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Governing Committee

Meeting Agenda

Date	Time	Location	Staff Contact
August 12, 2020	9:30 AM	via webinar teleconference	Eric S. Riley

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

Released: August 5, 2020

Due to the COVID-19 crisis, this meeting is being held via webinar teleconference. This meeting is Open to the Public.

Please register at https://attendee.gotowebinar.com/register/7169602372653318155

After registering, you will receive a confirmation email containing information about joining the webinar.

I. Approval of Minutes

Meeting held June 11, 2020

II. Additions to the Agenda

III. Ratification of Actions of WCIRB Committees

A. Actuarial Committee

Meeting Held June 12, 2020

B. Classification and Rating Committee

Meeting Held June 2, 2020

IV. Unfinished Business

A. July 1, 2020 and January 1, 2021 Regulatory Filings (oral report)

V. New Business

A. January 1, 2021 Pure Premium Rate Filing

VI. Next Meeting Date: TBD

VII. Adjournment

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Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
June 12, 2020	9:30 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci

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Released: July 7, 2020

Members	Representing
Mauro Garcia	Zurich North America
Jim Gebhard	Farmers Insurance Group of Companies
Miranda Ma	American International Group
Joanne Ottone	Berkshire Hathaway Homestate Companies
Jill Petker	Liberty Mutual Group
Mark Priven	Public Members of Governing Committee
Kate Smith	State Compensation Insurance Fund
Bryan Ware	AmTrust
Chris Westermeyer	Travelers

California Department of Insurance
Giovanni Muzzarelli
Mitra Sanandajifar
Brentley Yim

WCIRB
Bill Mudge
David Bellusci
Laura Carstensen
Tony Milano
Julia Zhang

The webinar teleconference meeting of the Actuarial Committee was called to order at 9:30 AM following a reminder of applicable antitrust restrictions, with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

* * * * *

Approval of Minutes
The Minutes of the webinar teleconference meeting held on May 19, 2020, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item AC16-06-05
Update on Medical Severity Trends by Component

Staff presented an update on the medical severity trends using the WCIRB medical transaction data from July 1, 2012 through December 31, 2019. The Committee was advised that the share of total medical payments for pharmaceuticals decreased by 78% from 18% in the second half of Service Year (SY) 2012 to 4% in the first half of SY 2019, while the share of medical paid for other components increased. Staff noted that a significant increase in the payment share for physical medicine (including physical therapy, acupuncture and chiropractic care) also contributed to the increases in the physician services payment share. Staff also noted that all medical service types experienced a decline in the paid per claim in 2019, except for physical medicine. In addition, utilization of inpatient and outpatient care per claim dropped at a greater rate in 2019 compared to prior years. A Committee member suggested discussing the reasons for the decline in outpatient transactions per claim with the Claims Working Group.

Staff also shared the payment and utilization patterns of telemedicine services between 2017 and 2019, and noted that despite a sharp increase of telemedicine services after 2017, its utilization remained relatively limited. The Committee was advised that staff plans to monitor changes in telemedicine services due to COVID-19.

Lastly, staff discussed the plan for monitoring the volume and payments for medical services by component since the shelter-in-place order due to the COVID-19 pandemic and bringing the preliminary results to the Committee at the August 4 meeting.

Item AC19-12-06
Potential 2020 Actuarial and Research Projects

The Committee was reminded that at the December, 5, 2019 meeting, it had approved the 2020 actuarial and research project plan proposed by staff. The Committee was further reminded that, as discussed at the April 2, 2020 and May 19, 2020 meetings, due to the COVID-19 pandemic, the WCIRB has shifted its research and actuarial focus to a number of issues related to the impact of the pandemic on the California workers' compensation system.

The Agenda included a summary of actuarial and research studies recommended by staff for 2020 after consideration of the analyses recommended to be completed with respect to the COVID-19 pandemic. The Committee discussed future 2020 research initiatives planned with respect to COVID-19. A member suggested that the WCIRB should also continue to analyze the long-term medical impacts of COVID-19. Staff agreed to continue to review this issue as additional information emerges as part of any COVID-19 estimates reflected in the WCIRB's January 1, 2021 Pure Premium Rate Filing.

The Committee next discussed potential analyses on telecommuting. The Committee was advised that at the June 11, 2020 meeting, a Governing Committee member requested the WCIRB to review the appropriate rate relativity for the new telecommuting classification that the WCIRB will be proposing to establish effective January 1, 2021. Staff noted that it plans to review this issue as part of the January 1, 2021 Pure Premium Rate Filing to be submitted this summer.

After additional discussion, the consensus of the Committee was that the updated post-COVID-19 2020 actuarial and research study plan detailed in the Agenda was appropriate.

Item AC20-04-04
COVID-19 Crisis

At the May 19, 2020 meeting, the Committee discussed the cost evaluation of Governor Newsom's Executive Order N-62-20 which provides for a rebuttable presumption of compensability of COVID-19 claims arising from workers directed by their employer to work outside the home. The Committee was advised that on May 22, 2020, after incorporating Committee feedback, the WCIRB published its cost evaluation of the Order. Staff briefly summarized the results of the analysis.

At the May 19, 2020 meeting, the Committee also discussed the WCIRB's analysis of the potential impact of the pandemic on claim frequency. The Committee was advised that on June 1, 2020, the WCIRB issued a research brief that analyzed the historical impact of prior recessions on claim frequency. The brief also examined the potential impact of the current recession on 2020 claim frequency in light of potential surges of COVID-19 claims as well as recent trends in post-termination claims. Staff briefly summarized the results of the June 1, 2020 research brief. During the discussion, a member requested additional background on the determination of the potential range of post-termination cumulative trauma claims that may be filed given current economic conditions. Attached is a summary of the requested information.

The Committee was advised that as both premium and loss components emerging in 2020 will be heavily impacted by the pandemic, the WCIRB is planning to actively monitor emerging costs and exposures during the year. Staff summarized a number of preliminary indicators of post-COVID-19 claim experience. Staff also advised the Committee that it was considering issuing a special survey to insurers on select policies being audited to assess the extent of payroll on expiring policies that is being re-classified as clerical for employees working at home as well as payroll being paid to workers who are not working. The Committee agreed that this will be important information to obtain to better understand the impact of the pandemic on 2020 exposure levels. Several members also suggested the survey should be carefully crafted with respect to form and timing to capture the needed information in a cost-effective way and that consideration be given to capturing information from interim as well as final audits.

At the May 19, 2020 meeting, a member suggested that given the major impact of the COVID-19 pandemic, consideration should be given to deferring the January 1, 2021 Pure Premium Rate Filing until September. The Committee discussed the January 1, 2021 pure premium rate filing process at length. Staff noted that accident year 2019 and prior experience evaluated as of March 31, 2020 was largely unaffected by the pandemic, but accident year 2020 claim experience and 2020 premium levels are greatly affected. Since the 2020 year would not normally be used in the January 1, 2021 Pure Premium Rate Filing, staff suggested using the accident year 2019 and prior pre-pandemic data evaluated as of March 31, 2020 as the basis for the filing with appropriate assumptions as to exposure, frequency and severity trend to policy year 2021. Under this approach, the filing can be made in late August as originally scheduled.

Staff also noted that while the June 30, 2020 aggregate loss and exposure information will be significantly distorted by the effects of the pandemic, additional economic and claim diagnostic information would be available by September that the Committee could use to review the underlying trend assumptions reflected in the filing and, if appropriate based on that review, recommend amending the proposed 2021 pure premium rates prior to the California Department of Insurance public hearing. The Committee agreed that this suggested approach for the January 1, 2021 Pure Premium Rate Filing was appropriate.

The Committee also reviewed the summary of key COVID-19 WCIRB ratemaking and research issues included in the Agenda materials. The summary included the statistical information needed to evaluate the issue, when the information is available and whether the information is critical to the January 1, 2021 Pure Premium Rate Filing projections.

Estimated Ratio of Post-Termination Claims to Jobs Lost (1992-2017)

Accident Year	Post-Termination Claim Count (Insured only)	Post-Termination Claim Count (Statewide) (B * 1.5)	Number of Jobs Lost	Ratio of Post-Termination Claims per 1000 Jobs Lost (C / D * 1000)
1992	-	-	-	6.5
1993	-	-	-	4.0
1994	-	-	-	3.6
1995	-	-	-	-
1996	-	-	-	-
1997	881	1,321	*552,985*	2.4
1998	1,035	1,553	*480,047*	3.2
1999	646	969	*413,435*	2.3
2000	922	1,383	*408,968*	3.4
2001	873	1,309	*511,917*	2.6
2002	914	1,371	*746,468*	1.8
2003	1,078	1,617	671,800	2.4
2004	529	794	586,200	1.4
2005	422	633	459,200	1.4
2006	329	494	407,600	1.2
2007	356	534	500,800	1.1
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	7,303	10,955	1,076,400	10.2
2013	9,612	14,418	900,800	16.0
2014	8,227	12,340	730,700	16.9
2015	9,339	14,009	570,500	24.6
2016	10,703	16,055	517,100	31.0
2017	8,964	13,446	445,700	30.2
Average of 2013-2017				23.7
Approximate Ratio Used				**25**

Note:

1. 1992-1994 ratios were taken directly from WCIRB No.99-01 bulletin.
2. Job losses data from 2003-2017 are from BLS. The job losses for the years prior to 2002 (italicized) are not available from the BLS and were estimated based on the ratio of job losses to unemployment during different economic situations based on historical patterns.
3. The claim count (insured only) was taken from the AY1997-2007 and AY2015-2017 data of the WCIRB Permanent Disability Claim Survey and the AY2012-2014 data of the WCIRB Cumulative Trauma Claim Survey. The claim count was then rescaled to the entired insured system based on the share of post-termination from the WCIRB surveys to the reported claim count in the WCIRB unit statistical report.

Item AC20-06-01
3/31/2020 Experience – Review of Methodologies

Staff presented a summary of the preliminary analysis of statewide accident year experience evaluated as of March 31, 2020 that was included in the Agenda. It was noted that the modest decrease in the projected loss ratio was primarily attributable to trending to the midpoint of experience for 2021 policies. Staff noted that the frequency and severity trends reflected in the Agenda were based on those reviewed at the April 2, 2020 meeting and were prior to reflecting any impact for the COVID-19 crisis.

The Committee was advised that the loss development projections based on March 31, 2020 experience were generally consistent with those based on December 31, 2019 experience and did not appear to show any significant impact of COVID-19. It was noted that the stay-at-home orders did not come into effect until the last two weeks of the quarter and medical services that would have been performed during that period would typically not be paid and reflected in the WCIRB's aggregate paid loss data until subsequent quarters. As a result, the consensus of the Committee was that the loss development projections based on March 31, 2020 experience are likely not significantly distorted by COVID-19 and the resulting stay-at-home orders.

The Committee noted that claim settlement rates for accident years 2018 and 2019 continue to emerge at a relatively flat level while increases in claim settlement rates for older accident years continue to moderate. A Committee member noted that claim settlement rates may spike somewhat in the second quarter as a result of the COVID-19 pandemic.

Staff reminded the Committee that at the December 5, 2019 meeting, the Committee recommended that staff review Division of Workers' Compensation updates to medical fee schedules for any changes that may significantly impact medical costs. Staff presented a summary of changes for a number of medical fee schedules and noted that the changes included annual inflation updates as well as special changes related to COVID-19. Staff noted that based on its review, the recent fee schedule changes should not have a material impact on medical cost trends.

The Committee noted that the most recent projections of wage level changes based on the UCLA Anderson and California Department of Finance forecasts show very modest wage growth in 2020 and lower than typical growth in 2021. Staff noted that it plans to monitor sources of wage level information as well as the impact of shifts in average wage level due to changes in industrial mix to be reviewed at the next meeting in preparation for the January 1, 2021 Pure Premium Rate Filing.

It was noted that indemnity claim frequency for the first quarter of 2020 was relatively flat, while medical-only claim frequency decreased significantly. The Committee noted that claim frequency for the remainder of 2020 will be significantly impacted by a number of issues including the sharp economic downturn, potential increases in cumulative trauma claims, COVID-19 claims, shifts in industrial mix, and increased telecommuting during the stay-at-home period. It was noted that projected claim frequency for 2021 policies should be less impacted by a number of these issues impacting 2020 claim frequency. The Committee discussed approaches to project claim frequency to be reviewed at the next meeting in preparation for the January 1, 2021 Pure Premium Rate Filing.

The Committee noted that given the modest changes in loss development, changes in accident year claim severities were generally consistent with those reviewed at the April 2, 2020 meeting. It was noted that the issues impacting 2020 claim frequency may also affect average claim severities. The Committee discussed approaches to project claim severities to be reviewed at the next meeting in preparation for the January 1, 2021 Pure Premium Rate Filing.

Item AC20-06-02
1/1/2021 Regulatory Filing – Experience Rating Plan Values

Staff presented a draft analysis of the indicated January 1, 2021 experience rating off-balance correction factor. The Committee was advised that the preliminary indicated January 1, 2021 off-balance factor using the same methodology as in the January 1, 2020 Regulatory Filing was 1.019, which is 0.5% above the 1.014 factor reflected in the January 1, 2020 Regulatory Filing. The consensus of the Committee was that this methodology was appropriate and should be used to compute the final January 1, 2021 off-balance factor.

Staff also presented a draft analysis of the factors used to generate proposed January 1, 2021 expected loss rates, which used the same methodology as in the January 1, 2020 Regulatory Filing. Staff noted that there were no significant anomalies in the analyses by industry sector and the number of classification expected loss rates to be limited were generally consistent with recent prior years. After discussion, the consensus of the Committee was that the proposed January 1, 2021 expected loss rates should reflect the methodologies summarized at the meeting. During the discussion, a member noted that a significant number of classifications are impacted by the 15% swing limit in expected loss rates, which differs from the 25% swing limit in classification relativities, and suggested this issue be reviewed in the future.

Item AC20-06-03
1/1/2020 Regulatory Filing – Maximum Payroll Limitation

The Committee was reminded that each year, the WCIRB reviews and adjusts current wage and payroll limits in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) in light of projected wage inflation. Staff noted that the WCIRB has typically proposed annual increases to these thresholds based on one year of wage inflation projected based on the average of the UCLA Anderson School of Business and California Department of Finance wage model forecasts. Staff noted that as a result of the recent economic downturn, wage inflation for 2020 is significantly lower than originally projected and reflected in the January 1, 2020 changes to the wage and payroll limitations and wage inflation for 2021 is also lower than the typical rate of growth. When trended from 2019 using current projected wage inflation rates, the maximum payroll limitation indicated for 2021 is $139,400, which is only $300 or 0.2% different from the current limitation. As a result, the consensus of the Committee was that no changes to the current maximum payroll limitations were needed for 2021.

The meeting was adjourned at 1:00 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for August 4, 2020 for approval and/or modification.

Classification and Rating Committee

Meeting Minutes

Date	Time	Location	Staff Contact
June 2, 2020	9:45 AM	Webinar Teleconference	Brenda Keys

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Released: June 8, 2020

Members:	Represented By:
Insurance Company of the West	Stacey McAdam
National Union Fire Insurance Company of Pittsburgh PA	Ellen Sonkin
Preferred Employers Insurance Company	John Bennett
Security National Insurance Company	Matt Zender
State Compensation Insurance Fund	Gregory Hanel
WCF National Insurance	Christine Closser
Zenith Insurance Company	Sarah Elston

California Department of Insurance
Patricia Hein
Brentley Yim

WCIRB
Brenda Keys, Chair
Bill Mudge
David Bellusci
Brian Gray
Tony Milano
Eric Riley

The meeting of the Classification and Rating Committee was called to order at 9:45 AM followed by a reminder of applicable antitrust restrictions, with Ms. Brenda Keys, Senior Vice President and Chief Legal Officer, presiding.

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Approval of Minutes
The Minutes of the teleconference meeting held on April 14, 2020 were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item III-A
Clerical Telecommuter Employees

Staff reminded the Committee that, at the April 14, 2020 meeting, Committee members noted that several other jurisdictions maintain a specific classification for telecommuters and recommended that the WCIRB consider establishing a similar classification so that statistical data can be captured for clerical telecommuter employees.

Since the use of telecommuting will likely grow in California, staff proposed the establishment of Classification 8871, *Clerical Telecommuter Employees – N.O.C.*, as a Standard Exception classification applicable to clerical employees who work more than 50% of their time at their home or other office space away from any location of their employer. Additionally, for consistency with this recommendation, staff proposed amendments to Classification 8810, *Clerical Office Employees*, and Section III, Rule 4, *Standard Exceptions,* as well as changes to 41 classifications that specifically include *Clerical Office Employees* and 2 classifications that specifically exclude *Clerical Office Employees* to also include or exclude *Clerical Telecommuter Employees*.

Staff advised the Committee that the WCIRB is not currently able to isolate the unique payroll and loss experience developed by those employees who meet the criteria for a clerical telecommuting classification from other employees who would continue to be assigned to Classification 8810. Therefore, staff recommended that this new classification be combined for pure premium ratemaking purposes with Classification 8810, *Clerical Office Employees*, until such time as credible payroll and loss experience can be developed in the new telecommuting classification.

A Committee member asked how long it would take for the new telecommuting classification to develop sufficient payroll and loss experience for a unique pure premium rate. Staff responded that, while it could take several years to collect enough unit statistical data for a unique statistically credible pure premium rate, the WCIRB will assess the data and consider any indicated adjustments to the classification's pure premium rate.

As there were no additional questions concerning the proposed changes, a motion was made, seconded and unanimously approved to include the proposed changes in the January 1, 2021 Regulatory Filing.

Recommendation
Amend Part 3, *Standard Classification Procedures,* Section III, *General Classification Procedures*, Rule 4, *Standard Exceptions,* to include Classification 8871, *Clerical Telecommuter Employees,* as a Standard Exception classification applicable to Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer.

PROPOSED

Section III – General Classification Procedures

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4. Standard Exceptions

Employees engaged in the clerical office or outside sales functions described below are referred to as Standard Exception Employees. If a standard classification specifically includes Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons, such employees shall be assigned to the standard classification, regardless of whether the work is conducted at the same or at a separate location. It is not permissible to divide a single employee's payroll, within a single policy period, between a Standard Exception classification and any other classification, including another Standard Exception classification, with the exception of a single permanent job reassignment. Otherwise, the remuneration of Standard Exception Employees is subject to division of payroll in connection with all other classifications in accordance with the following:

a. Classifications 8810, *Clerical Office Employees*, and 8871, *Clerical Telecommuter Employees*

Clerical Office Employee(s) and Clerical Telecommuter Employee(s) are defined as ~~those~~ employees whose duties are confined to keeping the books, records or cash of the employer; conducting correspondence; using computers; dispatching; recording weights; or who are engaged wholly in general office work or office drafting, having no regular duty of a non-clerical nature in the service of the employer. Except as otherwise provided in this Rule, the entire payroll of any employee who is engaged in operations performed by Clerical Office Employees or Clerical Telecommuter Employees and also is exposed (1) to any operative hazard of the business or (2) to any outside selling or collecting work, shall be assigned to the highest rated classification of work to which the employee is so exposed. Supervisors and clerks, such as time, stock or tally clerks, whose work is (1) necessary to, (2) performed in connection with, or (3) related to any operations of the business other than clerical office operations, shall not be classified as Clerical Office Employees or Clerical Telecommuter Employees.

Classification 8810, *Clerical Office Employees*, shall be applied only to the payroll of persons herein described who work exclusively in areas that are separated from all other work places of the employer by buildings, floors, partitions, railings or counters and within which no work is performed other than clerical office or drafting duties as defined in this Rule, or who engage in such work at any of their employer's office locations 50% or more of their time and devote the balance of their time to clerical office or drafting duties at their home or other office space away from any location of their employer.

Classification 8871, *Clerical Telecommuter Employees*, shall be applied only to the payroll of persons herein described who work more than 50% of their time at their home or other office space away from any location of their employer, and devote the balance of their time to clerical office or drafting duties at any of their employer's locations in areas that are separated from all other work places of the

employer by buildings, floors, partitions, railings or counters and within which no work is performed other than clerical office or drafting duties as defined in this Rule.

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Recommendation
Establish Classification 8871, *Clerical Telecommuter Employees – N.O.C.,* as a Standard Exception classification applicable to Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer.

PROPOSED

CLERICAL TELECOMMUTER EMPLOYEES – N.O.C. **8871**

This classification applies to Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer.

Assignment of this classification is subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

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Recommendation
Amend Classification 8810, *Clerical Office Employees,* to direct that Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer shall be classified as 8871, *Clerical Telecommuter Employees.*

PROPOSED

CLERICAL OFFICE EMPLOYEES – N.O.C. **8810**

Assignment of this classification is subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Clerical Office Employees who work more than 50% of their time at their home or other office space away from any location of their employer shall be classified as 8871, *Clerical Telecommuter Employees*.

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Recommendation
Amend Classification 7607(2), *Audio Post-Production,* to include Clerical Telecommuter Employees.

PROPOSED

AUDIO POST-PRODUCTION – computer or electronic – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **7607(2)**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employers engaged exclusively in computer or electronic audio post-production operations for other concerns in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions, including dubbing type work and incidental studio recording, on a contract basis.

This classification does not apply to computer or electronic audio post-production operations performed in connection with audio duplication on a contract basis. This classification also does not apply to computer or electronic audio post-production operations performed by the same employer in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions.

Video post-production operations performed in connection with motion pictures, television features, commercials or similar productions for other concerns on a contract basis shall be classified as 7607(1), *Video Post-Production*.

Audio or music recording studios shall be classified as 7610, *Radio, Television or Commercial Broadcasting Stations.*

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Recommendation
Amend Classification 8803, *Auditing, Accounting or Management Consulting Services,* to include Clerical Telecommuter Employees.

PROPOSED

AUDITING, ACCOUNTING OR MANAGEMENT CONSULTING SERVICES – all employees – including Clerical Office Employees and Clerical Telecommuter Employees **8803**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to the provision of accounting or auditing services to other concerns on a fee basis, including but not limited to traveling to customers' locations, reviewing records, inventorying assets, preparing tax documents, providing accounting advice and ensuring

regulatory compliance of financial records. This classification also applies to consulting firms that provide managerial advice to other concerns on a fee basis.

Consulting firms providing services limited to computer programming or software development to other concerns on a fee basis shall be classified as 8859(1), *Computer Programming or Software Development.*

Law firms that provide legal services on a fee basis shall be classified as 8820, *Law Firms.*

This classification does not apply to accounting, auditing or management consulting operations performed by the same employer in connection with its other separately classified operations.

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Recommendation
Amend Classification 8808, *Banks,* to include Clerical Telecommuter Employees.

PROPOSED

BANKS – all employees – including appraisers, bank guards and attendants, field auditors, office machine repair, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8808**

This classification applies to the operation of depository financial institutions that are licensed to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency. This classification also applies to depository financial institutions that operate entirely online or through electronic transactions.

The operation of properties away from the bank premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

Mortgage brokers shall be classified as 8743, *Mortgage Brokers.*

Mortgage bankers shall be classified as 8749, *Mortgage Bankers*.

Credit unions shall be classified as 8801, *Credit Unions.*

Check cashing locations at which the fees charged for check cashing, deferred deposit transactions, money orders and wire transfers equal or exceed 75% of gross receipts shall be classified as 8850, *Check Cashers.*

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Recommendation
Amend Classification 9185, *Carnivals or Circuses,* to include Clerical Telecommuter Employees.

PROPOSED

CARNIVALS OR CIRCUSES – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **9185**

This classification applies to all operations of traveling carnivals that provide entertainment and amusement rides, including but not limited to transporting, setting up and taking down amusement sites and equipment, assisting patrons on and off rides, operating game booths and arcades, providing entertainment, selling and taking tickets, providing security, selling food and souvenirs, cleaning and maintaining equipment and premises, and operating and controlling amusement rides. This classification also applies to all operations of circuses, including performers, entertainers and the care, feeding and training of circus animals.

Rental and operation of game booths at locations where no mechanical amusement rides are operated shall be classified as 8017(1), *Stores – retail.*

Amusement parks at fixed locations shall be classified as 9016(1)/9180(1), *Amusement or Recreational Facilities – N.O.C.*

The operation of events, including but not limited to farmers' markets, flea markets, street fairs, swap meets, art or antique festivals, trade shows (public or private), fun runs, foot races, cycling events, marathons, triathlons and athletic charity events, shall be classified as 9095, *Event Market, Festival or Trade Show Operation.*

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Recommendation
Amend Classification 8850, *Check Cashers,* to include Clerical Telecommuter Employees.

PROPOSED

CHECK CASHERS – all employees – including tellers, guards, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8850**

This classification applies to each separate check cashing or money transfer location at which the fees charged for check cashing, deferred deposit transactions, payday loans, remittances, money orders or wire transfers equal or exceed 75% of gross receipts. This classification includes Clerical Office Employees and Outside Salespersons at the same location or at separate locations.

Check cashing operations performed by retail stores where fees charged for check cashing, deferred deposit transactions, payday loans, remittances, money orders or wire transfers do not equal or exceed 75% of gross receipts shall be assigned to the applicable retail *Stores* Industry Group classification.

Banks shall be classified as 8808, *Banks*.

Credit unions shall be classified as 8801, *Credit Unions*.

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Recommendation
Amend Classification 9015(4), *Churches, Temples, Mosques and Synagogues – all employees other than clergy, professional assistants, organists, members of choir or Clerical Office Employees,* to exclude Clerical Telecommuter Employees*.*

PROPOSED

CHURCHES, TEMPLES, MOSQUES AND SYNAGOGUES – all employees other than clergy, professional assistants, organists, members of choir, ~~or~~ Clerical Office Employees or Clerical Telecommuter Employees **9015(4)**

When lodging is provided by the employer, the total remuneration shall include the market value of such lodging to the employee.

Classification 9015(4) includes but is not limited to maintenance employees, janitors, custodians, gardeners, security personnel, drivers and parking lot attendants.

Overnight camps operated by the employer shall be separately classified as 9048(1), *Camps.* The operation of child day care centers whereby services are provided to the public for a fee shall be separately classified as 9059, *Day Care Centers*.

The operation of academic schools for educating children in subjects, including but not limited to reading, language arts, mathematics, science, arts, history and geography shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

The operation of retail stores for the display and sale of merchandise to congregation members or the general public shall be separately classified.

The operation of shops for the preparation and sale of coffee, tea and other nonalcoholic beverages to congregation members or the general public shall be separately classified as 8078(2), *Beverage Preparation Shops*.

Also refer to companion Classification 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir.*

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Recommendation
Amend Classification 8840, *Churches, Temples, Mosques and Synagogues – clergy, professional assistants, organists or members of choir,* to include Clerical Telecommuter Employees*.*

PROPOSED

CHURCHES, TEMPLES, MOSQUES AND SYNAGOGUES – clergy, professional assistants, organists or members of choir – including Clerical Office Employees and Clerical Telecommuter Employees **8840**

When lodging is provided by the employer, the total remuneration shall include the market value of such lodging to the employee.

Employees assigned to this classification provide spiritual leadership, teaching, counseling, guidance and support for their congregations. Employees include but are not limited to clergy, organists, choir directors and members, youth directors, Sunday school teachers, instructors for religious studies, pastoral counselors and clerical office employees.

This classification also applies to nursery attendants, childcare employees and baby-sitters provided their duties are restricted to providing care for children or infants during religious services.

Overnight camps operated by the employer shall be separately classified as 9048(1), *Camps.* The operation of child day care centers whereby services are provided to the public for a fee shall be separately classified as 9059, *Day Care Centers*.

The operation of academic schools for educating children in subjects, including but not limited to reading, language arts, mathematics, science, arts, history and geography shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

Also refer to companion Classification 9015(4), *Churches, Temples, Mosques and Synagogues – all employees other than clergy, professional assistants, organists, members of choir or Clerical Office Employees.*

If an employee who performs duties described by Classification 8840 also performs duties described by Classification 9015(4), the payroll of that employee may be divided between Classifications 8840 and 9015(4), provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Part 3, Section V, Rule 3.

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Recommendation
Amend Classification 8859(1), *Computer Programming or Software Development,* to include Clerical Telecommuter Employees.

PROPOSED

COMPUTER PROGRAMMING OR SOFTWARE DEVELOPMENT – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8859(1)**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to those employers that engage in the development or customization of computer programs or software for other concerns on a contract basis, as well as the development of standard ("generic") programs for use by other concerns.

This classification does not apply to employers that engage in computer programming or software development in support of the employer's operations, which includes but is not limited to the development of programs for integration into a hardware product sold by the employer.

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Recommendation
Amend Classification 8801, *Credit Unions,* to include Clerical Telecommuter Employees.

PROPOSED

CREDIT UNIONS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8801**

This classification applies to not-for-profit, member-owned depository financial institutions that are chartered as federal or state credit unions providing financial services, including but not limited to share draft accounts, individual retirement accounts, savings accounts, travelers' checks and consumer and commercial loans.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers.*

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers.*

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies.*

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency shall be classified as 8808, *Banks.*

The operation of properties away from the credit union premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

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Recommendation
Amend Classification 8601(1), *Engineers,* to include Clerical Telecommuter Employees.

PROPOSED

ENGINEERS – consulting – mechanical, civil, electrical or mining engineers or architects – not engaged in actual construction or operation – including ~~Outside Salespersons and~~ Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8601(1)**

This classification applies to engineering or architectural consultants who provide technical advice to construction companies, land development companies, building contractors or similar concerns on a fee basis, or to the testing of construction building materials in connection with consulting engineering performed by the same employer. This classification also applies to land surveying prior to or during construction for separate concerns on a fee basis.

Engineering, when performed in support of an employer's own manufacturing, processing or construction operations, is assigned to the applicable manufacturing, processing or construction classification or to the applicable Standard Exception classification.

This classification also applies to fee-based construction management companies that do not engage in or supervise construction operations, but serve as an intermediary between the general contractor and project owner, or otherwise provide expertise regarding a construction project.

Forest engineers shall be classified as 8601(4), *Forest Engineers.*

Oil or gas geologists or scouts shall be classified as 8601(2), *Oil or Gas Geologists or Scouts.*

Fee-based testing operations, including but not limited to the testing of air, water, soil, metal, concrete and other building materials not resulting in recommendations, remediation options or design advice shall be classified as 4511, *Analytical or Testing Laboratories.*

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Recommendation
Amend Classification 8601(4), *Forest Engineers,* to include Clerical Telecommuter Employees.

PROPOSED

FOREST ENGINEERS – including ~~Outside Salespersons and~~ Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8601(4)**

This classification includes timber cruising.

Commercial timber harvesting shall be separately classified as 2702(1), *Logging*.

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Recommendation
Amend Classification 8839, *Dentists and Dental Surgeons,* which is part of the *Health and Human Services* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

HEALTH AND HUMAN SERVICES

DENTISTS AND DENTAL SURGEONS – all employees – including Clerical Office Employees and Clerical Telecommuter Employees **8839**

This classification also applies to orthodontists and periodontists.

This classification includes the manufacture or customization of dental products, including but not limited to crowns, dentures, inlays and bridges when such operations are primarily in support of the dental services provided.

The manufacture or customization of dental products primarily for other concerns shall be separately classified as 4692, *Dental Laboratories*.

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Recommendation
Amend Classification 9043, *Hospitals,* which is part of the *Health and Human Services* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

HEALTH AND HUMAN SERVICES

HOSPITALS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **9043**

The payroll for student nurses and interns shall be included at an average wage of at least $100 per week.

This classification applies to facilities that are licensed by the California Department of Public Health as a General Acute Care Hospital, Acute Psychiatric Hospital or Special Hospital. Hospitals retain medical staff with the capability to provide 24-hour inpatient care. This classification includes skilled nursing facilities operated by the acute care hospital when both facilities operate under a single license as an acute care hospital.

Skilled nursing facilities operated under a separate license shall be classified as 8829(1), *Skilled Nursing Facilities.*

A medical clinic that operates at a location separate from the hospital shall be classified as 8834, *Physicians' Practices and Outpatient Clinics,* provided the clinic does not provide 24-hour inpatient care.

Hospitals operated by municipal, state or other public agencies shall be classified as 8830, *Institutional Employees*.

Hospitals operated in connection with jails or prisons shall be classified as 7720, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – including deputies – not volunteers.*

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Recommendation
Amend Classification 8834, *Physicians' Practices and Outpatient Clinics,* which is part of the *Health and Human Services* Industry Group, to include Clerical Telecommuter Employees and clarify its intended application.

PROPOSED

HEALTH AND HUMAN SERVICES

PHYSICIANS' PRACTICES AND OUTPATIENT CLINICS – all employees – including Clerical Office Employees and Clerical Telecommuter Employees **8834**

This classification applies to physicians' practices ~~and~~or clinics that provide outpatient medical services that are less than 24 hours in duration to treat patients for illness, disease ~~and~~or disorders. Outpatient medical services also include but are not limited to surgery; medical weight

loss treatment; physical therapy; acupuncture; chiropractic care; dialysis; X-ray laboratory services; and blood, body fluid ~~and~~or tissue collection ~~and~~or testing. This classification includes the dispensing or provision of medication or medical equipment exclusively to patients by physicians' practices or outpatient clinics, including but not limited to eyeglasses, braces, supports, mobility aids and home testing or monitoring equipment.

This classification also applies to blood banks or blood donor centers.

Physicians employed by facilities, including but not limited to hospitals, skilled nursing facilities and residential care facilities shall be assigned to the classification applicable to the facility.

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Recommendation
Amend Classification 8822, *Insurance Companies,* to include Clerical Telecommuter Employees.

PROPOSED

INSURANCE COMPANIES – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8822**

This classification applies to employers licensed by the California Department of Insurance as insurance companies to underwrite a variety of commercial or personal coverages, including but not limited to health, disability, automobile, property, title, liability, workers' compensation, life and annuity insurance, and surety bonds.

Fee-based inspections for insurance, safety or valuation purposes shall be classified as 8720(1), *Inspection for Insurance, Safety or Valuation Purposes.*

The operations performed by insurance administrators, brokers, agents or adjustors who are not employed by a licensed insurance company shall be assigned to the employer's standard classification or to the applicable Standard Exception classification.

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Recommendation
Amend Classification 8859(2), *Internet or Web-Based Application Development or Operation,* to include Clerical Telecommuter Employees.

PROPOSED

INTERNET OR WEB-BASED APPLICATION DEVELOPMENT OR OPERATION – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8859(2)**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the

maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to firms that specialize in the development and operation of Internet or web-based applications and websites. This classification also applies to employers engaged in such operations for other concerns on a contract basis.

This classification does not apply to firms that operate as Internet Service Providers (ISP) or to firms that operate websites in connection with additional separately classified operations by the same employer.

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Recommendation
Amend Classification 8821, *Law Firm Support Services,* to include Clerical Telecommuter Employees.

PROPOSED

LAW FIRM SUPPORT SERVICES – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8821**

This classification applies to employers providing legal support services to attorneys and law firms on a fee basis, including but not limited to process serving summonses, complaints and subpoenas, preparing and filing court documents and the photocopying, scanning and microfilming of documents by registered professional photocopiers.

Licensed attorneys and law firms that provide legal services to clients on a fee or pro bono basis shall be classified as 8820, *Law Firms.*

The video taping of depositions and courtroom proceedings shall be classified as 9610, *Motion Pictures – production*.

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Recommendation
Amend Classification 8820, *Law Firms,* to include Clerical Telecommuter Employees.

PROPOSED

LAW FIRMS – all employees – including ~~Outside Salespersons and~~ Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8820**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to licensed attorneys and law firms that provide legal services to clients on a fee or pro bono basis, including but not limited to supplying legal advice and representation in civil and criminal litigation, administrative hearings, personal and business transactions and other legal matters.

The operations performed by legal staff who are not employed by a law firm shall be assigned to the standard classification assignable to the employer or to the applicable Standard Exception classification.

Employers providing legal support services to attorneys and law firms on a fee basis, including but not limited to process serving summonses, complaints and subpoenas, preparing or filing court documents and reproducing documents shall be classified as 8821, *Law Firm Support Services.*

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Recommendation
Amend Classification 9015(5), *Libraries – private – all employees other than librarians, professional assistants or Clerical Office Employees,* to exclude Clerical Telecommuter Employees*.*

PROPOSED

LIBRARIES – private – all employees other than librarians, professional assistants, ~~or~~ Clerical Office Employees or Clerical Telecommuter Employees **9015(5)**

This classification applies to employees other than librarians, professional assistants and clerical office employees, including but not limited to janitorial, maintenance, delivery and security personnel.

Also refer to companion Classification 8811, *Libraries – private – librarians or professional assistants*.

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Recommendation
Amend Classification 8811, *Libraries – private – librarians or professional assistants,* to include Clerical Telecommuter Employees*.*

PROPOSED

LIBRARIES – private – librarians or professional assistants – including Clerical Office Employees and Clerical Telecommuter Employees **8811**

This classification applies to librarians, professional library assistants and clerical office employees who engage in activities, including but not limited to conducting research, ordering books and publications, maintaining reference systems, assisting customers to locate and check

out materials and performing general clerical and administrative functions in support of the library.

With the exception of a single permanent job reassignment, it is not permissible to divide a single employee's payroll, within a single policy period, between this classification and any other classification.

Also refer to companion Classification 9015(5), *Libraries – private – all employees other than librarians, professional assistants or Clerical Office Employees*.

Public libraries shall be classified as 8812, *Libraries – public – librarians or professional assistants.*

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Recommendation
Amend Classification 8800, *Mailing or Addressing Companies,* to include Clerical Telecommuter Employees.

PROPOSED

MAILING OR ADDRESSING COMPANIES – including Clerical Office Employees and Clerical Telecommuter Employees **8800**

This classification applies to companies that contract with customers to prepare and mail various items, including but not limited to promotional literature, flyers, advertisements, billing statements and business forms.

This classification also includes printing operations if more than 50% of the printed materials are addressed or mailed by the employer. If 50% or more of the printed materials are not addressed or mailed by the insured, the printing operations and the mailing or addressing operations constitute Multiple Enterprises and shall be assigned in accordance with the provisions of the Multiple Enterprises rule.

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Recommendation
Amend Classification 8749, *Mortgage Bankers,* to include Clerical Telecommuter Employees.

PROPOSED

MORTGAGE BANKERS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8749**

This classification applies to companies that specialize in direct lending of funds for residential or commercial mortgages. This classification includes loaning money held on deposit and funding loans through a line of credit.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers.*

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies.*

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks.*

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Recommendation
Amend Classification 8743, *Mortgage Brokers,* to include Clerical Telecommuter Employees.

PROPOSED

MORTGAGE BROKERS – no direct lending – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8743**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to commissioned loan brokers engaged in matching qualified mortgage applicants with lenders.

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers.*

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies.*

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks.*

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Recommendation
Amend Classification 8830, *Institutional Employees,* which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

INSTITUTIONAL EMPLOYEES – hospitals, skilled nursing facilities, residential care facilities for adults or residential care facilities for the aged – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons – not jail or prison employees **8830**

The payroll for student nurses or interns shall be included at an average wage of at least $100 per week.

This classification applies to the operation of hospitals, skilled nursing facilities, residential care facilities for adults and residential care facilities for the elderly by public agencies. This classification includes all operations, including but not limited to patient and resident care, meal preparation and dining facility operation, laundry, facility and grounds maintenance, and housekeeping.

The provision of medical or nursing care to residents of correctional facilities shall be classified as 7720, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – including deputies – not volunteers*, or 7722, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – volunteers, serving with or without remuneration*.

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Recommendation
Amend Classification 8812, *Libraries – public,* which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

LIBRARIES – public – librarians or professional assistants – including Clerical Office Employees and Clerical Telecommuter Employees **8812**

This classification applies to librarians, professional library assistants and clerical office employees who engage in activities, including but not limited to conducting research, ordering books and publications, maintaining reference systems, assisting customers to locate and check out materials and performing general clerical and administrative functions in support of the public library.

With the exception of a single permanent job reassignment, it is not permissible to divide a single employee's payroll, within a single policy period, between this classification and any other classification.

Employees other than librarians, professional assistants and clerical office employees, including but not limited to janitorial, maintenance, delivery and security personnel, shall be classified as 9420, *Municipal, State or Other Public Agency Employees – all other employees*.

Private libraries shall be classified as 8811, *Libraries – private – librarians or professional assistants*.

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Recommendation

Amend Classification 8875(1), *Public Colleges or Schools,* which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

PUBLIC COLLEGES OR SCHOOLS – all employees – including cafeteria, Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8875(1)**

This classification applies to all operations of public colleges or schools, including but not limited to instruction, dormitories, cafeterias, book stores, transportation services, counseling, building and landscape maintenance, janitorial, libraries, athletic programs, parking, security, administration, clerical office employees and outside salespersons. This classification includes day care, preschools and before or after school programs operated by public colleges or schools.

This classification also applies to the operation of charter schools.

This classification also applies to state or county vocational schools or training programs and to school counselors who are provided to public schools by separate concerns under contract.

Private college or school operations shall be classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees,* and 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers or academic professional employees.*

Day care, preschools or before or after school programs operated by separate employers at public school locations shall be classified as 9059, *Day Care Centers*.

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Recommendation
Amend Classification 8875(2), *Superintendent of Public Schools Office,* which is part of the *Municipal, State or Other Public Agencies* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

SUPERINTENDENT OF PUBLIC SCHOOLS OFFICE – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8875(2)**

This classification applies to the operation of a county or district superintendent of public schools office. This classification includes but is not limited to curriculum development, instruction oversight, cafeteria operation oversight, facility maintenance oversight, funding review, and meeting with union representatives, the Board of Education and similar governmental or parental organizations. This classification includes oversight operations performed in connection with charter schools operating under charters granted by the superintendent of public schools office.

Public schools or charter school operations, including but not limited to instruction, cafeteria operations, facility maintenance, bus operations and library activities shall be classified as 8875(1), *Public Colleges or Schools*.

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Recommendation
Amend Classification 8838, *Museums,* to include Clerical Telecommuter Employees and clarify its intended application.

PROPOSED

MUSEUMS – all employees other than those engaged in the operation of restaurants or retail stores – including Clerical Office Employees and Clerical Telecommuter Employees **8838**

This classification applies to employers that display art objects, natural science exhibits, antiquities ~~and~~or objects of historical or cultural significance for viewing by the general public. This classification also applies to ~~public aquariums,~~ botanical gardens~~;~~, ~~and~~ planetariums or public aquariums and includes veterinarians employed by public aquariums.

Retail store or restaurant operations shall be separately classified.

Art galleries that display art objects for sale to the walk-in trade shall be classified as 8017(1), *Stores – retail*.

Zoos shall be classified as 9180(1), *Amusement or Recreational Facilities – N.O.C. – operation or maintenance of amusement devices*, and 9016(1), *Amusement or Recreational Facilities – N.O.C. – all employees other than those engaged in the operation or maintenance of amusement devices, restaurants or retail stores*.

~~Retail store or restaurant operations shall be separately classified.~~

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Recommendation
Amend Classification 8601(2), *Oil or Gas Geologists or Scouts,* which is part of the *Petroleum* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PETROLEUM INDUSTRY

OIL OR GAS GEOLOGISTS OR SCOUTS – including mapping of subsurface areas – including ~~Outside Salespersons and~~ Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8601(2)**

This classification applies to geologists or scouts who travel to potential oil drilling sites to observe and gather data that is compiled into reports that describe the probability that oil or gas deposits are present. This classification includes analyzing technical data from monitoring instruments and analyzing drilling mud or well cuttings to identify the types of subsurface formations in the region and the presence of hydrocarbons. This classification also applies to the geophysical exploration of subsurface areas using physical methods, including but not limited to seismic, gravitational, magnetic, electrical and electromagnetic methods to measure the physical properties of rock.

Consulting engineers, including but not limited to civil, electrical, mechanical and mining engineers who do not perform oil or gas related operations as described above shall be classified as 8601(1), *Engineers*.

Geologists or scouts who perform outside operations in connection with oil or gas well drilling or redrilling, oil or gas lease operations, or oil or gas pipeline operations by the employer shall be assigned to the applicable *Petroleum* Industry Group classification.

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Recommendation
Amend Classification 8813(2), *Bookbinding Operation,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

BOOKBINDING OPERATION – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees **8813(2)**

This classification applies to pre-bindery activities and Clerical Office Employees of employers engaged in bookbinding or binder manufacturing operations. Pre-bindery activities include but are not limited to editing, designing, proofreading, and photographic composition including negative stripping and plate making.

Also refer to companion Classification 4299(2), *Bookbinding Operation – all other employees.*

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Recommendation
Amend Classification 8019(2), *Document Duplication or Photocopying Service,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

DOCUMENT DUPLICATION OR PHOTOCOPYING SERVICE – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8019(2)**

This classification applies to locations at which document duplication or photocopying services are performed on a fee basis using electrostatic copiers, scanners, ink jet or laser printers on paper of any size, and includes self-serve duplication or photocopying services. This classification includes incidental bindery operations in support of duplication and photocopying services.

Locations at which offset printing is performed shall be classified as 4299(1), *Printing Operation – all other employees,* or 8019(1), *Printing – quick printing.*

Employers that provide legal support services, including document duplication or scanning in connection therewith, on a fee basis shall be classified as 8821, *Law Firm Support Services*.

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Recommendation
Amend Classification 4297(1), *Electronic Pre-Press,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

ELECTRONIC PRE-PRESS – all operations – including Clerical Office Employees and Clerical Telecommuter Employees **4297(1)**

This classification applies to the production of computer generated typeset materials or color separations, including all incidental camera work, that are used by separate concerns in connection with commercial printing operations.

This classification does not apply when electronic pre-press operations are performed by an employer in connection with its own operations. Such operations shall be assigned to the applicable classification.

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Recommendation
Amend Classification 4297(2), *Graphic Design,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

GRAPHIC DESIGN – all operations – including Clerical Office Employees and Clerical Telecommuter Employees **4297(2)**

This classification applies to the production of camera-ready layouts by combining text, photographs, artwork and graphics for use in commercial printing operations performed by separate concerns.

This classification does not apply when graphic design operations are performed by an employer in connection with its own operations. Such operations shall be assigned to the applicable classification.

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Recommendation
Amend Classification 8807, *Newspaper, Magazine or Book Publishing,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER, MAGAZINE OR BOOK PUBLISHING – no printing or distribution – editing, designing, proofreading, and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees **8807**

This classification applies to pre-press activities and Clerical Office Employees of employers engaged in publishing printed newspapers, magazines or books where all printing and distribution is conducted by separate concerns. Pre-press activities include editing, designing, proofreading, and photographic composing, including negative stripping and plate making.

Newspaper reporters, photographers and advertising or circulation solicitors employed by newspaper publishers or printers shall be separately classified as 8746, *Newspaper Publishing or Printing – reporters or photographers – including Outside Salespersons*.

Newspaper printing operations shall be classified as 4304, *Newspaper Publishing or Printing – all other employees*, or 8818, *Newspaper Publishing or Printing – editing, designing, proofreading and photographic composing*.

Magazine or book printing operations shall be classified as 4299(1), *Printing Operation – all other employees,* or 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing*.

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Recommendation
Amend Classification 8818, *Newspaper Publishing or Printing,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

NEWSPAPER PUBLISHING OR PRINTING – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees **8818**

This classification applies to pre-press activities and Clerical Office Employees of employers engaged in publishing or printing newspapers. Pre-press activities include editing, designing, proofreading, and photographic composition including negative stripping and plate making.

Newspaper reporters, advertising or circulation solicitors shall be separately classified as 8746, *Newspaper Publishing or Printing – reporters or photographers*.

Also refer to companion Classification 4304, *Newspaper Publishing or Printing – all other employees.*

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Recommendation
Amend Classification 8019(1), *Printing – quick printing,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

PRINTING – quick printing – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8019(1)**

This classification applies to job printing at locations where the operations are performed using sheet-fed offset printing presses on paper not exceeding 18” x 24”. This classification includes incidental bindery activities in support of the printing operations.

Printing operations that use roll-fed presses or where the paper fed to the presses exceeds 18” x 24” shall be classified as 4299(1), *Printing Operation – all other employees.*

Document duplication or photocopying by use of equipment other than offset printing presses, including but not limited to electrostatic copiers, scanners, and ink jet and laser printers shall be classified as 8019(2), *Document Duplication or Photocopying Service.*

Employers that provide legal support services, including document duplication or scanning in connection therewith, on a fee basis shall be classified as 8821, *Law Firm Support Services*.

Employers engaged in the printing of signs, banners and related commercial advertising products shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

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Recommendation
Amend Classification 8813(1), *Printing Operation – editing, designing, proofreading and photographic composing,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

PRINTING OPERATION – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees **8813(1)**

This classification includes pre-press activities and clerical office employees of employers engaged in commercial off-set printing. Pre-press activities include but are not limited to editing, designing, proofreading and photographic composition, including negative stripping and plate making.

Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, *Salespersons – Outside,* subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Also refer to companion Classification 4299(1), *Printing Operation – all other employees.*

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Recommendation
Amend Classification 8846(1), *Printing Operation – screen printing,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

PRINTING OPERATION – screen printing – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees **8846(1)**

This classification applies to pre-press activities and clerical office employees of employers engaged in fee-based screen printing. Pre-press activities include but are not limited to the design and development of artwork and the preparation of screens. This classification also includes the post-printing cleaning of screens.

Employees engaged in sales, collection or public relations work in support of printing operations shall be separately classified as 8742, *Salespersons – Outside,* subject to the Standard Exceptions rule. See Part 3, Section III, Rule 4, *Standard Exceptions*.

Also refer to companion Classification 4295(1), *Printing Operation – screen printing – all other employees.*

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Recommendation
Amend Classification 8846(2), *Screen Printed Merchandise Dealers,* which is part of the *Printing, Publishing and Duplicating* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PRINTING, PUBLISHING AND DUPLICATING

SCREEN PRINTED MERCHANDISE DEALERS – editing, designing, proofreading and photographic composing – including Clerical Office Employees and Clerical Telecommuter Employees **8846(2)**

This classification applies to the pre-press operations and clerical office employees of screen printed merchandise dealers. Pre-press activities include but are not limited to the design and development of artwork and the preparation of screens. This classification also includes the post-printing cleaning of screens.

Also refer to companion Classification 4295(2), *Screen Printed Merchandise Dealers – all other employees.*

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Recommendation
Amend Classification 8741, *Real Estate Agencies,* which is part of the *Property Management/Operation* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

PROPERTY MANAGEMENT/OPERATION

REAL ESTATE AGENCIES – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8741**

This classification applies to real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions.

The operation or management of rental property, construction and remodeling operations shall be separately classified.

This classification also applies to non-residing leasing agents of a property management company who are engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind except clerical office work and the property management company retains separate employees to manage the property.

Employers that specialize in residential and commercial mortgage brokerage or mortgage banking operations that do not engage in the direct lending of mortgage funds shall be classified as 8743, *Mortgage Brokers.*

Employers that specialize in the direct lending of funds for residential and commercial mortgages shall be classified as 8749, *Mortgage Bankers.*

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Recommendation
Amend Classification 7610, *Radio, Television or Commercial Broadcasting Stations,* to include Clerical Telecommuter Employees.

PROPOSED

RADIO, TELEVISION OR COMMERCIAL BROADCASTING STATIONS – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **7610**

The entire remuneration of on-air personalities, entertainers and musicians shall be included subject to a maximum of $139,100 per year per person. When such employees do not work the entire year, the payroll limitation shall be prorated based upon the number of weeks in which such employees worked during the policy period.

This classification applies to Federal Communications Commission licensed radio, television or commercial wireless broadcasting stations. This classification also applies to contract video duplication, television studios that are operated by cable television companies, or the operation of music recording studios.

The dissemination of audio or video programming exclusively over the internet shall be classified as 8859(2), *Internet or Web-Based Application Development or Operation*.

Employers licensed by the Federal Communications Commission that provide cable or satellite television connectivity services or internet connectivity using cable or satellite infrastructure shall be classified as 7600, *Communication Service Providers.*

Computer or electronic video or audio post-production for other concerns on a contract basis shall be classified as 7607(1), *Video Post-Production,* or 7607(2), *Audio Post-Production*, respectively.

Motion picture production shall be classified as 9610, *Motion Pictures – production*.

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Recommendation
Amend Classification 8039, *Stores – department stores,* which is part of the *Stores* Industry Group, to include Clerical Telecommuter Employees.

PROPOSED

STORES

STORES – department stores – retail – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **8039**

This classification applies to each store location at which all the following conditions exist:

1. The payroll subject to this classification is at least $1,100,000 per annum.
2. The merchandise handled must include:
   (a) Wearing Apparel

(b) Linens
(c) House Furnishings (other than furniture)
(d) One or more of the following:
- Cosmetics
- Drugs
- Furniture
- Groceries
- Hardware
- Jewelry
- Luggage
- Musical Instruments
- Sporting Goods
- Toys

3. The total annual sales of items (a), (b) and (c), above, must exceed 50% of the total annual sales.

This classification also applies to the installation of house furnishings and household appliances that have been sold by the store and to satellite warehouse or clerical office locations.

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Recommendation
Amend Classification 7607(1), *Video Post-Production,* to include Clerical Telecommuter Employees.

PROPOSED

VIDEO POST-PRODUCTION – computer or electronic – all employees – including Clerical Office Employees, Clerical Telecommuter Employees and Outside Salespersons **7607(1)**

The entire remuneration of each employee shall be included, subject to a maximum of $139,100 per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.

This classification applies to employers engaged exclusively in computer or electronic video post-production operations for other concerns in connection with motion pictures, television features, commercials or similar productions, on a contract basis.

This classification does not apply to computer or electronic video post-production operations performed in connection with motion pictures, television features, commercials or similar productions by the same employer; such operations shall be classified as 8810, *Clerical Office Employees,* subject to the Standard Exceptions rule. See Section III, Rule 4, *Standard Exceptions.*

Non-computer or non-electronic post-production operations, including but not limited to developing film, production of prints by exposing raw film stock, or editing film prints by cutting or splicing shall be classified as 4362, *Motion Pictures – negative and print processors, distributors and film exchanges*.

Audio post-production operations performed on a contract basis in connection with audio or music recording or mixing, or scoring of motion pictures, television features, commercials or similar productions shall be classified as 7607(2), *Audio Post-Production*.

Audio or music recording studios or contract video duplication shall be classified as 7610, *Radio, Television or Commercial Broadcasting Stations.*

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Recommendation
Amend Section VIII, *Abbreviated Classifications – Numeric Listing,* for consistency with other proposed changes.

PROPOSED

Section VIII – Abbreviated Classifications – Numeric Listing

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8871 Clerical Telecommuter Employees
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Recommendation
Amend Appendix IV, *Classifications Including Clerical Office Employees or Outside Salespersons*, for consistency with other proposed changes.

PROPOSED

Appendix IV

Classifications Including Clerical Office Employees, Clerical Telecommuter Employees or Outside Salespersons

Code	Name	Including Clerical Office Employees / Clerical Telecommuter Employees	Including Outside Salespersons
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Item III-B
Proposed Classification Enhancements

The Committee was reminded that the WCIRB continually reviews the standard classifications contained in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* to ensure that the intended application of each classification is comprehensive and clear. WCIRB staff identified several classifications that could be clarified and, therefore, recommended revisions for clarity, consistency and to provide direction about how related operations are classified.

As there were no questions about the proposed changes, a motion was made, seconded and unanimously passed to recommend that the proposed changes be included in the January 1, 2021 Regulatory Filing.

Recommendation
Amend Classification 8827(1), *Home Care Services,* which is part of the *Health and Human Services* Industry Group, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

HEALTH AND HUMAN SERVICES

HOME CARE SERVICES – all employees **8827(1)**

This classification applies to employers that provide in-home personal care services, including but not limited to assistance with meals, dressing, personal hygiene, housekeeping and companionship for customers who are in need of such services due to age, illness or disability. This classification includes Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS).

This classification includes ~~the provision of~~ home infusion therapy services when performed in connection with home care services. ~~The provision of h~~Home infusion therapy services that are not performed in connection with home care services shall be classified as 8852, *Home Infusion Therapists*.

Employers that provide registered nurses, licensed vocational nurses ~~and~~or certified nursing assistants to ~~provide~~deliver in-home nursing care services ~~for~~to patients shall be classified as 8827(2), *Nursing Care – in private residences*.

Private residence cleaning services that are not performed in connection with home care services shall be classified as 9096, *Residential Cleaning Services*.

Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*.

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Recommendation
Amend Classification 8827(2), *Nursing Care,* which is part of the *Health and Human Services* Industry Group, for clarity.

PROPOSED

HEALTH AND HUMAN SERVICES

NURSING CARE – in private residences – all employees **8827(2)**

This classification applies to home care agencies that provide registered nurses, licensed vocational nurses ~~and~~or certified nursing assistants to ~~provide~~deliver in-home nursing care services ~~for~~to patients. This classification includes the provision of ~~additional~~ nonmedical services, including but not limited to assistance with meals, dressing, companionship, housekeeping and personal hygiene.

This classification also includes ~~the provision of~~ home infusion therapy services when performed in connection with in-home nursing care services. ~~The provision of h~~Home infusion therapy services that are not performed in connection with home care services shall be classified as 8852, *Home Infusion Therapists*.

Employers that provide in-home personal care services, including but not limited to assistance with meals, dressing, personal hygiene, housekeeping and companionship for customers who are in need of such services due to age, illness or disability shall be classified as 8827(1), *Home Care Services*.

Private residence cleaning services that are not performed in connection with in-home nursing care services shall be classified as 9096, *Residential Cleaning Services*.

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Recommendation

Amend Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees,* to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

COLLEGES OR SCHOOLS – private – not automobile schools – professors, teachers or academic professional employees **8868**

Academic professional employees consist of, but are not limited to, deans, chancellors, vice chancellors, directors, principals, assistant principals, presidents, vice presidents, librarians, registrars, curriculum developers, psychologists, speech therapists and counselors. The responsibilities of such employees typically include planning, directing, administering, counseling or curriculum development.

This classification also applies to teachers' aides, ~~and~~ tutors, athletic team coaches ~~and~~or library employees.

This classification also applies to Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers.

~~Automobile driving schools shall be classified as follows:~~

- ~~Instructors – 8748, *Automobile or Truck Dealers – vehicle salespersons*~~
- ~~Vehicle maintenance and repair – 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*~~

The operation of religious organizations, including but not limited to churches, temples, mosques and synagogues shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

The operation of colleges or schools by municipal, state or other public agencies shall be classified as 8875(1), *Public Colleges or Schools*.

Also refer to companion Classification 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers or academic professional employees – including cafeterias.*

If an employee who performs duties described by Classification 8868 also performs duties described by Classification 9101, the payroll of that employee may be divided between Classifications 8868 and 9101, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Part 3, Section V, Rule 3.

Recreational or educational day camps that do not include overnight lodging for camp participants shall be classified as 9059, *Day Care Centers*.

Overnight camps shall be separately classified as 9048(1), *Camps*.

Automobile driving schools shall be classified as follows:

- Driving or classroom instruction – 8748, *Automobile or Truck Dealers – vehicle salespersons*
- Vehicle maintenance or repair – 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*

Supported Living Services (SLS) provided to developmentally disabled individuals or In-Home Support Services (IHSS) shall be separately classified as 8827(1), *Home Care Services*.

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Recommendation

Amend Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons,* which is part of the *Automotive Industry* Group, to provide direction as to how related operations should be classified and for clarity.

PROPOSED

AUTOMOTIVE INDUSTRY

AUTOMOBILE OR TRUCK DEALERS – all employees other than vehicle salespersons – including estimators, service writers, vehicle maintenance and repair, shuttle drivers, accessory or spare parts sales and the transporting of vehicles that are owned by the employer **8391**

This classification applies to dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, motor homes and trailers. This classification applies only to those employers having, in addition to proprietors, a regular sales force engaged exclusively in the demonstration and sale of vehicles and separate clerical staff. If these conditions do not exist, Classification 8391 does not apply. If Classification 8391 does not apply and the employer performs vehicle repair work, assign the applicable vehicle repair classification(s) and, if the employer performs no vehicle repair~~ing~~, assign Classification 8392*, Automobile or Truck Storage Garages or Parking Stations or Lots*, to employees who perform activities such as cleaning ~~and~~or washing vehicles, changing tires ~~and~~or recharging batteries.

~~Also refer to companion Classification 8748, *Automobile or Truck Dealers – vehicle salespersons.*~~

This classification also applies to yard ~~and~~or repair employees ~~of~~ who work for employers that operate vehicle auctions ~~for the sale of automobiles and trucks~~. Vehicle ~~A~~auctioneers ~~salespersons who conduct no yard or repair-type operations~~or auction sales assistants shall be classified as 8748, *Automobile or Truck Dealers – vehicle salespersons*.

This classification also applies to yard, repair ~~and~~or maintenance employees ~~of~~who work for employers engaged in automobile or truck rental, automobile or truck driving schools, or the transport of individual automobiles or trucks between locations ("Driveaway" companies).

Towing, roadside assistance ~~and~~or freeway service patrol operations ~~when~~ conducted on vehicles not owned by the employer shall be separately classified as 7227, *Automobile or Truck Towing, Roadside Assistance or Freeway Service Patrol.*

"Roadside assistance" refers to services provided to the vehicle owner under an agreement with a third party (such as a motor club or law enforcement agency). Contemplated services include changing tires, jump-starting batteries, replacing batteries, supplying a small amount of gasoline or performing minor vehicle repairs such as reattaching ignition wires or battery cables.

Also refer to companion Classification 8748, *Automobile or Truck Dealers – vehicle salespersons.*

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Recommendation

Amend Classification 8748, *Automobile or Truck Dealers – vehicle salespersons,* which is part of the *Automotive Industry* Group to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

AUTOMOTIVE INDUSTRY

AUTOMOBILE OR TRUCK DEALERS – vehicle salespersons **8748**

This classification applies to salespersons ~~of~~employed by dealers of motor vehicles, including but not limited to automobiles, trucks, buses, forklift trucks, golf carts, recreational vehicles, ~~and~~ motor homes and trailers.

~~Also refer to companion Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons.*~~

This classification also applies to vehicle ~~salespersons of~~auctioneers or auction sales assistants who work for employers that operate vehicle auctions ~~for the sale of automobiles and trucks~~.

This classification also applies to driving or classroom instruction performed in connection with the operation of automobile driving schools. Vehicle maintenance or repair operations performed in connection with the operation of automobile driving schools shall be classified as 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*.

Also refer to companion Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons.*

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Recommendation
Amend Classification 8292, *Warehouses – general merchandise,* to clarify its intended application.

PROPOSED

WAREHOUSES – general merchandise – N.O.C. **8292**

This classification applies to the storage of general merchandise, including new furniture, for separate concerns on a fee basis when no other classification more specifically describes the operations. This classification also applies to document storage, the storage of portable storage units regardless of their contents, and the crating of merchandise on a fee basis.

~~Truck pick up or delivery of freight or stored merchandise shall be separately classified as 7219(1), *Trucking Firms.*~~

~~The s~~Storage of household goods or furniture (not new furniture for furniture stores or manufacturers) for separate concerns on a fee basis shall be classified as 8293(1), *Warehouses – furniture.*

Warehouses that provide climate controlled storage maintaining below ambient temperatures to prevent spoilage or preserve the integrity of the stored merchandise shall be classified as 8291(1), *Warehouses – cold storage,* or 8291(2), *Warehouses – climate controlled storage.*

~~The operation of s~~Self-storage warehouses or facilities shall be classified as 8290, *Warehouses – self-storage – all other employees.*

Pick up or delivery of freight or stored merchandise shall be separately classified as 7219(1), *Trucking Firms.*

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Recommendation
Amend Classification 2806(2), *Shutter Mfg.,* for clarity and to provide direction as to how related operations should be classified.

PROPOSED

SHUTTER MFG. – wood or plastic **2806(2)**

This classification applies to the manufacture of interior or exterior shutters from wood, synthetic wood ~~and~~or plastic materials.

The installation of shutters shall be classified as 5146(1), *Cabinet or Fixtures*.

The manufacture of metal, wood, fabric or plastic window coverings, including but not limited to mini blinds, vertical blinds, louvered blinds and window shades shall be classified as 2852, *Window Blind Mfg. or Assembly*.

The manufacture of wood doors or windows, or wood framed screen doors or window screens shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood.*

When an employer deals in any lumber or building materials or in any fuel and materials in addition to products manufactured, yard operations, including drivers and their helpers, shall be separately classified as 8232(1), *Lumberyards*, 8232(2), *Building Material Dealers*, or 8232(3), *Fuel and Material Dealers*, depending on the products sold.

~~The manufacture of wood doors and windows shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood.*~~

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Recommendation
Amend Classification 8013(2), *Stores – eyewear,* which is part of the *Stores* Industry Group, for clarity.

PROPOSED

STORES

STORES – eyewear – wholesale or retail **8013(2)**

This classification applies to stores engaged in the sale of prescription ~~and~~or non-prescription eyeglasses, contact lenses ~~and~~or sunglasses, including fitting and minor repair operations. This classification also applies to dispensing opticians.

Optometrists' practices, including the sale of eyeglasses exclusively to patients, shall be classified as 8834, *Physicians' Practices and Outpatient Clinics.*

Lens manufacturing ~~and~~or the grinding or cutting of lens blanks shall be separately classified as 4150(2), *Lens Mfg.*

The manufacture of optical goods other than lenses shall be classified as 4150(1), *Optical Goods Mfg.*

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Recommendation
Amend Classification 9085, *Residential Care Facilities for Children,* which is part of the *Health and Human Services* Industry Group, for clarity.

PROPOSED

HEALTH AND HUMAN SERVICES

RESIDENTIAL CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED – including supervisors and receptionists **9085**

This classification applies to ~~the operation of~~ residential facilities that provide care and supervision for children or adults who are developmentally disabled. The term developmental disability

refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before an individual reaches adulthood.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees who provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to intermediate care facilities that may retain nursing staff to provide intermittent skilled nursing services (not continuous skilled nursing care) for developmentally disabled children or adults. Facilities that provide 24-hour continuous skilled nursing care for residents shall be classified as 8829(1), *Skilled Nursing Facilities*.

Operating schools, or Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers, shall be separately classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers, or academic professional employees*. The provision of Supported Living Services (SLS) to developmentally disabled individuals or In-Home Support Services (IHSS) ~~to developmentally disabled individuals~~ shall be classified as 8827(1), *Home Care Services*.

~~Operating r~~Residential facilities that provide nonmedical care and supervision for children (not developmentally disabled) shall be classified as 8823, *Residential Care Facilities for Children.*

~~Operating r~~Residential facilities that provide assisted care and supervision for adults (not developmentally disabled) shall be classified as 9070(3), *Residential Care Facilities for Adults.*

~~Operating r~~Residential facilities that provide assisted care and supervision for the elderly (not developmentally disabled) shall be classified as 9070(1), *Residential Care Facilities for the Elderly.*

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Recommendation

Amend Classification 4000(1), *Sand or Gravel Digging,* to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

SAND OR GRAVEL DIGGING – including construction, repair or maintenance of all buildings, structures or equipment and installation of machinery **4000(1)**

~~If~~This classification applies to sand or gravel digging and includes the processing of the sand or gravel, including but not limited to washing, screening, stockpiling or bagging, when 25% or less of the excavated material is crushed or ground~~, all sand or gravel processing, including but not limited to crushing, grinding, washing, screening and bagging, shall be classified as 4000(1)~~.

If more than 25% of the excavated material is crushed or ground, all sand, ~~or~~ gravel or clay processing, including but not limited to crushing, grinding, washing, screening and bagging, shall be separately classified as 1710, *Stone Crushing,* unless all crushed product will pass through an 8-mesh or finer screen, in which case the operations shall be separately classified as 1741(1), *Silica Grinding.*

Canal, sewer or cellar excavation or mining shall be separately classified.

Employees engaged exclusively in the delivery of the finished product shall be separately classified as 8232(2), *Building Material Dealers.*

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Recommendation
Amend Classification 4000(2), *Clay Digging,* to clarify its intended application and provide direction as to how related operations should be classified and for clarity.

PROPOSED

CLAY DIGGING – including construction, repair and maintenance of all buildings, structures or equipment and the installation of machinery **4000(2)**

This classification applies to ~~the~~clay digging and includes the processing~~,~~ of the clay, including but not limited to washing, screening, ~~and~~ stockpiling or bagging, ~~of clay~~when 25% or less of the excavated material is crushed or ground. This classification also applies to the digging of peat.

If more than 25% of the excavated material is crushed or ground, all sand, gravel or clay processing, including but not limited to crushing, grinding, washing, screening and bagging, shall be separately classified as 1710, *Stone Crushing*, unless all crushed product will pass through an 8-mesh or finer screen, in which case the operations shall be separately classified as 1741(1), *Silica Grinding*.

Canal, sewer or cellar excavation or ~~underground~~ mining shall be separately classified.

* * * * * * *

Recommendation
Amend Classification 1741, *Silica Grinding,* to provide direction as to how related operations should be classified and for clarity.

PROPOSED

SILICA GRINDING **1741(1)**

This classification applies to the crushing or grinding of excavated or quarried materials to produce products that will pass through an 8-mesh screen. If the crushed or ground material is retained on an 8-mesh screen, the crushing or grinding operations shall be classified as 1710, *Stone Crushing.*

Silica grinding that is performed in connection with sand, gravel or clay digging shall be separately classified as 4000(1), *Sand or Gravel Digging*, or 4000(2), *Clay Digging*, if 25% or less of the excavated material is crushed or ground. If more than 25% of the excavated material is

crushed or ground, all crushing ~~and~~or grinding activities shall be separately classified as 1741(1) or 1710, *Stone Crushing*.

Mining or quarrying operations shall be separately classified.

Employees engaged exclusively in delivery of the finished product shall be separately classified as 8232(2), *Building Material Dealers*.

* * * * * * *

Recommendation
Amend Classification 8013(1), *Stores – jewelry,* which is part of the *Stores* Industry Group, to clarify its intended application.

PROPOSED

STORES – jewelry – wholesale or retail **8013(1)**

This classification applies to stores primarily (over 50% of gross receipts) engaged in the sale of jewelry items intended for personal adornment, including but not limited to rings, earrings, bracelets, necklaces, watches and costume jewelry~~ that are intended for personal adornment~~. This classification includes repairing, polishing or engraving jewelry when performed by a retail jewelry store for individual customers.

This classification also applies to stores primarily (over 50% of gross receipts) engaged in the sale of ~~gems and precious and semiprecious stones; hearing aids; coins; and trophies, badges and medals~~coins, trophies, badges, medals, hearing aids, gems or precious or semiprecious stones.

This classification also applies to retail stores that assemble or engrave trophies, plaques or novelty statuettes from purchased components.

* * * * * * *

Recommendation
Amend Classification 9059, *Day Care Centers – child,* to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

DAY CARE CENTERS – child – not residential care facilities – all employees – including receptionists **9059**

This classification applies to child day care centers that provide nonmedical care and supervision for children ranging from infancy to 17 years of age for periods of less than 24 hours; preschool programs; ~~and~~or before or after school programs that are not operated in connection with public or private schools operated by the same employer.

This classification also applies to recreational or educational day camps that do not include overnight lodging for camp participants.

This classification also applies to day care services provided by employers primarily for the use of their employees' dependents, in accordance with the General Exclusions rule. See Section III, Rule 6, *General Exclusions*.

Recreational or educational camps that include overnight lodging shall be classified as 9048(1), *Camps*.

This classification does not apply to child care or supervisory services, including but not limited to day care, preschools, kindergartens and before or after school programs that are operated by the same employer in connection with public or private schools which provide instruction for first grade and higher; such operations shall be classified as 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees,* 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers, or academic professional employees,* or 8875(1), *Public Colleges or Schools.*

Boys and girls clubs that provide supplemental after school or recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(2), *Clubs – boys and girls*.

* * * * * * *

Recommendation
Amend Classification 9048(1), *Camps – recreational or educational,* for clarity.

PROPOSED

CAMPS – recreational or educational – all operations – including Clerical Office Employees at camp locations **9048(1)**

This classification applies to camps that provide supervised recreational or educational activities with guidance or counseling services~~,~~ and ~~with~~ overnight ~~facilities~~lodging for camp participants.

~~Firms that solely operate r~~Recreational ~~and/~~or educational day camps that do not include overnight lodging shall be ~~assigned to Classification~~classified as 9059, *Day Care Centers*.

* * * * * * *

Recommendation
Amend Classification 9048(2), *Boy and Girl Scout Councils – all camp operations,* to provide direction as to how related operations should be classified and for clarity.

PROPOSED

BOY AND GIRL SCOUT COUNCILS – all camp operations – including Clerical Office Employees at camp locations **9048(2)**

This classification applies to camps that provide supervised recreational or educational activities with guidance or counseling services~~,~~ and ~~with~~ overnight ~~facilities~~lodging for camp participants.

Recreational or educational day camps that do not include overnight lodging shall be classified as 9059, *Day Care Centers*.

* * * * * * *

Recommendation
Amend Classification 2797(1), *Mobile, Modular or Manufactured Home or Building Mfg.,* to clarify its intended application.

PROPOSED

MOBILE, MODULAR OR MANUFACTURED HOME OR BUILDING MFG. – shop or yard work only **2797(1)**

This classification applies to the manufacture of mobile, modular or manufactured buildings~~, including but not limited to mobile homes and construction office trailers,~~ at a permanent shop or yard location, whether the buildings are shipped to customers in assembled, partially assembled or kitted condition. Such buildings include but are not limited to barns, mobile homes, portable classrooms and construction office trailers.

The construction, erection or assembly of modular or manufactured homes or buildings away from the shop shall be separately classified.

The manufacture of individual wooden building components (not complete buildings) shall be classified as 2819, *Truss or Building Components Mfg*.

The manufacture of campers, travel trailers or motor homes shall be classified as 2797(3), *Recreational Vehicle Mfg*.

* * * * * * *

Recommendation
Amend Classification 1463 (1), *Asphalt Works,* to provide direction as to how related operations should be classified.

PROPOSED

ASPHALT WORKS – grinding, pulverizing or mixing asphalt **1463(1)**

This classification applies to the production of asphalt. This classification also applies to the manufacture of asphalt roofing shingles or modified bitumen roofing materials.

Crushing or grinding ~~of~~ used asphalt or concrete, not performed in connection with the production of asphalt, to produce products that will be retained on an 8-mesh screen shall be separately classified as 1710, *Stone Crushing*. If the crushed or ground products pass through an 8-mesh or finer screen, the crushing or grinding operations shall be separately classified as 1741(1), *Silica Grinding.*

The manufacture of asphalt saturated building or roofing paper or felt shall be classified as 4283, *Building or Roofing Paper or Felt Asphalt Saturation.*

Asphalt distilling or refining shall be classified as 4740(2), *Asphalt or Tar Distilling or Refining.*

Digging, mining or quarrying shall be separately classified.

* * * * * * *

Recommendation
Amend Classification 1710, *Stone Crushing,* to provide direction as to how related operations should be classified and for clarity.

PROPOSED

STONE CRUSHING – including construction, repair or maintenance of all buildings, structures or equipment and the installation of machinery **1710**

This classification applies to the crushing or grinding of excavated or quarried materials, used asphalt or used concrete to produce products that will be retained on an 8-mesh screen.

If the crushed or ground products pass through an 8-mesh or finer screen, the crushing or grinding operations shall be separately classified as 1741(1), *Silica Grinding.*

Stone crushing or silica grinding that is performed in connection with sand, gravel or clay digging shall be separately classified as 4000(1), *Sand or Gravel Digging*, or 4000(2), *Clay Digging*, if 25% or less of the excavated material is crushed or ground. If more than 25% of the excavated material is crushed or ground, all crushing and grinding activities shall be separately classified as 1710 or 1741(1), *Silica Grinding*.

Mining or quarrying operations shall be separately classified.

Employees engaged exclusively in delivery of the finished product shall be separately classified as 8232(2), *Building Material Dealers.*

* * * * * * *

Item III-A
Classification Relativities

The Agenda included preliminary January 1, 2021 classification relativity review sheets. The Committee was advised that the review sheets were preliminary in that WCIRB staff would be continuing the process of validating the underlying data used in the computation of classification relativities. The Committee was also advised that the methodologies and processes used to compute the 2021 classification relativities were consistent with those used in the computation of the 2020 relativities. Staff summarized the overall methodology used to compute the classification relativities.

Staff noted that the loss and exposure data underlying the 2021 classification relativity review sheets does not reflect experience subsequent to the emergence of the COVID-19 pandemic. As a result, for purposes of the WCIRB's January 1, 2021 Regulatory Filing for which the classification relativities form the basis of proposed January 1, 2021 expected loss rates, no adjustment was reflected for COVID-19. Staff also noted that potential adjustments to January 1, 2021 advisory pure premium rates for COVID-19 impacts by classification will be reviewed as part of the consideration of the WCIRB's January 1, 2021 Pure Premium Rate Filing to be made this summer.

Staff summarized some of the individual classification results including all classifications requiring special adjustments as noted in the Agenda. In particular, Classification 0044, *Cotton Farms*, is now combined with Classification 0171, *Field Crops*, for ratemaking, but limited to a 25% increase over the prior Classification 0044 expected relativity. Staff noted that this classification will likely be eliminated in the future once the relativity for this classification is within 25% of the combined classification relativity. Staff also noted there were fewer classifications that were limited to a 25% change than in the prior year, and the distribution of relativity changes were generally consistent with the prior year.

Following the presentation and discussion, the consensus of the Committee was that the January 1, 2021 classification relativities should be filed, once finalized, as outlined by staff.

The meeting was adjourned at 10:25 AM.

* * * * * * *

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for October 13, 2020 for approval and/or modification.

Item V-A
January 1, 2021 Pure Premium Rate Filing

The WCIRB's January 1, 2021 Pure Premium Rate Filing will include proposed changes to the January 1, 2020 advisory pure premium rates. In preparation for the January 1, 2021 Pure Premium Rate Filing, staff has compiled statewide premium, loss and loss adjustment expense experience as of March 31, 2020 for presentation to the Actuarial Committee at the August 4, 2020 meeting. Summaries of (a) the loss projection analysis (Item AC20-06-01), (b) the loss adjustment expense projection analysis (Item AC20-08-02), (c) the results of alternative loss projection methodologies (Item AC20-08-03) and (d) the impact of the economic slowdown on the pure premium rate indications (Item AC20-08-04) that were included in the August 4, 2020 Actuarial Committee Agenda are included as Attachments A, B, C and D, respectively.

The actuarial methodologies reflected in these summaries presented to the Actuarial Committee are generally consistent with those reflected in the January 1, 2020 Pure Premium Rate Filing with consideration of the impact of the COVID-19 pandemic. A summary of the development of the indicated average January 1, 2021 pure premium rate based on the Actuarial Committee's recommendations made at the August 4, 2020 meeting and the tentatively scheduled August 10, 2020 follow-up meeting and underlying experience as of March 31, 2020 will be presented at the meeting.

Item AC20-06-01
3/31/2020 Experience – Review of Methodologies

At the June 12, 2020 meeting, the Committee reviewed a preliminary analysis of statewide experience through March 31, 2020. Exhibits 1 through 8 contain an updated preliminary analysis of March 31, 2020 experience. The methodologies used are consistent with those reviewed at the June 12, 2020 meeting. In total, approximately 100% of the market is included. Wage and loss levels are projected to November 1, 2021—the approximate midpoint of experience on policies incepting between January 1, 2021 and August 31, 2021,[1] and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2020.

The projections shown in Exhibits 1 through 8 are preliminary and, in large part, prior to the impact of the COVID-19 pandemic and resulting economic downturn. At the June 12, 2020 meeting, the Committee discussed the critical components of the January 1, 2021 Pure Premium Rate Filing projections that may be significantly impacted by the COVID-19 crisis. Staff will present additional information on these components at the meeting (see Items AC20-04-04 and AC20-08-04).

As shown on Exhibit 8, the projected loss to the industry average filed pure premium ratio for January 1, 2021 through August 31, 2021 polices based on March 31, 2020 experience and the January 1, 2020 Pure Prelim Rate Filing loss development and trending methodologies and largely prior to the impact of the COVID-19 pandemic and the resulting economic slowdown is 0.571. (The projected loss ratio based on the data presented at the June 12, 2020 meeting is 0.569.[2] The projected loss ratio for policies incepting between July 1, 2020 and December 31, 2020 reviewed at the April 2, 2020 meeting based on December 31, 2019 experience was 0.584.)

Additional supplemental information is included in Exhibits 9 through 12.

[1] The WCIRB's next annual pure premium rate filing will be effective September 1, 2021.
[2] This projection differs from that presented at the June 12, 2020 meeting in that it is based on trending to the midpoint of experience for January 1, 2021 to August 31, 2021 policies and also reflects a correction to the industry average filed pure premium rate as of January 1, 2020 that was discovered subsequent to the June 12, 2020 meeting.

Exhibit 1

California Workers' Compensation

Accident Year Experience as of March 31, 2020

Year	Earned Premium	Paid Indemnity	Indemnity Reserves	Paid Medical**	Medical Reserves	IBNR*	Total Incurred**	Loss Ratio*
1987	4,373,509,816	1,506,581,121	6,983,407	1,335,377,316	44,279,337	50,419,639	2,943,640,820	0.673
1988	5,172,229,109	1,703,875,822	6,458,643	1,542,464,647	34,417,539	37,747,005	3,324,963,656	0.643
1989	5,675,115,503	1,940,152,253	6,816,066	1,798,960,215	51,453,347	40,047,984	3,837,429,865	0.676
1990	5,704,524,437	2,260,962,681	7,327,076	2,045,978,980	40,906,550	58,896,651	4,414,071,938	0.774
1991	5,866,491,692	2,478,655,908	15,729,942	2,202,401,910	48,094,600	55,794,315	4,800,676,675	0.818
1992	5,685,231,287	1,977,895,273	13,786,564	1,765,313,045	51,723,615	55,223,685	3,863,942,182	0.680
1993	5,934,618,230	1,694,444,969	12,984,535	1,516,338,467	62,883,556	45,253,182	3,331,904,709	0.561
1994	5,030,976,034	1,627,765,443	21,740,481	1,468,802,916	83,801,231	37,197,744	3,239,307,815	0.644
1995	3,789,174,380	1,766,957,340	26,055,810	1,626,396,784	92,481,760	47,132,765	3,559,024,459	0.939
1996	3,746,680,214	1,958,037,008	31,693,872	1,721,467,863	93,514,307	54,291,180	3,859,004,230	1.030
1997	3,926,898,608	2,320,858,576	37,004,610	2,019,379,717	121,974,525	93,454,281	4,592,671,709	1.170
1998	4,332,127,034	2,775,663,864	49,791,377	2,646,170,295	211,915,713	177,919,727	5,861,460,976	1.353
1999	4,550,437,880	3,058,455,609	52,765,081	3,042,521,969	169,133,198	242,865,344	6,565,741,201	1.443
2000	5,921,821,993	3,430,606,404	67,101,409	3,564,698,988	205,305,637	392,563,026	7,660,275,464	1.294
2001	10,118,688,616	4,845,593,327	99,518,290	5,374,235,665	346,062,260	591,752,362	11,257,161,904	1.113
2002	13,432,760,460	4,776,940,962	89,663,689	5,493,844,907	309,363,098	875,418,894	11,545,231,550	0.859
2003	19,472,988,351	4,553,717,488	146,596,578	5,069,501,808	343,967,143	1,228,419,721	11,342,202,738	0.582
2004	23,092,633,294	3,216,052,970	117,756,339	4,061,258,926	275,721,117	1,365,058,077	9,035,847,429	0.391
2005	21,394,600,575	2,533,693,094	102,222,811	3,656,663,395	263,688,739	1,096,615,955	7,652,883,994	0.358
2006	17,233,032,862	2,619,140,337	113,117,905	3,761,224,476	288,687,471	764,326,617	7,546,496,806	0.438
2007	13,276,770,615	2,763,508,131	131,925,738	4,037,349,711	328,613,704	699,243,500	7,960,640,784	0.600
2008	10,765,114,133	2,808,088,687	144,752,708	4,025,654,697	344,725,246	609,883,694	7,933,105,032	0.737
2009	8,901,420,752	2,682,006,901	143,113,817	3,831,422,827	347,688,212	477,492,147	7,481,723,904	0.841
2010	9,408,127,723	2,699,250,967	139,770,807	3,934,900,892	299,469,667	556,811,330	7,630,203,663	0.811
2011	10,141,174,044	2,665,257,728	150,568,884	3,553,502,212	338,343,769	749,413,786	7,457,086,379	0.735
2012	11,718,095,745	2,697,041,252	187,941,514	3,440,952,399	377,937,600	917,922,244	7,621,795,009	0.650
2013	14,186,071,217	2,720,799,353	205,970,987	3,268,505,783	395,440,928	1,527,448,614	8,118,165,665	0.572
2014	16,014,478,353	2,825,585,745	264,834,754	3,160,322,602	453,436,952	2,047,626,218	8,751,806,271	0.546
2015	17,059,790,388	2,787,269,724	353,242,253	3,000,974,440	595,588,668	3,005,392,351	9,742,467,436	0.571
2016	17,954,507,147	2,551,609,312	471,184,966	2,743,753,818	720,445,341	3,129,175,293	9,616,168,730	0.536
2017	17,671,411,530	2,180,409,778	687,355,209	2,401,169,952	1,002,022,857	3,392,418,832	9,663,376,628	0.547
2018	17,426,346,235	1,600,841,246	976,708,976	1,931,210,839	1,343,255,345	4,112,745,655	9,964,762,061	0.572
2019	16,120,444,510	722,775,823	1,021,097,928	1,045,964,570	1,579,983,484	5,014,273,572	9,384,095,377	0.582
2020	3,646,976,236	20,824,389	124,922,618	35,919,840	273,841,179	1,648,400,410	2,103,908,436	0.577

* 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

PRELIMINARY

Exhibit 2.1.1

Incurred Indemnity Loss Development Factors

	Age-to-Age (in months)															
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
1994											1.002	1.001	1.002	0.999	0.999	1.001
1995										1.002	1.003	1.002	1.003	1.001	1.002	1.001
1996									1.003	1.002	1.002	1.002	1.000	0.999	1.002	1.001
1997								1.004	1.006	1.005	1.003	1.002	1.003	1.002	1.001	1.001
1998							1.005	1.008	1.004	1.002	1.002	1.004	1.004	1.000	1.003	1.001
1999						1.012	1.011	1.003	1.007	1.004	1.002	1.004	1.003	1.002	1.002	1.000
2000					1.018	1.014	1.009	1.007	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.000
2001				1.027	1.021	1.018	1.014	1.007	1.008	1.007	1.005	1.005	1.003	1.001	1.002	1.001
2002			1.051	1.032	1.027	1.019	1.010	1.011	1.009	1.006	1.005	1.002	1.001	1.003	1.002	1.002
2003		1.125	1.068	1.047	1.030	1.018	1.020	1.016	1.012	1.008	1.008	1.002	1.003	1.003	1.002	1.005
2004	1.283	1.140	1.063	1.042	1.037	1.026	1.025	1.015	1.015	1.007	1.006	1.003	1.001	1.002	1.005	
2005	1.400	1.168	1.085	1.063	1.049	1.039	1.022	1.016	1.010	1.005	1.006	1.004	1.003	1.004		
2006	1.519	1.188	1.100	1.072	1.051	1.031	1.020	1.012	1.008	1.008	1.005	1.002	1.005			
2007	1.562	1.216	1.104	1.066	1.045	1.030	1.022	1.012	1.009	1.003	1.009	1.008				
2008	1.618	1.245	1.116	1.063	1.043	1.025	1.018	1.011	1.008	1.007	1.007					
2009	1.670	1.233	1.124	1.067	1.043	1.021	1.016	1.013	1.010	1.009						
2010	1.665	1.250	1.112	1.062	1.037	1.023	1.017	1.011	1.009							
2011	1.657	1.225	1.109	1.053	1.032	1.024	1.016	1.010								
2012	1.662	1.218	1.093	1.059	1.033	1.022	1.014									
2013	1.604	1.201	1.093	1.047	1.030	1.017										
2014	1.625	1.224	1.097	1.049	1.023											
2015	1.630	1.195	1.085	1.039												
2016	1.606	1.187	1.080													
2017	1.588	1.183														
2018	1.568															
Selected (a)	1.568	1.183	1.080	1.039	1.023	1.017	1.014	1.010	1.009	1.007	1.007	1.004	1.003	1.003	1.003	1.002
Cumulative	2.327	1.484	1.254	1.162	1.118	1.093	1.075	1.060	1.049	1.040	1.033	1.026	1.023	1.020	1.017	1.015

(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.

PRELIMINARY

Incurred Indemnity Loss Development Factors (Continued)

	Age-to-Age (in months)																		
Accident Year	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	411/399	423/411	ULT/423Inc (b)
1983						1.002	1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	
1984					1.000	1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	1.000	1.000	1.001	1.001	
1985				1.000	1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
1986			1.001	0.999	1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.001		
1987		1.002	1.000	0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000	1.001	1.000	1.001	1.000	1.001			
1988	1.001	1.001	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.001				
1989	1.001	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.001	1.000	1.001	1.000					
1990	1.000	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000						
1991	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.001							
1992	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.001								
1993	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000									
1994	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.001	1.002										
1995	1.002	0.999	0.999	1.001	1.000	1.001	1.000	1.001											
1996	1.002	1.001	1.000	1.001	1.001	1.000	1.002												
1997	1.000	1.000	1.000	0.999	1.001	1.001													
1998	1.002	1.002	1.001	1.000	1.001														
1999	1.000	1.000	1.002	1.002															
2000	1.002	1.001	1.002																
2001	1.001	1.002																	
2002	1.003																		
Selected (a)	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	
Cumulative	1.013	1.012	1.011	1.010	1.009	1.009	1.008	1.008	1.007	1.007	1.007	1.006	1.006	1.006	1.006	1.005	1.005	1.004	1.004

(b) The ULT/423Inc 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 the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

PRELIMINARY

Exhibit 2.2.1

Incurred Medical Loss Development Factors

	Age-to-Age (in months) (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
1994											1.017	1.013	1.006	1.008	1.021	1.011
1995										1.019	1.011	1.020	1.027	1.016	1.005	1.010
1996									1.013	1.021	1.017	1.020	1.015	1.013	1.012	1.008
1997								1.018	1.015	1.024	1.023	1.018	1.009	1.010	1.005	1.004
1998							1.022	1.022	1.035	1.021	1.020	1.010	1.010	1.013	1.007	1.012
1999						1.032	1.025	1.035	1.028	1.018	1.017	1.014	1.009	1.012	1.003	1.000
2000					1.030	1.031	1.041	1.022	1.019	1.022	1.016	1.017	1.012	1.005	0.998	0.995
2001				1.045	1.038	1.045	1.039	1.035	1.030	1.020	1.018	1.018	1.006	0.998	0.999	0.996
2002			1.050	1.039	1.056	1.038	1.034	1.028	1.027	1.020	1.013	1.007	0.998	0.999	0.999	0.999
2003		1.087	1.060	1.060	1.051	1.043	1.040	1.036	1.025	1.019	1.009	1.001	0.999	1.000	1.001	1.007
2004	1.235	1.130	1.094	1.078	1.056	1.062	1.038	1.032	1.026	1.008	1.004	0.999	0.998	0.999	1.002	
2005	1.275	1.141	1.077	1.080	1.074	1.057	1.040	1.027	1.018	1.005	1.003	1.003	0.998	1.001		
2006	1.333	1.164	1.095	1.076	1.061	1.049	1.037	1.018	1.007	1.003	1.002	1.003	1.000			
2007	1.357	1.171	1.114	1.078	1.069	1.041	1.028	1.015	1.005	1.004	1.003	1.003				
2008	1.378	1.189	1.116	1.087	1.058	1.035	1.020	1.009	1.004	1.002	1.004					
2009	1.431	1.182	1.133	1.080	1.049	1.025	1.014	1.007	1.004	1.009						
2010	1.431	1.212	1.117	1.068	1.036	1.023	1.011	1.011	1.005							
2011	1.452	1.185	1.103	1.059	1.026	1.016	1.011	1.009								
2012	1.391	1.153	1.078	1.051	1.025	1.014	1.015									
2013	1.353	1.119	1.077	1.031	1.023	1.010										
2014	1.325	1.135	1.064	1.033	1.022											
2015	1.313	1.117	1.050	1.027												
2016	1.287	1.093	1.042													
2017	1.260	1.098														
2018	1.253															
Selected (a)	1.253	1.098	1.042	1.027	1.022	1.010	1.015	1.009	1.007	1.005	1.004	1.003	1.000	1.000	1.000	1.002
Cumulative	1.624	1.296	1.181	1.133	1.103	1.079	1.069	1.053	1.044	1.036	1.031	1.027	1.024	1.024	1.024	1.023

(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.

PRELIMINARY

Incurred Medical Loss Development Factors (Continued)

	Age-to-Age (in months)																		
Accident Year	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	411/399	423/411	ULT/423Inc (c)
1983						1.000	1.008	1.004	1.004	1.003	1.003	1.005	1.003	1.003	1.002	0.997	0.999	0.999	
1984					1.003	1.003	1.001	1.004	1.002	1.004	1.003	1.000	1.004	0.999	0.999	1.001	1.000	1.000	
1985				1.006	1.005	1.001	1.001	1.002	1.004	1.004	1.003	1.004	1.000	0.999	0.999	1.000	1.001	1.001	
1986			1.003	1.001	1.005	1.003	1.006	1.006	1.005	1.005	1.004	1.002	1.001	0.998	1.004	1.004	0.993		
1987		0.999	1.003	1.001	1.005	1.010	0.999	1.006	1.003	1.005	1.003	1.001	0.999	1.001	0.999	1.006			
1988	1.003	1.005	1.002	1.006	1.005	1.005	1.001	1.005	1.002	1.003	1.002	1.000	0.998	1.000	1.001				
1989	1.003	1.006	1.005	1.008	1.005	1.006	1.007	1.000	1.002	0.999	0.999	1.000	0.999	1.003					
1990	1.003	1.006	1.008	1.005	1.003	1.002	1.004	0.997	1.001	1.001	0.999	0.998	0.999						
1991	1.007	1.006	1.005	1.002	1.004	1.001	1.003	1.001	0.999	0.999	0.998	1.001							
1992	1.009	1.001	1.003	1.005	1.003	1.003	0.999	1.000	1.002	0.998	1.002								
1993	1.005	1.013	1.013	1.001	1.001	0.999	0.996	1.000	1.000	0.998									
1994	1.011	1.005	1.006	1.004	1.001	0.996	0.997	0.998	1.003										
1995	1.012	0.996	1.007	1.000	0.997	0.998	0.999	1.003											
1996	1.007	1.003	1.000	1.001	0.998	0.996	1.001												
1997	1.000	0.995	0.997	0.998	1.000	1.000													
1998	0.999	1.000	0.996	1.000	1.003														
1999	0.998	0.997	1.002	1.000															
2000	0.997	0.998	1.001																
2001	1.002	1.001																	
2002	1.002																		
Selected (a)	1.000	0.999	1.001	1.001	1.000	0.999	0.999	1.000	1.001	1.000	1.001	1.000	0.999	1.000	1.001	1.002	0.998	1.000	
Cumulative	1.022	1.022	1.023	1.023	1.022	1.022	1.024	1.024	1.025	1.023	1.024	1.023	1.023	1.024	1.024	1.023	1.021	1.023	1.023

(c) The ULT/423Inc 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 the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

PRELIMINARY

Exhibit 2.3.1

Paid Indemnity Loss Development Factors

	Age-to-Age (in months)															
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
1994											1.009	1.008	1.006	1.005	1.003	1.003
1995										1.013	1.010	1.008	1.007	1.006	1.004	1.004
1996									1.018	1.013	1.011	1.009	1.007	1.004	1.005	1.004
1997								1.025	1.017	1.015	1.011	1.007	1.007	1.006	1.005	1.005
1998							1.033	1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006	1.006
1999						1.049	1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006	1.005
2000					1.078	1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.007	1.004	1.004
2001				1.119	1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007	1.006	1.005
2002			1.229	1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007	1.006	1.005	1.005
2003		1.533	1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010	1.009	1.008	1.007	1.007
2004	2.229	1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018	1.014	1.011	1.008	1.008	1.009	
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019	1.014	1.012	1.010	1.010		
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026	1.017	1.015	1.011	1.010			
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032	1.025	1.017	1.016	1.013				
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040	1.025	1.021	1.018	1.014					
2009	2.369	1.499	1.238	1.135	1.084	1.056	1.039	1.029	1.023	1.016						
2010	2.399	1.505	1.240	1.129	1.081	1.053	1.036	1.024	1.021							
2011	2.433	1.481	1.227	1.129	1.076	1.053	1.038	1.023								
2012	2.424	1.477	1.219	1.123	1.075	1.047	1.031									
2013	2.385	1.490	1.216	1.111	1.063	1.038										
2014	2.455	1.501	1.215	1.109	1.062											
2015	2.468	1.476	1.202	1.100												
2016	2.403	1.459	1.188													
2017	2.390	1.441														
2018	2.345															
Selected (a)	2.345	1.441	1.188	1.100	1.062	1.038	1.031	1.023	1.022	1.017	1.015	1.012	1.009	1.009	1.007	1.006
Cumulative	5.869	2.503	1.737	1.462	1.329	1.251	1.206	1.169	1.143	1.119	1.100	1.084	1.071	1.061	1.052	1.045

(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.

PRELIMINARY

Paid Indemnity Loss Development Factors (Continued)

	Age-to-Age (in months)																			
Accident Year	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	411/399	423/411	423Inc/423Pd (b)	ULT/423Inc (c)
1983						1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
1984					1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.000	1.001	1.005	
1985				1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.005	
1986			1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001		1.005	
1987		1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.000	1.001	1.001	1.001			1.005	
1988	1.001	1.001	1.002	1.001	1.001	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.001				1.003	
1989	1.002	1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000					1.003	
1990	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001							
1991	1.002	1.002	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001								
1992	1.001	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001									
1993	1.002	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001										
1994	1.004	1.002	1.003	1.003	1.002	1.002	1.002	1.001	1.001											
1995	1.005	1.004	1.003	1.002	1.003	1.002	1.002	1.002												
1996	1.005	1.004	1.003	1.003	1.002	1.003	1.003													
1997	1.004	1.003	1.002	1.002	1.003	1.003														
1998	1.005	1.004	1.003	1.003	1.003															
1999	1.004	1.003	1.003	1.003																
2000	1.004	1.004	1.003																	
2001	1.005	1.004																		
2002	1.005																			
Selected (a)	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.003	
Cumulative	1.039	1.034	1.030	1.027	1.024	1.022	1.019	1.017	1.015	1.014	1.013	1.013	1.012	1.011	1.010	1.009	1.008	1.008		1.004

(b) Three-year averages of the 423Inc/423Pd factors are selected.
(c) The ULT/423Inc 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 the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

PRELIMINARY

Paid Medical Loss Development Factors

Unadjusted (a)	Age-to-Age (in months)															
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
1994											1.018	1.018	1.015	1.016	1.012	1.013
1995										1.024	1.020	1.023	1.019	1.018	1.017	1.013
1996									1.028	1.026	1.025	1.023	1.022	1.014	1.014	1.014
1997								1.034	1.032	1.028	1.025	1.020	1.019	1.014	1.014	1.015
1998							1.044	1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018	1.017
1999						1.053	1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018	1.014
2000					1.071	1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	1.012	1.011
2001				1.094	1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.017	1.012	1.010
2002			1.148	1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018	1.015	1.011	1.011	1.009
2003		1.259	1.154	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025	1.018	1.015	1.012	1.011	1.011
2004	1.744	1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031	1.022	1.017	1.014	1.011	1.012	
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037	1.029	1.020	1.017	1.013	1.013		
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040	1.032	1.023	1.018	1.015	1.013			
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051	1.038	1.028	1.021	1.019	1.015				
2008	1.826	1.359	1.208	1.134	1.098	1.067	1.047	1.033	1.024	1.019	1.015					
2009	1.876	1.385	1.221	1.150	1.095	1.062	1.042	1.029	1.023	1.018						
2010	1.926	1.402	1.237	1.133	1.087	1.060	1.039	1.027	1.025							
2011	1.957	1.401	1.217	1.131	1.082	1.055	1.037	1.026								
2012	1.983	1.398	1.213	1.128	1.076	1.051	1.036									
2013	1.939	1.390	1.206	1.111	1.068	1.043										
2014	1.936	1.387	1.194	1.106	1.067											
2015	1.955	1.359	1.185	1.097												
2016	1.876	1.339	1.168													
2017	1.838	1.320														
2018	1.849															

Adjusted (b)	Age-to-Age (in months)															
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
2001																1.011
2002															1.012	1.010
2003														1.013	1.012	1.013
2004													1.015	1.013	1.013	
2005												1.019	1.015	1.015		
2006											1.020	1.016	1.014			
2007										1.022	1.021	1.017				
2008									1.026	1.020	1.017					
2009								1.031	1.025	1.019						
2010							1.041	1.029	1.027							
2011						1.059	1.041	1.029								
2012					1.082	1.056	1.039									
2013				1.119	1.074	1.046										
2014			1.203	1.112	1.070											
2015		1.365	1.190	1.099												
2016	1.882	1.344	1.170													
2017	1.844	1.321														
2018	1.849															
Selected (c)	1.849	1.321	1.170	1.099	1.070	1.046	1.039	1.029	1.026	1.020	1.019	1.017	1.015	1.014	1.012	1.011
Cumulative Unadjusted for Impact of SB 1160	4.982	2.694	2.040	1.743	1.586	1.482	1.417	1.364	1.326	1.292	1.266	1.242	1.221	1.203	1.187	1.173
Cumulative Adjusted for Impact of SB 1160(d)	4.798	2.595	1.964	1.700	1.563	1.472	---	---	---	---	---	---	---	---	---	---

(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%, -2.4%, -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 39, 51, 63, and 75 months are adjusted by -3.7%, -2.5%, -1.5%, and -0.7%, respectively, for the impact of the SB 1160 reductions in future lien filings.

PRELIMINARY

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)	Age-to-Age (in months)																			
Accident Year	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	411/399	423/411	423Inc/423Pd (e)	ULT/423Inc (f)
1983						1.005	1.004	1.004	1.004	1.005	1.004	1.004	1.004	1.004	1.003	1.003	1.004	1.003	1.037	
1984					1.004	1.004	1.003	1.003	1.003	1.004	1.004	1.003	1.003	1.002	1.003	1.002	1.001	1.002	1.036	
1985				1.005	1.005	1.006	1.004	1.004	1.003	1.004	1.004	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.026	
1986			1.006	1.004	1.004	1.004	1.005	1.005	1.005	1.005	1.005	1.006	1.004	1.006	1.004	1.003	1.003		1.019	
1987		1.007	1.006	1.008	1.005	1.005	1.005	1.005	1.005	1.006	1.005	1.003	1.003	1.002	1.003	1.002			1.023	
1988	1.006	1.005	1.008	1.005	1.005	1.006	1.006	1.004	1.005	1.004	1.003	1.003	1.003	1.004	1.002				1.016	
1989	1.005	1.006	1.006	1.005	1.005	1.008	1.006	1.006	1.005	1.003	1.003	1.003	1.003	1.003					1.017	
1990	1.005	1.005	1.005	1.005	1.006	1.004	1.004	1.004	1.003	1.002	1.002	1.003	1.003							
1991	1.006	1.006	1.006	1.005	1.006	1.006	1.005	1.004	1.003	1.002	1.004	1.004								
1992	1.007	1.007	1.000	1.007	1.007	1.005	1.005	1.005	1.005	1.006	1.003									
1993	1.011	1.011	1.009	1.013	1.010	1.008	1.005	1.006	1.008	1.004										
1994	1.009	1.009	1.012	1.010	1.008	1.008	1.007	1.004	1.005											
1995	1.012	1.016	1.013	1.011	1.013	1.007	1.007	1.008												
1996	1.014	1.014	1.010	1.007	1.007	1.009	1.007													
1997	1.013	1.010	1.006	1.006	1.007	1.007														
1998	1.013	1.010	1.007	1.008	1.008															
1999	1.012	1.009	1.009	1.008																
2000	1.008	1.008	1.006																	
2001	1.010	1.009																		
2002	1.009																			

Adjusted (b)	Age-to-Age (in months)																			
Accident Year	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	411/399	423/411	423Inc/423Pd (e)	ULT/423Inc (f)
1983																		1.003	1.037	
1984																	1.001	1.002	1.036	
1985																1.002	1.002	1.002	1.026	
1986															1.005	1.004	1.003		1.019	
1987														1.003	1.004	1.003			1.023	
1988													1.003	1.004	1.002				1.016	
1989												1.003	1.004	1.003					1.017	
1990											1.003	1.003	1.003							
1991										1.003	1.004	1.004								
1992									1.005	1.007	1.003									
1993								1.007	1.009	1.004										
1994							1.007	1.004	1.005											
1995						1.008	1.008	1.009												
1996					1.008	1.011	1.008													
1997				1.007	1.008	1.008														
1998			1.008	1.010	1.009															
1999		1.009	1.010	1.009																
2000	1.008	1.008	1.007																	
2001	1.011	1.011																		
2002	1.010																			
Selected (c)	1.010	1.009	1.008	1.009	1.008	1.009	1.008	1.007	1.006	1.005	1.003	1.003	1.003	1.003	1.004	1.003	1.002	1.002	1.023	
Cumulative	1.160	1.149	1.138	1.128	1.119	1.110	1.100	1.091	1.084	1.077	1.072	1.069	1.065	1.062	1.058	1.054	1.051	1.049		1.023

(e) Six-year averages of the 423Inc/423Pd factors are selected.
(f) The ULT/423Inc 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 the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

PRELIMINARY

Selected Indemnity Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate

	Age-to-Age (in months)																					
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	219/207	231/219	243/231	255/243	267/255	267Inc/267Pd (b)
1993												1.005	1.004	1.004	1.004	1.002	1.002	1.003	1.002	1.002	1.002	1.012
1994											1.009	1.008	1.006	1.005	1.003	1.003	1.004	1.002	1.003	1.003	1.002	1.016
1995										1.013	1.010	1.008	1.007	1.006	1.004	1.004	1.005	1.004	1.003	1.002	1.003	1.019
1996									1.018	1.013	1.011	1.009	1.007	1.004	1.005	1.004	1.005	1.004	1.003	1.003	1.002	1.020
1997								1.025	1.017	1.015	1.011	1.007	1.007	1.006	1.005	1.005	1.004	1.003	1.002	1.002	1.003	1.018
1998							1.033	1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.003	1.018
1999						1.049	1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006	1.005	1.004	1.003	1.003	1.003		
2000					1.078	1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.007	1.004	1.004	1.004	1.004	1.003			
2001				1.119	1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007	1.006	1.005	1.005	1.004				
2002			1.229	1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007	1.006	1.005	1.005	1.005					
2003		1.533	1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010	1.009	1.008	1.007	1.007						
2004	2.229	1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018	1.014	1.011	1.008	1.008	1.009							
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019	1.014	1.012	1.010	1.010								
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026	1.017	1.015	1.011	1.010									
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032	1.025	1.017	1.016	1.013										
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040	1.025	1.021	1.018	1.014											
2009	2.369	1.499	1.238	1.135	1.084	1.056	1.039	1.029	1.023	1.016												
2010	2.399	1.505	1.240	1.129	1.081	1.053	1.036	1.024	1.021													
2011	2.433	1.481	1.227	1.129	1.076	1.053	1.038	1.023														
2012	2.424	1.477	1.219	1.123	1.075	1.047	1.031															
2013	2.385	1.490	1.216	1.111	1.063	1.038																
2014	2.455	1.501	1.215	1.109	1.062																	
2015	2.468	1.476	1.202	1.100																		
2016	2.403	1.459	1.188																			
2017	2.390	1.441																				
2018	2.345																					
Selected (a)	2.345(c)	1.441(c)	1.174(c)	1.088(c)	1.051(c)	1.038	1.031	1.023	1.022	1.017	1.015	1.012	1.009	1.009	1.007	1.006	1.005	1.004	1.003	1.003	1.003	1.019
Cumulative	5.706	2.434	1.689	1.439	1.322	1.258	1.212	1.176	1.149	1.125	1.106	1.090	1.077	1.067	1.058	1.050	1.044	1.040	1.036	1.033	1.030	

(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 267, 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 267Inc/267Pd 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.

PRELIMINARY

Selected Indemnity Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate (Continued)

	Age-to-Age (in months)													
Accident Year	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	399/387	411/399	423/411	ULT/423Inc (c)
1983	1.002	1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	
1984	1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	1.000	1.000	1.001	1.001	
1985	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
1986	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.001		
1987	1.000	1.000	1.002	1.001	1.000	1.000	1.001	1.000	1.001	1.000	1.001			
1988	1.002	1.002	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.001				
1989	1.001	1.000	1.000	1.000	1.001	1.001	1.000	1.001	1.000					
1990	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000						
1991	1.001	1.000	1.000	1.000	1.000	1.000	1.001							
1992	1.000	1.000	1.000	1.000	1.000	1.001								
1993	1.000	1.000	1.000	1.000	1.000									
1994	1.001	1.000	1.001	1.002										
1995	1.001	1.000	1.001											
1996	1.000	1.002												
1997	1.001													
1998														
Selected (a)	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	
Cumulative	1.009	1.008	1.008	1.007	1.007	1.007	1.006	1.006	1.006	1.006	1.005	1.005	1.004	1.004

(d) The ULT/423Inc 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 the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

PRELIMINARY

Exhibit 2.5.3

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	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						118,057
2012					124,734	125,038
2013				132,687	133,240	133,420
2014			137,696	138,801	139,291	139,484
2015		141,125	143,383	144,053	144,477	
2016	130,819	143,982	146,759	147,507		
2017	133,054	144,784	147,273			
2018	135,505	147,945				
2019	138,773					

B. Development of Total Reported Indemnity Claim Counts

Accident	Age-to-Age Development (in months):					
Year	15-27	27-39	39-51	51-63	63-75	75-Ult
2012					1.002	
2013				1.004	1.001	
2014			1.008	1.004	1.001	
2015		1.016	1.005	1.003		
2016	1.101	1.019	1.005			
2017	1.088	1.017				
2018	1.092					
Latest Year	1.092	1.017	1.005	1.003	1.001	
Cumulative	1.127	1.032	1.015	1.010	1.007	1.005

Acc. Year	2019	2018	2017	2016	2015	2014
Ult. Claim Counts	156,389	152,707	149,444	148,922	145,435	140,215

C. Closed Indemnity Claim Counts

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						104,094
2012					105,308	111,792
2013				104,691	114,901	121,142
2014			95,260	111,745	121,808	127,800
2015		77,963	102,951	119,252	128,566	
2016	46,802	83,513	109,302	124,497		
2017	50,699	88,131	112,161			
2018	52,569	90,050				
2019	53,895					

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

PRELIMINARY

Exhibit 2.5.4

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						87.7%
2012					83.8%	89.0%
2013				78.1%	85.7%	90.3%
2014			67.9%	79.7%	86.9%	91.1%
2015		53.6%	70.8%	82.0%	88.4%	
2016	31.4%	56.1%	73.4%	83.6%		
2017	33.9%	59.0%	75.1%			
2018	34.4%	59.0%				
2019	34.5%					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						108,127
2012					111,048	114,497
2013				112,122	118,562	122,244
2014			105,234	117,218	123,951	127,800
2015		85,762	109,152	121,582	128,566	
2016	51,322	87,818	111,770	124,497		
2017	51,501	88,126	112,161			
2018	52,626	90,050				
2019	53,895					

F. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						17,297
2012					15,579	17,331
2013				13,644	15,851	17,379
2014			11,149	14,513	16,766	18,242
2015		7,359	11,875	15,192	17,256	
2016	3,252	7,699	12,005	15,085		
2017	3,341	7,785	12,017			
2018	3,566	8,204				
2019	3,812					

PRELIMINARY

(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

Exhibit 2.5.5

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) 15	27	39	51	63	75
2011						18,589
2012					17,120	18,119
2013				15,217	16,731	17,648
2014			13,078	15,698	17,280	18,242
2015		8,545	13,042	15,684	17,256	
2016	3,616	8,292	12,458	15,085		
2017	3,402	7,784	12,017			
2018	3,571	8,204				
2019	3,812					
2020						

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

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						2,009,933
2012					1,901,170	2,074,519
2013				1,706,191	1,983,641	2,157,391
2014			1,376,227	1,840,067	2,141,836	2,331,271
2015		732,827	1,423,586	1,906,936	2,218,577	
2016	185,563	728,208	1,392,471	1,878,099		
2017	175,226	685,969	1,347,786			
2018	187,908	738,795				
2019	205,444					

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

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						522,066
2012					626,216	500,429
2013				745,920	593,097	461,197
2014			891,258	751,500	589,298	463,732
2015		848,825	876,539	710,785	555,919	
2016	458,630	824,626	829,832	665,539		
2017	461,628	822,467	825,361			
2018	493,585	857,088				
2019	515,277					

PRELIMINARY

(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

Exhibit 2.5.6

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
2011						37,391
2012					32,236	37,779
2013				26,644	32,342	37,563
2014			21,003	27,775	33,707	39,689
2015		13,439	21,679	28,660	34,939	
2016	5,459	13,637	22,154	28,924		
2017	5,605	10,090	23,507			
2018	5,951	14,804				
2019	6,071					

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
2011						-150,796
2012					-185,035	-102,155
2013				-197,965	-118,403	-41,394
2014			-209,480	-152,013	-72,234	
2015		-104,810	-134,454	-66,777		
2016	-24,668	-58,721	-54,677			
2017	-4,496	50				
2018	-339					

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

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						371,269
2012					441,181	398,274
2013				547,955	474,694	419,802
2014			681,777	599,487	517,064	463,732
2015		744,015	742,085	644,008	555,919	
2016	433,961	765,905	775,155	665,539		
2017	457,132	822,517	825,361			
2018	493,245	857,088				
2019	515,277					

(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

PRELIMINARY

Exhibit 2.5.7

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
2011						2,381,203
2012					2,342,351	2,472,793
2013				2,254,147	2,458,334	2,577,194
2014			2,058,005	2,439,554	2,658,899	2,795,003
2015		1,476,842	2,165,671	2,550,944	2,774,496	
2016	619,524	1,494,113	2,167,626	2,543,638		
2017	632,358	1,508,486	2,173,148			
2018	681,154	1,595,883				
2019	720,721					

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
2011					
2012					1.056
2013				1.091	1.048
2014			1.185	1.090	1.051
2015		1.466	1.178	1.088	
2016	2.412	1.451	1.173		
2017	2.385	1.441			
2018	2.343				
Latest Year	2.343	1.441	1.173	1.088	1.051
3-Year Average	2.380	1.453	1.179	1.089	1.052

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					1.075
2013				1.110	1.063
2014			1.215	1.109	1.062
2015		1.476	1.202	1.100	
2016	2.403	1.459	1.188		
2017	2.391	1.441			
2018	2.343				

PRELIMINARY

(h) Each amount is the sum of the adjusted paid indemnity on closed claims (Item H) and the adjusted paid indemnity on open claims (Item L).
(i) Development factors are based on paid indemnity losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item N.

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

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

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

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					-1.84%
2013				-1.79%	-1.38%
2014			-2.43%	-1.71%	-1.03%
2015		-0.62%	-1.98%	-1.12%	
2016	0.37%	-0.60%	-1.18%		
2017	-0.21%	0.00%			
2018	-0.02%				

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

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					1.055
2013				1.091	1.048
2014			1.185	1.090	1.051
2015		1.467	1.178	1.088	
2016	2.412	1.450	1.174		
2017	2.385	1.441			
2018	2.345				
Latest Year	2.345	1.441	1.174	1.088	1.051
3-Year Average	2.380	1.453	1.179	1.090	1.052

(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

PRELIMINARY

Selected Medical Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate

Unadjusted (a)	Age-to-Age (in months)																					
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	219/207	231/219	243/231	255/243	267/255	267Inc/267Pd (e)
1993												1.014	1.013	1.013	1.012	1.011	1.011	1.011	1.009	1.013	1.010	1.082
1994											1.018	1.018	1.015	1.016	1.012	1.013	1.009	1.009	1.012	1.010	1.008	1.089
1995										1.024	1.020	1.023	1.019	1.018	1.017	1.013	1.012	1.016	1.013	1.011	1.013	1.082
1996									1.028	1.026	1.025	1.023	1.022	1.014	1.014	1.014	1.014	1.014	1.010	1.007	1.007	1.076
1997								1.034	1.032	1.028	1.025	1.020	1.019	1.014	1.014	1.015	1.013	1.010	1.006	1.006	1.007	1.069
1998							1.044	1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018	1.017	1.013	1.010	1.007	1.008	1.008	1.077
1999						1.053	1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018	1.014	1.012	1.009	1.009	1.008		
2000					1.071	1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	1.012	1.011	1.008	1.008	1.006			
2001				1.094	1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.017	1.012	1.010	1.010	1.009				
2002			1.148	1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018	1.015	1.011	1.011	1.009	1.009					
2003		1.259	1.154	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025	1.018	1.015	1.012	1.011	1.011						
2004	1.744	1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031	1.022	1.017	1.014	1.011	1.012							
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037	1.029	1.020	1.017	1.013	1.013								
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040	1.032	1.023	1.018	1.015	1.013									
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051	1.038	1.028	1.021	1.019	1.015										
2008	1.826	1.359	1.208	1.134	1.098	1.067	1.047	1.033	1.024	1.019	1.015											
2009	1.876	1.385	1.221	1.150	1.095	1.062	1.042	1.029	1.023	1.018												
2010	1.926	1.402	1.237	1.133	1.087	1.060	1.039	1.027	1.025													
2011	1.957	1.401	1.217	1.131	1.082	1.055	1.037	1.026														
2012	1.983	1.398	1.213	1.128	1.076	1.051	1.036															
2013	1.939	1.390	1.206	1.111	1.068	1.043																
2014	1.936	1.387	1.194	1.106	1.067																	
2015	1.955	1.359	1.185	1.097																		
2016	1.876	1.339	1.168																			
2017	1.838	1.320																				
2018	1.849																					

Adjusted (b)	Age-to-Age (in months)																					
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	219/207	231/219	243/231	255/243	267/255	267Inc/267Pd (e)
1996																					1.008	1.076
1997																				1.007	1.008	1.069
1998																			1.008	1.010	1.009	1.077
1999																		1.009	1.010	1.009		
2000																	1.008	1.008	1.007			
2001																1.011	1.011	1.011				
2002															1.012	1.010	1.010					
2003														1.013	1.012	1.013						
2004													1.015	1.013	1.013							
2005												1.019	1.015	1.015								
2006											1.020	1.016	1.014									
2007										1.022	1.021	1.017										
2008									1.026	1.020	1.017											
2009								1.031	1.025	1.019												
2010							1.041	1.029	1.027													
2011						1.059	1.041	1.029														
2012					1.082	1.056	1.039															
2013				1.119	1.074	1.046																
2014			1.203	1.112	1.070																	
2015		1.365	1.190	1.099																		
2016	1.882	1.344	1.170																			
2017	1.844	1.321																				
2018	1.849																					
Selected (c)	1.849(e)	1.321(e)	1.161(e)	1.090(e)	1.059(e)	1.046	1.039	1.029	1.026	1.020	1.019	1.017	1.015	1.014	1.012	1.011	1.010	1.009	1.008	1.009	1.008	1.074
Cumulative Unadjusted for Impact of SB 1160	4.799	2.596	1.965	1.692	1.553	1.467	1.402	1.349	1.311	1.278	1.253	1.229	1.208	1.191	1.174	1.160	1.147	1.136	1.126	1.116	1.107	
Cumulative Adjusted for Impact of SB 1160(f)	4.622	2.500	1.892	1.651	1.530	1.456	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	

(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%, -2.4%, -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 paid age-to-age factors. Paid development factors are selected to age 267, where an incurred-to-paid ratio is chosen, and subsequently, six-year average incurred loss development factors are selected until ultimate.
(d) A three-year average of the 267Inc/267Pd factor is selected.
(e) Based on calculations shown on Exhibits 2.6.3 to 2.6.8. Each of these selections are calculated as the latest year paid medical age-to-age factor multiplied by an adjustment for changes in claim settlement rates.
(f) The cumulative factors for 39, 51, 63, and 75 months are adjusted by -3.7%, -2.5%, -1.5%, and -0.7%, respectively, for the impact of the SB 1160 reductions in future lien filings.

PRELIMINARY

Selected Medical Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate (Continued)

	Age-to-Age (in months)													
Accident Year	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	399/387	411/399	423/411	ULT/423Inc (g)
1983	1.000	1.008	1.004	1.004	1.003	1.003	1.005	1.003	1.003	1.002	0.997	0.999	0.999	
1984	1.003	1.001	1.004	1.002	1.004	1.003	1.000	1.004	0.999	0.999	1.001	1.000	1.000	
1985	1.001	1.001	1.002	1.004	1.004	1.003	1.004	1.000	0.999	0.999	1.000	1.001	1.001	
1986	1.003	1.006	1.006	1.005	1.005	1.004	1.002	1.001	0.998	1.004	1.004	0.993		
1987	1.010	0.999	1.006	1.003	1.005	1.003	1.001	0.999	1.001	0.999	1.006			
1988	1.005	1.001	1.005	1.002	1.003	1.002	1.000	0.998	1.000	1.001				
1989	1.006	1.007	1.000	1.002	0.999	0.999	1.000	0.999	1.003					
1990	1.002	1.004	0.997	1.001	1.001	0.999	0.998	0.999						
1991	1.001	1.003	1.001	0.999	0.999	0.998	1.001							
1992	1.003	0.999	1.000	1.002	0.998	1.002								
1993	0.999	0.996	1.000	1.000	0.998									
1994	0.996	0.997	0.998	1.003										
1995	0.998	0.999	1.003											
1996	0.996	1.001												
1997	1.000													
1998														
Selected (c)	0.999	0.999	1.000	1.001	1.000	1.001	1.000	0.999	1.000	1.001	1.002	0.998	1.000	
Cumulative	1.022	1.024	1.024	1.025	1.023	1.024	1.023	1.023	1.024	1.024	1.023	1.021	1.023	1.023

(g) The ULT/423Inc 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 the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

PRELIMINARY

Exhibit 2.6.3

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						118,057
2012					124,734	125,038
2013				132,687	133,240	133,420
2014			137,696	138,801	139,291	139,484
2015		141,125	143,383	144,053	144,477	
2016	130,819	143,982	146,759	147,507		
2017	133,054	144,784	147,273			
2018	135,505	147,945				
2019	138,773					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months): 15-27	27-39	39-51	51-63	63-75	75-Ult
2012					1.002	
2013				1.004	1.001	
2014			1.008	1.004	1.001	
2015		1.016	1.005	1.003		
2016	1.101	1.019	1.005			
2017	1.088	1.017				
2018	1.092					
Latest Year	1.092	1.017	1.005	1.003	1.001	
Cumulative	1.127	1.032	1.015	1.010	1.007	1.005

Acc. Year	2019	2018	2017	2016	2015	2014
Ult. Claim Counts	156,389	152,707	149,444	148,922	145,435	140,215

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						104,094
2012					105,308	111,792
2013				104,691	114,901	121,142
2014			95,260	111,745	121,808	127,800
2015		77,963	102,951	119,252	128,566	
2016	46,802	83,513	109,302	124,497		
2017	50,699	88,131	112,161			
2018	52,569	90,050				
2019	53,895					

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

PRELIMINARY

Exhibit 2.6.4

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
2011						87.7%
2012					83.8%	89.0%
2013				78.1%	85.7%	90.3%
2014			67.9%	79.7%	86.9%	91.1%
2015		53.6%	70.8%	82.0%	88.4%	
2016	31.4%	56.1%	73.4%	83.6%		
2017	33.9%	59.0%	75.1%			
2018	34.4%	59.0%				
2019	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
2011						108,127
2012					111,048	114,497
2013				112,122	118,562	122,244
2014			105,234	117,218	123,951	127,800
2015		85,762	109,152	121,582	128,566	
2016	51,322	87,818	111,770	124,497		
2017	51,501	88,126	112,161			
2018	52,626	90,050				
2019	53,895					

F. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						20,750
2012					17,545	19,756
2013				14,304	16,973	18,828
2014			10,971	14,384	16,831	18,480
2015		7,263	11,333	14,566	16,561	
2016	3,462	7,489	11,315	14,059		
2017	3,565	7,704	11,398			
2018	3,665	7,988				
2019	3,912					

PRELIMINARY

(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	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						22,672
2012					19,489	20,776
2013				16,201	18,038	19,156
2014			12,925	15,667	17,403	18,480
2015		8,345	12,469	15,041	16,561	
2016	3,807	8,023	11,721	14,059		
2017	3,625	7,704	11,398			
2018	3,670	7,988				
2019	3,912					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						2,451,448
2012					2,164,244	2,378,763
2013				1,816,444	2,138,615	2,341,655
2014			1,360,127	1,836,483	2,157,162	2,361,683
2015		715,723	1,360,973	1,828,752	2,129,175	
2016	195,386	704,563	1,310,103	1,750,271		
2017	186,674	678,903	1,278,441			
2018	193,121	719,277				
2019	210,837					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						736,639
2012					800,570	651,489
2013				864,337	689,196	549,374
2014			933,300	793,689	624,796	505,334
2015		883,986	881,422	730,322	595,434	
2016	552,356	864,167	836,054	709,347		
2017	568,207	856,257	826,063			
2018	596,167	903,593				
2019	587,536					

(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

PRELIMINARY

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

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						52,758
2012					41,211	49,183
2013				30,874	37,582	44,745
2014			21,993	29,334	35,737	43,250
2015		13,996	21,800	29,447	37,423	
2016	6,574	14,291	22,320	30,828		
2017	6,900	15,114	23,527			
2018	7,188	15,607				
2019	6,922					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						-212,775
2012					-236,554	-132,992
2013				-229,392	-137,588	-49,308
2014			-219,362	-160,547	-76,585	
2015		-109,151	-135,203	-68,612		
2016	-29,710	-61,536	-55,087			
2017	-5,533	62				
2018	-410					

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

Accident	Evaluated as of (in months)					
Year	15	27	39	51	63	75
2011						523,864
2012					564,017	518,497
2013				634,945	551,608	500,065
2014			713,938	633,143	548,211	505,334
2015		774,834	746,219	661,710	595,434	
2016	522,647	802,631	780,967	709,347		
2017	562,674	856,319	826,063			
2018	595,758	903,593				
2019	587,536					

(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

PRELIMINARY

Exhibit 2.6.7

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

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

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						216,191
2012					221,203	225,603
2013				221,653	228,317	230,781
2014			239,463	246,220	248,931	251,794
2015		241,457	250,793	256,181	261,405	
2016	217,062	258,096	268,099	275,130		
2017	236,913	276,919	287,435			
2018	250,889	300,289				
2019	244,471					

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

Accident Year	Evaluated as of (in months) 15	27	39	51	63	75
2011						3,459,475
2012					2,949,464	3,122,863
2013				2,673,043	2,918,539	3,072,501
2014			2,313,529	2,715,846	2,954,303	3,118,811
2015		1,732,014	2,357,984	2,746,644	2,986,014	
2016	935,095	1,765,290	2,359,170	2,734,748		
2017	986,261	1,812,141	2,391,939			
2018	1,039,767	1,923,159				
2019	1,042,845					

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

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					1.059
2013				1.092	1.053
2014			1.174	1.088	1.056
2015		1.361	1.165	1.087	
2016	1.888	1.336	1.159		
2017	1.837	1.320			
2018	1.850				
Latest Year	1.850	1.320	1.159	1.087	1.056

(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

PRELIMINARY

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

P. Paid Medical Loss Development Factors (i)

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					1.075
2013				1.110	1.067
2014			1.194	1.105	1.067
2015		1.359	1.185	1.096	
2016	1.876	1.339	1.168		
2017	1.838	1.320			
2018	1.850				

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

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					-1.54%
2013				-1.64%	-1.37%
2014			-1.65%	-1.51%	-1.03%
2015		0.18%	-1.68%	-0.84%	
2016	0.62%	-0.23%	-0.77%		
2017	-0.04%	0.00%			
2018	0.00%				

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

Accident Year	Evaluated as of (in months) 15-27	27-39	39-51	51-63	63-75
2012					1.065
2013				1.101	1.059
2014			1.183	1.095	1.059
2015		1.367	1.170	1.090	
2016	1.894	1.341	1.161		
2017	1.843	1.321			
2018	1.849				
Latest Year	1.849	1.321	1.161	1.090	1.059
3-Year Average	1.862	1.343	1.171	1.095	1.061

(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

PRELIMINARY

Exhibit 3.1

Developed Indemnity Loss Ratios Using Selected Loss Development Factors
Adjusted for Changes in Claim Settlement Rates
Based on Experience as of March 31, 2020

		Development Factors		
Accident Year	(1) Paid or Incurred Loss Ratio (a)	(2) Annual (b)	(3) Cumulative	(4) Projected Ultimate Loss Ratio (4) = (1) x (3)
1986	0.396	1.000	1.004	0.398
1987	0.346	1.001	1.005	0.348
1988	0.331	1.000	1.005	0.332
1989	0.343	1.000	1.006	0.345
1990	0.398	1.000	1.006	0.400
1991	0.425	1.000	1.006	0.428
1992	0.350	1.001	1.006	0.353
1993	0.288	1.001	1.007	0.290
1994	0.328	1.000	1.007	0.330
1995	0.473	1.000	1.007	0.477
1996	0.531	1.000	1.008	0.535
1997	0.600	1.000	1.008	0.605
1998	0.652	1.001	1.009	0.658
1999	0.672	1.003	1.030	0.692
2000	0.579	1.003	1.033	0.598
2001	0.479	1.003	1.036	0.496
2002	0.356	1.004	1.040	0.370
2003	0.234	1.005	1.044	0.244
2004	0.139	1.006	1.050	0.146
2005	0.118	1.007	1.058	0.125
2006	0.152	1.009	1.067	0.162
2007	0.208	1.009	1.077	0.224
2008	0.261	1.012	1.090	0.284
2009	0.301	1.015	1.106	0.333
2010	0.287	1.017	1.125	0.323
2011	0.263	1.022	1.149	0.302
2012	0.230	1.023	1.176	0.271
2013	0.192	1.031	1.212	0.232
2014	0.176	1.038	1.258	0.222
2015	0.163	1.051	1.322	0.216
2016	0.142	1.088	1.439	0.204
2017	0.123	1.174	1.689	0.208
2018	0.092	1.441	2.434	0.224
2019	0.045	2.345	5.706	0.256

(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.

PRELIMINARY

Developed Medical Loss Ratios Using Selected Loss Development Factors
Adjusted for Changes in Claim Settlement Rates
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Reform Adjusted					
			Development Factors				
				Cumulative			
Accident Year	Paid or Incurred Loss Ratio (a)	Adjusted Paid or Incurred Loss Ratio (b)	Annual (c)	Unadjusted for Reforms (c)	Adjusted for Reforms (c)	Adjusted Developed Loss Ratio (d) (2) x (5)	Projected Ultimate Loss Ratio (1) + ((6) - (2))
1986	0.332	0.332	1.000	1.023	1.023	0.340	0.340
1987	0.315	0.315	0.998	1.021	1.021	0.322	0.322
1988	0.305	0.305	1.002	1.023	1.023	0.312	0.312
1989	0.326	0.326	1.001	1.024	1.024	0.334	0.334
1990	0.366	0.366	1.000	1.024	1.024	0.374	0.374
1991	0.384	0.384	0.999	1.023	1.023	0.392	0.392
1992	0.320	0.320	1.000	1.023	1.023	0.327	0.327
1993	0.266	0.266	1.001	1.024	1.024	0.272	0.272
1994	0.309	0.309	1.000	1.023	1.023	0.316	0.316
1995	0.454	0.454	1.001	1.025	1.025	0.465	0.465
1996	0.484	0.484	1.000	1.024	1.024	0.496	0.496
1997	0.545	0.545	0.999	1.024	1.024	0.558	0.558
1998	0.660	0.660	0.999	1.022	1.022	0.674	0.674
1999	0.669	0.596	1.008	1.107	1.107	0.660	0.732
2000	0.602	0.537	1.009	1.116	1.116	0.600	0.664
2001	0.531	0.476	1.008	1.126	1.126	0.536	0.591
2002	0.409	0.368	1.009	1.136	1.136	0.418	0.459
2003	0.260	0.235	1.010	1.147	1.147	0.269	0.295
2004	0.176	0.159	1.011	1.160	1.160	0.184	0.201
2005	0.171	0.155	1.012	1.174	1.174	0.182	0.198
2006	0.218	0.198	1.014	1.191	1.191	0.236	0.256
2007	0.304	0.277	1.015	1.208	1.208	0.335	0.362
2008	0.374	0.343	1.017	1.229	1.229	0.421	0.452
2009	0.430	0.397	1.019	1.253	1.253	0.497	0.531
2010	0.418	0.388	1.020	1.278	1.278	0.496	0.526
2011	0.350	0.328	1.026	1.311	1.311	0.431	0.453
2012	0.294	0.278	1.029	1.349	1.349	0.375	0.391
2013	0.230	0.220	1.039	1.402	1.402	0.308	0.319
2014	0.197	0.192	1.046	1.467	1.456	0.279	0.285
2015	0.176	0.173	1.059	1.553	1.530	0.265	0.268
2016	0.153	0.152	1.090	1.692	1.651	0.250	0.251
2017	0.136	0.135	1.161	1.965	1.892	0.256	0.257
2018	0.111	0.111	1.321	2.596	2.500	0.277	0.277
2019	0.065	0.065	1.849	4.799	4.622	0.300	0.300

(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, 2020. 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 ratios shown were derived based on an adjustment for 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.

PRELIMINARY

Exhibit 4.1

Indemnity Benefit Level Factors

Accident Year	(1) Annual Benefit Change Prior to Frequency Adjustments (a)	(2) Frequency Adjustments (a)	(3) Annual Impact on Indemnity Benefits Due to Wage Inflation (b)	(4) Annual Cost Impact on Indemnity (c)	(5) Composite Indemnity Adjustment Factor (d)	
1987	0.0	0.0	1.9	1.9	1.544	
1988	0.0	0.0	1.5	1.5	1.521	
1989	0.0	0.0	1.5	1.5	1.499	
1990	2.3	19.9	1.7	24.7	1.202	
1991	4.9	14.8	0.8	21.4	0.990	
1992	1.8	-8.3	1.6	-5.2	1.044	
1993	0.2	-18.1	0.4	-17.6	1.267	
1994	-5.1	0.2	0.6	-4.3	1.324	
1995	6.3	0.6	1.0	8.0	1.226	
1996	5.3	0.4	1.2	7.0	1.146	
1997	9.7	0.2	1.6	11.7	1.026	
1998	6.5	0.0	1.8	8.4	0.946	
1999	5.7	0.0	2.1	7.9	0.877	
2000	3.9	0.0	3.1	7.1	0.819	
2001	-0.3	0.0	0.2	-0.1	0.819	
2002	-0.7	0.0	0.4	-0.3	0.839	(e)
2003	7.3	0.0	1.2	8.6	0.837	(e)
2004	-6.0	-13.7	2.1	-17.2	1.145	(e)
2005	-31.6	-15.3	1.6	-41.2	1.552	
2006	5.6	-5.7	2.2	1.8	1.525	
2007	1.6	0.0	2.1	3.7	1.470	
2008	4.8	0.6	1.0	6.5	1.381	
2009	0.4	1.4	0.2	2.0	1.354	
2010	0.4	0.0	1.5	1.9	1.328	
2011	0.0	0.0	1.4	1.4	1.310	
2012	-0.8	0.0	2.1	1.3	1.294	
2013	1.4	0.2	0.6	2.3	1.265	
2014	5.8	1.5	1.7	9.2	1.159	
2015	-0.8	0.0	2.3	1.4	1.142	
2016	0.3	0.0	1.0	1.3	1.128	
2017	0.5	0.0	2.2	2.7	1.098	
2018	0.4	0.0	2.2	2.6	1.070	
2019	0.4	0.0	2.4	2.8	1.041	
2020	0.4	0.0	0.9	1.3	1.028	
2021	0.4	0.0	1.5	1.9	1.009	
11/1/2021	0.1 (Annual 0.4)	0.0	0.7 (Annual 2.2)	0.9		

(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) { [Column (1) /100 + 1.0] x [Column (2) /100 + 1.0] x [Column (3) /100 + 1.0] - 1.0 } x 100.

(d) These factors represent the combined impact of the annual benefit changes on claim severity shown in Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in Column (3), adjusted to the 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.

PRELIMINARY

Exhibit 4.2

Annual Medical Cost Level Change - Non-Legislative

Accident Year	(1) Proportion of Medical Subject to Fee Schedule (a)	(2) Proportion of Medical Not Subject to Fee Schedule (a)	(3) Impact of Fee Schedule Change on Total Medical (b)		(4) Change in Medical CPI (c)		(5) Impact of CPI Change on Total Medical (d)		(6) Annual Non-Legislative Cost Impact on Total Medical (e)
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	0.918	0.082	0.0%		5.4%		0.4%		0.4%
2017	0.906	0.094	0.0%		2.2%		0.2%		0.2%
2018	0.887	0.113	0.0%		2.5%		0.2%		0.2%
2019	0.873	0.127	0.0%		3.8%		0.4%		0.4%
2020	0.873	0.127	0.0%		3.7%		0.5%		0.5%
2021	0.873	0.127	0.0%		3.5%		0.4%		0.4%
11/1/2021	0.873	0.127	0.0%	(Annual 0.0%)	1.2%	(Annual 3.7%)	0.2%		0.2%

(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).

PRELIMINARY

Exhibit 4.3

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)
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%
2021	0.0%	0.0%	0.0%
11/1/2021	0.0%	0.0%	0.0%

(a) Reflects the WCIRB's most recent estimates of the cost impact of legislation. Does not include the impact of the SB 1160 lien provisions on future medical costs as well as the estimated reductions to pharmaceutical costs attributable to 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) [Column (1) + 1.0] x [Column (2) + 1.0] - 1.0

PRELIMINARY

Exhibit 4.4

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)
1987	3.8%	0.0%	3.8%	0.808
1988	3.8%	0.0%	3.8%	0.778
1989	3.0%	0.0%	3.0%	0.756
1990	3.7%	19.1%	23.5%	0.612
1991	3.6%	12.9%	16.9%	0.523
1992	3.0%	-7.9%	-5.2%	0.552
1993	2.7%	-18.7%	-16.5%	0.661
1994	-2.3%	-2.3%	-4.6%	0.693
1995	0.9%	0.5%	1.4%	0.683
1996	1.0%	0.4%	1.4%	0.673
1997	0.7%	0.2%	0.9%	0.667
1998	0.8%	12.6%	13.5%	0.588
1999	2.5%	12.6%	15.4%	0.510
2000	1.7%	7.0%	8.8%	0.468
2001	2.9%	6.6%	9.7%	0.427
2002	2.0%	-5.6%	-3.7%	0.443
2003	1.4%	-6.0%	-4.7%	0.465
2004	0.0%	-33.9%	-33.9%	0.703
2005	0.0%	-13.9%	-13.9%	0.817
2006	0.3%	-5.1%	-4.8%	0.858
2007	1.8%	0.1%	1.9%	0.842
2008	0.2%	0.5%	0.7%	0.836
2009	0.4%	1.0%	1.4%	0.825
2010	0.3%	0.0%	0.3%	0.822
2011	0.3%	-2.0%	-1.7%	0.836
2012	0.1%	-4.4%	-4.3%	0.874
2013	0.1%	-8.0%	-7.9%	0.949
2014	0.3%	-4.7%	-4.4%	0.993
2015	0.2%	-2.0%	-1.8%	1.011
2016	0.4%	-0.5%	-0.1%	1.012
2017	0.2%	-0.4%	-0.2%	1.014
2018	0.2%	-0.3%	-0.1%	1.015
2019	0.4%	0.0%	0.4%	1.011
2020	0.5%	0.0%	0.5%	
2021	0.4%	0.0%	0.4%	
11/1/2021	0.2%	0.0%	0.2%	

(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 11/1/2021 level.

PRELIMINARY

Annual Wage Level Changes

Year	Annual Wage Level Change (a)		Factor to a 11/1/2021 Wage Level
1987	5.6		3.190
1988	4.4		3.055
1989	4.3		2.929
1990	5.0		2.790
1991	2.3		2.727
1992	4.7		2.605
1993	1.2		2.574
1994	1.8		2.528
1995	2.9		2.457
1996	3.4		2.376
1997	4.7		2.270
1998	5.2		2.157
1999	6.2		2.031
2000	9.0		1.864
2001	0.6		1.853
2002	1.1		1.832
2003	3.6		1.769
2004	5.0		1.685
2005	3.2		1.632
2006	4.6		1.561
2007	4.5		1.493
2008	2.1		1.463
2009	0.5		1.455
2010	3.0		1.413
2011	3.0		1.372
2012	4.2		1.317
2013	0.7		1.307
2014	3.3		1.266
2015	4.4		1.212
2016	1.8		1.191
2017	4.2		1.143
2018	4.1		1.098
2019	4.1		1.055
Projected:			
2020	1.5		
2021	2.6		
11/1/2021	1.3	(Annual = 3.8)	

(a) Historical wage changes through 2018 are based on Bureau of Labor Statistics data. Forecasts for 2019 and forward are based on the average of wage level projections made by the UCLA Anderson School of Business as of March 2020 and those made by the California Department of Finance as of April 2020.

PRELIMINARY

Premium Adjustment Factors

Calendar Year	(1) Factor to a 11/1/2021 Wage Level (a)	(2a) Ratio of Industry Average Charged Rates to Advisory Pure Premium Rates (b)	(2b) Factor to Industry Average Filed Pure Premium Rate Level as of January 1, 2021 (c)	(2c) Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of January 1, 2021 (d)	(3) Adjustment to Remove Surcharge Premium (e)	(4) Average Experience Modification (f)	(5) Off-Balance Correction in Advisory January 1, 2020 Pure Premium Rates	(6) Factor to Adjust for Impact of Premium Resulting from Audits (g)	(7) Composite Premium Adjustment Factor (h)
1987	3.190	---	---	0.612	0.992	0.983	1.014	---	1.942
1988	3.055	---	---	0.548	0.993	0.963	1.014	---	1.702
1989	2.929	---	---	0.539	0.993	0.945	1.014	---	1.637
1990	2.790	---	---	0.526	0.991	0.942	1.014	---	1.522
1991	2.727	---	---	0.487	0.987	0.939	1.014	---	1.377
1992	2.605	---	---	0.467	0.982	0.940	1.014	---	1.252
1993	2.574	---	---	0.462	0.981	0.949	1.014	---	1.211
1994	2.528	---	---	0.528	0.986	0.948	1.014	---	1.370
1995	2.457	---	---	0.715	0.995	0.958	1.014	---	1.799
1996	2.376	1.023	0.759	0.742	1.000	0.935	1.014	---	1.861
1997	2.270	0.989	0.758	0.766	1.000	0.949	1.014	---	1.807
1998	2.157	0.965	0.789	0.818	1.000	0.959	1.014	---	1.814
1999	2.031	0.972	0.798	0.821	1.000	0.954	1.014	---	1.723
2000	1.864	1.005	0.723	0.720	1.000	0.970	1.014	---	1.364
2001	1.853	1.030	0.637	0.618	1.000	0.969	1.014	---	1.166
2002	1.832	1.157	0.570	0.493	1.000	0.991	1.014	---	0.899
2003	1.769	1.266	0.467	0.369	1.000	1.005	1.014	---	0.640
2004	1.685	1.397	0.475	0.340	1.000	0.981	1.014	---	0.575
2005	1.632	1.470	0.571	0.388	1.000	0.982	1.014	---	0.637
2006	1.561	1.446	0.736	0.509	1.000	0.956	1.014	---	0.819
2007	1.493	1.492	1.003	0.672	1.000	0.931	1.014	0.985	1.047
2008	1.463	1.426	1.193	0.837	1.000	0.946	1.014	0.991	1.265
2009	1.455	1.365	1.176	0.861	1.000	0.937	1.014	1.034	1.364
2010	1.413	1.383	1.153	0.833	1.000	0.941	1.014	1.005	1.240
2011	1.372	1.400	1.152	0.822	1.000	0.982	1.014	---	1.133
2012	1.317	1.222	0.949	0.777	1.000	1.000	1.014	---	1.009
2013	1.307	1.138	0.764	0.672	1.000	0.983	1.014	---	0.881
2014	1.266	1.126	0.704	0.625	1.000	0.961	1.014	---	0.812
2015	1.212	1.109	0.684	0.617	1.000	0.951	1.014	---	0.776
2016	1.191	1.148	0.745	0.649	1.000	0.949	1.014	---	0.803
2017	1.143	1.156	0.824	0.713	1.000	0.955	1.014	---	0.841
2018	1.098	1.196	0.932	0.779	1.000	0.956	1.014	---	0.882
2019	1.055	1.216	1.083	0.891	1.000	0.949	1.014	---	0.976

(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, 2020 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory January 1, 2020 pure premium rate ($1.52) to the industry average filed pure premium rate as of January 1, 2021 ($1.92).

(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, 2021.

(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.

PRELIMINARY

2019 Accident Year Indemnity Claim Frequency Model
As of PY 2017 Preliminary 1st Set & March 2020 UCLA
Prior to the Impact of COVID-19

	Annual % Changes Intra-Class Ind Freq	Annual Log Differences						
		Intra-Class Indemnity Frequency per $M Exposure at PY 2017 Level			AY+1 Indemnity		Economic Variables	CalOSHA Dummy
AY	Total	Total	Cumulative	Non-cum.	Benefit Level	Cumulative Injury Index	(1st Prin. Comp.)	Variable
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.080	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.079	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	0.079	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	1.2%	0.012	0.032	0.010	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	0.126	-0.013	0.071	0.139	0.151	0.000
2014	0.2%	0.002	0.051	-0.006	0.003	0.056	0.178	0.000
2015	-1.2%	-0.012	0.025	-0.018	0.002	0.043	0.194	0.000
2016	-2.4%	-0.025	0.062	-0.039	0.004	0.101	0.124	0.000
2017	-2.3%	-0.023	-0.042	-0.019	0.004	-0.023	0.137	0.000
2018*	-1.4%	-0.014	-0.085	0.000	0.003	-0.085	0.132	0.000
2019	*-1.7%*	*-0.017*	*-0.017*	*-0.017*	*0.004*	*0.000*	0.023	0.000
2020	*-2.7%*	*-0.027*	*-0.027*	*-0.027*	*0.004*	*0.000*	-0.076	0.000
2021	*-2.0%*	*-0.021*	*-0.021*	*-0.021*	*0.004*	*0.000*	-0.013	0.000
2022	*-2.0%*	*-0.020*	*-0.020*	*-0.020*	*0.004*	*0.000*	-0.012	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020			
Std Err of Y Est	0.039			
R Squared	0.571			
No. of Observations	40			
Degrees of Freedom	35			
X Coefficient(s)		0.178	0.275	0.103	-0.143
Std Err of Coef.		0.072	0.060	0.043	0.075

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 2019; March 2020 UCLA Anderson Forecasts for 2020 on.
Regression is over AY 1979 through AY 2018. AY 2019 through AY 2022 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 2018 is preliminary and change is based on a comparison of 2018 accidents on 2017 policies to 2017 accidents on 2016 policies.

PRELIMINARY

Exhibit 6.2

Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of March 31, 2020

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	9,981	---	1.922	19,181	---
1991	10,933	9.5%	1.817	19,870	3.6%
1992	11,036	0.9%	1.757	19,392	-2.4%
1993	12,004	8.8%	1.747	20,967	8.1%
1994	12,990	8.2%	1.830	23,766	13.3%
1995	14,563	12.1%	1.704	24,818	4.4%
1996	16,339	12.2%	1.599	26,129	5.3%
1997	19,381	18.6%	1.435	27,808	6.4%
1998	21,257	9.7%	1.323	28,132	1.2%
1999	23,302	9.6%	1.226	28,575	1.6%
2000	24,750	6.2%	1.145	28,333	-0.8%
2001	27,249	10.1%	1.146	31,226	10.2%
2002	26,346	-3.3%	1.174	30,924	-1.0%
2003	26,017	-1.2%	1.170	30,443	-1.6%
2004	21,246	-18.3%	1.382	29,369	-3.5%
2005	19,216	-9.6%	1.587	30,493	3.8%
2006	20,927	8.9%	1.470	30,770	0.9%
2007	22,791	8.9%	1.417	32,304	5.0%
2008	24,836	9.0%	1.339	33,258	3.0%
2009	26,044	4.9%	1.331	34,668	4.2%
2010	25,548	-1.9%	1.306	33,372	-3.7%
2011	25,266	-1.1%	1.288	32,547	-2.5%
2012	24,686	-2.3%	1.272	31,407	-3.5%
2013	24,137	-2.2%	1.247	30,090	-4.2%
2014	25,087	3.9%	1.159	29,070	-3.4%
2015	25,267	0.7%	1.142	28,862	-0.7%
2016	24,582	-2.7%	1.128	27,726	-3.9%
2017	24,564	-0.1%	1.098	26,983	-2.7%
2018	25,427	3.5%	1.070	27,210	0.8%
2019	26,291	3.4%	1.041	27,373	0.6%

(6) Estimated Annual Exponential Trend Based on 1990 to 2019:	1.1%
(7) Estimated Annual Exponential Trend Based on 2005 to 2019:	-1.4%
(8) Estimated Annual Exponential Trend Based on 2015 to 2019:	-1.2%
Selected Indemnity Severity Trend:	0.0%

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

Source: WCIRB experience calls.

PRELIMINARY

Exhibit 6.3

Projection of Medical Severity Trends by Accident Year
Based on Experience as of March 31, 2020

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	8,703	---	0.917	7,978	---
1991	9,357	7.5%	0.899	8,415	5.5%
1992	9,465	1.2%	0.869	8,223	-2.3%
1993	10,440	10.3%	0.852	8,893	8.1%
1994	11,551	10.6%	0.895	10,340	16.3%
1995	13,243	14.6%	0.887	11,749	13.6%
1996	14,154	6.9%	0.878	12,433	5.8%
1997	16,864	19.1%	0.872	14,710	18.3%
1998	20,692	22.7%	0.769	15,903	8.1%
1999	23,446	13.3%	0.666	15,613	-1.8%
2000	26,215	11.8%	0.612	16,042	2.7%
2001	31,225	19.1%	0.558	17,419	8.6%
2002	31,477	0.8%	0.579	18,237	4.7%
2003	30,073	-4.5%	0.608	18,279	0.2%
2004	27,757	-7.7%	0.804	22,317	22.1%
2005	28,625	3.1%	0.804	23,015	3.1%
2006	31,181	8.9%	0.801	24,970	8.5%
2007	34,807	11.6%	0.786	27,354	9.5%
2008	37,480	7.7%	0.783	29,337	7.2%
2009	39,475	5.3%	0.780	30,776	4.9%
2010	39,716	0.6%	0.777	30,870	0.3%
2011	36,036 (c)	---	0.799	28,790 (c)	---
2012	33,848	-6.1%	0.844	28,557	-0.8%
2013	31,380	-7.3%	0.928	29,129	2.0%
2014	30,374	-3.2%	0.988	30,000	3.0%
2015	29,462	-3.0%	1.011	29,786	-0.7%
2016	28,315	-3.9%	1.012	28,656	-3.8%
2017	28,228	-0.3%	1.014	28,625	-0.1%
2018	29,341	3.9%	1.015	29,783	4.0%
2019	28,756	-2.0%	1.011	29,073	-2.4%
			Selected Medical Severity Trend:		1.5%

(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.

PRELIMINARY

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, 2020

	MCCP Included				MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change
2005	28,625	---	23,015	---	27,144	---	21,824	---
2006	31,181	8.9%	24,970	8.5%	29,256	7.8%	23,428	7.4%
2007	34,807	11.6%	27,354	9.5%	32,520	11.2%	25,556	9.1%
2008	37,480	7.7%	29,337	7.2%	34,231	5.3%	26,794	4.8%
2009	39,475	5.3%	30,776	4.9%	36,211	5.8%	28,230	5.4%
2010	39,716	0.6%	30,870	0.3%	36,395	0.5%	28,289	0.2%
2011	39,456	-0.7%	31,523	2.1%	36,036	-1.0%	28,790	1.8%
2012	36,995	-6.2%	31,212	-1.0%	33,848	-6.1%	28,557	-0.8%
2013	34,388	-7.0%	31,920	2.3%	31,380	-7.3%	29,129	2.0%
2014	33,251	-3.3%	32,842	2.9%	30,374	-3.2%	30,000	3.0%
2015	32,172	-3.2%	32,526	-1.0%	29,462	-3.0%	29,786	-0.7%
2016	30,857	-4.1%	31,228	-4.0%	28,315	-3.9%	28,656	-3.8%
2017	30,836	-0.1%	31,269	0.1%	28,228	-0.3%	28,625	-0.1%
2018	32,219	4.5%	32,705	4.6%	29,341	3.9%	29,783	4.0%
2019	31,687	-1.6%	32,037	-2.0%	28,756	-2.0%	29,073	-2.4%
Estimated Annual Exponential Trend								
Trend Based on 1990 to 2019:				5.5%				N/A
Trend Based on 2005 to 2019:				1.9%				1.6%
Trend Based on 2015 to 2019:				0.2%				-0.1%
					Selected Medical Severity Trend:			1.5%

(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-leveled based on adjustment factors shown on Exhibit 6.3.

Source: WCIRB experience calls.

PRELIMINARY

Exhibit 7.1

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2020

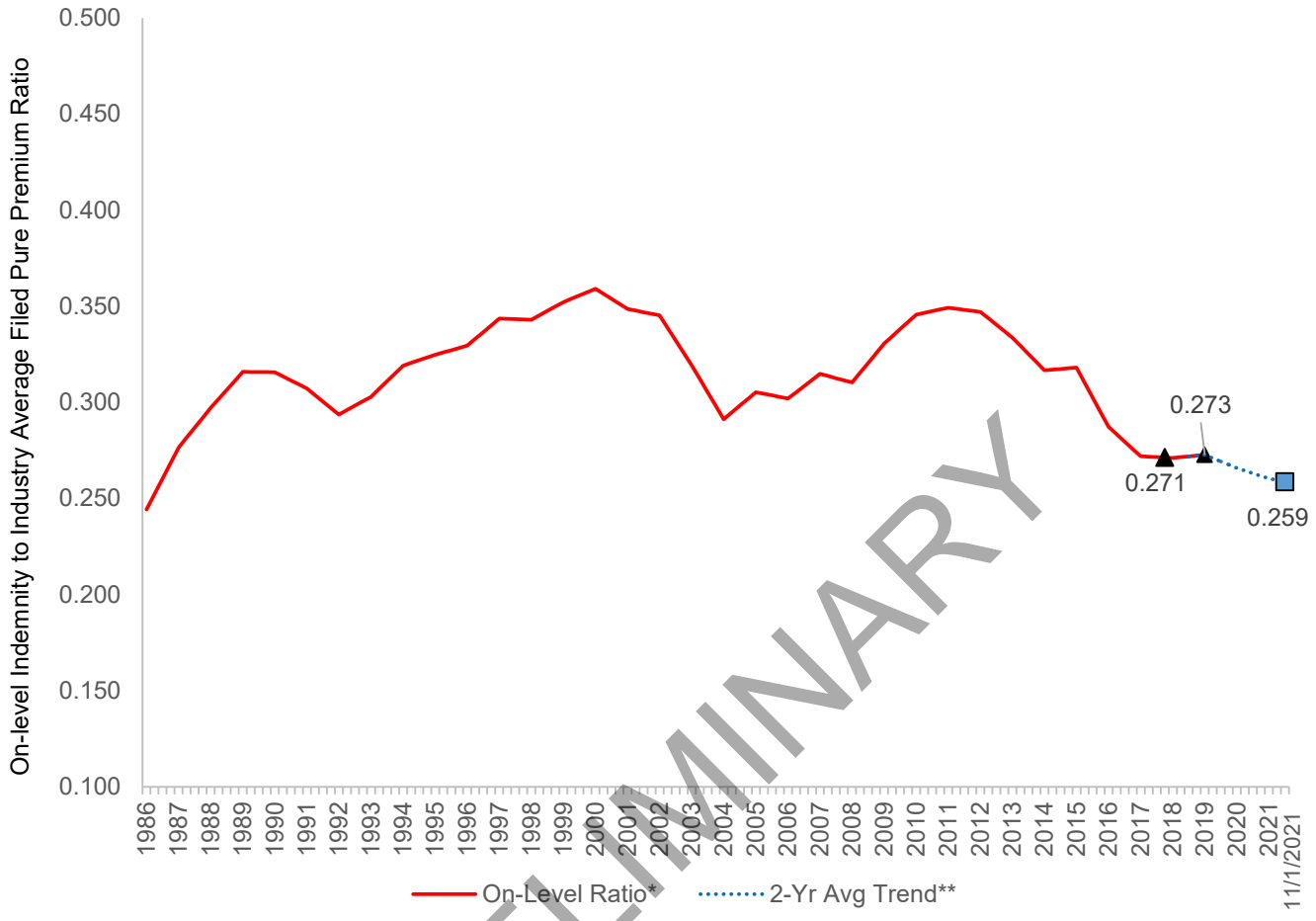
Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
1986	0.398	1.573	2.562	0.244
1987	0.348	1.544	1.942	0.277
1988	0.332	1.521	1.702	0.297
1989	0.345	1.499	1.637	0.316
1990	0.400	1.202	1.522	0.316
1991	0.428	0.990	1.377	0.307
1992	0.353	1.044	1.252	0.294
1993	0.290	1.267	1.211	0.303
1994	0.330	1.324	1.370	0.319
1995	0.477	1.226	1.799	0.325
1996	0.535	1.146	1.861	0.330
1997	0.605	1.026	1.807	0.344
1998	0.658	0.946	1.814	0.343
1999	0.692	0.877	1.723	0.352
2000	0.598	0.819	1.364	0.359
2001	0.496	0.819	1.166	0.349
2002	0.370	0.839	0.899	0.345
2003	0.244	0.837	0.640	0.319
2004	0.146	1.145	0.575	0.291
2005	0.125	1.552	0.637	0.305
2006	0.162	1.525	0.819	0.302
2007	0.224	1.470	1.047	0.315
2008	0.284	1.381	1.265	0.310
2009	0.333	1.354	1.364	0.331
2010	0.323	1.328	1.240	0.346
2011	0.302	1.310	1.133	0.349
2012	0.271	1.294	1.009	0.347
2013	0.232	1.265	0.881	0.334
2014	0.222	1.159	0.812	0.317
2015	0.216	1.142	0.776	0.318
2016	0.204	1.128	0.803	0.287
2017	0.208	1.098	0.841	0.272
2018	0.224	1.070	0.882	0.271
2019	0.256	1.041	0.976	0.273
				Projections (d)
2020				0.266
2021				0.260
11/1/2021				0.259

(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 2019 from Exhibit 12, and projected frequency trends for accident years 2020 through 2021 from Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

PRELIMINARY

Exhibit 7.2

On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2020



PRELIMINARY

* On-level indemnity to industry average filed pure premium ratios (see Exhibit 7.1)
** The 11/1/2021 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2018 and 2019 years.

Exhibit 7.3

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2020

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	0.340	0.839	2.562	0.111
1987	0.322	0.808	1.942	0.134
1988	0.312	0.778	1.702	0.143
1989	0.334	0.756	1.637	0.154
1990	0.374	0.612	1.522	0.151
1991	0.392	0.523	1.377	0.149
1992	0.327	0.552	1.252	0.144
1993	0.272	0.661	1.211	0.149
1994	0.316	0.693	1.370	0.160
1995	0.465	0.683	1.799	0.176
1996	0.496	0.673	1.861	0.180
1997	0.558	0.667	1.807	0.206
1998	0.674	0.588	1.814	0.219
1999	0.660	0.510	1.723	0.195
2000	0.600	0.468	1.364	0.206
2001	0.536	0.427	1.166	0.196
2002	0.418	0.443	0.899	0.206
2003	0.269	0.465	0.640	0.196
2004	0.184	0.703	0.575	0.225
2005	0.182	0.817	0.637	0.233
2006	0.236	0.858	0.819	0.247
2007	0.335	0.842	1.047	0.269
2008	0.421	0.836	1.265	0.278
2009	0.497	0.825	1.364	0.301
2010	0.496	0.822	1.240	0.328
2011	0.431	0.836	1.133	0.318
2012	0.375	0.874	1.009	0.325
2013	0.308	0.949	0.881	0.332
2014	0.279	0.993	0.812	0.341
2015	0.265	1.011	0.776	0.345
2016	0.250	1.012	0.803	0.315
2017	0.256	1.014	0.841	0.309
2018	0.277	1.015	0.882	0.319
2019	0.300	1.011	0.976	0.311
				Projections (d)
2020				0.315
2021				0.313
11/1/2021				0.312

(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.

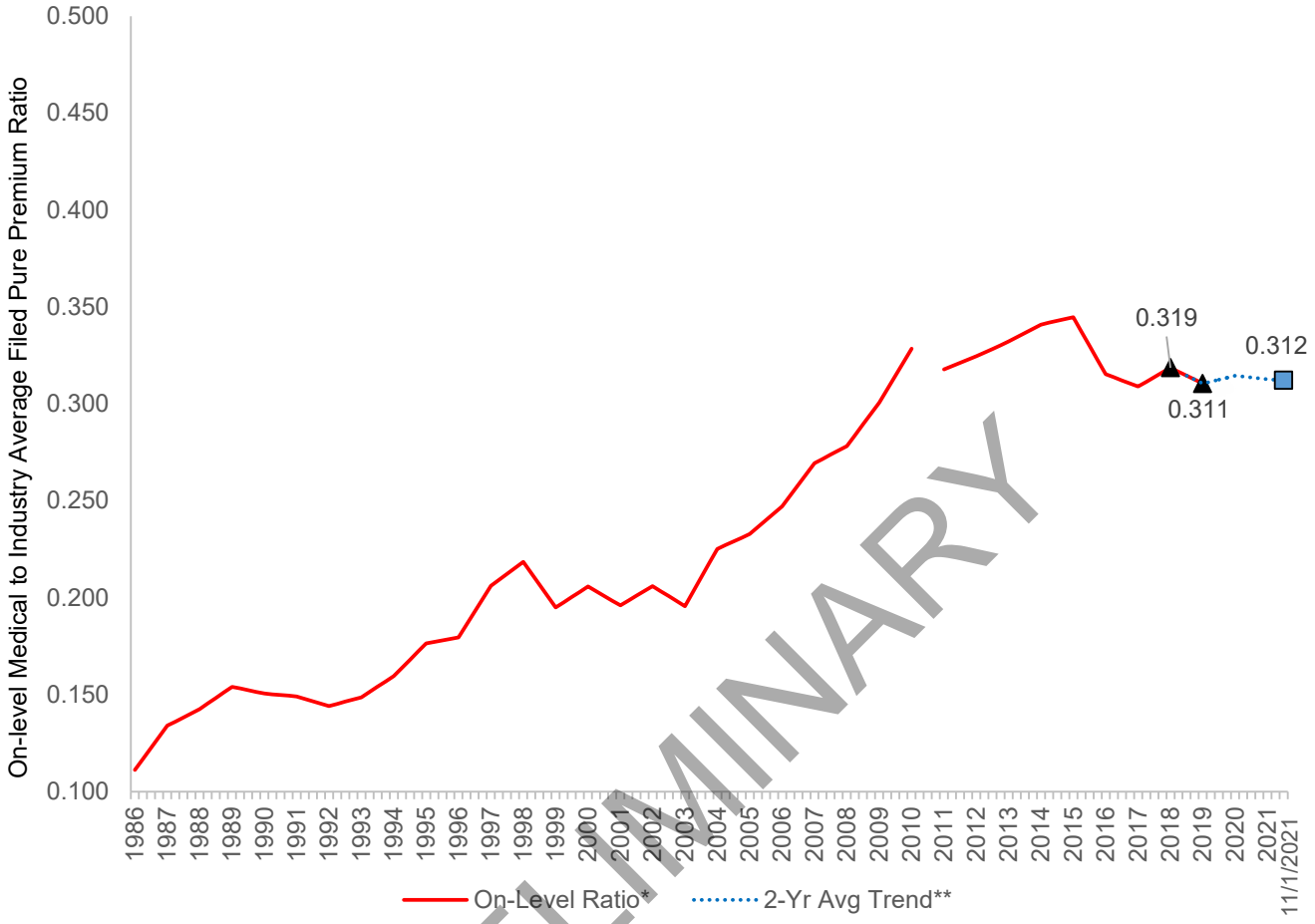
(d) These on-level ratios were projected based on an estimated annual medical severity trend from Exhibit 6.4, the actual frequency trend for accident year 2019 from Exhibit 12, and projected frequency trends for accident years 2020 through 2021 from Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

(e) Accident years 2011 and subsequent do not reflect the paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

PRELIMINARY

Exhibit 7.4

On-Level Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of March 31, 2020



PRELIMINARY

* On-level medical to industry average filed pure premium ratios (see Exhibit 7.3)
** The 11/1/2021 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2018 and 2019 years.

Exhibit 8

Indicated Loss to Industry Average Filed Pure Premium Ratios
For Policies with Effective Dates between January 1, 2021 and August 31, 2021
Based on Experience as of March 31, 2020
Prior to the Impact of COVID-19

	Indemnity	Medical	Total
1. Projected Loss to Industry Average Filed Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.259	0.312	0.571

PRELIMINARY

Quarterly Incurred Indemnity Loss Development Factors

Through March 31, 2020

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	2.542	2.715	2.755	2.740	2.841	2.834	2.736	2.463	2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209	3.201	3.372	3.200	3.227
9/6	1.750	1.808	1.780	1.784	1.790	1.808	1.776	1.618	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	2.017
12/9	1.437	1.530	1.518	1.500	1.520	1.473	1.460	1.355	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	1.597
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**	**1.295**
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	1.183	
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	1.123	
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	1.102	
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**	**1.071**	
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	1.059		
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	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	1.036	1.037	1.038		
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**	**1.030**	**1.028**	**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	1.026			
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	1.021			
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	1.017			
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**	**1.014**			
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	1.013				
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	1.011				
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	1.007				
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**	**1.008**	**1.010**	**1.007**				
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	1.008					
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	1.006					
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	1.007	1.005					
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**	**1.004**					
78/75	1.007	1.004	1.003	1.007	1.005	1.006	1.006	1.012	1.009	1.010	1.006	1.006	1.006	1.007	1.005	1.006						
81/78	1.005	1.002	1.003	1.004	1.004	1.005	1.006	1.010	1.009	1.007	1.007	1.006	1.006	1.007	1.005	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	1.003						
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**	**1.003**						
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	1.004							
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	1.004							
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	1.003							

Source: WCIRB accident year experience calls

PRELIMINARY

Exhibit 9.2

Quarterly Incurred Medical Loss Development Factors *

Through March 31, 2020

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	2.561	2.661	2.536	2.624	2.797	2.805	2.671	2.530	2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863	3.019	3.209	2.891	2.830
9/6	1.705	1.733	1.713	1.725	1.768	1.762	1.703	1.670	1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884	1.755	1.740	1.820	1.845
12/9	1.418	1.461	1.463	1.447	1.570	1.425	1.400	1.375	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	1.470
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**	**1.184**	**1.191**	**1.183**
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	1.096	
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	1.064	
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	1.044	
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**	**1.040**	**1.036**	**1.030**	
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	1.028		
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	1.029		
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	1.020		
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**	**1.018**		
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	1.010			
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	1.011			
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	1.012			
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**	**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	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	1.007				
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	1.005				
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**	**1.005**				
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	1.010					
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	1.008					
72/69	1.020	1.009	1.007	1.009	1.015	1.010	1.014	1.015	1.013	1.014	1.012	1.011	1.010	1.007	1.005	1.005	1.002					
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**	**1.003**					
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	1.003						
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	1.005	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	1.002						
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**	**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	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	1.004							
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	1.003							

Source: WCIRB accident year experience calls

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

PRELIMINARY

Exhibit 9.3

Quarterly Paid Indemnity Loss Development Factors

Through March 31, 2020

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	4.325	4.024	4.170	4.461	4.720	4.908	4.745	4.512	4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056	5.087	5.272	4.987	5.081
9/6	2.284	2.367	2.283	2.369	2.443	2.424	2.399	2.303	2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484	2.456	2.446	2.538	2.505
12/9	1.826	1.806	1.839	1.855	1.897	1.876	1.841	1.774	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	1.903
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**	**1.522**
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	1.353	
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	1.248	
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	1.206	
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**	**1.152**	
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	1.131		
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	1.105		
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	1.083		
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**	**1.064**		
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	1.059			
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	1.045			
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	1.040			
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**	**1.031**			
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	1.031				
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	1.025				
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	1.023				
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**	**1.018**				
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	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	1.014					
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	1.016					
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**	**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	1.011						
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	1.010						
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	1.010						
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**	**1.007**						
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	1.009							
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	1.008							
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	1.007							

Source: WCIRB accident year experience calls

PRELIMINARY

Quarterly Paid Medical Loss Development Factors *

Through March 31, 2020

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	6.375	5.955	5.518	6.168	7.221	7.127	7.617	5.563	5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720	5.897	5.433	5.460	4.984
9/6	2.369	2.406	2.356	2.432	2.694	2.577	2.483	2.236	2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287	2.326	2.248	2.351	2.287
12/9	1.728	1.739	1.749	1.857	1.882	1.825	1.759	1.666	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	1.796
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**	**1.432**
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	1.263	1.250	1.245	
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	1.173	
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	1.143	
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**	**1.108**	
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	1.092		
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	1.077		
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	1.065		
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**	**1.054**		
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	1.048			
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	1.042			
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	1.038			
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**	**1.031**			
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	1.029				
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	1.025				
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	1.021				
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**	**1.021**	**1.022**	**1.019**				
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	1.018					
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	1.016					
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	1.017					
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**	**1.014**					
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	1.017	1.015	1.013						
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	1.011						
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	1.010						
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**	**1.008**						
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	1.009							
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	1.010							
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	1.009							

Source: WCIRB accident year experience calls

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

PRELIMINARY

Exhibit 10.1

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
1995																1.001
1996															1.000	1.000
1997														1.000	1.000	1.000
1998													1.000	1.000	1.000	1.000
1999												1.001	1.000	1.000	1.000	1.000
2000											1.000	1.000	1.001	1.001	1.000	1.000
2001										1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002									1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2003								0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004							0.999	0.999	1.000	0.999	1.000	1.001	1.000	1.000	1.000	1.000
2005						1.000	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	
2006					1.002	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.000		
2007				1.006	1.003	1.002	1.000	1.000	1.001	1.000	1.000	1.000	1.000			
2008			1.017	1.009	1.004	1.003	1.001	1.002	1.001	1.000	1.000	1.000				
2009		1.080	1.023	1.008	1.005	1.003	1.003	1.001	1.000	1.000	1.000					
2010	7.377	1.089	1.022	1.010	1.006	1.004	1.002	1.001	1.000	1.000						
2011	7.503	1.100	1.026	1.011	1.007	1.002	1.001	1.001	1.000							
2012	7.670	1.120	1.026	1.013	1.005	1.002	1.001	1.000								
2013	8.154	1.101	1.029	1.008	1.004	1.001	1.002									
2014	7.695	1.114	1.019	1.008	1.004	1.001										
2015	8.133	1.100	1.016	1.005	1.003											
2016	7.682	1.101	1.019	1.005												
2017	7.737	1.088	1.017													
2018	7.741	1.092														
2019	7.896															
Latest Year																
Age-to-Age	7.896	1.092	1.017	1.005	1.003	1.001	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate	8.898	1.127	1.032	1.015	1.010	1.007	1.005	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.002

Source: WCIRB accident year experience calls

PRELIMINARY

Quarterly Reported Indemnity Claim Count Development Factors

Accident	Development														
Year	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2008	2.539	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	2.817	1.781	1.414	1.135	1.045	1.023	1.014	1.014	1.008	1.005	1.003	1.003	1.002	1.002	1.002
2016	2.733	1.717	1.410	1.149	1.047	1.027	1.018	1.012	1.010	1.006	1.004	1.003	1.002	1.002	1.002
2017	2.893	1.696	1.423	1.134	1.042	1.026	1.014	1.009	1.008	1.005	1.004	1.003			
2018	2.826	1.732	1.414	1.139	1.045	1.023	1.017	1.010							
2019	2.782	1.751	1.425	1.138											

Source: WCIRB accident year experience calls

PRELIMINARY

Exhibit 11.1

Reported Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	3	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1995																	98.6%
1996																98.3%	98.5%
1997															97.8%	98.0%	98.2%
1998														97.2%	97.5%	97.8%	98.1%
1999													96.7%	97.1%	97.4%	97.8%	98.0%
2000												95.7%	96.3%	96.8%	97.3%	97.6%	97.8%
2001											93.8%	94.7%	95.4%	96.2%	96.7%	97.1%	97.4%
2002										92.7%	94.0%	95.0%	96.0%	96.5%	97.0%	97.5%	97.8%
2003									91.0%	92.7%	94.1%	95.4%	96.0%	96.6%	97.1%	97.6%	98.0%
2004								88.8%	91.1%	92.8%	94.6%	95.6%	96.3%	96.9%	97.4%	97.9%	98.2%
2005							86.3%	89.1%	91.3%	93.5%	94.8%	95.7%	96.6%	97.2%	97.7%	98.1%	
2006						82.2%	86.0%	89.0%	91.7%	93.4%	94.7%	95.8%	96.6%	97.3%	97.8%		
2007					75.4%	81.3%	85.5%	89.5%	91.9%	93.7%	95.1%	96.2%	96.9%	97.6%			
2008				64.5%	73.8%	80.5%	86.0%	89.6%	92.2%	94.0%	95.4%	96.4%	97.2%				
2009			49.6%	62.7%	72.7%	80.5%	85.7%	89.6%	92.3%	94.2%	95.6%	96.6%					
2010		33.6%	50.1%	63.5%	74.7%	82.0%	87.2%	90.9%	93.3%	95.1%	96.3%						
2011	7.2%	34.0%	50.7%	65.3%	75.9%	83.2%	88.2%	91.7%	94.2%	95.7%							
2012	7.2%	34.0%	51.8%	66.7%	77.2%	84.4%	89.4%	92.7%	94.8%								
2013	8.5%	33.4%	52.8%	67.8%	78.9%	86.2%	90.8%	93.8%									
2014	6.6%	33.8%	53.6%	69.2%	80.5%	87.4%	91.6%										
2015	7.5%	34.0%	55.2%	71.8%	82.8%	89.0%											
2016	7.2%	35.8%	58.0%	74.5%	84.4%												
2017	7.2%	38.1%	60.9%	76.2%													
2018	8.3%	38.8%	60.9%														
2019	8.5%	38.8%															
2020	8.9%																

Source: WCIRB accident year experience calls

PRELIMINARY

Exhibit 11.2

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	3	15	27	39	51	63	75	87	99	111	123	135	147	159	171	183	195
1995																	98.3%
1996																98.0%	98.3%
1997															97.5%	97.7%	97.9%
1998														97.0%	97.3%	97.6%	97.9%
1999													96.4%	96.8%	97.2%	97.6%	97.8%
2000												95.4%	96.0%	96.5%	97.1%	97.4%	97.7%
2001											93.5%	94.5%	95.2%	96.0%	96.5%	96.9%	97.3%
2002										92.6%	93.8%	94.8%	95.8%	96.4%	96.9%	97.3%	97.6%
2003									91.0%	92.6%	93.9%	95.2%	95.8%	96.4%	97.0%	97.4%	97.8%
2004								88.9%	91.0%	92.7%	94.4%	95.4%	96.1%	96.8%	97.3%	97.7%	98.1%
2005							86.0%	89.0%	91.1%	93.3%	94.6%	95.7%	96.4%	97.0%	97.6%	98.0%	
2006						81.7%	85.7%	88.6%	91.4%	93.2%	94.6%	95.7%	96.4%	97.1%	97.6%		
2007					74.6%	80.7%	85.1%	89.1%	91.5%	93.5%	94.9%	96.0%	96.8%	97.4%			
2008				63.0%	72.8%	79.7%	85.4%	89.0%	91.9%	93.8%	95.1%	96.2%	97.0%				
2009			47.3%	61.3%	71.6%	79.7%	85.1%	89.2%	92.0%	93.9%	95.4%	96.4%					
2010		29.4%	47.9%	61.9%	73.6%	81.2%	86.7%	90.5%	93.1%	94.8%	96.1%						
2011	0.8%	29.3%	48.1%	63.6%	74.9%	82.6%	87.7%	91.4%	93.9%	95.4%							
2012	0.8%	28.9%	49.3%	65.1%	76.3%	83.8%	89.0%	92.4%	94.5%								
2013	0.9%	29.0%	50.4%	66.5%	78.1%	85.7%	90.3%	93.4%									
2014	0.7%	29.3%	51.6%	67.9%	79.7%	86.9%	91.1%										
2015	0.8%	30.0%	53.6%	70.8%	82.0%	88.4%											
2016	0.8%	31.4%	56.1%	73.4%	83.6%												
2017	0.8%	33.9%	59.0%	75.1%													
2018	0.9%	34.4%	59.0%														
2019	1.0%	34.5%															
2020	1.0%																

Source: WCIRB quarterly calls for experience

PRELIMINARY

Quarterly Ultimate Settlement Ratios

Accident	Evaluated as of (in months):															
Year	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
2011	0.8%	5.1%	12.0%	21.3%	29.7%	35.9%	40.3%	44.7%	48.6%	52.9%	56.8%	60.8%	64.1%	67.1%	70.2%	72.9%
2012	0.8%	5.1%	12.1%	21.2%	29.5%	35.9%	40.8%	45.6%	49.8%	54.1%	58.3%	62.2%	65.6%	68.8%	71.7%	74.4%
2013	0.9%	5.1%	11.8%	21.0%	29.4%	36.0%	41.4%	46.4%	51.0%	55.5%	59.6%	63.6%	67.1%	70.5%	73.4%	76.2%
2014	0.8%	4.8%	11.8%	20.8%	29.6%	36.4%	42.1%	47.3%	52.0%	56.5%	60.8%	64.8%	68.2%	71.7%	74.6%	77.5%
2015	0.8%	4.8%	12.2%	21.2%	30.4%	37.8%	43.5%	48.8%	53.9%	59.0%	63.4%	67.5%	71.1%	74.4%	77.4%	80.0%
2016	0.8%	5.1%	12.3%	21.9%	31.7%	39.5%	45.5%	51.3%	56.3%	61.5%	65.9%	70.1%	73.7%	76.9%	79.3%	81.6%
2017	0.9%	5.6%	13.5%	24.2%	34.2%	42.1%	48.3%	54.2%	59.1%	64.0%	68.1%	71.9%	75.1%			
2018	1.0%	5.8%	13.9%	24.6%	34.7%	42.6%	48.6%	54.1%	59.0%							
2019	1.0%	5.9%	13.7%	24.6%	34.5%											
2020	1.0%															

Accident	Quarterly Incremental Change														
Year	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2011	4.3%	6.9%	9.3%	8.5%	6.1%	4.5%	4.3%	3.9%	4.4%	3.9%	4.0%	3.3%	3.1%	3.0%	2.7%
2012	4.2%	7.1%	9.1%	8.3%	6.4%	4.8%	4.9%	4.1%	4.3%	4.2%	3.9%	3.4%	3.2%	3.0%	2.7%
2013	4.2%	6.7%	9.1%	8.4%	6.6%	5.4%	5.0%	4.6%	4.5%	4.1%	3.9%	3.6%	3.4%	2.9%	2.8%
2014	4.1%	6.9%	9.1%	8.8%	6.7%	5.8%	5.1%	4.8%	4.5%	4.3%	4.0%	3.4%	3.5%	2.9%	2.8%
2015	4.0%	7.4%	9.0%	9.3%	7.4%	5.7%	5.3%	5.1%	5.1%	4.4%	4.1%	3.6%	3.4%	3.0%	2.6%
2016	4.2%	7.3%	9.6%	9.8%	7.8%	6.0%	5.8%	5.0%	5.2%	4.3%	4.3%	3.6%	3.2%	2.3%	2.4%
2017	4.8%	7.8%	10.7%	10.0%	7.9%	6.2%	5.9%	5.0%	4.9%	4.1%	3.8%	3.2%			
2018	4.9%	8.1%	10.7%	10.1%	7.9%	6.0%	5.5%	4.9%							
2019	4.9%	7.9%	10.8%	9.9%											
2020															

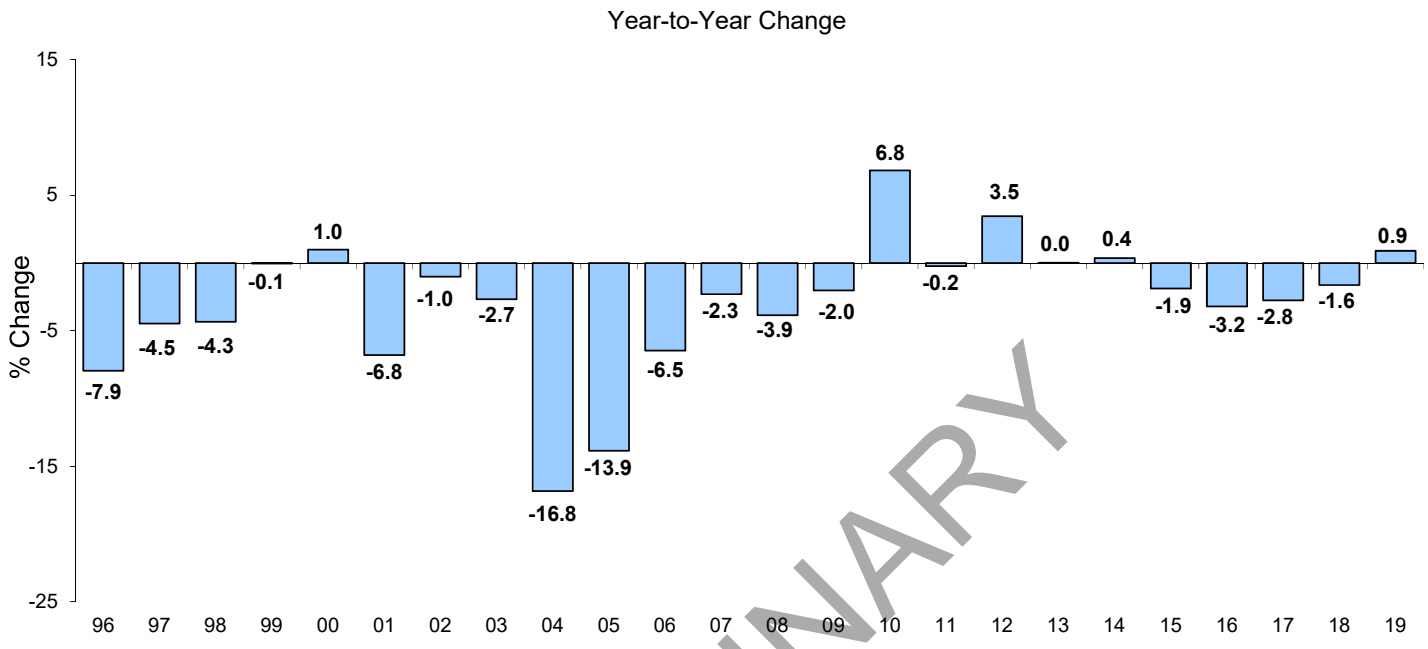
Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 85% to 100% of the total California workers' compensation insured market measured using 2019 earned premium levels).

Source: WCIRB quarterly calls for experience

PRELIMINARY

Exhibit 12

California Workers' Compensation
Estimated Indemnity Claim Frequency by Accident Year



PRELIMINARY

Note:

The 2019 estimate is based on a comparison of claim counts based on WCIRB accident year experience as of March 31, 2020 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Item AC20-08-02
1/1/2021 Filing – Loss Adjustment Expense Experience Review

Staff has developed the preliminary indicated ratio of loss adjustment expense (LAE) to loss for the January 1, 2021 to August 31, 2021 policy period based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2019, accident year allocated loss adjustment expense (ALAE) experience as of March 31, 2020, and projection methodologies consistent with those reflected in the WCIRB's January 1, 2020 Pure Premium Rate Filing. The indicated ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

The claim frequency projections included in the methodologies to compute the preliminary indicated LAE to loss ratios are based on those reviewed at the April 2, 2020 meeting and are prior to reflecting the impact of COVID-19 and the resulting economic downturn. These projections will be discussed in detail at the meeting (see Items AC20-04-04 and AC20-08-04). The projected loss ratios underlying the projected LAE to loss ratios are also prior to fully reflecting the impact of COVID-19 and resulting economic downturn.

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, 2020 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

[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.

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 2019 ULAE have been computed as described above and include an apportionment of countrywide ULAE to California based on open indemnity claim counts. Calendar year 2015 ULAE is adjusted as described above but reflects an apportionment of countrywide ULAE to California based on 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 2019 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. After increasing in 2017 and 2018, adjusted private insurer paid ULAE per open indemnity claim decreased by 8% in 2019.

Exhibits 3.1 through 3.5 show the preliminary 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.[3] 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, 2020 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 as reflected in the analysis of projected losses (Item AC20-06-01) and have not fully been adjusted for the pandemic related economic slowdown. As shown in Exhibit 3.5, the projected ratio of ULAE to loss based on this method for January 1, 2021 to August 31, 2021 policies is 14.4%.

Exhibit 4 shows the projection of ULAE to loss 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 2018 and 2019. The projected ratio of ULAE to loss based on this method for January 1, 2021 to August 31, 2021 policies is 13.3%.

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 ULAE projection for January 1, 2021 to August 31, 2021 policies based on this approach is 13.9%. For comparison purposes, the projected ULAE to loss ratio reflected in the January 1, 2020 Pure Premium Rate Filing was 14.7%.

Table 1 shows the projected ratio of ULAE to losses based on the January 1, 2020 Pure Premium Rate Filing methodology using statewide data and private insurer average ULAE. Table 1 also shows

[3] The open claim count projections are prior to reflecting the impact of COVID-19 and the resulting economic downturn.

alternative ULAE projections based on (a) the January 1, 2020 Pure Premium Rate Filing methodology but projected based on calendar year 2019 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 ULAE to Loss

ULAE Projection Method	Statewide with Private Insurer Average ULAE
January 1, 2020 Pure Premium Rate Filing Methodology	
Paid ULAE per Open Indemnity Claim Applied to the Latest Two Years	14.4%
Paid ULAE to Paid Losses Applied to the Latest Two Years	13.3%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	**13.9%**
Alternative Methodologies	
Paid ULAE per Open Indemnity Claim Applied to the Latest Year Only	13.5%
Paid ULAE to Paid Losses Applied to the Latest Year Only	12.6%
Paid ULAE per Weighted Open Indemnity Claim Applied to the Latest Two Years	13.9%
Latest Two Calendar Year Paid ULAE to Loss Ratios	14.0%
Latest Calendar Year Paid ULAE to Loss Ratio	13.1%

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 preliminary ALAE projection excluding MCCP costs, which is based on statewide claim and loss projections and private insurer average ALAE per indemnity claim.[4] In the January 1, 2020 Pure Premium Rate Filing, the WCIRB reflected an adjustment to the cumulative paid ALAE development factor for accident year 2017 to reflect the impact of an increase in claim settlement rates for accident year 2017. The ALAE projection in this analysis is primarily predicated on paid ALAE from accident years 2018 and 2019 (compared to 2017 and 2018 in the January 1, 2020 Pure Premium Rate Filing). As shown in Exhibit 11.2 of Item AC20-06-01, claim settlement rate changes for accident years 2018 and 2019 have been modest. As a result, this adjustment based on cumulative paid ALAE development is not reflected in the projected paid ALAE development for accident years 2018 and 2019 shown in Exhibit 11.2. Staff will review the approach to adjust paid ALAE development for shifting claim settlement rates with the Committee at the meeting (see Item AC19-08-04).

[4] The indemnity claim frequency projections are prior to reflecting the impact of COVID-19 and the resulting economic downturn.

The projection shown in Exhibit 11.4 was computed using a 2% 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.[5] (The projected ALAE severity trend reflected in the January 1, 2020 Premium Rate Filing was 2.5%.) The projected ratio of ALAE to loss based on this method for January 1, 2021 to August 31, 2021 policies, prior to adjustment for reforms, which is shown in line (f) of Exhibit 11.4, is 17.8%.

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, 2020 Pure Premium Rate Filing, the WCIRB estimated that SB 1160 and AB 1244 would reduce lien filings by 60%, resulting in a 9.6% overall decrease in ALAE. 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 later and in the ALAE development factors, a significant portion is not yet reflected. To reflect the full impact of these reforms, consistent with the January 1, 2020 Pure Premium Rate Filing, staff recommends including 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 50% based on the estimated average percentage of 167-month ALAE costs paid as of March 31, 2020 for accident years 2017 and 2018.[6]

As shown in Exhibit 11.4, the preliminary projected ratio of ALAE (excluding MCCP) to loss based on statewide data and private insurer average ALAE costs and after reflecting the impact of SB 1160 and AB 1244 is 17.0%. For comparison purposes, the projected ALAE excluding MCCP costs to loss ratio reflected in the January 1, 2020 Pure Premium Rate Filing was 17.2%.

For informational purposes, the WCIRB has computed additional ALAE projections (excluding MCCP) based on a number of alternative methodologies with underlying assumptions that differ from those reflected in the January 1, 2020 Pure Premium Rate Filing 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 ALAE projections for January 1, 2021 to August 31, 2021 policies derived based on the approach used in the January 1, 2020 Pure Premium Rate Filing and each of the alternative ALAE projection methodologies are shown in Table 2.[7]

[5] The projected ALAE severity trend reflected in the January 1, 2020 Premium Rate Filing was 2.5%.
[6] This approach resulted in a 25% tempering in the January 1, 2020 Pure Premium Rate Filing based on March 31, 2019 ALAE experience and a 40% tempering in the April 2, 2020 Actuarial Committee Agenda based on December 31, 2019 ALAE experience.
[7] All projections shown in Table 2 also reflect the impact of SB 1160 and AB 1244 on ALAE costs.

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

ALAE Projection Method	Statewide with Private Insurer Average ALAE
January 1, 2020 Pure Premium Rate Filing Methodology	
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to the Latest Two Years	**17.0%**
Alternative Methodologies	
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to the Latest Year	17.0%
Latest Year Paid ALAE Ratio Development Compared to Losses – Projection Based on Latest Two Years	17.1%
Latest Year Paid ALAE to Paid Indemnity Development Compared to Losses – Projection Based on Latest Two Years	16.3%

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 preliminary projection of MCCP costs based on statewide data. Projected MCCP development through 99 months is based on the latest year paid MCCP age-to-age factor, while projected MCCP development after 99 months is based on the selected paid medical 99-to-ultimate development factor.[8] Exhibit 18.2 shows the projected 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.[9] 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 2019 (Exhibit 16) and (b) statewide calendar year MCCP per indemnity claims inventory from 2009 through 2019 (Exhibit 17). (The projected MCCP severity trend reflected in the January 1, 2020 Premium Rate Filing based on this approach was also 0%.) The preliminary projected ratio of MCCP to loss based on this methodology is 4.3%. For comparison purposes, the projected MCCP to loss ratio reflected in the January 1, 2020 Pure Premium Rate Filing was 4.5%.

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 January 1, 2020 Pure Premium Rate Filing 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

[8] See Exhibit 2.6.1 of Item AC20-06-01 of this Agenda.
[9] The indemnity claim frequency projections are prior to reflecting the impact of COVID-19 and the resulting economic downturn.

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

The MCCP cost projections for January 1, 2021 to August 31, 2021 policies derived based on the approach used in the January 1, 2020 Pure Premium Rate Filing and each of the alternative MCCP projection methodologies are shown in Table 3.

Table 3: Projections of MCCP to Loss

MCCP Projection Method	Statewide MCCP Ratio
January 1, 2020 Pure Premium Rate Filing Methodology	
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to the Latest Two Years	**4.3%**
Alternative Methodologies	
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to the Latest Year	4.2%
Projected Ultimate MCCP per Indemnity Claim – Trend Based on AY Ultimate MCCP per Indemnity Claim and Applied to the Latest Two Years	4.0%
Projected Ultimate MCCP per Indemnity Claim – Trend Based on CY Paid MCCP per Open Indemnity Claim and Applied to the Latest Two Years	4.4%

The total preliminary ratio of LAE to losses for January 1, 2021 to August 31, 2021 policies based on data evaluated as of March 31, 2020 and the projection methodologies described above is 35.2%. For comparison purposes, the projected total LAE to loss ratio reflected in the January 1, 2020 Pure Premium Rate Filing was 36.4%.

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios[1]

CY	State Fund	CA Private Insurers	National	Statewide	Private Insurers
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%	23.0%	21.0%	22.4%
2019	12.9%	17.8%	22.8%	20.9%	22.0%

Paid ULAE to Paid Loss Ratios

CY	State Fund	CA Private Insurers	National	Statewide	Private Insurers
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%
2019 [4]	21.3%	14.4%	12.8%	14.1%	13.1%

Paid LAE to Paid Loss Ratios

CY	State Fund	CA Private Insurers	National	Statewide	Private Insurers
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%
2019 [4]	34.2%	32.2%	35.7%	35.0%	35.1%

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 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 2019 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.

PRELIMINARY

Calendar Year ULAE Paid per Open Indemnity Claim - Private Insurers

Calendar Year		ULAE Paid (in Millions)	Number of Open Indemnity Claims at Beginning of the Year	Number of Indemnity Claims Reported During Year	ULAE Paid per Open Indemnity Claim	Annual Change
		(a)	(b)	(c)	(d)	(e)
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	146,120	3,520	4.8%
2019	(g)	947	293,377	149,363	3,229	-8.3%

PRELIMINARY

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 2019 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	Age-to-Age Development (in months):														
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	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	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	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	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	1.000			
2008	1.153	1.023	1.011	1.005	1.003	1.001	1.001	1.001	1.000	1.000	1.000				
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001	1.000	1.000	1.000					
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.000						
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.001							
2012	1.241	1.035	1.013	1.005	1.003	1.001	1.001								
2013	1.240	1.031	1.010	1.004	1.002	1.002									
2014	1.239	1.027	1.010	1.004	1.002										
2015	1.236	1.027	1.006	1.003											
2016	1.244	1.029	1.007												
2017	1.220	1.023													
2018	1.226														
I. Age-to-Age (Latest Year)															
	1.226	1.023	1.007	1.003	1.002	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
II. Age-to-Ultimate															
	1.277	1.042	1.018	1.011	1.008	1.006	1.004	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002
III. Estimated Percent of Ultimate Indemnity Claims Reported															
	78.3%	96.0%	98.2%	98.9%	99.2%	99.4%	99.6%	99.6%	99.7%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%

Accident	Age-to-Age Development (in months):														
Year	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	360-372
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	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	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	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	1.000			
1993	1.000	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	1.000					
1995	1.000	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	1.000							
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000	1.000	1.000	1.000									
1999	1.000	1.000	1.000	1.000	1.000										
2000	1.000	1.000	1.000	1.000											
2001	1.000	1.000	1.000												
2002	1.000	1.000													
2003	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	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000
III. Estimated Percent of Ultimate Indemnity Claims Reported															
	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%

Source: WCIRB quarterly calls for experience.

PRELIMINARY

Ultimate Indemnity Claim Settlement Ratios - Statewide

Accident	Evaluated as of (in months):															
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
1992																96.8%
1993															96.7%	97.0%
1994														96.8%	96.7%	98.3%
1995													95.7%	95.1%	97.7%	98.0%
1996												94.9%	93.9%	97.3%	97.6%	97.8%
1997											95.1%	95.1%	96.9%	97.2%	97.5%	97.0%
1998										94.8%	94.2%	96.5%	96.9%	97.4%	97.4%	97.7%
1999									93.5%	92.8%	96.1%	96.7%	97.2%	97.4%	97.8%	97.8%
2000								91.0%	92.1%	95.4%	96.3%	97.0%	97.5%	98.0%	97.5%	97.4%
2001							86.5%	90.8%	93.7%	95.0%	96.0%	96.8%	97.6%	96.9%	96.8%	97.2%
2002						81.9%	88.6%	91.6%	93.2%	94.5%	95.5%	96.5%	96.6%	96.7%	97.2%	97.5%
2003					75.9%	85.2%	89.1%	91.3%	93.0%	94.2%	95.5%	96.0%	96.2%	96.9%	97.3%	97.7%
2004				68.9%	80.3%	85.7%	88.7%	90.9%	92.6%	94.4%	95.3%	95.9%	96.6%	97.1%	97.6%	98.0%
2005			58.7%	73.7%	81.3%	85.6%	88.6%	90.9%	93.2%	94.5%	95.5%	96.2%	96.9%	97.4%	97.9%	
2006		45.5%	62.9%	74.1%	80.9%	85.2%	88.3%	91.3%	93.1%	94.3%	95.4%	96.3%	96.9%	97.5%		
2007	21.8%	47.7%	62.8%	73.1%	80.1%	84.7%	88.9%	91.5%	93.1%	94.6%	95.7%	96.5%	97.3%			
2008	22.7%	46.4%	61.1%	72.1%	79.4%	85.6%	89.4%	91.7%	93.4%	94.8%	95.9%	96.8%				
2009	21.6%	44.8%	60.0%	71.1%	80.0%	85.7%	89.5%	91.5%	93.5%	94.9%	96.2%					
2010	21.5%	45.8%	60.5%	73.0%	81.5%	86.7%	89.7%	92.5%	94.2%	95.8%						
2011	21.8%	45.5%	61.7%	74.1%	82.0%	86.4%	90.5%	92.9%	95.0%							
2012	21.6%	46.4%	63.2%	75.1%	82.1%	87.8%	91.3%	94.1%								
2013	21.0%	46.7%	63.4%	75.5%	84.0%	88.9%	92.8%									
2014	20.8%	46.9%	64.4%	77.2%	85.3%	90.3%										
2015	20.8%	48.4%	67.1%	79.7%	87.1%											
2016	21.7%	51.0%	69.7%	81.6%												
2017	23.9%	53.9%	71.9%													
2018	24.4%	54.1%														
2019	24.4%															

Accident	Evaluated as of (in months):														
Year	204	216	228	240	252	264	276	288	300	312	324	336	348	360	372
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%	99.7%
1990		97.6%	97.9%	98.9%	98.9%	99.0%	99.0%	99.1%	99.2%	99.2%	99.3%	99.3%	99.4%	99.5%	
1991	96.9%	97.0%	98.7%	98.6%	98.7%	98.8%	98.9%	98.9%	99.0%	99.1%	99.2%	99.2%	99.3%		
1992	96.9%	98.6%	98.6%	98.7%	98.8%	98.8%	98.9%	99.0%	99.1%	99.1%	99.2%	99.2%			
1993	98.5%	98.5%	98.6%	98.7%	98.7%	98.8%	98.9%	98.9%	99.0%	99.1%	99.1%				
1994	98.4%	98.5%	98.4%	98.5%	98.6%	98.5%	98.6%	98.7%	98.8%	98.9%					
1995	98.2%	97.8%	97.9%	98.0%	98.0%	98.1%	98.2%	98.3%	98.4%						
1996	97.2%	97.4%	97.5%	97.5%	97.6%	97.7%	97.8%	97.9%							
1997	97.3%	97.5%	97.5%	97.7%	97.8%	98.0%	98.1%								
1998	97.8%	97.7%	97.8%	98.0%	98.2%	98.3%									
1999	97.7%	97.9%	98.2%	98.4%	98.5%										
2000	97.7%	97.9%	98.2%	98.4%											
2001	97.5%	97.8%	98.1%												
2002	97.9%	98.2%													
2003	98.1%														

Source: WCIRB quarterly calls for experience.

PRELIMINARY

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide
As of December 31, 2019

Selected Indemnity Claim Reporting and Closure Patterns - As of 12/31/2019					Cumulative Indemnity Claim Counts				
Year	Percent Reported	Percent Closed	Percent Open	AY	Open Year	Reported @12/31/19	Open @12/31/19	Estimated Ultimate(d)	Annual Change
	(a)	(b)	(c)	(1)	(2)	(3)	(4)	(5)	(6)
1	78.3%	24.4%	53.9%	1989	31	222,853	779	222,853	
2	96.0%	54.1%	41.9%	1990	30	249,159	1,326	249,184	
3	98.2%	71.9%	26.4%	1991	29	250,051	1,726	250,112	
4	98.9%	81.6%	17.3%	1992	28	198,558	1,498	198,622	
5	99.2%	87.1%	12.1%	1993	27	156,201	1,283	156,269	
6	99.4%	90.3%	9.1%	1994	26	143,801	1,538	143,889	
7	99.6%	92.8%	6.8%	1995	25	135,244	2,004	135,357	
8	99.6%	94.1%	5.5%	1996	24	133,160	2,590	133,308	
9	99.7%	95.0%	4.7%	1997	23	137,418	2,403	137,591	
10	99.8%	95.8%	3.9%	1998	22	147,525	2,266	147,745	
11	99.8%	96.2%	3.5%	1999	21	148,705	1,913	148,957	
12	99.8%	96.8%	3.0%	2000	20	161,993	2,310	162,285	
13	99.8%	97.3%	2.5%	2001	19	185,698	3,231	186,036	
14	99.8%	97.5%	2.3%	2002	18	194,716	3,193	195,075	
15	99.8%	97.9%	1.9%	2003	17	184,252	3,193	184,611	
16	99.8%	98.0%	1.8%	2004	16	158,995	2,886	159,298	
17	99.8%	98.1%	1.7%	2005	15	139,603	2,709	139,865	
18	99.8%	98.2%	1.6%	2006	14	133,337	3,119	133,568	
19	99.8%	98.1%	1.7%	2007	13	130,396	3,321	130,639	
20	99.8%	98.4%	1.4%	2008	12	123,140	3,683	123,395	
21	99.8%	98.5%	1.3%	2009	11	113,927	4,047	114,201	
22	99.9%	98.3%	1.5%	2010	10	118,837	4,686	119,134	
23	99.9%	98.1%	1.7%	2011	9	121,031	5,649	121,393	
24	99.9%	97.9%	1.9%	2012	8	128,134	7,128	128,584	
25	99.9%	98.4%	1.5%	2013	7	136,211	9,236	136,786	
26	99.9%	98.9%	1.1%	2014	6	141,078	12,980	141,897	
27	100.0%	99.1%	0.8%	2015	5	144,851	17,629	146,021	
28	100.0%	99.2%	0.8%	2016	4	147,857	25,855	149,505	
29	100.0%	99.3%	0.7%	2017	3	147,372	39,555	150,053	
30	100.0%	99.5%	0.5%	2018	2	146,958	64,135	153,134	
31	100.0%	99.7%	0.3%	2019	1	122,223	84,093	156,122	
								Projected(e)	
				2020				151,641	-2.9%
				2021				147,744	-2.6%
				2022				144,493	-2.2%
				Total		4,803,284	321,964		

PRELIMINARY

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, 2019 (column (3)) and selected reporting pattern (column (a)).
(e) Estimated based on projected frequency trends for accident years 2020 to 2022. 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, 2019

	Estimated Number of Reported Indemnity Claims(a)			Estimated Number of Open Indemnity Claims(b)			Estimated Number of Indemnity Claims Opened During(c)		
AY	@12/31/20	@12/31/21	@12/31/22	@12/31/20	@12/31/21	@12/31/22	2020	2021	2022
1989	222,853	222,853	222,853	779	779	779	0	0	0
1990	249,184	249,184	249,184	871	871	871	25	0	0
1991	250,087	250,112	250,112	1,331	874	874	36	25	0
1992	198,574	198,603	198,622	1,371	1,057	694	16	29	20
1993	156,218	156,231	156,253	1,178	1,079	832	17	12	23
1994	143,827	143,843	143,854	1,182	1,085	993	26	16	12
1995	135,274	135,298	135,313	1,447	1,111	1,021	30	24	15
1996	133,196	133,226	133,250	1,974	1,425	1,095	36	30	24
1997	137,439	137,476	137,507	2,673	2,037	1,470	21	38	31
1998	147,559	147,582	147,622	2,580	2,871	2,187	34	22	40
1999	148,735	148,770	148,792	2,284	2,601	2,894	30	35	22
2000	162,010	162,043	162,081	2,084	2,489	2,834	17	33	38
2001	185,700	185,720	185,758	2,648	2,389	2,853	2	20	38
2002	194,721	194,724	194,745	3,388	2,776	2,505	5	2	21
2003	184,271	184,276	184,278	3,022	3,207	2,627	19	5	2
2004	158,988	159,004	159,009	2,755	2,607	2,767	-7	16	4
2005	139,599	139,593	139,608	2,534	2,419	2,289	-4	-6	14
2006	133,318	133,315	133,309	2,587	2,420	2,310	-19	-3	-6
2007	130,413	130,394	130,391	3,050	2,530	2,367	17	-19	-3
2008	123,166	123,181	123,164	3,137	2,881	2,390	26	16	-18
2009	113,965	113,989	114,003	3,409	2,903	2,666	38	24	15
2010	118,848	118,888	118,913	4,222	3,556	3,029	11	40	25
2011	121,090	121,102	121,142	4,775	4,302	3,623	59	12	40
2012	128,201	128,263	128,276	5,984	5,057	4,557	67	63	12
2013	136,307	136,378	136,444	7,583	6,365	5,380	96	71	67
2014	141,301	141,400	141,474	9,582	7,866	6,603	223	99	74
2015	145,178	145,408	145,510	13,357	9,860	8,094	327	230	102
2016	148,306	148,642	148,877	18,049	13,676	10,095	449	335	235
2017	148,400	148,851	149,187	25,950	18,116	13,726	1,028	451	336
2018	150,397	151,446	151,906	40,366	26,483	18,488	3,439	1,049	460
2019	149,825	153,332	154,401	65,387	41,153	27,000	27,602	3,506	1,069
Projected									
2020	118,715	145,525	148,931	81,680	63,510	39,972	118,715	26,810	3,406
2021		115,664	141,785		79,580	61,878		115,664	26,121
2022			113,120			77,830			113,120
Total	4,955,667	5,104,315	5,249,673	323,217	321,936	319,594	152,383	148,648	145,358
		(d) Open Claims at Beginning of the Year:					321,964	323,217	321,936
		(e) "Weighted" Open Claims:					626,731	620,512	612,653

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 2020 is the total number of indemnity claims from all accident years that were open as of December 31, 2019 (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.

PRELIMINARY

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, 2021 and August 31, 2021

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year	ULAE Paid per Open Indemnity Claim	ULAE Paid ($000)
	(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	3,520	1,233,524
2019	333,086	3,229	1,075,655
Projected			
2020	321,964	3,497	1,125,938
2021	323,217	3,589	1,159,984
2022	321,936	3,724	1,198,867

(d)	Projected ULAE Paid ($000):	1,296,556
(e)	Calendar Year 2019 Earned Premium ($000):	16,120,445
(f)	Projected Loss to Industry Average Filed Pure Premium Ratio:	0.571
(g)	Premium Adjustment Factor for Calendar Year 2019:	0.976
(h)	Projected Losses ($000): (e) x (f) x (g)	8,983,859
(i)	Projected Ratio of ULAE to Losses: (d)/(h)	14.4%

Notes:
(a) Calendar years 2010 to 2019 are based on WCIRB accident year experience calls. 2020 to 2022 are from line (d), Exhibit 3.4.
(b) Calendar years 2010 to 2019 are from column (d) of Exhibit 2. Calendar years 2020 to 2022 are projected based on applying the California average annual wage level changes of 4.1%, 1.5%, 2.6% and 3.8% for 2019 to 2022 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 2018 and 2019.
(c) Column (a) x column (b).
(d) Weight average of calendar years 2021 with 67% and 2022 with 33%, projected 3 years to the approximate average midpoint of ultimate ULAE payments on 2021 policies, based on applying the average annual change of 3.4% for 2022 and 2023 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 2019.
(f) See Exhibit 8 of Agenda Item AC20-06-01.
(g) See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

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, 2021 and August 31, 2021

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)
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%
2019	0.131	51.5%	6.7%
Projected			
2020	0.139 [2]	52.6% [3]	7.3% [4]
2021	0.139 [2]	53.2% [3]	7.4% [4]
2022	0.139 [2]	53.3% [3]	7.4% [4]

(d) Projected ULAE Paid to CY2019 Earned Premium Ratio: (67% of 2021 and 33% of 2022 in column (c))	7.4%
(e) Projected Loss to Industry Average Filed Pure Premium Ratio[5]:	0.571
(f) Premium Adjustment Factor for Calendar Year 2019[6]:	0.976
(g) Projected Ratio of ULAE to Losses: (d) / [(e) x (f)]	13.3%

Notes:
[1] Based on private insurers ULAE to paid loss ratio. See Exhibit 1.
[2] Based on averaging of the 2018 and 2019 paid ULAE to paid loss ratios.
[3] Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2019 experience.
[4] (b) x (c).
[5] See Exhibit 8 of Agenda Item AC20-06-01.
[6] See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

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, 2021 and August 31, 2021

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year	ULAE Paid per Open Indemnity Claim	ULAE Paid ($000)
	(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	3,520	1,233,524
2019	333,086	3,229	1,075,655
Projected			
2020	321,964	3,277	1,055,079
2021	323,217	3,363	1,086,983
2022	321,936	3,490	1,123,418

(d)	Projected ULAE Paid ($000):	1,214,960
(e)	Calendar Year 2019 Earned Premium ($000):	16,120,445
(f)	Projected Loss to Industry Average Filed Pure Premium Ratio:	0.571
(g)	Premium Adjustment Factor for Calendar Year 2019:	0.976
(h)	Projected Losses ($000): (e) x (f) x (g)	8,983,859
(i)	Projected Ratio of ULAE to Losses: (d)/(h)	13.5%

Notes:
(a) Calendar years 2010 to 2019 are based on WCIRB accident year experience calls. 2020 to 2022 are from line (d), Exhibit 3.4.
(b) Calendar years 2010 to 2019 are from column (d) of Exhibit 2. Calendar years 2020 to 2022 are projected based on applying the California average annual wage level changes of 1.5%, 2.6% and 3.8% for 2020 to 2022 derived based on the information published by the UCLA Anderson School of Business and the California Department of Finance, to the 2019 ULAE paid per open indemnity claim.
(c) Column (a) x column (b).
(d) Weight average of calendar years 2021 with 67% and 2022 with 33%, projected 3 years to the approximate average midpoint of ultimate ULAE payments on 2021 policies, based on applying the average annual change of 3.4% for 2022 and 2023 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 2019.
(f) See Exhibit 8 of Agenda Item AC20-06-01.
(g) See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

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, 2021 and August 31, 2021

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)
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%
2019	0.131	51.5%	6.7%
Projected			
2020	0.131 [2]	52.6% [3]	6.9% [4]
2021	0.131 [2]	53.2% [3]	7.0% [4]
2022	0.131 [2]	53.3% [3]	7.0% [4]

(d) Projected ULAE Paid to CY2019 Earned Premium Ratio: 7.0%
(67% of 2021 and 33% of 2022 in column (c))

(e) Projected Loss to Industry Average Filed Pure Premium Ratio[5]: 0.571

(f) Premium Adjustment Factor for Calendar Year 2019[6]: 0.976

(g) Projected Ratio of ULAE to Losses: 12.6%
(d) / [(e) x (f)]

PRELIMINARY

Notes:
[1] Based on private insurers ULAE to paid loss ratio. See Exhibit 1.
[2] Based on 2019 paid ULAE to paid loss ratio.
[3] Estimated based on age-to-age paid indemnity and medical development factors from insurers' December 31, 2019 experience.
[4] (a) x (b).
[5] See Exhibit 8 of Agenda Item AC20-06-01.
[6] See Exhibit 5.2 of Agenda Item AC20-06-01.

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, 2021 and August 31, 2021

Calendar Year	Weighted Number of Open Indemnity Claims	ULAE Paid per Weighted Open Indemnity Claim	ULAE Paid ($000)
	(a)	(b)	(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	654,983	1,797	1,176,761
2019	643,632	1,600	1,029,872
Projected			
2020	626,731	1,760	1,103,324
2021	620,512	1,807	1,121,045
2022	612,653	1,875	1,148,498

(d)	Projected ULAE Paid ($000):	1,249,339
(e)	Calendar Year 2019 Earned Premium ($000):	16,120,445
(f)	Projected Loss to Industry Average Filed Pure Premium Ratio:	0.571
(g)	Premium Adjustment Factor for Calendar Year 2019:	0.976
(h)	Projected Losses ($000): (e) x (f) x (g)	8,983,859
(i)	Projected Ratio of ULAE to Losses : (d)/(h)	13.9%

Notes:

(a) Calendar years 2010 to 2019 are based on the number of open indemnity claims and twice the number of reported indemnity claims form WCIRB accident year experience calls. 2020 to 2022 are from line (e), Exhibit 3.4.

(b) Calendar years 2010 to 2019 are from column (a) of Exhibit 2 divided by columns (b)+[2.0 x (c)] of Exhibit 2.2, multiplied by 1,000,000. Calendar years 2020 to 2022 are projected based on applying the California average annual wage level changes of 4.1%, 1.5%, 2.6% and 3.8% for 2019 to 2022 derived from information published by the UCLA Anderson School of Business, to the ULAE paid per weighted open indemnity claim from averaging 2018 to 2019.

(c) Column (a) x column (b).

(d) Weight average of calendar years 2021 with 67% and 2022 with 33%, projected 3 years to the approximate average midpoint of ultimate ULAE payments on 2021 policies, based on applying the average annual change of 3.4% for 2022 and 2023 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 2019.

(f) See Exhibit 8 of Agenda Item AC20-06-01.

(g) See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

Average Paid ALAE[1] per Reported Indemnity Claim - Private Insurers
As of March 31, 2020

Accident	Evaluated as of (in months):								
Year	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	849	2,340	3,613	4,619	5,393	5,993	6,429	6,768	7,039
2008	944	2,494	3,933	5,103	5,975	6,595	7,096	7,468	7,729
2009	1,037	2,812	4,448	5,718	6,637	7,358	7,900	8,278	8,553
2010	1,111	2,981	4,586	5,816	6,746	7,484	7,978	8,319	8,566
2011	1,127	2,942	4,520	5,796	6,818	7,470	7,939	8,265	8,373
2012	1,120	3,012	4,721	6,067	6,965	7,585	7,985	8,271	
2013	1,202	3,276	4,985	6,201	7,014	7,540	7,898		
2014	1,340	3,480	5,147	6,288	7,009	7,498			
2015	1,424	3,577	5,185	6,234	6,903				
2016	1,443	3,640	5,215	6,220					
2017	1,524	3,737	5,231						
2018	1,629	3,856							
2019	1,639								

Accident	Annual Change								
Year	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	11.3%	6.6%	8.9%	10.5%	10.8%	10.0%	10.4%	10.3%	9.8%
2009	9.8%	12.8%	13.1%	12.0%	11.1%	11.6%	11.3%	10.8%	10.7%
2010	7.1%	6.0%	3.1%	1.7%	1.6%	1.7%	1.0%	0.5%	0.2%
2011	1.4%	-1.3%	-1.4%	-0.3%	1.1%	-0.2%	-0.5%	-0.6%	-2.3%
2012	-0.5%	2.4%	4.4%	4.7%	2.1%	1.5%	0.6%	0.1%	
2013	7.3%	8.8%	5.6%	2.2%	0.7%	-0.6%	-1.1%		
2014	11.5%	6.2%	3.3%	1.4%	-0.1%	-0.6%			
2015	6.3%	2.8%	0.7%	-0.9%	-1.5%				
2016	1.3%	1.8%	0.6%	-0.2%					
2017	5.6%	2.7%	0.3%						
2018	6.9%	3.2%							
2019	0.6%								

Annual Trend[2]									
All-Year	5.6%	4.9%	4.0%	3.2%	3.1%	3.3%	4.0%	4.3%	4.3%
R^3	0.975	0.961	0.915	0.796	0.779	0.817	0.815	0.814	0.805
5-Year	4.1%	2.5%	1.1%	0.6%	0.3%	0.1%	0.0%	2.0%	4.6%
R^4	0.938	0.992	0.837	0.427	0.171	0.110	0.000	0.477	0.705

[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.

PRELIMINARY

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of March 31, 2020

Accident	Evaluated as of (in months):								
Year	15	27	39	51	63	75	87	99	111
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	0.077	0.112	0.127	0.135	0.142	0.145	0.146	0.148	0.148
2008	0.078	0.110	0.126	0.136	0.141	0.143	0.146	0.147	0.148
2009	0.084	0.122	0.138	0.146	0.150	0.153	0.155	0.157	0.158
2010	0.092	0.130	0.143	0.148	0.152	0.156	0.158	0.159	0.160
2011	0.099	0.133	0.146	0.154	0.162	0.165	0.167	0.168	0.166
2012	0.098	0.138	0.155	0.166	0.170	0.173	0.174	0.172	
2013	0.109	0.154	0.168	0.174	0.179	0.181	0.183		
2014	0.121	0.163	0.172	0.177	0.180	0.182			
2015	0.128	0.163	0.171	0.175	0.178				
2016	0.124	0.165	0.174	0.178					
2017	0.128	0.166	0.173						
2018	0.130	0.166							
2019	0.132								

Accident	Annual Change								
Year	15	27	39	51	63	75	87	99	111
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	0.5%	-1.5%	-0.4%	0.5%	-0.2%	-1.1%	-0.4%	-0.3%	-0.1%
2009	8.7%	10.4%	9.6%	7.8%	6.0%	6.6%	6.5%	6.4%	6.2%
2010	9.0%	7.2%	3.2%	1.0%	1.7%	2.3%	1.8%	1.7%	1.6%
2011	7.1%	2.1%	2.4%	4.4%	6.2%	5.2%	5.6%	5.2%	3.6%
2012	-0.5%	3.6%	6.1%	7.6%	5.3%	5.3%	4.6%	2.8%	
2013	10.8%	11.5%	8.5%	4.9%	4.9%	4.5%	4.8%		
2014	11.4%	6.3%	2.3%	1.4%	0.5%	0.2%			
2015	5.8%	-0.2%	-0.5%	-1.0%	-1.0%				
2016	-2.8%	1.0%	1.6%	1.9%					
2017	2.6%	0.8%	-0.4%						
2018	2.2%	0.1%							
2019	1.1%								

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.

PRELIMINARY

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers

Acc. Year	Paid ALAE[1] @3/31/20 (in $000) (1)	Cumulative Development Factors[2] (2)	Estimated Ultimate ALAE (in $000) (3)=(1)x(2)	Indemnity Claim Counts @3/31/20 (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 (8)
1992	319,500	1.046	334,100	141,778	1.000	141,835	2,356	---
1993	237,657	1.048	249,159	113,438	1.000	113,488	2,195	-6.8%
1994	220,447	1.052	231,886	105,344	1.001	105,407	2,200	0.2%
1995	243,512	1.055	256,982	101,353	1.001	101,432	2,534	15.2%
1996	290,233	1.061	307,815	103,158	1.001	103,271	2,981	17.6%
1997	367,228	1.066	391,294	104,809	1.001	104,942	3,729	25.1%
1998	506,049	1.071	542,018	112,438	1.002	112,616	4,813	29.1%
1999	556,256	1.076	598,794	116,374	1.002	116,589	5,136	6.7%
2000	660,396	1.082	714,419	118,393	1.002	118,638	6,022	17.2%
2001	784,972	1.088	854,111	113,942	1.002	114,187	7,480	24.2%
2002	823,305	1.096	901,946	113,022	1.002	113,294	7,961	6.4%
2003	832,721	1.103	918,677	108,378	1.003	108,748	8,448	6.1%
2004	715,175	1.111	794,749	99,465	1.004	99,842	7,960	-5.8%
2005	673,613	1.120	754,393	97,339	1.004	97,726	7,719	-3.0%
2006	740,252	1.132	838,066	104,330	1.004	104,756	8,000	3.6%
2007	816,727	1.143	933,778	107,476	1.005	107,965	8,649	8.1%
2008	867,745	1.157	1,004,137	105,669	1.005	106,217	9,454	9.3%
2009	901,915	1.175	1,059,788	101,069	1.006	101,653	10,426	10.3%
2010	955,932	1.196	1,143,140	109,080	1.006	109,749	10,416	-0.1%
2011	963,643	1.222	1,177,281	113,318	1.007	114,104	10,318	-0.9%
2012	1,010,697	1.255	1,268,311	121,770	1.008	122,698	10,337	0.2%
2013	1,015,314	1.304	1,324,077	128,412	1.009	129,510	10,224	-1.1%
2014	981,854	1.369	1,343,783	130,892	1.010	132,251	10,161	-0.6%
2015	931,851	1.468	1,367,935	134,991	1.013	136,757	10,003	-1.6%
2016	868,944	1.633	1,419,176	139,710	1.018	142,207	9,980	-0.2%
2017	733,276	1.962	1,438,482	140,159	1.025	143,676	10,012	0.3%
2018	543,949	2.801	1,523,683	141,063	1.045	147,467	10,332	3.2%
2019	215,744	7.285	1,571,769	131,619	1.148	151,149	10,399	0.6%

Estimated Annual Exponential Trend Based on:		R^2
2006 to 2019	1.2%	0.384
2015 to 2019	1.1%	0.795
Average:	1.2%	

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.

PRELIMINARY

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

Acc. Year	Payment Year Ending March 31													
	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	1,900
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	2,145
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	2,942
2007		71	846	2,333	2,807	3,192	3,452	3,603	3,686	3,677	3,719	3,540	3,460	3,516
2008			85	939	2,399	3,110	3,500	3,591	3,702	3,835	3,887	3,713	3,718	3,654
2009				150	1,034	2,742	3,391	3,644	3,820	3,943	3,998	3,903	3,810	3,777
2010					87	1,129	2,898	3,450	3,743	3,893	4,073	4,097	4,004	3,993
2011						88	1,147	2,879	3,459	3,863	4,060	4,043	4,186	4,165
2012							90	1,147	3,007	3,677	3,952	4,069	4,177	4,030
2013								101	1,237	3,223	3,649	3,913	4,062	4,095
2014									144	1,378	3,284	3,739	3,917	3,985
2015										105	1,426	3,353	3,753	3,934
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	2,899	2,946	2,988
Annual Change	-8.3%	5.7%	1.4%	6.4%	3.8%	7.8%	6.5%	2.4%	4.1%	7.0%	1.3%	0.1%	1.6%	1.4%

Estimated Annual Exponential Trend Based on Payment Year:		R^2
2006-2020	3.8%	0.940
2015-2020	0.8%	0.885
Average:	2.3%	

[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.

PRELIMINARY

Paid Allocated Loss Adjustment Expense Development - Private Insurers
As of March 31, 2020

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	195-207
1987							1.031	1.022	1.015	1.012	1.009	1.013	1.010	1.006	1.004	1.004
1988						1.048	1.033	1.021	1.014	1.011	1.011	1.014	1.004	1.004	1.004	1.004
1989					1.102	1.079	1.040	1.026	1.017	1.011	1.007	1.004	1.005	1.005	1.004	1.005
1990				1.149	1.097	1.046	1.032	1.020	1.014	1.009	1.007	1.006	1.005	1.005	1.006	1.006
1991			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	1.005
1992		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	1.005
1993	2.417	1.527	1.218	1.127	1.076	1.047	1.032	1.028	1.017	1.014	1.010	1.012	1.011	1.009	1.008	1.006
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	1.007
1995	2.550	1.569	1.237	1.132	1.072	1.046	1.038	1.030	1.022	1.022	1.019	1.017	1.015	1.013	1.010	1.008
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	1.009
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	1.009
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	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	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	1.010
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	1.009
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	1.007
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	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	1.008	
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	1.011		
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	1.010			
2007	2.902	1.570	1.291	1.173	1.116	1.081	1.054	1.042	1.029	1.021	1.017	1.012				
2008	2.832	1.621	1.311	1.177	1.115	1.077	1.055	1.037	1.027	1.020	1.015					
2009	3.005	1.623	1.302	1.178	1.112	1.076	1.049	1.034	1.025	1.018						
2010	2.944	1.591	1.295	1.166	1.108	1.068	1.044	1.030	1.022							
2011	2.945	1.597	1.298	1.169	1.097	1.065	1.042	1.027								
2012	3.060	1.610	1.288	1.154	1.092	1.055	1.039									
2013	3.024	1.554	1.255	1.137	1.078	1.049										
2014	2.902	1.512	1.234	1.120	1.073											
2015	2.785	1.478	1.211	1.113												
2016	2.796	1.466	1.201													
2017	2.684	1.428														
2018	2.601															
	Latest Year															
Age-to-Age	2.601	1.428	1.201	1.113	1.073	1.049	1.039	1.027	1.022	1.018	1.015	1.012	1.010	1.011	1.008	1.007
Cumulative	7.285	2.801	1.962	1.633	1.468	1.369	1.304	1.255	1.222	1.196	1.175	1.157	1.143	1.132	1.120	1.111
	3-Year Arithmetic Average															
Age-to-Age	2.694	1.457	1.216	1.123	1.081	1.057	1.042	1.030	1.024	1.020	1.017	1.014	1.011	1.010	1.008	1.008
Cumulative	8.115	3.012	2.067	1.701	1.514	1.400	1.326	1.272	1.235	1.205	1.182	1.162	1.147	1.134	1.123	1.114

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	387-399
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	1.003
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	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	1.003		
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	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	1.002				
1992	1.003	1.004	1.004	1.003	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	1.003						
1994	1.007	1.007	1.006	1.007	1.005	1.005	1.004	1.004	1.003							
1995	1.009	1.009	1.008	1.007	1.008	1.006	1.006	1.005								
1996	1.009	1.008	1.008	1.006	1.005	1.006	1.005									
1997	1.008	1.008	1.007	1.006	1.006	1.005										
1998	1.011	1.009	1.008	1.006	1.005											
1999	1.009	1.007	1.007	1.005												
2000	1.008	1.007	1.006													
2001	1.007	1.007														
2002	1.007															
	Latest Year															
Age-to-Age	1.007	1.007	1.006	1.005	1.005	1.005	1.005	1.005	1.003	1.003	1.003	1.002	1.002	1.003	1.004	1.003
Cumulative[1]	1.103	1.096	1.088	1.082	1.076	1.071	1.066	1.061	1.055	1.052	1.048	*1.046*	*1.043*	*1.040*	*1.038*	
	3-Year Arithmetic Average															
Age-to-Age	1.008	1.007	1.007	1.006	1.005	1.006	1.005	1.004	1.003	1.003	1.002	1.002	1.003	1.003	1.003	1.003
Cumulative	1.105	1.097	1.090	1.082	1.076	1.070	1.064	1.059	1.055	1.051	1.048	*1.046*	*1.043*	*1.040*	*1.038*	

Note:
[1] Factors in italics are based on powertail fit to the "3-Year Arithmetic Average" factors.

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

PRELIMINARY

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

Age in Months	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	7.885
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	3.139
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	2.131
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	1.675
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	1.442	
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	1.289	
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	1.213	
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	1.153	
27 - 30	1.165	1.167	1.172	1.170	1.158	1.163	1.160	1.156	1.151	1.142	1.132	1.129		
30 - 33	1.128	1.119	1.135	1.138	1.133	1.131	1.130	1.123	1.116	1.110	1.109	1.099		
33 36	1.107	1.103	1.111	1.114	1.113	1.108	1.104	1.101	1.095	1.088	1.092	1.084		
36 - 39	1.093	1.090	1.097	1.094	1.091	1.095	1.093	1.085	1.085	1.073	1.068	1.062		
39 - 42	1.083	1.086	1.096	1.082	1.083	1.081	1.081	1.077	1.072	1.062	1.062			
42 - 45	1.063	1.069	1.069	1.074	1.069	1.068	1.070	1.061	1.057	1.054	1.049			
45 48	1.057	1.059	1.063	1.064	1.062	1.059	1.057	1.055	1.051	1.046	1.043			
48 - 51	1.050	1.050	1.052	1.053	1.053	1.051	1.050	1.047	1.041	1.036	1.035			
51 - 54	1.049	1.050	1.049	1.050	1.048	1.048	1.046	1.042	1.035	1.034				
54 - 57	1.038	1.043	1.045	1.043	1.040	1.043	1.038	1.035	1.031	1.027				
57 60	1.037	1.038	1.039	1.039	1.037	1.036	1.035	1.031	1.028	1.026				
60 - 63	1.032	1.032	1.034	1.034	1.032	1.031	1.031	1.025	1.023	1.021				
63 - 66	1.030	1.031	1.033	1.032	1.032	1.029	1.028	1.022	1.021					
66 - 69	1.027	1.029	1.028	1.029	1.028	1.024	1.024	1.021	1.018					
69 72	1.025	1.028	1.026	1.026	1.024	1.023	1.021	1.018	1.018					
72 - 75	1.022	1.023	1.023	1.022	1.021	1.021	1.019	1.016	1.015					
75 - 78	1.020	1.023	1.022	1.022	1.020	1.019	1.016	1.015						
78 - 81	1.019	1.020	1.020	1.020	1.017	1.017	1.015	1.013						
81 84	1.018	1.019	1.018	1.017	1.016	1.014	1.014	1.012						
84 - 87	1.016	1.016	1.016	1.015	1.014	1.014	1.011	1.010						
87 - 90	1.015	1.015	1.016	1.015	1.012	1.012	1.011							
90 - 93	1.014	1.014	1.014	1.012	1.012	1.012	1.011							
93 96	1.013	1.013	1.013	1.012	1.010	1.011	1.009							
96 - 99	1.012	1.011	1.011	1.010	1.010	1.008	1.008							
99 - 102	1.012	1.012	1.011	1.009	1.009	1.008								
102 - 105	1.012	1.011	1.009	1.009	1.008	1.007								
105 108	1.010	1.010	1.008	1.008	1.007	1.007								
108 - 111	1.009	1.009	1.008	1.008	1.006	1.005								
111 - 114	1.009	1.008	1.007	1.007	1.006									
114 - 117	1.008	1.007	1.007	1.007	1.006									
117 120	1.008	1.007	1.006	1.006	1.006									
120 - 123	1.007	1.006	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.

PRELIMINARY

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	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	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	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	1.000			
2008	1.059	1.017	1.009	1.004	1.003	1.002	1.001	1.001	1.000	1.000	1.000				
2009	1.083	1.023	1.009	1.005	1.003	1.002	1.001	1.000	1.000	1.000					
2010	1.091	1.022	1.010	1.006	1.003	1.002	1.001	1.000	1.000						
2011	1.102	1.027	1.011	1.005	1.002	1.001	1.000	1.000							
2012	1.120	1.026	1.010	1.005	1.002	1.001	1.001								
2013	1.101	1.024	1.007	1.004	1.001	1.002									
2014	1.105	1.019	1.008	1.003	1.001										
2015	1.100	1.016	1.005	1.003											
2016	1.101	1.019	1.005												
2017	1.088	1.017													
2018	1.092														
I. Age-to-Age (Latest Year)	1.092	1.017	1.005	1.003	1.001	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
II. Age-to-Ultimate	1.127	1.033	1.015	1.010	1.007	1.006	1.004	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	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	1.000		
1993	1.000	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	1.000				
1995	1.000	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	1.000						
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1998	1.000	1.000	1.000	1.000	1.000	1.000								
1999	1.000	1.000	1.000	1.000	1.000									
2000	1.000	1.000	1.000	1.000										
2001	1.0002	1.000	1.000											
2002	1.0000	1.000												
2003	0.9999													
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
II. Age-to-Ultimate	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Source: WCIRB quarterly calls for experience.

PRELIMINARY

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, 2021 and August 31, 2021

Acc. Year	Indemnity Claim Counts @3/31/20	Cumulative Count Development Factors[2]	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE per Indemnity Claim[3]	Estimated Ult. ALAE (in $000)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1992	198,294	1.000	198,338	2,356	467,195
1993	156,047	1.000	156,089	2,195	342,687
1994	143,658	1.000	143,716	2,200	316,164
1995	135,198	1.001	135,272	2,534	342,718
1996	133,121	1.001	133,225	2,981	397,099
1997	137,369	1.001	137,491	3,729	512,659
1998	147,457	1.001	147,619	4,813	710,488
1999	148,655	1.001	148,848	5,136	764,471
2000	161,931	1.001	162,162	6,022	976,515
2001	185,637	1.001	185,897	7,480	1,390,496
2002	194,719	1.001	195,004	7,961	1,552,451
2003	184,181	1.002	184,542	8,448	1,558,971
2004	158,951	1.002	159,245	7,960	1,267,600
2005	139,548	1.002	139,802	7,719	1,079,199
2006	133,284	1.002	133,503	8,000	1,068,047
2007	130,331	1.002	130,556	8,649	1,129,168
2008	123,059	1.002	123,296	9,454	1,165,599
2009	113,867	1.002	114,132	10,426	1,189,891
2010	118,755	1.002	119,042	10,416	1,239,930
2011	120,971	1.003	121,316	10,318	1,251,691
2012	128,131	1.003	128,546	10,337	1,328,762
2013	136,242	1.004	136,754	10,224	1,398,138
2014	141,062	1.005	141,833	10,161	1,441,149
2015	144,972	1.007	145,971	10,003	1,460,099
2016	147,920	1.010	149,379	9,980	1,490,747
2017	147,678	1.015	149,895	10,012	1,500,743
2018	148,356	1.032	153,171	10,332	1,582,618
2019	139,039	1.127	156,731	10,399	1,629,813

Projected Based on 2-Year Average of 2018 and 2019:

	Ult. Ind. Counts[4]	Ult. ALAE per Ind. Counts[5]	Ultimate ALAE[6]
2020	151,166	10,678	1,614,192
2021	147,281	10,892	1,604,161
11/1/2021	146,204	10,963	1,602,869

(a) Projected ALAE Incurred ($000):	1,602,869
(b) Calendar Year 2019 Earned Premium[7] ($000):	16,120,445
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[8]:	0.571
(d) Premium Adjustment Factor for Calendar Year 2019[9]:	0.976
(e) Projected Losses ($000): (b) x (c) x (d)	8,983,859
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	17.8%
(g) Impact of SB 1160 and AB 1244[10]	-4.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	17.0%

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 to 2022. 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 2018 and 2019.
[5] Severity is projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 9 and (ii) paid ALAE per open indemnity claim from Exhibit 10, to the ultimate ALAE severity estimated from averaging 2018 and 2019.
[6] Column(3) x Column(4) / 1,000.
[7] Based on the reported earned premium for calendar year 2019 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, 2020.
[8] See Exhibit 8 of Agenda Item AC20-06-01.
[9] See Exhibit 5.2 of Agenda Item AC20-06-01.
[10] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 60% reduction in lien filings, offset by 50% to reflect the impact of the reforms in the emerging ALAE data.

PRELIMINARY

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, 2021 and August 31, 2021

Acc. Year	Indemnity Claim Counts @3/31/20	Cumulative Count Development Factors[2]	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE per Indemnity Claim[3]	Estimated Ult. ALAE (in $000)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1992	198,294	1.000	198,338	2,356	467,195
1993	156,047	1.000	156,089	2,195	342,687
1994	143,658	1.000	143,716	2,200	316,164
1995	135,198	1.001	135,272	2,534	342,718
1996	133,121	1.001	133,225	2,981	397,099
1997	137,369	1.001	137,491	3,729	512,659
1998	147,457	1.001	147,619	4,813	710,488
1999	148,655	1.001	148,848	5,136	764,471
2000	161,931	1.001	162,162	6,022	976,515
2001	185,637	1.001	185,897	7,480	1,390,496
2002	194,719	1.001	195,004	7,961	1,552,451
2003	184,181	1.002	184,542	8,448	1,558,971
2004	158,951	1.002	159,245	7,960	1,267,600
2005	139,548	1.002	139,802	7,719	1,079,199
2006	133,284	1.002	133,503	8,000	1,068,047
2007	130,331	1.002	130,556	8,649	1,129,168
2008	123,059	1.002	123,296	9,454	1,165,599
2009	113,867	1.002	114,132	10,426	1,189,891
2010	118,755	1.002	119,042	10,416	1,239,930
2011	120,971	1.003	121,316	10,318	1,251,691
2012	128,131	1.003	128,546	10,337	1,328,762
2013	136,242	1.004	136,754	10,224	1,398,138
2014	141,062	1.005	141,833	10,161	1,441,149
2015	144,972	1.007	145,971	10,003	1,460,099
2016	147,920	1.010	149,379	9,980	1,490,747
2017	147,678	1.015	149,895	10,012	1,500,743
2018	148,356	1.032	153,171	10,332	1,582,618
2019	139,039	1.127	156,731	10,399	1,629,813

Projected Based on Latest Year

	Ult. Ind. Counts[4]	Ult. ALAE per Ind. Counts[5]	Ultimate ALAE[6]
2020	152,233	10,607	1,614,698
2021	148,320	10,819	1,604,664
11/1/2021	147,235	10,890	1,603,371

(a) Projected ALAE Incurred ($000):	1,603,371
(b) Calendar Year 2019 Earned Premium[7] ($000):	16,120,445
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[8]:	0.571
(d) Premium Adjustment Factor for Calendar Year 2019[9]:	0.976
(e) Projected Losses ($000): (b) x (c) x (d)	8,983,859
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	17.9%
(g) Impact of SB 1160 and AB 1244[10]	-4.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	17.0%

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 insures from Exhibit 9.
[4] Estimated based on projected frequency trends for accident years 2020 and 2022. The estimated frequency changes are based on the projected growth in overall indemnity claim frequency. These frequency trends were then applied to the 2019 ultimate indemnity claim counts.
[5] Severity is projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 9 and (ii) paid ALAE per open indemnity claim from Exhibit 10, to the 2019 ultimate ALAE severity.
[6] Column(3) x Column(4) / 1,000.
[7] Based on the reported earned premium for calendar year 2019 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, 2020.
[8] See Exhibit 8 of Agenda Item AC20-06-01.
[9] See Exhibit 5.2 of Agenda Item AC20-06-01.
[10] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 60% reduction in lien filings, offset by 50% to reflect the impact of the reforms in the emerging ALAE data.

PRELIMINARY

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, 2021 and August 31, 2021
Latest Year Development Factors

Accident Year	Paid ALAE as % of Premium at 3/31/20	Development Factors	Ultimate ALAE as % of Premium	Ultimate On-level Indemnity as % of Premium	Ultimate On-level Medical as % of Premium	Ultimate ALAE as % of Ultimate On-level Loss
	(1)	(2)	(3)	(4)	(5)	(6)
1991	9.7%	1.043	10.2%	42.3%	20.5%	16.2%
1992	7.6%	1.046	7.9%	36.8%	18.1%	14.5%
1993	5.4%	1.048	5.6%	36.7%	18.0%	10.3%
1994	5.8%	1.052	6.1%	43.7%	21.9%	9.2%
1995	8.5%	1.055	8.9%	58.4%	31.7%	9.9%
1996	9.8%	1.061	10.4%	61.3%	33.4%	10.9%
1997	11.8%	1.066	12.6%	62.1%	37.3%	12.7%
1998	13.4%	1.071	14.4%	62.2%	39.7%	14.1%
1999	14.7%	1.076	15.8%	60.7%	33.6%	16.7%
2000	13.3%	1.082	14.4%	49.0%	28.1%	18.7%
2001	11.8%	1.088	12.8%	40.6%	22.9%	20.2%
2002	10.1%	1.096	11.1%	31.0%	18.5%	22.4%
2003	6.9%	1.103	7.6%	20.4%	12.5%	23.2%
2004	4.8%	1.111	5.3%	16.8%	13.0%	17.9%
2005	4.4%	1.120	4.9%	19.4%	14.8%	14.3%
2006	5.4%	1.132	6.1%	24.7%	20.2%	13.6%
2007	7.5%	1.143	8.6%	33.0%	28.2%	14.0%
2008	9.6%	1.157	11.1%	39.3%	35.2%	14.9%
2009	11.8%	1.175	13.9%	45.1%	41.0%	16.1%
2010	11.6%	1.196	13.8%	42.9%	40.7%	16.5%
2011	10.4%	1.222	12.7%	39.6%	36.0%	16.8%
2012	9.3%	1.255	11.7%	35.0%	32.7%	17.2%
2013	7.7%	1.304	10.1%	29.4%	29.3%	17.2%
2014	7.2%	1.369	9.8%	25.7%	27.7%	18.4%
2015	6.1%	1.458	8.9%	24.7%	26.7%	17.3%
2016	5.3%	1.609	8.5%	23.1%	25.3%	17.7%
2017	4.5%	1.924	8.6%	22.9%	26.0%	17.6%
2018	3.4%	2.747	9.3%	23.9%	28.1%	17.9%
2019	1.4%	7.144	10.3%	26.6%	30.3%	18.2%

(7)	Projected ALAE as a Percent of Ultimate On-level Losses Prior to Impact of SB 1160 and AB 1244:	18.0%
(8)	Impact of SB 1160 and AB 1244:	-4.8%
(9)	Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (7) x [1.0 + (8)]	17.1%

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 Agenda Item AC20-06-01. MCCP costs are not included in the medical ratios shown for accident years 2011 to 2019.
(6) = (3) / [(4) + (5)].
(7) Based on averaging 2018 and 2019.
(8) Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 60% reduction in lien filings, offset by 50% to reflect the impact of the reforms in the emerging ALAE data.

PRELIMINARY

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

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	Paid ALAE[2] 183-Ult	Paid Indemnity[3] 183-Ult
1996														1.004		
1997													1.006	1.007		
1998												1.008	1.006	1.006		
1999											1.010	1.009	1.007	1.007		
2000										1.012	1.010	1.009	1.008	1.006		
2001									1.011	1.009	1.008	1.005	1.009	1.007		
2002								1.012	1.007	1.006	1.005	1.007	1.006	1.005		
2003							1.013	1.007	1.006	1.002	1.004	1.006	1.003	1.001		
2004						1.018	1.004	0.999	1.003	1.006	1.005	1.003	1.003	1.001		
2005					1.029	1.014	1.004	1.004	1.007	1.008	1.005	1.004	1.002	1.001		
2006				1.040	1.021	1.012	1.011	1.011	1.006	1.006	1.003	1.002	1.000			
2007			1.066	1.041	1.028	1.019	1.012	1.010	1.004	1.004	1.001	0.999				
2008		1.104	1.063	1.040	1.029	1.022	1.014	1.011	1.006	1.002	1.001					
2009	1.269	1.083	1.052	1.038	1.026	1.019	1.010	1.005	1.002	1.002						
2010	1.227	1.057	1.044	1.033	1.025	1.015	1.008	1.006	1.001							
2011	1.211	1.078	1.058	1.035	1.019	1.011	1.004	1.004								
2012	1.263	1.090	1.056	1.028	1.016	1.008	1.008									
2013	1.268	1.043	1.032	1.023	1.014	1.011										
2014	1.182	1.007	1.016	1.010	1.010											
2015	1.128	1.001	1.008	1.011												
2016	1.164	1.005	1.011													
2017	1.123	0.991														
2018	1.109															
Latest Year Development																
Age to Age	1.109	0.991	1.011	1.011	1.010	1.011	1.008	1.004	1.001	1.002	1.001	0.999	1.000	1.001		
Age-to-Ult.	1.234	1.113	1.123	1.111	1.098	1.087	1.075	1.067	1.063	1.062	1.060	1.059	1.060	1.060	1.120	1.058
3-Year Arithmetic Average Development																
Age to Age	1.132	0.999	1.012	1.015	1.013	1.010	1.007	1.005	1.003	1.003	1.002	1.002	1.002	1.001		
Age-to-Ult.	1.292	1.141	1.142	1.129	1.113	1.098	1.087	1.080	1.074	1.071	1.068	1.067	1.065	1.063	1.123	1.058

Notes:

[1] Due to relatively sparse data and differing mixes of insurers represented in each factor, each factor shown is the ratio of the paid ALAE development factor to the paid indemnity development factor. The paid ALAE development is based on the private insurers' paid ALAE development from paid Exhibit 11.1, the paid indemnity development factors are from Exhibits 2.5.1 and 2.5.2 of Agenda Item AC20-06-01

[2] Based on the private insurers paid ALAE age-to-age development from Exhibit 11.1.

[3] Based on Exhibit 3.1 of Agenda Item AC20-06-01.

PRELIMINARY

Projected Ultimate ALAE as a Percent of Ultimate Losses - Statewide
For Policies with Effective Dates between January 1, 2021 and August 31, 2021
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 3/31/20 (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)
2005	38.9%	1.059	41.2%	1.552	26.6%
2006	37.5%	1.060	39.7%	1.525	26.0%
2007	37.4%	1.060	39.6%	1.470	26.9%
2008	36.8%	1.059	39.0%	1.381	28.2%
2009	38.7%	1.060	41.1%	1.354	30.3%
2010	39.2%	1.062	41.6%	1.328	31.3%
2011	38.8%	1.063	41.3%	1.310	31.5%
2012	39.7%	1.067	42.4%	1.294	32.7%
2013	40.1%	1.075	43.2%	1.265	34.1%
2014	38.7%	1.087	42.1%	1.159	36.3%
2015	37.2%	1.098	40.9%	1.142	35.8%
2016	36.8%	1.111	40.9%	1.128	36.3%
2017	36.0%	1.123	40.4%	1.098	36.8%
2018	36.4%	1.113	40.5%	1.070	37.8%
2019	31.8%	1.234	39.3%	1.041	37.7%

	Projected:
(6) ALAE as Percent of On-level Indemnity:	37.8%
(7) Indicated Indemnity to Industry Average Filed Pure Premium Ratio:	0.259
(8) Indicated Medical to Industry Average Filed Pure Premium Ratio:	0.312
(9) ALAE as Percent of Total Losses Prior to Impact of SB 1160 and AB 1244:	17.1%
(10) Impact of SB 1160 and AB 1244:	-4.8%
(11) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (9) x [1.0 + (10)]	16.3%

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 AC20-06-01.
(5) = (3) / (4).
(6) Projected by averaging 2018 and 2019.
(7), (8) From Exhibit 8 of Agenda Item AC20-06-01.
(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 50% to reflect the impact of the reforms in the emerging ALAE data.

PRELIMINARY

Average Paid MCCP per Reported Indemnity Claim - Statewide
As of March 31, 2020

Accident Year	15	27	39	51	63	75	87
2012	891	1,506	1,819	1,984	2,127	2,228	2,323
2013	841	1,363	1,659	1,861	1,990	2,090	2,145
2014	784	1,312	1,639	1,828	1,954	2,032	
2015	777	1,308	1,596	1,783	1,888		
2016	766	1,237	1,507	1,666			
2017	748	1,227	1,503				
2018	808	1,277					
2019	767						

Accident Year	15	27	39	51	63	75	87
2013	-5.7%	-9.5%	-8.8%	-6.2%	-6.5%	-6.2%	-7.7%
2014	-6.8%	-3.7%	-1.2%	-1.8%	-1.8%	-2.8%	
2015	-0.8%	-0.3%	-2.6%	-2.5%	-3.4%		
2016	-1.5%	-5.4%	-5.6%	-6.6%			
2017	-2.3%	-0.8%	-0.3%				
2018	8.0%	4.1%					
2019	-5.0%						

Annual Trend[1]						
All-Year	-1.7%	-2.7%	-3.6%	-3.8%	-3.7%	-4.5%
R^2	0.499	0.716	0.914	0.950	0.937	0.951

R^3

[1] Trend is based on exponential distribution.

Source: WCIRB accident year experience calls.

PRELIMINARY

Estimated Ultimate MCCP per Indemnity Claim - Statewide

Accident Year	Paid MCCP @3/31/20 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @3/31/20 (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
2012	300,326	1.349	405,140	128,131	1.003	128,546	3,152	---
2013	291,857	1.377	401,826	136,242	1.004	136,754	2,938	-6.8%
2014	286,588	1.416	405,688	141,062	1.005	141,833	2,860	-2.7%
2015	273,650	1.474	403,392	144,972	1.007	145,971	2,764	-3.4%
2016	246,464	1.565	385,662	147,920	1.010	149,379	2,582	-6.6%
2017	221,909	1.739	385,988	147,678	1.015	149,895	2,575	-0.3%
2018	189,494	2.167	410,716	148,356	1.032	153,171	2,681	4.1%
2019	106,656	3.744	399,280	139,039	1.127	156,731	2,548	-5.0%

Estimated Annual Exponential Trend Based on:

2013 to 2019	-2.2%
2015 to 2019	-1.2%

Notes:

[1] Based on MCCP development through 99 months from Exhibit 18.1. 99-to-ultimate development factors are based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC20-06-01.

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

PRELIMINARY

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	$1,027	7.9%
2016	$1,028	0.1%
2017	$939	-8.6%
2018	$952	1.4%
2019	$939	-1.4%
Estimated Annual Exponential Trend Based on:		
2009-2019		1.3%
R^2		0.376

[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 calls for experience.

PRELIMINARY

Paid MCCP Development Factors - Statewide

Quarterly Development

Age in Months	Accident Year 2012	2013	2014	2015	2016	2017	2018	2019
3 - 6	5.599	5.796	6.047	5.652	6.118	5.561	5.890	5.288
6 - 9	2.356	2.432	2.402	2.457	2.407	2.395	2.329	2.354
9 - 12	1.763	1.773	1.771	1.742	1.725	1.776	1.824	1.775
12 - 15	1.476	1.412	1.456	1.468	1.477	1.444	1.432	1.436
15 - 18	1.277	1.253	1.299	1.282	1.244	1.258	1.239	
18 - 21	1.171	1.157	1.194	1.177	1.170	1.154	1.147	
21 - 24	1.128	1.121	1.128	1.120	1.125	1.122	1.116	
24 - 27	1.083	1.099	1.096	1.096	1.086	1.096	1.088	
27 - 30	1.077	1.081	1.073	1.073	1.077	1.071		
30 - 33	1.051	1.068	1.045	1.062	1.054	1.057		
33 - 36	1.045	1.054	1.036	1.047	1.053	1.051		
36 - 39	1.047	1.053	1.033	1.040	1.039	1.048		
39 - 42	1.036	1.043	1.026	1.040	1.032			
42 - 45	1.036	1.035	1.025	1.029	1.027			
45 - 48	1.031	1.027	1.019	1.028	1.026			
48 - 51	1.031	1.023	1.025	1.021	1.021			
51 - 54	1.025	1.023	1.025	1.020				
54 - 57	1.022	1.019	1.018	1.015				
57 - 60	1.017	1.016	1.016	1.014				
60 - 63	1.015	1.014	1.013	1.012				
63 - 66	1.016	1.017	1.013					
66 - 69	1.014	1.012	1.011					
69 - 72	1.011	1.011	1.009					
72 - 75	1.009	1.010	1.009					
75 - 78	1.010	1.009						
78 - 81	1.007	1.006						
81 - 84	1.008	1.006						
84 - 87	1.008	1.007						

Annual Development

Age in Months	Accident Year 2012	2013	2014	2015	2016	2017	2018
15 - 27	1.829	1.791	1.887	1.850	1.779	1.786	1.727
27 - 39	1.242	1.284	1.272	1.240	1.241	1.246	
39 - 51	1.141	1.129	1.123	1.122	1.112		
51 - 63	1.077	1.072	1.072	1.062			
63 - 75	1.049	1.051	1.041				
75 - 87	1.034	1.028					
87 - 99	1.021						

	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-Ult.
Age-to-Age[1]	1.727	1.246	1.112	1.062	1.041	1.028	1.021	
Age -to-Ult.[2]	3.744	2.167	1.739	1.565	1.474	1.416	1.377	1.349

Notes:
[1] Based on Latest Year.
[2] 99-to-Ult. is based on selected paid medical 96-to-ultimate development factor on Exhibit 3.2 of Agenda Item AC20-06-01.

Source: WCIRB quarterly calls for experience.

PRELIMINARY

Projected Ratio of MCCP to Losses - Statewide

Based on Estimated Accident Year Indemnity Claim Frequency and MCCP Severity
for Policies with Effective Dates between July 1, 2021 and August 31, 2021

Accident Year	Paid MCCP @3/31/20 (in $000)	Cumulative Development Factors[1]	Estimated Ultimate MCCP	Indemnity Claim Counts @3/31/20	Cumulative Count Development Factors[2]	Estimated Ultimate Ind. Counts	Estimated Ultimate MCCP per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	300,326	1.349	405,140	128,131	1.003	128,546	3,152
2013	291,857	1.377	401,826	136,242	1.004	136,754	2,938
2014	286,588	1.416	405,688	141,062	1.005	141,833	2,860
2015	273,650	1.474	403,392	144,972	1.007	145,971	2,764
2016	246,464	1.565	385,662	147,920	1.010	149,379	2,582
2017	221,909	1.739	385,988	147,678	1.015	149,895	2,575
2018	189,494	2.167	410,716	148,356	1.032	153,171	2,681
2019	106,656	3.744	399,280	139,039	1.127	156,731	2,548

Projected Based on 2-Year Average of 2018 and 2019:

	Ultimate MCCP[5]	Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2020	395,221	151,166	2,614
2021	385,064	147,281	2,614
11/1/2021	382,248	146,204	2,614

(a)	Projected MCCP ($000):	382,248
(b)	Calendar Year 2019 Earned Premium[6] ($000):	16,120,445
(c)	Projected Loss to Industry Average Filed Pure Premium Ratio[7]:	0.571
(d)	Premium Adjustment Factor for Calendar Year 2019[8]:	0.976
(e)	Projected Losses ($000): (b) x (c) x (d)	8,983,859
(f)	Projected Ratio of MCCP to Losses: (a)/(e)	4.3%

Notes:

[1] Based on MCCP development through 99 months from Exhibit 18.1. 99-to-ultimate development factors is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC20-06-01.

[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 2022. 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 2018 and 2019.

[4] Severity is projected by applying an annual growth rate of 0% to the ultimate MCCP severity estimated from averaging 2018 and 2019.

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

[6] Based on the reported earned premium for calendar year 2019 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, 2020.

[7] See Exhibit 8 of Agenda Item AC20-06-01.

[8] See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

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, 2021 and August 31, 2021

Accident Year	Paid MCCP @3/31/20 (in $000)	Cumulative Development Factors[1]	Estimated Ultimate MCCP	Indemnity Claim Counts @3/31/20	Cumulative Count Development Factors[2]	Estimated Ultimate Ind. Counts	Estimated Ultimate MCCP per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	300,326	1.349	405,140	128,131	1.003	128,546	3,152
2013	291,857	1.377	401,826	136,242	1.004	136,754	2,938
2014	286,588	1.416	405,688	141,062	1.005	141,833	2,860
2015	273,650	1.474	403,392	144,972	1.007	145,971	2,764
2016	246,464	1.565	385,662	147,920	1.010	149,379	2,582
2017	221,909	1.739	385,988	147,678	1.015	149,895	2,575
2018	189,494	2.167	410,716	148,356	1.032	153,171	2,681
2019	106,656	3.744	399,280	139,039	1.127	156,731	2,548

Projected Based on Latest Year:

	Ultimate MCCP[5]	Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2020	387,821	152,233	2,548
2021	377,854	148,320	2,548
11/1/2021	375,090	147,235	2,548

(a)	Projected MCCP ($000):	375,090
(b)	Calendar Year 2019 Earned Premium[6] ($000):	16,120,445
(c)	Projected Loss to Industry Average Filed Pure Premium Ratio[7]:	0.571
(d)	Premium Adjustment Factor for Calendar Year 2019[8]:	0.976
(e)	Projected Losses ($000): (b) x (c) x (d)	8,983,859
(f)	Projected Ratio of MCCP to Losses: (a)/(e)	4.2%

Notes:

[1] Based on MCCP development through 99 months from Exhibit 18.1. 99-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC20-06-01.

[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 2020 to 2022. 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 2019 ultimate indemnity claim counts.

[4] Severity is projected by applying an annual growth rate of 0% to the 2019 ultimate MCCP severity.

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

[6] Based on the reported earned premium for calendar year 2019 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, 2020.

[7] See Exhibit 8 of Agenda Item AC20-06-01.

[8] See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

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 July 1, 2021 and August 31, 2021

Year	Paid MCCP @12/31/19 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/19 (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
2012	300,326	1.349	405,140	128,131	1.003	128,546	3,152
2013	291,857	1.377	401,826	136,242	1.004	136,754	2,938
2014	286,588	1.416	405,688	141,062	1.005	141,833	2,860
2015	273,650	1.474	403,392	144,972	1.007	145,971	2,764
2016	246,464	1.565	385,662	147,920	1.010	149,379	2,582
2017	221,909	1.739	385,988	147,678	1.015	149,895	2,575
2018	189,494	2.167	410,716	148,356	1.032	153,171	2,681
2019	106,656	3.744	399,280	139,039	1.127	156,731	2,548

Projected Based on 2-Year Average of 2018 and 2019:

	Ultimate MCCP[5]	Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2020	382,062	151,166	2,527
2021	363,989	147,281	2,471
11/1/2021	358,662	146,204	2,453

(a)	Projected MCCP ($000):	358,662
(b)	Calendar Year 2019 Earned Premium[6] ($000):	16,120,445
(c)	Projected Loss to Industry Average Filed Pure Premium Ratio[7]:	0.571
(d)	Premium Adjustment Factor for Calendar Year 2019[8]:	0.976
(e)	Projected Losses ($000): (b) x (c) x (d)	8,983,859
(f)	Projected Ratio of MCCP to Losses: (a)/(e)	4.0%

Notes:

[1] Based on MCCP development through 99 months from Exhibit 18.1. 99-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC20-06-01.

[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 and 2022. 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 -2.2% to the ultimate MCCP severity estimated from averaging 2018 and 2019.

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

[6] Based on the reported earned premium for calendar year 2019 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, 2020.

[7] See Exhibit 8 of Agenda Item AC20-06-01.

[8] See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

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 July 1, 2021 and August 31, 2021

Accident Year	Paid MCCP @3/31/20 (in $000)	Cumulative Development Factors[1]	Estimated Ultimate MCCP	Indemnity Claim Counts @3/31/20	Cumulative Count Development Factors[2]	Estimated Ultimate Ind. Counts	Estimated Ultimate MCCP per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	300,326	1.349	405,140	128,131	1.003	128,546	3,152
2013	291,857	1.377	401,826	136,242	1.004	136,754	2,938
2014	286,588	1.416	405,688	141,062	1.005	141,833	2,860
2015	273,650	1.474	403,392	144,972	1.007	145,971	2,764
2016	246,464	1.565	385,662	147,920	1.010	149,379	2,582
2017	221,909	1.739	385,988	147,678	1.015	149,895	2,575
2018	189,494	2.167	410,716	148,356	1.032	153,171	2,681
2019	106,656	3.744	399,280	139,039	1.127	156,731	2,548

Projected Based on 2-Year Average of 2018 and 2019:

	Ultimate MCCP[5]	Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2020	402,911	151,166	2,665
2021	397,583	147,281	2,699
11/1/2021	396,336	146,204	2,711

(a)	Projected MCCP ($000):	396,336
(b)	Calendar Year 2019 Earned Premium[6] ($000):	16,120,445
(c)	Projected Loss to Industry Average Filed Pure Premium Ratio[7]:	0.571
(d)	Premium Adjustment Factor for Calendar Year 2019[8]:	0.976
(e)	Projected Losses ($000): (b) x (c) x (d)	8,983,859
(f)	Projected Ratio of MCCP to Losses: (a)/(e)	4.4%

Notes:

[1] Based on MCCP development through 99 months from Exhibit 18.1. 99-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC20-06-01.
[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 and 2022. 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 1.3% to the ultimate MCCP severity estimated from averaging 2018 and 2019.
[5] Column(6) x Column(7) / 1,000.
[6] Based on the reported earned premium for calendar year 2019 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, 2020.
[7] See Exhibit 8 of Agenda Item AC20-06-01.
[8] See Exhibit 5.2 of Agenda Item AC20-06-01.

PRELIMINARY

Item AC20-08-03
1/1/2021 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, 2020 experience, included in Item AC20-06-01, included a combination of (a) latest year reform-adjusted[1] 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 267 months, and (c) six-year average (unadjusted) incurred loss development factors after 267 months. Included 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, 2020 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC20-06-01 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 Insurer Mix – Exhibits 9.1 through 9.3

10. Expected Loss Ratio with a Bornheutter-Ferguson (BF) Adjustment Based on Paid Loss Development to 27 Months with Latest Year Paid Loss Development Adjusted for Reforms after 27 Months – Exhibits 10.1 through 10.5

[1] 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.
[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 267 months.

A summary of the preliminary January 1, 2021 to August 31, 2021 policy period loss ratio projections based on the alternative loss development methodologies described above is shown in Table 1.

Table 1: Projected Loss Ratios Based on Alternative Loss Development Methodologies[3]

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	**0.259**	**0.312**	**0.571**
Alternative Methodologies			
Incurred Methodologies			
Three-Year Average (Unadjusted)	0.263	0.282	0.545
Latest Year (Unadjusted)	0.254	0.275	0.529
Three-Year Average Adjusted for Changes in Case Reserve Levels	0.255	0.280	0.535
Latest Year Adjusted for Changes in Insurer Mix	0.252	0.268	0.520
Paid Methodologies			
Three-Year Average (Unadjusted)	0.283	0.338	0.621
Latest Year (Unadjusted)	0.267	0.322	0.589
Latest Year Adjusted for Reforms	—	0.321	—
Three-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.264	0.324	0.588
Latest Year Adjusted for Changes in Insurer Mix	0.261	0.311	0.572
BF Paid to 27 Months; Latest Year Reform-Adjusted after 27 Months	0.256	0.313	0.569
Hybrid Methodologies			
75% Applied to Latest Year Paid Adjusted for Reforms and Claim Settlement Rates and 25% Applied to 3-Year Average Unadjusted Incurred[4]	—	0.305	—

[3] 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 267 months.
[4] This loss development methodology was reflected in the California Department of Insurance (CDI) Decision on the January 1, 2020 Pure Premium Rate Filing for the medical projection.

Trending Methodologies
The trending projections reflected in the summary analysis of March 31, 2020 experience, included in Item AC20-06-01, are 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 January 1, 2020 Pure Premium Rate Filing approach of reflecting the preliminary actual 15-month frequency change for accident year 2019 and the WCIRB's indemnity claim frequency model projections for accident years 2020 through 2022, and are prior to reflecting the impact of the COVID-19 pandemic and resulting economic downturn. The severity growth estimates of 0% for indemnity and 1.5% for medical were consistent with those reflected in the January 1, 2020 Pure Premium Rate Filing which were selected based on a review of short-term and long-term growth in claim severities.

The trending projections for the January 1, 2021 to August 31, 2021 policy period are significantly impacted by the COVID-19 pandemic and resulting economic downturn. These issues will be discussed separately with the Committee at the meeting (see Items AC20-04-04 and AC20-08-04). Given the uncertainty surrounding the trending projections, staff will discuss alternative trending methodology assumptions with the Committee at the meeting.

Exhibit 1.1

Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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)
2008	0.274	1.004	1.026	0.281	0.406	1.003	1.027	0.417	0.698
2009	0.317	1.007	1.033	0.328	0.469	1.004	1.031	0.484	0.812
2010	0.302	1.007	1.040	0.314	0.450	1.005	1.036	0.466	0.780
2011	0.278	1.009	1.049	0.291	0.384	1.007	1.044	0.401	0.692
2012	0.246	1.011	1.061	0.261	0.326	1.009	1.053	0.343	0.604
2013	0.206	1.016	1.078	0.222	0.258	1.012	1.066	0.275	0.498
2014	0.193	1.021	1.100	0.212	0.226	1.013	1.080	0.244	0.456
2015	0.184	1.029	1.132	0.208	0.211	1.023	1.105	0.233	0.441
2016	0.168	1.045	1.183	0.199	0.193	1.030	1.139	0.220	0.419
2017	0.162	1.087	1.286	0.209	0.193	1.052	1.198	0.231	0.439
2018	0.148	1.188	1.528	0.226	0.188	1.103	1.321	0.248	0.474
2019	0.108	1.587	2.426	0.262	0.163	1.267	1.674	0.273	0.535

(a) Based on AC20-06-01, 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 AC20-06-01, Exhibit 2.1.
(c) Based on AC20-06-01, Exhibit 2.2.

Exhibit 1.2

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, 2020

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)
2008	0.281	1.381	1.265	0.307
2009	0.328	1.354	1.364	0.325
2010	0.314	1.328	1.240	0.336
2011	0.291	1.310	1.133	0.337
2012	0.261	1.294	1.009	0.335
2013	0.222	1.265	0.881	0.319
2014	0.212	1.159	0.812	0.303
2015	0.208	1.142	0.776	0.307
2016	0.199	1.128	0.803	0.280
2017	0.209	1.098	0.841	0.272
2018	0.226	1.070	0.882	0.274
2019	0.262	1.041	0.976	0.280
				Projected (d)
2020				0.271
2021				0.265
11/1/2021				0.263

(a) See Exhibit 1.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 1.3

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, 2020

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)
2008	0.417	0.802	1.265	0.264
2009	0.484	0.791	1.364	0.281
2010	0.466	0.789	1.240	0.297
2011	0.401	0.811	1.133	0.287
2012	0.343	0.846	1.009	0.288
2013	0.275	0.928	0.881	0.290
2014	0.244	0.974	0.812	0.292
2015	0.233	0.995	0.776	0.299
2016	0.220	0.993	0.803	0.272
2017	0.231	0.991	0.841	0.272
2018	0.248	1.015	0.882	0.286
2019	0.273	1.011	0.976	0.282
				Projected (d)
2020				0.284
2021				0.282
11/1/2021				0.282

(a) See Exhibit 1.1.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

Exhibit 2.1

Developed Loss Ratio Unadjusted Latest Year Incurred Development Factors
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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)
2008	0.274	1.004	1.026	0.281	0.406	1.003	1.027	0.417	0.698
2009	0.317	1.007	1.033	0.328	0.469	1.004	1.031	0.484	0.812
2010	0.302	1.007	1.040	0.314	0.450	1.005	1.036	0.466	0.780
2011	0.278	1.009	1.049	0.291	0.384	1.007	1.044	0.401	0.692
2012	0.246	1.010	1.060	0.261	0.326	1.009	1.053	0.343	0.604
2013	0.206	1.014	1.075	0.222	0.258	1.015	1.069	0.276	0.498
2014	0.193	1.017	1.093	0.211	0.226	1.010	1.079	0.244	0.454
2015	0.184	1.023	1.118	0.206	0.211	1.022	1.103	0.233	0.438
2016	0.168	1.039	1.162	0.196	0.193	1.027	1.133	0.219	0.414
2017	0.162	1.080	1.254	0.204	0.193	1.042	1.181	0.227	0.431
2018	0.148	1.183	1.484	0.220	0.188	1.098	1.296	0.244	0.463
2019	0.108	1.568	2.327	0.252	0.163	1.253	1.624	0.265	0.516

(a) Based on AC20-06-01, 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 AC20-06-01, Exhibit 2.1.
(c) Based on AC20-06-01, Exhibit 2.2.

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, 2020

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)
2008	0.281	1.381	1.265	0.307
2009	0.328	1.354	1.364	0.325
2010	0.314	1.328	1.240	0.336
2011	0.291	1.310	1.133	0.337
2012	0.261	1.294	1.009	0.335
2013	0.222	1.265	0.881	0.318
2014	0.211	1.159	0.812	0.301
2015	0.206	1.142	0.776	0.303
2016	0.196	1.128	0.803	0.275
2017	0.204	1.098	0.841	0.266
2018	0.220	1.070	0.882	0.266
2019	0.252	1.041	0.976	0.268
				Projected (d)
2020				0.261
2021				0.256
11/1/2021				0.254

(a) See Exhibit 2.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 2.3

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, 2020

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)
2008	0.417	0.802	1.265	0.264
2009	0.484	0.791	1.364	0.281
2010	0.466	0.789	1.240	0.297
2011	0.401	0.811	1.133	0.287
2012	0.343	0.846	1.009	0.288
2013	0.276	0.928	0.881	0.291
2014	0.244	0.974	0.812	0.292
2015	0.233	0.995	0.776	0.298
2016	0.219	0.993	0.803	0.271
2017	0.227	0.991	0.841	0.268
2018	0.244	1.015	0.882	0.280
2019	0.265	1.011	0.976	0.274
				Projected (d)
2020				0.277
2021				0.275
11/1/2021				0.275

(a) See Exhibit 2.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

Exhibit 3.1

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

A. Indemnity Case Reserves Per Open Claim

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													25,649
2003												35,679	35,730
2004											31,357	33,245	35,090
2005										27,805	28,458	31,554	33,746
2006									26,994	27,481	30,957	32,744	34,400
2007								27,100	29,204	31,360	32,520	36,472	42,123
2008							23,878	26,713	30,551	33,560	36,891	41,290	
2009						21,594	23,512	25,992	28,961	32,174	37,527		
2010					18,225	20,213	22,415	25,251	28,814	31,909			
2011				17,450	18,928	20,810	23,461	26,064	29,337				
2012			14,952	16,363	18,719	21,181	24,855	28,916					
2013		13,078	14,215	15,739	17,677	20,706	24,561						
2014	9,665	13,125	15,214	17,625	20,572	22,577							
2015	10,017	14,245	16,690	19,669	22,154								
2016	10,147	14,596	17,283	20,430									
2017	10,827	16,047	19,535										
2018	11,564	16,827											
2019	12,015												

B. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													21,923
2003												21,467	21,958
2004											17,165	17,663	18,083
2005										15,091	15,644	16,096	16,457
2006									15,970	16,738	17,349	17,825	18,227
2007								16,480	17,442	18,240	18,872	19,368	19,826
2008							17,318	18,552	19,442	20,117	20,747	21,305	
2009						16,802	18,488	19,671	20,611	21,422	22,016		
2010					15,155	17,187	18,709	19,812	20,600	21,267			
2011				12,887	15,514	17,297	18,672	19,778	20,496				
2012			10,038	13,266	15,579	17,331	18,590	19,533					
2013		6,318	10,481	13,644	15,851	17,379	18,417						
2014	2,691	6,720	11,149	14,513	16,766	18,242							
2015	3,006	7,359	11,875	15,192	17,256								
2016	3,252	7,699	12,005	15,085									
2017	3,341	7,785	12,017										
2018	3,566	8,204											
2019	3,812												

C. Annual Change of Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2002													
2003													0.2%
2004												-17.7%	-17.6%
2005											-8.9%	-8.9%	-9.0%
2006										10.9%	10.9%	10.7%	10.8%
2007									9.2%	9.0%	8.8%	8.7%	8.8%
2008								12.6%	11.5%	10.3%	9.9%	10.0%	
2009							6.8%	6.0%	6.0%	6.5%	6.1%		
2010						2.3%	1.2%	0.7%	-0.1%	-0.7%			
2011					2.4%	0.6%	-0.2%	-0.2%	-0.5%				
2012				2.9%	0.4%	0.2%	-0.4%	-1.2%					
2013			4.4%	2.8%	1.7%	0.3%	-0.9%						
2014		6.4%	6.4%	6.4%	5.8%	5.0%							
2015	11.7%	9.5%	6.5%	4.7%	2.9%								
2016	8.2%	4.6%	1.1%	-0.7%									
2017	2.8%	1.1%	0.1%										
2018	6.7%	5.4%											
2019	6.9%												

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	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													46,578
2003												41,604	46,652
2004											29,257	34,232	38,419
2005										22,642	26,665	31,196	34,966
2006									22,859	25,115	29,571	34,547	38,726
2007								24,396	24,966	27,368	32,167	37,536	42,123
2008							23,095	27,465	27,828	30,185	35,364	41,290	
2009						20,796	24,656	29,122	29,502	32,143	37,527		
2010					19,456	21,272	24,950	29,329	29,485	31,909			
2011				17,453	19,917	21,409	24,900	29,280	29,337				
2012			16,319	17,965	20,000	21,450	24,791	28,916					
2013		12,958	17,038	18,477	20,350	21,510	24,561						
2014	8,483	13,783	18,125	19,654	21,524	22,577							
2015	9,476	15,094	19,305	20,574	22,154								
2016	10,249	15,791	19,515	20,430									
2017	10,532	15,966	19,535										
2018	11,240	16,827											
2019	12,015												

E. Indemnity Open Claim Counts

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													6,735
2003												7,331	6,280
2004											7,030	5,946	4,928
2005										7,267	5,964	4,809	3,940
2006									8,769	7,094	5,611	4,538	3,651
2007								10,554	8,159	6,313	4,959	3,975	3,131
2008							12,761	9,569	7,309	5,697	4,399	3,496	
2009						16,209	11,837	8,779	6,601	4,961	3,814		
2010					21,013	15,020	10,735	7,820	5,761	4,323			
2011				28,134	19,781	13,962	9,831	6,917	5,098				
2012			40,886	28,351	19,426	13,246	9,117	6,479					
2013		60,411	42,462	27,996	18,338	12,278	8,340						
2014	80,242	62,676	42,436	27,057	17,483	11,684							
2015	84,707	63,162	40,432	24,801	15,911								
2016	84,017	60,470	37,457	23,010									
2017	82,354	56,653	35,112										
2018	82,936	57,895											
2019	84,878												

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

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													313,712
2003												305,013	292,959
2004											205,672	203,551	189,318
2005										164,538	159,023	150,007	137,759
2006									200,458	178,176	165,936	156,767	141,387
2007								257,469	203,700	172,766	159,502	149,206	131,887
2008							294,726	262,808	203,395	171,969	155,566	144,350	
2009						337,071	291,856	255,649	194,740	159,461	143,126		
2010					408,825	319,502	267,846	229,367	169,866	137,944			
2011				491,020	393,977	298,916	244,787	202,528	149,559				
2012			667,214	509,332	388,522	284,124	226,021	187,350					
2013		782,803	723,471	517,279	373,190	264,096	204,839						
2014	680,679	863,900	769,143	531,766	376,311	263,790							
2015	802,713	953,352	780,556	510,261	352,492								
2016	861,100	954,903	730,982	470,084									
2017	867,321	904,530	685,903										
2018	932,239	974,184											
2019	1,019,838												

(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	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													4,692,873
2003												4,430,784	4,476,070
2004											3,062,153	3,105,141	3,139,503
2005										2,378,508	2,423,839	2,458,017	2,487,864
2006									2,418,052	2,481,088	2,523,732	2,562,806	2,590,181
2007								2,490,745	2,571,266	2,636,197	2,681,535	2,723,387	2,759,789
2008							2,502,016	2,601,299	2,665,621	2,720,324	2,769,556	2,807,577	
2009						2,283,611	2,412,027	2,506,465	2,578,803	2,637,754	2,680,254		
2010					2,167,179	2,342,244	2,466,302	2,554,597	2,616,405	2,670,269			
2011				1,917,499	2,158,789	2,322,631	2,443,568	2,535,460	2,593,487				
2012			1,660,276	2,019,628	2,266,781	2,437,851	2,552,045	2,630,902					
2013		1,201,721	1,789,046	2,174,299	2,414,426	2,566,546	2,664,554						
2014	529,355	1,301,568	1,953,347	2,373,215	2,631,521	2,795,003							
2015	576,423	1,422,578	2,099,117	2,522,498	2,774,496								
2016	610,812	1,467,626	2,141,952	2,543,638									
2017	631,023	1,508,537	2,173,148										
2018	681,051	1,595,883											
2019	720,721												

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

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													5,006,586
2003												4,735,796	4,769,029
2004											3,267,825	3,308,692	3,328,821
2005										2,543,046	2,582,862	2,608,024	2,625,623
2006									2,618,511	2,659,264	2,689,668	2,719,573	2,731,568
2007								2,748,214	2,774,966	2,808,963	2,841,037	2,872,593	2,891,676
2008							2,796,742	2,864,107	2,869,016	2,892,293	2,925,122	2,951,927	
2009						2,620,682	2,703,884	2,762,114	2,773,544	2,797,215	2,823,381		
2010					2,576,005	2,661,746	2,734,147	2,783,964	2,786,271	2,808,214			
2011				2,408,520	2,552,765	2,621,547	2,688,355	2,737,987	2,743,046				
2012			2,327,489	2,528,960	2,655,303	2,721,974	2,778,066	2,818,252					
2013		1,984,524	2,512,517	2,691,578	2,787,616	2,830,642	2,869,393						
2014	1,210,034	2,165,468	2,722,489	2,904,981	3,007,832	3,058,793							
2015	1,379,136	2,375,930	2,879,672	3,032,759	3,126,988								
2016	1,471,912	2,422,529	2,872,934	3,013,722									
2017	1,498,343	2,413,067	2,859,051										
2018	1,613,290	2,570,067											
2019	1,740,559												

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

Accident	Age-to-Age Development (in months):											
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
2002												
2003												1.007
2004											1.013	1.006
2005										1.016	1.010	1.007
2006									1.016	1.011	1.011	1.004
2007								1.010	1.012	1.011	1.011	1.007
2008							1.024	1.002	1.008	1.011	1.009	
2009						1.032	1.022	1.004	1.009	1.009		
2010					1.033	1.027	1.018	1.001	1.008			
2011				1.060	1.027	1.025	1.018	1.002				
2012			1.087	1.050	1.025	1.021	1.014					
2013		1.266	1.071	1.036	1.015	1.014						
2014	1.790	1.257	1.067	1.035	1.017							
2015	1.723	1.212	1.053	1.031								
2016	1.646	1.186	1.049									
2017	1.610	1.185										
2018	1.593											
Latest Yea	1.593	1.185	1.049	1.031	1.017	1.014	1.014	1.002	1.008	1.009	1.009	1.007
3-Yr Avera	1.616	1.194	1.056	1.034	1.019	1.020	1.017	1.002	1.008	1.011	1.010	1.006

(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	Age-to-Age Development (in months):											
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
2002												
2003												1.002
2004											1.006	1.003
2005										1.005	1.006	1.004
2006									1.008	1.008	1.005	1.002
2007								1.012	1.009	1.003	1.009	1.008
2008							1.018	1.011	1.008	1.007	1.007	
2009						1.022	1.016	1.013	1.010	1.009		
2010					1.038	1.023	1.017	1.011	1.009			
2011				1.052	1.032	1.023	1.016	1.010				
2012			1.093	1.059	1.033	1.022	1.014					
2013		1.201	1.093	1.047	1.030	1.017						
2014	1.628	1.223	1.097	1.050	1.023							
2015	1.630	1.194	1.085	1.039								
2016	1.606	1.187	1.080									
2017	1.588	1.183										
2018	1.567											

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

Accident	Age-to-Age Development (in months):											
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
2002												
2003												0.53%
2004											0.63%	0.32%
2005										1.06%	0.35%	0.25%
2006									0.75%	0.34%	0.59%	0.28%
2007								-0.21%	0.35%	0.84%	0.21%	-0.15%
2008							0.61%	-0.94%	0.03%	0.43%	0.23%	
2009						1.00%	0.50%	-0.87%	-0.13%	0.01%		
2010					-0.41%	0.40%	0.15%	-1.01%	-0.14%			
2011				0.77%	-0.45%	0.21%	0.29%	-0.81%				
2012			-0.62%	-0.87%	-0.81%	-0.15%	0.02%					
2013		5.39%	-1.98%	-1.11%	-1.41%	-0.35%						
2014	9.94%	2.76%	-2.70%	-1.34%	-0.55%							
2015	5.71%	1.47%	-2.95%	-0.74%								
2016	2.48%	-0.08%	-2.91%									
2017	1.43%	0.19%										
2018	1.66%											

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

Accident	Age-to-Age Development (in months):											
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
2002												
2003												1.007
2004											1.012	1.006
2005										1.016	1.009	1.007
2006									1.016	1.011	1.011	1.005
2007								1.010	1.012	1.011	1.011	1.007
2008							1.024	1.002	1.008	1.011	1.009	
2009						1.031	1.021	1.004	1.009	1.009		
2010					1.033	1.027	1.019	1.001	1.008			
2011				1.061	1.027	1.026	1.019	1.002				
2012			1.086	1.050	1.025	1.020	1.014					
2013		1.266	1.071	1.035	1.015	1.013						
2014	1.786	1.258	1.067	1.035	1.017							
2015	1.723	1.213	1.053	1.031								
2016	1.646	1.186	1.049									
2017	1.611	1.185										
2018	1.594											
3-Year Average	1.617	1.195	1.056	1.034	1.019	1.020	1.017	1.002	1.008	1.011	1.010	1.006

(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 AC20-06-01, Exhibit 2.1.1].

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

Exhibit 3.5

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

A. Medical Case Reserves Per Open Indemnity Claim

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													92,697
2003												88,010	90,184
2004											80,483	84,303	87,581
2005										74,819	78,386	85,380	92,256
2006									67,165	71,624	78,305	83,616	92,128
2007								62,328	71,972	79,722	89,199	95,034	104,829
2008							53,610	63,114	71,491	78,921	87,748	98,810	
2009						43,675	51,473	59,267	67,053	75,607	91,067		
2010					35,915	41,737	47,918	53,877	64,096	68,649			
2011				32,091	38,616	43,358	49,220	57,110	66,010				
2012			24,989	29,067	34,583	40,826	47,770	58,068					
2013		20,783	23,288	28,080	32,936	39,816	47,123						
2014	16,130	19,249	22,718	27,195	32,564	38,635							
2015	16,512	20,285	25,291	30,834	37,350								
2016	16,976	21,271	26,010	31,254									
2017	17,806	22,570	28,487										
2018	18,860	23,149											
2019	18,590												

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

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													22,308
2003												21,015	21,858
2004											18,518	19,433	20,168
2005										18,334	19,440	20,266	20,927
2006									19,164	20,537	21,642	22,507	23,229
2007								20,364	22,052	23,411	24,507	25,381	26,258
2008							21,175	23,175	24,639	25,761	26,782	27,800	
2009						20,779	23,255	25,071	26,538	27,880	28,848		
2010					18,704	21,510	23,876	25,517	26,773	27,908			
2011				14,662	18,058	20,750	22,796	24,348	25,372				
2012			10,980	14,606	17,545	19,756	21,388	22,645					
2013		6,695	10,912	14,304	16,973	18,828	20,096						
2014	2,989	6,851	10,971	14,384	16,831	18,480							
2015	3,231	7,263	11,333	14,566	16,561								
2016	3,462	7,489	11,315	14,059									
2017	3,565	7,704	11,398										
2018	3,665	7,988											
2019	3,912												

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

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2002													
2003													-2.0%
2004												-7.5%	-7.7%
2005											5.0%	4.3%	3.8%
2006										12.0%	11.3%	11.1%	11.0%
2007									15.1%	14.0%	13.2%	12.8%	13.0%
2008								13.8%	11.7%	10.0%	9.3%	9.5%	
2009							9.8%	8.2%	7.7%	8.2%	7.7%		
2010						5.1%	4.9%	4.7%	4.4%	4.6%			
2011					3.7%	3.4%	2.9%	2.6%	2.5%				
2012				-2.4%	-3.1%	-3.9%	-4.4%	-4.6%					
2013			-0.6%	-2.1%	-3.3%	-4.7%	-6.0%						
2014		2.3%	0.5%	0.6%	-0.8%	-1.8%							
2015	8.1%	6.0%	3.3%	1.3%	-1.6%								
2016	7.2%	3.1%	-0.2%	-3.5%									
2017	3.0%	2.9%	0.7%										
2018	2.8%	3.7%											
2019	6.7%												

(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 medcial 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	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													89,061
2003												74,692	87,263
2004											58,457	69,072	80,518
2005										43,142	61,368	72,031	83,546
2006									44,543	48,326	68,320	79,997	92,738
2007								46,055	51,256	55,089	77,364	90,213	104,829
2008							44,259	52,414	57,270	60,617	84,546	98,810	
2009						39,571	48,607	56,703	61,684	65,604	91,067		
2010					39,370	41,583	51,005	59,343	64,391	68,649			
2011				33,278	40,837	42,985	52,461	60,894	66,010				
2012			27,442	32,470	39,569	41,304	50,154	58,068					
2013		19,403	27,271	31,800	38,279	39,364	47,123						
2014	14,204	19,855	27,419	31,977	37,959	38,635							
2015	15,352	21,050	28,324	32,382	37,350								
2016	16,452	21,703	28,280	31,254									
2017	16,942	22,329	28,487										
2018	17,418	23,149											
2019	18,590												

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

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													599,842
2003												547,588	547,983
2004											410,937	410,723	396,770
2005										313,502	365,986	346,365	329,159
2006									390,613	342,849	383,368	363,010	338,585
2007								486,050	418,199	347,755	383,612	358,597	328,220
2008							564,814	501,540	418,584	345,347	371,918	345,441	
2009						641,390	575,371	497,779	407,177	325,464	347,328		
2010					827,259	624,566	547,544	464,091	370,954	296,768			
2011				936,250	807,785	600,173	515,723	421,203	336,517				
2012			1,121,994	920,567	768,671	547,123	457,258	376,220					
2013		1,172,157	1,158,014	890,262	701,971	483,305	393,009						
2014	1,139,734	1,244,463	1,163,529	865,201	663,644	451,416							
2015	1,300,383	1,329,582	1,145,224	803,096	594,279								
2016	1,382,249	1,312,373	1,059,290	719,159									
2017	1,395,262	1,264,979	1,000,252										
2018	1,444,565	1,340,212											
2019	1,577,887												

F. Paid Medical Loss on All Claims

Accident	Evaluated as of (in months)												
Year	15	27	39	51	63	75	87	99	111	123	135	147	159
2001													
2002													5,249,631
2003												4,802,885	4,888,211
2004											3,769,827	3,853,608	3,919,962
2005										3,338,869	3,434,805	3,503,674	3,563,719
2006									3,397,735	3,506,591	3,588,093	3,654,162	3,708,368
2007								3,575,454	3,711,036	3,816,388	3,895,775	3,971,332	4,032,297
2008							3,516,300	3,682,739	3,804,202	3,895,131	3,968,061	4,027,882	
2009						3,227,583	3,427,497	3,571,636	3,675,980	3,759,619	3,825,777		
2010					3,045,049	3,308,376	3,507,161	3,642,892	3,738,917	3,832,402			
2011				2,534,277	2,870,664	3,112,755	3,286,765	3,410,488	3,500,134				
2012			2,108,864	2,549,433	2,869,403	3,085,667	3,240,587	3,354,491					
2013		1,545,451	2,146,505	2,583,513	2,867,688	3,060,989	3,191,171						
2014	827,710	1,601,959	2,217,831	2,647,250	2,923,887	3,118,811							
2015	865,225	1,691,718	2,298,960	2,723,512	2,986,014								
2016	931,452	1,747,652	2,340,941	2,734,748									
2017	985,875	1,812,175	2,391,939										
2018	1,039,739	1,923,159											
2019	1,042,845												

(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

Exhibit 3.7

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													
2002													5,849,473
2003												5,350,473	5,436,194
2004											4,180,764	4,264,331	4,316,731
2005										3,652,371	3,800,792	3,850,039	3,892,878
2006									3,788,348	3,849,440	3,971,462	4,017,172	4,046,953
2007								4,061,504	4,129,235	4,164,143	4,279,386	4,329,929	4,360,517
2008							4,081,114	4,184,279	4,222,786	4,240,478	4,339,980	4,373,323	
2009						3,868,972	4,002,868	4,069,415	4,083,156	4,085,082	4,173,105		
2010					3,872,308	3,932,941	4,054,705	4,106,983	4,109,871	4,129,170			
2011				3,470,527	3,678,449	3,712,928	3,802,489	3,831,691	3,836,651				
2012			3,230,859	3,470,000	3,638,075	3,632,790	3,697,845	3,730,711					
2013		2,717,607	3,304,519	3,473,776	3,569,659	3,544,294	3,584,181						
2014	1,967,444	2,846,422	3,381,360	3,512,450	3,587,532	3,570,227							
2015	2,165,607	3,021,300	3,444,184	3,526,608	3,580,293								
2016	2,313,701	3,060,025	3,400,231	3,453,907									
2017	2,381,137	3,077,153	3,392,192										
2018	2,484,304	3,263,371											
2019	2,620,731												

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												
2003												1.016
2004											1.020	1.012
2005										1.041	1.013	1.011
2006									1.016	1.032	1.012	1.007
2007								1.017	1.008	1.028	1.012	1.007
2008							1.025	1.009	1.004	1.023	1.008	
2009						1.035	1.017	1.003	1.000	1.022		
2010					1.016	1.031	1.013	1.001	1.005			
2011				1.060	1.009	1.024	1.008	1.001				
2012			1.074	1.048	0.999	1.018	1.009					
2013		1.216	1.051	1.028	0.993	1.011						
2014	1.447	1.188	1.039	1.021	0.995							
2015	1.395	1.140	1.024	1.015								
2016	1.323	1.111	1.016									
2017	1.292	1.102										
2018	1.314											
Latest Yea	1.314	1.102	1.016	1.015	0.995	1.011	1.009	1.001	1.005	1.022	1.008	1.007
3-Yr Avera	1.309	1.118	1.026	1.021	0.996	1.018	1.010	1.002	1.003	1.024	1.010	1.009

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												
2003												1.001
2004											1.004	0.999
2005										1.005	1.003	1.003
2006									1.007	1.003	1.002	1.003
2007								1.015	1.005	1.004	1.003	1.003
2008							1.021	1.009	1.004	1.002	1.004	
2009						1.026	1.014	1.007	1.004	1.009		
2010					1.036	1.022	1.011	1.011	1.005			
2011				1.057	1.023	1.014	1.009	1.008				
2012			1.078	1.050	1.024	1.014	1.015					
2013		1.119	1.075	1.030	1.023	1.010						
2014	1.323	1.133	1.063	1.033	1.022							
2015	1.313	1.117	1.050	1.026								
2016	1.287	1.093	1.042									
2017	1.260	1.098										
2018	1.253											

(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

Exhibit 3.8

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

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

Accident	Age-to-Age Development (in months):											
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
2002												
2003												1.48%
2004											1.55%	1.31%
2005										3.54%	0.99%	0.78%
2006									0.90%	2.84%	1.00%	0.46%
2007								0.13%	0.35%	2.33%	0.92%	0.44%
2008							0.47%	-0.01%	0.00%	2.13%	0.32%	
2009						0.86%	0.29%	-0.31%	-0.34%	1.21%		
2010					-1.93%	0.88%	0.23%	-1.00%	-0.04%			
2011				0.23%	-1.33%	0.99%	-0.16%	-0.68%				
2012			-0.33%	-0.12%	-2.49%	0.42%	-0.59%					
2013		8.63%	-2.19%	-0.26%	-2.90%	0.16%						
2014	9.32%	4.85%	-2.30%	-1.08%	-2.63%							
2015	6.24%	2.03%	-2.50%	-1.09%								
2016	2.78%	1.69%	-2.50%									
2017	2.53%	0.44%										
2018	4.82%											

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

Accident	Age-to-Age Development (in months):											
Year	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159
2002												
2003												1.016
2004											1.020	1.012
2005										1.041	1.013	1.011
2006									1.016	1.032	1.012	1.008
2007								1.016	1.008	1.027	1.012	1.007
2008							1.025	1.009	1.004	1.023	1.007	
2009						1.034	1.017	1.004	1.001	1.021		
2010					1.016	1.032	1.013	1.001	1.005			
2011				1.061	1.012	1.026	1.009	1.002				
2012			1.074	1.050	0.999	1.018	1.009					
2013		1.216	1.053	1.028	0.993	1.012						
2014	1.448	1.190	1.040	1.022	0.995							
2015	1.395	1.140	1.024	1.016								
2016	1.323	1.111	1.016									
2017	1.292	1.103										
2018	1.313											
3-Year Average	1.309	1.118	1.026	1.022	0.996	1.019	1.011	1.002	1.003	1.024	1.011	1.009

(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 AC20-06-01, Exhibit 2.2.1].

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

Developed Loss Ratio 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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)
2008	0.274	1.006	1.029	0.282	0.406	1.009	1.033	0.419	0.701
2009	0.317	1.010	1.039	0.330	0.469	1.011	1.044	0.490	0.820
2010	0.302	1.011	1.051	0.317	0.450	1.024	1.069	0.481	0.798
2011	0.278	1.008	1.059	0.294	0.384	1.003	1.072	0.411	0.705
2012	0.246	1.002	1.061	0.261	0.326	1.002	1.074	0.350	0.611
2013	0.206	1.017	1.080	0.223	0.258	1.011	1.086	0.280	0.503
2014	0.193	1.020	1.101	0.212	0.226	1.019	1.106	0.250	0.462
2015	0.184	1.019	1.122	0.207	0.211	0.996	1.101	0.232	0.439
2016	0.168	1.034	1.160	0.195	0.193	1.022	1.126	0.217	0.413
2017	0.162	1.056	1.226	0.199	0.193	1.026	1.155	0.223	0.421
2018	0.148	1.194	1.464	0.217	0.188	1.118	1.292	0.243	0.459
2019	0.108	1.616	2.366	0.256	0.163	1.309	1.691	0.276	0.532

(a) Based on AC20-06-01, 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 2008 to 2019 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 2008 to 2019 were adjusted for changes in medical case reserve levels based on 3-year average selections (see Exhibit 3.8, Item K).

Exhibit 3.10

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 Average Case Reserve Levels
Based on Experience as of March 31, 2020

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)
2008	0.282	1.381	1.265	0.308
2009	0.330	1.354	1.364	0.327
2010	0.317	1.328	1.240	0.340
2011	0.294	1.310	1.133	0.340
2012	0.261	1.294	1.009	0.335
2013	0.223	1.265	0.881	0.320
2014	0.212	1.159	0.812	0.303
2015	0.207	1.142	0.776	0.304
2016	0.195	1.128	0.803	0.275
2017	0.199	1.098	0.841	0.260
2018	0.217	1.070	0.882	0.263
2019	0.256	1.041	0.976	0.273
				Projected (d)
2020				0.262
2021				0.256
11/1/2021				0.255

(a) See Exhibit 3.9.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 3.11

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 Average Case Reserve Levels
Based on Experience as of March 31, 2020

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)
2008	0.419	0.802	1.265	0.266
2009	0.490	0.791	1.364	0.284
2010	0.481	0.789	1.240	0.306
2011	0.411	0.811	1.133	0.294
2012	0.350	0.846	1.009	0.294
2013	0.280	0.928	0.881	0.295
2014	0.250	0.974	0.812	0.299
2015	0.232	0.995	0.776	0.298
2016	0.217	0.993	0.803	0.269
2017	0.223	0.991	0.841	0.262
2018	0.243	1.015	0.882	0.279
2019	0.276	1.011	0.976	0.285
				Projected (d)
2020				0.282
2021				0.280
11/1/2021				0.280

(a) See Exhibit 3.9.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

Exhibit 4.1

Developed Loss Ratio Using Latest Incurred Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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
				(1) x (3)				(5) x (7)	(4) + (8)
2008	0.274	--	1.014	0.278	0.406	--	1.017	0.413	0.691
2009	0.317	--	1.033	0.328	0.469	--	1.027	0.482	0.810
2010	0.302	--	1.052	0.318	0.450	--	1.044	0.470	0.787
2011	0.278	--	1.057	0.294	0.384	--	1.037	0.398	0.692
2012	0.246	--	1.065	0.262	0.326	--	1.045	0.340	0.603
2013	0.206	--	1.074	0.222	0.258	--	1.057	0.273	0.495
2014	0.193	--	1.096	0.211	0.226	--	1.068	0.241	0.453
2015	0.184	--	1.116	0.205	0.211	--	1.089	0.230	0.435
2016	0.168	--	1.165	0.196	0.193	--	1.119	0.216	0.412
2017	0.162	--	1.252	0.203	0.193	--	1.159	0.223	0.426
2018	0.148	--	1.479	0.219	0.188	--	1.269	0.239	0.457
2019	0.108	--	2.300	0.249	0.163	--	1.581	0.257	0.506

(a) Based on AC20-06-01, 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 incurred methodology for State Compensation Insurance Fund and the remaining insurers collectively, weighted by calendar year 2019 earned premium at the advisory pure premium rate level.

(d) Column (8) divided by Column (5).

Exhibit 4.2

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, 2020

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)
2008	0.278	1.381	1.265	0.304
2009	0.328	1.354	1.364	0.325
2010	0.318	1.328	1.240	0.340
2011	0.294	1.310	1.133	0.339
2012	0.262	1.294	1.009	0.336
2013	0.222	1.265	0.881	0.318
2014	0.211	1.159	0.812	0.302
2015	0.205	1.142	0.776	0.302
2016	0.196	1.128	0.803	0.276
2017	0.203	1.098	0.841	0.265
2018	0.219	1.070	0.882	0.265
2019	0.249	1.041	0.976	0.265
				Projected (d)
2020				0.259
2021				0.254
11/1/2021				0.252

(a) See Exhibit 4.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 4.3

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, 2020

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)
2008	0.413	0.802	1.265	0.262
2009	0.482	0.791	1.364	0.280
2010	0.470	0.789	1.240	0.299
2011	0.398	0.811	1.133	0.285
2012	0.340	0.846	1.009	0.286
2013	0.273	0.928	0.881	0.287
2014	0.241	0.974	0.812	0.289
2015	0.230	0.995	0.776	0.295
2016	0.216	0.993	0.803	0.267
2017	0.223	0.991	0.841	0.263
2018	0.239	1.015	0.882	0.274
2019	0.257	1.011	0.976	0.267
				Projected (d)
2020				0.270
2021				0.269
11/1/2021				0.268

(a) See Exhibit 4.1.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. 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, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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)
2008	0.261	1.012	1.090	0.284	0.374	1.016	1.215	0.454	0.739
2009	0.301	1.015	1.106	0.333	0.430	1.017	1.236	0.532	0.865
2010	0.287	1.017	1.125	0.323	0.418	1.019	1.260	0.527	0.850
2011	0.263	1.022	1.149	0.302	0.350	1.024	1.290	0.452	0.754
2012	0.230	1.025	1.178	0.271	0.294	1.027	1.325	0.389	0.660
2013	0.192	1.035	1.220	0.234	0.230	1.037	1.375	0.317	0.551
2014	0.176	1.046	1.276	0.225	0.197	1.050	1.443	0.285	0.510
2015	0.163	1.067	1.361	0.222	0.176	1.070	1.545	0.272	0.494
2016	0.142	1.107	1.506	0.214	0.153	1.105	1.706	0.261	0.475
2017	0.123	1.202	1.810	0.223	0.136	1.182	2.017	0.274	0.497
2018	0.092	1.459	2.640	0.242	0.111	1.339	2.702	0.299	0.542
2019	0.045	2.379	6.281	0.282	0.065	1.854	5.010	0.325	0.607

(a) Based on AC20-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
(b) Age-to-age factors are selected as three-year averages based on AC20-06-01, Exhibit 2.5.
(c) Age-to-age factors are selected as three-year averages based on AC20-06-01, Exhibit 2.6. These factors have not been adjusted for any reforms.

Exhibit 5.2

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, 2020

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)
2008	0.284	1.381	1.265	0.310
2009	0.333	1.354	1.364	0.331
2010	0.323	1.328	1.240	0.346
2011	0.302	1.310	1.133	0.349
2012	0.271	1.294	1.009	0.348
2013	0.234	1.265	0.881	0.336
2014	0.225	1.159	0.812	0.321
2015	0.222	1.142	0.776	0.327
2016	0.214	1.128	0.803	0.301
2017	0.223	1.098	0.841	0.291
2018	0.242	1.070	0.882	0.294
2019	0.282	1.041	0.976	0.300
				Projected (d)
2020				0.290
2021				0.285
11/1/2021				0.283

(a) See Exhibit 5.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 5.3

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, 2020

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)
2008	0.454	0.802	1.265	0.288
2009	0.532	0.791	1.364	0.308
2010	0.527	0.789	1.240	0.335
2011	0.452	0.811	1.133	0.323
2012	0.389	0.846	1.009	0.327
2013	0.317	0.928	0.881	0.333
2014	0.285	0.974	0.812	0.341
2015	0.272	0.995	0.776	0.348
2016	0.261	0.993	0.803	0.323
2017	0.274	0.991	0.841	0.323
2018	0.299	1.015	0.882	0.344
2019	0.325	1.011	0.976	0.337
				Projected (d)
2020				0.340
2021				0.338
11/1/2021				0.338

(a) See Exhibit 5.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Exhibit 6.1

Developed Loss Ratio Unadjusted Latest Year Paid Development Factors
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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)
2008	0.261	1.012	1.090	0.284	0.374	1.016	1.215	0.454	0.739
2009	0.301	1.015	1.106	0.333	0.430	1.017	1.236	0.532	0.865
2010	0.287	1.017	1.125	0.323	0.418	1.019	1.260	0.527	0.850
2011	0.263	1.022	1.149	0.302	0.350	1.024	1.290	0.452	0.754
2012	0.230	1.023	1.176	0.271	0.294	1.026	1.324	0.389	0.659
2013	0.192	1.031	1.212	0.232	0.230	1.036	1.371	0.316	0.548
2014	0.176	1.038	1.258	0.222	0.197	1.043	1.430	0.282	0.504
2015	0.163	1.062	1.336	0.218	0.176	1.067	1.526	0.268	0.487
2016	0.142	1.100	1.470	0.209	0.153	1.097	1.674	0.256	0.465
2017	0.123	1.188	1.746	0.215	0.136	1.168	1.955	0.266	0.481
2018	0.092	1.441	2.516	0.231	0.111	1.320	2.581	0.286	0.517
2019	0.045	2.345	5.901	0.265	0.065	1.849	4.772	0.310	0.574

(a) Based on AC20-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

(b) 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 AC20-06-01, 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 AC20-06-01, Exhibit 2.6.

Exhibit 6.2

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of March 31, 2020

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)
2008	0.284	1.381	1.265	0.310
2009	0.333	1.354	1.364	0.331
2010	0.323	1.328	1.240	0.346
2011	0.302	1.310	1.133	0.349
2012	0.271	1.294	1.009	0.347
2013	0.232	1.265	0.881	0.334
2014	0.222	1.159	0.812	0.317
2015	0.218	1.142	0.776	0.321
2016	0.209	1.128	0.803	0.294
2017	0.215	1.098	0.841	0.281
2018	0.231	1.070	0.882	0.280
2019	0.265	1.041	0.976	0.282
				Projected (d)
2020				0.275
2021				0.269
11/1/2021				0.267

(a) See Exhibit 6.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 6.3

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of March 31, 2020

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)
2008	0.454	0.802	1.265	0.288
2009	0.532	0.791	1.364	0.308
2010	0.527	0.789	1.240	0.335
2011	0.452	0.811	1.133	0.323
2012	0.389	0.846	1.009	0.326
2013	0.316	0.928	0.881	0.333
2014	0.282	0.974	0.812	0.338
2015	0.268	0.995	0.776	0.344
2016	0.256	0.993	0.803	0.317
2017	0.266	0.991	0.841	0.313
2018	0.286	1.015	0.882	0.329
2019	0.310	1.011	0.976	0.321
				Projected (d)
2020				0.325
2021				0.323
11/1/2021				0.322

(a) See Exhibit 6.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Exhibit 7.1

Developed Loss Ratios Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)
		Medical		
		Adjusted		
Accident	Paid	Development Factors		Developed
Year	Loss Ratio (a)	Annual (b)	Cumulative (b)	Loss Ratio
				(1) x (3)
2008	0.343	1.017	1.229	0.421
2009	0.397	1.019	1.253	0.497
2010	0.388	1.020	1.278	0.496
2011	0.328	1.026	1.311	0.431
2012	0.278	1.029	1.349	0.375
2013	0.220	1.039	1.402	0.308
2014	0.192	1.039	1.456	0.279
2015	0.173	1.062	1.546	0.267
2016	0.152	1.088	1.682	0.255
2017	0.135	1.155	1.943	0.263
2018	0.111	1.321	2.567	0.284
2019	0.065	1.849	4.746	0.308

(a) Based on AC20-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.

(b) Based on AC20-06-01, Exhibit 2.6.1 and includes adjustments for SB 1160 and pharmaceutical costs. Does not reflect any adjustment for changes in claim settlement rates.

Exhibit 7.2

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections

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)
2008	0.421	0.836	1.265	0.278
2009	0.497	0.825	1.364	0.301
2010	0.496	0.822	1.240	0.328
2011	0.431	0.836	1.133	0.318
2012	0.375	0.874	1.009	0.325
2013	0.308	0.949	0.881	0.332
2014	0.279	0.993	0.812	0.341
2015	0.267	1.011	0.776	0.348
2016	0.255	1.012	0.803	0.321
2017	0.263	1.014	0.841	0.317
2018	0.284	1.015	0.882	0.327
2019	0.308	1.011	0.976	0.319
				Projected (d)
2020				0.323
2021				0.321
11/1/2021				0.321

(a) See Exhibit 7.1.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Exhibit 8.1

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, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
						Adjusted				
Accident Year	Reported Paid Loss Ratio (a)	Annual Development Factor (b)	Cumulative Development Factor	Developed Loss Ratio (1) x (3)	Paid Loss Ratio (a)	Paid Loss Ratio (c)	Annual Development Factor (d)	Cumulative Development Factor	Developed Loss Ratio (6) x (8)	Total Developed Loss Ratio (4) + (9)
2008	0.261	1.012	1.090	0.284	0.374	0.343	1.017	1.229	0.421	0.705
2009	0.301	1.015	1.106	0.333	0.430	0.397	1.019	1.253	0.497	0.831
2010	0.287	1.017	1.125	0.323	0.418	0.388	1.020	1.278	0.496	0.818
2011	0.263	1.022	1.149	0.302	0.350	0.328	1.026	1.311	0.431	0.733
2012	0.230	1.023	1.176	0.271	0.294	0.278	1.029	1.349	0.375	0.645
2013	0.192	1.031	1.212	0.232	0.230	0.220	1.039	1.402	0.308	0.541
2014	0.176	1.038	1.258	0.222	0.197	0.192	1.039	1.456	0.279	0.501
2015	0.163	1.052	1.323	0.216	0.176	0.173	1.053	1.533	0.265	0.481
2016	0.142	1.090	1.442	0.205	0.153	0.152	1.084	1.662	0.252	0.457
2017	0.123	1.179	1.700	0.210	0.136	0.135	1.157	1.923	0.261	0.470
2018	0.092	1.453	2.470	0.227	0.111	0.111	1.343	2.583	0.286	0.513
2019	0.045	2.380	5.879	0.264	0.065	0.065	1.862	4.809	0.312	0.576

(a) Based on AC20-06-01, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
(b) Age-to-age factors for developing accident years 2015 to 2019 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC20-06-01, Exhibit 2.5.8, Item Q).
(c) See AC20-06-01, Exhibit 3.2, Column (2).
(d) Based on AC20-06-01, Exhibits 2.6.1 and includes adjustments for SB 1160. Age-to-age factors for developing accident years 2015 to 2019 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC20-06-01, Exhibit 2.6.8, Item R).

Exhibit 8.2

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, 2020

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)
2008	0.284	1.381	1.265	0.310
2009	0.333	1.354	1.364	0.331
2010	0.323	1.328	1.240	0.346
2011	0.302	1.310	1.133	0.349
2012	0.271	1.294	1.009	0.347
2013	0.232	1.265	0.881	0.334
2014	0.222	1.159	0.812	0.317
2015	0.216	1.142	0.776	0.318
2016	0.205	1.128	0.803	0.288
2017	0.210	1.098	0.841	0.274
2018	0.227	1.070	0.882	0.275
2019	0.264	1.041	0.976	0.281
				Projected (d)
2020				0.272
2021				0.266
11/1/2021				0.264

(a) See Exhibit 8.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 8.3

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, 2020

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)
2008	0.421	0.836	1.265	0.278
2009	0.497	0.825	1.364	0.301
2010	0.496	0.822	1.240	0.328
2011	0.431	0.836	1.133	0.318
2012	0.375	0.874	1.009	0.325
2013	0.308	0.949	0.881	0.332
2014	0.279	0.993	0.812	0.341
2015	0.265	1.011	0.776	0.345
2016	0.252	1.012	0.803	0.318
2017	0.261	1.014	0.841	0.314
2018	0.286	1.015	0.882	0.329
2019	0.312	1.011	0.976	0.323
				Projected (d)
2020				0.326
2021				0.324
11/1/2021				0.324

(a) See Exhibit 8.1.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Exhibit 9.1

Developed Loss Ratio Using Latest Paid Loss Development Factors
Adjusted for Insurer Mix
Based on Experience as of March 31, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	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
				(1) x (3)				(5) x (7)	(4) + (8)
2008	0.261	--	1.071	0.279	0.374	--	1.189	0.445	0.724
2009	0.301	--	1.094	0.330	0.430	--	1.215	0.523	0.852
2010	0.287	--	1.122	0.322	0.418	--	1.243	0.520	0.842
2011	0.263	--	1.136	0.299	0.350	--	1.256	0.440	0.739
2012	0.230	--	1.158	0.267	0.294	--	1.289	0.379	0.645
2013	0.192	--	1.189	0.228	0.230	--	1.329	0.306	0.534
2014	0.176	--	1.238	0.218	0.197	--	1.388	0.274	0.492
2015	0.163	--	1.308	0.214	0.176	--	1.474	0.259	0.473
2016	0.142	--	1.441	0.205	0.153	--	1.617	0.247	0.452
2017	0.123	--	1.706	0.210	0.136	--	1.884	0.256	0.467
2018	0.092	--	2.459	0.226	0.111	--	2.487	0.276	0.502
2019	0.045	--	5.764	0.258	0.065	--	4.600	0.298	0.557

(a) Based on AC20-06-01, 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 2019 earned premium at the advisory pure premium rate level.
(d) Column (8) divided by Column (5).

Exhibit 9.2

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, 2020

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)
2008	0.279	1.381	1.265	0.305
2009	0.330	1.354	1.364	0.327
2010	0.322	1.328	1.240	0.345
2011	0.299	1.310	1.133	0.345
2012	0.267	1.294	1.009	0.342
2013	0.228	1.265	0.881	0.327
2014	0.218	1.159	0.812	0.312
2015	0.214	1.142	0.776	0.315
2016	0.205	1.128	0.803	0.288
2017	0.210	1.098	0.841	0.275
2018	0.226	1.070	0.882	0.274
2019	0.258	1.041	0.976	0.276
				Projected (d)
2020				0.269
2021				0.263
11/1/2021				0.261

(a) See Exhibit 9.1.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 9.3

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, 2020

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)
2008	0.445	0.802	1.265	0.282
2009	0.523	0.791	1.364	0.303
2010	0.520	0.789	1.240	0.331
2011	0.440	0.811	1.133	0.315
2012	0.379	0.846	1.009	0.318
2013	0.306	0.928	0.881	0.322
2014	0.274	0.974	0.812	0.328
2015	0.259	0.995	0.776	0.333
2016	0.247	0.993	0.803	0.306
2017	0.256	0.991	0.841	0.301
2018	0.276	1.015	0.882	0.317
2019	0.298	1.011	0.976	0.309
				Projected (d)
2020				0.313
2021				0.311
11/1/2021				0.311

(a) See Exhibit 9.1.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. 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 2019 Indemnity Projected from 15 Months to 27 Months

1. AY 2019 Reported Paid Indemnity Loss Ratio at 15 Months	0.045
(Based on Exhibit 1 of AC20-06-01)	
2. Reported Paid Indemnity Loss Ratios at 27 Months for ELR	
a) AY 2017 (Based on March 31, 2019 Experience)	0.086
b) AY 2018 (Based on Exhibit 1 of AC20-06-01)	0.092
3. Frequency Adjustments to AY 2019	
(Based on AC20-06-01, Exhibit 12)	
a) AY 2017-2018 Frequency Change	-1.6%
b) AY 2018-2019 Frequency Change	0.9%
4. Average Indemnity Severity Change, AY 2013-2018	-2.2%
(Based on Exhibit 6.2 of AC20-06-01)	
5. Composite Indemnity On-Level Adjustment Factors	
(Based on Exhibit 4.1 of AC20-06-01)	
a) AY 2017 to Current	1.098
b) AY 2018 to Current	1.070
c) AY 2019 to Current	1.041
6. Composite Premium On-Level Adjustment Factors	
(Based on Exhibit 5.2 of AC20-06-01)	
a) AY 2017 to Current	0.841
b) AY 2018 to Current	0.882
c) AY 2019 to Current	0.976
7. AY 2019 Expected Paid Indemnity Loss Ratio at 27 Months	
a) Projected from 2017	
= (2a) x [1 + (3a)] x [1 + (3b)] x [1 + (4)]^2 x [(5a) / (5c)] / [(6a) / (6c)]	0.100
b) Projected from 2018	
= (2b) x [1 + (3b)] x [1 + (4)] x [(5b) / (5c)] / [(6b) / (6c)]	0.103
c) Average of 2017 and 2018 Projections = [(7a) + (7b)] / 2	0.101
8. Projected Indemnity 15-to-27 Paid Development Factor	2.345
(Based on Exhibit 2.5.1 of AC20-06-01)	
9. Projected AY 2019 Paid Indemnity Loss Ratio at 27 Months	
= (1) + (7c) x [1 - 1 / (8)]	0.103

Projected Medical Loss Ratio Using the Bornhuetter-Ferguson (BF) Paid Development Method
Accident Year 2019 Medical Projected from 15 Months to 27 Months

	Adjusted for Reforms (*)
1. AY 2019 Reported Paid Medical Loss Ratio at 15 Months (Based on Exhibit 1 of AC20-06-01)	0.065
2. Reported Paid Medical Loss Ratios at 27 Months for ELR	
a) AY 2017 (Based on March 31, 2019 Experience)	0.103
b) AY 2018 (Based on Exhibit 1 of AC20-06-01)	0.111
3. Frequency Adjustments to AY 2019 (Based on AC20-06-01, Exhibit 12)	
a) AY 2017-2018 Frequency Change	-1.6%
b) AY 2018-2019 Frequency Change	0.9%
4. Average Medical Severity Change, AY 2013-2018 (Based on Exhibit 6.4 of AC20-06-01)	-0.2%
5. Composite Medical On-Level Adjustment Factors (Based on Exhibit 4.4 of AC20-06-01)	
a) AY 2017 to Current	1.014
b) AY 2018 to Current	1.015
c) AY 2019 to Current	1.011
6. Composite Premium On-Level Adjustment Factors (Based on Exhibit 5.2 of AC20-06-01)	
a) AY 2017 to Current	0.841
b) AY 2018 to Current	0.882
c) AY 2019 to Current	0.976
7. AY 2019 Expected Paid Medical Loss Ratio at 27 Months	
a) Projected from 2017 = (2a) x [1 + (3a)] x [1 + (3b)] x [1 + (4)]^2 x [(5a) / (5c)] / [(6a) / (6c)]	0.118
b) Projected from 2018 = (2b) x [1 + (3b)] x [1 + (4)] x [(5b) / (5c)] / [(6b) / (6c)]	0.124
c) Average of 2017 and 2018 Projections = [(7a) + (7b)] / 2	0.121
8. Projected Medical 15-to-27 Paid Development Factor (Based on Exhibit 2.6.1 of AC20-06-01)	1.849
9. Projected AY 2019 Paid Medical Loss Ratio at 27 Months = (1) + (7c) x [1 - 1 / (8)]	0.120

(*) Based on experience evaluated as of March 31, 2020. 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, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
						Adjusted			
Accident Year	Reported Paid Loss Ratio (a)	Annual Development Factor (b)	Cumulative Development Factor	Developed Loss Ratio	Paid Loss Ratio (a)	Annual Development Factor (d)	Cumulative Development Factor	Developed Loss Ratio	Total Developed Loss Ratio
				(1) x (3)				(5) x (7)	(4) + (8)
2008	0.261	1.012	1.090	0.284	0.374	1.017	1.229	0.460	0.744
2009	0.301	1.015	1.106	0.333	0.430	1.019	1.253	0.539	0.872
2010	0.287	1.017	1.125	0.323	0.418	1.020	1.278	0.535	0.857
2011	0.263	1.022	1.149	0.302	0.350	1.026	1.311	0.460	0.762
2012	0.230	1.023	1.176	0.271	0.294	1.029	1.349	0.396	0.667
2013	0.192	1.031	1.212	0.232	0.230	1.039	1.402	0.323	0.556
2014	0.176	1.038	1.258	0.222	0.197	1.039	1.456	0.287	0.509
2015	0.163	1.051	1.322	0.216	0.176	1.051	1.530	0.269	0.485
2016	0.142	1.088	1.439	0.204	0.153	1.079	1.651	0.252	0.457
2017	0.123	1.174	1.689	0.208	0.136	1.146	1.892	0.257	0.465
2018	0.092	1.441	2.434	0.224	0.111	1.321	2.500	0.277	0.501
2019	0.103		2.434	0.251	0.120		2.500	0.301	0.552

(a) Based on AC20-06-01, Exhibit 1. The 2019 indemnity loss ratio is based on Exhibit 10.1.
(b) Age-to-age factors are selected as latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC20-06-01, Exhibit 2.5. Includes adjustments for claim settlement rates.
(c) Based on experience evaluated as of March 31, 2020. Reflects adjustments of SB 1160 and impact of pharmaceutical cost reductions. The 2019 medical loss ratio is based on Exhibit 10.2.
(d) Age-to-age factors are selected as latest year for for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors based on AC20-06-01, Exhibit 2.6. Reflects an adjustment for SB 1160 and impact of pharmaceutical cost reductions. Includes adjustments for claim settlement rates.

Exhibit 10.4

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, 2020

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)
2008	0.284	1.381	1.265	0.310
2009	0.333	1.354	1.364	0.331
2010	0.323	1.328	1.240	0.346
2011	0.302	1.310	1.133	0.349
2012	0.271	1.294	1.009	0.347
2013	0.232	1.265	0.881	0.334
2014	0.222	1.159	0.812	0.317
2015	0.216	1.142	0.776	0.318
2016	0.204	1.128	0.803	0.287
2017	0.208	1.098	0.841	0.272
2018	0.224	1.070	0.882	0.271
2019	0.251	1.041	0.976	0.267
				Projected (d)
2020				0.263
2021				0.258
11/1/2021				0.256

(a) See Exhibit 10.3.
(b) Based on AC20-06-01, Exhibit 4.1.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC20-06-01, Exhibit 6.2, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Exhibit 10.5

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, 2020

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)
2008	0.460	0.836	1.265	0.304
2009	0.539	0.825	1.364	0.326
2010	0.535	0.822	1.240	0.354
2011	0.460	0.836	1.133	0.339
2012	0.396	0.874	1.009	0.343
2013	0.323	0.949	0.881	0.348
2014	0.287	0.993	0.812	0.351
2015	0.269	1.011	0.776	0.351
2016	0.252	1.012	0.803	0.318
2017	0.257	1.014	0.841	0.310
2018	0.277	1.015	0.882	0.319
2019	0.301	1.011	0.976	0.312
				Projected (d)
2020				0.315
2021				0.313
11/1/2021				0.313

(a) See Exhibit 10.3.
(b) Based on AC20-06-01, Exhibit 4.4.
(c) See AC20-06-01, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC20-06-01, Exhibit 6.4, the actual frequency trend for accident year 2019 from AC20-06-01, Exhibit 12, and projected frequency trends for accident years 2020 to 2022 from AC20-06-01, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Item AC20-08-04
Impact of Economic Slowdown on Pure Premium Rate Indications

Economic changes related to the COVID-19 pandemic will have many direct and indirect impacts on the proposed 2021 pure premium rates. Staff has examined potential adjustments to several economic components of the January 1, 2021 Pure Premium Rate Filing for which data-based adjustments may be appropriate.

Statewide Average Wage
Changes in the statewide average wage flow directly into the proposed pure premium rates and are also used for benefit on-leveling. Historical changes from the Bureau of Labor Statistics (BLS) are used for past years. For future years, projections are made as an average of forecasts made by the California Department of Finance (CDOF) and the UCLA Anderson School of Business (UCLA). (See Exhibit 5.1 of Item AC20-06-01 of this Agenda.)

The most current forecast from CDOF is from April 2020. The wage variable was (potentially temporarily) discontinued from the UCLA June 2020 forecast as they are reassessing their wage forecasting model, leaving the most recent forecast from March 2020. Current wage growth projections based on the average of these two projections are 1.5% for 2020, 2.6% for 2021 and 3.8% for 2022.

Both forecasts show an average wage calculated as total wages divided by total employment. Given the extreme changes in the employment mix, the use of an average wage would be artificially inflated as lower wage industries and employees were more likely to suffer employment declines. Staff has derived two potential adjustments to an average wage change to account for the changing industrial mix.

The first adjustment uses data through June 2020 from the BLS Current Employment Statistics data set. This method calculates overall average wages at the industrial mix from the current and previous year to determine the amount of change due to the industrial mix. The largest change due to mix from 2007 through 2019 was -0.5% in 2009. The change due to mix in 2020 is 1.9%, i.e., the overall statewide average wage will be artificially inflated by 1.9% due solely to the change industrial mix. This data series does not include agriculture and no forecasts are available. The derivation of this index is shown in Exhibit 1.

The second adjustment combines historical annual industrial wage relativities through 2019 from the BLS Quarterly Census of Employment and Wages (QCEW) data series with industrial employment forecasts from UCLA. Staff calculated estimates via this methodology for 2020 through 2022 assuming future industry relativities remained equal to either the latest 1-, 3-, or 5-year average. The timeframe used to select the industry relativities was immaterial. This method shows about 2.5% inflation due to mix in 2020, 0.1% in 2021 and -0.5% in 2022. These calculations are shown in Exhibit 2.

Committee members are asked for feedback regarding the appropriateness of these adjustments as well as any other thoughts regarding adjustments to the average wage, given the timeframe of the forecasts and the rapidly changing environment.

Indemnity Claim Frequency
The WCIRB's indemnity frequency model predicts the change (as measured by a log difference) in the mix-adjusted non-cumulative indemnity claim frequency as a linear combination of the changes in the indemnity benefit level, the cumulative injury index (the ratio of cumulative trauma indemnity claims to all non-cumulative trauma indemnity claims), and economic variables. Projections of changes in the indemnity benefit level are made using proposed legislation and/or cost of living adjustments. Changes in the economic variables are based on UCLA forecasts. The WCIRB has not yet found a reasonable approach to project future changes in the cumulative injury index.

The economic variable used in the model are the first principal component decomposition of the changes in aggregate employment and the unemployment rate. The magnitude of the change in 2020 is more than twice as much as the next most extreme observation going back to the 1960's, which occurred during the Great Recession in 2009 and is greater in magnitude than 2007 through 2010 combined. The economic variable series is shown in Exhibit 3.

Staff investigated several alternative specifications of the economic variables to evaluate if they could simultaneously improve the model fit while resulting in a 2020 value that was closer to observed values. These alternatives included using the change in the employment rate, the point change (as opposed to log difference) of either the unemployment or employment rate, and the change in unemployed workers. Some of these specifications led to a less extreme 2020 value, but all of them caused the economic variables to be insignificant in the model and sometimes other variables as well. For this reason, these alternatives were abandoned.

Staff then investigated the potential of explicitly capping the magnitude of the economic variables. The rationale was that at some level of magnitude, the economic variables would begin over-predicting frequency changes and capping would lead to a better model fit. This was not the case. Exhibit 4 shows the number of observations capped, the R-squared, and the significance of the economic variable coefficient using various caps. The smallest values are shown only for comparison and in fact make the economic variables insignificant. Exhibit 5 shows the model error by the size of the economic variables. The errors are not correlated with the magnitude of the variables and the error is very small for the most extreme observation, causing reduced model performance at any cap.

Given that the 2020 economic variables are so far outside the range of observations used to fit the model, model projections using caps equal to or greater than the most extreme observation are shown in Exhibit 6. None of these caps impact the model fit as all the observed data would be uncapped. The Accident Year (AY) 2020 projection would be very sensitive to any potential cap. Later years would not be affected.

In the WCIRB frequency model, the cumulative injury index is calculated as the ratio of cumulative frequency to non-cumulative frequency. This variable is thought of internally as a proxy for the level of discretionary claim filing and is the most predictive explanatory variable in the model. To date, staff has not been able to produce a reliable projection of this variable and no change forecast is used in the model. As shown in the WCIRB's recent study of the impact of economic changes on claim frequency,[1] during the prior recession, there was a large uptick in the cumulative injury index. Alternate frequency projections using observed values of the change in the index from the prior recession are shown in Exhibit 7.

The final frequency-related adjustment is for industrial mix. Exhibit 8 shows a contracted version of Exhibit C7.2 of the standard set of diagnostic exhibits reviewed by the Committee twice a year, which shows the history and projections of the frequency model. Changes in inter-class frequency show the change in overall frequency due to changes in industrial mix. Accident years up to 2018 use USR data at a class level to calculate the change. For AYs 2019 through 2022, inter-class changes use observed industry frequency relativities with industry exposure distributions adjusted for forecast employment changes from UCLA. The -3.26% change for 2020 due to shifting class mix is the largest in magnitude during the duration of the series.

Indemnity Claim Severity

The WCIRB tracks changes in indemnity claim severity due to shifting class mix in Exhibit S15 of the standard set of diagnostic exhibits reviewed by the Committee twice a year. These changes have been very modest over time and have not historically been reflected in pure premium rate filing projections. Given the magnitude of current economic changes, staff has calculated a projected change in indemnity

[1] *Impact of Economic Downturn on California Workers' Compensation Claim Frequency*, WCIRB, June 2020.

claim severity due to changes in the industrial mix. This method uses historic industry severity relativities from USR data and estimated future indemnity count distributions based on forecast changes in employment mix.

Exhibit 9 shows the derivation of projected indemnity count distributions by industry. Standard exception data has been allocated to industry using previous WCIRB studies. Some industries shown are collapsed in the forecast data and will have the same projected employment changes.

Calculations of change in indemnity and medical severity due to industry mix are shown in Exhibits 10.1 and 10.2. Neither is impacted significantly by the selection of the severity relativity. Both severities show increases due to industry mix in 2020 and decreases in 2022. Changes in 2019 and 2021 are modest. Total claim severity is shown for reference in Exhibit 10.3. This calculation implicitly assumes that industry frequency and severity relativities are stable.

Pure Premium

Staff has developed a hazardousness adjustment for pure premium that is similar to the adjustment used for claim frequency. Exposures are aggregated at a class level and extended by the approved pure premium rates. Exposure data is available through policy year 2017, pure premium rates are available through policy year 2020, and proposed classification relativities are available for policy year 2021. For policy years 2018 through 2021, the classification exposure distribution is estimated using the policy year 2017 observed distribution and historic and forecast changes in employment at an industry level. For policy year 2021, the pure premium rate used in this index is calculated as the approved 2020 pure premium rate adjusted for the proposed policy year change in the classification relativity. This estimate excludes changes in the overall pure premium rate level. However, the overall change will impact all classes and is irrelevant for this index. This index is shown in Exhibit 11.

Exhibit 1: Change in Average Wage Due to Industrial Mix
Bureau of Labor Statistics Current Employment Statistics Data Series

Employment in Thousands

Supersector	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Construction	892.8	787.9	623.3	560.0	561.5	590.2	637.7	674.4	732.1	775.7	810.3	860.2	882.6	847.4
Manufacturing	1,465.7	1,428.6	1,285.5	1,247.4	1,254.0	1,259.8	1,261.9	1,279.7	1,302.4	1,309.1	1,311.7	1,323.1	1,322.5	1,235.2
Trade, Transportation, and Utilities	2,898.4	2,835.3	2,629.1	2,613.0	2,662.3	2,714.0	2,768.9	2,835.2	2,908.8	2,966.9	3,017.0	3,047.9	3,051.9	2,808.4
Information	471.4	476.4	441.1	428.5	430.9	436.3	450.0	463.9	488.6	526.4	529.3	543.2	562.6	528.0
Financial Activities	897.8	843.0	783.9	760.9	762.3	773.7	783.0	782.8	802.6	823.3	832.7	837.9	841.2	833.8
Professional and Business Services	2,279.0	2,249.2	2,070.6	2,084.3	2,142.1	2,249.7	2,347.6	2,427.0	2,490.8	2,531.7	2,582.4	2,669.4	2,721.1	2,570.5
Education and Health Services	1,966.4	2,051.5	2,114.2	2,131.9	2,162.7	2,232.6	2,308.6	2,377.9	2,464.6	2,552.9	2,650.3	2,722.2	2,803.4	2,680.3
Leisure and Hospitality	1,560.1	1,572.4	1,502.9	1,500.8	1,534.8	1,597.4	1,675.2	1,757.1	1,829.3	1,902.9	1,953.6	1,993.2	2,033.2	1,526.3
Other Services	511.1	510.2	484.9	483.6	492.4	503.5	515.5	534.8	543.6	553.7	563.7	571.7	576.1	471.6
Mining and Logging	24.6	26.6	23.9	24.6	26.7	28.3	28.3	29.3	26.4	22.3	21.9	22.4	22.5	22.4

Average Weekly Wage

Supersector	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Construction	922.7	929.4	965.8	979.8	979.2	1,073.8	1,139.2	1,143.5	1,156.2	1,189.5	1,258.5	1,308.5	1,380.1	1,406.3
Manufacturing	964.8	981.4	1,015.6	1,047.7	1,064.0	1,077.6	1,119.2	1,144.4	1,156.9	1,178.5	1,232.1	1,266.0	1,310.2	1,333.3
Trade, Transportation, and Utilities	720.8	717.1	725.8	804.6	803.9	761.9	757.7	765.5	801.8	826.2	841.7	839.3	865.8	923.0
Information	1,239.4	1,231.8	1,205.8	1,321.5	1,493.9	1,554.7	1,516.5	1,528.9	1,548.5	1,521.3	1,609.2	1,723.0	1,870.1	1,875.7
Financial Activities	1,298.5	1,136.7	1,127.7	1,114.1	1,110.8	1,121.2	1,152.1	1,226.5	1,250.8	1,270.6	1,325.6	1,411.4	1,462.7	1,482.9
Professional and Business Services	1,089.2	1,082.1	1,110.1	1,155.4	1,236.0	1,221.2	1,210.6	1,236.3	1,300.2	1,342.6	1,398.5	1,450.4	1,513.8	1,590.9
Education and Health Services	807.5	834.8	853.7	855.9	871.0	927.0	939.6	945.2	942.6	962.5	1,006.7	1,036.5	1,057.4	1,062.5
Leisure and Hospitality	367.4	374.2	374.5	385.2	391.9	392.5	394.7	416.3	438.8	457.8	468.2	485.6	511.5	530.6
Other Services	582.5	593.7	640.8	634.2	671.3	667.4	687.0	706.5	741.5	749.2	819.3	842.2	877.3	974.7
Mining and Logging	935.8	1,892.9	3,871.8	4,699.6	5,415.5	2,674.6	1,406.3	784.9	740.4	857.2	1,227.3	1,428.7	1,524.9	1,475.4
New Industry Mix x Old Wages		848.2	841.3	860.2	896.1	924.8	924.8	929.1	946.4	973.5	996.2	1,039.4	1,073.4	1,137.3
Old Industry Mix x Old Wages		851.5	845.0	861.4	896.1	924.6	925.3	930.4	946.3	973.8	997.1	1,037.9	1,072.7	1,116.2
Laspeyres Index		**0.996**	**0.996**	**0.999**	**1.000**	**1.000**	**0.999**	**0.999**	**1.000**	**1.000**	**0.999**	**1.001**	**1.001**	**1.019**
New Industry Mix x New Wages		845.0	861.4	896.1	924.6	925.3	930.4	946.3	973.8	997.1	1,037.9	1,072.7	1,116.2	1,175.5
Old Industry Mix x New Wages		847.4	865.5	897.2	924.4	925.2	930.8	947.8	973.8	997.5	1,038.9	1,071.1	1,115.4	1,154.4
Paasche Index		**0.997**	**0.995**	**0.999**	**1.000**	**1.000**	**1.000**	**0.998**	**1.000**	**1.000**	**0.999**	**1.002**	**1.001**	**1.018**
Geomean of Laspeyres and Paasche Indices		**0.997**	**0.995**	**0.999**	**1.000**	**1.000**	**0.999**	**0.999**	**1.000**	**1.000**	**0.999**	**1.001**	**1.001**	**1.019**

Exhibit 2.1: Change in Average Wage Due to Industrial Mix
Bureau of Labor Statistics Quarterly Census of Employment and Wages Data Series/UCLA Anderson Forecast

QCEW Average Annual Wage

NAICS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
11	24,773	25,563	26,636	27,740	28,751	30,283	32,316	33,299	34,521	36,164
21	129,811	128,432	134,410	135,181	138,053	136,862	134,266	121,769	123,590	124,143
22	100,108	104,672	107,762	114,079	114,900	124,352	123,633	130,445	131,945	138,623
23	54,865	56,206	57,999	58,211	59,464	62,257	64,472	67,561	70,084	73,372
31	72,561	74,882	77,364	77,916	81,368	83,868	87,160	92,246	95,627	98,241
42	64,348	66,794	68,407	68,871	71,780	75,654	75,496	78,610	78,293	81,070
44	30,893	31,552	32,560	32,412	33,175	34,630	34,527	35,466	36,669	38,131
48	46,212	47,426	48,609	49,300	50,140	51,582	53,153	54,446	56,960	62,877
51	99,973	106,238	113,046	132,339	136,214	145,627	147,264	172,309	188,173	191,349
52	92,300	95,702	101,367	101,804	108,366	113,062	116,415	123,665	128,085	135,113
53	48,610	51,329	54,309	55,792	59,119	62,541	63,903	67,607	68,901	72,927
54	89,642	93,421	102,250	97,589	103,921	111,771	111,856	116,802	122,460	127,898
55	94,264	100,545	105,363	110,264	118,880	123,826	127,534	128,485	134,943	135,719
56	36,553	37,777	39,322	38,769	39,477	41,402	42,513	44,781	45,463	48,067
61	44,426	45,413	46,134	47,197	48,787	50,571	51,782	53,389	54,989	56,234
62	52,389	53,506	54,406	46,218	46,848	48,396	49,321	50,401	51,795	53,586
71	49,369	51,591	53,066	52,164	53,678	54,527	55,447	57,842	59,737	61,785
72	19,010	19,422	19,827	19,944	20,570	21,778	23,022	23,858	25,006	26,691
81	25,919	26,178	24,209	34,171	35,023	36,446	37,701	40,412	40,668	42,305
92	57,002	58,575	59,506	60,189	62,175	64,138	65,787	67,701	70,128	72,553
Total	53,700	55,412	57,388	57,092	59,036	61,652	62,948	65,918	68,496	71,341

	Average Annual Wage Relativity										Average Relativity		
NAICS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	1-Yr	3-Yr	5-Yr
11	0.461	0.461	0.464	0.486	0.487	0.491	0.513	0.505	0.504	0.507	0.507	0.505	0.504
21	2.417	2.318	2.342	2.368	2.338	2.220	2.133	1.847	1.804	1.740	1.740	1.797	1.949
22	1.864	1.889	1.878	1.998	1.946	2.017	1.964	1.979	1.926	1.943	1.943	1.949	1.966
23	1.022	1.014	1.011	1.020	1.007	1.010	1.024	1.025	1.023	1.028	1.028	1.026	1.022
31	1.351	1.351	1.348	1.365	1.378	1.360	1.385	1.399	1.396	1.377	1.377	1.391	1.384
42	1.198	1.205	1.192	1.206	1.216	1.227	1.199	1.193	1.143	1.136	1.136	1.157	1.180
44	0.575	0.569	0.567	0.568	0.562	0.562	0.548	0.538	0.535	0.534	0.534	0.536	0.544
48	0.861	0.856	0.847	0.864	0.849	0.837	0.844	0.826	0.832	0.881	0.881	0.846	0.844
51	1.862	1.917	1.970	2.318	2.307	2.362	2.339	2.614	2.747	2.682	2.682	2.681	2.549
52	1.719	1.727	1.766	1.783	1.836	1.834	1.849	1.876	1.870	1.894	1.894	1.880	1.865
53	0.905	0.926	0.946	0.977	1.001	1.014	1.015	1.026	1.006	1.022	1.022	1.018	1.017
54	1.669	1.686	1.782	1.709	1.760	1.813	1.777	1.772	1.788	1.793	1.793	1.784	1.788
55	1.755	1.814	1.836	1.931	2.014	2.008	2.026	1.949	1.970	1.902	1.902	1.941	1.971
56	0.681	0.682	0.685	0.679	0.669	0.672	0.675	0.679	0.664	0.674	0.674	0.672	0.673
61	0.827	0.820	0.804	0.827	0.826	0.820	0.823	0.810	0.803	0.788	0.788	0.800	0.809
62	0.976	0.966	0.948	0.810	0.794	0.785	0.784	0.765	0.756	0.751	0.751	0.757	0.768
71	0.919	0.931	0.925	0.914	0.909	0.884	0.881	0.877	0.872	0.866	0.866	0.872	0.876
72	0.354	0.351	0.345	0.349	0.348	0.353	0.366	0.362	0.365	0.374	0.374	0.367	0.364
81	0.483	0.472	0.422	0.599	0.593	0.591	0.599	0.613	0.594	0.593	0.593	0.600	0.598
92	1.061	1.057	1.037	1.054	1.053	1.040	1.045	1.027	1.024	1.017	1.017	1.023	1.031

Exhibit 2.2: Change in Average Wage Due to Industrial Mix
Bureau of Labor Statistics Quarterly Census of Employment and Wages Data Series/UCLA Anderson Forecast

UCLA Employment

NAICS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
11	382,925	389,800	399,925	412,833	416,675	422,450	425,317	422,300	421,583	423,950	346,924	392,973	419,370
21	24,617	26,700	28,333	28,308	29,242	26,425	22,292	21,867	22,425	22,517	21,021	17,855	18,938
22	57,788	58,603	59,611	59,097	58,170	58,250	59,367	58,093	56,603	56,436	54,523	54,562	56,150
23	559,917	561,608	590,258	637,717	674,550	731,758	775,367	810,167	860,283	883,783	810,857	826,999	870,171
31	1,247,442	1,254,108	1,259,608	1,261,683	1,279,650	1,302,350	1,309,067	1,311,692	1,322,983	1,323,017	1,216,580	1,232,894	1,278,785
42	629,642	642,250	656,475	671,250	683,283	690,850	693,150	695,950	698,975	694,467	648,566	649,444	665,069
44	1,516,675	1,545,258	1,568,875	1,593,225	1,627,667	1,660,292	1,679,767	1,688,400	1,683,758	1,656,692	1,463,496	1,462,951	1,506,332
48	408,912	416,122	428,380	444,578	466,363	498,975	535,100	573,932	608,030	644,206	622,370	622,817	640,950
51	428,342	431,383	436,633	450,200	463,475	488,167	526,608	529,933	543,525	562,517	555,602	589,498	638,520
52	512,388	515,004	522,834	524,056	517,278	530,446	545,074	547,560	543,503	539,033	535,255	544,396	553,876
53	248,346	247,154	250,916	259,028	265,489	271,921	277,885	285,231	294,656	302,375	300,255	305,383	310,701
54	1,013,547	1,046,929	1,099,131	1,136,990	1,167,360	1,191,881	1,211,760	1,237,852	1,282,260	1,333,959	1,232,640	1,233,991	1,344,490
55	208,727	213,465	219,786	231,539	236,012	237,656	236,773	246,931	255,792	256,061	236,612	236,871	258,082
56	861,300	881,356	930,641	979,463	1,023,853	1,060,905	1,082,875	1,096,892	1,131,365	1,133,855	1,047,735	1,048,883	1,142,806
61	292,676	307,751	317,176	327,414	339,630	347,367	354,610	363,622	373,608	383,519	366,269	369,967	393,096
62	1,839,049	1,854,707	1,915,257	1,981,286	2,038,479	2,117,000	2,197,640	2,286,837	2,348,650	2,421,481	2,312,568	2,335,914	2,481,953
71	242,062	245,829	254,931	264,929	274,644	284,787	300,007	306,871	316,287	327,317	231,166	233,206	277,683
72	1,258,504	1,289,154	1,342,661	1,410,354	1,482,098	1,543,788	1,602,935	1,647,179	1,677,363	1,705,367	1,204,409	1,215,039	1,446,766
81	483,442	492,367	503,550	515,658	534,842	543,442	553,483	563,775	571,842	576,442	456,051	472,393	548,140
92	2,448,217	2,406,492	2,376,050	2,374,033	2,412,958	2,462,292	2,515,508	2,554,358	2,581,192	2,607,350	2,496,646	2,419,247	2,481,180
Total	14,664,517	14,826,042	15,161,033	15,563,642	15,991,717	16,471,000	16,904,583	17,249,442	17,594,683	17,854,342	16,159,548	16,265,284	17,333,059

Statewide Average Wages

Mix	Wages	2011	2012	2013	2014	2015	2016	2017	2018	2019
New	New	55,412	57,388	57,092	59,036	61,652	62,948	65,918	68,496	71,341
Old	New	55,465	57,451	57,238	59,237	61,738	62,962	66,036	68,440	71,199
	Paasche Index	0.999	0.999	0.997	0.997	0.999	1.000	0.998	1.001	1.002
New	Old	53,647	55,338	57,255	56,905	58,952	61,637	62,849	65,967	68,629
Old	Old	53,700	55,412	57,388	57,092	59,036	61,652	62,948	65,918	68,496
	Laspeyres Index	0.999	0.999	0.998	0.997	0.999	1.000	0.998	1.001	1.002
	Geomean Index	**0.999**	**0.999**	**0.998**	**0.997**	**0.999**	**1.000**	**0.998**	**1.001**	**1.002**

* Change due to mix is calculated as the employment weighted average relativity in the stated year compared to the prior year.

	Change Due to Mix*		
Avg. Relt.	2020	2021	2022
1-Yr	1.025	1.001	0.995
3-Yr	1.026	1.001	0.995
5-Yr	1.026	1.001	0.994

Exhibit 3: Economic Variables

CY	Aggregate Employment	Unemployment Rate	Annual Log Differences: Aggregate Employment	Annual Log Differences: Unemployment Rate	Economic Variables 1st Prin. Comp.
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	0.044
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	0.173
1979	9,621,815	6.24	0.044	-0.130	0.134
1980	10,269,331	6.83	0.065	0.090	-0.080
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	13,619,654	6.37	0.029	-0.135	0.137
1998	14,082,965	5.91	0.033	-0.075	0.079
1999	14,479,767	5.21	0.028	-0.125	0.128
2000	14,992,265	4.90	0.035	-0.062	0.066
2001	15,098,050	5.43	0.007	0.103	-0.101
2002	14,972,541	6.65	-0.008	0.203	-0.202
2003	14,950,702	6.81	-0.001	0.023	-0.023
2004	15,130,469	6.20	0.012	-0.093	0.093
2005	15,422,217	5.40	0.019	-0.139	0.141
2006	15,697,957	4.92	0.018	-0.093	0.095
2007	15,844,029	5.36	0.009	0.087	-0.084
2008	15,689,423	7.31	-0.010	0.310	-0.308
2009	14,807,953	11.15	-0.058	0.423	-0.427
2010	14,664,517	12.22	-0.010	0.091	-0.092
2011	14,826,042	11.72	0.011	-0.042	0.043
2012	15,161,033	10.38	0.022	-0.121	0.123
2013	15,563,642	8.94	0.026	-0.149	0.151
2014	15,991,717	7.50	0.027	-0.176	0.178
2015	16,471,000	6.19	0.030	-0.191	0.193
2016	16,904,583	5.49	0.026	-0.122	0.124
2017	17,249,442	4.79	0.020	-0.135	0.137
2018	17,594,683	4.26	0.020	-0.118	0.120
2019	17,854,342	4.04	0.015	-0.052	0.054
2020	16,159,548	10.49	-0.100	0.953	-0.958
2021	16,265,283	8.16	0.007	-0.250	0.249
2022	17,333,060	6.84	0.064	-0.178	0.185

Notes: The first principal component is of the annual log difference data from 1962-2019.
The first principal component of the annual log difference of the economic variables is:
1st PC of Econ Variables = -0.1373546 x Aggregate Employment + 0.9905219 x Unemployment Rate

Sources: Government historical labor statistics through 2019
UCLA Anderson forecasts through 2022 are as of June 2020

Exhibit 4: Changes in Model Fit at Various Caps of the Economic Variables

Cap	0.10	0.15	0.20	0.25	0.30	0.35	0.40	Max Obs. 0.4266
# Obs Capped 1962-2019	30 out of 58	17 out of 58	8 out of 58	6 out of 58	3 out of 58	1 out of 58	1 out of 58	0 out of 58
R-squared	0.527	0.538	0.550	0.559	0.565	0.565	0.566	0.566
Reduction	-6.8%	-4.9%	-2.9%	-1.1%	-0.2%	-0.1%	0.0%	0.0%
p-value of Econ Vars	**0.131**	**0.079**	0.046	0.030	0.023	0.023	0.022	0.022

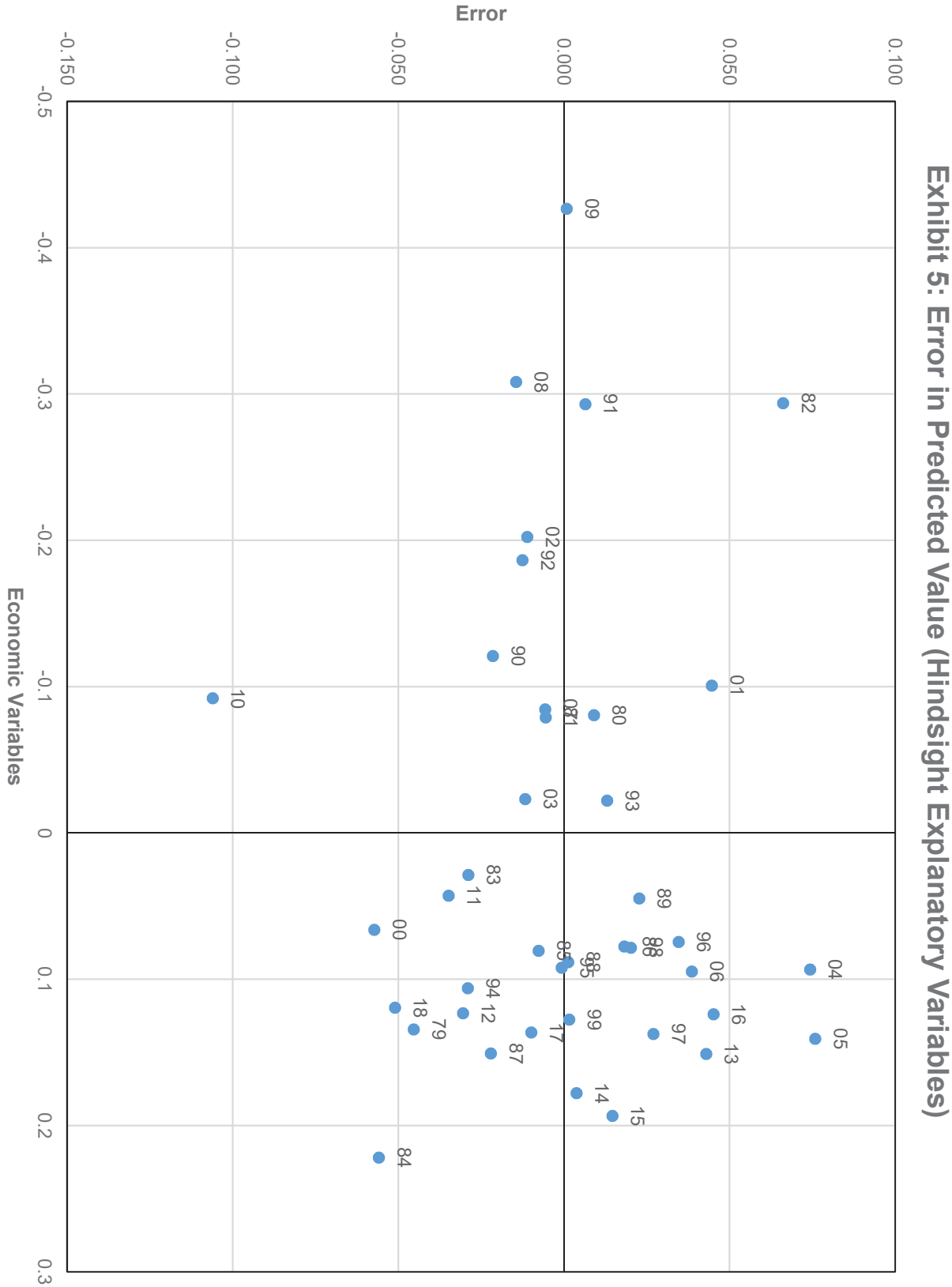


Exhibit 5: Error in Predicted Value (Hindsight Explanatory Variables)
Error
0.100
0.050
0.000
-0.050
-0.100
-0.150
Economic Variables
-0.5
-0.4
-0.3
-0.2
-0.1
0
0.1
0.2
0.3
04
05
06
16
13
96
97
89
99
17
87
14
15
84
00
83
11
94
12
79
18
01
80
93
03
10
90
02
92
08
91
09

Exhibit 6: Modeled Frequency Changes with Capped Economic Variables

	Projected Frequency Change by Econ Variable Cap						
AY	Max Obs. 0.4266	0.50	0.60	0.70	0.80	0.90	None
2020	-6.1%	-6.8%	-7.8%	-8.8%	-9.7%	-10.6%	**-11.1%**
2021	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	**0.6%**
2022	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**

Current model projections

Exhibit 7: Modeled Frequency Changes with Assumed Changes in Cumulative Claim Filing

AY	Assumed Cumulative Inj. Index	Frequency Change with Change	Frequency Change without Change
2020	0.186	-6.5%	**-11.1%**
2021	0.060	2.3%	**0.6%**
2022	0.000	0.0%	**0.0%**

Current model projections

Exhibit 8: 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	0.510	0.921	0.614	---	---	---
1980	0.476	0.914	0.570	-6.54%	-0.75%	-7.24%
1981	0.460	0.900	0.541	-3.54%	-1.56%	-5.04%
1982	0.452	0.882	0.522	-1.59%	-2.00%	-3.56%
1983	0.480	0.873	0.549	6.20%	-0.98%	5.17%
1984	0.526	0.871	0.600	9.53%	-0.18%	9.32%
1985	0.537	0.867	0.609	2.05%	-0.51%	1.52%
1986	0.524	0.859	0.589	-2.39%	-0.92%	-3.28%
1987	0.532	0.854	0.595	1.53%	-0.56%	0.97%
1988	0.536	0.854	0.598	0.69%	-0.06%	0.64%
1989	0.549	0.853	0.613	2.47%	-0.08%	2.39%
1990	0.599	0.845	0.662	9.04%	-0.89%	8.07%
1991	0.600	0.832	0.654	0.28%	-1.58%	-1.30%
1992	0.534	0.820	0.573	-11.09%	-1.45%	-12.37%
1993	0.454	0.810	0.481	-14.91%	-1.25%	-15.98%
1994	0.396	0.809	0.420	-12.76%	-0.06%	-12.81%
1995	0.378	0.811	0.401	-4.64%	0.16%	-4.49%
1996	0.352	0.800	0.369	-6.78%	-1.25%	-7.94%
1997	0.341	0.791	0.352	-3.27%	-1.23%	-4.46%
1998	0.328	0.786	0.337	-3.76%	-0.60%	-4.34%
1999	0.333	0.774	0.337	1.45%	-1.48%	-0.05%
2000	0.346	0.752	0.340	4.02%	-2.91%	0.99%
2001	0.322	0.753	0.317	-6.91%	0.13%	-6.79%
2002	0.315	0.763	0.314	-2.31%	1.34%	-1.00%
2003	0.306	0.764	0.306	-2.86%	0.20%	-2.67%
2004	0.255	0.763	0.254	-16.65%	-0.21%	-16.82%
2005	0.220	0.760	0.219	-13.59%	-0.31%	-13.85%
2006	0.208	0.754	0.205	-5.69%	-0.81%	-6.46%
2007	0.204	0.749	0.200	-1.64%	-0.68%	-2.31%
2008	0.199	0.740	0.192	-2.71%	-1.18%	-3.86%
2009	0.198	0.727	0.189	-0.20%	-1.82%	-2.02%
2010	0.216	0.713	0.201	8.87%	-1.87%	6.83%
2011	0.219	0.703	0.201	1.22%	-1.42%	-0.22%
2012	0.229	0.694	0.208	4.71%	-1.20%	3.46%
2013	0.230	0.692	0.208	0.36%	-0.36%	0.00%
2014	0.230	0.693	0.209	0.16%	0.21%	0.37%
2015	0.227	0.689	0.205	-1.26%	-0.60%	-1.85%
2016	0.221	0.684	0.198	-2.53%	-0.73%	-3.25%
2017(c)	0.217	0.679	0.192	-2.14%	-0.76%	-2.88%
2017(d)	0.215	0.679	0.191	---	---	---
2018(e)	0.213	0.676	0.189	-0.98%	-0.47%	-1.45%
2019	*0.210*	0.676	0.186	-1.37%	-0.04%	-1.41%
2020	*0.187*	0.654	0.160	-11.15%	-3.26%	-14.04%
2021	*0.188*	0.656	0.161	0.63%	0.39%	1.03%
2022	*0.188*	0.658	0.162	-0.03%	0.25%	0.22%

Notes: (a) All frequencies are per $M exposure at PY 2018 Level.
(b) Index is to AY 1961.
(c) 2017 accidents on 2017 and 2016 policies.
(d) 2017 accidents on 2016 policies only.
(e) AY 2018 percent changes are based on a comparison of 2018 accidents on 2017 policies to 2017 accidents on 2016 policies.
(f) Forecasts below thick solid line.

Source: WCIRB Indemnity Frequency Model

Exhibit 9: Devivation of Projected Indemnity Count Distribution

	UCLA CY Employment					A Employment Change				B C Count Distribution				
NAICS	2018	2019	2020	2021	2022	2019	2020	2021	2022	2018	2019	2020	2021	2022
11&21	444,008	446,467	367,946	410,829	438,307	0.6%	-17.6%	11.7%	6.7%	5.6%	5.6%	5.2%	5.7%	5.7%
22&23	916,886	940,219	865,380	881,561	926,322	2.5%	-8.0%	1.9%	5.1%	10.1%	10.2%	10.6%	10.7%	10.5%
31	1,322,983	1,323,017	1,216,580	1,232,894	1,278,785	0.0%	-8.0%	1.3%	3.7%	16.7%	16.5%	17.1%	17.0%	16.5%
42	698,975	694,467	648,566	649,444	665,069	-0.6%	-6.6%	0.1%	2.4%	7.6%	7.5%	7.9%	7.8%	7.5%
44	1,683,758	1,656,692	1,463,496	1,462,951	1,506,332	-1.6%	-11.7%	0.0%	3.0%	11.2%	10.8%	10.8%	10.6%	10.2%
48	608,030	644,206	622,370	622,817	640,950	5.9%	-3.4%	0.1%	2.9%	7.3%	7.7%	8.3%	8.2%	7.9%
51	543,525	562,517	555,602	589,498	638,520	3.5%	-1.2%	6.1%	8.3%	2.2%	2.3%	2.5%	2.6%	2.7%
52	543,503	539,033	535,255	544,396	553,876	-0.8%	-0.7%	1.7%	1.7%	1.7%	1.7%	1.9%	1.9%	1.8%
53	294,656	302,375	300,255	305,383	310,701	2.6%	-0.7%	1.7%	1.7%	2.1%	2.1%	2.4%	2.4%	2.3%
54	1,282,260	1,333,959	1,232,640	1,233,991	1,344,490	4.0%	-7.6%	0.1%	9.0%	2.3%	2.3%	2.4%	2.4%	2.5%
56	1,131,365	1,133,855	1,047,735	1,048,883	1,142,806	0.2%	-7.6%	0.1%	9.0%	5.4%	5.4%	5.6%	5.5%	5.6%
61	373,608	383,519	366,269	369,967	393,096	2.7%	-4.5%	1.0%	6.3%	1.5%	1.5%	1.6%	1.6%	1.6%
62	2,348,650	2,421,481	2,312,568	2,335,914	2,481,953	3.1%	-4.5%	1.0%	6.3%	8.0%	8.1%	8.8%	8.7%	8.7%
71	316,287	327,317	231,166	233,206	277,683	3.5%	-29.4%	0.9%	19.1%	1.7%	1.7%	1.4%	1.3%	1.5%
72	1,677,363	1,705,367	1,204,409	1,215,039	1,446,766	1.7%	-29.4%	0.9%	19.1%	12.3%	12.4%	9.8%	9.8%	10.9%
81	571,842	576,442	456,051	472,393	548,140	0.8%	-20.9%	3.6%	16.0%	4.3%	4.2%	3.8%	3.9%	4.2%
Total	17,594,683	17,854,342	16,159,548	16,265,284	17,333,059	1.5%	-9.5%	0.7%	6.6%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: AY 2018 count distribution is taken as PY 2017 value from USR.
Example calculation for 2019 - 2022:

$$5.2\% = \frac{5.6\% \times (1 - 17.6\%)}{\sum (B \times (1 + A))}$$

Exhibit 10.1: Change in Indemnity Severity due to Industry Mix

NAICS	Indemnity Severity Developed to 5th RL by PY 2013	2014	2015	2016	2017	D Severity Relativity 1-Yr	3-Yr	5-Yr
11&21	17,970	17,869	17,698	19,153	21,462	0.785	**0.799**	0.810
22&23	31,902	33,786	33,997	35,699	42,454	1.553	**1.533**	1.526
31	22,491	23,779	24,188	23,661	31,856	1.165	**1.086**	1.078
42	20,006	20,076	21,665	22,008	24,718	0.904	**0.938**	0.933
44	18,926	19,802	19,737	21,067	23,837	0.872	**0.885**	0.888
48	25,427	26,496	26,935	26,099	29,552	1.081	**1.133**	1.159
51	26,379	28,320	30,431	31,790	36,019	1.317	**1.346**	1.312
52	24,851	26,087	26,745	29,557	36,857	1.348	**1.269**	1.232
53	21,800	24,850	23,019	24,626	26,725	0.978	**1.020**	1.042
54	21,885	24,447	23,619	24,203	27,538	1.007	**1.033**	1.047
56	21,966	22,813	22,604	24,460	26,535	0.971	**1.009**	1.019
61	17,518	17,659	18,379	18,660	21,113	0.772	**0.797**	0.803
62	19,070	19,608	20,325	21,021	22,980	0.841	**0.883**	0.887
71	17,761	18,527	20,508	19,371	26,617	0.974	**0.906**	0.878
72	13,567	13,575	14,024	14,801	16,233	0.594	**0.618**	0.621
81	21,356	21,501	22,956	23,255	27,156	0.993	**1.005**	0.998
Total	21,219	22,133	22,552	23,196	27,339	1.000	1.000	1.000

Severity Relativity	Severity Change Due to Industry Mix 2019	2020	2021	2022
1-Yr	0.08%	1.47%	0.00%	-0.58%
3-Yr	0.11%	**1.45%**	-0.01%	-0.54%
5-Yr	0.12%	1.45%	-0.01%	-0.55%

$$\textbf{1.45\%} = \frac{\sum (D \times C)}{\sum (D \times B)}$$

Exhibit 10.2: Change in Medical Severity due to Industry Mix

NAICS	Medical Severity Developed to 5th RL by PY 2013	2014	2015	2016	2017	D Severity Relativity 1-Yr	3-Yr	5-Yr
11&21	25,278	22,642	20,790	21,691	25,806	0.945	**0.918**	0.956
22&23	31,510	34,479	35,188	39,636	48,142	1.762	**1.650**	1.548
31	25,165	24,471	24,514	22,740	29,851	1.093	**1.036**	1.041
42	22,082	23,020	23,492	23,448	22,984	0.841	**0.947**	0.950
44	21,346	20,836	19,889	21,670	22,273	0.815	**0.862**	0.874
48	23,938	25,364	23,347	22,126	26,943	0.986	**0.975**	1.002
51	22,826	21,707	22,158	23,082	26,005	0.952	**0.960**	0.953
52	26,148	25,570	25,770	26,790	32,579	1.192	**1.144**	1.124
53	23,419	24,769	21,659	22,992	26,852	0.983	**0.962**	0.985
54	24,191	24,725	24,371	23,835	28,256	1.034	**1.030**	1.032
56	26,242	25,309	22,181	24,939	24,308	0.890	**0.966**	1.015
61	22,447	21,271	23,173	20,316	27,589	1.010	**0.955**	0.943
62	20,661	20,330	20,818	20,534	20,733	0.759	**0.840**	0.851
71	20,760	19,712	21,341	21,922	40,523	1.483	**1.109**	1.008
72	18,670	17,918	17,465	17,801	18,766	0.687	**0.730**	0.747
81	24,971	22,956	25,705	24,447	25,621	0.938	**1.025**	1.021
Total	23,722	23,563	23,262	23,664	27,322	1.000	1.000	1.000

Severity Relativity	Severity Change Due to Industry Mix 2019	2020	2021	2022
1-Yr	0.12%	0.81%	0.07%	-0.36%
3-Yr	0.08%	**0.80%**	0.03%	-0.33%
5-Yr	0.07%	0.78%	0.04%	-0.32%

$$\textbf{.80\%} = \frac{\sum (D \times C)}{\sum (D \times B)}$$

Exhibit 10.3: Change in Total Severity due to Industry Mix

NAICS	Total Severity Developed to 5th RL by PY 2013	2014	2015	2016	2017	D Severity Relativity 1-Yr	3-Yr	5-Yr
11&21	43,248	40,511	38,488	40,844	47,268	0.865	**0.859**	0.885
22&23	63,411	68,265	69,185	75,335	90,595	1.657	**1.592**	1.536
31	47,656	48,250	48,702	46,402	61,707	1.129	**1.061**	1.060
42	42,088	43,096	45,157	45,456	47,703	0.873	**0.943**	0.942
44	40,273	40,638	39,626	42,737	46,111	0.844	**0.874**	0.881
48	49,366	51,860	50,282	48,225	56,495	1.034	**1.053**	1.079
51	49,205	50,027	52,588	54,872	62,024	1.135	**1.151**	1.129
52	50,999	51,657	52,515	56,348	69,435	1.270	**1.206**	1.177
53	45,219	49,619	44,678	47,618	53,577	0.980	**0.991**	1.013
54	46,076	49,172	47,990	48,038	55,794	1.021	**1.031**	1.039
56	48,208	48,123	44,785	49,399	50,843	0.930	**0.987**	1.018
61	39,965	38,930	41,552	38,977	48,701	0.891	**0.877**	0.874
62	39,731	39,938	41,143	41,554	43,714	0.800	**0.862**	0.869
71	38,521	38,239	41,848	41,293	67,139	1.228	**1.008**	0.943
72	32,237	31,493	31,489	32,602	35,000	0.640	**0.674**	0.686
81	46,326	44,456	48,661	47,702	52,777	0.966	**1.015**	1.010
Total	44,941	45,696	45,814	46,860	54,662	1.000	1.000	1.000

Severity Relativity	Severity Change Due to Industry Mix 2019	2020	2021	2022
1-Yr	0.10%	1.14%	0.03%	-0.47%
3-Yr	0.10%	**1.12%**	0.01%	-0.44%
5-Yr	0.10%	1.11%	0.01%	-0.43%

$$\textbf{1.12\%} = \frac{\sum (D \times C)}{\sum (D \times B)}$$

Exhibit 11: Change in Pure Premium Rate Due to Classification Mix

Policy Year	Change in Index	Index	Change in PPR Due to Class Mix
1997		***1.0000***	
1998	0.9977	0.9977	-0.23%
1999	0.9806	0.9783	-1.94%
2000	0.9695	0.9485	-3.05%
2001	1.0330	0.9798	3.30%
2002	1.0036	0.9833	0.36%
2003	1.0011	0.9844	0.11%
2004	0.9988	0.9832	-0.12%
2005	0.9984	0.9816	-0.16%
2006	0.9897	0.9716	-1.03%
2007	0.9967	0.9684	-0.33%
2008	0.9796	0.9486	-2.04%
2009	0.9784	0.9281	-2.16%
2010	0.9782	0.9079	-2.18%
2011	0.9935	0.9020	-0.65%
2012	0.9909	0.8938	-0.91%
2013	1.0027	0.8962	0.27%
2014	1.0010	0.8971	0.10%
2015	0.9906	0.8887	-0.94%
2016	0.9948	0.8841	-0.52%
2017	0.9964	0.8809	-0.36%
2018	1.0024	0.8831	0.24%
2019	0.9969	0.8803	-0.31%
2020	0.9772	0.8603	-2.28%
2021	1.0034	0.8632	0.34%

Uses actual exposures and approved rates.
Uses estimated exposures and approved rates.
Uses estimated exposures and filed relativities.