

# WCIRB Actuarial Committee Meeting

September 3, 2019



# Agenda

1. Claims Working Group Meeting Summary
2. AC19-09-01: 6/30/2019 Experience – Review of Methodologies
3. AC19-09-02: New Medical Benchmarking Reports

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# 01

## Claims Working Group Meeting Summary





# 02

## 6/30/2019 Experience – Review of Methodologies

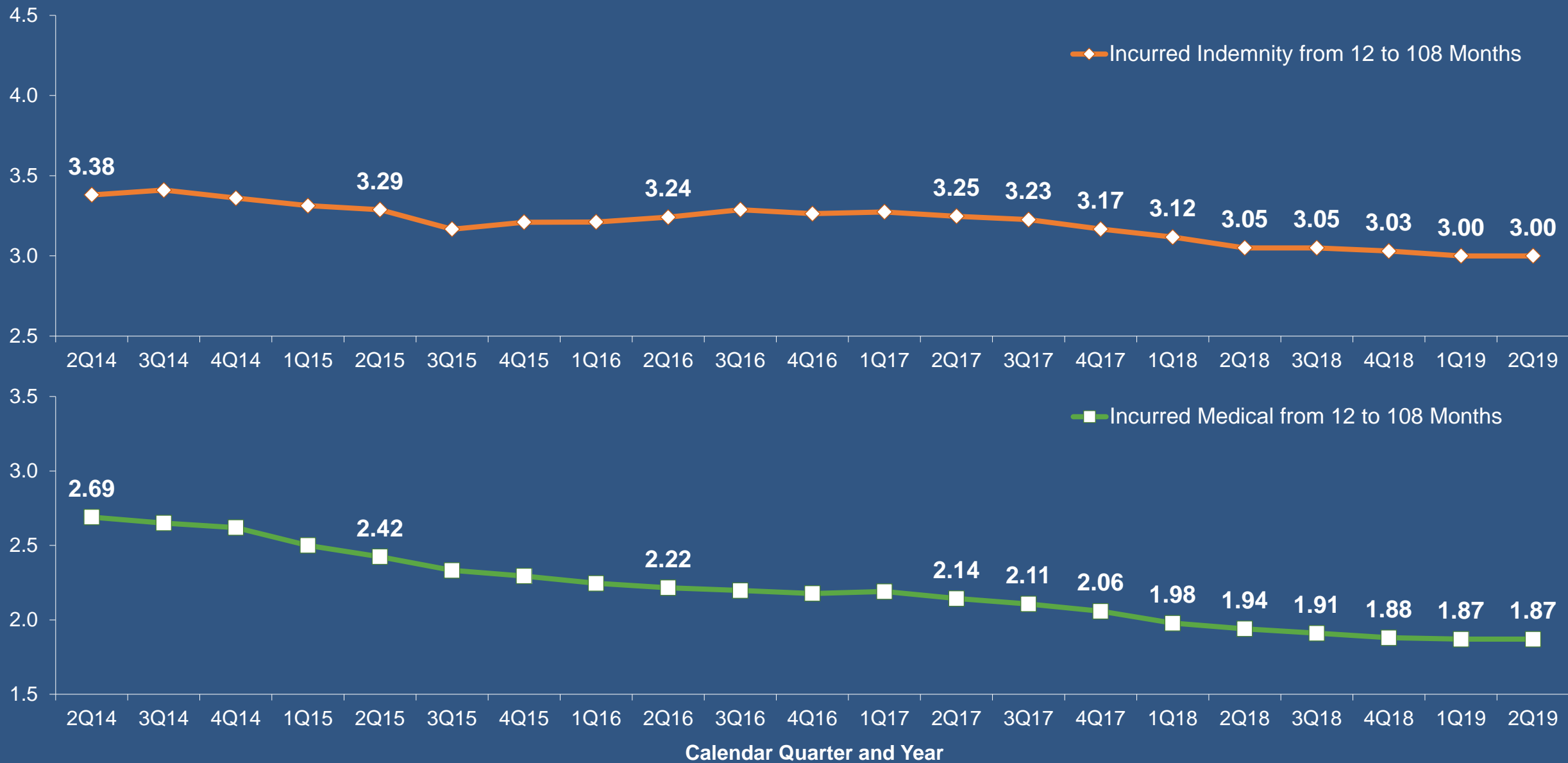


# Summary of 6/30/2019 Experience

- Approximately 100% of market reflected
- Methodologies consistent with 1/1/2020 Filing
- Projected loss ratio for 2020 policies: 0.574
- 1 point decrease from 1/1/2020 Filing projection (0.583) due to lower loss development

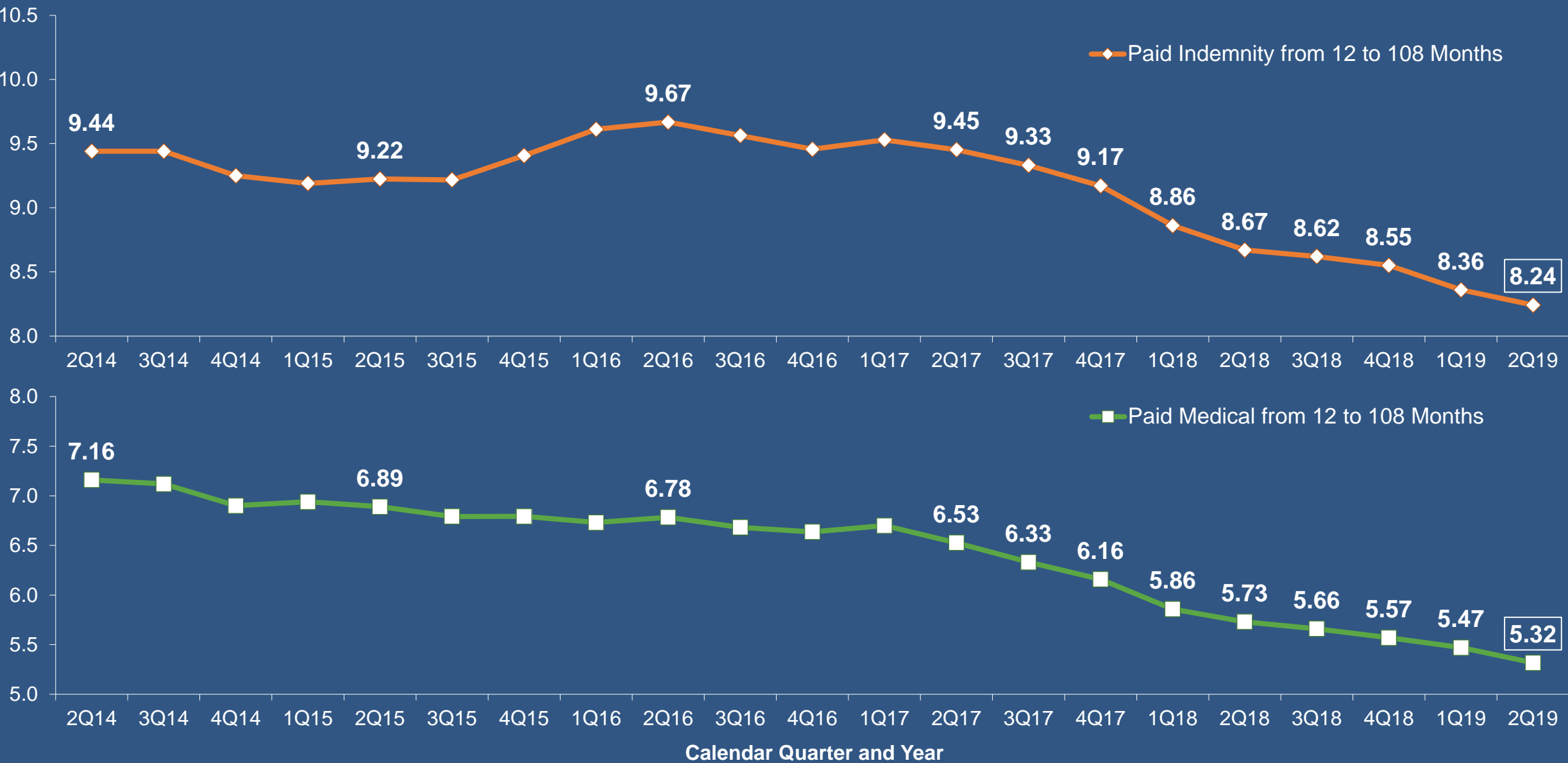
# Cumulative Incurred Development from 12 to 108 Months

As of June 30, 2019



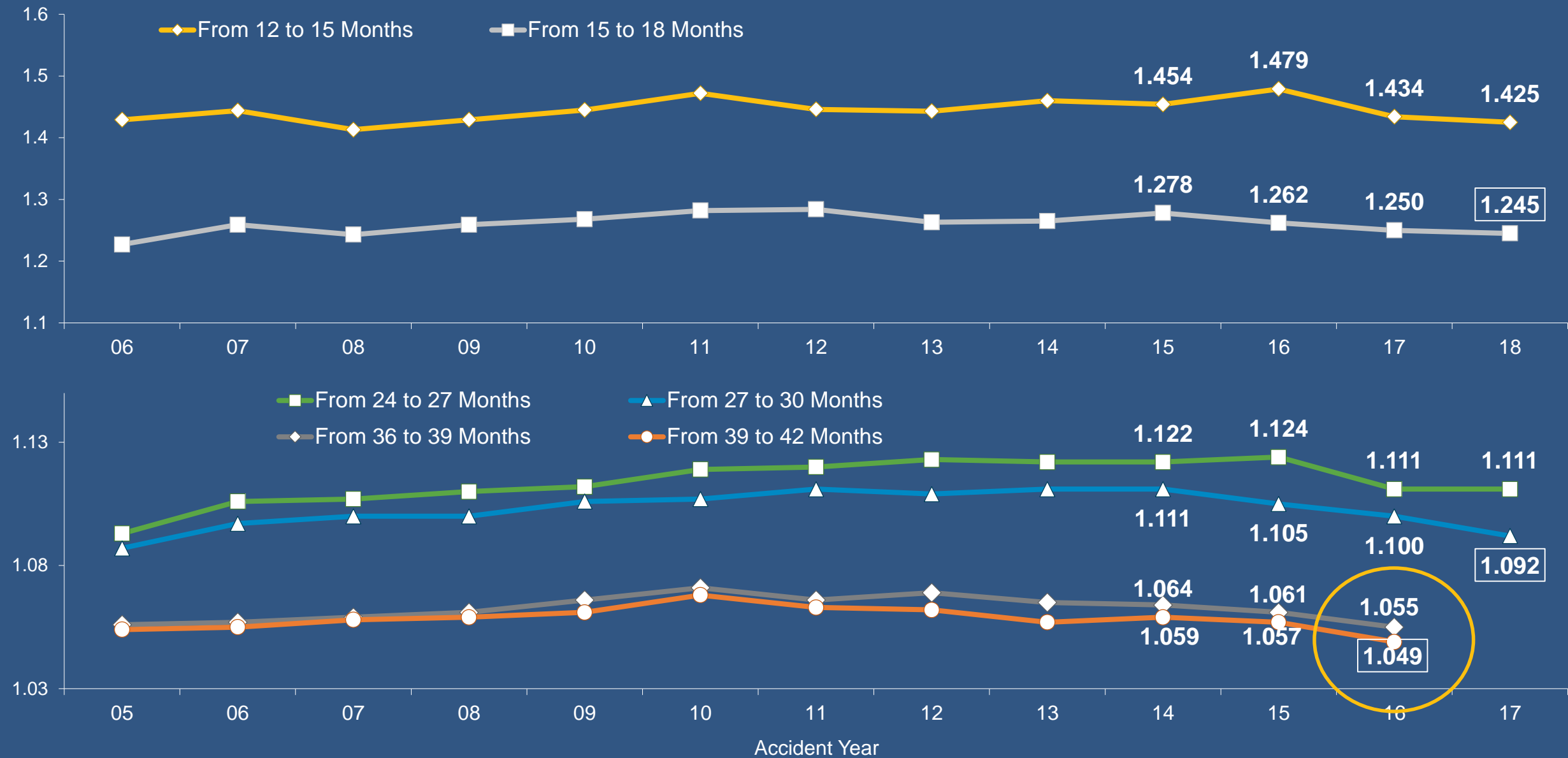
# Cumulative Paid Development from 12 to 108 Months

As of June 30, 2019



# Paid Medical Quarterly Development (Exhibit 9.4)

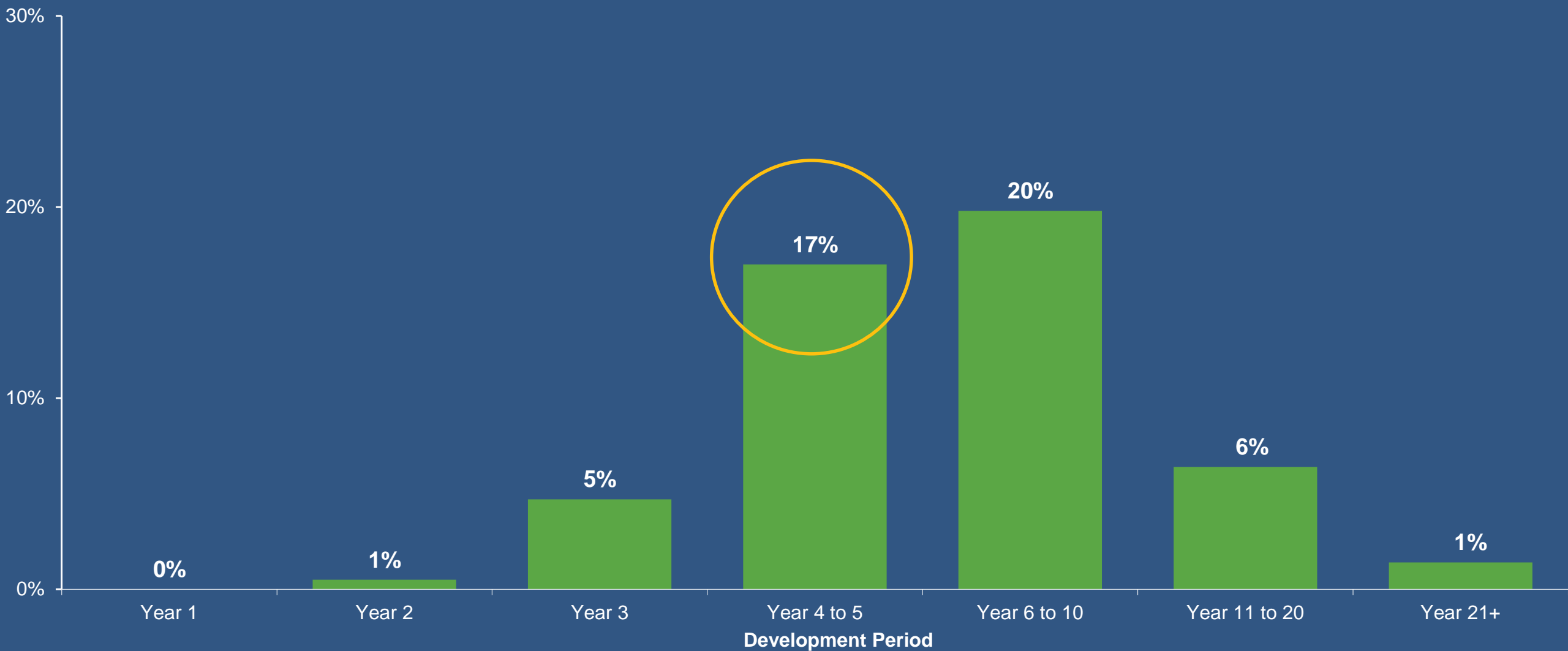
As of June 30, 2019





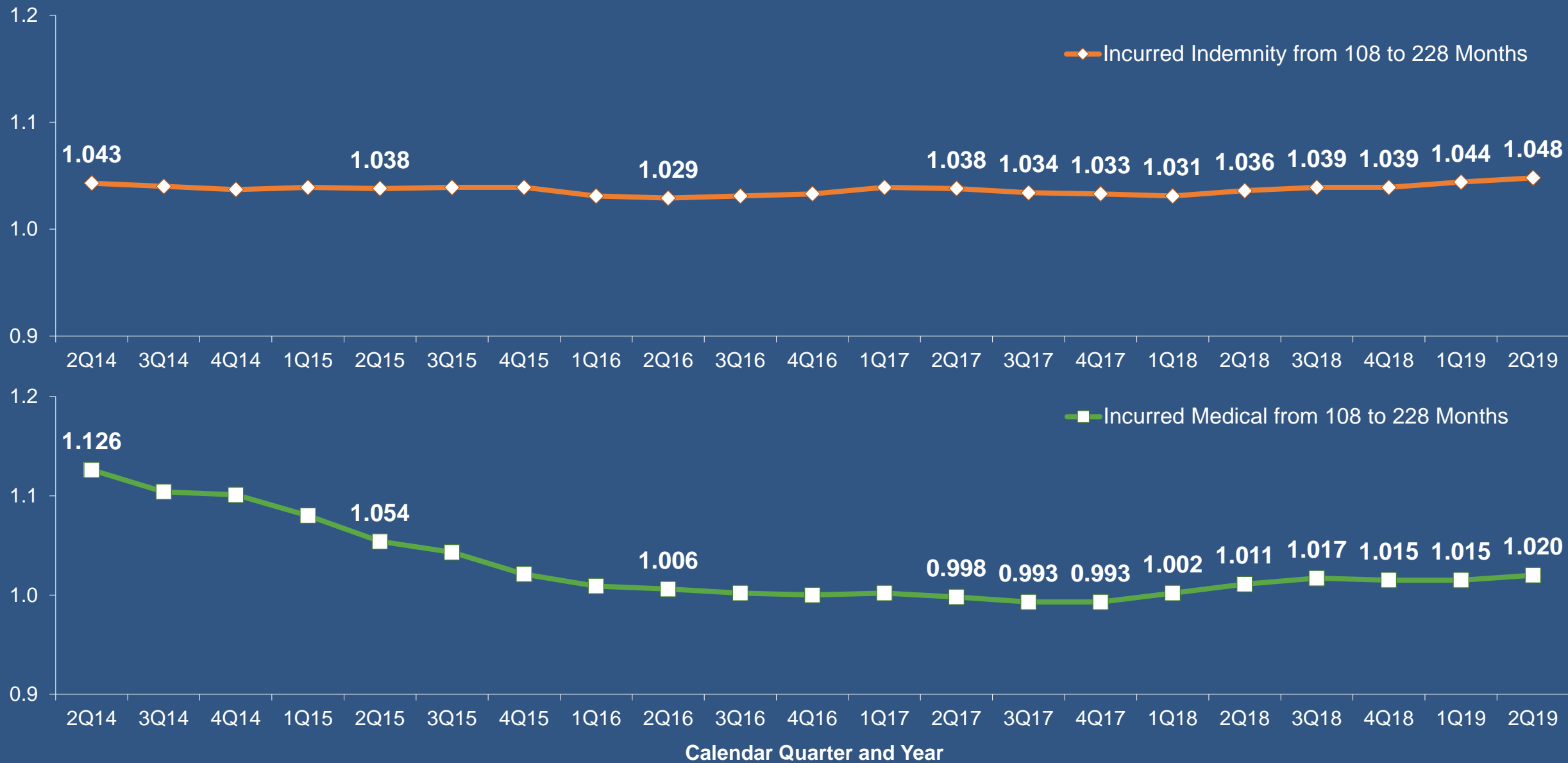
# Lien Payments as a Share of Total Medical Services Paid in 2018

As of December 31, 2018



# Cumulative Incurred Development from 108 to 228 Months

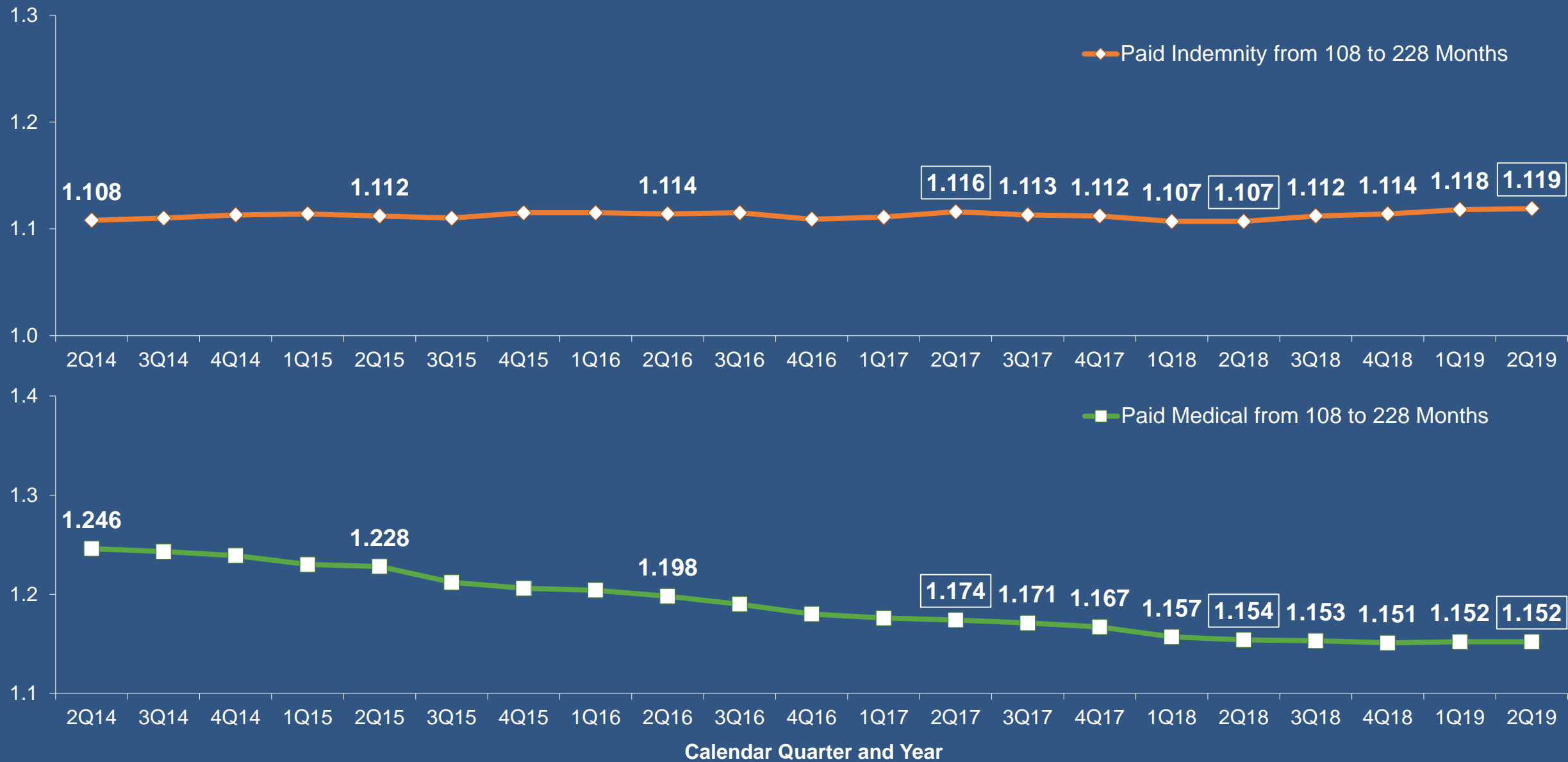
As of June 30, 2019





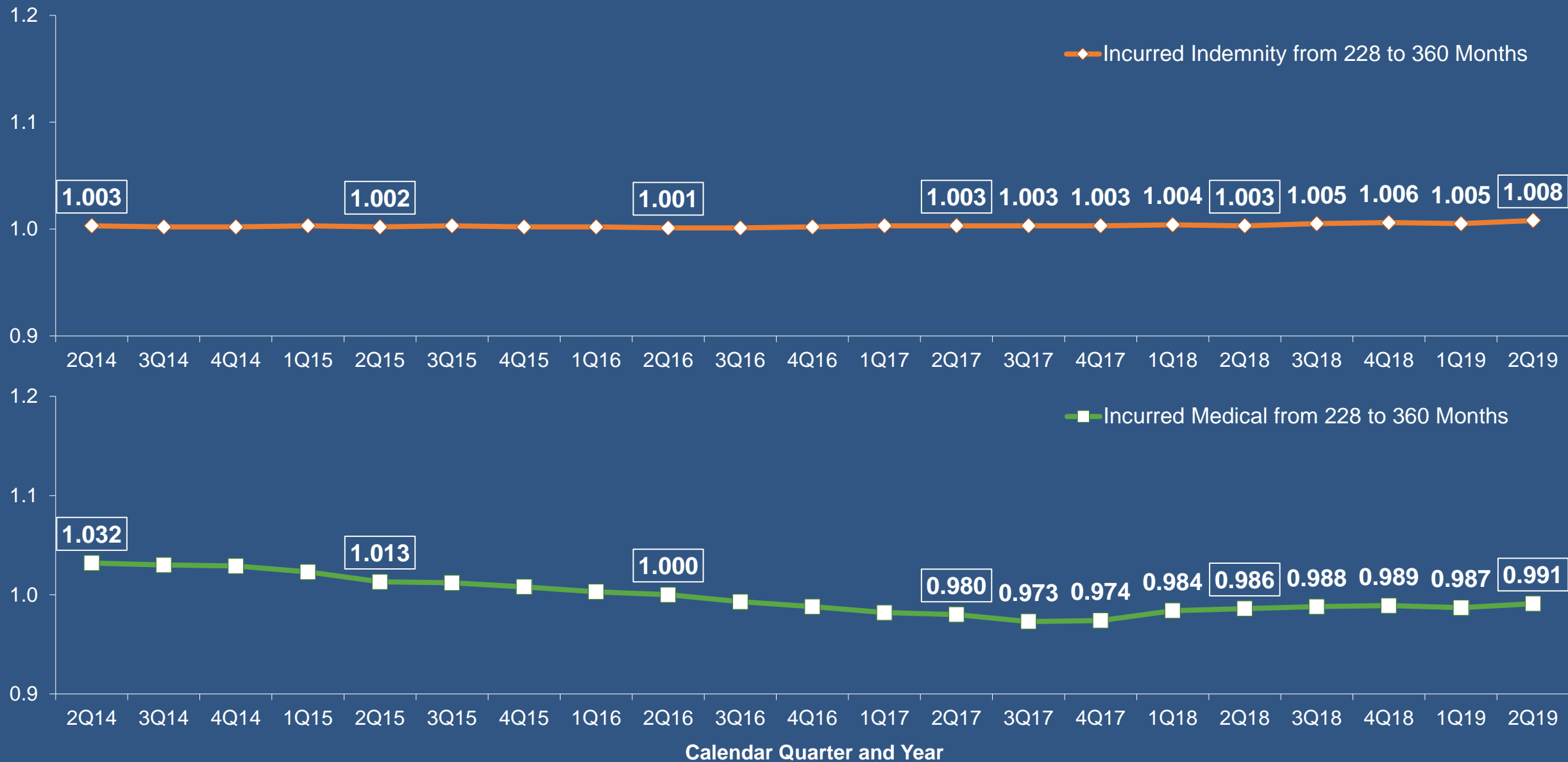
# Cumulative Paid Development from 108 to 228 Months

As of June 30, 2019



# Cumulative Incurred Development from 228 to 360 Months

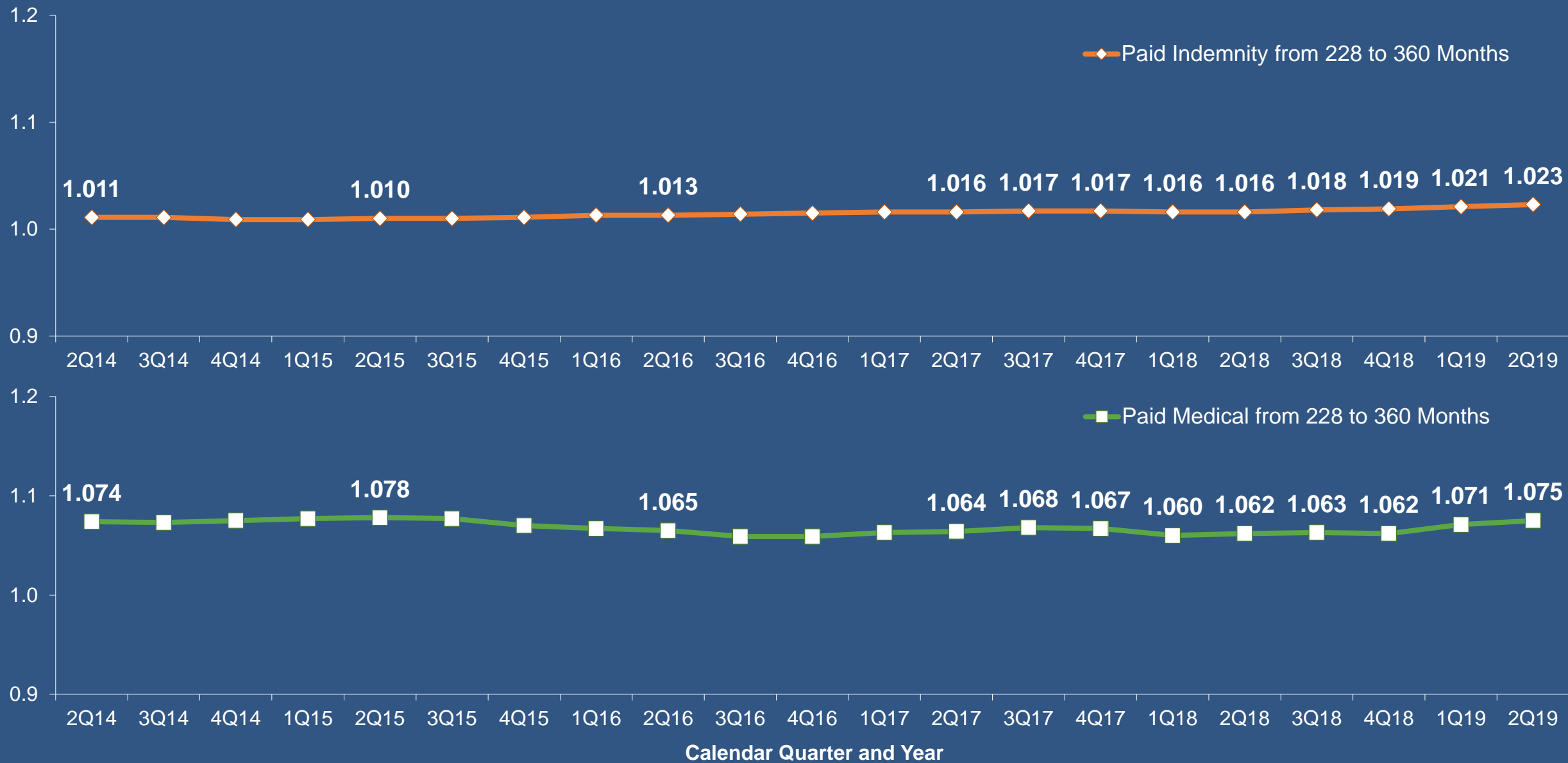
As of June 30, 2019





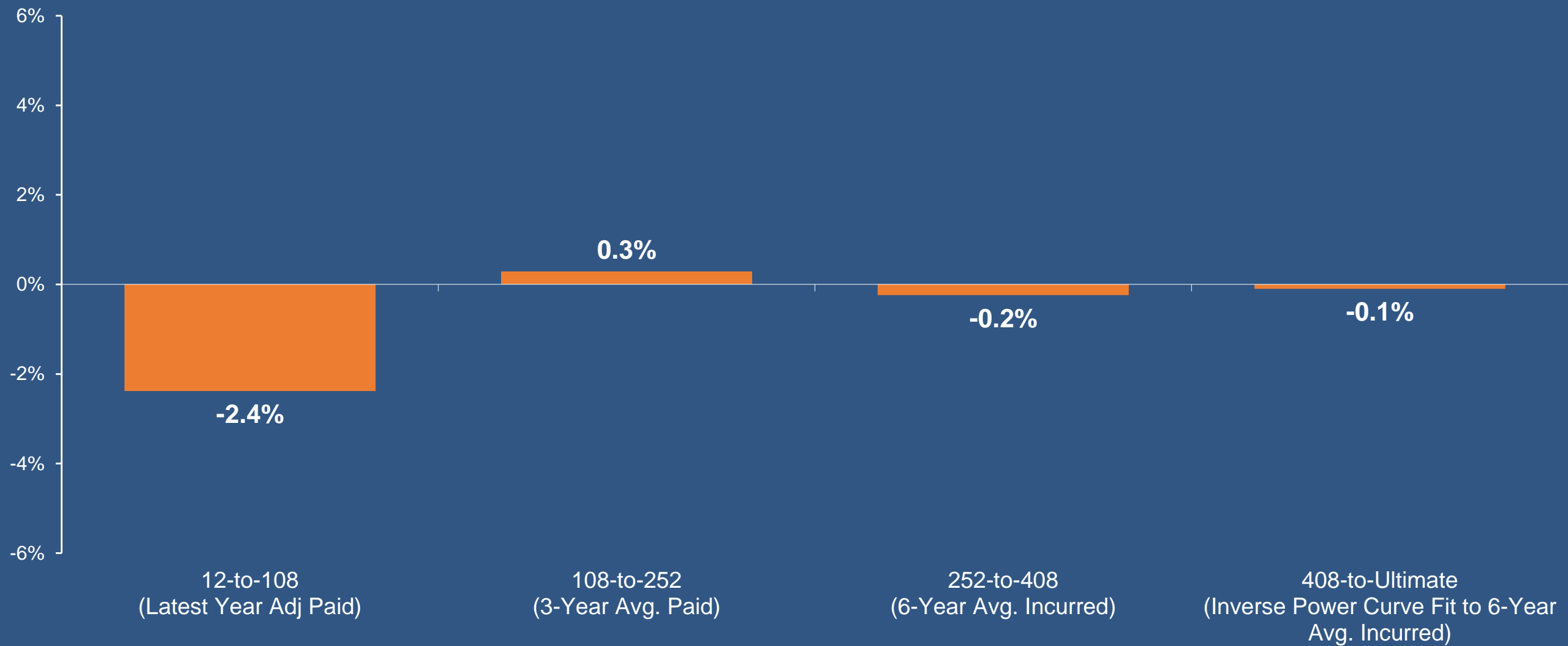
# Cumulative Paid Development from 228 to 360 Months

As of June 30, 2019



# Change in Projected Medical Development Factor

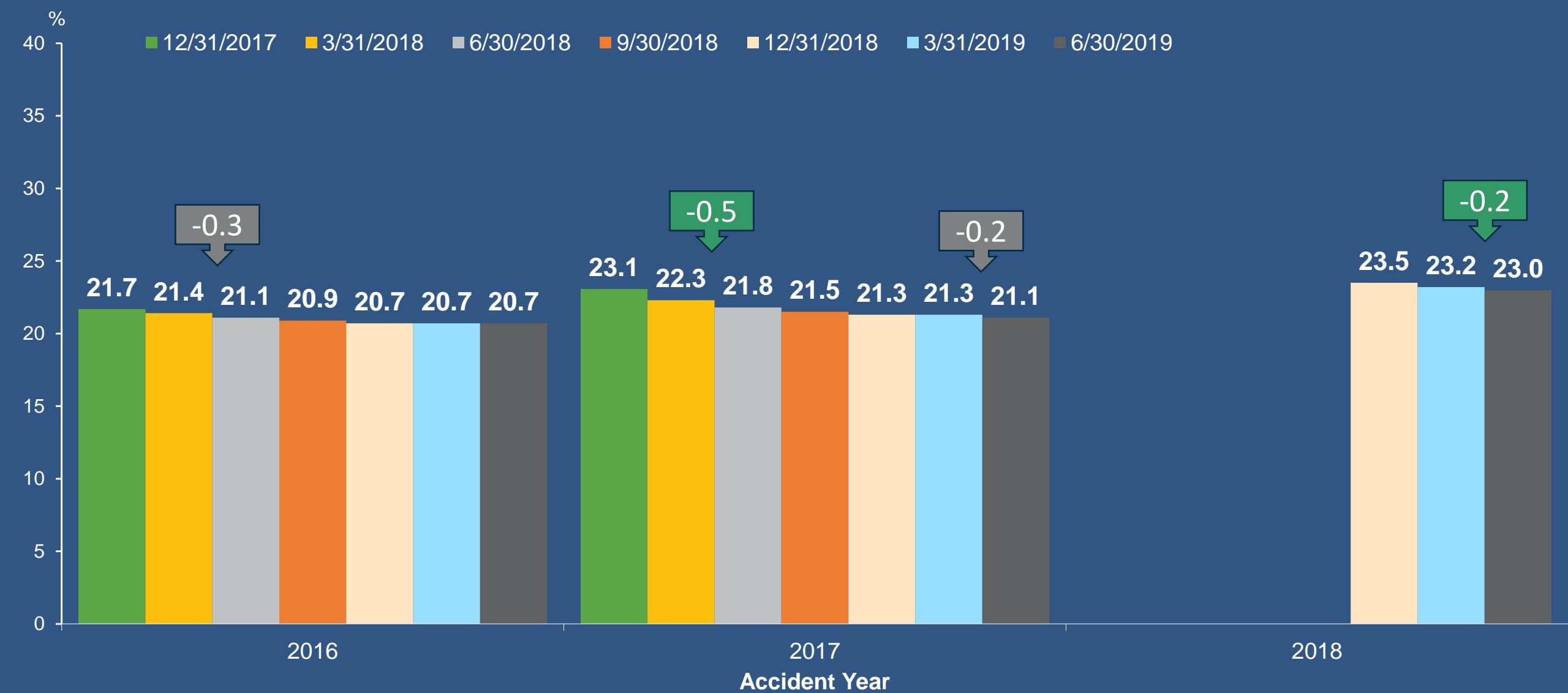
3/31/2019 to 6/30/2019 Experience





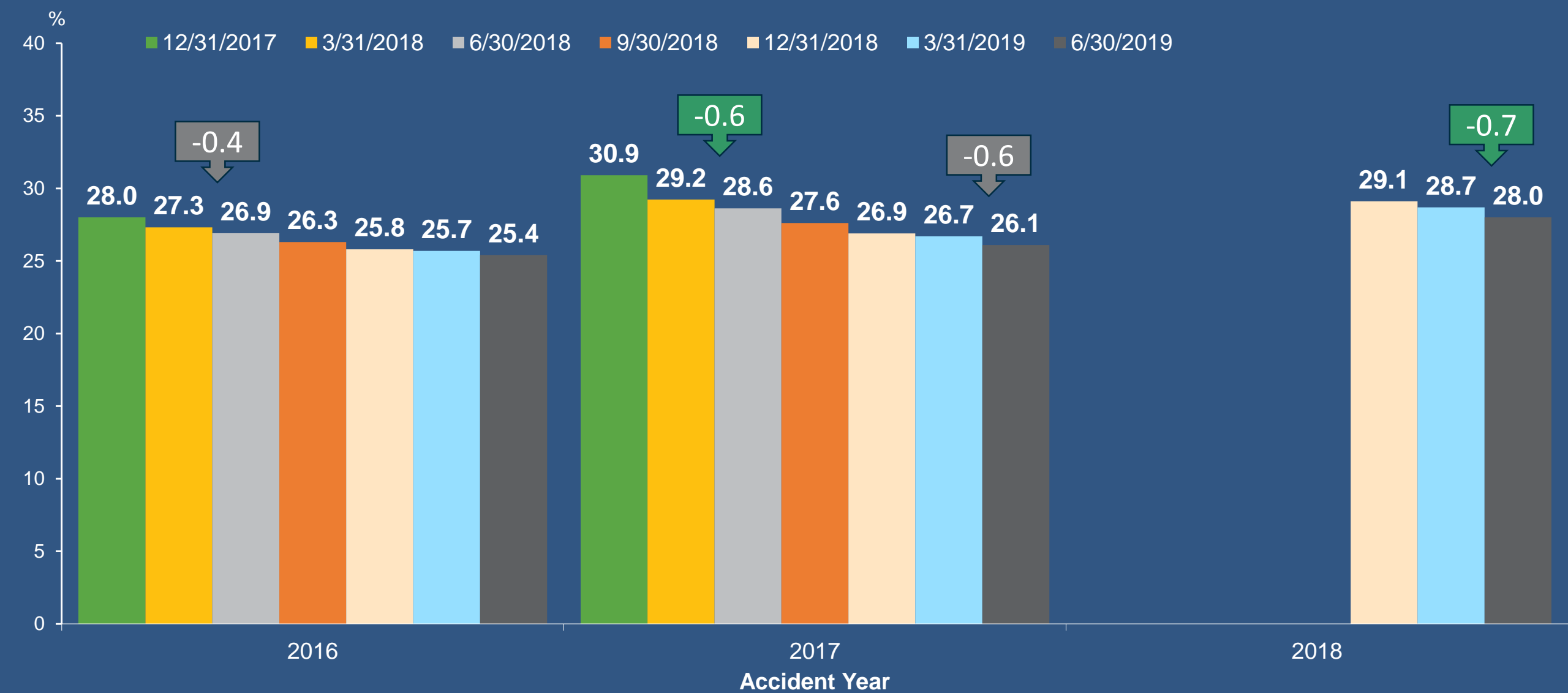
# Projected Ultimate Indemnity Loss Ratios (Exhibit 3.1)

As of June 30, 2019



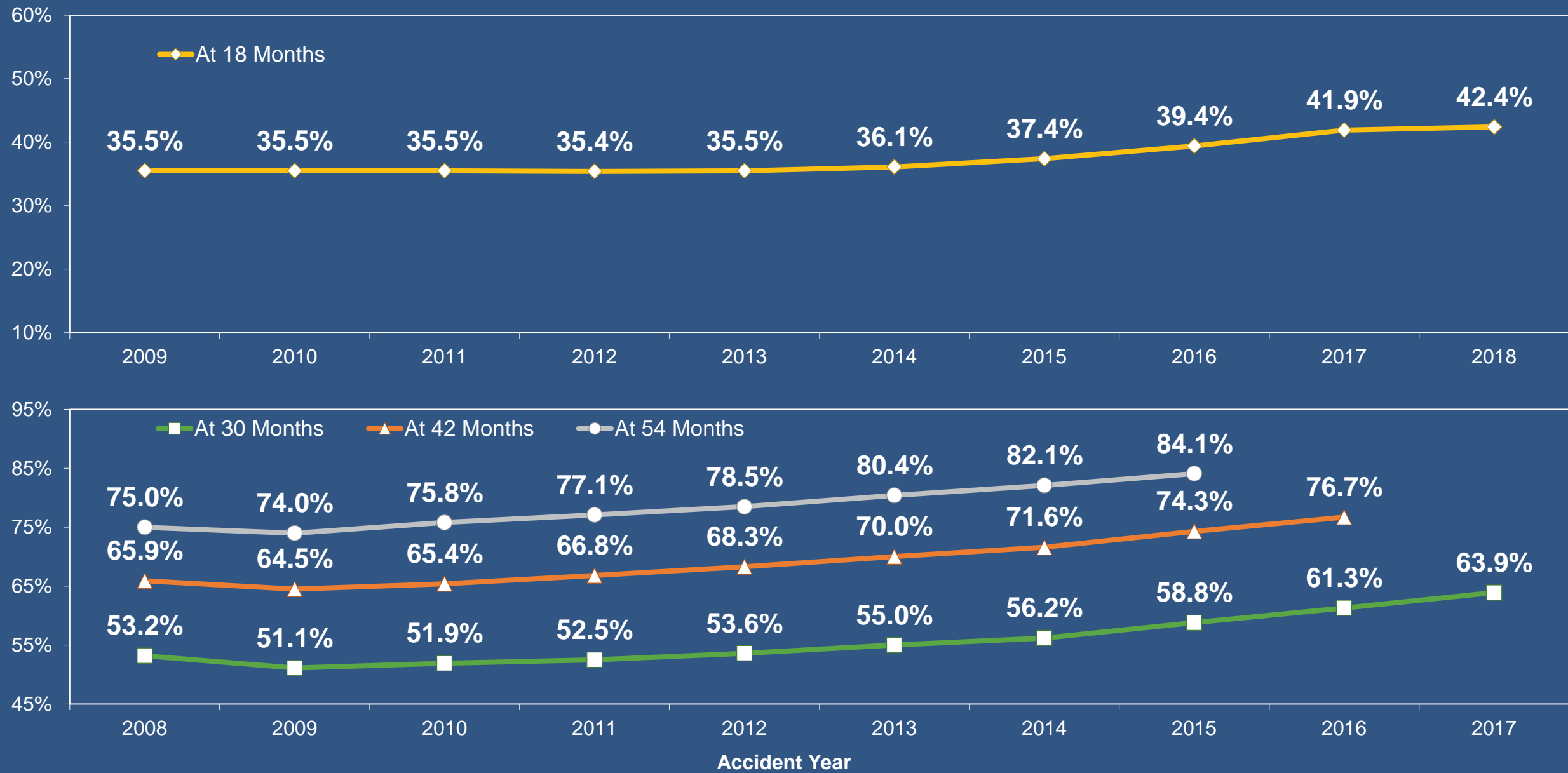
# Projected Ultimate Medical Loss Ratios (Exhibit 3.2)

As of June 30, 2019



# Ultimate Indemnity Claim Settlement Ratios (Exhibit 11.2)

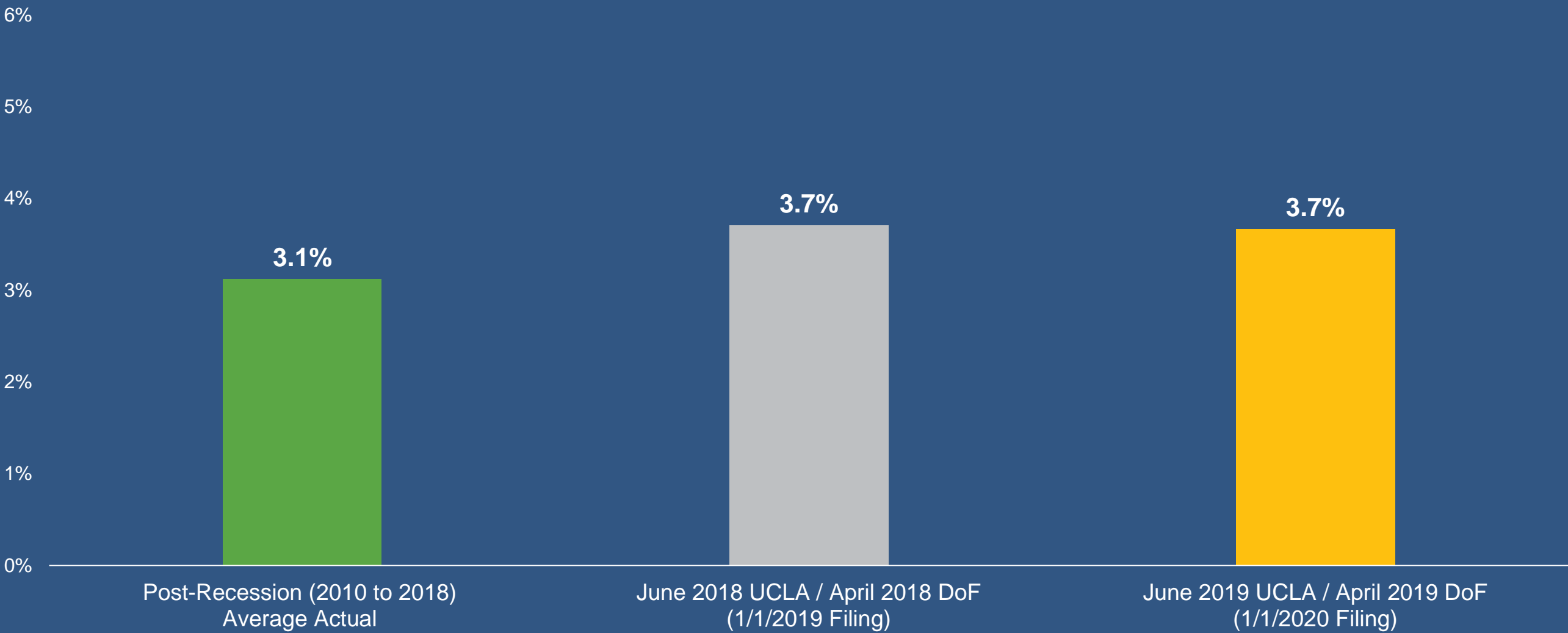
As of June 30, 2019



# Average Annual Wage Level Change Forecast (Exhibit 5.1)

As of June/April 2019

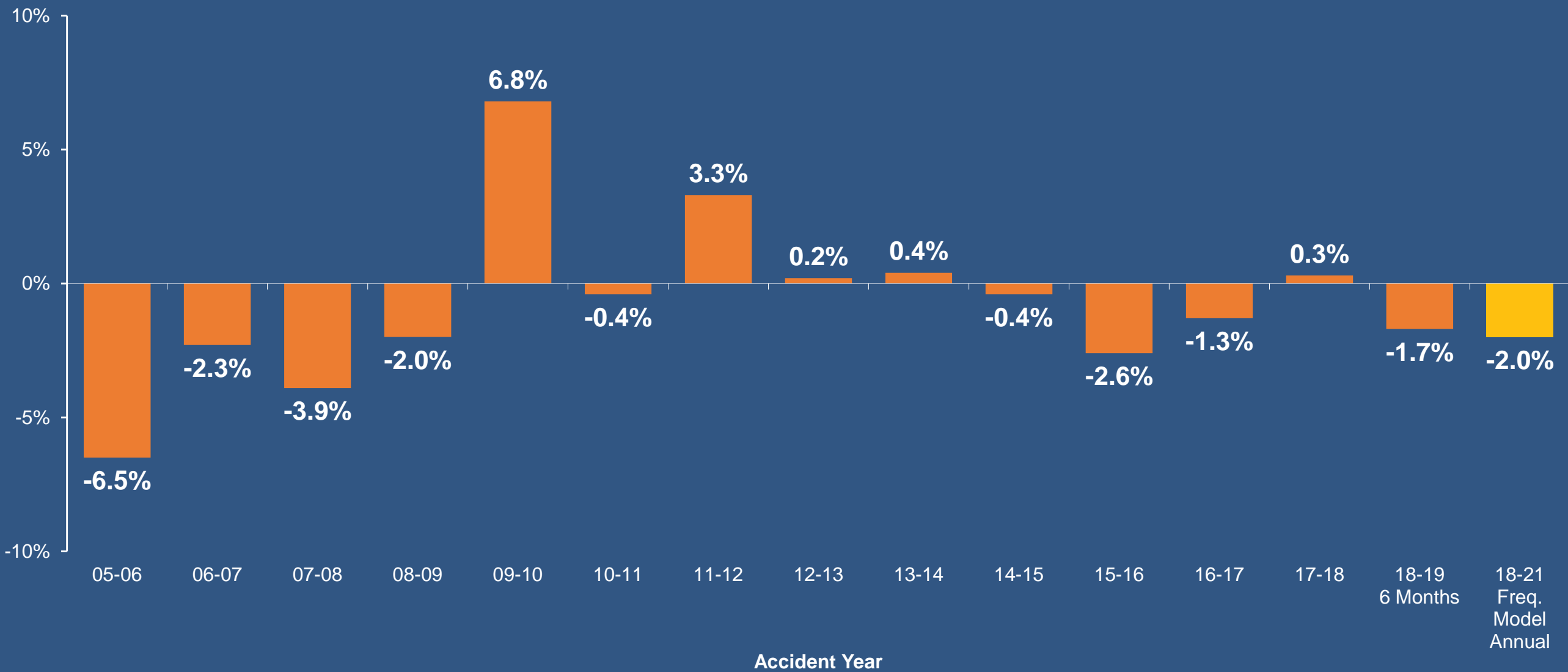
Annualized Wage Level Change from  
Average of Latest Two Accident Years to Projected Policy Period





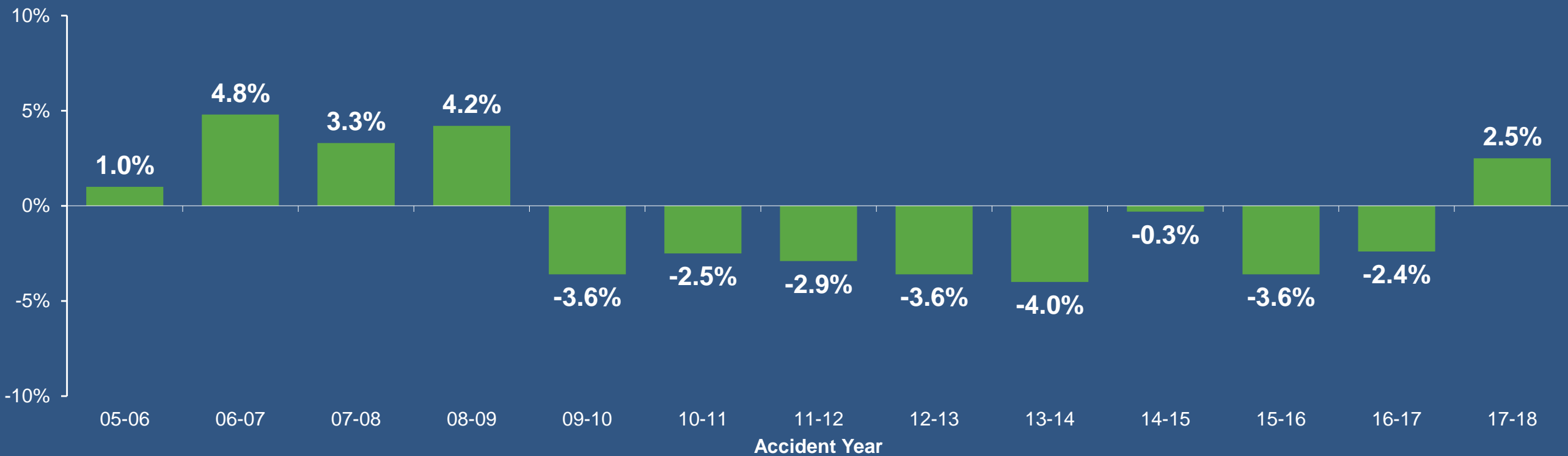
# Projected Changes in Indemnity Claim Frequency (Exhibits 6.1 & 12)

As of June 30, 2019



# Projected Changes in On-Level Indemnity Severity (Exhibit 6.2)

As of June 30, 2019



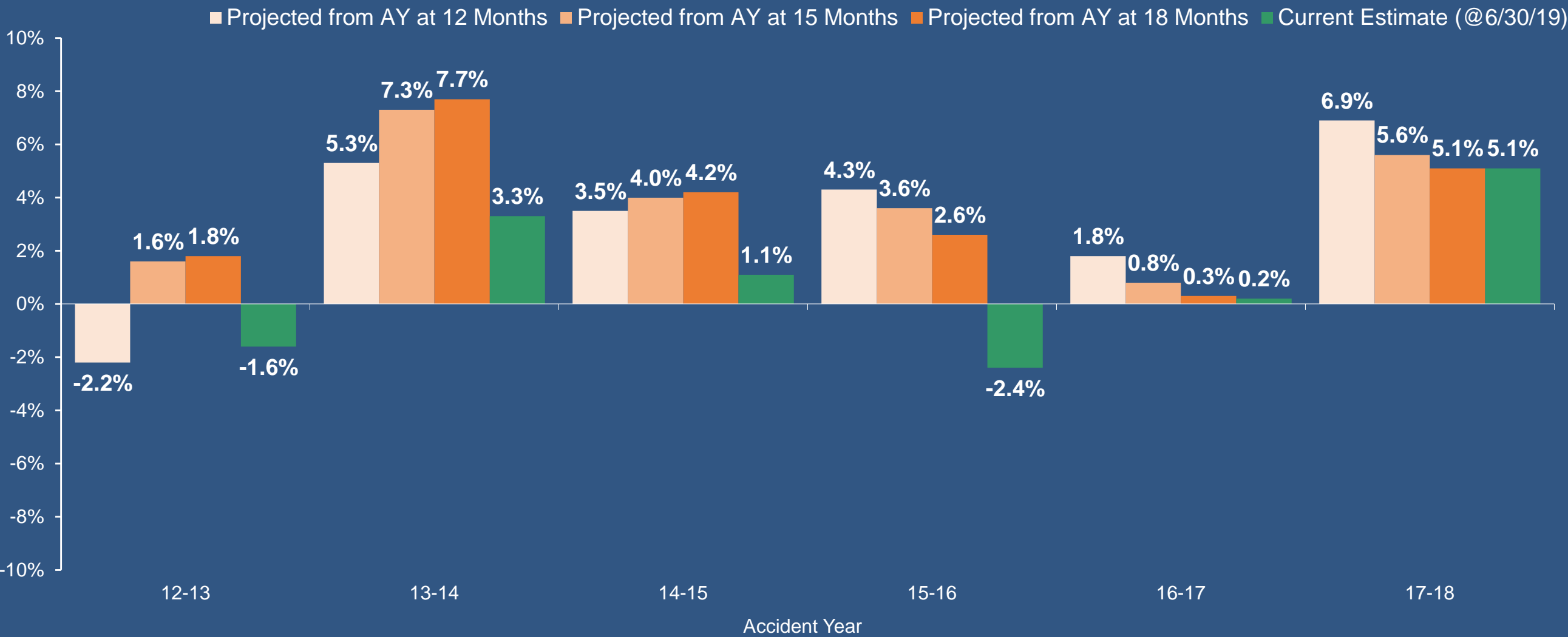
## Annual Exponential Trend Based on:

- 1990 to 2018: +1.3%
- 2005 to 2018: -1.2%
- 2014 to 2018: -1.4%

1/1/2020 Filing Selected: -0.5%

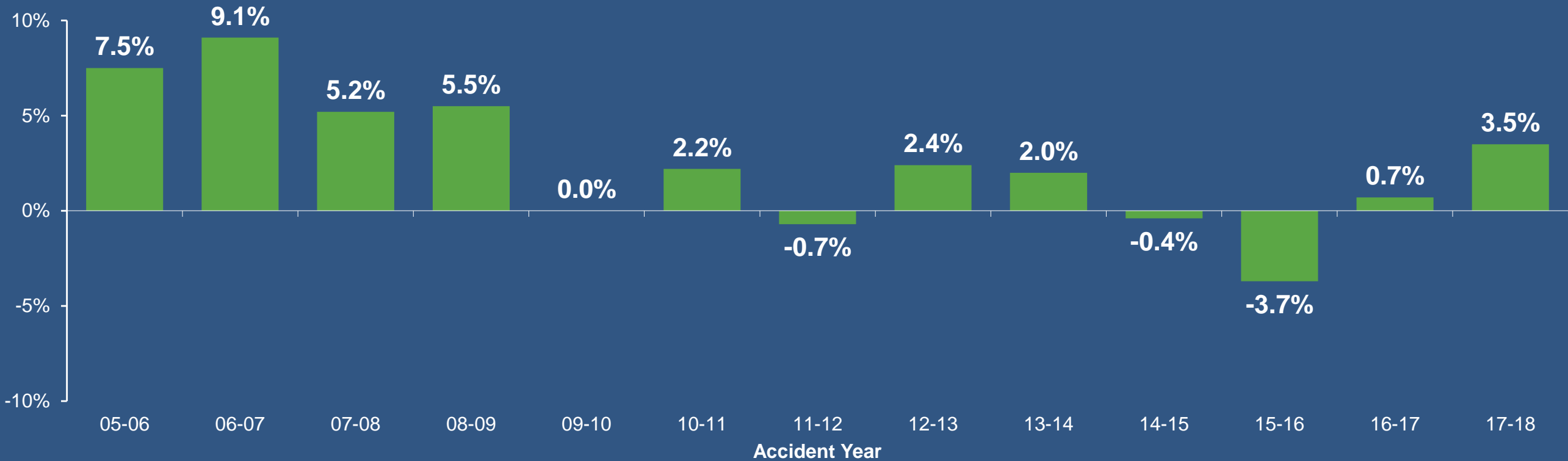
# Indemnity Severity Changes Projected from Early Evaluations Compared to Current

As of June 30, 2019



# Projected Changes in On-Level Medical Severity (Exhibit 6.4)

As of June 30, 2019



## Annual Exponential Trend Based on:

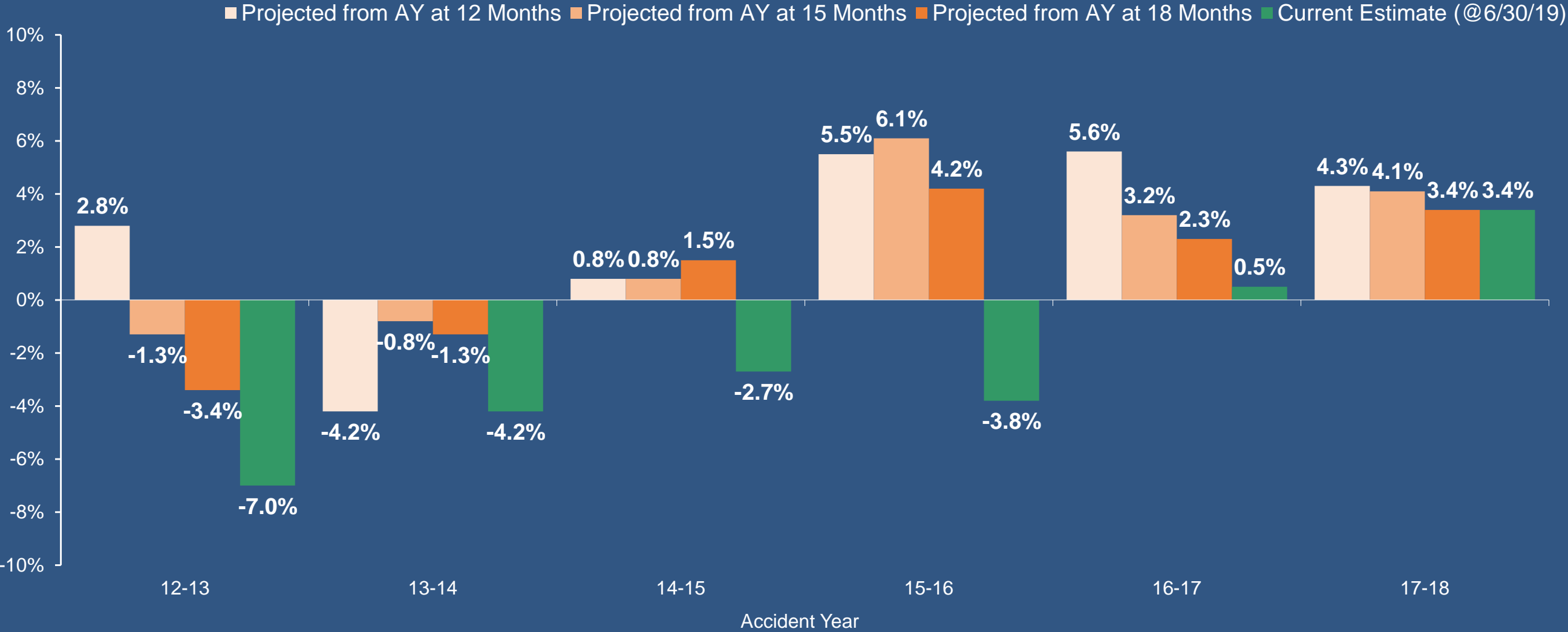
- 1990 to 2018 (Incl. MCCP): +5.7%
- 2005 to 2018: +1.9%
- 2014 to 2018: -0.3%

Agenda Selected: 2.5%



# Medical Severity Changes Projected from Early Evaluations Compared to Current

As of June 30, 2019

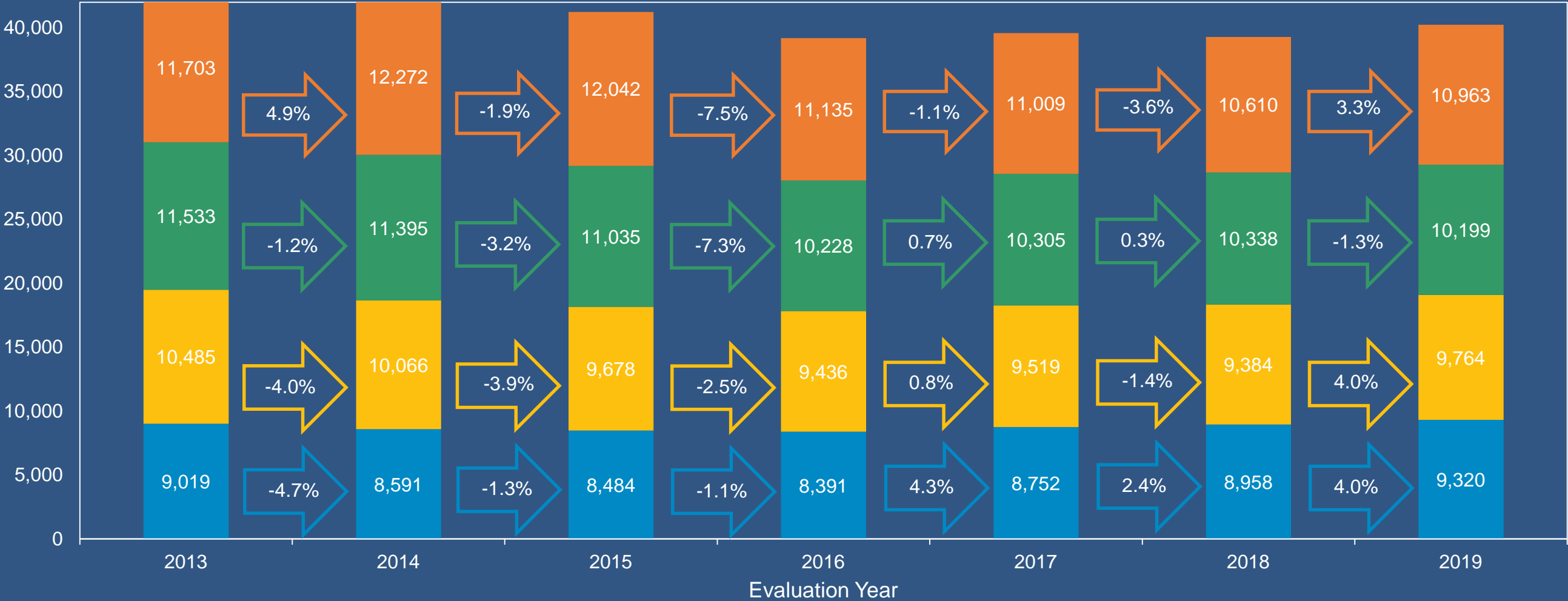


# Incremental Paid Medical per Open Indemnity Claim During the Development Period

As of June 30, 2019

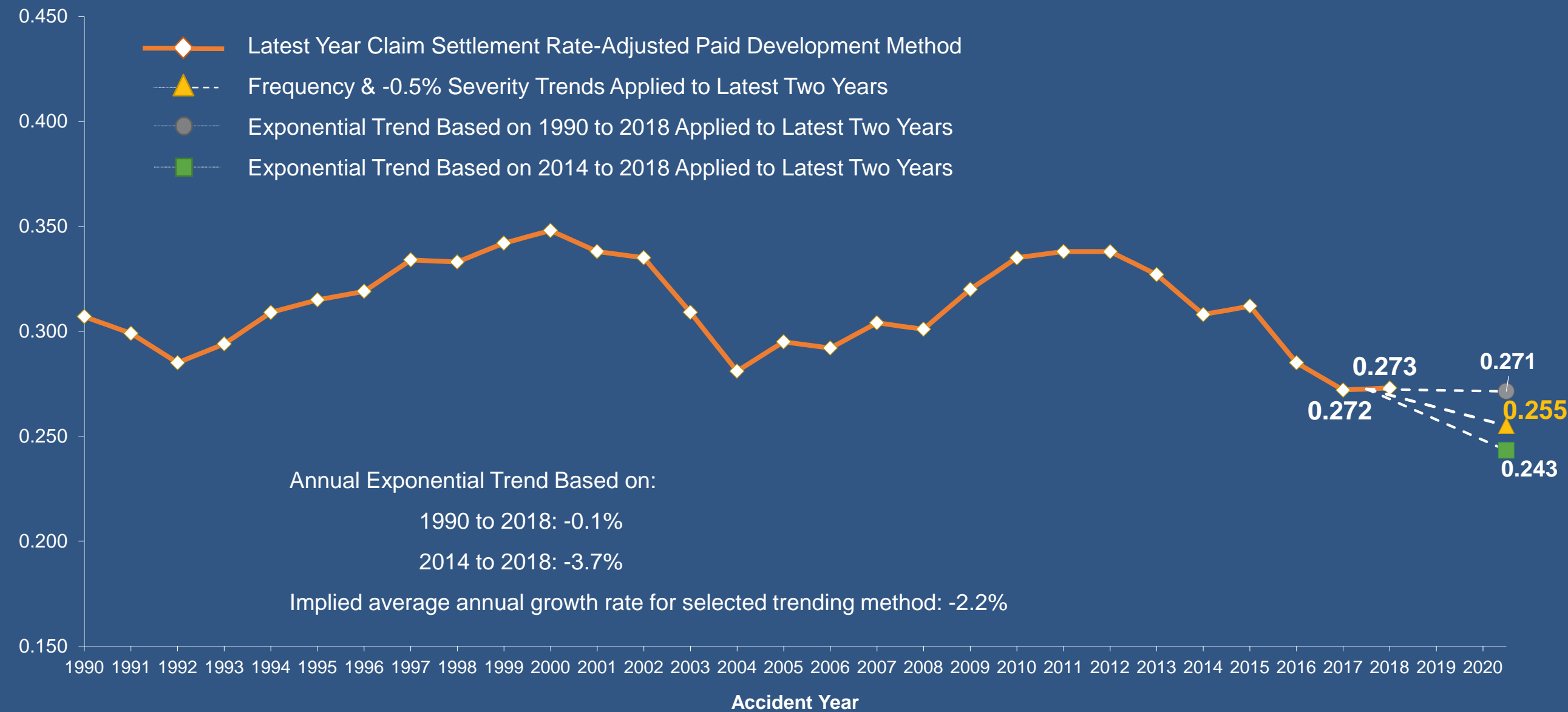
Average Paid Medical per Open Indemnity Claim during the Development Period

6-to-18 Months 18-to-30 Months 30-to-42 Months 42-to-54 Months



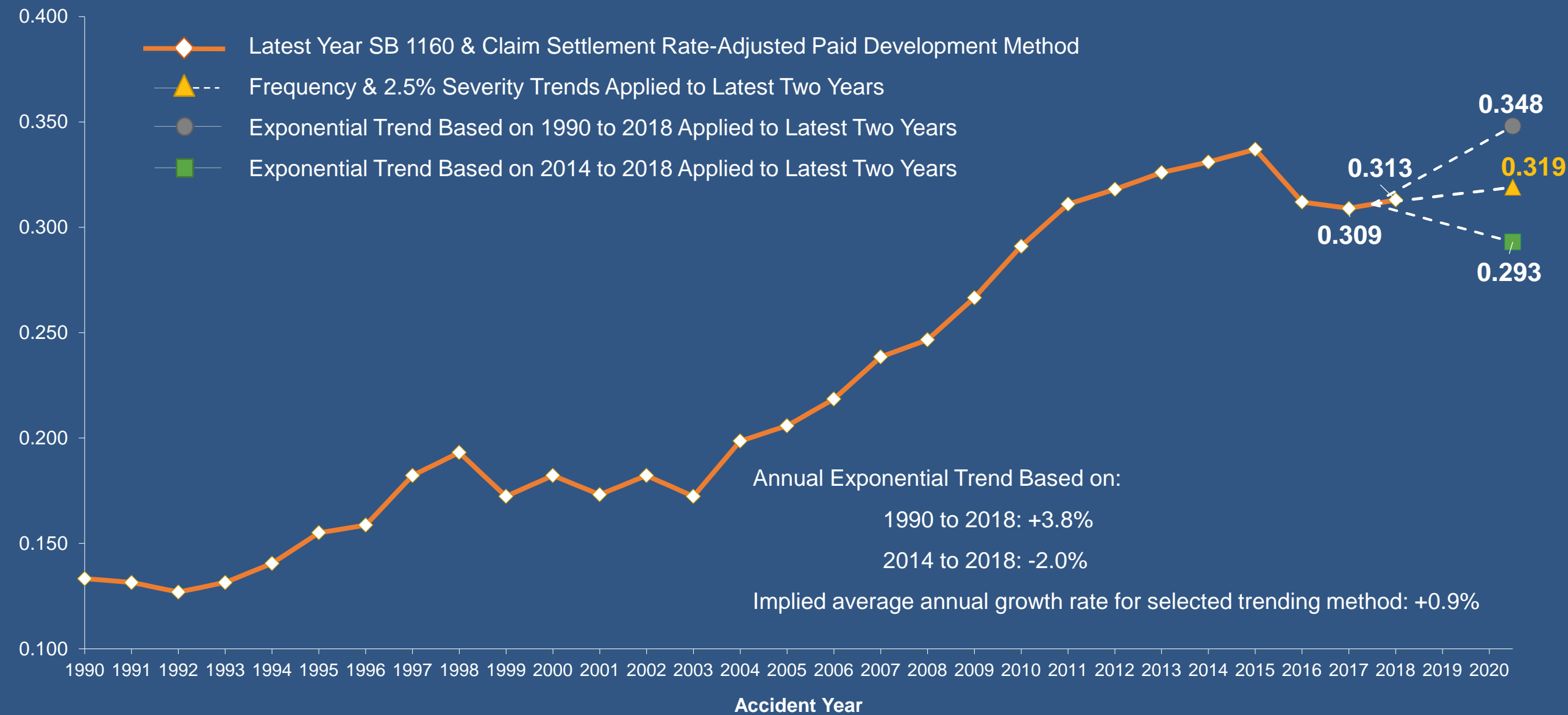
# Projected On-Level Indemnity Loss Ratios (Exhibit 7.1)

As of June 30, 2019



# Projected On-Level Medical Loss Ratios (Exhibit 7.3)

As of June 30, 2019





# 03

## New Medical Benchmarking Reports



# New WCIRB's Quarterly Medical Benchmarking Report

## Goal of the Benchmarking Report:

- Enable insurer members to compare its medical cost trends and patterns to the California insurance industry as a whole
- Help insurer members identify areas to investigate in a timely manner

## Features of the New Benchmarking Report:

- Data Visualization
- Tailored to executives in addition to underwriters, claims managers and actuaries
- Highlight the leading costly categories for each insurer and compare them to the statewide patterns

## Previous Report



## New Report (released in July 2019)



**+ MORE FEATURES**



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