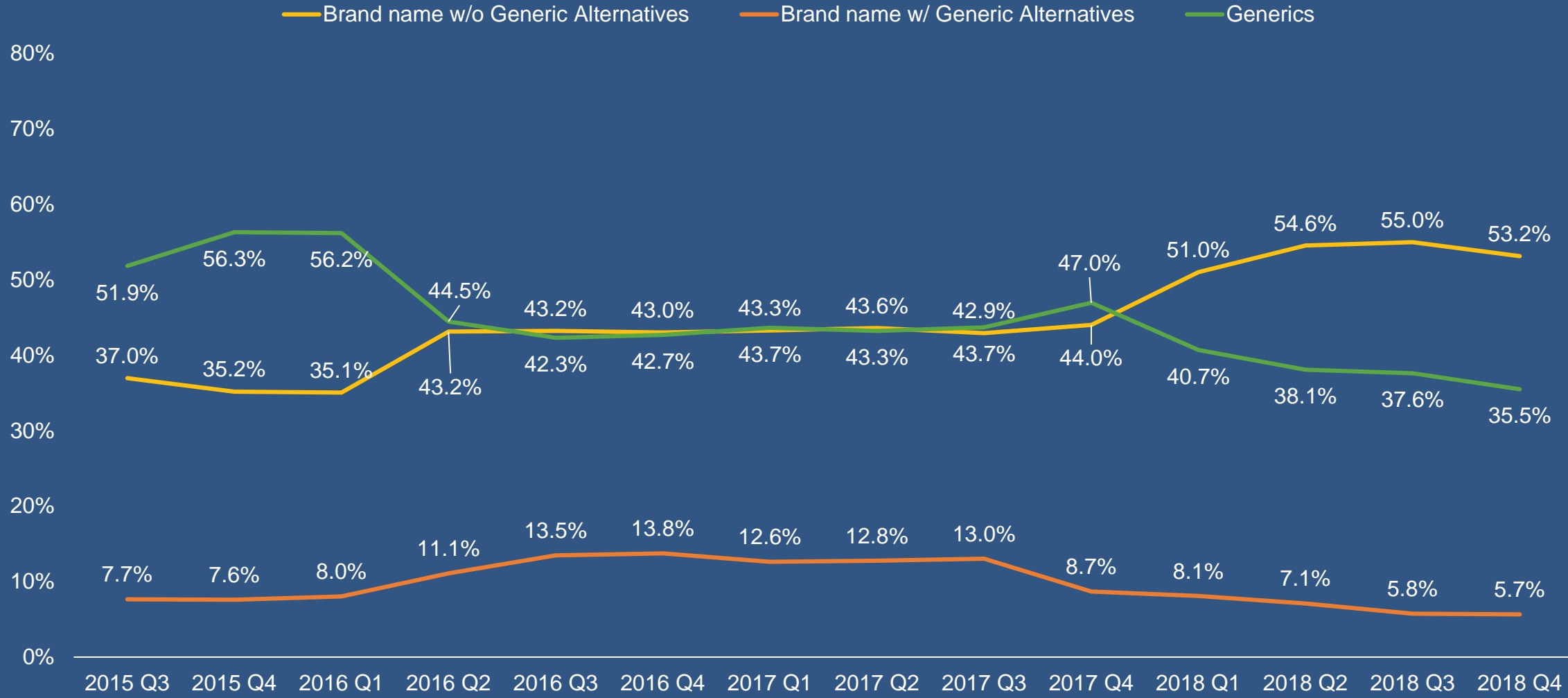
As of July 7, 2019



Preliminary

Share of All Drug Payments to Brand Name vs. Generics

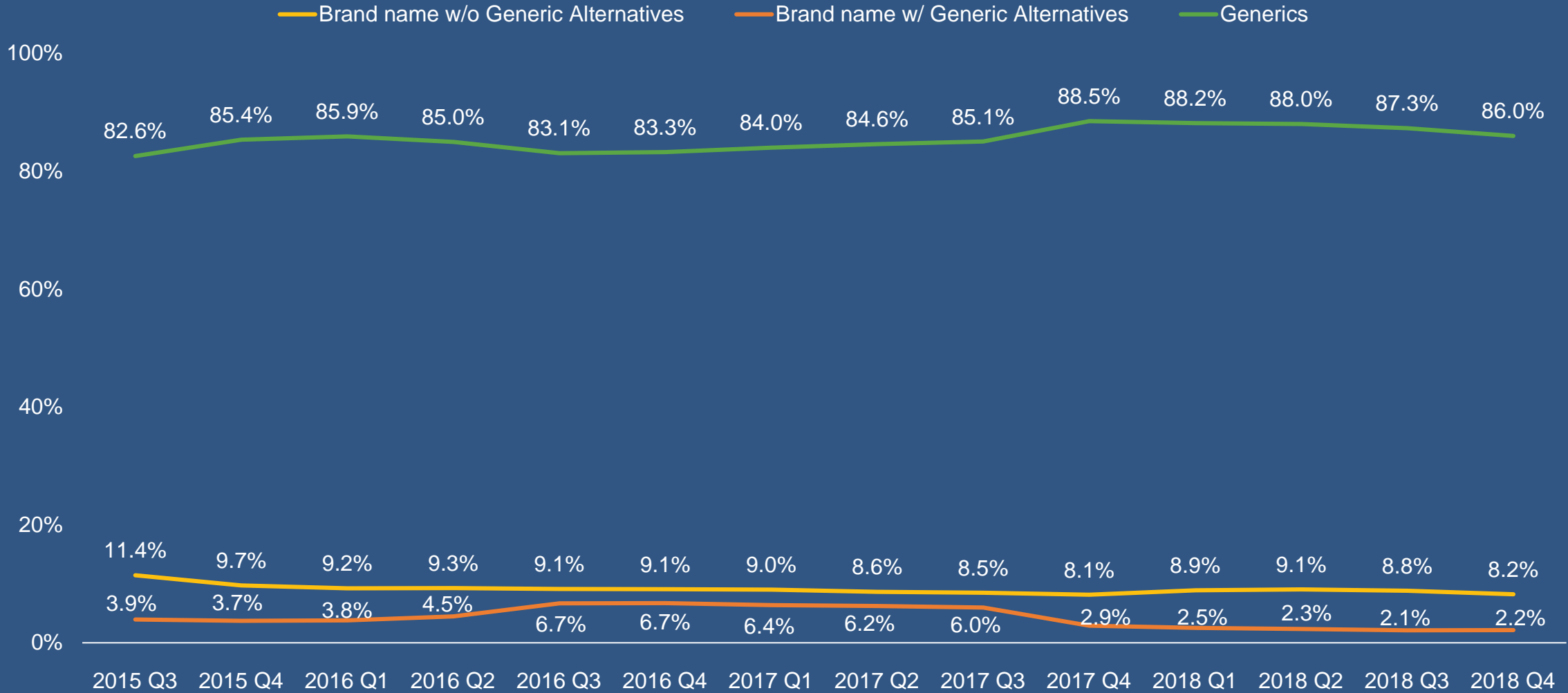
As of July 7, 2019



Preliminary

Share of All Drug Prescriptions: Brand Name vs. Generics

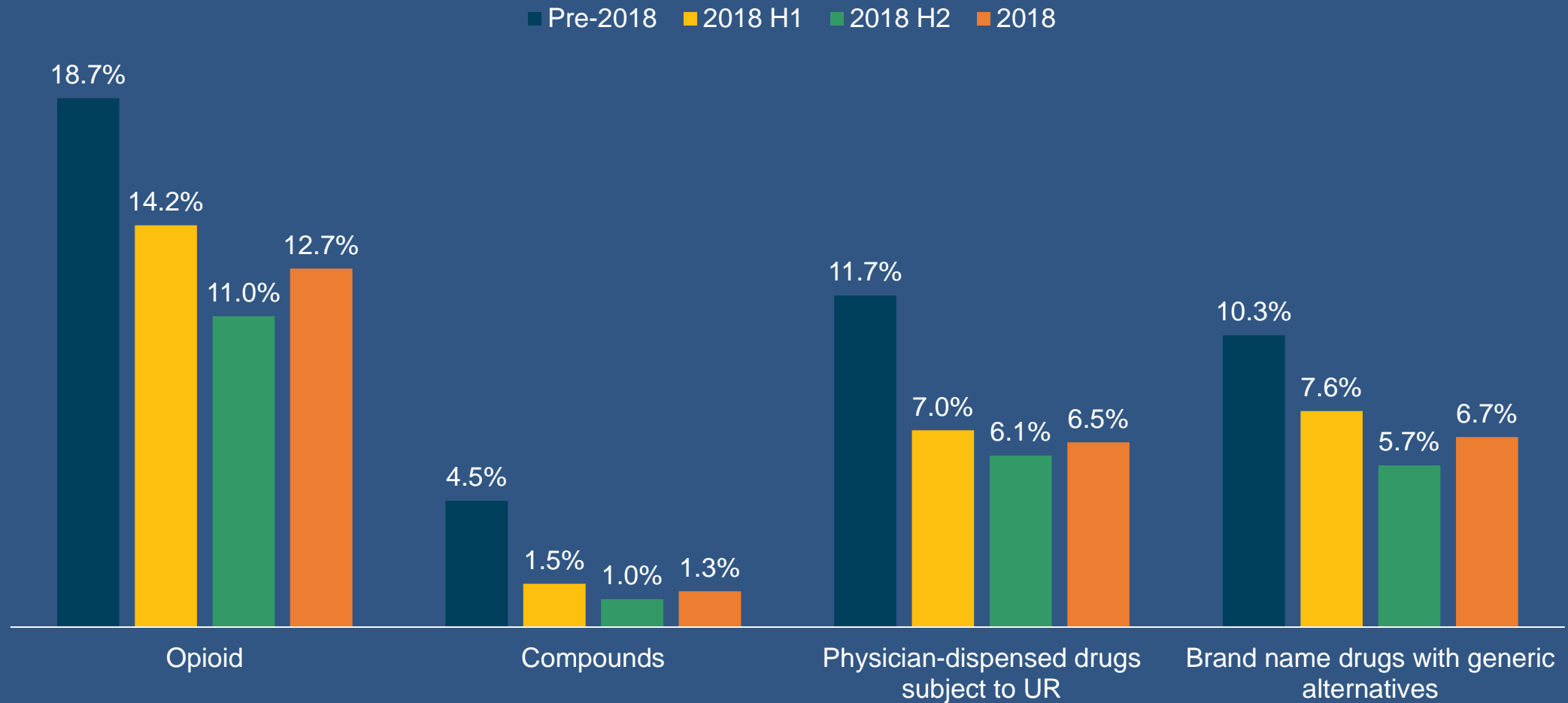
As of July 7, 2019



Preliminary

Summary of Share of Total Drug Payments by Prescribing Category

As July 7, 2019



Item AC19-06-01 3/31/2019 Experience – Review of Methodologies

At the June 14, 2019 meeting, the Committee reviewed a preliminary analysis of statewide experience through March 31, 2019. Exhibits 1 through 8 contain an updated analysis of March 31, 2019 experience. In total, approximately 100% of the market is included. Wage and loss levels are projected to January 1, 2021—the approximate midpoint of experience on policies incepting in 2020, and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2019.¹

The updated information differs from what was presented at the June 14, 2019 meeting in that this analysis reflects: (a) the inclusion of additional insurer data submissions and insurer data call corrections, (b) updates to the wage level and indemnity claim frequency projections based on UCLA's June 2019 forecasts, (c) adjustments to the medical loss development projections and medical on-level adjustments for the impact of the recent pharmaceutical cost reductions adopted by the Committee at the June 14, 2019 meeting, and (d) updates to the indemnity on-level adjustments for the impact of wage inflation to reflect the most current data and statistical relationship between average wage levels and average indemnity benefits (discussed at the March 18, 2019 meeting).

As shown on Exhibit 8, the projected policy year 2020 loss to the industry average filed pure premium ratio based on March 31, 2019 experience and the January 1, 2020 industry average filed pure premium rate level is 0.560. (The projected loss ratio reflected in the analysis presented at the June 14, 2019 meeting was 0.549.)

Additional supplemental information is included in Exhibits 9 through 12.

¹ In the January 1, 2020 Pure Premium Rate Filing, ratios will be adjusted to the July 1, 2019 industry average filed pure premium rate level.

**California Workers' Compensation
Accident Year Experience as of March 31, 2019**

| Year | Earned Premium | Paid Indemnity | Indemnity Reserves | Paid Medical** | Medical Reserves | IBNR* | Total Incurred** | Loss Ratio* |
|------|-------------------|-------------------|-----------------------|-------------------|---------------------|---------------|---------------------|----------------|
| 1986 | 3,506,609,097 | 1,383,116,214 | 4,696,354 | 1,141,069,438 | 32,902,227 | 18,852,369 | 2,580,636,602 | 0.736 |
| 1987 | 4,374,085,383 | 1,505,867,310 | 6,185,596 | 1,332,314,887 | 39,173,789 | 57,912,715 | 2,941,454,297 | 0.672 |
| 1988 | 5,173,049,472 | 1,702,887,219 | 6,411,903 | 1,539,553,177 | 35,082,864 | 38,394,980 | 3,322,330,143 | 0.642 |
| 1989 | 5,676,279,371 | 1,939,834,674 | 8,364,069 | 1,794,847,180 | 50,360,007 | 39,588,930 | 3,832,994,860 | 0.675 |
| 1990 | 5,705,878,797 | 2,260,136,023 | 8,187,178 | 2,041,092,148 | 48,404,287 | 60,232,828 | 4,418,052,464 | 0.774 |
| 1991 | 5,872,566,346 | 2,479,929,463 | 14,313,664 | 2,197,221,205 | 54,477,997 | 61,907,918 | 4,807,850,247 | 0.819 |
| 1992 | 5,692,939,950 | 1,978,495,103 | 12,429,314 | 1,761,651,468 | 52,721,173 | 62,035,351 | 3,867,332,409 | 0.679 |
| 1993 | 5,942,544,967 | 1,694,480,879 | 13,707,161 | 1,511,590,704 | 71,795,669 | 41,193,634 | 3,332,768,047 | 0.561 |
| 1994 | 5,034,831,820 | 1,627,162,824 | 20,470,114 | 1,462,799,902 | 86,145,428 | 44,558,857 | 3,241,137,125 | 0.644 |
| 1995 | 3,790,122,732 | 1,763,757,976 | 26,907,658 | 1,614,050,035 | 100,551,537 | 54,054,205 | 3,559,321,411 | 0.939 |
| 1996 | 3,748,266,525 | 1,952,710,231 | 33,327,458 | 1,709,419,534 | 104,902,971 | 71,295,292 | 3,871,655,486 | 1.033 |
| 1997 | 3,928,295,572 | 2,314,769,584 | 42,246,558 | 2,005,310,421 | 137,495,048 | 102,063,629 | 4,601,885,240 | 1.171 |
| 1998 | 4,333,560,338 | 2,769,276,578 | 53,719,836 | 2,625,405,204 | 224,719,529 | 202,348,036 | 5,875,469,183 | 1.356 |
| 1999 | 4,551,546,853 | 3,050,289,815 | 55,050,181 | 3,018,397,503 | 195,608,979 | 247,279,793 | 6,566,626,271 | 1.443 |
| 2000 | 5,923,031,823 | 3,421,624,057 | 72,139,293 | 3,543,359,836 | 227,664,515 | 413,299,589 | 7,678,087,290 | 1.296 |
| 2001 | 10,120,534,867 | 4,826,547,365 | 108,553,634 | 5,325,276,765 | 392,601,045 | 620,105,914 | 11,273,084,723 | 1.114 |
| 2002 | 13,434,933,190 | 4,757,722,120 | 100,074,490 | 5,446,737,719 | 348,299,064 | 891,962,884 | 11,544,796,277 | 0.859 |
| 2003 | 19,476,317,174 | 4,524,176,610 | 155,298,113 | 5,012,853,957 | 366,359,195 | 1,266,351,826 | 11,325,039,701 | 0.581 |
| 2004 | 23,096,787,993 | 3,187,898,211 | 131,037,417 | 4,013,933,588 | 314,579,553 | 1,383,892,211 | 9,031,340,980 | 0.391 |
| 2005 | 21,398,213,516 | 2,510,240,239 | 115,621,027 | 3,609,067,188 | 308,377,144 | 1,119,040,723 | 7,662,346,321 | 0.358 |
| 2006 | 17,232,800,048 | 2,593,393,462 | 125,477,916 | 3,712,607,028 | 336,396,264 | 780,014,540 | 7,547,889,210 | 0.438 |
| 2007 | 13,275,649,610 | 2,727,274,188 | 145,040,143 | 3,975,419,488 | 378,326,001 | 861,011,214 | 8,087,071,034 | 0.609 |
| 2008 | 10,764,323,955 | 2,770,334,825 | 162,837,358 | 3,965,808,413 | 384,893,373 | 534,172,787 | 7,818,046,756 | 0.726 |
| 2009 | 8,896,709,168 | 2,635,951,007 | 159,132,232 | 3,763,038,281 | 375,169,585 | 526,737,802 | 7,460,028,907 | 0.839 |
| 2010 | 9,398,228,398 | 2,638,896,065 | 167,628,893 | 3,834,022,165 | 372,090,950 | 606,343,669 | 7,618,981,742 | 0.811 |
| 2011 | 10,129,285,077 | 2,598,490,238 | 181,088,413 | 3,456,673,655 | 397,352,825 | 816,031,403 | 7,449,636,534 | 0.735 |
| 2012 | 11,692,134,220 | 2,607,277,617 | 226,624,384 | 3,315,563,021 | 437,395,736 | 1,009,801,100 | 7,596,661,858 | 0.650 |
| 2013 | 14,149,827,161 | 2,609,019,076 | 254,410,788 | 3,126,537,115 | 491,123,538 | 1,742,570,108 | 8,223,660,625 | 0.581 |
| 2014 | 15,997,914,039 | 2,654,684,051 | 359,773,250 | 2,957,257,972 | 570,848,001 | 2,842,633,281 | 9,385,196,555 | 0.587 |
| 2015 | 17,059,168,432 | 2,533,728,675 | 489,211,212 | 2,736,789,782 | 766,863,317 | 3,471,587,166 | 9,998,180,152 | 0.586 |
| 2016 | 17,952,877,787 | 2,148,412,575 | 649,240,851 | 2,348,478,166 | 976,318,486 | 3,881,776,066 | 10,004,226,144 | 0.557 |
| 2017 | 17,672,417,401 | 1,513,575,313 | 910,934,330 | 1,818,962,435 | 1,281,400,143 | 4,617,739,953 | 10,142,612,174 | 0.574 |
| 2018 | 17,420,199,712 | 682,690,511 | 961,605,325 | 1,044,242,404 | 1,568,577,049 | 5,814,092,079 | 10,071,207,368 | 0.578 |
| 2019 | 3,993,572,512 | 19,602,795 | 109,885,445 | 35,674,333 | 253,515,650 | 1,819,196,448 | 2,237,874,671 | 0.560 |

* Shown for informational purposes only.

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

Source: WCIRB quarterly experience calls

Incurred Indemnity Loss Development Factors

| Accident Year | Age-to-Age (in months) | | | | | | | | | | | | | | | |
|---------------|------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 27/15 | 39/27 | 51/39 | 63/51 | 75/63 | 87/75 | 99/87 | 111/99 | 123/111 | 135/123 | 147/135 | 159/147 | 171/159 | 183/171 | 195/183 | 207/195 |
| 1993 | | | | | | | | | | | | | | | | 0.999 |
| 1994 | | | | | | | | | | | | | | | | 0.999 |
| 1995 | | | | | | | | | | | | | | 1.001 | 1.002 | 1.001 |
| 1996 | | | | | | | | | | | | | 1.000 | 0.999 | 1.002 | 1.001 |
| 1997 | | | | | | | | | | | | 1.002 | 1.003 | 1.002 | 1.001 | 1.001 |
| 1998 | | | | | | | | | | | | 1.004 | 1.004 | 1.000 | 1.003 | 1.001 |
| 1999 | | | | | | | | | | | | 1.004 | 1.003 | 1.002 | 1.002 | 1.000 |
| 2000 | | | | | | | | | 1.004 | 1.004 | 1.004 | 1.002 | 1.002 | 1.003 | 1.002 | 1.000 |
| 2001 | | | | | | | | 1.005 | 1.008 | 1.007 | 1.005 | 1.005 | 1.003 | 1.003 | 1.002 | 1.000 |
| 2002 | | | | | | | 1.010 | 1.011 | 1.009 | 1.006 | 1.005 | 1.002 | 1.003 | 1.001 | 1.002 | 1.001 |
| 2003 | | | | | | | 1.020 | 1.016 | 1.012 | 1.008 | 1.008 | 1.002 | 1.003 | 1.003 | 1.002 | 1.002 |
| 2004 | | | | | | | 1.026 | 1.025 | 1.015 | 1.015 | 1.007 | 1.006 | 1.003 | 1.003 | 1.002 | 1.002 |
| 2005 | | | | | | | 1.039 | 1.022 | 1.016 | 1.010 | 1.005 | 1.006 | 1.004 | 1.001 | 1.002 | 1.002 |
| 2006 | | | | | | | 1.031 | 1.020 | 1.012 | 1.008 | 1.008 | 1.005 | 1.002 | 1.002 | 1.002 | 1.002 |
| 2007 | | | | | | | 1.030 | 1.022 | 1.012 | 1.009 | 1.003 | 1.005 | 1.002 | 1.003 | 1.002 | 1.000 |
| 2008 | | | | | | | 1.025 | 1.018 | 1.011 | 1.008 | 1.007 | 1.009 | 1.002 | 1.003 | 1.002 | 1.001 |
| 2009 | | | | | | | 1.021 | 1.016 | 1.013 | 1.010 | 1.008 | 1.009 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2010 | | | | | | | 1.023 | 1.017 | 1.011 | 1.010 | 1.008 | 1.009 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2011 | | | | | | | 1.024 | 1.016 | 1.011 | 1.010 | 1.008 | 1.009 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2012 | | | | | | | 1.022 | 1.017 | 1.011 | 1.010 | 1.008 | 1.009 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2013 | | | | | | | 1.033 | 1.024 | 1.016 | 1.010 | 1.008 | 1.009 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2014 | | | | | | | 1.030 | 1.022 | 1.016 | 1.010 | 1.008 | 1.009 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2015 | | | | | | | 1.049 | 1.030 | 1.021 | 1.013 | 1.010 | 1.008 | 1.002 | 1.003 | 1.002 | 1.002 |
| 2016 | | | | | | | 1.085 | 1.030 | 1.016 | 1.013 | 1.010 | 1.006 | 1.002 | 1.003 | 1.002 | 1.001 |
| 2017 | | | | | | | 1.187 | 1.030 | 1.016 | 1.011 | 1.010 | 1.006 | 1.002 | 1.003 | 1.002 | 1.001 |
| Selected (a) | 1.588 | 1.187 | 1.085 | 1.049 | 1.030 | 1.022 | 1.016 | 1.011 | 1.010 | 1.006 | 1.007 | 1.003 | 1.002 | 1.002 | 1.002 | 1.001 |
| Cumulative | 2.424 | 1.526 | 1.286 | 1.185 | 1.130 | 1.097 | 1.073 | 1.056 | 1.045 | 1.035 | 1.028 | 1.021 | 1.018 | 1.016 | 1.014 | 1.011 |

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

Incurred Medical Loss Development Factors

| Accident Year | Age-to-Age (in months) (b) | | | | | | | | | | | | | | | |
|---------------|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>27/15</u> | <u>39/27</u> | <u>51/39</u> | <u>63/51</u> | <u>75/63</u> | <u>87/75</u> | <u>99/87</u> | <u>111/99</u> | <u>123/111</u> | <u>135/123</u> | <u>147/135</u> | <u>159/147</u> | <u>171/159</u> | <u>183/171</u> | <u>195/183</u> | <u>207/195</u> |
| 1993 | | | | | | | | | | | | | | | | 1.008 |
| 1994 | | | | | | | | | | | | | | | 1.021 | 1.011 |
| 1995 | | | | | | | | | | | | | | 1.016 | 1.005 | 1.010 |
| 1996 | | | | | | | | | | | | | 1.015 | 1.013 | 1.012 | 1.008 |
| 1997 | | | | | | | | | | | | 1.018 | 1.009 | 1.010 | 1.005 | 1.004 |
| 1998 | | | | | | | | | | | 1.020 | 1.010 | 1.010 | 1.013 | 1.007 | 1.012 |
| 1999 | | | | | | | | | | 1.018 | 1.017 | 1.014 | 1.009 | 1.012 | 1.003 | 1.000 |
| 2000 | | | | | | | | | | 1.019 | 1.022 | 1.016 | 1.012 | 1.005 | 0.998 | 0.995 |
| 2001 | | | | | | | | | 1.035 | 1.030 | 1.020 | 1.018 | 1.006 | 0.998 | 0.999 | 0.996 |
| 2002 | | | | | | | 1.034 | 1.028 | 1.027 | 1.020 | 1.013 | 1.007 | 0.998 | 0.999 | 0.999 | 0.999 |
| 2003 | | | | | | 1.043 | 1.040 | 1.036 | 1.025 | 1.019 | 1.009 | 1.001 | 0.998 | 0.999 | 1.000 | 1.001 |
| 2004 | | | | | 1.056 | 1.062 | 1.038 | 1.032 | 1.026 | 1.008 | 1.004 | 0.999 | 0.998 | 0.999 | 1.000 | 1.001 |
| 2005 | | | | | 1.080 | 1.074 | 1.057 | 1.040 | 1.027 | 1.018 | 1.005 | 1.003 | 0.998 | 0.999 | 1.000 | 1.001 |
| 2006 | | | | | 1.095 | 1.076 | 1.061 | 1.049 | 1.037 | 1.018 | 1.007 | 1.002 | 1.003 | 1.003 | 1.003 | 1.003 |
| 2007 | | | | | 1.171 | 1.078 | 1.069 | 1.041 | 1.028 | 1.015 | 1.005 | 1.004 | 1.003 | 1.003 | 1.003 | 1.003 |
| 2008 | | | | | 1.378 | 1.087 | 1.058 | 1.035 | 1.020 | 1.009 | 1.004 | 1.002 | 1.002 | 1.002 | 1.002 | 1.001 |
| 2009 | | | | | 1.431 | 1.182 | 1.133 | 1.080 | 1.049 | 1.025 | 1.014 | 1.006 | 1.006 | 1.002 | 1.001 | 1.001 |
| 2010 | | | | | 1.431 | 1.212 | 1.117 | 1.068 | 1.036 | 1.023 | 1.011 | 1.010 | 1.009 | 1.037 | 1.035 | 1.033 |
| 2011 | | | | | 1.452 | 1.185 | 1.103 | 1.059 | 1.026 | 1.016 | 1.008 | | | | | |
| 2012 | | | | | 1.391 | 1.153 | 1.078 | 1.051 | 1.025 | 1.014 | | | | | | |
| 2013 | | | | | 1.353 | 1.119 | 1.077 | 1.031 | 1.023 | | | | | | | |
| 2014 | | | | | 1.325 | 1.135 | 1.064 | 1.033 | | | | | | | | |
| 2015 | | | | | 1.313 | 1.117 | 1.050 | | | | | | | | | |
| 2016 | | | | | 1.287 | 1.093 | | | | | | | | | | |
| 2017 | | | | | 1.260 | | | | | | | | | | | |
| Selected (a) | 1.260 | 1.093 | 1.050 | 1.033 | 1.023 | 1.014 | 1.008 | 1.010 | 1.011 | 1.007 | 1.006 | 1.005 | 1.002 | 1.002 | 1.001 | 1.001 |
| Cumulative | 1.686 | 1.338 | 1.224 | 1.166 | 1.128 | 1.103 | 1.088 | 1.079 | 1.068 | 1.057 | 1.050 | 1.044 | 1.039 | 1.037 | 1.035 | 1.033 |

(a) Selections are latest year for the 15-to-27 month through 99-to-111 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)

| Accident Year | Age-to-Age (in months) | | | | | | | | | | | UL/T/411Inc.(c) | | | | | |
|---------------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|---------|---------|---------|---------|---------|
| | 219/207 | 231/219 | 243/231 | 255/243 | 267/255 | 279/267 | 291/279 | 303/291 | 315/303 | 327/315 | 339/327 | | 351/339 | 363/351 | 375/363 | 387/375 | 399/387 |
| 1983 | | | | | | | | | 1.003 | 1.003 | 1.003 | 1.005 | 1.003 | 1.003 | 1.002 | 0.997 | 0.999 |
| 1984 | | | | | | | | 1.002 | 1.004 | 1.003 | 1.003 | 1.000 | 1.004 | 0.999 | 0.999 | 1.001 | 1.000 |
| 1985 | | | | | | | 1.002 | 1.004 | 1.004 | 1.003 | 1.003 | 1.004 | 1.000 | 0.999 | 0.999 | 1.000 | 1.001 |
| 1986 | | | | | | | 1.006 | 1.005 | 1.005 | 1.004 | 1.004 | 1.002 | 1.001 | 0.998 | 1.004 | 1.000 | 1.001 |
| 1987 | | | | | | 1.006 | 0.999 | 1.006 | 1.003 | 1.005 | 1.003 | 1.001 | 0.999 | 1.001 | 0.999 | 1.000 | 1.001 |
| 1988 | | | | | 1.005 | 1.010 | 1.001 | 1.005 | 1.002 | 1.003 | 1.002 | 1.000 | 0.998 | 1.000 | 0.999 | 1.000 | 1.000 |
| 1989 | | | | 1.008 | 1.005 | 1.006 | 1.007 | 1.000 | 1.002 | 0.999 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1990 | | | | 1.005 | 1.003 | 1.002 | 1.004 | 0.997 | 1.001 | 1.001 | 0.999 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1991 | | | | 1.008 | 1.002 | 1.004 | 1.001 | 1.003 | 1.001 | 0.999 | 0.998 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1992 | | 1.006 | | 1.005 | 1.003 | 1.003 | 1.003 | 0.999 | 1.000 | 1.002 | 0.998 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1993 | 1.009 | 1.001 | | 1.005 | 1.003 | 1.001 | 0.999 | 0.996 | 1.000 | 1.000 | 0.998 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1994 | 1.005 | 1.013 | | 1.001 | 1.001 | 0.999 | 0.996 | 0.997 | 0.998 | 0.998 | 0.999 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1995 | 1.011 | 1.005 | | 1.004 | 1.001 | 0.996 | 0.997 | 0.997 | 0.998 | 0.998 | 0.999 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1996 | 1.012 | 0.996 | | 1.000 | 0.997 | 0.998 | 0.999 | 0.999 | 0.998 | 0.998 | 0.999 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1997 | 1.000 | 0.995 | | 1.000 | 1.000 | 0.998 | 0.998 | 0.998 | 1.000 | 1.000 | 0.998 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1998 | 0.999 | 1.000 | | 0.997 | 0.996 | 1.000 | 1.000 | 0.996 | 1.000 | 1.000 | 0.998 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1999 | 0.998 | 0.997 | | 1.002 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 0.998 | 0.998 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2000 | 0.997 | 0.998 | | | | | | | | | | | | | | | |
| 2001 | 1.002 | | | | | | | | | | | | | | | | |

Selected (a)
Cumulative

1.001
1.032

0.998
1.032

1.001
1.034

1.001
1.034

1.001
1.033

1.001
1.033

1.001
1.033

1.001
1.032

1.001
1.033

1.001
1.034

1.001
1.033

1.000
1.033

0.999
1.032

1.000
1.032

1.001
1.032

1.001
1.034

1.001
1.034

1.001
1.032

1.001
1.032

1.001
1.030

1.001
1.029

(c) The UL/T/411Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding most recent three evaluations, and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

| Accident Year | <u>27/15</u> | <u>39/27</u> | <u>51/39</u> | <u>63/51</u> | <u>75/63</u> | <u>87/75</u> | <u>99/87</u> | <u>111/99</u> | <u>123/111</u> | <u>135/123</u> | <u>147/135</u> | <u>159/147</u> | <u>171/159</u> | <u>183/171</u> | <u>195/183</u> | <u>207/195</u> |
|---------------|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Age-to-Age (in months) | | | | | | | | | | | | | | | |
| 1993 | | | | | | | | | | | | | | | | |
| 1994 | | | | | | | | | | | | | | | 1.003 | 1.003 |
| 1995 | | | | | | | | | | | | | | 1.006 | 1.004 | 1.003 |
| 1996 | | | | | | | | | | | | | 1.007 | 1.004 | 1.005 | 1.004 |
| 1997 | | | | | | | | | | | | 1.007 | 1.007 | 1.006 | 1.005 | 1.005 |
| 1998 | | | | | | | | | | | 1.009 | 1.009 | 1.008 | 1.007 | 1.006 | 1.006 |
| 1999 | | | | | | | | | | 1.014 | 1.010 | 1.009 | 1.008 | 1.006 | 1.006 | 1.005 |
| 2000 | | | | | | | | | 1.015 | 1.012 | 1.010 | 1.009 | 1.007 | 1.007 | 1.004 | 1.004 |
| 2001 | | | | | | | | 1.022 | 1.016 | 1.014 | 1.011 | 1.011 | 1.008 | 1.007 | 1.006 | 1.005 |
| 2002 | | | | | | | | 1.028 | 1.019 | 1.014 | 1.012 | 1.009 | 1.007 | 1.006 | 1.006 | 1.005 |
| 2003 | | | | | | | 1.029 | 1.025 | 1.022 | 1.020 | 1.015 | 1.010 | 1.009 | 1.007 | 1.005 | 1.005 |
| 2004 | | | | | 1.067 | | 1.041 | 1.034 | 1.026 | 1.018 | 1.014 | 1.011 | 1.008 | 1.006 | 1.005 | 1.005 |
| 2005 | | | | | 1.073 | | 1.048 | 1.037 | 1.025 | 1.019 | 1.014 | 1.012 | 1.009 | 1.006 | 1.005 | 1.005 |
| 2006 | | | | | 1.121 | | 1.045 | 1.032 | 1.026 | 1.017 | 1.015 | 1.011 | 1.009 | 1.008 | 1.007 | 1.007 |
| 2007 | | | | | 1.127 | | 1.042 | 1.032 | 1.025 | 1.017 | 1.016 | 1.011 | 1.008 | 1.008 | 1.007 | 1.008 |
| 2008 | 2.279 | 1.468 | 1.234 | 1.132 | 1.083 | | 1.040 | 1.025 | 1.021 | 1.018 | | | | | | |
| 2009 | 2.369 | 1.499 | 1.238 | 1.135 | 1.084 | | 1.039 | 1.029 | 1.023 | | | | | | | |
| 2010 | 2.399 | 1.505 | 1.240 | 1.129 | 1.081 | 1.053 | 1.036 | 1.024 | | | | | | | | |
| 2011 | 2.433 | 1.481 | 1.227 | 1.129 | 1.076 | 1.053 | 1.038 | | | | | | | | | |
| 2012 | 2.424 | 1.477 | 1.219 | 1.123 | 1.076 | 1.047 | | | | | | | | | | |
| 2013 | 2.385 | 1.490 | 1.216 | 1.111 | 1.063 | | | | | | | | | | | |
| 2014 | 2.455 | 1.501 | 1.215 | 1.109 | | | | | | | | | | | | |
| 2015 | 2.468 | 1.476 | 1.202 | | | | | | | | | | | | | |
| 2016 | 2.403 | 1.459 | | | | | | | | | | | | | | |
| 2017 | 2.390 | | | | | | | | | | | | | | | |
| Selected (a) | 2.390 | 1.459 | 1.202 | 1.109 | 1.063 | 1.047 | 1.038 | 1.024 | 1.023 | 1.017 | 1.015 | 1.011 | 1.009 | 1.007 | 1.006 | 1.005 |
| Cumulative | 6.251 | 2.616 | 1.793 | 1.491 | 1.345 | 1.265 | 1.208 | 1.164 | 1.137 | 1.111 | 1.092 | 1.076 | 1.064 | 1.054 | 1.047 | 1.040 |

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

Paid Indemnity Loss Development Factors (Continued)

| Accident Year | Age-to-Age (in months) | | | | | | | | | | | | | | | | | | |
|---------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------|------------------------|
| | <u>219/207</u> | <u>231/219</u> | <u>243/231</u> | <u>255/243</u> | <u>267/255</u> | <u>279/267</u> | <u>291/279</u> | <u>303/291</u> | <u>315/303</u> | <u>327/315</u> | <u>339/327</u> | <u>351/339</u> | <u>363/351</u> | <u>375/363</u> | <u>387/375</u> | <u>399/387</u> | <u>411/399</u> | <u>411Inc/411Pd (b)</u> | <u>UL/T/411Inc (c)</u> |
| 1983 | | | | | | | | | | | | | | | | | | | |
| 1984 | | | | | | | | | | | | | | | | | | | |
| 1985 | | | | | | | | | | | | | | | | | | | |
| 1986 | | | | | | | | | | | | | | | | | | | |
| 1987 | | | | | | | | | | | | | | | | | | | |
| 1988 | | | | | | | | | | | | | | | | | | | |
| 1989 | | | | | | | | | | | | | | | | | | | |
| 1990 | | | | | | | | | | | | | | | | | | | |
| 1991 | | | | | | | | | | | | | | | | | | | |
| 1992 | | | | | | | | | | | | | | | | | | | |
| 1993 | | | | | | | | | | | | | | | | | | | |
| 1994 | | | | | | | | | | | | | | | | | | | |
| 1995 | | | | | | | | | | | | | | | | | | | |
| 1996 | | | | | | | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | | | | | | | |
| Selected (a) | 1.004 | 1.004 | 1.003 | 1.003 | 1.003 | 1.002 | 1.002 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.004 | |
| Cumulative | 1.036 | 1.031 | 1.027 | 1.025 | 1.022 | 1.019 | 1.017 | 1.015 | 1.014 | 1.013 | 1.012 | 1.012 | 1.011 | 1.010 | 1.009 | 1.008 | 1.008 | | 1.004 |

(b) Three-year averages of the 411Inc/411Pd factors are selected.
(c) The UL/T/411Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding most recent three evaluations, and extrapolated to 80 development years.

Paid Medical Loss Development Factors

| Unadjusted (a) Accident Year | 27/15 | 39/27 | 51/39 | 63/51 | 75/63 | 87/75 | 99/87 | 111/99 | 123/111 | 135/123 | 147/135 | 159/147 | 171/159 | 183/171 | 195/183 | 207/195 |
|---------------------------------|------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Age-to-Age (in months) | | | | | | | | | | | | | | | |
| 1993 | | | | | | | | | | | | | | | | |
| 1994 | | | | | | | | | | | | | | | 1.011 | 1.011 |
| 1995 | | | | | | | | | | | | | | 1.018 | 1.012 | 1.013 |
| 1996 | | | | | | | | | | | | | 1.022 | 1.014 | 1.017 | 1.013 |
| 1997 | | | | | | | | | | | | 1.020 | 1.019 | 1.014 | 1.014 | 1.015 |
| 1998 | | | | | | | | | | | 1.027 | 1.021 | 1.017 | 1.019 | 1.018 | 1.017 |
| 1999 | | | | | | | | | | 1.030 | 1.025 | 1.020 | 1.016 | 1.018 | 1.018 | 1.014 |
| 2000 | | | | | | | | 1.037 | 1.030 | 1.026 | 1.022 | 1.020 | 1.021 | 1.016 | 1.012 | 1.011 |
| 2001 | | | | | | | 1.043 | 1.037 | 1.033 | 1.026 | 1.022 | 1.026 | 1.019 | 1.017 | 1.012 | 1.010 |
| 2002 | | | | | | | 1.045 | 1.032 | 1.027 | 1.024 | 1.026 | 1.018 | 1.015 | 1.011 | 1.011 | 1.009 |
| 2003 | | | | | | | 1.047 | 1.033 | 1.029 | 1.033 | 1.025 | 1.018 | 1.015 | 1.012 | 1.011 | |
| 2004 | | | | | 1.086 | | 1.051 | 1.039 | 1.041 | 1.031 | 1.022 | 1.017 | 1.014 | 1.011 | | |
| 2005 | | | | 1.123 | 1.091 | | 1.063 | 1.051 | 1.037 | 1.029 | 1.020 | 1.017 | 1.013 | | | |
| 2006 | | | | 1.126 | 1.085 | | 1.064 | 1.040 | 1.032 | 1.023 | 1.018 | 1.015 | | | | |
| 2007 | | | | 1.120 | 1.092 | | 1.057 | 1.040 | 1.032 | 1.023 | 1.018 | 1.015 | | | | |
| 2008 | 1.826 | 1.352 | 1.203 | 1.120 | 1.092 | 1.079 | 1.051 | 1.038 | 1.028 | 1.021 | 1.019 | | | | | |
| 2009 | 1.876 | 1.359 | 1.208 | 1.134 | 1.098 | 1.067 | 1.047 | 1.033 | 1.024 | 1.019 | | | | | | |
| 2010 | 1.926 | 1.385 | 1.221 | 1.150 | 1.095 | 1.062 | 1.042 | 1.029 | 1.023 | | | | | | | |
| 2011 | 1.957 | 1.402 | 1.237 | 1.133 | 1.087 | 1.060 | 1.039 | 1.026 | | | | | | | | |
| 2012 | 1.983 | 1.401 | 1.217 | 1.131 | 1.082 | 1.055 | 1.034 | | | | | | | | | |
| 2013 | 1.939 | 1.390 | 1.206 | 1.128 | 1.076 | 1.051 | | | | | | | | | | |
| 2014 | 1.936 | 1.387 | 1.194 | 1.105 | 1.068 | | | | | | | | | | | |
| 2015 | 1.955 | 1.359 | 1.185 | | | | | | | | | | | | | |
| 2016 | 1.876 | 1.340 | | | | | | | | | | | | | | |
| 2017 | 1.838 | | | | | | | | | | | | | | | |

| Adjusted (b) Accident Year | 27/15 | 39/27 | 51/39 | 63/51 | 75/63 | 87/75 | 99/87 | 111/99 | 123/111 | 135/123 | 147/135 | 159/147 | 171/159 | 183/171 | 195/183 | 207/195 |
|---|------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Age-to-Age (in months) | | | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | | | 1.011 | 1.011 |
| 2002 | | | | | | | | | | | | | | 1.012 | 1.013 | 1.010 |
| 2003 | | | | | | | | | | | | | 1.016 | 1.012 | 1.012 | |
| 2004 | | | | | | | | | | | | 1.018 | 1.015 | 1.013 | | |
| 2005 | | | | | | | | | | | 1.021 | 1.019 | 1.015 | | | |
| 2006 | | | | | | | | | | 1.024 | 1.020 | 1.016 | | | | |
| 2007 | | | | | | | | 1.034 | 1.030 | 1.022 | 1.021 | | | | | |
| 2008 | | | | | | 1.044 | 1.041 | 1.031 | 1.026 | 1.021 | | | | | | |
| 2009 | | | | | | 1.062 | 1.059 | 1.041 | 1.028 | | | | | | | |
| 2010 | | | | | | 1.085 | 1.058 | 1.038 | | | | | | | | |
| 2011 | | | | | | 1.082 | 1.056 | | | | | | | | | |
| 2012 | | | | 1.133 | 1.085 | 1.074 | | | | | | | | | | |
| 2013 | | | 1.213 | 1.119 | 1.074 | | | | | | | | | | | |
| 2014 | | 1.392 | 1.203 | 1.112 | | | | | | | | | | | | |
| 2015 | 1.959 | 1.365 | 1.190 | | | | | | | | | | | | | |
| 2016 | 1.882 | 1.344 | | | | | | | | | | | | | | |
| 2017 | 1.844 | | | | | | | | | | | | | | | |
| Selected (c) | 1.844 | 1.344 | 1.190 | 1.112 | 1.074 | 1.056 | 1.038 | 1.028 | 1.027 | 1.022 | 1.021 | 1.018 | 1.015 | 1.013 | 1.012 | 1.011 |
| Cumulative Unadjusted for Impact of SB 1160 | 5.318 | 2.884 | 2.146 | 1.803 | 1.622 | 1.510 | 1.430 | 1.377 | 1.340 | 1.305 | 1.276 | 1.250 | 1.229 | 1.210 | 1.195 | 1.180 |
| Cumulative Adjusted for Impact of SB 1160(d) | 5.063 | 2.745 | 2.066 | 1.758 | 1.597 | 1.499 | 1.430 | 1.377 | 1.340 | 1.305 | 1.276 | 1.250 | 1.229 | 1.210 | 1.195 | 1.180 |

(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 losses paid prior to July 1, 2017 by -3.6%, -3.8%, -3.4%, -0.9%, and -0.1% to accident years 2011 to 2016, respectively, for the SB 1160 lien reforms. Factors are also adjusted for the impact of pharmaceutical cost reductions to bring the historical payments to the current pharmaceutical cost level.
 (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.
 (d) The cumulative factors for 27, 39, 51, 63, and 75 months are adjusted by -4.8%, -3.7%, -2.5%, -1.5%, and -0.7%, respectively, for the impact of the SB 1160 reductions in future lien filings.

Paid Medical Loss Development Factors (Continued)

| Unadjusted (a) Accident Year | Age-to-Age (in months) | | | | | | | | | | | | 411Inc411Pd (e) | ULT411Inc (f) | | | | |
|---------------------------------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|---------------|---------|---------|---------|---------|
| | 219/207 | 231/219 | 243/231 | 255/243 | 267/255 | 279/267 | 291/279 | 303/291 | 315/303 | 327/315 | 339/327 | 351/339 | | | 363/351 | 375/363 | 387/375 | 399/387 |
| 1983 | | | | | | | | | | | | | | | | | | |
| 1984 | | | | | | | | | | | | | | | | | | 1.033 |
| 1985 | | | | | | | | | | | | | | | | | 1.004 | 1.035 |
| 1986 | | | | | | | | | | | | | | | | | 1.002 | 1.030 |
| 1987 | | | | | | | | | | | | | | | | | 1.003 | 1.027 |
| 1988 | | | | | | | | | | | | | | | | | 1.002 | 1.018 |
| 1989 | | | | | | | | | | | | | | | | | 1.003 | 1.019 |
| 1990 | | | | | | | | | | | | | | | | | | |
| 1991 | | | | | | | | | | | | | | | | | | |
| 1992 | | | | | | | | | | | | | | | | | | |
| 1993 | | | | | | | | | | | | | | | | | | |
| 1994 | | | | | | | | | | | | | | | | | | |
| 1995 | | | | | | | | | | | | | | | | | | |
| 1996 | | | | | | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | | | | | | |

| Adjusted (b) Accident Year | Age-to-Age (in months) | | | | | | | | | | | | 411Inc411Pd (e) | ULT411Inc (f) | | | | |
|-------------------------------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|---------------|---------|---------|---------|---------|
| | 219/207 | 231/219 | 243/231 | 255/243 | 267/255 | 279/267 | 291/279 | 303/291 | 315/303 | 327/315 | 339/327 | 351/339 | | | 363/351 | 375/363 | 387/375 | 399/387 |
| 1983 | | | | | | | | | | | | | | | | | | |
| 1984 | | | | | | | | | | | | | | | | | | 1.033 |
| 1985 | | | | | | | | | | | | | | | | | 1.004 | 1.035 |
| 1986 | | | | | | | | | | | | | | | | | 1.002 | 1.030 |
| 1987 | | | | | | | | | | | | | | | | | 1.003 | 1.027 |
| 1988 | | | | | | | | | | | | | | | | | 1.002 | 1.018 |
| 1989 | | | | | | | | | | | | | | | | | 1.003 | 1.019 |
| 1990 | | | | | | | | | | | | | | | | | | |
| 1991 | | | | | | | | | | | | | | | | | | |
| 1992 | | | | | | | | | | | | | | | | | | |
| 1993 | | | | | | | | | | | | | | | | | | |
| 1994 | | | | | | | | | | | | | | | | | | |
| 1995 | | | | | | | | | | | | | | | | | | |
| 1996 | | | | | | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | | | | | | |

| Selected (c) | Age-to-Age (in months) | | | | | | | | | | | | 411Inc411Pd (e) | ULT411Inc (f) | | | | |
|--------------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|---------------|---------|---------|---------|---------|
| | 219/207 | 231/219 | 243/231 | 255/243 | 267/255 | 279/267 | 291/279 | 303/291 | 315/303 | 327/315 | 339/327 | 351/339 | | | 363/351 | 375/363 | 387/375 | 399/387 |
| 1.010 | | | | | | | | | | | | | | | | | | 1.027 |
| 1.168 | | | | | | | | | | | | | | | | | | 1.059 |

(e) Six-year averages of the 411Inc411Pd factors are selected.
(f) The ULT411Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding most recent three evaluations, and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Age 255, Incurred from Age 255 to Ultimate

| Accident Year | Age-to-Age (in months) | | | | | | | | | | | | | | | | | | | | | |
|---------------|------------------------|----------|----------|----------|----------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|-------|
| | 27/15 | 39/27 | 51/39 | 63/51 | 75/63 | 87/75 | 99/87 | 111/99 | 123/111 | 135/123 | 147/135 | 159/147 | 171/159 | 183/171 | 195/183 | 207/195 | 219/207 | 231/219 | 243/231 | 255/243 | 255Inc/255Pd (b) | |
| 1992 | | | | | | | | | | | | | | | | | | | | | | |
| 1993 | | | | | | | | | | | | | | | | | | | | | | |
| 1994 | | | | | | | | | | | | | | | | | | | | | | |
| 1995 | | | | | | | | | | | | | | | | | | | | | | |
| 1996 | | | | | | | | | | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | | | | | | | | | | |
| 2003 | | | | | | | | | | | | | | | | | | | | | | |
| 2004 | | | | | | | | | | | | | | | | | | | | | | |
| 2005 | | | | | | | | | | | | | | | | | | | | | | |
| 2006 | | | | | | | | | | | | | | | | | | | | | | |
| 2007 | | | | | | | | | | | | | | | | | | | | | | |
| 2008 | | | | | | | | | | | | | | | | | | | | | | |
| 2009 | | | | | | | | | | | | | | | | | | | | | | |
| 2010 | | | | | | | | | | | | | | | | | | | | | | |
| 2011 | | | | | | | | | | | | | | | | | | | | | | |
| 2012 | | | | | | | | | | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | | | | | | | | | | |
| Selected (a) | 2,384(c) | 1,434(c) | 1,180(c) | 1,093(c) | 1,055(c) | 1,047 | 1,038 | 1,024 | 1,023 | 1,017 | 1,015 | 1,011 | 1,009 | 1,007 | 1,006 | 1,005 | 1,004 | 1,004 | 1,003 | 1,003 | 1,003 | 1,020 |
| Cumulative | 5,920 | 2,483 | 1,732 | 1,467 | 1,343 | 1,273 | 1,216 | 1,171 | 1,144 | 1,118 | 1,099 | 1,083 | 1,071 | 1,061 | 1,053 | 1,047 | 1,042 | 1,037 | 1,034 | 1,031 | 1,031 | |

(a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent paid age-to-age factors. Paid development factors are selected to age 255, where an incurred-to-paid ratio is chosen, and subsequently, six-year average incurred loss development factors are selected until ultimate.
 (b) A three-year average of the 255Inc/255Pd factor is selected.
 (c) 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 255, Incurred from Age 255 to Ultimate (Continued)

| Accident Year | Age-to-Age (in months) | | | | | | | | | | | | | | | | |
|---------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|--|--|--|
| | <u>267/255</u> | <u>279/267</u> | <u>291/279</u> | <u>303/291</u> | <u>315/303</u> | <u>327/315</u> | <u>339/327</u> | <u>351/339</u> | <u>363/351</u> | <u>375/363</u> | <u>387/375</u> | <u>399/387</u> | <u>411/399</u> | <u>ULT/411Inc (d)</u> | | | |
| 1983 | | | | | | 1.000 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.000 | 1.001 | 1.001 | | | |
| 1984 | | | | | 1.001 | 1.001 | 1.000 | 1.001 | 1.001 | 1.001 | 0.999 | 1.000 | 1.000 | 1.001 | | | |
| 1985 | | | | 1.000 | 1.001 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1986 | | | 1.001 | 1.000 | 1.002 | 1.002 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1987 | | 1.000 | 1.000 | 1.002 | 1.001 | 1.000 | 1.000 | 1.001 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | | | |
| 1988 | 1.000 | 1.002 | 1.002 | 1.001 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1989 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.001 | 1.001 | 1.000 | 1.001 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | | | |
| 1990 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1991 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1992 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1993 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1994 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1995 | 1.000 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1996 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1997 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| Selected (a) | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.001 | 1.001 | | | |
| Cumulative | 1.008 | 1.007 | 1.007 | 1.007 | 1.007 | 1.007 | 1.006 | 1.006 | 1.006 | 1.005 | 1.005 | 1.005 | 1.005 | 1.004 | | | |

(d) The ULT/411Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding most recent three evaluations, and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 117,260 |
| 2011 | | | | | 117,817 | 118,059 |
| 2012 | | | | 123,988 | 124,553 | 124,854 |
| 2013 | | | 131,398 | 132,372 | 132,916 | 133,098 |
| 2014 | | 135,175 | 137,778 | 138,876 | 139,367 | |
| 2015 | 128,733 | 141,546 | 143,811 | 144,486 | | |
| 2016 | 131,171 | 144,370 | 147,154 | | | |
| 2017 | 133,390 | 145,143 | | | | |
| 2018 | 135,849 | | | | | |

B. Development of Total Reported Indemnity Claim Counts

| Accident Year | Age-to-Age Development (in months): | | | | | |
|------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-Ultimate</u> |
| 2011 | | | | | 1.002 | |
| 2012 | | | | 1.005 | 1.002 | |
| 2013 | | | 1.007 | 1.004 | 1.001 | |
| 2014 | | 1.019 | 1.008 | 1.004 | | |
| 2015 | 1.100 | 1.016 | 1.005 | | | |
| 2016 | 1.101 | 1.019 | | | | |
| 2017 | 1.088 | | | | | |
| Latest Year | 1.088 | 1.019 | 1.005 | 1.004 | 1.001 | |
| Cumulative | 1.125 | 1.034 | 1.014 | 1.010 | 1.006 | 1.005 |

| Acc. Year | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ult. Claim Counts | 152,826 | 150,060 | 149,260 | 145,870 | 140,206 | 133,716 |

C. Closed Indemnity Claim Counts

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 102,249 |
| 2011 | | | | | 98,064 | 104,137 |
| 2012 | | | | 95,688 | 105,187 | 111,619 |
| 2013 | | | 89,082 | 104,487 | 114,606 | 120,841 |
| 2014 | | 72,458 | 95,318 | 111,796 | 121,882 | |
| 2015 | 43,771 | 78,191 | 103,252 | 119,602 | | |
| 2016 | 46,923 | 83,728 | 109,606 | | | |
| 2017 | 50,824 | 88,430 | | | | |
| 2018 | 52,750 | | | | | |

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

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-------|-------|-------|-------|-------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 86.7% |
| 2011 | | | | | 82.7% | 87.8% |
| 2012 | | | | 76.3% | 83.9% | 89.0% |
| 2013 | | | 66.6% | 78.1% | 85.7% | 90.4% |
| 2014 | | 51.7% | 68.0% | 79.7% | 86.9% | |
| 2015 | 30.0% | 53.6% | 70.8% | 82.0% | | |
| 2016 | 31.4% | 56.1% | 73.4% | | | |
| 2017 | 33.9% | 58.9% | | | | |
| 2018 | 34.5% | | | | | |

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 |
| 2010 | | | | | | 106,562 |
| 2011 | | | | | 103,125 | 107,206 |
| 2012 | | | | 102,846 | 109,040 | 113,356 |
| 2013 | | | 98,191 | 109,637 | 116,240 | 120,841 |
| 2014 | | 82,623 | 102,957 | 114,958 | 121,882 | |
| 2015 | 50,349 | 85,961 | 107,116 | 119,602 | | |
| 2016 | 51,519 | 87,959 | 109,606 | | | |
| 2017 | 51,795 | 88,430 | | | | |
| 2018 | 52,750 | | | | | |

F. Average Paid Indemnity per Closed Claim

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 17,217 |
| 2011 | | | | | 15,546 | 17,331 |
| 2012 | | | | 13,293 | 15,614 | 17,373 |
| 2013 | | | 10,517 | 13,682 | 15,897 | 17,421 |
| 2014 | | 6,728 | 11,160 | 14,533 | 16,786 | |
| 2015 | 3,011 | 7,371 | 11,895 | 15,218 | | |
| 2016 | 3,254 | 7,706 | 12,017 | | | |
| 2017 | 3,348 | 7,808 | | | | |
| 2018 | 3,575 | | | | | |

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

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

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

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 18,679 |
| 2011 | | | | | 17,020 | 18,318 |
| 2012 | | | | 15,007 | 16,646 | 17,876 |
| 2013 | | | 12,288 | 14,768 | 16,283 | 17,421 |
| 2014 | | 8,426 | 12,614 | 15,205 | 16,786 | |
| 2015 | 3,573 | 8,550 | 12,608 | 15,218 | | |
| 2016 | 3,624 | 8,287 | 12,017 | | | |
| 2017 | 3,422 | 7,808 | | | | |
| 2018 | 3,575 | | | | | |
| 2019 | | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 1,990,476 |
| 2011 | | | | | 1,755,181 | 1,963,770 |
| 2012 | | | | 1,543,430 | 1,815,039 | 2,026,307 |
| 2013 | | | 1,206,527 | 1,619,112 | 1,892,797 | 2,105,196 |
| 2014 | | 696,192 | 1,298,676 | 1,747,932 | 2,045,904 | |
| 2015 | 179,914 | 735,006 | 1,350,541 | 1,820,060 | | |
| 2016 | 186,728 | 728,918 | 1,317,134 | | | |
| 2017 | 177,266 | 690,492 | | | | |
| 2018 | 188,564 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 586,444 |
| 2011 | | | | | 637,689 | 521,246 |
| 2012 | | | | 748,589 | 625,289 | 499,869 |
| 2013 | | | 851,808 | 743,827 | 591,414 | 460,088 |
| 2014 | | 815,536 | 891,810 | 751,074 | 588,448 | |
| 2015 | 447,077 | 852,237 | 879,871 | 713,230 | | |
| 2016 | 460,082 | 827,152 | 831,765 | | | |
| 2017 | 463,035 | 823,281 | | | | |
| 2018 | 494,161 | | | | | |

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

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

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

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

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|--------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 39,068 |
| 2011 | | | | | 32,283 | 37,440 |
| 2012 | | | | 26,452 | 32,288 | 37,769 |
| 2013 | | | 20,130 | 26,675 | 32,300 | 37,537 |
| 2014 | | 13,003 | 21,004 | 27,735 | 33,654 | |
| 2015 | 5,262 | 13,452 | 21,694 | 28,662 | | |
| 2016 | 5,461 | 13,640 | 22,152 | | | |
| 2017 | 5,608 | 14,517 | | | | |
| 2018 | 5,947 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|----------|----------|----------|----------|----------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | -168,499 |
| 2011 | | | | | -163,385 | -114,905 |
| 2012 | | | | -189,343 | -124,406 | -65,604 |
| 2013 | | | -183,361 | -137,375 | -52,778 | |
| 2014 | | -132,180 | -160,446 | -87,699 | | |
| 2015 | -34,614 | -104,520 | -83,824 | | | |
| 2016 | -25,099 | -57,711 | | | | |
| 2017 | -5,445 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|---------|---------|---------|---------|---------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 417,945 |
| 2011 | | | | | 474,304 | 406,342 |
| 2012 | | | | 559,246 | 500,883 | 434,265 |
| 2013 | | | 668,447 | 606,451 | 538,636 | 460,088 |
| 2014 | | 683,356 | 731,364 | 663,374 | 588,448 | |
| 2015 | 412,463 | 747,717 | 796,047 | 713,230 | | |
| 2016 | 434,983 | 769,442 | 831,765 | | | |
| 2017 | 457,590 | 823,281 | | | | |
| 2018 | 494,161 | | | | | |

- (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 |
| 2010 | | | | | | 2,408,421 |
| 2011 | | | | | 2,229,485 | 2,370,111 |
| 2012 | | | | 2,102,676 | 2,315,922 | 2,460,572 |
| 2013 | | | 1,874,974 | 2,225,563 | 2,431,433 | 2,565,284 |
| 2014 | | 1,379,548 | 2,030,040 | 2,411,307 | 2,634,351 | |
| 2015 | 592,377 | 1,482,723 | 2,146,587 | 2,533,290 | | |
| 2016 | 621,711 | 1,498,359 | 2,148,899 | | | |
| 2017 | 634,856 | 1,513,773 | | | | |
| 2018 | 682,725 | | | | | |

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 |
| 2010 | | | | | |
| 2011 | | | | | 1.063 |
| 2012 | | | | 1.101 | 1.062 |
| 2013 | | | 1.187 | 1.093 | 1.055 |
| 2014 | | 1.472 | 1.188 | 1.092 | |
| 2015 | 2.503 | 1.448 | 1.180 | | |
| 2016 | 2.410 | 1.434 | | | |
| 2017 | 2.384 | | | | |
| Latest Year | 2.384 | 1.434 | 1.180 | 1.092 | 1.055 |
| 3-Year Average | 2.432 | 1.451 | 1.185 | 1.095 | 1.060 |

O. Paid Indemnity Loss Development Factors (i)

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|-------|-------|-------|-------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 |
| 2011 | | | | | 1.076 |
| 2012 | | | | 1.122 | 1.076 |
| 2013 | | | 1.215 | 1.110 | 1.063 |
| 2014 | | 1.501 | 1.215 | 1.109 | |
| 2015 | 2.468 | 1.476 | 1.202 | | |
| 2016 | 2.403 | 1.459 | | | |
| 2017 | 2.391 | | | | |

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

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

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

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

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

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> |
| 2011 | | | | | -1.18% |
| 2012 | | | | -1.86% | -1.22% |
| 2013 | | | -2.31% | -1.61% | -0.74% |
| 2014 | | -1.95% | -2.23% | -1.47% | |
| 2015 | 1.42% | -1.89% | -1.80% | | |
| 2016 | 0.30% | -1.73% | | | |
| 2017 | -0.26% | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> |
| 2011 | | | | | 1.063 |
| 2012 | | | | 1.102 | 1.063 |
| 2013 | | | 1.188 | 1.093 | 1.055 |
| 2014 | | 1.472 | 1.188 | 1.093 | |
| 2015 | 2.503 | 1.448 | 1.180 | | |
| 2016 | 2.410 | 1.434 | | | |
| 2017 | 2.384 | | | | |
| Latest Year | 2.384 | 1.434 | 1.180 | 1.093 | 1.055 |
| 3-Year Average | 2.432 | 1.451 | 1.185 | 1.096 | 1.060 |

(j) Each factor represents the change in age-to-age development factors from Item O to those in Item N.

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

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

Selected Medical Development Factors - Paid to Age 255, Incurred from Age 255 to Ultimate (Continued)

| Accident Year | Age-to-Age (in months) | | | | | | | | | | | | | | | | |
|---------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|--|--|--|
| | <u>267/255</u> | <u>279/267</u> | <u>291/279</u> | <u>303/291</u> | <u>315/303</u> | <u>327/315</u> | <u>339/327</u> | <u>351/339</u> | <u>363/351</u> | <u>375/363</u> | <u>387/375</u> | <u>399/387</u> | <u>411/399</u> | <u>ULT/411Inc (g)</u> | | | |
| 1983 | | | | | | | | | 1.003 | 1.003 | 1.002 | 0.997 | 0.999 | | | | |
| 1984 | | | | | | | 1.000 | 1.000 | 1.004 | 0.999 | 0.999 | 1.001 | 1.000 | | | | |
| 1985 | | | | | | 1.003 | 1.004 | 1.004 | 1.000 | 0.999 | 0.999 | 1.000 | 1.001 | | | | |
| 1986 | | | | | 1.005 | 1.004 | 1.002 | 1.001 | 1.001 | 0.998 | 1.004 | 1.004 | 1.001 | | | | |
| 1987 | | | | | 1.003 | 1.003 | 1.003 | 1.001 | 0.999 | 1.001 | 0.999 | 1.000 | 1.000 | | | | |
| 1988 | | | | 1.005 | 1.002 | 1.003 | 1.002 | 1.000 | 0.998 | 1.000 | | | | | | | |
| 1989 | | | 1.007 | 1.000 | 1.002 | 0.999 | 0.999 | 1.000 | 0.999 | | | | | | | | |
| 1990 | | 1.002 | 1.004 | 0.997 | 1.001 | 1.001 | 0.999 | 0.998 | | | | | | | | | |
| 1991 | 1.004 | 1.001 | 1.003 | 1.001 | 0.999 | 0.999 | 0.998 | | | | | | | | | | |
| 1992 | 1.003 | 1.003 | 0.999 | 1.000 | 1.002 | 0.998 | | | | | | | | | | | |
| 1993 | 1.001 | 0.999 | 0.996 | 1.000 | 1.000 | | | | | | | | | | | | |
| 1994 | 1.001 | 0.996 | 0.997 | 0.998 | | | | | | | | | | | | | |
| 1995 | 0.997 | 0.998 | 0.999 | | | | | | | | | | | | | | |
| 1996 | 0.998 | 0.996 | | | | | | | | | | | | | | | |
| 1997 | 1.000 | | | | | | | | | | | | | | | | |

Selected (c) 1.000 0.999 1.000 0.999 1.001 1.001 1.001 1.001 1.000 1.000 1.001 1.001 1.000 1.000 1.029

Cumulative 1.032 1.032 1.033 1.033 1.034 1.033 1.032 1.031 1.030 1.030 1.030 1.030 1.030 1.029 1.029

(g) The ULT/411Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding most recent three evaluations, and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 117,260 |
| 2011 | | | | | 117,817 | 118,059 |
| 2012 | | | | 123,988 | 124,553 | 124,854 |
| 2013 | | | 131,398 | 132,372 | 132,916 | 133,098 |
| 2014 | | 135,175 | 137,778 | 138,876 | 139,367 | |
| 2015 | 128,733 | 141,546 | 143,811 | 144,486 | | |
| 2016 | 131,171 | 144,370 | 147,154 | | | |
| 2017 | 133,390 | 145,143 | | | | |
| 2018 | 135,849 | | | | | |

B. Development of Total Reported Indemnity Claim Counts

| Accident Year | Age-to-Age Development (in months): | | | | | |
|-------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-Ultimate</u> |
| 2011 | | | | | 1.002 | |
| 2012 | | | | 1.005 | 1.002 | |
| 2013 | | | 1.007 | 1.004 | 1.001 | |
| 2014 | | 1.019 | 1.008 | 1.004 | | |
| 2015 | 1.100 | 1.016 | 1.005 | | | |
| 2016 | 1.101 | 1.019 | | | | |
| 2017 | 1.088 | | | | | |
| Latest Year | 1.088 | 1.019 | 1.005 | 1.004 | 1.001 | |
| Cumulative | 1.125 | 1.034 | 1.014 | 1.010 | 1.006 | 1.005 |
| Acc. Year | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Ult. Claim Counts | 152,826 | 150,060 | 149,260 | 145,870 | 140,206 | 133,716 |

C. Closed Indemnity Claim Counts

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 102,249 |
| 2011 | | | | | 98,064 | 104,137 |
| 2012 | | | | 95,688 | 105,187 | 111,619 |
| 2013 | | | 89,082 | 104,487 | 114,606 | 120,841 |
| 2014 | | 72,458 | 95,318 | 111,796 | 121,882 | |
| 2015 | 43,771 | 78,191 | 103,252 | 119,602 | | |
| 2016 | 46,923 | 83,728 | 109,606 | | | |
| 2017 | 50,824 | 88,430 | | | | |
| 2018 | 52,750 | | | | | |

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 |
| 2010 | | | | | | 86.7% |
| 2011 | | | | | 82.7% | 87.8% |
| 2012 | | | | 76.3% | 83.9% | 89.0% |
| 2013 | | | 66.6% | 78.1% | 85.7% | 90.4% |
| 2014 | | 51.7% | 68.0% | 79.7% | 86.9% | |
| 2015 | 30.0% | 53.6% | 70.8% | 82.0% | | |
| 2016 | 31.4% | 56.1% | 73.4% | | | |
| 2017 | 33.9% | 58.9% | | | | |
| 2018 | 34.5% | | | | | |

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 |
| 2010 | | | | | | 106,562 |
| 2011 | | | | | 103,125 | 107,206 |
| 2012 | | | | 102,846 | 109,040 | 113,356 |
| 2013 | | | 98,191 | 109,637 | 116,240 | 120,841 |
| 2014 | | 82,623 | 102,957 | 114,958 | 121,882 | |
| 2015 | 50,349 | 85,961 | 107,116 | 119,602 | | |
| 2016 | 51,519 | 87,959 | 109,606 | | | |
| 2017 | 51,795 | 88,430 | | | | |
| 2018 | 52,750 | | | | | |

F. Average Paid Medical per Closed Indemnity Claim

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 21,570 |
| 2011 | | | | | 18,109 | 20,808 |
| 2012 | | | | 14,666 | 17,617 | 19,840 |
| 2013 | | | 10,963 | 14,367 | 17,053 | 18,913 |
| 2014 | | 6,864 | 10,991 | 14,415 | 16,864 | |
| 2015 | 3,235 | 7,274 | 11,350 | 14,589 | | |
| 2016 | 3,466 | 7,498 | 11,330 | | | |
| 2017 | 3,573 | 7,726 | | | | |
| 2018 | 3,679 | | | | | |

- (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 |
| 2010 | | | | | | 23,843 |
| 2011 | | | | | 20,332 | 22,275 |
| 2012 | | | | 16,839 | 18,917 | 20,492 |
| 2013 | | | 12,864 | 15,677 | 17,523 | 18,913 |
| 2014 | | 8,463 | 12,464 | 15,142 | 16,864 | |
| 2015 | 3,777 | 8,350 | 12,044 | 14,589 | | |
| 2016 | 3,817 | 8,021 | 11,330 | | | |
| 2017 | 3,645 | 7,726 | | | | |
| 2018 | 3,679 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|---------|-----------|-----------|-----------|-----------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 2,540,739 |
| 2011 | | | | | 2,096,773 | 2,388,021 |
| 2012 | | | | 1,731,801 | 2,062,741 | 2,322,875 |
| 2013 | | | 1,263,127 | 1,718,754 | 2,036,825 | 2,285,434 |
| 2014 | | 699,204 | 1,283,223 | 1,740,720 | 2,055,397 | |
| 2015 | 190,184 | 717,812 | 1,290,121 | 1,744,824 | | |
| 2016 | 196,647 | 705,550 | 1,241,832 | | | |
| 2017 | 188,794 | 683,180 | | | | |
| 2018 | 194,068 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|---------|---------|---------|---------|---------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 886,076 |
| 2011 | | | | | 888,395 | 736,679 |
| 2012 | | | | 935,110 | 801,111 | 651,898 |
| 2013 | | | 957,129 | 864,165 | 688,926 | 549,258 |
| 2014 | | 877,103 | 934,369 | 793,707 | 624,163 | |
| 2015 | 522,945 | 888,276 | 885,787 | 734,081 | | |
| 2016 | 554,121 | 866,797 | 838,008 | | | |
| 2017 | 569,815 | 857,409 | | | | |
| 2018 | 598,128 | | | | | |

- (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 |
| 2010 | | | | | | 59,028 |
| 2011 | | | | | 44,975 | 52,915 |
| 2012 | | | | 33,043 | 41,367 | 49,256 |
| 2013 | | | 22,619 | 30,990 | 37,626 | 44,812 |
| 2014 | | 13,985 | 22,006 | 29,310 | 35,697 | |
| 2015 | 6,155 | 14,021 | 21,839 | 29,500 | | |
| 2016 | 6,577 | 14,294 | 22,318 | | | |
| 2017 | 6,901 | 15,118 | | | | |
| 2018 | 7,198 | | | | | |

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 |
| 2010 | | | | | | -254,590 |
| 2011 | | | | | -227,620 | -162,395 |
| 2012 | | | | -236,520 | -159,387 | -85,557 |
| 2013 | | | -206,033 | -159,600 | -61,480 | |
| 2014 | | -142,158 | -168,103 | -92,677 | | |
| 2015 | -40,488 | -108,940 | -84,388 | | | |
| 2016 | -30,229 | -60,477 | | | | |
| 2017 | -6,701 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|---------|---------|---------|---------|---------|
| | 15 | 27 | 39 | 51 | 63 | 75 |
| 2010 | | | | | | 631,487 |
| 2011 | | | | | 660,776 | 574,284 |
| 2012 | | | | 698,590 | 641,724 | 566,341 |
| 2013 | | | 751,096 | 704,565 | 627,445 | 549,258 |
| 2014 | | 734,945 | 766,266 | 701,030 | 624,163 | |
| 2015 | 482,457 | 779,336 | 801,399 | 734,081 | | |
| 2016 | 523,892 | 806,321 | 838,008 | | | |
| 2017 | 563,114 | 857,409 | | | | |
| 2018 | 598,128 | | | | | |

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

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

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

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 227,488 |
| 2011 | | | | | 213,500 | 216,813 |
| 2012 | | | | 216,762 | 221,615 | 225,995 |
| 2013 | | | 215,707 | 221,923 | 228,605 | 231,095 |
| 2014 | | 230,330 | 240,129 | 246,897 | 249,602 | |
| 2015 | 204,649 | 242,436 | 251,805 | 257,238 | | |
| 2016 | 217,848 | 259,031 | 269,106 | | | |
| 2017 | 238,198 | 278,463 | | | | |
| 2018 | 252,103 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> |
| 2010 | | | | | | 3,445,659 |
| 2011 | | | | | 3,226,733 | 3,447,783 |
| 2012 | | | | 2,647,153 | 2,926,080 | 3,115,212 |
| 2013 | | | 2,229,930 | 2,645,241 | 2,892,875 | 3,065,786 |
| 2014 | | 1,664,479 | 2,289,618 | 2,688,647 | 2,929,163 | |
| 2015 | 877,290 | 1,739,583 | 2,343,325 | 2,736,143 | | |
| 2016 | 938,386 | 1,770,901 | 2,348,946 | | | |
| 2017 | 990,106 | 1,819,052 | | | | |
| 2018 | 1,044,299 | | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> |
| 2011 | | | | | 1.069 |
| 2012 | | | | 1.105 | 1.065 |
| 2013 | | | 1.186 | 1.094 | 1.060 |
| 2014 | | 1.376 | 1.174 | 1.089 | |
| 2015 | 1.983 | 1.347 | 1.168 | | |
| 2016 | 1.887 | 1.326 | | | |
| 2017 | 1.837 | | | | |
| Latest Year | 1.837 | 1.326 | 1.168 | 1.089 | 1.060 |

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

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

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

P. Paid Medical Loss Development Factors (i)

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> |
| 2011 | | | | | 1.082 |
| 2012 | | | | 1.125 | 1.075 |
| 2013 | | | 1.204 | 1.110 | 1.067 |
| 2014 | | 1.385 | 1.194 | 1.104 | |
| 2015 | 1.955 | 1.359 | 1.185 | | |
| 2016 | 1.876 | 1.340 | | | |
| 2017 | 1.838 | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> |
| 2011 | | | | | -1.21% |
| 2012 | | | | -1.78% | -1.00% |
| 2013 | | | -1.45% | -1.48% | -0.72% |
| 2014 | | -0.66% | -1.61% | -1.36% | |
| 2015 | 1.42% | -0.87% | -1.44% | | |
| 2016 | 0.58% | -0.98% | | | |
| 2017 | -0.05% | | | | |

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

| Accident Year | Evaluated as of (in months) | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|
| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> |
| 2011 | | | | | 1.072 |
| 2012 | | | | 1.113 | 1.071 |
| 2013 | | | 1.195 | 1.102 | 1.066 |
| 2014 | | 1.383 | 1.184 | 1.097 | |
| 2015 | 1.987 | 1.353 | 1.173 | | |
| 2016 | 1.893 | 1.331 | | | |
| 2017 | 1.843 | | | | |
| Latest Year | 1.843 | 1.331 | 1.173 | 1.097 | 1.066 |
| 3-Year Average | 1.908 | 1.356 | 1.184 | 1.104 | 1.070 |

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

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

**Developed Indemnity Loss Ratios Using Selected Loss Development Factors
Adjusted for Changes in Claim Settlement Rates
Based on Experience as of March 31, 2019**

| Accident Year | Development Factors | | | |
|---------------|---|------------------|-------------------|---|
| | (1) Paid or Incurred Loss Ratio(a) | (2) Annual(b) | (3) Cumulative | (4) Projected Ultimate Loss Ratio (4) = (1) x (3) |
| 1986 | 0.396 | 1.001 | 1.005 | 0.398 |
| 1987 | 0.346 | 1.000 | 1.005 | 0.347 |
| 1988 | 0.330 | 1.000 | 1.005 | 0.332 |
| 1989 | 0.343 | 1.000 | 1.005 | 0.345 |
| 1990 | 0.398 | 1.000 | 1.005 | 0.400 |
| 1991 | 0.425 | 1.001 | 1.006 | 0.427 |
| 1992 | 0.350 | 1.001 | 1.006 | 0.352 |
| 1993 | 0.287 | 1.000 | 1.007 | 0.289 |
| 1994 | 0.327 | 1.000 | 1.007 | 0.329 |
| 1995 | 0.472 | 1.000 | 1.007 | 0.476 |
| 1996 | 0.530 | 1.000 | 1.007 | 0.533 |
| 1997 | 0.600 | 1.001 | 1.007 | 0.604 |
| 1998 | 0.651 | 1.001 | 1.008 | 0.657 |
| 1999 | 0.670 | 1.003 | 1.031 | 0.691 |
| 2000 | 0.578 | 1.003 | 1.034 | 0.597 |
| 2001 | 0.477 | 1.004 | 1.037 | 0.495 |
| 2002 | 0.354 | 1.004 | 1.042 | 0.369 |
| 2003 | 0.232 | 1.005 | 1.047 | 0.243 |
| 2004 | 0.138 | 1.006 | 1.053 | 0.145 |
| 2005 | 0.117 | 1.007 | 1.061 | 0.124 |
| 2006 | 0.150 | 1.009 | 1.071 | 0.161 |
| 2007 | 0.205 | 1.011 | 1.083 | 0.222 |
| 2008 | 0.257 | 1.015 | 1.099 | 0.283 |
| 2009 | 0.296 | 1.017 | 1.118 | 0.331 |
| 2010 | 0.281 | 1.023 | 1.144 | 0.321 |
| 2011 | 0.257 | 1.024 | 1.171 | 0.300 |
| 2012 | 0.223 | 1.038 | 1.216 | 0.271 |
| 2013 | 0.184 | 1.047 | 1.273 | 0.235 |
| 2014 | 0.166 | 1.055 | 1.343 | 0.223 |
| 2015 | 0.149 | 1.093 | 1.467 | 0.218 |
| 2016 | 0.120 | 1.180 | 1.732 | 0.207 |
| 2017 | 0.086 | 1.434 | 2.483 | 0.213 |
| 2018 | 0.039 | 2.384 | 5.920 | 0.232 |

(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
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|------------------|-----------------------------------|--|-----------|------------------------------|----------------------------|--|--|
| | Paid or Incurred Loss Ratio(a) | Adjusted Paid or Incurred Loss Ratio (b) | Annual(c) | Reform Adjusted | | Adjusted Developed Loss Ratio (d) (2) x (5) | Projected Ultimate Loss Ratio (1) + ((6) - (2)) |
| | | | | Development Factors | | | |
| | | | | Unadjusted for Reforms(c) | Adjusted for Reforms(c) | | |
| 1986 | 0.335 | 0.335 | 1.000 | 1.029 | 1.029 | 0.344 | 0.344 |
| 1987 | 0.314 | 0.314 | 1.001 | 1.030 | 1.030 | 0.323 | 0.323 |
| 1988 | 0.304 | 0.304 | 1.001 | 1.030 | 1.030 | 0.314 | 0.314 |
| 1989 | 0.325 | 0.325 | 1.000 | 1.030 | 1.030 | 0.335 | 0.335 |
| 1990 | 0.366 | 0.366 | 1.000 | 1.030 | 1.030 | 0.377 | 0.377 |
| 1991 | 0.383 | 0.383 | 1.001 | 1.031 | 1.031 | 0.395 | 0.395 |
| 1992 | 0.319 | 0.319 | 1.001 | 1.032 | 1.032 | 0.329 | 0.329 |
| 1993 | 0.266 | 0.266 | 1.001 | 1.033 | 1.033 | 0.275 | 0.275 |
| 1994 | 0.308 | 0.308 | 1.001 | 1.034 | 1.034 | 0.318 | 0.318 |
| 1995 | 0.452 | 0.452 | 0.999 | 1.033 | 1.033 | 0.467 | 0.467 |
| 1996 | 0.484 | 0.484 | 1.000 | 1.033 | 1.033 | 0.500 | 0.500 |
| 1997 | 0.545 | 0.545 | 0.999 | 1.032 | 1.032 | 0.563 | 0.563 |
| 1998 | 0.658 | 0.658 | 1.000 | 1.032 | 1.032 | 0.679 | 0.679 |
| 1999 | 0.663 | 0.590 | 1.008 | 1.125 | 1.125 | 0.664 | 0.737 |
| 2000 | 0.598 | 0.533 | 1.008 | 1.135 | 1.135 | 0.605 | 0.670 |
| 2001 | 0.526 | 0.471 | 1.009 | 1.145 | 1.145 | 0.539 | 0.594 |
| 2002 | 0.405 | 0.364 | 1.010 | 1.157 | 1.157 | 0.421 | 0.462 |
| 2003 | 0.257 | 0.232 | 1.011 | 1.169 | 1.169 | 0.271 | 0.297 |
| 2004 | 0.174 | 0.157 | 1.012 | 1.183 | 1.183 | 0.186 | 0.203 |
| 2005 | 0.169 | 0.152 | 1.013 | 1.198 | 1.198 | 0.183 | 0.199 |
| 2006 | 0.215 | 0.195 | 1.015 | 1.217 | 1.217 | 0.238 | 0.258 |
| 2007 | 0.299 | 0.273 | 1.018 | 1.238 | 1.238 | 0.338 | 0.364 |
| 2008 | 0.368 | 0.337 | 1.021 | 1.264 | 1.264 | 0.426 | 0.457 |
| 2009 | 0.423 | 0.390 | 1.022 | 1.292 | 1.292 | 0.503 | 0.537 |
| 2010 | 0.408 | 0.377 | 1.027 | 1.327 | 1.327 | 0.501 | 0.531 |
| 2011 | 0.341 | 0.319 | 1.028 | 1.364 | 1.364 | 0.435 | 0.458 |
| 2012 | 0.284 | 0.268 | 1.038 | 1.416 | 1.416 | 0.379 | 0.395 |
| 2013 | 0.221 | 0.211 | 1.056 | 1.495 | 1.485 | 0.313 | 0.323 |
| 2014 | 0.185 | 0.179 | 1.066 | 1.594 | 1.570 | 0.281 | 0.287 |
| 2015 | 0.160 | 0.157 | 1.097 | 1.749 | 1.705 | 0.268 | 0.271 |
| 2016 | 0.131 | 0.130 | 1.173 | 2.051 | 1.975 | 0.256 | 0.257 |
| 2017 | 0.103 | 0.103 | 1.331 | 2.730 | 2.599 | 0.266 | 0.267 |
| 2018 | 0.060 | 0.060 | 1.843 | 5.031 | 4.790 | 0.287 | 0.287 |

- (a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.
- (b) Based on experience evaluated as of March 31, 2019. Reflects an adjustment for the pharmaceutical cost reductions to restate the historical medical paid-to-date ratios at a 2018 pharmaceutical cost level.
- (c) See Exhibits 2.6.1 and 2.6.2.
- (d) The developed medical loss ratio shown were derived based on an adjustment for the pharmaceutical cost reductions. 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) | (4a) Annual Cost Impact on Indemnity (c) | (5a) Composite Indemnity Adjustment Factor (d) |
|---------------|---|----------------------------------|--|---|---|
| 1986 | 0.0 | 0.0 | 1.6 | 1.6 | 1.638 |
| 1987 | 0.0 | 0.0 | 1.9 | 1.9 | 1.608 |
| 1988 | 0.0 | 0.0 | 1.5 | 1.5 | 1.584 |
| 1989 | 0.0 | 0.0 | 1.5 | 1.5 | 1.561 |
| 1990 | 2.3 | 19.9 | 1.7 | 24.7 | 1.251 |
| 1991 | 4.9 | 14.8 | 0.8 | 21.4 | 1.031 |
| 1992 | 1.8 | -8.3 | 1.6 | -5.2 | 1.087 |
| 1993 | 0.2 | -18.1 | 0.4 | -17.6 | 1.319 |
| 1994 | -5.1 | 0.2 | 0.6 | -4.3 | 1.379 |
| 1995 | 6.3 | 0.6 | 1.0 | 8.0 | 1.276 |
| 1996 | 5.3 | 0.4 | 1.2 | 7.0 | 1.193 |
| 1997 | 9.7 | 0.2 | 1.6 | 11.7 | 1.068 |
| 1998 | 6.5 | 0.0 | 1.8 | 8.4 | 0.985 |
| 1999 | 5.7 | 0.0 | 2.1 | 7.9 | 0.913 |
| 2000 | 3.9 | 0.0 | 3.1 | 7.1 | 0.852 |
| 2001 | -0.3 | 0.0 | 0.2 | -0.1 | 0.853 |
| 2002 | -0.7 | 0.0 | 0.4 | -0.3 | 0.874 (e) |
| 2003 | 7.3 | 0.0 | 1.2 | 8.6 | 0.871 (e) |
| 2004 | -6.0 | -13.7 | 2.1 | -17.2 | 1.193 (e) |
| 2005 | -31.6 | -15.3 | 1.6 | -41.2 | 1.616 |
| 2006 | 5.6 | -5.7 | 2.2 | 1.8 | 1.588 |
| 2007 | 1.6 | 0.0 | 2.1 | 3.7 | 1.531 |
| 2008 | 4.8 | 0.6 | 1.0 | 6.5 | 1.438 |
| 2009 | 0.4 | 1.4 | 0.2 | 2.0 | 1.410 |
| 2010 | 0.4 | 0.0 | 1.5 | 1.9 | 1.383 |
| 2011 | 0.0 | 0.0 | 1.4 | 1.4 | 1.364 |
| 2012 | 0.3 | 0.0 | 2.1 | 2.4 | 1.332 |
| 2013 | 2.6 | 0.2 | 0.6 | 3.4 | 1.288 |
| 2014 | 7.0 | 1.5 | 1.7 | 10.4 | 1.166 |
| 2015 | 0.3 | 0.0 | 2.3 | 2.6 | 1.137 |
| 2016 | 0.3 | 0.0 | 1.0 | 1.3 | 1.122 |
| 2017 | 0.5 | 0.0 | 2.2 | 2.7 | 1.093 |
| 2018 | 0.4 | 0.0 | 1.9 | 2.3 | 1.068 |
| 2019 | 0.4 | 0.0 | 2.4 | 2.8 | |
| 2020 | 0.5 | 0.0 | 2.2 | 2.7 | |
| 1/1/2021 | 0.2 (Annual 0.5) | 0.0 | 1.0 (Annual 2.1) | 1.2 | |

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation 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 (See Exhibit 5.1) of injured workers and the legislatively scheduled benefits for that year. Values for 2017 and prior have been updated to reflect a recent WCIRB reassessment of the impact of wage inflation on indemnity benefit levels.
- (c) $\{ [\text{Column (1)} / 100 + 1.0] \times [\text{Column (2)} / 100 + 1.0] \times [\text{Column (3)} / 100 + 1.0] - 1.0 \} \times 100$.
- (d) These factors represent the combined impact of the annual benefit changes on claim severity shown in Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in Column (3), adjusted to the 2020 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) | (2) | (3) | (4) | (5) | (6) |
|------------------|--|--|---|---------------------------------|--|--|
| | Proportion of Medical Subject to Fee Schedule (a) | Proportion of Medical Not Subject to Fee Schedule (a) | Impact of Fee Schedule Change on Total Medical (b) | Change in Medical CPI (c) | Impact of CPI Change on Total Medical (d) | Annual Non-Legislative Cost Impact on Total Medical (e) |
| 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 | 0.0% | 4.2% | 0.3% | 0.3% |
| 2015 | 0.933 | 0.067 | 0.0% | 3.1% | 0.2% | 0.2% |
| 2016 | 0.919 | 0.081 | 0.0% | 5.4% | 0.4% | 0.4% |
| 2017 | 0.906 | 0.094 | 0.0% | 2.2% | 0.2% | 0.2% |
| 2018 | 0.905 | 0.095 | 0.0% | 2.4% | 0.2% | 0.2% |
| 2019 | 0.905 | 0.095 | 0.0% | 2.8% | 0.3% | 0.3% |
| 2020 | 0.905 | 0.095 | 0.0% | 3.1% | 0.3% | 0.3% |
| 1/1/2021 | 0.905 | 0.095 | 0.0% (Annual 0.0%) | 1.3% (Annual 2.6%) | 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.

(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) |
|------------------|--|--|---|
| 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 | -4.4% | 0.0% | -4.4% |
| 2013 | -8.2% | 0.2% | -8.0% |
| 2014 | -5.9% | 1.3% | -4.7% |
| 2015 | -2.0% | 0.0% | -2.0% |
| 2016 | -0.5% | 0.0% | -0.5% |
| 2017 | -0.4% | 0.0% | -0.4% |
| 2018 | 0.3% | 0.0% | 0.3% |
| 2019 | 0.0% | 0.0% | 0.0% |
| 2020 | 0.0% | 0.0% | 0.0% |
| 1/1/2021 | 0.0% | 0.0% | 0.0% |

- (a) Reflects the WCIRB's most recent estimates of the cost impact of legislation including SB 863 provisions effective 1/1/2013 and 1/1/2014. Does not include the impact of the SB 1160 lien provisions on future medical costs as well as the estimated reductions to pharmaceutical costs resulting from SB 863, which are reflected in the medical loss development projections.
- (b) This reflects the annual percentage impact on medical costs due to changes in the frequency of indemnity claims as a result of benefit changes.
- (c) $[\text{Column (1)} + 1.0] \times [\text{Column (2)} + 1.0] - 1.0$

Total Medical Cost Level Factors

| Accident Year | (1) Annual Non-Legislative Cost Impact on Medical (a) | (2) Annual Legislative Cost Impact on Medical(b) | (3) Total Annual Cost Impact on Medical(c) | (4) Composite Medical On-level Factor(d) |
|------------------|---|--|--|--|
| 1986 | 3.0% | 0.0% | 3.0% | 0.837 |
| 1987 | 3.8% | 0.0% | 3.8% | 0.806 |
| 1988 | 3.8% | 0.0% | 3.8% | 0.777 |
| 1989 | 3.0% | 0.0% | 3.0% | 0.754 |
| 1990 | 3.7% | 19.1% | 23.5% | 0.611 |
| 1991 | 3.6% | 12.9% | 16.9% | 0.522 |
| 1992 | 3.0% | -7.9% | -5.2% | 0.551 |
| 1993 | 2.7% | -18.7% | -16.5% | 0.660 |
| 1994 | -2.3% | -2.3% | -4.6% | 0.691 |
| 1995 | 0.9% | 0.5% | 1.4% | 0.682 |
| 1996 | 1.0% | 0.4% | 1.4% | 0.672 |
| 1997 | 0.7% | 0.2% | 0.9% | 0.666 |
| 1998 | 0.8% | 12.6% | 13.5% | 0.587 |
| 1999 | 2.5% | 12.6% | 15.4% | 0.509 |
| 2000 | 1.7% | 7.0% | 8.8% | 0.467 |
| 2001 | 2.9% | 6.6% | 9.7% | 0.426 |
| 2002 | 2.0% | -5.6% | -3.7% | 0.442 |
| 2003 | 1.4% | -6.0% | -4.7% | 0.464 |
| 2004 | 0.0% | -33.9% | -33.9% | 0.702 |
| 2005 | 0.0% | -13.9% | -13.9% | 0.815 |
| 2006 | 0.3% | -5.1% | -4.8% | 0.856 |
| 2007 | 1.8% | 0.1% | 1.9% | 0.840 |
| 2008 | 0.2% | 0.5% | 0.7% | 0.834 |
| 2009 | 0.4% | 1.0% | 1.4% | 0.823 |
| 2010 | 0.3% | 0.0% | 0.3% | 0.820 |
| 2011 | 0.3% | -2.0% | -1.7% | 0.835 |
| 2012 | 0.1% | -4.4% | -4.3% | 0.872 |
| 2013 | 0.1% | -8.0% | -7.9% | 0.947 |
| 2014 | 0.3% | -4.7% | -4.4% | 0.991 |
| 2015 | 0.2% | -2.0% | -1.8% | 1.009 |
| 2016 | 0.4% | -0.5% | -0.1% | 1.010 |
| 2017 | 0.2% | -0.4% | -0.2% | 1.012 |
| 2018 | 0.2% | 0.3% | 0.5% | 1.007 |
| 2019 | 0.3% | 0.0% | 0.3% | |
| 2020 | 0.3% | 0.0% | 0.3% | |
| 1/1/2021 | 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 1/1/2021 level.

Annual Wage Level Changes

| <u>Year</u> | <u>Annual Wage Level Change(a)</u> | <u>Factor to a 1/1/2021 Wage Level</u> |
|-------------|--|--|
| 1987 | 5.6 | 3.124 |
| 1988 | 4.4 | 2.992 |
| 1989 | 4.3 | 2.869 |
| 1990 | 5.0 | 2.732 |
| 1991 | 2.3 | 2.671 |
| 1992 | 4.7 | 2.551 |
| 1993 | 1.2 | 2.521 |
| 1994 | 1.8 | 2.476 |
| 1995 | 2.9 | 2.406 |
| 1996 | 3.4 | 2.327 |
| 1997 | 4.7 | 2.223 |
| 1998 | 5.2 | 2.113 |
| 1999 | 6.2 | 1.990 |
| 2000 | 9.0 | 1.825 |
| 2001 | 0.6 | 1.814 |
| 2002 | 1.1 | 1.795 |
| 2003 | 3.6 | 1.732 |
| 2004 | 5.0 | 1.650 |
| 2005 | 3.2 | 1.599 |
| 2006 | 4.6 | 1.528 |
| 2007 | 4.5 | 1.463 |
| 2008 | 2.1 | 1.432 |
| 2009 | 0.5 | 1.425 |
| 2010 | 3.0 | 1.384 |
| 2011 | 3.0 | 1.344 |
| 2012 | 4.2 | 1.289 |
| 2013 | 0.7 | 1.280 |
| 2014 | 3.3 | 1.240 |
| 2015 | 4.4 | 1.187 |
| 2016 | 1.9 | 1.165 |
| 2017 | 2.9 | 1.132 |
| 2018 | 3.2 | 1.097 |
| Projected: | | |
| 2019 | 4.0 | |
| 2020 | 3.7 | |
| 1/1/2021 | 1.7 | (Annual = 3.6) |

(a) Historical wage changes through 2016 are based on Bureau of Labor Statistics data. Forecasts for 2017 to 2021 are based on the average of wage level projections made by the UCLA Anderson School of Business as of June 2019 and those made by the California Department of Finance as of April 2019.

Premium Adjustment Factors

| | (1) | (2a) | (2b) | (2c) | (3) | (4) | (5) | (6) | (7) |
|---------------|-------------------------------------|--|--|---|--------------------------------|---------------------------------|---|---|------------------------------|
| | | Ratio of Industry Average Charged Rates to Advisory Pure Premium | Factor to Industry Average Filed Pure Premium Rate Level as of | Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of | Adjustment to Remove Surcharge | Average Experience Modification | Off-Balance Correction in Advisory January 1, 2019 Pure Premium | Factor to Adjust for Impact of Premium Resulting from | Composite Premium Adjustment |
| Calendar Year | Factor to a 1/1/2021 Wage Level (a) | Rates (b) | January 1, 2019 (c) | January 1, 2019 (d) | Premium (e) | Modification (f) | Rates | Audits (g) | Factor (h) |
| 1986 | 3.299 | --- | --- | 0.751 | 0.991 | 0.983 | 1.017 | --- | 2.455 |
| 1987 | 3.124 | --- | --- | 0.660 | 0.992 | 0.983 | 1.017 | --- | 2.046 |
| 1988 | 2.992 | --- | --- | 0.590 | 0.993 | 0.963 | 1.017 | --- | 1.791 |
| 1989 | 2.869 | --- | --- | 0.581 | 0.993 | 0.945 | 1.017 | --- | 1.723 |
| 1990 | 2.732 | --- | --- | 0.567 | 0.991 | 0.942 | 1.017 | --- | 1.602 |
| 1991 | 2.671 | --- | --- | 0.525 | 0.987 | 0.939 | 1.017 | --- | 1.448 |
| 1992 | 2.551 | --- | --- | 0.504 | 0.982 | 0.940 | 1.017 | --- | 1.320 |
| 1993 | 2.521 | --- | --- | 0.497 | 0.981 | 0.949 | 1.017 | --- | 1.273 |
| 1994 | 2.476 | --- | --- | 0.569 | 0.986 | 0.948 | 1.017 | --- | 1.442 |
| 1995 | 2.406 | --- | --- | 0.770 | 0.995 | 0.958 | 1.017 | --- | 1.893 |
| 1996 | 2.327 | 1.023 | 0.819 | 0.801 | 1.000 | 0.935 | 1.017 | --- | 1.959 |
| 1997 | 2.223 | 0.989 | 0.817 | 0.826 | 1.000 | 0.949 | 1.017 | --- | 1.903 |
| 1998 | 2.113 | 0.965 | 0.851 | 0.882 | 1.000 | 0.959 | 1.017 | --- | 1.911 |
| 1999 | 1.990 | 0.972 | 0.860 | 0.885 | 1.000 | 0.954 | 1.017 | --- | 1.814 |
| 2000 | 1.825 | 1.005 | 0.780 | 0.776 | 1.000 | 0.970 | 1.017 | --- | 1.436 |
| 2001 | 1.814 | 1.029 | 0.687 | 0.668 | 1.000 | 0.969 | 1.017 | --- | 1.229 |
| 2002 | 1.795 | 1.157 | 0.615 | 0.532 | 1.000 | 0.991 | 1.017 | --- | 0.947 |
| 2003 | 1.732 | 1.267 | 0.503 | 0.397 | 1.000 | 1.005 | 1.017 | --- | 0.673 |
| 2004 | 1.650 | 1.397 | 0.512 | 0.366 | 1.000 | 0.981 | 1.017 | --- | 0.606 |
| 2005 | 1.599 | 1.470 | 0.616 | 0.419 | 1.000 | 0.982 | 1.017 | --- | 0.671 |
| 2006 | 1.528 | 1.447 | 0.793 | 0.548 | 1.000 | 0.956 | 1.017 | --- | 0.862 |
| 2007 | 1.463 | 1.493 | 1.081 | 0.724 | 1.000 | 0.931 | 1.017 | 0.985 | 1.102 |
| 2008 | 1.432 | 1.426 | 1.286 | 0.902 | 1.000 | 0.946 | 1.017 | 0.991 | 1.331 |
| 2009 | 1.425 | 1.366 | 1.268 | 0.928 | 1.000 | 0.937 | 1.017 | 1.034 | 1.436 |
| 2010 | 1.384 | 1.384 | 1.242 | 0.897 | 1.000 | 0.941 | 1.017 | 1.005 | 1.304 |
| 2011 | 1.344 | 1.401 | 1.241 | 0.886 | 1.000 | 0.982 | 1.017 | --- | 1.192 |
| 2012 | 1.289 | 1.223 | 1.023 | 0.836 | 1.000 | 1.000 | 1.017 | --- | 1.060 |
| 2013 | 1.280 | 1.138 | 0.824 | 0.724 | 1.000 | 0.983 | 1.017 | --- | 0.927 |
| 2014 | 1.240 | 1.126 | 0.759 | 0.674 | 1.000 | 0.961 | 1.017 | --- | 0.855 |
| 2015 | 1.187 | 1.109 | 0.738 | 0.665 | 1.000 | 0.951 | 1.017 | --- | 0.817 |
| 2016 | 1.165 | 1.148 | 0.794 | 0.692 | 1.000 | 0.949 | 1.017 | --- | 0.835 |
| 2017 | 1.132 | 1.156 | 0.877 | 0.759 | 1.000 | 0.956 | 1.017 | --- | 0.884 |
| 2018 | 1.097 | 1.195 | 0.993 | 0.831 | 1.000 | 0.958 | 1.017 | --- | 0.936 |

- (a) See Exhibit 5.1.
- (b) Based on WCIRB calendar year experience calls. The industry average charged rates reflect most rating plan adjustments but do not reflect the application of deductible credits or retrospective rating plan adjustments.
- (c) Reflects (1) advisory pure premium rate level changes to bring premium to the advisory January 1, 2019 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory January 1, 2019 pure premium rate (\$1.63) to the industry average filed pure premium rate as of January 1, 2019 (\$2.02).
- (d) (2b) ÷ (2a). This column adjusts premiums at the industry average charged rate level to the industry average filed pure premium rate level as of January 1, 2019.
- (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.

2018 Accident Year Indemnity Claim Frequency Model
As of PY 2016 1st Set & June 2019 UCLA

| AY | Annual % Changes Intra- Class Ind Freq | Annual Log Differences | | | | | | | |
|-------|--|--|--------|------------|----------|------------------------------------|----------------------------|--|------------------------------|
| | | Intra-Class Indemnity Frequency per \$M Exposure at PY 2017 Level | | | | AY+1 Indemnity Benefit Level | Cumulative Injury Index | Economic Variables (1st Prin. Comp.) | CalOSHA Dummy Variable |
| | | Total | Total | Cumulative | Non-cum. | | | | |
| 1962 | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- | |
| 1963 | 2.0% | 0.020 | ---- | ---- | 0.000 | ---- | -0.029 | 0.000 | |
| 1964 | 0.3% | 0.003 | ---- | ---- | 0.000 | ---- | 0.004 | 0.000 | |
| 1965 | -0.3% | -0.003 | ---- | ---- | 0.000 | ---- | 0.020 | 0.000 | |
| 1966 | 1.7% | 0.017 | ---- | ---- | 0.000 | ---- | 0.191 | 0.000 | |
| 1967 | 1.8% | 0.017 | ---- | ---- | 0.000 | ---- | -0.146 | 0.000 | |
| 1968 | 1.4% | 0.014 | ---- | ---- | 0.049 | ---- | 0.059 | 0.000 | |
| 1969 | 2.7% | 0.026 | ---- | ---- | 0.000 | ---- | 0.043 | 0.000 | |
| 1970 | 1.8% | 0.018 | ---- | ---- | 0.000 | ---- | -0.337 | 0.000 | |
| 1971 | 1.5% | 0.015 | ---- | ---- | 0.162 | ---- | -0.186 | 0.000 | |
| 1972 | -4.3% | -0.044 | ---- | ---- | 0.040 | ---- | 0.161 | 0.000 | |
| 1973 | 7.0% | 0.067 | ---- | ---- | 0.049 | ---- | 0.090 | 0.000 | |
| 1974 | 19.2% | 0.176 | ---- | ---- | 0.058 | ---- | -0.035 | 0.000 | |
| 1975 | 12.5% | 0.118 | ---- | ---- | 0.000 | ---- | -0.300 | 0.000 | |
| 1976 | 0.8% | 0.008 | ---- | ---- | 0.063 | ---- | 0.085 | 0.000 | |
| 1977 | 4.3% | 0.042 | ---- | ---- | 0.001 | ---- | 0.112 | 0.000 | |
| 1978 | -8.7% | -0.091 | ---- | ---- | 0.000 | ---- | 0.172 | 0.000 | |
| 1979 | 0.5% | 0.005 | -0.053 | 0.007 | 0.000 | -0.060 | 0.134 | 0.000 | |
| 1980 | -6.5% | -0.068 | -0.132 | -0.066 | 0.033 | -0.066 | -0.081 | 0.000 | |
| 1981 | -3.5% | -0.036 | -0.028 | -0.036 | 0.000 | 0.008 | -0.079 | 0.000 | |
| 1982 | -1.6% | -0.016 | 0.153 | -0.022 | 0.352 | 0.175 | -0.294 | 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 | 0.222 | 0.000 | |
| 1985 | 2.0% | 0.020 | 0.138 | 0.014 | 0.000 | 0.124 | 0.081 | 0.000 | |
| 1986 | -2.4% | -0.024 | 0.039 | -0.028 | 0.000 | 0.067 | 0.078 | 0.000 | |
| 1987 | 1.5% | 0.015 | 0.053 | 0.013 | 0.000 | 0.041 | 0.151 | 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 | -0.121 | 0.000 | |
| 1991 | 0.3% | 0.003 | 0.166 | -0.018 | 0.023 | 0.184 | -0.293 | 0.000 | |
| 1992 | -11.1% | -0.118 | -0.272 | -0.098 | 0.013 | -0.174 | -0.186 | 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 | 0.075 | 0.000 | |
| 1997 | -3.3% | -0.033 | -0.023 | -0.034 | 0.066 | 0.011 | 0.138 | 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 | 0.128 | 0.000 | |
| 2000 | 4.0% | 0.039 | 0.071 | 0.037 | -0.003 | 0.034 | 0.066 | 0.000 | |
| 2001 | -6.9% | -0.072 | -0.018 | -0.076 | -0.007 | 0.059 | -0.101 | 0.000 | |
| 2002 | -2.3% | -0.023 | 0.007 | -0.026 | 0.060 | 0.033 | -0.202 | 0.000 | |
| 2003 | -2.9% | -0.029 | -0.005 | -0.031 | -0.065 | 0.026 | -0.023 | 0.000 | |
| 2004 | -16.6% | -0.182 | -0.209 | -0.180 | -0.398 | -0.030 | 0.093 | 0.000 | |
| 2005 | -13.6% | -0.146 | -0.298 | -0.133 | 0.051 | -0.165 | 0.141 | 0.000 | |
| 2006 | -5.7% | -0.059 | -0.050 | -0.059 | 0.016 | 0.009 | 0.095 | 0.000 | |
| 2007 | -1.6% | -0.017 | 0.021 | -0.019 | 0.049 | 0.040 | -0.084 | 0.000 | |
| 2008 | -2.7% | -0.027 | 0.038 | -0.033 | 0.006 | 0.071 | -0.308 | 0.000 | |
| 2009 | -0.2% | -0.002 | 0.168 | -0.018 | 0.066 | 0.186 | -0.427 | 0.000 | |
| 2010 | 8.9% | 0.085 | 0.139 | 0.079 | 0.012 | 0.060 | -0.092 | 0.000 | |
| 2011 | 1.1% | 0.011 | 0.031 | 0.009 | 0.003 | 0.022 | 0.043 | 0.000 | |
| 2012 | 4.7% | 0.046 | 0.127 | 0.036 | 0.025 | 0.091 | 0.123 | 0.000 | |
| 2013 | 0.4% | 0.004 | 0.138 | -0.014 | 0.071 | 0.152 | 0.151 | 0.000 | |
| 2014 | 0.2% | 0.002 | 0.070 | -0.008 | 0.003 | 0.078 | 0.178 | 0.000 | |
| 2015 | -0.8% | -0.008 | 0.050 | -0.018 | 0.002 | 0.068 | 0.194 | 0.000 | |
| 2016 | -3.3% | -0.033 | 0.035 | -0.045 | 0.004 | 0.081 | 0.082 | 0.000 | |
| 2017* | -4.1% | -0.042 | 0.054 | -0.061 | 0.004 | 0.115 | 0.078 | 0.000 | |
| 2018 | 0.0% | 0.000 | 0.000 | 0.000 | 0.003 | 0.000 | 0.216 | 0.000 | |
| 2019 | -1.9% | -0.019 | -0.019 | -0.019 | 0.004 | 0.000 | 0.005 | 0.000 | |
| 2020 | -2.0% | -0.020 | -0.020 | -0.020 | 0.004 | 0.000 | -0.005 | 0.000 | |
| 2021 | -2.2% | -0.022 | -0.022 | -0.022 | 0.004 | 0.000 | -0.030 | 0.000 | |

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

| | |
|---------------------|--------|
| Constant | -0.020 |
| Std Err of Y Est | 0.041 |
| R Squared | 0.558 |
| No. of Observations | 39 |
| Degrees of Freedom | 34 |

| | | | | |
|------------------|-------|-------|-------|--------|
| X Coefficient(s) | 0.179 | 0.277 | 0.091 | -0.130 |
| 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 2018; June 2019 UCLA Anderson Forecasts for 2019 on.
 Regression is over AY 1979 through AY 2017. AY 2018 through AY 2021 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 2017 change is based on a comparison of 2017 accidents on 2016 policies to 2016 accidents on 2015 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of March 31, 2019**

| 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 | 9,975 | --- | 2.001 | 19,960 | --- |
| 1991 | 10,915 | 9.4% | 1.892 | 20,654 | 3.5% |
| 1992 | 11,017 | 0.9% | 1.830 | 20,157 | -2.4% |
| 1993 | 11,994 | 8.9% | 1.819 | 21,814 | 8.2% |
| 1994 | 12,957 | 8.0% | 1.905 | 24,682 | 13.2% |
| 1995 | 14,528 | 12.1% | 1.774 | 25,778 | 4.4% |
| 1996 | 16,284 | 12.1% | 1.665 | 27,114 | 5.2% |
| 1997 | 19,341 | 18.8% | 1.494 | 28,895 | 6.6% |
| 1998 | 21,205 | 9.6% | 1.378 | 29,220 | 1.1% |
| 1999 | 23,246 | 9.6% | 1.277 | 29,681 | 1.6% |
| 2000 | 24,680 | 6.2% | 1.192 | 29,418 | -0.9% |
| 2001 | 27,157 | 10.0% | 1.193 | 32,402 | 10.1% |
| 2002 | 26,267 | -3.3% | 1.222 | 32,102 | -0.9% |
| 2003 | 25,889 | -1.4% | 1.218 | 31,541 | -1.7% |
| 2004 | 21,111 | -18.5% | 1.439 | 30,384 | -3.7% |
| 2005 | 19,084 | -9.6% | 1.652 | 31,531 | 3.8% |
| 2006 | 20,801 | 9.0% | 1.531 | 31,845 | 1.0% |
| 2007 | 22,623 | 8.8% | 1.476 | 33,387 | 4.8% |
| 2008 | 24,728 | 9.3% | 1.394 | 34,478 | 3.3% |
| 2009 | 25,920 | 4.8% | 1.386 | 35,923 | 4.2% |
| 2010 | 25,454 | -1.8% | 1.360 | 34,618 | -3.6% |
| 2011 | 25,174 | -1.1% | 1.341 | 33,764 | -2.5% |
| 2012 | 24,781 | -1.6% | 1.310 | 32,457 | -3.9% |
| 2013 | 24,443 | -1.4% | 1.269 | 31,016 | -4.4% |
| 2014 | 25,227 | 3.2% | 1.166 | 29,422 | -5.1% |
| 2015 | 25,485 | 1.0% | 1.137 | 28,970 | -1.5% |
| 2016 | 24,941 | -2.1% | 1.122 | 27,996 | -3.4% |
| 2017 | 25,053 | 0.4% | 1.093 | 27,387 | -2.2% |
| 2018 | 26,450 | 5.6% | 1.068 | 28,251 | 3.2% |

(6) Estimated Annual Exponential Trend Based on 1990 to 2018: 1.2%

(7) Estimated Annual Exponential Trend Based on 2005 to 2018: -1.6%

(8) Estimated Annual Exponential Trend Based on 2014 to 2018: -1.4%

Selected Indemnity Severity Trend: -0.5%

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

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of March 31, 2019**

| 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 | 8,776 | --- | 0.915 | 8,029 | --- |
| 1991 | 9,430 | 7.5% | 0.897 | 8,464 | 5.4% |
| 1992 | 9,521 | 1.0% | 0.867 | 8,255 | -2.5% |
| 1993 | 10,561 | 10.9% | 0.850 | 8,979 | 8.8% |
| 1994 | 11,636 | 10.2% | 0.893 | 10,395 | 15.8% |
| 1995 | 13,320 | 14.5% | 0.885 | 11,794 | 13.5% |
| 1996 | 14,269 | 7.1% | 0.877 | 12,509 | 6.1% |
| 1997 | 16,996 | 19.1% | 0.871 | 14,796 | 18.3% |
| 1998 | 20,800 | 22.4% | 0.767 | 15,954 | 7.8% |
| 1999 | 23,583 | 13.4% | 0.665 | 15,672 | -1.8% |
| 2000 | 26,399 | 11.9% | 0.611 | 16,122 | 2.9% |
| 2001 | 31,366 | 18.8% | 0.557 | 17,463 | 8.3% |
| 2002 | 31,663 | 0.9% | 0.578 | 18,308 | 4.8% |
| 2003 | 30,209 | -4.6% | 0.607 | 18,326 | 0.1% |
| 2004 | 27,897 | -7.7% | 0.802 | 22,385 | 22.1% |
| 2005 | 28,716 | 2.9% | 0.802 | 23,043 | 2.9% |
| 2006 | 31,352 | 9.2% | 0.799 | 25,057 | 8.7% |
| 2007 | 35,003 | 11.6% | 0.784 | 27,454 | 9.6% |
| 2008 | 37,848 | 8.1% | 0.781 | 29,567 | 7.7% |
| 2009 | 39,901 | 5.4% | 0.778 | 31,046 | 5.0% |
| 2010 | 40,081 | 0.5% | 0.776 | 31,092 | 0.1% |
| 2011 | 36,407 (c) | --- | 0.797 | 29,029 (c) | --- |
| 2012 | 34,211 | -6.0% | 0.842 | 28,806 | -0.8% |
| 2013 | 31,830 | -7.0% | 0.926 | 29,488 | 2.4% |
| 2014 | 30,598 | -3.9% | 0.986 | 30,162 | 2.3% |
| 2015 | 29,846 | -2.5% | 1.009 | 30,114 | -0.2% |
| 2016 | 28,957 | -3.0% | 1.010 | 29,247 | -2.9% |
| 2017 | 29,319 | 1.2% | 1.012 | 29,673 | 1.5% |
| 2018 | 30,535 | 4.1% | 1.007 | 30,749 | 3.6% |

Selected Medical Severity Trend: 2.5%

- (a) Estimated ultimate severities for all accident years are derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts. The estimated ultimate medical severities were derived from the projected ultimate loss ratios shown in Exhibit 3.2, column (7).
- (b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of SB 1160 provisions applicable to outstanding medical losses.
- (c) Severities for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Severities for accident years 2010 and prior do reflect MCCP costs.

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)
Based on Experience as of March 31, 2019**

| (1) Accident Year | MCCP Included | | | MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b) | | | | |
|--|--|---------------------------|---|--|--|---------------------------|---|---------------------------|
| | (2) Estimated Ultimate Severity (a) | (3) Annual % Change | (4) Ultimate On-Level Severity (c) | (5) Annual % Change | (6) Estimated Ultimate Severity (a) | (7) Annual % Change | (8) Ultimate On-Level Severity (c) | (9) Annual % Change |
| 2005 | 28,716 | --- | 23,043 | --- | 27,212 | --- | 21,835 | --- |
| 2006 | 31,352 | 9.2% | 25,057 | 8.7% | 29,396 | 8.0% | 23,494 | 7.6% |
| 2007 | 35,003 | 11.6% | 27,454 | 9.6% | 32,680 | 11.2% | 25,632 | 9.1% |
| 2008 | 37,848 | 8.1% | 29,567 | 7.7% | 34,544 | 5.7% | 26,985 | 5.3% |
| 2009 | 39,901 | 5.4% | 31,046 | 5.0% | 36,576 | 5.9% | 28,459 | 5.5% |
| 2010 | 40,081 | 0.5% | 31,092 | 0.2% | 36,704 | 0.4% | 28,473 | 0.1% |
| 2011 | 39,890 | -0.5% | 31,806 | 2.3% | 36,407 | -0.8% | 29,029 | 2.0% |
| 2012 | 37,442 | -6.1% | 31,527 | -0.9% | 34,211 | -6.0% | 28,806 | -0.8% |
| 2013 | 34,926 | -6.7% | 32,355 | 2.6% | 31,830 | -7.0% | 29,488 | 2.4% |
| 2014 | 33,572 | -3.9% | 33,093 | 2.3% | 30,598 | -3.9% | 30,162 | 2.3% |
| 2015 | 32,683 | -2.6% | 32,977 | -0.3% | 29,846 | -2.5% | 30,114 | -0.2% |
| 2016 | 31,689 | -3.0% | 32,007 | -2.9% | 28,957 | -3.0% | 29,247 | -2.9% |
| 2017 | 32,189 | 1.6% | 32,577 | 1.8% | 29,319 | 1.2% | 29,673 | 1.5% |
| 2018 | 33,743 | 4.8% | 33,979 | 4.3% | 30,535 | 4.1% | 30,749 | 3.6% |
| Estimated Annual Exponential Trend Trend Based on 1990 to 2018: | | | | 5.8% | | | | N/A |
| Trend Based on 2005 to 2018: | | | | 2.3% | | | | 2.1% |
| Trend Based on 2014 to 2018: | | | | 0.4% | | | | 0.2% |
| | | | | | | | | 2.5% |

- (a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.
 (b) Adjustments to accident years 2005 through 2010 based on WCIRB's Annual Calls for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs.
 (c) Ultimate severities are on-levleved based on adjustment factors shown on Exhibit 6.3.

Source: WCIRB experience calls.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2019**

| Accident <u>Year</u> | (1) Developed Indemnity <u>Loss Ratio(a)</u> | (2) Composite Indemnity <u>Adjustment Factor(b)</u> | (3) Composite Premium <u>Adjustment Factor(c)</u> | (4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1)×(2)÷(3) |
|-------------------------|--|---|---|--|
| 1986 | 0.398 | 1.638 | 2.455 | 0.265 |
| 1987 | 0.347 | 1.608 | 2.046 | 0.273 |
| 1988 | 0.332 | 1.584 | 1.791 | 0.294 |
| 1989 | 0.345 | 1.561 | 1.723 | 0.312 |
| 1990 | 0.400 | 1.251 | 1.602 | 0.312 |
| 1991 | 0.427 | 1.031 | 1.448 | 0.304 |
| 1992 | 0.352 | 1.087 | 1.320 | 0.290 |
| 1993 | 0.289 | 1.319 | 1.273 | 0.300 |
| 1994 | 0.329 | 1.379 | 1.442 | 0.315 |
| 1995 | 0.476 | 1.276 | 1.893 | 0.321 |
| 1996 | 0.533 | 1.193 | 1.959 | 0.325 |
| 1997 | 0.604 | 1.068 | 1.903 | 0.339 |
| 1998 | 0.657 | 0.985 | 1.911 | 0.339 |
| 1999 | 0.691 | 0.913 | 1.814 | 0.348 |
| 2000 | 0.597 | 0.852 | 1.436 | 0.354 |
| 2001 | 0.495 | 0.853 | 1.229 | 0.343 |
| 2002 | 0.369 | 0.874 | 0.947 | 0.341 |
| 2003 | 0.243 | 0.871 | 0.673 | 0.315 |
| 2004 | 0.145 | 1.193 | 0.606 | 0.286 |
| 2005 | 0.124 | 1.616 | 0.671 | 0.300 |
| 2006 | 0.161 | 1.588 | 0.862 | 0.297 |
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| 2019 | | | | Projections (d) 0.257 |
| 2020 | | | | 0.251 |
| 1/1/2021 | | | | 0.247 |

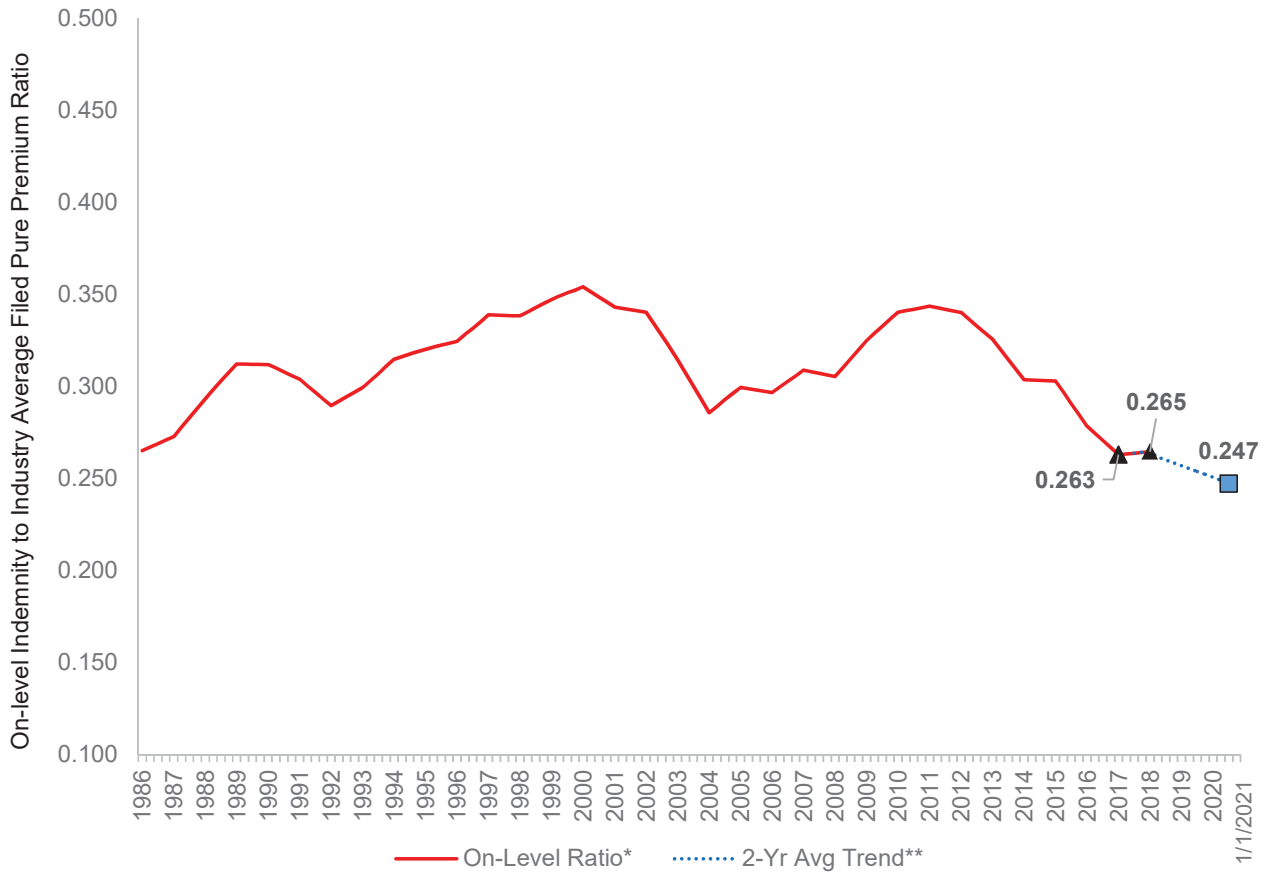
(a) See Exhibit 3.1.

(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 2018 from Exhibit 12, and projected frequency trends for accident years 2019 through 2021 from Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios
 Based on Experience as of March 31, 2019**



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

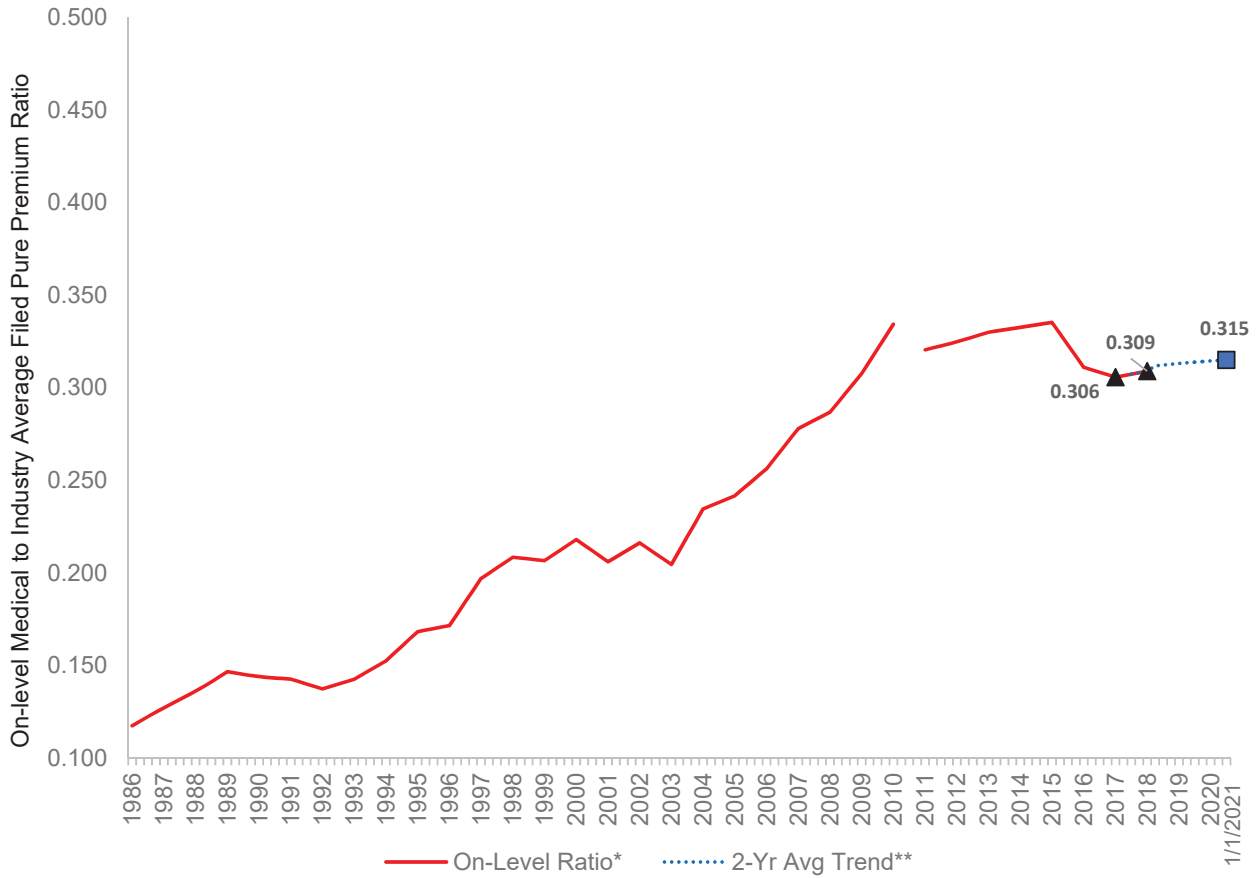
** The 1/1/2021 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2017 and 2018 years.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2019**

| 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) |
|---------------|--|---|---|--|
| 1986 | 0.344 | 0.837 | 2.455 | 0.117 |
| 1987 | 0.323 | 0.806 | 2.046 | 0.127 |
| 1988 | 0.314 | 0.777 | 1.791 | 0.136 |
| 1989 | 0.335 | 0.754 | 1.723 | 0.147 |
| 1990 | 0.377 | 0.611 | 1.602 | 0.144 |
| 1991 | 0.395 | 0.522 | 1.448 | 0.143 |
| 1992 | 0.329 | 0.551 | 1.320 | 0.137 |
| 1993 | 0.275 | 0.660 | 1.273 | 0.143 |
| 1994 | 0.318 | 0.691 | 1.442 | 0.152 |
| 1995 | 0.467 | 0.682 | 1.893 | 0.168 |
| 1996 | 0.500 | 0.672 | 1.959 | 0.172 |
| 1997 | 0.563 | 0.666 | 1.903 | 0.197 |
| 1998 | 0.679 | 0.587 | 1.911 | 0.208 |
| 1999 | 0.664 | 0.509 | 1.814 | 0.186 |
| 2000 | 0.605 | 0.467 | 1.436 | 0.197 |
| 2001 | 0.539 | 0.426 | 1.229 | 0.187 |
| 2002 | 0.421 | 0.442 | 0.947 | 0.197 |
| 2003 | 0.271 | 0.464 | 0.673 | 0.187 |
| 2004 | 0.186 | 0.702 | 0.606 | 0.215 |
| 2005 | 0.183 | 0.815 | 0.671 | 0.222 |
| 2006 | 0.238 | 0.856 | 0.862 | 0.236 |
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 |
| 2019 | | | | Projections (d) 0.313 |
| 2020 | | | | 0.315 |
| 1/1/2021 | | | | 0.315 |

- (a) See Exhibit 3.2. Medical loss ratios for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Ratios for accident years 2010 and prior do reflect MCCP costs.
- (b) See Exhibit 4.4.
- (c) See Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from Exhibit 6.4, the actual frequency trend for accident year 2018 from Exhibit 12, and projected frequency trends for accident years 2019 through 2021 from Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**On-Level Medical Loss to Industry Average Filed Pure Premium Ratios
 Based on Experience as of March 31, 2019**



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

** The 1/1/2021 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2017 and 2018 years.

**Indicated Loss to Industry Average Filed Pure Premium Ratios
For Policies with Effective Dates between January 1, 2020 and December 31, 2020
Based on Experience as of March 31, 2019**

| | <u>Indemnity</u> | <u>Medical</u> | <u>Total</u> |
|---|------------------|----------------|--------------|
| 1. Projected Loss to Industry Average Filed Pure Premium Ratio (See Exhibits 7.1 and 7.3) | 0.247 | 0.315 | 0.562 |
| 2. Impact of Medical Treatment Utilization Schedule (MTUS) Drug Formulary | --- | -0.6% | --- |
| 3. Projected Loss to Industry Average Filed Pure Premium Ratio After Impact of MTUS Drug Formulary (1) x [1 + (2)] | 0.247 | 0.313 | 0.560 |

Quarterly Incurred Indemnity Loss Development Factors
Through March 31, 2019

| Age in Months | Accident Year | | | | | | | | | | | | | | | | | | | | |
|------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 6/3 | | | | | | | | | 2.417 | 2.724 | 2.785 | 3.031 | 3.116 | 3.052 | 3.238 | 3.344 | 3.303 | 3.209 | 3.201 | 3.356 | 3.200 |
| 9/6 | | | | | | | | | 1.656 | 1.776 | 1.820 | 1.848 | 1.904 | 2.001 | 1.966 | 1.940 | 1.960 | 1.948 | 1.945 | 1.874 | 1.998 |
| 12/9 | | | | | | | | | 1.448 | 1.511 | 1.510 | 1.530 | 1.564 | 1.632 | 1.587 | 1.585 | 1.570 | 1.578 | 1.578 | 1.580 | 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 | 1.298 | 1.298 |
| 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 | 1.177 | |
| 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 | 1.134 | 1.138 | |
| 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 | 1.104 | 1.100 | |
| 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 | 1.079 | 1.078 | |
| 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 | 1.064 | | |
| 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 | 1.050 | 1.047 | | |
| 36/33 | 1.043 | 1.046 | 1.039 | 1.046 | 1.035 | 1.020 | 1.029 | 1.033 | 1.039 | 1.043 | 1.051 | 1.049 | 1.049 | 1.043 | 1.041 | 1.043 | 1.042 | 1.035 | 1.037 | | |
| 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 | 1.031 | 1.028 | | |
| 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 | 1.027 | | | |
| 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 | 1.024 | 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 | 1.020 | 1.016 | | | |
| 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 | 1.019 | 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 | 1.014 | | | | |
| 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 | 1.011 | 1.014 | | | | |
| 60/57 | 1.013 | 1.014 | 1.007 | 1.005 | 1.008 | 1.009 | 1.011 | 1.013 | 1.019 | 1.016 | 1.013 | 1.015 | 1.012 | 1.014 | 1.012 | 1.012 | 1.011 | | | | |
| 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 | 1.009 | 1.010 | | | | |
| 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 | 1.009 | | | | | |
| 69/66 | 1.010 | 1.007 | 1.003 | 1.005 | 1.008 | 1.007 | 1.011 | 1.012 | 1.011 | 1.010 | 1.009 | 1.012 | 1.007 | 1.010 | 1.010 | 1.007 | | | | | |
| 72/69 | 1.009 | 1.006 | 1.005 | 1.005 | 1.005 | 1.009 | 1.009 | 1.013 | 1.011 | 1.009 | 1.009 | 1.009 | 1.010 | 1.008 | 1.007 | 1.006 | | | | | |
| 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 | 1.006 | 1.007 | | | | | |
| 78/75 | 1.007 | 1.004 | 1.003 | 1.007 | 1.005 | 1.006 | 1.006 | 1.012 | 1.009 | 1.010 | 1.006 | 1.006 | 1.006 | 1.006 | 1.005 | | | | | | |
| 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 | 1.007 | 1.005 | | | | | | |
| 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 | 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 | 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 | 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 | 1.004 | 1.005 | | | | | | | |
| 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 | 1.003 | 1.003 | | | | | | | |

Source: WCIRB accident year experience calls

Quarterly Incurred Medical Loss Development Factors *
Through March 31, 2019

| Age in Months | Accident Year | | | | | | | | | | | | | | | | | | | | |
|------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 6/3 | | | | | | | | | 2.584 | 2.662 | 2.782 | 2.892 | 2.992 | 2.757 | 2.853 | 2.843 | 2.921 | 2.863 | 3.019 | 3.199 | 2.891 |
| 9/6 | | | | | | | | | 1.650 | 1.744 | 1.717 | 1.807 | 1.800 | 1.827 | 1.833 | 1.819 | 1.840 | 1.884 | 1.755 | 1.741 | 1.820 |
| 12/9 | | | | | | | | | 1.453 | 1.443 | 1.466 | 1.454 | 1.488 | 1.521 | 1.484 | 1.500 | 1.482 | 1.451 | 1.487 | 1.448 | 1.459 |
| 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 | 1.185 | 1.191 |
| 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 | 1.095 | 1.087 | |
| 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 | 1.069 | 1.069 | |
| 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 | 1.057 | 1.046 | |
| 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 | 1.041 | 1.036 | |
| 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 | 1.032 | | |
| 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 | 1.033 | 1.026 | | |
| 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 | 1.021 | 1.021 | | |
| 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 | 1.023 | 1.022 | 1.011 | | |
| 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 | 1.017 | | | |
| 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 | 1.017 | 1.015 | | | |
| 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 | 1.014 | 1.008 | | | |
| 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 | 1.010 | 1.008 | | | |
| 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 | 1.009 | | | | |
| 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 | 1.007 | 1.009 | | | | |
| 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 | 1.007 | 1.007 | | | | |
| 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 | 1.009 | 1.009 | 1.005 | 1.008 | | | | |
| 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 | 1.008 | 1.008 | 1.006 | | | | | |
| 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 | 1.008 | 1.005 | | | | | |
| 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 | 1.005 | 1.005 | | | | | |
| 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 | 1.001 | 1.003 | 1.006 | | | | | |
| 78/75 | 1.012 | 1.012 | 1.008 | 1.012 | 1.010 | 1.011 | 1.018 | 1.013 | 1.012 | 1.012 | 1.010 | 1.008 | 1.008 | 1.006 | 1.005 | | | | | | |
| 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 | 1.006 | 1.004 | | | | | | |
| 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 | 1.001 | 1.003 | | | | | | |
| 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 | 1.001 | 1.002 | | | | | | |
| 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 | 1.003 | 1.006 | | | | | | | |
| 93/90 | 1.006 | 1.007 | 1.015 | 1.009 | 1.011 | 1.010 | 1.011 | 1.012 | 1.009 | 1.009 | 1.007 | 1.002 | 1.003 | 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 | 1.002 | 1.001 | | | | | | | |

Source: WCIRB accident year experience calls

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

Quarterly Paid Indemnity Loss Development Factors
Through March 31, 2019

| Age in Months | Accident Year | | | | | | | | | | | | | | | | | | | | |
|------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 6/3 | | | | | | | | | 4.376 | 4.495 | 4.553 | 4.807 | 4.911 | 4.722 | 4.854 | 5.099 | 5.076 | 5.056 | 5.087 | 5.060 | 4.987 |
| 9/6 | | | | | | | | | 2.259 | 2.375 | 2.377 | 2.398 | 2.452 | 2.432 | 2.484 | 2.462 | 2.462 | 2.484 | 2.456 | 2.445 | 2.538 |
| 12/9 | | | | | | | | | 1.812 | 1.834 | 1.810 | 1.825 | 1.861 | 1.869 | 1.877 | 1.866 | 1.879 | 1.910 | 1.882 | 1.892 | 1.891 |
| 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 | 1.544 | 1.527 |
| 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 | 1.366 | 1.358 | |
| 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 | 1.256 | 1.260 | |
| 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 | 1.206 | 1.205 | |
| 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 | 1.161 | 1.159 | |
| 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 | 1.137 | | |
| 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 | 1.107 | 1.104 | | |
| 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 | 1.089 | 1.088 | | |
| 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 | 1.071 | 1.068 | | |
| 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 | 1.062 | | | |
| 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 | 1.050 | 1.050 | | | |
| 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 | 1.045 | 1.041 | | | |
| 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 | 1.039 | 1.035 | | | |
| 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 | 1.033 | 1.032 | | | | |
| 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 | 1.027 | 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 | 1.025 | 1.025 | | | | |
| 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 | 1.021 | 1.021 | | | | |
| 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 | 1.022 | 1.018 | | | | | |
| 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 | 1.022 | 1.017 | | | | | |
| 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 | 1.016 | 1.014 | | | | | |
| 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 | 1.014 | 1.012 | | | | | |
| 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 | 1.013 | | | | | | |
| 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 | 1.012 | 1.011 | | | | | | |
| 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 | 1.013 | 1.011 | | | | | | |
| 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 | 1.011 | 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 | 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 | 1.009 | 1.009 | | | | | | | |
| 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 | 1.009 | 1.010 | | | | | | | |

Source: WCIRB accident year experience calls

Quarterly Paid Medical Loss Development Factors *
Through March 31, 2019

| Age in Months | Accident Year | | | | | | | | | | | | | | | | | | | | |
|------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 6/3 | | | | | | | | | 5.308 | 5.615 | 6.579 | 6.101 | 6.048 | 5.854 | 5.989 | 6.284 | 5.604 | 5.720 | 5.897 | 5.238 | 5.462 |
| 9/6 | | | | | | | | | 2.348 | 2.381 | 2.348 | 2.375 | 2.361 | 2.327 | 2.398 | 2.498 | 2.428 | 2.287 | 2.326 | 2.249 | 2.351 |
| 12/9 | | | | | | | | | 1.716 | 1.765 | 1.731 | 1.723 | 1.756 | 1.746 | 1.763 | 1.736 | 1.750 | 1.705 | 1.752 | 1.737 | 1.719 |
| 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 | 1.434 | 1.425 |
| 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 | 1.262 | 1.250 | |
| 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 | 1.173 | 1.170 | |
| 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 | 1.141 | 1.131 | |
| 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 | 1.111 | 1.111 | |
| 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 | 1.100 | | |
| 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 | 1.082 | 1.082 | | |
| 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 | 1.071 | 1.067 | | |
| 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 | 1.061 | 1.055 | | |
| 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 | 1.057 | | | |
| 45/42 | 1.039 | 1.045 | 1.047 | 1.044 | 1.036 | 1.037 | 1.040 | 1.047 | 1.048 | 1.049 | 1.054 | 1.053 | 1.056 | 1.056 | 1.053 | 1.051 | 1.045 | 1.044 | | | |
| 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 | 1.041 | 1.040 | | | |
| 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 | 1.037 | 1.032 | | | |
| 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 | 1.034 | 1.032 | | | | |
| 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 | 1.028 | 1.026 | | | | |
| 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 | 1.023 | 1.022 | | | | |
| 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 | 1.027 | 1.025 | 1.022 | 1.022 | | | | |
| 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 | 1.028 | 1.023 | 1.021 | | | | | |
| 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 | 1.020 | 1.017 | | | | | |
| 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 | 1.016 | 1.015 | | | | | |
| 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 | 1.015 | 1.013 | | | | | |
| 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 | 1.015 | | | | | | |
| 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 | 1.013 | 1.012 | | | | | | |
| 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 | 1.013 | 1.013 | | | | | | |
| 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 | 1.011 | 1.012 | 1.010 | | | | | | |
| 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 | 1.011 | 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 | 1.010 | 1.009 | | | | | | | |
| 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 | 1.009 | 1.009 | | | | | | | |

Source: WCIRB accident year experience calls

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

Reported Indemnity Claim Count Development

| Accident Year | Development | | | | | | | | | | | | | | | | |
|------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|-------|
| | 3-15 | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 | 159-171 | 171-183 | 183-195 | |
| 1994 | | | | | | | | | | | | | | | | | 1.000 |
| 1995 | | | | | | | | | | | | | | | | 1.001 | 1.001 |
| 1996 | | | | | | | | | | | | | | | | 1.000 | 1.000 |
| 1997 | | | | | | | | | | | | | | 1.000 | | 1.000 | 1.000 |
| 1998 | | | | | | | | | | | | | 1.000 | 1.000 | | 1.000 | 1.000 |
| 1999 | | | | | | | | | | | | 1.000 | 1.001 | 1.000 | | 1.000 | 1.000 |
| 2000 | | | | | | | | | | | 1.000 | 1.000 | 1.000 | 1.001 | 1.001 | 1.000 | 1.000 |
| 2001 | | | | | | | | | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2002 | | | | | | | | 0.999 | 0.999 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2003 | | | | | | | | 0.999 | 0.999 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2004 | | | | | | 0.999 | | 0.999 | 0.999 | 1.000 | 0.999 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2005 | | | | | 1.001 | 1.000 | | 1.001 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2006 | | | | 1.004 | 1.002 | 1.001 | | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2007 | | | 1.011 | 1.006 | 1.003 | 1.002 | | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2008 | | 1.059 | 1.017 | 1.009 | 1.004 | 1.003 | | 1.001 | 1.002 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2009 | 6.968 | 1.080 | 1.022 | 1.008 | 1.005 | 1.003 | | 1.003 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2010 | 7.382 | 1.089 | 1.021 | 1.010 | 1.006 | 1.004 | | 1.002 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2011 | 7.502 | 1.100 | 1.026 | 1.011 | 1.007 | 1.002 | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2012 | 7.678 | 1.120 | 1.026 | 1.012 | 1.005 | 1.002 | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2013 | 8.155 | 1.101 | 1.028 | 1.007 | 1.004 | 1.001 | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2014 | 7.706 | 1.114 | 1.019 | 1.008 | 1.004 | | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2015 | 8.133 | 1.100 | 1.016 | 1.005 | | | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2016 | 7.682 | 1.101 | 1.019 | | | | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2017 | 7.737 | 1.088 | | | | | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2018 | 7.741 | | | | | | | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| | Latest Year | | | | | | | | | | | | | | | | |
| <u>Age-to-Age</u> | 7.741 | 1.088 | 1.019 | 1.005 | 1.004 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| <u>Age-to-Ultimate</u> | 8.708 | 1.125 | 1.034 | 1.014 | 1.010 | 1.006 | 1.005 | 1.004 | 1.003 | 1.003 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 |

Quarterly Reported Indemnity Claim Count Development Factors

| Accident Year | Development | | | | | | | | | | | | | | |
|------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 3-6 | 6-9 | 9-12 | 12-15 | 15-18 | 18-21 | 21-24 | 24-27 | 27-30 | 30-33 | 33-36 | 36-39 | 39-42 | 42-45 | 45-48 |
| 2008 | 2.539 | 1.651 | 1.336 | 1.093 | 1.025 | 1.015 | 1.010 | 1.008 | 1.006 | 1.004 | 1.003 | 1.003 | 1.002 | 1.003 | 1.002 |
| 2009 | 2.681 | 1.683 | 1.382 | 1.109 | 1.036 | 1.021 | 1.012 | 1.009 | 1.007 | 1.007 | 1.005 | 1.004 | 1.003 | 1.002 | 1.002 |
| 2010 | 2.688 | 1.708 | 1.407 | 1.124 | 1.037 | 1.021 | 1.015 | 1.011 | 1.008 | 1.005 | 1.005 | 1.003 | 1.004 | 1.003 | 1.001 |
| 2011 | 2.691 | 1.738 | 1.424 | 1.123 | 1.041 | 1.026 | 1.018 | 1.010 | 1.010 | 1.006 | 1.005 | 1.004 | 1.004 | 1.003 | 1.002 |
| 2012 | 2.749 | 1.727 | 1.420 | 1.123 | 1.050 | 1.028 | 1.018 | 1.012 | 1.010 | 1.007 | 1.004 | 1.004 | 1.003 | 1.007 | 1.001 |
| 2013 | 2.821 | 1.739 | 1.421 | 1.138 | 1.045 | 1.027 | 1.016 | 1.010 | 1.009 | 1.013 | 1.003 | 1.003 | 1.003 | 1.001 | 1.002 |
| 2014 | 2.778 | 1.723 | 1.421 | 1.130 | 1.045 | 1.037 | 1.015 | 1.010 | 1.008 | 1.004 | 1.003 | 1.003 | 1.003 | 1.002 | 1.002 |
| 2015 | 2.794 | 1.778 | 1.411 | 1.133 | 1.044 | 1.022 | 1.014 | 1.012 | 1.007 | 1.004 | 1.002 | 1.002 | 1.001 | 1.001 | 1.001 |
| 2016 | 2.733 | 1.717 | 1.409 | 1.139 | 1.042 | 1.025 | 1.016 | 1.011 | 1.009 | 1.004 | 1.003 | 1.002 | | | |
| 2017 | 2.821 | 1.686 | 1.412 | 1.125 | 1.039 | 1.023 | 1.012 | 1.008 | | | | | | | |
| 2018 | 2.802 | 1.729 | 1.411 | 1.133 | | | | | | | | | | | |

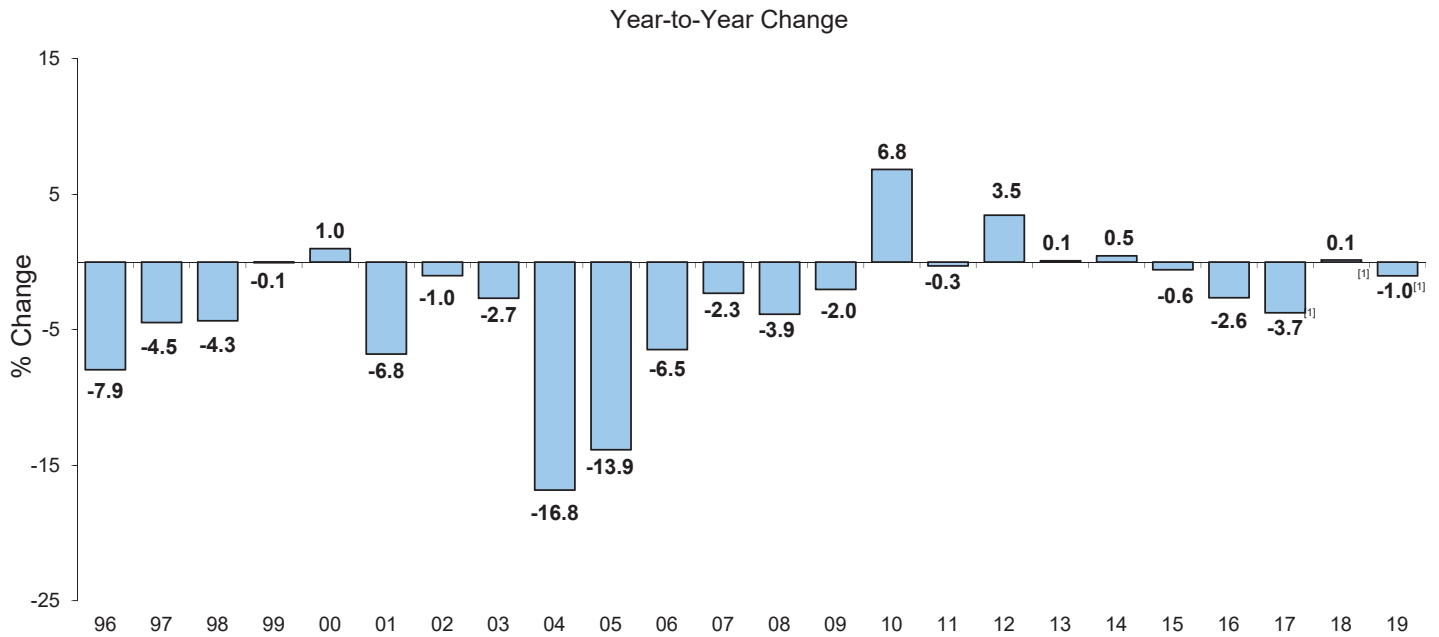
Reported Indemnity Claim Settlement Ratios

| Accident Year | Evaluated as of (in months): | | | | | | | | | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|-------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> | <u>123</u> | <u>135</u> | <u>147</u> | <u>159</u> | <u>171</u> | <u>183</u> | <u>195</u> | |
| 1994 | | | | | | | | | | | | | | | | | | 98.8% |
| 1995 | | | | | | | | | | | | | | | | | 98.4% | 98.6% |
| 1996 | | | | | | | | | | | | | | | | 98.1% | 98.3% | 98.5% |
| 1997 | | | | | | | | | | | | | | 97.5% | 97.8% | 98.0% | 98.2% | |
| 1998 | | | | | | | | | | | | | 96.8% | 97.2% | 97.5% | 97.8% | 98.1% | |
| 1999 | | | | | | | | | | | | 96.2% | 96.7% | 97.1% | 97.4% | 97.8% | 98.0% | |
| 2000 | | | | | | | | | | | 94.9% | 95.7% | 96.3% | 96.8% | 97.3% | 97.6% | 97.8% | |
| 2001 | | | | | | | | | | 92.6% | 93.8% | 94.7% | 95.4% | 96.2% | 96.7% | 97.1% | 97.4% | |
| 2002 | | | | | | | | | 91.2% | 92.7% | 94.0% | 95.0% | 96.0% | 96.5% | 97.0% | 97.5% | 97.8% | |
| 2003 | | | | | | | | 88.9% | 91.0% | 92.7% | 94.1% | 95.4% | 96.0% | 96.6% | 97.1% | 97.6% | 98.0% | |
| 2004 | | | | | | | 86.0% | 88.8% | 91.1% | 92.8% | 94.6% | 95.6% | 96.3% | 96.9% | 97.4% | 97.9% | | |
| 2005 | | | | | | 82.3% | 86.3% | 89.1% | 91.3% | 93.5% | 94.8% | 95.7% | 96.6% | 97.2% | 97.7% | | | |
| 2006 | | | | | 76.0% | 82.2% | 86.0% | 89.0% | 91.7% | 93.4% | 94.7% | 95.8% | 96.6% | 97.3% | | | | |
| 2007 | | | | 66.2% | 75.4% | 81.3% | 85.5% | 89.5% | 91.9% | 93.7% | 95.1% | 96.2% | 96.9% | | | | | |
| 2008 | | | 51.4% | 64.5% | 73.9% | 80.5% | 86.0% | 89.6% | 92.2% | 94.0% | 95.4% | 96.4% | | | | | | |
| 2009 | | 33.2% | 49.6% | 62.7% | 72.7% | 80.5% | 85.7% | 89.6% | 92.3% | 94.2% | 95.6% | | | | | | | |
| 2010 | 5.6% | 33.6% | 50.2% | 63.5% | 74.7% | 82.0% | 87.2% | 90.9% | 93.3% | 95.1% | | | | | | | | |
| 2011 | 7.2% | 34.0% | 50.7% | 65.3% | 76.0% | 83.2% | 88.2% | 91.7% | 94.2% | | | | | | | | | |
| 2012 | 7.2% | 34.0% | 51.8% | 66.7% | 77.2% | 84.5% | 89.4% | 92.7% | | | | | | | | | | |
| 2013 | 8.4% | 33.4% | 52.8% | 67.8% | 78.9% | 86.2% | 90.8% | | | | | | | | | | | |
| 2014 | 6.6% | 33.8% | 53.6% | 69.2% | 80.5% | 87.5% | | | | | | | | | | | | |
| 2015 | 7.5% | 34.0% | 55.2% | 71.8% | 82.8% | | | | | | | | | | | | | |
| 2016 | 7.2% | 35.8% | 58.0% | 74.5% | | | | | | | | | | | | | | |
| 2017 | 7.2% | 38.1% | 60.9% | | | | | | | | | | | | | | | |
| 2018 | 8.3% | 38.8% | | | | | | | | | | | | | | | | |
| 2019 | 8.5% | | | | | | | | | | | | | | | | | |

Estimated Ultimate Indemnity Claim Settlement Ratios

| Accident Year | Evaluated as of (in months): | | | | | | | | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> | <u>123</u> | <u>135</u> | <u>147</u> | <u>159</u> | <u>171</u> | <u>183</u> | <u>195</u> |
| 1994 | | | | | | | | | | | | | | | | | 98.5% |
| 1995 | | | | | | | | | | | | | | | | 98.1% | 98.3% |
| 1996 | | | | | | | | | | | | | | | 97.8% | 98.0% | 98.2% |
| 1997 | | | | | | | | | | | | | | 97.2% | 97.4% | 97.7% | 97.9% |
| 1998 | | | | | | | | | | | | | 96.5% | 96.9% | 97.3% | 97.6% | 97.8% |
| 1999 | | | | | | | | | | | | 95.8% | 96.4% | 96.8% | 97.1% | 97.6% | 97.8% |
| 2000 | | | | | | | | | | | 94.5% | 95.3% | 95.9% | 96.5% | 97.1% | 97.4% | 97.6% |
| 2001 | | | | | | | | | | 92.3% | 93.5% | 94.4% | 95.1% | 95.9% | 96.4% | 96.8% | 97.2% |
| 2002 | | | | | | | | | 91.1% | 92.6% | 93.8% | 94.8% | 95.8% | 96.4% | 96.8% | 97.3% | 97.6% |
| 2003 | | | | | | | | 89.0% | 90.9% | 92.6% | 93.9% | 95.1% | 95.8% | 96.4% | 97.0% | 97.4% | 97.8% |
| 2004 | | | | | | | 86.0% | 88.8% | 91.0% | 92.6% | 94.4% | 95.3% | 96.1% | 96.7% | 97.2% | 97.7% | |
| 2005 | | | | | | 82.0% | 86.0% | 88.9% | 91.1% | 93.2% | 94.6% | 95.6% | 96.4% | 97.0% | 97.5% | | |
| 2006 | | | | | 75.4% | 81.7% | 85.6% | 88.6% | 91.4% | 93.1% | 94.5% | 95.6% | 96.4% | 97.1% | | | |
| 2007 | | | | 65.2% | 74.6% | 80.7% | 85.1% | 89.1% | 91.5% | 93.5% | 94.9% | 96.0% | 96.8% | | | | |
| 2008 | | | 49.4% | 63.1% | 72.8% | 79.7% | 85.4% | 89.1% | 91.9% | 93.8% | 95.1% | 96.2% | | | | | |
| 2009 | | 29.4% | 47.3% | 61.3% | 71.6% | 79.7% | 85.1% | 89.2% | 92.0% | 93.9% | 95.4% | | | | | | |
| 2010 | 0.7% | 29.5% | 47.9% | 62.0% | 73.6% | 81.2% | 86.7% | 90.5% | 93.1% | 94.8% | | | | | | | |
| 2011 | 0.8% | 29.4% | 48.2% | 63.7% | 74.9% | 82.7% | 87.8% | 91.4% | 93.9% | | | | | | | | |
| 2012 | 0.8% | 28.9% | 49.3% | 65.1% | 76.3% | 83.9% | 89.0% | 92.4% | | | | | | | | | |
| 2013 | 0.9% | 29.0% | 50.5% | 66.6% | 78.1% | 85.7% | 90.4% | | | | | | | | | | |
| 2014 | 0.7% | 29.3% | 51.7% | 68.0% | 79.7% | 86.9% | | | | | | | | | | | |
| 2015 | 0.8% | 30.0% | 53.6% | 70.8% | 82.0% | | | | | | | | | | | | |
| 2016 | 0.8% | 31.4% | 56.1% | 73.4% | | | | | | | | | | | | | |
| 2017 | 0.8% | 33.9% | 58.9% | | | | | | | | | | | | | | |
| 2018 | 1.0% | 34.5% | | | | | | | | | | | | | | | |
| 2019 | 1.0% | | | | | | | | | | | | | | | | |

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



^[1] The 2016-2017 estimate is based on partial year unit statistical data. The 2017-2018 and 2018-2019 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2019 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Item AC19-08-01 Third Quarter 2019 Review of Diagnostics

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

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

Please note the following:

1. Permanent disability claims continue to close at a faster rate throughout the state. The percent of permanent disability claims closed increased from 30% for policy year 2010 to 46% for policy year 2015 at second report level, with claim settlement increasing fastest in the Los Angeles region. The rate at which temporary disability claims close has also begun to increase in the last several years with the largest rate of increase in the Bay Area (Exhibit M5).
2. While the number of expedited hearings in total has continued to increase (Exhibit M8.1), the share of Southern California expedited hearings related to issues other than medical treatment or temporary disability has declined sharply (Exhibit M8.2).
3. Since Senate Bill No. 1160 (SB 1160) became effective January 1, 2017, the number of filed liens has continued to decrease. The number of liens filed in the first half of 2019 is 37% less than the first half of 2018. Lien filings of virtually all types and in virtually all regions have declined (Exhibit M9.1).
4. The percentage of permanent disability claims involving a Medicare set-aside shows indicators of decline (Exhibit M10.2).
5. After reaching a historical high in 2018, the number of independent medical review (IMR) applications eligible for review declined in the first half of 2019 to the level comparable to the first half of 2017 (Exhibit M14).
6. The number of medical-only claims reported each quarter have been increasing steadily over the last several years concurrently with changes in reporting requirements and experience rating treatment of small "first aid" claims (Exhibit C11).
7. On a preliminary basis, the frequency of cumulative trauma claims in all areas of the state increased significantly for accident year 2017, with the greatest increases in the Los Angeles Basin and San Diego areas (Exhibits C21.3 and C21.42).
8. Although claims caused by motor vehicle accidents continue to represent a relatively small proportion of all indemnity claims, the frequency of indemnity claims caused by motor vehicle accidents has increased approximately 13% from 2014 to 2016, while the overall statewide frequency has decreased over this period (Exhibit C25).
9. Paid indemnity and medical severities per indemnity claim shows significant increase with accident year 2018 indemnity severity increasing 5% over accident year 2017 (Exhibit S4.1) and medical severity increasing 3% (Exhibit S4.2.). Incremental paid medical severities also showed growth in the last several quarters (Exhibit S7).

10. Temporary disability duration has continued its post-Senate Bill No. 863 decline. The median temporary disability duration on permanent disability claims for accident year 2016 claims at first survey level is down 38% from 2008 and 21% from 2012 (Exhibit S10.2).
11. Paid allocated loss adjustment expenses (ALAE) per indemnity claim continues to rise. The average private insurer paid ALAE for accident year 2018 at 15 months is 9% above 2017 and almost 50% above 2012 (Exhibit E5).
12. Following a sharper decline in 2017, the number of medical-legal reports per claim and the average cost per report continued to decrease in the 2018 service year by approximately 1% and 3%, respectively (Exhibit E13).
13. Despite changes in SB 1160 and the new drug formulary intended to limit prospective utilization review, the average cost of medical cost containment programs (MCCP) per indemnity claim for accident year 2018 at 15 months is 9% above the 2017 level (Exhibit E15).

Exhibit Numbering Guide July 2019

| Exhibit # | Exhibit Name |
|-------------------------------------|---|
| Market/Claim Characteristics | |
| M3 | Total Incurred Loss Distribution by Insurer |
| M4 | Distribution of Estimated Ultimate Number of Claims by Injury Type |
| M5 | Percentage of Claims Closed by Injury Type and Region - First through Third Report Level |
| M6 | Percentage of Claim Count and Average Severity by Geographic Region |
| M8 | Quarterly Expedited Hearings by Region |
| M9 | Number of Division of Workers' Compensation (DWC) Lien Decisions |
| M10 | Medicare Set-aside Costs by Age Interval & Permanent Disability Rating Interval |
| M14 | IMR Filed Counts |
| Claim Count | |
| C1 | Reported Indemnity Claim Count Development - Statewide |
| C2 | Indemnity Claim Settlement Rates by Injury Type |
| C3 | Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims |
| C4 | Reopening Rates Based on Unit Statistical Data & by Injury Type |
| C5 | Closed-Closed Development Based on Unit Statistical Data |
| C6 | California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year |
| C7 | Accident Year Indemnity Claim Frequency Model & Indemnity Claim Frequency History and Projections |
| C8 | California OPRL Injury & Illness Rates |
| C9 | Self-Insured Employers - Claim Frequency |
| C10 | Annual Changes in Indemnity Frequency Attributable to Changes in Hazardousness |
| C11 | Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts |
| C12 | Economic Variables |
| C15 | Accident Year Cumulative Injury Indemnity Claim Counts by Policy Year and Report Level |
| C17 | Claim Count Ratios by Region Based on Unit Statistical Data at 1st Report Level |
| C18 | Ratio of Total Indemnity Claim Counts to Total Claim Counts |
| C19 | Distribution of Cumulative Injury Claims by Injury Type |
| C20 | Indemnity Claim Frequency Relativities by NAICS Sector |
| C21 | Indemnity Claim Frequency by Geographic Region |
| C24 | Percentage of Cumulative Trauma Indemnity Claims by Policy Years and Industry Sector |
| C25 | Frequency of Indemnity Claims Caused by Motor Vehicle Accidents |
| Loss Development | |
| D4 | Ratios of Incremental Paid Losses to Prior Outstanding Losses by Accident Year |
| D6 | Comparison of Projected Loss Ratios |
| Claim Severity | |
| S2 | Average Incurred Indemnity Loss per Reported Indemnity Claim & Incurred Medical Loss per Reported Claim |
| S3 | Average Indemnity & Medical Case Outstanding Per Open Indemnity Claim |
| S4 | Average Paid Losses per Indemnity Claim & Average Paid Medical Loss Per Claim |
| S5 | Average Paid Losses per Closed Indemnity Claim |
| S6 | Ratio of Incremental Paid Indemnity & Medical to Indemnity Claims Open During Period |
| S7 | Ratio of Quarterly Paid Medical to Indemnity Claims Inventory |
| S8 | Estimated Ultimate Severities by Injury Type |
| S10 | Changes in the Number of Weeks of Temporary Disability Benefits |
| S11 | Average Permanent Disability Ratings by Type of Loss |
| S14 | Self Insured Employers - Claim Severity |
| S15 | Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness |
| S16 | Claim Counts and Losses on Claims in Excess of \$250,000 & \$500,000 & \$1,000,000 |
| S18 | Indemnity Claim Frequency by Layer of Incurred Medical at USR 1st |
| Loss Adjustment Expense | |
| E5 | Average Paid ALAE Per Reported Indemnity Claim - Private Insurers |
| E6 | Ratio of Paid ALAE to Paid Loss - Private Insurers |
| E7 | Percentage of Represented Permanent Disability Claims by Region and Loss Type |
| E8 | Distribution of Total ALAE & MCCP Components - Private Insurers |
| E9 | Applicant Attorney Expense Paid - Private Insurers |
| E13 | Changes in the Number and Cost of Medical-Legal Reports by Service Year |
| E15 | Average Paid MCCP per Reported Indemnity Claim - Statewide |

Total Incurred Loss Distribution by Insurer*

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

| <u>Group</u> | <u>AY 2014</u> <u>@ 12/31/2014</u> | <u>AY 2015</u> <u>@ 12/31/2015</u> | <u>AY 2016</u> <u>@ 12/31/2016</u> | <u>AY 2017</u> <u>@ 12/31/2017</u> | <u>AY 2018</u> <u>@ 12/31/2018</u> |
|--------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| State Fund | 10.2% | 12.0% | 9.5% | 10.8% | 12.7% |
| 1 | 7.6% | 8.0% | 8.0% | 8.4% | 8.4% |
| 2 | 6.6% | 7.8% | 7.4% | 6.5% | 6.5% |
| 3 | 8.0% | 7.8% | 7.6% | 6.8% | 6.2% |
| 4 | 7.7% | 6.9% | 6.8% | 5.2% | 5.4% |
| 5 | 3.6% | 4.3% | 4.7% | 4.9% | 4.8% |
| 6 | 4.2% | 3.4% | 3.2% | 3.1% | 3.4% |
| 7 | 3.8% | 3.6% | 3.6% | 3.9% | 3.4% |
| 8 | 3.8% | 3.6% | 3.6% | 3.5% | 2.9% |
| 9 | 3.2% | 2.7% | 2.7% | 2.2% | 2.3% |
| 10 | 1.6% | 1.8% | 1.8% | 2.1% | 2.2% |
| All Other | 39.7% | 38.3% | 41.0% | 42.8% | 41.8% |

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

| <u>Group</u> | <u>AY 2014</u> <u>@ 12/31/2014</u> | <u>AY 2015</u> <u>@ 12/31/2015</u> | <u>AY 2016</u> <u>@ 12/31/2016</u> | <u>AY 2017</u> <u>@ 12/31/2017</u> | <u>AY 2018</u> <u>@ 12/31/2018</u> |
|--------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| 1 | 8.5% | 9.1% | 8.8% | 9.4% | 9.7% |
| 2 | 7.4% | 8.8% | 8.2% | 7.2% | 7.5% |
| 3 | 9.0% | 8.8% | 8.4% | 7.6% | 7.1% |
| 4 | 8.6% | 7.9% | 7.5% | 5.8% | 6.2% |
| 5 | 4.0% | 4.9% | 5.2% | 5.5% | 5.6% |
| 6 | 4.6% | 3.8% | 3.5% | 3.4% | 3.9% |
| 7 | 4.3% | 4.0% | 4.0% | 4.4% | 3.9% |
| 8 | 4.2% | 4.1% | 4.0% | 3.9% | 3.3% |
| 9 | 3.5% | 3.0% | 3.0% | 2.4% | 2.6% |
| 10 | 1.8% | 2.0% | 2.0% | 2.4% | 2.5% |
| All Other | 44.2% | 43.5% | 45.3% | 47.9% | 47.8% |

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

**Groups are ranked according to accident year 2018 incurred losses. State Fund is State Compensation Insurance Fund.

Source: WCIRB quarterly calls for experience

Distribution of Estimated Ultimate Number of Claims by Injury Type

I. Distribution of Ultimate Number of Indemnity Claims

| Accident <u>Year</u> | Permanent <u>Indemnity</u> | Temporary <u>Indemnity</u> | <u>Total</u> |
|-------------------------|-------------------------------|-------------------------------|--------------|
| 2001 | 52.8% | 47.2% | 100% |
| 2002 | 54.5% | 45.5% | 100% |
| 2003 | 53.9% | 46.1% | 100% |
| 2004 | 49.7% | 50.3% | 100% |
| 2005 | 46.3% | 53.7% | 100% |
| 2006 | 47.4% | 52.6% | 100% |
| 2007 | 48.6% | 51.4% | 100% |
| 2008 | 50.8% | 49.2% | 100% |
| 2009 | 52.2% | 47.8% | 100% |
| 2010 | 51.7% | 48.3% | 100% |
| 2011 | 51.5% | 48.5% | 100% |
| 2012 | 51.0% | 49.0% | 100% |
| 2013 | 51.2% | 48.8% | 100% |
| 2014 | 51.7% | 48.3% | 100% |
| 2015 | 52.7% | 47.3% | 100% |
| 2016 | 51.8% | 48.2% | 100% |
| 2017* | 51.9% | 48.1% | 100% |

II. Distribution of Ultimate Number of All Claims

| Accident <u>Year</u> | Permanent <u>Indemnity**</u> | Temporary <u>Indemnity</u> | Medical <u>Only</u> | <u>Total</u> |
|-------------------------|---------------------------------|-------------------------------|------------------------|--------------|
| 2001 | 16.8% | 15.0% | 68.2% | 100% |
| 2002 | 18.0% | 15.0% | 67.0% | 100% |
| 2003 | 18.3% | 15.7% | 66.0% | 100% |
| 2004 | 15.7% | 15.8% | 68.5% | 100% |
| 2005 | 13.5% | 15.7% | 70.8% | 100% |
| 2006 | 13.7% | 15.2% | 71.1% | 100% |
| 2007 | 14.4% | 15.2% | 70.4% | 100% |
| 2008 | 15.1% | 14.6% | 70.3% | 100% |
| 2009 | 16.3% | 14.9% | 68.8% | 100% |
| 2010 | 16.9% | 15.8% | 67.3% | 100% |
| 2011 | 17.4% | 16.3% | 66.3% | 100% |
| 2012 | 17.6% | 16.9% | 65.5% | 100% |
| 2013 | 18.3% | 17.4% | 64.3% | 100% |
| 2014 | 18.4% | 17.2% | 64.4% | 100% |
| 2015 | 18.8% | 16.9% | 64.3% | 100% |
| 2016 | 18.5% | 17.2% | 64.3% | 100% |
| 2017* | 18.0% | 16.7% | 65.3% | 100% |

* Accident year 2018 experience is partial in that it only reflects experience from policy year 2017.

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

Source: WCIRB unit statistical data

Percentage of Claims Closed by Injury Type and Region

Permanent Partial & Temporary

| Permanent Partial | | Policy Year | | | | | | | Latest Year Reported Claim Distribution |
|-------------------|----------------------|-------------|------------|------------|------------|------------|------------|------------|--|
| Report Level | Region* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| 1 | Bay Area | 10% | 12% | 14% | 15% | 16% | 18% | 19% | 14% |
| 1 | Los Angeles | 11% | 12% | 15% | 16% | 17% | 21% | 24% | 54% |
| 1 | San Diego | 14% | 13% | 17% | 20% | 20% | 23% | 26% | 7% |
| 1 | Remainder of CA | 12% | 13% | 15% | 17% | 17% | 20% | 22% | 25% |
| | ALL REGIONS COMBINED | 11% | 12% | 15% | 16% | 17% | 20% | 23% | 100% |
| 2 | Bay Area | 32% | 35% | 38% | 38% | 41% | 45% | | 15% |
| 2 | Los Angeles | 28% | 32% | 37% | 37% | 40% | 45% | | 54% |
| 2 | San Diego | 34% | 38% | 43% | 44% | 46% | 50% | | 7% |
| 2 | Remainder of CA | 32% | 36% | 38% | 39% | 42% | 47% | | 24% |
| | ALL REGIONS COMBINED | 30% | 34% | 38% | 38% | 41% | 46% | | 100% |
| 3 | Bay Area | 53% | 55% | 58% | 59% | 62% | | | 15% |
| 3 | Los Angeles | 48% | 51% | 55% | 55% | 59% | | | 55% |
| 3 | San Diego | 57% | 59% | 62% | 65% | 67% | | | 7% |
| 3 | Remainder of CA | 53% | 56% | 58% | 59% | 62% | | | 24% |
| | ALL REGIONS COMBINED | 50% | 53% | 56% | 58% | 61% | | | 100% |
| Temporary | | Policy Year | | | | | | | Latest Year Reported Claim Distribution |
| Report Level | Region* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| 1 | Bay Area | 56% | 56% | 54% | 56% | 59% | 60% | 61% | 18% |
| 1 | Los Angeles | 50% | 51% | 49% | 47% | 50% | 51% | 52% | 46% |
| 1 | San Diego | 58% | 58% | 56% | 55% | 56% | 57% | 60% | 7% |
| 1 | Remainder of CA | 59% | 59% | 57% | 55% | 59% | 60% | 61% | 29% |
| | ALL REGIONS COMBINED | 54% | 55% | 53% | 52% | 55% | 55% | 57% | 100% |
| 2 | Bay Area | 74% | 74% | 73% | 77% | 77% | 79% | | 17% |
| 2 | Los Angeles | 68% | 68% | 67% | 68% | 70% | 71% | | 45% |
| 2 | San Diego | 75% | 73% | 75% | 75% | 76% | 77% | | 7% |
| 2 | Remainder of CA | 76% | 75% | 73% | 74% | 76% | 77% | | 31% |
| | ALL REGIONS COMBINED | 72% | 71% | 71% | 72% | 73% | 75% | | 100% |
| 3 | Bay Area | 86% | 85% | 85% | 87% | 89% | | | 17% |
| 3 | Los Angeles | 78% | 79% | 80% | 81% | 82% | | | 46% |
| 3 | San Diego | 84% | 85% | 86% | 87% | 88% | | | 7% |
| 3 | Remainder of CA | 85% | 84% | 85% | 86% | 86% | | | 30% |
| | ALL REGIONS COMBINED | 82% | 82% | 83% | 84% | 85% | | | 100% |

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

Source: WCIRB unit statistical data

**Percentage of Claim Count and Average Severity of Compromise & Release
and Stipulated and Award Settlements**
Geographic Region: All Regions Combined

| Policy Year 2011 | | | | | | | | | |
|----------------------|---------------|-----------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|----------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 10,052 | 84% | 24,578 | 28,206 | 52,784 | --- | --- | --- | --- |
| Stipulated Award | <u>1,911</u> | 16% | <u>18,741</u> | <u>16,784</u> | <u>35,526</u> | --- | --- | --- | --- |
| Total/Average | 11,963 | | 23,646 | 26,382 | 50,027 | --- | --- | --- | --- |
| Policy Year 2012 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 12,934 | 84% | 23,200 | 26,737 | 49,937 | 28.7% | -5.6% | -5.2% | -5.4% |
| Stipulated Award | <u>2,452</u> | 16% | <u>17,044</u> | <u>15,359</u> | <u>32,403</u> | <u>28.3%</u> | <u>-9.1%</u> | <u>-8.5%</u> | <u>-8.8%</u> |
| Total/Average | 15,386 | | 22,219 | 24,923 | 47,143 | 28.6% | -6.0% | -5.5% | -5.8% |
| Policy Year 2013 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 17,026 | 84% | 24,087 | 25,999 | 50,086 | 31.6% | 3.8% | -2.8% | 0.3% |
| Stipulated Award | <u>3,132</u> | 16% | <u>17,914</u> | <u>14,353</u> | <u>32,267</u> | <u>27.7%</u> | <u>5.1%</u> | <u>-6.6%</u> | <u>-0.4%</u> |
| Total/Average | 20,158 | | 23,128 | 24,189 | 47,317 | 31.0% | 4.1% | -2.9% | 0.4% |
| Policy Year 2014 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 20,871 | 84% | 25,960 | 25,939 | 51,899 | 22.6% | 7.8% | -0.2% | 3.6% |
| Stipulated Award | <u>3,838</u> | 16% | <u>18,377</u> | <u>13,461</u> | <u>31,838</u> | <u>22.5%</u> | <u>2.6%</u> | <u>-6.2%</u> | <u>-1.3%</u> |
| Total/Average | 24,709 | | 24,782 | 24,001 | 48,783 | 22.6% | 7.2% | -0.8% | 3.1% |

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

**Percentage of Claim Count and Average Severity of Compromise & Release
and Stipulated Finding and Award Settlements**

Geographic Region: Bay Area

| Policy Year 2011 | | | | | | | | | |
|----------------------|---------------|-----------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|----------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 1,380 | 81% | 29,056 | 30,345 | 59,401 | --- | --- | --- | --- |
| Stipulated Award | <u>326</u> | 19% | <u>18,366</u> | <u>15,753</u> | <u>34,119</u> | --- | --- | --- | --- |
| Total/Average | 1,706 | | 27,013 | 27,557 | 54,570 | --- | --- | --- | --- |

| Policy Year 2012 | | | | | | | | | |
|----------------------|---------------|-----------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|----------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 1,726 | 79% | 27,688 | 29,431 | 57,120 | 25.1% | -4.7% | -3.0% | -3.8% |
| Stipulated Award | <u>461</u> | 21% | <u>18,353</u> | <u>14,901</u> | <u>33,254</u> | <u>41.4%</u> | <u>-0.1%</u> | <u>-5.4%</u> | <u>-2.5%</u> |
| Total/Average | 2,187 | | 25,720 | 26,368 | 52,089 | 28.2% | -4.8% | -4.3% | -4.5% |

| Policy Year 2013 | | | | | | | | | |
|----------------------|---------------|-----------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|----------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 2,217 | 80% | 29,892 | 29,785 | 59,677 | 28.4% | 8.0% | 1.2% | 4.5% |
| Stipulated Award | <u>546</u> | 20% | <u>20,521</u> | <u>14,727</u> | <u>35,248</u> | <u>18.4%</u> | <u>11.8%</u> | <u>-1.2%</u> | <u>6.0%</u> |
| Total/Average | 2,763 | | 28,040 | 26,809 | 54,850 | 26.3% | 9.0% | 1.7% | 5.3% |

| Policy Year 2014 | | | | | | | | | |
|----------------------|---------------|-----------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|----------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 2,839 | 79% | 32,956 | 31,536 | 64,492 | 28.1% | 10.2% | 5.9% | 8.1% |
| Stipulated Award | <u>765</u> | 21% | <u>18,829</u> | <u>13,238</u> | <u>32,068</u> | <u>40.1%</u> | <u>-8.2%</u> | <u>-10.1%</u> | <u>-9.0%</u> |
| Total/Average | 3,604 | | 29,957 | 27,652 | 57,610 | 30.4% | 6.8% | 3.1% | 5.0% |

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

**Percentage of Claim Count and Average Severity of Compromise & Release
and Stipulated Finding and Award Settlements**
Geographic Region: Los Angeles**

| Policy Year 2011 | | | | | | | | | |
|----------------------|---------------|---------------------------|------------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 5,296 | 86% | 23,023 | 26,508 | 49,531 | --- | --- | --- | --- |
| Stipulated Award | <u>893</u> | 14% | <u>18,976</u> | <u>17,627</u> | <u>36,603</u> | --- | --- | --- | --- |
| Total/Average | 6,189 | | 22,439 | 25,226 | 47,665 | --- | --- | --- | --- |
| Policy Year 2012 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 7,031 | 86% | 21,390 | 24,199 | 45,589 | 32.8% | -7.1% | -8.7% | -8.0% |
| Stipulated Award | <u>1,169</u> | 14% | <u>16,832</u> | <u>15,488</u> | <u>32,320</u> | <u>30.9%</u> | <u>-11.3%</u> | <u>-12.1%</u> | <u>-11.7%</u> |
| Total/Average | 8,200 | | 20,740 | 22,957 | 43,697 | 32.5% | -7.6% | -9.0% | -8.3% |
| Policy Year 2013 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 9,225 | 86% | 22,163 | 23,595 | 45,758 | 31.2% | 3.6% | -2.5% | 0.4% |
| Stipulated Award | <u>1,446</u> | 14% | <u>17,871</u> | <u>14,939</u> | <u>32,810</u> | <u>23.7%</u> | <u>6.2%</u> | <u>-3.5%</u> | <u>1.5%</u> |
| Total/Average | 10,671 | | 21,582 | 22,422 | 44,003 | 30.1% | 4.1% | -2.3% | 0.7% |
| Policy Year 2014 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 11,389 | 87% | 23,797 | 22,984 | 46,781 | 23.5% | 7.4% | -2.6% | 2.2% |
| Stipulated Award | <u>1,740</u> | 13% | <u>18,171</u> | <u>13,643</u> | <u>31,813</u> | <u>20.3%</u> | <u>1.7%</u> | <u>-8.7%</u> | <u>-3.0%</u> |
| Total/Average | 13,129 | | 23,051 | 21,746 | 44,797 | 23.0% | 6.8% | -3.0% | 1.8% |

**Includes Los Angeles County and remainder of Los Angeles Basin
Source: closed permanent disability claims from third report level unit statistical data

**Percentage of Claim Count and Average Severity of Compromise & Release
and Stipulated Finding and Award Settlements**
Geographic Region: San Diego

| Policy Year 2011 | | | | | | | | | |
|----------------------|---------------|-----------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------|----------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 725 | 84% | 24,555 | 27,688 | 52,243 | --- | --- | --- | --- |
| Stipulated Award | <u>139</u> | 16% | <u>15,503</u> | <u>14,993</u> | <u>30,496</u> | --- | --- | --- | --- |
| Total/Average | 864 | | 23,099 | 25,646 | 48,744 | --- | --- | --- | --- |
| Policy Year 2012 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 875 | 81% | 21,745 | 27,195 | 48,940 | 20.7% | -11.4% | -1.8% | -6.3% |
| Stipulated Award | <u>205</u> | 19% | <u>14,857</u> | <u>14,390</u> | <u>29,247</u> | <u>47.5%</u> | <u>-4.2%</u> | <u>-4.0%</u> | <u>-4.1%</u> |
| Total/Average | 1,080 | | 20,437 | 24,764 | 45,202 | 25.0% | -11.5% | -3.4% | -7.3% |
| Policy Year 2013 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 1,265 | 82% | 22,368 | 26,504 | 48,872 | 44.6% | 2.9% | -2.5% | -0.1% |
| Stipulated Award | <u>285</u> | 18% | <u>16,311</u> | <u>11,793</u> | <u>28,105</u> | <u>39.0%</u> | <u>9.8%</u> | <u>-18.0%</u> | <u>-3.9%</u> |
| Total/Average | 1,550 | | 21,255 | 23,799 | 45,054 | 43.5% | 4.0% | -3.9% | -0.3% |
| Policy Year 2014 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 1,520 | 83% | 23,329 | 27,189 | 50,518 | 20.2% | 4.3% | 2.6% | 3.4% |
| Stipulated Award | <u>307</u> | 17% | <u>17,813</u> | <u>12,259</u> | <u>30,072</u> | <u>7.7%</u> | <u>9.2%</u> | <u>3.9%</u> | <u>7.0%</u> |
| Total/Average | 1,827 | | 22,402 | 24,680 | 47,083 | 17.9% | 5.4% | 3.7% | 4.5% |

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

**Percentage of Claim Count and Average Severity of Compromise & Release
and Stipulated Finding and Award Settlements**

Geographic Region: Other

| Policy Year 2011 | | | | | | | | | |
|----------------------|---------------|---------------------------|------------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 2,651 | 83% | 25,361 | 30,627 | 55,988 | --- | --- | --- | --- |
| Stipulated Award | <u>553</u> | 17% | <u>19,398</u> | <u>16,482</u> | <u>35,879</u> | --- | --- | --- | --- |
| Total/Average | 3,204 | | 24,332 | 28,186 | 52,517 | --- | --- | --- | --- |
| Policy Year 2012 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 3,302 | 84% | 25,095 | 30,610 | 55,705 | 24.6% | -1.1% | -0.1% | -0.5% |
| Stipulated Award | <u>617</u> | 16% | <u>17,196</u> | <u>15,779</u> | <u>32,975</u> | <u>11.6%</u> | <u>-11.4%</u> | <u>-4.3%</u> | <u>-8.1%</u> |
| Total/Average | 3,919 | | 23,851 | 28,275 | 52,126 | 22.3% | -2.0% | 0.3% | -0.7% |
| Policy Year 2013 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 4,319 | 83% | 25,720 | 29,043 | 54,763 | 30.8% | 2.5% | -5.1% | -1.7% |
| Stipulated Award | <u>855</u> | 17% | <u>16,855</u> | <u>13,977</u> | <u>30,831</u> | <u>38.6%</u> | <u>-2.0%</u> | <u>-11.4%</u> | <u>-6.5%</u> |
| Total/Average | 5,174 | | 24,255 | 26,554 | 50,808 | 32.0% | 1.7% | -6.1% | -2.5% |
| Policy Year 2014 | | | | | | | | | |
| | <u>Claims</u> | <u>% Distribution</u> | <u>Average Indemnity</u> | <u>Average Medical</u> | <u>Average Incurred</u> | <u>% Change in Claims</u> | <u>% Change in Avg. Indemnity</u> | <u>% Change in Avg. Medical</u> | <u>% Change in Avg. Incurred</u> |
| Compromise & Release | 5,123 | 83% | 27,672 | 29,034 | 56,706 | 18.6% | 7.6% | 0.0% | 3.5% |
| Stipulated Award | <u>1,026</u> | 17% | <u>18,560</u> | <u>13,678</u> | <u>32,238</u> | <u>20.0%</u> | <u>10.1%</u> | <u>-2.1%</u> | <u>4.6%</u> |
| Total/Average | 6,149 | | 26,152 | 26,472 | 52,623 | 18.8% | 7.8% | -0.3% | 3.6% |

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

Quarterly Expedited Hearings by Region

| <u>Time Period</u> | <u>Northern California</u> | <u>Central California</u> | <u>Southern California</u> | <u>Expedited Hearing</u> | <u>Change from Same Quarter in Prior Year</u> |
|--------------------|----------------------------|---------------------------|----------------------------|--------------------------|---|
| 1st Qtr 2011 | --- | --- | --- | 2,503 | --- |
| 2nd Qtr 2011 | --- | --- | --- | 2,098 | --- |
| 3rd Qtr 2011 | --- | --- | --- | 2,462 | --- |
| 4th Qtr 2011 | --- | --- | --- | 2,439 | --- |
| 1st Qtr 2012 | --- | --- | --- | 2,480 | -0.9% |
| 2nd Qtr 2012 | --- | --- | --- | 2,525 | 20.4% |
| 3rd Qtr 2012 | --- | --- | --- | 3,786 | 53.8% |
| 4th Qtr 2012 | --- | --- | --- | 2,673 | 9.6% |
| 1st Qtr 2013 | --- | --- | --- | 3,480 | 40.3% |
| 2nd Qtr 2013 | --- | --- | --- | 3,615 | 43.2% |
| 3rd Qtr 2013 | --- | --- | --- | 4,109 | 8.5% |
| 4th Qtr 2013 | --- | --- | --- | 4,013 | 50.1% |
| 1st Qtr 2014 | --- | --- | --- | 3,813 | 9.6% |
| 2nd Qtr 2014 | 14.4% | 24.6% | 60.9% | 4,463 | 23.5% |
| 3rd Qtr 2014 | 16.6% | 23.5% | 59.8% | 4,404 | 7.2% |
| 4th Qtr 2014 | 16.9% | 16.8% | 66.3% | 3,926 | -2.2% |
| 1st Qtr 2015 | 15.9% | 18.2% | 65.9% | 4,062 | 6.5% |
| 2nd Qtr 2015 | 18.0% | 18.0% | 63.9% | 3,993 | -10.5% |
| 3rd Qtr 2015 | 17.6% | 20.1% | 62.3% | 4,222 | -4.1% |
| 4th Qtr 2015 | 19.1% | 20.3% | 60.6% | 4,252 | 8.3% |
| 1st Qtr 2016 | 18.4% | 20.7% | 60.8% | 4,507 | 11.0% |
| 2nd Qtr 2016 | 16.7% | 20.5% | 62.8% | 4,631 | 16.0% |
| 3rd Qtr 2016 | 17.5% | 20.3% | 62.2% | 4,764 | 12.8% |
| 4th Qtr 2016 | 18.3% | 20.1% | 61.6% | 4,569 | 7.5% |
| 1st Qtr 2017 | 19.1% | 20.3% | 60.6% | 4,983 | 10.6% |
| 2nd Qtr 2017 | 16.8% | 17.8% | 65.4% | 4,990 | 7.8% |
| 3rd Qtr 2017 | 16.8% | 15.3% | 67.9% | 5,041 | 5.8% |
| 4th Qtr 2017 | 16.5% | 15.3% | 68.2% | 5,155 | 12.8% |
| 1st Qtr 2018 | 20.0% | 16.4% | 63.6% | 5,633 | 13.0% |
| 2nd Qtr 2018 | 19.7% | 14.8% | 65.5% | 5,768 | 15.6% |
| 3rd Qtr 2018 | 20.7% | 13.8% | 65.5% | 5,594 | 11.0% |
| 4th Qtr 2018 | 20.3% | 12.5% | 67.2% | 5,537 | 7.4% |
| 1st Qtr 2019 | 20.1% | 14.6% | 65.3% | 5,705 | 1.3% |
| 2nd Qtr 2019 | 17.8% | 12.0% | 70.2% | 5,831 | 1.1% |

Source: DWC

Quarterly Expedited Hearings - DOR Reasons by Region

Northern California

| <u>Time Period</u> | <u>Medical Treatment</u> | <u>TD</u> | <u>Other</u> |
|--------------------|--------------------------|-----------|--------------|
| 2Q14-4Q14 | 77.4% | 18.1% | 4.5% |
| 2015 | 76.4% | 19.9% | 3.7% |
| 2016 | 77.6% | 19.2% | 3.2% |
| 2017 | 77.5% | 20.5% | 2.0% |
| 2018 | 80.8% | 17.3% | 1.9% |
| 1Q19-2Q19 | 80.6% | 17.0% | 2.4% |

Central California

| <u>Time Period</u> | <u>Medical Treatment</u> | <u>TD</u> | <u>Other</u> |
|--------------------|--------------------------|-----------|--------------|
| 2Q14-4Q14 | 86.8% | 12.2% | 1.0% |
| 2015 | 84.6% | 14.2% | 1.2% |
| 2016 | 87.3% | 12.0% | 0.7% |
| 2017 | 84.8% | 14.3% | 0.9% |
| 2018 | 84.7% | 14.9% | 0.4% |
| 1Q19-2Q19 | 83.6% | 15.9% | 0.5% |

Southern California

| <u>Time Period</u> | <u>Medical Treatment</u> | <u>TD</u> | <u>Other</u> |
|--------------------|--------------------------|-----------|--------------|
| 2Q14-4Q14 | 70.0% | 19.4% | 10.7% |
| 2015 | 65.4% | 20.5% | 14.1% |
| 2016 | 69.1% | 18.9% | 12.0% |
| 2017 | 71.5% | 18.6% | 9.9% |
| 2018 | 74.2% | 17.0% | 8.8% |
| 1Q19-2Q19 | 77.3% | 16.7% | 5.9% |

Source: DWC

Liens Filed Counts*

| Time Period | Counts by Region** | | | | | | | |
|--------------|--------------------|--------------------------|-----------------------|--------------------------|------------------------------|------------|---------------------|---------|
| | Bay Area | Central Coast/ Valley | Los Angeles County | Remainder of LA Basin | Remaining CA Zip Codes | Sacramento | San Diego County | Total |
| 2011 | 18,723 | 24,414 | 283,774 | 114,554 | 2,535 | 3,934 | 15,922 | 463,856 |
| 1st Qtr 2012 | 5,490 | 7,245 | 97,245 | 38,034 | 895 | 1,248 | 4,936 | 155,093 |
| 2nd Qtr 2012 | 5,467 | 8,970 | 122,040 | 44,065 | 1,102 | 1,322 | 4,991 | 187,957 |
| 3rd Qtr 2012 | 6,434 | 15,289 | 207,639 | 85,152 | 698 | 1,407 | 6,611 | 323,230 |
| 4th Qtr 2012 | 10,397 | 25,730 | 342,549 | 123,129 | 1,119 | 1,557 | 8,523 | 513,004 |
| 1st Qtr 2013 | 1,232 | 2,193 | 46,830 | 17,032 | 230 | 268 | 1,312 | 69,097 |
| 2nd Qtr 2013 | 1,450 | 1,562 | 18,947 | 6,917 | 211 | 339 | 684 | 30,110 |
| 3rd Qtr 2013 | 1,607 | 1,795 | 25,999 | 9,855 | 247 | 410 | 991 | 40,904 |
| 4th Qtr 2013 | 1,928 | 2,025 | 29,537 | 10,893 | 276 | 358 | 1,136 | 46,153 |
| 1st Qtr 2014 | 1,841 | 2,029 | 25,668 | 10,117 | 239 | 384 | 1,165 | 41,443 |
| 2nd Qtr 2014 | 1,697 | 2,306 | 29,417 | 11,942 | 265 | 354 | 1,263 | 47,244 |
| 3rd Qtr 2014 | 1,941 | 1,996 | 29,665 | 12,198 | 355 | 424 | 1,378 | 47,957 |
| 4th Qtr 2014 | 1,690 | 2,371 | 34,772 | 12,469 | 374 | 384 | 1,488 | 53,548 |
| 1st Qtr 2015 | 2,071 | 3,058 | 45,827 | 18,016 | 431 | 488 | 2,133 | 72,024 |
| 2nd Qtr 2015 | 2,370 | 4,218 | 54,147 | 22,198 | 501 | 500 | 2,787 | 86,721 |
| 3rd Qtr 2015 | 2,428 | 4,977 | 61,619 | 24,827 | 691 | 526 | 3,047 | 98,115 |
| 4th Qtr 2015 | 2,338 | 4,991 | 68,843 | 26,571 | 686 | 495 | 3,085 | 107,009 |
| 1st Qtr 2016 | 2,884 | 5,410 | 67,259 | 27,326 | 672 | 538 | 3,931 | 108,020 |
| 2nd Qtr 2016 | 2,543 | 5,112 | 66,511 | 26,852 | 536 | 506 | 3,912 | 105,972 |
| 3rd Qtr 2016 | 2,243 | 4,167 | 45,707 | 20,136 | 420 | 462 | 3,404 | 76,539 |
| 4th Qtr 2016 | 1,872 | 4,433 | 66,169 | 25,942 | 506 | 397 | 4,400 | 103,719 |
| 1st Qtr 2017 | 1,228 | 1,872 | 24,947 | 9,594 | 334 | 312 | 1,380 | 39,667 |
| 2nd Qtr 2017 | 1,537 | 2,211 | 33,194 | 11,969 | 349 | 369 | 1,764 | 51,393 |
| 3rd Qtr 2017 | 1,700 | 2,047 | 29,215 | 10,487 | 298 | 419 | 1,149 | 45,315 |
| 4th Qtr 2017 | 1,535 | 1,804 | 26,566 | 9,914 | 313 | 366 | 1,176 | 41,674 |
| 1st Qtr 2018 | 1,501 | 1,575 | 28,754 | 10,848 | 312 | 406 | 1,314 | 44,710 |
| 2nd Qtr 2018 | 1,264 | 1,538 | 23,697 | 9,034 | 312 | 338 | 986 | 37,169 |
| 3rd Qtr 2018 | 1,156 | 1,178 | 18,596 | 6,340 | 241 | 309 | 702 | 28,522 |
| 4th Qtr 2018 | 1,276 | 1,217 | 19,034 | 6,108 | 230 | 308 | 690 | 28,522 |
| 1st Qtr 2019 | 1,206 | 1,044 | 17,863 | 5,664 | 268 | 336 | 577 | 26,958 |
| 2nd Qtr 2019 | 1,447 | 1,049 | 15,862 | 5,073 | 244 | 334 | 445 | 24,454 |

Counts by Type

| Time Period | Interpreter | Medical | Medical- | | | Total |
|--------------|-------------|---------|----------|-----------------|----------|---------|
| | | | Legal | Copy Service | Other*** | |
| 2011 | 28,721 | 292,982 | 39,569 | 539 | 102,045 | 463,856 |
| 1st Qtr 2012 | 12,937 | 85,152 | 22,931 | 139 | 33,934 | 155,093 |
| 2nd Qtr 2012 | 17,162 | 106,336 | 37,440 | 65 | 26,954 | 187,957 |
| 3rd Qtr 2012 | 46,095 | 182,474 | 64,912 | 91 | 29,658 | 323,230 |
| 4th Qtr 2012 | 47,427 | 317,241 | 80,916 | 62 | 67,358 | 513,004 |
| 1st Qtr 2013 | 2,397 | 45,631 | 11,411 | 11 | 9,647 | 69,097 |
| 2nd Qtr 2013 | 831 | 22,480 | 587 | 20 | 6,192 | 30,110 |
| 3rd Qtr 2013 | 484 | 32,356 | 653 | 23 | 7,388 | 40,904 |
| 4th Qtr 2013 | 378 | 37,515 | 537 | 8 | 7,715 | 46,153 |
| 1st Qtr 2014 | 421 | 33,105 | 397 | 16 | 7,504 | 41,443 |
| 2nd Qtr 2014 | 275 | 38,534 | 320 | 10 | 8,105 | 47,244 |
| 3rd Qtr 2014 | 140 | 39,810 | 179 | 7 | 7,821 | 47,957 |
| 4th Qtr 2014 | 156 | 45,440 | 160 | 4 | 7,788 | 53,548 |
| 1st Qtr 2015 | 143 | 60,155 | 216 | 18 | 11,492 | 72,024 |
| 2nd Qtr 2015 | 152 | 74,037 | 268 | 7 | 12,257 | 86,721 |
| 3rd Qtr 2015 | 134 | 84,290 | 191 | 7 | 13,493 | 98,115 |
| 4th Qtr 2015 | 101 | 91,820 | 236 | 15 | 14,837 | 107,009 |
| 1st Qtr 2016 | 60 | 93,393 | 233 | 5 | 14,329 | 108,020 |
| 2nd Qtr 2016 | 90 | 89,781 | 467 | 6 | 15,628 | 105,972 |
| 3rd Qtr 2016 | 64 | 64,924 | 262 | 11 | 11,278 | 76,539 |
| 4th Qtr 2016 | 94 | 91,867 | 68 | 4 | 11,686 | 103,719 |
| 1st Qtr 2017 | 29 | 33,952 | 19 | 3 | 5,664 | 39,667 |
| 2nd Qtr 2017 | 33 | 43,470 | 34 | 5 | 7,851 | 51,393 |
| 3rd Qtr 2017 | 77 | 37,815 | 31 | 0 | 7,392 | 45,315 |
| 4th Qtr 2017 | 65 | 33,876 | 18 | 1 | 7,714 | 41,674 |
| 1st Qtr 2018 | 64 | 36,674 | 29 | 2 | 7,941 | 44,710 |
| 2nd Qtr 2018 | 103 | 29,276 | 22 | 0 | 7,768 | 37,169 |
| 3rd Qtr 2018 | 79 | 21,334 | 14 | 4 | 7,091 | 28,522 |
| 4th Qtr 2018 | 60 | 21,595 | 22 | 1 | 7,185 | 28,863 |
| 1st Qtr 2019 | 75 | 19,887 | 12 | 1 | 6,983 | 26,958 |
| 2nd Qtr 2019 | 54 | 18,497 | 17 | 1 | 5,885 | 24,454 |

* Lien Counts exclude SDI/EDD Liens

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

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

Source: EAMS Liens Data

Liens Filed Counts*

Counts by Region**

| Month | Bay Area | Central Coast/ Valley | Los Angeles County | Remainder of LA Basin | Remaining CA Zip Codes | Sacramento | San Diego County | Total |
|--------|----------|--------------------------|-----------------------|--------------------------|------------------------------|------------|---------------------|--------|
| Jan-17 | 210 | 347 | 5,362 | 2,380 | 69 | 64 | 316 | 8,748 |
| Feb-17 | 421 | 598 | 8,251 | 3,112 | 122 | 118 | 453 | 13,075 |
| Mar-17 | 597 | 927 | 11,334 | 4,102 | 143 | 130 | 611 | 17,844 |
| Apr-17 | 474 | 764 | 11,573 | 4,118 | 110 | 106 | 640 | 17,785 |
| May-17 | 519 | 835 | 11,395 | 4,175 | 121 | 132 | 573 | 17,750 |
| Jun-17 | 544 | 612 | 10,226 | 3,676 | 118 | 131 | 551 | 15,858 |
| Jul-17 | 530 | 548 | 10,092 | 3,636 | 101 | 130 | 426 | 15,463 |
| Aug-17 | 594 | 703 | 10,712 | 3,690 | 109 | 146 | 412 | 16,366 |
| Sep-17 | 576 | 796 | 8,411 | 3,161 | 88 | 143 | 311 | 13,486 |
| Oct-17 | 514 | 773 | 9,856 | 3,585 | 100 | 128 | 413 | 15,369 |
| Nov-17 | 451 | 496 | 8,506 | 3,214 | 110 | 119 | 371 | 13,267 |
| Dec-17 | 570 | 535 | 8,204 | 3,115 | 103 | 119 | 392 | 13,038 |
| Jan-18 | 473 | 565 | 9,986 | 3,636 | 98 | 123 | 457 | 15,338 |
| Feb-18 | 490 | 479 | 8,982 | 3,451 | 101 | 140 | 481 | 14,124 |
| Mar-18 | 538 | 531 | 9,786 | 3,761 | 113 | 143 | 376 | 15,248 |
| Apr-18 | 387 | 546 | 8,851 | 3,375 | 97 | 90 | 361 | 13,707 |
| May-18 | 477 | 513 | 8,380 | 3,433 | 112 | 126 | 308 | 13,349 |
| Jun-18 | 400 | 479 | 6,466 | 2,226 | 103 | 122 | 317 | 10,113 |
| Jul-18 | 386 | 414 | 6,101 | 2,109 | 79 | 124 | 229 | 9,442 |
| Aug-18 | 406 | 422 | 7,039 | 2,338 | 76 | 91 | 275 | 10,647 |
| Sep-18 | 364 | 342 | 5,456 | 1,893 | 86 | 94 | 198 | 8,433 |
| Oct-18 | 476 | 454 | 6,645 | 2,270 | 74 | 106 | 271 | 10,296 |
| Nov-18 | 454 | 431 | 6,436 | 2,097 | 81 | 117 | 237 | 9,853 |
| Dec-18 | 346 | 332 | 5,953 | 1,741 | 75 | 85 | 182 | 8,714 |
| Jan-19 | 434 | 371 | 6,394 | 1,918 | 78 | 113 | 191 | 9,499 |
| Feb-19 | 407 | 385 | 5,581 | 1,802 | 120 | 116 | 205 | 8,616 |
| Mar-19 | 365 | 288 | 5,888 | 1,944 | 70 | 107 | 181 | 8,843 |
| Apr-19 | 449 | 374 | 5,683 | 1,903 | 99 | 121 | 188 | 8,817 |
| May-19 | 535 | 366 | 5,352 | 1,734 | 82 | 113 | 152 | 8,334 |
| Jun-19 | 463 | 309 | 4,827 | 1,436 | 63 | 100 | 105 | 7,303 |

Counts by Type

| Month | Interpreter | Medical | Medical- Legal | Copy Service | Other*** | Total |
|--------|-------------|---------|-------------------|-----------------|----------|--------|
| Jan-17 | 9 | 7,460 | 5 | 2 | 1,272 | 8,748 |
| Feb-17 | 8 | 11,103 | 10 | 1 | 1,953 | 13,075 |
| Mar-17 | 12 | 15,389 | 4 | 0 | 2,439 | 17,844 |
| Apr-17 | 13 | 15,188 | 12 | 3 | 2,569 | 17,785 |
| May-17 | 7 | 14,838 | 14 | 1 | 2,890 | 17,750 |
| Jun-17 | 13 | 13,444 | 8 | 1 | 2,392 | 15,858 |
| Jul-17 | 37 | 13,022 | 9 | 0 | 2,395 | 15,463 |
| Aug-17 | 24 | 13,599 | 11 | 0 | 2,732 | 16,366 |
| Sep-17 | 16 | 11,194 | 11 | 0 | 2,265 | 13,486 |
| Oct-17 | 13 | 12,692 | 5 | 1 | 2,658 | 15,369 |
| Nov-17 | 19 | 10,666 | 5 | 0 | 2,577 | 13,267 |
| Dec-17 | 33 | 10,518 | 8 | 0 | 2,479 | 13,038 |
| Jan-18 | 41 | 12,695 | 12 | 1 | 2,589 | 15,338 |
| Feb-18 | 17 | 11,551 | 9 | 1 | 2,546 | 14,124 |
| Mar-18 | 6 | 12,428 | 8 | 0 | 2,806 | 15,248 |
| Apr-18 | 18 | 10,714 | 11 | 0 | 2,964 | 13,707 |
| May-18 | 25 | 10,744 | 8 | 0 | 2,572 | 13,349 |
| Jun-18 | 60 | 7,818 | 3 | 0 | 2,232 | 10,113 |
| Jul-18 | 44 | 7,056 | 0 | 3 | 2,339 | 9,442 |
| Aug-18 | 23 | 7,914 | 8 | 1 | 2,701 | 10,647 |
| Sep-18 | 12 | 6,364 | 6 | 0 | 2,051 | 8,433 |
| Oct-18 | 23 | 7,720 | 9 | 0 | 2,544 | 10,296 |
| Nov-18 | 24 | 7,309 | 7 | 1 | 2,512 | 9,853 |
| Dec-18 | 13 | 6,566 | 6 | 0 | 2,129 | 8,714 |
| Jan-19 | 26 | 6,759 | 7 | 1 | 2,706 | 9,499 |
| Feb-19 | 38 | 6,011 | 3 | 0 | 2,564 | 8,616 |
| Mar-19 | 11 | 7,117 | 2 | 0 | 1,713 | 8,843 |
| Apr-19 | 27 | 6,707 | 4 | 1 | 2,078 | 8,817 |
| May-19 | 22 | 6,357 | 10 | 0 | 1,945 | 8,334 |
| Jun-19 | 5 | 5,433 | 3 | 0 | 1,862 | 7,303 |

* Lien Counts exclude SDI/EDD Liens

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

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

Source: EAMS Liens Data

Medicare Set-aside Costs by Age Interval

| <u>First Survey Level</u> | | <u>Percentage of PD Claims Involving Set-aside Claims</u> | | | <u>Average Set-aside Amount</u> | | | <u>Median Set-aside Amount</u> | | |
|---------------------------|----------------------|---|----------------|----------------------|---------------------------------|----------------|----------------------|--------------------------------|----------------|--|
| <u>Accident Year</u> | <u>59 or Younger</u> | <u>60 or Older</u> | <u>Average</u> | <u>59 or Younger</u> | <u>60 or Older</u> | <u>Average</u> | <u>59 or Younger</u> | <u>60 or Older</u> | <u>Average</u> | |
| 2011 | 0.9% | 10.5% | 1.9% | 54,190 | 34,138 | 43,194 | 22,743 | 12,634 | 20,247 | |
| 2012 | 0.5% | 6.6% | 1.1% | 93,330 | 35,779 | 57,555 | 44,154 | 28,224 | 28,615 | |
| 2013 | 0.8% | 11.5% | 2.0% | 85,397 | 34,890 | 53,190 | 28,729 | 22,656 | 25,166 | |
| 2014 | 0.8% | 9.2% | 1.7% | 47,245 | 40,012 | 42,880 | 41,975 | 25,230 | 37,439 | |
| 2015 | 0.1% | 7.4% | 0.9% | 38,145 | 32,853 | 33,514 | 38,145 | 27,533 | 27,533 | |
| 2016 | 0.6% | 7.9% | 1.5% | 40,326 | 29,231 | 33,194 | 32,117 | 16,540 | 24,399 | |

| <u>Second Survey Level</u> | | <u>Percentage of PD Claims Involving Set-aside Claims</u> | | | <u>Average Set-aside Amount</u> | | | <u>Median Set-aside Amount</u> | | |
|----------------------------|----------------------|---|----------------|----------------------|---------------------------------|----------------|----------------------|--------------------------------|----------------|--|
| <u>Accident Year</u> | <u>59 or Younger</u> | <u>60 or Older</u> | <u>Average</u> | <u>59 or Younger</u> | <u>60 or Older</u> | <u>Average</u> | <u>59 or Younger</u> | <u>60 or Older</u> | <u>Average</u> | |
| 2011 | 1.6% | 16.8% | 3.1% | 66,781 | 33,195 | 49,020 | 31,500 | 21,755 | 29,410 | |
| 2012 | 1.3% | 14.3% | 2.7% | 94,412 | 43,793 | 65,801 | 37,097 | 33,038 | 35,237 | |
| 2013 | 1.5% | 16.0% | 3.1% | 76,734 | 44,122 | 58,314 | 40,222 | 25,672 | 32,569 | |
| 2014 | 1.9% | 15.1% | 3.4% | 95,430 | 40,321 | 67,392 | 52,572 | 28,736 | 39,474 | |
| 2015 | 0.1% | 8.0% | 1.0% | 38,145 | 31,900 | 32,593 | 38,145 | 27,533 | 27,533 | |

Source: WCIRB Permanent Disability Claim Survey.

Medicare Set-aside Costs By Permanent Disability Rating Interval

| <u>First Survey Level</u> | Percentage of PD Claims Involving Set-aside Claims | | | | | | Average Set-aside Amount | | | Median Set-aside Amount | | |
|---------------------------|--|------|------------|---------|---------------|------------|--------------------------|---------------|-------------|-------------------------|---------------|-------------|
| | Less Than 25% | | 25% to 69% | | 70% or More | | Less Than 25% | 25% to 69% | 70% or More | Less Than 25% | 25% to 69% | 70% or More |
| | Year | 25% | 69% | Average | Less Than 25% | 25% to 69% | Average | Less Than 25% | 25% to 69% | Average | Less Than 25% | 25% to 69% |
| 2011 | 1.0% | 4.1% | 5.3% | 1.9% | 20,777 | 43,933 | 576,974 | 43,194 | 14,930 | 28,586 | 576,974 | 20,247 |
| 2012 | 0.3% | 3.2% | 7.4% | 1.1% | 19,076 | 51,369 | 278,838 | 57,555 | 16,902 | 31,609 | 278,838 | 28,615 |
| 2013 | 1.0% | 3.8% | 9.1% | 2.0% | 33,622 | 39,803 | 307,815 | 53,190 | 20,994 | 25,166 | 204,096 | 25,166 |
| 2014 | 0.5% | 4.0% | 10.0% | 1.7% | 28,092 | 43,308 | 90,827 | 42,880 | 21,065 | 37,439 | 61,277 | 37,439 |
| 2015 | 0.6% | 3.3% | 0.0% | 0.9% | 23,300 | 46,647 | 0 | 33,514 | 19,477 | 44,050 | N/A | 27,533 |
| 2016 | 0.9% | 4.6% | 30.0% | 1.5% | 24,479 | 44,636 | 38,627 | 33,194 | 11,170 | 36,023 | 35,766 | 24,399 |

| <u>Second Survey Level</u> | Percentage of PD Claims Involving Set-aside Claims | | | | | | Average Set-aside Amount | | | Median Set-aside Amount | | |
|----------------------------|--|------|------------|---------|---------------|------------|--------------------------|---------------|-------------|-------------------------|---------------|-------------|
| | Less Than 25% | | 25% to 69% | | 70% or More | | Less Than 25% | 25% to 69% | 70% or More | Less Than 25% | 25% to 69% | 70% or More |
| | Year | 25% | 69% | Average | Less Than 25% | 25% to 69% | Average | Less Than 25% | 25% to 69% | Average | Less Than 25% | 25% to 69% |
| 2011 | 1.5% | 6.7% | 9.1% | 3.1% | 40,316 | 51,839 | 88,547 | 49,020 | 16,187 | 32,617 | 84,036 | 29,410 |
| 2012 | 1.0% | 6.4% | 21.1% | 2.7% | 32,197 | 54,702 | 249,859 | 65,801 | 23,309 | 35,237 | 151,666 | 35,237 |
| 2013 | 1.3% | 6.2% | 14.8% | 3.1% | 26,167 | 59,207 | 171,049 | 58,314 | 20,509 | 38,731 | 174,060 | 32,569 |
| 2014 | 1.1% | 6.8% | 29.3% | 3.4% | 38,337 | 53,027 | 217,650 | 67,392 | 37,487 | 37,004 | 153,195 | 39,474 |
| 2015 | 0.6% | 4.1% | 0.0% | 1.0% | 23,300 | 41,887 | N/A | 32,593 | 19,477 | 44,050 | N/A | 27,533 |

Source: WCIRB Permanent Disability Claim Survey.

IMR Filed Counts

Quarterly IMRs Filed

| <u>Year & Quarter</u> | <u>IMRs Filed</u> | Change from Same Quarter in <u>Prior Year</u> | <u>Eligible IMRs</u> | Change from Same Quarter in <u>Prior Year</u> |
|---------------------------|-------------------|---|----------------------|---|
| 2013 1Q & 2Q | 878 | --- | --- | --- |
| 2013 3Q | 31,950 | --- | --- | --- |
| 2013 4Q | 51,092 | --- | --- | --- |
| 2014 1Q | 49,929 | --- | 17,421 | --- |
| 2014 2Q | 60,023 | --- | 24,417 | --- |
| 2014 3Q | 59,678 | 86.8% | 54,959 | --- |
| 2014 4Q | 58,577 | 14.7% | 46,512 | --- |
| 2015 1Q | 61,142 | 22.5% | 36,314 | 108.4% |
| 2015 2Q | 65,418 | 9.0% | 48,628 | 99.2% |
| 2015 3Q | 65,889 | 10.4% | 40,603 | -26.1% |
| 2015 4Q | 61,330 | 4.7% | 39,950 | -14.1% |
| 2016 1Q | 60,772 | -0.6% | 41,023 | 13.0% |
| 2016 2Q | 64,852 | -0.9% | 44,287 | -8.9% |
| 2016 3Q | 62,411 | -5.3% | 43,892 | 8.1% |
| 2016 4Q | 61,318 | 0.0% | 43,618 | 9.2% |
| 2017 1Q | 61,253 | 0.8% | 43,194 | 5.3% |
| 2017 2Q | 62,773 | -3.2% | 42,866 | -3.2% |
| 2017 3Q | 63,380 | 1.6% | 42,836 | -2.4% |
| 2017 4Q | 60,125 | -1.9% | 43,298 | -0.7% |
| 2018 1Q | 64,533 | 5.4% | 47,336 | 9.6% |
| 2018 2Q | 66,647 | 6.2% | 48,175 | 12.4% |
| 2018 3Q | 61,658 | -2.7% | 45,775 | 6.9% |
| 2018 4Q | 59,539 | -1.0% | 44,941 | 3.8% |
| 2019 1Q | 56,083 | -13.1% | 42,334 | -10.6% |
| 2019 2Q | 57,498 | -13.7% | 43,658 | -9.4% |

Yearly IMR Counts

| | <u>Original IMR Applications</u> | <u>Duplicates</u> | <u>Ineligible</u> | <u>Total Rejected</u> | <u>Eligible IMRs</u> | <u>Eligible IMR Yearly Change</u> |
|-----------------|--------------------------------------|-------------------|-------------------|-----------------------|----------------------|---------------------------------------|
| 2013 IMR Counts | 83,920 | 15,560 | 15,516 | 31,076 | 52,844 | --- |
| 2014 IMR Counts | 228,084 | 56,503 | 28,272 | 84,775 | 143,309 | 171.2% |
| 2015 IMR Counts | 253,776 | 58,106 | 30,175 | 88,281 | 165,495 | 15.5% |
| 2016 IMR Counts | 249,353 | 53,314 | 23,219 | 76,533 | 172,820 | 4.4% |
| 2017 IMR Counts | 247,531 | 54,993 | 20,344 | 75,337 | 172,194 | -0.4% |
| 2018 IMR Counts | 252,377 | 52,294 | 13,856 | 66,150 | 186,227 | 8.1% |

Source: DWC Collected from IMR Vendor

DWC Via Commission on Health and Safety & Workers' Compensation 2018 Annual Report

Reported Indemnity Claim Count Development – Statewide

| Accident Year | <u>3-15</u> | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-87</u> | <u>87-99</u> | <u>99-111</u> |
|---------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 2001 | | | | | | | | | 0.999 |
| 2002 | | | | | | | | 0.999 | 1.000 |
| 2003 | | | | | | | 0.999 | 0.999 | 0.999 |
| 2004 | | | | | | 0.999 | 0.999 | 0.999 | 1.000 |
| 2005 | | | | | 1.001 | 1.000 | 1.001 | 1.000 | 1.000 |
| 2006 | | | | 1.004 | 1.002 | 1.001 | 1.001 | 1.000 | 1.001 |
| 2007 | | | 1.011 | 1.006 | 1.003 | 1.002 | 1.000 | 1.000 | 1.001 |
| 2008 | | 1.059 | 1.017 | 1.009 | 1.004 | 1.003 | 1.001 | 1.001 | 1.001 |
| 2009 | 6.968 | 1.080 | 1.022 | 1.008 | 1.005 | 1.003 | 1.002 | 1.002 | 1.000 |
| 2010 | 7.382 | 1.089 | 1.021 | 1.010 | 1.006 | 1.003 | 1.002 | 1.001 | 1.000 |
| 2011 | 7.502 | 1.100 | 1.026 | 1.011 | 1.005 | 1.003 | 1.002 | 1.001 | |
| 2012 | 7.678 | 1.120 | 1.026 | 1.009 | 1.006 | 1.003 | 1.001 | | |
| 2013 | 8.155 | 1.101 | 1.024 | 1.009 | 1.005 | 1.002 | | | |
| 2014 | 7.706 | 1.105 | 1.023 | 1.010 | 1.005 | | | | |
| 2015 | 8.019 | 1.106 | 1.020 | 1.006 | | | | | |
| 2016 | 7.723 | 1.110 | 1.023 | | | | | | |
| 2017 | 7.812 | 1.098 | | | | | | | |
| 2018 | 7.846 | | | | | | | | |

| Latest Year | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| I. <u>Age-to-Age</u> | 7.846 | 1.098 | 1.023 | 1.006 | 1.005 | 1.002 | 1.001 | 1.001 | 1.000 | |
| II. <u>Age-to-Ultimate</u> | 8.978 | 1.144 | 1.042 | 1.019 | 1.013 | 1.008 | 1.006 | 1.005 | 1.004 | 1.004 |
| III. <u>Estimated Percent of Ultimate Indemnity Claims Reported</u> | 11.1% | 87.4% | 95.9% | 98.1% | 98.8% | 99.2% | 99.4% | 99.5% | 99.6% | 99.6% |

Reported Total Claim Count Development – Statewide

| Accident Year | <u>3-15</u> | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-87</u> | <u>87-99</u> | <u>99-111</u> |
|---------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 2001 | | | | | | | | | 1.001 |
| 2002 | | | | | | | | 1.001 | 1.001 |
| 2003 | | | | | | | 1.001 | 1.001 | 1.000 |
| 2004 | | | | | | 1.001 | 1.001 | 1.000 | 1.000 |
| 2005 | | | | | 1.001 | 1.002 | 1.001 | 1.001 | 1.001 |
| 2006 | | | | 1.004 | 1.003 | 1.001 | 1.001 | 1.001 | 1.001 |
| 2007 | | | 1.009 | 1.005 | 1.003 | 1.002 | 1.001 | 1.001 | 1.001 |
| 2008 | | 1.041 | 1.010 | 1.006 | 1.003 | 1.002 | 1.001 | 1.001 | 1.001 |
| 2009 | 7.020 | 1.044 | 1.013 | 1.005 | 1.004 | 1.002 | 1.002 | 1.001 | 1.000 |
| 2010 | 7.240 | 1.047 | 1.011 | 1.006 | 1.003 | 1.002 | 1.002 | 1.001 | 1.001 |
| 2011 | 7.157 | 1.050 | 1.014 | 1.006 | 1.003 | 1.002 | 1.001 | 1.001 | |
| 2012 | 7.190 | 1.061 | 1.013 | 1.006 | 1.004 | 1.002 | 1.001 | | |
| 2013 | 7.737 | 1.054 | 1.014 | 1.006 | 1.003 | 1.002 | | | |
| 2014 | 7.427 | 1.059 | 1.012 | 1.006 | 1.003 | | | | |
| 2015 | 7.466 | 1.056 | 1.012 | 1.005 | | | | | |
| 2016 | 7.374 | 1.058 | 1.013 | | | | | | |
| 2017 | 7.619 | 1.049 | | | | | | | |
| 2018 | 7.347 | | | | | | | | |

| Latest Year | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| I. <u>Age-to-Age</u> | 7.347 | 1.049 | 1.013 | 1.005 | 1.003 | 1.002 | 1.001 | 1.001 | 1.001 | |
| II. <u>Age-to-Ultimate</u> | 7.927 | 1.079 | 1.028 | 1.015 | 1.010 | 1.007 | 1.005 | 1.004 | 1.003 | 1.003 |
| III. <u>Estimated Percent of Ultimate Total Claims Reported</u> | 12.6% | 92.7% | 97.2% | 98.5% | 99.0% | 99.3% | 99.5% | 99.6% | 99.7% | 99.7% |

Source: WCIRB quarterly calls for experience

Indemnity Claim Settlement Ratios by Injury Type

| Permanent Partial | | | | | |
|-------------------|-------|-------|-------|-------|-------|
| AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1997 | 8.3% | 32.8% | 55.1% | 69.3% | 77.1% |
| 1998 | 8.7% | 30.3% | 52.6% | 66.7% | 73.9% |
| 1999 | 8.5% | 28.7% | 49.6% | 61.7% | 68.6% |
| 2000 | 7.9% | 26.3% | 44.6% | 56.6% | 65.7% |
| 2001 | 6.8% | 21.8% | 40.6% | 57.0% | 68.8% |
| 2002 | 5.1% | 19.0% | 41.1% | 59.6% | 71.0% |
| 2003 | 4.0% | 20.6% | 44.0% | 61.0% | 72.1% |
| 2004 | 5.2% | 22.4% | 43.9% | 59.9% | 71.1% |
| 2005 | 5.9% | 22.5% | 43.2% | 59.3% | 69.6% |
| 2006 | 6.5% | 23.6% | 44.3% | 59.4% | 68.9% |
| 2007 | 6.0% | 23.9% | 43.6% | 58.0% | 68.1% |
| 2008 | 6.1% | 24.0% | 43.2% | 57.9% | 69.8% |
| 2009 | 6.1% | 23.5% | 42.4% | 58.4% | 70.6% |
| 2010 | 7.2% | 25.2% | 45.7% | 62.3% | 73.6% |
| 2011 | 8.0% | 27.4% | 48.6% | 64.4% | 75.6% |
| 2012 | 9.2% | 30.5% | 51.4% | 66.3% | 77.6% |
| 2013 | 10.2% | 32.1% | 53.6% | 70.0% | 80.5% |
| 2014 | 10.6% | 32.9% | 54.5% | 71.0% | |
| 2015 | 12.3% | 37.2% | 58.7% | | |
| 2016 | 13.7% | 39.9% | | | |
| 2017 | 16.6% | | | | |

| Temporary | | | | | |
|-----------|-------|-------|-------|-------|-------|
| AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1997 | 67.7% | 83.4% | 89.5% | 93.3% | 96.4% |
| 1998 | 69.9% | 84.2% | 90.2% | 94.0% | 95.7% |
| 1999 | 68.5% | 83.4% | 89.8% | 92.7% | 94.5% |
| 2000 | 63.9% | 80.4% | 86.7% | 90.3% | 92.3% |
| 2001 | 60.8% | 76.1% | 84.9% | 88.4% | 90.6% |
| 2002 | 60.4% | 78.1% | 85.3% | 89.5% | 92.3% |
| 2003 | 64.5% | 79.6% | 87.2% | 91.7% | 94.2% |
| 2004 | 67.0% | 82.6% | 90.0% | 94.2% | 95.2% |
| 2005 | 67.3% | 82.4% | 89.5% | 92.1% | 95.2% |
| 2006 | 68.7% | 84.6% | 90.3% | 93.6% | 95.3% |
| 2007 | 69.2% | 83.8% | 90.5% | 93.5% | 94.9% |
| 2008 | 68.5% | 83.0% | 88.9% | 92.0% | 94.2% |
| 2009 | 66.9% | 80.7% | 86.8% | 90.9% | 93.1% |
| 2010 | 64.8% | 78.2% | 85.5% | 89.8% | 92.5% |
| 2011 | 63.3% | 77.5% | 84.9% | 89.5% | 91.8% |
| 2012 | 63.1% | 78.0% | 86.1% | 90.7% | 93.0% |
| 2013 | 63.6% | 80.4% | 88.0% | 92.0% | 93.9% |
| 2014 | 66.4% | 81.7% | 88.8% | 92.5% | |
| 2015 | 65.9% | 81.6% | 89.5% | | |
| 2016 | 68.2% | 85.1% | | | |
| 2017 | 70.9% | | | | |

| Cumulative Injury* | | | | | |
|--------------------|-------|-------|-------|-------|-------|
| AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1997 | 7.7% | 30.1% | 50.0% | 65.1% | 74.3% |
| 1998 | 10.7% | 29.1% | 48.8% | 62.5% | 71.1% |
| 1999 | 12.2% | 29.3% | 46.7% | 59.2% | 67.5% |
| 2000 | 11.6% | 28.1% | 43.9% | 55.7% | 65.3% |
| 2001 | 10.5% | 24.4% | 41.7% | 55.5% | 66.2% |
| 2002 | 10.5% | 25.1% | 42.8% | 58.3% | 69.4% |
| 2003 | 11.8% | 26.5% | 44.5% | 59.0% | 69.2% |
| 2004 | 14.8% | 29.6% | 46.0% | 60.2% | 69.6% |
| 2005 | 12.6% | 26.7% | 42.3% | 54.8% | 64.5% |
| 2006 | 12.7% | 27.6% | 42.8% | 54.8% | 64.1% |
| 2007 | 13.4% | 28.8% | 43.4% | 55.3% | 65.2% |
| 2008 | 12.0% | 27.2% | 42.0% | 54.7% | 65.9% |
| 2009 | 11.3% | 25.2% | 40.5% | 54.6% | 66.9% |
| 2010 | 12.9% | 27.3% | 44.7% | 61.1% | 71.9% |
| 2011 | 11.8% | 29.1% | 48.4% | 62.9% | 73.0% |
| 2012 | 12.8% | 32.8% | 50.5% | 63.9% | 75.0% |
| 2013 | 16.3% | 36.8% | 55.3% | 69.3% | 79.1% |
| 2014 | 16.6% | 36.4% | 52.8% | 69.7% | |
| 2015 | 18.0% | 39.6% | 57.5% | | |
| 2016 | 21.3% | 45.5% | | | |
| 2017 | 26.8% | | | | |

| Non-Cumulative Injury | | | | | |
|-----------------------|-------|-------|-------|-------|-------|
| AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1997 | 18.0% | 45.0% | 63.6% | 77.6% | 83.6% |
| 1998 | 25.8% | 48.2% | 66.9% | 76.8% | 82.0% |
| 1999 | 29.3% | 51.1% | 66.1% | 74.3% | 79.1% |
| 2000 | 30.8% | 49.4% | 62.9% | 71.4% | 77.0% |
| 2001 | 26.1% | 42.9% | 58.4% | 69.6% | 77.4% |
| 2002 | 26.4% | 43.0% | 59.5% | 72.1% | 79.8% |
| 2003 | 29.7% | 46.5% | 63.2% | 74.8% | 82.2% |
| 2004 | 34.1% | 51.4% | 66.3% | 76.7% | 83.2% |
| 2005 | 37.8% | 54.0% | 67.6% | 76.5% | 84.3% |
| 2006 | 39.0% | 56.2% | 69.1% | 78.8% | 84.0% |
| 2007 | 39.3% | 56.0% | 69.8% | 78.0% | 83.3% |
| 2008 | 39.1% | 56.3% | 68.4% | 76.9% | 83.6% |
| 2009 | 39.4% | 55.3% | 67.5% | 77.2% | 83.7% |
| 2010 | 39.2% | 55.0% | 68.7% | 78.4% | 84.9% |
| 2011 | 39.4% | 56.4% | 70.0% | 79.5% | 85.7% |
| 2012 | 40.3% | 58.2% | 72.0% | 80.9% | 87.0% |
| 2013 | 41.5% | 60.2% | 73.8% | 83.1% | 88.5% |
| 2014 | 42.9% | 60.8% | 74.6% | 83.8% | |
| 2015 | 42.2% | 61.8% | 76.8% | | |
| 2016 | 44.8% | 65.6% | | | |
| 2017 | 47.3% | | | | |

| All Indemnity | | | | | |
|---------------|-------|-------|-------|-------|-------|
| AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1997 | 35.1% | 55.6% | 70.6% | 80.1% | 85.8% |
| 1998 | 37.1% | 55.3% | 70.1% | 79.4% | 84.0% |
| 1999 | 36.5% | 54.2% | 68.3% | 76.2% | 80.7% |
| 2000 | 34.6% | 52.1% | 64.7% | 72.7% | 78.4% |
| 2001 | 31.5% | 46.6% | 60.9% | 71.4% | 78.8% |
| 2002 | 29.5% | 45.1% | 60.6% | 72.8% | 80.4% |
| 2003 | 31.4% | 47.3% | 63.5% | 74.9% | 82.1% |
| 2004 | 35.5% | 51.9% | 66.4% | 76.7% | 82.9% |
| 2005 | 38.7% | 54.6% | 68.0% | 76.9% | 83.3% |
| 2006 | 39.4% | 55.9% | 68.6% | 77.5% | 82.9% |
| 2007 | 39.0% | 55.2% | 68.0% | 76.5% | 82.1% |
| 2008 | 37.4% | 53.6% | 66.1% | 75.0% | 82.0% |
| 2009 | 36.0% | 51.6% | 64.3% | 74.4% | 81.7% |
| 2010 | 35.8% | 51.5% | 65.4% | 75.9% | 82.9% |
| 2011 | 35.6% | 52.4% | 66.8% | 77.0% | 83.7% |
| 2012 | 36.4% | 54.4% | 68.9% | 78.6% | 85.4% |
| 2013 | 37.2% | 56.5% | 70.9% | 81.1% | 87.3% |
| 2014 | 38.2% | 57.0% | 71.5% | 81.7% | |
| 2015 | 38.7% | 59.1% | 73.9% | | |
| 2016 | 40.8% | 62.4% | | | |
| 2017 | 43.1% | | | | |

Notes:
 *Cumulative Injury includes both cumulative injury and occupational disease.
 Settlement rates are based on claim counts developed to 5th report.
 Source: WCIRB Unit Statistical data

Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims

| Accident Year | Development | | | | | | | | |
|------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | <u>3-15</u> | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-87</u> | <u>87-99</u> | <u>99-111</u> |
| 2001 | | | | | | | | | 17.7% |
| 2002 | | | | | | | | 20.4% | 16.9% |
| 2003 | | | | | | | 22.2% | 18.1% | 18.2% |
| 2004 | | | | | | 22.1% | 20.2% | 19.2% | 18.6% |
| 2005 | | | | | 24.1% | 22.3% | 21.1% | 19.5% | 24.3% |
| 2006 | | | | 26.9% | 25.6% | 21.5% | 20.8% | 24.4% | 20.3% |
| 2007 | | | 27.9% | 27.1% | 24.1% | 22.9% | 26.7% | 22.1% | 23.3% |
| 2008 | | 26.4% | 27.0% | 26.5% | 25.3% | 28.0% | 25.2% | 25.6% | 23.9% |
| 2009 | 28.9% | 25.4% | 26.5% | 26.7% | 28.5% | 26.4% | 27.6% | 26.0% | 24.0% |
| 2010 | 29.0% | 26.1% | 27.0% | 30.6% | 28.8% | 29.4% | 28.6% | 26.8% | 25.4% |
| 2011 | 28.8% | 26.6% | 29.9% | 30.9% | 30.9% | 29.5% | 29.2% | 28.9% | |
| 2012 | 28.3% | 28.6% | 31.1% | 32.1% | 31.9% | 31.7% | 30.8% | | |
| 2013 | 28.3% | 30.2% | 32.6% | 34.5% | 34.5% | 32.5% | | | |
| 2014 | 28.7% | 31.7% | 33.7% | 36.6% | 35.4% | | | | |
| 2015 | 29.4% | 33.7% | 37.0% | 38.3% | | | | | |
| 2016 | 30.8% | 35.9% | 39.4% | | | | | | |
| 2017 | 33.3% | 37.8% | | | | | | | |
| 2018 | 33.8% | | | | | | | | |

Source: WCIRB quarterly calls for experience

Ratio of Incremental Closed Indemnity Claims to Prior Open Indemnity Claims

| Accident Year | Development | | | | | | | | | | | | | | | | |
|---------------|-------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|
| | 3-6 | 6-9 | 9-12 | 12-15 | 15-18 | 18-21 | 21-24 | 24-27 | 27-30 | 30-33 | 33-36 | 36-39 | 39-42 | 42-45 | 45-48 | | |
| 2008 | 4.7% | 8.3% | 11.2% | 11.2% | 9.2% | 7.0% | 6.6% | 6.7% | 7.3% | 7.4% | 8.1% | 7.3% | 7.4% | 7.7% | 7.5% | | |
| 2009 | 4.0% | 7.9% | 10.3% | 10.6% | 8.5% | 6.8% | 6.6% | 6.5% | 6.9% | 7.6% | 7.8% | 7.2% | 7.9% | 7.1% | 7.7% | | |
| 2010 | 4.1% | 7.5% | 10.4% | 11.1% | 8.5% | 6.8% | 7.1% | 6.8% | 7.6% | 7.3% | 7.9% | 7.8% | 9.1% | 8.8% | 9.3% | | |
| 2011 | 4.3% | 7.2% | 10.6% | 10.7% | 8.7% | 7.0% | 7.3% | 7.0% | 8.4% | 8.3% | 9.2% | 8.4% | 8.5% | 9.2% | 9.1% | | |
| 2012 | 4.3% | 7.4% | 10.4% | 10.5% | 9.1% | 7.5% | 8.2% | 7.6% | 8.6% | 9.2% | 9.3% | 8.9% | 9.3% | 9.5% | 9.6% | | |
| 2013 | 4.2% | 7.1% | 10.4% | 10.6% | 9.4% | 8.4% | 8.6% | 8.5% | 9.1% | 9.3% | 9.7% | 9.7% | 10.2% | 9.9% | 10.4% | | |
| 2014 | 4.1% | 7.3% | 10.3% | 11.1% | 9.6% | 9.1% | 8.8% | 9.0% | 9.4% | 9.8% | 10.3% | 9.6% | 11.1% | 10.3% | 11.2% | | |
| 2015 | 4.0% | 7.7% | 10.2% | 11.7% | 10.6% | 9.1% | 9.4% | 10.0% | 11.1% | 10.6% | 11.1% | 11.0% | 11.6% | 11.5% | 11.6% | | |
| 2016 | 4.3% | 7.6% | 11.0% | 12.5% | 11.4% | 9.9% | 10.6% | 10.3% | 11.8% | 11.2% | 12.4% | 12.0% | | | | | |
| 2017 | 4.8% | 8.3% | 12.4% | 13.1% | 11.9% | 10.7% | 11.3% | 10.9% | | | | | | | | | |
| 2018 | 4.9% | 8.5% | 12.4% | 13.4% | | | | | | | | | | | | | |

Note: All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 84% to 97% of the total California workers' compensation insured market measured using 2018 earned premium levels).

Source: WCIRB quarterly calls for experience

Reopening Rates Based on Unit Statistical Data

| PY/RL | Reopening Rates | | | | | | |
|-------|-----------------|------------|------------|------------|------------|------------|------------|
| | 1st to 2nd | 2nd to 3rd | 3rd to 4th | 4th to 5th | 5th to 6th | 6th to 7th | 7th to 8th |
| 2001 | 0.84% | 0.50% | 0.34% | 0.30% | --- | --- | --- |
| 2002 | 0.92% | 0.45% | 0.35% | 0.33% | 0.24% | 0.19% | 0.16% |
| 2003 | 0.68% | 0.43% | 0.38% | 0.31% | 0.24% | 0.23% | 0.18% |
| 2004 | 0.60% | 0.40% | 0.32% | 0.27% | 0.27% | 0.18% | 0.12% |
| 2005 | 0.63% | 0.34% | 0.29% | 0.29% | 0.25% | 0.14% | 0.11% |
| 2006 | 0.62% | 0.38% | 0.39% | 0.37% | 0.22% | 0.15% | 0.13% |
| 2007 | 0.64% | 0.60% | 0.53% | 0.29% | 0.23% | 0.17% | 0.14% |
| 2008 | 1.24% | 0.80% | 0.38% | 0.32% | 0.27% | 0.17% | 0.14% |
| 2009 | 1.22% | 0.48% | 0.40% | 0.38% | 0.26% | 0.19% | 0.16% |
| 2010 | 0.74% | 0.53% | 0.45% | 0.35% | 0.26% | 0.20% | |
| 2011 | 0.86% | 0.60% | 0.48% | 0.40% | 0.31% | | |
| 2012 | 0.92% | 0.60% | 0.54% | 0.39% | | | |
| 2013 | 0.89% | 0.67% | 0.47% | | | | |
| 2014 | 0.84% | 0.62% | | | | | |
| 2015 | 0.74% | | | | | | |

| PY/RL | Average Incurred for Reopened Claims | | | | | | |
|-------|--------------------------------------|--------|--------|--------|--------|--------|---------|
| | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th |
| 2001 | 27,368 | 34,714 | 44,371 | 52,850 | --- | --- | --- |
| 2002 | 30,525 | 32,543 | 44,273 | 59,359 | 63,946 | 79,544 | 76,263 |
| 2003 | 23,295 | 26,362 | 47,715 | 50,915 | 57,195 | 62,371 | 72,056 |
| 2004 | 20,348 | 27,536 | 35,748 | 50,349 | 50,964 | 71,644 | 75,968 |
| 2005 | 24,800 | 30,865 | 41,020 | 47,858 | 59,755 | 66,347 | 79,249 |
| 2006 | 25,237 | 29,803 | 36,576 | 45,402 | 62,900 | 65,690 | 76,528 |
| 2007 | 24,977 | 25,653 | 36,417 | 57,370 | 67,285 | 75,642 | 83,655 |
| 2008 | 17,783 | 22,985 | 45,903 | 58,719 | 65,007 | 79,550 | 109,922 |
| 2009 | 19,985 | 32,723 | 43,640 | 56,804 | 67,492 | 78,072 | 76,602 |
| 2010 | 25,513 | 33,258 | 47,060 | 56,399 | 66,372 | 82,341 | |
| 2011 | 26,482 | 34,265 | 45,437 | 57,611 | 61,198 | | |
| 2012 | 26,314 | 34,862 | 44,611 | 55,943 | | | |
| 2013 | 26,914 | 36,436 | 47,811 | | | | |
| 2014 | 28,634 | 38,942 | | | | | |
| 2015 | 28,197 | | | | | | |

Source: WCIRB unit statistical data

Reopening Rates by Injury Type

| Permanent Indemnity | | | | | | | | Temporary Indemnity | | | | | | | |
|---------------------|--------|--------|--------|--------|--------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|--------|
| PY/RL | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 | PY/RL | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 |
| 2001 | 3.10% | 2.54% | 1.65% | 1.49% | --- | --- | --- | 2001 | 1.55% | 0.92% | 0.66% | 0.43% | --- | --- | --- |
| 2002 | 6.37% | 1.93% | 1.74% | 1.60% | 1.13% | 0.92% | 0.76% | 2002 | 1.63% | 0.92% | 0.55% | 0.44% | 0.25% | 0.15% | 0.13% |
| 2003 | 2.51% | 2.15% | 1.96% | 1.66% | 1.23% | 1.15% | 0.86% | 2003 | 1.24% | 0.81% | 0.62% | 0.40% | 0.26% | 0.16% | 0.14% |
| 2004 | 2.08% | 2.33% | 1.75% | 1.72% | 1.57% | 1.01% | 0.71% | 2004 | 1.11% | 0.80% | 0.60% | 0.34% | 0.30% | 0.20% | 0.10% |
| 2005 | 2.73% | 1.94% | 2.00% | 1.94% | 1.60% | 0.87% | 0.65% | 2005 | 1.17% | 0.67% | 0.48% | 0.36% | 0.28% | 0.14% | 0.11% |
| 2006 | 2.34% | 2.23% | 2.30% | 2.27% | 1.47% | 0.92% | 0.77% | 2006 | 1.14% | 0.82% | 0.57% | 0.46% | 0.28% | 0.18% | 0.14% |
| 2007 | 2.47% | 3.03% | 2.82% | 1.86% | 1.32% | 0.98% | 0.77% | 2007 | 1.20% | 0.94% | 0.71% | 0.40% | 0.28% | 0.16% | 0.13% |
| 2008 | 4.02% | 3.54% | 2.17% | 1.87% | 1.44% | 0.86% | 0.73% | 2008 | 1.67% | 1.12% | 0.57% | 0.40% | 0.29% | 0.18% | 0.12% |
| 2009 | 3.81% | 2.42% | 1.91% | 1.80% | 1.26% | 0.85% | 0.70% | 2009 | 1.80% | 0.81% | 0.60% | 0.47% | 0.27% | 0.24% | 0.17% |
| 2010 | 2.15% | 2.23% | 2.09% | 1.56% | 1.15% | 0.84% | | 2010 | 1.23% | 0.91% | 0.64% | 0.50% | 0.33% | 0.22% | |
| 2011 | 2.68% | 2.38% | 2.20% | 1.80% | 1.21% | | | 2011 | 1.55% | 1.04% | 0.71% | 0.51% | 0.35% | | |
| 2012 | 2.68% | 2.85% | 2.39% | 1.74% | | | | 2012 | 1.51% | 0.98% | 0.80% | 0.48% | | | |
| 2013 | 3.35% | 3.07% | 2.02% | | | | | 2013 | 1.47% | 1.17% | 0.68% | | | | |
| 2014 | 3.16% | 2.86% | | | | | | 2014 | 1.45% | 1.01% | | | | | |
| 2015 | 2.89% | | | | | | | 2015 | 1.17% | | | | | | |

| All Indemnity | | | | | | | | Medical Only | | | | | | | |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------------|--------|--------|--------|--------|--------|--------|--------|
| PY/RL | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 | PY/RL | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 |
| 2001 | 1.70% | 1.26% | 0.99% | 0.86% | --- | --- | --- | 2001 | 0.66% | 0.30% | 0.13% | 0.08% | --- | --- | --- |
| 2002 | 1.97% | 1.13% | 0.97% | 0.93% | 0.66% | 0.52% | 0.44% | 2002 | 0.70% | 0.26% | 0.13% | 0.08% | 0.05% | 0.04% | 0.03% |
| 2003 | 1.32% | 1.10% | 1.08% | 0.91% | 0.69% | 0.63% | 0.48% | 2003 | 0.56% | 0.26% | 0.14% | 0.08% | 0.05% | 0.05% | 0.05% |
| 2004 | 1.17% | 1.09% | 0.94% | 0.83% | 0.81% | 0.54% | 0.36% | 2004 | 0.49% | 0.23% | 0.13% | 0.08% | 0.08% | 0.04% | 0.03% |
| 2005 | 1.28% | 0.90% | 0.91% | 0.91% | 0.78% | 0.43% | 0.33% | 2005 | 0.51% | 0.21% | 0.11% | 0.10% | 0.07% | 0.03% | 0.03% |
| 2006 | 1.23% | 1.09% | 1.08% | 1.10% | 0.74% | 0.48% | 0.41% | 2006 | 0.50% | 0.21% | 0.19% | 0.14% | 0.04% | 0.03% | 0.03% |
| 2007 | 1.29% | 1.37% | 1.35% | 0.93% | 0.70% | 0.51% | 0.42% | 2007 | 0.53% | 0.42% | 0.29% | 0.09% | 0.06% | 0.04% | 0.03% |
| 2008 | 1.86% | 1.66% | 1.09% | 0.97% | 0.79% | 0.49% | 0.41% | 2008 | 1.12% | 0.58% | 0.16% | 0.10% | 0.07% | 0.04% | 0.03% |
| 2009 | 1.98% | 1.19% | 1.05% | 1.01% | 0.71% | 0.53% | 0.43% | 2009 | 1.07% | 0.29% | 0.18% | 0.14% | 0.07% | 0.04% | 0.04% |
| 2010 | 1.32% | 1.24% | 1.16% | 0.94% | 0.70% | 0.51% | | 2010 | 0.62% | 0.33% | 0.19% | 0.10% | 0.07% | 0.05% | |
| 2011 | 1.68% | 1.40% | 1.25% | 1.05% | 0.74% | | | 2011 | 0.68% | 0.36% | 0.18% | 0.12% | 0.10% | | |
| 2012 | 1.67% | 1.50% | 1.39% | 1.01% | | | | 2012 | 0.75% | 0.30% | 0.19% | 0.10% | | | |
| 2013 | 1.73% | 1.70% | 1.19% | | | | | 2013 | 0.68% | 0.31% | 0.17% | | | | |
| 2014 | 1.70% | 1.57% | | | | | | 2014 | 0.63% | 0.28% | | | | | |
| 2015 | 1.45% | | | | | | | 2015 | 0.56% | | | | | | |

| All Claims | | | | | | | |
|------------|--------|--------|--------|--------|--------|--------|--------|
| PY/RL | 1 to 2 | 2 to 3 | 3 to 4 | 4 to 5 | 5 to 6 | 6 to 7 | 7 to 8 |
| 2001 | 0.84% | 0.50% | 0.34% | 0.30% | --- | --- | --- |
| 2002 | 0.92% | 0.45% | 0.35% | 0.33% | 0.24% | 0.19% | 0.16% |
| 2003 | 0.68% | 0.43% | 0.38% | 0.31% | 0.24% | 0.23% | 0.18% |
| 2004 | 0.60% | 0.40% | 0.32% | 0.27% | 0.27% | 0.18% | 0.12% |
| 2005 | 0.63% | 0.34% | 0.29% | 0.29% | 0.25% | 0.14% | 0.11% |
| 2006 | 0.62% | 0.38% | 0.39% | 0.37% | 0.22% | 0.15% | 0.13% |
| 2007 | 0.64% | 0.60% | 0.53% | 0.29% | 0.23% | 0.17% | 0.14% |
| 2008 | 1.24% | 0.80% | 0.38% | 0.32% | 0.27% | 0.17% | 0.14% |
| 2009 | 1.22% | 0.48% | 0.40% | 0.38% | 0.26% | 0.19% | 0.16% |
| 2010 | 0.74% | 0.53% | 0.45% | 0.35% | 0.26% | 0.20% | |
| 2011 | 0.86% | 0.60% | 0.48% | 0.40% | 0.31% | | |
| 2012 | 0.92% | 0.60% | 0.54% | 0.39% | | | |
| 2013 | 0.89% | 0.67% | 0.47% | | | | |
| 2014 | 0.84% | 0.62% | | | | | |
| 2015 | 0.74% | | | | | | |

Note: Injury types are fixed at denominator age.

Source: WCIRB unit statistical data

Closed-Closed Development Based on Unit Statistical Data

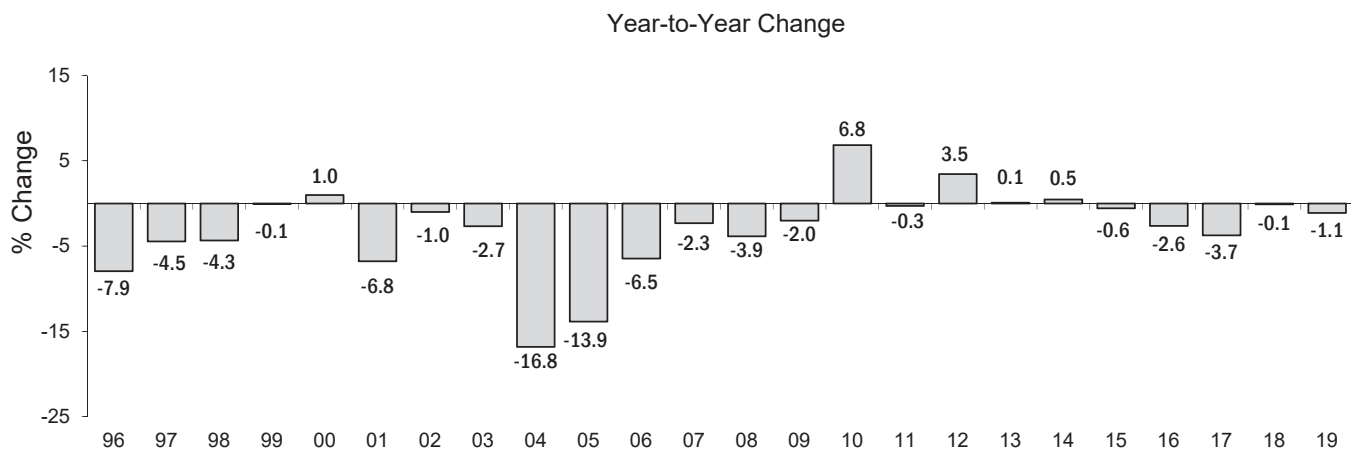
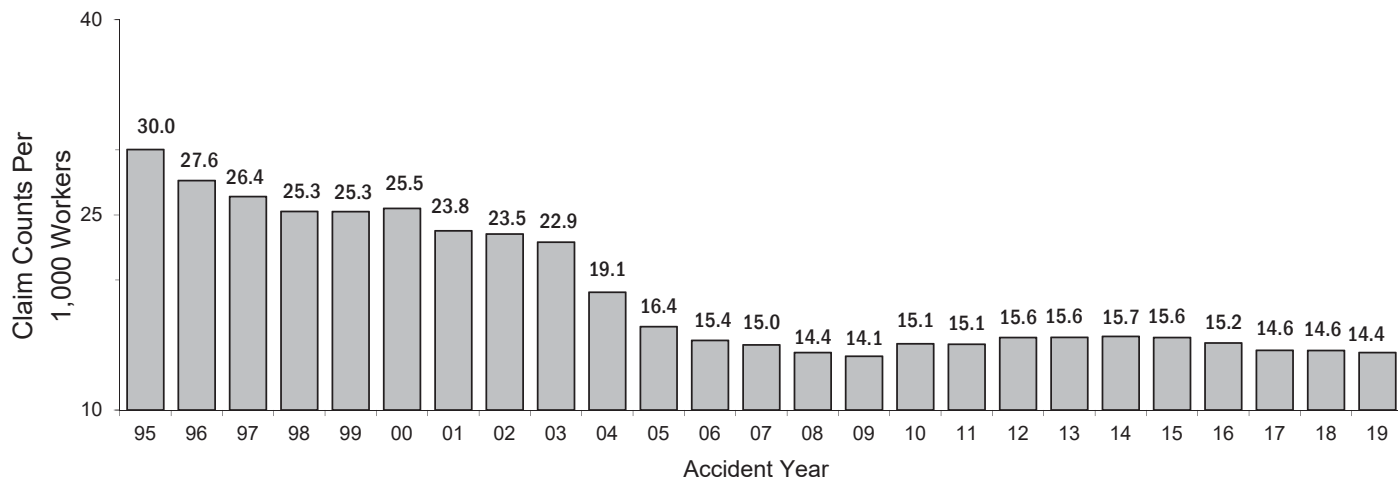
| PY/RL | Developing Closed Claim Rates | | | | | | |
|-------|-------------------------------|------------|------------|------------|------------|------------|------------|
| | 1st to 2nd | 2nd to 3rd | 3rd to 4th | 4th to 5th | 5th to 6th | 6th to 7th | 7th to 8th |
| 2001 | 16.66% | 12.58% | 9.61% | 7.86% | --- | --- | --- |
| 2002 | 20.85% | 13.76% | 10.47% | 10.22% | 14.10% | 7.81% | 4.53% |
| 2003 | 24.16% | 13.85% | 12.12% | 18.44% | 9.70% | 5.04% | 5.54% |
| 2004 | 22.60% | 14.45% | 21.30% | 9.15% | 5.26% | 5.26% | 1.11% |
| 2005 | 20.78% | 20.68% | 8.28% | 4.98% | 4.34% | 1.36% | 1.11% |
| 2006 | 27.49% | 9.95% | 5.46% | 4.42% | 1.84% | 1.49% | 1.43% |
| 2007 | 20.05% | 6.62% | 5.38% | 2.53% | 2.36% | 1.90% | 1.48% |
| 2008 | 11.84% | 6.47% | 3.85% | 3.43% | 2.80% | 2.08% | 1.58% |
| 2009 | 11.69% | 5.58% | 4.72% | 3.83% | 2.93% | 2.23% | 1.85% |
| 2010 | 10.20% | 6.10% | 4.45% | 3.36% | 2.57% | 2.11% | |
| 2011 | 10.88% | 5.43% | 3.76% | 2.71% | 2.13% | | |
| 2012 | 10.42% | 5.27% | 3.97% | 2.92% | | | |
| 2013 | 9.95% | 5.69% | 3.96% | | | | |
| 2014 | 9.19% | 5.12% | | | | | |
| 2015 | 9.12% | | | | | | |

Closed-Closed Total Incurred Development as a Percent of Total Incurred Development on All Claims

| PY/RL | 1st to 2nd | 2nd to 3rd | 3rd to 4th | 4th to 5th | 5th to 6th | 6th to 7th | 7th to 8th |
|-------|------------|------------|------------|------------|------------|------------|------------|
| 2001 | 0.83% | 2.11% | 2.95% | 6.25% | --- | --- | --- |
| 2002 | 0.78% | 2.28% | 5.14% | 3.80% | 8.49% | 6.39% | 4.49% |
| 2003 | 1.43% | 2.43% | 5.04% | 8.44% | 6.10% | 3.57% | 4.00% |
| 2004 | 1.64% | 2.18% | 6.20% | 4.24% | 3.13% | 3.65% | 3.14% |
| 2005 | 1.49% | 3.49% | 2.91% | 3.23% | 3.48% | 3.53% | 3.54% |
| 2006 | 1.93% | 1.88% | 2.61% | 3.12% | 3.18% | 3.23% | 5.20% |
| 2007 | 1.43% | 1.57% | 2.46% | 3.25% | 4.55% | 2.93% | 5.55% |
| 2008 | 0.99% | 1.62% | 2.32% | 3.81% | 4.41% | 6.09% | 5.39% |
| 2009 | 1.01% | 1.46% | 2.96% | 4.18% | 4.71% | 9.16% | 10.13% |
| 2010 | 0.87% | 1.94% | 3.53% | 5.35% | 7.31% | 9.40% | |
| 2011 | 1.05% | 2.26% | 4.31% | 5.75% | 7.38% | | |
| 2012 | 1.32% | 3.07% | 5.33% | 6.71% | | | |
| 2013 | 1.41% | 3.52% | 6.09% | | | | |
| 2014 | 1.62% | 3.29% | | | | | |
| 2015 | 1.60% | | | | | | |

Source: WCIRB unit statistical data

**California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year
As of March 31, 2019**



Note:

The 2018 and 2019 estimates are based on comparison of claim counts based on WCIRB accident year experience as of March 31, 2019 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

**2018 Accident Year Indemnity Claim Frequency Model
As of PY 2016 1st Set & June 2019 UCLA**

| AY | Annual % Changes Intra- Class Ind Freq | Annual Log Differences | | | | | | |
|-------|--|--|------------|----------|---------------|----------------------------|--|------------------------------|
| | | Intra-Class Indemnity Frequency per \$M Exposure at PY 2017 Level | | | AY+1 | | Economic Variables (1st Prin. Comp.) | CalOSHA Dummy Variable |
| | | Total | Cumulative | Non-cum. | Benefit Level | Cumulative Injury Index | | |
| 1979 | 0.5% | 0.005 | -0.053 | 0.007 | 0.000 | -0.060 | 0.134 | 0.000 |
| 1980 | -6.5% | -0.068 | -0.132 | -0.066 | 0.033 | -0.066 | -0.081 | 0.000 |
| 1981 | -3.5% | -0.036 | -0.028 | -0.036 | 0.000 | 0.008 | -0.079 | 0.000 |
| 1982 | -1.6% | -0.016 | 0.153 | -0.022 | 0.352 | 0.175 | -0.294 | 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 | 0.222 | 0.000 |
| 1985 | 2.0% | 0.020 | 0.138 | 0.014 | 0.000 | 0.124 | 0.081 | 0.000 |
| 1986 | -2.4% | -0.024 | 0.039 | -0.028 | 0.000 | 0.067 | 0.078 | 0.000 |
| 1987 | 1.5% | 0.015 | 0.053 | 0.013 | 0.000 | 0.041 | 0.151 | 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 | -0.121 | 0.000 |
| 1991 | 0.3% | 0.003 | 0.166 | -0.018 | 0.023 | 0.184 | -0.293 | 0.000 |
| 1992 | -11.1% | -0.118 | -0.272 | -0.098 | 0.013 | -0.174 | -0.186 | 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 | 0.075 | 0.000 |
| 1997 | -3.3% | -0.033 | -0.023 | -0.034 | 0.066 | 0.011 | 0.138 | 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 | 0.128 | 0.000 |
| 2000 | 4.0% | 0.039 | 0.071 | 0.037 | -0.003 | 0.034 | 0.066 | 0.000 |
| 2001 | -6.9% | -0.072 | -0.018 | -0.076 | -0.007 | 0.059 | -0.101 | 0.000 |
| 2002 | -2.3% | -0.023 | 0.007 | -0.026 | 0.060 | 0.033 | -0.202 | 0.000 |
| 2003 | -2.9% | -0.029 | -0.005 | -0.031 | -0.065 | 0.026 | -0.023 | 0.000 |
| 2004 | -16.6% | -0.182 | -0.209 | -0.180 | -0.398 | -0.030 | -0.093 | 0.000 |
| 2005 | -13.6% | -0.146 | -0.298 | -0.133 | 0.051 | -0.165 | 0.141 | 0.000 |
| 2006 | -5.7% | -0.059 | -0.050 | -0.059 | 0.016 | 0.009 | 0.095 | 0.000 |
| 2007 | -1.6% | -0.017 | 0.021 | -0.019 | 0.049 | 0.040 | -0.084 | 0.000 |
| 2008 | -2.7% | -0.027 | 0.038 | -0.033 | 0.006 | 0.071 | -0.308 | 0.000 |
| 2009 | -0.2% | -0.002 | 0.168 | -0.018 | 0.066 | 0.186 | -0.427 | 0.000 |
| 2010 | 8.9% | 0.085 | 0.139 | 0.079 | 0.012 | 0.060 | -0.092 | 0.000 |
| 2011 | 1.1% | 0.011 | 0.031 | 0.009 | 0.003 | 0.022 | 0.043 | 0.000 |
| 2012 | 4.7% | 0.046 | 0.127 | 0.036 | 0.025 | 0.091 | 0.123 | 0.000 |
| 2013 | 0.4% | 0.004 | 0.138 | -0.014 | 0.071 | 0.152 | 0.151 | 0.000 |
| 2014 | 0.2% | 0.002 | 0.070 | -0.008 | 0.003 | 0.078 | 0.178 | 0.000 |
| 2015 | -0.8% | -0.008 | 0.050 | -0.018 | 0.002 | 0.068 | 0.194 | 0.000 |
| 2016 | -3.3% | -0.033 | 0.035 | -0.045 | 0.004 | 0.081 | 0.082 | 0.000 |
| 2017* | -4.1% | -0.042 | 0.054 | -0.061 | 0.004 | 0.115 | 0.078 | 0.000 |
| 2018 | 0.0% | 0.000 | 0.000 | 0.000 | 0.003 | 0.000 | 0.216 | 0.000 |
| 2019 | -1.9% | -0.019 | -0.019 | -0.019 | 0.004 | 0.000 | 0.005 | 0.000 |
| 2020 | -2.0% | -0.020 | -0.020 | -0.020 | 0.004 | 0.000 | -0.005 | 0.000 |
| 2021 | -2.2% | -0.022 | -0.022 | -0.022 | 0.004 | 0.000 | -0.030 | 0.000 |

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

| | | | | | |
|---------------------|--------|-------|-------|-------|--------|
| Constant | -0.020 | | | | |
| Std Err of Y Est | 0.041 | | | | |
| R Squared | 0.558 | | | | |
| No. of Observations | 39 | | | | |
| Degrees of Freedom | 34 | | | | |
| X Coefficient(s) | | 0.179 | 0.277 | 0.091 | -0.130 |
| 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 2018; June 2019 UCLA Anderson Forecasts for 2019 on.
 Regression is over AY 1979 through AY 2017. AY 2018 through AY 2021 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 2017 change is based on a comparison of 2017 accidents on 2016 policies to 2016 accidents on 2015 policies.

Indemnity Claim Frequency History and Projections

| AY | Intra-Class Indemnity Claim Frequency(a) | Inter-Class Indemnity Claim Frequency Index(b) | Overall Indemnity Claim Frequency | Annual Percent Changes | | |
|-----------|---|--|--|------------------------|-------------|---------|
| | | | | Intra-Class | Inter-Class | Overall |
| 1979 | 0.548 | 0.921 | 0.660 | --- | --- | --- |
| 1980 | 0.512 | 0.914 | 0.612 | -6.54% | -0.75% | -7.24% |
| 1981 | 0.494 | 0.900 | 0.581 | -3.54% | -1.56% | -5.04% |
| 1982 | 0.486 | 0.882 | 0.561 | -1.59% | -2.00% | -3.56% |
| 1983 | 0.516 | 0.873 | 0.590 | 6.20% | -0.98% | 5.17% |
| 1984 | 0.565 | 0.871 | 0.645 | 9.53% | -0.18% | 9.32% |
| 1985 | 0.577 | 0.867 | 0.654 | 2.05% | -0.51% | 1.52% |
| 1986 | 0.563 | 0.859 | 0.633 | -2.39% | -0.92% | -3.28% |
| 1987 | 0.572 | 0.854 | 0.639 | 1.53% | -0.56% | 0.97% |
| 1988 | 0.576 | 0.854 | 0.643 | 0.69% | -0.06% | 0.64% |
| 1989 | 0.590 | 0.853 | 0.659 | 2.47% | -0.08% | 2.39% |
| 1990 | 0.643 | 0.845 | 0.712 | 9.04% | -0.89% | 8.07% |
| 1991 | 0.645 | 0.832 | 0.702 | 0.28% | -1.58% | -1.30% |
| 1992 | 0.574 | 0.820 | 0.615 | -11.09% | -1.45% | -12.37% |
| 1993 | 0.488 | 0.810 | 0.517 | -14.91% | -1.25% | -15.98% |
| 1994 | 0.426 | 0.809 | 0.451 | -12.76% | -0.06% | -12.81% |
| 1995 | 0.406 | 0.811 | 0.431 | -4.64% | 0.16% | -4.49% |
| 1996 | 0.379 | 0.800 | 0.396 | -6.78% | -1.25% | -7.94% |
| 1997 | 0.366 | 0.791 | 0.379 | -3.27% | -1.23% | -4.46% |
| 1998 | 0.352 | 0.786 | 0.362 | -3.76% | -0.60% | -4.34% |
| 1999 | 0.357 | 0.774 | 0.362 | 1.45% | -1.48% | -0.05% |
| 2000 | 0.372 | 0.752 | 0.366 | 4.02% | -2.91% | 0.99% |
| 2001 | 0.346 | 0.753 | 0.341 | -6.91% | 0.13% | -6.79% |
| 2002 | 0.338 | 0.763 | 0.337 | -2.31% | 1.34% | -1.00% |
| 2003 | 0.328 | 0.764 | 0.328 | -2.86% | 0.20% | -2.67% |
| 2004 | 0.274 | 0.763 | 0.273 | -16.65% | -0.21% | -16.82% |
| 2005 | 0.237 | 0.760 | 0.235 | -13.59% | -0.31% | -13.85% |
| 2006 | 0.223 | 0.754 | 0.220 | -5.69% | -0.81% | -6.46% |
| 2007 | 0.219 | 0.749 | 0.215 | -1.64% | -0.68% | -2.31% |
| 2008 | 0.214 | 0.740 | 0.207 | -2.71% | -1.18% | -3.86% |
| 2009 | 0.213 | 0.727 | 0.203 | -0.20% | -1.82% | -2.02% |
| 2010 | 0.232 | 0.713 | 0.216 | 8.87% | -1.87% | 6.83% |
| 2011 | 0.235 | 0.703 | 0.216 | 1.15% | -1.42% | -0.29% |
| 2012 | 0.246 | 0.694 | 0.223 | 4.70% | -1.20% | 3.45% |
| 2013 | 0.247 | 0.692 | 0.223 | 0.45% | -0.36% | 0.09% |
| 2014 | 0.247 | 0.694 | 0.225 | 0.24% | 0.22% | 0.46% |
| 2015 | 0.245 | 0.695 | 0.223 | -0.83% | 0.26% | -0.57% |
| 2016(c) | 0.237 | 0.700 | 0.217 | -3.28% | 0.68% | -2.63% |
| 2016(d) | 0.236 | 0.700 | 0.216 | --- | --- | --- |
| 2017(e) | 0.226 | 0.703 | 0.208 | -4.12% | 0.39% | -3.75% |
| 2018 | 0.226 | 0.701 | 0.207 | 0.01% | -0.27% | -0.26% |
| 2019 | 0.222 | 0.701 | 0.203 | -1.87% | 0.02% | -1.85% |
| 2020 | 0.217 | 0.699 | 0.199 | -1.95% | -0.30% | -2.25% |
| 2021 | 0.213 | 0.695 | 0.193 | -2.18% | -0.48% | -2.65% |
| PY | | | | | | |
| 2008 | 0.213 | 0.734 | 0.205 | | | |
| 2009 | 0.222 | 0.720 | 0.209 | 3.93% | -1.84% | 1.97% |
| 2010 | 0.233 | 0.708 | 0.216 | 5.18% | -1.67% | 3.47% |
| 2011 | 0.240 | 0.699 | 0.219 | 2.78% | -1.32% | 1.42% |
| 2012 | 0.246 | 0.693 | 0.223 | 2.71% | -0.82% | 1.89% |
| 2013 | 0.247 | 0.693 | 0.224 | 0.35% | -0.09% | 0.26% |
| 2014 | 0.246 | 0.694 | 0.224 | -0.25% | 0.24% | -0.01% |
| 2015 | 0.242 | 0.698 | 0.221 | -1.95% | 0.45% | -1.51% |
| 2016 | 0.232 | 0.701 | 0.213 | -3.97% | 0.54% | -3.45% |
| 2017 | 0.226 | 0.702 | 0.207 | -2.67% | 0.08% | -2.59% |
| 2018 | 0.224 | 0.701 | 0.205 | -0.84% | -0.14% | -0.98% |
| 2019 | 0.220 | 0.700 | 0.201 | -1.91% | -0.13% | -2.03% |
| 2020 | 0.215 | 0.697 | 0.196 | -2.05% | -0.38% | -2.43% |

Notes: (a) All frequencies are per \$M exposure at PY 2017 Level.
(b) Index is to AY 1961.
(c) 2016 accidents on 2016 and 2015 policies.
(d) 2016 accidents on 2015 policies only.
(e) AY 2017 percent changes are based on a comparison of 2017 accidents on 2016 policies to 2016 accidents on 2015 policies.
(f) Forecasts below thick solid line.

Source: WCIRB Indemnity Frequency Model

California OPRL Injury & Illness Rates

| A | B | C | D | E | F | G | H | I | J | |
|------|----------------------------|----------------|-----------------------|----------------------|----------------------------------|---|-------------|--|-------------|---|
| CY | Total Reportable Incidents | Total Cases(a) | Total Days Away Cases | Ind Proxy/ Incidents | California Avg Ann Employment(b) | Frequency Rates per 1,000 Workers Incidents | "Indemnity" | Annual Change in Frequency Rates Incidents | "Indemnity" | Insured System Overall Ind Freq Change(c) |
| 1992 | 993.9 | 456.6 | 359.8 | 36.2% | 12,171.0 | 81.7 | 29.6 | --- | --- | |
| 1993 | 918.4 | 425.0 | 324.8 | 35.4% | 11,964.1 | 76.8 | 27.1 | -6.0% | -8.2% | -16.0% |
| 1994 | 902.6 | 436.7 | 313.3 | 34.7% | 12,150.9 | 74.3 | 25.8 | -3.2% | -5.0% | -12.8% |
| 1995 | 825.3 | 401.0 | 278.0 | 33.7% | 12,458.6 | 66.2 | 22.3 | -10.8% | -13.5% | -4.5% |
| 1996 | 784.7 | 384.3 | 253.3 | 32.3% | 12,739.1 | 61.6 | 19.9 | -7.0% | -10.9% | -7.9% |
| 1997 | 809.3 | 409.8 | 251.6 | 31.1% | 13,149.1 | 61.5 | 19.1 | -0.1% | -3.8% | -4.5% |
| 1998 | 779.5 | 388.2 | 241.0 | 30.9% | 13,583.5 | 57.4 | 17.7 | -6.8% | -7.3% | -4.3% |
| 1999 | 758.9 | 370.8 | 229.1 | 30.2% | 14,135.5 | 53.7 | 16.2 | -6.4% | -8.6% | -0.1% |
| 2000 | 787.4 | 396.4 | 246.2 | 31.3% | 14,616.5 | 53.9 | 16.8 | 0.3% | 3.9% | 1.0% |
| 2001 | 748.2 | 413.4 | 259.0 | 34.6% | 14,747.4 | 50.7 | 17.6 | -5.8% | 4.3% | -6.8% |
| 2002 | 694.1 | 404.1 | 231.8 | 33.4% | 14,593.0 | 47.6 | 15.9 | -6.2% | -9.6% | -1.0% |
| 2003 | 684.7 | 387.0 | 223.5 | 32.6% | 14,301.3 | 47.9 | 15.6 | 0.7% | -1.6% | -2.7% |
| 2004 | 645.1 | 367.3 | 201.4 | 31.2% | 14,383.1 | 44.9 | 14.0 | -6.3% | -10.4% | -16.8% |
| 2005 | 629.9 | 344.1 | 179.4 | 28.5% | 14,570.7 | 43.2 | 12.3 | -3.6% | -12.1% | -13.9% |
| 2006 | 603.0 | 340.4 | 171.0 | 28.4% | 14,892.9 | 40.5 | 11.5 | -6.3% | -6.7% | -6.5% |
| 2007 | 594.4 | 328.6 | 168.2 | 28.3% | 15,428.6 | 38.5 | 10.9 | -4.8% | -5.1% | -2.3% |
| 2008 | 541.8 | 298.4 | 158.9 | 29.3% | 15,452.7 | 35.1 | 10.3 | -9.0% | -5.7% | -3.9% |
| 2009 | 491.9 | 269.3 | 142.3 | 28.9% | 14,877.9 | 33.1 | 9.6 | -5.7% | -7.0% | -2.0% |
| 2010 | 464.1 | 257.1 | 137.4 | 29.6% | 14,255.0 | 32.6 | 9.6 | -1.5% | 0.8% | 6.8% |
| 2011 | 440.9 | 243.6 | 134.2 | 30.4% | 13,875.2 | 31.8 | 9.7 | -2.4% | 0.3% | -0.3% |
| 2012 | 451.5 | 257.1 | 140.1 | 31.0% | 14,959.8 | 30.2 | 9.4 | (b) | (b) | 3.5% |
| 2013 | 468.4 | 265.0 | 146.8 | 31.3% | 15,379.0 | 30.5 | 9.5 | 0.9% | 1.9% | 0.1% |
| 2014 | 460.7 | 265.1 | 142.8 | 31.0% | 15,809.1 | 29.1 | 9.0 | -4.3% | -5.4% | 0.5% |
| 2015 | 470.6 | 273.5 | 144.0 | 30.6% | 16,295.2 | 28.9 | 8.8 | -0.9% | -2.2% | -0.6% |
| 2016 | 466.6 | 272.7 | 145.9 | 31.3% | 16,718.6 | 27.9 | 8.7 | -3.4% | -1.2% | -2.6% |
| 2017 | 466.6 | 267.3 | 146.5 | 31.4% | 17,019.7 | 27.4 | 8.6 | -1.8% | -1.4% | -3.7% |
| | 000s | 000s | 000s | Proxy for | 000s | Proxy for | Proxy for | Change in | Change in | |
| | Broad OSHA | | Proxy for | Indemnity | | Indemnity | Indemnity | Column G | Column H | |
| | Definition | | Indemnity | to Total | | & Med-Only | D / F | Proxy for | Proxy for | |
| | Proxy for | | | Ratio | | Combined | | Indemnity | Indemnity | |
| | Med & Ind | | | D / B | | B / F | | & Med-Only | | |
| | Combined | | | | | | | Combined | | |

Notes: (a) Cases with days away from work, job restrictions or transfers.
 (b) Series Change: OPRL data element was discontinued in 2012. BLS QCEW data element for 2013 and later.
 (c) Insured System AY 2017 change is based on a comparison of 2017 accidents on 2016 policies to 2016 accidents on 2015 policies.

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

Self-Insured Employers - Claim Frequency

Private Self-Insured Employers

| CY | Number of Cases Reported During Year | | | Indemnity /Total | Annual Change | Private Employees | Total Frequency | Total Freq. | | Ind. Freq | |
|------|--------------------------------------|-----------|---------|------------------|---------------|-------------------|-----------------|---------------|---------------------|---------------|--|
| | Medical-Only | Indemnity | Total | | | | | Annual Change | Indemnity Frequency | Annual Change | |
| 2001 | 73,527 | 46,596 | 120,123 | 0.388 | --- | 2,049,611 | 0.059 | --- | 0.023 | --- | |
| 2002 | 72,130 | 46,218 | 118,348 | 0.391 | 0.7% | 1,968,800 | 0.060 | 2.6% | 0.023 | 3.3% | |
| 2003 | 69,761 | 46,477 | 116,238 | 0.400 | 2.4% | 2,474,025 | 0.047 | -21.8% | 0.019 | -20.0% | |
| 2004 | 70,630 | 42,455 | 113,085 | 0.375 | -6.1% | 2,595,470 | 0.044 | -7.3% | 0.016 | -12.9% | |
| 2005 | 66,467 | 40,102 | 106,569 | 0.376 | 0.2% | 2,814,083 | 0.038 | -13.1% | 0.014 | -12.9% | |
| 2006 | 69,395 | 35,570 | 104,965 | 0.339 | -9.9% | 2,681,843 | 0.039 | 3.4% | 0.013 | -6.9% | |
| 2007 | 61,432 | 30,247 | 91,679 | 0.330 | -2.6% | 2,295,155 | 0.040 | 2.1% | 0.013 | -0.6% | |
| 2008 | 59,764 | 32,631 | 92,395 | 0.353 | 7.0% | 2,393,095 | 0.039 | -3.3% | 0.014 | 3.5% | |
| 2009 | 51,916 | 29,557 | 81,473 | 0.363 | 2.7% | 2,173,519 | 0.037 | -2.9% | 0.014 | -0.3% | |
| 2010 | 50,039 | 29,036 | 79,075 | 0.367 | 1.2% | 2,145,570 | 0.037 | -1.7% | 0.014 | -0.5% | |
| 2011 | 48,360 | 29,026 | 77,386 | 0.375 | 2.1% | 2,111,065 | 0.037 | -0.5% | 0.014 | 1.6% | |
| 2012 | 49,492 | 28,065 | 77,557 | 0.362 | -3.5% | 2,122,757 | 0.037 | -0.3% | 0.013 | -3.8% | |
| 2013 | 46,442 | 29,573 | 76,015 | 0.389 | 7.5% | 2,088,402 | 0.036 | -0.4% | 0.014 | 7.1% | |
| 2014 | 45,775 | 30,652 | 76,427 | 0.401 | 3.1% | 2,190,516 | 0.035 | -4.1% | 0.014 | -1.2% | |
| 2015 | 43,785 | 31,899 | 75,684 | 0.421 | 5.1% | 2,259,451 | 0.033 | -4.0% | 0.014 | 0.9% | |
| 2016 | 46,039 | 32,365 | 78,404 | 0.413 | -2.1% | 2,374,484 | 0.033 | -1.4% | 0.014 | -3.5% | |
| 2017 | 48,008 | 31,647 | 79,655 | 0.397 | -3.8% | 2,255,013 | 0.035 | 7.0% | 0.014 | 3.0% | |

Public Self-Insured Employers

| FY | Number of Cases Reported During Year | | | Indemnity /Total | Annual Change | Public Employees | Total Frequency | Total Freq. | | Ind. Freq | |
|-----------|--------------------------------------|-----------|---------|------------------|---------------|------------------|-----------------|---------------|---------------------|---------------|--|
| | Medical-Only | Indemnity | Total | | | | | Annual Change | Indemnity Frequency | Annual Change | |
| 2000/2001 | 65,103 | 56,168 | 121,271 | 0.463 | --- | 1,379,977 | 0.088 | --- | 0.041 | --- | |
| 2001/2002 | 65,372 | 60,688 | 126,060 | 0.481 | 3.9% | 1,504,119 | 0.084 | -4.6% | 0.040 | -0.9% | |
| 2002/2003 | 69,985 | 65,043 | 135,028 | 0.482 | 0.1% | 1,646,055 | 0.082 | -2.1% | 0.040 | -2.1% | |
| 2003/2004 | 68,563 | 64,214 | 132,777 | 0.484 | 0.4% | 1,804,405 | 0.074 | -10.3% | 0.036 | -9.9% | |
| 2004/2005 | 69,739 | 56,265 | 126,004 | 0.447 | -7.7% | 1,764,198 | 0.071 | -2.9% | 0.032 | -10.4% | |
| 2005/2006 | 66,405 | 52,524 | 118,929 | 0.442 | -1.1% | 1,670,607 | 0.071 | -0.3% | 0.031 | -1.4% | |
| 2006/2007 | 65,564 | 50,664 | 116,228 | 0.436 | -1.3% | 1,842,017 | 0.063 | -11.4% | 0.028 | -12.5% | |
| 2007/2008 | 70,784 | 57,618 | 128,402 | 0.449 | 2.9% | 1,939,483 | 0.066 | 4.9% | 0.030 | 8.0% | |
| 2008/2009 | 68,184 | 57,595 | 125,779 | 0.458 | 2.0% | 2,095,055 | 0.060 | -9.3% | 0.027 | -7.5% | |
| 2009/2010 | 64,031 | 57,322 | 121,353 | 0.472 | 3.2% | 2,040,413 | 0.059 | -0.9% | 0.028 | 2.2% | |
| 2010/2011 | 61,806 | 57,201 | 119,007 | 0.481 | 1.8% | 1,920,695 | 0.062 | 4.2% | 0.030 | 6.0% | |
| 2011/2012 | 61,151 | 57,461 | 118,612 | 0.484 | 0.8% | 1,898,064 | 0.062 | 0.9% | 0.030 | 1.7% | |
| 2012/2013 | 60,303 | 56,398 | 116,701 | 0.483 | -0.2% | 1,891,873 | 0.062 | -1.3% | 0.030 | -1.5% | |
| 2013/2014 | 58,263 | 56,858 | 115,121 | 0.494 | 2.2% | 2,396,139 | 0.048 | -22.1% | 0.024 | -20.4% | |
| 2014/2015 | 57,276 | 57,519 | 114,795 | 0.501 | 1.4% | 1,991,021 | 0.058 | 20.0% | 0.029 | 21.7% | |
| 2015/2016 | 59,033 | 56,797 | 115,830 | 0.490 | -2.1% | 2,068,691 | 0.056 | -2.9% | 0.027 | -5.0% | |
| 2016/2017 | 60,528 | 55,723 | 116,251 | 0.479 | -2.2% | 2,127,675 | 0.055 | -2.4% | 0.026 | -4.6% | |
| 2017/2018 | 58,395 | 57,475 | 115,870 | 0.496 | 3.5% | 2,080,967 | 0.056 | 1.9% | 0.028 | 5.5% | |

All Self-Insured Employers

| CY | Number of Cases Reported During Year | | | Indemnity /Total | Annual Change | All Self-Ins. Employees | Total Frequency | Total Freq. | | Ind. Freq | | Insured System | |
|------|--------------------------------------|-----------|---------|------------------|---------------|-------------------------|-----------------|---------------|---------------------|---------------|------|----------------|--|
| | Medical-Only | Indemnity | Total | | | | | Annual Change | Indemnity Frequency | Annual Change | AY | Annual Change | |
| 2001 | 138,765 | 105,024 | 243,789 | 0.431 | --- | 3,491,659 | 0.070 | --- | 0.030 | --- | 2001 | -6.8% | |
| 2002 | 139,809 | 109,084 | 248,892 | 0.438 | 1.7% | 3,543,887 | 0.070 | 0.6% | 0.031 | 2.3% | 2002 | -1.0% | |
| 2003 | 139,035 | 111,106 | 250,141 | 0.444 | 1.3% | 4,199,255 | 0.060 | -15.2% | 0.026 | -14.0% | 2003 | -2.7% | |
| 2004 | 139,781 | 102,695 | 242,476 | 0.424 | -4.6% | 4,379,772 | 0.055 | -7.1% | 0.023 | -11.4% | 2004 | -16.8% | |
| 2005 | 134,539 | 94,497 | 229,036 | 0.413 | -2.6% | 4,531,486 | 0.051 | -8.7% | 0.021 | -11.1% | 2005 | -13.9% | |
| 2006 | 135,380 | 87,164 | 222,544 | 0.392 | -5.1% | 4,438,155 | 0.050 | -0.8% | 0.020 | -5.8% | 2006 | -6.5% | |
| 2007 | 129,606 | 84,388 | 213,994 | 0.394 | 0.7% | 4,185,905 | 0.051 | 2.0% | 0.020 | 2.6% | 2007 | -2.3% | |
| 2008 | 129,248 | 90,238 | 219,486 | 0.411 | 4.3% | 4,410,364 | 0.050 | -2.7% | 0.020 | 1.5% | 2008 | -3.9% | |
| 2009 | 118,024 | 87,016 | 205,039 | 0.424 | 3.2% | 4,241,253 | 0.048 | -2.9% | 0.021 | 0.3% | 2009 | -2.0% | |
| 2010 | 112,958 | 86,298 | 199,255 | 0.433 | 2.1% | 4,126,124 | 0.048 | -0.1% | 0.021 | 1.9% | 2010 | 6.8% | |
| 2011 | 109,839 | 86,357 | 196,196 | 0.440 | 1.6% | 4,020,445 | 0.049 | 1.1% | 0.021 | 2.7% | 2011 | -0.3% | |
| 2012 | 110,219 | 84,995 | 195,214 | 0.435 | -1.1% | 4,017,726 | 0.049 | -0.4% | 0.021 | -1.5% | 2012 | 3.5% | |
| 2013 | 105,725 | 86,201 | 191,926 | 0.449 | 3.2% | 4,232,408 | 0.045 | -6.7% | 0.020 | -3.7% | 2013 | 0.1% | |
| 2014 | 103,545 | 87,841 | 191,385 | 0.459 | 2.2% | 4,384,096 | 0.044 | -3.7% | 0.020 | -1.6% | 2014 | 0.5% | |
| 2015 | 101,940 | 89,057 | 190,997 | 0.466 | 1.6% | 4,289,307 | 0.045 | 2.0% | 0.021 | 3.6% | 2015 | -0.6% | |
| 2016 | 105,820 | 88,625 | 194,445 | 0.456 | -2.2% | 4,472,667 | 0.043 | -2.4% | 0.020 | -4.6% | 2016 | -2.6% | |
| 2017 | 107,470 | 88,246 | 195,716 | 0.451 | -1.1% | 4,359,334 | 0.045 | 3.3% | 0.020 | 2.2% | 2017 | -3.7% | |

Notes: Fiscal Year Public data prorated to CYs 50%/50%.
 Insured System AY 2017 change is based on a comparison of 2017 accidents on 2016 policies to 2016 accidents on 2015 policies.

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

Annual Changes in Indemnity Frequency Attributable to Changes in Hazardousness

| Policy Year | Report Level | Change in Frequency Hazardousness | Indemnity Frequency Hazardousness Index | Annual % Change in Ind Frequency Attributable to Change in Mix of Exposures |
|-------------|--------------|-----------------------------------|---|---|
| 1961 | 3 | 1.000000 | 1.000000 | ----- |
| 1962 | 3 | 0.990262 | 0.990262 | -0.9738 |
| 1963 | 3 | 0.998718 | 0.988993 | -0.1282 |
| 1964 | 3 | 0.994304 | 0.983359 | -0.5696 |
| 1965 | 3 | 0.993875 | 0.977336 | -0.6125 |
| 1966 | 3 | 0.983584 | 0.961291 | -1.6416 |
| 1967 | 3 | 0.987626 | 0.949396 | -1.2374 |
| 1968 | 3 | 0.997512 | 0.947033 | -0.2488 |
| 1969 | 3 | 0.986390 | 0.934144 | -1.3610 |
| 1970 | 3 | 0.989966 | 0.924770 | -1.0034 |
| 1971 | 3 | 1.000824 | 0.925532 | 0.0824 |
| 1972 | 3 | 1.000505 | 0.926000 | 0.0505 |
| 1973 | 3 | 0.998631 | 0.924732 | -0.1369 |
| 1974 | 3 | 0.986017 | 0.911802 | -1.3983 |
| 1975 | 3 | 0.984110 | 0.897313 | -1.5890 |
| 1976 | 3 | 1.004996 | 0.901796 | 0.4996 |
| 1977 | 3 | 1.009490 | 0.910354 | 0.9490 |
| 1978 | 3 | 1.012494 | 0.921728 | 1.2494 |
| 1979 | 3 | 0.997841 | 0.919739 | -0.2159 |
| 1980 | 3 | 0.988843 | 0.909477 | -1.1157 |
| 1981 | 3 | 0.981336 | 0.892503 | -1.8664 |
| 1982 | 3 | 0.979033 | 0.873790 | -2.0967 |
| 1983 | 3 | 0.997989 | 0.872032 | -0.2011 |
| 1984 | 3 | 0.998272 | 0.870525 | -0.1728 |
| 1985 | 3 | 0.992516 | 0.864010 | -0.7484 |
| 1986 | 3 | 0.989667 | 0.855082 | -1.0333 |
| 1987 | 3 | 0.997751 | 0.853159 | -0.2249 |
| 1988 | 3 | 1.000574 | 0.853649 | 0.0574 |
| 1989 | 5 | 0.998212 | 0.852122 | -0.1788 |
| 1990 | 5 | 0.986184 | 0.840349 | -1.3816 |
| 1991 | 5 | 0.982822 | 0.825913 | -1.7178 |
| 1992 | 5 | 0.987393 | 0.815501 | -1.2607 |
| 1993 | 5 | 0.987562 | 0.805358 | -1.2438 |
| 1994 | 5 | 1.007382 | 0.811303 | 0.7382 |
| 1995 | 5 | 0.997625 | 0.809376 | -0.2375 |
| 1996 | 5 | 0.980288 | 0.793422 | -1.9712 |
| 1997 | 5 | 0.993034 | 0.787895 | -0.6966 |
| 1998 | 5 | 0.994743 | 0.783752 | -0.5257 |
| 1999 | 5 | 0.978134 | 0.766615 | -2.1866 |
| 2000 | 5 | 0.965472 | 0.740145 | -3.4528 |
| 2001 | 5 | 1.027926 | 0.760814 | 2.7926 |
| 2002 | 5 | 1.002823 | 0.762962 | 0.2823 |
| 2003 | 5 | 1.001398 | 0.764029 | 0.1398 |
| 2004 | 5 | 0.995209 | 0.760369 | -0.4791 |
| 2005 | 5 | 0.998285 | 0.759065 | -0.1715 |
| 2006 | 5 | 0.986896 | 0.749118 | -1.3104 |
| 2007 | 5 | 0.998047 | 0.747655 | -0.1953 |
| 2008 | 5 | 0.980684 | 0.733213 | -1.9316 |
| 2009 | 5 | 0.982600 | 0.720455 | -1.7400 |
| 2010 | 5 | 0.980260 | 0.706234 | -1.9740 |
| 2011 | 5 | 0.990176 | 0.699296 | -0.9824 |
| 2012 | 5 | 0.986305 | 0.689719 | -1.3695 |
| 2013 | Proj to 5th | 1.004761 | 0.693002 | 0.4761 |
| 2014 | Proj to 5th | 1.000126 | 0.693090 | 0.0126 |
| 2015 | Proj to 5th | 1.004679 | 0.696333 | 0.4679 |
| 2016 | Proj to 5th | 1.008486 | 0.702242 | 0.8486 |

Source: WCIRB unit statistical data

Changes in Incremental Indemnity Claim Counts and Medical Only Claim Counts

| Calendar Quarter Evaluation | Change in Statewide Incremental Number of Indemnity Claims | | Change in Statewide Incremental Number of Medical-Only Claims | |
|-----------------------------------|--|--|--|--|
| | Change in Quarterly Increment from Same Quarter at Prior Calendar Year | Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year | Change in Quarterly Increment from Same Quarter at Prior Calendar Year | Change in 4-Quarter Increment from Same Quarter at Prior Calendar Year |
| | <u>Calendar Year</u> | <u>Calendar Year</u> | <u>Calendar Year</u> | <u>Calendar Year</u> |
| 3/31/2007 | -2.4% | --- | --- | --- |
| 6/30/2007 | -10.2% | --- | -13.5% | --- |
| 9/30/2007 | 0.3% | --- | 1.2% | --- |
| 12/31/2007 | -13.4% | -6.3% | -19.4% | --- |
| 3/31/2008 | -5.8% | -7.2% | -14.8% | -11.6% |
| 6/30/2008 | -3.9% | -5.7% | -2.8% | -9.0% |
| 9/30/2008 | -19.2% | -10.7% | -17.6% | -13.9% |
| 12/31/2008 | -16.7% | -11.4% | -3.8% | -10.3% |
| 3/31/2009 | -27.1% | -16.8% | -27.5% | -13.2% |
| 6/30/2009 | -14.2% | -19.4% | -27.0% | -19.4% |
| 9/30/2009 | -8.2% | -16.8% | -16.7% | -19.2% |
| 12/31/2009 | 2.5% | -12.8% | -15.8% | -22.0% |
| 3/31/2010 | 7.4% | -4.1% | -5.2% | -17.1% |
| 6/30/2010 | 3.9% | 1.0% | -1.9% | -10.6% |
| 9/30/2010 | 6.7% | 5.1% | -6.3% | -7.6% |
| 12/31/2010 | 7.2% | 6.3% | 3.3% | -2.6% |
| 3/31/2011 | 2.7% | 5.1% | -4.1% | -2.3% |
| 6/30/2011 | -1.2% | 3.8% | -8.9% | -4.1% |
| 9/30/2011 | 3.4% | 2.9% | -1.3% | -2.7% |
| 12/31/2011 | 4.5% | 2.3% | -7.8% | -5.5% |
| 3/31/2012 | -0.4% | 1.5% | -1.8% | -4.6% |
| 6/30/2012 | 8.1% | 3.9% | 0.1% | -2.6% |
| 9/30/2012 | 5.5% | 4.5% | 3.2% | -1.5% |
| 12/31/2012 | 6.7% | 5.1% | 5.5% | 1.8% |
| 3/31/2013 | 5.2% | 6.4% | -4.2% | 1.3% |
| 6/30/2013 | 10.9% | 7.1% | 9.0% | 3.4% |
| 9/30/2013 | 6.2% | 7.3% | -1.9% | 2.0% |
| 12/31/2013 | 5.4% | 7.0% | 0.5% | 0.8% |
| 3/31/2014 | 8.6% | 7.7% | 0.6% | 1.9% |
| 6/30/2014 | -0.2% | 4.8% | -5.8% | -1.8% |
| 9/30/2014 | 1.1% | 3.5% | 1.3% | -0.9% |
| 12/31/2014 | -0.4% | 2.0% | 1.7% | -0.6% |
| 3/31/2015 | -2.3% | -0.4% | 4.2% | 0.2% |
| 6/30/2015 | 2.4% | 0.2% | 2.7% | 2.4% |
| 9/30/2015 | 3.1% | 0.8% | 7.8% | 4.2% |
| 12/31/2015 | 2.7% | 1.5% | 0.7% | 3.9% |
| 3/31/2016 | 5.3% | 3.3% | 6.3% | 4.4% |
| 6/30/2016 | 2.7% | 3.4% | 4.6% | 4.8% |
| 9/30/2016 | -1.2% | 2.3% | -3.3% | 1.8% |
| 12/31/2016 | 0.4% | 1.7% | -1.3% | 1.3% |
| 3/31/2017 | 2.7% | 1.1% | 1.3% | 0.2% |
| 6/30/2017 | 4.0% | 1.4% | 6.3% | 0.7% |
| 9/30/2017 | 0.9% | 2.0% | 5.2% | 3.0% |
| 12/31/2017 | 1.7% | 2.3% | 13.3% | 6.5% |
| 3/31/2018 | -2.1% | 1.2% | 3.2% | 7.0% |
| 6/30/2018 | -2.1% | -0.4% | -1.4% | 5.0% |
| 9/30/2018 | 7.7% | 1.3% | 10.2% | 6.3% |
| 12/31/2018 | 4.3% | 2.0% | 4.9% | 4.3% |
| 3/31/2019 | 4.0% | 3.4% | 3.6% | 4.4% |

Source: WCIRB quarterly calls for experience

Economic Variables

| CY | Aggregate Employment | Unemployment Rate | Annual Log Differences | | Economic Variables 1st Prin. Comp. |
|------|----------------------|-------------------|------------------------|-------------------|---------------------------------------|
| | | | Aggregate Employment | Unemployment Rate | |
| 1961 | 3,963,242 | 6.90 | | | |
| 1962 | 4,146,749 | 5.80 | 0.045 | -0.174 | 0.178 |
| 1963 | 4,293,966 | 6.00 | 0.035 | 0.034 | -0.029 |
| 1964 | 4,426,369 | 6.00 | 0.030 | 0.000 | 0.004 |
| 1965 | 4,546,719 | 5.90 | 0.027 | -0.017 | 0.020 |
| 1966 | 4,793,964 | 4.90 | 0.053 | -0.186 | 0.191 |
| 1967 | 4,929,157 | 5.70 | 0.028 | 0.151 | -0.146 |
| 1968 | 5,134,603 | 5.40 | 0.041 | -0.054 | 0.059 |
| 1969 | 5,369,271 | 5.20 | 0.045 | -0.038 | 0.043 |
| 1970 | 5,336,545 | 7.30 | -0.006 | 0.339 | -0.337 |
| 1971 | 5,285,062 | 8.79 | -0.010 | 0.186 | -0.186 |
| 1972 | 6,022,635 | 7.61 | 0.131 | -0.145 | 0.161 |
| 1973 | 6,500,706 | 7.02 | 0.076 | -0.081 | 0.090 |
| 1974 | 6,709,500 | 7.30 | 0.032 | 0.040 | -0.035 |
| 1975 | 6,685,230 | 9.88 | -0.004 | 0.302 | -0.300 |
| 1976 | 7,261,209 | 9.17 | 0.083 | -0.075 | 0.085 |
| 1977 | 7,681,971 | 8.25 | 0.056 | -0.105 | 0.112 |
| 1978 | 9,203,099 | 7.11 | 0.181 | -0.149 | 0.172 |
| 1979 | 9,621,815 | 6.24 | 0.044 | -0.130 | 0.134 |
| 1980 | 10,269,331 | 6.83 | 0.065 | 0.090 | -0.081 |
| 1981 | 10,408,249 | 7.41 | 0.013 | 0.081 | -0.079 |
| 1982 | 10,235,071 | 9.95 | -0.017 | 0.294 | -0.294 |
| 1983 | 10,334,786 | 9.68 | 0.010 | -0.028 | 0.029 |
| 1984 | 10,826,006 | 7.79 | 0.046 | -0.218 | 0.222 |
| 1985 | 11,178,336 | 7.21 | 0.032 | -0.077 | 0.081 |
| 1986 | 11,489,283 | 6.69 | 0.027 | -0.075 | 0.078 |
| 1987 | 11,893,711 | 5.77 | 0.035 | -0.148 | 0.151 |
| 1988 | 12,361,079 | 5.31 | 0.039 | -0.084 | 0.088 |
| 1989 | 12,692,805 | 5.09 | 0.026 | -0.042 | 0.045 |
| 1990 | 12,946,887 | 5.77 | 0.020 | 0.125 | -0.121 |
| 1991 | 12,782,341 | 7.74 | -0.013 | 0.294 | -0.293 |
| 1992 | 12,582,274 | 9.32 | -0.016 | 0.186 | -0.186 |
| 1993 | 12,483,226 | 9.52 | -0.008 | 0.021 | -0.022 |
| 1994 | 12,615,828 | 8.56 | 0.011 | -0.106 | 0.106 |
| 1995 | 12,873,417 | 7.82 | 0.020 | -0.090 | 0.092 |
| 1996 | 13,231,630 | 7.28 | 0.027 | -0.072 | 0.075 |
| 1997 | 13,626,047 | 6.37 | 0.029 | -0.135 | 0.138 |
| 1998 | 14,089,578 | 5.91 | 0.033 | -0.075 | 0.078 |
| 1999 | 14,486,568 | 5.21 | 0.028 | -0.125 | 0.128 |
| 2000 | 14,999,309 | 4.90 | 0.035 | -0.062 | 0.066 |
| 2001 | 15,105,147 | 5.43 | 0.007 | 0.103 | -0.101 |
| 2002 | 14,979,580 | 6.65 | -0.008 | 0.203 | -0.202 |
| 2003 | 14,957,730 | 6.81 | -0.001 | 0.023 | -0.023 |
| 2004 | 15,137,580 | 6.20 | 0.012 | -0.093 | 0.093 |
| 2005 | 15,429,468 | 5.40 | 0.019 | -0.139 | 0.141 |
| 2006 | 15,705,339 | 4.92 | 0.018 | -0.093 | 0.095 |
| 2007 | 15,851,478 | 5.36 | 0.009 | 0.087 | -0.084 |
| 2008 | 15,696,799 | 7.31 | -0.010 | 0.310 | -0.308 |
| 2009 | 14,814,913 | 11.15 | -0.058 | 0.423 | -0.427 |
| 2010 | 14,671,408 | 12.22 | -0.010 | 0.091 | -0.092 |
| 2011 | 14,857,771 | 11.72 | 0.013 | -0.042 | 0.043 |
| 2012 | 15,211,651 | 10.38 | 0.024 | -0.121 | 0.123 |
| 2013 | 15,603,785 | 8.94 | 0.025 | -0.149 | 0.151 |
| 2014 | 16,048,787 | 7.50 | 0.028 | -0.176 | 0.178 |
| 2015 | 16,513,701 | 6.19 | 0.029 | -0.192 | 0.194 |
| 2016 | 16,939,919 | 5.72 | 0.025 | -0.079 | 0.082 |
| 2017 | 17,310,051 | 5.30 | 0.022 | -0.076 | 0.078 |
| 2018 | 17,603,161 | 4.28 | 0.017 | -0.215 | 0.216 |
| 2019 | 17,857,112 | 4.27 | 0.014 | -0.003 | 0.005 |
| 2020 | 17,996,536 | 4.29 | 0.008 | 0.006 | -0.005 |
| 2021 | 18,109,838 | 4.43 | 0.006 | 0.031 | -0.030 |

Notes: The first principal component is of the annual log difference data from 1962-2018.

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

1st PC of Econ Variables = $-0.1362132 \times \text{Aggregate Employment} + 0.9906795 \times \text{Unemployment Rate}$

Sources: Government historical labor statistics through 2018

UCLA Anderson forecasts through 2021 are as of June 2019

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

Cumulative Injury Indemnity Claim Counts by Policy Year and Report Level

| AY/RL | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2004 | 12,018 | 12,876 | 13,224 | 13,474 | 13,751 | 14,240 | 14,394 | 14,391 | 14,444 | 14,527 |
| 2005 | 7,921 | 8,802 | 9,390 | 9,817 | 10,320 | 10,563 | 10,652 | 10,767 | 10,854 | 10,874 |
| 2006 | 7,368 | 8,491 | 9,048 | 9,520 | 9,771 | 9,889 | 9,980 | 10,149 | 10,236 | 10,252 |
| 2007 | 7,560 | 8,657 | 9,341 | 9,754 | 9,965 | 10,130 | 10,333 | 10,372 | 10,426 | 10,446 |
| 2008 | 7,278 | 8,577 | 9,429 | 9,855 | 10,157 | 10,416 | 10,586 | 10,675 | 10,696 | <i>10,708</i> |
| 2009 | 7,749 | 9,332 | 10,201 | 10,699 | 11,145 | 11,306 | 11,435 | 11,498 | <i>11,559</i> | |
| 2010 | 8,622 | 9,950 | 10,690 | 11,486 | 11,640 | 11,839 | 11,974 | <i>12,081</i> | | |
| 2011 | 8,393 | 10,363 | 11,630 | 11,930 | 12,187 | 12,345 | <i>12,514</i> | | | |
| 2012 | 9,470 | 12,099 | 12,814 | 13,284 | 13,578 | <i>13,832</i> | | | | |
| 2013 | 12,040 | 14,207 | 15,143 | 15,566 | <i>16,079</i> | | | | | |
| 2014 | 12,834 | 15,180 | 15,811 | <i>16,611</i> | | | | | | |
| 2015 | 12,858 | 15,335 | <i>16,807</i> | | | | | | | |
| 2016 | 13,064 | <i>17,050</i> | | | | | | | | |
| 2017 | <i>13,978</i> | | | | | | | | | |

Cumulative Injury Share of Total Indemnity Count

| AY/RL | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2004 | 8.8% | 9.2% | 9.4% | 9.6% | 9.8% | 10.1% | 10.3% | 10.3% | 10.3% | 10.4% |
| 2005 | 6.7% | 7.3% | 7.8% | 8.1% | 8.5% | 8.7% | 8.8% | 8.8% | 8.9% | 8.9% |
| 2006 | 6.6% | 7.5% | 7.9% | 8.3% | 8.5% | 8.6% | 8.6% | 8.8% | 8.9% | 8.9% |
| 2007 | 7.1% | 7.9% | 8.5% | 8.8% | 8.9% | 9.1% | 9.2% | 9.3% | 9.3% | 9.3% |
| 2008 | 7.4% | 8.4% | 9.1% | 9.4% | 9.7% | 9.9% | 10.0% | 10.1% | 10.1% | <i>10.1%</i> |
| 2009 | 8.6% | 9.9% | 10.6% | 11.1% | 11.5% | 11.6% | 11.7% | 11.8% | <i>11.8%</i> | |
| 2010 | 9.4% | 10.3% | 10.9% | 11.6% | 11.7% | 11.9% | 12.0% | <i>12.1%</i> | | |
| 2011 | 9.0% | 10.6% | 11.6% | 11.8% | 12.0% | 12.2% | <i>12.3%</i> | | | |
| 2012 | 9.7% | 11.7% | 12.1% | 12.5% | 12.7% | <i>12.9%</i> | | | | |
| 2013 | 11.5% | 12.9% | 13.5% | 13.8% | <i>14.2%</i> | | | | | |
| 2014 | 11.9% | 13.3% | 13.7% | <i>14.3%</i> | | | | | | |
| 2015 | 11.9% | 13.4% | <i>14.4%</i> | | | | | | | |
| 2016 | 12.0% | <i>14.5%</i> | | | | | | | | |
| 2017 | <i>13.2%</i> | | | | | | | | | |

Source: WCIRB unit statistical data

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

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

| Region | Ratio of Permanent Disability Claims to Indemnity Claims for Accident Year | | | | | | | | | | | | | | |
|----------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Bay Area | 0.379 | 0.359 | 0.309 | 0.303 | 0.283 | 0.296 | 0.305 | 0.313 | 0.323 | 0.309 | 0.293 | 0.302 | 0.310 | 0.299 | <i>0.286</i> |
| Los Angeles/LA Basin | 0.482 | 0.456 | 0.398 | 0.382 | 0.388 | 0.405 | 0.405 | 0.397 | 0.403 | 0.398 | 0.369 | 0.374 | 0.392 | 0.381 | <i>0.385</i> |
| San Diego | 0.456 | 0.411 | 0.341 | 0.330 | 0.329 | 0.336 | 0.362 | 0.356 | 0.357 | 0.361 | 0.327 | 0.348 | 0.360 | 0.345 | <i>0.344</i> |
| All Other | 0.410 | 0.370 | 0.324 | 0.315 | 0.299 | 0.320 | 0.315 | 0.325 | 0.320 | 0.314 | 0.290 | 0.302 | 0.315 | 0.301 | <i>0.313</i> |
| All Regions | 0.441 | 0.410 | 0.356 | 0.344 | 0.339 | 0.357 | 0.360 | 0.360 | 0.363 | 0.358 | 0.332 | 0.341 | 0.355 | 0.343 | <i>0.346</i> |

| Region | Annual Change | | | | | | | | | | | | | | |
|----------------------|---------------|-------|--------|-------|-------|------|-------|-------|-------|-------|-------|------|------|-------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Bay Area | --- | -5.2% | -14.0% | -1.8% | -6.6% | 4.4% | 3.1% | 2.5% | 3.3% | -4.4% | -5.2% | 3.0% | 2.7% | -3.5% | <i>-4.3%</i> |
| Los Angeles/LA Basin | --- | -5.4% | -12.8% | -4.0% | 1.7% | 4.3% | -0.1% | -2.1% | 1.6% | -1.3% | -7.2% | 1.4% | 4.8% | -2.8% | <i>1.1%</i> |
| San Diego | --- | -9.9% | -16.9% | -3.4% | -0.1% | 2.2% | 7.6% | -1.5% | 0.2% | 1.1% | -9.3% | 6.2% | 3.4% | -4.1% | <i>-0.3%</i> |
| All Other | --- | -9.7% | -12.5% | -2.7% | -5.2% | 7.1% | -1.6% | 3.3% | -1.7% | -1.8% | -7.8% | 4.2% | 4.4% | -4.4% | <i>4.1%</i> |
| All Regions | --- | -6.9% | -13.3% | -3.2% | -1.5% | 5.3% | 0.9% | 0.0% | 0.8% | -1.5% | -7.3% | 2.7% | 4.2% | -3.5% | <i>1.1%</i> |

| Region | Ratio of Indemnity Claims to Total Claims for Accident Year | | | | | | | | | | | | | | |
|----------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Bay Area | 0.346 | 0.307 | 0.284 | 0.285 | 0.289 | 0.295 | 0.307 | 0.315 | 0.323 | 0.322 | 0.331 | 0.328 | 0.333 | 0.334 | <i>0.325</i> |
| Los Angeles/LA Basin | 0.364 | 0.333 | 0.304 | 0.297 | 0.305 | 0.316 | 0.341 | 0.352 | 0.359 | 0.372 | 0.389 | 0.393 | 0.391 | 0.391 | <i>0.373</i> |
| San Diego | 0.311 | 0.281 | 0.263 | 0.259 | 0.260 | 0.272 | 0.285 | 0.303 | 0.313 | 0.327 | 0.329 | 0.329 | 0.327 | 0.327 | <i>0.321</i> |
| All Other | 0.352 | 0.321 | 0.299 | 0.289 | 0.294 | 0.300 | 0.313 | 0.321 | 0.329 | 0.330 | 0.343 | 0.339 | 0.331 | 0.332 | <i>0.318</i> |
| All Regions | 0.353 | 0.320 | 0.295 | 0.290 | 0.295 | 0.304 | 0.323 | 0.333 | 0.340 | 0.348 | 0.361 | 0.361 | 0.358 | 0.358 | <i>0.344</i> |

| Region | Annual Change | | | | | | | | | | | | | | |
|----------------------|---------------|--------|-------|-------|------|------|------|------|------|-------|------|-------|-------|-------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Bay Area | --- | -11.4% | -7.4% | 0.6% | 1.1% | 2.3% | 3.9% | 2.7% | 2.4% | -0.2% | 2.8% | -0.8% | 1.4% | 0.3% | <i>-2.7%</i> |
| Los Angeles/LA Basin | --- | -8.4% | -8.7% | -2.4% | 2.5% | 3.8% | 7.9% | 3.3% | 1.7% | 3.7% | 4.7% | 0.9% | -0.4% | -0.2% | <i>-4.5%</i> |
| San Diego | --- | -9.5% | -6.4% | -1.4% | 0.2% | 4.7% | 4.6% | 6.4% | 3.5% | 4.3% | 0.5% | 0.0% | -0.6% | 0.1% | <i>-1.8%</i> |
| All Other | --- | -8.8% | -6.9% | -3.2% | 1.6% | 2.2% | 4.2% | 2.7% | 2.3% | 0.4% | 3.9% | -1.3% | -2.3% | 0.3% | <i>-4.2%</i> |
| All Regions | --- | -9.2% | -7.8% | -2.0% | 1.8% | 3.2% | 6.0% | 3.3% | 2.1% | 2.2% | 3.8% | 0.0% | -0.8% | 0.0% | <i>-3.9%</i> |

| Region | Cumulative Injury Claims per 100 Indemnity Claims for Accident Year | | | | | | | | | | | | | | |
|----------------------|---|-------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Bay Area | 8.94 | 8.82 | 7.39 | 6.51 | 7.51 | 7.55 | 8.20 | 8.18 | 8.21 | 7.73 | 9.12 | 8.74 | 8.04 | 8.05 | <i>8.94</i> |
| Los Angeles/LA Basin | 10.36 | 10.47 | 7.98 | 7.86 | 8.50 | 8.90 | 10.60 | 11.63 | 11.26 | 12.52 | 14.89 | 15.62 | 16.18 | 16.58 | <i>18.44</i> |
| San Diego | 9.04 | 8.86 | 6.58 | 6.00 | 6.43 | 6.96 | 7.30 | 9.20 | 8.51 | 8.77 | 11.76 | 12.44 | 12.22 | 12.17 | <i>12.81</i> |
| All Other | 6.29 | 6.16 | 4.47 | 4.92 | 4.86 | 4.86 | 5.77 | 6.30 | 5.94 | 6.15 | 7.02 | 7.12 | 6.79 | 6.66 | <i>6.84</i> |
| All Regions | 8.79 | 8.76 | 6.71 | 6.60 | 7.09 | 7.37 | 8.61 | 9.39 | 9.04 | 9.69 | 11.51 | 11.90 | 11.89 | 12.02 | <i>13.19</i> |

| Region | Annual Change | | | | | | | | | | | | | | |
|----------------------|---------------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Bay Area | --- | -1.3% | -16.2% | -11.9% | 15.4% | 0.5% | 8.7% | -0.3% | 0.4% | -5.8% | 18.0% | -4.1% | -8.0% | 0.1% | <i>11.0%</i> |
| Los Angeles/LA Basin | --- | 1.1% | -23.8% | -1.5% | 8.1% | 4.8% | 19.1% | 9.6% | -3.1% | 11.2% | 18.9% | 4.9% | 3.6% | 2.5% | <i>11.2%</i> |
| San Diego | --- | -2.0% | -25.8% | -8.8% | 7.1% | 8.4% | 4.8% | 26.1% | -7.6% | 3.0% | 34.2% | 5.8% | -1.8% | -0.4% | <i>5.3%</i> |
| All Other | --- | -2.0% | -27.6% | 10.2% | -1.2% | -0.1% | 18.8% | 9.2% | -5.8% | 3.6% | 14.1% | 1.5% | -4.7% | -1.9% | <i>2.7%</i> |
| All Regions | --- | -0.3% | -23.4% | -1.6% | 7.4% | 4.0% | 16.9% | 9.1% | -3.8% | 7.2% | 18.8% | 3.3% | 0.0% | 1.0% | <i>9.8%</i> |

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

Ratio of Total Indemnity Claim Counts to Total Claim Counts

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2000 | | | | | | | | | | 0.337 |
| 2001 | | | | | | | | | 0.340 | 0.340 |
| 2002 | | | | | | | | 0.356 | 0.356 | 0.355 |
| 2003 | | | | | | | 0.354 | 0.354 | 0.353 | 0.352 |
| 2004 | | | | | | 0.318 | 0.317 | 0.317 | 0.316 | 0.316 |
| 2005 | | | | | 0.293 | 0.293 | 0.292 | 0.292 | 0.292 | 0.292 |
| 2006 | | | | 0.290 | 0.290 | 0.289 | 0.289 | 0.289 | 0.289 | 0.289 |
| 2007 | | | 0.296 | 0.296 | 0.297 | 0.297 | 0.297 | 0.297 | 0.297 | 0.297 |
| 2008 | | 0.300 | 0.305 | 0.307 | 0.308 | 0.308 | 0.308 | 0.309 | 0.309 | 0.309 |
| 2009 | 0.318 | 0.315 | 0.326 | 0.329 | 0.330 | 0.331 | 0.331 | 0.331 | 0.331 | 0.331 |
| 2010 | 0.322 | 0.328 | 0.341 | 0.345 | 0.346 | 0.346 | 0.347 | 0.347 | 0.347 | 0.347 |
| 2011 | 0.318 | 0.335 | 0.352 | 0.356 | 0.357 | 0.358 | 0.358 | 0.358 | 0.358 | 0.358 |
| 2012 | 0.317 | 0.339 | 0.358 | 0.362 | 0.363 | 0.364 | 0.364 | 0.364 | | |
| 2013 | 0.334 | 0.352 | 0.368 | 0.372 | 0.373 | 0.374 | 0.374 | | | |
| 2014 | 0.337 | 0.349 | 0.365 | 0.369 | 0.370 | 0.371 | | | | |
| 2015 | 0.325 | 0.349 | 0.366 | 0.369 | 0.369 | | | | | |
| 2016 | 0.333 | 0.349 | 0.366 | 0.370 | | | | | | |
| 2017 | 0.327 | 0.336 | 0.351 | | | | | | | |
| 2018 | 0.316 | 0.337 | | | | | | | | |
| 2019 | 0.321 | | | | | | | | | |

Source: WCIRB quarterly calls for experience

Distribution of Cumulative Injury Claims by Injury Type

Permanent Indemnity*

| Percentage of All Cumulative Injury Claims | | | | | Annual Change | | | | | | |
|--|-------|-------|-------|-------|---------------|-------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1999 | 33.8% | 35.1% | 35.3% | 35.6% | 36.1% | 1999 | --- | --- | --- | --- | --- |
| 2000 | 31.6% | 34.0% | 34.7% | 35.4% | 34.5% | 2000 | -6.5% | -3.0% | -1.8% | -0.4% | -4.5% |
| 2001 | 30.8% | 34.4% | 36.7% | 37.6% | 37.9% | 2001 | -2.5% | 1.2% | 5.9% | 6.0% | 10.0% |
| 2002 | 33.3% | 37.4% | 38.9% | 39.3% | 39.1% | 2002 | 8.1% | 8.8% | 5.8% | 4.7% | 3.0% |
| 2003 | 33.5% | 37.4% | 38.6% | 38.8% | 39.2% | 2003 | 0.6% | -0.1% | -0.6% | -1.4% | 0.2% |
| 2004 | 28.6% | 31.6% | 32.8% | 33.6% | 34.9% | 2004 | -14.4% | -15.6% | -15.1% | -13.4% | -10.8% |
| 2005 | 22.0% | 25.3% | 27.7% | 30.0% | 31.6% | 2005 | -23.1% | -19.8% | -15.6% | -10.7% | -9.5% |
| 2006 | 20.2% | 25.1% | 28.4% | 30.1% | 31.0% | 2006 | -8.4% | -0.9% | 2.8% | 0.6% | -1.9% |
| 2007 | 20.7% | 26.6% | 29.4% | 29.9% | 31.1% | 2007 | 2.6% | 6.1% | 3.4% | -0.8% | 0.4% |
| 2008 | 21.6% | 27.8% | 31.0% | 31.2% | 33.1% | 2008 | 4.2% | 4.4% | 5.6% | 4.3% | 6.2% |
| 2009 | 24.3% | 30.9% | 34.2% | 36.0% | 37.0% | 2009 | 12.8% | 11.0% | 10.2% | 15.6% | 11.9% |
| 2010 | 25.4% | 33.2% | 36.0% | 37.8% | 38.5% | 2010 | 4.5% | 7.4% | 5.2% | 5.0% | 4.1% |
| 2011 | 27.7% | 34.2% | 37.6% | 39.3% | 40.3% | 2011 | 9.1% | 3.1% | 4.6% | 3.9% | 4.7% |
| 2012 | 29.2% | 35.5% | 38.8% | 40.5% | 41.3% | 2012 | 5.4% | 3.9% | 3.1% | 3.0% | 2.6% |
| 2013 | 30.7% | 37.6% | 40.7% | 42.3% | 41.8% | 2013 | 5.1% | 6.1% | 4.7% | 4.5% | 1.2% |
| 2014 | 32.9% | 39.6% | 42.1% | 44.5% | | 2014 | 7.0% | 5.3% | 3.5% | 5.2% | |
| 2015 | 33.8% | 39.5% | 42.6% | | | 2015 | 2.7% | -0.2% | 1.2% | | |
| 2016 | 32.1% | 37.4% | | | | 2016 | -4.8% | -5.5% | | | |
| 2017 | 30.8% | | | | | 2017 | -4.3% | | | | |

Temporary Indemnity

| Percentage of All Cumulative Injury Claims | | | | | Annual Change | | | | | | |
|--|-------|-------|-------|-------|---------------|-------|-------|-------|-------|-------|-------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1999 | 19.0% | 15.9% | 15.0% | 14.5% | 14.2% | 1999 | --- | --- | --- | --- | --- |
| 2000 | 19.2% | 16.3% | 16.1% | 15.6% | 15.1% | 2000 | 0.9% | 2.0% | 7.5% | 8.0% | 6.6% |
| 2001 | 19.9% | 18.3% | 17.7% | 16.7% | 16.1% | 2001 | 3.9% | 12.6% | 10.2% | 7.0% | 6.3% |
| 2002 | 20.2% | 18.9% | 16.8% | 15.9% | 15.9% | 2002 | 1.6% | 3.5% | -5.3% | -4.6% | -1.2% |
| 2003 | 22.1% | 18.6% | 17.1% | 16.8% | 16.4% | 2003 | 9.2% | -2.1% | 2.0% | 5.2% | 3.0% |
| 2004 | 22.0% | 19.2% | 18.1% | 17.1% | 16.1% | 2004 | -0.3% | 3.6% | 5.5% | 2.3% | -1.9% |
| 2005 | 21.6% | 19.4% | 17.9% | 16.2% | 15.1% | 2005 | -1.9% | 0.8% | -1.0% | -5.3% | -5.9% |
| 2006 | 21.6% | 19.0% | 16.5% | 15.5% | 14.7% | 2006 | 0.2% | -1.9% | -7.7% | -4.9% | -2.4% |
| 2007 | 22.5% | 18.7% | 17.2% | 16.1% | 15.8% | 2007 | 4.0% | -1.5% | 4.0% | 4.5% | 7.0% |
| 2008 | 22.8% | 19.4% | 17.5% | 16.4% | 16.6% | 2008 | 1.6% | 3.4% | 2.0% | 1.4% | 5.1% |
| 2009 | 25.2% | 21.7% | 19.5% | 18.4% | 17.9% | 2009 | 10.4% | 12.3% | 11.3% | 12.5% | 7.9% |
| 2010 | 26.4% | 21.8% | 19.7% | 18.9% | 18.1% | 2010 | 4.7% | 0.3% | 0.8% | 2.4% | 1.3% |
| 2011 | 26.3% | 23.5% | 21.8% | 20.2% | 19.2% | 2011 | -0.4% | 8.0% | 10.7% | 6.9% | 5.9% |
| 2012 | 27.5% | 25.3% | 22.5% | 21.0% | 20.1% | 2012 | 4.6% | 7.3% | 3.5% | 4.2% | 4.9% |
| 2013 | 30.5% | 25.6% | 22.9% | 21.2% | 19.5% | 2013 | 10.9% | 1.3% | 1.8% | 0.8% | -2.9% |
| 2014 | 29.7% | 24.7% | 21.9% | 21.2% | | 2014 | -2.4% | -3.5% | -4.4% | -0.1% | |
| 2015 | 26.9% | 23.0% | 21.5% | | | 2015 | -9.7% | -6.7% | -1.9% | | |
| 2016 | 27.3% | 23.8% | | | | 2016 | 1.8% | 3.2% | | | |
| 2017 | 26.6% | | | | | 2017 | -2.7% | | | | |

Medical-Only

| Percentage of All Cumulative Injury Claims | | | | | Annual Change | | | | | | |
|--|-------|-------|-------|-------|---------------|-------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 1999 | 47.2% | 49.0% | 49.7% | 49.9% | 49.7% | 1999 | --- | --- | --- | --- | --- |
| 2000 | 49.3% | 49.7% | 49.2% | 49.0% | 50.4% | 2000 | 4.3% | 1.5% | -1.0% | -2.0% | 1.4% |
| 2001 | 49.3% | 47.3% | 45.5% | 45.7% | 46.0% | 2001 | 0.1% | -4.9% | -7.5% | -6.6% | -8.7% |
| 2002 | 46.5% | 43.6% | 44.3% | 44.7% | 45.0% | 2002 | -5.7% | -7.8% | -2.6% | -2.2% | -2.1% |
| 2003 | 44.5% | 44.0% | 44.2% | 44.5% | 44.5% | 2003 | -4.4% | 1.0% | -0.3% | -0.6% | -1.3% |
| 2004 | 49.4% | 49.2% | 49.1% | 49.3% | 49.0% | 2004 | 11.0% | 11.7% | 11.1% | 10.8% | 10.2% |
| 2005 | 56.4% | 55.3% | 54.4% | 53.8% | 53.3% | 2005 | 14.3% | 12.4% | 10.8% | 9.1% | 8.7% |
| 2006 | 58.2% | 55.9% | 55.1% | 54.4% | 54.2% | 2006 | 3.2% | 1.1% | 1.1% | 1.2% | 1.8% |
| 2007 | 56.8% | 54.6% | 53.4% | 53.9% | 53.1% | 2007 | -2.4% | -2.2% | -3.0% | -0.8% | -2.1% |
| 2008 | 55.6% | 52.8% | 51.4% | 52.5% | 50.4% | 2008 | -2.1% | -3.3% | -3.7% | -2.8% | -5.1% |
| 2009 | 50.5% | 47.4% | 46.3% | 45.5% | 45.1% | 2009 | -9.2% | -10.3% | -10.0% | -13.2% | -10.4% |
| 2010 | 48.2% | 45.0% | 44.3% | 43.3% | 43.4% | 2010 | -4.5% | -5.0% | -4.2% | -4.9% | -3.9% |
| 2011 | 46.0% | 42.3% | 40.6% | 40.5% | 40.5% | 2011 | -4.6% | -6.1% | -8.5% | -6.4% | -6.6% |
| 2012 | 43.3% | 39.3% | 38.7% | 38.5% | 38.5% | 2012 | -5.8% | -7.2% | -4.7% | -5.0% | -4.9% |
| 2013 | 38.8% | 36.8% | 36.4% | 36.5% | 38.7% | 2013 | -10.4% | -6.4% | -5.8% | -5.2% | 0.3% |
| 2014 | 37.4% | 35.7% | 36.0% | 34.3% | | 2014 | -3.7% | -2.9% | -1.2% | -5.9% | |
| 2015 | 39.4% | 37.4% | 35.9% | | | 2015 | 5.3% | 4.9% | -0.4% | | |
| 2016 | 40.5% | 39.1% | | | | 2016 | 2.9% | 4.5% | | | |
| 2017 | 42.6% | | | | | 2017 | 5.0% | | | | |

* Includes Permanent Partial, Permanent Total, and Death

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

Source: WCIRB unit statistical data

Indemnity Claim Frequency Relativities by NAICS Sector

| NAICS Sector | NAICS Name | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 11&21 | Agriculture & Mining | 2.654 | 2.677 | 2.625 | 2.875 | 2.875 | 2.878 | 2.800 | 2.888 | 2.994 | 3.003 | 3.247 | 3.275 | 3.316 | 3.429 | 3.612 | 3.590 | 3.411 |
| 23 | Construction | 2.477 | 2.369 | 2.213 | 2.368 | 2.488 | 2.416 | 2.321 | 2.274 | 2.258 | 2.196 | 2.275 | 2.211 | 2.215 | 2.210 | 2.172 | 2.077 | 1.909 |
| 31 | Manufacturing | 1.735 | 1.805 | 1.725 | 1.756 | 1.763 | 1.745 | 1.704 | 1.682 | 1.688 | 1.638 | 1.739 | 1.782 | 1.845 | 1.932 | 1.997 | 2.063 | 2.122 |
| 42 | Wholesale | 2.812 | 2.833 | 2.692 | 2.874 | 2.920 | 2.936 | 2.999 | 2.993 | 3.036 | 3.099 | 3.364 | 3.411 | 3.488 | 3.558 | 3.559 | 3.650 | 3.772 |
| 44 | Retail | 1.663 | 1.658 | 1.574 | 1.678 | 1.782 | 1.815 | 1.867 | 1.997 | 2.095 | 2.017 | 2.032 | 2.013 | 1.989 | 1.964 | 2.053 | 2.058 | 1.935 |
| 22&48 | Utilities & Transportation | 3.213 | 3.181 | 3.040 | 3.363 | 3.689 | 3.816 | 3.890 | 3.839 | 3.714 | 3.532 | 3.561 | 3.445 | 3.491 | 3.517 | 3.545 | 3.554 | 3.467 |
| 51 | Information | 0.812 | 0.806 | 0.780 | 0.786 | 0.800 | 0.792 | 0.841 | 0.931 | 0.909 | 0.829 | 0.849 | 0.865 | 0.853 | 0.894 | 0.935 | 0.972 | 1.000 |
| 52 | Finance | 0.429 | 0.394 | 0.317 | 0.354 | 0.340 | 0.320 | 0.351 | 0.392 | 0.413 | 0.395 | 0.377 | 0.337 | 0.294 | 0.263 | 0.240 | 0.231 | 0.232 |
| 53 | Real Estate | 0.839 | 0.859 | 0.725 | 0.736 | 0.747 | 0.850 | 1.037 | 1.110 | 1.140 | 1.119 | 1.132 | 1.053 | 0.979 | 0.961 | 0.972 | 0.928 | 0.833 |
| 54 | Prof. Services | 0.182 | 0.196 | 0.186 | 0.191 | 0.187 | 0.177 | 0.166 | 0.170 | 0.166 | 0.144 | 0.134 | 0.115 | 0.105 | 0.098 | 0.090 | 0.088 | 0.086 |
| 56 | Administrative | 3.044 | 3.107 | 2.839 | 2.999 | 3.049 | 3.124 | 3.242 | 3.388 | 3.607 | 3.568 | 3.694 | 3.697 | 3.759 | 3.916 | 3.963 | 3.883 | 3.745 |
| 61 | Education | 0.749 | 0.799 | 0.768 | 0.690 | 0.729 | 0.705 | 0.719 | 0.766 | 0.764 | 0.728 | 0.739 | 0.728 | 0.691 | 0.667 | 0.666 | 0.686 | 0.747 |
| 62 | Health | 1.265 | 1.304 | 1.190 | 1.175 | 1.146 | 1.138 | 1.179 | 1.216 | 1.268 | 1.274 | 1.291 | 1.249 | 1.236 | 1.185 | 1.168 | 1.166 | 1.128 |
| 71 | Hospitality | 2.113 | 2.081 | 1.890 | 1.963 | 2.096 | 2.184 | 2.255 | 2.321 | 2.317 | 2.291 | 2.437 | 2.410 | 2.343 | 2.201 | 2.165 | 2.206 | 2.216 |
| 72 | Entertainment | 2.230 | 2.249 | 2.103 | 2.111 | 2.159 | 2.195 | 2.205 | 2.298 | 2.532 | 2.668 | 2.890 | 3.032 | 3.196 | 3.234 | 3.217 | 3.143 | 2.988 |
| 81 | Other Services | 1.468 | 1.471 | 1.369 | 1.452 | 1.495 | 1.465 | 1.467 | 1.527 | 1.594 | 1.620 | 1.731 | 1.743 | 1.755 | 1.773 | 1.793 | 1.759 | 1.677 |
| 8742 | Outside Sales | 0.241 | 0.242 | 0.250 | 0.242 | 0.222 | 0.211 | 0.209 | 0.208 | 0.214 | 0.200 | 0.193 | 0.184 | 0.178 | 0.176 | 0.172 | 0.170 | 0.169 |
| 92&8810 | Clerical & Public Admin. | 0.250 | 0.262 | 0.243 | 0.235 | 0.213 | 0.191 | 0.181 | 0.189 | 0.198 | 0.183 | 0.177 | 0.173 | 0.166 | 0.156 | 0.150 | 0.142 | 0.129 |
| Accident Year Total Frequency | | 0.343 | 0.332 | 0.335 | 0.284 | 0.242 | 0.227 | 0.218 | 0.204 | 0.197 | 0.210 | 0.207 | 0.215 | 0.215 | 0.217 | 0.214 | 0.208 | 0.204 |

| NAICS Sector | NAICS Name | Annual Change | | | | | | | | | | | | | | | | |
|--------------------------------------|----------------------------|---------------|--------------|-------------|---------------|---------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 11&21 | Agriculture & Mining | --- | 0.8% | -1.9% | 9.5% | 0.0% | 0.1% | -2.7% | 3.1% | 3.7% | 0.3% | 8.1% | 0.9% | 1.3% | 3.4% | 5.3% | -0.6% | -5.0% |
| 23 | Construction | --- | -4.4% | -6.6% | 7.0% | 5.0% | -2.9% | -3.9% | -2.0% | -0.7% | -2.7% | 3.6% | -2.8% | 0.2% | -0.2% | -1.7% | -4.4% | -8.1% |
| 31 | Manufacturing | --- | 4.0% | -4.4% | 1.8% | 0.4% | -1.0% | -2.3% | -1.3% | 0.3% | -3.0% | 6.2% | 2.5% | 3.6% | 4.7% | 3.3% | 3.3% | 2.9% |
| 42 | Wholesale | --- | 0.7% | -5.0% | 6.7% | 1.6% | 0.5% | 2.2% | -0.2% | 1.4% | 2.1% | 8.5% | 1.4% | 2.3% | 2.0% | 0.0% | 2.5% | 3.3% |
| 44 | Retail | --- | -0.3% | -5.1% | 6.6% | 6.2% | 1.9% | 2.9% | 7.0% | 4.9% | -3.7% | 0.7% | -1.0% | -1.2% | -1.2% | 4.5% | 0.2% | -6.0% |
| 22&48 | Utilities & Transportation | --- | -1.0% | -4.5% | 10.6% | 9.7% | 3.4% | 1.9% | -1.3% | -3.3% | -4.9% | 0.8% | -3.3% | 1.3% | 0.7% | 0.8% | 0.2% | -2.4% |
| 51 | Information | --- | -0.7% | -3.3% | 0.7% | 1.8% | -1.0% | 6.3% | 10.7% | -2.4% | -8.8% | 2.4% | 2.0% | -1.4% | 4.8% | 4.6% | 4.0% | 2.9% |
| 52 | Finance | --- | -8.0% | -19.5% | 11.6% | -4.1% | -5.6% | 9.7% | 11.7% | 5.3% | -4.3% | -4.7% | -10.6% | -12.8% | -10.4% | -8.8% | -3.8% | 0.5% |
| 53 | Real Estate | --- | 2.3% | -15.6% | 1.6% | 1.5% | 13.8% | 21.9% | 7.1% | 2.6% | -1.8% | 1.2% | -7.0% | -7.1% | -1.8% | 1.1% | -4.5% | -10.2% |
| 54 | Prof. Services | --- | 7.7% | -5.1% | 2.8% | -2.3% | -5.2% | -6.4% | 2.8% | -2.5% | -13.0% | -7.1% | -14.1% | -9.1% | -6.8% | -7.7% | -3.0% | -1.7% |
| 56 | Administrative | --- | 2.1% | -8.6% | 5.6% | 1.7% | 2.5% | 3.8% | 4.5% | 6.5% | -1.1% | 3.5% | 0.1% | 1.7% | 4.2% | 1.2% | -2.0% | -3.5% |
| 61 | Education | --- | 6.6% | -3.8% | -10.2% | 5.6% | -3.2% | 1.9% | 6.5% | -0.2% | -4.7% | 1.5% | -1.5% | -5.1% | -3.4% | -0.2% | 3.1% | 8.9% |
| 62 | Health | --- | 3.1% | -8.7% | -1.3% | -2.4% | -0.7% | 3.6% | 3.2% | 4.3% | 0.5% | 1.3% | -3.2% | -1.1% | -4.1% | -1.5% | -0.2% | -3.3% |
| 71 | Hospitality | --- | -1.5% | -9.1% | 3.9% | 6.8% | 4.2% | 3.3% | 2.9% | -0.2% | -1.1% | 6.4% | -1.1% | -2.8% | -6.0% | -1.6% | 1.9% | 0.5% |
| 72 | Entertainment | --- | 0.8% | -6.5% | 0.3% | 2.3% | 1.7% | 0.5% | 4.2% | 10.2% | 5.4% | 8.3% | 4.9% | 5.4% | 1.2% | -0.5% | -2.3% | -4.9% |
| 81 | Other Services | --- | 0.2% | -6.9% | 6.1% | 3.0% | -2.1% | 0.1% | 4.1% | 4.4% | 1.7% | 6.8% | 0.7% | 0.7% | 1.1% | 1.1% | -1.9% | -4.6% |
| 8742 | Outside Sales | --- | 0.8% | 3.1% | -3.0% | -8.5% | -4.7% | -1.2% | -0.5% | 2.8% | -6.6% | -3.3% | -4.8% | -3.2% | -1.2% | -2.2% | -1.4% | -0.4% |
| 92&8810 | Clerical & Public Admin. | --- | 5.1% | -7.2% | -3.5% | -9.3% | -10.4% | -5.0% | 4.1% | 4.7% | -7.5% | -3.2% | -2.5% | -3.9% | -6.1% | -3.6% | -5.7% | -9.2% |
| Accident Year Total Frequency | | --- | -3.2% | 0.8% | -15.2% | -14.7% | -6.3% | -4.1% | -6.3% | -3.2% | 6.4% | -1.2% | 3.7% | 0.2% | 0.8% | -1.3% | -3.1% | -1.9% |

Figures in italics are based on partial data.

Indemnity Claim Frequency by Geographic Region

Bay Area

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|-------|-------|-------|-------|-------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 24.40 | 25.09 | 25.63 | 25.32 | 25.35 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 23.88 | 24.29 | 24.52 | 24.51 | 24.55 | 2002 | -2.1% | -3.2% | -4.3% | -3.2% | -3.2% |
| 2003 | 22.27 | 22.65 | 22.79 | 22.90 | 23.20 | 2003 | -6.8% | -6.7% | -7.1% | -6.6% | -5.5% |
| 2004 | 19.55 | 19.79 | 19.88 | 20.14 | 20.19 | 2004 | -12.2% | -12.6% | -12.8% | -12.1% | -13.0% |
| 2005 | 17.25 | 17.29 | 17.57 | 17.65 | 17.62 | 2005 | -11.8% | -12.6% | -11.6% | -12.4% | -12.8% |
| 2006 | 15.77 | 16.08 | 16.22 | 16.24 | 16.24 | 2006 | -8.6% | -7.0% | -7.7% | -8.0% | -7.8% |
| 2007 | 14.80 | 15.07 | 15.16 | 15.22 | 15.25 | 2007 | -6.2% | -6.3% | -6.6% | -6.3% | -6.1% |
| 2008 | 13.61 | 13.88 | 14.04 | 14.13 | 14.18 | 2008 | -8.0% | -7.9% | -7.4% | -7.2% | -7.0% |
| 2009 | 12.93 | 13.34 | 13.49 | 13.59 | 13.63 | 2009 | -5.0% | -3.9% | -3.9% | -3.8% | -3.9% |
| 2010 | 12.92 | 13.49 | 13.65 | 13.74 | 13.78 | 2010 | -0.1% | 1.2% | 1.2% | 1.1% | 1.1% |
| 2011 | 12.57 | 13.16 | 13.39 | 13.49 | 13.54 | 2011 | -2.7% | -2.5% | -1.9% | -1.8% | -1.7% |
| 2012 | 12.43 | 12.97 | 13.18 | 13.27 | 13.32 | 2012 | -1.1% | -1.5% | -1.5% | -1.7% | -1.7% |
| 2013 | 12.08 | 12.58 | 12.73 | 12.81 | 12.85 | 2013 | -2.8% | -2.9% | -3.4% | -3.5% | -3.5% |
| 2014 | 11.96 | 12.44 | 12.55 | 12.63 | | 2014 | -1.0% | -1.2% | -1.4% | -1.4% | |
| 2015 | 11.78 | 12.47 | 12.57 | | | 2015 | -1.5% | 0.3% | 0.2% | | |
| 2016 | 11.41 | 12.22 | | | | 2016 | -3.1% | -2.0% | | | |
| 2017 | 11.11 | | | | | 2017 | -2.7% | | | | |

Los Angeles/L.A. Basin

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|-------|-------|-------|-------|-------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 33.39 | 35.04 | 35.45 | 35.41 | 35.25 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 33.67 | 35.27 | 35.21 | 35.11 | 35.00 | 2002 | 0.8% | 0.7% | -0.7% | -0.8% | -0.7% |
| 2003 | 32.34 | 33.40 | 33.16 | 33.14 | 32.98 | 2003 | -4.0% | -5.3% | -5.8% | -5.6% | -5.8% |
| 2004 | 28.22 | 28.40 | 28.43 | 28.38 | 28.43 | 2004 | -12.7% | -15.0% | -14.3% | -14.4% | -13.8% |
| 2005 | 24.22 | 24.20 | 24.29 | 24.44 | 24.52 | 2005 | -14.2% | -14.8% | -14.6% | -13.9% | -13.7% |
| 2006 | 22.42 | 22.61 | 22.84 | 23.02 | 23.08 | 2006 | -7.5% | -6.5% | -5.9% | -5.8% | -5.9% |
| 2007 | 21.57 | 22.19 | 22.51 | 22.68 | 22.78 | 2007 | -3.8% | -1.9% | -1.5% | -1.5% | -1.3% |
| 2008 | 20.85 | 21.88 | 22.27 | 22.52 | 22.64 | 2008 | -3.3% | -1.4% | -1.0% | -0.7% | -0.6% |
| 2009 | 20.99 | 22.19 | 22.69 | 22.91 | 23.01 | 2009 | 0.7% | 1.4% | 1.9% | 1.7% | 1.7% |
| 2010 | 22.04 | 23.40 | 23.96 | 24.17 | 24.25 | 2010 | 5.0% | 5.4% | 5.6% | 5.5% | 5.4% |
| 2011 | 22.64 | 24.25 | 24.79 | 25.03 | 25.13 | 2011 | 2.7% | 3.6% | 3.5% | 3.6% | 3.6% |
| 2012 | 23.67 | 25.42 | 25.92 | 26.13 | 26.28 | 2012 | 4.5% | 4.8% | 4.6% | 4.4% | 4.6% |
| 2013 | 24.28 | 25.94 | 26.39 | 26.60 | 26.77 | 2013 | 2.6% | 2.0% | 1.8% | 1.8% | 1.9% |
| 2014 | 24.87 | 26.53 | 26.97 | 27.21 | | 2014 | 2.5% | 2.3% | 2.2% | 2.3% | |
| 2015 | 24.83 | 26.44 | 26.87 | | | 2015 | -0.2% | -0.4% | -0.4% | | |
| 2016 | 24.16 | 25.65 | | | | 2016 | -2.7% | -3.0% | | | |
| 2017 | 23.58 | | | | | 2017 | -2.4% | | | | |

San Diego

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|-------|-------|-------|-------|-------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 34.05 | 34.91 | 35.13 | 35.09 | 34.87 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 32.64 | 32.97 | 32.95 | 32.65 | 32.75 | 2002 | -4.2% | -5.6% | -6.2% | -7.0% | -6.1% |
| 2003 | 29.89 | 30.09 | 29.84 | 29.76 | 29.88 | 2003 | -8.4% | -8.7% | -9.4% | -8.8% | -8.8% |
| 2004 | 26.14 | 26.04 | 26.08 | 25.96 | 25.50 | 2004 | -12.5% | -13.5% | -12.6% | -12.8% | -14.6% |
| 2005 | 22.75 | 22.82 | 22.82 | 22.09 | 21.84 | 2005 | -13.0% | -12.4% | -12.5% | -14.9% | -14.4% |
| 2006 | 21.26 | 21.13 | 20.53 | 20.16 | 20.19 | 2006 | -6.5% | -7.4% | -10.1% | -8.7% | -7.5% |
| 2007 | 20.51 | 19.98 | 19.67 | 19.35 | 19.41 | 2007 | -3.5% | -5.5% | -4.2% | -4.0% | -3.9% |
| 2008 | 18.84 | 18.90 | 19.07 | 18.83 | 18.93 | 2008 | -8.2% | -5.4% | -3.0% | -2.7% | -2.5% |
| 2009 | 17.77 | 18.48 | 18.66 | 18.80 | 18.90 | 2009 | -5.7% | -2.2% | -2.1% | -0.1% | -0.1% |
| 2010 | 18.45 | 19.23 | 19.49 | 19.69 | 19.77 | 2010 | 3.9% | 4.1% | 4.4% | 4.8% | 4.6% |
| 2011 | 18.76 | 19.47 | 19.76 | 19.96 | 20.02 | 2011 | 1.7% | 1.2% | 1.4% | 1.3% | 1.3% |
| 2012 | 18.93 | 19.63 | 19.88 | 20.01 | 20.08 | 2012 | 0.9% | 0.8% | 0.6% | 0.2% | 0.3% |
| 2013 | 18.66 | 19.37 | 19.54 | 19.64 | 19.70 | 2013 | -1.4% | -1.3% | -1.7% | -1.8% | -1.9% |
| 2014 | 19.01 | 19.81 | 19.95 | 20.06 | | 2014 | 1.8% | 2.2% | 2.1% | 2.2% | |
| 2015 | 19.24 | 20.10 | 20.29 | | | 2015 | 1.3% | 1.5% | 1.7% | | |
| 2016 | 18.91 | 19.72 | | | | 2016 | -1.7% | -1.9% | | | |
| 2017 | 18.72 | | | | | 2017 | -1.0% | | | | |

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

Indemnity Claim Frequency by Geographic Region

All Other

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|-------|-------|-------|-------|-------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 41.60 | 43.38 | 43.51 | 44.06 | 44.63 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 40.67 | 41.83 | 42.58 | 43.11 | 43.46 | 2002 | -2.2% | -3.6% | -2.2% | -2.2% | -2.6% |
| 2003 | 38.45 | 39.82 | 40.33 | 40.53 | 40.69 | 2003 | -5.5% | -4.8% | -5.3% | -6.0% | -6.4% |
| 2004 | 35.08 | 35.90 | 36.03 | 36.23 | 36.37 | 2004 | -8.8% | -9.8% | -10.7% | -10.6% | -10.6% |
| 2005 | 30.69 | 31.15 | 31.38 | 31.64 | 31.82 | 2005 | -12.5% | -13.2% | -12.9% | -12.7% | -12.5% |
| 2006 | 28.08 | 28.45 | 28.80 | 29.05 | 29.14 | 2006 | -8.5% | -8.7% | -8.2% | -8.2% | -8.4% |
| 2007 | 26.62 | 27.22 | 27.72 | 27.99 | 28.05 | 2007 | -5.2% | -4.3% | -3.8% | -3.7% | -3.8% |
| 2008 | 25.09 | 25.89 | 26.24 | 26.45 | 26.53 | 2008 | -5.7% | -4.9% | -5.3% | -5.5% | -5.4% |
| 2009 | 24.51 | 25.33 | 25.53 | 25.70 | 25.80 | 2009 | -2.3% | -2.2% | -2.7% | -2.8% | -2.7% |
| 2010 | 24.95 | 25.93 | 26.28 | 26.40 | 26.56 | 2010 | 1.8% | 2.4% | 2.9% | 2.7% | 3.0% |
| 2011 | 25.18 | 26.41 | 26.82 | 26.99 | 27.10 | 2011 | 0.9% | 1.8% | 2.1% | 2.2% | 2.0% |
| 2012 | 25.78 | 26.98 | 27.38 | 27.57 | 27.62 | 2012 | 2.4% | 2.2% | 2.1% | 2.2% | 1.9% |
| 2013 | 25.63 | 26.76 | 27.13 | 27.28 | 27.32 | 2013 | -0.6% | -0.8% | -0.9% | -1.0% | -1.1% |
| 2014 | 25.37 | 26.50 | 26.90 | 27.05 | | 2014 | -1.0% | -1.0% | -0.8% | -0.8% | |
| 2015 | 25.29 | 26.36 | 26.80 | | | 2015 | -0.3% | -0.5% | -0.4% | | |
| 2016 | 24.13 | 25.12 | | | | 2016 | -4.6% | -4.7% | | | |
| 2017 | 22.45 | | | | | 2017 | -6.9% | | | | |

All Regions

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|-------|-------|-------|-------|-------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 33.06 | 34.34 | 34.75 | 34.70 | 34.73 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 32.75 | 33.86 | 33.99 | 34.01 | 34.05 | 2002 | -0.9% | -1.4% | -2.2% | -2.0% | -2.0% |
| 2003 | 31.11 | 31.91 | 31.92 | 31.97 | 32.01 | 2003 | -5.0% | -5.8% | -6.1% | -6.0% | -6.0% |
| 2004 | 27.45 | 27.74 | 27.80 | 27.85 | 27.86 | 2004 | -11.8% | -13.0% | -12.9% | -12.9% | -12.9% |
| 2005 | 23.82 | 23.92 | 24.05 | 24.13 | 24.17 | 2005 | -13.2% | -13.8% | -13.5% | -13.4% | -13.3% |
| 2006 | 21.92 | 22.15 | 22.32 | 22.41 | 22.46 | 2006 | -8.0% | -7.4% | -7.2% | -7.1% | -7.1% |
| 2007 | 20.90 | 21.34 | 21.57 | 21.70 | 21.77 | 2007 | -4.7% | -3.7% | -3.3% | -3.2% | -3.1% |
| 2008 | 19.76 | 20.45 | 20.76 | 20.93 | 21.03 | 2008 | -5.4% | -4.2% | -3.8% | -3.5% | -3.4% |
| 2009 | 19.44 | 20.33 | 20.66 | 20.84 | 20.93 | 2009 | -1.6% | -0.6% | -0.4% | -0.4% | -0.5% |
| 2010 | 20.01 | 21.05 | 21.44 | 21.60 | 21.69 | 2010 | 2.9% | 3.5% | 3.7% | 3.6% | 3.6% |
| 2011 | 20.22 | 21.41 | 21.83 | 22.02 | 22.10 | 2011 | 1.1% | 1.7% | 1.8% | 1.9% | 1.9% |
| 2012 | 20.70 | 21.91 | 22.30 | 22.46 | 22.56 | 2012 | 2.4% | 2.3% | 2.1% | 2.0% | 2.1% |
| 2013 | 20.79 | 21.94 | 22.27 | 22.42 | 22.51 | 2013 | 0.4% | 0.1% | -0.1% | -0.2% | -0.2% |
| 2014 | 20.92 | 22.05 | 22.37 | 22.54 | | 2014 | 0.6% | 0.5% | 0.5% | 0.5% | |
| 2015 | 20.73 | 21.96 | 22.30 | | | 2015 | -0.9% | -0.4% | -0.3% | | |
| 2016 | 20.10 | 21.37 | | | | 2016 | -3.0% | -2.7% | | | |
| 2017 | 19.50 | | | | | 2017 | -3.0% | | | | |

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

Indemnity Claim Frequency by Geographic Region - CT Only

Bay Area

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|------|------|------|------|------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 3.86 | 4.21 | 4.26 | 4.29 | 4.16 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 4.02 | 4.28 | 4.45 | 4.42 | 4.47 | 2002 | 4.0% | 1.6% | 4.3% | 2.9% | 7.6% |
| 2003 | 3.73 | 4.02 | 4.11 | 4.17 | 4.23 | 2003 | -7.1% | -6.1% | -7.6% | -5.6% | -5.3% |
| 2004 | 3.50 | 3.61 | 3.70 | 3.81 | 3.89 | 2004 | -6.3% | -10.3% | -9.9% | -8.7% | -8.1% |
| 2005 | 2.96 | 3.13 | 3.25 | 3.35 | 3.44 | 2005 | -15.3% | -13.3% | -12.3% | -11.9% | -11.5% |
| 2006 | 2.50 | 2.67 | 2.78 | 2.84 | 2.88 | 2006 | -15.6% | -14.7% | -14.5% | -15.3% | -16.3% |
| 2007 | 2.53 | 2.70 | 2.82 | 2.90 | 2.90 | 2007 | 1.2% | 1.3% | 1.6% | 2.2% | 0.8% |
| 2008 | 2.29 | 2.45 | 2.58 | 2.59 | 2.61 | 2008 | -9.4% | -9.2% | -8.7% | -10.8% | -10.2% |
| 2009 | 2.21 | 2.37 | 2.48 | 2.52 | 2.58 | 2009 | -3.6% | -3.2% | -3.8% | -2.5% | -0.9% |
| 2010 | 2.04 | 2.22 | 2.27 | 2.37 | 2.41 | 2010 | -7.6% | -6.6% | -8.5% | -5.9% | -6.9% |
| 2011 | 1.92 | 2.10 | 2.27 | 2.32 | 2.37 | 2011 | -5.9% | -5.5% | -0.1% | -2.3% | -1.6% |
| 2012 | 1.79 | 2.05 | 2.11 | 2.16 | 2.21 | 2012 | -6.8% | -2.2% | -7.1% | -6.8% | -6.7% |
| 2013 | 1.86 | 2.04 | 2.14 | 2.18 | 2.25 | 2013 | 3.9% | -0.6% | 1.3% | 1.0% | 1.7% |
| 2014 | 1.84 | 2.03 | 2.10 | 2.18 | | 2014 | -1.0% | -0.2% | -1.6% | 0.0% | |
| 2015 | 1.68 | 1.90 | 1.99 | | | 2015 | -8.7% | -6.7% | -5.4% | | |
| 2016 | 1.60 | 1.89 | | | | 2016 | -4.7% | -0.3% | | | |
| 2017 | 1.71 | | | | | 2017 | 6.6% | | | | |

Los Angeles/L.A. Basin

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|------|------|------|------|------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 4.95 | 5.72 | 6.00 | 6.07 | 6.21 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 4.92 | 5.55 | 5.84 | 5.87 | 5.96 | 2002 | -0.5% | -3.0% | -2.5% | -3.2% | -3.9% |
| 2003 | 4.84 | 5.29 | 5.49 | 5.62 | 5.68 | 2003 | -1.6% | -4.8% | -6.1% | -4.4% | -4.8% |
| 2004 | 4.50 | 4.85 | 4.98 | 5.08 | 5.22 | 2004 | -7.2% | -8.3% | -9.3% | -9.6% | -8.2% |
| 2005 | 3.36 | 3.60 | 3.80 | 3.97 | 4.13 | 2005 | -25.2% | -25.7% | -23.7% | -21.7% | -20.7% |
| 2006 | 3.14 | 3.46 | 3.66 | 3.83 | 3.95 | 2006 | -6.6% | -4.0% | -3.5% | -3.6% | -4.3% |
| 2007 | 3.15 | 3.47 | 3.68 | 4.25 | 3.95 | 2007 | 0.1% | 0.4% | 0.6% | 11.1% | -0.1% |
| 2008 | 3.11 | 3.51 | 3.83 | 3.92 | 4.06 | 2008 | -1.1% | 1.2% | 3.9% | -7.8% | 2.8% |
| 2009 | 3.26 | 3.79 | 4.06 | 4.27 | 4.44 | 2009 | 4.8% | 8.0% | 6.0% | 8.9% | 9.3% |
| 2010 | 3.47 | 3.87 | 4.18 | 4.43 | 4.49 | 2010 | 6.6% | 2.0% | 2.9% | 3.7% | 1.2% |
| 2011 | 3.36 | 4.00 | 4.39 | 4.50 | 4.61 | 2011 | -3.2% | 3.3% | 5.0% | 1.7% | 2.6% |
| 2012 | 3.74 | 4.54 | 4.79 | 4.98 | 5.11 | 2012 | 11.3% | 13.7% | 9.3% | 10.6% | 10.8% |
| 2013 | 4.28 | 4.99 | 5.35 | 5.53 | 5.68 | 2013 | 14.4% | 10.0% | 11.5% | 10.9% | 11.2% |
| 2014 | 4.43 | 5.23 | 5.49 | 5.72 | | 2014 | 3.3% | 4.7% | 2.7% | 3.6% | |
| 2015 | 4.65 | 5.48 | 5.89 | | | 2015 | 5.0% | 4.8% | 7.3% | | |
| 2016 | 4.71 | 5.47 | | | | 2016 | 1.4% | -0.1% | | | |
| 2017 | 5.36 | | | | | 2017 | 13.9% | | | | |

San Diego

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|------|------|------|------|------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 5.45 | 5.91 | 6.08 | 6.11 | 6.10 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 5.72 | 5.90 | 6.00 | 6.77 | 6.83 | 2002 | 4.9% | -0.1% | -1.3% | 10.7% | 11.8% |
| 2003 | 5.47 | 6.09 | 6.09 | 6.16 | 6.19 | 2003 | -4.5% | 3.3% | 1.5% | -9.0% | -9.4% |
| 2004 | 5.33 | 5.64 | 5.63 | 5.70 | 5.51 | 2004 | -2.6% | -7.4% | -7.6% | -7.5% | -10.9% |
| 2005 | 3.79 | 4.00 | 4.10 | 3.96 | 3.99 | 2005 | -28.9% | -29.1% | -27.2% | -30.5% | -27.7% |
| 2006 | 3.50 | 3.65 | 3.63 | 3.57 | 3.63 | 2006 | -7.5% | -8.7% | -11.3% | -9.9% | -9.0% |
| 2007 | 3.38 | 3.37 | 3.39 | 3.55 | 3.46 | 2007 | -3.6% | -7.6% | -6.8% | -0.5% | -4.6% |
| 2008 | 2.99 | 3.11 | 3.20 | 3.21 | 3.30 | 2008 | -11.5% | -7.8% | -5.6% | -9.7% | -4.7% |
| 2009 | 2.64 | 2.89 | 3.03 | 3.17 | 3.33 | 2009 | -11.8% | -7.0% | -5.4% | -1.0% | 0.9% |
| 2010 | 3.05 | 3.13 | 3.31 | 3.48 | 3.52 | 2010 | 15.8% | 8.1% | 9.5% | 9.7% | 5.8% |
| 2011 | 2.65 | 2.96 | 3.32 | 3.38 | 3.43 | 2011 | -13.3% | -5.3% | 0.3% | -3.0% | -2.7% |
| 2012 | 2.64 | 3.11 | 3.20 | 3.30 | 3.35 | 2012 | -0.1% | 5.1% | -3.5% | -2.3% | -2.2% |
| 2013 | 3.38 | 3.70 | 3.86 | 3.92 | 4.04 | 2013 | 28.0% | 18.7% | 20.5% | 19.0% | 20.6% |
| 2014 | 3.38 | 3.75 | 3.84 | 4.02 | | 2014 | 0.0% | 1.3% | -0.7% | 2.4% | |
| 2015 | 3.52 | 3.85 | 4.16 | | | 2015 | 4.0% | 2.9% | 8.6% | | |
| 2016 | 3.35 | 4.00 | | | | 2016 | -5.0% | 3.8% | | | |
| 2017 | 4.41 | | | | | 2017 | 31.8% | | | | |

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

Source: WCIRB unit statistical data

Indemnity Claim Frequency by Geographic Region - CT Only

All Other

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|------|------|------|------|------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 4.58 | 4.86 | 4.97 | 5.17 | 5.25 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 4.35 | 4.89 | 5.10 | 5.20 | 5.25 | 2002 | -5.0% | 0.7% | 2.6% | 0.6% | 0.0% |
| 2003 | 4.14 | 4.53 | 4.69 | 4.84 | 4.90 | 2003 | -4.7% | -7.3% | -8.0% | -6.9% | -6.7% |
| 2004 | 4.20 | 4.37 | 4.53 | 4.63 | 4.81 | 2004 | 1.5% | -3.5% | -3.5% | -4.4% | -1.8% |
| 2005 | 3.26 | 3.50 | 3.66 | 3.81 | 3.95 | 2005 | -22.5% | -20.1% | -19.2% | -17.7% | -18.0% |
| 2006 | 3.30 | 3.56 | 3.77 | 3.93 | 4.04 | 2006 | 1.3% | 1.9% | 3.1% | 3.3% | 2.5% |
| 2007 | 3.04 | 3.36 | 3.53 | 3.69 | 3.71 | 2007 | -7.8% | -5.7% | -6.4% | -6.0% | -8.2% |
| 2008 | 2.89 | 3.16 | 3.39 | 3.49 | 3.55 | 2008 | -5.0% | -6.1% | -4.1% | -5.5% | -4.3% |
| 2009 | 2.96 | 3.24 | 3.46 | 3.56 | 3.64 | 2009 | 2.4% | 2.5% | 2.0% | 2.0% | 2.5% |
| 2010 | 3.15 | 3.31 | 3.49 | 3.66 | 3.72 | 2010 | 6.3% | 2.3% | 1.0% | 2.7% | 2.1% |
| 2011 | 2.82 | 3.21 | 3.41 | 3.50 | 3.56 | 2011 | -10.4% | -3.2% | -2.2% | -4.3% | -4.3% |
| 2012 | 2.83 | 3.31 | 3.46 | 3.54 | 3.62 | 2012 | 0.3% | 3.3% | 1.5% | 1.3% | 1.7% |
| 2013 | 2.94 | 3.30 | 3.45 | 3.54 | 3.67 | 2013 | 3.9% | -0.3% | -0.2% | -0.2% | 1.3% |
| 2014 | 2.93 | 3.31 | 3.48 | 3.58 | | 2014 | -0.4% | 0.1% | 0.9% | 1.3% | |
| 2015 | 2.92 | 3.29 | 3.51 | | | 2015 | -0.1% | -0.5% | 0.6% | | |
| 2016 | 2.80 | 3.25 | | | | 2016 | -4.3% | -1.3% | | | |
| 2017 | 2.95 | | | | | 2017 | 5.5% | | | | |

All Regions

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | | | Annual Change | | | | | |
|--|------|------|------|------|------|---------------|--------|--------|--------|--------|--------|
| AY/RL | 1 | 2 | 3 | 4 | 5 | AY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 4.61 | 5.12 | 5.30 | 5.39 | 5.44 | 2001 | --- | --- | --- | --- | --- |
| 2002 | 4.61 | 5.10 | 5.33 | 5.42 | 5.49 | 2002 | 0.1% | -0.6% | 0.5% | 0.5% | 0.9% |
| 2003 | 4.45 | 4.86 | 5.01 | 5.12 | 5.19 | 2003 | -3.5% | -4.7% | -5.9% | -5.5% | -5.5% |
| 2004 | 4.24 | 4.50 | 4.61 | 4.71 | 4.83 | 2004 | -4.6% | -7.4% | -7.9% | -8.0% | -6.9% |
| 2005 | 3.27 | 3.49 | 3.66 | 3.78 | 3.91 | 2005 | -22.8% | -22.4% | -20.8% | -19.7% | -19.0% |
| 2006 | 3.04 | 3.30 | 3.46 | 3.58 | 3.68 | 2006 | -7.0% | -5.6% | -5.2% | -5.3% | -5.9% |
| 2007 | 2.98 | 3.25 | 3.41 | 3.73 | 3.59 | 2007 | -2.0% | -1.6% | -1.6% | 4.1% | -2.3% |
| 2008 | 2.84 | 3.13 | 3.36 | 3.43 | 3.52 | 2008 | -4.7% | -3.5% | -1.4% | -8.2% | -2.2% |
| 2009 | 2.88 | 3.24 | 3.44 | 3.59 | 3.71 | 2009 | 1.2% | 3.6% | 2.5% | 4.6% | 5.4% |
| 2010 | 3.00 | 3.26 | 3.46 | 3.65 | 3.70 | 2010 | 4.1% | 0.5% | 0.5% | 1.8% | -0.1% |
| 2011 | 2.80 | 3.23 | 3.52 | 3.61 | 3.69 | 2011 | -6.5% | -0.8% | 1.8% | -1.0% | -0.4% |
| 2012 | 2.92 | 3.48 | 3.64 | 3.77 | 3.85 | 2012 | 4.4% | 7.6% | 3.4% | 4.2% | 4.5% |
| 2013 | 3.24 | 3.70 | 3.92 | 4.03 | 4.15 | 2013 | 10.9% | 6.3% | 7.6% | 7.1% | 7.8% |
| 2014 | 3.28 | 3.78 | 3.96 | 4.11 | | 2014 | 1.2% | 2.3% | 1.0% | 2.0% | |
| 2015 | 3.31 | 3.84 | 4.11 | | | 2015 | 0.9% | 1.5% | 3.9% | | |
| 2016 | 3.27 | 3.84 | | | | 2016 | -1.4% | 0.0% | | | |
| 2017 | 3.68 | | | | | 2017 | 12.5% | | | | |

Note: Figures in italics are based on a partial accident year. Cumulative injury claims include occupational disease.
Source: WCIRB unit statistical data

Percentage of Cumulative Trauma Indemnity Claims by Policy Year and NAICS Sector*

| Los Angeles | | 1st Report Level | | | | | | |
|--|--------------|------------------|--------------|--------------|--------------|--------------|--------------|--|
| NAICS Sector | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| Professional Services | 13.8% | 15.7% | 13.5% | 16.5% | 15.2% | 21.1% | 27.9% | |
| Manufacturing | 14.3% | 15.8% | 17.8% | 21.8% | 22.5% | 22.1% | 26.6% | |
| Outside Sales & Clerical | 17.7% | 20.5% | 22.7% | 23.8% | 21.6% | 22.8% | 24.7% | |
| Finance & Insurance | 14.6% | 14.2% | 30.4% | 21.7% | 23.7% | 28.6% | 24.5% | |
| Other Services | 13.8% | 14.6% | 15.1% | 16.0% | 19.1% | 18.0% | 22.8% | |
| Hospitality | 12.8% | 11.6% | 16.0% | 19.0% | 19.3% | 19.0% | 17.7% | |
| Los Angeles | 11.6% | 11.6% | 13.8% | 15.3% | 15.9% | 16.2% | 17.4% | |
| Administrative | 11.4% | 11.2% | 13.4% | 14.7% | 18.6% | 18.5% | 15.9% | |
| Health | 12.5% | 9.4% | 12.1% | 12.9% | 12.5% | 14.2% | 15.0% | |
| Wholesale & Retail | 8.3% | 9.2% | 9.7% | 11.6% | 12.1% | 12.9% | 14.4% | |
| Real Estate | 12.4% | 11.8% | 15.2% | 16.0% | 13.6% | 17.8% | 15.0% | |
| Arts & Entertainment | 8.5% | 9.0% | 13.4% | 15.1% | 14.0% | 13.3% | 13.6% | |
| Agriculture & Mining | 7.1% | 6.6% | 6.4% | 10.4% | 11.7% | 12.3% | 11.9% | |
| Education | 8.7% | 11.2% | 11.6% | 8.8% | 10.4% | 11.1% | 12.4% | |
| Construction | 9.5% | 7.2% | 8.1% | 8.5% | 10.5% | 11.1% | 10.9% | |
| Utilities, Transportation & Warehousing & Public Admin | 6.7% | 5.6% | 8.0% | 7.6% | 7.7% | 7.5% | 7.7% | |
| Information | 9.8% | 9.8% | 11.8% | 8.7% | 8.7% | 7.1% | 5.2% | |
| Los Angeles | | 3rd Report Level | | | | | | |
| NAICS Sector | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Outside Sales & Clerical | 19.3% | 20.3% | 19.3% | 23.6% | 26.3% | 26.1% | 24.9% | |
| Manufacturing | 17.0% | 18.2% | 18.6% | 20.6% | 21.5% | 24.4% | 24.6% | |
| Finance & Insurance | 14.0% | 15.8% | 38.3% | 35.8% | 31.7% | 24.2% | 23.9% | |
| Hospitality | 11.0% | 12.8% | 15.3% | 14.4% | 18.5% | 21.6% | 22.0% | |
| Other Services | 12.9% | 17.0% | 16.4% | 16.9% | 18.1% | 18.0% | 21.7% | |
| Administrative | 10.1% | 11.3% | 13.6% | 13.0% | 15.5% | 17.3% | 20.2% | |
| Los Angeles | 12.1% | 13.5% | 14.2% | 14.8% | 16.4% | 17.8% | 18.2% | |
| Arts & Entertainment | 10.7% | 9.9% | 11.1% | 11.3% | 14.3% | 18.4% | 16.6% | |
| Professional Services | 14.3% | 14.4% | 13.5% | 17.5% | 15.2% | 18.5% | 16.2% | |
| Real Estate | 10.9% | 14.7% | 13.1% | 15.2% | 17.2% | 18.3% | 15.9% | |
| Health | 10.8% | 13.5% | 13.9% | 12.6% | 14.9% | 15.7% | 15.6% | |
| Wholesale & Retail | 9.6% | 9.6% | 9.8% | 11.2% | 12.1% | 13.9% | 14.4% | |
| Agriculture & Mining | 7.9% | 6.9% | 7.8% | 8.2% | 7.6% | 11.6% | 12.8% | |
| Construction | 8.5% | 11.1% | 11.5% | 9.5% | 10.8% | 10.8% | 12.7% | |
| Education | 8.7% | 10.9% | 11.6% | 12.1% | 13.1% | 10.5% | 11.0% | |
| Information | 11.9% | 12.3% | 11.2% | 12.6% | 12.7% | 11.4% | 10.5% | |
| Utilities, Transportation & Warehousing & Public Admin | 6.4% | 7.9% | 8.3% | 6.9% | 9.2% | 9.8% | 10.1% | |
| Los Angeles | | 5th Report Level | | | | | | |
| NAICS Sector | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| Finance & Insurance | 22.8% | 22.7% | 26.2% | 33.3% | 39.1% | 36.4% | 32.3% | |
| Outside Sales & Clerical | 18.8% | 18.4% | 20.1% | 21.0% | 20.2% | 24.7% | 26.7% | |
| Manufacturing | 14.5% | 15.4% | 18.0% | 19.5% | 18.7% | 20.6% | 22.1% | |
| Hospitality | 8.9% | 9.9% | 11.8% | 13.6% | 15.2% | 15.0% | 19.2% | |
| Other Services | 11.7% | 12.3% | 14.1% | 17.8% | 16.5% | 17.2% | 19.0% | |
| Los Angeles | 10.7% | 11.2% | 13.0% | 14.4% | 14.6% | 15.3% | 17.0% | |
| Real Estate | 8.8% | 9.6% | 11.0% | 15.4% | 14.3% | 15.8% | 17.5% | |
| Professional Services | 15.2% | 18.1% | 16.9% | 15.2% | 15.3% | 17.8% | 16.1% | |
| Administrative | 7.1% | 7.5% | 10.8% | 11.5% | 13.5% | 13.3% | 15.7% | |
| Health | 12.7% | 11.1% | 11.6% | 13.6% | 14.7% | 13.4% | 15.4% | |
| Arts & Entertainment | 8.5% | 7.9% | 11.2% | 10.5% | 11.8% | 12.2% | 15.2% | |
| Education | 9.3% | 8.7% | 9.0% | 11.3% | 13.5% | 12.2% | 13.3% | |
| Information | 16.0% | 16.1% | 12.7% | 12.7% | 11.7% | 12.7% | 13.0% | |
| Wholesale & Retail | 8.3% | 8.8% | 9.9% | 10.4% | 10.4% | 11.8% | 12.6% | |
| Construction | 5.2% | 6.8% | 9.5% | 11.3% | 12.0% | 10.8% | 11.3% | |
| Utilities, Transportation & Warehousing & Public Admin | 5.5% | 6.1% | 6.8% | 8.4% | 8.9% | 7.2% | 9.7% | |
| Agriculture & Mining | 6.2% | 5.3% | 7.6% | 7.2% | 8.0% | 8.8% | 8.8% | |

*NAICS Sector order based on most recent Policy Year available
Source: Unit Statistical Reported data

Percentage of Cumulative Trauma Indemnity Claims by Policy Year and NAICS Sector*

| Remainder of CA | | 1st Report Level | | | | | | |
|--|-------------|------------------|-------------|-------------|-------------|-------------|-------------|--|
| NAICS Sector | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
| Finance & Insurance | 27.7% | 26.6% | 26.1% | 26.8% | 22.9% | 23.4% | 26.5% | |
| Outside Sales & Clerical | 17.6% | 15.6% | 16.9% | 18.1% | 14.6% | 16.1% | 17.9% | |
| Professional Services | 10.8% | 11.1% | 11.4% | 11.1% | 12.1% | 9.9% | 13.5% | |
| Information | 8.0% | 6.5% | 10.8% | 7.6% | 10.4% | 8.6% | 10.5% | |
| Hospitality | 6.5% | 7.3% | 9.0% | 9.9% | 10.4% | 10.5% | 11.2% | |
| Manufacturing | 7.8% | 8.5% | 9.1% | 10.6% | 9.5% | 8.4% | 9.6% | |
| Health | 7.5% | 6.3% | 7.6% | 8.8% | 8.2% | 8.8% | 9.0% | |
| Other Services | 6.5% | 6.0% | 5.9% | 7.2% | 9.2% | 8.4% | 8.6% | |
| Administrative | 4.7% | 4.8% | 5.3% | 8.0% | 8.3% | 9.5% | 8.7% | |
| Remainder of CA | 7.4% | 6.9% | 7.5% | 8.6% | 8.0% | 7.8% | 8.0% | |
| Arts & Entertainment | 7.4% | 6.8% | 9.0% | 7.9% | 8.8% | 7.9% | 7.2% | |
| Real Estate | 7.0% | 6.4% | 6.7% | 7.8% | 9.4% | 8.3% | 7.0% | |
| Utilities, Transportation & Warehousing & Public Admin | 6.2% | 6.6% | 6.5% | 7.2% | 6.3% | 6.7% | 6.2% | |
| Wholesale & Retail | 5.8% | 5.6% | 6.1% | 8.1% | 6.9% | 6.6% | 6.3% | |
| Education | 6.2% | 5.6% | 5.3% | 4.5% | 5.1% | 4.7% | 5.2% | |
| Agriculture & Mining | 4.6% | 4.0% | 4.2% | 5.1% | 5.2% | 4.4% | 4.4% | |
| Construction | 5.6% | 3.9% | 3.8% | 4.0% | 3.7% | 3.3% | 3.9% | |

| Remainder of CA | | 3rd Report Level | | | | | | |
|--|-------------|------------------|-------------|-------------|-------------|-------------|-------------|--|
| NAICS Sector | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Finance & Insurance | 26.6% | 28.4% | 27.8% | 28.9% | 30.1% | 26.5% | 23.7% | |
| Outside Sales & Clerical | 19.8% | 20.6% | 19.0% | 17.7% | 18.9% | 19.7% | 16.9% | |
| Arts & Entertainment | 6.3% | 7.5% | 14.9% | 13.1% | 11.4% | 10.9% | 13.7% | |
| Professional Services | 15.5% | 14.4% | 12.5% | 13.5% | 11.3% | 13.5% | 13.5% | |
| Hospitality | 6.9% | 7.3% | 8.5% | 9.1% | 10.6% | 11.2% | 11.7% | |
| Information | 18.5% | 7.7% | 13.1% | 10.3% | 11.7% | 10.6% | 11.0% | |
| Manufacturing | 8.0% | 8.9% | 10.1% | 11.8% | 11.3% | 11.9% | 11.0% | |
| Real Estate | 4.8% | 6.7% | 8.3% | 8.0% | 9.0% | 9.7% | 10.7% | |
| Other Services | 7.1% | 8.6% | 7.3% | 8.3% | 8.5% | 9.6% | 10.1% | |
| Health | 7.9% | 9.0% | 9.3% | 7.8% | 8.9% | 9.8% | 9.8% | |
| Administrative | 3.6% | 5.2% | 5.2% | 7.2% | 8.4% | 9.8% | 9.5% | |
| Remainder of CA | 7.6% | 8.4% | 8.6% | 8.9% | 9.2% | 9.9% | 9.4% | |
| Wholesale & Retail | 5.9% | 6.7% | 7.1% | 7.7% | 7.3% | 9.1% | 8.1% | |
| Utilities, Transportation & Warehousing & Public Admin | 7.4% | 6.6% | 5.9% | 7.5% | 8.0% | 8.3% | 7.6% | |
| Agriculture & Mining | 3.2% | 3.9% | 4.4% | 5.2% | 4.9% | 6.1% | 6.2% | |
| Education | 6.2% | 7.0% | 6.5% | 6.6% | 7.3% | 5.9% | 5.9% | |
| Construction | 4.9% | 7.0% | 6.4% | 5.2% | 5.2% | 5.2% | 5.2% | |

| Remainder of CA | | 5th Report Level | | | | | | |
|--|-------------|------------------|-------------|-------------|-------------|-------------|-------------|--|
| NAICS Sector | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| Finance & Insurance | 27.4% | 24.0% | 28.4% | 30.3% | 29.1% | 28.8% | 30.3% | |
| Outside Sales & Clerical | 17.1% | 18.8% | 20.2% | 21.4% | 19.6% | 18.7% | 19.7% | |
| Arts & Entertainment | 7.6% | 7.2% | 9.1% | 10.7% | 17.9% | 14.9% | 12.1% | |
| Professional Services | 14.7% | 15.2% | 15.4% | 14.1% | 13.3% | 13.5% | 12.6% | |
| Information | 11.0% | 11.2% | 20.7% | 9.2% | 12.8% | 10.6% | 11.8% | |
| Manufacturing | 9.2% | 9.3% | 9.2% | 10.4% | 10.7% | 12.3% | 11.7% | |
| Health | 8.8% | 8.1% | 8.4% | 9.9% | 9.3% | 8.5% | 9.6% | |
| Remainder of CA | 7.1% | 7.4% | 8.1% | 9.2% | 9.2% | 9.5% | 9.6% | |
| Hospitality | 6.1% | 6.3% | 7.0% | 8.4% | 9.1% | 9.6% | 10.9% | |
| Real Estate | 6.7% | 5.0% | 4.6% | 7.8% | 8.3% | 8.6% | 9.6% | |
| Other Services | 7.7% | 7.8% | 7.5% | 9.0% | 8.0% | 8.9% | 8.8% | |
| Wholesale & Retail | 6.5% | 5.8% | 6.4% | 7.1% | 7.6% | 8.1% | 7.7% | |
| Construction | 4.1% | 4.7% | 5.9% | 7.7% | 6.9% | 5.8% | 5.6% | |
| Administrative | 3.0% | 3.9% | 4.2% | 6.0% | 6.7% | 8.4% | 8.2% | |
| Utilities, Transportation & Warehousing & Public Admin | 5.0% | 6.4% | 6.8% | 6.6% | 6.5% | 7.9% | 8.4% | |
| Education | 5.3% | 6.6% | 6.3% | 7.7% | 6.3% | 6.8% | 7.2% | |
| Agriculture & Mining | 3.5% | 3.4% | 3.6% | 4.2% | 4.9% | 5.6% | 5.5% | |

*NAICS Sector order based on most recent Policy Year available
 Source: Unit Statistical Reported data

Frequency of Indemnity Claims Caused by Motor Vehicle Accidents

| Indemnity Claim Frequency per \$100M of Exposure at AY 2017 Level | | | | Annual Change | | | |
|--|----------|----------|----------|---------------|----------|----------|----------|
| <u>AY/RL</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>AY/RL</u> | <u>1</u> | <u>2</u> | <u>3</u> |
| 2001 | 1.00 | 0.93 | 0.97 | 2001 | | | |
| 2002 | 0.85 | 0.93 | 0.94 | 2002 | -15.3% | 0.5% | -3.2% |
| 2003 | 0.95 | 0.97 | 0.97 | 2003 | 12.0% | 3.7% | 3.3% |
| 2004 | 0.82 | 0.80 | 0.79 | 2004 | -13.5% | -17.2% | -18.2% |
| 2005 | 0.69 | 0.66 | 0.66 | 2005 | -16.4% | -17.1% | -16.5% |
| 2006 | 0.68 | 0.65 | 0.65 | 2006 | -0.9% | -1.5% | -1.4% |
| 2007 | 0.67 | 0.65 | 0.65 | 2007 | -2.0% | -0.4% | -0.6% |
| 2008 | 0.61 | 0.60 | 0.61 | 2008 | -8.5% | -7.4% | -6.4% |
| 2009 | 0.56 | 0.56 | 0.57 | 2009 | -7.4% | -7.2% | -6.8% |
| 2010 | 0.61 | 0.60 | 0.60 | 2010 | 7.9% | 7.8% | 6.4% |
| 2011 | 0.57 | 0.57 | 0.57 | 2011 | -6.9% | -5.6% | -5.1% |
| 2012 | 0.55 | 0.56 | 0.56 | 2012 | -2.3% | -1.7% | -2.1% |
| 2013 | 0.57 | 0.57 | 0.57 | 2013 | 3.0% | 1.0% | 1.8% |
| 2014 | 0.54 | 0.54 | 0.54 | 2014 | -6.2% | -4.8% | -5.3% |
| 2015 | 0.59 | 0.59 | | 2015 | 10.3% | 10.0% | |
| 2016 | 0.61 | | | 2016 | 2.5% | | |

| <u>Percentage of Indemnity Claims</u> | | | |
|---------------------------------------|----------|----------|----------|
| <u>AY/RL</u> | <u>1</u> | <u>2</u> | <u>3</u> |
| 2001 | 2.9% | 2.8% | 2.8% |
| 2002 | 3.0% | 2.9% | 2.9% |
| 2003 | 2.9% | 2.9% | 2.9% |
| 2004 | 3.1% | 3.0% | 2.9% |
| 2005 | 3.1% | 3.0% | 2.9% |
| 2006 | 3.2% | 3.0% | 3.0% |
| 2007 | 3.2% | 3.1% | 3.1% |
| 2008 | 3.2% | 3.0% | 3.0% |
| 2009 | 3.1% | 3.0% | 2.9% |
| 2010 | 3.0% | 2.9% | 2.8% |
| 2011 | 2.9% | 2.8% | 2.7% |
| 2012 | 2.7% | 2.6% | 2.5% |
| 2013 | 2.7% | 2.6% | 2.5% |
| 2014 | 2.6% | 2.4% | 2.4% |
| 2015 | 2.9% | 2.7% | |
| 2016 | 3.0% | | |

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

| Accident Year | Paid Indemnity Development | | | | | | | | |
|------------------|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | <u>3-15</u> | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-87</u> | <u>87-99</u> | <u>99-111</u> |
| 1994 | | | | | | | | | 0.228 |
| 1995 | | | | | | | | 0.279 | 0.231 |
| 1996 | | | | | | | 0.307 | 0.275 | 0.217 |
| 1997 | | | | | | 0.360 | 0.320 | 0.227 | 0.210 |
| 1998 | | | | | 0.396 | 0.345 | 0.283 | 0.211 | 0.217 |
| 1999 | | | | 0.481 | 0.433 | 0.347 | 0.277 | 0.264 | 0.232 |
| 2000 | | | 0.582 | 0.517 | 0.402 | 0.352 | 0.289 | 0.297 | 0.244 |
| 2001 | | 0.797 | 0.675 | 0.539 | 0.400 | 0.388 | 0.334 | 0.282 | 0.245 |
| 2002 | 3.214 | 0.813 | 0.620 | 0.488 | 0.460 | 0.406 | 0.355 | 0.291 | 0.245 |
| 2003 | 3.147 | 0.759 | 0.586 | 0.548 | 0.462 | 0.381 | 0.296 | 0.268 | 0.256 |
| 2004 | 2.953 | 0.594 | 0.602 | 0.472 | 0.398 | 0.357 | 0.290 | 0.305 | 0.292 |
| 2005 | 2.579 | 0.807 | 0.621 | 0.532 | 0.419 | 0.363 | 0.325 | 0.313 | 0.302 |
| 2006 | 3.896 | 0.852 | 0.635 | 0.500 | 0.433 | 0.382 | 0.339 | 0.303 | 0.269 |
| 2007 | 4.279 | 0.897 | 0.656 | 0.516 | 0.445 | 0.394 | 0.351 | 0.307 | 0.282 |
| 2008 | 4.586 | 0.954 | 0.705 | 0.567 | 0.478 | 0.416 | 0.349 | 0.326 | 0.251 |
| 2009 | 5.179 | 0.959 | 0.697 | 0.578 | 0.481 | 0.423 | 0.366 | 0.339 | 0.317 |
| 2010 | 5.650 | 0.975 | 0.738 | 0.602 | 0.511 | 0.456 | 0.410 | 0.368 | 0.316 |
| 2011 | 6.004 | 0.957 | 0.690 | 0.574 | 0.490 | 0.437 | 0.416 | 0.401 | |
| 2012 | 6.175 | 0.986 | 0.716 | 0.586 | 0.532 | 0.471 | 0.409 | | |
| 2013 | 6.149 | 0.941 | 0.742 | 0.638 | 0.546 | 0.470 | | | |
| 2014 | 6.155 | 0.996 | 0.792 | 0.650 | 0.542 | | | | |
| 2015 | 6.014 | 0.998 | 0.752 | 0.629 | | | | | |
| 2016 | 6.098 | 1.005 | 0.765 | | | | | | |
| 2017 | 6.098 | 0.986 | | | | | | | |
| 2018 | 6.221 | | | | | | | | |

| Accident Year | Paid Medical Development | | | | | | | | |
|------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | <u>3-15</u> | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-87</u> | <u>87-99</u> | <u>99-111</u> |
| 1994 | | | | | | | | | 0.189 |
| 1995 | | | | | | | | 0.216 | 0.203 |
| 1996 | | | | | | | 0.264 | 0.259 | 0.173 |
| 1997 | | | | | | 0.320 | 0.287 | 0.215 | 0.150 |
| 1998 | | | | | 0.361 | 0.324 | 0.221 | 0.177 | 0.171 |
| 1999 | | | | 0.451 | 0.419 | 0.292 | 0.223 | 0.196 | 0.222 |
| 2000 | | | 0.568 | 0.477 | 0.333 | 0.260 | 0.223 | 0.262 | 0.196 |
| 2001 | | 0.921 | 0.636 | 0.473 | 0.313 | 0.295 | 0.289 | 0.240 | 0.210 |
| 2002 | 4.430 | 0.870 | 0.545 | 0.378 | 0.351 | 0.353 | 0.278 | 0.252 | 0.209 |
| 2003 | 4.058 | 0.772 | 0.428 | 0.385 | 0.374 | 0.302 | 0.262 | 0.239 | 0.207 |
| 2004 | 3.376 | 0.574 | 0.453 | 0.424 | 0.369 | 0.308 | 0.274 | 0.235 | 0.226 |
| 2005 | 2.981 | 0.574 | 0.457 | 0.414 | 0.375 | 0.333 | 0.261 | 0.269 | 0.242 |
| 2006 | 3.903 | 0.621 | 0.489 | 0.407 | 0.359 | 0.323 | 0.285 | 0.255 | 0.202 |
| 2007 | 3.798 | 0.651 | 0.504 | 0.439 | 0.365 | 0.339 | 0.306 | 0.242 | 0.205 |
| 2008 | 4.032 | 0.672 | 0.526 | 0.465 | 0.409 | 0.351 | 0.288 | 0.243 | 0.201 |
| 2009 | 4.401 | 0.685 | 0.526 | 0.479 | 0.416 | 0.347 | 0.282 | 0.236 | 0.200 |
| 2010 | 4.623 | 0.700 | 0.577 | 0.510 | 0.414 | 0.353 | 0.322 | 0.270 | 0.235 |
| 2011 | 4.282 | 0.707 | 0.540 | 0.461 | 0.396 | 0.333 | 0.302 | 0.270 | |
| 2012 | 4.414 | 0.690 | 0.534 | 0.465 | 0.410 | 0.341 | 0.303 | | |
| 2013 | 4.380 | 0.649 | 0.521 | 0.470 | 0.384 | 0.341 | | | |
| 2014 | 4.507 | 0.667 | 0.549 | 0.473 | 0.399 | | | | |
| 2015 | 4.424 | 0.650 | 0.507 | 0.442 | | | | | |
| 2016 | 4.525 | 0.625 | 0.493 | | | | | | |
| 2017 | 4.678 | 0.615 | | | | | | | |
| 2018 | 4.406 | | | | | | | | |

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2019
Accident Year 2013 Projected to 75 Months^[1]**

Indemnity

| <u>Methodology</u> | Based on Experience Evaluated as of (in months): | | | | | |
|---|--|-----------|-----------|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.230 | 0.222 | 0.214 | 0.209 | 0.205 | 0.202 |
| Latest Year Incurred | 0.227 | 0.218 | 0.213 | 0.209 | 0.205 | 0.202 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.276 | 0.236 | 0.222 | 0.211 | 0.204 | 0.202 |
| 3-Year Avg. Paid | 0.219 | 0.216 | 0.214 | 0.211 | 0.206 | 0.202 |
| Latest Year Paid | 0.219 | 0.215 | 0.215 | 0.211 | 0.206 | 0.202 |
| Reform-Adj. Paid ^[2] | 0.219 | 0.215 | 0.215 | 0.211 | 0.206 | 0.202 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.215 | 0.212 | 0.212 | 0.209 | 0.206 | 0.202 |
| | Difference from Actual 75-Month Loss Ratio | | | | | |
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 13.7% | 9.5% | 5.9% | 3.5% | 1.5% | 0.0% |
| Latest Year Incurred | 12.0% | 7.9% | 5.2% | 3.3% | 1.2% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 36.6% | 16.6% | 9.8% | 4.3% | 1.0% | 0.0% |
| 3-Year Avg. Paid | 8.4% | 6.8% | 6.0% | 4.1% | 2.0% | 0.0% |
| Latest Year Paid | 8.1% | 6.3% | 6.4% | 4.3% | 1.8% | 0.0% |
| Reform-Adj. Paid ^[2] | 8.1% | 6.3% | 6.4% | 4.3% | 1.8% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 6.3% | 4.5% | 4.9% | 3.4% | 1.8% | 0.0% |

Medical

| | Based on Experience Evaluated as of (in months): | | | | | |
|---|--|-----------|-----------|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.329 | 0.311 | 0.291 | 0.279 | 0.266 | 0.256 |
| Latest Year Incurred | 0.316 | 0.306 | 0.288 | 0.277 | 0.265 | 0.256 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.342 | 0.319 | 0.290 | 0.277 | 0.267 | 0.256 |
| 3-Year Avg. Paid | 0.276 | 0.274 | 0.271 | 0.267 | 0.262 | 0.256 |
| Latest Year Paid | 0.289 | 0.284 | 0.279 | 0.272 | 0.263 | 0.256 |
| Reform-Adj. Paid ^[2] | 0.289 | 0.284 | 0.279 | 0.272 | 0.263 | 0.256 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.286 | 0.281 | 0.277 | 0.271 | 0.263 | 0.256 |
| | Difference from Actual 75-Month Loss Ratio | | | | | |
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 28.4% | 21.7% | 13.6% | 9.0% | 3.9% | 0.0% |
| Latest Year Incurred | 23.3% | 19.6% | 12.4% | 8.3% | 3.4% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 33.7% | 24.8% | 13.4% | 8.4% | 4.4% | 0.0% |
| 3-Year Avg. Paid | 7.6% | 7.0% | 5.8% | 4.4% | 2.2% | 0.0% |
| Latest Year Paid | 13.1% | 10.8% | 9.2% | 6.4% | 2.8% | 0.0% |
| Reform-Adj. Paid ^[2] | 13.1% | 10.8% | 9.2% | 6.4% | 2.8% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 11.9% | 9.7% | 8.1% | 5.7% | 2.8% | 0.0% |

[1] Each loss ratio is projected to incurred losses at 75 months. Loss ratios projected under paid methods are converted to an incurred basis causing the ratio of incurred losses to paid losses reported at 75 months.

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 1160.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2019
Accident Year 2014 Projected to 63 Months^[1]**

Indemnity

| <u>Methodology</u> | Based on Experience Evaluated as of (in months): | | | | |
|---|--|-----------|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.198 | 0.196 | 0.194 | 0.191 | 0.188 |
| Latest Year Incurred | 0.190 | 0.192 | 0.193 | 0.191 | 0.188 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.210 | 0.199 | 0.198 | 0.192 | 0.188 |
| 3-Year Avg. Paid | 0.190 | 0.194 | 0.196 | 0.192 | 0.188 |
| Latest Year Paid | 0.185 | 0.191 | 0.194 | 0.192 | 0.188 |
| Reform-Adj. Paid ^[2] | 0.185 | 0.191 | 0.194 | 0.192 | 0.188 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.182 | 0.188 | 0.191 | 0.191 | 0.188 |

| | Difference from Actual 63-Month Loss Ratio | | | | |
|---|--|-----------|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 5.2% | 3.8% | 3.1% | 1.4% | 0.0% |
| Latest Year Incurred | 1.0% | 1.9% | 2.4% | 1.2% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 11.5% | 5.5% | 4.8% | 1.7% | 0.0% |
| 3-Year Avg. Paid | 1.1% | 2.9% | 3.8% | 2.0% | 0.0% |
| Latest Year Paid | -1.8% | 1.2% | 2.9% | 1.8% | 0.0% |
| Reform-Adj. Paid ^[2] | -1.8% | 1.2% | 2.9% | 1.8% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | -3.4% | -0.4% | 1.6% | 1.1% | 0.0% |

Medical

| | Based on Experience Evaluated as of (in months): | | | | |
|---|--|-----------|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.268 | 0.253 | 0.242 | 0.231 | 0.221 |
| Latest Year Incurred | 0.247 | 0.241 | 0.237 | 0.228 | 0.221 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.255 | 0.244 | 0.233 | 0.224 | 0.221 |
| 3-Year Avg. Paid | 0.239 | 0.236 | 0.234 | 0.228 | 0.221 |
| Latest Year Paid | 0.233 | 0.233 | 0.231 | 0.226 | 0.221 |
| Reform-Adj. Paid ^[2] | 0.233 | 0.233 | 0.231 | 0.226 | 0.221 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.231 | 0.231 | 0.229 | 0.225 | 0.221 |

| | Difference from Actual 63-Month Loss Ratio | | | | |
|---|--|-----------|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 21.4% | 14.5% | 9.8% | 4.4% | 0.0% |
| Latest Year Incurred | 11.8% | 9.0% | 7.3% | 3.4% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 15.3% | 10.4% | 5.4% | 1.5% | 0.0% |
| 3-Year Avg. Paid | 8.3% | 6.9% | 5.8% | 3.1% | 0.0% |
| Latest Year Paid | 5.7% | 5.4% | 4.5% | 2.5% | 0.0% |
| Reform-Adj. Paid ^[2] | 5.7% | 5.4% | 4.5% | 2.5% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 4.8% | 4.4% | 3.8% | 2.1% | 0.0% |

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

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 1160.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2019
Accident Year 2015 Projected to 51 Months^[1]**

Indemnity

| <u>Methodology</u> | Based on Experience Evaluated as of (in months): | | | |
|---|--|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.184 | 0.184 | 0.180 | 0.177 |
| Latest Year Incurred | 0.179 | 0.180 | 0.179 | 0.177 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.197 | 0.184 | 0.181 | 0.177 |
| 3-Year Avg. Paid | 0.179 | 0.182 | 0.181 | 0.177 |
| Latest Year Paid | 0.181 | 0.182 | 0.180 | 0.177 |
| Reform-Adj. Paid ^[2] | 0.181 | 0.182 | 0.180 | 0.177 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.178 | 0.179 | 0.179 | 0.177 |

| | Difference from Actual 51-Month Loss Ratio | | | |
|---|--|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 3.7% | 3.6% | 1.8% | 0.0% |
| Latest Year Incurred | 1.1% | 1.3% | 0.8% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 11.2% | 4.0% | 2.2% | 0.0% |
| 3-Year Avg. Paid | 1.0% | 2.8% | 2.3% | 0.0% |
| Latest Year Paid | 2.1% | 2.5% | 1.5% | 0.0% |
| Reform-Adj. Paid ^[2] | 2.1% | 2.5% | 1.5% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.7% | 1.2% | 0.8% | 0.0% |

Medical

| | Based on Experience Evaluated as of (in months): | | | |
|---|--|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.229 | 0.222 | 0.215 | 0.206 |
| Latest Year Incurred | 0.213 | 0.211 | 0.211 | 0.206 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.232 | 0.221 | 0.212 | 0.206 |
| 3-Year Avg. Paid | 0.218 | 0.218 | 0.212 | 0.206 |
| Latest Year Paid | 0.213 | 0.215 | 0.211 | 0.206 |
| Reform-Adj. Paid ^[2] | 0.213 | 0.215 | 0.211 | 0.206 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.212 | 0.214 | 0.209 | 0.206 |

| | Difference from Actual 51-Month Loss Ratio | | | |
|---|--|-----------|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>39</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 11.5% | 7.9% | 4.6% | 0.0% |
| Latest Year Incurred | 3.7% | 2.7% | 2.6% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 13.0% | 7.6% | 3.0% | 0.0% |
| 3-Year Avg. Paid | 6.0% | 6.0% | 3.2% | 0.0% |
| Latest Year Paid | 3.8% | 4.7% | 2.4% | 0.0% |
| Reform-Adj. Paid ^[2] | 3.8% | 4.7% | 2.4% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 3.0% | 3.9% | 1.9% | 0.0% |

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

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 1160.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2019
Accident Year 2016 Projected to 39 Months^[1]**

Indemnity

| Methodology | Based on Experience Evaluated as of (in months): | | |
|---|--|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.161 | 0.159 | 0.156 |
| Latest Year Incurred | 0.163 | 0.161 | 0.156 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.169 | 0.160 | 0.156 |
| 3-Year Avg. Paid | 0.161 | 0.159 | 0.156 |
| Latest Year Paid | 0.165 | 0.160 | 0.156 |
| Reform-Adj. Paid ^[2] | 0.165 | 0.160 | 0.156 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.162 | 0.159 | 0.156 |
| | Difference from Actual 39-Month Loss Ratio | | |
| | <u>15</u> | <u>27</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 3.2% | 2.3% | 0.0% |
| Latest Year Incurred | 4.7% | 3.1% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 8.3% | 2.4% | 0.0% |
| 3-Year Avg. Paid | 3.6% | 2.1% | 0.0% |
| Latest Year Paid | 5.8% | 2.9% | 0.0% |
| Reform-Adj. Paid ^[2] | 5.8% | 2.9% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 4.2% | 1.8% | 0.0% |

Medical

| Methodology | Based on Experience Evaluated as of (in months): | | |
|---|--|-----------|----------------|
| | <u>15</u> | <u>27</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.199 | 0.193 | 0.185 |
| Latest Year Incurred | 0.197 | 0.193 | 0.185 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.203 | 0.196 | 0.185 |
| 3-Year Avg. Paid | 0.200 | 0.193 | 0.185 |
| Latest Year Paid | 0.201 | 0.192 | 0.185 |
| Reform-Adj. Paid ^[2] | 0.201 | 0.192 | 0.185 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.199 | 0.191 | 0.185 |
| | Difference from Actual 39-Month Loss Ratio | | |
| | <u>15</u> | <u>27</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 7.6% | 4.1% | 0.0% |
| Latest Year Incurred | 6.2% | 4.0% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 9.5% | 5.5% | 0.0% |
| 3-Year Avg. Paid | 7.9% | 4.1% | 0.0% |
| Latest Year Paid | 8.2% | 3.7% | 0.0% |
| Reform-Adj. Paid ^[2] | 8.2% | 3.7% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 7.4% | 3.1% | 0.0% |

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

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 1160.

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

Source: WCIRB quarterly calls for experience

**Comparison of Projected Loss Ratios as of March 31, 2019
Accident Year 2017 Projected to 27 Months^[1]**

Indemnity

| <u>Methodology</u> | <u>Based on Experience Evaluated as of (in months):</u> | |
|---|---|----------------|
| | <u>15</u> | <u>Current</u> |
| 3-Year Avg. Incurred | 0.141 | 0.137 |
| Latest Year Incurred | 0.139 | 0.137 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.141 | 0.137 |
| 3-Year Avg. Paid | 0.141 | 0.137 |
| Latest Year Paid | 0.138 | 0.137 |
| Reform-Adj. Paid ^[2] | 0.138 | 0.137 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.137 | 0.137 |

Difference from Actual 27-Month Loss Ratio

| | <u>15</u> | <u>Current</u> |
|---|-----------|----------------|
| 3-Year Avg. Incurred | 2.4% | 0.0% |
| Latest Year Incurred | 1.5% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 2.6% | 0.0% |
| 3-Year Avg. Paid | 2.6% | 0.0% |
| Latest Year Paid | 0.9% | 0.0% |
| Reform-Adj. Paid ^[2] | 0.9% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | -0.1% | 0.0% |

Medical

Based on Experience Evaluated as of (in months):

| | <u>15</u> | <u>Current</u> |
|---|-----------|----------------|
| 3-Year Avg. Incurred | 0.183 | 0.176 |
| Latest Year Incurred | 0.180 | 0.176 |
| Latest Yr. Inc. Adj. for Case Reserves | 0.177 | 0.176 |
| 3-Year Avg. Paid | 0.185 | 0.176 |
| Latest Year Paid | 0.180 | 0.176 |
| Reform-Adj. Paid ^[2] | 0.180 | 0.176 |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 0.180 | 0.176 |

Difference from Actual 27-Month Loss Ratio

| | <u>15</u> | <u>Current</u> |
|---|-----------|----------------|
| 3-Year Avg. Incurred | 4.3% | 0.0% |
| Latest Year Incurred | 2.5% | 0.0% |
| Latest Yr. Inc. Adj. for Case Reserves | 1.0% | 0.0% |
| 3-Year Avg. Paid | 5.1% | 0.0% |
| Latest Year Paid | 2.5% | 0.0% |
| Reform-Adj. Paid ^[2] | 2.5% | 0.0% |
| Latest Yr. Pd. Adj. for Settlement ^[3] | 2.3% | 0.0% |

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

[2] The Reform-Adjusted Paid Methodology reflects adjustments for SB 1160.

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

Source: WCIRB quarterly calls for experience

Average Incurred Indemnity Loss per Reported Indemnity Claim
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1994 | | | | | | | | | | 12,560 |
| 1995 | | | | | | | | | 14,289 | 14,493 |
| 1996 | | | | | | | | 16,238 | 16,570 | 16,680 |
| 1997 | | | | | | | 18,293 | 18,729 | 18,876 | 18,910 |
| 1998 | | | | | | 19,845 | 20,552 | 20,868 | 20,882 | 20,982 |
| 1999 | | | | | 20,612 | 21,705 | 22,189 | 22,328 | 22,514 | 22,640 |
| 2000 | | | | 20,162 | 22,030 | 22,807 | 23,064 | 23,300 | 23,555 | 23,709 |
| 2001 | | | 17,806 | 21,927 | 23,875 | 24,414 | 24,904 | 25,383 | 25,744 | 25,942 |
| 2002 | | 11,447 | 18,072 | 21,244 | 22,220 | 22,821 | 23,471 | 23,924 | 24,175 | 24,433 |
| 2003 | 9,101 | 12,127 | 18,205 | 20,325 | 21,642 | 22,689 | 23,403 | 23,855 | 24,354 | 24,780 |
| 2004 | 8,689 | 11,664 | 14,389 | 16,424 | 17,477 | 18,212 | 18,915 | 19,429 | 19,932 | 20,238 |
| 2005 | 9,449 | 8,766 | 12,089 | 14,078 | 15,270 | 16,216 | 17,007 | 17,662 | 18,051 | 18,338 |
| 2006 | 6,908 | 8,786 | 12,998 | 15,319 | 16,770 | 17,949 | 18,839 | 19,369 | 19,736 | 19,968 |
| 2007 | 6,687 | 9,234 | 13,913 | 16,721 | 18,362 | 19,523 | 20,359 | 20,931 | 21,385 | 21,622 |
| 2008 | 6,446 | 9,839 | 15,031 | 18,420 | 20,364 | 21,565 | 22,412 | 22,932 | 23,316 | 23,543 |
| 2009 | 6,411 | 10,192 | 15,763 | 19,004 | 21,190 | 22,418 | 23,289 | 23,749 | 24,099 | 24,402 |
| 2010 | 6,205 | 10,130 | 15,425 | 18,871 | 20,728 | 21,878 | 22,629 | 23,102 | 23,463 | 23,717 |
| 2011 | 6,105 | 10,610 | 15,911 | 18,842 | 20,617 | 21,571 | 22,186 | 22,661 | 22,995 | |
| 2012 | 6,201 | 10,643 | 15,675 | 18,550 | 20,085 | 21,149 | 21,784 | 22,238 | | |
| 2013 | 6,556 | 10,718 | 15,584 | 18,266 | 19,768 | 20,597 | 21,176 | | | |
| 2014 | 6,240 | 10,750 | 15,831 | 18,934 | 20,563 | 21,482 | | | | |
| 2015 | 6,875 | 11,246 | 16,564 | 19,397 | 20,919 | | | | | |
| 2016 | 6,815 | 11,321 | 16,381 | 19,015 | | | | | | |
| 2017 | 6,964 | 11,548 | 16,706 | | | | | | | |
| 2018 | 7,247 | 12,105 | | | | | | | | |
| 2019 | 7,348 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1995 | | | | | | | | | | 15.4% |
| 1996 | | | | | | | | | 16.0% | 15.1% |
| 1997 | | | | | | | | 15.3% | 13.9% | 13.4% |
| 1998 | | | | | | | 12.3% | 11.4% | 10.6% | 11.0% |
| 1999 | | | | | | 9.4% | 8.0% | 7.0% | 7.8% | 7.9% |
| 2000 | | | | | 6.9% | 5.1% | 3.9% | 4.4% | 4.6% | 4.7% |
| 2001 | | | | 8.8% | 8.4% | 7.0% | 8.0% | 8.9% | 9.3% | 9.4% |
| 2002 | | | 1.5% | -3.1% | -6.9% | -6.5% | -5.8% | -5.7% | -6.1% | -5.8% |
| 2003 | | 5.9% | 0.7% | -4.3% | -2.6% | -0.6% | -0.3% | -0.3% | 0.7% | 1.4% |
| 2004 | -4.5% | -3.8% | -21.0% | -19.2% | -19.2% | -19.7% | -19.2% | -18.6% | -18.2% | -18.3% |
| 2005 | 8.7% | -24.8% | -16.0% | -14.3% | -12.6% | -11.0% | -10.1% | -9.1% | -9.4% | -9.4% |
| 2006 | -26.9% | 0.2% | 7.5% | 8.8% | 9.8% | 10.7% | 10.8% | 9.7% | 9.3% | 8.9% |
| 2007 | -3.2% | 5.1% | 7.0% | 9.2% | 9.5% | 8.8% | 8.1% | 8.1% | 8.4% | 8.3% |
| 2008 | -3.6% | 6.6% | 8.0% | 10.2% | 10.9% | 10.5% | 10.1% | 9.6% | 9.0% | 8.9% |
| 2009 | -0.5% | 3.6% | 4.9% | 3.2% | 4.1% | 4.0% | 3.9% | 3.6% | 3.4% | 3.6% |
| 2010 | -3.2% | -0.6% | -2.1% | -0.7% | -2.2% | -2.4% | -2.8% | -2.7% | -2.6% | -2.8% |
| 2011 | -1.6% | 4.7% | 3.1% | -0.2% | -0.5% | -1.4% | -2.0% | -1.9% | -2.0% | |
| 2012 | 1.6% | 0.3% | -1.5% | -1.5% | -2.6% | -2.0% | -1.8% | -1.9% | | |
| 2013 | 5.7% | 0.7% | -0.6% | -1.5% | -1.6% | -2.6% | -2.8% | | | |
| 2014 | -4.8% | 0.3% | 1.6% | 3.7% | 4.0% | 4.3% | | | | |
| 2015 | 10.2% | 4.6% | 4.6% | 2.4% | 1.7% | | | | | |
| 2016 | -0.9% | 0.7% | -1.1% | -2.0% | | | | | | |
| 2017 | 2.2% | 2.0% | 2.0% | | | | | | | |
| 2018 | 4.1% | 4.8% | | | | | | | | |
| 2019 | 1.4% | | | | | | | | | |

| | | Annual Trend* | | | | | | | | | |
|----------------|-------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| All-Year | -1.2% | 0.6% | 0.1% | -0.2% | -0.2% | -0.1% | 0.2% | 0.8% | 1.6% | 2.6% | |
| R ² | 0.195 | 0.102 | 0.004 | 0.005 | 0.009 | 0.003 | 0.009 | 0.118 | 0.271 | 0.399 | |
| 5-Year | 2.0% | 2.7% | 1.7% | 1.1% | 0.5% | -0.8% | -2.3% | -1.1% | 1.5% | 4.8% | |
| R ² | 0.859 | 0.936 | 0.834 | 0.557 | 0.136 | 0.324 | 0.993 | 0.496 | 0.285 | 0.796 | |

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Incurred Medical Loss per Reported Claim
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1998 | | | | | | | | | | 6,166 |
| 1999 | | | | | | | | | 6,982 | 7,280 |
| 2000 | | | | | | | | 7,639 | 8,013 | 8,184 |
| 2001 | | | | | | | 8,585 | 8,993 | 9,352 | 9,690 |
| 2002 | | | | | | 8,566 | 9,074 | 9,425 | 9,756 | 10,043 |
| 2003 | | | | | 7,916 | 8,393 | 8,814 | 9,193 | 9,572 | 9,915 |
| 2004 | | | | 5,914 | 6,477 | 6,962 | 7,354 | 7,806 | 8,106 | 8,362 |
| 2005 | | | 5,016 | 5,708 | 6,123 | 6,601 | 7,083 | 7,498 | 7,796 | 7,987 |
| 2006 | | 4,248 | 5,494 | 6,328 | 6,899 | 7,408 | 7,864 | 8,241 | 8,523 | 8,667 |
| 2007 | 4,071 | 4,712 | 6,157 | 7,112 | 7,892 | 8,501 | 9,077 | 9,411 | 9,671 | 9,810 |
| 2008 | 4,171 | 5,171 | 6,841 | 8,053 | 8,965 | 9,725 | 10,244 | 10,589 | 10,794 | 10,888 |
| 2009 | 4,387 | 5,703 | 7,822 | 9,128 | 10,292 | 11,037 | 11,542 | 11,821 | 11,967 | 12,039 |
| 2010 | 4,459 | 5,932 | 8,105 | 9,712 | 10,747 | 11,440 | 11,825 | 12,067 | 12,192 | 12,323 |
| 2011 | 4,818 | 6,409 | 8,855 | 10,282 | 11,241 | 11,870 | 12,138 | 12,309 | 12,426 | |
| 2012 | 4,840 | 6,564 | 8,715 | 9,955 | 10,715 | 11,223 | 11,486 | 11,646 | | |
| 2013 | 5,229 | 6,614 | 8,611 | 9,599 | 10,285 | 10,589 | 10,826 | | | |
| 2014 | 4,837 | 6,403 | 8,171 | 9,208 | 9,764 | 10,074 | | | | |
| 2015 | 4,961 | 6,532 | 8,263 | 9,180 | 9,636 | | | | | |
| 2016 | 4,985 | 6,655 | 8,223 | 8,936 | | | | | | |
| 2017 | 5,049 | 6,529 | 7,971 | | | | | | | |
| 2018 | 5,319 | 6,829 | | | | | | | | |
| 2019 | 5,421 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1999 | | | | | | | | | | 18.1% |
| 2000 | | | | | | | | | 14.8% | 12.4% |
| 2001 | | | | | | | | 17.7% | 16.7% | 18.4% |
| 2002 | | | | | | | 5.7% | 4.8% | 4.3% | 3.6% |
| 2003 | | | | | | -2.0% | -2.9% | -2.5% | -1.9% | -1.3% |
| 2004 | | | | | -18.2% | -17.0% | -16.6% | -15.1% | -15.3% | -15.7% |
| 2005 | | | | -3.5% | -5.5% | -5.2% | -3.7% | -3.9% | -3.8% | -4.5% |
| 2006 | | | 9.5% | 10.9% | 12.7% | 12.2% | 11.0% | 9.9% | 9.3% | 8.5% |
| 2007 | | 10.9% | 12.1% | 12.4% | 14.4% | 14.8% | 15.4% | 14.2% | 13.5% | 13.2% |
| 2008 | 2.4% | 9.7% | 11.1% | 13.2% | 13.6% | 14.4% | 12.9% | 12.5% | 11.6% | 11.0% |
| 2009 | 5.2% | 10.3% | 14.3% | 13.3% | 14.8% | 13.5% | 12.7% | 11.6% | 10.9% | 10.6% |
| 2010 | 1.6% | 4.0% | 3.6% | 6.4% | 4.4% | 3.6% | 2.4% | 2.1% | 1.9% | 2.4% |
| 2011 | 8.1% | 8.0% | 9.3% | 5.9% | 4.6% | 3.8% | 2.6% | 2.0% | 1.9% | |
| 2012 | 0.5% | 2.4% | -1.6% | -3.2% | -4.7% | -5.4% | -5.4% | -5.4% | | |
| 2013 | 8.0% | 0.8% | -1.2% | -3.6% | -4.0% | -5.6% | -5.7% | | | |
| 2014 | -7.5% | -3.2% | -5.1% | -4.1% | -5.1% | -4.9% | | | | |
| 2015 | 2.6% | 2.0% | 1.1% | -0.3% | -1.3% | | | | | |
| 2016 | 0.5% | 1.9% | -0.5% | -2.7% | | | | | | |
| 2017 | 1.3% | -1.9% | -3.1% | | | | | | | |
| 2018 | 5.4% | 4.6% | | | | | | | | |
| 2019 | 1.9% | | | | | | | | | |

| | Annual Trend* | | | | | | | | | |
|----------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 2.2% | 3.4% | 3.8% | 4.4% | 4.2% | 3.9% | 3.6% | 3.7% | 3.9% | 4.1% |
| R ² | 0.846 | 0.752 | 0.612 | 0.651 | 0.603 | 0.562 | 0.566 | 0.628 | 0.649 | 0.633 |
| 5-Year | 2.5% | 1.3% | -1.5% | -2.6% | -3.9% | -3.6% | -1.6% | 2.3% | 6.4% | 9.5% |
| R ² | 0.900 | 0.700 | 0.702 | 0.940 | 0.975 | 0.803 | 0.341 | 0.392 | 0.877 | 0.960 |

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Indemnity Case Outstanding per Open Indemnity Claim
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1994 | | | | | | | | | | 27,174 |
| 1995 | | | | | | | | | 29,276 | 32,423 |
| 1996 | | | | | | | | 30,970 | 34,365 | 33,827 |
| 1997 | | | | | | | 29,077 | 31,920 | 32,178 | 32,879 |
| 1998 | | | | | | 27,833 | 31,043 | 31,948 | 31,860 | 33,180 |
| 1999 | | | | | 24,846 | 27,324 | 27,920 | 28,206 | 29,107 | 30,533 |
| 2000 | | | | 22,062 | 23,922 | 24,219 | 23,686 | 24,517 | 25,203 | 26,064 |
| 2001 | | | 18,014 | 20,424 | 20,490 | 19,833 | 19,905 | 21,265 | 22,997 | 23,854 |
| 2002 | | 12,427 | 18,013 | 17,997 | 16,678 | 16,350 | 17,479 | 18,634 | 19,418 | 21,215 |
| 2003 | 8,872 | 12,773 | 16,715 | 15,161 | 15,429 | 16,959 | 18,898 | 21,007 | 24,181 | 27,794 |
| 2004 | 8,466 | 12,089 | 12,490 | 13,234 | 14,276 | 15,958 | 18,112 | 20,648 | 23,323 | 24,550 |
| 2005 | 9,116 | 8,128 | 10,158 | 11,558 | 12,888 | 15,266 | 18,297 | 21,696 | 23,004 | 25,650 |
| 2006 | 6,516 | 7,843 | 11,195 | 13,087 | 15,202 | 18,328 | 20,918 | 22,383 | 25,241 | 26,808 |
| 2007 | 6,142 | 8,258 | 11,800 | 14,332 | 16,499 | 18,501 | 20,552 | 23,838 | 27,004 | 29,403 |
| 2008 | 5,868 | 8,572 | 12,307 | 15,131 | 16,855 | 18,302 | 21,262 | 23,834 | 26,943 | 30,735 |
| 2009 | 5,819 | 8,958 | 12,988 | 14,833 | 17,054 | 19,167 | 21,527 | 23,680 | 26,121 | 29,008 |
| 2010 | 5,620 | 8,959 | 12,553 | 14,738 | 16,417 | 18,202 | 20,409 | 22,576 | 25,348 | 28,808 |
| 2011 | 5,539 | 9,646 | 13,199 | 15,248 | 17,478 | 19,188 | 21,071 | 23,597 | 26,036 | |
| 2012 | 5,651 | 9,547 | 12,939 | 14,952 | 16,560 | 18,907 | 21,214 | 24,828 | | |
| 2013 | 6,099 | 9,578 | 13,102 | 14,408 | 15,871 | 17,707 | 20,656 | | | |
| 2014 | 5,679 | 9,649 | 13,310 | 15,352 | 17,709 | 20,560 | | | | |
| 2015 | 6,382 | 10,209 | 14,435 | 16,795 | 19,662 | | | | | |
| 2016 | 6,280 | 10,338 | 14,716 | 17,292 | | | | | | |
| 2017 | 6,443 | 10,983 | 16,064 | | | | | | | |
| 2018 | 6,734 | 11,573 | | | | | | | | |
| 2019 | 6,815 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1995 | | | | | | | | | | 19.3% |
| 1996 | | | | | | | | | 17.4% | 4.3% |
| 1997 | | | | | | | | 3.1% | -6.4% | -2.8% |
| 1998 | | | | | | | 6.8% | 0.1% | -1.0% | 0.9% |
| 1999 | | | | | | -1.8% | -10.1% | -11.7% | -8.6% | -8.0% |
| 2000 | | | | | -3.7% | -11.4% | -15.2% | -13.1% | -13.4% | -14.6% |
| 2001 | | | | -7.4% | -14.3% | -18.1% | -16.0% | -13.3% | -8.8% | -8.5% |
| 2002 | | | 0.0% | -11.9% | -18.6% | -17.6% | -12.2% | -12.4% | -15.6% | -11.1% |
| 2003 | | 2.8% | -7.2% | -15.8% | -7.5% | 3.7% | 8.1% | 12.7% | 24.5% | 31.0% |
| 2004 | -4.6% | -5.4% | -25.3% | -12.7% | -7.5% | -5.9% | -4.2% | -1.7% | -3.5% | -11.7% |
| 2005 | 7.7% | -32.8% | -18.7% | -12.7% | -9.7% | -4.3% | 1.0% | 5.1% | -1.4% | 4.5% |
| 2006 | -28.5% | -3.5% | 10.2% | 13.2% | 18.0% | 20.1% | 14.3% | 3.2% | 9.7% | 4.5% |
| 2007 | -5.7% | 5.3% | 5.4% | 9.5% | 8.5% | 0.9% | -1.7% | 6.5% | 7.0% | 9.7% |
| 2008 | -4.5% | 3.8% | 4.3% | 5.6% | 2.2% | -1.1% | 3.5% | 0.0% | -0.2% | 4.5% |
| 2009 | -0.8% | 4.5% | 5.5% | -2.0% | 1.2% | 4.7% | 1.2% | -0.6% | -3.0% | -5.6% |
| 2010 | -3.4% | 0.0% | -3.4% | -0.6% | -3.7% | -5.0% | -5.2% | -4.7% | -3.0% | -0.7% |
| 2011 | -1.5% | 7.7% | 5.1% | 3.5% | 6.5% | 5.4% | 3.2% | 4.5% | 2.7% | |
| 2012 | 2.0% | -1.0% | -2.0% | -1.9% | -5.3% | -1.5% | 0.7% | 5.2% | | |
| 2013 | 7.9% | 0.3% | 1.3% | -3.6% | -4.2% | -6.3% | -2.6% | | | |
| 2014 | -6.9% | 0.7% | 1.6% | 6.6% | 11.6% | 16.1% | | | | |
| 2015 | 12.4% | 5.8% | 8.4% | 9.4% | 11.0% | | | | | |
| 2016 | -1.6% | 1.3% | 1.9% | 3.0% | | | | | | |
| 2017 | 2.6% | 6.2% | 9.2% | | | | | | | |
| 2018 | 4.5% | 5.4% | | | | | | | | |
| 2019 | 1.2% | | | | | | | | | |

| | | Annual Trend* | | | | | | | | | |
|----------------|-------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| All-Year | -1.4% | 0.0% | -0.3% | -0.7% | -1.0% | -1.4% | -1.6% | -1.5% | -1.3% | -0.7% | |
| R ² | 0.208 | 0.000 | 0.009 | 0.053 | 0.085 | 0.180 | 0.249 | 0.240 | 0.208 | 0.071 | |
| 5-Year | 2.0% | 4.5% | 5.2% | 4.5% | 3.1% | 1.6% | -0.4% | 0.8% | -1.3% | 1.3% | |
| R ² | 0.809 | 0.972 | 0.948 | 0.817 | 0.350 | 0.205 | 0.107 | 0.134 | 0.644 | 0.174 | |

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Medical Case Outstanding per Open Indemnity Claim
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1994 | | | | | | | | | | 43,400 |
| 1995 | | | | | | | | | 43,790 | 54,588 |
| 1996 | | | | | | | | 34,652 | 45,576 | 50,490 |
| 1997 | | | | | | | 30,278 | 41,337 | 48,428 | 54,631 |
| 1998 | | | | | | 27,998 | 38,607 | 44,283 | 50,524 | 59,901 |
| 1999 | | | | | 21,013 | 27,994 | 33,522 | 39,602 | 48,569 | 64,696 |
| 2000 | | | | 17,726 | 22,876 | 27,777 | 31,585 | 38,625 | 50,916 | 59,001 |
| 2001 | | | 14,282 | 17,399 | 20,248 | 23,408 | 28,384 | 36,867 | 46,855 | 59,193 |
| 2002 | | 12,673 | 14,969 | 16,571 | 17,970 | 21,232 | 28,231 | 35,500 | 44,448 | 53,911 |
| 2003 | 12,327 | 12,401 | 14,326 | 15,326 | 18,436 | 23,244 | 30,526 | 38,881 | 48,518 | 61,114 |
| 2004 | 12,042 | 12,398 | 12,993 | 15,525 | 20,118 | 26,420 | 32,357 | 42,532 | 51,044 | 60,069 |
| 2005 | 13,993 | 12,452 | 14,713 | 18,597 | 22,058 | 27,500 | 35,880 | 46,283 | 53,907 | 64,489 |
| 2006 | 11,400 | 12,456 | 16,785 | 21,471 | 25,879 | 32,480 | 39,232 | 47,447 | 58,970 | 66,730 |
| 2007 | 12,419 | 13,866 | 18,207 | 22,472 | 28,322 | 34,745 | 43,367 | 52,356 | 62,159 | 72,534 |
| 2008 | 12,436 | 14,517 | 18,739 | 23,734 | 28,605 | 35,576 | 44,468 | 53,455 | 63,594 | 71,814 |
| 2009 | 12,992 | 15,169 | 20,204 | 24,062 | 30,365 | 36,808 | 43,634 | 51,932 | 59,684 | 67,335 |
| 2010 | 13,026 | 15,416 | 19,839 | 24,693 | 29,768 | 35,928 | 42,220 | 48,390 | 54,208 | 64,225 |
| 2011 | 14,582 | 16,823 | 21,792 | 26,332 | 32,088 | 39,114 | 43,933 | 49,486 | 57,166 | |
| 2012 | 14,644 | 17,118 | 21,070 | 24,982 | 29,430 | 34,974 | 41,038 | 47,896 | | |
| 2013 | 15,264 | 16,529 | 20,796 | 23,624 | 28,382 | 33,115 | 39,894 | | | |
| 2014 | 13,515 | 16,097 | 19,526 | 22,941 | 27,348 | 32,596 | | | | |
| 2015 | 14,460 | 16,813 | 20,541 | 25,438 | 30,818 | | | | | |
| 2016 | 14,217 | 17,278 | 21,427 | 26,004 | | | | | | |
| 2017 | 14,299 | 18,055 | 22,596 | | | | | | | |
| 2018 | 15,909 | 18,878 | | | | | | | | |
| 2019 | 15,722 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1995 | | | | | | | | | | 25.8% |
| 1996 | | | | | | | | | 4.1% | -7.5% |
| 1997 | | | | | | | | 19.3% | 6.3% | 8.2% |
| 1998 | | | | | | | 27.5% | 7.1% | 4.3% | 9.6% |
| 1999 | | | | | | 0.0% | -13.2% | -10.6% | -3.9% | 8.0% |
| 2000 | | | | | 8.9% | -0.8% | -5.8% | -2.5% | 4.8% | -8.8% |
| 2001 | | | | -1.8% | -11.5% | -15.7% | -10.1% | -4.6% | -8.0% | 0.3% |
| 2002 | | | 4.8% | -4.8% | -11.2% | -9.3% | -0.5% | -3.7% | -5.1% | -8.9% |
| 2003 | | -2.1% | -4.3% | -7.5% | 2.6% | 9.5% | 8.1% | 9.5% | 9.2% | 13.4% |
| 2004 | -2.3% | 0.0% | -9.3% | 1.3% | 9.1% | 13.7% | 6.0% | 9.4% | 5.2% | -1.7% |
| 2005 | 16.2% | 0.4% | 13.2% | 19.8% | 9.6% | 4.1% | 10.9% | 8.8% | 5.6% | 7.4% |
| 2006 | -18.5% | 0.0% | 14.1% | 15.5% | 17.3% | 18.1% | 9.3% | 2.5% | 9.4% | 3.5% |
| 2007 | 8.9% | 11.3% | 8.5% | 4.7% | 9.4% | 7.0% | 10.5% | 10.3% | 5.4% | 8.7% |
| 2008 | 0.1% | 4.7% | 2.9% | 5.6% | 1.0% | 2.4% | 2.5% | 2.1% | 2.3% | -1.0% |
| 2009 | 4.5% | 4.5% | 7.8% | 1.4% | 6.2% | 3.5% | -1.9% | -2.9% | -6.1% | -6.2% |
| 2010 | 0.3% | 1.6% | -1.8% | 2.6% | -2.0% | -2.4% | -3.2% | -6.8% | -9.2% | -4.6% |
| 2011 | 11.9% | 9.1% | 9.8% | 6.6% | 7.8% | 8.9% | 4.1% | 2.3% | 5.5% | |
| 2012 | 0.4% | 1.8% | -3.3% | -5.1% | -8.3% | -10.6% | -6.6% | -3.2% | | |
| 2013 | 4.2% | -3.4% | -1.3% | -5.4% | -3.6% | -5.3% | -2.8% | | | |
| 2014 | -11.5% | -2.6% | -6.1% | -2.9% | -3.6% | -1.6% | | | | |
| 2015 | 7.0% | 4.4% | 5.2% | 10.9% | 12.7% | | | | | |
| 2016 | -1.7% | 2.8% | 4.3% | 2.2% | | | | | | |
| 2017 | 0.6% | 4.5% | 5.5% | | | | | | | |
| 2018 | 11.3% | 4.6% | | | | | | | | |
| 2019 | -1.2% | | | | | | | | | |

| | | Annual Trend* | | | | | | | | | |
|----------|----------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | R ² | 1.6% | 2.8% | 3.2% | 3.3% | 3.2% | 2.6% | 2.4% | 2.2% | 1.9% | 2.1% |
| | | 0.658 | 0.912 | 0.806 | 0.737 | 0.676 | 0.528 | 0.541 | 0.607 | 0.650 | 0.668 |
| 5-Year | R ² | 2.8% | 4.0% | 2.6% | 1.6% | -1.5% | -3.5% | -2.1% | -2.6% | -3.2% | -1.5% |
| | | 0.654 | 0.994 | 0.577 | 0.217 | 0.147 | 0.617 | 0.648 | 0.810 | 0.647 | 0.214 |

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Paid Indemnity Loss per Reported Indemnity Claim
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1994 | | | | | | | | | | 11,716 |
| 1995 | | | | | | | | | 13,087 | 13,344 |
| 1996 | | | | | | | | 14,437 | 14,909 | 15,247 |
| 1997 | | | | | | | 15,821 | 16,577 | 17,043 | 17,400 |
| 1998 | | | | | | 16,245 | 17,423 | 18,270 | 18,781 | 19,220 |
| 1999 | | | | | 15,788 | 17,741 | 19,055 | 19,878 | 20,491 | 20,963 |
| 2000 | | | | 13,417 | 16,689 | 18,724 | 20,077 | 20,923 | 21,623 | 22,097 |
| 2001 | | | 9,124 | 14,499 | 18,361 | 20,461 | 21,940 | 22,943 | 23,643 | 24,171 |
| 2002 | | 3,596 | 9,109 | 14,437 | 17,621 | 19,645 | 20,935 | 21,842 | 22,462 | 22,884 |
| 2003 | 784 | 3,725 | 9,503 | 14,405 | 17,493 | 19,411 | 20,693 | 21,521 | 22,170 | 22,753 |
| 2004 | 760 | 3,754 | 8,034 | 11,671 | 13,911 | 15,330 | 16,367 | 17,117 | 17,842 | 18,457 |
| 2005 | 835 | 3,442 | 7,290 | 10,215 | 12,254 | 13,504 | 14,484 | 15,293 | 16,033 | 16,646 |
| 2006 | 769 | 3,632 | 7,798 | 11,015 | 13,113 | 14,674 | 15,910 | 16,892 | 17,635 | 18,189 |
| 2007 | 883 | 3,873 | 8,383 | 11,877 | 14,294 | 16,058 | 17,382 | 18,422 | 19,183 | 19,790 |
| 2008 | 910 | 4,224 | 9,050 | 13,045 | 15,953 | 17,989 | 19,426 | 20,439 | 21,227 | 21,721 |
| 2009 | 926 | 4,210 | 9,209 | 13,472 | 16,532 | 18,678 | 20,195 | 21,292 | 22,090 | 22,721 |
| 2010 | 901 | 4,182 | 9,164 | 13,493 | 16,574 | 18,593 | 20,033 | 21,051 | 21,782 | 22,305 |
| 2011 | 967 | 4,241 | 9,397 | 13,544 | 16,410 | 18,381 | 19,722 | 20,707 | 21,473 | |
| 2012 | 958 | 4,342 | 9,428 | 13,556 | 16,332 | 18,226 | 19,540 | 20,429 | | |
| 2013 | 965 | 4,334 | 9,397 | 13,659 | 16,441 | 18,166 | 19,274 | | | |
| 2014 | 933 | 4,360 | 9,700 | 14,232 | 17,124 | 18,902 | | | | |
| 2015 | 969 | 4,550 | 10,148 | 14,681 | 17,533 | | | | | |
| 2016 | 992 | 4,725 | 10,229 | 14,603 | | | | | | |
| 2017 | 993 | 4,787 | 10,430 | | | | | | | |
| 2018 | 1,078 | 5,026 | | | | | | | | |
| 2019 | 1,112 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1995 | | | | | | | | | | 13.9% |
| 1996 | | | | | | | | | 13.9% | 14.3% |
| 1997 | | | | | | | | 14.8% | 14.3% | 14.1% |
| 1998 | | | | | | | 10.1% | 10.2% | 10.2% | 10.5% |
| 1999 | | | | | | 9.2% | 9.4% | 8.8% | 9.1% | 9.1% |
| 2000 | | | | | 5.7% | 5.5% | 5.4% | 5.3% | 5.5% | 5.4% |
| 2001 | | | | 8.1% | 10.0% | 9.3% | 9.3% | 9.7% | 9.3% | 9.4% |
| 2002 | | | -0.2% | -0.4% | -4.0% | -4.0% | -4.6% | -4.8% | -5.0% | -5.3% |
| 2003 | | 3.6% | 4.3% | -0.2% | -0.7% | -1.2% | -1.2% | -1.5% | -1.3% | -0.6% |
| 2004 | -3.0% | 0.8% | -15.5% | -19.0% | -20.5% | -21.0% | -20.9% | -20.5% | -19.5% | -18.9% |
| 2005 | 9.9% | -8.3% | -9.3% | -12.5% | -11.9% | -11.9% | -11.5% | -10.7% | -10.1% | -9.8% |
| 2006 | -7.9% | 5.5% | 7.0% | 7.8% | 7.0% | 8.7% | 9.8% | 10.5% | 10.0% | 9.3% |
| 2007 | 14.9% | 6.6% | 7.5% | 7.8% | 9.0% | 9.4% | 9.3% | 9.1% | 8.8% | 8.8% |
| 2008 | 3.0% | 9.1% | 8.0% | 9.8% | 11.6% | 12.0% | 11.8% | 11.0% | 10.7% | 9.8% |
| 2009 | 1.8% | -0.3% | 1.8% | 3.3% | 3.6% | 3.8% | 4.0% | 4.2% | 4.1% | 4.6% |
| 2010 | -2.7% | -0.7% | -0.5% | 0.2% | 0.3% | -0.5% | -0.8% | -1.1% | -1.4% | -1.8% |
| 2011 | 7.2% | 1.4% | 2.5% | 0.4% | -1.0% | -1.1% | -1.6% | -1.6% | -1.4% | |
| 2012 | -0.9% | 2.4% | 0.3% | 0.1% | -0.5% | -0.8% | -0.9% | -1.3% | | |
| 2013 | 0.8% | -0.2% | -0.3% | 0.8% | 0.7% | -0.3% | -1.4% | | | |
| 2014 | -3.3% | 0.6% | 3.2% | 4.2% | 4.2% | 4.1% | | | | |
| 2015 | 3.9% | 4.4% | 4.6% | 3.2% | 2.4% | | | | | |
| 2016 | 2.4% | 3.9% | 0.8% | -0.5% | | | | | | |
| 2017 | 0.1% | 1.3% | 2.0% | | | | | | | |
| 2018 | 8.6% | 5.0% | | | | | | | | |
| 2019 | 3.2% | | | | | | | | | |

| | Annual Trend* | | | | | | | | | |
|----------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 2.0% | 2.1% | 1.2% | 0.6% | 0.3% | 0.2% | 0.4% | 1.0% | 1.7% | 2.6% |
| R ² | 0.866 | 0.899 | 0.419 | 0.078 | 0.013 | 0.009 | 0.030 | 0.130 | 0.268 | 0.389 |
| 5-Year | 3.7% | 3.4% | 2.7% | 2.2% | 1.8% | 0.2% | -1.2% | -0.3% | 2.5% | 5.6% |
| R ² | 0.892 | 0.976 | 0.943 | 0.893 | 0.812 | 0.043 | 0.992 | 0.062 | 0.504 | 0.853 |

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss per Indemnity Claim
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2001 | | | | | | | | | | 22,881 |
| 2002 | | | | | | | | | 22,288 | 23,112 |
| 2003 | | | | | | | | 20,365 | 21,420 | 22,342 |
| 2004 | | | | | | | 17,180 | 18,434 | 19,563 | 20,594 |
| 2005 | | | | | | 16,000 | 17,608 | 18,871 | 20,224 | 21,366 |
| 2006 | | | | | 15,782 | 17,970 | 19,816 | 21,360 | 22,681 | 23,654 |
| 2007 | | | | 14,502 | 17,704 | 20,172 | 22,309 | 24,212 | 25,525 | 26,534 |
| 2008 | | | 11,436 | 15,896 | 19,597 | 22,550 | 24,909 | 26,653 | 27,966 | 28,905 |
| 2009 | | 6,176 | 11,874 | 16,799 | 20,881 | 24,181 | 26,559 | 28,260 | 29,471 | 30,367 |
| 2010 | 919 | 6,107 | 11,808 | 17,003 | 21,304 | 24,227 | 26,390 | 28,010 | 29,116 | 29,916 |
| 2011 | 917 | 5,526 | 11,270 | 16,209 | 19,917 | 22,651 | 24,619 | 26,019 | 27,032 | |
| 2012 | 775 | 5,544 | 10,979 | 15,522 | 18,903 | 21,333 | 22,965 | 24,162 | | |
| 2013 | 835 | 5,395 | 10,486 | 14,768 | 17,894 | 19,897 | 21,298 | | | |
| 2014 | 946 | 5,219 | 10,235 | 14,425 | 17,337 | 19,227 | | | | |
| 2015 | 1,006 | 5,221 | 10,353 | 14,334 | 17,157 | | | | | |
| 2016 | 924 | 5,526 | 10,390 | 14,134 | | | | | | |
| 2017 | 1,198 | 5,680 | 10,614 | | | | | | | |
| 2018 | 1,129 | 5,831 | | | | | | | | |
| 2019 | 1,227 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2002 | | | | | | | | | | 1.0% |
| 2003 | | | | | | | | | -3.9% | -3.3% |
| 2004 | | | | | | | | -9.5% | -8.7% | -7.8% |
| 2005 | | | | | | | 2.5% | 2.4% | 3.4% | 3.7% |
| 2006 | | | | | | 12.3% | 12.5% | 13.2% | 12.1% | 10.7% |
| 2007 | | | | | 12.2% | 12.3% | 12.6% | 13.3% | 12.5% | 12.2% |
| 2008 | | | | 9.6% | 10.7% | 11.8% | 11.7% | 10.1% | 9.6% | 8.9% |
| 2009 | | | 3.8% | 5.7% | 6.6% | 7.2% | 6.6% | 6.0% | 5.4% | 5.1% |
| 2010** | | -1.1% | -0.6% | 1.2% | 2.0% | 0.2% | -0.6% | -0.9% | -1.2% | -1.5% |
| 2011** | -0.2% | -9.5% | -4.6% | -4.7% | -6.5% | -6.5% | -6.7% | -7.1% | -7.2% | |
| 2012** | -15.5% | 0.3% | -2.6% | -4.2% | -5.1% | -5.8% | -6.7% | -7.1% | | |
| 2013 | 7.7% | -2.7% | -4.5% | -4.9% | -5.3% | -6.7% | -7.3% | | | |
| 2014 | 13.3% | -3.3% | -2.4% | -2.3% | -3.1% | -3.4% | | | | |
| 2015 | 6.3% | 0.0% | 1.2% | -0.6% | -1.0% | | | | | |
| 2016 | -8.1% | 5.8% | 0.4% | -1.4% | | | | | | |
| 2017 | 29.6% | 2.8% | 2.2% | | | | | | | |
| 2018 | -5.8% | 2.7% | | | | | | | | |
| 2019 | 8.7% | | | | | | | | | |

| Annual Trend* | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 4.1% | -0.7% | -1.6% | -1.3% | -0.1% | 1.6% | 3.4% | 4.2% | 4.3% | 4.0% |
| R ² | 0.643 | 0.152 | 0.724 | 0.336 | 0.002 | 0.135 | 0.407 | 0.623 | 0.704 | 0.685 |
| 5-Year | 6.1% | 3.1% | 0.4% | -2.1% | -3.8% | -5.7% | -5.6% | -2.7% | 1.6% | 6.2% |
| R ² | 0.617 | 0.944 | 0.206 | 0.874 | 0.944 | 0.990 | 0.950 | 0.484 | 0.176 | 0.851 |

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss per Claim**
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1998 | | | | | | | | | | 5,143 |
| 1999 | | | | | | | | | 5,852 | 6,091 |
| 2000 | | | | | | | | 6,387 | 6,706 | 6,963 |
| 2001 | | | | | | | 7,148 | 7,553 | 7,895 | 8,197 |
| 2002 | | | | | | 7,099 | 7,613 | 8,011 | 8,361 | 8,644 |
| 2003 | | | | | 6,157 | 6,796 | 7,264 | 7,667 | 8,027 | 8,344 |
| 2004 | | | | 4,145 | 4,881 | 5,453 | 5,917 | 6,306 | 6,659 | 6,984 |
| 2005 | | | 2,988 | 3,889 | 4,620 | 5,181 | 5,647 | 6,021 | 6,414 | 6,746 |
| 2006 | | 1,865 | 3,230 | 4,287 | 5,099 | 5,732 | 6,275 | 6,722 | 7,104 | 7,387 |
| 2007 | 366 | 2,043 | 3,637 | 4,865 | 5,825 | 6,570 | 7,212 | 7,776 | 8,167 | 8,469 |
| 2008 | 413 | 2,336 | 4,083 | 5,487 | 6,659 | 7,582 | 8,318 | 8,864 | 9,273 | 9,573 |
| 2009 | 498 | 2,506 | 4,492 | 6,171 | 7,551 | 8,660 | 9,465 | 10,036 | 10,445 | 10,745 |
| 2010 | 519 | 2,578 | 4,729 | 6,606 | 8,142 | 9,192 | 9,963 | 10,542 | 10,944 | 11,231 |
| 2011 | 521 | 2,681 | 5,073 | 7,026 | 8,479 | 9,541 | 10,297 | 10,840 | 11,227 | |
| 2012 | 527 | 2,733 | 5,076 | 6,933 | 8,292 | 9,255 | 9,904 | 10,373 | | |
| 2013 | 551 | 2,732 | 4,994 | 6,791 | 8,065 | 8,889 | 9,453 | | | |
| 2014 | 579 | 2,674 | 4,886 | 6,614 | 7,797 | 8,557 | | | | |
| 2015 | 605 | 2,676 | 4,918 | 6,542 | 7,672 | | | | | |
| 2016 | 581 | 2,797 | 4,934 | 6,476 | | | | | | |
| 2017 | 690 | 2,781 | 4,856 | | | | | | | |
| 2018 | 670 | 2,894 | | | | | | | | |
| 2019 | 723 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 1999 | | | | | | | | | | 18.4% |
| 2000 | | | | | | | | | 14.6% | 14.3% |
| 2001 | | | | | | | | 18.3% | 17.7% | 17.7% |
| 2002 | | | | | | | 6.5% | 6.1% | 5.9% | 5.5% |
| 2003 | | | | | | -4.3% | -4.6% | -4.3% | -4.0% | -3.5% |
| 2004 | | | | | -20.7% | -19.8% | -18.6% | -17.8% | -17.0% | -16.3% |
| 2005 | | | | -6.2% | -5.3% | -5.0% | -4.6% | -4.5% | -3.7% | -3.4% |
| 2006 | | | 8.1% | 10.2% | 10.4% | 10.6% | 11.1% | 11.6% | 10.8% | 9.5% |
| 2007 | | 9.5% | 12.6% | 13.5% | 14.2% | 14.6% | 14.9% | 15.7% | 15.0% | 14.6% |
| 2008 | 12.7% | 14.3% | 12.3% | 12.8% | 14.3% | 15.4% | 15.3% | 14.0% | 13.5% | 13.0% |
| 2009 | 20.6% | 7.3% | 10.0% | 12.5% | 13.4% | 14.2% | 13.8% | 13.2% | 12.6% | 12.2% |
| 2010 | 4.3% | 2.9% | 5.3% | 7.0% | 7.8% | 6.1% | 5.3% | 5.0% | 4.8% | 4.5% |
| 2011 | 0.3% | 4.0% | 7.3% | 6.4% | 4.1% | 3.8% | 3.4% | 2.8% | 2.6% | |
| 2012 | 1.1% | 1.9% | 0.1% | -1.3% | -2.2% | -3.0% | -3.8% | -4.3% | | |
| 2013 | 4.6% | 0.0% | -1.6% | -2.1% | -2.7% | -3.9% | -4.6% | | | |
| 2014 | 5.0% | -2.1% | -2.2% | -2.6% | -3.3% | -3.7% | | | | |
| 2015 | 4.6% | 0.1% | 0.6% | -1.1% | -1.6% | | | | | |
| 2016 | -4.0% | 4.5% | 0.3% | -1.0% | | | | | | |
| 2017 | 18.8% | -0.6% | -1.6% | | | | | | | |
| 2018 | -3.0% | 4.1% | | | | | | | | |
| 2019 | 8.0% | | | | | | | | | |

| Annual Trend* | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 4.8% | 2.9% | 4.0% | 4.8% | 4.7% | 4.3% | 4.1% | 4.2% | 4.4% | 4.7% |
| R ² | 0.899 | 0.726 | 0.692 | 0.736 | 0.666 | 0.582 | 0.559 | 0.603 | 0.641 | 0.658 |
| 5-Year | 5.1% | 2.0% | -0.5% | -1.7% | -2.6% | -2.1% | -0.1% | 4.0% | 8.4% | 11.4% |
| R ² | 0.740 | 0.872 | 0.481 | 0.962 | 0.990 | 0.659 | 0.001 | 0.623 | 0.920 | 0.974 |

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience

Average Paid Indemnity Loss per Closed Indemnity Claim**

As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| | 3 | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 |
| 1994 | | | | | | | | | | 10,647 |
| 1995 | | | | | | | | | 11,553 | 11,955 |
| 1996 | | | | | | | | 12,488 | 13,041 | 13,467 |
| 1997 | | | | | | | 13,336 | 14,278 | 14,839 | 15,307 |
| 1998 | | | | | | 13,179 | 14,633 | 15,581 | 16,352 | 16,938 |
| 1999 | | | | | 12,340 | 14,431 | 16,040 | 17,134 | 17,904 | 18,661 |
| 2000 | | | | 8,865 | 12,497 | 14,939 | 16,862 | 17,940 | 18,799 | 19,530 |
| 2001 | | | 4,067 | 9,028 | 13,565 | 16,445 | 17,764 | 19,096 | 20,104 | 20,868 |
| 2002 | | 1,245 | 3,789 | 9,221 | 13,611 | 15,595 | 17,165 | 18,478 | 19,411 | 19,926 |
| 2003 | 856 | 1,446 | 4,616 | 10,559 | 13,282 | 15,594 | 17,181 | 18,243 | 18,879 | 19,578 |
| 2004 | 609 | 1,733 | 4,693 | 7,692 | 10,460 | 12,274 | 13,530 | 14,262 | 15,016 | 15,796 |
| 2005 | 526 | 1,637 | 3,472 | 6,426 | 9,005 | 10,579 | 11,664 | 12,522 | 13,408 | 14,447 |
| 2006 | 646 | 1,683 | 3,940 | 7,047 | 9,598 | 11,365 | 12,681 | 13,924 | 15,117 | 15,978 |
| 2007 | 885 | 1,628 | 4,328 | 7,583 | 10,199 | 12,152 | 13,849 | 15,371 | 16,484 | 17,447 |
| 2008 | 531 | 1,935 | 4,700 | 8,305 | 11,286 | 13,708 | 15,907 | 17,319 | 18,552 | 19,445 |
| 2009 | 576 | 1,967 | 4,898 | 8,674 | 11,958 | 14,815 | 16,811 | 18,490 | 19,674 | 20,613 |
| 2010 | 581 | 1,944 | 5,010 | 8,925 | 12,553 | 15,192 | 17,217 | 18,741 | 19,843 | 20,636 |
| 2011 | 564 | 2,179 | 5,397 | 9,504 | 12,911 | 15,544 | 17,329 | 18,708 | 19,817 | |
| 2012 | 623 | 2,264 | 5,948 | 10,061 | 13,293 | 15,614 | 17,373 | 18,632 | | |
| 2013 | 591 | 2,609 | 6,321 | 10,517 | 13,682 | 15,897 | 17,421 | | | |
| 2014 | 666 | 2,694 | 6,728 | 11,160 | 14,533 | 16,786 | | | | |
| 2015 | 721 | 3,011 | 7,370 | 11,892 | 15,218 | | | | | |
| 2016 | 704 | 3,252 | 7,701 | 12,017 | | | | | | |
| 2017 | 724 | 3,344 | 7,808 | | | | | | | |
| 2018 | 790 | 3,575 | | | | | | | | |
| 2019 | 850 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 3 | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 |
| 1995 | | | | | | | | | | 12.3% |
| 1996 | | | | | | | | | 12.9% | 12.6% |
| 1997 | | | | | | | | 14.3% | 13.8% | 13.7% |
| 1998 | | | | | | | 9.7% | 9.1% | 10.2% | 10.7% |
| 1999 | | | | | | 9.5% | 9.6% | 10.0% | 9.5% | 10.2% |
| 2000 | | | | | 1.3% | 3.5% | 5.1% | 4.7% | 5.0% | 4.7% |
| 2001 | | | | 1.8% | 8.5% | 10.1% | 5.3% | 6.4% | 6.9% | 6.8% |
| 2002 | | | -6.9% | 2.1% | 0.3% | -5.2% | -3.4% | -3.2% | -3.4% | -4.5% |
| 2003 | | 16.2% | 21.8% | 14.5% | -2.4% | 0.0% | 0.1% | -1.3% | -2.7% | -1.7% |
| 2004 | -28.8% | 19.9% | 1.7% | -27.1% | -21.2% | -21.3% | -21.3% | -21.8% | -20.5% | -19.3% |
| 2005 | -13.7% | -5.6% | -26.0% | -16.5% | -13.9% | -13.8% | -13.8% | -12.2% | -10.7% | -8.5% |
| 2006 | 22.8% | 2.8% | 13.5% | 9.7% | 6.6% | 7.4% | 8.7% | 11.2% | 12.7% | 10.6% |
| 2007 | 37.1% | -3.2% | 9.9% | 7.6% | 6.3% | 6.9% | 9.2% | 10.4% | 9.0% | 9.2% |
| 2008 | -40.0% | 18.8% | 8.6% | 9.5% | 10.7% | 12.8% | 14.9% | 12.7% | 12.5% | 11.5% |
| 2009 | 8.4% | 1.6% | 4.2% | 4.4% | 5.9% | 8.1% | 5.7% | 6.8% | 6.0% | 6.0% |
| 2010 | 0.8% | -1.2% | 2.3% | 2.9% | 5.0% | 2.5% | 2.4% | 1.4% | 0.9% | 0.1% |
| 2011 | -2.8% | 12.1% | 7.7% | 6.5% | 2.8% | 2.3% | 0.6% | -0.2% | -0.1% | |
| 2012 | 10.4% | 3.9% | 10.2% | 5.9% | 3.0% | 0.5% | 0.3% | -0.4% | | |
| 2013 | -5.2% | 15.2% | 6.3% | 4.5% | 2.9% | 1.8% | 0.3% | | | |
| 2014 | 12.7% | 3.3% | 6.4% | 6.1% | 6.2% | 5.6% | | | | |
| 2015 | 8.3% | 11.8% | 9.5% | 6.6% | 4.7% | | | | | |
| 2016 | -2.4% | 8.0% | 4.5% | 1.1% | | | | | | |
| 2017 | 2.9% | 2.8% | 1.4% | | | | | | | |
| 2018 | 9.1% | 6.9% | | | | | | | | |
| 2019 | 7.6% | | | | | | | | | |

| Annual Trend* | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 1.0% | 6.3% | 4.7% | 2.1% | 0.9% | 0.7% | 0.7% | 1.2% | 1.9% | 2.6% |
| R ² | 0.091 | 0.962 | 0.845 | 0.338 | 0.104 | 0.061 | 0.076 | 0.166 | 0.296 | 0.413 |
| 5-Year | 4.5% | 6.9% | 5.7% | 4.9% | 4.3% | 2.2% | 0.8% | 1.6% | 4.5% | 7.0% |
| R ² | 0.795 | 0.956 | 0.941 | 0.967 | 0.977 | 0.873 | 0.778 | 0.561 | 0.753 | 0.916 |

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience

Average Paid Medical Loss per Closed Indemnity Claim***

As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2001 | | | | | | | | | | 18,651 |
| 2002 | | | | | | | | | 18,316 | 19,082 |
| 2003 | | | | | | | | 16,325 | 17,219 | 18,147 |
| 2004 | | | | | | | 12,907 | 13,998 | 15,017 | 16,166 |
| 2005 | | | | | | 11,374 | 12,904 | 13,966 | 15,343 | 17,045 |
| 2006 | | | | | 10,452 | 12,635 | 14,436 | 16,092 | 17,856 | 19,169 |
| 2007 | | | | 8,723 | 11,656 | 13,991 | 16,204 | 18,639 | 20,378 | 22,054 |
| 2008 | | | 6,036 | 9,728 | 12,978 | 15,962 | 19,087 | 21,212 | 23,178 | 24,643 |
| 2009 | | 3,286 | 6,286 | 10,256 | 14,150 | 18,026 | 20,846 | 23,292 | 25,107 | 26,573 |
| 2010 | 1,983 | 3,215 | 6,550 | 10,735 | 15,174 | 18,729 | 21,591 | 23,952 | 25,595 | 26,850 |
| 2011 | 1,033 | 2,644 | 6,123 | 10,677 | 14,689 | 18,117 | 20,812 | 22,863 | 24,420 | |
| 2012 | 746 | 2,838 | 6,605 | 11,019 | 14,673 | 17,620 | 19,842 | 21,478 | | |
| 2013 | 707 | 2,978 | 6,714 | 10,972 | 14,372 | 17,055 | 18,913 | | | |
| 2014 | 702 | 2,982 | 6,878 | 10,999 | 14,418 | 16,864 | | | | |
| 2015 | 855 | 3,246 | 7,282 | 11,354 | 14,589 | | | | | |
| 2016 | 700 | 3,479 | 7,507 | 11,330 | | | | | | |
| 2017 | 971 | 3,583 | 7,726 | | | | | | | |
| 2018 | 977 | 3,679 | | | | | | | | |
| 2019 | 834 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2002 | | | | | | | | | | 2.3% |
| 2003 | | | | | | | | | -6.0% | -4.9% |
| 2004 | | | | | | | | -14.2% | -12.8% | -10.9% |
| 2005 | | | | | | | 0.0% | -0.2% | 2.2% | 5.4% |
| 2006 | | | | | | 11.1% | 11.9% | 15.2% | 16.4% | 12.5% |
| 2007 | | | | | 11.5% | 10.7% | 12.2% | 15.8% | 14.1% | 15.1% |
| 2008 | | | | 11.5% | 11.3% | 14.1% | 17.8% | 13.8% | 13.7% | 11.7% |
| 2009 | | | 4.1% | 5.4% | 9.0% | 12.9% | 9.2% | 9.8% | 8.3% | 7.8% |
| 2010** | | -2.2% | 4.2% | 4.7% | 7.2% | 3.9% | 3.6% | 2.8% | 1.9% | 1.0% |
| 2011** | -47.9% | -17.7% | -6.5% | -0.5% | -3.2% | -3.3% | -3.6% | -4.5% | -4.6% | |
| 2012** | -27.8% | 7.3% | 7.9% | 3.2% | -0.1% | -2.7% | -4.7% | -6.1% | | |
| 2013 | -5.2% | 4.9% | 1.7% | -0.4% | -2.1% | -3.2% | -4.7% | | | |
| 2014 | -0.8% | 0.1% | 2.4% | 0.2% | 0.3% | -1.1% | | | | |
| 2015 | 21.9% | 8.8% | 5.9% | 3.2% | 1.2% | | | | | |
| 2016 | -18.1% | 7.2% | 3.1% | -0.2% | | | | | | |
| 2017 | 38.7% | 3.0% | 2.9% | | | | | | | |
| 2018 | 0.6% | 2.7% | | | | | | | | |
| 2019 | -14.6% | | | | | | | | | |

| | | Annual Trend* | | | | | | | | | |
|----------------|-------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| All-Year | -4.0% | 2.2% | 2.7% | 2.4% | 3.1% | 4.5% | 5.8% | 6.1% | 5.8% | 5.1% | |
| R ² | 0.154 | 0.380 | 0.898 | 0.766 | 0.592 | 0.607 | 0.712 | 0.743 | 0.710 | 0.668 | |
| 5-Year | 2.9% | 5.3% | 3.7% | 0.9% | -0.3% | -2.7% | -2.8% | 0.1% | 4.7% | 9.0% | |
| R ² | 0.107 | 0.937 | 0.982 | 0.696 | 0.242 | 0.979 | 0.736 | 0.000 | 0.636 | 0.921 | |

*Trend is based on an exponential distribution.

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

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

Source: WCIRB quarterly calls for experience

Ratio of Incremental Paid Indemnity to Indemnity Claims Open During the Period
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-------|-------|--------|--------|--------|-------|-------|-------|--------|
| | 0-3 | 3-15 | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 |
| 1994 | | | | | | | | | | 5,455 |
| 1995 | | | | | | | | | 7,247 | 6,520 |
| 1996 | | | | | | | | 8,226 | 8,294 | 7,236 |
| 1997 | | | | | | | 9,257 | 9,083 | 7,109 | 6,567 |
| 1998 | | | | | | 9,092 | 9,343 | 8,602 | 6,579 | 6,830 |
| 1999 | | | | | 10,315 | 10,352 | 9,273 | 7,577 | 7,314 | 6,768 |
| 2000 | | | | 11,089 | 10,948 | 9,362 | 8,323 | 6,798 | 7,261 | 6,166 |
| 2001 | | | 8,852 | 11,370 | 10,779 | 8,042 | 7,600 | 6,668 | 6,021 | 5,671 |
| 2002 | | 3,514 | 8,777 | 10,824 | 8,606 | 7,540 | 6,638 | 6,221 | 5,449 | 4,764 |
| 2003 | 784 | 3,649 | 8,846 | 9,546 | 8,122 | 7,133 | 6,513 | 5,645 | 5,692 | 6,266 |
| 2004 | 760 | 3,672 | 6,650 | 7,288 | 6,244 | 5,683 | 5,710 | 5,277 | 6,362 | 6,822 |
| 2005 | 835 | 3,344 | 5,997 | 6,235 | 6,127 | 5,380 | 5,533 | 5,921 | 6,785 | 6,971 |
| 2006 | 769 | 3,550 | 6,401 | 6,992 | 6,459 | 6,543 | 6,960 | 7,061 | 6,755 | 6,743 |
| 2007 | 883 | 3,772 | 7,022 | 7,559 | 7,269 | 7,261 | 7,197 | 7,203 | 7,281 | 7,546 |
| 2008 | 910 | 4,116 | 7,506 | 8,385 | 8,374 | 7,932 | 7,517 | 7,352 | 7,680 | 6,651 |
| 2009 | 926 | 4,111 | 7,671 | 8,663 | 8,383 | 8,051 | 7,972 | 7,794 | 7,906 | 8,259 |
| 2010 | 901 | 4,091 | 7,699 | 8,878 | 8,650 | 8,209 | 8,164 | 8,220 | 8,211 | 7,965 |
| 2011 | 967 | 4,153 | 8,018 | 8,659 | 8,494 | 8,396 | 8,248 | 8,624 | 9,371 | |
| 2012 | 958 | 4,257 | 7,969 | 8,801 | 8,530 | 8,594 | 8,728 | 8,559 | | |
| 2013 | 965 | 4,259 | 7,833 | 9,247 | 8,923 | 8,459 | 8,217 | | | |
| 2014 | 933 | 4,275 | 8,288 | 10,046 | 9,678 | 9,377 | | | | |
| 2015 | 969 | 4,471 | 8,761 | 10,391 | 10,322 | | | | | |
| 2016 | 992 | 4,641 | 8,862 | 10,677 | | | | | | |
| 2017 | 993 | 4,704 | 9,340 | | | | | | | |
| 2018 | 1,078 | 5,026 | | | | | | | | |
| 2019 | 1,112 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 0-3 | 3-15 | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 |
| 1995 | | | | | | | | | | 19.5% |
| 1996 | | | | | | | | | 14.4% | 11.0% |
| 1997 | | | | | | | | 10.4% | -14.3% | -9.2% |
| 1998 | | | | | | | 0.9% | -5.3% | -7.5% | 4.0% |
| 1999 | | | | | | 13.9% | -0.8% | -11.9% | 11.2% | -0.9% |
| 2000 | | | | | 6.1% | -9.6% | -10.2% | -10.3% | -0.7% | -8.9% |
| 2001 | | | | 2.5% | -1.5% | -14.1% | -8.7% | -1.9% | -17.1% | -8.0% |
| 2002 | | | -0.8% | -4.8% | -20.2% | -6.2% | -12.7% | -6.7% | -9.5% | -16.0% |
| 2003 | | 3.8% | 0.8% | -11.8% | -5.6% | -5.4% | -1.9% | -9.3% | 4.5% | 31.5% |
| 2004 | -3.0% | 0.7% | -24.8% | -23.7% | -23.1% | -20.3% | -12.3% | -6.5% | 11.8% | 8.9% |
| 2005 | 9.9% | -8.9% | -9.8% | -14.4% | -1.9% | -5.3% | -3.1% | 12.2% | 6.6% | 2.2% |
| 2006 | -7.9% | 6.1% | 6.7% | 12.1% | 5.4% | 21.6% | 25.8% | 19.3% | -0.4% | -3.3% |
| 2007 | 14.9% | 6.3% | 9.7% | 8.1% | 12.5% | 11.0% | 3.4% | 2.0% | 7.8% | 11.9% |
| 2008 | 3.0% | 9.1% | 6.9% | 10.9% | 15.2% | 9.2% | 4.5% | 2.1% | 5.5% | -11.9% |
| 2009 | 1.8% | -0.1% | 2.2% | 3.3% | 0.1% | 1.5% | 6.1% | 6.0% | 2.9% | 24.2% |
| 2010 | -2.7% | -0.5% | 0.4% | 2.5% | 3.2% | 2.0% | 2.4% | 5.5% | 3.9% | -3.6% |
| 2011 | 7.2% | 1.5% | 4.1% | -2.5% | -1.8% | 2.3% | 1.0% | 4.9% | 14.1% | |
| 2012 | -0.9% | 2.5% | -0.6% | 1.6% | 0.4% | 2.4% | 5.8% | -0.8% | | |
| 2013 | 0.8% | 0.1% | -1.7% | 5.1% | 4.6% | -1.6% | -5.8% | | | |
| 2014 | -3.3% | 0.4% | 5.8% | 8.6% | 8.5% | 10.9% | | | | |
| 2015 | 3.9% | 4.6% | 5.7% | 3.4% | 6.7% | | | | | |
| 2016 | 2.4% | 3.8% | 1.2% | 2.8% | | | | | | |
| 2017 | 0.1% | 1.4% | 5.4% | | | | | | | |
| 2018 | 8.6% | 6.8% | | | | | | | | |
| 2019 | 3.2% | | | | | | | | | |

| Annual Trend* | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 2.0% | 2.2% | 0.9% | 0.2% | 0.0% | 0.1% | -0.3% | 0.2% | 0.9% | 1.3% |
| R ² | 0.866 | 0.898 | 0.120 | 0.003 | 0.000 | 0.000 | 0.010 | 0.003 | 0.100 | 0.228 |
| 5-Year | 3.7% | 3.8% | 4.3% | 5.2% | 5.3% | 2.8% | 1.3% | 4.1% | 5.9% | 4.3% |
| R ² | 0.892 | 0.965 | 0.967 | 0.962 | 0.926 | 0.713 | 0.364 | 0.910 | 0.905 | 0.473 |

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience

Ratio of Incremental Paid Medical to Indemnity Claims Open During the Period**
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 0-3 | 3-15 | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 |
| 2002 | | | | | | | | | | 23,112 |
| 2003 | | | | | | | | | 21,420 | 22,342 |
| 2004 | | | | | | | | 18,434 | 19,563 | 20,594 |
| 2005 | | | | | | | 17,608 | 18,871 | 20,224 | 21,366 |
| 2006 | | | | | | 17,970 | 19,816 | 21,360 | 22,681 | 23,654 |
| 2007 | | | | | 17,704 | 20,172 | 22,309 | 24,212 | 25,525 | 26,534 |
| 2008 | | | | 15,896 | 19,597 | 22,550 | 24,909 | 26,653 | 27,966 | 28,905 |
| 2009 | | | 11,874 | 16,799 | 20,881 | 24,181 | 26,559 | 28,260 | 29,471 | 30,367 |
| 2010 | | 6,107 | 11,808 | 17,003 | 21,304 | 24,227 | 26,390 | 28,010 | 29,116 | 29,916 |
| 2011 | 917 | 5,526 | 11,270 | 16,209 | 19,917 | 22,651 | 24,619 | 26,019 | 27,032 | |
| 2012 | 775 | 5,495 | 8,656 | 9,716 | 10,359 | 10,980 | 10,807 | 11,488 | | |
| 2013 | 835 | 5,348 | 8,012 | 9,342 | 10,007 | 9,798 | 10,346 | | | |
| 2014 | 946 | 5,140 | 7,938 | 9,351 | 9,743 | 9,949 | | | | |
| 2015 | 1,006 | 5,143 | 8,177 | 9,189 | 10,212 | | | | | |
| 2016 | 924 | 5,458 | 8,030 | 9,223 | | | | | | |
| 2017 | 1,198 | 5,579 | 8,372 | | | | | | | |
| 2018 | 1,129 | 5,749 | | | | | | | | |
| 2019 | 1,227 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-------|--------|--------|--------|--------|--------|--------|-------|--------|
| | 0-3 | 3-15 | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 |
| 2003 | | | | | | | | | | -3.3% |
| 2004 | | | | | | | | | -8.7% | -7.8% |
| 2005 | | | | | | | | 2.4% | 3.4% | 3.7% |
| 2006 | | | | | | | 12.5% | 13.2% | 12.1% | 10.7% |
| 2007 | | | | | | 12.3% | 12.6% | 13.3% | 12.5% | 12.2% |
| 2008 | | | | | 10.7% | 11.8% | 11.7% | 10.1% | 9.6% | 8.9% |
| 2009 | | | | 5.7% | 6.6% | 7.2% | 6.6% | 6.0% | 5.4% | 5.1% |
| 2010 | | | -0.6% | 1.2% | 2.0% | 0.2% | -0.6% | -0.9% | -1.2% | -1.5% |
| 2011** | | -9.5% | -4.6% | -4.7% | -6.5% | -6.5% | -6.7% | -7.1% | -7.2% | |
| 2012** | -15.5% | -0.6% | -23.2% | -40.1% | -48.0% | -51.5% | -56.1% | -55.8% | | |
| 2013 | 7.7% | -2.7% | -7.4% | -3.8% | -3.4% | -10.8% | -4.3% | | | |
| 2014 | 13.3% | -3.9% | -0.9% | 0.1% | -2.6% | 1.5% | | | | |
| 2015 | 6.3% | 0.1% | 3.0% | | 4.8% | | | | | |
| 2016 | -8.1% | 6.1% | -1.8% | 0.4% | | | | | | |
| 2017 | 29.6% | 2.2% | 4.3% | | | | | | | |
| 2018 | -5.8% | 3.1% | | | | | | | | |
| 2019 | 8.7% | | | | | | | | | |

| Annual Trend* | | | | | | | | | | |
|----------------|-------|-------|-------|-------|--------|--------|--------|--------|-------|-------|
| All-Year | 5.1% | -0.4% | -5.3% | -9.1% | -10.3% | -9.6% | -6.0% | -0.4% | 5.3% | 4.9% |
| R ² | 0.742 | 0.051 | 0.706 | 0.768 | 0.673 | 0.495 | 0.210 | 0.001 | 0.777 | 0.756 |
| 5-Year | 6.1% | 3.1% | 1.0% | -1.2% | -13.0% | -23.0% | -24.3% | -16.2% | 1.6% | 6.2% |
| R ² | 0.617 | 0.942 | 0.554 | 0.745 | 0.523 | 0.822 | 0.802 | 0.520 | 0.176 | 0.851 |

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience

Ratio of Quarterly Paid Medical to Indemnity Claims Inventory*
Through March 31, 2019

| Development Period | Evaluation Years | | | | | | | | | | | | | | |
|-----------------------|------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 3/0 | 1,104 | 1,201 | 1,147 | 1,289 | 1,553 | 1,615 | 1,714 | 1,601 | 1,587 | 1,672 | 1,847 | 1,737 | 2,105 | 2,124 | 2,273 |
| 6/3 | 2,100 | 2,477 | 2,330 | 2,870 | 3,029 | 3,071 | 3,139 | 3,000 | 3,013 | 2,873 | 3,178 | 3,161 | 3,357 | 3,497 | |
| 9/6 | 2,048 | 2,440 | 2,517 | 2,952 | 3,160 | 3,137 | 3,108 | 3,148 | 3,269 | 3,080 | 3,089 | 3,221 | 3,310 | 3,604 | |
| 12/9 | 2,174 | 2,431 | 2,697 | 3,012 | 3,075 | 3,134 | 3,065 | 3,243 | 3,033 | 2,983 | 2,951 | 3,157 | 3,361 | 3,513 | |
| 12/0 | 4,282 | 4,839 | 5,103 | 6,035 | 6,228 | 6,172 | 6,076 | 6,139 | 6,065 | 5,902 | 5,997 | 6,232 | 6,547 | 6,844 | |
| 15/12 | 2,257 | 2,284 | 2,571 | 2,927 | 3,040 | 3,131 | 3,159 | 3,354 | 3,316 | 3,074 | 3,130 | 3,135 | 3,406 | 3,446 | 3,558 |
| 18/15 | 2,096 | 2,430 | 2,186 | 2,680 | 2,784 | 2,924 | 2,982 | 3,221 | 3,187 | 2,839 | 2,871 | 3,006 | 3,039 | 3,150 | |
| 21/18 | 1,751 | 1,881 | 2,168 | 2,474 | 2,616 | 2,711 | 2,802 | 2,975 | 2,914 | 2,827 | 2,824 | 2,817 | 2,791 | 2,933 | |
| 24/21 | 1,669 | 1,834 | 2,190 | 2,407 | 2,537 | 2,603 | 2,738 | 3,035 | 2,929 | 2,747 | 2,706 | 2,790 | 2,870 | 2,921 | |
| 24/12 | 6,361 | 6,360 | 7,576 | 8,762 | 9,141 | 9,420 | 9,576 | 10,215 | 9,966 | 9,299 | 9,274 | 9,359 | 9,483 | 9,685 | |
| 27/24 | 1,720 | 1,495 | 1,728 | 2,214 | 2,353 | 2,531 | 2,563 | 2,740 | 3,022 | 2,862 | 2,784 | 2,810 | 2,889 | 2,811 | 3,111 |
| 30/27 | 1,653 | 1,865 | 1,801 | 2,337 | 2,607 | 2,708 | 2,857 | 2,988 | 3,162 | 3,036 | 3,027 | 3,055 | 3,016 | 3,080 | |
| 33/30 | 1,544 | 1,632 | 1,807 | 2,342 | 2,560 | 2,770 | 2,912 | 3,100 | 3,196 | 3,177 | 3,003 | 2,984 | 2,926 | 3,094 | |
| 36/33 | 1,591 | 1,704 | 1,965 | 2,389 | 2,596 | 2,731 | 2,889 | 3,406 | 3,308 | 3,120 | 3,096 | 3,072 | 3,041 | 3,092 | |
| 36/24 | 5,781 | 5,540 | 6,452 | 8,158 | 8,942 | 9,452 | 9,861 | 10,661 | 11,007 | 10,483 | 10,161 | 10,091 | 9,885 | 9,910 | |
| 39/36 | 1,670 | 1,471 | 1,710 | 2,032 | 2,278 | 2,500 | 2,680 | 3,019 | 3,258 | 3,177 | 3,265 | 3,026 | 3,041 | 3,111 | 3,102 |
| 42/39 | 1,602 | 1,981 | 1,791 | 2,146 | 2,524 | 2,786 | 2,944 | 3,124 | 3,539 | 3,463 | 3,344 | 3,114 | 3,267 | 3,481 | |
| 45/42 | 1,595 | 1,646 | 1,836 | 2,166 | 2,517 | 2,735 | 3,083 | 3,246 | 3,427 | 3,691 | 3,372 | 3,215 | 3,017 | 3,237 | |
| 48/45 | 1,634 | 1,812 | 1,953 | 2,251 | 2,551 | 2,913 | 3,072 | 3,411 | 3,629 | 3,433 | 3,281 | 3,414 | 3,141 | 3,410 | |
| 48/36 | 5,676 | 5,551 | 6,360 | 7,478 | 8,645 | 9,621 | 10,316 | 11,224 | 12,024 | 11,867 | 11,391 | 10,771 | 10,478 | 10,940 | |

| Development Period | Year-to-Year Change | | | | | | | | | | | | | | |
|-----------------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|----------|
| | 04-to-05 | 05-to-06 | 06-to-07 | 07-to-08 | 08-to-09 | 09-to-10 | 10-to-11 | 11-to-12 | 12-to-13 | 13-to-14 | 14-to-15 | 15-to-16 | 16-to-17 | 17-to-18 | 18-to-19 |
| 3/0 | 50.7% | 8.8% | -4.6% | 12.4% | 20.5% | 4.0% | 6.1% | -6.6% | -0.8% | 5.4% | 10.5% | -6.0% | 21.2% | 0.9% | 7.0% |
| 6/3 | 11.6% | 17.9% | -6.0% | 23.2% | 5.5% | 1.4% | 2.2% | -4.4% | 0.4% | -4.6% | 10.6% | -0.6% | 6.2% | 4.2% | |
| 9/6 | -1.6% | 19.1% | 3.1% | 17.3% | 7.0% | -0.7% | -0.9% | 1.3% | 3.9% | -5.8% | 0.3% | 4.3% | 2.8% | 8.9% | |
| 12/9 | 5.3% | 11.8% | 11.0% | 11.7% | 2.1% | 1.9% | -2.2% | 5.8% | -6.5% | -1.6% | -1.1% | 7.0% | 6.5% | 4.5% | |
| 12/0 | 8.4% | 13.0% | 5.5% | 18.2% | 3.2% | -0.9% | -1.5% | 1.0% | -1.2% | -2.7% | 1.6% | 3.9% | 5.1% | 4.5% | |
| 15/12 | -17.4% | 1.2% | 12.6% | 13.8% | 3.9% | 3.0% | 0.9% | 6.2% | -1.1% | -7.3% | 1.8% | 0.1% | 8.7% | 1.2% | 3.3% |
| 18/15 | -20.6% | 15.9% | -10.1% | 22.6% | 3.9% | 5.0% | 2.0% | 8.0% | -1.1% | -10.9% | 1.1% | 4.7% | 1.1% | 3.7% | |
| 21/18 | -21.4% | 7.4% | 15.3% | 14.1% | 5.8% | 3.6% | 3.4% | 6.2% | -2.1% | -3.0% | -0.1% | -0.3% | -0.9% | 5.1% | |
| 24/21 | -11.9% | 9.8% | 19.4% | 9.9% | 5.4% | 2.6% | 5.2% | 10.8% | -3.5% | -6.2% | -1.5% | 3.1% | 2.9% | 1.8% | |
| 24/12 | -17.8% | 0.0% | 19.1% | 15.7% | 4.3% | 3.0% | 1.7% | 6.7% | -2.4% | -6.7% | -0.3% | 0.9% | 1.3% | 2.1% | |
| 27/24 | -24.8% | -13.1% | 15.6% | 28.1% | 6.3% | 7.6% | 1.2% | 6.9% | 10.3% | -5.3% | -2.7% | 0.9% | 2.8% | -2.7% | 10.7% |
| 30/27 | -27.0% | 12.8% | -3.5% | 29.8% | 11.5% | 3.9% | 5.5% | 4.6% | 5.8% | -4.0% | -0.3% | 0.9% | -1.3% | 2.1% | |
| 33/30 | -23.2% | 5.7% | 10.7% | 29.6% | 9.3% | 8.2% | 5.1% | 6.5% | 3.1% | -0.6% | -5.5% | -0.6% | -2.0% | 5.8% | |
| 36/33 | -12.7% | 7.1% | 15.3% | 21.6% | 8.7% | 5.2% | 5.8% | 17.9% | -2.9% | -5.7% | -0.7% | -0.8% | -1.0% | 1.7% | |
| 36/24 | -22.3% | -4.2% | 16.5% | 26.4% | 9.6% | 5.7% | 4.3% | 8.1% | 3.2% | -4.8% | -3.1% | -0.7% | -2.0% | 0.3% | |
| 39/36 | -18.8% | -11.9% | 16.2% | 18.8% | 12.1% | 9.8% | 7.2% | 12.6% | 7.9% | -2.5% | 2.7% | -7.3% | 0.5% | 2.3% | -0.3% |
| 42/39 | -23.0% | 23.7% | -9.6% | 19.8% | 17.6% | 10.4% | 5.7% | 6.1% | 13.3% | -2.1% | -3.4% | -6.9% | 4.9% | 6.6% | |
| 45/42 | -17.4% | 3.2% | 11.5% | 18.0% | 16.2% | 8.7% | 12.7% | 5.3% | 5.6% | 7.7% | -8.7% | -4.6% | -6.2% | 7.3% | |
| 48/45 | -11.1% | 10.9% | 7.8% | 15.2% | 13.3% | 14.2% | 5.4% | 11.0% | 6.4% | -5.4% | -4.4% | 4.1% | -8.0% | 8.5% | |
| 48/36 | -17.2% | -2.2% | 14.6% | 17.6% | 15.6% | 11.3% | 7.2% | 8.8% | 7.1% | -1.3% | -4.0% | -5.4% | -2.7% | 4.4% | |

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

Source: WCIRB accident year experience calls.

Estimated Ultimate Severities by Injury Type

| Accident | Indemnity Severity Adjusted to | | | | Accident | Ultimate Medical Severity** | | | Medical Severity Adjusted to | | |
|----------|--------------------------------|-----------|-----------------------|-----------|----------|-----------------------------|-----------|-----------|------------------------------|-------------------------|-----------|
| | Ultimate Indemnity Severity | | PY 2020 Benefit Level | | | Year | Permanent | | Medical | PY 2020 Benefit Level** | |
| | Permanent | Temporary | Permanent | Temporary | | | Partial | Temporary | | Permanent | Temporary |
| Year | Partial | Temporary | Partial | Temporary | Year | Partial | Temporary | Only | Partial | Temporary | Only |
| 2001 | 43,646 | 3,827 | 47,685 | 6,020 | 2001 | 46,815 | 4,768 | 693 | 26,234 | 2,672 | 388 |
| 2002 | 41,758 | 3,872 | 47,099 | 6,109 | 2002 | 48,164 | 5,349 | 779 | 28,031 | 3,113 | 454 |
| 2003 | 41,223 | 4,099 | 48,994 | 5,971 | 2003 | 47,765 | 5,619 | 864 | 29,165 | 3,431 | 527 |
| 2004 | 35,450 | 4,003 | 52,359 | 5,686 | 2004 | 48,665 | 5,267 | 834 | 39,304 | 4,254 | 673 |
| 2005 | 33,937 | 3,779 | 59,870 | 5,274 | 2005 | 53,580 | 5,293 | 845 | 43,274 | 4,275 | 683 |
| 2006 | 36,677 | 3,776 | 59,582 | 5,134 | 2006 | 57,850 | 5,482 | 872 | 46,537 | 4,410 | 702 |
| 2007 | 39,137 | 4,039 | 61,028 | 5,373 | 2007 | 62,647 | 6,298 | 959 | 49,454 | 4,972 | 757 |
| 2008 | 41,301 | 4,498 | 58,197 | 5,866 | 2008 | 64,646 | 6,838 | 990 | 50,829 | 5,377 | 778 |
| 2009 | 41,242 | 5,163 | 57,812 | 6,687 | 2009 | 64,290 | 7,833 | 1,052 | 50,348 | 6,134 | 824 |
| 2010 | 40,019 | 6,036 | 55,345 | 7,701 | 2010 | 62,056 | 8,973 | 1,079 | 48,453 | 7,006 | 843 |
| 2011 | 38,448 | 6,441 | 52,335 | 8,089 | 2011 | 56,530 | 8,773 | 1,036 | 45,367 | 7,040 | 832 |
| 2012 | 37,384 | 6,891 | 49,659 | 8,439 | 2012 | 52,003 | 8,827 | 1,037 | 43,841 | 7,442 | 874 |
| 2013 | 36,143 | 7,085 | 46,312 | 8,614 | 2013 | 47,765 | 8,342 | 1,072 | 44,255 | 7,729 | 993 |
| 2014 | 38,031 | 7,145 | 43,753 | 8,399 | 2014 | 45,836 | 8,047 | 1,137 | 45,139 | 7,925 | 1,120 |
| 2015 | 38,738 | 7,235 | 43,458 | 8,269 | 2015 | 45,324 | 8,079 | 1,150 | 45,642 | 8,135 | 1,158 |
| 2016 | 38,988 | 7,471 | 43,208 | 8,415 | 2016 | 45,426 | 8,140 | 1,175 | 45,699 | 8,189 | 1,182 |
| 2017* | 38,706 | 7,901 | 40,912 | 8,418 | 2017* | 44,454 | 8,414 | 1,223 | 44,721 | 8,464 | 1,230 |

| Accident | Annual Change | | Annual Change | | Accident | Annual Change | | | Annual Change | | |
|----------|---------------|-------|---------------|-------|----------|---------------|-------|-------|---------------|-------|-------|
| | Year | Year | Year | Year | | Year | Year | Year | Year | Year | Year |
| 2001 | --- | --- | --- | --- | 2001 | --- | --- | --- | --- | --- | --- |
| 2002 | -4.3% | 1.2% | -1.2% | 1.5% | 2002 | 2.9% | 12.2% | 12.5% | 6.8% | 16.5% | 16.8% |
| 2003 | -1.3% | 5.9% | 4.0% | -2.3% | 2003 | -0.8% | 5.1% | 10.8% | 4.0% | 10.2% | 16.3% |
| 2004 | -14.0% | -2.4% | 6.9% | -4.8% | 2004 | 1.9% | -6.3% | -3.5% | 34.8% | 24.0% | 27.7% |
| 2005 | -4.3% | -5.6% | 14.3% | -7.3% | 2005 | 10.1% | 0.5% | 1.3% | 10.1% | 0.5% | 1.3% |
| 2006 | 8.1% | -0.1% | -0.5% | -2.6% | 2006 | 8.0% | 3.6% | 3.2% | 7.5% | 3.2% | 2.8% |
| 2007 | 6.7% | 7.0% | 2.4% | 4.7% | 2007 | 8.3% | 14.9% | 9.9% | 6.3% | 12.7% | 7.9% |
| 2008 | 5.5% | 11.4% | -4.6% | 9.2% | 2008 | 3.2% | 8.6% | 3.2% | 2.8% | 8.1% | 2.8% |
| 2009 | -0.1% | 14.8% | -0.7% | 14.0% | 2009 | -0.6% | 14.6% | 6.2% | -0.9% | 14.1% | 5.8% |
| 2010 | -3.0% | 16.9% | -4.3% | 15.2% | 2010 | -3.5% | 14.6% | 2.6% | -3.8% | 14.2% | 2.3% |
| 2011 | -3.9% | 6.7% | -5.4% | 5.0% | 2011 | -8.9% | -2.2% | -4.0% | -6.4% | 0.5% | -1.3% |
| 2012 | -2.8% | 7.0% | -5.1% | 4.3% | 2012 | -8.0% | 0.6% | 0.0% | -3.4% | 5.7% | 5.1% |
| 2013 | -3.3% | 2.8% | -6.7% | 2.1% | 2013 | -8.2% | -5.5% | 3.4% | 0.9% | 3.9% | 13.6% |
| 2014 | 5.2% | 0.9% | -5.5% | -2.5% | 2014 | -4.0% | -3.5% | 6.1% | 2.0% | 2.5% | 12.7% |
| 2015 | 1.9% | 1.2% | -0.7% | -1.5% | 2015 | -1.1% | 0.4% | 1.2% | 1.1% | 2.6% | 3.5% |
| 2016 | 0.6% | 3.3% | -0.6% | 1.8% | 2016 | 0.2% | 0.8% | 2.2% | 0.1% | 0.7% | 2.1% |
| 2017* | -0.7% | 5.8% | -5.3% | 0.0% | 2017* | -2.1% | 3.4% | 4.0% | -2.1% | 3.4% | 4.0% |

* Accident year 2018 experience is partial in that it only reflects experience from policy year 2017.

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

Source: WCIRB unit statistical data

Changes in the Number of Weeks of Temporary Disability Benefits

First Survey Level

| <u>Accident Year</u> | <u>Average TD Duration</u> | <u>Change</u> | <u>Median TD Duration</u> | <u>Change</u> |
|--------------------------|--------------------------------|---------------|-------------------------------|---------------|
| 2004 | 51.4 | ----- | 39.2 | ----- |
| 2005 | 56.7 | 10.3% | 46.5 | 18.5% |
| 2006 | 59.0 | 4.2% | 49.6 | 6.8% |
| 2007 | 63.1 | 6.9% | 56.2 | 13.3% |
| 2008 | 67.4 | 6.8% | 63.4 | 12.8% |
| 2009 | 64.8 | -3.8% | 58.5 | -7.7% |
| 2010 | 61.7 | -4.7% | 55.0 | -6.1% |
| 2011 | 59.6 | -3.6% | 48.8 | -11.2% |
| 2012 | 58.7 | -1.4% | 49.6 | 1.6% |
| 2013 | 56.0 | -4.6% | 49.5 | 0.0% |
| 2014 | 55.9 | -0.2% | 50.3 | 1.6% |
| 2015 | 50.1 | -10.4% | 43.2 | -14.2% |
| 2016 | 48.7 | -2.8% | 39.4 | -8.7% |

Second Survey Level

| <u>Accident Year</u> | <u>Average TD Duration</u> | <u>Change</u> | <u>Median TD Duration</u> | <u>Change</u> |
|--------------------------|--------------------------------|---------------|-------------------------------|---------------|
| 2003 | 54.5 | ----- | 43.3 | ----- |
| 2004 | 51.9 | -4.7% | 41.8 | -3.5% |
| 2005 | 57.1 | 9.9% | 50.4 | 20.8% |
| 2006 | 58.6 | 2.6% | 51.2 | 1.4% |
| 2007 | 64.0 | 9.2% | 58.4 | 14.1% |
| 2008 | 69.2 | 8.2% | 66.7 | 14.4% |
| 2009 | 66.2 | -4.3% | 61.9 | -7.3% |
| 2010 | 60.8 | -8.2% | 56.0 | -9.5% |
| 2011 | 62.4 | 2.5% | 52.8 | -5.7% |
| 2012 | 58.1 | -6.8% | 52.0 | -1.5% |
| 2013 | 59.4 | 2.3% | 52.8 | 1.5% |
| 2014 | 57.1 | -3.9% | 52.4 | -0.8% |
| 2015 | 51.5 | -9.8% | 45.2 | -13.6% |

Source: WCIRB Permanent Disability Claim Survey
Data is recast from survey proportions to true proportions.

Average Permanent Disability Ratings by Type of Loss

| All Permanent Disability Claims | | | | | | Cumulative Permanent Disability Claims | | | | | | Non-Cumulative Permanent Disability Claims | | | | | |
|--------------------------------------|--------|--------|---------|---------|---------|--|-------|--------|--------|--------|--------|--|--------|--------|--------|--------|--------|
| Average Permanent Disability Rating | | | | | | Average Permanent Disability Rating | | | | | | Average Permanent Disability Rating | | | | | |
| PY/RL | 1 | 2 | 3 | 4 | 5 | PY/RL | 1 | 2 | 3 | 4 | 5 | PY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 18.6 | 23.4 | 26.1 | 26.7 | 26.9 | 2001 | 16.9 | 21.2 | 23.6 | 24.2 | 24.4 | 2001 | 18.8 | 23.6 | 26.4 | 26.9 | 27.1 |
| 2002 | 18.7 | 23.5 | 24.7 | 25.4 | 25.2 | 2002 | 16.9 | 20.4 | 21.4 | 22.0 | 22.1 | 2002 | 18.9 | 23.9 | 25.2 | 25.8 | 25.6 |
| 2003 | 19.8 | 22.0 | 23.2 | 23.0 | 22.6 | 2003 | 17.4 | 19.1 | 20.2 | 20.1 | 19.9 | 2003 | 20.0 | 22.3 | 23.6 | 23.3 | 23.0 |
| 2004 | 16.3 | 18.2 | 18.8 | 18.4 | 18.2 | 2004 | 15.0 | 16.0 | 16.7 | 16.4 | 16.7 | 2004 | 16.4 | 18.4 | 19.1 | 18.6 | 18.4 |
| 2005 | 12.5 | 14.6 | 15.8 | 16.1 | 16.9 | 2005 | 11.0 | 12.7 | 14.4 | 15.3 | 16.4 | 2005 | 12.6 | 14.8 | 15.9 | 16.2 | 16.9 |
| 2006 | 11.8 | 14.2 | 15.5 | 16.6 | 17.2 | 2006 | 10.3 | 12.7 | 14.6 | 16.0 | 16.7 | 2006 | 12.0 | 14.4 | 15.6 | 16.7 | 17.2 |
| 2007 | 12.0 | 14.6 | 16.6 | 17.5 | 18.1 | 2007 | 10.9 | 13.5 | 15.5 | 16.7 | 17.6 | 2007 | 12.1 | 14.7 | 16.7 | 17.6 | 18.2 |
| 2008 | 12.8 | 15.5 | 17.3 | 18.2 | 18.3 | 2008 | 12.4 | 14.4 | 16.1 | 17.4 | 17.6 | 2008 | 12.9 | 15.7 | 17.4 | 18.3 | 18.4 |
| 2009 | 12.5 | 15.2 | 16.8 | 17.3 | 17.3 | 2009 | 11.5 | 14.0 | 15.8 | 16.2 | 16.6 | 2009 | 12.6 | 15.3 | 16.9 | 17.4 | 17.4 |
| 2010 | 12.7 | 15.0 | 15.8 | 16.1 | 16.6 | 2010 | 12.4 | 14.9 | 15.4 | 15.7 | 16.4 | 2010 | 12.7 | 15.0 | 15.9 | 16.2 | 16.6 |
| 2011 | 12.6 | 14.4 | 15.1 | 15.8 | 16.3 | 2011 | 11.8 | 13.4 | 14.2 | 14.8 | 15.6 | 2011 | 12.7 | 14.5 | 15.2 | 15.9 | 16.5 |
| 2012 | 11.7 | 13.0 | 14.1 | 14.9 | 15.3 | 2012 | 10.9 | 12.1 | 13.1 | 13.9 | 14.3 | 2012 | 11.8 | 13.2 | 14.3 | 15.1 | 15.5 |
| 2013 | 11.2 | 12.8 | 13.8 | 14.4 | | 2013 | 10.3 | 11.5 | 12.4 | 13.0 | | 2013 | 11.3 | 13.1 | 14.1 | 14.7 | |
| 2014 | 10.7 | 12.2 | 13.4 | | | 2014 | 10.1 | 10.9 | 12.0 | | | 2014 | 10.9 | 12.5 | 13.7 | | |
| 2015 | 10.1 | 12.0 | | | | 2015 | 9.4 | 11.0 | | | | 2015 | 10.3 | 12.2 | | | |
| 2016 | 10.1 | | | | | 2016 | 9.0 | | | | | 2016 | 10.4 | | | | |
| Count of Permanent Disability Claims | | | | | | Count of Permanent Disability Claims | | | | | | Count of Permanent Disability Claims | | | | | |
| PY/RL | 1 | 2 | 3 | 4 | 5 | PY/RL | 1 | 2 | 3 | 4 | 5 | PY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 87,732 | 97,918 | 102,995 | 105,833 | 106,169 | 2001 | 7,749 | 10,546 | 11,058 | 11,524 | 11,569 | 2001 | 79,983 | 87,372 | 91,937 | 94,309 | 94,600 |
| 2002 | 84,211 | 96,994 | 101,877 | 102,617 | 103,228 | 2002 | 9,284 | 11,078 | 11,784 | 11,975 | 12,161 | 2002 | 74,927 | 85,916 | 90,093 | 90,642 | 91,067 |
| 2003 | 72,753 | 83,307 | 85,811 | 87,080 | 88,430 | 2003 | 7,824 | 9,320 | 9,756 | 10,101 | 10,348 | 2003 | 64,929 | 76,055 | 76,979 | 78,082 | 78,082 |
| 2004 | 55,724 | 62,004 | 65,470 | 67,410 | 70,372 | 2004 | 5,130 | 6,060 | 6,722 | 7,227 | 7,958 | 2004 | 50,594 | 55,944 | 58,748 | 60,183 | 62,414 |
| 2005 | 45,067 | 53,120 | 56,970 | 60,958 | 61,722 | 2005 | 3,463 | 4,592 | 5,383 | 6,197 | 6,821 | 2005 | 41,604 | 48,528 | 51,587 | 54,761 | 55,101 |
| 2006 | 42,384 | 51,362 | 57,892 | 59,647 | 60,965 | 2006 | 3,324 | 4,721 | 5,677 | 6,216 | 6,585 | 2006 | 39,060 | 46,641 | 52,215 | 53,431 | 54,380 |
| 2007 | 40,159 | 53,324 | 57,504 | 60,145 | 61,007 | 2007 | 3,256 | 4,816 | 5,797 | 6,326 | 6,596 | 2007 | 36,903 | 48,508 | 51,707 | 53,819 | 54,411 |
| 2008 | 39,867 | 50,766 | 56,318 | 58,294 | 59,068 | 2008 | 3,414 | 5,047 | 6,109 | 6,595 | 6,925 | 2008 | 36,453 | 45,719 | 50,209 | 51,699 | 52,143 |
| 2009 | 38,727 | 50,679 | 55,149 | 56,650 | 58,566 | 2009 | 3,782 | 5,585 | 6,624 | 7,273 | 7,823 | 2009 | 34,945 | 45,094 | 48,525 | 49,377 | 50,743 |
| 2010 | 38,833 | 51,715 | 56,323 | 58,831 | 59,820 | 2010 | 3,985 | 5,767 | 6,780 | 7,643 | 8,197 | 2010 | 35,848 | 45,948 | 49,543 | 51,188 | 51,623 |
| 2011 | 41,715 | 53,010 | 57,939 | 60,117 | 61,957 | 2011 | 4,230 | 6,243 | 7,635 | 8,495 | 9,176 | 2011 | 37,485 | 46,767 | 50,304 | 51,622 | 52,781 |
| 2012 | 41,005 | 53,428 | 59,482 | 62,494 | 64,484 | 2012 | 4,991 | 7,478 | 9,052 | 10,091 | 10,686 | 2012 | 36,014 | 45,950 | 50,430 | 52,403 | 53,798 |
| 2013 | 41,949 | 56,146 | 63,704 | 66,925 | | 2013 | 6,327 | 9,358 | 11,179 | 12,012 | | 2013 | 35,622 | 46,788 | 52,525 | 54,913 | |
| 2014 | 45,032 | 59,647 | 66,334 | | | 2014 | 7,173 | 10,608 | 11,918 | | | 2014 | 37,859 | 49,039 | 54,416 | | |
| 2015 | 46,233 | 60,767 | | | | 2015 | 7,905 | 11,031 | | | | 2015 | 38,328 | 49,736 | | | |
| 2016 | 45,982 | | | | | 2016 | 8,387 | | | | | 2016 | 37,595 | | | | |
| Median Permanent Disability Rating | | | | | | Median Permanent Disability Rating | | | | | | Median Permanent Disability Rating | | | | | |
| PY/RL | 1 | 2 | 3 | 4 | 5 | PY/RL | 1 | 2 | 3 | 4 | 5 | PY/RL | 1 | 2 | 3 | 4 | 5 |
| 2001 | 14.5 | 19.5 | 23.0 | 24.0 | 24.0 | 2001 | 15.0 | 17.5 | 19.5 | 19.5 | 20.0 | 2001 | 15.0 | 19.5 | 23.0 | 24.0 | 23.5 |
| 2002 | 15.0 | 19.5 | 22.0 | 22.0 | 21.5 | 2002 | 14.5 | 15.5 | 17.5 | 18.0 | 19.0 | 2002 | 16.0 | 20.5 | 22.0 | 22.5 | 23.0 |
| 2003 | 17.0 | 19.0 | 20.0 | 19.5 | 19.5 | 2003 | 14.5 | 14.5 | 14.5 | 15.0 | 14.5 | 2003 | 17.0 | 19.0 | 20.0 | 20.0 | 19.5 |
| 2004 | 12.5 | 14.5 | 14.5 | 14.5 | 14.5 | 2004 | 10.5 | 11.5 | 12.5 | 12.0 | 12.5 | 2004 | 12.5 | 14.5 | 14.5 | 15.0 | 14.5 |
| 2005 | 10.0 | 9.5 | 11.5 | 11.5 | 12.5 | 2005 | 8.0 | 9.5 | 10.0 | 11.0 | 12.0 | 2005 | 9.5 | 10.5 | 12.0 | 12.0 | 13.0 |
| 2006 | 8.5 | 9.5 | 11.5 | 13.0 | 13.0 | 2006 | 6.5 | 9.0 | 10.0 | 10.5 | 12.0 | 2006 | 8.5 | 10.0 | 12.0 | 13.0 | 12.5 |
| 2007 | 9.0 | 10.5 | 12.5 | 13.0 | 14.0 | 2007 | 7.5 | 9.5 | 11.0 | 11.5 | 11.5 | 2007 | 9.0 | 10.5 | 13.0 | 14.0 | 14.0 |
| 2008 | 10.0 | 10.5 | 12.5 | 13.5 | 13.5 | 2008 | 8.5 | 10.0 | 11.0 | 12.0 | 12.0 | 2008 | 10.0 | 12.0 | 13.0 | 14.0 | 14.0 |
| 2009 | 10.0 | 11.0 | 13.0 | 12.5 | 12.5 | 2009 | 9.5 | 10.0 | 10.5 | 12.0 | 12.0 | 2009 | 10.0 | 10.5 | 13.0 | 14.0 | 14.0 |
| 2010 | 10.0 | 11.0 | 12.0 | 13.0 | 12.5 | 2010 | 10.0 | 11.0 | 10.5 | 12.0 | 12.0 | 2010 | 9.5 | 10.5 | 12.0 | 12.5 | 13.0 |
| 2011 | 10.0 | 10.5 | 12.0 | 13.0 | 13.0 | 2011 | 9.5 | 10.0 | 11.0 | 11.0 | 11.5 | 2011 | 10.0 | 11.0 | 11.5 | 12.5 | 13.0 |
| 2012 | 10.0 | 9.5 | 10.5 | 11.5 | 11.5 | 2012 | 9.0 | 9.5 | 9.5 | 10.0 | 9.5 | 2012 | 9.5 | 9.5 | 10.5 | 10.5 | 11.5 |
| 2013 | 9.0 | 9.5 | 9.5 | 11.0 | | 2013 | 8.0 | 8.5 | 10.0 | 8.5 | | 2013 | 9.0 | 9.5 | 11.0 | 11.0 | |
| 2014 | 7.5 | 10.0 | 9.5 | | | 2014 | 8.0 | 7.5 | 8.5 | | | 2014 | 8.0 | 10.0 | 9.5 | | |
| 2015 | 8.0 | 10.0 | | | | 2015 | 7.0 | 8.0 | | | | 2015 | 7.5 | 9.5 | | | |
| 2016 | 7.5 | | | | | 2016 | 7.0 | | | | | 2016 | 8.0 | | | | |

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

Source: WCIRB unit statistical data

Self-Insured Employers - Claim Severity

Private Self-Insured Employers

| CY | Medical Paid | Indemnity Cases Open During Year | Paid Medical on Open Ind Claims | Annual Change |
|------|--------------|----------------------------------|---------------------------------|---------------|
| 2001 | 655,349,356 | 128,723 | 5,091 | --- |
| 2002 | 789,748,542 | 129,147 | 6,115 | 20.1% |
| 2003 | 930,788,004 | 130,323 | 7,142 | 16.8% |
| 2004 | 802,856,921 | 132,488 | 6,060 | -15.2% |
| 2005 | 688,918,290 | 124,757 | 5,522 | -8.9% |
| 2006 | 800,826,010 | 115,054 | 6,960 | 26.0% |
| 2007 | 676,050,168 | 105,671 | 6,398 | -8.1% |
| 2008 | 733,149,220 | 102,990 | 7,119 | 11.3% |
| 2009 | 761,740,423 | 98,642 | 7,722 | 8.5% |
| 2010 | 760,504,505 | 97,135 | 7,829 | 1.4% |
| 2011 | 758,672,255 | 95,946 | 7,907 | 1.0% |
| 2012 | 752,732,652 | 94,591 | 7,958 | 0.6% |
| 2013 | 814,214,051 | 95,263 | 8,547 | 7.4% |
| 2014 | 918,409,257 | 93,850 | 9,786 | 14.5% |
| 2015 | 786,278,830 | 90,382 | 8,700 | -11.1% |
| 2016 | 787,771,330 | 85,563 | 9,207 | 5.8% |
| 2017 | 765,002,435 | 81,842 | 9,347 | 1.5% |

Public Self-Insured Employers

| FY | Medical Paid | Indemnity Cases Open During Year | Paid Medical on Open Ind Claims | Annual Change |
|-----------|---------------|----------------------------------|---------------------------------|---------------|
| 2000/2001 | 603,567,334 | 148,040 | 4,077 | --- |
| 2001/2002 | 736,531,748 | 153,231 | 4,807 | 17.9% |
| 2002/2003 | 872,925,555 | 166,835 | 5,232 | 8.9% |
| 2003/2004 | 932,492,476 | 176,127 | 5,294 | 1.2% |
| 2004/2005 | 777,579,644 | 171,938 | 4,522 | -14.6% |
| 2005/2006 | 768,887,952 | 163,511 | 4,702 | 4.0% |
| 2006/2007 | 779,028,256 | 159,524 | 4,883 | 3.9% |
| 2007/2008 | 887,316,859 | 173,348 | 5,119 | 4.8% |
| 2008/2009 | 949,449,769 | 170,751 | 5,560 | 8.6% |
| 2009/2010 | 978,954,150 | 171,444 | 5,710 | 2.7% |
| 2010/2011 | 1,043,538,851 | 173,585 | 6,012 | 5.3% |
| 2011/2012 | 1,073,241,078 | 177,309 | 6,053 | 0.7% |
| 2012/2013 | 1,045,517,623 | 179,375 | 5,829 | -3.7% |
| 2013/2014 | 1,086,439,359 | 178,788 | 6,077 | 4.3% |
| 2014/2015 | 1,102,863,683 | 181,993 | 6,060 | -0.3% |
| 2015/2016 | 1,097,857,099 | 180,467 | 6,083 | 0.4% |
| 2016/2017 | 1,046,637,539 | 178,746 | 5,855 | -3.7% |
| 2017/2018 | 1,119,293,067 | 180,404 | 6,204 | 6.0% |

| All Self-Insured Employers | | | | | Insured System at 1st Report | | |
|----------------------------|---------------|----------------------------------|---------------------------------|---------------|------------------------------|------------------------|---------------|
| CY | Medical Paid | Indemnity Cases Open During Year | Paid Medical on Open Ind Claims | Annual Change | Paid Medical | | Annual Change |
| | | | | | AY | Severity on Ind Claims | |
| 2001 | 1,325,398,897 | 279,359 | 4,744 | --- | 2001 | 6,203 | --- |
| 2002 | 1,594,477,194 | 289,180 | 5,514 | 16.2% | 2002 | 7,255 | 17.0% |
| 2003 | 1,833,497,020 | 301,804 | 6,075 | 10.2% | 2003 | 7,203 | -0.7% |
| 2004 | 1,657,892,981 | 306,521 | 5,409 | -11.0% | 2004 | 5,970 | -17.1% |
| 2005 | 1,462,152,088 | 292,482 | 4,999 | -7.6% | 2005 | 5,906 | -1.1% |
| 2006 | 1,574,784,114 | 276,572 | 5,694 | 13.9% | 2006 | 6,270 | 6.2% |
| 2007 | 1,509,222,726 | 272,107 | 5,546 | -2.6% | 2007 | 6,922 | 10.4% |
| 2008 | 1,651,532,534 | 275,040 | 6,005 | 8.3% | 2008 | 7,605 | 9.9% |
| 2009 | 1,725,942,383 | 269,740 | 6,399 | 6.6% | 2009 | 7,925 | 4.2% |
| 2010 | 1,771,751,006 | 269,650 | 6,571 | 2.7% | 2010 | 7,946 | 0.3% |
| 2011 | 1,817,062,220 | 271,393 | 6,695 | 1.9% | 2011 | 7,462 | -6.1% |
| 2012 | 1,812,112,003 | 272,933 | 6,639 | -0.8% | 2012 | 7,238 | -3.0% |
| 2013 | 1,880,192,542 | 274,345 | 6,853 | 3.2% | 2013 | 7,085 | -2.1% |
| 2014 | 2,013,060,778 | 274,241 | 7,340 | 7.1% | 2014 | 6,995 | -1.3% |
| 2015 | 1,886,639,221 | 271,612 | 6,946 | -5.4% | 2015 | 7,036 | 0.6% |
| 2016 | 1,860,018,649 | 265,170 | 7,014 | 1.0% | 2016 | 7,293 | 3.6% |
| 2017 | 1,847,967,738 | 261,417 | 7,069 | 0.8% | 2017 | 6,481 | 3.7% |

Notes: Fiscal Year Public data prorated to CYs 50%/50%.
 Insured System AY 2017 change is based on a comparison of 2017 accidents on 2016 policies to 2016 accidents on 2015 policies.

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

Annual Changes in Indemnity Severity Attributable to Changes in Hazardousness

| Policy Year | Report Level | Indemnity Claim Severity | | | Total Claim Severity | | |
|-------------|--------------|----------------------------------|------------------------------|--|----------------------------------|------------------------------|--|
| | | Change in Severity Hazardousness | Severity Hazardousness Index | Annual % Change Attributable to Change in Industrial Mix | Change in Severity Hazardousness | Severity Hazardousness Index | Annual % Change Attributable to Change in Industrial Mix |
| 1993 | 5 | 1.0000 | 1.0000 | --- | 1.0000 | 1.0000 | --- |
| 1994 | 5 | 1.0010 | 1.0010 | 0.10% | 0.9986 | 0.9986 | -0.14% |
| 1995 | 5 | 1.0007 | 1.0017 | 0.07% | 1.0013 | 0.9998 | 0.13% |
| 1996 | 5 | 0.9988 | 1.0005 | -0.12% | 0.9993 | 0.9991 | -0.07% |
| 1997 | 5 | 1.0032 | 1.0036 | 0.32% | 1.0045 | 1.0036 | 0.45% |
| 1998 | 5 | 1.0037 | 1.0074 | 0.37% | 1.0050 | 1.0086 | 0.50% |
| 1999 | 5 | 1.0023 | 1.0096 | 0.23% | 1.0011 | 1.0097 | 0.11% |
| 2000 | 5 | 1.0016 | 1.0112 | 0.16% | 1.0009 | 1.0107 | 0.09% |
| 2001 | 5 | 1.0031 | 1.0144 | 0.31% | 1.0001 | 1.0108 | 0.01% |
| 2002 | 5 | 0.9984 | 1.0128 | -0.16% | 0.9996 | 1.0104 | -0.04% |
| 2003 | 5 | 1.0042 | 1.0170 | 0.42% | 1.0071 | 1.0176 | 0.71% |
| 2004 | 5 | 1.0020 | 1.0190 | 0.20% | 1.0048 | 1.0224 | 0.48% |
| 2005 | 5 | 1.0010 | 1.0201 | 0.10% | 1.0027 | 1.0252 | 0.27% |
| 2006 | 5 | 0.9965 | 1.0165 | -0.35% | 0.9917 | 1.0167 | -0.83% |
| 2007 | 5 | 0.9935 | 1.0098 | -0.65% | 0.9861 | 1.0025 | -1.39% |
| 2008 | 5 | 0.9908 | 1.0005 | -0.92% | 0.9845 | 0.9870 | -1.55% |
| 2009 | 5 | 0.9884 | 0.9889 | -1.16% | 0.9832 | 0.9704 | -1.68% |
| 2010 | 5 | 0.9961 | 0.9851 | -0.39% | 0.9938 | 0.9644 | -0.62% |
| 2011 | 5 | 0.9996 | 0.9847 | -0.04% | 1.0014 | 0.9657 | 0.14% |
| 2012 | 5 | 0.9972 | 0.9819 | -0.28% | 0.9978 | 0.9636 | -0.22% |
| 2013 | Proj 5 | 1.0011 | 0.9830 | 0.11% | 1.0030 | 0.9665 | 0.30% |
| 2014 | Proj 5 | 1.0016 | 0.9845 | 0.16% | 1.0066 | 0.9728 | 0.66% |
| 2015 | Proj 5 | 1.0002 | 0.9847 | 0.02% | 1.0027 | 0.9755 | 0.27% |
| 2016 | Proj 5 | 0.9986 | 0.9834 | -0.14% | 0.9968 | 0.9724 | -0.32% |

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

Source: WCIRB unit statistical data

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

| PY/RL | Number of Claims in Excess of \$250,000 | | | | | | | |
|-------|---|-------|-------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 603 | 1,283 | 2,110 | 2,990 | 3,839 | 4,501 | 4,866 | 5,232 |
| 2003 | 541 | 929 | 1,560 | 2,323 | 3,104 | 3,589 | 4,071 | 4,395 |
| 2004 | 476 | 722 | 1,165 | 1,742 | 2,297 | 2,874 | 3,273 | 3,547 |
| 2005 | 496 | 783 | 1,292 | 1,921 | 2,657 | 3,170 | 3,505 | 3,783 |
| 2006 | 673 | 1,040 | 1,676 | 2,402 | 3,109 | 3,604 | 3,985 | 4,212 |
| 2007 | 671 | 1,191 | 2,095 | 3,017 | 3,759 | 4,323 | 4,643 | 4,844 |
| 2008 | 654 | 1,261 | 2,100 | 3,077 | 3,878 | 4,389 | 4,686 | 4,801 |
| 2009 | 605 | 1,216 | 2,111 | 3,083 | 3,784 | 4,227 | 4,443 | 4,552 |
| 2010 | 590 | 1,169 | 1,956 | 2,810 | 3,379 | 3,732 | 3,875 | |
| 2011 | 653 | 1,205 | 1,920 | 2,654 | 3,116 | 3,432 | | |
| 2012 | 673 | 1,130 | 1,734 | 2,249 | 2,697 | | | |
| 2013 | 713 | 1,120 | 1,664 | 2,180 | | | | |
| 2014 | 706 | 1,125 | 1,752 | | | | | |
| 2015 | 682 | 1,222 | | | | | | |
| 2016 | 830 | | | | | | | |

| PY/RL | % of Indemnity Incurred on Claims in Excess of \$250,000 | | | | | | | |
|-------|--|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 4.35% | 6.36% | 9.13% | 12.64% | 16.07% | 18.67% | 20.07% | 21.84% |
| 2003 | 5.81% | 7.11% | 9.89% | 13.19% | 16.47% | 18.55% | 20.07% | 22.92% |
| 2004 | 6.62% | 7.82% | 9.71% | 13.12% | 15.79% | 19.69% | 22.24% | 24.01% |
| 2005 | 7.95% | 8.27% | 11.00% | 15.00% | 19.77% | 23.05% | 25.52% | 27.32% |
| 2006 | 11.12% | 11.51% | 14.92% | 18.95% | 22.72% | 25.76% | 28.09% | 29.90% |
| 2007 | 10.23% | 11.65% | 16.25% | 20.91% | 24.93% | 27.54% | 29.43% | 30.55% |
| 2008 | 9.39% | 11.21% | 15.22% | 20.28% | 24.26% | 27.17% | 28.70% | 29.79% |
| 2009 | 9.08% | 10.44% | 15.09% | 19.60% | 23.44% | 26.27% | 27.36% | 28.50% |
| 2010 | 9.18% | 10.85% | 13.94% | 18.20% | 21.20% | 22.88% | 24.23% | |
| 2011 | 9.46% | 10.54% | 13.48% | 17.23% | 19.56% | 21.53% | | |
| 2012 | 9.10% | 9.80% | 12.48% | 15.51% | 17.99% | | | |
| 2013 | 7.66% | 8.81% | 11.31% | 14.27% | | | | |
| 2014 | 8.57% | 9.43% | 12.37% | | | | | |
| 2015 | 8.67% | 9.83% | | | | | | |
| 2016 | 9.77% | | | | | | | |

| PY/RL | Average Severity on Claims in Excess of \$250,000 | | | | | | | |
|-------|---|---------|---------|---------|---------|---------|---------|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 716,288 | 592,626 | 508,756 | 481,072 | 488,243 | 498,066 | 511,322 | 529,239 |
| 2003 | 829,214 | 697,030 | 579,912 | 531,520 | 513,563 | 511,184 | 536,729 | 548,977 |
| 2004 | 747,673 | 693,664 | 597,263 | 550,822 | 520,475 | 538,976 | 553,349 | 569,398 |
| 2005 | 739,367 | 668,592 | 545,833 | 501,441 | 498,380 | 513,087 | 526,756 | 543,589 |
| 2006 | 681,831 | 632,111 | 553,482 | 516,917 | 504,426 | 515,909 | 527,579 | 538,443 |
| 2007 | 653,675 | 573,372 | 507,023 | 494,341 | 494,637 | 501,201 | 512,169 | 519,917 |
| 2008 | 617,024 | 515,160 | 466,549 | 456,502 | 457,438 | 469,921 | 477,545 | 488,041 |
| 2009 | 648,507 | 526,189 | 479,951 | 458,056 | 463,534 | 477,964 | 479,239 | 484,932 |
| 2010 | 709,956 | 584,114 | 501,698 | 473,945 | 476,876 | 474,530 | 483,099 | |
| 2011 | 687,390 | 560,645 | 489,039 | 478,213 | 472,300 | 469,950 | | |
| 2012 | 700,816 | 586,338 | 521,993 | 511,034 | 495,911 | | | |
| 2013 | 577,966 | 507,453 | 478,599 | 459,951 | | | | |
| 2014 | 710,356 | 596,096 | 530,042 | | | | | |
| 2015 | 724,682 | 600,853 | | | | | | |
| 2016 | 763,326 | | | | | | | |

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

% of Medical Incurred on Claims in Excess of \$250,000

| PY/RL | % of Medical Incurred on Claims in Excess of \$250,000 | | | | | | | |
|-------|--|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 10.03% | 12.42% | 15.41% | 18.77% | 22.93% | 26.16% | 28.53% | 30.77% |
| 2003 | 11.23% | 12.96% | 15.79% | 19.79% | 23.77% | 26.34% | 30.08% | 32.17% |
| 2004 | 11.23% | 12.94% | 16.17% | 19.88% | 23.28% | 28.00% | 31.31% | 33.79% |
| 2005 | 12.87% | 15.04% | 17.09% | 20.69% | 26.00% | 30.09% | 32.71% | 35.48% |
| 2006 | 14.59% | 16.51% | 19.82% | 23.83% | 28.06% | 31.56% | 34.40% | 36.03% |
| 2007 | 13.38% | 15.89% | 20.71% | 26.16% | 30.13% | 33.64% | 35.80% | 37.30% |
| 2008 | 12.95% | 15.33% | 19.43% | 24.70% | 29.07% | 32.32% | 34.36% | 35.35% |
| 2009 | 12.52% | 15.37% | 19.88% | 24.82% | 28.64% | 31.58% | 32.69% | 33.61% |
| 2010 | 13.20% | 15.70% | 19.02% | 23.15% | 26.43% | 28.24% | 29.62% | |
| 2011 | 13.48% | 15.29% | 18.57% | 22.30% | 24.59% | 26.27% | | |
| 2012 | 14.07% | 15.09% | 17.82% | 20.68% | 22.98% | | | |
| 2013 | 11.75% | 12.35% | 15.13% | 17.53% | | | | |
| 2014 | 13.96% | 14.43% | 17.41% | | | | | |
| 2015 | 13.26% | 15.66% | | | | | | |
| 2016 | 17.00% | | | | | | | |

Median Severity on Claims in Excess of \$250,000

| PY/RL | Median Severity on Claims in Excess of \$250,000 | | | | | | | |
|-------|--|---------|---------|---------|---------|---------|---------|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 353,157 | 323,506 | 319,359 | 330,745 | 342,182 | 352,430 | 362,640 | 377,161 |
| 2003 | 379,130 | 344,674 | 331,543 | 327,919 | 336,352 | 350,688 | 365,700 | 374,592 |
| 2004 | 383,528 | 351,844 | 327,404 | 332,985 | 341,792 | 356,039 | 366,212 | 376,147 |
| 2005 | 360,882 | 341,967 | 326,677 | 331,078 | 341,764 | 348,929 | 360,970 | 365,845 |
| 2006 | 348,646 | 340,323 | 334,163 | 334,406 | 342,492 | 351,965 | 363,062 | 364,220 |
| 2007 | 352,898 | 327,300 | 327,700 | 332,716 | 343,500 | 354,894 | 362,856 | 365,687 |
| 2008 | 359,510 | 325,000 | 323,835 | 328,550 | 337,081 | 346,627 | 351,630 | 356,432 |
| 2009 | 357,977 | 325,000 | 320,631 | 328,483 | 337,178 | 341,467 | 349,952 | 351,394 |
| 2010 | 347,534 | 321,976 | 320,303 | 320,811 | 330,236 | 337,317 | 341,023 | |
| 2011 | 348,789 | 315,896 | 313,833 | 320,441 | 325,223 | 330,785 | | |
| 2012 | 348,672 | 325,993 | 316,948 | 318,441 | 321,292 | | | |
| 2013 | 336,934 | 325,014 | 324,443 | 325,115 | | | | |
| 2014 | 361,614 | 336,299 | 326,091 | | | | | |
| 2015 | 351,267 | 323,341 | | | | | | |
| 2016 | 346,351 | | | | | | | |

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

| PY/R/L | Number of Claims in Excess of \$500,000 | | | | | | | | % of Claims in Excess of \$500,000 | | | | | | | |
|--------|---|-----|-----|-----|-----|-----|-------|-------|------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 171 | 245 | 324 | 481 | 697 | 961 | 1,215 | 1,449 | 0.032% | 0.043% | 0.057% | 0.085% | 0.122% | 0.169% | 0.214% | 0.256% |
| 2003 | 174 | 219 | 300 | 431 | 584 | 800 | 1,066 | 1,275 | 0.034% | 0.042% | 0.057% | 0.082% | 0.111% | 0.152% | 0.203% | 0.243% |
| 2004 | 159 | 184 | 243 | 342 | 453 | 680 | 874 | 1,010 | 0.033% | 0.040% | 0.049% | 0.069% | 0.091% | 0.137% | 0.177% | 0.204% |
| 2005 | 160 | 184 | 238 | 349 | 532 | 704 | 880 | 1,003 | 0.035% | 0.040% | 0.051% | 0.074% | 0.113% | 0.150% | 0.188% | 0.214% |
| 2006 | 187 | 258 | 347 | 505 | 679 | 851 | 1,038 | 1,149 | 0.043% | 0.058% | 0.078% | 0.113% | 0.151% | 0.189% | 0.231% | 0.255% |
| 2007 | 187 | 260 | 368 | 528 | 741 | 964 | 1,139 | 1,255 | 0.045% | 0.062% | 0.087% | 0.124% | 0.174% | 0.225% | 0.266% | 0.293% |
| 2008 | 178 | 233 | 340 | 526 | 726 | 940 | 1,084 | 1,169 | 0.050% | 0.063% | 0.092% | 0.141% | 0.194% | 0.251% | 0.289% | 0.312% |
| 2009 | 173 | 234 | 335 | 504 | 705 | 842 | 943 | 1,025 | 0.052% | 0.069% | 0.098% | 0.146% | 0.204% | 0.244% | 0.273% | 0.299% |
| 2010 | 161 | 222 | 317 | 422 | 573 | 705 | 786 | | 0.048% | 0.065% | 0.091% | 0.121% | 0.164% | 0.201% | 0.228% | |
| 2011 | 179 | 232 | 308 | 442 | 553 | 646 | | | 0.053% | 0.067% | 0.088% | 0.126% | 0.157% | 0.185% | | |
| 2012 | 188 | 237 | 294 | 375 | 460 | | | | 0.055% | 0.067% | 0.082% | 0.105% | 0.129% | | | |
| 2013 | 180 | 211 | 262 | 355 | | | | | 0.051% | 0.058% | 0.072% | 0.097% | | | | |
| 2014 | 213 | 263 | 332 | | | | | | 0.058% | 0.070% | 0.088% | | | | | |
| 2015 | 186 | 250 | | | | | | | 0.049% | 0.065% | | | | | | |
| 2016 | 237 | | | | | | | | 0.062% | | | | | | | |

| PY/R/L | % of Indemnity Incurred on Claims in Excess of \$500,000 | | | | | | | | % of Medical Incurred on Claims in Excess of \$500,000 | | | | | | | |
|--------|--|-------|-------|-------|--------|--------|--------|--------|--|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 2.13% | 2.53% | 3.05% | 4.21% | 5.73% | 7.37% | 8.79% | 10.46% | 7.40% | 7.93% | 8.24% | 9.14% | 11.41% | 13.49% | 15.57% | 17.49% |
| 2003 | 3.77% | 3.93% | 4.68% | 5.55% | 6.57% | 7.94% | 10.05% | 11.78% | 8.53% | 8.91% | 9.31% | 10.81% | 12.38% | 13.91% | 15.71% | 18.91% |
| 2004 | 3.89% | 4.47% | 4.52% | 5.96% | 6.76% | 9.41% | 11.48% | 13.00% | 8.47% | 9.09% | 10.06% | 11.10% | 11.97% | 15.26% | 17.84% | 19.82% |
| 2005 | 4.18% | 3.64% | 4.10% | 5.79% | 7.94% | 9.92% | 12.04% | 13.53% | 9.77% | 10.47% | 9.92% | 10.55% | 13.10% | 15.72% | 17.78% | 20.10% |
| 2006 | 5.06% | 5.21% | 6.38% | 8.00% | 9.55% | 11.68% | 13.56% | 15.24% | 10.86% | 11.38% | 11.63% | 12.88% | 14.71% | 16.83% | 18.98% | 20.32% |
| 2007 | 4.80% | 5.10% | 6.17% | 7.74% | 10.09% | 11.61% | 13.34% | 14.46% | 9.57% | 9.85% | 10.75% | 12.91% | 14.72% | 17.07% | 18.83% | 20.12% |
| 2008 | 4.10% | 4.26% | 5.18% | 7.24% | 9.06% | 11.12% | 12.24% | 13.40% | 8.84% | 8.38% | 8.94% | 10.75% | 12.65% | 14.95% | 16.59% | 17.56% |
| 2009 | 4.70% | 3.89% | 5.23% | 6.47% | 8.49% | 10.35% | 11.08% | 12.21% | 8.61% | 8.67% | 9.58% | 10.93% | 12.87% | 14.85% | 15.49% | 16.32% |
| 2010 | 4.82% | 4.54% | 4.95% | 6.23% | 7.60% | 8.53% | 9.66% | | 9.54% | 9.71% | 9.85% | 10.73% | 12.41% | 13.34% | 14.39% | |
| 2011 | 4.91% | 4.41% | 4.72% | 5.99% | 6.87% | 7.97% | | | 9.66% | 9.20% | 9.72% | 10.96% | 11.87% | 12.51% | | |
| 2012 | 4.47% | 4.18% | 4.72% | 5.97% | 6.87% | | | | 10.30% | 9.58% | 9.83% | 10.90% | 11.69% | | | |
| 2013 | 2.86% | 3.10% | 3.63% | 4.79% | | | | | 7.86% | 6.94% | 7.52% | 8.15% | | | | |
| 2014 | 4.35% | 4.08% | 4.67% | | | | | | 10.40% | 9.54% | 10.16% | | | | | |
| 2015 | 4.48% | 4.05% | | | | | | | 9.80% | 10.33% | | | | | | |
| 2016 | 4.95% | | | | | | | | 13.10% | | | | | | | |

| PY/R/L | Average Severity on Claims in Excess of \$500,000 | | | | | | | | Median Severity on Claims in Excess of \$500,000 | | | | | | | |
|--------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|---------|---------|---------|---------|---------|---------|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 1,686,788 | 1,741,153 | 1,532,015 | 1,276,041 | 1,187,611 | 1,091,473 | 1,032,290 | 1,020,705 | 885,388 | 776,001 | 749,290 | 689,322 | 684,600 | 685,258 | 686,136 | 714,772 |
| 2003 | 1,870,525 | 1,897,416 | 1,638,500 | 1,426,187 | 1,292,676 | 1,122,403 | 1,092,964 | 1,059,376 | 866,728 | 913,658 | 821,735 | 742,737 | 729,204 | 707,027 | 700,767 | 711,672 |
| 2004 | 1,572,672 | 1,667,615 | 1,635,033 | 1,466,714 | 1,278,692 | 1,188,341 | 1,142,355 | 1,142,140 | 827,255 | 875,244 | 772,132 | 760,725 | 715,829 | 712,192 | 713,607 | 720,782 |
| 2005 | 1,587,235 | 1,778,172 | 1,525,931 | 1,290,030 | 1,165,364 | 1,133,478 | 1,088,311 | 1,111,789 | 825,368 | 814,506 | 710,326 | 704,717 | 711,051 | 700,997 | 686,837 | 697,792 |
| 2006 | 1,596,575 | 1,561,904 | 1,422,051 | 1,225,576 | 1,125,012 | 1,103,038 | 1,068,071 | 1,075,001 | 809,751 | 770,012 | 739,379 | 713,205 | 711,000 | 701,420 | 691,932 | 695,728 |
| 2007 | 1,493,459 | 1,469,841 | 1,356,962 | 1,271,855 | 1,150,320 | 1,072,957 | 1,045,187 | 1,036,145 | 805,589 | 744,439 | 712,814 | 696,427 | 684,367 | 677,511 | 683,218 | 685,018 |
| 2008 | 1,377,062 | 1,369,040 | 1,203,205 | 1,085,961 | 1,008,698 | 973,190 | 955,105 | 961,576 | 844,408 | 776,176 | 722,571 | 683,487 | 665,759 | 670,404 | 684,754 | 694,212 |
| 2009 | 1,443,063 | 1,379,530 | 1,318,329 | 1,126,985 | 1,041,463 | 1,063,152 | 1,014,514 | 1,000,822 | 829,140 | 747,484 | 713,222 | 676,704 | 657,838 | 662,532 | 674,808 | 663,209 |
| 2010 | 1,729,192 | 1,708,498 | 1,436,361 | 1,329,843 | 1,210,278 | 1,097,815 | 1,082,646 | | 893,022 | 784,927 | 702,366 | 689,490 | 702,851 | 687,631 | 673,207 | |
| 2011 | 1,644,564 | 1,578,653 | 1,443,159 | 1,263,429 | 1,156,843 | 1,089,316 | | | 893,546 | 775,642 | 705,663 | 692,450 | 684,427 | 678,786 | | |
| 2012 | 1,662,469 | 1,590,226 | 1,515,563 | 1,458,656 | 1,341,782 | | | | 888,727 | 791,723 | 769,498 | 741,951 | 707,509 | | | |
| 2013 | 1,327,407 | 1,315,165 | 1,310,830 | 1,167,229 | | | | | 755,646 | 763,410 | 736,311 | 696,920 | | | | |
| 2014 | 1,590,101 | 1,486,686 | 1,417,854 | | | | | | 861,815 | 830,166 | 815,572 | | | | | |
| 2015 | 1,777,658 | 1,693,592 | | | | | | | 823,044 | 792,811 | | | | | | |
| 2016 | 1,859,683 | | | | | | | | 851,764 | | | | | | | |

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

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

| PY/R/L | Number of Claims in Excess of \$1,000,000 | | | | | | | | % of Claims in Excess of \$1,000,000 | | | | | | | |
|--------|---|-----|-----|-----|-----|-----|-----|-----|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 71 | 96 | 119 | 135 | 173 | 221 | 265 | 337 | 0.013% | 0.017% | 0.022% | 0.024% | 0.026% | 0.030% | 0.037% | 0.060% |
| 2003 | 73 | 95 | 114 | 135 | 161 | 194 | 248 | 315 | 0.014% | 0.018% | 0.022% | 0.026% | 0.030% | 0.037% | 0.047% | 0.060% |
| 2004 | 57 | 85 | 96 | 109 | 109 | 165 | 216 | 252 | 0.012% | 0.015% | 0.019% | 0.022% | 0.026% | 0.033% | 0.044% | 0.051% |
| 2005 | 58 | 72 | 74 | 95 | 133 | 208 | 287 | 358 | 0.013% | 0.015% | 0.016% | 0.020% | 0.025% | 0.032% | 0.044% | 0.052% |
| 2006 | 67 | 110 | 145 | 173 | 216 | 258 | 287 | 287 | 0.015% | 0.020% | 0.025% | 0.032% | 0.039% | 0.048% | 0.054% | 0.064% |
| 2007 | 66 | 82 | 110 | 134 | 159 | 201 | 235 | 268 | 0.016% | 0.019% | 0.026% | 0.031% | 0.037% | 0.047% | 0.055% | 0.063% |
| 2008 | 69 | 82 | 102 | 125 | 167 | 213 | 242 | 267 | 0.019% | 0.022% | 0.027% | 0.034% | 0.045% | 0.057% | 0.065% | 0.071% |
| 2009 | 66 | 81 | 98 | 121 | 150 | 174 | 202 | 202 | 0.020% | 0.024% | 0.029% | 0.035% | 0.043% | 0.050% | 0.058% | 0.059% |
| 2010 | 70 | 84 | 100 | 122 | 147 | 162 | 172 | 172 | 0.021% | 0.024% | 0.029% | 0.035% | 0.042% | 0.046% | 0.050% | |
| 2011 | 73 | 85 | 95 | 110 | 129 | 142 | | | 0.022% | 0.025% | 0.027% | 0.031% | 0.037% | 0.041% | | |
| 2012 | 82 | 86 | 99 | 116 | 130 | | | | 0.024% | 0.024% | 0.028% | 0.032% | 0.036% | | | |
| 2013 | 63 | 70 | 87 | 98 | | | | | 0.018% | 0.019% | 0.024% | 0.027% | 0.032% | | | |
| 2014 | 91 | 106 | 129 | | | | | | 0.025% | 0.028% | 0.034% | | | | | |
| 2015 | 80 | 95 | | | | | | | 0.021% | 0.025% | | | | | | |
| 2016 | 98 | | | | | | | | 0.026% | | | | | | | |

| PY/R/L | % of Indemnity Incurred on Claims in Excess of \$1,000,000 | | | | | | | | % of Medical Incurred on Claims in Excess of \$1,000,000 | | | | | | | |
|--------|--|-------|-------|-------|-------|-------|-------|-------|--|-------|-------|-------|-------|-------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 1.40% | 1.62% | 1.83% | 2.19% | 2.68% | 3.63% | 4.82% | 6.35% | 5.81% | 6.41% | 6.44% | 6.28% | 7.31% | 7.88% | 8.48% | 9.36% |
| 2003 | 2.87% | 2.93% | 3.27% | 3.40% | 3.65% | 3.91% | 4.82% | 5.78% | 6.84% | 7.22% | 7.12% | 7.66% | 8.13% | 8.06% | 9.50% | 10.22% |
| 2004 | 2.46% | 3.21% | 3.09% | 3.74% | 3.73% | 5.04% | 6.15% | 7.06% | 6.37% | 7.20% | 7.89% | 7.93% | 7.48% | 9.04% | 10.13% | 11.26% |
| 2005 | 2.49% | 2.30% | 2.31% | 3.06% | 4.11% | 5.16% | 6.76% | 7.89% | 7.42% | 8.49% | 7.44% | 7.05% | 7.78% | 9.07% | 9.75% | 11.15% |
| 2006 | 3.09% | 3.08% | 3.73% | 4.08% | 4.83% | 5.86% | 6.76% | 7.89% | 8.25% | 8.65% | 8.27% | 8.40% | 8.65% | 9.19% | 10.53% | 11.15% |
| 2007 | 2.94% | 3.01% | 3.46% | 4.04% | 5.00% | 5.38% | 6.14% | 6.60% | 7.04% | 7.11% | 7.53% | 8.38% | 8.43% | 9.71% | 9.67% | 10.38% |
| 2008 | 2.46% | 2.53% | 2.88% | 3.72% | 4.37% | 5.28% | 5.44% | 6.14% | 6.40% | 5.95% | 5.75% | 5.95% | 6.57% | 7.26% | 7.89% | 8.29% |
| 2009 | 2.82% | 2.10% | 2.84% | 3.12% | 3.74% | 4.86% | 5.03% | 5.25% | 6.42% | 6.29% | 6.59% | 6.50% | 6.92% | 7.89% | 7.85% | 8.04% |
| 2010 | 3.63% | 3.15% | 2.97% | 3.60% | 3.81% | 3.94% | 4.39% | | 7.47% | 7.59% | 7.13% | 7.32% | 7.20% | 7.61% | 8.06% | |
| 2011 | 3.47% | 2.98% | 2.81% | 3.07% | 3.24% | 3.53% | | | 8.17% | 6.90% | 6.90% | 7.06% | 7.20% | 7.14% | | |
| 2012 | 3.06% | 2.58% | 2.77% | 3.52% | 3.75% | | | | 7.41% | 7.29% | 7.38% | 7.83% | 8.09% | | | |
| 2013 | 1.66% | 1.79% | 2.15% | 2.51% | | | | | 5.50% | 4.79% | 5.24% | 5.13% | | | | |
| 2014 | 2.81% | 2.54% | 2.63% | | | | | | 8.23% | 7.31% | 7.81% | | | | | |
| 2015 | 3.20% | 2.62% | | | | | | | 7.93% | 8.18% | | | | | | |
| 2016 | 3.24% | | | | | | | | 10.73% | | | | | | | |

| PY/R/L | Average Severity on Claims in Excess of \$1,000,000 | | | | | | | | Median Severity on Claims in Excess of \$1,000,000 | | | | | | | |
|--------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 3,105,446 | 3,422,845 | 3,080,518 | 2,891,297 | 2,799,369 | 2,544,865 | 2,367,659 | 2,167,597 | 1,982,089 | 2,570,630 | 2,077,242 | 1,760,458 | 1,604,458 | 1,604,620 | 1,436,815 | 1,409,212 |
| 2003 | 3,523,470 | 3,460,312 | 3,204,876 | 3,081,799 | 2,922,506 | 2,543,782 | 2,487,580 | 2,242,340 | 2,346,394 | 2,313,505 | 2,282,077 | 2,173,422 | 1,756,000 | 1,668,325 | 1,533,770 | 1,489,999 |
| 2004 | 3,161,316 | 2,995,729 | 3,135,046 | 3,169,113 | 3,201,987 | 2,812,364 | 2,576,725 | 2,361,543 | 2,129,170 | 2,051,638 | 2,242,464 | 2,120,000 | 2,095,911 | 1,882,020 | 1,721,976 | 1,605,699 |
| 2005 | 3,171,764 | 3,525,423 | 3,473,114 | 2,982,927 | 2,662,004 | 2,581,158 | 2,468,930 | 2,496,814 | 1,990,755 | 2,160,065 | 2,089,211 | 1,864,346 | 1,737,110 | 1,666,100 | 1,645,929 | 1,664,019 |
| 2006 | 3,234,739 | 3,304,763 | 3,033,739 | 2,630,292 | 2,484,351 | 2,402,523 | 2,306,095 | 2,316,982 | 1,841,931 | 2,120,827 | 2,180,971 | 1,742,043 | 1,742,043 | 1,561,145 | 1,435,234 | 1,445,338 |
| 2007 | 2,989,854 | 3,203,684 | 3,005,542 | 3,068,358 | 2,941,223 | 2,650,264 | 2,516,846 | 2,411,318 | 1,953,016 | 2,210,826 | 1,727,733 | 1,835,183 | 1,905,520 | 1,586,274 | 1,614,738 | 1,561,314 |
| 2008 | 2,474,424 | 2,646,652 | 2,479,616 | 2,470,854 | 2,224,164 | 2,070,407 | 1,989,235 | 1,967,597 | 1,913,000 | 1,898,126 | 1,830,410 | 1,762,740 | 1,618,687 | 1,495,782 | 1,398,833 | 1,433,919 |
| 2009 | 2,683,874 | 2,719,407 | 2,923,444 | 2,642,982 | 2,485,767 | 2,633,315 | 2,319,136 | 2,397,700 | 1,970,712 | 1,711,957 | 1,833,872 | 1,682,373 | 1,512,298 | 1,445,376 | 1,435,699 | 1,493,429 |
| 2010 | 3,086,031 | 3,438,423 | 3,153,270 | 3,001,492 | 2,809,145 | 2,568,245 | 2,605,578 | | 2,153,329 | 2,215,829 | 1,946,786 | 1,814,410 | 1,779,631 | 1,699,538 | 1,671,465 | |
| 2011 | 3,034,640 | 3,150,573 | 3,184,735 | 3,080,299 | 2,808,159 | 2,624,964 | | | 2,103,755 | 1,945,519 | 1,945,509 | 1,912,820 | 1,633,108 | 1,550,865 | | |
| 2012 | 2,934,667 | 3,186,651 | 3,185,008 | 3,208,739 | 3,070,864 | | | | 1,748,313 | 1,981,094 | 2,005,409 | 2,031,639 | 1,945,194 | | | |
| 2013 | 2,565,288 | 2,620,572 | 2,636,753 | 2,514,089 | | | | | 1,749,237 | 1,835,395 | 1,767,043 | 1,768,597 | | | | |
| 2014 | 2,825,150 | 2,694,273 | 2,595,937 | | | | | | 1,854,543 | 1,986,862 | 1,581,725 | | | | | |
| 2015 | 3,251,305 | 3,372,199 | | | | | | | 1,873,825 | 1,817,303 | | | | | | |
| 2016 | 3,531,257 | | | | | | | | 2,120,950 | | | | | | | |

Notes: Incurred Amounts and Severities are first dollar.

Source: WCIRB unit statistical data

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

Indemnity Claim Frequency per \$1M of Exposure at 2015 Wage Level

| Accident Year | Layer of Incurred Medical | | | | |
|---------------|---------------------------|----------------|------------------|------------------|---------------|
| | 0 2,499 | 2,500 9,999 | 10,000 24,999 | 25,000 & Over | All Claims |
| 2002 | 0.0672 | 0.0826 | 0.0878 | 0.0582 | 0.2958 |
| 2003 | 0.0682 | 0.0825 | 0.0878 | 0.0550 | 0.2935 |
| 2004 | 0.0671 | 0.0751 | 0.0803 | 0.0374 | 0.2599 |
| 2005 | 0.0664 | 0.0646 | 0.0673 | 0.0310 | 0.2294 |
| 2006 | 0.0635 | 0.0585 | 0.0604 | 0.0324 | 0.2147 |
| 2007 | 0.0608 | 0.0530 | 0.0577 | 0.0368 | 0.2083 |
| 2008 | 0.0553 | 0.0477 | 0.0564 | 0.0397 | 0.1991 |
| 2009 | 0.0544 | 0.0466 | 0.0565 | 0.0417 | 0.1992 |
| 2010 | 0.0567 | 0.0479 | 0.0587 | 0.0430 | 0.2063 |
| 2011 | 0.0602 | 0.0487 | 0.0585 | 0.0432 | 0.2107 |
| 2012 | 0.0606 | 0.0492 | 0.0596 | 0.0439 | 0.2133 |
| 2013 | 0.0607 | 0.0499 | 0.0616 | 0.0435 | 0.2157 |
| 2014 | 0.0609 | 0.0514 | 0.0625 | 0.0425 | 0.2173 |
| 2015 | 0.0595 | 0.0515 | 0.0622 | 0.0412 | 0.2144 |
| 2016 | 0.0593 | 0.0508 | 0.0589 | 0.0390 | 0.2080 |
| 2017 | 0.0579 | 0.0502 | 0.0610 | 0.0349 | 0.2040 |

Indemnity Claim Count Distribution

| Accident Year | Layer of Incurred Medical | | | | |
|---------------|---------------------------|----------------|------------------|------------------|---------------|
| | 0 2,499 | 2,500 9,999 | 10,000 24,999 | 25,000 & Over | All Claims |
| 2002 | 22.7% | 27.9% | 29.7% | 19.7% | 100.0% |
| 2003 | 23.2% | 28.1% | 29.9% | 18.7% | 100.0% |
| 2004 | 25.8% | 28.9% | 30.9% | 14.4% | 100.0% |
| 2005 | 29.0% | 28.2% | 29.3% | 13.5% | 100.0% |
| 2006 | 29.6% | 27.2% | 28.1% | 15.1% | 100.0% |
| 2007 | 29.2% | 25.4% | 27.7% | 17.7% | 100.0% |
| 2008 | 27.8% | 24.0% | 28.3% | 20.0% | 100.0% |
| 2009 | 27.3% | 23.4% | 28.4% | 20.9% | 100.0% |
| 2010 | 27.5% | 23.2% | 28.5% | 20.8% | 100.0% |
| 2011 | 28.6% | 23.1% | 27.8% | 20.5% | 100.0% |
| 2012 | 28.4% | 23.1% | 27.9% | 20.6% | 100.0% |
| 2013 | 28.2% | 23.1% | 28.6% | 20.1% | 100.0% |
| 2014 | 28.0% | 23.7% | 28.8% | 19.5% | 100.0% |
| 2015 | 27.8% | 24.0% | 29.0% | 19.2% | 100.0% |
| 2016 | 28.5% | 24.4% | 28.3% | 18.7% | 100.0% |
| 2017 | 28.4% | 24.6% | 29.9% | 17.1% | 100.0% |

Annual Change

| Accident Year | Layer of Incurred Medical | | | | |
|---------------|---------------------------|----------------|------------------|------------------|---------------|
| | 0 2,499 | 2,500 9,999 | 10,000 24,999 | 25,000 & Over | All Claims |
| 2003 | 1.5% | -0.1% | 0.0% | -5.5% | -0.8% |
| 2004 | -1.6% | -9.0% | -8.5% | -32.1% | -11.5% |
| 2005 | -1.0% | -13.9% | -16.2% | -17.1% | -11.7% |
| 2006 | -4.5% | -9.6% | -10.3% | 4.4% | -6.4% |
| 2007 | -4.3% | -9.4% | -4.4% | 13.8% | -3.0% |
| 2008 | -9.1% | -9.9% | -2.3% | 7.9% | -4.4% |
| 2009 | -1.5% | -2.5% | 0.3% | 5.0% | 0.1% |
| 2010 | 4.2% | 3.0% | 3.8% | 3.0% | 3.6% |
| 2011 | 6.1% | 1.6% | -0.3% | 0.6% | 2.1% |
| 2012 | 0.7% | 1.0% | 1.8% | 1.5% | 1.2% |
| 2013 | 0.2% | 1.3% | 3.4% | -1.0% | 1.1% |
| 2014 | 0.3% | 3.1% | 1.5% | -2.3% | 0.8% |
| 2015 | -2.3% | 0.2% | -0.5% | -3.0% | -1.3% |
| 2016 | -0.3% | -1.3% | -5.2% | -5.4% | -3.0% |
| 2017 | -2.3% | -1.3% | 3.5% | -10.3% | -1.9% |

Percent of Annual Change Attributable to Each Layer

| Accident Year | Layer of Incurred Medical | | | | |
|---------------|---------------------------|----------------|------------------|------------------|---------------|
| | 0 2,499 | 2,500 9,999 | 10,000 24,999 | 25,000 & Over | All Claims |
| 2003 | 0.3% | 0.0% | 0.0% | -1.1% | -0.8% |
| 2004 | -0.4% | -2.5% | -2.5% | -6.0% | -11.5% |
| 2005 | -0.2% | -4.0% | -5.0% | -2.5% | -11.7% |
| 2006 | -1.3% | -2.7% | -3.0% | 0.6% | -6.4% |
| 2007 | -1.3% | -2.6% | -1.2% | 2.1% | -3.0% |
| 2008 | -2.6% | -2.5% | -0.6% | 1.4% | -4.4% |
| 2009 | -0.4% | -0.6% | 0.1% | 1.0% | 0.1% |
| 2010 | 1.2% | 0.7% | 1.1% | 0.6% | 3.6% |
| 2011 | 1.7% | 0.4% | -0.1% | 0.1% | 2.1% |
| 2012 | 0.2% | 0.2% | 0.5% | 0.3% | 1.2% |
| 2013 | 0.1% | 0.3% | 0.9% | -0.2% | 1.1% |
| 2014 | 0.1% | 0.7% | 0.4% | -0.5% | 0.8% |
| 2015 | -0.7% | 0.1% | -0.2% | -0.6% | -1.3% |
| 2016 | -0.1% | -0.3% | -1.5% | -1.0% | -3.0% |
| 2017 | -0.7% | -0.3% | 1.0% | -1.9% | -1.9% |

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

Average Paid ALAE^[1] Per Reported Indemnity Claim - Private Insurers
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 3 | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 |
| 2000 | | | | | | | | 4,340 | 4,548 | 4,786 |
| 2001 | | | | | | | 5,159 | 5,480 | 5,819 | 6,017 |
| 2002 | | | | | | 5,264 | 5,668 | 6,064 | 6,308 | 6,493 |
| 2003 | | | | | 4,907 | 5,528 | 6,043 | 6,383 | 6,647 | 6,869 |
| 2004 | | | | 3,570 | 4,548 | 5,212 | 5,673 | 6,022 | 6,283 | 6,495 |
| 2005 | | | 2,083 | 3,279 | 4,191 | 4,833 | 5,307 | 5,673 | 5,965 | 6,175 |
| 2006 | | 797 | 2,176 | 3,410 | 4,328 | 5,022 | 5,550 | 5,920 | 6,211 | 6,471 |
| 2007 | 71 | 849 | 2,340 | 3,613 | 4,619 | 5,393 | 5,993 | 6,429 | 6,768 | 7,039 |
| 2008 | 85 | 944 | 2,494 | 3,933 | 5,103 | 5,975 | 6,595 | 7,096 | 7,468 | 7,729 |
| 2009 | 150 | 1,037 | 2,812 | 4,448 | 5,718 | 6,637 | 7,358 | 7,900 | 8,278 | 8,553 |
| 2010 | 87 | 1,111 | 2,981 | 4,586 | 5,816 | 6,746 | 7,440 | 7,931 | 8,271 | 8,574 |
| 2011 | 86 | 1,127 | 2,942 | 4,520 | 5,796 | 6,733 | 7,375 | 7,838 | 8,274 | |
| 2012 | 85 | 1,120 | 3,012 | 4,721 | 5,998 | 6,883 | 7,496 | 7,993 | | |
| 2013 | 98 | 1,202 | 3,276 | 4,941 | 6,141 | 6,944 | 7,548 | | | |
| 2014 | 140 | 1,340 | 3,465 | 5,124 | 6,258 | 7,020 | | | | |
| 2015 | 102 | 1,424 | 3,576 | 5,183 | 6,249 | | | | | |
| 2016 | 108 | 1,443 | 3,640 | 5,237 | | | | | | |
| 2017 | 121 | 1,524 | 3,766 | | | | | | | |
| 2018 | 142 | 1,656 | | | | | | | | |
| 2019 | 153 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 3 | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 |
| 2001 | | | | | | | | 26.3% | 27.9% | 25.7% |
| 2002 | | | | | | | 9.9% | 10.7% | 8.4% | 7.9% |
| 2003 | | | | | | 5.0% | 6.6% | 5.2% | 5.4% | 5.8% |
| 2004 | | | | | -7.3% | -5.7% | -6.1% | -5.6% | -5.5% | -5.5% |
| 2005 | | | | -8.1% | -7.8% | -7.3% | -6.5% | -5.8% | -5.0% | -4.9% |
| 2006 | | | 4.4% | 4.0% | 3.3% | 3.9% | 4.6% | 4.4% | 4.1% | 4.8% |
| 2007 | | 6.5% | 7.5% | 5.9% | 6.7% | 7.4% | 8.0% | 8.6% | 9.0% | 8.8% |
| 2008 | 20.3% | 11.3% | 6.6% | 8.9% | 10.5% | 10.8% | 10.0% | 10.4% | 10.3% | 9.8% |
| 2009 | 76.5% | 9.8% | 12.8% | 13.1% | 12.0% | 11.1% | 11.6% | 11.3% | 10.8% | 10.7% |
| 2010 | -41.7% | 7.1% | 6.0% | 3.1% | 1.7% | 1.6% | 1.1% | 0.4% | -0.1% | 0.2% |
| 2011 | -1.4% | 1.4% | -1.3% | -1.4% | -0.3% | -0.2% | -0.9% | -1.2% | 0.0% | |
| 2012 | -1.2% | -0.5% | 2.4% | 4.4% | 3.5% | 2.2% | 1.6% | 2.0% | | |
| 2013 | 15.4% | 7.3% | 8.8% | 4.7% | 2.4% | 0.9% | 0.7% | | | |
| 2014 | 42.0% | 11.5% | 5.8% | 3.7% | 1.9% | 1.1% | | | | |
| 2015 | -26.9% | 6.3% | 3.2% | 1.2% | -0.1% | | | | | |
| 2016 | 6.2% | 1.3% | 1.8% | 1.1% | | | | | | |
| 2017 | 11.8% | 5.6% | 3.5% | | | | | | | |
| 2018 | 17.2% | 8.7% | | | | | | | | |
| 2019 | 8.1% | | | | | | | | | |

Annual Trend^[2]

| | | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 4.4% | 5.9% | 5.1% | 4.2% | 3.4% | 3.2% | 3.4% | 4.3% | 4.5% | 4.5% |
| R ³ | 0.429 | 0.976 | 0.965 | 0.917 | 0.796 | 0.779 | 0.813 | 0.812 | 0.799 | 0.782 |
| 5-Year | 11.5% | 5.0% | 3.3% | 2.6% | 1.9% | 1.1% | 0.6% | 2.3% | 5.2% | 7.9% |
| R ³ | 0.980 | 0.950 | 0.963 | 0.906 | 0.897 | 0.926 | 0.737 | 0.543 | 0.782 | 0.949 |

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

^[2] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2000 | | | | | | | | 0.107 | 0.107 | 0.109 |
| 2001 | | | | | | | 0.118 | 0.119 | 0.121 | 0.122 |
| 2002 | | | | | | 0.132 | 0.134 | 0.137 | 0.137 | 0.138 |
| 2003 | | | | | 0.136 | 0.141 | 0.144 | 0.146 | 0.147 | 0.148 |
| 2004 | | | | 0.139 | 0.150 | 0.155 | 0.158 | 0.159 | 0.160 | 0.160 |
| 2005 | | | 0.113 | 0.133 | 0.144 | 0.149 | 0.152 | 0.154 | 0.155 | 0.154 |
| 2006 | | 0.076 | 0.112 | 0.129 | 0.138 | 0.143 | 0.146 | 0.148 | 0.148 | 0.150 |
| 2007 | 0.032 | 0.077 | 0.112 | 0.127 | 0.135 | 0.142 | 0.145 | 0.146 | 0.148 | 0.148 |
| 2008 | 0.037 | 0.078 | 0.110 | 0.126 | 0.136 | 0.141 | 0.143 | 0.146 | 0.147 | 0.148 |
| 2009 | 0.059 | 0.084 | 0.122 | 0.138 | 0.146 | 0.150 | 0.153 | 0.155 | 0.157 | 0.158 |
| 2010 | 0.033 | 0.092 | 0.130 | 0.143 | 0.148 | 0.152 | 0.156 | 0.157 | 0.158 | 0.160 |
| 2011 | 0.033 | 0.099 | 0.133 | 0.146 | 0.154 | 0.160 | 0.163 | 0.165 | 0.168 | |
| 2012 | 0.034 | 0.098 | 0.138 | 0.155 | 0.164 | 0.168 | 0.171 | 0.174 | | |
| 2013 | 0.041 | 0.109 | 0.154 | 0.166 | 0.172 | 0.177 | 0.181 | | | |
| 2014 | 0.058 | 0.121 | 0.163 | 0.171 | 0.176 | 0.180 | | | | |
| 2015 | 0.039 | 0.128 | 0.163 | 0.171 | 0.175 | | | | | |
| 2016 | 0.046 | 0.124 | 0.165 | 0.174 | | | | | | |
| 2017 | 0.046 | 0.128 | 0.166 | | | | | | | |
| 2018 | 0.050 | 0.130 | | | | | | | | |
| 2019 | 0.050 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2001 | | | | | | | | 11.6% | 13.2% | 12.4% |
| 2002 | | | | | | | 13.7% | 14.7% | 13.2% | 13.4% |
| 2003 | | | | | | 7.2% | 7.7% | 6.9% | 7.3% | 7.1% |
| 2004 | | | | | 10.1% | 10.1% | 9.3% | 9.2% | 8.5% | 7.9% |
| 2005 | | | | -4.0% | -4.1% | -3.8% | -3.3% | -3.2% | -3.0% | -3.5% |
| 2006 | | | -1.2% | -3.5% | -4.2% | -4.3% | -4.2% | -4.0% | -4.2% | -2.8% |
| 2007 | | 1.8% | 0.1% | -1.7% | -1.8% | -0.8% | -0.7% | -1.2% | -0.6% | -1.1% |
| 2008 | 16.2% | 0.5% | -1.5% | -0.4% | 0.5% | -0.2% | -1.1% | -0.4% | -0.3% | -0.1% |
| 2009 | 58.8% | 8.7% | 10.4% | 9.6% | 7.8% | 6.0% | 6.6% | 6.5% | 6.4% | 6.2% |
| 2010 | -43.4% | 9.0% | 7.2% | 3.2% | 1.0% | 1.7% | 1.7% | 1.2% | 1.1% | 1.6% |
| 2011 | -0.8% | 7.1% | 2.1% | 2.4% | 4.4% | 4.9% | 4.5% | 4.8% | 5.9% | |
| 2012 | 4.0% | -0.5% | 3.6% | 6.1% | 6.4% | 5.4% | 5.4% | 5.9% | | |
| 2013 | 20.1% | 10.8% | 11.5% | 7.5% | 5.0% | 5.1% | 5.7% | | | |
| 2014 | 40.2% | 11.4% | 5.9% | 2.7% | 1.9% | 1.5% | | | | |
| 2015 | -32.6% | 5.8% | 0.2% | 0.0% | -0.5% | | | | | |
| 2016 | 17.6% | -2.7% | 1.1% | 1.6% | | | | | | |
| 2017 | 0.9% | 2.6% | 0.8% | | | | | | | |
| 2018 | 8.2% | 2.2% | | | | | | | | |
| 2019 | -0.6% | | | | | | | | | |

Note: All paid ALAE exclude the paid cost of medical cost containment programs. Accident years 2010 and prior paid loss include the paid cost of medical cost containment programs.

Source: WCIRB accident year experience calls.

Percentage of Represented Permanent Disability Claims by Region and Loss Type
 First and Second Survey Level, Open Claims Only

First Survey Level

| | <u>Northern California</u> | <u>Southern California</u> | <u>CT Claims</u> | <u>Non-CT Claims</u> |
|------------------|--------------------------------|--------------------------------|------------------|----------------------|
| % of Represented | | | | |
| AY 2011 | 66.5% | 80.9% | 88.3% | 73.5% |
| AY 2012 | 67.7% | 82.4% | 89.9% | 74.8% |
| AY 2013 | 69.2% | 84.2% | 91.8% | 76.5% |
| AY 2014 | 68.3% | 83.1% | 90.6% | 75.5% |
| AY 2015 | 67.1% | 81.6% | 89.0% | 74.1% |
| AY 2016 | 67.0% | 81.4% | 88.8% | 74.0% |

Second Survey Level

| | <u>Northern California</u> | <u>Southern California</u> | <u>CT Claims</u> | <u>Non-CT Claims</u> |
|------------------|--------------------------------|--------------------------------|------------------|----------------------|
| % of Represented | | | | |
| AY 2011 | 69.6% | 84.7% | 92.4% | 77.0% |
| AY 2012 | 71.9% | 87.4% | 95.4% | 79.5% |
| AY 2013 | 72.2% | 87.8% | 95.8% | 79.8% |
| AY 2014 | 69.8% | 84.9% | 92.7% | 77.2% |
| AY 2015 | 68.7% | 83.5% | 91.1% | 75.9% |

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

Source: WCIRB Permanent Disability Claim Survey for each accident year (AY)
 Data is recast from survey proportions to true proportions.

Distribution of Total ALAE & MCCP Components - Private Insurers

| <u>Calendar Year</u> | <u>MCCP</u> | <u>Defense Expense</u> | <u>Other Paid ALAE</u> | <u>Paid ALAE</u> |
|----------------------|-------------|------------------------|------------------------|------------------|
| 2005 | 20.2% | 54.9% | 24.9% | 100.0% |
| 2006 | 22.6% | 44.3% | 33.1% | 100.0% |
| 2007 | 24.2% | 49.0% | 26.8% | 100.0% |
| 2008 | 31.8% | 43.0% | 25.2% | 100.0% |
| 2009 | 27.8% | 45.4% | 26.8% | 100.0% |
| 2010 | 27.7% | 45.4% | 26.9% | 100.0% |
| 2011 | 27.3% | 46.1% | 26.6% | 100.0% |
| 2012 | 27.7% | 46.3% | 26.0% | 100.0% |
| 2013 | 28.0% | 47.1% | 24.9% | 100.0% |
| 2014 | 31.1% | 45.8% | 23.0% | 100.0% |
| 2015 | 29.2% | 42.1% | 28.8% | 100.0% |
| 2016 | 27.4% | 43.2% | 29.4% | 100.0% |
| 2017 | 25.8% | 45.9% | 28.3% | 100.0% |
| 2018 | 23.4% | 42.6% | 34.0% | 100.0% |

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

Applicant Attorney Expense Paid - Private Insurers

| Calendar Year | Applicant Attorney Amounts paid (in \$millions) | Incurred Losses (in \$millions) | Applicant Attorney Expenses Paid as a Percent of Incurred Losses |
|------------------|---|------------------------------------|--|
| 2003 | 192 | 10,423 | 1.8% |
| 2004 | 249 | 9,073 | 2.7% |
| 2005 | 228 | 7,559 | 3.0% |
| 2006 | 209 | 5,540 | 3.8% |
| 2007 | 196 | 5,444 | 3.6% |
| 2008 | 177 | 5,711 | 3.1% |
| 2009 | 221 | 5,700 | 3.9% |
| 2010 | 253 | 6,260 | 4.0% |
| 2011 | 280 | 7,500 | 3.7% |
| 2012 | 340 | 8,533 | 4.0% |
| 2013 | 353 | 9,501 | 3.7% |
| 2014 | 330 | 9,632 | 3.4% |
| 2015 | 326 | 9,384 | 3.5% |
| 2016 | 354 | 9,620 | 3.7% |
| 2017 | 350 | 8,974 | 3.9% |
| 2018 | 313 | 6,736 | 4.6% |

Source: WCIRB expense calls and quarterly calls for experience

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

| Service Year | Number of Med-Legal Reports by Service Year | | | | | | | |
|--------------|---|----------------|-----------------|------------|-----------------|----------------|-----------------|------------|
| | <u>Southern</u> | <u>Central</u> | <u>Northern</u> | <u>All</u> | <u>Southern</u> | <u>Central</u> | <u>Northern</u> | <u>All</u> |
| 2013 | 56,933 | 15,782 | 27,450 | 100,165 | --- | --- | --- | --- |
| 2014 | 63,209 | 17,103 | 27,757 | 108,069 | 11.0% | 8.4% | 1.1% | 7.9% |
| 2015 | 64,827 | 16,969 | 27,657 | 109,453 | 2.6% | -0.8% | -0.4% | 1.3% |
| 2016 | 70,313 | 20,881 | 28,290 | 119,484 | 8.5% | 23.1% | 2.3% | 9.2% |
| 2017 | 67,054 | 20,345 | 27,657 | 115,056 | -4.6% | -2.6% | -2.2% | -3.7% |
| 2018 | 64,827 | 21,006 | 27,575 | 113,408 | -3.3% | 3.2% | -0.3% | -1.4% |

| Service Year | Number of Med-Legal Reports per Claim ^[1] by Service Year | | | | | | | |
|--------------|--|----------------|-----------------|------------|-----------------|----------------|-----------------|------------|
| | <u>Southern</u> | <u>Central</u> | <u>Northern</u> | <u>All</u> | <u>Southern</u> | <u>Central</u> | <u>Northern</u> | <u>All</u> |
| 2012 | 0.24 | 0.31 | 0.32 | 0.27 | --- | --- | --- | --- |
| 2013 | 0.21 | 0.21 | 0.25 | 0.22 | --- | --- | --- | --- |
| 2014 | 0.22 | 0.23 | 0.25 | 0.23 | 6.5% | 7.5% | 0.3% | 4.9% |
| 2015 | 0.22 | 0.24 | 0.25 | 0.23 | -2.7% | 7.6% | 0.4% | -0.5% |
| 2016 | 0.23 | 0.28 | 0.25 | 0.24 | 8.3% | 13.7% | -0.2% | 7.2% |
| 2017 | 0.23 | 0.26 | 0.24 | 0.24 | -2.7% | -6.3% | -5.6% | -3.9% |
| 2018 | 0.22 | 0.27 | 0.24 | 0.23 | -2.2% | 3.7% | 0.1% | -0.6% |

| Service Year | Med-Legal Payment per report by Service Year on All Claims ^[2] | | | | | | | |
|--------------|---|----------------|-----------------|------------|-----------------|----------------|-----------------|------------|
| | <u>Southern</u> | <u>Central</u> | <u>Northern</u> | <u>All</u> | <u>Southern</u> | <u>Central</u> | <u>Northern</u> | <u>All</u> |
| 2013 | \$1,689 | \$1,064 | \$1,305 | \$1,485 | --- | --- | --- | --- |
| 2014 | \$1,859 | \$1,222 | \$1,382 | \$1,636 | 10.1% | 14.8% | 6.0% | 10.1% |
| 2015 | \$1,821 | \$1,285 | \$1,368 | \$1,624 | -2.0% | 5.1% | -1.1% | -0.8% |
| 2016 | \$1,878 | \$1,244 | \$1,354 | \$1,643 | 3.1% | -3.2% | -1.0% | 1.2% |
| 2017 | \$1,692 | \$1,029 | \$1,242 | \$1,467 | -9.9% | -17.3% | -8.3% | -10.7% |
| 2018 | \$1,631 | \$1,028 | \$1,236 | \$1,423 | -3.6% | -0.2% | -0.5% | -3.0% |

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

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

Source: WCIRB medical data call (MDC).

Average Paid MCCP Per Reported Indemnity Claim - Statewide

As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> |
| 2012 | 197 | 891 | 1,456 | 1,755 | 1,976 | 2,125 | 2,226 | 2,232 |
| 2013 | 187 | 813 | 1,311 | 1,635 | 1,843 | 1,973 | 1,998 | |
| 2014 | 164 | 753 | 1,273 | 1,594 | 1,780 | 1,869 | | |
| 2015 | 173 | 748 | 1,249 | 1,519 | 1,695 | | | |
| 2016 | 151 | 722 | 1,161 | 1,414 | | | | |
| 2017 | 162 | 703 | 1,155 | | | | | |
| 2018 | 167 | 765 | | | | | | |
| 2019 | 187 | | | | | | | |

| Accident Year | Annual Change | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> |
| 2013 | -4.9% | -8.8% | -9.9% | -6.9% | -6.7% | -7.1% | -10.2% | |
| 2014 | -12.5% | -7.4% | -3.0% | -2.5% | -3.4% | -5.2% | | |
| 2015 | 5.4% | -0.7% | -1.8% | -4.7% | -4.8% | | | |
| 2016 | -12.3% | -3.4% | -7.0% | -6.9% | | | | |
| 2017 | 7.3% | -2.6% | -0.5% | | | | | |
| 2018 | 3.0% | 8.8% | | | | | | |
| 2019 | 11.7% | | | | | | | |

Annual Trend^[1]

| | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|--|--|
| All-Year | -1.3% | 0.5% | 0.1% | 0.1% | 0.1% | 0.1% | | |
| R ² | 0.128 | 0.846 | 0.945 | 0.945 | 0.996 | 0.988 | | |

^[1] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Item AC19-08-02

1/1/2020 Filing – Loss Adjustment Expense Experience Review

Staff has developed the indicated policy year 2020 ratio of loss adjustment expense (LAE) to loss based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2018, accident year allocated loss adjustment expense (ALAE) experience as of March 31, 2019, and projection methodologies consistent with those reflected in the WCIRB's January 1, 2019 Pure Premium Rate Filing. The indicated policy year 2020 ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

ULAE Projection

Beginning with the WCIRB's 2015 Expense Call, the WCIRB has collected information related to (a) negative "service fee" type adjustments that are sometimes reflected in reported countrywide ULAE, (b) losses on claims on large deductible policies and/or handled by third-party administrators (TPA) for which the associated claims handling costs are not reported in countrywide ULAE amounts, and (c) various countrywide loss and ULAE amounts consistent with what is reported by insurers on the Insurance Expense Exhibit.¹ This information is used to more accurately reflect the cost of handling claims in California primarily for insurers that make use of TPA or make other adjustments to countrywide reported ULAE costs that ultimately are apportioned to California. Beginning with the WCIRB's 2017 Expense Call, the WCIRB has also collected information related to countrywide open indemnity claim counts in order to more accurately estimate California's share of countrywide paid ULAE.²

The approach to derive the adjusted calendar year California paid ULAE for ratemaking purposes, as reflected in the January 1, 2019 Pure Premium Rate Filing, involves several steps. First, reported negative "service fee" type adjustments to ULAE were added back into the reported countrywide paid ULAE amount. Second, countrywide paid losses on large deductible policies and/or claims handled by TPA for which the associated claims handling costs were not reported in countrywide ULAE were subtracted from the countrywide paid losses. This adjustment was applied to losses gross or net of deductible amounts depending on whether the insurer reported ULAE costs on a gross or net basis. Third, the adjusted countrywide paid ULAE ratio was derived based on the ratio of adjusted countrywide paid ULAE computed in the first step described above to adjusted countrywide paid losses computed in the second step. Fourth, the adjusted countrywide paid ULAE was derived by multiplying the adjusted countrywide paid ULAE ratio by the reported countrywide paid losses. Finally, the adjusted countrywide paid ULAE was apportioned to California based on California's share of the insurer's countrywide indemnity claim counts open at the end of the previous calendar year.

For a number of insurers, the negative "service fee" type adjustments to ULAE do not apply and the reported countrywide ULAE reflects all claims handling costs on large deductible policies or related to claims handled by TPA. In these instances, the approach described above simplifies to apportioning the reported countrywide ULAE to California based on California's share of the insurer's countrywide open indemnity claim counts. Although staff believes open indemnity claim counts is a reasonable measure to apportion countrywide ULAE to California, some insurers may use a more detailed and accurate method to derive the California ULAE. Given that these insurers do not require special adjustments to the reported paid ULAE amounts, the California paid ULAE as reported on the WCIRB's Expense Call was used in deriving the ratios of California paid ULAE to paid losses for these insurers in lieu of the formulaic approach discussed above.

Exhibit 1 shows calendar year paid ALAE and ULAE as ratios to paid losses by type of insurer. Calendar years 2016 through 2018 ULAE has been computed as described above and includes an apportionment of countrywide ULAE to California based on open indemnity claim counts. Calendar year 2015 ULAE is

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

² See Item AC17-09-02 of the September 5, 2017 Actuarial Committee Agenda for more information.

adjusted as described above but reflects an apportionment of countrywide ULAE to California based on the prior approach using paid losses. In addition, as discussed at prior meetings and reflected in prior pure premium rate filings, the ULAE for calendar years 2013 and 2014 also reflect partial adjustments for the issues addressed by the changes to the Expense Call for several large national insurers. As a result of these adjustments and enhancements, the ULAE ratios shown on Exhibit 1 for “national” insurers have become increasingly comparable to those for other private insurers since 2013. Also, as discussed at prior meetings, ULAE ratios for State Compensation Insurance Fund (State Fund) are much higher than those of other insurers.

Exhibit 2 shows the average calendar year paid ULAE per open indemnity claim for private insurers. The ULAE severities for calendar years 2016 through 2018 shown on Exhibit 2 were computed based on the approach described above and, as a result, are not comparable to the ULAE severities for prior years, which for 2013 through 2015 only partially reflect the adjustments discussed above and, for prior to 2013, are based solely on the California ULAE reported by insurers.

Exhibits 3.1 through 3.5 show the policy year 2020 projection of ULAE to loss based on the relationship of calendar year paid ULAE to the number of indemnity claims open at the beginning of the calendar year. As in the last several pure premium rate filings, the ULAE projection shown in Exhibit 3.5 is based on statewide claim count and loss projections but using the estimated paid ULAE per open indemnity claim based on the experience of private insurers only. The ULAE projection shown in Exhibit 3.5 is based on the average of ULAE severities from the latest two calendar years. As in the January 1, 2019 Pure Premium Rate Filing, the projected ULAE severity trend was based on the average of the UCLA Anderson Forecast and California Department of Finance projected annual growth rates in California wage levels. The projected ratio of ULAE to loss based on this method for policy year 2020 is 15.6%.

Exhibit 4 shows the projection of policy year 2020 ULAE based on the relationship of calendar year ULAE paid to calendar year paid losses. The ULAE projection shown in Exhibit 4 is based on statewide loss to premium information and paid ULAE to paid loss ratios based on the experience of private insurers only. As with the ULAE projection shown in Exhibit 3.5, the projected ratio of ULAE to losses shown in Exhibit 4 is based on the average of calendar years 2017 and 2018. The projected ratio of ULAE to loss based on this method for policy year 2020 is 13.9%.

As in the last several pure premium rate filings, the projected ratio of ULAE to losses has been based on the average of the projections resulting from the two methodologies described above based on statewide data and average ULAE costs from private insurers (see Exhibits 3.5 and 4). (The ULAE experience of State Fund has been excluded for reasons that have been discussed at prior Committee meetings and in prior pure premium rate filings and California Department of Insurance decisions.) The preliminary policy year 2020 ULAE projection based on this approach is 14.8%. For comparison purposes, the projected ULAE to loss ratio reflected in the January 1, 2019 Pure Premium Rate Filing was 13.6%.

Table 1 shows the projected ratio of ULAE to losses based on the WCIRB’s current methodology using statewide data and private insurer average ULAE. Table 1 also shows alternative ULAE projections based on (a) the WCIRB’s current methodology but projected based on calendar year 2018 only as shown in Exhibits 5 and 6, (b) the projection of ULAE paid to a weighted number of indemnity claims as shown in Exhibit 7, and (c) projections based on recent calendar year ratios of paid ULAE to paid losses.

Table 1: Projections of Policy Year 2020 ULAE to Loss

| ULAE Projection Method | Statewide with Private Insurer Average ULAE |
|---|--|
| Current WCIRB Methodology | |
| Paid ULAE per Open Indemnity Claim Applied to the Latest Two Years | 15.6% |
| Paid ULAE to Paid Losses Applied to the Latest Two Years | 13.9% |
| Average of Open Indemnity Claim-Based and Paid Loss-Based Projections | 14.8% |
| Alternative Methodologies | |
| Paid ULAE per Open Indemnity Claim Applied to the Latest Year Only | 15.7% |
| Paid ULAE to Paid Losses Applied to the Latest Year Only | 13.9% |
| Paid ULAE per Weighted Open Indemnity Claim Applied to the Latest Two Years | 15.1% |
| Latest Two Calendar Year Paid ULAE to Loss Ratios | 14.6% |
| Latest Calendar Year Paid ULAE to Loss Ratio | 14.8% |

ALAE Projection – Excluding MCCP Costs

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

Exhibit 8.1 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibit 8.2 shows private insurer ratios of paid ALAE to paid losses. Exhibit 9 show private insurer annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim, while Exhibit 10 shows private insurer annual ALAE growth percentages based on ratios of incremental calendar year paid ALAE per indemnity claims inventory.

Exhibits 11.1 through 11.4 show the ALAE projection excluding MCCP costs, which is based on statewide claim and loss projections and private insurer average ALAE per indemnity claim. The projection shown in Exhibit 11.4 was computed using a 2.5% ALAE severity trend selected based on the approximate average of the private insurer longer-term (post-2005) and shorter-term (five-year) growth rates of (a) estimated ultimate accident year ALAE per indemnity claim (Exhibit 9) and (b) incremental paid calendar year ALAE per open indemnity claim (Exhibit 10), which is consistent with the methodology used to select the ALAE severity trend in the last several pure premium rate filings. (The projected ALAE severity trend reflected in the January 1, 2019 Premium Rate Filing was 3.5%.) The projected ratio of ALAE to loss based on this method for policy year 2020 prior to adjustment for any lien reforms is 18.8%.

Effective in 2017, Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) included several provisions related to lien filings. As discussed at prior meetings and in prior pure premium rate filings, liens incur significant LAE costs in addition to the settlement costs paid to the lien claimant. In the January 1, 2019 Pure Premium Rate Filing, the WCIRB estimated that SB 1160 and AB 1244 would reduce lien filings by 40%, resulting in a 6.4% decrease in ALAE. At the March 18, 2019 meeting, based on emerging lien filing information through the fourth quarter of 2018, the Committee recommended an adjustment factor based on a 60% reduction in lien filings resulting from SB 1160 and AB 1244, resulting in a 9.6% decrease in ALAE.

The ALAE projection is primarily predicated on accident years 2017 and 2018, which are currently valued at 15 and 27 months, respectively. Liens are typically not filed and paid on claims until much later. As a result, while some of the impact of the reforms is already reflected in the emerging paid ALAE for accident years 2017 and 2018 and the ALAE development factors, most is not yet reflected. To reflect the full impact of these reforms, consistent with the January 1, 2019 Pure Premium Rate Filing, the ALAE projection shown in Exhibit 11.4 includes a separate adjustment to the projected ALAE ratio. This adjustment, which is shown in line (g) of Exhibit 11.4, is based on the full impact of a 9.6% reduction in ALAE costs judgmentally tempered by 25% to reflect the savings that have already emerged in paid ALAE. Staff is in the process of reviewing this adjustment to determine if the impact of SB 1160 and AB 1244 is more appropriately reflected in an adjustment to the ALAE paid development factors, similar to how the impact of these reforms is reflected in medical losses (see Item AC19-08-04 for more information).

As shown in Exhibit 11.4, the preliminary projected ratio of ALAE (excluding M CCP) to loss based on statewide data and private insurer average ALAE costs and after reflecting the impact of SB 1160 and AB 1244 is 17.4%. For comparison purposes, the projected ALAE excluding M CCP costs to loss ratio reflected in the January 1, 2019 Pure Premium Rate Filing was 18.9%.

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

1. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on the Latest Year – Exhibit 12
2. Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibit 13
3. Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on the Average of the Latest Two Years – Exhibits 14.1 and 14.2

The policy year 2020 ALAE projections derived based on the approach used in the January 1, 2019 Pure Premium Rate Filing and each of the alternative ALAE projection methodologies are shown in Table 2.³

Table 2: Projections of Policy Year 2020 ALAE (Excluding M CCP) to Loss

| ALAE Projection Method | Statewide with Private Insurer Average ALAE |
|---|---|
| Current WCIRB Methodology | |
| Projected Ultimate ALAE per Indemnity Claim – Trend Applied to the Latest Two Years | 17.4% |
| Alternative Methodologies | |
| Projected Ultimate ALAE per Indemnity Claim – Trend Applied to the Latest Year | 18.0% |
| Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on Latest Two Years | 17.8% |
| Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on Latest Two Years | 15.8% |

³ All projections shown in Table 3 also reflect the impact of SB 1160 and AB 1244 on ALAE costs.

ALAE Projection – MCCP Costs

As in the last several pure premium rate filings, the projection of MCCP costs is based on a methodology analogous to that used for ALAE excluding MCCP costs and using statewide claim and MCCP cost data.

Exhibit 15 shows statewide average paid MCCP per reported indemnity claim by accident year. Exhibit 16 shows statewide annual MCCP severity growth percentages based on estimated accident year ultimate MCCP costs per indemnity claim. Exhibit 17 shows statewide annual MCCP severity growth percentages based on ratios of calendar year paid MCCP costs per indemnity claims inventory.

Exhibits 18.1 and 18.2 show the projection of MCCP costs based on statewide data. Projected MCCP development through 87 months is based on the latest year paid MCCP age-to-age factor, while projected MCCP development after 87 months is based on the selected paid medical 87-to-ultimate development factor.⁴ Exhibit 18.2 shows the projected policy year 2020 ratio of MCCP to loss based on applying separate frequency and severity trends to the latest two years' projected ultimate indemnity claim counts and ultimate MCCP per indemnity claim, which is consistent with the methodology reflected in the last several pure premium rate filings. A 0% MCCP severity trend was selected based on the approximate average rates of growth in (a) estimated ultimate accident year MCCP costs per indemnity claim from 2012 through 2018 (Exhibit 16) and (b) statewide calendar year MCCP per indemnity claims inventory from 2009 through 2018 (Exhibit 17). (The projected MCCP severity trend reflected in the January 1, 2019 Premium Rate Filing based on this approach was -1.0%.)

The new Medical Treatment Utilization Schedule Drug Formulary (Formulary) became effective in 2018. In the July 1, 2018 Pure Premium Rate Filing, the WCIRB estimated that the Formulary would reduce total costs by 0.5%, including a 0.1% reduction for utilization review costs. This translates to an approximate 2.6% reduction in total MCCP costs. Given that the Formulary has only been effective for a little over one year which includes a transition period for outstanding claims through July 1, 2018, staff believes the impact of the Formulary is substantially not yet reflected in the emerging MCCP costs. As a result, staff recommends including a separate adjustment to the projected MCCP ratio for the impact of the Formulary. This adjustment is shown in line (g) of Exhibit 18.2, and is based on the full impact of the Formulary of 2.6% judgmentally tempered by 25% to reflect the savings that have already emerged in paid MCCP costs.⁵

The preliminary projected ratio of MCCP to loss based on this methodology is 4.4%. For comparison purposes, the projected MCCP to loss ratio reflected in the January 1, 2019 Pure Premium Rate Filing was 4.0%.

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

1. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on the Latest Year – Exhibit 19
2. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Trend Based on Accident Year Ultimate MCCP per Indemnity Claim Applied to the Latest Two Years – Exhibit 20
3. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Trend Based on Calendar Year Paid MCCP per Open Indemnity Claim Applied to the Latest Two Years – Exhibit 21

⁴ See Exhibit 2.6.1 of Item AC19-06-01 of this Agenda.

⁵ Accident year 2018 paid MCCP costs are approximately 25% developed as of March 31, 2019 (see Exhibit 18.1).

The policy year 2020 M CCP cost projections derived based on the approach used in the January 1, 2019 Pure Premium Rate Filing and each of the alternative M CCP projection methodologies are shown in Table 3.⁶

Table 3: Projections of Policy Year 2020 M CCP to Loss

| M CCP Projection Method | Statewide M CCP Ratio |
|--|-----------------------|
| Current WCIRB Methodology Projected Ultimate M CCP per Indemnity Claim – Trend Applied to the Latest Two Years | 4.4% |
| Alternative Methodologies | |
| Projected Ultimate M CCP per Indemnity Claim – Trend Applied to the Latest Year | 4.6% |
| Projected Ultimate M CCP per Indemnity Claim – Trend Based on AY Ultimate M CCP per Indemnity Claim and Applied to the Latest Two Years | 4.1% |
| Projected Ultimate M CCP per Indemnity Claim – Trend Based on CY Paid M CCP per Open Indemnity Claim and Applied to the Latest Two Years | 4.6% |

The total preliminary ratio of LAE to losses for policy year 2020 based on data evaluated as of March 31, 2019 and the projection methodologies described above is 36.6%. For comparison purposes, the projected total LAE to loss ratio reflected in the January 1, 2019 Pure Premium Rate Filing was 36.5%.

⁶ All projections shown in Table 3 also reflect the impact the Formulary on M CCP costs.

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios^[1]

| <u>CY</u> | <u>State Fund</u> | <u>CA Private Insurers</u> | <u>National</u> | <u>Statewide</u> | <u>Private Insurers</u> |
|-----------|-------------------|----------------------------|-----------------|------------------|-------------------------|
| 2007 | 5.4% | 13.3% | 15.4% | 12.3% | 15.2% |
| 2008 | 5.6% | 11.5% | 13.3% | 11.1% | 13.1% |
| 2009 | 6.2% | 15.7% | 14.8% | 12.8% | 14.9% |
| 2010 | 5.9% | 14.1% | 15.5% | 13.3% | 15.3% |
| 2011 | 5.9% | 15.9% | 17.3% | 14.9% | 17.2% |
| 2012 | 6.3% | 15.2% | 19.1% | 16.2% | 18.6% |
| 2013 | 5.9% | 15.4% | 20.0% | 17.0% | 19.5% |
| 2014 | 8.4% | 17.8% | 21.3% | 19.0% | 20.8% |
| 2015 | 10.1% | 18.0% | 22.6% | 20.5% | 22.0% |
| 2016 | 11.0% | 17.9% | 22.4% | 20.4% | 21.6% |
| 2017 | 10.8% | 19.8% | 22.7% | 20.9% | 22.3% |
| 2018 | 11.4% | 19.5% | 22.9% | 21.0% | 22.4% |

Paid ULAE to Paid Loss Ratios

| <u>CY</u> | <u>State Fund</u> | <u>CA Private Insurers</u> | <u>National</u> | <u>Statewide</u> | <u>Private Insurers</u> |
|---------------------|----------------------|----------------------------|-----------------|----------------------|-------------------------|
| 2010 | 27.9% | 17.3% | 6.4% | 12.3% | 7.9% |
| 2011 | 28.9% | 15.9% | 6.5% | 11.9% | 7.7% |
| 2012 | 45.0% ^[2] | 15.0% | 6.4% | 14.8% ^[2] | 7.5% |
| 2013 ^[3] | 21.8% | 16.3% | 8.5% | 11.7% | 9.4% |
| 2014 ^[3] | 28.8% | 14.7% | 7.7% | 11.6% | 8.6% |
| 2015 ^[4] | 35.1% | 14.8% | 10.2% | 13.9% | 10.9% |
| 2016 ^[4] | 37.6% | 14.2% | 12.8% | 15.9% | 13.0% |
| 2017 ^[4] | 25.6% | 16.1% | 14.1% | 15.8% | 14.4% |
| 2018 ^[4] | 24.8% | 14.9% | 14.8% | 16.1% | 14.8% |

Paid LAE to Paid Loss Ratios

| <u>CY</u> | <u>State Fund</u> | <u>CA Private Insurers</u> | <u>National</u> | <u>Statewide</u> | <u>Private Insurers</u> |
|---------------------|----------------------|----------------------------|-----------------|----------------------|-------------------------|
| 2010 | 33.8% | 31.4% | 22.0% | 25.6% | 23.3% |
| 2011 | 34.8% | 31.8% | 23.8% | 26.8% | 24.8% |
| 2012 | 51.3% ^[2] | 30.3% | 25.5% | 31.0% ^[2] | 26.1% |
| 2013 ^[3] | 27.7% | 31.7% | 28.5% | 28.6% | 28.9% |
| 2014 ^[3] | 37.2% | 32.5% | 29.0% | 30.6% | 29.4% |
| 2015 ^[4] | 45.2% | 32.8% | 32.8% | 34.4% | 32.8% |
| 2016 ^[4] | 48.6% | 32.1% | 35.2% | 36.3% | 34.7% |
| 2017 ^[4] | 36.4% | 36.0% | 36.9% | 36.7% | 36.7% |
| 2018 ^[4] | 36.2% | 34.4% | 37.8% | 37.1% | 37.2% |

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

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

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

^[4] Reflects adjustments based on the Expense Call for ULAE costs related to deductible policies and third party administrators. 2015 adjusted ratio is based on apportioning adjusted countrywide paid ULAE to California using paid losses. 2016 to 2018 adjusted ratios are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience

Calendar Year ULAE Paid Per Open Indemnity Claim - Private Insurers

| <u>Calendar Year</u> | <u>ULAE Paid (in Millions)</u> | <u>Number of Open Indemnity Claims at Beginning of the Year</u> | <u>Number of Indemnity Claims Reported During Year</u> | <u>ULAE Paid Per Open Indemnity Claim</u> | <u>Annual Change</u> |
|----------------------|--------------------------------|---|--|---|----------------------|
| | (a) | (b) | (c) | (d) | (e) |
| 2010 | 432 | 257,439 | 107,734 | 1,676 | --- |
| 2011 | 450 | 267,152 | 116,356 | 1,684 | 0.5% |
| 2012 | 474 | 279,015 | 122,080 | 1,698 | 0.8% |
| 2013 (f) | 644 | 294,011 | 131,749 | 2,192 | --- |
| 2014 (f) | 598 | 307,227 | 133,061 | 1,947 | -11.2% |
| 2015 (g) | 774 | 311,158 | 140,302 | 2,486 | --- |
| 2016 (g) | 948 | 314,808 | 139,941 | 3,010 | --- |
| 2017 (g) | 1,045 | 311,196 | 145,909 | 3,359 | 11.6% |
| 2018 (g) | 1,072 | 304,634 | 143,220 | 3,518 | 4.7% |

Notes:

- (a) Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.
- (b), (c) Based on WCIRB accident year experience calls. Column (c) is for information only.
- (d) (a)/(b) x 1,000,000.
- (f) 2013 and 2014 paid ULAE included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third party administrators.
- (g) Reflects adjustments for ULAE costs related to deductible policies and third party administrators based on the Expense Call. 2015 paid ULAE is based on apportioning adjusted countrywide paid ULAE to California using paid losses. 2016 to 2018 paid ULAE are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience

Reported Indemnity Claim Count Development - Statewide

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|
| | 12-24 | 24-36 | 36-48 | 48-60 | 60-72 | 72-84 | 84-96 | 96-108 | 108-120 | 120-132 | 132-144 | 144-156 | 156-168 | 168-180 | 180-192 |
| 1992 | | | | | | | | | | | | | | | 1.001 |
| 1993 | | | | | | | | | | | | | | 1.001 | 1.000 |
| 1994 | | | | | | | | | | | | | 1.001 | 1.000 | 1.000 |
| 1995 | | | | | | | | | | | | 1.001 | 1.000 | 1.004 | 1.001 |
| 1996 | | | | | | | | | | | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 |
| 1997 | | | | | | | | | | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1998 | | | | | | | | | 1.001 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 |
| 1999 | | | | | | | | 1.001 | 1.002 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.001 |
| 2000 | | | | | | | 1.000 | 0.998 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 |
| 2001 | | | | | | 0.999 | 0.998 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2002 | | | | | 0.999 | 1.007 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2003 | | | | 0.999 | 1.008 | 0.998 | 0.999 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2004 | | | 1.001 | 1.000 | 0.999 | 1.000 | 0.999 | 0.999 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | |
| 2005 | | 1.007 | 1.004 | 1.000 | 1.001 | 1.001 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | |
| 2006 | 1.115 | 1.013 | 1.005 | 1.002 | 1.001 | 1.000 | 1.005 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 2007 | 1.125 | 1.015 | 1.006 | 1.004 | 1.002 | 1.000 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | | | | |
| 2008 | 1.153 | 1.023 | 1.011 | 1.005 | 1.003 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | | | | | |
| 2009 | 1.194 | 1.029 | 1.011 | 1.006 | 1.003 | 1.002 | 1.001 | 1.000 | 1.000 | | | | | | |
| 2010 | 1.220 | 1.030 | 1.011 | 1.006 | 1.004 | 1.002 | 1.001 | 1.000 | | | | | | | |
| 2011 | 1.230 | 1.033 | 1.014 | 1.007 | 1.002 | 1.001 | 1.001 | | | | | | | | |
| 2012 | 1.241 | 1.035 | 1.013 | 1.005 | 1.003 | 1.001 | | | | | | | | | |
| 2013 | 1.240 | 1.031 | 1.010 | 1.004 | 1.002 | | | | | | | | | | |
| 2014 | 1.239 | 1.027 | 1.010 | 1.004 | | | | | | | | | | | |
| 2015 | 1.236 | 1.027 | 1.006 | | | | | | | | | | | | |
| 2016 | 1.244 | 1.029 | | | | | | | | | | | | | |
| 2017 | 1.220 | | | | | | | | | | | | | | |

I. Age-to-Age (Latest Year)

| | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.220 | 1.029 | 1.006 | 1.004 | 1.002 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

II. Age-to-Ultimate

| | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.275 | 1.046 | 1.017 | 1.011 | 1.007 | 1.005 | 1.004 | 1.003 | 1.003 | 1.003 | 1.003 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

III. Estimated Percent of Ultimate Indemnity Claims Reported

| | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 78.4% | 95.6% | 98.4% | 98.9% | 99.3% | 99.5% | 99.6% | 99.7% | 99.7% | 99.7% | 99.7% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | | | |
|------------------|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 192-204 | 204-216 | 216-228 | 228-240 | 240-252 | 252-264 | 264-276 | 276-288 | 288-300 | 300-312 | 312-324 | 324-336 | 336-348 | 348-360 |
| 1989 | | | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1990 | | 1.001 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | |
| 1991 | 1.001 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | |
| 1992 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1993 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | |
| 1994 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | |
| 1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | |
| 1996 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | |
| 1997 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | | |
| 1998 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | | | |
| 1999 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | | | | |
| 2000 | 1.000 | 1.000 | 1.000 | | | | | | | | | | | |
| 2001 | 1.000 | 1.000 | | | | | | | | | | | | |
| 2002 | 1.000 | | | | | | | | | | | | | |

I. Age-to-Age (Latest Year)

| | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

II. Age-to-Ultimate

| | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.001 | 1.000 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

III. Estimated Percent of Ultimate Indemnity Claims Reported

| | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% | 100.0% |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|

Source: WCIRB quarterly calls for experience

Ultimate Indemnity Claim Settlement Ratios - Statewide

| Accident Year | Evaluated as of (in months): | | | | | | | | | | | | | | |
|------------------|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 12 | 24 | 36 | 48 | 60 | 72 | 84 | 96 | 108 | 120 | 132 | 144 | 156 | 168 | 180 |
| 1993 | | | | | | | | | | | | | | | 96.7% |
| 1994 | | | | | | | | | | | | | | 96.8% | 96.7% |
| 1995 | | | | | | | | | | | | | 95.7% | 95.1% | 97.7% |
| 1996 | | | | | | | | | | | | 94.8% | 93.9% | 97.3% | 97.5% |
| 1997 | | | | | | | | | | | 95.1% | 95.1% | 96.9% | 97.2% | 97.5% |
| 1998 | | | | | | | | | | 94.7% | 94.2% | 96.5% | 96.9% | 97.4% | 97.4% |
| 1999 | | | | | | | | | 93.5% | 92.8% | 96.1% | 96.7% | 97.2% | 97.4% | 97.8% |
| 2000 | | | | | | | | 91.0% | 92.0% | 95.4% | 96.2% | 97.0% | 97.4% | 98.0% | 97.5% |
| 2001 | | | | | | | 86.4% | 90.8% | 93.7% | 95.0% | 96.0% | 96.7% | 97.5% | 96.9% | 96.7% |
| 2002 | | | | | | 81.9% | 88.6% | 91.6% | 93.2% | 94.5% | 95.4% | 96.5% | 96.6% | 96.7% | 97.1% |
| 2003 | | | | | 75.9% | 85.1% | 89.1% | 91.2% | 93.0% | 94.1% | 95.5% | 96.0% | 96.2% | 96.8% | 97.3% |
| 2004 | | | | 68.9% | 80.3% | 85.7% | 88.6% | 90.8% | 92.6% | 94.4% | 95.3% | 95.9% | 96.6% | 97.1% | 97.6% |
| 2005 | | | 58.7% | 73.7% | 81.3% | 85.6% | 88.6% | 90.9% | 93.2% | 94.5% | 95.4% | 96.2% | 96.8% | 97.4% | |
| 2006 | | 45.5% | 62.9% | 74.1% | 80.9% | 85.2% | 88.4% | 91.3% | 93.1% | 94.3% | 95.4% | 96.3% | 96.9% | | |
| 2007 | 21.8% | 47.7% | 62.8% | 73.2% | 80.2% | 84.7% | 89.0% | 91.5% | 93.1% | 94.7% | 95.8% | 96.6% | | | |
| 2008 | 22.8% | 46.5% | 61.2% | 72.2% | 79.5% | 85.6% | 89.5% | 91.8% | 93.4% | 94.9% | 96.0% | | | | |
| 2009 | 21.7% | 44.9% | 60.0% | 71.2% | 80.1% | 85.8% | 89.7% | 91.6% | 93.7% | 95.1% | | | | | |
| 2010 | 21.6% | 46.0% | 60.7% | 73.3% | 81.8% | 87.0% | 90.0% | 92.8% | 94.5% | | | | | | |
| 2011 | 21.9% | 45.7% | 62.0% | 74.3% | 82.3% | 86.8% | 90.8% | 93.3% | | | | | | | |
| 2012 | 21.7% | 46.7% | 63.5% | 75.4% | 82.5% | 88.3% | 91.7% | | | | | | | | |
| 2013 | 21.1% | 47.0% | 63.8% | 76.0% | 84.5% | 89.4% | | | | | | | | | |
| 2014 | 20.9% | 47.1% | 64.6% | 77.5% | 85.7% | | | | | | | | | | |
| 2015 | 20.8% | 48.4% | 67.2% | 79.7% | | | | | | | | | | | |
| 2016 | 21.7% | 51.1% | 69.8% | | | | | | | | | | | | |
| 2017 | 23.8% | 53.8% | | | | | | | | | | | | | |
| 2018 | 24.4% | | | | | | | | | | | | | | |

| Accident Year | Evaluated as of (in months): | | | | | | | | | | | | | | |
|------------------|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 180 | 192 | 204 | 216 | 228 | 240 | 252 | 264 | 276 | 288 | 300 | 312 | 324 | 336 | 348 |
| 1989 | | | | 98.1% | 98.4% | 99.3% | 99.3% | 99.4% | 99.4% | 99.5% | 99.5% | 99.4% | 99.5% | 99.6% | 99.6% |
| 1990 | | | 97.6% | 97.9% | 98.9% | 98.9% | 99.0% | 99.0% | 99.1% | 99.2% | 99.2% | 99.3% | 99.4% | 99.4% | |
| 1991 | | 96.8% | 97.0% | 98.6% | 98.6% | 98.7% | 98.8% | 98.8% | 98.9% | 99.0% | 99.1% | 99.2% | 99.2% | | |
| 1992 | 96.8% | 96.9% | 98.6% | 98.6% | 98.7% | 98.7% | 98.8% | 98.8% | 98.9% | 99.0% | 99.1% | 99.1% | | | |
| 1993 | 97.0% | 98.4% | 98.5% | 98.6% | 98.6% | 98.7% | 98.8% | 98.8% | 98.9% | 99.0% | 99.0% | | | | |
| 1994 | 98.2% | 98.4% | 98.5% | 98.3% | 98.4% | 98.5% | 98.5% | 98.6% | 98.7% | 98.8% | | | | | |
| 1995 | 98.0% | 98.1% | 97.7% | 97.9% | 98.0% | 98.0% | 98.1% | 98.2% | 98.3% | | | | | | |
| 1996 | 97.7% | 97.2% | 97.3% | 97.5% | 97.5% | 97.6% | 97.7% | 97.8% | | | | | | | |
| 1997 | 97.0% | 97.3% | 97.5% | 97.5% | 97.7% | 97.8% | 98.0% | | | | | | | | |
| 1998 | 97.7% | 97.8% | 97.7% | 97.8% | 98.0% | 98.2% | | | | | | | | | |
| 1999 | 97.8% | 97.7% | 97.9% | 98.2% | 98.4% | | | | | | | | | | |
| 2000 | 97.4% | 97.6% | 97.9% | 98.1% | | | | | | | | | | | |
| 2001 | 97.1% | 97.5% | 97.8% | | | | | | | | | | | | |
| 2002 | 97.5% | 97.8% | | | | | | | | | | | | | |
| 2003 | 97.7% | | | | | | | | | | | | | | |

Source: WCIRB quarterly calls for experience

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide
As of December 31, 2018

| Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2018 | | | | Cumulative Indemnity Claim Counts | | | | | |
|--|------------------|----------------|--------------|-----------------------------------|-----------|--------------------|----------------|-----------------------|---------------|
| Year | Percent Reported | Percent Closed | Percent Open | AY | Open Year | Reported @12/31/18 | Open @12/31/18 | Estimated Ultimate(d) | Annual Change |
| | (a) | (b) | (c) | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | 78.4% | 24.4% | 54.0% | 1989 | 30 | 222,831 | 820 | 222,831 | |
| 2 | 95.6% | 53.8% | 41.9% | 1990 | 29 | 249,123 | 1,379 | 249,183 | |
| 3 | 98.4% | 69.8% | 28.5% | 1991 | 28 | 250,031 | 1,819 | 250,192 | |
| 4 | 98.9% | 79.7% | 19.2% | 1992 | 27 | 198,536 | 1,572 | 198,693 | |
| 5 | 99.3% | 85.7% | 13.7% | 1993 | 26 | 156,173 | 1,357 | 156,336 | |
| 6 | 99.5% | 89.4% | 10.1% | 1994 | 25 | 143,769 | 1,600 | 143,937 | |
| 7 | 99.6% | 91.7% | 7.9% | 1995 | 24 | 135,207 | 2,101 | 135,398 | |
| 8 | 99.7% | 93.3% | 6.4% | 1996 | 23 | 133,140 | 2,703 | 133,365 | |
| 9 | 99.7% | 94.5% | 5.2% | 1997 | 22 | 137,384 | 2,568 | 137,617 | |
| 10 | 99.7% | 95.1% | 4.7% | 1998 | 21 | 147,475 | 2,457 | 147,749 | |
| 11 | 99.8% | 96.0% | 3.8% | 1999 | 20 | 148,688 | 2,166 | 148,972 | |
| 12 | 99.8% | 96.6% | 3.2% | 2000 | 19 | 161,991 | 2,676 | 162,329 | |
| 13 | 99.8% | 96.9% | 2.9% | 2001 | 18 | 185,692 | 3,729 | 186,102 | |
| 14 | 99.8% | 97.4% | 2.4% | 2002 | 17 | 194,696 | 3,773 | 195,151 | |
| 15 | 99.8% | 97.6% | 2.2% | 2003 | 16 | 184,260 | 3,880 | 184,687 | |
| 16 | 99.8% | 97.7% | 2.1% | 2004 | 15 | 158,999 | 3,518 | 159,358 | |
| 17 | 99.8% | 97.8% | 1.9% | 2005 | 14 | 139,586 | 3,370 | 139,902 | |
| 18 | 99.8% | 97.8% | 2.0% | 2006 | 13 | 133,269 | 3,848 | 133,547 | |
| 19 | 99.8% | 98.1% | 1.6% | 2007 | 12 | 130,302 | 4,212 | 130,554 | |
| 20 | 99.8% | 98.4% | 1.5% | 2008 | 11 | 123,028 | 4,668 | 123,307 | |
| 21 | 99.8% | 98.2% | 1.7% | 2009 | 10 | 113,735 | 5,327 | 114,025 | |
| 22 | 99.8% | 98.0% | 1.9% | 2010 | 9 | 118,405 | 6,229 | 118,752 | |
| 23 | 99.8% | 97.8% | 2.0% | 2011 | 8 | 120,528 | 7,698 | 120,932 | |
| 24 | 99.9% | 98.3% | 1.6% | 2012 | 7 | 127,465 | 10,127 | 127,963 | |
| 25 | 99.9% | 98.8% | 1.1% | 2013 | 6 | 135,270 | 13,689 | 135,939 | |
| 26 | 99.9% | 99.0% | 0.9% | 2014 | 5 | 140,414 | 19,339 | 141,356 | |
| 27 | 99.9% | 99.1% | 0.8% | 2015 | 4 | 144,408 | 28,023 | 145,952 | |
| 28 | 99.9% | 99.2% | 0.7% | 2016 | 3 | 146,833 | 42,604 | 149,257 | |
| 29 | 100.0% | 99.4% | 0.6% | 2017 | 2 | 143,999 | 63,055 | 150,559 | |
| 30 | 100.0% | 99.6% | 0.4% | 2018 | 1 | 119,874 | 82,522 | 152,885 | |
| | | | | | | | | <u>Projected(e)</u> | |
| | | | | 2019 | | | | 150,056 | -1.9% |
| | | | | 2020 | | | | 146,680 | -2.3% |
| | | | | 2021 | | | | 142,793 | -2.7% |
| | | | | Total | | 4,645,111 | 332,829 | | |

Notes:

- (a) See Exhibit 3.1.
- (b) See Exhibit 3.2.
- (c) (a) - (b).
- (d) Estimated based on number of reported indemnity claims as of December 31, 2018 (column (3)) and selected reporting pattern (column (a)).
- (e) Estimated based on projected frequency trends for accident years 2019 to 2021. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.

Estimated Number of Open Indemnity Claims - Statewide
Based on Selected Reporting and Closure Patterns - As of December 31, 2018

| AY | Estimated Number of Reported Indemnity Claims(a) | | | Estimated Number of Open Indemnity Claims(b) | | | Estimated Number of Indemnity Claims Opened During(c) | | |
|---|--|-----------|-----------|--|-----------|-----------|---|---------|---------|
| | @12/31/19 | @12/31/20 | @12/31/21 | @12/31/19 | @12/31/20 | @12/31/21 | 2019 | 2020 | 2021 |
| 1989 | 222,831 | 222,831 | 222,831 | 820 | 820 | 820 | 0 | 0 | 0 |
| 1990 | 249,183 | 249,183 | 249,183 | 917 | 917 | 917 | 60 | 0 | 0 |
| 1991 | 250,131 | 250,192 | 250,192 | 1,384 | 921 | 921 | 100 | 61 | 0 |
| 1992 | 198,565 | 198,645 | 198,693 | 1,445 | 1,099 | 731 | 29 | 80 | 48 |
| 1993 | 156,212 | 156,235 | 156,298 | 1,237 | 1,137 | 865 | 39 | 23 | 63 |
| 1994 | 143,786 | 143,823 | 143,844 | 1,249 | 1,139 | 1,046 | 17 | 36 | 21 |
| 1995 | 135,240 | 135,256 | 135,290 | 1,505 | 1,175 | 1,071 | 33 | 16 | 34 |
| 1996 | 133,177 | 133,210 | 133,226 | 2,070 | 1,483 | 1,158 | 37 | 32 | 16 |
| 1997 | 137,385 | 137,424 | 137,457 | 2,789 | 2,136 | 1,530 | 1 | 39 | 33 |
| 1998 | 147,499 | 147,500 | 147,541 | 2,757 | 2,994 | 2,293 | 24 | 1 | 41 |
| 1999 | 148,695 | 148,719 | 148,720 | 2,477 | 2,779 | 3,019 | 7 | 24 | 1 |
| 2000 | 162,020 | 162,028 | 162,054 | 2,361 | 2,699 | 3,029 | 29 | 8 | 26 |
| 2001 | 185,714 | 185,748 | 185,756 | 3,067 | 2,706 | 3,095 | 22 | 34 | 9 |
| 2002 | 194,721 | 194,744 | 194,779 | 3,911 | 3,217 | 2,838 | 25 | 23 | 35 |
| 2003 | 184,256 | 184,280 | 184,302 | 3,571 | 3,701 | 3,044 | -4 | 24 | 22 |
| 2004 | 158,990 | 158,986 | 159,007 | 3,348 | 3,081 | 3,193 | -9 | -3 | 21 |
| 2005 | 139,587 | 139,579 | 139,576 | 3,089 | 2,939 | 2,705 | 1 | -8 | -3 |
| 2006 | 133,245 | 133,246 | 133,238 | 3,217 | 2,948 | 2,806 | -24 | 1 | -8 |
| 2007 | 130,282 | 130,259 | 130,260 | 3,762 | 3,145 | 2,882 | -20 | -23 | 1 |
| 2008 | 123,070 | 123,051 | 123,029 | 3,978 | 3,553 | 2,971 | 42 | -18 | -22 |
| 2009 | 113,766 | 113,805 | 113,788 | 4,316 | 3,679 | 3,286 | 31 | 38 | -17 |
| 2010 | 118,450 | 118,483 | 118,523 | 5,548 | 4,495 | 3,831 | 45 | 33 | 40 |
| 2011 | 120,579 | 120,625 | 120,658 | 6,344 | 5,650 | 4,578 | 51 | 46 | 33 |
| 2012 | 127,536 | 127,590 | 127,638 | 8,146 | 6,713 | 5,978 | 71 | 54 | 48 |
| 2013 | 135,410 | 135,486 | 135,543 | 10,758 | 8,654 | 7,131 | 140 | 75 | 57 |
| 2014 | 140,659 | 140,805 | 140,884 | 14,234 | 11,187 | 8,998 | 245 | 146 | 78 |
| 2015 | 144,980 | 145,233 | 145,384 | 19,969 | 14,697 | 11,550 | 572 | 253 | 151 |
| 2016 | 147,678 | 148,263 | 148,522 | 28,657 | 20,421 | 15,030 | 845 | 585 | 259 |
| 2017 | 148,114 | 148,966 | 149,556 | 42,977 | 28,907 | 20,599 | 4,115 | 852 | 590 |
| 2018 | 146,224 | 150,402 | 151,267 | 64,027 | 43,641 | 29,354 | 26,350 | 4,178 | 865 |
| <u>Projected</u> | | | | | | | | | |
| 2019 | 117,656 | 143,519 | 147,620 | 80,995 | 62,843 | 42,834 | 117,656 | 25,862 | 4,101 |
| 2020 | | 115,009 | 140,289 | | 79,173 | 61,429 | | 115,009 | 25,280 |
| 2021 | | | 111,961 | | | 77,075 | | | 111,961 |
| Total | 4,795,643 | 4,943,123 | 5,086,910 | 334,926 | 334,649 | 332,607 | 150,532 | 147,480 | 143,787 |
| (d) Open Claims at Beginning of the Year: | | | | | | | 332,829 | 334,926 | 334,649 |
| (e) "Weighted" Open Claims: | | | | | | | 633,894 | 629,885 | 622,222 |

Notes:

- (a), (b) Estimated based on the projected number of indemnity claims and selected reporting and closure patterns (see Exhibit 3.3).
- (c) Based on the difference in the estimated numbers of reported indemnity claims between two consecutive December 31 evaluations.
- (d) Based on the number of indemnity claims still open as of the previous year-end. For example, the number of open indemnity claims at the beginning of calendar year 2019 is the total number of indemnity claims from all accident years that were open as of December 31, 2018 (see column (4) total on Exhibit 3.3).
- (e) The "weighted" number of open claims is the sum of the number of open claims at the beginning of the year and twice the number of claims opened during the year.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Calendar Year | Number of Open Indemnity Claims at Beginning of the Year (a) | ULAE Paid Per Open Indemnity Claim (b) | ULAE Paid (\$000) (c) |
|---------------|---|---|--------------------------|
| 2010 | 360,624 | 1,676 | 604,510 |
| 2011 | 360,339 | 1,684 | 606,894 |
| 2012 | 360,391 | 1,698 | 612,112 |
| 2013 | 365,706 | 2,192 | 801,569 |
| 2014 | 366,420 | 1,947 | 713,493 |
| 2015 | 367,925 | 2,486 | 914,731 |
| 2016 | 370,782 | 3,010 | 1,116,097 |
| 2017 | 362,328 | 3,359 | 1,217,236 |
| 2018 | 350,417 | 3,518 | 1,232,647 |
| Projected | | | |
| 2019 | 332,829 | 3,634 | 1,209,664 |
| 2020 | 334,926 | 3,769 | 1,262,470 |
| 2021 | 334,649 | 3,900 | 1,305,234 |

| | |
|--|------------|
| (d) Projected ULAE Paid (\$000): | 1,425,910 |
| (e) Calendar Year 2018 Earned Premium (\$000): | 17,420,200 |
| (f) Projected Loss to Industry Average Filed Pure Premium Ratio: | 0.560 |
| (g) Premium Adjustment Factor for Calendar Year 2018: | 0.936 |
| (h) Projected Losses (\$000): (e) x (f) x (g) | 9,130,972 |
| (i) Projected Ratio of ULAE to Losses: (d)/(h) | 15.6% |

Notes:

- Calendar years 2010 to 2018 are based on WCIRB accident year experience calls. 2019 to 2021 are from line (d), Exhibit 3.4.
- Calendar years 2010 to 2018 are from column (d) of Exhibit 2. Calendar years 2019 to 2021 are projected based on applying the California average annual wage level changes of 3.2%, 4.0%, 3.7% and 3.5% for 2018 to 2021 derived based on the information published by the UCLA Anderson School of Business and the California Department of Finance, to the ULAE paid per open indemnity claim from averaging 2017 and 2018.
- Column (a) x column (b).
- Average of calendar years 2020 and 2021, projected 3 years to the approximate average midpoint of ultimate ULAE payments on 2020 policies, based on applying the an average annual change of 3.6% for 2021 and 2022 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2018.
- See Exhibit 8 of Agenda Item AC19-06-01.
- See Exhibit 5.2 of Agenda Item AC19-06-01.

Projected Ratio of ULAE to Loss - Statewide
Based on Private Insurers ULAE Paid to Paid Losses Ratio
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| <u>Calendar Year</u> | <u>Paid ULAE as % of Paid Losses¹</u> (a) | <u>Paid Loss as % of Premium</u> (b) | <u>Paid ULAE as % of Premium</u> (c)=(a) x (b) |
|--|---|---|---|
| 2010 | 0.079 | 72.7% | 5.8% |
| 2011 | 0.077 | 70.1% | 5.4% |
| 2012 | 0.075 | 65.3% | 4.9% |
| 2013 | 0.094 | 58.5% | 5.5% |
| 2014 | 0.086 | 50.3% | 4.3% |
| 2015 | 0.109 | 47.8% | 5.2% |
| 2016 | 0.130 | 46.0% | 6.0% |
| 2017 | 0.144 | 46.8% | 6.8% |
| 2018 | 0.148 | 47.4% | 7.0% |
| Projected | | | |
| 2019 | 0.146 ² | 48.7% ³ | 7.1% ⁴ |
| 2020 | 0.146 ² | 49.5% ³ | 7.2% ⁴ |
| 2021 | 0.146 ² | 49.7% ³ | 7.3% ⁴ |
| (d) Projected ULAE Paid to CY2018 Earned Premium Ratio: (Average of calendar years 2020 and 2021 in column (c)) | | | 7.3% |
| (e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁵ : | | | 0.560 |
| (f) Premium Adjustment Factor for Calendar Year 2018 ⁶ : | | | 0.936 |
| (g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)] | | | 13.9% |

Notes:

- ¹ Based on private insurers ULAE to paid loss ratio. See Exhibit 1.
- ² Based on averaging of the 2017 and 2018 paid ULAE to paid loss ratios.
- ³ Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2018 experience.
- ⁴ (a) x (b).
- ⁵ See Exhibit 8 of Agenda Item AC19-06-01.
- ⁶ See Exhibit 5.2 of Agenda Item AC19-06-01.

Projected Ratio of ULAE to Loss - Statewide
Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Trend from Latest Year
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| <u>Calendar Year</u> | <u>Number of Open Indemnity Claims at Beginning of the Year</u> | <u>ULAE Paid Per Open Indemnity Claim</u> | <u>ULAE Paid (\$000)</u> |
|--|---|---|--------------------------|
| | (a) | (b) | (c) |
| 2010 | 360,624 | 1,676 | 604,510 |
| 2011 | 360,339 | 1,684 | 606,894 |
| 2012 | 360,391 | 1,698 | 612,112 |
| 2013 | 365,706 | 2,192 | 801,569 |
| 2014 | 366,420 | 1,947 | 713,493 |
| 2015 | 367,925 | 2,486 | 914,731 |
| 2016 | 370,782 | 3,010 | 1,116,097 |
| 2017 | 362,328 | 3,359 | 1,217,236 |
| 2018 | 350,417 | 3,518 | 1,232,647 |
| Projected | | | |
| 2019 | 332,829 | 3,660 | 1,218,148 |
| 2020 | 334,926 | 3,796 | 1,271,324 |
| 2021 | 334,649 | 3,928 | 1,314,388 |
| (d) Projected ULAE Paid (\$000): | | | 1,435,911 |
| (e) Calendar Year 2018 Earned Premium (\$000): | | | 17,420,200 |
| (f) Projected Loss to Industry Average Filed Pure Premium Ratio: | | | 0.560 |
| (g) Premium Adjustment Factor for Calendar Year 2018: | | | 0.936 |
| (h) Projected Losses (\$000): (e) x (f) x (g) | | | 9,130,972 |
| (i) Projected Ratio of ULAE to Losses: (d)/(h) | | | 15.7% |

Notes:

- (a) Calendar years 2010 to 2018 are based in WCIRB accident year experience calls. 2019 to 2021 are from line (d), Exhibit 3.4.
- (b) Calendar years 2010 to 2018 are from column (d) of Exhibit 2. Calendar years 2019 to 2021 are projected based on applying the California average annual wage level changes of 4.0%, 3.7% and 3.5% for 2019 to 2021 derived based on the information published by the UCLA Anderson School of Business and the California Department of Finance, to the 2018 ULAE paid per open indemnity claim.
- (c) Column (a) x column (b).
- (d) Average of calendar years 2020 and 2021, projected 3 years to the approximate average midpoint of ultimate ULAE payments on 2020 policies, based on applying the an average annual change of 3.6% for 2021 and 2022 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (e) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2018.
- (f) See Exhibit 8 of Agenda Item AC19-06-01.
- (g) See Exhibit 5.2 of Agenda Item AC19-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Private Insurers ULAE Paid to Paid Losses Ratio - Trend from Latest Year
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Calendar Year | Paid ULAE as % of Paid Losses ¹ (a) | Paid Loss as % of Premium (b) | Paid ULAE as % of Premium (c)=(a) x (b) |
|--|--|-------------------------------------|---|
| 2010 | 0.079 | 72.7% | 5.8% |
| 2011 | 0.077 | 70.1% | 5.4% |
| 2012 | 0.075 | 65.3% | 4.9% |
| 2013 | 0.094 | 58.5% | 5.5% |
| 2014 | 0.086 | 50.3% | 4.3% |
| 2015 | 0.109 | 47.8% | 5.2% |
| 2016 | 0.130 | 46.0% | 6.0% |
| 2017 | 0.144 | 46.8% | 6.8% |
| 2018 | 0.148 | 47.4% | 7.0% |
| Projected | | | |
| 2019 | 0.148 ² | 48.7% ³ | 7.2% ⁴ |
| 2020 | 0.148 ² | 49.5% ³ | 7.3% ⁴ |
| 2021 | 0.148 ² | 49.7% ³ | 7.4% ⁴ |
| (d) Projected ULAE Paid to CY2018 Earned Premium Ratio: (Average of calendar years 2020 and 2021 in column (c)) | | | 7.3% |
| (e) Projected Loss to Industry Average Filed Pure Premium Ratio ⁵ : | | | 0.560 |
| (f) Premium Adjustment Factor for Calendar Year 2018 ⁶ : | | | 0.936 |
| (g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)] | | | 13.9% |

Notes:

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

² Based on 2018 paid ULAE to paid loss ratio.

³ Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2018 experience.

⁴ (a) x (b).

⁵ See Exhibit 8 of Agenda Item AC19-06-01.

⁶ See Exhibit 5.2 of Agenda Item AC19-06-01.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Weighted Open Indemnity Claim for Private Insurers
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Calendar Year | Weighted Number of Open Indemnity Claims (a) | ULAE Paid Per Weighted Open Indemnity Claim (b) | ULAE Paid (\$000) (c) |
|--|---|--|--------------------------|
| 2010 | 594,894 | 913 | 542,859 |
| 2011 | 605,973 | 900 | 545,458 |
| 2012 | 615,637 | 906 | 557,651 |
| 2013 | 642,294 | 1,156 | 742,428 |
| 2014 | 652,860 | 1,043 | 681,195 |
| 2015 | 669,113 | 1,307 | 874,717 |
| 2016 | 666,822 | 1,593 | 1,062,547 |
| 2017 | 667,648 | 1,734 | 1,157,516 |
| 2018 | 649,183 | 1,813 | 1,176,947 |
| <u>Projected</u> | | | |
| 2019 | 633,894 | 1,874 | 1,188,174 |
| 2020 | 629,885 | 1,944 | 1,224,485 |
| 2021 | 622,222 | 2,011 | 1,251,596 |
| (d) Projected ULAE Paid (\$000): | | | 1,375,029 |
| (e) Calendar Year 2018 Earned Premium (\$000): | | | 17,420,200 |
| (f) Projected Loss to Industry Average Filed Pure Premium Ratio: | | | 0.560 |
| (g) Premium Adjustment Factor for Calendar Year 2018: | | | 0.936 |
| (h) Projected Losses (\$000): (e) x (f) x (g) | | | 9,130,972 |
| (i) Projected Ratio of ULAE to Losses : (d)/(h) | | | 15.1% |

Notes:

- Calendar years 2010 to 2018 are based on the number of open indemnity claims and twice the number of reported indemnity claims from WCIRB accident year experience calls. 2019 to 2021 are from line (e), Exhibit 3.4.
- Calendar years 2010 to 2018 are from column (a) of Exhibit 2 divided by columns (b)+[2.0 x (c)] of Exhibit 2, multiplied by 1,000,000. Calendar years 2019 to 2021 are projected based on applying the California average annual wage level changes of 3.2%, 4.0%, 3.7% and 3.5% for 2018 to 2021 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per weighted open indemnity claim from averaging 2017 to 2018.
- Column (a) x column (b).
- Average of calendar years 2020 and 2021, projected 3 years to the approximate average midpoint of ultimate ULAE payments on 2020 policies, based on applying the an average annual change of 3.6% for 2021 and 2022 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2018.
- See Exhibit 8 of Agenda Item AC19-06-01.
- See Exhibit 5.2 of Agenda Item AC19-06-01.

Average Paid ALAE^[1] Per Reported Indemnity Claim - Private Insurers
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2000 | | | | | | | | 4,340 | 4,548 | 4,786 |
| 2001 | | | | | | | 5,159 | 5,480 | 5,819 | 6,017 |
| 2002 | | | | | | 5,264 | 5,668 | 6,064 | 6,308 | 6,493 |
| 2003 | | | | | 4,907 | 5,528 | 6,043 | 6,383 | 6,647 | 6,869 |
| 2004 | | | | 3,570 | 4,548 | 5,212 | 5,673 | 6,022 | 6,283 | 6,495 |
| 2005 | | | 2,083 | 3,279 | 4,191 | 4,833 | 5,307 | 5,673 | 5,965 | 6,175 |
| 2006 | | 797 | 2,176 | 3,410 | 4,328 | 5,022 | 5,550 | 5,920 | 6,211 | 6,471 |
| 2007 | 71 | 849 | 2,340 | 3,613 | 4,619 | 5,393 | 5,993 | 6,429 | 6,768 | 7,039 |
| 2008 | 85 | 944 | 2,494 | 3,933 | 5,103 | 5,975 | 6,595 | 7,096 | 7,468 | 7,729 |
| 2009 | 150 | 1,037 | 2,812 | 4,448 | 5,718 | 6,637 | 7,358 | 7,900 | 8,278 | 8,553 |
| 2010 | 87 | 1,111 | 2,981 | 4,586 | 5,816 | 6,746 | 7,440 | 7,931 | 8,271 | 8,568 |
| 2011 | 86 | 1,127 | 2,942 | 4,520 | 5,796 | 6,733 | 7,375 | 7,838 | 8,268 | |
| 2012 | 85 | 1,120 | 3,012 | 4,721 | 5,998 | 6,883 | 7,496 | 7,986 | | |
| 2013 | 98 | 1,202 | 3,276 | 4,941 | 6,141 | 6,944 | 7,540 | | | |
| 2014 | 140 | 1,340 | 3,465 | 5,124 | 6,258 | 7,010 | | | | |
| 2015 | 102 | 1,424 | 3,576 | 5,183 | 6,234 | | | | | |
| 2016 | 108 | 1,443 | 3,640 | 5,215 | | | | | | |
| 2017 | 121 | 1,524 | 3,738 | | | | | | | |
| 2018 | 142 | 1,629 | | | | | | | | |
| 2019 | 149 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2001 | | | | | | | | 26.3% | 27.9% | 25.7% |
| 2002 | | | | | | | 9.9% | 10.7% | 8.4% | 7.9% |
| 2003 | | | | | | 5.0% | 6.6% | 5.2% | 5.4% | 5.8% |
| 2004 | | | | | -7.3% | -5.7% | -6.1% | -5.6% | -5.5% | -5.5% |
| 2005 | | | | -8.1% | -7.8% | -7.3% | -6.5% | -5.8% | -5.0% | -4.9% |
| 2006 | | | 4.4% | 4.0% | 3.3% | 3.9% | 4.6% | 4.4% | 4.1% | 4.8% |
| 2007 | | 6.5% | 7.5% | 5.9% | 6.7% | 7.4% | 8.0% | 8.6% | 9.0% | 8.8% |
| 2008 | 20.3% | 11.3% | 6.6% | 8.9% | 10.5% | 10.8% | 10.0% | 10.4% | 10.3% | 9.8% |
| 2009 | 76.5% | 9.8% | 12.8% | 13.1% | 12.0% | 11.1% | 11.6% | 11.3% | 10.8% | 10.7% |
| 2010 | -41.7% | 7.1% | 6.0% | 3.1% | 1.7% | 1.6% | 1.1% | 0.4% | -0.1% | 0.2% |
| 2011 | -1.4% | 1.4% | -1.3% | -1.4% | -0.3% | -0.2% | -0.9% | -1.2% | 0.0% | |
| 2012 | -1.2% | -0.5% | 2.4% | 4.4% | 3.5% | 2.2% | 1.6% | 1.9% | | |
| 2013 | 15.4% | 7.3% | 8.8% | 4.7% | 2.4% | 0.9% | 0.6% | | | |
| 2014 | 42.0% | 11.5% | 5.8% | 3.7% | 1.9% | 0.9% | | | | |
| 2015 | -26.9% | 6.3% | 3.2% | 1.2% | -0.4% | | | | | |
| 2016 | 6.2% | 1.3% | 1.8% | 0.6% | | | | | | |
| 2017 | 11.8% | 5.6% | 2.7% | | | | | | | |
| 2018 | 17.2% | 6.9% | | | | | | | | |
| 2019 | 5.0% | | | | | | | | | |

| Annual Trend ^[2] | | | | | | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All-Year | 4.3% | 5.8% | 5.1% | 4.2% | 3.4% | 3.2% | 3.4% | 4.3% | 4.5% | 4.5% |
| R ³ | 0.421 | 0.975 | 0.963 | 0.915 | 0.795 | 0.778 | 0.813 | 0.812 | 0.799 | 0.782 |
| 5-Year | 10.8% | 4.7% | 3.2% | 2.5% | 1.9% | 1.1% | 0.6% | 2.3% | 5.2% | 7.9% |
| R ³ | 0.973 | 0.965 | 0.952 | 0.886 | 0.879 | 0.922 | 0.730 | 0.538 | 0.780 | 0.948 |

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

[2] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2000 | | | | | | | | 0.107 | 0.107 | 0.109 |
| 2001 | | | | | | | 0.118 | 0.119 | 0.121 | 0.122 |
| 2002 | | | | | | 0.132 | 0.134 | 0.137 | 0.137 | 0.138 |
| 2003 | | | | | 0.136 | 0.141 | 0.144 | 0.146 | 0.147 | 0.148 |
| 2004 | | | | 0.139 | 0.150 | 0.155 | 0.158 | 0.159 | 0.160 | 0.160 |
| 2005 | | | 0.113 | 0.133 | 0.144 | 0.149 | 0.152 | 0.154 | 0.155 | 0.154 |
| 2006 | | 0.076 | 0.112 | 0.129 | 0.138 | 0.143 | 0.146 | 0.148 | 0.148 | 0.150 |
| 2007 | 0.032 | 0.077 | 0.112 | 0.127 | 0.135 | 0.142 | 0.145 | 0.146 | 0.148 | 0.148 |
| 2008 | 0.037 | 0.078 | 0.110 | 0.126 | 0.136 | 0.141 | 0.143 | 0.146 | 0.147 | 0.148 |
| 2009 | 0.059 | 0.084 | 0.122 | 0.138 | 0.146 | 0.150 | 0.153 | 0.155 | 0.157 | 0.158 |
| 2010 | 0.033 | 0.092 | 0.130 | 0.143 | 0.148 | 0.152 | 0.156 | 0.157 | 0.158 | 0.160 |
| 2011 | 0.033 | 0.099 | 0.133 | 0.146 | 0.154 | 0.160 | 0.163 | 0.165 | 0.168 | |
| 2012 | 0.034 | 0.098 | 0.138 | 0.155 | 0.164 | 0.168 | 0.171 | 0.174 | | |
| 2013 | 0.041 | 0.109 | 0.154 | 0.166 | 0.172 | 0.177 | 0.181 | | | |
| 2014 | 0.058 | 0.121 | 0.163 | 0.171 | 0.176 | 0.180 | | | | |
| 2015 | 0.039 | 0.128 | 0.163 | 0.171 | 0.175 | | | | | |
| 2016 | 0.046 | 0.124 | 0.165 | 0.174 | | | | | | |
| 2017 | 0.046 | 0.128 | 0.166 | | | | | | | |
| 2018 | 0.050 | 0.130 | | | | | | | | |
| 2019 | 0.050 | | | | | | | | | |

| Accident Year | Annual Change | | | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> | <u>99</u> | <u>111</u> |
| 2001 | | | | | | | | 11.6% | 13.2% | 12.4% |
| 2002 | | | | | | | 13.7% | 14.7% | 13.2% | 13.4% |
| 2003 | | | | | | 7.2% | 7.7% | 6.9% | 7.3% | 7.1% |
| 2004 | | | | | 10.1% | 10.1% | 9.3% | 9.2% | 8.5% | 7.9% |
| 2005 | | | | -4.0% | -4.1% | -3.8% | -3.3% | -3.2% | -3.0% | -3.5% |
| 2006 | | | -1.2% | -3.5% | -4.2% | -4.3% | -4.2% | -4.0% | -4.2% | -2.8% |
| 2007 | | 1.8% | 0.1% | -1.7% | -1.8% | -0.8% | -0.7% | -1.2% | -0.6% | -1.1% |
| 2008 | 16.2% | 0.5% | -1.5% | -0.4% | 0.5% | -0.2% | -1.1% | -0.4% | -0.3% | -0.1% |
| 2009 | 58.8% | 8.7% | 10.4% | 9.6% | 7.8% | 6.0% | 6.6% | 6.5% | 6.4% | 6.2% |
| 2010 | -43.4% | 9.0% | 7.2% | 3.2% | 1.0% | 1.7% | 1.7% | 1.2% | 1.1% | 1.6% |
| 2011 | -0.8% | 7.1% | 2.1% | 2.4% | 4.4% | 4.9% | 4.5% | 4.8% | 5.9% | |
| 2012 | 4.0% | -0.5% | 3.6% | 6.1% | 6.4% | 5.4% | 5.4% | 5.9% | | |
| 2013 | 20.1% | 10.8% | 11.5% | 7.5% | 5.0% | 5.1% | 5.7% | | | |
| 2014 | 40.2% | 11.4% | 5.9% | 2.7% | 1.9% | 1.5% | | | | |
| 2015 | -32.6% | 5.8% | 0.2% | 0.0% | -0.5% | | | | | |
| 2016 | 17.6% | -2.7% | 1.1% | 1.6% | | | | | | |
| 2017 | 0.9% | 2.6% | 0.8% | | | | | | | |
| 2018 | 8.2% | 2.2% | | | | | | | | |
| 2019 | -0.6% | | | | | | | | | |

Note: All paid ALAE exclude the paid cost of medical cost containment programs. Accident years 2010 and prior paid loss include the paid cost of medical cost containment programs.

Source: WCIRB accident year experience calls.

Estimated Ultimate ALAE Per Indemnity Claim - Private Insurers

| Acc. Year | Paid ALAE ^[1] @3/31/19 (in \$000) (1) | Cumulative Development Factors ^[2] (2) | Estimated Ultimate ALAE (in \$000) (3)=(1)x(2) | Indemnity Claim Counts @3/31/19 (4) | Cumulative Count Development Factors ^[3] (5) | Estimated Ultimate Ind. Counts (6)=(4)x(5) | Estimated Ultimate ALAE Per Indemnity Claim (7)=(3)/(6)x1000 | Annual Change |
|-----------|---|--|--|--|---|---|--|------------------|
| 1991 | 414,452 | 1.047 | 434,106 | 175,575 | 1.000 | 175,617 | 2,472 | --- |
| 1992 | 319,142 | 1.051 | 335,306 | 142,033 | 1.000 | 142,097 | 2,360 | -4.5% |
| 1993 | 237,091 | 1.053 | 249,725 | 113,576 | 1.001 | 113,665 | 2,197 | -6.9% |
| 1994 | 219,899 | 1.057 | 232,514 | 105,468 | 1.001 | 105,579 | 2,202 | 0.2% |
| 1995 | 242,147 | 1.061 | 257,020 | 101,372 | 1.001 | 101,515 | 2,532 | 15.0% |
| 1996 | 288,554 | 1.068 | 308,082 | 103,188 | 1.002 | 103,374 | 2,980 | 17.7% |
| 1997 | 365,094 | 1.074 | 392,062 | 104,829 | 1.002 | 105,033 | 3,733 | 25.2% |
| 1998 | 503,647 | 1.080 | 543,856 | 112,454 | 1.002 | 112,703 | 4,826 | 29.3% |
| 1999 | 553,777 | 1.087 | 601,746 | 116,408 | 1.002 | 116,684 | 5,157 | 6.9% |
| 2000 | 657,381 | 1.094 | 719,030 | 118,445 | 1.003 | 118,759 | 6,055 | 17.4% |
| 2001 | 779,987 | 1.101 | 858,700 | 113,985 | 1.003 | 114,320 | 7,511 | 24.1% |
| 2002 | 818,264 | 1.109 | 907,547 | 112,984 | 1.003 | 113,352 | 8,006 | 6.6% |
| 2003 | 827,258 | 1.117 | 923,959 | 108,402 | 1.003 | 108,771 | 8,495 | 6.1% |
| 2004 | 710,080 | 1.125 | 799,003 | 99,492 | 1.004 | 99,861 | 8,001 | -5.8% |
| 2005 | 666,086 | 1.136 | 756,466 | 97,345 | 1.004 | 97,721 | 7,741 | -3.3% |
| 2006 | 732,746 | 1.150 | 842,394 | 104,283 | 1.004 | 104,710 | 8,045 | 3.9% |
| 2007 | 806,285 | 1.165 | 939,273 | 107,405 | 1.004 | 107,883 | 8,706 | 8.2% |
| 2008 | 854,221 | 1.185 | 1,011,847 | 105,634 | 1.005 | 106,161 | 9,531 | 9.5% |
| 2009 | 884,079 | 1.208 | 1,068,374 | 100,914 | 1.006 | 101,475 | 10,528 | 10.5% |
| 2010 | 931,282 | 1.239 | 1,153,700 | 108,697 | 1.006 | 109,391 | 10,547 | 0.2% |
| 2011 | 933,146 | 1.277 | 1,191,502 | 112,864 | 1.007 | 113,648 | 10,484 | -0.6% |
| 2012 | 966,906 | 1.331 | 1,287,358 | 121,081 | 1.008 | 122,033 | 10,549 | 0.6% |
| 2013 | 960,995 | 1.405 | 1,350,101 | 127,453 | 1.010 | 128,675 | 10,492 | -0.5% |
| 2014 | 912,627 | 1.515 | 1,382,333 | 130,196 | 1.012 | 131,759 | 10,491 | 0.0% |
| 2015 | 837,567 | 1.697 | 1,421,473 | 134,349 | 1.017 | 136,672 | 10,401 | -0.9% |
| 2016 | 723,441 | 2.056 | 1,487,246 | 138,711 | 1.025 | 142,157 | 10,462 | 0.6% |
| 2017 | 513,535 | 3.013 | 1,547,390 | 137,398 | 1.048 | 144,032 | 10,743 | 2.7% |
| 2018 | 209,143 | 8.088 | 1,691,636 | 128,383 | 1.147 | 147,279 | 11,486 | 6.9% |

| Estimated Annual Exponential Trend Based on: | | R ² |
|--|------|----------------|
| 2005 to 2018 | 2.3% | 0.690 |
| 2014 to 2018 | 2.2% | 0.677 |
| Average: | 2.3% | |

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the latest year paid ALAE age-to-age development from Exhibit 11.1
- [3] Based on analogous Exhibit 11.3, applicable to private insurers only.

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

| Acc. Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1989 | 635 | 1,143 | 1,062 | 1,029 | 1,125 | 1,143 | 1,344 | 1,524 | 1,471 | 1,493 | 1,610 | 1,948 | 1,412 | 1,569 |
| 1990 | 987 | 2,157 | 1,139 | 1,274 | 1,193 | 1,355 | 1,542 | 1,432 | 1,812 | 1,590 | 1,600 | 1,828 | 1,643 | 1,790 |
| 1991 | 834 | 1,697 | 1,577 | 1,256 | 1,495 | 1,388 | 1,574 | 1,438 | 1,789 | 1,645 | 1,558 | 2,144 | 2,117 | 1,932 |
| 1992 | 1,416 | 1,837 | 1,653 | 1,405 | 1,827 | 1,389 | 1,669 | 1,502 | 1,636 | 1,576 | 1,811 | 1,682 | 1,856 | 1,905 |
| 1993 | 1,502 | 2,157 | 1,833 | 1,541 | 1,927 | 1,664 | 1,886 | 1,800 | 1,951 | 1,979 | 2,169 | 2,268 | 2,292 | 2,148 |
| 1994 | 1,686 | 1,932 | 1,717 | 1,617 | 1,646 | 1,576 | 1,632 | 1,833 | 1,663 | 2,106 | 1,790 | 1,802 | 1,628 | 1,696 |
| 1995 | 1,671 | 1,766 | 1,849 | 1,766 | 1,916 | 1,772 | 1,672 | 2,033 | 2,051 | 2,107 | 2,075 | 2,374 | 1,999 | 2,152 |
| 1996 | 2,027 | 1,997 | 1,979 | 1,947 | 1,946 | 1,686 | 2,011 | 2,085 | 2,144 | 2,076 | 2,297 | 2,097 | 1,888 | 2,236 |
| 1997 | 2,378 | 2,409 | 2,347 | 2,287 | 2,314 | 2,225 | 2,414 | 2,353 | 2,147 | 2,224 | 2,127 | 2,259 | 2,315 | 2,382 |
| 1998 | 2,556 | 2,484 | 2,502 | 2,336 | 2,432 | 2,381 | 2,277 | 2,340 | 2,344 | 2,292 | 2,459 | 2,325 | 2,527 | 2,387 |
| 1999 | 2,529 | 2,629 | 2,403 | 2,646 | 2,804 | 2,545 | 2,698 | 2,641 | 2,332 | 2,118 | 2,342 | 2,502 | 2,104 | 2,225 |
| 2000 | 2,525 | 2,805 | 2,720 | 2,864 | 2,854 | 2,740 | 2,803 | 2,842 | 2,539 | 2,536 | 2,749 | 2,592 | 2,529 | 2,217 |
| 2001 | 2,284 | 2,764 | 2,811 | 2,873 | 2,654 | 2,736 | 2,755 | 2,778 | 2,801 | 3,292 | 3,155 | 2,647 | 2,618 | 2,510 |
| 2002 | 2,537 | 2,873 | 2,910 | 3,083 | 2,899 | 2,967 | 3,021 | 2,915 | 3,015 | 3,432 | 3,203 | 3,165 | 3,126 | 2,837 |
| 2003 | 2,577 | 2,881 | 2,947 | 3,058 | 3,032 | 3,216 | 3,224 | 3,546 | 3,397 | 3,589 | 3,547 | 3,127 | 2,941 | 2,812 |
| 2004 | 2,100 | 2,676 | 3,009 | 3,077 | 3,145 | 3,263 | 3,130 | 3,060 | 3,306 | 3,584 | 3,248 | 3,032 | 2,945 | 2,923 |
| 2005 | 768 | 1,986 | 2,649 | 2,916 | 3,070 | 3,251 | 3,284 | 3,317 | 3,438 | 3,609 | 3,729 | 3,449 | 3,516 | 3,277 |
| 2006 | 106 | 782 | 2,162 | 2,758 | 2,992 | 3,243 | 3,474 | 3,296 | 3,404 | 3,583 | 3,365 | 3,161 | 3,254 | 2,943 |
| 2007 | | 71 | 846 | 2,333 | 2,807 | 3,192 | 3,452 | 3,603 | 3,686 | 3,677 | 3,719 | 3,540 | 3,460 | 3,536 |
| 2008 | | | 85 | 939 | 2,399 | 3,110 | 3,500 | 3,591 | 3,702 | 3,835 | 3,887 | 3,713 | 3,718 | 3,655 |
| 2009 | | | | 150 | 1,034 | 2,742 | 3,391 | 3,644 | 3,820 | 3,943 | 3,998 | 3,903 | 3,810 | 3,839 |
| 2010 | | | | | 87 | 1,129 | 2,898 | 3,450 | 3,743 | 3,893 | 4,073 | 4,072 | 3,989 | 4,021 |
| 2011 | | | | | | 88 | 1,147 | 2,879 | 3,459 | 3,863 | 4,060 | 3,986 | 4,128 | 4,197 |
| 2012 | | | | | | | 90 | 1,147 | 3,007 | 3,677 | 3,952 | 4,009 | 4,130 | 4,035 |
| 2013 | | | | | | | | 101 | 1,237 | 3,223 | 3,649 | 3,864 | 4,016 | 4,098 |
| 2014 | | | | | | | | | 144 | 1,378 | 3,284 | 3,719 | 3,895 | 3,987 |
| 2015 | | | | | | | | | | 105 | 1,426 | 3,352 | 3,751 | 3,935 |
| 2016 | | | | | | | | | | | 108 | 1,443 | 3,487 | 3,904 |
| 2017 | | | | | | | | | | | | 121 | 1,523 | 3,622 |
| 2018 | | | | | | | | | | | | | 142 | 1,628 |
| 2019 | | | | | | | | | | | | | | 149 |
| ALAE per Claim | 1,846 | 1,951 | 1,977 | 2,104 | 2,184 | 2,354 | 2,506 | 2,565 | 2,670 | 2,857 | 2,895 | 2,884 | 2,937 | 2,990 |
| Annual Change | -8.3% | 5.7% | 1.4% | 6.4% | 3.8% | 7.8% | 6.5% | 2.4% | 4.1% | 7.0% | 1.3% | -0.4% | 1.8% | 1.8% |

| <u>Estimated Annual Exponential Trend Based on Payment Year:</u> | <u>R²</u> |
|--|----------------------|
| 2006-2019 | 4.0% 0.990 |
| 2014-2019 | 1.4% 0.868 |
| Average: | 2.7% |

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

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

Source: WCIRB quarterly calls for experience

Paid Allocated Loss Adjustment Expense Development - Private Insurers
As of March 31, 2019

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | | | | |
|---|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 | 159-171 | 171-183 | 183-195 |
| 1986 | | | | | | 1.051 | 1.036 | 1.023 | 1.017 | 1.010 | 1.011 | 1.009 | 1.009 | 1.010 | 1.005 |
| 1987 | | | | | 1.085 | 1.048 | 1.033 | 1.021 | 1.014 | 1.011 | 1.014 | 1.014 | 1.014 | 1.004 | 1.004 |
| 1988 | | | | 1.148 | 1.102 | 1.079 | 1.040 | 1.026 | 1.017 | 1.011 | 1.007 | 1.004 | 1.005 | 1.005 | 1.004 |
| 1989 | | | 1.276 | 1.149 | 1.097 | 1.046 | 1.032 | 1.020 | 1.014 | 1.009 | 1.007 | 1.006 | 1.005 | 1.005 | 1.006 |
| 1990 | | 1.552 | 1.252 | 1.128 | 1.062 | 1.047 | 1.025 | 1.017 | 1.012 | 1.007 | 1.007 | 1.005 | 1.005 | 1.005 | 1.006 |
| 1991 | 2.511 | 1.512 | 1.229 | 1.102 | 1.074 | 1.045 | 1.027 | 1.018 | 1.011 | 1.009 | 1.007 | 1.007 | 1.008 | 1.005 | 1.006 |
| 1992 | 2.417 | 1.527 | 1.218 | 1.127 | 1.076 | 1.047 | 1.032 | 1.028 | 1.017 | 1.014 | 1.010 | 1.012 | 1.011 | 1.009 | 1.008 |
| 1993 | 2.485 | 1.498 | 1.231 | 1.117 | 1.082 | 1.045 | 1.036 | 1.023 | 1.020 | 1.014 | 1.019 | 1.017 | 1.013 | 1.011 | 1.008 |
| 1994 | 2.485 | 1.498 | 1.231 | 1.117 | 1.082 | 1.045 | 1.036 | 1.023 | 1.020 | 1.014 | 1.019 | 1.017 | 1.013 | 1.011 | 1.008 |
| 1995 | 2.550 | 1.569 | 1.237 | 1.132 | 1.072 | 1.046 | 1.038 | 1.030 | 1.022 | 1.019 | 1.017 | 1.017 | 1.015 | 1.013 | 1.010 |
| 1996 | 2.454 | 1.490 | 1.239 | 1.114 | 1.072 | 1.056 | 1.046 | 1.036 | 1.031 | 1.026 | 1.021 | 1.017 | 1.014 | 1.008 | 1.011 |
| 1997 | 2.424 | 1.511 | 1.194 | 1.112 | 1.081 | 1.064 | 1.051 | 1.040 | 1.033 | 1.025 | 1.020 | 1.016 | 1.013 | 1.013 | 1.011 |
| 1998 | 2.618 | 1.463 | 1.229 | 1.139 | 1.102 | 1.083 | 1.055 | 1.041 | 1.028 | 1.023 | 1.020 | 1.018 | 1.014 | 1.013 | 1.011 |
| 1999 | 2.514 | 1.559 | 1.256 | 1.152 | 1.111 | 1.076 | 1.058 | 1.039 | 1.033 | 1.027 | 1.020 | 1.018 | 1.015 | 1.013 | 1.011 |
| 2000 | 2.801 | 1.593 | 1.262 | 1.166 | 1.110 | 1.079 | 1.051 | 1.042 | 1.030 | 1.024 | 1.020 | 1.018 | 1.015 | 1.013 | 1.013 |
| 2001 | 3.053 | 1.597 | 1.291 | 1.156 | 1.108 | 1.075 | 1.052 | 1.034 | 1.028 | 1.023 | 1.019 | 1.016 | 1.017 | 1.014 | 1.010 |
| 2002 | 2.790 | 1.592 | 1.261 | 1.153 | 1.102 | 1.064 | 1.040 | 1.031 | 1.025 | 1.020 | 1.017 | 1.016 | 1.013 | 1.011 | 1.009 |
| 2003 | 2.931 | 1.550 | 1.267 | 1.155 | 1.089 | 1.057 | 1.042 | 1.032 | 1.028 | 1.022 | 1.019 | 1.017 | 1.012 | 1.009 | 1.007 |
| 2004 | 2.785 | 1.573 | 1.283 | 1.149 | 1.090 | 1.064 | 1.045 | 1.033 | 1.029 | 1.024 | 1.019 | 1.014 | 1.011 | 1.009 | |
| 2005 | 2.746 | 1.599 | 1.285 | 1.157 | 1.104 | 1.072 | 1.052 | 1.042 | 1.032 | 1.027 | 1.019 | 1.016 | 1.012 | | |
| 2006 | 2.878 | 1.591 | 1.278 | 1.165 | 1.108 | 1.075 | 1.056 | 1.043 | 1.032 | 1.023 | 1.018 | 1.013 | | | |
| 2007 | 2.902 | 1.570 | 1.291 | 1.173 | 1.116 | 1.081 | 1.054 | 1.042 | 1.029 | 1.021 | 1.017 | | | | |
| 2008 | 2.832 | 1.621 | 1.311 | 1.177 | 1.115 | 1.077 | 1.055 | 1.037 | 1.027 | 1.020 | | | | | |
| 2009 | 3.005 | 1.623 | 1.302 | 1.178 | 1.112 | 1.076 | 1.049 | 1.034 | 1.025 | | | | | | |
| 2010 | 2.944 | 1.591 | 1.295 | 1.166 | 1.108 | 1.068 | 1.044 | 1.031 | | | | | | | |
| 2011 | 2.945 | 1.597 | 1.298 | 1.169 | 1.096 | 1.065 | 1.043 | | | | | | | | |
| 2012 | 3.060 | 1.610 | 1.288 | 1.154 | 1.093 | 1.055 | | | | | | | | | |
| 2013 | 3.024 | 1.554 | 1.254 | 1.136 | 1.078 | | | | | | | | | | |
| 2014 | 2.902 | 1.511 | 1.234 | 1.120 | | | | | | | | | | | |
| 2015 | 2.785 | 1.478 | 1.211 | | | | | | | | | | | | |
| 2016 | 2.796 | 1.466 | | | | | | | | | | | | | |
| 2017 | 2.684 | | | | | | | | | | | | | | |
| <u>Latest Year</u> | | | | | | | | | | | | | | | |
| Age-to-Age | 2.684 | 1.466 | 1.211 | 1.120 | 1.078 | 1.055 | 1.043 | 1.031 | 1.025 | 1.020 | 1.017 | 1.013 | 1.012 | 1.009 | 1.007 |
| Cumulative | 8.088 | 3.013 | 2.056 | 1.697 | 1.515 | 1.405 | 1.331 | 1.277 | 1.239 | 1.208 | 1.185 | 1.165 | 1.150 | 1.136 | 1.125 |
| <u>3-Year Arithmetics Average</u> | | | | | | | | | | | | | | | |
| Age-to-Age | 2.755 | 1.485 | 1.233 | 1.137 | 1.089 | 1.063 | 1.045 | 1.034 | 1.027 | 1.022 | 1.018 | 1.014 | 1.012 | 1.010 | 1.009 |
| Cumulative | 8.976 | 3.258 | 2.194 | 1.779 | 1.565 | 1.437 | 1.352 | 1.293 | 1.251 | 1.218 | 1.193 | 1.171 | 1.155 | 1.141 | 1.130 |
| <u>Average Excluding High & Low</u> | | | | | | | | | | | | | | | |
| Age-to-Age | 2.789 | 1.560 | 1.264 | 1.147 | 1.094 | 1.063 | 1.043 | 1.031 | 1.023 | 1.019 | 1.015 | 1.013 | 1.011 | 1.009 | 1.008 |
| Cumulative | 9.652 | 3.461 | 2.219 | 1.756 | 1.531 | 1.399 | 1.316 | 1.262 | 1.224 | 1.196 | 1.174 | 1.156 | 1.141 | 1.128 | 1.118 |

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | | | | |
|---|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 207-219 | 219-231 | 231-243 | 243-255 | 255-267 | 267-279 | 279-291 | 291-303 | 303-315 | 315-327 | 327-339 | 339-351 | 351-363 | 363-375 | 375-387 |
| 1986 | 1.004 | 1.005 | 1.007 | 1.003 | 1.006 | 1.005 | 1.004 | 1.005 | 1.005 | 1.006 | 1.007 | 1.006 | 1.006 | 1.005 | 1.004 |
| 1987 | 1.004 | 1.006 | 1.006 | 1.008 | 1.004 | 1.004 | 1.006 | 1.005 | 1.004 | 1.005 | 1.006 | 1.004 | 1.004 | 1.003 | 1.004 |
| 1988 | 1.004 | 1.005 | 1.005 | 1.005 | 1.003 | 1.005 | 1.004 | 1.004 | 1.005 | 1.004 | 1.004 | 1.003 | 1.003 | 1.003 | |
| 1989 | 1.004 | 1.004 | 1.004 | 1.003 | 1.004 | 1.004 | 1.004 | 1.004 | 1.004 | 1.004 | 1.004 | 1.003 | 1.005 | | |
| 1990 | 1.004 | 1.004 | 1.002 | 1.003 | 1.003 | 1.003 | 1.003 | 1.003 | 1.002 | 1.003 | 1.002 | 1.002 | | | |
| 1991 | 1.003 | 1.002 | 1.003 | 1.003 | 1.003 | 1.003 | 1.003 | 1.002 | 1.003 | 1.003 | 1.002 | | | | |
| 1992 | 1.003 | 1.004 | 1.004 | 1.003 | 1.003 | 1.003 | 1.003 | 1.003 | 1.003 | 1.003 | | | | | |
| 1993 | 1.006 | 1.007 | 1.006 | 1.006 | 1.005 | 1.005 | 1.005 | 1.004 | 1.004 | | | | | | |
| 1994 | 1.007 | 1.007 | 1.006 | 1.007 | 1.005 | 1.005 | 1.004 | 1.004 | | | | | | | |
| 1995 | 1.009 | 1.009 | 1.008 | 1.007 | 1.008 | 1.006 | 1.006 | | | | | | | | |
| 1996 | 1.009 | 1.008 | 1.008 | 1.006 | 1.005 | 1.006 | | | | | | | | | |
| 1997 | 1.008 | 1.008 | 1.007 | 1.006 | 1.006 | | | | | | | | | | |
| 1998 | 1.011 | 1.009 | 1.008 | 1.006 | | | | | | | | | | | |
| 1999 | 1.009 | 1.007 | 1.007 | | | | | | | | | | | | |
| 2000 | 1.008 | 1.007 | | | | | | | | | | | | | |
| 2001 | 1.007 | | | | | | | | | | | | | | |
| <u>Latest Year</u> | | | | | | | | | | | | | | | |
| Age-to-Age | 1.007 | 1.007 | 1.007 | 1.006 | 1.006 | 1.006 | 1.006 | 1.004 | 1.004 | 1.003 | 1.002 | 1.002 | 1.005 | 1.005 | 1.004 |
| Cumulative | 1.109 | 1.101 | 1.094 | 1.087 | 1.080 | 1.074 | 1.068 | 1.061 | 1.057 | 1.053 | 1.051 | 1.047 | 1.044 | 1.042 | 1.039 |
| <u>3-Year Arithmetics Average</u> | | | | | | | | | | | | | | | |
| Age-to-Age | 1.008 | 1.007 | 1.007 | 1.006 | 1.006 | 1.006 | 1.005 | 1.004 | 1.003 | 1.003 | 1.003 | 1.003 | 1.004 | 1.004 | 1.004 |
| Cumulative | 1.110 | 1.101 | 1.093 | 1.085 | 1.078 | 1.072 | 1.066 | 1.060 | 1.057 | 1.053 | 1.051 | 1.047 | 1.044 | 1.042 | 1.039 |
| <u>Average Excluding High & Low</u> | | | | | | | | | | | | | | | |
| Age-to-Age | 1.006 | 1.006 | 1.006 | 1.005 | 1.005 | 1.005 | 1.004 | 1.004 | 1.004 | 1.004 | 1.004 | 1.003 | 1.005 | 1.004 | 1.004 |
| Cumulative | 1.101 | 1.095 | 1.088 | 1.082 | 1.077 | 1.072 | 1.067 | 1.062 | 1.059 | 1.055 | 1.051 | 1.047 | 1.044 | 1.042 | 1.039 |

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

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

| Age in Months | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 3 - 6 | | 7.976 | 7.570 | 5.434 | 9.136 | 8.769 | 8.693 | 8.584 | 6.234 | 9.866 | 8.946 | 8.934 | 8.191 |
| 6 - 9 | 2.427 | 3.016 | 2.765 | 2.630 | 3.023 | 3.176 | 3.213 | 3.058 | 3.163 | 3.173 | 3.144 | 3.064 | 3.161 |
| 9 - 12 | 2.022 | 2.078 | 2.021 | 2.034 | 2.077 | 2.165 | 2.115 | 2.133 | 2.158 | 2.107 | 2.101 | 2.137 | 2.091 |
| 12 - 15 | 1.653 | 1.627 | 1.687 | 1.724 | 1.737 | 1.701 | 1.713 | 1.784 | 1.744 | 1.734 | 1.776 | 1.701 | 1.672 |
| 15 - 18 | 1.415 | 1.486 | 1.494 | 1.509 | 1.482 | 1.486 | 1.510 | 1.494 | 1.488 | 1.482 | 1.491 | 1.451 | |
| 18 - 21 | 1.357 | 1.328 | 1.289 | 1.326 | 1.334 | 1.343 | 1.338 | 1.349 | 1.332 | 1.309 | 1.309 | 1.311 | |
| 21 - 24 | 1.255 | 1.234 | 1.237 | 1.255 | 1.253 | 1.248 | 1.249 | 1.237 | 1.239 | 1.225 | 1.227 | 1.227 | |
| 24 - 27 | 1.187 | 1.191 | 1.190 | 1.197 | 1.189 | 1.186 | 1.205 | 1.187 | 1.177 | 1.184 | 1.167 | 1.150 | |
| 27 - 30 | 1.165 | 1.167 | 1.172 | 1.170 | 1.158 | 1.163 | 1.160 | 1.156 | 1.151 | 1.142 | 1.132 | | |
| 30 - 33 | 1.128 | 1.119 | 1.135 | 1.138 | 1.133 | 1.131 | 1.130 | 1.123 | 1.116 | 1.110 | 1.109 | | |
| 33 - 36 | 1.107 | 1.103 | 1.111 | 1.114 | 1.113 | 1.108 | 1.104 | 1.101 | 1.095 | 1.088 | 1.092 | | |
| 36 - 39 | 1.093 | 1.090 | 1.097 | 1.094 | 1.091 | 1.095 | 1.093 | 1.085 | 1.085 | 1.073 | 1.068 | | |
| 39 - 42 | 1.083 | 1.086 | 1.096 | 1.082 | 1.083 | 1.081 | 1.081 | 1.077 | 1.072 | 1.062 | | | |
| 42 - 45 | 1.063 | 1.069 | 1.069 | 1.074 | 1.069 | 1.068 | 1.070 | 1.061 | 1.057 | 1.054 | | | |
| 45 - 48 | 1.057 | 1.059 | 1.063 | 1.064 | 1.062 | 1.059 | 1.057 | 1.055 | 1.051 | 1.046 | | | |
| 48 - 51 | 1.050 | 1.050 | 1.052 | 1.053 | 1.053 | 1.051 | 1.050 | 1.047 | 1.041 | 1.036 | | | |
| 51 - 54 | 1.049 | 1.050 | 1.049 | 1.050 | 1.048 | 1.048 | 1.046 | 1.042 | 1.036 | | | | |
| 54 - 57 | 1.038 | 1.043 | 1.045 | 1.043 | 1.040 | 1.043 | 1.038 | 1.035 | 1.031 | | | | |
| 57 - 60 | 1.037 | 1.038 | 1.039 | 1.039 | 1.037 | 1.036 | 1.035 | 1.031 | 1.028 | | | | |
| 60 - 63 | 1.032 | 1.032 | 1.034 | 1.034 | 1.032 | 1.031 | 1.031 | 1.025 | 1.023 | | | | |
| 63 - 66 | 1.030 | 1.031 | 1.033 | 1.032 | 1.032 | 1.029 | 1.028 | 1.022 | | | | | |
| 66 - 69 | 1.027 | 1.029 | 1.028 | 1.029 | 1.028 | 1.024 | 1.024 | 1.021 | | | | | |
| 69 - 72 | 1.025 | 1.028 | 1.026 | 1.026 | 1.024 | 1.023 | 1.021 | 1.018 | | | | | |
| 72 - 75 | 1.022 | 1.023 | 1.023 | 1.022 | 1.021 | 1.021 | 1.019 | 1.016 | | | | | |
| 75 - 78 | 1.020 | 1.023 | 1.022 | 1.022 | 1.020 | 1.019 | 1.016 | | | | | | |
| 78 - 81 | 1.019 | 1.020 | 1.020 | 1.020 | 1.017 | 1.017 | 1.015 | | | | | | |
| 81 - 84 | 1.018 | 1.019 | 1.018 | 1.017 | 1.016 | 1.014 | 1.014 | | | | | | |
| 84 - 87 | 1.016 | 1.016 | 1.016 | 1.015 | 1.014 | 1.014 | 1.011 | | | | | | |
| 87 - 90 | 1.015 | 1.015 | 1.016 | 1.015 | 1.012 | 1.012 | | | | | | | |
| 90 - 93 | 1.014 | 1.014 | 1.014 | 1.012 | 1.012 | 1.011 | | | | | | | |
| 93 - 96 | 1.013 | 1.013 | 1.013 | 1.012 | 1.010 | 1.011 | | | | | | | |
| 96 - 99 | 1.012 | 1.011 | 1.011 | 1.010 | 1.010 | 1.008 | | | | | | | |
| 99 - 102 | 1.012 | 1.012 | 1.011 | 1.009 | 1.009 | | | | | | | | |
| 102 - 105 | 1.012 | 1.011 | 1.009 | 1.009 | 1.008 | | | | | | | | |
| 105 - 108 | 1.010 | 1.010 | 1.008 | 1.008 | 1.007 | | | | | | | | |
| 108 - 111 | 1.009 | 1.009 | 1.008 | 1.008 | 1.006 | | | | | | | | |
| 111 - 114 | 1.009 | 1.008 | 1.007 | 1.007 | | | | | | | | | |
| 114 - 117 | 1.008 | 1.007 | 1.007 | 1.007 | | | | | | | | | |
| 117 - 120 | 1.008 | 1.007 | 1.006 | 1.006 | | | | | | | | | |
| 120 - 123 | 1.007 | 1.006 | 1.006 | 1.006 | | | | | | | | | |

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

Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Count Development - Statewide

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | | | | |
|---------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 | 159-171 | 171-183 | 183-195 |
| 1992 | | | | | | | | | | | | | | | 1.000 |
| 1993 | | | | | | | | | | | | | | 1.000 | 1.000 |
| 1994 | | | | | | | | | | | | | 1.000 | 1.000 | 1.000 |
| 1995 | | | | | | | | | | | | 1.000 | 1.000 | 1.001 | 1.001 |
| 1996 | | | | | | | | | | | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1997 | | | | | | | | | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1998 | | | | | | | | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1999 | | | | | | | | 1.000 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2000 | | | | | | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.001 | 1.001 | 1.000 | 1.000 |
| 2001 | | | | | | 1.000 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2002 | | | | | 1.000 | 1.000 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2003 | | | | 1.000 | 0.998 | 0.999 | 0.999 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 2004 | | | 1.000 | 1.000 | 0.999 | 0.999 | 0.999 | 1.000 | 0.999 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | |
| 2005 | | 1.005 | 1.001 | 1.001 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | |
| 2006 | 1.029 | 1.008 | 1.004 | 1.002 | 1.001 | 1.001 | 1.000 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | | | |
| 2007 | 1.036 | 1.012 | 1.006 | 1.003 | 1.002 | 1.000 | 1.000 | 1.001 | 1.000 | 1.000 | 1.000 | | | | |
| 2008 | 1.059 | 1.017 | 1.009 | 1.004 | 1.003 | 1.002 | 1.001 | 1.001 | 1.000 | 1.000 | | | | | |
| 2009 | 1.083 | 1.023 | 1.009 | 1.005 | 1.003 | 1.002 | 1.001 | 1.000 | 1.000 | | | | | | |
| 2010 | 1.091 | 1.022 | 1.010 | 1.006 | 1.003 | 1.002 | 1.001 | 1.000 | | | | | | | |
| 2011 | 1.102 | 1.027 | 1.011 | 1.005 | 1.002 | 1.001 | 1.000 | | | | | | | | |
| 2012 | 1.120 | 1.026 | 1.010 | 1.005 | 1.002 | 1.001 | | | | | | | | | |
| 2013 | 1.101 | 1.024 | 1.007 | 1.004 | 1.001 | | | | | | | | | | |
| 2014 | 1.105 | 1.019 | 1.008 | 1.003 | | | | | | | | | | | |
| 2015 | 1.100 | 1.016 | 1.005 | | | | | | | | | | | | |
| 2016 | 1.101 | 1.019 | | | | | | | | | | | | | |
| 2017 | 1.088 | | | | | | | | | | | | | | |

I. Age-to-Age (Latest Year)

| | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.088 | 1.019 | 1.005 | 1.003 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

II. Age-to-Ultimate

| | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.125 | 1.034 | 1.014 | 1.010 | 1.006 | 1.005 | 1.004 | 1.003 | 1.003 | 1.003 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | | | |
|---------------|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 195-207 | 207-219 | 219-231 | 231-243 | 243-255 | 255-267 | 267-279 | 279-291 | 291-303 | 303-315 | 315-327 | 327-339 | 339-351 | 351-363 |
| 1989 | 1.001 | 0.996 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1990 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| 1991 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | |
| 1992 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | |
| 1993 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | |
| 1994 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | |
| 1995 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | |
| 1996 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | |
| 1997 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | | |
| 1998 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | | | |
| 1999 | 1.000 | 1.000 | 1.000 | 1.000 | | | | | | | | | | |
| 2000 | 1.000 | 1.000 | | | | | | | | | | | | |
| 2001 | 1.000 | | | | | | | | | | | | | |
| 2002 | 1.000 | | | | | | | | | | | | | |

I. Age-to-Age (Latest Year)

| | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

II. Age-to-Ultimate

| | | | | | | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.002 | 1.001 | 1.001 | 1.001 | 1.001 | 1.000 | 1.000 | 1.000 | 1.000 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

Source: WCIRB quarterly calls for experience

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

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurers ALAE Severity
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Acc. Year | Indemnity Claim Counts @3/31/19 (1) | Cumulative Count Development Factors ^[2] (2) | Estimated Ultimate Ind. Counts (3)=(1)x(2) | Estimated Ult. ALAE Per Indemnity Claim ^[3] (4) | Estimated Ult. ALAE (in \$000) (5)=(3)x(4) |
|-----------|--|--|---|---|---|
| 1991 | 250,037 | 1.000 | 250,072 | 2,472 | 618,153 |
| 1992 | 198,545 | 1.000 | 198,604 | 2,360 | 468,644 |
| 1993 | 156,181 | 1.001 | 156,260 | 2,197 | 343,306 |
| 1994 | 143,781 | 1.001 | 143,878 | 2,202 | 316,861 |
| 1995 | 135,217 | 1.001 | 135,342 | 2,532 | 342,666 |
| 1996 | 133,155 | 1.001 | 133,318 | 2,980 | 397,321 |
| 1997 | 137,393 | 1.001 | 137,584 | 3,733 | 513,564 |
| 1998 | 147,474 | 1.002 | 147,713 | 4,826 | 712,797 |
| 1999 | 148,695 | 1.002 | 148,948 | 5,157 | 768,136 |
| 2000 | 161,997 | 1.002 | 162,296 | 6,055 | 982,622 |
| 2001 | 185,697 | 1.002 | 186,060 | 7,511 | 1,397,564 |
| 2002 | 194,698 | 1.002 | 195,095 | 8,006 | 1,562,013 |
| 2003 | 184,266 | 1.002 | 184,634 | 8,495 | 1,568,382 |
| 2004 | 159,001 | 1.002 | 159,324 | 8,001 | 1,274,775 |
| 2005 | 139,589 | 1.002 | 139,867 | 7,741 | 1,082,725 |
| 2006 | 133,274 | 1.002 | 133,529 | 8,045 | 1,074,241 |
| 2007 | 130,302 | 1.002 | 130,557 | 8,706 | 1,136,681 |
| 2008 | 123,037 | 1.002 | 123,302 | 9,531 | 1,175,231 |
| 2009 | 113,738 | 1.003 | 114,024 | 10,528 | 1,200,501 |
| 2010 | 118,407 | 1.003 | 118,751 | 10,547 | 1,252,415 |
| 2011 | 120,547 | 1.003 | 120,911 | 10,484 | 1,267,648 |
| 2012 | 127,488 | 1.004 | 127,937 | 10,549 | 1,349,644 |
| 2013 | 135,284 | 1.005 | 135,902 | 10,492 | 1,425,934 |
| 2014 | 140,515 | 1.006 | 141,344 | 10,491 | 1,482,891 |
| 2015 | 144,538 | 1.009 | 145,896 | 10,401 | 1,517,415 |
| 2016 | 147,154 | 1.014 | 149,231 | 10,462 | 1,561,256 |
| 2017 | 145,143 | 1.034 | 150,030 | 10,743 | 1,611,826 |
| 2018 | 135,849 | 1.125 | 152,792 | 11,486 | 1,754,964 |

Projected Based on 2-Year Average of 2017 and 2018:

| | Ult. Ind. Counts ^[4] | Ult. ALAE per Ind. Counts ^[5] | Ultimate ALAE ^[6] |
|----------|---------------------------------|--|------------------------------|
| 2019 | 148,684 | 11,530 | 1,714,348 |
| 2020 | 145,338 | 11,818 | 1,717,669 |
| 1/1/2021 | 143,400 | 11,965 | 1,715,811 |

| | |
|---|------------|
| (a) Projected ALAE Incurred (\$000): | 1,715,811 |
| (b) Calendar Year 2018 Earned Premium ^[7] (\$000): | 17,420,200 |
| (c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] : | 0.560 |
| (d) Premium Adjustment Factor for Calendar Year 2018 ^[9] : | 0.936 |
| (e) Projected Losses (\$000): (b) x (c) x (d) | 9,130,972 |
| (f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a) / (e) | 18.8% |
| (g) Impact of SB 1160 and AB 1244 ^[10] | -7.2% |
| (h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)] | 17.4% |

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.
- [3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 9.
- [4] Estimated based on projected frequency trends for accident years 2018 to 2021. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2017 and 2018.
- [5] Severity is projected by applying an annual growth rate of 2.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 9 and (ii) paid ALAE per open indemnity claim from Exhibit 10, to the ultimate ALAE severity estimated from averaging 2017 and 2018.
- [6] Column(6) x Column(7) / 1,000.
- [7] Based on the reported earned premium for calendar year 2018 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2019.
- [8] See Exhibit 8 of Agenda Item AC19-06-01
- [9] See Exhibit 5.2 of Agenda Item AC19-06-01.
- [10] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 60% reduction in lien filings, offset by 25% to reflect the impact of the reforms in the emerging ALAE data.

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

Based on Estimated Accident Year Indemnity Claim Frequency and Private Insurers ALAE Severity - Trend from Latest Year
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Acc. Year | Indemnity Claim Counts @3/31/19 (1) | Cumulative Count Development Factors ^[2] (2) | Estimated Ultimate Ind. Counts (3)=(1)x(2) | Estimated Ult. ALAE Per Indemnity Claim ^[3] (4) | Estimated Ult. ALAE (in \$000) (5)=(3)x(4) |
|-----------|--|--|---|---|---|
| 1991 | 250,037 | 1.000 | 250,072 | 2,472 | 618,153 |
| 1992 | 198,545 | 1.000 | 198,604 | 2,360 | 468,644 |
| 1993 | 156,181 | 1.001 | 156,260 | 2,197 | 343,306 |
| 1994 | 143,781 | 1.001 | 143,878 | 2,202 | 316,861 |
| 1995 | 135,217 | 1.001 | 135,342 | 2,532 | 342,666 |
| 1996 | 133,155 | 1.001 | 133,318 | 2,980 | 397,321 |
| 1997 | 137,393 | 1.001 | 137,584 | 3,733 | 513,564 |
| 1998 | 147,474 | 1.002 | 147,713 | 4,826 | 712,797 |
| 1999 | 148,695 | 1.002 | 148,948 | 5,157 | 768,136 |
| 2000 | 161,997 | 1.002 | 162,296 | 6,055 | 982,622 |
| 2001 | 185,697 | 1.002 | 186,060 | 7,511 | 1,397,564 |
| 2002 | 194,698 | 1.002 | 195,095 | 8,006 | 1,562,013 |
| 2003 | 184,266 | 1.002 | 184,634 | 8,495 | 1,568,382 |
| 2004 | 159,001 | 1.002 | 159,324 | 8,001 | 1,274,775 |
| 2005 | 139,589 | 1.002 | 139,867 | 7,741 | 1,082,725 |
| 2006 | 133,274 | 1.002 | 133,529 | 8,045 | 1,074,241 |
| 2007 | 130,302 | 1.002 | 130,557 | 8,706 | 1,136,681 |
| 2008 | 123,037 | 1.002 | 123,302 | 9,531 | 1,175,231 |
| 2009 | 113,738 | 1.003 | 114,024 | 10,528 | 1,200,501 |
| 2010 | 118,407 | 1.003 | 118,751 | 10,547 | 1,252,415 |
| 2011 | 120,547 | 1.003 | 120,911 | 10,484 | 1,267,648 |
| 2012 | 127,488 | 1.004 | 127,937 | 10,549 | 1,349,644 |
| 2013 | 135,284 | 1.005 | 135,902 | 10,492 | 1,425,934 |
| 2014 | 140,515 | 1.006 | 141,344 | 10,491 | 1,482,891 |
| 2015 | 144,538 | 1.009 | 145,896 | 10,401 | 1,517,415 |
| 2016 | 147,154 | 1.014 | 149,231 | 10,462 | 1,561,256 |
| 2017 | 145,143 | 1.034 | 150,030 | 10,743 | 1,611,826 |
| 2018 | 135,849 | 1.125 | 152,792 | 11,486 | 1,754,964 |

Projected Based on Latest Year

| | Ult. Ind. Counts ^[4] | Ult. ALAE per Ind. Counts ^[5] | Ultimate ALAE ^[6] |
|---|---------------------------------|--|------------------------------|
| 2019 | 149,966 | 11,773 | 1,765,560 |
| 2020 | 146,592 | 12,067 | 1,768,981 |
| 1/1/2021 | 144,636 | 12,217 | 1,767,067 |
| (a) Projected ALAE Incurred (\$000): | | | 1,767,067 |
| (b) Calendar Year 2018 Earned Premium ^[7] (\$000): | | | 17,420,200 |
| (c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[8] : | | | 0.560 |
| (d) Premium Adjustment Factor for Calendar Year 2018 ^[9] : | | | 0.936 |
| (e) Projected Losses (\$000): (b) x (c) x (d) | | | 9,130,972 |
| (f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244 | | | 19.4% |
| (g) Impact of SB 1160 and AB 1244 ^[10] | | | -7.2% |
| (h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (a) x [1.0 + (f)] / (e) | | | 18.0% |

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.
- ^[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 9.
- ^[4] Estimated based on projected frequency trends for accident years 2019 and 2021. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the 2018 ultimate indemnity claim counts.
- ^[5] Severity is projected by applying an annual growth rate of 2.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 9 and (ii) paid ALAE per open indemnity claim from Exhibit 10, to the 2018 ultimate ALAE severity.
- ^[6] Column(6) x Column(7) / 1,000.
- ^[7] Based on the reported earned premium for calendar year 2018 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2019.
- ^[8] See Exhibit 8 of Agenda Item AC19-06-01
- ^[9] See Exhibit 5.2 of Agenda Item AC19-06-01.
- ^[10] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 60% reduction in lien filings, offset by 25% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
Based on Private Insurers Paid ALAE as Percentage of Premium
For Policies with Effective Dates between January 1, 2020 and December 31, 2020
Latest Year Development Factors

| Accident Year | Paid ALAE as % of Premium at 3/31/19 (1) | Development Factors (2) | Ultimate ALAE as % of Premium (3) | Ultimate On-level Indemnity as % of Premium (4) | Ultimate On-level Medical as % of Premium (5) | Ultimate ALAE as % of Ultimate On-level Loss (6) |
|---------------|---|----------------------------|--------------------------------------|--|--|---|
| 1990 | 5.7% | 1.044 | 5.9% | 50.0% | 23.0% | 8.1% |
| 1991 | 7.2% | 1.047 | 7.6% | 44.0% | 20.7% | 11.7% |
| 1992 | 5.8% | 1.051 | 6.1% | 38.2% | 18.1% | 10.8% |
| 1993 | 4.1% | 1.053 | 4.3% | 38.2% | 18.2% | 7.7% |
| 1994 | 4.5% | 1.057 | 4.7% | 45.4% | 22.0% | 7.0% |
| 1995 | 6.7% | 1.061 | 7.1% | 60.7% | 31.9% | 7.7% |
| 1996 | 7.8% | 1.068 | 8.3% | 63.6% | 33.6% | 8.6% |
| 1997 | 9.5% | 1.074 | 10.2% | 64.6% | 37.5% | 10.0% |
| 1998 | 11.4% | 1.080 | 12.3% | 64.7% | 39.8% | 11.7% |
| 1999 | 12.3% | 1.087 | 13.4% | 63.1% | 37.5% | 13.3% |
| 2000 | 11.5% | 1.094 | 12.6% | 50.9% | 31.3% | 15.3% |
| 2001 | 9.6% | 1.101 | 10.5% | 42.2% | 25.3% | 15.6% |
| 2002 | 7.6% | 1.109 | 8.5% | 32.2% | 20.5% | 16.1% |
| 2003 | 5.3% | 1.117 | 5.9% | 21.2% | 13.8% | 16.9% |
| 2004 | 4.7% | 1.125 | 5.3% | 17.3% | 14.2% | 16.9% |
| 2005 | 4.3% | 1.136 | 4.9% | 20.1% | 16.2% | 13.6% |
| 2006 | 5.4% | 1.150 | 6.2% | 25.6% | 22.1% | 12.9% |
| 2007 | 7.4% | 1.165 | 8.6% | 34.1% | 30.6% | 13.3% |
| 2008 | 9.4% | 1.185 | 11.2% | 40.7% | 38.2% | 14.2% |
| 2009 | 11.6% | 1.208 | 14.0% | 46.7% | 44.2% | 15.4% |
| 2010 | 11.3% | 1.239 | 14.0% | 44.4% | 43.6% | 15.9% |
| 2011 | 10.2% | 1.277 | 13.1% | 41.0% | 38.2% | 16.5% |
| 2012 | 9.0% | 1.331 | 12.0% | 36.1% | 34.4% | 16.9% |
| 2013 | 7.4% | 1.405 | 10.3% | 30.2% | 30.6% | 17.0% |
| 2014 | 6.4% | 1.515 | 9.7% | 26.0% | 28.4% | 17.7% |
| 2015 | 5.4% | 1.697 | 9.2% | 24.8% | 27.4% | 17.6% |
| 2016 | 4.4% | 2.056 | 9.1% | 23.3% | 26.0% | 18.4% |
| 2017 | 3.1% | 3.013 | 9.5% | 23.3% | 27.0% | 18.8% |
| 2018 | 1.3% | 8.088 | 10.5% | 24.8% | 28.9% | 19.6% |

- (7) Projected ALAE as a Percent of Ultimate On-level Losses
Prior to Impact of SB 1160 and AB 1244: 19.2%
- (8) Impact of SB 1160 and AB 1244: -7.2%
- (9) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244:
(7) x [1.0 + (8)] 17.8%

Notes:

- (1) Based on accident year paid ALAE and calendar year earned premium information from private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) Based on the private insurers latest year paid ALAE age-to-age development from Exhibit 11.1.
- (3) = (1) x (2).
- (4), (5) Based on Exhibits 7.1 and 7.3 of AC19-06-01. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2018.
- (6) = (3) / [(4) + (5)].
- (7) Based on averaging 2017 and 2018.

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2020 and December 31, 2020
Using Paid ALAE as a Percent of Paid Indemnity for Private Insurers
Latest Year Development Factors

| Accident Year | Paid ALAE as a Percent of Paid Indemnity at 3/31/19 (1) | Development Factors (2) | Ultimate ALAE as a Percent of Ultimate Indemnity (3) | Indemnity On-level Factors (4) | Ultimate ALAE as a Percent of Ultimate On-level Indemnity (5) |
|---------------|--|----------------------------|---|-----------------------------------|--|
| 2004 | 36.7% | 1.125 | 41.2% | 1.193 | 34.6% |
| 2005 | 38.8% | 1.070 | 41.5% | 1.616 | 25.7% |
| 2006 | 37.4% | 1.071 | 40.0% | 1.588 | 25.2% |
| 2007 | 37.2% | 1.074 | 40.0% | 1.531 | 26.1% |
| 2008 | 36.7% | 1.075 | 39.4% | 1.438 | 27.4% |
| 2009 | 38.6% | 1.077 | 41.5% | 1.410 | 29.5% |
| 2010 | 39.0% | 1.079 | 42.1% | 1.383 | 30.4% |
| 2011 | 39.1% | 1.086 | 42.4% | 1.364 | 31.1% |
| 2012 | 39.5% | 1.091 | 43.1% | 1.332 | 32.4% |
| 2013 | 39.6% | 1.100 | 43.6% | 1.288 | 33.8% |
| 2014 | 37.8% | 1.115 | 42.2% | 1.166 | 36.2% |
| 2015 | 36.3% | 1.127 | 40.9% | 1.137 | 36.0% |
| 2016 | 36.2% | 1.136 | 41.1% | 1.122 | 36.6% |
| 2017 | 36.3% | 1.141 | 41.4% | 1.093 | 37.8% |
| 2018 | 32.8% | 1.281 | 42.0% | 1.068 | 39.3% |

| | |
|---|---------------------|
| (6) ALAE as Percent of On-level Indemnity: | Projected: 38.6% |
| (7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio: | 0.247 |
| (8) Indicated Medical to Industry Average Filed Pure Premium Ratio: | 0.313 |
| (9) ALAE as Percent of Total Losses Prior to Impact of SB 1160 and AB 1244: | 17.0% |
| (10) Impact of SB 1160 and AB 1244: | -7.2% |
| (11) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (9) x [1.0 + (10)] | 15.8% |

Notes:

- (1) Based on accident year paid ALAE information from private insurers. Amounts shown do not reflect the paid cost of medical cost containment programs (MCCP).
- (2) See Exhibit 14.1.
- (3) = (1) x (2).
- (4) From Exhibit 4.1 of Agenda Item AC19-06-01
- (5) = (3) / (4).
- (6) Projected by averaging 2017 and 2018.
- (7), (8) From Exhibit 8 of Agenda Item AC19-06-01.
- (9) = (6) x (7) / [(7) + (8)].
- (10) Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 60% reduction in lien filings, offset by 25% to reflect the impact of the reforms in the emerging ALAE data.

Average Paid MCCP Per Reported Indemnity Claim - Statewide
As of March 31, 2019

| Accident Year | Evaluated as of (in months): | | | | | | | |
|------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> |
| 2012 | 197 | 891 | 1,506 | 1,819 | 2,049 | 2,205 | 2,312 | 2,323 |
| 2013 | 187 | 841 | 1,363 | 1,701 | 1,918 | 2,055 | 2,090 | |
| 2014 | 169 | 784 | 1,325 | 1,661 | 1,856 | 1,954 | | |
| 2015 | 178 | 777 | 1,309 | 1,598 | 1,784 | | | |
| 2016 | 156 | 766 | 1,237 | 1,507 | | | | |
| 2017 | 169 | 748 | 1,227 | | | | | |
| 2018 | 174 | 808 | | | | | | |
| 2019 | 191 | | | | | | | |

| Accident Year | Annual Change | | | | | | | |
|------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | <u>3</u> | <u>15</u> | <u>27</u> | <u>39</u> | <u>51</u> | <u>63</u> | <u>75</u> | <u>87</u> |
| 2013 | -4.9% | -5.7% | -9.5% | -6.5% | -6.4% | -6.8% | -9.6% | |
| 2014 | -9.5% | -6.8% | -2.8% | -2.3% | -3.2% | -4.9% | | |
| 2015 | 4.9% | -0.8% | -1.2% | -3.8% | -3.9% | | | |
| 2016 | -12.0% | -1.5% | -5.5% | -5.7% | | | | |
| 2017 | 8.3% | -2.3% | -0.8% | | | | | |
| 2018 | 3.0% | 8.0% | | | | | | |
| 2019 | 9.3% | | | | | | | |

Annual Trend^[1]

| | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|--|--|
| All-Year | -0.8% | 0.4% | 0.1% | 0.1% | 0.1% | 0.1% | | |
| R ² | 0.076 | 0.770 | 0.926 | 0.938 | 0.996 | 0.988 | | |

^[1] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

Estimated Ultimate MCCP Per Indemnity Claim - Statewide

| Accident Year | Paid MCCP @03/31/19 (in \$000) (1) | Cumulative Development Factors ^[1] (2) | Estimated Ultimate MCCP (3)=(1)x(2) | Indemnity Claim Counts @03/31/19 (4) | Cumulative Count Development Factors ^[2] (5) | Estimated Ultimate Ind. Counts (6)=(4)x(5) | Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000 | Annual change |
|------------------|--|--|--|--|---|---|---|------------------|
| 2011 | 315,502 | 1.364 | 430,382 | 120,547 | 1.003 | 120,911 | 3,559 | --- |
| 2012 | 293,610 | 1.416 | 415,739 | 127,488 | 1.004 | 127,937 | 3,250 | -8.7% |
| 2013 | 282,696 | 1.464 | 413,928 | 135,284 | 1.005 | 135,902 | 3,046 | -6.3% |
| 2014 | 274,600 | 1.539 | 422,513 | 140,515 | 1.006 | 141,344 | 2,989 | -1.9% |
| 2015 | 257,792 | 1.650 | 425,387 | 144,538 | 1.009 | 145,896 | 2,916 | -2.5% |
| 2016 | 221,724 | 1.852 | 410,672 | 147,154 | 1.014 | 149,231 | 2,752 | -5.6% |
| 2017 | 178,086 | 2.299 | 409,410 | 145,143 | 1.034 | 150,030 | 2,729 | -0.8% |
| 2018 | 109,711 | 4.106 | 450,421 | 135,849 | 1.125 | 152,792 | 2,948 | 8.0% |

Estimated Annual Exponential Trend Based on:

| | |
|--------------|-------|
| 2012 to 2018 | -2.1% |
| 2014 to 2018 | -0.9% |

Notes:

[1] Based on MCCP development through 87 months from Exhibit 18.1. 99-to-ultimate and 87-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC19-06-01.

[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.

Paid MCCP per Indemnity Claims Inventory^[1] by Calendar Year - Statewide

| Calendar Year | Paid MCCP per Indemnity Claim Adjusted to Remove IMR/IBR Fees | Year-to-Year Change |
|---------------|---|---------------------|
| 2005 | --- | --- |
| 2006 | --- | --- |
| 2007 | \$562 | --- |
| 2008 | \$848 | 50.8% |
| 2009 | \$808 | -4.7% |
| 2010 | \$872 | 7.9% |
| 2011 | \$914 | 4.8% |
| 2012 | \$942 | 3.0% |
| 2013 | \$984 | 4.5% |
| 2014 | \$952 | -3.3% |
| 2015 | \$1,059 | 11.2% |
| 2016 | \$1,000 | -5.6% |
| 2017 | \$947 | -5.2% |
| 2018 | \$978 | 3.3% |

Estimated Annual Exponential Trend Based on:

| | |
|----------------|-------|
| 2009-2018 | 1.9% |
| R ² | 0.559 |

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

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

Paid MCCP Development Factors - Statewide

| | | Quarterly Development | | | | | | |
|------------------|------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Age in Months | | Accident Year | | | | | | |
| | | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| 3 | - 6 | 5.599 | 5.796 | 6.047 | 5.652 | 6.118 | 5.561 | 5.890 |
| 6 | - 9 | 2.356 | 2.432 | 2.402 | 2.457 | 2.407 | 2.395 | 2.329 |
| 9 | - 12 | 1.763 | 1.773 | 1.771 | 1.742 | 1.725 | 1.776 | 1.824 |
| 12 | - 15 | 1.476 | 1.412 | 1.456 | 1.468 | 1.477 | 1.444 | 1.432 |
| 15 | - 18 | 1.277 | 1.253 | 1.299 | 1.282 | 1.244 | 1.258 | |
| 18 | - 21 | 1.171 | 1.157 | 1.194 | 1.177 | 1.170 | 1.154 | |
| 21 | - 24 | 1.128 | 1.121 | 1.128 | 1.120 | 1.125 | 1.122 | |
| 24 | - 27 | 1.083 | 1.099 | 1.096 | 1.096 | 1.086 | 1.096 | |
| 27 | - 30 | 1.077 | 1.081 | 1.073 | 1.073 | 1.077 | | |
| 30 | - 33 | 1.051 | 1.068 | 1.045 | 1.062 | 1.054 | | |
| 33 | - 36 | 1.045 | 1.054 | 1.036 | 1.047 | 1.053 | | |
| 36 | - 39 | 1.047 | 1.053 | 1.034 | 1.040 | 1.039 | | |
| 39 | - 42 | 1.036 | 1.043 | 1.026 | 1.040 | | | |
| 42 | - 45 | 1.036 | 1.035 | 1.025 | 1.029 | | | |
| 45 | - 48 | 1.031 | 1.027 | 1.019 | 1.028 | | | |
| 48 | - 51 | 1.031 | 1.023 | 1.026 | 1.021 | | | |
| 51 | - 54 | 1.025 | 1.023 | 1.025 | | | | |
| 54 | - 57 | 1.022 | 1.019 | 1.019 | | | | |
| 57 | - 60 | 1.017 | 1.016 | 1.016 | | | | |
| 60 | - 63 | 1.015 | 1.015 | 1.013 | | | | |
| 63 | - 66 | 1.016 | 1.017 | | | | | |
| 66 | - 69 | 1.014 | 1.012 | | | | | |
| 69 | - 72 | 1.011 | 1.011 | | | | | |
| 72 | - 75 | 1.010 | 1.010 | | | | | |
| 75 | - 78 | 1.010 | | | | | | |
| 78 | - 81 | 1.008 | | | | | | |
| 81 | - 84 | 1.008 | | | | | | |
| 84 | - 87 | 1.008 | | | | | | |

| | | Annual Development | | | | | | |
|------------------|------|--------------------|-------------|-------------|-------------|-------------|-------------|--|
| Age in Months | | Accident Year | | | | | | |
| | | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | |
| 15 | - 27 | 1.829 | 1.791 | 1.887 | 1.851 | 1.779 | 1.786 | |
| 27 | - 39 | 1.242 | 1.284 | 1.276 | 1.240 | 1.241 | | |
| 39 | - 51 | 1.141 | 1.135 | 1.126 | 1.122 | | | |
| 51 | - 63 | 1.081 | 1.075 | 1.072 | | | | |
| 63 | - 75 | 1.051 | 1.051 | | | | | |
| 75 | - 87 | 1.034 | | | | | | |

| | <u>15-27</u> | <u>27-39</u> | <u>39-51</u> | <u>51-63</u> | <u>63-75</u> | <u>75-87</u> | <u>87-Ult.</u> |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Age-to-Age ^[1] | 1.786 | 1.241 | 1.122 | 1.072 | 1.051 | 1.034 | |
| Age -to-Ult. ^[2] | 4.106 | 2.299 | 1.852 | 1.650 | 1.539 | 1.464 | 1.416 |

Notes:

[1] Based on Latest Year.

[2] 87-to-Ult. is based on selected paid medical 87-to-ultimate development factor on Exhibit 3.2 of Agenda Item AC19-06-01.

Source: WCIRB quarterly calls for experience.

Projected Ratio of MCCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and MCCP Severity
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Accident Year | Paid MCCP @12/31/18 (in \$000) (1) | Cumulative Development Factors ^[1] (2) | Estimated Ultimate MCCP (3)=(1)x(2) (4) | Indemnity Claim Counts @12/31/18 (4) | Cumulative Count Development Factors ^[2] (5) | Estimated Ultimate Ind. Counts (6)=(4)x(5) (6) | Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000 (7) | Annual change |
|------------------|--|--|---|--|---|--|--|------------------|
| 2011 | 315,502 | 1.364 | 430,382 | 120,547 | 1.003 | 120,911 | 3,559 | --- |
| 2012 | 293,610 | 1.416 | 415,739 | 127,488 | 1.004 | 127,937 | 3,250 | -8.7% |
| 2013 | 282,696 | 1.464 | 413,928 | 135,284 | 1.005 | 135,902 | 3,046 | -6.3% |
| 2014 | 274,600 | 1.539 | 422,513 | 140,515 | 1.006 | 141,344 | 2,989 | -1.9% |
| 2015 | 257,792 | 1.650 | 425,387 | 144,538 | 1.009 | 145,896 | 2,916 | -2.5% |
| 2016 | 221,724 | 1.852 | 410,672 | 147,154 | 1.014 | 149,231 | 2,752 | -5.6% |
| 2017 | 178,086 | 2.299 | 409,410 | 145,143 | 1.034 | 150,030 | 2,729 | -0.8% |
| 2018 | 109,711 | 4.106 | 450,421 | 135,849 | 1.125 | 152,792 | 2,948 | 8.0% |

Projected Based on 2-Year Average of 2017 and 2018:

| | Ultimate MCCP ^[5] | Ult. Ind. Counts ^[3] | Ult. MCCP per Ind. Counts ^[4] |
|----------|------------------------------|---------------------------------|---|
| 2019 | 422,022 | 148,684 | 2,838 |
| 2020 | 412,527 | 145,338 | 2,838 |
| 1/1/2021 | 407,024 | 143,400 | 2,838 |

| | |
|--|------------|
| (a) Projected MCCP (\$000): | 407,024 |
| (b) Calendar Year 2018 Earned Premium ^[6] (\$000): | 17,420,200 |
| (c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] : | 0.560 |
| (d) Premium Adjustment Factor for Calendar Year 2018 ^[8] : | 0.936 |
| (e) Projected Losses (\$000): (b) x (c) x (d) | 9,130,972 |
| (f) Ratio of MCCP to Losses Prior to Impact of Drug Formulary: (a) / (e) | 4.5% |
| (g) Impact of Drug Formulary on MCCP ^[9] | -2.0% |
| (h) Projected Ratio of ALAE to Losses after Impact of Drug Formulary: (f) x [1.0 + (g)] | 4.4% |

Notes:

- [1] Based on MCCP development through 87 months from Exhibit 18.1. 99-to-ultimate and 87-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC19-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.
- [3] Estimated based on projected frequency trends for accident years 2018 to 2021. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2017 and 2018.
- [4] Severity is projected by applying an annual growth rate of 0% to the ultimate MCCP severity estimated from averaging 2017 and 2018.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2018 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2019.
- [7] See Exhibit 8 of Agenda Item AC19-06-01.
- [8] See Exhibit 5.2 of Agenda Item AC19-06-01.
- [9] Based on the WCIRB's evaluation of the Drug Formulary impacting MCCP (UR) costs, offset by 25% to reflect the impact

Projected Ratio of MCCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and MCCP Severity - Trend from Latest Year
For Policies with Effective Dates between July 1, 2020 and December 31, 2020

| Accident Year | Paid MCCP @12/31/18 (in \$000) (1) | Cumulative Development Factors ^[1] (2) | Estimated Ultimate MCCP (3)=(1)x(2) | Indemnity Claim Counts @12/31/18 (4) | Cumulative Count Development Factors ^[2] (5) | Estimated Ultimate Ind. Counts (6)=(4)x(5) | Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000 | Annual change |
|------------------|--|--|--|--|---|---|---|------------------|
| 2011 | 315,502 | 1.364 | 430,382 | 120,547 | 1.003 | 120,911 | 3,559 | --- |
| 2012 | 293,610 | 1.416 | 415,739 | 127,488 | 1.004 | 127,937 | 3,250 | -8.7% |
| 2013 | 282,696 | 1.464 | 413,928 | 135,284 | 1.005 | 135,902 | 3,046 | -6.3% |
| 2014 | 274,600 | 1.539 | 422,513 | 140,515 | 1.006 | 141,344 | 2,989 | -1.9% |
| 2015 | 257,792 | 1.650 | 425,387 | 144,538 | 1.009 | 145,896 | 2,916 | -2.5% |
| 2016 | 221,724 | 1.852 | 410,672 | 147,154 | 1.014 | 149,231 | 2,752 | -5.6% |
| 2017 | 178,086 | 2.299 | 409,410 | 145,143 | 1.034 | 150,030 | 2,729 | -0.8% |
| 2018 | 109,711 | 4.106 | 450,421 | 135,849 | 1.125 | 152,792 | 2,948 | 8.0% |

Projected Based on Latest Year:

| | Ultimate MCCP ^[5] | Ult. Ind. Counts ^[3] | Ult. MCCP per Ind. Counts ^[4] |
|----------|------------------------------|---------------------------------|---|
| 2019 | 442,088 | 149,966 | 2,948 |
| 2020 | 432,141 | 146,592 | 2,948 |
| 1/1/2021 | 426,377 | 144,636 | 2,948 |

| | |
|--|------------|
| (a) Projected MCCP (\$000): | 426,377 |
| (b) Calendar Year 2018 Earned Premium ^[6] (\$000): | 17,420,200 |
| (c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] : | 0.560 |
| (d) Premium Adjustment Factor for Calendar Year 2018 ^[8] : | 0.936 |
| (e) Projected Losses (\$000): (b) x (c) x (d) | 9,130,972 |
| (f) Ratio of MCCP to Losses Prior to Impact of Drug Formulary: (a) / (e) | 4.7% |
| (g) Impact of Drug Formulary on MCCP ^[9] | -2.0% |
| (h) Projected Ratio of ALAE to Losses after Impact of Drug Formulary: (f) x [1.0 + (g)] | 4.6% |

Notes:

- [1] Based on MCCP development through 87 months from Exhibit 18.1. 99-to-ultimate and 87-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC19-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.
- [3] Estimated based on projected frequency trends for accident years 2019 to 2021. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency. These frequency trends were then applied to the 2018 ultimate indemnity claim counts.
- [4] Severity is projected by applying an annual growth rate of 0% to the 2018 ultimate MCCP severity.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2018 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2019.
- [7] See Exhibit 8 of Agenda Item AC19-06-01.
- [8] See Exhibit 5.2 of Agenda Item AC19-06-01.
- [9] Based on the WCIRB's evaluation of the Drug Formulary impacting MCCP (UR) costs, offset by 25% to reflect the impact of the Drug Formulary in emerging MCCP data.

Projected Ratio of MCCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and MCCP Severity with Trend
Based on AY Ultimate MCCP per Indemnity Claim and Applied to the Latest Two Years
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Year | Paid MCCP @3/31/19 (in \$000) (1) | Cumulative Development Factors ^[1] (2) | Estimated Ultimate MCCP (3)=(1)x(2) | Indemnity Claim Counts @3/31/19 (4) | Cumulative Count Development Factors ^[2] (5) | Estimated Ultimate Ind. Counts (6)=(4)x(5) | Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000 | Annual change |
|------|---|--|--|---|---|---|---|------------------|
| 2011 | 315,502 | 1.364 | 430,382 | 120,547 | 1.003 | 120,911 | 3,559 | --- |
| 2012 | 293,610 | 1.416 | 415,739 | 127,488 | 1.004 | 127,937 | 3,250 | -8.7% |
| 2013 | 282,696 | 1.464 | 413,928 | 135,284 | 1.005 | 135,902 | 3,046 | -6.3% |
| 2014 | 274,600 | 1.539 | 422,513 | 140,515 | 1.006 | 141,344 | 2,989 | -1.9% |
| 2015 | 257,792 | 1.650 | 425,387 | 144,538 | 1.009 | 145,896 | 2,916 | -2.5% |
| 2016 | 221,724 | 1.852 | 410,672 | 147,154 | 1.014 | 149,231 | 2,752 | -5.6% |
| 2017 | 178,086 | 2.299 | 409,410 | 145,143 | 1.034 | 150,030 | 2,729 | -0.8% |
| 2018 | 109,711 | 4.106 | 450,421 | 135,849 | 1.125 | 152,792 | 2,948 | 8.0% |

Projected Based on 2-Year Average of 2017 and 2018:

| | Ultimate MCCP ^[5] | Ult. Ind. Counts ^[3] | Ult. MCCP per Ind. Counts ^[4] |
|----------|------------------------------|---------------------------------|---|
| 2019 | 408,979 | 148,684 | 2,751 |
| 2020 | 391,375 | 145,338 | 2,693 |
| 1/1/2021 | 382,075 | 143,400 | 2,664 |

| | |
|--|------------|
| (a) Projected MCCP (\$000): | 382,075 |
| (b) Calendar Year 2018 Earned Premium ^[6] (\$000): | 17,420,200 |
| (c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] : | 0.560 |
| (d) Premium Adjustment Factor for Calendar Year 2018 ^[8] : | 0.936 |
| (e) Projected Losses (\$000): (b) x (c) x (d) | 9,130,972 |
| (f) Projected Ratio of MCCP to Losses: (a)/(e) | 4.2% |
| (g) Impact of Drug Formulary on MCCP ^[9] | -2.0% |
| (h) Projected Ratio of ALAE to Losses after Impact of Drug Formulary: (f) x [1.0 + (g)] | 4.1% |

Notes:

- [1] Based on MCCP development through 87 months from Exhibit 18.1. 99-to-ultimate and 87-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC19-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.
- [3] Estimated based on projected frequency trends for accident years 2018 and 2020. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.
- [4] Severity is projected by applying an annual growth rate of -2.1% to the ultimate MCCP severity estimated from averaging 2017 and 2018.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2018 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2019.
- [7] See Exhibit 8 of Agenda Item AC19-06-01.
- [8] See Exhibit 5.2 of Agenda Item AC19-06-01.
- [9] Based on the WCIRB's evaluation of the Drug Formulary impacting MCCP (UR) costs, offset by 25% to reflect the impact of the Drug Formulary in emerging MCCP data.

Projected Ratio of MCCP to Losses - Statewide
Based on Estimated Accident Year Indemnity Claim Frequency and MCCP Severity with Trend
Based on CY Paid MCCP per Open Indemnity Claim and Applied to the Latest Two Years
For Policies with Effective Dates between January 1, 2020 and December 31, 2020

| Accident Year | Paid MCCP @3/31/19 (in \$000) (1) | Cumulative Development Factors ^[1] (2) | Estimated Ultimate MCCP (3)=(1)x(2) | Indemnity Claim Counts @3/31/19 (4) | Cumulative Count Development Factors ^[2] (5) | Estimated Ultimate Ind. Counts (6)=(4)x(5) | Estimated Ultimate MCCP Per Indemnity Claim (7)=(3)/(6) x 1000 | Annual change |
|---------------|---|--|--|--|--|---|---|---------------|
| 2011 | 315,502 | 1.364 | 430,382 | 120,547 | 1.003 | 120,911 | 3,559 | --- |
| 2012 | 293,610 | 1.416 | 415,739 | 127,488 | 1.004 | 127,937 | 3,250 | -8.7% |
| 2013 | 282,696 | 1.464 | 413,928 | 135,284 | 1.005 | 135,902 | 3,046 | -6.3% |
| 2014 | 274,600 | 1.539 | 422,513 | 140,515 | 1.006 | 141,344 | 2,989 | -1.9% |
| 2015 | 257,792 | 1.650 | 425,387 | 144,538 | 1.009 | 145,896 | 2,916 | -2.5% |
| 2016 | 221,724 | 1.852 | 410,672 | 147,154 | 1.014 | 149,231 | 2,752 | -5.6% |
| 2017 | 178,086 | 2.299 | 409,410 | 145,143 | 1.034 | 150,030 | 2,729 | -0.8% |
| 2018 | 109,711 | 4.106 | 450,421 | 135,849 | 1.125 | 152,792 | 2,948 | 8.0% |

Projected Based on 2-Year Average of 2017 and 2018:

| | Ultimate MCCP ^[5] | Ult. Ind. Counts ^[3] | Ult. MCCP per Ind. Counts ^[4] |
|----------|------------------------------|---------------------------------|--|
| 2019 | 433,797 | 148,684 | 2,918 |
| 2020 | 431,979 | 145,338 | 2,972 |
| 1/1/2021 | 430,189 | 143,400 | 3,000 |

| | |
|--|------------|
| (a) Projected MCCP (\$000): | 430,189 |
| (b) Calendar Year 2018 Earned Premium ^[6] (\$000): | 17,420,200 |
| (c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] : | 0.560 |
| (d) Premium Adjustment Factor for Calendar Year 2018 ^[8] : | 0.936 |
| (e) Projected Losses (\$000): (b) x (c) x (d) | 9,130,972 |
| (f) Projected Ratio of MCCP to Losses: (a)/(e) | 4.7% |
| (g) Impact of Drug Formulary on MCCP ^[9] | -2.0% |
| (h) Projected Ratio of ALAE to Losses after Impact of Drug Formulary: (f) x [1.0 + (g)] | 4.6% |

Notes:

- [1] Based on MCCP development through 87 months from Exhibit 18.1. 99-to-ultimate and 87-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC19-06-01.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 11.3.
- [3] Estimated based on projected frequency trends for accident years 2018 and 2020. The estimated frequency changes are based on the projected growth in total or overall indemnity claim frequency.
- [4] Severity is projected by applying an annual growth rate of 1.9% to the ultimate MCCP severity estimated from averaging 2017 and 2018.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2018 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of March 31, 2019.
- [7] See Exhibit 8 of Agenda Item AC19-06-01.
- [8] See Exhibit 5.2 of Agenda Item AC19-06-01.
- [9] Based on the WCIRB's evaluation of the Drug Formulary impacting MCCP (UR) costs, offset by 25% to reflect the impact of the Drug Formulary in emerging MCCP data.

Item AC19-08-03 1/1/2020 Filing – Review of Alternative Loss Projection Methodologies

For a number of years, the WCIRB has included alternative loss development and trending methodology projections in its pure premium rate filing submissions.

Loss Development Methodologies

The loss development projections based on the methodology reflected in the summary analysis of March 31, 2019 experience, included in Item AC19-06-01 of this Agenda, included a combination of (a) latest year reform-adjusted¹ paid loss development factors through 111 months with adjustments for changes in claim settlement rates applied through 75 months, (b) three-year average reform-adjusted paid loss development factors from 111 months through 255 months, and (c) six-year average (unadjusted) incurred loss development factors after 255 months. Attached for the Committee's review are a number of alternative loss development projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on March 31, 2019 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC19-06-01 of this Agenda are included:²

1. Three-Year Average Unadjusted Incurred Loss Development – Exhibits 1.1 through 1.3
2. Latest Year Unadjusted Incurred Loss Development – Exhibits 2.1 through 2.3
3. Three-Year Average Incurred Loss Development Adjusted for Changes in Case Reserve Levels – Exhibits 3.1 through 3.11
4. Latest Year Incurred Loss Development Adjusted for Changes in Insurer Mix – Exhibits 4.1 through 4.3
5. Three-Year Average Unadjusted Paid Loss Development – Exhibits 5.1 through 5.3
6. Latest Year Unadjusted Paid Loss Development – Exhibits 6.1 through 6.3
7. Latest Year Paid Loss Development Adjusted for Reforms – Exhibits 7.1 and 7.2
8. Three-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 8.1 through 8.3
9. Latest Year Paid Loss Development Adjusted for Changes in Claim Settlement Rates and SB 1160 – Exhibits 9.1 and 9.2³
10. Latest Year Paid Loss Development Adjusted for Changes in Insurer Mix – Exhibits 10.1 through 10.3
11. Expected Loss Ratio with a Bornheutter-Ferguson (BF) Adjustment Based on Paid Loss Development to 27 Months with Latest Year Paid Loss Development Adjusted for Reforms after 27 Months – Exhibits 11.1 through 11.5

¹ These includes adjustments for the provisions of Senate Bill No. 1160 (SB 1160) related to lien filings and adjustments for the recent decrease in pharmaceutical costs adopted by the Committee at the June 14, 2019 meeting.

² All methodologies reflect three-year average loss development factors applied after 111 months. All paid loss development methodologies reflect six-year average incurred loss development factors applied after 255 months.

³ Does not include adjustments for the recent decrease in pharmaceutical costs. This methodology was reflected in the January 1, 2019 Pure Premium Rate Filing.

A summary of the preliminary policy year 2020 loss ratio projections based on the alternative loss development methodologies described above is shown in Table 1.

**Table 1: Projected Policy Year 2020 Loss Ratios
Based on Alternative Loss Development Methodologies⁴**

| Loss Development Methodologies | Indemnity Loss Ratio | Medical Loss Ratio | Total Loss Ratio |
|--|---------------------------------|-------------------------------|-----------------------------|
| Current WCIRB Methodology | | | |
| Latest Year Paid Adjusted for Reforms and Changes in Claim Settlement Rates | 0.247 | 0.315 | 0.562 |
| Alternative Methodologies | | | |
| <u>Incurred Methodologies</u> | | | |
| Three-Year Average (Unadjusted) | 0.252 | 0.289 | 0.541 |
| Latest Year (Unadjusted) | 0.244 | 0.274 | 0.518 |
| Three-Year Average Adjusted for Changes in Case Reserve Levels | 0.247 | 0.289 | 0.536 |
| Latest Year Adjusted for Changes in Insurer Mix | 0.243 | 0.270 | 0.513 |
| <u>Paid Methodologies</u> | | | |
| Three-Year Average (Unadjusted) | 0.275 | 0.350 | 0.625 |
| Latest Year (Unadjusted) | 0.263 | 0.328 | 0.591 |
| Latest Year Adjusted for Reforms | — | 0.329 | — |
| Three-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms | 0.256 | 0.332 | 0.588 |
| Latest Year Adjusted for Changes in Claim Settlement Rates and SB 1160 | — | 0.304 | — |
| Latest Year Adjusted for Changes in Insurer Mix | 0.258 | 0.321 | 0.579 |
| BF Paid to 27 Months; Latest Year Reform-Adjusted after 27 Months | 0.244 | 0.313 | 0.557 |
| <u>Hybrid Methodologies</u> | | | |
| 75% Applied to Latest Year Paid Adjusted for SB 1160 and Claim Settlement Rates and 25% Applied to 3-Year Average Unadjusted Incurred ⁵ | — | 0.309 | — |

⁴ All methodologies reflect three-year average loss development factors applied after 111 months. All paid loss development methodologies reflect three-year average incurred loss development factors applied after 255 months. Unless otherwise specified, "reform-adjusted" refers to adjustments for the provisions of SB 1160 related to liens and the recent decrease in pharmaceutical costs.

⁵ This loss development methodology was reflected in the California Department of Insurance (CDI) Decision on the January 1, 2019 Pure Premium Rate Filing for the medical projection.

Trending Methodologies

The trending projections reflected in the summary analysis of March 31, 2019 experience, included in Item AC19-06-01 of this Agenda, were based on the average of the latest two years' on-level loss ratios with separate projections of claim frequency and claim severity growth applied. The claim frequency growth estimates were based on the preliminary 15-month frequency change for accident year 2018 and the WCIRB's indemnity claim frequency model projections for accident years 2019 through 2021. The severity growth estimates of -0.5% for indemnity and 2.5% for medical were consistent with those reflected in the January 1, 2019 Pure Premium Rate Filing and were selected based on a review of short-term and long-term growth in claim severities.

Attached for the Committee's review are a number of alternative trending projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on March 31, 2019 experience, derived using the loss development methodologies reflected in the analysis included in Item AC19-06-01 of this Agenda and the following trending methodologies are included:

1. Separate Projections of Frequency and Severity (-0.5% for Indemnity; 2.5% for Medical) Growth Applied to the Latest Year Only – Exhibits 12.1 and 12.2
2. Separate Projections of Frequency and the Long-Term (1990 to 2018) Average Severity Growth Applied to the Latest Two Years – Exhibits 13.1 and 13.2
3. Separate Projections of Frequency and the Short-Term (2014 to 2018) Average Severity Growth Applied to the Latest Two Years – Exhibits 14.1 and 14.2
4. Separate Projections of Frequency and Severity (-1.0% Indemnity, 1.5% Medical) Growth Applied to the Latest Two Years – Exhibits 15.1 and 15.2⁶
5. Long-Term (1990 to 2018) On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years' Loss Ratios – Exhibits 16.1 and 16.2
6. Short-Term (2014 to 2018) On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years' Loss Ratios – Exhibits 17.1 and 17.2

A summary of the preliminary policy year 2020 loss ratio projections based on the alternative trending methodologies described above is shown in Table 2.

⁶ This trending methodology was reflected in the CDI Decision on the January 1, 2019 Pure Premium Rate Filing.

**Table 2: Projected Policy Year 2020 Loss Ratios
Based on Alternative Trending Methodologies**

| Trending Methodologies | Indemnity Loss Ratio | Medical Loss Ratio | Total Loss Ratio |
|--|---------------------------------|-------------------------------|-----------------------------|
| Current WCIRB Methodology | | | |
| Separate Projections of Frequency and Severity (-0.5% Indemnity, 2.5% Medical) Applied to the Latest Two Years | 0.247 | 0.315 | 0.562 |
| Alternative Methodologies | | | |
| Separate Projections of Frequency and Severity (-0.5% Indemnity, 2.5% Medical) Applied to the Latest Year | 0.249 | 0.312 | 0.561 |
| Separate Projections of Frequency and Long-Term (1990 to 2018) Severity Applied to the Latest Two Years | 0.260 | 0.346 | 0.606 |
| Separate Projections of Frequency and Short-Term (2014 to 2018) Severity Applied to the Latest Two Years | 0.241 | 0.294 | 0.535 |
| Separate Projections of Frequency and Severity (-1.0% Indemnity, 1.5% Medical) Applied to the Latest Two Years | 0.244 | 0.306 | 0.550 |
| Long-Term (1990 to 2018) On-level Loss Ratio Exponential Trend Applied to the Latest Two Years | 0.262 | 0.343 | 0.605 |
| Short-Term (2014 to 2018) On-level Loss Ratio Exponential Trend Applied to the Latest Two Years | 0.233 | 0.290 | 0.523 |

**Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) Indemnity | | (4) | (5) | (6) Medical | | (8) | (9) |
|------------------|--|------------------------------------|-------------------------------------|--------------------------------------|--|------------------------------------|-------------------------------------|--------------------------------------|---|
| | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor(b) | Cumulative Development Factor | Developed Loss Ratio (1) x (3) | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor(c) | Cumulative Development Factor | Developed Loss Ratio (5) x (7) | Total Developed Loss Ratio (4) + (8) |
| 2007 | 0.216 | 1.003 | 1.021 | 0.221 | 0.328 | 1.005 | 1.044 | 0.342 | 0.563 |
| 2008 | 0.272 | 1.007 | 1.028 | 0.280 | 0.404 | 1.006 | 1.050 | 0.424 | 0.705 |
| 2009 | 0.314 | 1.006 | 1.035 | 0.325 | 0.465 | 1.007 | 1.057 | 0.492 | 0.817 |
| 2010 | 0.299 | 1.010 | 1.045 | 0.312 | 0.448 | 1.011 | 1.068 | 0.478 | 0.790 |
| 2011 | 0.274 | 1.012 | 1.057 | 0.290 | 0.380 | 1.008 | 1.077 | 0.410 | 0.700 |
| 2012 | 0.242 | 1.016 | 1.074 | 0.260 | 0.321 | 1.011 | 1.089 | 0.350 | 0.610 |
| 2013 | 0.202 | 1.023 | 1.099 | 0.222 | 0.256 | 1.018 | 1.108 | 0.283 | 0.506 |
| 2014 | 0.188 | 1.032 | 1.134 | 0.214 | 0.221 | 1.025 | 1.136 | 0.250 | 0.464 |
| 2015 | 0.177 | 1.052 | 1.193 | 0.211 | 0.205 | 1.038 | 1.179 | 0.242 | 0.454 |
| 2016 | 0.156 | 1.092 | 1.302 | 0.203 | 0.185 | 1.064 | 1.254 | 0.232 | 0.435 |
| 2017 | 0.137 | 1.202 | 1.565 | 0.215 | 0.175 | 1.115 | 1.399 | 0.245 | 0.460 |
| 2018 | 0.094 | 1.608 | 2.516 | 0.238 | 0.150 | 1.287 | 1.800 | 0.270 | 0.507 |

- (a) Based on AC19-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC19-06-01, Exhibit 2.1.
- (c) Based on AC19-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity <u>Loss Ratio(a)</u> | (2) Composite Indemnity <u>Adjustment Factor(b)</u> | (3) Composite Premium <u>Adjustment Factor(c)</u> | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio <u>(1) x (2) ÷ (3)</u> |
|---------------|--|---|---|--|
| 2007 | 0.221 | 1.531 | 1.102 | 0.307 |
| 2008 | 0.280 | 1.438 | 1.331 | 0.303 |
| 2009 | 0.325 | 1.410 | 1.436 | 0.319 |
| 2010 | 0.312 | 1.383 | 1.304 | 0.331 |
| 2011 | 0.290 | 1.364 | 1.192 | 0.332 |
| 2012 | 0.260 | 1.332 | 1.060 | 0.327 |
| 2013 | 0.222 | 1.288 | 0.927 | 0.309 |
| 2014 | 0.214 | 1.166 | 0.855 | 0.291 |
| 2015 | 0.211 | 1.137 | 0.817 | 0.294 |
| 2016 | 0.203 | 1.122 | 0.835 | 0.273 |
| 2017 | 0.215 | 1.093 | 0.884 | 0.266 |
| 2018 | 0.238 | 1.068 | 0.936 | 0.271 |
| | | | | Projected (d) |
| 2019 | | | | 0.261 |
| 2020 | | | | 0.255 |
| 1/1/2021 | | | | 0.252 |

- (a) See Exhibit 1.1.
- (b) Based on AC19-06-01, Exhibit 4.1.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.342 | 0.807 | 1.102 | 0.251 |
| 2008 | 0.424 | 0.801 | 1.331 | 0.256 |
| 2009 | 0.492 | 0.790 | 1.436 | 0.271 |
| 2010 | 0.478 | 0.788 | 1.304 | 0.289 |
| 2011 | 0.410 | 0.810 | 1.192 | 0.279 |
| 2012 | 0.350 | 0.845 | 1.060 | 0.279 |
| 2013 | 0.283 | 0.927 | 0.927 | 0.283 |
| 2014 | 0.250 | 0.973 | 0.855 | 0.285 |
| 2015 | 0.242 | 0.994 | 0.817 | 0.295 |
| 2016 | 0.232 | 0.992 | 0.835 | 0.276 |
| 2017 | 0.245 | 0.989 | 0.884 | 0.275 |
| 2018 | 0.270 | 1.007 | 0.936 | 0.290 |
| | | | | Projected (d) |
| 2019 | | | | 0.288 |
| 2020 | | | | 0.289 |
| 1/1/2021 | | | | 0.289 |

- (a) See Exhibit 1.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratio Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) Indemnity | | (4) | (5) | (6) Medical | | (8) | (9) |
|------------------|--|------------------------------------|-------------------------------------|--------------------------------------|--|------------------------------------|-------------------------------------|--------------------------------------|---|
| | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor(b) | Cumulative Development Factor | Developed Loss Ratio (1) x (3) | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor(c) | Cumulative Development Factor | Developed Loss Ratio (5) x (7) | Total Developed Loss Ratio (4) + (8) |
| 2007 | 0.216 | 1.003 | 1.021 | 0.221 | 0.328 | 1.005 | 1.044 | 0.342 | 0.563 |
| 2008 | 0.272 | 1.007 | 1.028 | 0.280 | 0.404 | 1.006 | 1.050 | 0.424 | 0.705 |
| 2009 | 0.314 | 1.006 | 1.035 | 0.325 | 0.465 | 1.007 | 1.057 | 0.492 | 0.817 |
| 2010 | 0.299 | 1.010 | 1.045 | 0.312 | 0.448 | 1.011 | 1.068 | 0.478 | 0.790 |
| 2011 | 0.274 | 1.011 | 1.056 | 0.290 | 0.380 | 1.010 | 1.079 | 0.411 | 0.701 |
| 2012 | 0.242 | 1.016 | 1.073 | 0.260 | 0.321 | 1.008 | 1.088 | 0.349 | 0.609 |
| 2013 | 0.202 | 1.022 | 1.097 | 0.222 | 0.256 | 1.014 | 1.103 | 0.282 | 0.504 |
| 2014 | 0.188 | 1.030 | 1.130 | 0.213 | 0.221 | 1.023 | 1.128 | 0.249 | 0.462 |
| 2015 | 0.177 | 1.049 | 1.185 | 0.210 | 0.205 | 1.033 | 1.166 | 0.239 | 0.449 |
| 2016 | 0.156 | 1.085 | 1.286 | 0.200 | 0.185 | 1.050 | 1.224 | 0.227 | 0.427 |
| 2017 | 0.137 | 1.187 | 1.526 | 0.209 | 0.175 | 1.093 | 1.338 | 0.235 | 0.444 |
| 2018 | 0.094 | 1.588 | 2.424 | 0.229 | 0.150 | 1.260 | 1.686 | 0.253 | 0.482 |

- (a) Based on AC19-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC19-06-01, Exhibit 2.1.
- (c) Based on AC19-06-01, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity <u>Loss Ratio(a)</u> | (2) Composite Indemnity <u>Adjustment Factor(b)</u> | (3) Composite Premium <u>Adjustment Factor(c)</u> | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio <u>(1) x (2) ÷ (3)</u> |
|---------------|--|---|---|--|
| 2007 | 0.221 | 1.531 | 1.102 | 0.307 |
| 2008 | 0.280 | 1.438 | 1.331 | 0.303 |
| 2009 | 0.325 | 1.410 | 1.436 | 0.319 |
| 2010 | 0.312 | 1.383 | 1.304 | 0.331 |
| 2011 | 0.290 | 1.364 | 1.192 | 0.332 |
| 2012 | 0.260 | 1.332 | 1.060 | 0.327 |
| 2013 | 0.222 | 1.288 | 0.927 | 0.308 |
| 2014 | 0.213 | 1.166 | 0.855 | 0.290 |
| 2015 | 0.210 | 1.137 | 0.817 | 0.292 |
| 2016 | 0.200 | 1.122 | 0.835 | 0.269 |
| 2017 | 0.209 | 1.093 | 0.884 | 0.259 |
| 2018 | 0.229 | 1.068 | 0.936 | 0.261 |
| | | | | Projected (d) |
| 2019 | | | | 0.253 |
| 2020 | | | | 0.247 |
| 1/1/2021 | | | | 0.244 |

(a) See Exhibit 2.1.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|------------------|---|--|--|--|
| 2007 | 0.342 | 0.807 | 1.102 | 0.251 |
| 2008 | 0.424 | 0.801 | 1.331 | 0.256 |
| 2009 | 0.492 | 0.790 | 1.436 | 0.271 |
| 2010 | 0.478 | 0.788 | 1.304 | 0.289 |
| 2011 | 0.411 | 0.810 | 1.192 | 0.279 |
| 2012 | 0.349 | 0.845 | 1.060 | 0.278 |
| 2013 | 0.282 | 0.927 | 0.927 | 0.282 |
| 2014 | 0.249 | 0.973 | 0.855 | 0.283 |
| 2015 | 0.239 | 0.994 | 0.817 | 0.291 |
| 2016 | 0.227 | 0.992 | 0.835 | 0.269 |
| 2017 | 0.235 | 0.989 | 0.884 | 0.263 |
| 2018 | 0.253 | 1.007 | 0.936 | 0.272 |
| | | | | Projected (d) |
| 2019 | | | | 0.272 |
| 2020 | | | | 0.274 |
| 1/1/2021 | | | | 0.274 |

(a) See Exhibit 2.1.

(b) Based on AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

A. Indemnity Case Reserves Per Open Claim

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 30,114 |
| 2002 | | | | | | | | | | | | 25,756 | 25,652 |
| 2003 | | | | | | | | | | | 33,932 | 35,664 | 35,716 |
| 2004 | | | | | | | | | | 29,240 | 31,336 | 33,213 | 35,056 |
| 2005 | | | | | | | | | 25,872 | 27,803 | 28,446 | 31,548 | 33,729 |
| 2006 | | | | | | | | 25,378 | 26,991 | 27,471 | 30,938 | 32,719 | 34,366 |
| 2007 | | | | | | | 23,902 | 27,099 | 29,187 | 31,334 | 32,485 | 36,433 | |
| 2008 | | | | | | 21,325 | 23,929 | 26,758 | 30,610 | 33,635 | 36,977 | | |
| 2009 | | | | | 19,212 | 21,596 | 23,512 | 25,988 | 28,890 | 32,068 | | | |
| 2010 | | | | 16,461 | 18,270 | 20,260 | 22,464 | 25,254 | 28,808 | | | | |
| 2011 | | | 15,277 | 17,524 | 18,996 | 20,877 | 23,489 | 26,036 | | | | | |
| 2012 | | 12,962 | 14,991 | 16,407 | 18,783 | 21,170 | 24,828 | | | | | | |
| 2013 | 9,594 | 13,131 | 14,259 | 15,768 | 17,645 | 20,656 | | | | | | | |
| 2014 | 9,670 | 13,132 | 15,219 | 17,619 | 20,560 | | | | | | | | |
| 2015 | 10,026 | 14,254 | 16,694 | 19,662 | | | | | | | | | |
| 2016 | 10,151 | 14,598 | 17,292 | | | | | | | | | | |
| 2017 | 10,828 | 16,064 | | | | | | | | | | | |
| 2018 | 11,573 | | | | | | | | | | | | |

B. Average Paid Indemnity per Closed Claim

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 22,752 |
| 2002 | | | | | | | | | | | | 21,554 | 21,919 |
| 2003 | | | | | | | | | | | 20,974 | 21,476 | 21,967 |
| 2004 | | | | | | | | | | 16,643 | 17,167 | 17,665 | 18,085 |
| 2005 | | | | | | | | | 14,446 | 15,101 | 15,652 | 16,106 | 16,467 |
| 2006 | | | | | | | | 15,117 | 15,978 | 16,747 | 17,357 | 17,834 | 18,241 |
| 2007 | | | | | | | 15,371 | 16,484 | 17,447 | 18,246 | 18,878 | 19,377 | |
| 2008 | | | | | | 15,907 | 17,319 | 18,551 | 19,444 | 20,119 | 20,749 | | |
| 2009 | | | | | 14,815 | 16,811 | 18,491 | 19,674 | 20,614 | 21,430 | | | |
| 2010 | | | | 12,553 | 15,192 | 17,217 | 18,741 | 19,843 | 20,636 | | | | |
| 2011 | | | 9,505 | 12,912 | 15,546 | 17,331 | 18,709 | 19,817 | | | | | |
| 2012 | | 5,948 | 10,061 | 13,293 | 15,614 | 17,373 | 18,632 | | | | | | |
| 2013 | 2,609 | 6,321 | 10,517 | 13,682 | 15,897 | 17,421 | | | | | | | |
| 2014 | 2,694 | 6,728 | 11,160 | 14,533 | 16,786 | | | | | | | | |
| 2015 | 3,011 | 7,371 | 11,895 | 15,218 | | | | | | | | | |
| 2016 | 3,254 | 7,706 | 12,017 | | | | | | | | | | |
| 2017 | 3,348 | 7,808 | | | | | | | | | | | |
| 2018 | 3,575 | | | | | | | | | | | | |

C. Annual Change of Average Paid Indemnity per Closed Claim

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|------|------|------|------|------|-------|-------|-------|-------|-------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2002 | | | | | | | | | | | | | -3.7% |
| 2003 | | | | | | | | | | | | -0.4% | 0.2% |
| 2004 | | | | | | | | | | | | -17.7% | -17.7% |
| 2005 | | | | | | | | | | | | -8.8% | -8.9% |
| 2006 | | | | | | | | | 10.6% | 10.9% | 10.9% | 10.7% | 10.8% |
| 2007 | | | | | | | | 9.0% | 9.2% | 8.9% | 8.8% | 8.6% | |
| 2008 | | | | | | | 12.7% | 12.5% | 11.4% | 10.3% | 9.9% | | |
| 2009 | | | | | | 5.7% | 6.8% | 6.1% | 6.0% | 6.5% | | | |
| 2010 | | | | | 2.5% | 2.4% | 1.4% | 0.9% | 0.1% | | | | |
| 2011 | | | | 2.9% | 2.3% | 0.7% | -0.2% | -0.1% | | | | | |
| 2012 | | | 5.9% | 3.0% | 0.4% | 0.2% | -0.4% | | | | | | |
| 2013 | | 6.3% | 4.5% | 2.9% | 1.8% | 0.3% | | | | | | | |
| 2014 | 3.3% | 6.4% | 6.1% | 6.2% | 5.6% | | | | | | | | |
| 2015 | 11.8% | 9.6% | 6.6% | 4.7% | | | | | | | | | |
| 2016 | 8.1% | 4.5% | 1.0% | | | | | | | | | | |
| 2017 | 2.9% | 1.3% | | | | | | | | | | | |
| 2018 | 6.8% | | | | | | | | | | | | |

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

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

D. Indemnity Case Reserves per Open Claim Adjusted by Paid Indemnity Severity Trend (a)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 42,864 |
| 2002 | | | | | | | | | | | | 40,527 | 41,295 |
| 2003 | | | | | | | | | | | 37,379 | 40,379 | 41,387 |
| 2004 | | | | | | | | | | 24,905 | 30,593 | 33,215 | 34,073 |
| 2005 | | | | | | | | | 20,167 | 22,596 | 27,894 | 30,283 | 31,024 |
| 2006 | | | | | | | | 19,862 | 22,306 | 25,060 | 30,933 | 33,533 | 34,366 |
| 2007 | | | | | | | 20,482 | 21,657 | 24,356 | 27,303 | 33,644 | 36,433 | |
| 2008 | | | | | | 18,860 | 23,079 | 24,374 | 27,144 | 30,107 | 36,977 | | |
| 2009 | | | | | 18,146 | 19,933 | 24,640 | 25,849 | 28,777 | 32,068 | | | |
| 2010 | | | | 16,219 | 18,608 | 20,414 | 24,973 | 26,071 | 28,808 | | | | |
| 2011 | | | 13,677 | 16,683 | 19,041 | 20,549 | 24,931 | 26,036 | | | | | |
| 2012 | | 12,237 | 14,478 | 17,175 | 19,124 | 20,599 | 24,828 | | | | | | |
| 2013 | 8,445 | 13,005 | 15,134 | 17,677 | 19,471 | 20,656 | | | | | | | |
| 2014 | 8,720 | 13,842 | 16,059 | 18,777 | 20,560 | | | | | | | | |
| 2015 | 9,749 | 15,166 | 17,116 | 19,662 | | | | | | | | | |
| 2016 | 10,536 | 15,854 | 17,292 | | | | | | | | | | |
| 2017 | 10,840 | 16,064 | | | | | | | | | | | |
| 2018 | 11,573 | | | | | | | | | | | | |

E. Indemnity Open Claim Counts

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 7,068 |
| 2002 | | | | | | | | | | | | 7,872 | 6,742 |
| 2003 | | | | | | | | | | | 8,555 | 7,339 | 6,285 |
| 2004 | | | | | | | | | | 8,608 | 7,042 | 5,956 | 4,935 |
| 2005 | | | | | | | | | 9,128 | 7,276 | 5,972 | 4,814 | 3,945 |
| 2006 | | | | | | | | 11,015 | 8,778 | 7,102 | 5,618 | 4,543 | 3,655 |
| 2007 | | | | | | | 13,645 | 10,567 | 8,171 | 6,322 | 4,966 | 3,981 | |
| 2008 | | | | | | 17,143 | 12,775 | 9,582 | 7,319 | 5,705 | 4,406 | | |
| 2009 | | | | | 21,980 | 16,224 | 11,853 | 8,787 | 6,616 | 4,974 | | | |
| 2010 | | | | 29,318 | 21,007 | 15,011 | 10,717 | 7,824 | 5,764 | | | | |
| 2011 | | | 40,159 | 28,099 | 19,753 | 13,922 | 9,832 | 6,918 | | | | | |
| 2012 | | 57,605 | 40,839 | 28,300 | 19,366 | 13,235 | 9,108 | | | | | | |
| 2013 | 77,318 | 60,267 | 42,316 | 27,885 | 18,310 | 12,257 | | | | | | | |
| 2014 | 80,310 | 62,717 | 42,460 | 27,080 | 17,485 | | | | | | | | |
| 2015 | 84,962 | 63,355 | 40,559 | 24,884 | | | | | | | | | |
| 2016 | 84,248 | 60,642 | 37,548 | | | | | | | | | | |
| 2017 | 82,566 | 56,713 | | | | | | | | | | | |
| 2018 | 83,099 | | | | | | | | | | | | |

F. Total Indemnity Case Reserves Adjusted by Paid Indemnity Severity Trend (in \$000) (b)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 302,973 |
| 2002 | | | | | | | | | | | | 319,023 | 278,413 |
| 2003 | | | | | | | | | | | 319,781 | 296,350 | 260,120 |
| 2004 | | | | | | | | | | 214,371 | 215,442 | 197,831 | 168,153 |
| 2005 | | | | | | | | | 184,091 | 164,417 | 166,589 | 145,783 | 122,389 |
| 2006 | | | | | | | | 218,774 | 195,807 | 177,980 | 173,782 | 152,339 | 125,606 |
| 2007 | | | | | | | 279,491 | 228,860 | 199,022 | 172,610 | 167,074 | 145,040 | |
| 2008 | | | | | | 323,329 | 294,834 | 233,551 | 198,666 | 171,759 | 162,923 | | |
| 2009 | | | | | 398,839 | 323,395 | 292,058 | 227,140 | 190,387 | 159,508 | | | |
| 2010 | | | | 475,499 | 390,890 | 306,431 | 267,639 | 203,981 | 166,050 | | | | |
| 2011 | | | 549,245 | 468,770 | 376,108 | 286,077 | 245,118 | 180,120 | | | | | |
| 2012 | | 704,906 | 591,249 | 486,052 | 370,363 | 272,623 | 226,137 | | | | | | |
| 2013 | 652,968 | 783,751 | 640,406 | 492,932 | 356,516 | 253,177 | | | | | | | |
| 2014 | 700,302 | 868,107 | 681,862 | 508,486 | 359,486 | | | | | | | | |
| 2015 | 828,291 | 960,816 | 694,215 | 489,262 | | | | | | | | | |
| 2016 | 887,632 | 961,441 | 649,269 | | | | | | | | | | |
| 2017 | 895,007 | 911,057 | | | | | | | | | | | |
| 2018 | 961,665 | | | | | | | | | | | | |

- (a) Latest evaluation of each accident year is unadjusted. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average indemnity case reserves by a different annual change applied at each individual accident year and maturity based on the change in paid losses per closed claim for that age and maturity (Item C)
- (b) Each amount is derived as the product of the indemnity open claim counts (Item E) and the adjusted average indemnity case reserves per open claim (Item D).

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

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

G. Paid Indemnity Loss on All Claims

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 4,719,807 |
| 2002 | | | | | | | | | | | | 4,656,525 | 4,696,499 |
| 2003 | | | | | | | | | | | 4,375,661 | 4,439,473 | 4,484,835 |
| 2004 | | | | | | | | | | 3,013,372 | 3,067,705 | 3,110,762 | 3,145,180 |
| 2005 | | | | | | | | | 2,324,045 | 2,383,601 | 2,429,034 | 2,463,283 | 2,493,192 |
| 2006 | | | | | | | | 2,347,437 | 2,422,686 | 2,485,728 | 2,528,444 | 2,567,588 | 2,595,593 |
| 2007 | | | | | | | 2,395,037 | 2,495,073 | 2,575,740 | 2,640,738 | 2,686,140 | 2,728,353 | |
| 2008 | | | | | | 2,378,763 | 2,506,482 | 2,606,076 | 2,670,531 | 2,725,327 | 2,774,665 | | |
| 2009 | | | | | 2,108,947 | 2,287,409 | 2,415,766 | 2,510,234 | 2,582,717 | 2,642,387 | | | |
| 2010 | | | | 1,925,419 | 2,172,048 | 2,346,880 | 2,471,439 | 2,560,081 | 2,622,512 | | | | |
| 2011 | | | 1,568,289 | 1,920,645 | 2,162,154 | 2,326,027 | 2,446,957 | 2,539,644 | | | | | |
| 2012 | | 1,126,733 | 1,661,533 | 2,020,569 | 2,267,686 | 2,439,036 | 2,553,493 | | | | | | |
| 2013 | 503,593 | 1,201,836 | 1,788,719 | 2,173,395 | 2,413,326 | 2,565,284 | | | | | | | |
| 2014 | 529,821 | 1,303,031 | 1,955,583 | 2,375,810 | 2,634,351 | | | | | | | | |
| 2015 | 578,889 | 1,428,621 | 2,108,054 | 2,533,290 | | | | | | | | | |
| 2016 | 612,792 | 1,472,384 | 2,148,899 | | | | | | | | | | |
| 2017 | 633,213 | 1,513,773 | | | | | | | | | | | |
| 2018 | 682,725 | | | | | | | | | | | | |

H. Adjusted Total Indemnity Incurred (in \$000) (c)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 5,022,780 |
| 2002 | | | | | | | | | | | | 4,975,548 | 4,974,912 |
| 2003 | | | | | | | | | | | 4,695,443 | 4,735,823 | 4,744,955 |
| 2004 | | | | | | | | | | 3,227,743 | 3,283,148 | 3,308,593 | 3,313,333 |
| 2005 | | | | | | | | | 2,508,136 | 2,548,017 | 2,595,623 | 2,609,066 | 2,615,581 |
| 2006 | | | | | | | | 2,566,211 | 2,618,493 | 2,663,708 | 2,702,226 | 2,719,927 | 2,721,199 |
| 2007 | | | | | | | 2,674,528 | 2,723,933 | 2,774,762 | 2,813,348 | 2,853,214 | 2,873,393 | |
| 2008 | | | | | | 2,702,091 | 2,801,316 | 2,839,627 | 2,869,198 | 2,897,085 | 2,937,587 | | |
| 2009 | | | | | 2,507,786 | 2,610,804 | 2,707,824 | 2,737,374 | 2,773,104 | 2,801,896 | | | |
| 2010 | | | | 2,400,918 | 2,562,938 | 2,653,311 | 2,739,078 | 2,764,062 | 2,788,562 | | | | |
| 2011 | | | 2,117,534 | 2,389,415 | 2,538,262 | 2,612,104 | 2,692,075 | 2,719,765 | | | | | |
| 2012 | | 1,831,639 | 2,252,783 | 2,506,621 | 2,638,049 | 2,711,659 | 2,779,630 | | | | | | |
| 2013 | 1,156,561 | 1,985,587 | 2,429,125 | 2,666,327 | 2,769,843 | 2,818,461 | | | | | | | |
| 2014 | 1,230,124 | 2,171,138 | 2,637,444 | 2,884,297 | 2,993,837 | | | | | | | | |
| 2015 | 1,407,180 | 2,389,437 | 2,802,269 | 3,022,551 | | | | | | | | | |
| 2016 | 1,500,423 | 2,433,825 | 2,798,169 | | | | | | | | | | |
| 2017 | 1,528,220 | 2,424,830 | | | | | | | | | | | |
| 2018 | 1,644,390 | | | | | | | | | | | | |

I. Indemnity Incurred Loss Development Factors Based on Adjusted Total Indemnity Incurred

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 1.000 |
| 2003 | | | | | | | | | | | 1.009 | 1.002 |
| 2004 | | | | | | | | | | 1.017 | 1.008 | 1.001 |
| 2005 | | | | | | | | | 1.016 | 1.019 | 1.005 | 1.002 |
| 2006 | | | | | | | | 1.020 | 1.017 | 1.014 | 1.007 | 1.000 |
| 2007 | | | | | | | 1.018 | 1.019 | 1.014 | 1.014 | 1.007 | |
| 2008 | | | | | | 1.037 | 1.014 | 1.010 | 1.010 | 1.014 | | |
| 2009 | | | | | 1.041 | 1.037 | 1.011 | 1.013 | 1.010 | | | |
| 2010 | | | | 1.067 | 1.035 | 1.032 | 1.009 | 1.009 | | | | |
| 2011 | | | 1.128 | 1.062 | 1.029 | 1.031 | 1.010 | | | | | |
| 2012 | | 1.230 | 1.113 | 1.052 | 1.028 | 1.025 | | | | | | |
| 2013 | 1.717 | 1.223 | 1.098 | 1.039 | 1.018 | | | | | | | |
| 2014 | 1.765 | 1.215 | 1.094 | 1.038 | | | | | | | | |
| 2015 | 1.698 | 1.173 | 1.079 | | | | | | | | | |
| 2016 | 1.622 | 1.150 | | | | | | | | | | |
| 2017 | 1.587 | | | | | | | | | | | |
| Latest Year | 1.587 | 1.150 | 1.079 | 1.038 | 1.018 | 1.025 | 1.010 | 1.009 | 1.010 | 1.014 | 1.007 | 1.000 |
| 3-Yr Average | 1.636 | 1.179 | 1.090 | 1.043 | 1.025 | 1.029 | 1.010 | 1.011 | 1.011 | 1.014 | 1.006 | 1.001 |

(c) Each amount is the sum of the adjusted total indemnity case reserves (Item F) and the total indemnity paid losses (Item G).

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

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

J. Indemnity Incurred Loss Development Factors (d)

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 1.002 |
| 2003 | | | | | | | | | | | 1.008 | 1.002 |
| 2004 | | | | | | | | | | 1.007 | 1.006 | 1.003 |
| 2005 | | | | | | | | | 1.010 | 1.005 | 1.006 | 1.004 |
| 2006 | | | | | | | | 1.012 | 1.008 | 1.008 | 1.005 | 1.002 |
| 2007 | | | | | | | 1.022 | 1.012 | 1.009 | 1.003 | 1.009 | |
| 2008 | | | | | | 1.025 | 1.018 | 1.011 | 1.008 | 1.007 | | |
| 2009 | | | | | 1.042 | 1.021 | 1.016 | 1.013 | 1.010 | | | |
| 2010 | | | | 1.061 | 1.037 | 1.023 | 1.017 | 1.011 | | | | |
| 2011 | | | 1.106 | 1.052 | 1.031 | 1.023 | 1.016 | | | | | |
| 2012 | | 1.214 | 1.093 | 1.059 | 1.033 | 1.022 | | | | | | |
| 2013 | 1.601 | 1.200 | 1.092 | 1.047 | 1.030 | | | | | | | |
| 2014 | 1.628 | 1.223 | 1.097 | 1.049 | | | | | | | | |
| 2015 | 1.630 | 1.194 | 1.085 | | | | | | | | | |
| 2016 | 1.606 | 1.187 | | | | | | | | | | |
| 2017 | 1.588 | | | | | | | | | | | |

K. Impact of Adjustments to Common Case Reserve Level (e)

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|--------|--------|--------|--------|-------|--------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | -0.22% |
| 2003 | | | | | | | | | | | 0.10% | 0.02% |
| 2004 | | | | | | | | | | 1.00% | 0.16% | -0.15% |
| 2005 | | | | | | | | | 0.58% | 1.36% | -0.11% | -0.17% |
| 2006 | | | | | | | | 0.78% | 0.92% | 0.64% | 0.14% | -0.14% |
| 2007 | | | | | | | -0.36% | 0.68% | 0.51% | 1.11% | -0.20% | |
| 2008 | | | | | | 1.17% | -0.41% | -0.08% | 0.19% | 0.69% | | |
| 2009 | | | | | -0.10% | 1.53% | -0.54% | 0.02% | 0.03% | | | |
| 2010 | | | | 0.57% | -0.19% | 0.90% | -0.75% | -0.23% | | | | |
| 2011 | | | 2.02% | 1.02% | -0.21% | 0.71% | -0.53% | | | | | |
| 2012 | | 1.34% | 1.81% | -0.62% | -0.53% | 0.28% | | | | | | |
| 2013 | 7.27% | 1.94% | 0.48% | -0.80% | -1.21% | | | | | | | |
| 2014 | 8.43% | -0.71% | -0.27% | -1.09% | | | | | | | | |
| 2015 | 4.19% | -1.82% | -0.61% | | | | | | | | | |
| 2016 | 1.00% | -3.13% | | | | | | | | | | |
| 2017 | -0.07% | | | | | | | | | | | |

L. Indemnity Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (f)

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 1.000 |
| 2003 | | | | | | | | | | | 1.009 | 1.002 |
| 2004 | | | | | | | | | | 1.017 | 1.008 | 1.002 |
| 2005 | | | | | | | | | 1.016 | 1.019 | 1.005 | 1.002 |
| 2006 | | | | | | | | 1.020 | 1.017 | 1.014 | 1.006 | 1.001 |
| 2007 | | | | | | | 1.018 | 1.019 | 1.014 | 1.014 | 1.007 | |
| 2008 | | | | | | 1.037 | 1.014 | 1.010 | 1.010 | 1.014 | | |
| 2009 | | | | | 1.042 | 1.037 | 1.011 | 1.013 | 1.010 | | | |
| 2010 | | | | 1.068 | 1.035 | 1.032 | 1.009 | 1.009 | | | | |
| 2011 | | | 1.131 | 1.064 | 1.030 | 1.031 | 1.011 | | | | | |
| 2012 | | 1.234 | 1.113 | 1.052 | 1.028 | 1.025 | | | | | | |
| 2013 | 1.721 | 1.224 | 1.098 | 1.039 | 1.018 | | | | | | | |
| 2014 | 1.762 | 1.215 | 1.094 | 1.038 | | | | | | | | |
| 2015 | 1.698 | 1.173 | 1.078 | | | | | | | | | |
| 2016 | 1.622 | 1.150 | | | | | | | | | | |
| 2017 | 1.587 | | | | | | | | | | | |
| Latest Year | 1.587 | 1.150 | 1.078 | 1.038 | 1.018 | 1.025 | 1.011 | 1.009 | 1.010 | 1.014 | 1.007 | 1.001 |
| 3-Year Average | 1.636 | 1.179 | 1.090 | 1.043 | 1.025 | 1.029 | 1.010 | 1.011 | 1.011 | 1.014 | 1.006 | 1.001 |

(d) Development factors are from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item I.

(e) Each factor represents the change in age-to-age development factors from Item J to those in Item I.

(f) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item K)] and [the incurred indemnity age-to-age development factors from AC19-06-01, Exhibit 2.1.1].

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

A. Medical Case Reserves Per Open Indemnity Claim

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 105,033 |
| 2002 | | | | | | | | | | | | 85,636 | 92,632 |
| 2003 | | | | | | | | | | | 84,001 | 88,004 | 90,181 |
| 2004 | | | | | | | | | | 75,031 | 80,407 | 84,225 | 87,503 |
| 2005 | | | | | | | | | 65,015 | 74,782 | 78,322 | 85,319 | 92,172 |
| 2006 | | | | | | | | 59,260 | 67,147 | 71,596 | 78,263 | 83,564 | 92,065 |
| 2007 | | | | | | | 52,465 | 62,334 | 71,961 | 79,713 | 89,190 | 95,033 | |
| 2008 | | | | | | 44,571 | 53,629 | 63,118 | 71,490 | 78,917 | 87,729 | | |
| 2009 | | | | | 36,865 | 43,731 | 51,523 | 59,346 | 67,040 | 75,523 | | | |
| 2010 | | | | 29,825 | 36,031 | 41,883 | 48,127 | 53,995 | 64,225 | | | | |
| 2011 | | | 26,395 | 32,195 | 38,746 | 43,546 | 49,272 | 57,166 | | | | | |
| 2012 | | 21,120 | 25,069 | 29,179 | 34,753 | 40,948 | 47,896 | | | | | | |
| 2013 | 16,565 | 20,863 | 23,398 | 28,213 | 33,008 | 39,894 | | | | | | | |
| 2014 | 16,149 | 19,280 | 22,758 | 27,219 | 32,596 | | | | | | | | |
| 2015 | 16,528 | 20,298 | 25,296 | 30,818 | | | | | | | | | |
| 2016 | 16,977 | 21,265 | 26,004 | | | | | | | | | | |
| 2017 | 17,809 | 22,596 | | | | | | | | | | | |
| 2018 | 18,878 | | | | | | | | | | | | |

B. Average Paid Medical Loss Per Closed Indemnity Claim (a)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 21,845 |
| 2002 | | | | | | | | | | | | 21,701 | 22,304 |
| 2003 | | | | | | | | | | | 20,224 | 21,033 | 21,877 |
| 2004 | | | | | | | | | | 17,505 | 18,513 | 19,429 | 20,163 |
| 2005 | | | | | | | | | 17,044 | 18,335 | 19,440 | 20,266 | 20,928 |
| 2006 | | | | | | | | 17,848 | 19,161 | 20,534 | 21,638 | 22,503 | 23,226 |
| 2007 | | | | | | | 18,622 | 20,360 | 22,048 | 23,408 | 24,504 | 25,379 | |
| 2008 | | | | | | 19,050 | 21,170 | 23,169 | 24,634 | 25,757 | 26,778 | | |
| 2009 | | | | | 17,990 | 20,804 | 23,282 | 25,100 | 26,569 | 27,919 | | | |
| 2010 | | | | 15,195 | 18,755 | 21,570 | 23,940 | 25,587 | 26,850 | | | | |
| 2011 | | | 10,685 | 14,700 | 18,109 | 20,808 | 22,861 | 24,420 | | | | | |
| 2012 | | 6,608 | 11,025 | 14,666 | 17,617 | 19,840 | 21,478 | | | | | | |
| 2013 | 2,980 | 6,719 | 10,963 | 14,367 | 17,053 | 18,913 | | | | | | | |
| 2014 | 2,984 | 6,864 | 10,991 | 14,415 | 16,864 | | | | | | | | |
| 2015 | 3,235 | 7,274 | 11,350 | 14,589 | | | | | | | | | |
| 2016 | 3,466 | 7,498 | 11,330 | | | | | | | | | | |
| 2017 | 3,573 | 7,726 | | | | | | | | | | | |
| 2018 | 3,679 | | | | | | | | | | | | |

C. Annual Change of Average Paid Medical per Closed Claim (b)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2002 | | | | | | | | | | | | | 2.1% |
| 2003 | | | | | | | | | | | | -3.1% | -1.9% |
| 2004 | | | | | | | | | | | -8.5% | -7.6% | -7.8% |
| 2005 | | | | | | | | | | 4.7% | 5.0% | 4.3% | 3.8% |
| 2006 | | | | | | | | | 12.4% | 12.0% | 11.3% | 11.0% | 11.0% |
| 2007 | | | | | | | | 14.1% | 15.1% | 14.0% | 13.2% | 12.8% | |
| 2008 | | | | | | | 13.7% | 13.8% | 11.7% | 10.0% | 9.3% | | |
| 2009 | | | | | | 9.2% | 10.0% | 8.3% | 7.9% | 8.4% | | | |
| 2010 | | | | | 4.3% | 3.7% | 2.8% | 1.9% | 1.1% | | | | |
| 2011 | | | | 4.1% | 3.7% | 3.3% | 2.8% | 2.6% | | | | | |
| 2012 | | | -1.3% | -2.3% | -3.0% | -3.8% | -4.3% | | | | | | |
| 2013 | | -1.6% | -2.2% | -2.7% | -3.9% | -4.5% | | | | | | | |
| 2014 | 0.1% | 2.2% | 0.3% | 0.3% | -1.1% | | | | | | | | |
| 2015 | 8.4% | 6.0% | 3.3% | 1.2% | | | | | | | | | |
| 2016 | 7.1% | 3.1% | -0.2% | | | | | | | | | | |
| 2017 | 3.1% | 3.0% | | | | | | | | | | | |
| 2018 | 3.0% | | | | | | | | | | | | |

(a) Paid medical per closed claim severities for accident year 2010 and 2011 only reflect the paid cost of medical cost containment programs (MCCP) attributable to policies with effective dates prior to July 1, 2010.

(b) The annual changes for accident year 2010, 2011 and 2012 are based on paid medical per total claim for consistency and do not compare to the severities in item B.

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

D. Medical Case Reserves per Open Claim Adjusted by Paid Medical Severity Trend (c)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 86,594 |
| 2002 | | | | | | | | | | | | 81,259 | 88,411 |
| 2003 | | | | | | | | | | | 66,257 | 78,758 | 86,720 |
| 2004 | | | | | | | | | | 47,351 | 60,652 | 72,750 | 79,926 |
| 2005 | | | | | | | | | 40,769 | 49,598 | 63,690 | 75,888 | 82,955 |
| 2006 | | | | | | | | 38,867 | 45,833 | 55,544 | 70,890 | 84,263 | 92,065 |
| 2007 | | | | | | | 37,857 | 44,336 | 52,741 | 63,320 | 80,280 | 95,033 | |
| 2008 | | | | | | 37,120 | 43,036 | 50,453 | 58,926 | 69,672 | 87,729 | | |
| 2009 | | | | | 32,720 | 40,539 | 47,329 | 54,660 | 63,555 | 75,523 | | | |
| 2010 | | | | 30,678 | 34,112 | 42,030 | 48,666 | 55,720 | 64,225 | | | | |
| 2011 | | | 26,084 | 31,938 | 35,374 | 43,434 | 50,039 | 57,166 | | | | | |
| 2012 | | 19,975 | 25,737 | 31,199 | 34,316 | 41,786 | 47,896 | | | | | | |
| 2013 | 15,291 | 19,650 | 25,162 | 30,349 | 32,962 | 39,894 | | | | | | | |
| 2014 | 15,309 | 20,075 | 25,226 | 30,452 | 32,596 | | | | | | | | |
| 2015 | 16,602 | 21,276 | 26,051 | 30,818 | | | | | | | | | |
| 2016 | 17,786 | 21,929 | 26,004 | | | | | | | | | | |
| 2017 | 18,334 | 22,596 | | | | | | | | | | | |
| 2018 | 18,878 | | | | | | | | | | | | |

E. Total Medical Case Reserves Adjusted by Paid Medical Severity Trend (in \$000) (d)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 612,058 |
| 2002 | | | | | | | | | | | | 639,657 | 596,073 |
| 2003 | | | | | | | | | | | 566,838 | 578,012 | 545,043 |
| 2004 | | | | | | | | | | 407,577 | 427,120 | 433,308 | 394,439 |
| 2005 | | | | | | | | | 372,150 | 360,885 | 380,365 | 365,328 | 327,258 |
| 2006 | | | | | | | | 428,122 | 402,335 | 394,484 | 398,264 | 382,805 | 336,498 |
| 2007 | | | | | | | 516,576 | 468,518 | 430,960 | 400,314 | 398,669 | 378,326 | |
| 2008 | | | | | | 636,351 | 549,793 | 483,445 | 431,279 | 397,478 | 386,532 | | |
| 2009 | | | | | 719,179 | 657,714 | 560,992 | 480,299 | 420,480 | 375,650 | | | |
| 2010 | | | | 899,423 | 716,587 | 630,913 | 521,559 | 435,957 | 370,194 | | | | |
| 2011 | | | 1,047,509 | 897,436 | 698,737 | 604,694 | 491,987 | 395,476 | | | | | |
| 2012 | | 1,150,669 | 1,051,058 | 882,938 | 664,554 | 553,039 | 436,238 | | | | | | |
| 2013 | 1,182,252 | 1,184,256 | 1,064,753 | 846,287 | 603,532 | 488,978 | | | | | | | |
| 2014 | 1,229,452 | 1,259,072 | 1,071,110 | 824,627 | 569,936 | | | | | | | | |
| 2015 | 1,410,497 | 1,347,946 | 1,056,609 | 766,869 | | | | | | | | | |
| 2016 | 1,498,448 | 1,329,808 | 976,410 | | | | | | | | | | |
| 2017 | 1,513,772 | 1,281,465 | | | | | | | | | | | |
| 2018 | 1,568,704 | | | | | | | | | | | | |

F. Paid Medical Loss on All Claims

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 5,017,744 |
| 2002 | | | | | | | | | | | | 5,161,276 | 5,253,690 |
| 2003 | | | | | | | | | | | 4,694,306 | 4,814,044 | 4,899,552 |
| 2004 | | | | | | | | | | 3,661,054 | 3,775,634 | 3,859,533 | 3,925,979 |
| 2005 | | | | | | | | | 3,226,025 | 3,344,743 | 3,440,843 | 3,509,824 | 3,570,023 |
| 2006 | | | | | | | | 3,270,390 | 3,402,619 | 3,511,587 | 3,593,203 | 3,659,364 | 3,713,739 |
| 2007 | | | | | | | 3,406,899 | 3,580,381 | 3,715,943 | 3,821,064 | 3,900,291 | 3,976,137 | |
| 2008 | | | | | | 3,300,982 | 3,521,593 | 3,688,314 | 3,809,963 | 3,901,095 | 3,974,181 | | |
| 2009 | | | | | 2,954,504 | 3,235,701 | 3,436,053 | 3,580,544 | 3,685,115 | 3,769,770 | | | |
| 2010 | | | | 2,695,820 | 3,054,811 | 3,319,035 | 3,518,429 | 3,654,596 | 3,751,396 | | | | |
| 2011 | | | 2,081,519 | 2,540,562 | 2,877,744 | 3,120,380 | 3,294,546 | 3,419,316 | | | | | |
| 2012 | | 1,515,211 | 2,113,615 | 2,555,224 | 2,875,755 | 3,092,428 | 3,247,894 | | | | | | |
| 2013 | 800,907 | 1,547,675 | 2,149,437 | 2,587,228 | 2,871,941 | 3,065,786 | | | | | | | |
| 2014 | 828,959 | 1,604,784 | 2,222,138 | 2,652,168 | 2,929,163 | | | | | | | | |
| 2015 | 869,212 | 1,699,512 | 2,309,540 | 2,736,143 | | | | | | | | | |
| 2016 | 934,619 | 1,753,593 | 2,348,946 | | | | | | | | | | |
| 2017 | 989,613 | 1,819,052 | | | | | | | | | | | |
| 2018 | 1,044,299 | | | | | | | | | | | | |

(c) Latest evaluation of each accident year is unadjusted. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average medical case reserves by a different annual change applied at each individual accident year and maturity based on the change in paid losses per closed claim for that age and maturity (Item C)

(d) Each amount is derived as the product of the indemnity open claim counts (Exhibit 3.2, Item E) and the adjusted average medical case reserves per open claim (Item D).

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

G. Adjusted Total Medical Incurred (in \$000) (e)

| Accident Year | Evaluated as of (in months) | | | | | | | | | | | | |
|------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 15 | 27 | 39 | 51 | 63 | 75 | 87 | 99 | 111 | 123 | 135 | 147 | 159 |
| 2001 | | | | | | | | | | | | | 5,629,802 |
| 2002 | | | | | | | | | | | | 5,800,933 | 5,849,763 |
| 2003 | | | | | | | | | | | 5,261,144 | 5,392,056 | 5,444,595 |
| 2004 | | | | | | | | | | 4,068,632 | 4,202,754 | 4,292,841 | 4,320,418 |
| 2005 | | | | | | | | | 3,598,175 | 3,705,627 | 3,821,209 | 3,875,153 | 3,897,281 |
| 2006 | | | | | | | | 3,698,511 | 3,804,955 | 3,906,071 | 3,991,468 | 4,042,168 | 4,050,237 |
| 2007 | | | | | | 3,923,474 | 4,048,899 | 4,146,903 | 4,221,378 | 4,298,574 | 4,360,713 | 4,354,463 | |
| 2008 | | | | | 3,937,333 | 4,071,386 | 4,171,759 | 4,241,241 | 4,298,574 | 4,360,713 | | | |
| 2009 | | | | 3,673,683 | 3,893,415 | 3,997,045 | 4,060,843 | 4,105,595 | 4,145,420 | | | | |
| 2010 | | | 3,595,243 | 3,771,397 | 3,949,948 | 4,039,988 | 4,090,553 | 4,121,590 | | | | | |
| 2011 | | | 3,129,028 | 3,437,998 | 3,576,480 | 3,725,074 | 3,786,533 | 3,814,792 | | | | | |
| 2012 | | 2,665,880 | 3,164,673 | 3,438,162 | 3,540,309 | 3,645,467 | 3,684,131 | | | | | | |
| 2013 | 1,983,159 | 2,731,930 | 3,214,189 | 3,433,516 | 3,475,473 | 3,554,764 | | | | | | | |
| 2014 | 2,058,412 | 2,863,857 | 3,293,248 | 3,476,795 | 3,499,098 | | | | | | | | |
| 2015 | 2,279,709 | 3,047,458 | 3,366,149 | 3,503,012 | | | | | | | | | |
| 2016 | 2,433,067 | 3,083,402 | 3,325,356 | | | | | | | | | | |
| 2017 | 2,503,385 | 3,100,517 | | | | | | | | | | | |
| 2018 | 2,613,003 | | | | | | | | | | | | |

H. Medical Incurred Loss Development Factors Based on Adjusted Total Medical Incurred

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 1.008 |
| 2003 | | | | | | | | | | | 1.025 | 1.010 |
| 2004 | | | | | | | | | | 1.033 | 1.021 | 1.006 |
| 2005 | | | | | | | | | 1.030 | 1.031 | 1.014 | 1.006 |
| 2006 | | | | | | | | 1.029 | 1.027 | 1.022 | 1.013 | 1.002 |
| 2007 | | | | | | | 1.032 | 1.024 | 1.018 | 1.018 | 1.013 | |
| 2008 | | | | | | 1.034 | 1.025 | 1.017 | 1.014 | 1.014 | | |
| 2009 | | | | | 1.060 | 1.027 | 1.016 | 1.011 | 1.010 | | | |
| 2010 | | | | 1.049 | 1.047 | 1.023 | 1.013 | 1.008 | | | | |
| 2011 | | | 1.099 | 1.040 | 1.042 | 1.016 | 1.007 | | | | | |
| 2012 | | 1.187 | 1.086 | 1.030 | 1.030 | 1.011 | | | | | | |
| 2013 | 1.378 | 1.177 | 1.068 | 1.012 | 1.023 | | | | | | | |
| 2014 | 1.391 | 1.150 | 1.056 | 1.006 | | | | | | | | |
| 2015 | 1.337 | 1.105 | 1.041 | | | | | | | | | |
| 2016 | 1.267 | 1.078 | | | | | | | | | | |
| 2017 | 1.239 | | | | | | | | | | | |
| Latest Year | 1.239 | 1.078 | 1.041 | 1.006 | 1.023 | 1.011 | 1.007 | 1.008 | 1.010 | 1.014 | 1.013 | 1.002 |
| 3-Yr Average | 1.281 | 1.111 | 1.055 | 1.016 | 1.031 | 1.017 | 1.012 | 1.012 | 1.014 | 1.018 | 1.013 | 1.005 |

I. Medical Incurred Loss Development Factors (f)

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 1.007 |
| 2003 | | | | | | | | | | | 1.009 | 1.001 |
| 2004 | | | | | | | | | | 1.008 | 1.004 | 0.999 |
| 2005 | | | | | | | | | 1.018 | 1.005 | 1.003 | 1.003 |
| 2006 | | | | | | | | 1.018 | 1.007 | 1.003 | 1.002 | 1.003 |
| 2007 | | | | | | | 1.028 | 1.015 | 1.005 | 1.004 | 1.003 | |
| 2008 | | | | | | 1.035 | 1.021 | 1.009 | 1.004 | 1.002 | | |
| 2009 | | | | | 1.048 | 1.026 | 1.014 | 1.006 | 1.004 | | | |
| 2010 | | | | 1.068 | 1.036 | 1.022 | 1.011 | 1.011 | | | | |
| 2011 | | | 1.097 | 1.057 | 1.023 | 1.014 | 1.009 | | | | | |
| 2012 | | 1.148 | 1.078 | 1.050 | 1.024 | 1.014 | | | | | | |
| 2013 | 1.347 | 1.119 | 1.075 | 1.030 | 1.023 | | | | | | | |
| 2014 | 1.324 | 1.133 | 1.063 | 1.032 | | | | | | | | |
| 2015 | 1.313 | 1.117 | 1.050 | | | | | | | | | |
| 2016 | 1.287 | 1.093 | | | | | | | | | | |
| 2017 | 1.260 | | | | | | | | | | | |

(e) Each amount is the sum of the adjusted total medical case reserves (Item E) and the total medical paid losses (Item F).

(f) Development factors are from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item H.

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

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

J. Impact of Adjustments to Common Case Reserve Level (g)

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|--------|--------|--------|-------|--------|--------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 0.11% |
| 2003 | | | | | | | | | | | | 0.86% |
| 2004 | | | | | | | | | | 2.46% | 1.61% | 0.72% |
| 2005 | | | | | | | | | 1.15% | 2.60% | 1.10% | 0.24% |
| 2006 | | | | | | | | 1.10% | 1.94% | 1.86% | 1.12% | -0.08% |
| 2007 | | | | | | | 0.37% | 0.88% | 1.30% | 1.41% | 1.03% | |
| 2008 | | | | | | -0.08% | 0.40% | 0.73% | 0.93% | 1.23% | | |
| 2009 | | | | | 1.13% | 0.09% | 0.23% | 0.45% | 0.56% | | | |
| 2010 | | | | -1.75% | 1.13% | 0.09% | 0.19% | -0.33% | | | | |
| 2011 | | | 0.19% | -1.62% | 1.82% | 0.24% | -0.20% | | | | | |
| 2012 | | 3.36% | 0.82% | -1.90% | 0.55% | -0.30% | | | | | | |
| 2013 | 2.23% | 5.12% | -0.60% | -1.76% | 0.02% | | | | | | | |
| 2014 | 5.11% | 1.49% | -0.68% | -2.52% | | | | | | | | |
| 2015 | 1.80% | -1.13% | -0.91% | | | | | | | | | |
| 2016 | -1.52% | -1.31% | | | | | | | | | | |
| 2017 | -1.73% | | | | | | | | | | | |

K. Medical Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (h)

| Accident Year | Age-to-Age Development (in months): | | | | | | | | | | | |
|------------------|-------------------------------------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|---------|
| | 15-27 | 27-39 | 39-51 | 51-63 | 63-75 | 75-87 | 87-99 | 99-111 | 111-123 | 123-135 | 135-147 | 147-159 |
| 2002 | | | | | | | | | | | | 1.008 |
| 2003 | | | | | | | | | | | 1.025 | 1.010 |
| 2004 | | | | | | | | | | 1.033 | 1.021 | 1.006 |
| 2005 | | | | | | | | | 1.030 | 1.031 | 1.014 | 1.005 |
| 2006 | | | | | | | | 1.029 | 1.027 | 1.022 | 1.013 | 1.002 |
| 2007 | | | | | | | 1.032 | 1.024 | 1.018 | 1.018 | 1.013 | |
| 2008 | | | | | | 1.034 | 1.024 | 1.016 | 1.013 | 1.014 | | |
| 2009 | | | | | 1.061 | 1.026 | 1.016 | 1.011 | 1.010 | | | |
| 2010 | | | | 1.049 | 1.048 | 1.024 | 1.013 | 1.007 | | | | |
| 2011 | | | 1.105 | 1.042 | 1.045 | 1.018 | 1.006 | | | | | |
| 2012 | | 1.192 | 1.087 | 1.031 | 1.031 | 1.011 | | | | | | |
| 2013 | 1.383 | 1.176 | 1.071 | 1.013 | 1.023 | | | | | | | |
| 2014 | 1.393 | 1.152 | 1.057 | 1.007 | | | | | | | | |
| 2015 | 1.337 | 1.104 | 1.040 | | | | | | | | | |
| 2016 | 1.267 | 1.079 | | | | | | | | | | |
| 2017 | 1.238 | | | | | | | | | | | |
| Latest Year | 1.238 | 1.079 | 1.040 | 1.007 | 1.023 | 1.011 | 1.006 | 1.007 | 1.010 | 1.014 | 1.013 | 1.002 |
| 3-Year Average | 1.281 | 1.112 | 1.056 | 1.017 | 1.033 | 1.018 | 1.012 | 1.011 | 1.014 | 1.018 | 1.014 | 1.005 |

(g) Each factor represents the change in age-to-age development factors from Item I to those in Item H.

(h) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item J)] and [the incurred Medical age-to-age development factors from AC19-06-01, Exhibit 2.2.1].

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

**Developed Loss Ratios Using 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) Indemnity | | (4) | (5) | (6) Medical | | (8) | (9) |
|------------------|--|------------------------------------|-------------------------------------|--------------------------------------|--|------------------------------------|-------------------------------------|--------------------------------------|---|
| | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor(b) | Cumulative Development Factor | Developed Loss Ratio (1) x (3) | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor(c) | Cumulative Development Factor | Developed Loss Ratio (5) x (7) | Total Developed Loss Ratio (4) + (8) |
| 2006 | 0.158 | 1.002 | 1.018 | 0.161 | 0.235 | 1.002 | 1.039 | 0.244 | 0.405 |
| 2007 | 0.216 | 1.001 | 1.020 | 0.221 | 0.328 | 1.005 | 1.044 | 0.342 | 0.563 |
| 2008 | 0.272 | 1.006 | 1.026 | 0.280 | 0.404 | 1.014 | 1.058 | 0.427 | 0.707 |
| 2009 | 0.314 | 1.014 | 1.041 | 0.327 | 0.465 | 1.018 | 1.077 | 0.501 | 0.828 |
| 2010 | 0.299 | 1.011 | 1.053 | 0.314 | 0.448 | 1.014 | 1.091 | 0.488 | 0.803 |
| 2011 | 0.274 | 1.011 | 1.064 | 0.292 | 0.380 | 1.011 | 1.104 | 0.420 | 0.712 |
| 2012 | 0.242 | 1.010 | 1.075 | 0.260 | 0.321 | 1.012 | 1.117 | 0.358 | 0.619 |
| 2013 | 0.202 | 1.029 | 1.106 | 0.224 | 0.256 | 1.018 | 1.136 | 0.291 | 0.514 |
| 2014 | 0.188 | 1.025 | 1.134 | 0.214 | 0.221 | 1.033 | 1.174 | 0.259 | 0.473 |
| 2015 | 0.177 | 1.043 | 1.183 | 0.210 | 0.205 | 1.017 | 1.194 | 0.245 | 0.455 |
| 2016 | 0.156 | 1.090 | 1.289 | 0.201 | 0.185 | 1.056 | 1.260 | 0.233 | 0.434 |
| 2017 | 0.137 | 1.179 | 1.521 | 0.209 | 0.175 | 1.112 | 1.401 | 0.246 | 0.454 |
| 2018 | 0.094 | 1.636 | 2.488 | 0.235 | 0.150 | 1.281 | 1.794 | 0.269 | 0.504 |

- (a) Based on AC19-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Age-to-age factors for developing accident years 2007 to 2018 were adjusted for changes in indemnity case reserve levels based on 3-year average selections (see Exhibit 3.4, Item L).
- (c) Age-to-age factors for developing accident years 2007 to 2018 were adjusted for changes in medical case reserve levels based on 3-year average selections (see Exhibit 3.8, Item K).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using 3-Year Average Incurred Development Factors
Adjusted for Changes in Indemnity Average Case Reserve Levels
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|---------------|---|--|--|---|
| 2006 | 0.161 | 1.588 | 0.862 | 0.296 |
| 2007 | 0.221 | 1.531 | 1.102 | 0.307 |
| 2008 | 0.280 | 1.438 | 1.331 | 0.302 |
| 2009 | 0.327 | 1.410 | 1.436 | 0.321 |
| 2010 | 0.314 | 1.383 | 1.304 | 0.333 |
| 2011 | 0.292 | 1.364 | 1.192 | 0.334 |
| 2012 | 0.260 | 1.332 | 1.060 | 0.327 |
| 2013 | 0.224 | 1.288 | 0.927 | 0.311 |
| 2014 | 0.214 | 1.166 | 0.855 | 0.291 |
| 2015 | 0.210 | 1.137 | 0.817 | 0.292 |
| 2016 | 0.201 | 1.122 | 0.835 | 0.270 |
| 2017 | 0.209 | 1.093 | 0.884 | 0.258 |
| 2018 | 0.235 | 1.068 | 0.936 | 0.268 |
| | | | | Projected (d) |
| 2019 | | | | 0.256 |
| 2020 | | | | 0.250 |
| 1/1/2021 | | | | 0.247 |

(a) See Exhibit 3.9.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using 3-Year Average Incurred Development Factors
Adjusted for Changes in Medical Average Case Reserve Levels
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2006 | 0.244 | 0.822 | 0.862 | 0.233 |
| 2007 | 0.342 | 0.807 | 1.102 | 0.251 |
| 2008 | 0.427 | 0.801 | 1.331 | 0.257 |
| 2009 | 0.501 | 0.790 | 1.436 | 0.276 |
| 2010 | 0.488 | 0.788 | 1.304 | 0.295 |
| 2011 | 0.420 | 0.810 | 1.192 | 0.285 |
| 2012 | 0.358 | 0.845 | 1.060 | 0.286 |
| 2013 | 0.291 | 0.927 | 0.927 | 0.290 |
| 2014 | 0.259 | 0.973 | 0.855 | 0.295 |
| 2015 | 0.245 | 0.994 | 0.817 | 0.298 |
| 2016 | 0.233 | 0.992 | 0.835 | 0.277 |
| 2017 | 0.246 | 0.989 | 0.884 | 0.275 |
| 2018 | 0.269 | 1.007 | 0.936 | 0.290 |
| | | | | Projected (d) |
| 2019 | | | | 0.288 |
| 2020 | | | | 0.289 |
| 1/1/2021 | | | | 0.289 |

- (a) See Exhibit 3.9.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratio Using Latest Year Incurred Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) Indemnity | | | (5) | (6) Medical | | | (9) |
|---------------|---|---------------------------|----------------------------------|-------------------------|---|---------------------------|----------------------------------|-------------------------|--------------------------------------|
| | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor | Cumulative Development Factor(b) | Developed Loss Ratio(c) | Reported Incurred Loss Ratio Ex IBNR(a) | Annual Development Factor | Cumulative Development Factor(d) | Developed Loss Ratio(c) | Total Developed Loss Ratio (4) + (8) |
| 2007 | 0.216 | --- | 0.991 | 0.214 | 0.328 | --- | 1.018 | 0.334 | 0.548 |
| 2008 | 0.272 | --- | 1.023 | 0.279 | 0.404 | --- | 1.051 | 0.425 | 0.703 |
| 2009 | 0.314 | --- | 1.041 | 0.327 | 0.465 | --- | 1.065 | 0.495 | 0.822 |
| 2010 | 0.299 | --- | 1.061 | 0.317 | 0.448 | --- | 1.083 | 0.485 | 0.802 |
| 2011 | 0.274 | --- | 1.068 | 0.293 | 0.380 | --- | 1.082 | 0.412 | 0.705 |
| 2012 | 0.242 | --- | 1.082 | 0.262 | 0.321 | --- | 1.089 | 0.350 | 0.612 |
| 2013 | 0.202 | --- | 1.100 | 0.223 | 0.256 | --- | 1.100 | 0.281 | 0.504 |
| 2014 | 0.188 | --- | 1.136 | 0.214 | 0.221 | --- | 1.126 | 0.248 | 0.462 |
| 2015 | 0.177 | --- | 1.184 | 0.210 | 0.205 | --- | 1.157 | 0.238 | 0.448 |
| 2016 | 0.156 | --- | 1.290 | 0.201 | 0.185 | --- | 1.217 | 0.225 | 0.427 |
| 2017 | 0.137 | --- | 1.525 | 0.209 | 0.175 | --- | 1.324 | 0.232 | 0.441 |
| 2018 | 0.094 | --- | 2.407 | 0.227 | 0.150 | --- | 1.655 | 0.248 | 0.476 |

- (a) Based on AC19-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Column (4) divided by Column (1).
- (c) Developed loss ratios were derived by averaing the loss ratios developed using the latest year paid methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2018 earned premium at the advisory pure premium rate level.
- (d) Column (8) divided by Column (5).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Incurred Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|------------------|---|--|--|---|
| 2007 | 0.214 | 1.531 | 1.102 | 0.298 |
| 2008 | 0.279 | 1.438 | 1.331 | 0.301 |
| 2009 | 0.327 | 1.410 | 1.436 | 0.321 |
| 2010 | 0.317 | 1.383 | 1.304 | 0.336 |
| 2011 | 0.293 | 1.364 | 1.192 | 0.335 |
| 2012 | 0.262 | 1.332 | 1.060 | 0.329 |
| 2013 | 0.223 | 1.288 | 0.927 | 0.309 |
| 2014 | 0.214 | 1.166 | 0.855 | 0.292 |
| 2015 | 0.210 | 1.137 | 0.817 | 0.292 |
| 2016 | 0.201 | 1.122 | 0.835 | 0.270 |
| 2017 | 0.209 | 1.093 | 0.884 | 0.259 |
| 2018 | 0.227 | 1.068 | 0.936 | 0.259 |
| | | | | Projected (d) |
| 2019 | | | | 0.252 |
| 2020 | | | | 0.246 |
| 1/1/2021 | | | | 0.243 |

(a) See Exhibit 4.1.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Incurred Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.334 | 0.807 | 1.102 | 0.245 |
| 2008 | 0.425 | 0.801 | 1.331 | 0.256 |
| 2009 | 0.495 | 0.790 | 1.436 | 0.273 |
| 2010 | 0.485 | 0.788 | 1.304 | 0.293 |
| 2011 | 0.412 | 0.810 | 1.192 | 0.280 |
| 2012 | 0.350 | 0.845 | 1.060 | 0.279 |
| 2013 | 0.281 | 0.927 | 0.927 | 0.281 |
| 2014 | 0.248 | 0.973 | 0.855 | 0.283 |
| 2015 | 0.238 | 0.994 | 0.817 | 0.289 |
| 2016 | 0.225 | 0.992 | 0.835 | 0.268 |
| 2017 | 0.232 | 0.989 | 0.884 | 0.260 |
| 2018 | 0.248 | 1.007 | 0.936 | 0.267 |
| | | | | Projected (d) |
| 2019 | | | | 0.268 |
| 2020 | | | | 0.270 |
| 1/1/2021 | | | | 0.270 |

- (a) See Exhibit 4.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratio Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|------------------|-----------------------------------|------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---|
| | Indemnity | | | Medical | | | | | |
| | Reported Paid Loss Ratio(a) | Annual Development Factor(b) | Cumulative Development Factor | Developed Loss Ratio (1) x (3) | Reported Paid Loss Ratio(a) | Annual Development Factor(c) | Cumulative Development Factor | Developed Loss Ratio (5) x (7) | Total Developed Loss Ratio (4) + (8) |
| 2007 | 0.205 | 1.011 | 1.083 | 0.222 | 0.299 | 1.016 | 1.228 | 0.368 | 0.590 |
| 2008 | 0.257 | 1.015 | 1.099 | 0.283 | 0.368 | 1.019 | 1.251 | 0.461 | 0.744 |
| 2009 | 0.296 | 1.017 | 1.118 | 0.331 | 0.423 | 1.021 | 1.278 | 0.540 | 0.872 |
| 2010 | 0.281 | 1.023 | 1.144 | 0.321 | 0.408 | 1.025 | 1.310 | 0.534 | 0.855 |
| 2011 | 0.257 | 1.026 | 1.174 | 0.301 | 0.341 | 1.029 | 1.348 | 0.460 | 0.761 |
| 2012 | 0.223 | 1.038 | 1.218 | 0.272 | 0.284 | 1.038 | 1.400 | 0.397 | 0.668 |
| 2013 | 0.184 | 1.051 | 1.280 | 0.236 | 0.221 | 1.055 | 1.477 | 0.326 | 0.562 |
| 2014 | 0.166 | 1.072 | 1.372 | 0.228 | 0.185 | 1.075 | 1.588 | 0.294 | 0.521 |
| 2015 | 0.149 | 1.114 | 1.528 | 0.227 | 0.160 | 1.115 | 1.771 | 0.284 | 0.511 |
| 2016 | 0.120 | 1.211 | 1.851 | 0.221 | 0.131 | 1.195 | 2.116 | 0.277 | 0.498 |
| 2017 | 0.086 | 1.479 | 2.737 | 0.234 | 0.103 | 1.362 | 2.882 | 0.297 | 0.531 |
| 2018 | 0.039 | 2.420 | 6.624 | 0.260 | 0.060 | 1.890 | 5.446 | 0.326 | 0.586 |

- (a) Based on AC19-06-01, Exhibit 1.
- (b) Age-to-age factors are selected as three-year averages based on AC19-06-01, Exhibit 2.5.
- (c) Age-to-age factors are selected as three-year averages based on AC19-06-01, Exhibit 2.6. These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity <u>Loss Ratio(a)</u> | (2) Composite Indemnity <u>Adjustment Factor(b)</u> | (3) Composite Premium <u>Adjustment Factor(c)</u> | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio <u>(1) x (2) ÷ (3)</u> |
|---------------|--|---|---|--|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.301 | 1.364 | 1.192 | 0.345 |
| 2012 | 0.272 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.236 | 1.288 | 0.927 | 0.328 |
| 2014 | 0.228 | 1.166 | 0.855 | 0.310 |
| 2015 | 0.227 | 1.137 | 0.817 | 0.316 |
| 2016 | 0.221 | 1.122 | 0.835 | 0.298 |
| 2017 | 0.234 | 1.093 | 0.884 | 0.290 |
| 2018 | 0.260 | 1.068 | 0.936 | 0.296 |
| | | | | Projected (d) |
| 2019 | | | | 0.286 |
| 2020 | | | | 0.279 |
| 1/1/2021 | | | | 0.275 |

- (a) See Exhibit 5.1.
- (b) Based on AC19-06-01, Exhibit 4.1.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.368 | 0.807 | 1.102 | 0.269 |
| 2008 | 0.461 | 0.801 | 1.331 | 0.278 |
| 2009 | 0.540 | 0.790 | 1.436 | 0.297 |
| 2010 | 0.534 | 0.788 | 1.304 | 0.323 |
| 2011 | 0.460 | 0.810 | 1.192 | 0.313 |
| 2012 | 0.397 | 0.845 | 1.060 | 0.316 |
| 2013 | 0.326 | 0.927 | 0.927 | 0.326 |
| 2014 | 0.294 | 0.973 | 0.855 | 0.334 |
| 2015 | 0.284 | 0.994 | 0.817 | 0.346 |
| 2016 | 0.277 | 0.992 | 0.835 | 0.329 |
| 2017 | 0.297 | 0.989 | 0.884 | 0.332 |
| 2018 | 0.326 | 1.007 | 0.936 | 0.351 |
| | | | | Projected (d) |
| 2019 | | | | 0.348 |
| 2020 | | | | 0.350 |
| 1/1/2021 | | | | 0.350 |

- (a) See Exhibit 5.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratio Unadjusted Latest Year Paid Development Factors
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|------------------|-----------------------------------|------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|--------------------------------------|---|
| | Indemnity | | | | Medical | | | | |
| | Reported Paid Loss Ratio(a) | Annual Development Factor(b) | Cumulative Development Factor | Developed Loss Ratio (1) x (3) | Reported Paid Loss Ratio(a) | Annual Development Factor(c) | Cumulative Development Factor | Developed Loss Ratio (5) x (7) | Total Developed Loss Ratio (4) + (8) |
| 2007 | 0.205 | 1.011 | 1.083 | 0.222 | 0.299 | 1.016 | 1.228 | 0.368 | 0.590 |
| 2008 | 0.257 | 1.015 | 1.099 | 0.283 | 0.368 | 1.019 | 1.251 | 0.461 | 0.744 |
| 2009 | 0.296 | 1.017 | 1.118 | 0.331 | 0.423 | 1.021 | 1.278 | 0.540 | 0.872 |
| 2010 | 0.281 | 1.023 | 1.144 | 0.321 | 0.408 | 1.025 | 1.310 | 0.534 | 0.855 |
| 2011 | 0.257 | 1.024 | 1.171 | 0.300 | 0.341 | 1.026 | 1.344 | 0.459 | 0.759 |
| 2012 | 0.223 | 1.038 | 1.216 | 0.271 | 0.284 | 1.034 | 1.389 | 0.394 | 0.665 |
| 2013 | 0.184 | 1.047 | 1.273 | 0.235 | 0.221 | 1.051 | 1.460 | 0.323 | 0.557 |
| 2014 | 0.166 | 1.063 | 1.353 | 0.225 | 0.185 | 1.068 | 1.560 | 0.288 | 0.513 |
| 2015 | 0.149 | 1.109 | 1.501 | 0.223 | 0.160 | 1.105 | 1.723 | 0.276 | 0.499 |
| 2016 | 0.120 | 1.202 | 1.804 | 0.216 | 0.131 | 1.185 | 2.042 | 0.267 | 0.483 |
| 2017 | 0.086 | 1.459 | 2.632 | 0.225 | 0.103 | 1.340 | 2.736 | 0.282 | 0.507 |
| 2018 | 0.039 | 2.390 | 6.289 | 0.246 | 0.060 | 1.838 | 5.030 | 0.301 | 0.548 |

- (a) Based on AC19-06-01, Exhibit 1.
- (b) Age-to-age factors are selected as latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC19-06-01, Exhibit 2.5.
- (c) Age-to-age factors are selected as latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC19-06-01, Exhibit 2.6. These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Unadjusted Latest Year Paid Selections
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|------------------|---|--|--|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.225 | 1.166 | 0.855 | 0.306 |
| 2015 | 0.223 | 1.137 | 0.817 | 0.310 |
| 2016 | 0.216 | 1.122 | 0.835 | 0.290 |
| 2017 | 0.225 | 1.093 | 0.884 | 0.279 |
| 2018 | 0.246 | 1.068 | 0.936 | 0.281 |
| | | | | Projected (d) |
| 2019 | | | | 0.273 |
| 2020 | | | | 0.266 |
| 1/1/2021 | | | | 0.263 |

(a) See Exhibit 6.1.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Unadjusted Latest Year Paid Selections
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.368 | 0.807 | 1.102 | 0.269 |
| 2008 | 0.461 | 0.801 | 1.331 | 0.278 |
| 2009 | 0.540 | 0.790 | 1.436 | 0.297 |
| 2010 | 0.534 | 0.788 | 1.304 | 0.323 |
| 2011 | 0.459 | 0.810 | 1.192 | 0.312 |
| 2012 | 0.394 | 0.845 | 1.060 | 0.314 |
| 2013 | 0.323 | 0.927 | 0.927 | 0.323 |
| 2014 | 0.288 | 0.973 | 0.855 | 0.328 |
| 2015 | 0.276 | 0.994 | 0.817 | 0.336 |
| 2016 | 0.267 | 0.992 | 0.835 | 0.317 |
| 2017 | 0.282 | 0.989 | 0.884 | 0.315 |
| 2018 | 0.301 | 1.007 | 0.936 | 0.324 |
| | | | | Projected (d) |
| 2019 | | | | 0.326 |
| 2020 | | | | 0.327 |
| 1/1/2021 | | | | 0.328 |

- (a) See Exhibit 6.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) |
|------------------|-----------------------|-----------------------|---------------------|----------|--------------------------------------|
| | Paid Loss Ratio(a) | Paid Loss Ratio(b) | Medical | Adjusted | |
| | | | Development Factors | | Developed Loss Ratio (2) x (4) |
| | | Annual(b) | Cumulative(b) | | |
| 2007 | 0.299 | 0.273 | 1.018 | 1.238 | 0.338 |
| 2008 | 0.368 | 0.337 | 1.021 | 1.264 | 0.426 |
| 2009 | 0.423 | 0.390 | 1.022 | 1.292 | 0.503 |
| 2010 | 0.408 | 0.377 | 1.027 | 1.327 | 0.501 |
| 2011 | 0.341 | 0.319 | 1.028 | 1.364 | 0.435 |
| 2012 | 0.284 | 0.268 | 1.038 | 1.416 | 0.379 |
| 2013 | 0.221 | 0.211 | 1.056 | 1.485 | 0.313 |
| 2014 | 0.185 | 0.179 | 1.074 | 1.582 | 0.283 |
| 2015 | 0.160 | 0.157 | 1.112 | 1.741 | 0.274 |
| 2016 | 0.131 | 0.130 | 1.190 | 2.046 | 0.265 |
| 2017 | 0.103 | 0.103 | 1.344 | 2.719 | 0.279 |
| 2018 | 0.060 | 0.060 | 1.844 | 5.014 | 0.301 |

- (a) Based on AC19-06-01, Exhibit 1. Paid M CCP costs are excluded from accident years 2011 and subsequent.
- (b) See AC19-06-01, Exhibit 3.2, Column (2).
- (c) Based on AC19-06-01, Exhibit 2.6.1 and includes adjustments for SB 1160 and impact of pharmaceutical cost reductions. Does not reflect any adjustment for changes in claim settlement rates.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Paid Development Adjusted for Reforms
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.283 | 0.991 | 0.855 | 0.328 |
| 2015 | 0.274 | 1.009 | 0.817 | 0.339 |
| 2016 | 0.265 | 1.010 | 0.835 | 0.321 |
| 2017 | 0.279 | 1.012 | 0.884 | 0.319 |
| 2018 | 0.301 | 1.007 | 0.936 | 0.323 |
| | | | | Projected (d) |
| 2019 | | | | 0.327 |
| 2020 | | | | 0.329 |
| 1/1/2021 | | | | 0.329 |

- (a) See Exhibit 7.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|------------------|---------------|---------------------|---------------|------------|---------------|---------------|---------------------|---------------|------------|-----------|
| | Indemnity | | | | Medical | | | | | |
| | | | | | Adjusted | | | | | |
| | Paid | Development Factors | | Developed | Paid | Paid | Development Factors | | Developed | Total |
| | Loss Ratio(a) | Annual(b) | Cumulative(b) | Loss Ratio | Loss Ratio(a) | Loss Ratio(c) | Annual(d) | Cumulative(d) | Loss Ratio | Developed |
| | | | | (1) x (3) | | | | | (6) x (8) | (4) + (9) |
| 2007 | 0.205 | 1.011 | 1.083 | 0.222 | 0.299 | 0.273 | 1.018 | 1.238 | 0.338 | 0.560 |
| 2008 | 0.257 | 1.015 | 1.099 | 0.283 | 0.368 | 0.337 | 1.021 | 1.264 | 0.426 | 0.709 |
| 2009 | 0.296 | 1.017 | 1.118 | 0.331 | 0.423 | 0.390 | 1.022 | 1.292 | 0.503 | 0.835 |
| 2010 | 0.281 | 1.023 | 1.144 | 0.321 | 0.408 | 0.377 | 1.027 | 1.327 | 0.501 | 0.822 |
| 2011 | 0.257 | 1.024 | 1.171 | 0.300 | 0.341 | 0.319 | 1.028 | 1.364 | 0.435 | 0.736 |
| 2012 | 0.223 | 1.038 | 1.216 | 0.271 | 0.284 | 0.268 | 1.038 | 1.416 | 0.379 | 0.650 |
| 2013 | 0.184 | 1.047 | 1.273 | 0.235 | 0.221 | 0.211 | 1.056 | 1.485 | 0.313 | 0.547 |
| 2014 | 0.166 | 1.060 | 1.350 | 0.224 | 0.185 | 0.179 | 1.070 | 1.576 | 0.282 | 0.506 |
| 2015 | 0.149 | 1.096 | 1.479 | 0.220 | 0.160 | 0.157 | 1.104 | 1.722 | 0.271 | 0.491 |
| 2016 | 0.120 | 1.185 | 1.754 | 0.210 | 0.131 | 0.130 | 1.184 | 2.014 | 0.261 | 0.471 |
| 2017 | 0.086 | 1.451 | 2.545 | 0.218 | 0.103 | 0.103 | 1.356 | 2.698 | 0.277 | 0.495 |
| 2018 | 0.039 | 2.432 | 6.190 | 0.243 | 0.060 | 0.060 | 1.908 | 5.147 | 0.309 | 0.551 |

- (a) Based on AC19-06-01, Exhibit 1.
- (b) Age-to-age factors for developing accident years 2014 to 2018 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC19-06-01, Exhibit 2.5.8, Item Q).
- (c) See AC19-06-01, Exhibit 3.2, Column (2).
- (d) Based on AC19-06-01, Exhibits 2.6.1 and includes adjustments for SB 1160 and impact of pharmaceutical cost reductions. Age-to-age factors for developing accident years 2014 to 2018 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC19-06-01, Exhibit 2.6.8, Item R).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2019**

| (1) | (2) | (3) | (4) |
|---------------|-----------------------------------|--|--|
| Accident Year | Developed Indemnity Loss Ratio(a) | Composite Indemnity Adjustment Factor(b) | Composite Premium Adjustment Factor(c) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
| 2007 | 0.222 | 1.531 | 1.102 |
| 2008 | 0.283 | 1.438 | 1.331 |
| 2009 | 0.331 | 1.410 | 1.436 |
| 2010 | 0.321 | 1.383 | 1.304 |
| 2011 | 0.300 | 1.364 | 1.192 |
| 2012 | 0.271 | 1.332 | 1.060 |
| 2013 | 0.235 | 1.288 | 0.927 |
| 2014 | 0.224 | 1.166 | 0.855 |
| 2015 | 0.220 | 1.137 | 0.817 |
| 2016 | 0.210 | 1.122 | 0.835 |
| 2017 | 0.218 | 1.093 | 0.884 |
| 2018 | 0.243 | 1.068 | 0.936 |
| Projected (d) | | | |
| 2019 | | | 0.266 |
| 2020 | | | 0.260 |
| 1/1/2021 | | | 0.256 |

(a) See Exhibit 8.1.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.282 | 0.991 | 0.855 | 0.327 |
| 2015 | 0.271 | 1.009 | 0.817 | 0.335 |
| 2016 | 0.261 | 1.010 | 0.835 | 0.315 |
| 2017 | 0.277 | 1.012 | 0.884 | 0.317 |
| 2018 | 0.309 | 1.007 | 0.936 | 0.332 |
| | | | | Projected (d) |
| 2019 | | | | 0.331 |
| 2020 | | | | 0.332 |
| 1/1/2021 | | | | 0.332 |

(a) See Exhibit 8.1.

(b) Based on AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of SB 1160 and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of March 31, 2019**

| | (1) | (2) | (3) | (4) |
|------------------|-----------------------|---------------------|---------------|--------------------------------------|
| | | Medical | | |
| | | Adjusted | | |
| Accident Year | Paid Loss Ratio(a) | Development Factors | | Developed Loss Ratio (1) x (3) |
| | | Annual(b) | Cumulative(b) | |
| 2007 | 0.299 | 1.016 | 1.228 | 0.368 |
| 2008 | 0.368 | 1.019 | 1.251 | 0.461 |
| 2009 | 0.423 | 1.021 | 1.278 | 0.540 |
| 2010 | 0.408 | 1.025 | 1.310 | 0.534 |
| 2011 | 0.341 | 1.026 | 1.344 | 0.459 |
| 2012 | 0.284 | 1.035 | 1.391 | 0.395 |
| 2013 | 0.221 | 1.053 | 1.455 | 0.321 |
| 2014 | 0.185 | 1.062 | 1.533 | 0.283 |
| 2015 | 0.160 | 1.092 | 1.657 | 0.266 |
| 2016 | 0.131 | 1.169 | 1.914 | 0.250 |
| 2017 | 0.103 | 1.327 | 2.511 | 0.258 |
| 2018 | 0.060 | 1.837 | 4.613 | 0.277 |

- (a) Based on AC19-06-01, Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent.
- (b) Based on AC19-06-01, Exhibit 2.6.1 and includes adjustments for SB 1160 and changes in claim settlement rates.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Latest Year Paid Development Adjusted for SB 1160 and Changes in Settlement Rates
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.368 | 0.806 | 1.102 | 0.269 |
| 2008 | 0.461 | 0.801 | 1.331 | 0.277 |
| 2009 | 0.540 | 0.790 | 1.436 | 0.297 |
| 2010 | 0.534 | 0.787 | 1.304 | 0.323 |
| 2011 | 0.459 | 0.809 | 1.192 | 0.311 |
| 2012 | 0.395 | 0.855 | 1.060 | 0.318 |
| 2013 | 0.321 | 0.938 | 0.927 | 0.325 |
| 2014 | 0.283 | 0.986 | 0.855 | 0.327 |
| 2015 | 0.266 | 1.009 | 0.817 | 0.328 |
| 2016 | 0.250 | 1.010 | 0.835 | 0.303 |
| 2017 | 0.258 | 1.012 | 0.884 | 0.296 |
| 2018 | 0.277 | 1.007 | 0.936 | 0.298 |
| | | | | Projected (d) |
| 2019 | | | | 0.302 |
| 2020 | | | | 0.304 |
| 1/1/2021 | | | | 0.304 |

- (a) See Exhibit 9.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratio Using Latest Year Paid Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------------|--------------------|---------------------------|----------------------------------|-------------------------|--------------------|---------------------------|----------------------------------|-------------------------|--------------------------------------|
| | Indemnity | | | | Medical | | | | |
| | Paid Loss Ratio(a) | Annual Development Factor | Cumulative Development Factor(b) | Developed Loss Ratio(c) | Paid Loss Ratio(a) | Annual Development Factor | Cumulative Development Factor(d) | Developed Loss Ratio(c) | Total Developed Loss Ratio (4) + (8) |
| 2007 | 0.205 | --- | 1.048 | 0.215 | 0.328 | --- | 1.098 | 0.360 | 0.575 |
| 2008 | 0.257 | --- | 1.087 | 0.280 | 0.404 | --- | 1.134 | 0.458 | 0.738 |
| 2009 | 0.296 | --- | 1.114 | 0.330 | 0.465 | --- | 1.161 | 0.540 | 0.870 |
| 2010 | 0.281 | --- | 1.148 | 0.322 | 0.448 | --- | 1.197 | 0.536 | 0.858 |
| 2011 | 0.257 | --- | 1.167 | 0.299 | 0.380 | --- | 1.190 | 0.453 | 0.752 |
| 2012 | 0.223 | --- | 1.206 | 0.269 | 0.321 | --- | 1.213 | 0.389 | 0.658 |
| 2013 | 0.184 | --- | 1.258 | 0.232 | 0.256 | --- | 1.241 | 0.317 | 0.549 |
| 2014 | 0.166 | --- | 1.343 | 0.223 | 0.221 | --- | 1.291 | 0.285 | 0.507 |
| 2015 | 0.149 | --- | 1.481 | 0.220 | 0.205 | --- | 1.324 | 0.272 | 0.492 |
| 2016 | 0.120 | --- | 1.780 | 0.213 | 0.185 | --- | 1.416 | 0.262 | 0.475 |
| 2017 | 0.086 | --- | 2.590 | 0.222 | 0.175 | --- | 1.573 | 0.276 | 0.498 |
| 2018 | 0.039 | --- | 6.192 | 0.243 | 0.150 | --- | 1.972 | 0.296 | 0.538 |

- (a) Based on AC19-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Column (4) divided by Column (1).
- (c) Developed loss ratios were derived by averaing the loss ratios developed using the latest year paid methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2018 earned premium at the advisory pure premium rate level.
- (d) Column (8) divided by Column (5).

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Paid Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|------------------|---|--|--|---|
| 2007 | 0.215 | 1.531 | 1.102 | 0.299 |
| 2008 | 0.280 | 1.438 | 1.331 | 0.302 |
| 2009 | 0.330 | 1.410 | 1.436 | 0.324 |
| 2010 | 0.322 | 1.383 | 1.304 | 0.342 |
| 2011 | 0.299 | 1.364 | 1.192 | 0.343 |
| 2012 | 0.269 | 1.332 | 1.060 | 0.338 |
| 2013 | 0.232 | 1.288 | 0.927 | 0.322 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.220 | 1.137 | 0.817 | 0.306 |
| 2016 | 0.213 | 1.122 | 0.835 | 0.286 |
| 2017 | 0.222 | 1.093 | 0.884 | 0.274 |
| 2018 | 0.243 | 1.068 | 0.936 | 0.277 |
| | | | | Projected (d) |
| 2019 | | | | 0.269 |
| 2020 | | | | 0.262 |
| 1/1/2021 | | | | 0.258 |

(a) See Exhibit 10.1.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Paid Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|------------------|---|--|--|--|
| 2007 | 0.360 | 0.807 | 1.102 | 0.264 |
| 2008 | 0.458 | 0.801 | 1.331 | 0.276 |
| 2009 | 0.540 | 0.790 | 1.436 | 0.297 |
| 2010 | 0.536 | 0.788 | 1.304 | 0.324 |
| 2011 | 0.453 | 0.810 | 1.192 | 0.308 |
| 2012 | 0.389 | 0.845 | 1.060 | 0.310 |
| 2013 | 0.317 | 0.927 | 0.927 | 0.317 |
| 2014 | 0.285 | 0.973 | 0.855 | 0.324 |
| 2015 | 0.272 | 0.994 | 0.817 | 0.331 |
| 2016 | 0.262 | 0.992 | 0.835 | 0.312 |
| 2017 | 0.276 | 0.989 | 0.884 | 0.309 |
| 2018 | 0.296 | 1.007 | 0.936 | 0.318 |
| | | | | Projected (d) |
| 2019 | | | | 0.319 |
| 2020 | | | | 0.321 |
| 1/1/2021 | | | | 0.321 |

- (a) See Exhibit 10.1.
- (b) Based on AC19-06-01, Exhibit 4.4.
- (c) See AC19-06-01, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Projected Indemnity Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2018 Indemnity Projected from 15 Months to 27 Months**

| | |
|---|-------|
| 1. AY 2018 Reported Paid Indemnity Loss Ratio at 15 Months (Based on Exhibit 1 of AC19-06-01) | 0.039 |
| 2. Reported Paid Indemnity Loss Ratios at 27 Months for ELR | |
| a) AY 2016 (Based on March 31, 2018 Experience) | 0.082 |
| b) AY 2017 (Based on Exhibit 1 of AC19-06-01) | 0.086 |
| 3. Frequency Adjustments to AY 2018 (Based on Exhibit 12 of AC19-06-01) | |
| a) AY 2016-2017 Frequency Change | -3.7% |
| b) AY 2017-2018 Frequency Change | 0.1% |
| 4. Average Indemnity Severity Change, AY 2012-2017 (Based on Exhibit 6.2 of AC19-06-01) | -3.3% |
| 5. Composite Indemnity On-Level Adjustment Factors (Based on Exhibit 4.1 of AC19-06-01) | |
| a) AY 2016 to Current | 1.122 |
| b) AY 2017 to Current | 1.093 |
| c) AY 2018 to Current | 1.068 |
| 6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC19-06-01) | |
| a) AY 2016 to Current | 0.835 |
| b) AY 2017 to Current | 0.884 |
| c) AY 2018 to Current | 0.936 |
| 7. AY 2018 Expected Paid Indemnity Loss Ratio at 27 Months | |
| a) Projected from 2016 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] ² * [(5a) / (5c)] / [(6a) / (6c)] | 0.087 |
| b) Projected from 2017 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)] | 0.090 |
| c) Average of 2016 and 2017 Projections = [(7a) + (7b)] / 2 | 0.088 |
| 8. Projected Indemnity 15-to-27 Paid Development Factor (Based on Exhibit 2.5.1 of AC19-06-01) | 2.384 |
| 9. Projected AY 2018 Paid Indemnity Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)] | 0.091 |

**Projected Medical Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2018 Medical Projected from 15 Months to 27 Months**

| | <u>Adjusted for Reforms¹</u> |
|---|---|
| 1. AY 2018 Reported Paid Medical Loss Ratio at 15 Months (Based on Exhibit 1 of AC19-06-01) | 0.060 |
| 2. Reported Paid Medical Loss Ratios at 27 Months for ELR | |
| a) AY 2016 (Based on March 31, 2018 Experience) | 0.096 |
| b) AY 2017 (Based on Exhibit 1 of AC19-06-01) | 0.103 |
| 3. Frequency Adjustments to AY 2018 (Based on Exhibit 12 of AC19-06-01) | |
| a) AY 2016-2017 Frequency Change | -3.7% |
| b) AY 2017-2018 Frequency Change | 0.1% |
| 4. Average Medical Severity Change, AY 2012-2017 (Based on Exhibit 6.4 of AC19-06-01) | 0.3% |
| 5. Composite Medical On-Level Adjustment Factors (Based on Exhibit 4.4 of AC19-06-01) | |
| a) AY 2016 to Current | 1.010 |
| b) AY 2017 to Current | 1.012 |
| c) AY 2018 to Current | 1.007 |
| 6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC19-06-01) | |
| a) AY 2016 to Current | 0.835 |
| b) AY 2017 to Current | 0.884 |
| c) AY 2018 to Current | 0.936 |
| 7. AY 2018 Expected Paid Medical Loss Ratio at 27 Months | |
| a) Projected from 2016 = (2a) * [1 + (3a)] * [1 + (3b)] * [1 + (4)] ² * [(5a) / (5c)] / [(6a) / (6c)] | 0.105 |
| b) Projected from 2017 = (2b) * [1 + (3b)] * [1 + (4)] * [(5b) / (5c)] / [(6b) / (6c)] | 0.110 |
| c) Average of 2016 and 2017 Projections = [(7a) + (7b)] / 2 | 0.107 |
| 8. Projected Medical 15-to-27 Paid Development Factor (Based on Exhibit 2.6.1 of AC19-06-01) | 1.843 |
| 9. Projected AY 2018 Paid Medical Loss Ratio at 27 Months = (1) + (7c) * [1 - 1 / (8)] | 0.109 |

¹ Based on experience evaluated as of March 31, 2019. Reflects adjustments for SB 1160 and impact of pharmaceutical cost reductions.

**Developed Loss Ratios Using Latest Year Reform Adjusted Development Factors - BF Adjusted Age 15 Loss Ratio
Based on Experience as of March 31, 2019**

| Accident Year | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|------------------|-----------------------------------|------------------------------------|-------------------------------------|--------------------------------------|-----------------------|---|-------|--------------------------------------|---|
| | Indemnity | | | | Medical Adjusted | | | | Total Developed Loss Ratio (4) + (8) |
| | Reported Paid Loss Ratio(a) | Annual Development Factor(b) | Cumulative Development Factor | Developed Loss Ratio (1) x (3) | Paid Loss Ratio(c) | Development Factors Annual(d) Cumulative | | Developed Loss Ratio (5) x (7) | |
| 2007 | 0.205 | 1.011 | 1.083 | 0.222 | 0.273 | 1.018 | 1.238 | 0.338 | 0.560 |
| 2008 | 0.257 | 1.015 | 1.099 | 0.283 | 0.337 | 1.021 | 1.264 | 0.426 | 0.709 |
| 2009 | 0.296 | 1.017 | 1.118 | 0.331 | 0.390 | 1.022 | 1.292 | 0.503 | 0.835 |
| 2010 | 0.281 | 1.023 | 1.144 | 0.321 | 0.377 | 1.027 | 1.327 | 0.501 | 0.822 |
| 2011 | 0.257 | 1.024 | 1.171 | 0.300 | 0.319 | 1.028 | 1.364 | 0.435 | 0.736 |
| 2012 | 0.223 | 1.038 | 1.216 | 0.271 | 0.268 | 1.038 | 1.416 | 0.379 | 0.650 |
| 2013 | 0.184 | 1.047 | 1.273 | 0.235 | 0.211 | 1.056 | 1.485 | 0.313 | 0.547 |
| 2014 | 0.166 | 1.055 | 1.343 | 0.223 | 0.179 | 1.066 | 1.570 | 0.281 | 0.504 |
| 2015 | 0.149 | 1.093 | 1.467 | 0.218 | 0.157 | 1.097 | 1.705 | 0.268 | 0.486 |
| 2016 | 0.120 | 1.180 | 1.732 | 0.207 | 0.130 | 1.173 | 1.975 | 0.256 | 0.463 |
| 2017 | 0.086 | 1.434 | 2.483 | 0.213 | 0.103 | 1.331 | 2.599 | 0.266 | 0.479 |
| 2018 | 0.091 | | 2.483 | 0.225 | 0.109 | | 2.599 | 0.283 | 0.508 |

- (a) Based on AC19-06-01, Exhibit 1. The 2018 indemnity loss ratio is based on Exhibit 11.1.
- (b) Age-to-age factors are selected as latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC19-06-01, Exhibit 2.5.
- (c) Based on experience evaluated as of March 31, 2019. Reflects adjustments of SB 1160 and impact of pharmaceutical cost reductions. The 2018 medical loss ratio is based on Exhibit 11.2.
- (d) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC19-06-01, Exhibit 2.6. Reflects an adjustment for SB 1160 and impact of pharmaceutical cost reductions.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Paid Selections Adjusted for Reform Impacts with BF Paid Applied through 27 Months
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|------------------|---|--|--|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.225 | 1.068 | 0.936 | 0.257 |
| | | | | Projected (d) |
| 2019 | | | | 0.253 |
| 2020 | | | | 0.247 |
| 1/1/2021 | | | | 0.244 |

(a) See Exhibit 11.3.

(b) Based on AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Paid Selections Adjusted for Reform Impacts with BF Paid Applied through 27 Months
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.283 | 1.007 | 0.936 | 0.305 |
| | | | | Projected (d) |
| 2019 | | | | 0.311 |
| 2020 | | | | 0.312 |
| 1/1/2021 | | | | 0.313 |

(a) See Exhibit 11.3.

(b) Based on AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, the actual frequency trend for accident year 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2018
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|------------------|---|--|--|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| | | | | Projected(d) |
| 2019 | | | | 0.258 |
| 2020 | | | | 0.252 |
| 1/1/2021 | | | | 0.249 |

(a) See AC19-06-01, Exhibit 3.1.

(b) See AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC19-06-01, Exhibit 6.2, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 on-level ratio.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2018
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Medical Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 |
| | | | | Projected(d) |
| 2019 | | | | 0.311 |
| 2020 | | | | 0.312 |
| 1/1/2021 | | | | 0.312 |

(a) See AC19-06-01, Exhibit 3.2.

(b) See AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC19-06-01, Exhibit 6.4, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 on-level ratio.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|------------------|---|--|--|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| | | | | Projected(d) |
| 2019 | | | | 0.264 |
| 2020 | | | | 0.262 |
| 1/1/2021 | | | | 0.260 |

(a) See AC19-06-01, Exhibit 3.1.

(b) See AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on the 1990-2018 annual indemnity severity trend of 1.2%, the actual frequency change for 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Medical Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|------------------|---|--|--|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 |
| | | | | Projected(d) |
| 2019 | | | | 0.328 |
| 2020 | | | | 0.340 |
| 1/1/2021 | | | | 0.346 |

(a) See AC19-06-01, Exhibit 3.2.

(b) See AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on the 1990-2018 annual medical severity trend of 5.8%, the actual frequency change for 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|---------------|--|---|---|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| | | | | Projected(d) |
| 2019 | | | | 0.254 |
| 2020 | | | | 0.245 |
| 1/1/2021 | | | | 0.241 |

(a) See AC19-06-01, Exhibit 3.1.

(b) See AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on the 2014-2018 annual indemnity severity trend of -1.4%, the actual frequency change for 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Medical Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 |
| | | | | Projected(d) |
| 2019 | | | | 0.303 |
| 2020 | | | | 0.297 |
| 1/1/2021 | | | | 0.294 |

(a) See AC19-06-01, Exhibit 3.2.

(b) See AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on the 2014-2018 annual medical severity trend of 0.2%, the actual frequency change for 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|---------------|--|---|---|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| | | | | Projected(d) |
| 2019 | | | | 0.255 |
| 2020 | | | | 0.248 |
| 1/1/2021 | | | | 0.244 |

(a) See AC19-06-01, Exhibit 3.1.

(b) See AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated indemnity severity trend of -1.0%, the actual frequency change for 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Medical Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 |
| | | | | Projected(d) |
| 2019 | | | | 0.308 |
| 2020 | | | | 0.307 |
| 1/1/2021 | | | | 0.306 |

(a) See AC19-06-01, Exhibit 3.2.

(b) See AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated medical severity trend of 1.5%, the actual frequency change for 2018 from AC19-06-01, Exhibit 12, and projected frequency trends for accident years 2019 to 2021 from AC19-06-01, Exhibit 6.1; these trends were then separately applied to the 2017 and 2018 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|---------------|--|---|---|---|
| 1987 | 0.347 | 1.608 | 2.046 | 0.273 |
| 1988 | 0.332 | 1.584 | 1.791 | 0.294 |
| 1989 | 0.345 | 1.561 | 1.723 | 0.312 |
| 1990 | 0.400 | 1.251 | 1.602 | 0.312 |
| 1991 | 0.427 | 1.031 | 1.448 | 0.304 |
| 1992 | 0.352 | 1.087 | 1.320 | 0.290 |
| 1993 | 0.289 | 1.319 | 1.273 | 0.300 |
| 1994 | 0.329 | 1.379 | 1.442 | 0.315 |
| 1995 | 0.476 | 1.276 | 1.893 | 0.321 |
| 1996 | 0.533 | 1.193 | 1.959 | 0.325 |
| 1997 | 0.604 | 1.068 | 1.903 | 0.339 |
| 1998 | 0.657 | 0.985 | 1.911 | 0.339 |
| 1999 | 0.691 | 0.913 | 1.814 | 0.348 |
| 2000 | 0.597 | 0.852 | 1.436 | 0.354 |
| 2001 | 0.495 | 0.853 | 1.229 | 0.343 |
| 2002 | 0.369 | 0.874 | 0.947 | 0.341 |
| 2003 | 0.243 | 0.871 | 0.673 | 0.315 |
| 2004 | 0.145 | 1.193 | 0.606 | 0.286 |
| 2005 | 0.124 | 1.616 | 0.671 | 0.300 |
| 2006 | 0.161 | 1.588 | 0.862 | 0.297 |
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| | | | | Projected(d) |
| 2019 | | | | 0.263 |
| 2020 | | | | 0.262 |
| 1/1/2021 | | | | 0.262 |

(a) See AC19-06-01, Exhibit 3.1.

(b) See AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.3% based on the 1990 to 2018 on-level indemnity to industry average filed pure premium ratios to each of the 2017 and 2018 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Medical Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) | (5) On-Level Medical to Industry Average Filed Pure Premium Ratio(f) |
|---------------|--|---|---|--|---|
| 1987 | 0.323 | 0.806 | 2.046 | 0.127 | 0.127 |
| 1988 | 0.314 | 0.777 | 1.791 | 0.136 | 0.136 |
| 1989 | 0.335 | 0.754 | 1.723 | 0.147 | 0.147 |
| 1990 | 0.377 | 0.611 | 1.602 | 0.144 | 0.144 |
| 1991 | 0.395 | 0.522 | 1.448 | 0.143 | 0.143 |
| 1992 | 0.329 | 0.551 | 1.320 | 0.137 | 0.137 |
| 1993 | 0.275 | 0.660 | 1.273 | 0.143 | 0.143 |
| 1994 | 0.318 | 0.691 | 1.442 | 0.152 | 0.152 |
| 1995 | 0.467 | 0.682 | 1.893 | 0.168 | 0.168 |
| 1996 | 0.500 | 0.672 | 1.959 | 0.172 | 0.172 |
| 1997 | 0.563 | 0.666 | 1.903 | 0.197 | 0.197 |
| 1998 | 0.679 | 0.587 | 1.911 | 0.208 | 0.208 |
| 1999 | 0.664 | 0.509 | 1.814 | 0.186 | 0.186 |
| 2000 | 0.605 | 0.467 | 1.436 | 0.197 | 0.197 |
| 2001 | 0.539 | 0.426 | 1.229 | 0.187 | 0.187 |
| 2002 | 0.421 | 0.442 | 0.947 | 0.197 | 0.197 |
| 2003 | 0.271 | 0.464 | 0.673 | 0.187 | 0.187 |
| 2004 | 0.186 | 0.702 | 0.606 | 0.215 | 0.215 |
| 2005 | 0.183 | 0.815 | 0.671 | 0.222 | 0.222 |
| 2006 | 0.238 | 0.856 | 0.862 | 0.236 | 0.236 |
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 | 0.343 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 | 0.352 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 | 0.359 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 | 0.364 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 | 0.339 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 | 0.335 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 | 0.341 |

Projected(d)

| | |
|----------|-------|
| 2019 | 0.325 |
| 2020 | 0.337 |
| 1/1/2021 | 0.343 |

(a) See AC19-06-01, Exhibit 3.2.

(b) See AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.8% based on the 1990 to 2018 on-level medical to industry average filed pure premium ratios (including MCCP costs) to each of the 2017 and 2018 on-level medical to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

(f) Medical costs include the paid cost of medical cost containment programs (MCCP) for all accident years for selecting the loss ratio trend.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Indemnity Loss Ratio(a) | (2) Composite Indemnity Adjustment Factor(b) | (3) Composite Premium Adjustment Factor(c) | (4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3) |
|---------------|---|--|--|---|
| 2007 | 0.222 | 1.531 | 1.102 | 0.309 |
| 2008 | 0.283 | 1.438 | 1.331 | 0.306 |
| 2009 | 0.331 | 1.410 | 1.436 | 0.325 |
| 2010 | 0.321 | 1.383 | 1.304 | 0.341 |
| 2011 | 0.300 | 1.364 | 1.192 | 0.344 |
| 2012 | 0.271 | 1.332 | 1.060 | 0.341 |
| 2013 | 0.235 | 1.288 | 0.927 | 0.326 |
| 2014 | 0.223 | 1.166 | 0.855 | 0.304 |
| 2015 | 0.218 | 1.137 | 0.817 | 0.303 |
| 2016 | 0.207 | 1.122 | 0.835 | 0.279 |
| 2017 | 0.213 | 1.093 | 0.884 | 0.263 |
| 2018 | 0.232 | 1.068 | 0.936 | 0.265 |
| | | | | Projected(d) |
| 2019 | | | | 0.248 |
| 2020 | | | | 0.238 |
| 1/1/2021 | | | | 0.233 |

(a) See AC19-06-01, Exhibit 3.1.

(b) See AC19-06-01, Exhibit 4.1.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -4.1% based on the 2014 to 2018 on-level indemnity to industry average filed pure premium ratios to each of the 2017 and 2018 on-level indemnity to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of March 31, 2019**

| Accident Year | (1) Developed Medical Loss Ratio(a) | (2) Composite Medical Adjustment Factor(b) | (3) Composite Medical Adjustment Factor(c) | (4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3) |
|---------------|--|---|---|--|
| 2007 | 0.338 | 0.840 | 1.102 | 0.257 |
| 2008 | 0.426 | 0.834 | 1.331 | 0.267 |
| 2009 | 0.503 | 0.823 | 1.436 | 0.289 |
| 2010 | 0.501 | 0.820 | 1.304 | 0.315 |
| 2011 | 0.435 | 0.835 | 1.192 | 0.305 |
| 2012 | 0.379 | 0.872 | 1.060 | 0.312 |
| 2013 | 0.313 | 0.947 | 0.927 | 0.319 |
| 2014 | 0.281 | 0.991 | 0.855 | 0.326 |
| 2015 | 0.268 | 1.009 | 0.817 | 0.332 |
| 2016 | 0.256 | 1.010 | 0.835 | 0.309 |
| 2017 | 0.266 | 1.012 | 0.884 | 0.305 |
| 2018 | 0.287 | 1.007 | 0.936 | 0.309 |
| | | | | Projected(d) |
| 2019 | | | | 0.298 |
| 2020 | | | | 0.293 |
| 1/1/2021 | | | | 0.290 |

(a) See AC19-06-01, Exhibit 3.2.

(b) See AC19-06-01, Exhibit 4.4.

(c) See AC19-06-01, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -1.9% based on the 2014 to 2018 on-level medical to industry average filed pure premium ratios to each of the 2017 and 2018 on-level medical to industry average filed pure premium ratios. Each stated projection is equal to the average of the corresponding trended on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

Item AC19-08-04

Impact of Claim Settlement Rate Changes on ALAE Development

In the California Department of Insurance (CDI) Decision on the January 1, 2019 Pure Premium Rate Filing, the CDI noted that the recent acceleration in claim settlement rates may also impact paid ALAE development and recommended the WCIRB review the ALAE projection methodology for the potential impact of changes in claim settlement rates. In addition, staff has reviewed the potential impact of recent reforms related to lien filings on paid ALAE development.

Impact of Claim Settlement Changes on Reported Age-to-Age ALAE Development

During periods of significant claim settlement rate change, the WCIRB has for a number of years reflected the impact of these changes in adjustments to paid indemnity and medical loss development. The basis for the adjustments to loss development has been the traditional Berquist-Sherman approach to adjust for changes in claim settlement rates.¹ This approach assumes that an acceleration in claim settlement rates results in significantly more lump sum settlement payments, leading to higher than expected age-to-age paid development factors. The mechanics of the approach includes adjusting prior loss payments to a common settlement level and recomputing age-to-age development factors on an adjusted basis.

Fundamental to the Berquist-Sherman approach is an assumption that changes in average paid per closed claim are correlated with changes in claim settlement rates. For example, when claim settlement is increasing, relatively larger claims are being settled during that period which increases the average paid on closed. Staff tested that assumption on ALAE payments. Although paid ALAE on open or closed indemnity claims is not available in aggregate financial data calls, it can be obtained through WCIRB unit statistical data. Exhibit 1.1 shows reported indemnity claim settlement rates compared to paid ALAE per closed indemnity claim for private insurers. Exhibit 1.2 shows this information on a graphical basis for first, second and third report level. Although average paid ALAE per closed indemnity claim tends to increase over time while indemnity claim settlement rates tend to be cyclical, there does not appear to be any evidence that an acceleration in claim settlement rates results in a greater increase in paid ALAE per closed claim severities or a decrease in claim settlement rates dampens the change in paid ALAE per closed claim severities. For example, claim settlement rates accelerated sharply between 2003 and 2006 but paid ALAE per closed claim severities were flat over this period. This may be due to closed claims being less likely to have a large ALAE payment at the time of closure than a large loss payment.

Exhibits 2.1 and 2.2 show the change in indemnity claim settlement rates compared to the change in the paid ALAE development factor for the immediate prior period. In the Berquist-Sherman approach, a change in claim settlement should have some impact on the immediate prior paid development factor in the same direction. However, as shown in Exhibits 2.1 and 2.2, this does not appear to be the case for paid ALAE development, as there are many periods for which the change in paid ALAE development is in the opposite direction as the claim settlement rate change.

Given these results, staff does not believe a Berquist-Sherman type approach for adjusting paid ALAE development for changes in claim settlement rates is appropriate.

Impact of Claim Settlement Changes on Later ALAE Development

Although staff did not find significant evidence of changing claim settlement rates impacting reported age-to-age paid ALAE development, claim settlement rate changes likely impact later ALAE development on those accident years. If more (or less) claims are settling, lower (or higher) ALAE development would be expected since there are less (or more) open claims to develop ALAE costs. In 2015, staff studied this potential issue on paid medical development. Although staff found some evidence that changes in claim settlement rates are negatively correlated with emerging paid medical development in the periods immediately following the change, given that paid medical development is significantly impacted by fee

¹ Berquist, J. and Sherman, R., *Loss Reserve Adequacy Testing: A Comprehensive, Systematic Approach*, PCAS LXIV, 123.

schedule changes, utilization changes, and several other factors, a strong relationship between claim settlement rate changes at earlier maturities and paid medical development that emerged much later was not found.² However, ALAE development is not as heavily influenced by many of these factors as is medical development.

Staff analyzed this issue on ALAE development by comparing accident year changes in claim settlement rates in a period to differences between the projected and actual paid ALAE development for the accident year after that period (projected ALAE paid development is based on the prior age-to-age paid development). Exhibit 3 shows accident year arithmetic changes in reported indemnity claim settlement ratios from 1992 through 2012 for private insurers. Exhibit 4 shows reported paid ALAE age-to-age factors. To assess the impact of significant claim settlement rate changes, the calendar year paid ALAE development factor projected for the accident year at the time of the claim settlement rate change was compared to the actual development for the accident year (an example for accident year 2012 evaluated as of March 31, 2013 is shown in Exhibit 4). Exhibit 5 shows the differences between the projected latest calendar year development factor for an accident year and the actual development that emerged for that period. Differences greater than 0.5% in absolute value are highlighted on Exhibit 4 for emphasis. The lower sections of Exhibit 5 shows the correlation coefficient between the changes in indemnity claim settlement rates (Exhibit 3) and the differences between projected and actual paid ALAE development that occurred after the claim settlement rate change. There is generally strong negative correlation between the claim settlement rate changes and the change in paid ALAE development, suggesting that early claim settlement rate changes may influence future paid ALAE development. As a result, some adjustment to paid ALAE tail development for changes in claim settlement rates may be appropriate.

In order to estimate and project the impact of a significant change in claim settlement rates on future paid ALAE development, staff compared periods with significant (greater than 1.5%) claim settlement rate change at 15 and 27 months with the difference in the actual development from that projected based on the latest calendar year. Table 1 shows the result of the linear regression analysis by bi-annual development period through 111 months (sufficient claim settlement and paid ALAE data for this analysis is only available through 111 months). For example, a 1 point increase in indemnity claim settlement rates at 15 months is estimated to result in a 2.8% decrease in the 15-to-39 paid ALAE development from what is projected based on the latest calendar year. As the estimated impact decreases by approximately half for each bi-annual development period, the total impact after 111 months is assumed to be approximately equal to the impact for the 87-to-111 month period.

Table 1 – Estimated Change in Future ALAE Development after Settlement Rate Change

| Settlement Rate Change Period | 15-to-39 Modeled | 39-to-63 Modeled | 63-to-87 Modeled | 87-to-111 Modeled | 111-to-Ult. Extrapolated | X-to-Ult. Total |
|-------------------------------|------------------|------------------|------------------|-------------------|--------------------------|-----------------|
| 15 Months | -2.8% | -1.6% | -0.7% | -0.6% | -0.6% | -6.3% |
| Adj. R-Squared @15 Months | 0.45 | 0.39 | 0.09 | 0.38 | N/A | N/A |
| 27 Months | N/A | -1.1% | -0.7% | -0.4% | -0.4% | -2.6% |
| Adj. R-Squared @27 Months | N/A | 0.43 | 0.31 | 0.33 | N/A | N/A |

As shown in Table 1, the adjusted R-squared for the linear regressions is modest (but generally not insignificant) at around 38%. In addition, paid ALAE development is impacted by several other factors and these results are approximate and based on a limited number of observations. However, the information shown on Exhibit 5 suggests there is some negative relationship between claim settlement rate changes and future paid ALAE development. One way to potentially address these issues is to judgmentally temper the results of the regression analysis, such as by using the average adjusted R-squared. This would result in a 1 point increase in indemnity claim settlement rates at 15 months suggesting a 2.4% (38% of 6.3%) decrease in the projected 15-to-ultimate ALAE development factor and a 1 point increase

² See Item AC17-03-03 of the June 16, 2017 Actuarial Committee Agenda.

in indemnity claim settlement rates at 27 months suggesting in a 1% (38% of 2.6%) decrease in the projected 27-to-ultimate ALAE development factor. Feedback on these approaches will be solicited from the Committee at the meeting.

Impact of Recent Reforms Related to Liens on ALAE Development

The provisions of Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) related to liens have resulted in an approximate 60% reduction in the number of lien filings. The WCIRB estimates that the reduction in lien filings results in savings to medical losses as well as to ALAE and reflected adjustments to both the projected costs of medical and ALAE in the January 1, 2019 Pure Premium Rate Filing. For medical losses, the impact of SB 1160 and AB 1244 is primarily reflected in adjustments to paid medical loss development since medical liens are paid much later than other types of medical services. The computation of the adjustment to medical loss development was based on a review of medical development with and without liens using WCIRB medical transaction data.³

Detailed transactional information on ALAE payments that will allow the replication of the adjustment approach used for medical is not available. Also, unlike for medical for which a single lien payment is typically made after the lien is settled, the ALAE cost for liens is much more likely to be paid incrementally as a lien can result in multiple WCAB court appearances after it is filed. Nevertheless, staff believes that some adjustment to paid ALAE development for the 60% reduction in lien filings is appropriate since the significant reduction in lien filings likely has some impact on future paid ALAE development on more recent accident years. In total, the WCIRB estimates the lien provisions of SB 1160 and AB 1244 have resulted in a 9.6% savings to ALAE costs and a 3.6% savings to medical costs. Table 2 shows the adjustment to each cumulative paid medical development factor as of March 31, 2019 experience. Since detailed information on the impact of liens on ALAE development is not available, staff judgmentally assumed the impact to paid ALAE development is proportional to the estimated impact on paid medical development as one potential approach to address this issue. Table 2 shows the estimated impact on paid ALAE development on this basis, by applying the ratio of estimated savings on ALAE costs compared to the savings on medical costs (9.6% / 3.6%) to the adjustments applied to paid medical development.

Table 2 – Estimated Adjustment to ALAE Development from SB 1160 and AB 1244

| Component | 27-Ult. | 39-Ult. | 51-Ult. | 63-Ult. | 75-Ult. |
|-----------|---------|---------|---------|---------|---------|
| Medical | -4.8% | -3.7% | -2.5% | -1.5% | -0.7% |
| ALAE | -12.8% | -9.9% | -6.7% | -4.0% | -1.9% |

The impact of SB 1160 and AB 1244 is currently applied to ALAE as a separate adjustment to the projected ALAE to loss ratio.⁴ However, the net effect of these adjustments on the ALAE projection is greater than the 9.6% reflected in the January 1, 2019 Pure Premium Rate Filing despite the impact of the SB 1160 and AB 1244 lien provisions being reflected in the last several years of ALAE development. Committee input as to these lien adjustments will be solicited at the meeting.

The adjustments to medical loss development for SB 1160 also includes adjusting paid medical age-to-age factors for liens dismissed by the Division of Workers' Compensation in July 2017. Although these liens would not involve a medical payment, they likely involved some ALAE costs already incurred while the lien was open. In addition, there may have been some additional defense expenses to ultimately close out the lien after it was dismissed. As a result, staff does not recommend applying the adjustment to age-to-age development for paid ALAE.

³ See Item AC18-03-03 of the March 19, 2018 Actuarial Committee Agenda for more information on the adjustment to medical loss development.

⁴ See Item AC19-08-02 of this Agenda.

**Indemnity Claim Settlement Ratios and Average Paid ALAE per Closed Indemnity Claim
Private Insurers**

Indemnity Claim Settlement Ratios

| AY\RL | 1 | 2 | 3 | 4 | 5 |
|-------|-------|-------|-------|-------|-------|
| 1999 | 44.9% | 60.5% | 72.2% | 78.5% | 82.0% |
| 2000 | 40.3% | 55.5% | 67.4% | 74.3% | 79.2% |
| 2001 | 35.6% | 50.2% | 63.2% | 72.7% | 79.7% |
| 2002 | 34.0% | 48.4% | 63.5% | 75.4% | 82.6% |
| 2003 | 33.8% | 49.9% | 66.6% | 77.8% | 84.7% |
| 2004 | 37.6% | 54.3% | 69.4% | 79.6% | 85.8% |
| 2005 | 41.7% | 57.6% | 71.0% | 80.0% | 85.5% |
| 2006 | 42.4% | 58.3% | 71.2% | 79.5% | 84.5% |
| 2007 | 42.1% | 57.9% | 70.3% | 78.3% | 83.3% |
| 2008 | 41.2% | 56.2% | 68.2% | 76.3% | 82.7% |
| 2009 | 39.3% | 53.7% | 65.6% | 75.1% | 82.0% |
| 2010 | 38.9% | 53.3% | 66.5% | 76.5% | 83.2% |
| 2011 | 39.1% | 54.3% | 67.8% | 77.6% | 84.0% |
| 2012 | 40.0% | 56.4% | 70.0% | 79.2% | 85.7% |
| 2013 | 40.1% | 57.8% | 71.5% | 81.1% | 85.9% |
| 2014 | 41.8% | 59.2% | 73.0% | 80.7% | |
| 2015 | 42.9% | 61.8% | 72.4% | | |
| 2016 | 44.8% | 59.9% | | | |
| 2017 | 42.5% | | | | |

Paid ALAE per Closed Indemnity Claim

| AY\RL | 1 | 2 | 3 | 4 | 5 |
|-------|-------|-------|-------|-------|-------|
| 1999 | 165 | 605 | 1,089 | 1,410 | 1,655 |
| 2000 | 153 | 587 | 1,151 | 1,629 | 2,019 |
| 2001 | 181 | 764 | 1,680 | 2,421 | 3,047 |
| 2002 | 244 | 1,020 | 2,158 | 3,148 | 3,839 |
| 2003 | 342 | 1,280 | 2,558 | 3,554 | 4,133 |
| 2004 | 330 | 1,223 | 2,347 | 3,133 | 3,690 |
| 2005 | 315 | 1,016 | 1,860 | 2,607 | 3,215 |
| 2006 | 317 | 974 | 1,884 | 2,647 | 3,261 |
| 2007 | 327 | 1,043 | 1,977 | 2,799 | 3,479 |
| 2008 | 353 | 1,183 | 2,154 | 3,072 | 3,927 |
| 2009 | 381 | 1,281 | 2,419 | 3,493 | 4,524 |
| 2010 | 522 | 1,520 | 2,969 | 4,166 | 5,168 |
| 2011 | 829 | 2,039 | 3,594 | 5,029 | 6,257 |
| 2012 | 894 | 2,283 | 3,847 | 5,339 | 6,655 |
| 2013 | 1,084 | 2,552 | 4,217 | 5,740 | 6,610 |
| 2014 | 1,213 | 2,766 | 4,499 | 5,695 | |
| 2015 | 1,366 | 3,141 | 4,482 | | |
| 2016 | 1,468 | 2,818 | | | |
| 2017 | 1,243 | | | | |

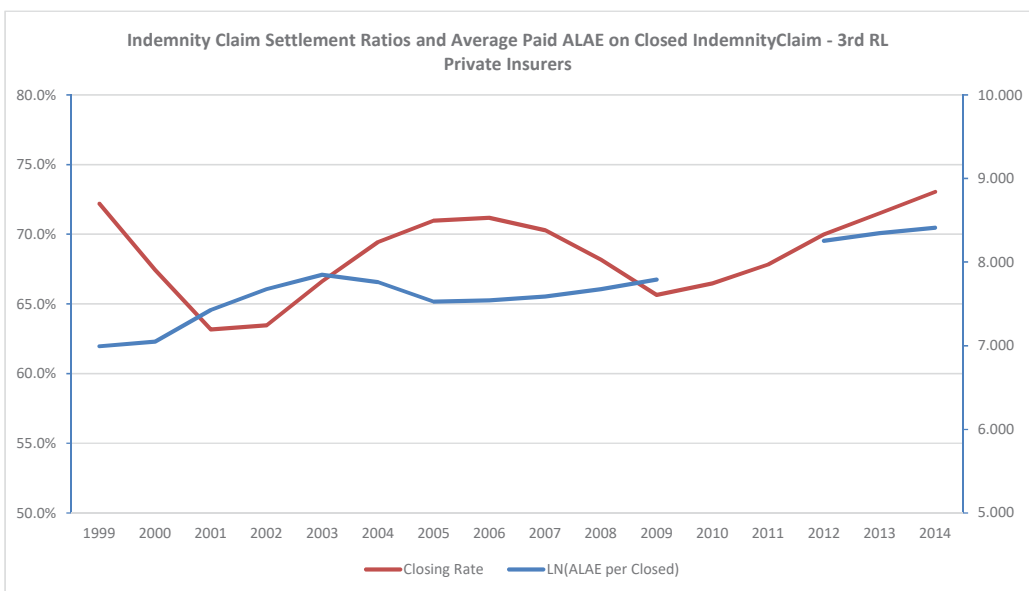
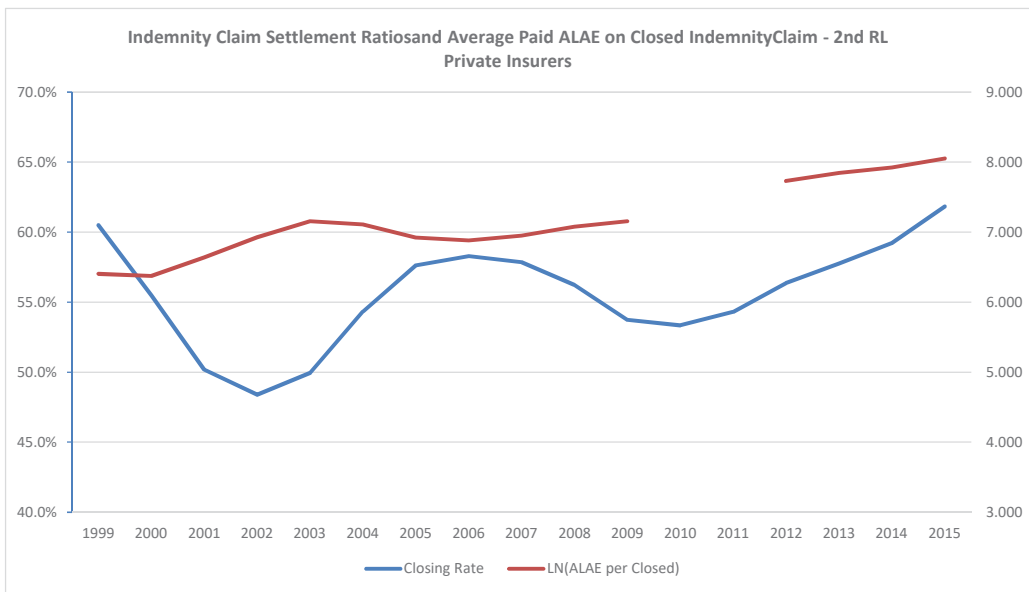
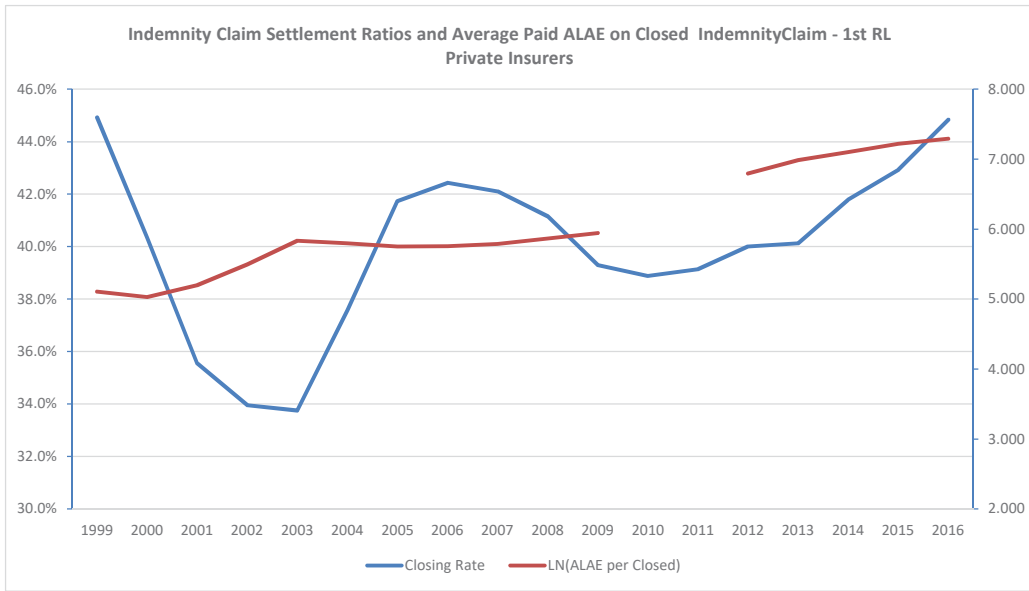
Year-to-Year Change

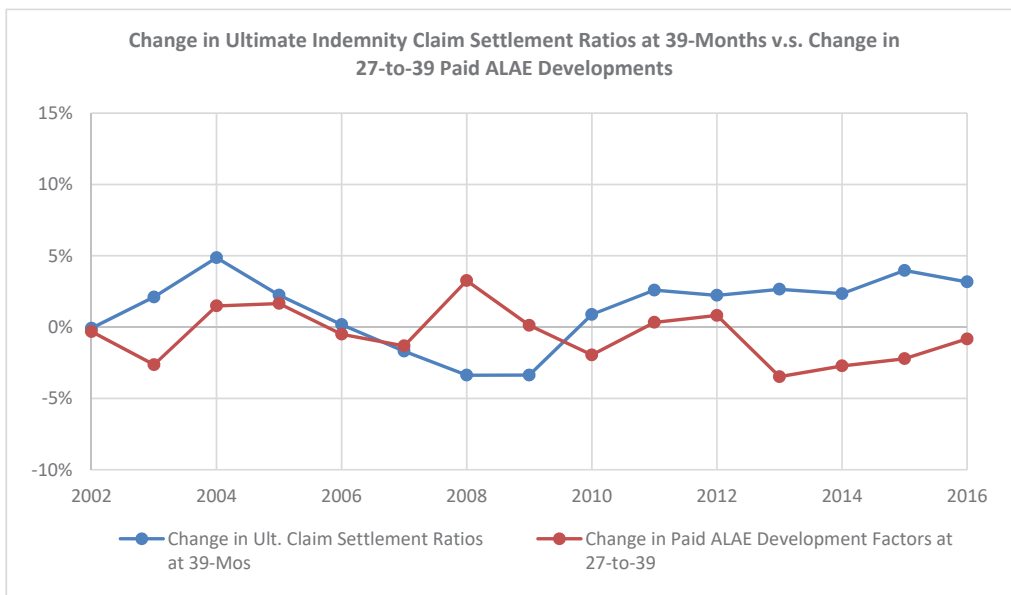
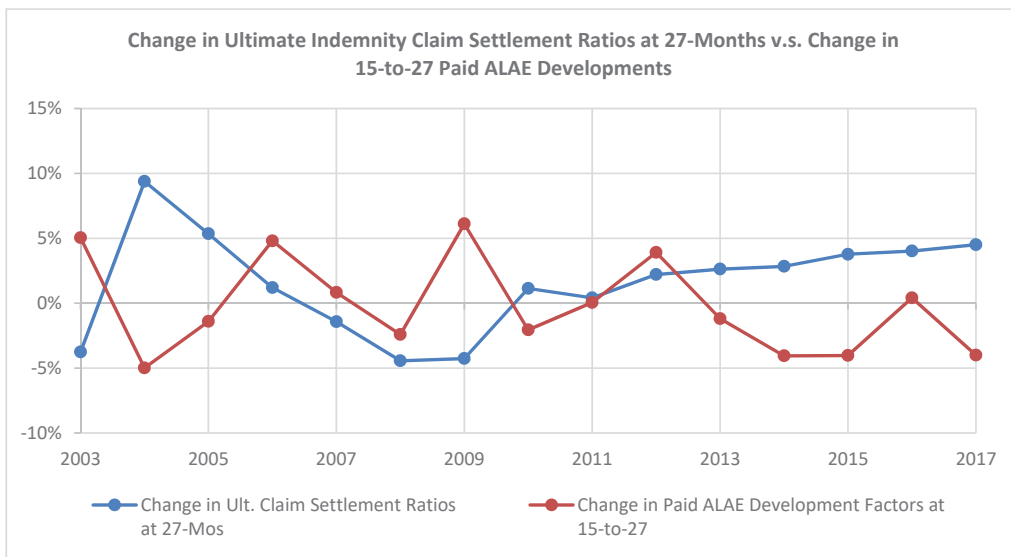
| AY\RL | 1 | 2 | 3 | 4 | 5 |
|-------|--------|-------|-------|-------|-------|
| 2000 | -10.2% | -8.3% | -6.6% | -5.3% | -3.3% |
| 2001 | -11.9% | -9.5% | -6.3% | -2.2% | 0.6% |
| 2002 | -4.5% | -3.6% | 0.5% | 3.6% | 3.7% |
| 2003 | -0.6% | 3.2% | 5.0% | 3.2% | 2.6% |
| 2004 | 11.3% | 8.8% | 4.2% | 2.3% | 1.2% |
| 2005 | 11.1% | 6.1% | 2.2% | 0.5% | -0.4% |
| 2006 | 1.7% | 1.2% | 0.3% | -0.7% | -1.1% |
| 2007 | -0.8% | -0.7% | -1.3% | -1.4% | -1.4% |
| 2008 | -2.2% | -2.8% | -3.0% | -2.6% | -0.7% |
| 2009 | -4.5% | -4.4% | -3.7% | -1.5% | -0.9% |
| 2010 | -1.0% | -0.7% | 1.3% | 1.9% | 1.6% |
| 2011 | 0.6% | 1.8% | 2.1% | 1.5% | 1.0% |
| 2012 | 2.2% | 3.8% | 3.2% | 2.1% | 2.0% |
| 2013 | 0.3% | 2.5% | 2.2% | 2.4% | |
| 2014 | 4.1% | 2.5% | 2.1% | | |
| 2015 | 2.7% | 4.4% | | | |
| 2016 | 4.4% | | | | |

Year-to-Year Change

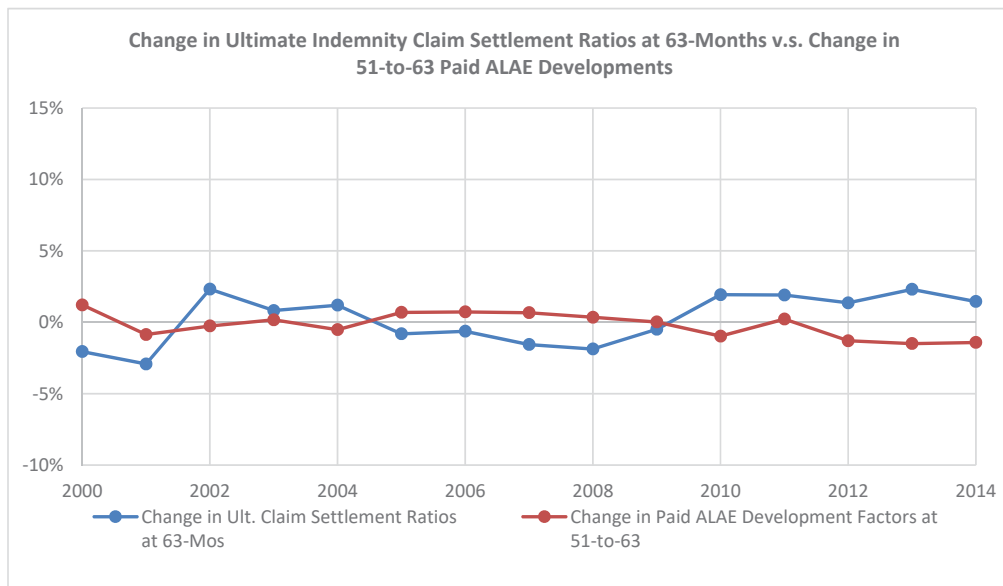
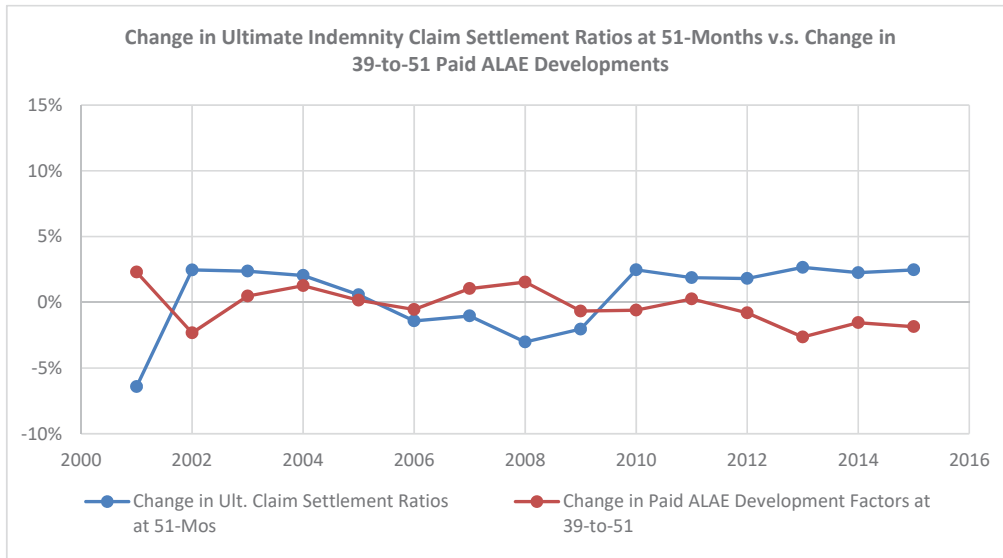
| AY\RL | 1 | 2 | 3 | 4 | 5 |
|-------|-------|--------|--------|--------|--------|
| 2000 | -7.5% | -2.9% | 5.7% | 15.6% | 22.0% |
| 2001 | 18.6% | 30.1% | 45.9% | 48.6% | 50.9% |
| 2002 | 34.3% | 33.6% | 28.4% | 30.0% | 26.0% |
| 2003 | 40.4% | 25.5% | 18.5% | 12.9% | 7.7% |
| 2004 | -3.5% | -4.5% | -8.3% | -11.9% | -10.7% |
| 2005 | -4.6% | -16.9% | -20.7% | -16.8% | -12.9% |
| 2006 | 0.7% | -4.1% | 1.3% | 1.5% | 1.4% |
| 2007 | 3.2% | 7.1% | 4.9% | 5.7% | 6.7% |
| 2008 | 7.8% | 13.5% | 9.0% | 9.7% | 12.9% |
| 2009 | 8.1% | 8.3% | 12.3% | 13.7% | 15.2% |
| 2010 | 37.0% | 18.6% | 22.7% | 19.3% | 14.2% |
| 2011 | 58.7% | 34.2% | 21.1% | 20.7% | 21.1% |
| 2012 | 7.9% | 12.0% | 7.1% | 6.2% | 6.4% |
| 2013 | 21.2% | 11.8% | 9.6% | 7.5% | |
| 2014 | 11.9% | 8.4% | 6.7% | | |
| 2015 | 12.6% | 13.5% | | | |
| 2016 | 7.5% | | | | |

Source: WCIRB unit statistical data





Source: WCIRB accident year experience calls.



Source: WCIRB accident year experience calls.

Change in Reported Indemnity Claim Settlement Ratio¹ - Private Insurers

| AY | 15 | 27 | 39 | 51 | 63 | 75 | 87 |
|------|-------|-------|-------|-------|-------|-------|-------|
| 1992 | 3.6% | 3.7% | 5.5% | 3.5% | 1.4% | 0.7% | 0.6% |
| 1993 | 3.8% | 6.8% | 4.1% | 1.4% | 0.0% | 0.1% | -0.7% |
| 1994 | 0.2% | -1.1% | -0.6% | -0.7% | 0.5% | -0.6% | -0.9% |
| 1995 | -3.1% | -1.3% | -1.2% | -0.4% | -1.7% | -2.0% | -0.9% |
| 1996 | -1.2% | 0.4% | -0.2% | -2.0% | -3.0% | -2.6% | -3.4% |
| 1997 | -0.1% | -1.2% | -1.4% | -1.7% | 0.4% | 0.6% | 1.2% |
| 1998 | -0.2% | -1.8% | -3.6% | -1.4% | -1.6% | -1.0% | -0.7% |
| 1999 | -2.1% | -4.2% | -1.4% | -1.2% | -1.0% | -0.8% | -0.2% |
| 2000 | -2.4% | -1.4% | -1.8% | -2.3% | -1.9% | -0.7% | -0.4% |
| 2001 | -3.5% | -5.3% | -5.7% | -4.4% | -2.0% | -0.9% | -0.9% |
| 2002 | 0.3% | -0.9% | -0.7% | 1.8% | 2.2% | 1.3% | 1.1% |
| 2003 | -2.8% | -2.1% | 2.0% | 2.0% | 0.4% | 0.3% | 0.3% |
| 2004 | 1.8% | 5.1% | 3.2% | 1.5% | 1.2% | 0.3% | -0.1% |
| 2005 | 2.6% | 2.8% | 1.5% | 0.7% | -0.4% | -0.2% | -0.3% |
| 2006 | 0.5% | 0.8% | 0.5% | -0.8% | -0.2% | -0.5% | -0.8% |
| 2007 | 0.4% | -0.7% | -1.2% | -0.9% | -1.6% | -1.2% | 0.1% |
| 2008 | -0.9% | -1.7% | -1.8% | -2.1% | -1.3% | -0.3% | -0.2% |
| 2009 | -1.5% | -1.9% | -2.2% | -1.4% | -0.5% | -0.4% | -0.1% |
| 2010 | 0.2% | 0.4% | 0.6% | 1.5% | 1.4% | 1.5% | 1.2% |
| 2011 | 0.4% | 0.3% | 1.3% | 1.1% | 1.1% | 0.9% | 0.6% |
| 2012 | 0.3% | 0.9% | 1.4% | 1.2% | 1.2% | 1.2% | 1.1% |

Number of observations of claim settlement rate change:

| | | | | | | | |
|----------|----|----|----|----|----|----|----|
| Downward | 10 | 12 | 12 | 12 | 11 | 12 | 69 |
| Upward | 11 | 9 | 9 | 9 | 10 | 9 | 57 |

¹ For example, the value for 2012 at 15 months is equal to the arithmetic difference between the reported indemnity claim settlement rate for 2012 at 15 months and the reported indemnity claim settlement rate for 2011 at 15 months.

Red - Arithmetic change in claim settlement rates by less than -1.0% (lighter color) or less than 1.5% (darker color).

Blue - Arithmetic change in claim settlement rates by more than 1.0% (lighter color) or more than 1.5% (darker color).

Source: WCIRB accident year experience calls.

**Difference in Projected Calendar Year ALAE Paid Development
Compared to Actual¹**

| AY | 15-87 | 27-87 | 39-87 | 51-87 | 63-87 | 75-87 | 87-111 | 87-195 |
|------|--------|--------|--------|-------|-------|-------|--------|--------|
| 1992 | -28.7% | -17.1% | -10.8% | -5.7% | -2.0% | -0.9% | -3.6% | -13.5% |
| 1993 | -12.3% | -8.9% | -7.4% | -3.0% | -1.2% | -0.4% | 0.1% | -2.4% |
| 1994 | -4.7% | -7.3% | -6.4% | -4.8% | -2.1% | -0.3% | 0.5% | 1.9% |
| 1995 | 0.9% | -1.7% | -4.3% | -4.9% | -5.3% | -3.1% | 1.3% | -2.1% |
| 1996 | 0.3% | 4.2% | 4.8% | 3.0% | 1.9% | 1.0% | 2.1% | 6.8% |
| 1997 | -6.9% | -5.7% | -2.1% | 0.9% | 2.3% | 1.6% | 3.2% | 7.9% |
| 1998 | 14.0% | 5.6% | 7.5% | 8.2% | 6.1% | 3.6% | 5.0% | 10.5% |
| 1999 | 7.9% | 12.3% | 8.9% | 7.4% | 5.5% | 2.8% | 5.2% | |
| 2000 | 43.5% | 28.8% | 18.3% | 11.9% | 6.9% | 3.3% | 4.2% | |
| 2001 | 29.5% | 18.8% | 16.0% | 10.4% | 6.2% | 2.8% | 2.1% | |
| 2002 | -4.7% | 4.3% | 4.4% | 4.0% | 2.7% | 0.8% | 1.0% | |
| 2003 | 0.8% | -4.1% | -1.2% | -1.6% | -1.8% | -0.7% | -0.1% | |
| 2004 | -11.4% | -6.7% | -5.6% | -5.0% | -3.6% | -1.7% | -0.9% | |
| 2005 | 2.8% | 4.3% | 1.1% | -0.8% | -0.9% | -0.4% | -0.1% | |
| 2006 | 7.7% | 2.7% | 1.6% | 0.7% | -0.4% | -0.4% | 0.0% | |
| 2007 | 3.0% | 2.2% | 4.1% | 3.4% | 1.8% | 0.5% | 0.6% | |
| 2008 | 7.8% | 10.4% | 8.4% | 6.2% | 3.7% | 1.3% | -0.2% | |
| 2009 | 18.2% | 11.4% | 7.7% | 5.7% | 3.9% | 1.8% | | |
| 2010 | -2.8% | -0.8% | 1.1% | 0.8% | 0.8% | 0.4% | | |
| 2011 | -4.6% | -4.6% | -3.1% | -2.1% | -1.7% | -0.7% | | |
| 2012 | -2.1% | -5.8% | -6.9% | -5.8% | -3.9% | -1.8% | | |

| Number of observations of difference in development factor: | | | | | | | All |
|---|----|----|----|----|----|----|-----|
| Downward | 9 | 10 | 9 | 9 | 10 | 10 | 57 |
| Upward | 12 | 11 | 12 | 12 | 11 | 11 | 69 |

Correlation between claim settlement ratio change at age X to development difference at X-to-87:

-0.6850 -0.6190 -0.7871 -0.7271 -0.4852 -0.2137

Correlation between claim settlement ratio change at age X to development difference at 87-to-111:

-0.5684 -0.6079 -0.7142 -0.6507 -0.5182 -0.3812

Correlation between claim settlement ratio change at age X to development difference at 87-to-195:

-0.5373 -0.6234 -0.8558 -0.9389 -0.5667 -0.3839

¹ For example, the value of -2.1% for 2012 at 15-to-87 months is equal to the difference in the projected loss development factor at 15-to-87 months as of 3/31/2013 to the actual loss development factor at 15-to-87 months that emerged for accident year 2012.

| | |
|--------|---|
| Yellow | Difference in development factors by less than -0.5%. |
| Green | Difference in development factors by more than 0.5%. |

Source: WCIRB accident year experience calls.

Item AC19-08-05 Review of Loss Development Tail Methodology

For a number of years, the WCIRB's approach to projecting the loss development tail has been based on using incurred age-to-age development from approximately 255 months to 411 months and fitting an inverse power curve to age-to-age incurred loss development factors to compute the tail factor after 411 months. At the March 18, 2019 meeting, the Committee noted that incurred medical development after 120 months has shown an anomalous pattern for the last several calendar years, likely influenced by changes in pharmaceutical costs and other transitional effects of recent reforms. As a result, the Committee recommended staff review the tail development methodology for consideration before the next annual pure premium rate filing.

In 2016,¹ the Committee reviewed a study of alternative tail development approaches. At that meeting, the Committee noted that an approach that extrapolates the tail using an inverse power curve fit from a six year average of incurred age-to-age factors from the 10th development year to 30th development year (29th year for March 31 experience) produced relatively more stable tail development factors among the alternatives reviewed. The Committee recommended a stopping point of 80 years for the extrapolation of the tail development factor due to the positive incurred development observed on claims over 70 years old.

Staff has updated the 2016 analysis of the inverse power curve fit to compare the appropriateness of paid and incurred tail development factors given the recent sharp decline in incurred loss development. Nine evaluations were included to examine the volatility of the tail development factors. Tail development factors are fitted based on the 10th through 29th year development factors, excluding any periods with development factors less than 1.000 (which result in an error in the inverse power curve fit), and are projected to a stopping point of 80 years, which is consistent with the current approach. The development factors which form the basis of the inverse power curve fit are an average of the latest several age-to-age factors, ranging from a three-year average to a six-year average.

Exhibits 1.1 and 1.2 summarize for indemnity and medical, respectively, the tail development factors based on the inverse power curve fit to both paid and incurred development. The unadjusted factors as well as the factors adjusted for the recent decrease in pharmaceutical costs were reviewed.² (For incurred development, only the paid portion of the incurred age-to-age factor was adjusted.) Not surprisingly, Incurred development had significantly more instances of age-to-age factors less than 1.000, particularly for more recent evaluations, which were excluded from the inverse power curve fitting.³ The goodness-of-fit as measured by the R-squared is consistently significantly better for the paid development factors than the incurred development factors. As shown in Exhibit 1.2, the tail development factors based on paid medical development are also significantly more stable as measured by the standard deviation across the last five evaluations as well as all reviewed evaluations than the respective development factors based on incurred medical development. For paid medical development, an approach based on a four-year average appears to improve the stability over an approach based on a three-year average. Adding additional years does not appear to improve stability.

¹ See Item AC16-03-03 of the March 22, 2016 Actuarial Committee Agenda.

² See Item AC19-06-03 of the June 14, 2019 Actuarial Committee Agenda.

³ For indemnity, as many as 7 age-to-age factors were excluded from a fit for a single period (for three-year average incurred indemnity development as of 3/31/2010). For medical, as many as 15 factors were excluded from a fit for a single period (for three-year average incurred medical development as of 3/31/2019).

For a number of years, the WCIRB has relied primarily on incurred loss development to project later periods. This approach was recommended by the Committee based on a 2014 study which identified a significant shift in the incurred-to-paid ratio observed in the mid-1990s.⁴ This shift was largely driven by the Minniear⁵ decision as well as other factors significantly slowing down the rate of medical payments during these years. Due to this dramatic shift in paid development patterns, the Committee recommended to no longer use the paid development factors to project ultimate loss ratios arising from accident years prior to 1998.

Exhibits 2.1 and 2.2 show the incurred-to-paid loss ratios for indemnity and medical, respectively, updated through December 31, 2018 experience. Although the more recent ratios for medical (shaded in blue on Exhibit 2.2) have declined significantly, they have not returned to the levels observed in the pre-Minniear period prior to 1998 (shaded in black on Exhibit 2.2). However, these recent incurred-to-paid loss ratios are no longer as stable as the post-Minniear ratios observed in the 2014 analysis (shaded in red on Exhibit 2.2). This suggests that the distortion which led to basing the longer-term loss development projections on incurred development factors still exists but to a less significant degree than shown in the 2014 study.

In order to assess the viability of using paid development factors for projecting ultimate losses at older ages, staff compared the cumulative paid and incurred development factors in these older periods. Exhibits 3.1 and 3.2 compare the change in paid and incurred 255-to-351 cumulative development factors for indemnity and medical, respectively. Consistent with the WCIRB's approach to select age-to-age factors in the last several pure premium rate filings, the cumulative development factors are an average of the latest three years for paid development and the latest six years for incurred development. The cumulative development factors encompass ages 255 through 351 months, which is the period associated with accident years prior to 1998. Multiple evaluations are shown on Exhibits 3.1 and 3.2 to compare the stability of paid versus incurred cumulative development factors for those ages. To facilitate consistency of comparison between paid and incurred development, the development factors for each evaluation are indexed to the March 31, 2011 level. As shown in Exhibit 3.2, the paid medical cumulative development factors have been consistent over the last several evaluations, whereas the incurred medical factors have been more volatile, declining to historically low levels in recent evaluations.

The Committee's feedback on the tail development approach will be solicited at the meeting.

⁴ See Item AC14-03-03 of the March 19, 2014 Actuarial Committee Agenda.

⁵ Minniear v. Mount San Antonio Community College District (1996) 61 Cal. Comp. Cases 1055 (Appeals Board en banc opinion).

| Evaluation: | Indemnity Year 29 - 80 Cumulative Development | | | | R-Squared | | | | |
|--|---|-------|-------|-------|-------------------------|-------|-------|-------|--|
| | Factors Fit to Inverse Power Curve | | | | # Years Average In Fit: | | | | |
| | 6 | 5 | 4 | 3 | 6 | 5 | 4 | 3 | |
| 3/31/2019 | | | | | | | | | |
| Incurred Indemnity | 1.002 | 1.002 | 1.003 | 1.004 | 0.798 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.009 | 1.009 | 1.009 | 1.009 | 0.985 | 0.987 | 0.988 | 0.986 | |
| 3/31/2018 | | | | | | | | | |
| Incurred Indemnity | 1.003 | 1.002 | 1.003 | 1.004 | 0.713 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.009 | 1.008 | 1.008 | 1.008 | 0.973 | 0.982 | 0.987 | 0.989 | |
| 3/31/2017 | | | | | | | | | |
| Incurred Indemnity | 1.005 | 1.002 | 1.003 | 1.004 | 0.711 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.009 | 1.009 | 1.008 | 1.008 | 0.965 | 0.958 | 0.971 | 0.974 | |
| 3/31/2016 | | | | | | | | | |
| Incurred Indemnity | 1.006 | 1.002 | 1.003 | 1.004 | 0.640 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.010 | 1.010 | 1.010 | 1.009 | 0.949 | 0.950 | 0.936 | 0.948 | |
| 3/31/2015 | | | | | | | | | |
| Incurred Indemnity | 1.006 | 1.002 | 1.003 | 1.004 | 0.671 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.010 | 1.010 | 1.011 | 1.010 | 0.950 | 0.948 | 0.950 | 0.933 | |
| 3/31/2014 | | | | | | | | | |
| Incurred Indemnity | 1.007 | 1.002 | 1.003 | 1.004 | 0.529 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.010 | 1.010 | 1.010 | 1.011 | 0.902 | 0.935 | 0.933 | 0.938 | |
| 3/31/2013 | | | | | | | | | |
| Incurred Indemnity | 1.005 | 1.002 | 1.003 | 1.004 | 0.398 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.010 | 1.010 | 1.010 | 1.011 | 0.872 | 0.870 | 0.911 | 0.909 | |
| 3/31/2012 | | | | | | | | | |
| Incurred Indemnity | 1.005 | 1.002 | 1.003 | 1.004 | 0.516 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.011 | 1.010 | 1.010 | 1.009 | 0.812 | 0.854 | 0.847 | 0.897 | |
| 3/31/2011 | | | | | | | | | |
| Incurred Indemnity | 1.003 | 1.002 | 1.003 | 1.004 | 0.565 | 0.837 | 0.794 | 0.870 | |
| Paid Indemnity | 1.012 | 1.011 | 1.009 | 1.009 | 0.771 | 0.772 | 0.823 | 0.801 | |
| <hr/> | | | | | | | | | |
| Standard Deviation: 2015 through 2019 | | | | | | | | | |
| Incurred Indemnity | 0.001 | - | - | - | | | | | |
| Paid Indemnity | 0.000 | 0.001 | 0.001 | 0.001 | | | | | |
| Standard Deviation: 2011 through 2019 | | | | | | | | | |
| Incurred Indemnity | 0.001 | - | 0.000 | 0.000 | | | | | |
| Paid Indemnity | 0.001 | 0.001 | 0.001 | 0.001 | | | | | |

Source: WCIRB aggregate financial data.

| Evaluation: | Medical Year 29 - 80 Cumulative Development | | | | R-Squared | | | |
|--|---|-------|-------|-------|-------------------------|-------|-------|-------|
| | Factors Fit to Inverse Power Curve | | | | # Years Average In Fit: | | | |
| | 6 | 5 | 4 | 3 | 6 | 5 | 4 | 3 |
| 3/31/2019 | | | | | | | | |
| Paid Medical - Unadjusted | 1.079 | 1.079 | 1.075 | 1.081 | 0.985 | 0.975 | 0.964 | 0.946 |
| Paid Medical - Adjusted | 1.083 | 1.085 | 1.084 | 1.092 | 0.983 | 0.972 | 0.962 | 0.945 |
| Incurred Medical - Unadjusted | 1.009 | 1.003 | 1.006 | 1.004 | 0.588 | 0.792 | 0.889 | 0.967 |
| Incurred Medical - Adjusted | 1.007 | 1.003 | 1.002 | 1.001 | 0.713 | 0.424 | 0.851 | 0.994 |
| 3/31/2018 | | | | | | | | |
| Paid Medical - Unadjusted | 1.072 | 1.073 | 1.070 | 1.063 | 0.988 | 0.979 | 0.962 | 0.945 |
| Paid Medical - Adjusted | 1.074 | 1.075 | 1.075 | 1.070 | 0.988 | 0.979 | 0.963 | 0.954 |
| Incurred Medical - Unadjusted | 1.014 | 1.014 | 1.010 | 1.005 | 0.674 | 0.346 | 0.316 | 0.834 |
| Incurred Medical - Adjusted | 1.008 | 1.014 | 1.008 | 1.003 | 0.579 | 0.623 | 0.294 | 0.409 |
| 3/31/2017 | | | | | | | | |
| Paid Medical - Unadjusted | 1.073 | 1.073 | 1.073 | 1.071 | 0.986 | 0.981 | 0.969 | 0.951 |
| Paid Medical - Adjusted | 1.072 | 1.072 | 1.073 | 1.072 | 0.987 | 0.982 | 0.970 | 0.949 |
| Incurred Medical - Unadjusted | 1.024 | 1.015 | 1.015 | 1.017 | 0.738 | 0.561 | 0.522 | 0.458 |
| Incurred Medical - Adjusted | 1.024 | 1.016 | 1.018 | 1.013 | 0.765 | 0.715 | 0.677 | 0.348 |
| 3/31/2016 | | | | | | | | |
| Paid Medical - Unadjusted | 1.073 | 1.075 | 1.074 | 1.076 | 0.983 | 0.985 | 0.976 | 0.965 |
| Paid Medical - Adjusted | 1.071 | 1.072 | 1.072 | 1.073 | 0.983 | 0.986 | 0.978 | 0.967 |
| Incurred Medical - Unadjusted | 1.039 | 1.035 | 1.027 | 1.028 | 0.760 | 0.772 | 0.700 | 0.618 |
| Incurred Medical - Adjusted | 1.041 | 1.037 | 1.029 | 1.034 | 0.811 | 0.791 | 0.745 | 0.637 |
| 3/31/2015 | | | | | | | | |
| Paid Medical - Unadjusted | 1.073 | 1.075 | 1.078 | 1.078 | 0.966 | 0.974 | 0.978 | 0.963 |
| Paid Medical - Adjusted | 1.071 | 1.073 | 1.075 | 1.075 | 0.966 | 0.975 | 0.980 | 0.968 |
| Incurred Medical - Unadjusted | 1.048 | 1.047 | 1.044 | 1.031 | 0.900 | 0.825 | 0.822 | 0.609 |
| Incurred Medical - Adjusted | 1.045 | 1.043 | 1.040 | 1.030 | 0.894 | 0.789 | 0.750 | 0.709 |
| 3/31/2014 | | | | | | | | |
| Paid Medical - Unadjusted | 1.071 | 1.069 | 1.072 | 1.073 | 0.921 | 0.957 | 0.970 | 0.975 |
| Paid Medical - Adjusted | 1.070 | 1.067 | 1.069 | 1.070 | 0.917 | 0.953 | 0.966 | 0.973 |
| Incurred Medical - Unadjusted | 1.057 | 1.052 | 1.051 | 1.050 | 0.851 | 0.907 | 0.813 | 0.820 |
| Incurred Medical - Adjusted | 1.057 | 1.049 | 1.048 | 1.045 | 0.871 | 0.914 | 0.804 | 0.787 |
| 3/31/2013 | | | | | | | | |
| Paid Medical - Unadjusted | 1.072 | 1.069 | 1.066 | 1.068 | 0.862 | 0.877 | 0.918 | 0.931 |
| Paid Medical - Adjusted | 1.072 | 1.068 | 1.065 | 1.068 | 0.861 | 0.875 | 0.917 | 0.929 |
| Incurred Medical - Unadjusted | 1.059 | 1.063 | 1.056 | 1.057 | 0.859 | 0.877 | 0.946 | 0.842 |
| Incurred Medical - Adjusted | 1.054 | 1.056 | 1.049 | 1.032 | 0.754 | 0.767 | 0.830 | 0.392 |
| 3/31/2012 | | | | | | | | |
| Paid Medical - Unadjusted | 1.076 | 1.072 | 1.067 | 1.064 | 0.794 | 0.819 | 0.825 | 0.858 |
| Paid Medical - Adjusted | 1.076 | 1.072 | 1.067 | 1.064 | 0.794 | 0.819 | 0.825 | 0.858 |
| Incurred Medical - Unadjusted | 1.061 | 1.057 | 1.061 | 1.054 | 0.781 | 0.761 | 0.774 | 0.870 |
| Incurred Medical - Adjusted | 1.061 | 1.057 | 1.061 | 1.054 | 0.781 | 0.761 | 0.774 | 0.870 |
| 3/31/2011 | | | | | | | | |
| Paid Medical - Unadjusted | 1.082 | 1.076 | 1.071 | 1.065 | 0.741 | 0.761 | 0.790 | 0.803 |
| Paid Medical - Adjusted | 1.082 | 1.076 | 1.071 | 1.065 | 0.741 | 0.761 | 0.790 | 0.803 |
| Incurred Medical - Unadjusted | 1.055 | 1.060 | 1.056 | 1.061 | 0.741 | 0.762 | 0.756 | 0.758 |
| Incurred Medical - Adjusted | 1.055 | 1.060 | 1.056 | 1.061 | 0.741 | 0.762 | 0.756 | 0.758 |
| Standard Deviation: 2015 through 2019 | | | | | | | | |
| Paid Medical - Unadjusted | 0.003 | 0.002 | 0.003 | 0.007 | | | | |
| Paid Medical - Adjusted | 0.005 | 0.005 | 0.005 | 0.009 | | | | |
| Incurred Medical - Unadjusted | 0.016 | 0.018 | 0.015 | 0.013 | | | | |
| Incurred Medical - Adjusted | 0.018 | 0.017 | 0.015 | 0.015 | | | | |
| Standard Deviation: 2011 through 2019 | | | | | | | | |
| Paid Medical - Unadjusted | 0.004 | 0.003 | 0.004 | 0.006 | | | | |
| Paid Medical - Adjusted | 0.005 | 0.005 | 0.005 | 0.008 | | | | |
| Incurred Medical - Unadjusted | 0.020 | 0.023 | 0.022 | 0.022 | | | | |
| Incurred Medical - Adjusted | 0.021 | 0.021 | 0.022 | 0.021 | | | | |

Source: WCIRB aggregate financial data.

"Adjusted" refers to adjustments for SB1160 and recent pharmaceutical cost declines in paid development.

Indemnity Incurred Loss to Paid Loss Ratio

| Accident Year | Age (in months) | | | | | | | | | | |
|------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 132 | 144 | 156 | 168 | 180 | 192 | 204 | 216 | 228 | 240 | 252 |
| 1985 | 1.026 | 1.023 | 1.019 | 1.015 | 1.013 | 1.012 | 1.011 | 1.010 | 1.009 | 1.009 | 1.008 |
| 1986 | 1.026 | 1.022 | 1.019 | 1.015 | 1.013 | 1.012 | 1.011 | 1.010 | 1.010 | 1.010 | 1.009 |
| 1987 | 1.027 | 1.021 | 1.017 | 1.016 | 1.014 | 1.013 | 1.013 | 1.012 | 1.012 | 1.011 | 1.010 |
| 1988 | 1.023 | 1.019 | 1.018 | 1.016 | 1.014 | 1.013 | 1.011 | 1.010 | 1.010 | 1.009 | 1.009 |
| 1989 | 1.023 | 1.022 | 1.019 | 1.019 | 1.018 | 1.018 | 1.012 | 1.014 | 1.012 | 1.011 | 1.010 |
| 1990 | 1.022 | 1.020 | 1.020 | 1.016 | 1.015 | 1.013 | 1.012 | 1.011 | 1.010 | 1.009 | 1.008 |
| 1991 | 1.030 | 1.028 | 1.026 | 1.023 | 1.021 | 1.020 | 1.018 | 1.016 | 1.015 | 1.014 | 1.013 |
| 1992 | 1.034 | 1.031 | 1.029 | 1.026 | 1.023 | 1.025 | 1.021 | 1.016 | 1.015 | 1.014 | 1.013 |
| 1993 | 1.041 | 1.037 | 1.034 | 1.031 | 1.031 | 1.025 | 1.021 | 1.018 | 1.017 | 1.014 | 1.014 |
| 1994 | 1.059 | 1.050 | 1.043 | 1.041 | 1.031 | 1.028 | 1.026 | 1.023 | 1.021 | 1.020 | 1.018 |
| 1995 | 1.066 | 1.057 | 1.054 | 1.046 | 1.042 | 1.039 | 1.035 | 1.034 | 1.029 | 1.024 | 1.023 |
| 1996 | 1.070 | 1.063 | 1.053 | 1.046 | 1.040 | 1.037 | 1.034 | 1.032 | 1.028 | 1.024 | 1.021 |
| 1997 | 1.068 | 1.057 | 1.051 | 1.047 | 1.042 | 1.037 | 1.033 | 1.029 | 1.026 | 1.023 | 1.020 |
| 1998 | 1.068 | 1.057 | 1.051 | 1.046 | 1.041 | 1.036 | 1.030 | 1.027 | 1.024 | 1.022 | 1.020 |
| 1999 | 1.058 | 1.049 | 1.043 | 1.039 | 1.034 | 1.030 | 1.026 | 1.022 | 1.019 | 1.018 | |
| 2000 | 1.054 | 1.049 | 1.043 | 1.036 | 1.033 | 1.030 | 1.026 | 1.024 | 1.020 | | |
| 2001 | 1.059 | 1.053 | 1.047 | 1.041 | 1.036 | 1.031 | 1.027 | 1.024 | | | |
| 2002 | 1.053 | 1.044 | 1.038 | 1.033 | 1.029 | 1.026 | 1.022 | | | | |
| 2003 | 1.068 | 1.060 | 1.052 | 1.046 | 1.040 | 1.035 | | | | | |
| 2004 | 1.074 | 1.065 | 1.057 | 1.049 | 1.043 | | | | | | |
| 2005 | 1.074 | 1.063 | 1.056 | 1.048 | | | | | | | |
| 2006 | 1.072 | 1.059 | 1.052 | | | | | | | | |
| 2007 | 1.064 | 1.054 | | | | | | | | | |
| 2008 | 1.060 | | | | | | | | | | |

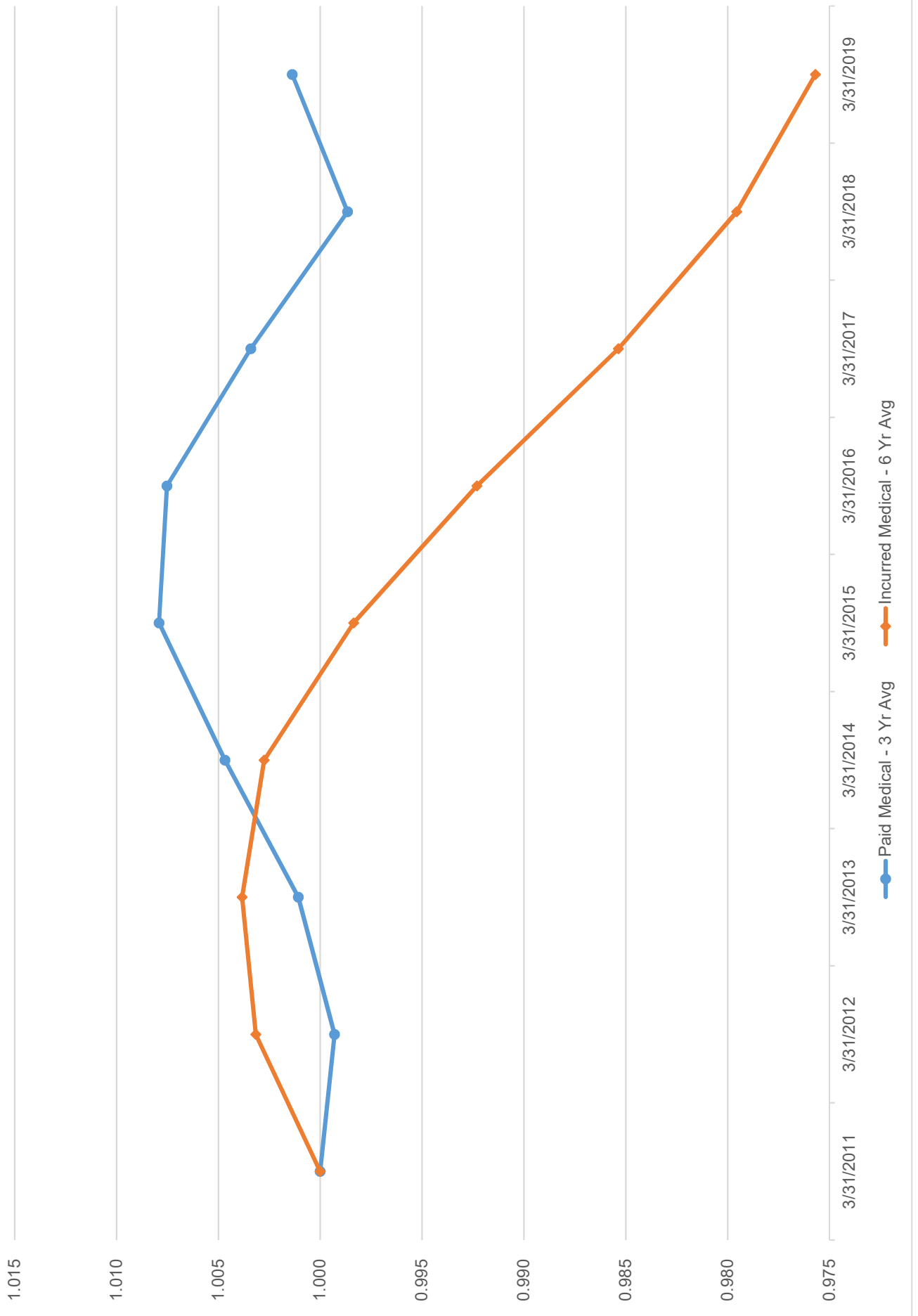
Source: WCIRB aggregate financial data.

Medical Incurred Loss to Paid Loss Ratio

| Accident Year | Age (in months) | | | | | | | | | | |
|------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 132 | 144 | 156 | 168 | 180 | 192 | 204 | 216 | 228 | 240 | 252 |
| 1985 | 1.059 | 1.052 | 1.044 | 1.039 | 1.038 | 1.039 | 1.037 | 1.039 | 1.037 | 1.040 | 1.044 |
| 1986 | 1.061 | 1.054 | 1.046 | 1.043 | 1.042 | 1.043 | 1.043 | 1.050 | 1.050 | 1.049 | 1.045 |
| 1987 | 1.073 | 1.059 | 1.053 | 1.053 | 1.053 | 1.053 | 1.067 | 1.064 | 1.055 | 1.055 | 1.046 |
| 1988 | 1.053 | 1.047 | 1.051 | 1.048 | 1.048 | 1.048 | 1.052 | 1.051 | 1.049 | 1.043 | 1.044 |
| 1989 | 1.057 | 1.057 | 1.058 | 1.058 | 1.072 | 1.066 | 1.062 | 1.055 | 1.056 | 1.055 | 1.056 |
| 1990 | 1.051 | 1.050 | 1.054 | 1.057 | 1.056 | 1.051 | 1.050 | 1.047 | 1.048 | 1.051 | 1.051 |
| 1991 | 1.054 | 1.055 | 1.056 | 1.057 | 1.056 | 1.059 | 1.055 | 1.055 | 1.055 | 1.055 | 1.051 |
| 1992 | 1.072 | 1.082 | 1.083 | 1.081 | 1.073 | 1.077 | 1.071 | 1.066 | 1.063 | 1.063 | 1.061 |
| 1993 | 1.109 | 1.111 | 1.109 | 1.106 | 1.105 | 1.108 | 1.105 | 1.102 | 1.101 | 1.106 | 1.097 |
| 1994 | 1.140 | 1.133 | 1.133 | 1.122 | 1.112 | 1.120 | 1.119 | 1.118 | 1.110 | 1.105 | 1.100 |
| 1995 | 1.176 | 1.161 | 1.162 | 1.168 | 1.166 | 1.150 | 1.143 | 1.144 | 1.121 | 1.114 | 1.100 |
| 1996 | 1.163 | 1.156 | 1.152 | 1.145 | 1.139 | 1.137 | 1.126 | 1.117 | 1.108 | 1.097 | 1.086 |
| 1997 | 1.176 | 1.176 | 1.165 | 1.159 | 1.155 | 1.141 | 1.131 | 1.117 | 1.098 | 1.088 | 1.078 |
| 1998 | 1.189 | 1.178 | 1.173 | 1.156 | 1.149 | 1.138 | 1.132 | 1.118 | 1.108 | 1.093 | 1.085 |
| 1999 | 1.166 | 1.158 | 1.145 | 1.138 | 1.132 | 1.118 | 1.100 | 1.086 | 1.071 | 1.063 | |
| 2000 | 1.154 | 1.148 | 1.146 | 1.132 | 1.119 | 1.104 | 1.088 | 1.075 | 1.065 | | |
| 2001 | 1.173 | 1.165 | 1.151 | 1.137 | 1.119 | 1.103 | 1.085 | 1.076 | | | |
| 2002 | 1.154 | 1.137 | 1.125 | 1.105 | 1.089 | 1.077 | 1.066 | | | | |
| 2003 | 1.158 | 1.139 | 1.121 | 1.101 | 1.086 | 1.075 | | | | | |
| 2004 | 1.156 | 1.136 | 1.117 | 1.097 | 1.082 | | | | | | |
| 2005 | 1.143 | 1.126 | 1.104 | 1.088 | | | | | | | |
| 2006 | 1.127 | 1.105 | 1.095 | | | | | | | | |
| 2007 | 1.120 | 1.100 | | | | | | | | | |
| 2008 | 1.102 | | | | | | | | | | |

Source: WCIRB aggregate financial data.

Medical Cumulative Development Factors Indexed To 3/31/2011
255 Months through 351 Months



Indemnity Cumulative Development Factors Indexed To 3/31/2011
255 Months through 351 Months

