Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
April 15, 2021	9:00 AM	Webinar Teleconference	David M. Bellusci

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https://attendee.gotowebinar.com/register/169994807439428624

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

I. Approval of Minutes

   None

II. Working Group Meeting Summaries

   Claims Working Group Meeting held on March 22, 2021

   Medical Analytics Working Group Meeting held on April 1, 2021

III. Unfinished Business

   A. AC20-08-04: Impact of Economic Slowdown on Pure Premium Rate Indications

   B. AC21-03-01: First Quarter 2021 Review of Diagnostics

   C. AC21-03-02: 12/31/2020 Experience Review

   D. AC21-03-04: 9/1/2021 Filing – COVID-19 Claim Cost Projection

IV. New Business

   A. AC21-04-01: 9/1/2021 Filing – Loss Adjustment Expense Experience Review

   B. AC21-04-02: 9/1/2021 Filing – Review of Alternative Loss Projection Methodologies

   C. AC21-04-03: Evaluation of New Medical-Legal Fee Schedule

   D. AC21-04-04: Evaluation of Updates to Official Medical Fee Schedule

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: June 22, 2021

VII. **Adjournment**

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Claims Working Group

Meeting Summary

To: Participants of the Claims Working Group
Date: March 29, 2021

RE: Summary of March 22, 2021 Meeting

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

1.   First Quarter 2021 Review of Diagnostics

The meeting materials included the WCIRB's diagnostic exhibits that are reviewed by the Actuarial Committee and Claims Working Group (Working Group) on a semi-annual basis. Among the diagnostics discussed by the Working Group were the following:

- The Working Group was advised that, after rising for a number of years, the rate of open claims settled declined sharply in the second quarter of 2020. It was also noted that rather than rebounding, incremental claim settlement rates continued to drop in the third and fourth quarters of 2020. Several Working Group members noted that there continues to be pandemic-related challenges to getting claims settled including obtaining approvals of settlements at WCAB offices. While the Working Group confirmed that these issues were generally present across the State, it was noted that these challenges are particularly severe in the central part of the State.

- Since Senate Bill No.1160 (SB 1160) became effective January 1, 2017, the number of filed liens have continued to decrease and the decrease accelerated during the pandemic. The number of liens filed in 2020 was 18% less than 2019 and almost 80% less than 2016. The Working Group noted that this decline in 2020 was consistent with the pandemic-related decline in many claims-related measures, but that lien filing counts should continue to be monitored.

- After declining at a moderate rate for several years, the cumulative injury share of total indemnity claims in 2019 at the preliminary first report level is higher than in 2018 in all regions. While it was noted that the information for 2019 is preliminary and early indicators for accident year 2020 suggest a decline in the proportion of cumulative injury claims, the Working Group recommended that cumulative injury claims continue to be monitored.

- After declining for several years, both the mean and median temporary disability duration have started to increase. A Working Group member suggested that with recent challenges in assessing when a workers' injury is permanent and stationary and in returning injured workers to work during the pandemic, temporary disability duration is likely to increase.

- The number of claims in excess of $1 million has continued to grow with a sharp increase in 2017, as these claims contributed significantly more to overall incurred indemnity losses and incurred medical losses. The Working Group discussed a number of factors that could be increasing the proportion of very large claims. These include earlier recognition of these large claims due to use of enhanced analytical models, improved medical treatment of very serious

injuries, improving mortality, increased home health and related costs and that the impacts of medical reforms may not be having as great an impact on serious traumatic claims as on less severe claims.

- The Working Group was advised that there were sharp increases in average indemnity severities continuing into 2020, while medical severities were relatively flat. Some of the factors discussed by the Working Group as potential drivers of the increasing indemnity severity were loss of smaller indemnity claims during the COVID-19 pandemic driving up average indemnity severities, increasing temporary disability duration, and the much greater loss of employment among lower wage earners driving higher average weekly benefits among the remaining workforce.

2.   Review of COVID-19 Claim Diagnostics

Staff summarized a number of COVID-19 claim related diagnostics based on the WCIRB's aggregate financial data calls and indemnity transaction data as well as data provided by the Division of Workers' Compensation (DWC). Staff advised the Working Group that, based on aggregate data reported by insurers as of December 31, 2020, there are significantly more accident year 2020 COVID-19 claims than projected in the WCIRB's January 1, 2021 Pure Premium Rate Filing, but the average COVID-19 claim severity is less than projected. It was noted that the lower than projected COVID-19 average claim severity was likely due to a greater than projected proportion of mild COVID-19 claims (no hospitalization) than to lower average costs of the more serious claims.

Staff summarized several diagnostics on the reporting patterns of COVID-19 death claims. The Working Group was advised that a significant number of COVID-19 death claims are reported to the claims administrator after the date of death. As a result, given the magnitude of the winter surge of COVID-19 infections, it was noted that there could still be a significant increase in COVID-19 death claims.

The Working Group was advised that staff's analysis of indemnity transaction data indicated that the preliminary data suggested a decline in the share of indemnity claims involving cumulative trauma rather than an increase as happened in prior economic downturns. Members suggested that the lack of a surge of post-termination cumulative claims despite the economic downturn could in part be due to the effect of the pandemic on applicant attorneys as well as the availability of a wider than typical range of wage replacement benefits available to workers who lose their job. Another Working Group member suggested that given the normal delay in the filing of post-termination cumulative trauma claims, it is still possible there could be a surge of such claims in future months.

Staff updated its summary of monthly medical treatment patterns in 2020 during the pandemic. The Working Group was advised that after a significant slowdown in the early months of the pandemic, service levels stabilized during the summer. The Working Group was also advised that pharmaceutical costs per claim after growing through August began to stabilize after that and that telemedicine cost shares began to stabilize in the third quarter of 2020.

3.   Evaluation of New Medical Legal Fee Schedule

Staff summarized its preliminary evaluation of the medical-legal fee schedule changes filed by the DWC with the Office of Administrative Law to be effective April 1, 2021. Staff noted that the filed amendments included changes to procedure codes, relative values and modifiers, the elimination of the time component in billing medical-legal evaluations and new codes for record review and sub rosa recording review. The Working Group was also advised that, consistent with the WCIRB's standard process in evaluating fee schedule changes, in this preliminary evaluation assumed the mix of services will remain the same under the new schedule.

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The Working Group discussed the key assumptions underlying the preliminary cost evaluation. A Working Group member suggested that rather than only assuming about one-half of the medical-legal testimonies are depositions, it should be assumed that all testimonies are depositions. Another Working Group Member indicated that during the DWC stakeholder discussions on the proposed changes approximately 100 pages per hour in record review were assumed. The Working Group agreed with staff's assumptions that Sub Rosa recording reviews would continue to be very rare. Several Working Group Members expressed the concern that the per page record review bill component could produce significantly higher costs due to the potential for including duplicate records in the billing base. A Working Group Member also suggested that the number of supplemental medical-legal evaluations may decrease under the new fee schedule. Staff agreed to reflect the Working Group's feedback in its updated evaluation to be presented to the Actuarial Committee at the April 15 meeting and would include some sensitivity analyses based on alternative record review assumptions in its analysis.

The Working Group also discussed staff's preliminary cost evaluation of the Medicare-based changes to the Evaluation and Management (E & M) Section of the Official Medical Fee Schedule adopted by the DWC effective March 1, 2021. Staff noted that these changes included updated relative value units and conversion factors and significant changes to how providers bill for E & M services. Staff also advised the Committee that its preliminary prospective cost evaluation reflected changes to reimbursement rates for E & M services, but that the impact of the changes to the billing processes would be evaluated later in 2021 and 2022 based on actual billing patterns under the revised schedule.

Staff summarized the key assumptions underlying the preliminary evaluation of the E & M Schedule changes as well as the distribution of costs by procedure. The Working Group was advised that the average network discount for these procedures was approximately 10%. Staff advised the Working Group that consistent with the WCIRB's typical process with fee schedule increases, the preliminary evaluation assumed the average fee schedule discount would be maintained under the revised fee schedule.

4.   Legislative, Regulatory and Judicial Changes
The Working Group reviewed pending 2021 legislation, regulations and judicial action as provided in the meeting materials as well as additional recent developments.

With respect to pending legislation, Working Group members discussed Assembly Bill (AB) 1400 concerning single-payer healthcare, AB 1465 concerning the California Medical Provider Network (CAMPN), and Senate Bill (SB) 335 concerning payment delays. Working Group members noted that AB 1465 would likely have serious cost impacts throughout the entire workers' compensation system since it allows employees to be treated within their own employer's network or within the state-created CAMPN, which has very limited restriction on provider membership. Of the multiple pending presumption bills, Working Group members noted that SB 213 will be particularly impactful from a claims perspective. This bill extends existing hospital employee presumptions to include COVID-19 and extends the applicability of the presumptions to three calendar months for each full year of employment with not-to-exceed limits based on the type of disease. In addition, the Working Group discussed SB 788, which prohibits consideration of race, religious creed, color, national origin, age, gender, marital status, sex, sexual identity, sexual orientation, or genetic characteristics to determine the approximate percentage of the permanent disability caused by other factors before and after an employee's industrial injury for apportionment determinations.

With respect to recent regulations, staff noted that the emergency rules for QME telehealth evaluations addressed at the previous meeting were extended to stay in effect until October 12, 2021.

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Lastly, the Working Group discussed recent workers' compensation-related cases. Specifically, the Group considered *Gao v. Chevron* decision (concerning remote hearings and due process rights), *Anzalado v. National Union* (concerning the WCAB's overturning of an arbitration award) and the definition of "violent act" for supporting an increased impairment rating for psychiatric injuries as held in *Sturm v. Coronado School District*. Working Group members emphasized the continuing importance and implications of the *Todd v. SIBTF* decision (concerning apportionment for subsequent permanent disability) and identified the case of *Applied Materials vs. WCAB (Chadburn)* for additional monitoring.

Medical Analytics Working Group

Meeting Summary

To: Participants of the Medical Analytics Working Group
Date: April 7, 2021

RE: Summary of April 1, 2021 Meeting

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

1. Update on COVID-19 Pandemic Impact on Medical Care Treatment Patterns

Staff updated its summary of monthly medical treatment patterns in 2020 during the pandemic. The Working Group was advised that after a significant slowdown in the early months of the pandemic, service levels stabilized during the summer. Staff also advised the Working Group that pharmaceutical costs per claim after growing through August began to stabilize in succeeding months and that telemedicine cost shares began to stabilize in the third quarter of 2020. One Working Group member shared that their available data shows no strong indication of delays in initial treatments during the first three months of AY2020 claims. Staff noted similar patterns based on the available WCIRB medical transaction data.

2. September 1, 2021 Filing – COVID-19 Claim Cost Projection

Staff shared the methodology for projecting COVID-19 claim costs in the January 1, 2021 Pure Premium Rate Filing and compared the projected frequency and average severity for COVID-19 claims with the actual data available as of January 2021. One Working Group member asked if the projection reflected the long-term health impacts of COVID-19. Staff clarified that the projected costs for hospitalized claims included the rehabilitation component based on published research and information on the long-term health impacts of SARS and other similar illnesses but did not include any cost estimates on the long-term health impacts of COVID-19, or the so-called "Long COVID," given the limited information available at the time of the projection. Several members of the Working Group indicated that the approach of using research on the long-term health impacts of SARS and Acute Respiratory Distress Syndrome (ARDS) to estimate COVID-19 claim costs appears reasonable.

Staff also summarized the published forecasts for COVID-19 in 2021 and indicated there is limited evidence for a significant COVID-19 exposure on policies incepting on or after September 1, 2021. The Working Group generally agreed the assumption is reasonable.

3. Evaluation of New Medical-Legal Fee Schedule

Staff summarized its preliminary evaluation of the medical-legal fee schedule changes filed by the DWC with the Office of Administrative Law to be effective April 1, 2021. Staff noted that the filed amendments included changes to procedure codes, relative values and modifiers, the elimination of the time component in billing medical-legal evaluations and new codes for record review and sub rosa recording review. The Working Group was also advised that, consistent with the WCIRB's standard process in evaluating fee schedule changes, this preliminary evaluation assumed the mix of services

overall will remain the same under the new schedule, except for a slight lower use (-15%) of the supplemental medical-legal evaluations as a result of potentially better coordination between medical-legal evaluators and primary treating physicians, lower frictional costs and higher quality of medical-legal evaluations as intended by the new fee schedule.[1]

The Working Group discussed the key assumptions underlying the preliminary cost evaluation. Several Working Group members expressed the concern that the per page record review bill component could produce significantly higher costs than what was estimated based on the 100 pages reviewed per hour assumption underlying the preliminary cost evaluation. Several Working Group members also expressed the concern that the new psychologist/physiatrist modifier would produce significant costs, much more than the toxicologist or oncologist modifier. A Working Group member suggested showing the estimate for the incremental cost impact of the modifier for psychologist/psychiatrist and also monitoring the usage of toxicologist and oncologist modifiers once actual information is available as these new modifiers are intended to attract medical-legal evaluators in toxicology and oncology specialties.

Staff agreed to reflect the Working Group's feedback in its updated cost evaluation to be presented to the Actuarial Committee at the April 15 meeting.

4. Evaluation of 2021 OMFS Adjustments to Evaluation and Management Services

Staff shared the preliminary cost evaluation of the Medicare-based changes to the Evaluation and Management (E&M) Section of the Official Medical Fee Schedule adopted by the DWC effective March 1, 2021. Staff noted that these changes included updated relative value units and conversion factors and significant changes to how providers bill for E&M services. Staff also advised the Working Group that its preliminary prospective cost evaluation reflected changes to reimbursement rates for E&M services, but that the impact of the changes to the billing processes would be evaluated later in 2021 and 2022 based on actual billing patterns and payments under the revised schedule.

Staff summarized the key assumptions underlying the preliminary evaluation of the E&M Schedule changes as well as the distribution of costs by procedure. The Working Group was advised that the average network discount for these procedures as reflected in the WCIRB's medical transaction data was approximately 13%. Staff advised the Working Group that consistent with the WCIRB's typical process of evaluating fee schedule increases, the preliminary evaluation assumed the average fee schedule discount would be maintained under the revised fee schedule. Staff also noted that the typical annual inflationary adjustment contemplated in the regular OMFS date based on the Medicare payments is 2-3%, which was assumed to be maintained under the revised fee schedule and adjusted out in the cost impact estimate.

The Working Group was advised that staff will bring an updated evaluation of these changes to the E&M Section of the Schedule to the Actuarial Committee at the April 15 meeting.

5. Impact of High-deductible Health Plans

Staff shared the preliminary research findings on the impact of high-deductible health plans in group health on claim frequency and utilization of medical services in the workers' compensation system. The research study was suggested by the Working Group and intended to examine if workers with high-deductible health plans may be more likely to file a workers' compensation claim or to seek care in the workers' compensation system that has no cost sharing at least until such time as their deductible has been met. In particular, certain medical services in workers' compensation system

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[1] DWC Initial Statement of Reasons. Medical Legal Fee Schedule, October 2020.

may be utilized more in the first quarter relative to the fourth quarter of the same year as workers with high-deductible health plans often haven't met their deductibles early in the year.

The Working Group was advised that there were higher levels of utilization of major surgery, including knee arthroscopies, and pharmaceuticals, especially brand name drugs, in the first quarter compared to the fourth quarter, when workers have often met their deductibles. Staff found less evidence for cost shifting among physical therapies and frequency of soft tissue claims. In addition, the study included two control groups, fracture claims and emergency room visits, that would not typically be affected by the cost-sharing element of group health insurance. The Working Group was advised that there was no evidence for cost shifting among claims in the control groups.

A Working Group member suggested looking into industries that may be more affected by the high-deductible health plans, and staff agreed to further explore industry as well as wage level differentials in future analyses. Lastly, the Working Group was advised that as the WCIRB acquires a new group health dataset, more analyses on the impact of changes in group health insurance coverage on workers' compensation costs will be planned.

Item AC20-08-04
Impact of Economic Slowdown on Pure Premium Rate Indications

At the March 16, 2021 meeting, staff presented an analysis of economic changes related to the COVID-19 pandemic and their potential impacts on the indicated September 1, 2021 pure premium rates. At the meeting, the Committee preliminarily agreed with the following staff recommendations:

- WCIRB frequency model projections for 2020 to 2023 should not assume a recession-related increase in the cumulative injury index, as this phenomenon is not observed in available accident year 2020 data.

- Absent an update to the California Department of Finance forecast, the 2020 projected change in the statewide average wage should be based on the March 2021 UCLA forecast data, which is primarily based on actual economic information for 2020. Projected changes for 2021, 2022, and 2023 should be based on the average of the March 2021 UCLA and November 2020 California Department of Finance forecasts.

- Projected changes in the statewide average wage based on UCLA and California Department of Finance forecasts should be adjusted to remove impacts of changing industry mix on the average wage. This adjustment removes 1.9% in 2020 and adds 0.4% in 2021. (Changes due to industrial mix in 2022 and 2023 are negligible.)

At the March 16, 2021 meeting, the Committee also discussed potential additional adjustments to the projected growth in statewide average wages to reflect that the change in average wage even within industry is distorted from a pure premium ratemaking perspective by greater than average employment loss within industry sector at lower wage levels. A potential adjustment to remove impacts of intra-industry changes in the wage distribution from the projected change in average wages from a pure premium rate perspective is summarized below.

Data Sets
The estimated impact of the intra-industry changes in the wage distribution calculated as described below relies on two data sets of California information. The March 2021 UCLA forecast is used to determine industry-level changes in employment and employment distributions. These employment levels and changes are shown in Exhibit 1.

Distributions of employment by wage level and industry are derived from Current Population Survey (CPS) data from the Census Bureau. This data set is updated monthly and underlies the headline monthly jobs report. The data sets used in this calculation were compiled by the Economic Policy Institute[1]. For the purpose of this estimate, annual values are derived as the average of the twelve-monthly values. California data for the mining, utilities, and management of companies' industrial sectors was sparse in this dataset. The data from these sectors has been combined with the agriculture, construction, and professional services sectors, respectively.

Statewide Wage at 2019 Levels
To estimate the impact of intra-industry changes in wage distribution, the statewide average wage was first calculated using observed 2019 levels of industry mix, wage distribution within industry, and average wage by industry and wage quartile. This calculation is shown in Exhibit 2.

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[1] Economic Policy Institute. 2021. Current Population Survey Extracts, Version 1.0.15, https://microdata.epi.org

Employment Changes by Industry and Wage Quartile
The CPS data is used to calculate industry-level employment changes by wage quartile. Due to differences in the underlying data sets, the overall industry-level employment changes in the CPS data will not equal the changes from the UCLA forecast. For the purpose of selecting the 2020 distribution of employment by industry and wage level, an off-balance factor by industry is applied so that the employment changes from the two data sets coincide at the industry level. The derivation of industry off-balance factors is shown in Exhibit 3.

Statewide Wage at 2020 Wage Distribution by Industry
To isolate the impact of intra-industry wage distribution changes, the statewide average wage is calculated using observed 2019 industry mix and average wages by industry and quartile. These values are combined with the balanced 2020 wage distribution by industry derived in Exhibit 3. The resulting average wage reflects only changes in the wage distribution within industries, as the only difference between this value and the observed 2019 value is the distribution of employees by wage level within industries. The overall estimate of the impact of the changing wage distributions is 4.3%. This calculation is shown in Exhibit 4. For reference, this calculation would estimate a negligible (0.2%) impact in 2019.

Impact of Wage Distribution in Future Years
While the 2020 change in the statewide average wage is artificially inflated by the loss of lower wage employees within industries from the workforce, changes in future years would be artificially deflated by the return of at least some of these employees to the workforce. While there is general consensus that many of these workers will return to the workforce, detailed forecasts of this type are not available.

Exhibit 5 shows the impact under various assumptions regarding the return of the workforce to the pre-2020 wage distribution within industries. The scenarios range from the complete return to the previous wage distribution to no future changes. The scenarios are defined as follows:

- Full Unwinding: Assumes that the measured 4.3% 2020 impact would fully reverse over the 2021-2023 forecast horizon.

- No Unwinding: Assumes that changes to the wage distribution within industries are permanent.

- Proportional to Industry Mix: Assumes that impacts from the change in the wage distribution within industry will reverse in proportion to the reversal due solely to industrial mix.

- Midpoint: Assumes a reversal halfway between the Full Unwinding and Proportional to Industry Mix scenarios.

A prevailing thought among economists is that much of the low wage employment will return, but due to acceleration in automation trends and other factors, some of the change in the wage distribution is permanent.[2] Given the magnitude of the impact of the wage distribution relative to impact of industrial mix, staff believes an unwinding greater than proportional to industry mix is reasonable. Combined with the sparsity of forecasts on the subject, staff believes the midpoint scenario to be reasonable.

Note that all of the scenarios shown assume that the total unwinding will be judgmentally distributed 50% in 2021, 35% in 2022, and 15% in 2023. The selection of this allocation will affect individual years but will not change the overall impact over the forecast horizon[3]. Also, it should be noted that any adjusted wage forecasts reflected in the September 1, 2021 Pure Premium Rate Filing will impact both the premium and indemnity loss on-leveling.

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[2] https://www.brookings.edu/blog/up-front/2020/11/16/new-but-narrow-job-pathways-for-americas-unemployed-and-low-wage-workers/
https://www.kornferry.com/insights/articles/the-jobs-that-arent-coming-back
https://www.cnbc.com/2021/03/22/how-low-wage-work-could-get-even-worse-in-post-pandemic-future.html

[3] The projected 2023 change in the statewide average wage is only partially used in the September 1, 2021 Pure Premium Rate Filing since the average date of experience is approximately September 1, 2022 on September 1, 2021 through August 31, 2022 policies.

Exhibit 1: Employment Changes and Distribution by Industry - March 2021 UCLA Forecast

| | | | A | B | |
| | Employment | | Employment | Distribution | |
Industry	2019	2020	Change	2019	2020
Agriculture & Mining	446,467	382,083	-14.4%	2.5%	2.3%
Utilities & Construction	943,920	910,585	-3.5%	5.3%	5.5%
Manufacturing	1,323,017	1,238,533	-6.4%	7.4%	7.5%
Wholesale	694,467	658,958	-5.1%	3.9%	4.0%
Retail	1,656,692	1,530,783	-7.6%	9.3%	9.2%
Transportation & Warehousing	640,505	631,790	-1.4%	3.6%	3.8%
Information	562,517	533,758	-5.1%	3.2%	3.2%
Finance & Insurance	546,986	547,273	0.1%	3.1%	3.3%
Real Estate	294,422	294,577	0.1%	1.6%	1.8%
Prof. Services & Mgmt. of Companies	1,569,370	1,507,947	-3.9%	8.8%	9.1%
Administrative	1,154,505	1,109,319	-3.9%	6.5%	6.7%
Education	386,208	372,035	-3.7%	2.2%	2.2%
Health	2,418,792	2,330,024	-3.7%	13.5%	14.1%
Arts & Entertainment	321,672	243,628	-24.3%	1.8%	1.5%
Hospitality	1,711,012	1,295,888	-24.3%	9.6%	7.8%
Other	576,442	480,450	-16.7%	3.2%	2.9%
Public Administration	2,607,350	2,502,500	-4.0%	14.6%	15.1%
All Industries	17,854,342	16,570,133	-7.2%	100%	100%

Source: March 2021 UCLA Forecast

Exhibit 2: Derivation of Baseline Average Wage
2019 UCLA Industry Distribution, 2019 CPS Wages by Quartile, and 2019 CPS Wage Distribution

	B	C				D				E
	2019 Industry Distribution	2019 CPS Quartile Distribution				2019 CPS Average Wage by Quartile				Total
Industry		[$0, $15)	[$15, $22)	[$22, $37.5)	[$37.5+]	[$0, $15)	[$15, $22)	[$22, $37.5)	[$37.5+]	
Agriculture & Mining	2.5%	56.1%	25.7%	10.4%	7.8%	12.15	17.22	28.19	69.48	19.59
Utilities & Construction	5.3%	14.5%	29.8%	33.7%	22.0%	11.60	17.90	28.31	58.29	29.38
Manufacturing	7.4%	16.7%	24.0%	26.9%	32.3%	12.31	17.86	28.19	72.35	37.34
Wholesale	3.9%	22.4%	30.6%	23.6%	23.4%	11.95	18.00	28.09	66.82	30.44
Retail	9.3%	41.3%	30.5%	17.7%	10.5%	12.07	17.44	27.08	62.65	21.66
Transportation & Warehousing	3.6%	24.5%	35.4%	26.4%	13.7%	11.76	17.70	27.63	60.23	24.70
Information	3.2%	12.9%	13.6%	29.3%	44.2%	10.93	18.39	28.29	72.68	44.33
Finance & Insurance	3.1%	10.9%	19.3%	32.3%	37.5%	11.64	18.25	28.53	68.63	39.77
Real Estate	1.6%	18.6%	29.5%	28.7%	23.2%	11.49	18.52	27.84	65.14	30.69
Prof. Services & Mgmt. of Companies	8.8%	6.1%	12.8%	24.5%	56.5%	11.53	17.95	28.95	72.07	50.85
Administrative	6.5%	33.6%	35.9%	15.4%	15.0%	11.46	17.78	27.05	54.56	22.60
Education	2.2%	14.5%	26.3%	30.3%	28.8%	11.73	17.90	28.71	59.33	32.21
Health	13.5%	19.9%	26.3%	26.6%	27.2%	11.79	17.79	28.54	64.38	32.12
Arts & Entertainment	1.8%	30.8%	33.0%	23.0%	13.1%	11.77	17.32	27.87	76.43	25.80
Hospitality	9.6%	49.8%	29.9%	14.6%	5.7%	11.81	17.20	27.33	57.58	18.30
Other	3.2%	41.6%	26.1%	21.0%	11.3%	11.01	17.57	27.27	61.45	21.85
Public Administration	14.6%	16.5%	17.7%	29.1%	36.7%	11.53	18.49	28.09	59.58	35.22
All Industries	100%	24.8%	25.3%	24.1%	25.8%	11.76	17.78	28.10	65.39	31.06

Column E Calculation   Hospitality $18.30 = \sum (C \times D) = 49.8\% \times 11.81 + 29.9\% \times 17.20 + 14.6\% \times 27.33 + 5.7\% \times 57.58$

All Industries $31.06 = \sum (B \times E)$

Source: March 2021 UCLA Forecast (Column B)
2019 EPI CPS Data Set as of 2021.04.02 (Columns C and D)

Exhibit 3: Derivation of Off-Balance Factor to Reconcile UCLA and CPS 2020 Employment Changes

Industry	A 2020 UCLA Employment Change	F Observed 2020 CPS Employment Change by Quartile				G 2020 CPS Employment Change	H Off Balance
		[$0, $15]	[$15, $22]	[$22, $37.5]	[$37.5+]		
Agriculture & Mining	-14.4%	-27.5%	2.1%	9.0%	27.4%	-11.8%	0.971
Utilities & Construction	-3.5%	-24.3%	-12.2%	3.3%	23.8%	-0.8%	0.972
Manufacturing	-6.4%	-9.7%	-13.8%	-6.1%	0.1%	-6.6%	1.002
Wholesale	-5.1%	-11.1%	-13.5%	3.2%	-1.4%	-6.2%	1.012
Retail	-7.6%	-39.8%	5.7%	0.0%	-7.1%	-15.4%	1.093
Transportation & Warehousing	-1.4%	-26.8%	-3.6%	3.6%	14.2%	-5.0%	1.038
Information	-5.1%	-41.4%	15.7%	-16.8%	10.6%	-3.4%	0.983
Finance & Insurance	0.1%	-38.5%	-27.4%	-5.8%	14.0%	-6.1%	1.065
Real Estate	0.1%	-29.2%	-14.9%	-21.2%	22.4%	-10.7%	1.121
Prof. Services & Mgmt. of Companies	-3.9%	-28.3%	-11.0%	1.1%	-6.3%	-6.4%	1.027
Administrative	-3.9%	-35.0%	-1.8%	47.4%	-39.6%	-11.1%	1.080
Education	-3.7%	-25.7%	-26.1%	0.3%	2.2%	-9.9%	1.069
Health	-3.7%	-22.4%	-10.1%	-13.6%	8.1%	-8.5%	1.053
Arts & Entertainment	-24.3%	-34.8%	-33.7%	-20.7%	10.1%	-25.3%	1.014
Hospitality	-24.3%	-25.4%	-7.4%	-18.0%	-25.0%	-18.9%	0.934
Other	-16.7%	-34.4%	4.0%	-4.1%	19.6%	-11.9%	0.946
Public Administration	-4.0%	-12.7%	21.8%	21.9%	4.9%	9.9%	0.873
All Industries	-7.2%	-25.1%	-3.4%	1.4%	0.0%	-7.0%	0.998

Hospitality Calculations

Column G $-18.9\% = \sum (C \times F) = 49.8\% \times -25.4\% + 29.9\% \times -7.4\% + 14.6\% \times -18.0\% + 5.7\% \times -25.0\%$

Column H $0.934 = (1 + A) / (1 + G) = (1 - 24.3\%) / (1 - 18.9\%)$

Source: March 2021 UCLA Forecast (Column A)
2019 and 2020 EPI CPS Data Sets as of 2021.04.02 (Column F)

Exhibit 4: Derivation of Wage Level Adjusted Average Wage
2019 UCLA Industry Distribution, 2019 CPS Wages by Quartile, and Balanced 2020 CPS Wage Distribution

Industry	B 2019 Industry Distribution	I Balanced 2020 CPS Quartile Distribution				[$0, $15]	D 2019 CPS Average Wage by Quartile			J Total
		[$0, $15]	[$15, $22]	[$22, $37.5]	[$37.5+]		[$15, $22]	[$22, $37.5]	[$37.5+]	
Agriculture & Mining	2.5%	46.2%	29.7%	12.9%	11.2%	12.15	17.22	28.19	69.48	22.17
Utilities & Construction	5.3%	11.1%	26.4%	35.1%	27.5%	11.60	17.90	28.31	58.29	31.95
Manufacturing	7.4%	16.1%	22.2%	27.1%	34.6%	12.31	17.86	28.19	72.35	38.64
Wholesale	3.9%	21.2%	28.2%	26.0%	24.6%	11.95	18.00	28.09	66.82	31.34
Retail	9.3%	29.4%	38.1%	21.0%	11.5%	12.07	17.44	27.08	62.65	23.08
Transportation & Warehousing	3.6%	18.9%	35.9%	28.7%	16.5%	11.76	17.70	27.63	60.23	26.44
Information	3.2%	7.9%	16.3%	25.2%	50.7%	10.93	18.39	28.29	72.68	47.81
Finance & Insurance	3.1%	7.1%	14.9%	32.4%	45.6%	11.64	18.25	28.53	68.63	44.07
Real Estate	1.6%	14.8%	28.1%	25.4%	31.8%	11.49	18.52	27.84	65.14	34.65
Prof. Services & Mgmt. of Companies	8.8%	4.7%	12.2%	26.5%	56.6%	11.53	17.95	28.95	72.07	51.21
Administrative	6.5%	24.6%	39.7%	25.5%	10.2%	11.46	17.78	27.05	54.56	22.34
Education	2.2%	12.0%	21.6%	33.8%	32.7%	11.73	17.90	28.71	59.33	34.34
Health	13.5%	16.9%	25.9%	25.1%	32.1%	11.79	17.79	28.54	64.38	34.44
Arts & Entertainment	1.8%	26.9%	29.3%	24.4%	19.4%	11.77	17.32	27.87	76.43	29.85
Hospitality	9.6%	45.8%	34.2%	14.8%	5.3%	11.81	17.20	27.33	57.58	18.36
Other	3.2%	30.9%	30.9%	22.9%	15.4%	11.01	17.57	27.27	61.45	24.50
Public Administration	14.6%	13.1%	19.6%	32.3%	35.0%	11.53	18.49	28.09	59.58	35.07
All Industries	100%	20.2%	26.4%	25.8%	27.6%	11.77	17.77	28.06	65.60	32.41

Column I [$0, $15) Calculation Hospitality $45.8\% = C \times H \times (1 + F) / (1 + A) = 49.8\% \times 0.934 \times (1 - 25.4\%) / (1 - 24.3\%)$

Column J Calculation Hospitality $18.36 = \sum(I \times D) = 45.8\% \times 11.81 + 34.2\% \times 17.20 + 14.8\% \times 27.33 + 5.3\% \times 57.58$

All Industries $32.41 = \sum(B \times J)$

Impact of Changes in Intra-Industry Wage Level $4.3\% = J / E - 1 = 32.41 / 31.06 - 1$

Source: March 2021 UCLA Forecast (Column B)
Rebalanced 2020 EPI CPS Data Set as of 2021.04.02 (Column I)
2019 EPI CPS Data Set as of 2021.04.02 (Column D)

Exhibit 5: Derivation of Adjusted Average Wage Change

	2020	2021	2022	2023	Cumulative	Annualized	Total Unwinding	Change Factor Due to Mix		
								2020	Culmulative 2021 - 2023	Cumulative 2021 - 2023
Average Wage Change										
Average* of UCLA and DoF	9.6%	0.9%	1.8%	2.8%	15.9%	3.7%	0.207	0.981	0.985	1.004
Industry Mix Adjustment	-1.9%	0.4%	0.0%	0.0%	-1.5%	-0.4%				
Wage Mix Adjustments										
Scenario										
Full Unwinding	-4.3%	2.2%	1.6%	0.7%	0.0%	0.0%	1.000	0.957	1.000	1.045
Midpoint	-4.3%	1.4%	1.0%	0.4%	-1.7%	-0.4%	0.603	0.957	0.983	1.027
Proportional to Industry Mix	-4.3%	0.5%	0.3%	0.1%	-3.5%	-0.9%	0.207	0.957	0.965	1.009
No Unwinding	-4.3%	0.0%	0.0%	0.0%	-4.3%	-1.1%	0.000	0.957	0.957	1.000
Adjusted Average Wage Change										
Industry Mix Only	7.5%	1.3%	1.8%	2.8%	14.1%	3.4%				
Full Unwinding	2.9%	3.6%	3.4%	3.5%	14.1%	3.4%				
Midpoint	2.9%	2.7%	2.8%	3.3%	12.1%	2.9%				
Proportional to Industry Mix	2.9%	1.8%	2.2%	3.0%	10.2%	2.5%				
No Unwinding	2.9%	1.3%	1.8%	2.8%	9.2%	2.2%				
Assumed Unwinding Share		50%	35%	15%						

*2020 value is UCLA only

$0.207 = (0.985 - 0.981) / (1 - 0.981)$

$0.965 = 0.207 \times (1 - 0.957) + 0.957$

$1.009 = 0.965 / 0.957$

$0.3\% = 1.009^{35\%} - 1$

Source: March 2021 UCLA Forecast (Average Wage Change, Employment in Industry and Wage Mix Adjustments)
November 2020 Department of Finance Forecast (Average Wage Change)
BLS QCEW Data (Wages in Industry Mix Adjustment)
2019 and 2020 EPI CPS Data Sets as of 2021.04.02 (Wages in Wage Mix Adjustment)

Item AC21-03-01
First Quarter 2021 Review of Diagnostics

At the March 16, 2021 meeting, the Committee reviewed the first quarter 2021 diagnostics. Those diagnostics were also reviewed by the Claims Working Group at the March 22, 2021 meeting. The information and feedback provided by the Claims Working Group on selected diagnostics will be provided at the meeting.

Item AC21-03-02
12/31/2020 Experience Review

At the March 16, 2021 meeting, the Committee reviewed a preliminary analysis of statewide experience through December 31, 2020. Exhibits 1 through 8 include an updated preliminary analysis of December 31, 2020 experience. In total, approximately 100% of the market is included. Wage and loss levels are projected to September 1, 2022—the approximate midpoint of experience on policies incepting between September 1, 2021 and August 31, 2022, and premiums were adjusted to the industry average filed pure premium rate level as of July 1, 2020 as reflected in the January 1, 2021 Pure Premium Rate Filing. The accident year 2020 information shown in Exhibits 1 through 8 have been adjusted to remove COVID-19 claims based on the WCIRB's Special Call for COVID-19 Claim Data Evaluated as of December 31, 2020.

The loss development, on-leveling, and trending methodologies reflected in Exhibits 1 through 8 are generally consistent with those reflected in the January 1, 2021 Pure Premium Rate Filing and the preliminary analysis reviewed at the March 16, 2021 meeting, with the following preliminary updates made in part based on the discussion at the March 16, 2021 meeting:

- Projected loss development through 108 months is based on two-year average paid loss development with adjustments for changes in indemnity claim settlement rates applied through 84 months (Exhibits 2.5.1 and 2.6.1).

- The adjustment for the impact of Senate Bill No. 1160 reforms to lien filings applied to projected medical loss development has been updated to reflect a 70% reduction in lien filings (Exhibit 2.6.1).

- Projected adjustments for changes to indemnity benefit levels for annual cost of living adjustments to weekly maximum temporary disability and permanent total disability benefits have been adjusted to reflect anticipated changes in the underlying wage levels these weekly benefit maximums are statutorily based on (Exhibit 4.1).

- The projected change in average wage levels for 2020 is based on the UCLA Anderson School of Business data with adjustment for projected changes in industry mix, while the projected change in average wage levels for 2021 is based on the average of the UCLA Anderson School of Business and California Department of Finance forecasts with adjustment for projected changes in industry mix, but with no adjustment for the impact of the changes in the wage distribution within industry (Exhibit 5.1, see Item AC20-08-04 for more information).

- The projected claim frequency trend for accident year 2020 is based on changes in aggregate indemnity claim counts (excluding COVID-19 claims) and changes in statewide employment with adjustments for projected shifts in industry mix (Exhibit 12, see Item AC20-08-04 for more information).

- The preliminary projected average annual medical severity trend is 1.0% based on a review of short-term and longer-term changes in average medical severities (Exhibit 6.4). (The preliminary projected average annual indemnity severity trend is 1.0% which is consistent with the March 15, 2021 Agenda.)

- The projected loss ratio for policies incepting between September 1, 2021 and August 31, 2022 is based on applying separate frequency and severity trends to accident year 2019 only (Exhibits 7.1 and 7.3).

As shown in Exhibit 8, the projected loss to the industry average filed pure premium ratio for policies incepting between September 1, 2021 through August 31, 2022 based on December 31, 2020 experience and the methodologies reflected in Exhibits 1 through 8 is 0.592.

Additional supplemental information is included in Exhibits 9 through 12. COVID-19 claims have also been excluded from accident year 2020 experience in these exhibits unless otherwise noted.

California Workers' Compensation

Accident Year Experience as of December 31, 2020

Year	Earned Premium	Paid Indemnity	Indemnity Reserves	Paid Medical**	Medical Reserves	IBNR*	Total Incurred**	Loss Ratio*
1983	2,016,821,999	816,331,089	3,383,347	635,164,194	11,749,857	11,221,665	1,477,850,152	0.733
1984	2,388,795,989	1,068,000,227	2,821,697	796,206,116	9,706,258	19,512,049	1,896,246,347	0.794
1985	2,823,354,059	1,259,597,309	3,513,764	975,578,441	16,210,773	13,360,188	2,268,260,475	0.803
1986	3,506,054,575	1,384,637,384	4,527,032	1,146,908,217	20,199,882	19,183,511	2,575,456,026	0.735
1987	4,373,509,816	1,507,664,683	7,342,594	1,337,649,576	43,787,130	47,596,278	2,944,040,261	0.673
1988	5,172,229,109	1,704,401,135	6,406,940	1,544,833,279	33,614,616	37,641,304	3,326,897,274	0.643
1989	5,675,115,503	1,940,878,987	6,762,863	1,805,759,128	41,477,009	41,835,131	3,836,713,118	0.676
1990	5,704,524,437	2,261,984,157	7,450,278	2,049,444,452	37,340,277	59,420,213	4,415,639,377	0.774
1991	5,866,491,692	2,480,860,317	14,539,699	2,207,458,851	42,832,128	57,578,574	4,803,269,569	0.819
1992	5,685,231,287	1,979,451,384	13,620,885	1,769,477,560	44,554,297	52,324,023	3,859,428,149	0.679
1993	5,934,618,230	1,695,530,148	10,766,238	1,520,177,029	53,375,081	52,796,225	3,332,644,721	0.562
1994	5,030,976,034	1,629,531,748	20,633,505	1,473,384,226	78,424,851	33,737,760	3,235,712,090	0.643
1995	3,789,174,380	1,770,360,235	23,785,006	1,634,237,967	82,012,088	43,777,024	3,554,172,320	0.938
1996	3,746,680,214	1,961,858,797	28,286,828	1,728,437,744	83,793,251	55,222,253	3,857,598,873	1.030
1997	3,926,898,608	2,326,384,512	33,212,666	2,027,055,511	106,847,788	94,312,667	4,587,813,144	1.168
1998	4,332,127,034	2,783,947,187	43,902,705	2,663,743,709	197,800,608	165,770,945	5,855,165,154	1.352
1999	4,550,437,880	3,064,143,243	46,132,679	3,055,921,517	150,398,698	236,983,102	6,553,579,239	1.440
2000	5,921,821,993	3,436,861,930	61,430,717	3,580,337,584	189,851,967	376,650,983	7,645,133,181	1.291
2001	10,118,688,616	4,862,338,565	85,397,071	5,410,747,850	307,233,360	613,721,095	11,279,437,941	1.115
2002	13,432,760,460	4,790,891,371	83,226,333	5,525,276,541	276,032,844	890,219,431	11,565,646,520	0.861
2003	19,472,988,351	4,578,575,851	124,304,328	5,104,559,793	307,066,623	1,255,340,403	11,369,846,998	0.584
2004	23,092,633,294	3,230,246,990	108,251,376	4,087,468,965	245,913,462	1,397,182,529	9,069,063,322	0.393
2005	21,394,600,575	2,552,564,658	92,590,938	3,689,821,040	227,944,444	1,098,575,990	7,661,497,070	0.358
2006	17,233,032,862	2,637,421,999	103,342,847	3,792,973,132	263,356,963	750,235,944	7,547,330,885	0.438
2007	13,276,770,615	2,788,130,805	108,853,561	4,068,527,799	285,660,272	710,792,023	7,961,964,460	0.600
2008	10,765,114,133	2,828,448,677	133,130,756	4,061,699,457	302,269,533	612,878,886	7,938,427,309	0.737
2009	8,901,420,752	2,703,503,460	131,100,606	3,866,027,723	315,628,652	474,632,305	7,490,892,746	0.842
2010	9,408,127,723	2,723,494,461	129,626,954	3,975,506,831	271,027,473	553,978,537	7,653,634,256	0.814
2011	10,141,174,044	2,696,007,354	136,972,770	3,598,685,666	293,766,451	717,537,865	7,442,970,106	0.734
2012	11,718,095,745	2,740,593,692	174,238,728	3,497,603,809	335,851,276	797,701,226	7,545,988,731	0.644
2013	14,186,071,217	2,778,369,303	175,063,225	3,335,383,852	344,074,054	1,396,696,880	8,029,587,314	0.566
2014	16,014,478,353	2,898,817,284	228,391,811	3,250,969,755	393,139,016	1,823,701,179	8,595,019,045	0.537
2015	17,059,790,388	2,897,183,808	304,670,798	3,129,766,912	512,339,228	2,345,880,397	9,189,841,143	0.539
2016	17,949,045,779	2,728,640,909	389,459,234	2,925,489,749	618,467,854	3,180,352,277	9,842,410,023	0.548
2017	17,671,411,530	2,479,476,624	558,365,213	2,682,889,580	829,330,362	2,855,151,594	9,405,213,373	0.532
2018	17,426,895,842	2,121,150,355	834,435,205	2,401,344,344	1,127,823,747	3,253,561,772	9,738,315,423	0.559
2019	16,095,972,721	1,454,666,678	1,103,236,857	1,713,790,043	1,509,468,299	3,875,638,112	9,656,799,989	0.600
2020	14,051,708,388	454,879,533	811,103,620	618,789,324	1,343,809,740	5,188,007,574	8,416,589,791	0.599

* 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, excluding COVID-19 claims.

Incurred Indemnity Loss Development Factors

Age-to-Age (in months)

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
1995											1.003	1.003	1.000	1.002	1.002	1.000
1996										1.001	1.004	1.000	1.000	1.000	1.001	1.002
1997									1.007	1.005	1.002	1.002	1.003	1.002	1.001	1.001
1998								1.008	1.004	1.004	1.002	1.003	1.004	1.001	1.002	1.001
1999							1.011	1.006	1.007	1.004	1.002	1.003	1.003	1.002	1.002	1.001
2000						1.015	1.011	1.008	1.004	1.004	1.005	1.003	1.001	1.004	1.002	1.000
2001					1.023	1.021	1.014	1.009	1.006	1.007	1.006	1.005	1.003	1.002	1.001	1.001
2002				1.033	1.033	1.018	1.011	1.010	1.010	1.007	1.005	1.003	1.002	1.002	1.003	1.002
2003			1.069	1.056	1.033	1.021	1.018	1.015	1.015	1.009	1.006	1.004	1.003	1.002	1.002	1.004
2004		1.158	1.083	1.042	1.041	1.026	1.028	1.018	1.014	1.007	1.007	1.003	1.001	1.004	1.006	1.001
2005	1.503	1.218	1.098	1.068	1.053	1.040	1.028	1.016	1.012	1.006	1.005	1.006	1.003	1.005	1.004	
2006	1.690	1.247	1.111	1.080	1.053	1.035	1.023	1.015	1.009	1.007	1.004	1.005	1.002			
2007	1.784	1.273	1.120	1.070	1.049	1.037	1.022	1.012	1.011	1.005	1.007	1.010	1.001			
2008	1.858	1.302	1.136	1.074	1.045	1.030	1.019	1.012	1.009	1.006	1.007	1.006				
2009	1.983	1.293	1.142	1.076	1.048	1.024	1.019	1.014	1.009	1.010	1.005					
2010	1.994	1.315	1.131	1.069	1.045	1.026	1.016	1.012	1.012	1.006						
2011	1.997	1.277	1.133	1.061	1.037	1.022	1.019	1.011	1.008							
2012	1.992	1.279	1.113	1.063	1.041	1.023	1.016	1.013								
2013	1.931	1.259	1.111	1.055	1.032	1.020	1.013									
2014	1.960	1.278	1.115	1.059	1.029	1.016										
2015	1.969	1.260	1.101	1.047	1.027											
2016	1.941	1.246	1.095	1.046												
2017	1.911	1.241	1.089													
2018	1.901	1.228														
2019	1.900															
Selected (a)	1.900	1.228	1.089	1.046	1.027	1.016	1.013	1.013	1.010	1.007	1.006	1.006	1.002	1.003	1.003	1.002
Cumulative	2.996	1.577	1.284	1.179	1.127	1.098	1.080	1.067	1.053	1.043	1.036	1.030	1.024	1.022	1.019	1.016

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and six-year average for the subsequent age-to-age factors.

Incurred Indemnity Loss Development Factors (Continued)

Age-to-Age (in months)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	ULT/432Inc (b)
1983												1.001	1.001					1.001	1.001	
1984						1.001	1.001		1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.001	
1985						1.001	1.000	1.001	1.000	1.001	1.000	1.001	1.001	1.000	0.999	1.000	1.000	1.000	1.000	
1986						1.001	1.000	1.000	1.001	1.001	1.001	1.000	0.999	1.000	1.000	1.000	1.000	1.001		
1987					1.001	1.001	1.000	1.000	1.000	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.001			
1988		1.001	1.000	1.000	1.000	1.000	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.001	1.001				
1989	1.003	1.000	1.000	1.000	0.999	1.001	1.000	1.001	1.002	1.001	1.000	1.000	1.000	1.000	1.000					
1990	1.000	1.000	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.001						
1991	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.001							
1992	0.998	1.001	1.001	0.999	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001								
1993	0.999	1.001	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.000									
1994	1.001	1.002	0.998	1.001	1.001	1.001	0.999	1.001	1.001	1.000										
1995	1.003	0.998	1.000	1.000	1.000	1.001	1.000	1.001	1.001											
1996	1.003	1.000	1.000	1.000	1.001	1.001	1.002	1.001												
1997	1.000	1.000	1.001	1.000	1.001	1.001	1.001													
1998	1.003	1.001	1.000	1.000	1.001	1.001														
1999	1.000	1.000	1.002	1.002	1.000															
2000	1.002	1.001	1.001	1.002																
2001	1.001	1.002	1.001																	
2002	1.001	1.003																		
2003	1.002																			
Selected (a)	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.001	1.001	
Cumulative	1.015	1.013	1.012	1.011	1.010	1.010	1.009	1.008	1.008	1.008	1.007	1.007	1.006	1.006	1.006	1.006	1.005	1.005	1.004	1.004

(b) The ULT/432Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 108-to-120 through 348-to-360 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Incurred Medical Loss Development Factors

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

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
1995											1.011	1.023	1.028	1.016	1.005	1.009
1996										1.019	1.014	1.024	1.018	1.013	1.014	1.005
1997									1.015	1.023	1.030	1.012	1.015	1.012	1.003	1.007
1998								1.024	1.038	1.023	1.020	1.017	1.004	1.014	1.008	1.012
1999							1.026	1.038	1.030	1.019	1.018	1.013	1.011	1.013	1.005	0.999
2000						1.029	1.044	1.028	1.017	1.024	1.018	1.018	1.012	1.006	0.999	0.995
2001					1.041	1.045	1.040	1.034	1.035	1.022	1.017	1.015	1.013	1.001	0.997	0.994
2002				1.039	1.056	1.040	1.036	1.029	1.028	1.022	1.014	1.010	0.999	0.997	1.000	0.999
2003			1.057	1.059	1.060	1.042	1.042	1.037	1.029	1.018	1.011	1.003	0.998	0.999	1.001	1.006
2004		1.135	1.113	1.081	1.060	1.061	1.043	1.032	1.026	1.012	1.006	1.001	0.996	0.998	1.002	1.000
2005	1.389	1.172	1.087	1.074	1.084	1.055	1.045	1.032	1.020	1.006	1.006	0.999	1.000	1.000	1.000	
2006	1.460	1.196	1.103	1.081	1.066	1.048	1.040	1.022	1.012	1.000	1.001	1.006	0.999	1.003		
2007	1.518	1.204	1.124	1.081	1.070	1.050	1.032	1.018	1.004	1.008	1.001	1.004	0.996			
2008	1.527	1.212	1.129	1.092	1.061	1.041	1.026	1.010	1.005	1.002	1.005	0.999				
2009	1.604	1.227	1.140	1.087	1.061	1.030	1.016	1.007	1.006	1.008	1.001					
2010	1.620	1.245	1.134	1.077	1.045	1.025	1.012	1.008	1.010	1.005						
2011	1.667	1.222	1.125	1.069	1.034	1.016	1.010	1.010	1.002							
2012	1.592	1.188	1.092	1.056	1.031	1.015	1.015	1.006								
2013	1.559	1.150	1.086	1.039	1.022	1.014	1.006									
2014	1.523	1.159	1.079	1.035	1.027	1.011										
2015	1.511	1.146	1.064	1.030	1.018											
2016	1.498	1.124	1.045	1.031												
2017	1.440	1.117	1.051													
2018	1.449	1.110														
2019	1.452															
Selected (a)	1.452	1.110	1.051	1.031	1.018	1.011	1.006	1.006	1.007	1.005	1.003	1.002	0.998	1.000	1.000	0.999
Cumulative	1.844	1.270	1.144	1.088	1.056	1.037	1.026	1.020	1.013	1.007	1.002	0.999	0.997	0.999	0.999	0.999

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and six-year average for the subsequent age-to-age factors.
(b) Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Incurred Medical Loss Development Factors (Continued)

Age-to-Age (in months)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	ULT/432Inc (c)
1983							1.005	1.001	1.006	1.004	1.002	1.006	1.003	1.004	1.003	0.997	0.999	0.998	1.001	
1984						1.004	1.002	1.003	1.003	1.002	1.003	1.001	1.003	1.001	0.997	1.000	1.001	1.000	1.000	
1985					1.004	1.000	1.001	1.003	1.003	1.003	1.005	1.002	1.003	0.998	0.999	0.999	1.000	1.001	1.000	
1986				1.001	1.005	1.003	1.006	1.005	1.006	1.004	1.005	1.000	1.002	0.998	1.001	1.006	0.994	1.002		
1987			1.006	1.000	1.003	1.011	0.999	1.007	1.003	1.004	1.005	1.001	0.997	1.001	1.000	1.005	1.002			
1988		1.004	1.002	1.006	1.005	1.005	1.002	1.005	1.003	1.003	1.002	0.998	0.999	1.000	1.001	1.001				
1989	0.999	1.007	1.006	1.005	1.005	1.008	1.006	1.000	1.003	0.999	0.999	0.999	0.999	1.002	0.999					
1990	1.003	1.007	1.007	1.005	1.003	1.003	1.003	0.997	1.002	1.000	1.000	0.998	0.999	1.000						
1991	1.008	1.005	1.006	1.002	1.003	1.002	1.003	1.001	1.000	0.999	0.998	1.000	1.001							
1992	1.005	1.004	1.002	1.005	1.003	1.005	1.000	0.999	1.001	0.999	1.002	0.999								
1993	1.007	1.011	1.014	1.004	0.999	1.000	0.996	0.999	0.998	0.998	0.997									
1994	1.011	1.004	1.007	1.006	1.001	0.996	0.995	1.002	1.002	0.999										
1995	1.015	0.996	1.006	0.999	1.006	0.992	0.999	1.001	0.999											
1996	1.008	1.005	1.001	0.998	0.999	0.997	1.000	0.999												
1997	1.001	0.994	0.998	0.997	0.998	1.001	0.997													
1998	1.001	1.001	0.994	1.001	1.003	1.000														
1999	0.999	0.995	1.002	0.999	0.999															
2000	0.996	0.999	0.999	1.000																
2001	1.001	1.003	0.998																	
2002	1.001	1.001																		
2003	1.001																			
Selected (a)	1.000	0.999	0.999	0.999	1.001	0.998	0.998	1.000	1.000	0.999	1.000	0.999	1.000	1.000	1.000	1.001	0.999	1.000	1.000	
Cumulative	1.000	1.001	1.002	1.003	1.004	1.003	1.005	1.008	1.007	1.008	1.008	1.009	1.009	1.010	1.010	1.010	1.009	1.010	1.010	1.009

(c) The ULT/432Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 108-to-120 through 348-to-360 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

Age-to-Age (in months)

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
1995											1.012		1.007	1.005	1.005	1.003
1996										1.014	1.012	1.008	1.006	1.006	1.004	1.004
1997									1.018	1.016	1.012	1.009	1.007	1.006	1.006	1.005
1998								1.027	1.021	1.015	1.012	1.008	1.009	1.007	1.006	1.006
1999							1.036	1.025	1.018	1.015	1.011	1.009	1.008	1.007	1.006	1.004
2000						1.052	1.035	1.025	1.016	1.013	1.010	1.009	1.008	1.007	1.005	1.004
2001					1.077	1.051	1.034	1.024	1.017	1.014	1.012	1.011	1.008	1.007	1.006	1.005
2002				1.127	1.075	1.046	1.031	1.020	1.018	1.015	1.014	1.008	1.008	1.006	1.006	1.005
2003			1.249	1.128	1.072	1.043	1.030	1.026	1.023	1.021	1.015	1.012	1.009	1.008	1.007	1.007
2004		1.522	1.236	1.116	1.073	1.049	1.041	1.035	1.030	1.020	1.015	1.011	1.009	1.008	1.009	1.006
2005	2.734	1.512	1.235	1.121	1.079	1.060	1.047	1.042	1.028	1.020	1.015	1.013	1.010	1.010	1.010	
2006	2.866	1.539	1.229	1.135	1.090	1.068	1.050	1.035	1.026	1.018	1.016	1.012	1.011	1.009		
2007	2.905	1.547	1.246	1.140	1.092	1.066	1.046	1.033	1.027	1.020	1.016	1.013	1.013			
2008	2.927	1.577	1.271	1.150	1.092	1.060	1.041	1.027	1.023	1.018	1.015	1.010				
2009	3.069	1.616	1.280	1.156	1.092	1.061	1.043	1.031	1.023	1.019	1.011					
2010	3.157	1.628	1.281	1.147	1.091	1.060	1.038	1.027	1.021	1.013						
2011	3.208	1.613	1.266	1.144	1.087	1.056	1.041	1.026	1.016							
2012	3.137	1.597	1.262	1.137	1.087	1.051	1.034	1.023								
2013	3.169	1.606	1.260	1.129	1.072	1.044	1.028									
2014	3.229	1.635	1.257	1.129	1.071	1.039										
2015	3.278	1.618	1.244	1.119	1.058											
2016	3.235	1.586	1.230	1.103												
2017	3.185	1.569	1.210													
2018	3.110	1.526														
2019	3.063															
Selected (a)	3.063	1.526	1.210	1.103	1.058	1.039	1.028	1.023	1.020	1.017	1.014	1.012	1.011	1.009	1.009	1.006
Cumulative	8.292	2.707	1.774	1.466	1.329	1.256	1.209	1.176	1.150	1.127	1.109	1.093	1.081	1.069	1.059	1.050

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors.

Paid Indemnity Loss Development Factors (Continued)

Accident Year								Age-to-Age (in months)												
	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	ULT/432Pd (b)
1983							1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1984						1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.001	1.001	
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	
1986				1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001		
1987			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	1.001	1.001			
1988		1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001				
1989	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.000					
1990	1.002	1.002	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001						
1991	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001							
1992	1.002	1.002	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001								
1993	1.002	1.003	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001									
1994	1.004	1.003	1.003	1.003	1.002	1.002	1.002	1.003	1.001	1.001										
1995	1.005	1.005	1.003	1.003	1.002	1.003	1.003	1.002	1.002											
1996	1.005	1.004	1.003	1.002	1.003	1.003	1.003	1.002												
1997	1.004	1.003	1.003	1.003	1.003	1.003	1.003													
1998	1.006	1.004	1.003	1.003	1.003	1.003														
1999	1.004	1.003	1.003	1.003	1.002															
2000	1.004	1.004	1.003	1.002																
2001	1.005	1.005	1.004																	
2002	1.005	1.004																		
2003	1.007																			
Selected (a)	1.006	1.004	1.003	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	1.001	1.001	1.001	
Cumulative	1.044	1.038	1.033	1.030	1.027	1.025	1.022	1.019	1.017	1.015	1.014	1.013	1.012	1.011	1.010	1.010	1.009	1.008	1.008	1.007

(b) The ULT/432Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a)

Age-to-Age (in months)

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
1995											1.024	1.021	1.019	1.018	1.018	1.015
1996										1.025	1.027	1.023	1.020	1.018	1.016	1.013
1997								1.039	1.033	1.028	1.026	1.022	1.019	1.016	1.014	1.014
1998								1.035	1.033	1.032	1.030	1.021	1.019	1.019	1.015	1.017
1999							1.044	1.038	1.032	1.032	1.025	1.025	1.016	1.016	1.018	1.015
2000							1.042	1.038	1.031	1.027	1.023	1.020	1.020	1.017	1.013	1.010
2001					1.076		1.045	1.034	1.034	1.030	1.022	1.022	1.022	1.017	1.012	1.011
2002				1.112	1.072	1.056	1.046	1.032	1.032	1.030	1.023	1.018	1.016	1.013	1.011	1.011
2003			1.170	1.112	1.074	1.057	1.048	1.041	1.030	1.034	1.026	1.019	1.016	1.012	1.012	1.010
2004		1.345	1.189	1.123	1.092	1.057	1.055	1.040	1.036	1.034	1.024	1.018	1.015	1.013	1.013	1.009
2005	2.251	1.345	1.209	1.138	1.095	1.070	1.054	1.049	1.038	1.031	1.021	1.019	1.014	1.013	1.012	
2006	2.340	1.399	1.220	1.140	1.099	1.068	1.056	1.042	1.034	1.025	1.020	1.015	1.014	1.011		
2007	2.416	1.413	1.230	1.142	1.097	1.075	1.057	1.041	1.031	1.022	1.020	1.015	1.012			
2008	2.325	1.421	1.241	1.148	1.103	1.072	1.051	1.035	1.027	1.018	1.017	1.012				
2009	2.408	1.447	1.251	1.160	1.104	1.067	1.046	1.032	1.024	1.019	1.013					
2010	2.479	1.468	1.265	1.152	1.096	1.066	1.043	1.030	1.024	1.017						
2011	2.580	1.470	1.248	1.145	1.095	1.058	1.041	1.028	1.018							
2012	2.561	1.468	1.247	1.143	1.087	1.056	1.039	1.023								
2013	2.492	1.464	1.238	1.130	1.077	1.048	1.029									
2014	2.518	1.462	1.226	1.121	1.076	1.043										
2015	2.533	1.439	1.218	1.111	1.062											
2016	2.480	1.410	1.196	1.099												
2017	2.373	1.391	1.178													
2018	2.378	1.378														
2019	2.347															
Selected (c)	2.347	1.378	1.178	1.100	1.064	1.045	1.031	1.025	1.024	1.020	1.018	1.015	1.015	1.013	1.013	1.011
Cumulative Unadjusted for Impact of SB 1160	6.702	2.856	2.072	1.759	1.599	1.503	1.438	1.395	1.361	1.329	1.303	1.280	1.261	1.242	1.225	1.209
Cumulative Adjusted for Impact of SB 1160(d)	6.485	2.763	2.005	1.702	1.568	1.486	---	---	---	---	---	---	---	---	---	---

Adjusted (b)

Age-to-Age (in months)

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
2002																1.011
2003															1.013	1.011
2004														1.013	1.014	1.010
2005													1.016	1.015	1.013	
2006												1.017	1.016	1.012		
2007											1.022	1.016	1.014			
2008										1.020	1.018	1.013				
2009									1.026	1.021	1.014					
2010								1.032	1.026	1.019						
2011							1.047	1.031	1.020							
2012						1.063	1.043	1.025								
2013					1.085	1.052	1.031									
2014				1.131	1.080	1.045										
2015			1.226	1.114	1.064											
2016		1.417	1.199	1.100												
2017	2.386	1.393	1.178													
2018	2.378	1.378														
2019	2.347															
Selected (c)	2.347	1.378	1.178	1.100	1.064	1.045	1.031	1.025	1.020	1.020	1.018	1.015	1.015	1.013	1.013	1.011
Cumulative Unadjusted for Impact of SB 1160	6.702	2.856	2.072	1.759	1.599	1.503	1.438	1.395	1.361	1.329	1.303	1.280	1.261	1.242	1.225	1.209
Cumulative Adjusted for Impact of SB 1160(d)	6.485	2.763	2.005	1.702	1.568	1.486	---	---	---	---	---	---	---	---	---	---

(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 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors.

(d) The cumulative factors for 48, 60, and 72 months are adjusted by -3.2%, -2.0%, and -1.1%, respectively, for the impact of the SB 1160 reductions in future lien filings.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)

Age-to-Age (in months)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	ULT/432Pd (e)
1983									1.003	1.005	1.004	1.004	1.003	1.004	1.003	1.002	1.004	1.003	1.003	
1984								1.005	1.004	1.003	1.004	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002	
1985							1.005	1.003	1.003	1.004	1.004	1.004	1.003	1.002	1.003	1.002	1.002	1.002	1.002	
1986						1.004	1.004	1.004	1.005	1.005	1.005	1.005	1.004	1.006	1.004	1.004	1.003	1.003		
1987					1.005	1.006	1.005	1.005	1.005	1.005	1.005	1.003	1.003	1.003	1.003	1.002	1.002			
1988				1.004	1.005	1.004	1.006	1.007	1.006	1.004	1.003	1.003	1.003	1.004	1.003	1.002				
1989			1.006	1.007	1.006	1.005	1.006	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.004					
1990		1.006	1.007	1.006	1.005	1.005	1.004	1.003	1.003	1.002	1.003	1.002	1.003	1.002						
1991	1.011	1.006	1.007	1.005	1.006	1.008	1.006	1.005	1.005	1.003	1.003	1.004	1.003							
1992	1.013	1.007	1.005	1.005	1.005	1.006	1.005	1.006	1.005	1.004	1.006	1.003								
1993	1.011	1.011	1.002	1.006	1.008	1.007	1.007	1.004	1.004	1.008	1.003									
1994	1.014	1.009	1.010	1.013	1.011	1.008	1.007	1.008	1.007	1.005										
1995	1.014	1.016	1.010	1.010	1.009	1.012	1.008	1.006	1.007											
1996	1.013	1.013	1.013	1.012	1.009	1.009	1.006	1.006												
1997	1.012	1.011	1.011	1.006	1.007	1.007	1.006													
1998	1.009	1.010	1.006	1.008	1.009	1.007														
1999	1.010	1.009	1.009	1.008	1.006															
2000	1.009	1.008	1.007	1.006																
2001	1.010	1.010	1.009																	
2002	1.009	1.010																		
2003	1.010																			

Adjusted (b)

Age-to-Age (in months)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	ULT/432Pd (e)
1983																			1.003	
1984																		1.002	1.002	
1985																	1.002	1.002	1.002	
1986																1.004	1.003	1.004		
1987															1.004	1.002	1.003			
1988														1.004	1.003	1.002				
1989													1.004	1.003	1.005					
1990												1.002	1.003	1.002						
1991											1.004	1.004	1.003							
1992										1.004	1.006	1.003								
1993									1.005	1.009	1.004									
1994								1.005	1.005	1.005										
1995							1.008	1.010	1.007											
1996						1.010	1.009	1.007												
1997					1.008	1.008	1.006													
1998				1.009	1.010	1.008														
1999			1.010	1.009	1.006															
2000		1.009	1.007	1.006																
2001	1.011	1.011	1.010																	
2002	1.010	1.009																		
2003	1.012																			
Selected (c)	1.011	1.010	1.009	1.008	1.008	1.009	1.008	1.007	1.006	1.006	1.005	1.003	1.003	1.003	1.004	1.003	1.003	1.003	1.002	
Cumulative	1.197	1.183	1.172	1.162	1.152	1.143	1.134	1.125	1.117	1.110	1.104	1.099	1.095	1.092	1.088	1.084	1.081	1.078	1.076	1.073

(e) The ULT/432Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 adjusted factors and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Ultimate

Age-to-Age (in months)

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
1994												1.008	1.007	1.006	1.003	1.003	1.004	1.003	1.003	1.003	1.002
1995											1.012	1.008	1.007	1.005	1.005	1.003	1.005	1.005	1.003	1.003	1.002
1996										1.014	1.012	1.009	1.006	1.006	1.004	1.004	1.005	1.004	1.003	1.003	1.002
1997									1.018	1.016	1.012	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.002	1.003
1998								1.027	1.021	1.015	1.012	1.009	1.009	1.007	1.006	1.006	1.006	1.004	1.003	1.003	1.003
1999							1.036	1.025	1.018	1.015	1.011	1.009	1.008	1.007	1.005	1.004	1.004	1.003	1.003	1.003	1.002
2000						1.052	1.035	1.025	1.016	1.013	1.010	1.009	1.008	1.007	1.006	1.004	1.004	1.004	1.003	1.002	
2001						1.051	1.034	1.024	1.017	1.014	1.012	1.011	1.008	1.007	1.006	1.005	1.005	1.005	1.004		
2002				1.127	1.077	1.046	1.031	1.020	1.018	1.015	1.014	1.008	1.008	1.006	1.007	1.005	1.005	1.004			
2003			1.249	1.128	1.075	1.043	1.030	1.026	1.023	1.021	1.015	1.012	1.009	1.008	1.009	1.007	1.007				
2004		1.522	1.236	1.116	1.072	1.049	1.041	1.035	1.030	1.020	1.015	1.011	1.009	1.008	1.010	1.006					
2005	2.734	1.512	1.235	1.121	1.073	1.060	1.047	1.042	1.028	1.020	1.016	1.013	1.010	1.010	1.010						
2006	2.866	1.539	1.229	1.135	1.079	1.068	1.050	1.035	1.026	1.018	1.016	1.012	1.011	1.009							
2007	2.905	1.547	1.246	1.140	1.090	1.066	1.046	1.033	1.027	1.020	1.015	1.013	1.013								
2008	2.927	1.577	1.271	1.150	1.092	1.060	1.041	1.027	1.023	1.018	1.011	1.010									
2009	3.069	1.616	1.280	1.156	1.092	1.061	1.043	1.031	1.023	1.019	1.010										
2010	3.157	1.628	1.281	1.147	1.091	1.060	1.038	1.027	1.021	1.013											
2011	3.208	1.613	1.266	1.144	1.087	1.056	1.041	1.026	1.016												
2012	3.137	1.597	1.262	1.137	1.087	1.051	1.034	1.023													
2013	3.169	1.606	1.260	1.129	1.072	1.044	1.028														
2014	3.229	1.635	1.257	1.129	1.071	1.039															
2015	3.278	1.618	1.244	1.119	1.058																
2016	3.235	1.586	1.230	1.103																	
2017	3.185	1.569	1.210																		
2018	3.110	1.526																			
2019	3.063																				
Selected (a)	3.060(b)	1.568(b)	1.230(b)	1.105(b)	1.058(b)	1.036(b)	1.031	1.025	1.020	1.017	1.014	1.012	1.011	1.009	1.009	1.006	1.006	1.004	1.003	1.003	1.003
Cumulative	8.620	2.817	1.797	1.461	1.322	1.250	1.207	1.170	1.142	1.120	1.102	1.086	1.074	1.062	1.052	1.043	1.037	1.031	1.027	1.023	1.021

(a) Selections are two-year averages for the 12-to-24 month through 96-to-108 month factors and three-year averages for the subsequent paid age-to-age factors.
(b) Based on calculations shown on Exhibits 2.5.3 to 2.5.8. Each of these selections is calculated as the two-year average paid indemnity age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

Selected Indemnity Development Factors - Paid to Ultimate (Continued)

Age-to-Age (in months)

Accident Year	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	ULT/432Pd (d)
1983		1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1984	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.001	1.001	
1985	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	
1986	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001		
1987	1.001	1.001	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
1988	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001				
1989	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000					
1990	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001						
1991	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001							
1992	1.001	1.001	1.001	1.001	1.001	1.001	1.001								
1993	1.001	1.001	1.001	1.001	1.001	1.001									
1994	1.002	1.002	1.001	1.001	1.001										
1995	1.002	1.002	1.003	1.002											
1996	1.003	1.003	1.002												
1997	1.003	1.003													
1998	1.003														
Unadjusted (a)	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.007
Selected (c)	1.002	1.002	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
Cumulative	1.018	1.016	1.014	1.013	1.012	1.011	1.010	1.009	1.009	1.008	1.007	1.007	1.006	1.006	1.005

(c) Adjusted for the impact of changes in claim settlement rates on later period development. See Exhibits 2.5.9 through 2.5.12.

(d) The ULT/432Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							120,832
2012						127,905	128,040
2013					135,757	136,001	136,198
2014				140,198	140,771	141,073	141,113
2015			143,583	144,411	144,826	145,185	
2016		142,750	146,833	147,842	148,278		
2017	118,037	143,999	147,352	148,427			
2018	119,874	146,953	150,393				
2019	122,243	149,395					
2020	106,971						

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):						
	12-24	24-36	36-48	48-60	60-72	72-84	84-Ult
2012						1.001	
2013					1.002	1.001	
2014				1.004	1.002	1.000	
2015			1.006	1.003	1.002		
2016		1.029	1.007	1.003			
2017	1.220	1.023	1.007				
2018	1.226	1.023					
2019	1.222						
Latest Year	1.222	1.023	1.007	1.003	1.002	1.000	
Cumulative	1.271	1.040	1.016	1.009	1.006	1.004	1.003

Acc. Year	2020	2019	2018	2017	2016	2015	2014
Ult. Claim Counts	135,977	155,390	152,850	149,760	149,170	145,697	141,570

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							109,859
2012						113,035	117,855
2013					115,075	122,212	126,943
2014				109,607	121,366	128,066	131,979
2015			98,030	116,383	127,179	132,663	
2016		76,266	104,229	121,967	130,811		
2017	35,866	80,944	107,771	122,544			
2018	37,352	82,802	107,381				
2019	38,107	80,822					
2020	32,080						

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							90.6%
2012						88.0%	91.8%
2013					84.2%	89.4%	92.9%
2014				77.4%	85.7%	90.5%	93.2%
2015			67.3%	79.9%	87.3%	91.1%	
2016		51.1%	69.9%	81.8%	87.7%		
2017	23.9%	54.0%	72.0%	81.8%			
2018	24.4%	54.2%	70.3%				
2019	24.5%	52.0%					
2020	23.6%						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							113,038
2012						116,948	119,736
2013					119,823	124,416	127,382
2014				115,843	124,147	128,906	131,979
2015			102,355	119,219	127,766	132,663	
2016		77,586	104,795	122,061	130,811		
2017	35,332	77,893	105,210	122,544			
2018	36,061	79,501	107,381				
2019	36,660	80,822					
2020	32,080						

F. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							18,460
2012						17,066	18,362
2013					15,455	17,122	18,253
2014				13,777	16,334	17,929	19,000
2015			10,888	14,485	16,882	18,269	
2016		6,545	11,027	14,466	16,445		
2017	2,591	6,644	11,134	14,346			
2018	2,872	7,022	11,390				
2019	3,152	7,052					
2020	3,289						

(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, excluding COVID-19 claims.

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)						
	12	24	36	48	60	72	84
2011							19,555
2012						18,111	18,980
2013					16,545	17,640	18,384
2014				15,079	16,978	18,154	19,000
2015			11,645	15,080	17,025	18,269	
2016		6,708	11,123	14,486	16,445		
2017	2,562	6,233	10,599	14,346			
2018	2,800	6,581	11,390				
2019	3,068	7,052					
2020	3,289						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							2,210,435
2012						2,118,079	2,272,611
2013					1,982,468	2,194,667	2,341,809
2014				1,746,756	2,107,780	2,340,144	2,507,594
2015			1,191,974	1,797,800	2,175,265	2,423,660	
2016		520,482	1,165,636	1,768,116	2,151,228		
2017	90,515	485,548	1,115,115	1,758,010			
2018	100,969	523,175	1,223,122				
2019	112,461	569,980					
2020	105,510						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							456,025
2012						536,175	426,743
2013					637,104	497,166	385,964
2014				799,759	624,527	496,265	392,818
2015			900,929	761,793	591,679	473,979	
2016		769,030	862,526	710,797	577,920		
2017	317,153	768,513	850,084	721,695			
2018	339,707	808,531	898,029				
2019	354,759	884,687					
2020	349,370						

(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, excluding COVID-19 claims.

**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)						
	12	24	36	48	60	72	84
2011							41,559
2012						36,057	41,897
2013					30,805	36,054	41,703
2014				26,144	32,184	38,154	43,006
2015			19,778	27,180	33,529	37,852	
2016		11,567	20,245	27,470	33,086		
2017	3,860	7,719	18,282	27,883			
2018	4,117	8,233	20,879				
2019	4,216	12,901					
2020	4,665						

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)						
	12	24	36	48	60	72	84
2011							-132,115
2012						-141,092	-78,809
2013					-146,263	-79,464	-18,308
2014				-163,008	-89,504	-32,049	
2015			-85,558	-77,109	-19,681		
2016		-15,269	-11,459	-2,582			
2017	2,061	23,552	46,820				
2018	5,314	27,178					
2019	6,101						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							323,910
2012						395,082	347,934
2013					490,841	417,702	367,656
2014				636,751	535,024	464,216	392,818
2015			815,370	684,684	571,998	473,979	
2016		753,761	851,067	708,214	577,920		
2017	319,214	792,064	896,904	721,695			
2018	345,022	835,708	898,029				
2019	360,860	884,687					
2020	349,370						

(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, excluding COVID-19 claims.

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	12	24	36	48	60	72	84
2011							2,534,345
2012						2,513,161	2,620,545
2013					2,473,309	2,612,369	2,709,465
2014				2,383,507	2,642,804	2,804,359	2,900,412
2015			2,007,344	2,482,484	2,747,263	2,897,638	
2016		1,274,243	2,016,704	2,476,331	2,729,148		
2017	409,729	1,277,612	2,012,019	2,479,705			
2018	445,991	1,358,883	2,121,150				
2019	473,321	1,454,667					
2020	454,880						

(Evaluated as of (in months))

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

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84
2011						
2012						1.043
2013					1.056	1.037
2014				1.109	1.061	1.034
2015			1.237	1.107	1.055	
2016		1.583	1.228	1.102		
2017	3.118	1.575	1.232			
2018	3.047	1.561				
2019	3.073					
Latest Year	3.073	1.561	1.232	1.102	1.055	1.034
3-Year Average	3.079	1.573	1.232	1.106	1.057	1.038

(Evaluated as of (in months))

O. Paid Indemnity Loss Development Factors (i)

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84
2012						1.051
2013					1.072	1.044
2014				1.129	1.071	1.039
2015			1.244	1.119	1.058	
2016		1.586	1.230	1.103		
2017	3.186	1.569	1.210			
2018	3.110	1.526				
2019	3.063					

(Evaluated as of (in months))

(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, excluding COVID-19 claims.

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)					
	12-24	24-36	36-48	48-60	60-72	72-84
2012						-0.78%
2013					-1.47%	-0.64%
2014				-1.76%	-0.94%	-0.43%
2015			-0.55%	-1.10%	-0.31%	
2016		-0.23%	-0.19%	-0.05%		
2017	-2.11%	0.35%	1.89%			
2018	-2.02%	2.29%				
2019	0.33%					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2012						1.043
2013					1.056	1.037
2014				1.109	1.061	1.035
2015			1.237	1.107	1.055	
2016		1.582	1.228	1.102		
2017	3.118	1.574	1.233			
2018	3.047	1.561				
2019	3.073					
2-Year Average	3.060	1.568	1.230	1.105	1.058	1.036
3-Year Average	3.079	1.573	1.233	1.106	1.057	1.038

(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, excluding COVID-19 claims.

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

1. Reported Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)									
	264	276	288	300	312	324	336	348	360	372
1989							221,849	221,941	222,001	222,077
1990						247,549	247,666	247,750	247,845	
1991					247,706	247,831	247,930	248,026		
1992				196,626	196,713	196,799	196,890			
1993			154,581	154,682	154,764	154,874				
1994		141,914	142,032	142,119	142,223					
1995	132,931	133,068	133,187	133,321						
1996	130,387	130,522	130,630							
1997	134,961	135,140								
1998	145,420									
1999										

Accident Year	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
2. Ult. Claim Counts (a)	147,727	137,584	133,287	135,337	143,767	156,149	198,387	249,729	249,129	222,800

3. Ultimate Indemnity Claim Settlement Ratio (b)

Accident Year	Evaluated as of (in months)									
	264	276	288	300	312	324	336	348	360	372
1989							99.6%	99.6%	99.6%	99.7%
1990						99.4%	99.4%	99.4%	99.5%	
1991					99.2%	99.2%	99.3%	99.3%		
1992				99.1%	99.2%	99.2%	99.2%			
1993			99.0%	99.1%	99.1%	99.2%				
1994		98.7%	98.8%	98.9%	98.9%					
1995	98.2%	98.3%	98.4%	98.5%						
1996	97.8%	97.9%	98.0%							
1997	98.1%	98.2%								
1998	98.4%									

(a) Based on the latest year age-to-age development in indemnity claim counts. See Exhibit 2.5.3.
(b) Ratio of closed indemnity claim counts (Item 1) to the estimated ultimate indemnity claim counts (Item 2) for that accident year.

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

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

4. Ratio of Incremental Closed Indemnity Claims to Estimated Prior Open Indemnity Claims (c)

Accident	Evaluated as of (in months)									
Year	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372
1989								7.4%	5.8%	6.9%
1990							6.2%	5.2%	5.3%	
1991						4.9%	5.1%	5.7%		
1992					6.5%	5.6%	7.9%			
1993				6.4%	5.0%	6.3%				
1994			5.7%	5.2%	6.2%					
1995		5.7%	4.6%	3.9%						
1996	6.7%	7.0%	6.8%							
1997	7.8%	9.0%								
1998	11.1%									
1999										
3-Year Average	8.5%	7.2%	5.7%	5.2%	5.9%	5.6%	6.4%	6.1%	6.9%	6.9%
hare of Open on Prior (d)	91.5%	92.8%	94.3%	94.8%	94.1%	94.4%	93.6%	93.9%	93.1%	93.1%

5. Projected Open + IBNR Indemnity Claim Counts (e)

Accident	Evaluated as of (in months)									
Year	264	276	288	300	312	324	336	348	360	372
1989										*723*
1990									*1,284*	1,162
1991								*1,703*	1,586	1,435
1992							*1,497*	1,393	1,297	1,173
1993						*1,275*	1,197	1,114	1,037	938
1994					*1,544*	1,445	1,356	1,262	1,175	1,063
1995				*2,016*	1,903	1,781	1,672	1,556	1,448	1,311
1996			*2,657*	2,500	2,360	2,208	2,074	1,930	1,796	1,625
1997		*2,444*	2,317	2,180	2,058	1,926	1,808	1,683	1,566	1,417
1998	*2,307*	2,175	2,062	1,941	1,832	1,714	1,610	1,498	1,394	1,262
1999	1,821	1,717	1,628	1,532	1,446	1,353	1,271	1,183	1,101	996
…										
2019	573	541	513	482	455	426	400	372	347	314
2020	492	464	440	414	391	365	343	319	297	269

(c) Equal to [the difference in ultimate indemnity claim settlement ratios from the prior evaluation (Item 3)] divided by
   [1.0 less the ultimate indemnity claim settlement ratio from the prior evaluation].
(d) Equal to 1.0 minus the selected ratio of incremental closed indemnity claims to prior open indemnity claims from Item 4.
(e) The italicized diagonal is equal to the Ultimate Indemnity Claim Counts (Item 2) less the Reported Closed Indemnity
   Claim Counts (Item 1) as of the latest evaluation. The remaining figures are projected based on the italicized diagonal and
   the Share of Open on Prior from Item 4.

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

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

6. Ratio of Projected Open Claim Counts to Ultimate Claim Counts (f)

Accident Year	264	276	288	300	312	324	336	348	360	372
						Evaluated as of (in months)				
1989								*0.4%*	*0.4%*	*0.3%*
1990							*0.6%*	*0.6%*	*0.5%*	0.5%
1991						*0.8%*	*0.7%*	*0.7%*	0.6%	0.6%
1992					*0.8%*	*0.8%*	*0.8%*	0.7%	0.7%	0.6%
1993				*0.9%*	*0.9%*	*0.8%*	0.8%	0.7%	0.7%	0.6%
1994			*1.2%*	*1.1%*	*1.1%*	1.0%	0.9%	0.9%	0.8%	0.7%
1995		*1.7%*	*1.6%*	*1.5%*	1.4%	1.3%	1.2%	1.1%	1.1%	1.0%
1996	*2.2%*	*2.1%*	*2.0%*	1.9%	1.8%	1.7%	1.6%	1.4%	1.3%	1.2%
1997	*1.9%*	*1.8%*	1.7%	1.6%	1.5%	1.4%	1.3%	1.2%	1.1%	1.0%
1998	*1.6%*	1.5%	1.4%	1.3%	1.2%	1.2%	1.1%	1.0%	0.9%	0.9%
1999	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%	0.7%	0.7%
…										
2019	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
2020	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
3-Year Historical Avg.	*1.9%*	*1.8%*	*1.6%*	*1.2%*	*0.9%*	*0.8%*	*0.7%*	*0.5%*	*0.4%*	*0.3%*

7. Ratio of Projected Percent Open to Historical Percent Open (g)

Accident Year	264	276	288	300	312	324	336	348	360	372
						Evaluated as of (in months)				
1989										
1990										1.44
1991									1.45	1.77
1992								1.30	1.50	1.82
1993							1.11	1.32	1.52	1.85
1994						1.27	1.37	1.62	1.87	2.28
1995					1.50	1.66	1.80	2.13	2.45	2.98
1996				1.57	1.89	2.09	2.26	2.68	3.08	3.76
1997			1.06	1.33	1.60	1.77	1.91	2.26	2.60	3.17
1998		0.80	0.87	1.10	1.33	1.46	1.58	1.88	2.16	2.63
1999	0.65	0.63	0.68	0.86	1.04	1.15	1.24	1.47	1.69	2.06
…										
2019	0.20	0.19	0.21	0.26	0.31	0.35	0.37	0.44	0.51	0.62
2020	0.19	0.19	0.20	0.26	0.31	0.34	0.37	0.43	0.50	0.61

(f) Equal to the Projected Open + IBNR Indemnity Claim Counts (Item 5) divided by the Ultimate Indemnity Claim Counts (Item 2).
    The italicized diagonals are based on historical data while the remaining figures are projections.
(g) Equal to the Ratio of Projected Open Claim Counts to Ultimate Claim Counts (Item 6) divided by the three-year historical average.

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

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

Age	_Age-to-Age Paid Development (in months):_									
	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384

8. 3-Year Average (h)

	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384
Indemnity	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Medical	1.009	1.008	1.007	1.006	1.006	1.005	1.003	1.003	1.003	1.004

9. Adjustment Ratio (i)

	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384
Accident Year 2019	0.68	0.67	0.68	0.70	0.72	0.74	0.75	0.78	0.80	0.85
Accident Year 2020	0.68	0.67	0.68	0.70	0.72	0.74	0.75	0.77	0.80	0.84

10. Adjusted Factors (j)

	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384
Indemnity										
Accident Year 2019	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Accident Year 2020	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Medical										
Accident Year 2019	1.006	1.005	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.003
Accident Year 2020	1.009	1.005	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.003

(h) Indemnity development factors are from Exhibit 2.3.2. Medical development factors are from Exhibit 2.4.2 and include
  adjustments for SB 1160 and changes in pharmaceutical costs.
(i) Equal to the Ratio of Projected Percent Open to Historical Percent Open (Item 7) for the given accident year, with the
  difference from 1.0 adjusted by 40% to reflect the estimated impact of claim settlement rate changes on later period development.
(j) Equal to the [three year average factors (Item 8) - 1.0] multiplied by the Adjustment Ratio (Item 9), and adding 1.0.

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

Exhibit 2.6.1

Selected Medical Development Factors - Paid to Ultimate

Adjusted (a)(b)

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
1997																					1.008
1998																				1.009	1.010
1999																			1.010	1.009	1.006
2000																		1.009	1.007	1.006	
2001																	1.011	1.011	1.010		
2002																1.011	1.010	1.009			
2003															1.013	1.011	1.012				
2004														1.013	1.014	1.010					
2005													1.016	1.015	1.013						
2006												1.017	1.016	1.012							
2007											1.022	1.016	1.014								
2008										1.020	1.018	1.013									
2009									1.026	1.021	1.014										
2010								1.032	1.026	1.019											
2011							1.047	1.031	1.020												
2012						1.063	1.043	1.025													
2013					1.085	1.052	1.031														
2014				1.131	1.080	1.045															
2015			1.226	1.114	1.064																
2016		1.417	1.199	1.100																	
2017	2.386	1.393	1.178																		
2018	2.378	1.378																			
2019	2.347																				
Selected (c)	2.348(d)	1.395(d)	1.195(d)	1.102(d)	1.065(d)	1.043(d)	1.037	1.028	1.024	1.020	1.018	1.015	1.015	1.013	1.013	1.011	1.011	1.010	1.009	1.008	1.008
Cumulative Unadjusted for Impact of SB 1160	6.695	2.851	2.044	1.711	1.552	1.458	1.397	1.348	1.311	1.280	1.255	1.233	1.214	1.196	1.180	1.165	1.152	1.140	1.129	1.119	1.110
Cumulative Adjusted for Impact of SB 1160(e)	6.478	2.759	1.978	1.656	1.522	1.441	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

(Age-to-Age in months)

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

(b) These factors are adjusted for the losses paid prior to July 1, 2017 by -3.6%, -3.8%, -3.4%, -0.9%, -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 the current pharmaceutical cost level.

(c) Selections are two-year averages for the 12-to-24 month through 96-to-108 month factors and three-year averages for the subsequent paid age-to-age factors.

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

(e) The cumulative factors for 48, 60, and 72 months are adjusted by -3.2%, -2.0%, and -1.1%, respectively, for the impact of the SB 1160 reductions in future lien filings.

Selected Medical Development Factors - Paid to Ultimate (Continued)

Accident Year	Age-to-Age (in months)														ULT/432Pd (g)
	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	
1983														1.003	1.073
1984													1.002	1.002	1.050
1985												1.002	1.002	1.002	1.050
1986											1.004	1.003	1.004		
1987										1.004	1.002	1.003			
1988									1.004	1.003	1.002				
1989								1.004	1.003	1.005					
1990							1.002	1.003	1.002						
1991						1.004	1.004	1.003							
1992					1.004	1.006	1.003								
1993				1.005	1.009	1.004									
1994			1.005	1.005	1.005										
1995		1.008	1.010	1.007											
1996	1.010	1.009	1.007												
1997	1.008	1.006													
1998	1.008														
Unadjusted (c)	1.009	1.008	1.007	1.006	1.006	1.005	1.003	1.003	1.003	1.004	1.003	1.003	1.003	1.002	
Selected (f)	1.007	1.005	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.003	1.002	1.002	1.002	1.002	
Cumulative	1.101	1.094	1.088	1.083	1.078	1.074	1.070	1.068	1.065	1.062	1.059	1.057	1.054	1.052	

(f) Adjusted for the impact of changes in claim settlement rates on later period development. See Exhibits 2.5.9 through 2.5.12.
(g) The ULT/432Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							120,832
2012						127,905	128,040
2013					135,757	136,001	136,198
2014				140,198	140,771	141,073	141,113
2015			143,583	144,411	144,826	145,185	
2016		142,750	146,833	147,842	148,278		
2017	118,037	143,999	147,352	148,427			
2018	119,874	146,953	150,393				
2019	122,243	149,395					
2020	106,971						

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):						
	12-24	24-36	36-48	48-60	60-72	72-84	84-Ult
2012						1.001	
2013					1.002	1.001	
2014				1.004	1.002	1.000	
2015			1.006	1.003	1.002		
2016		1.029	1.007	1.003			
2017	1.220	1.023	1.007				
2018	1.226	1.023					
2019	1.222						
Latest Year	1.222	1.023	1.007	1.003	1.002	1.000	
Cumulative	1.271	1.040	1.016	1.009	1.006	1.004	1.003

Acc. Year	2020	2019	2018	2017	2016	2015	2014
Ult. Claim Counts	135,977	155,390	152,850	149,760	149,170	145,697	141,570

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							109,859
2012						113,035	117,855
2013					115,075	122,212	126,943
2014				109,607	121,366	128,066	131,979
2015			98,030	116,383	127,179	132,663	
2016		76,266	104,229	121,967	130,811		
2017	35,866	80,944	107,771	122,544			
2018	37,352	82,802	107,381				
2019	38,107	80,822					
2020	32,080						

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

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)						
	12	24	36	48	60	72	84
2011							90.6%
2012						88.0%	91.8%
2013					84.2%	89.4%	92.9%
2014				77.4%	85.7%	90.5%	93.2%
2015			67.3%	79.9%	87.3%	91.1%	
2016		51.1%	69.9%	81.8%	87.7%		
2017	23.9%	54.0%	72.0%	81.8%			
2018	24.4%	54.2%	70.3%				
2019	24.5%	52.0%					
2020	23.6%						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							113,038
2012						116,948	119,736
2013					119,823	124,416	127,382
2014				115,843	124,147	128,906	131,979
2015			102,355	119,219	127,766	132,663	
2016		77,586	104,795	122,061	130,811		
2017	35,332	77,893	105,210	122,544			
2018	36,061	79,501	107,381				
2019	36,660	80,822					
2020	32,080						

F. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							22,424
2012						19,413	21,119
2013					16,556	18,595	19,989
2014				13,669	16,372	18,160	19,309
2015			10,431	13,849	16,220	17,717	
2016		6,471	10,486	13,496	15,509		
2017	2,835	6,648	10,635	13,467			
2018	2,972	6,954	11,098				
2019	3,405	6,685					
2020	2,861						

(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, excluding COVID-19 claims.

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

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							24,008
2012						20,788	21,900
2013					17,886	19,232	20,139
2014				15,042	17,092	18,401	19,309
2015			11,152	14,437	16,375	17,717	
2016		6,620	10,571	13,516	15,509		
2017	2,806	6,275	10,169	13,467			
2018	2,901	6,538	11,098				
2019	3,328	6,685					
2020	2,861						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							2,713,781
2012						2,431,063	2,622,263
2013					2,143,161	2,392,749	2,565,304
2014				1,742,461	2,121,896	2,371,998	2,548,351
2015			1,141,476	1,721,136	2,092,104	2,350,347	
2016		513,658	1,107,767	1,649,751	2,028,691		
2017	99,157	488,798	1,069,852	1,650,297			
2018	104,614	519,774	1,191,686				
2019	122,017	540,266					
2020	91,770						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							651,779
2012						695,878	572,636
2013					740,913	588,386	469,568
2014				843,115	661,299	538,829	447,520
2015			905,477	783,841	621,589	514,954	
2016		829,759	866,037	742,368	617,835		
2017	401,230	825,093	846,418	739,729			
2018	420,890	876,397	904,571				
2019	402,573	880,823					
2020	369,577						

(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, excluding COVID-19 claims.

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

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							59,398
2012						46,797	56,221
2013					35,825	42,670	50,737
2014				27,561	34,079	41,426	48,995
2015			19,878	27,966	35,223	41,124	
2016		12,481	20,328	28,691	35,372		
2017	4,883	13,085	21,384	28,580			
2018	5,100	13,661	21,031				
2019	4,785	12,845					
2020	4,935						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							-188,827
2012						-183,118	-105,752
2013					-170,095	-94,044	-22,273
2014				-171,845	-94,774	-34,798	
2015			-85,990	-79,340	-20,676		
2016		-16,474	-11,505	-2,697			
2017	2,607	29,795	50,267				
2018	6,585	33,672					
2019	6,924						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							462,952
2012						512,760	466,884
2013					570,818	494,342	447,295
2014				671,270	566,525	504,032	447,520
2015			819,487	704,500	600,913	514,954	
2016		813,285	854,532	739,671	617,835		
2017	403,837	854,889	896,686	739,729			
2018	427,474	910,069	904,571				
2019	409,497	880,823					
2020	369,577						

(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, excluding COVID-19 claims.

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)						
	12	24	36	48	60	72	84
2011							223,576
2012						229,460	231,646
2013					231,694	234,588	237,062
2014				247,413	251,500	253,886	256,112
2015			250,099	256,150	261,570	264,829	
2016		255,275	266,631	274,527	279,553		
2017	187,254	274,301	285,930	292,957			
2018	200,860	290,214	305,089				
2019	197,950	292,701					
2020	157,443						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2011							3,681,054
2012						3,173,284	3,320,793
2013					2,945,673	3,121,680	3,249,661
2014				2,661,144	2,939,921	3,129,916	3,251,983
2015			2,211,062	2,681,786	2,954,587	3,130,130	
2016		1,582,218	2,228,930	2,663,949	2,926,079		
2017	690,248	1,617,988	2,252,467	2,682,983			
2018	732,949	1,720,057	2,401,346				
2019	729,464	1,713,790					
2020	618,789						

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2012						1.046
2013					1.060	1.041
2014				1.105	1.065	1.039
2015			1.213	1.102	1.059	
2016		1.409	1.195	1.098		
2017	2.344	1.392	1.191			
2018	2.347	1.396				
2019	2.349					
Latest Year	2.349	1.396	1.191	1.098	1.059	1.039

(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, excluding COVID-19 claims.

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)					
	12-24	24-36	36-48	48-60	60-72	72-84
2012						1.056
2013					1.076	1.048
2014				1.120	1.075	1.043
2015			1.217	1.111	1.062	
2016		1.410	1.196	1.099		
2017	2.373	1.391	1.178			
2018	2.378	1.378				
2019	2.347					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2012						-0.87%
2013					-1.48%	-0.67%
2014				-1.37%	-1.00%	-0.37%
2015			-0.38%	-0.83%	-0.29%	
2016		-0.08%	-0.11%	-0.04%		
2017	-1.20%	0.05%	1.16%			
2018	-1.31%	1.30%				
2019	0.11%					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2012						1.054
2013					1.069	1.045
2014				1.115	1.069	1.041
2015			1.221	1.105	1.061	
2016		1.416	1.198	1.100		
2017	2.357	1.394	1.192			
2018	2.347	1.396				
2019	2.350					
2-Year Average	2.348	1.395	1.195	1.102	1.065	1.043
3-Year Average	2.351	1.402	1.204	1.107	1.066	1.047

(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, excluding COVID-19 claims.

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

		Development Factors		
	(1)	(2)	(3)	(4)
				Projected
Accident	Paid Loss			Ultimate
Year	Ratio (a)	Annual (b)	Cumulative	Loss Ratio
				(4) = (1) x (3)
1987	0.345	1.001	1.006	0.347
1988	0.330	1.001	1.007	0.332
1989	0.342	1.001	1.007	0.344
1990	0.397	1.001	1.008	0.400
1991	0.423	1.001	1.009	0.427
1992	0.348	1.001	1.009	0.351
1993	0.286	1.001	1.010	0.289
1994	0.324	1.001	1.011	0.327
1995	0.467	1.001	1.012	0.473
1996	0.524	1.001	1.013	0.530
1997	0.592	1.001	1.014	0.601
1998	0.643	1.002	1.016	0.653
1999	0.673	1.002	1.018	0.685
2000	0.580	1.003	1.021	0.592
2001	0.481	1.003	1.023	0.492
2002	0.357	1.003	1.027	0.366
2003	0.235	1.004	1.031	0.242
2004	0.140	1.006	1.037	0.145
2005	0.119	1.006	1.043	0.124
2006	0.153	1.009	1.052	0.161
2007	0.210	1.009	1.062	0.223
2008	0.263	1.011	1.074	0.282
2009	0.304	1.012	1.086	0.330
2010	0.289	1.014	1.102	0.319
2011	0.266	1.017	1.120	0.298
2012	0.234	1.020	1.142	0.267
2013	0.196	1.025	1.170	0.229
2014	0.181	1.031	1.207	0.218
2015	0.170	1.036	1.250	0.212
2016	0.152	1.058	1.322	0.201
2017	0.140	1.105	1.461	0.205
2018	0.122	1.230	1.797	0.219
2019	0.090	1.568	2.817	0.255
2020	0.032	3.060	8.620	0.279

(a)　　Based on Exhibit 1.
(b)　　See Exhibits 2.5.1 and 2.5.2.

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

	(1)	(2)	(3)	(4)	(5)	(6)
			Reform Adjusted			
			Development Factors			
		Adjusted			Adjusted	Projected
Accident	Paid	Paid			Developed	Ultimate
Year	Loss Ratio (a)	Loss Ratio (b)	Annual (c)	Cumulative (c)	Loss Ratio (d)	Loss Ratio
					(2) x (4)	(1) + ((5) - (2))
1987	0.306	0.271	1.002	1.054	0.285	0.320
1988	0.299	0.265	1.002	1.057	0.280	0.314
1989	0.318	0.282	1.002	1.059	0.298	0.335
1990	0.359	0.318	1.003	1.062	0.338	0.379
1991	0.376	0.334	1.002	1.065	0.355	0.398
1992	0.311	0.276	1.003	1.068	0.295	0.330
1993	0.256	0.227	1.002	1.070	0.243	0.272
1994	0.293	0.260	1.003	1.074	0.279	0.312
1995	0.431	0.383	1.004	1.078	0.413	0.461
1996	0.461	0.410	1.004	1.083	0.444	0.495
1997	0.516	0.459	1.005	1.088	0.499	0.557
1998	0.615	0.548	1.005	1.094	0.599	0.666
1999	0.672	0.599	1.007	1.101	0.659	0.732
2000	0.605	0.540	1.008	1.110	0.599	0.664
2001	0.535	0.479	1.008	1.119	0.536	0.592
2002	0.411	0.370	1.009	1.129	0.418	0.459
2003	0.262	0.236	1.010	1.140	0.270	0.295
2004	0.177	0.160	1.011	1.152	0.184	0.201
2005	0.172	0.156	1.011	1.165	0.182	0.198
2006	0.220	0.200	1.013	1.180	0.236	0.256
2007	0.306	0.280	1.013	1.196	0.334	0.361
2008	0.377	0.346	1.015	1.214	0.420	0.451
2009	0.434	0.401	1.015	1.233	0.494	0.528
2010	0.423	0.392	1.018	1.255	0.492	0.523
2011	0.355	0.333	1.020	1.280	0.426	0.448
2012	0.298	0.282	1.024	1.311	0.370	0.386
2013	0.235	0.225	1.028	1.348	0.303	0.313
2014	0.203	0.197	1.037	1.397	0.276	0.281
2015	0.183	0.180	1.043	1.441	0.260	0.263
2016	0.163	0.162	1.065	1.522	0.246	0.247
2017	0.152	0.151	1.102	1.656	0.251	0.251
2018	0.138	0.138	1.195	1.978	0.273	0.273
2019	0.106	0.106	1.395	2.759	0.294	0.294
2020	0.044	0.044	2.348	6.478	0.285	0.285

(a)   Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent.
(b)   Based on experience evaluated as of December 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.

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	1.610	
1988	0.0	0.0	1.5	1.5	1.586	
1989	0.0	0.0	1.5	1.5	1.563	
1990	2.3	19.9	1.7	24.7	1.253	
1991	4.9	14.8	0.8	21.4	1.032	
1992	1.8	-8.3	1.6	-5.2	1.088	
1993	0.2	-18.1	0.4	-17.6	1.320	
1994	-5.1	0.2	0.6	-4.3	1.380	
1995	6.3	0.6	1.0	8.0	1.278	
1996	5.3	0.4	1.2	7.0	1.195	
1997	9.7	0.2	1.6	11.7	1.070	
1998	6.5	0.0	1.8	8.4	0.987	
1999	5.7	0.0	2.1	7.9	0.914	
2000	3.9	0.0	3.1	7.1	0.853	
2001	-0.3	0.0	0.2	-0.1	0.854	
2002	-0.7	0.0	0.4	-0.3	0.875	(e)
2003	7.3	0.0	1.2	8.6	0.872	(e)
2004	-6.0	-13.7	2.1	-17.2	1.194	(e)
2005	-31.6	-15.3	1.6	-41.2	1.618	
2006	5.6	-5.7	2.2	1.8	1.590	
2007	1.6	0.0	2.1	3.7	1.533	
2008	4.8	0.6	1.0	6.5	1.440	
2009	0.4	1.4	0.2	2.0	1.411	
2010	0.4	0.0	1.5	1.9	1.385	
2011	0.0	0.0	1.4	1.4	1.366	
2012	-0.8	0.0	2.1	1.3	1.349	
2013	1.4	0.2	0.6	2.3	1.319	
2014	5.8	1.5	1.7	9.2	1.208	
2015	-0.8	0.0	2.3	1.4	1.191	
2016	0.3	0.0	1.0	1.3	1.176	
2017	0.5	0.0	2.2	2.7	1.145	
2018	0.4	0.0	2.2	2.6	1.116	
2019	0.4	0.0	2.6	3.0	1.083	
2020	0.4	0.0	4.5	4.9	1.032	
2021	0.4	0.0	0.8	1.2	1.020	
2022	0.7	0.0	1.0	1.7	1.003	
9/1/2022	0.0 (Annual 0.0)	0.0	0.3 (Annual 1.6)	0.3		

(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.

(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 9/1/2022 level.

(e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.

Annual Medical Cost Level Change - Non-Legislative

Accident Year	(1) Proportion of Medical Subject to Fee Schedule (a)	(2) Proportion of Medical Not Subject to Fee Schedule (a)	(3) Impact of Fee Schedule Change on Total Medical (b)	(4) Change in Medical CPI (c)	(5) Impact of CPI Change on Total Medical (d)	(6) Annual Non-Legislative Cost Impact on Total Medical (e)
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%	3.0%	0.4%	0.4%
2021	0.873	0.127	0.0%	2.0%	0.3%	0.3%
2022	0.873	0.127	0.0%	2.6%	0.3%	0.3%
9/1/2022	0.873	0.127	0.0% (Annual 0.0%)	0.5% (Annual 3.1%)	0.1%	0.1%

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

(b) Based on the WCIRB's evaluation of the cost impact of changes in the medical fee schedules.

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

(d) Adjusted CPI on workers' compensation medical costs that are not subject to fee schedules. The current year impact is the weighted average of 0% and Column (4), with Columns (1) and (2) from prior years as weights. (i) 1993's non-fee proportion is reduced by 13.8% due to the new medical-legal fee schedule enacted in 1994. (ii) 1998's non-fee proportion is reduced by 7.7% due to the Inpatient Hospital Fee Schedule (IHFS) effective 4/1/1999. (iii) 2002's non-fee proportion is reduced by 7.6% due to the new pharmaceutical fee schedule effective 1/1/2003. (iv) 2003's non-fee proportion is reduced by 17.2% due to the outpatient fee schedule effective 1/1/2004. (v) Given the anticipated impact of legislative reform, a 0% inflation rate has been assumed for 2004 and 2005.

(e) Column (6) = Column (3) + Column (5).

Annual Medical Cost Level Change - Legislative

Accident Year	(1) Annual Legislative Cost Impact on Medical Severity (a)	(2) Annual Legislative Cost Impact on Medical Due to Frequency Changes (b)	(3) Annual Total Legislative Cost Impact on Medical (c)
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	-4.3%	0.0%	-4.3%
2013	-8.2%	0.2%	-8.0%
2014	-5.9%	1.3%	-4.7%
2015	-2.0%	0.0%	-2.0%
2016	-0.6%	0.0%	-0.6%
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%
2022	0.0%	0.0%	0.0%
9/1/2022	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

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%	0.524
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%	0.674
1997	0.7%	0.2%	0.9%	0.668
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%	-4.3%	-4.2%	0.873
2013	0.1%	-8.0%	-7.9%	0.948
2014	0.3%	-4.7%	-4.4%	0.992
2015	0.2%	-2.0%	-1.8%	1.010
2016	0.4%	-0.6%	-0.2%	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	0.4%	0.0%	0.4%	1.007
2021	0.3%	0.0%	0.3%	1.004
2022	0.3%	0.0%	0.3%	
9/1/2022	0.1%	0.0%	0.1%	

(a)   See Exhibit 4.2, Column (6).
(b)   See Exhibit 4.3, Column (3).
(c)   Column (3) = [1.0 + Column (1)] x [1.0 + Column (2)] - 1.0.
(d)   These factors adjust the annual impact shown in Column (3) to the 9/1/2022 level.

Annual Wage Level Changes

Year	Annual Wage Level Change (a)		Factor to a 9/1/2022 Wage Level
1987	5.6		3.383
1988	4.4		3.240
1989	4.3		3.107
1990	5.0		2.959
1991	2.3		2.892
1992	4.7		2.762
1993	1.2		2.729
1994	1.8		2.681
1995	2.9		2.606
1996	3.4		2.520
1997	4.7		2.407
1998	5.2		2.288
1999	6.2		2.154
2000	9.0		1.976
2001	0.6		1.965
2002	1.1		1.943
2003	3.6		1.876
2004	5.0		1.786
2005	3.2		1.731
2006	4.6		1.655
2007	4.5		1.584
2008	2.1		1.551
2009	0.5		1.543
2010	3.0		1.498
2011	3.0		1.455
2012	4.2		1.396
2013	0.7		1.386
2014	3.3		1.342
2015	4.5		1.284
2016	1.9		1.260
2017	4.3		1.208
2018	3.7		1.165
2019	4.4		1.116
2020	7.7	(b)	1.036
Projected:			
2021	1.3	(b)	
2022	1.8		
9/1/2022	0.5	(Annual = 2.8)	

(a)   Historical wage changes through 2019 are based on Bureau of Labor Statistics data. Forecast for 2020 is based on the UCLA Anderson School of Business as of March 2021. Forecasts for 2021 and forward are based on the average of wage level projections made by the UCLA Anderson School of Business as of March 2021 and those made by the California Department of Finance as of November 2020.

(b)   To reflect the shift in class mix, the average wage change was adjusted by -1.9% for 2020 and 0.4% for 2021.

Premium Adjustment Factors

Calendar Year	(1) Factor to a 9/1/2022 Wage Level (a)	(2a) Ratio of Industry Average Charged Rates to Advisory Pure Premium Rates (b)	(2b) Factor to Industry Average Filed Pure Premium Rate Level as of July 1, 2020 (c)	(2c) Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of July 1, 2020 (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	3.383	---	---	0.574	0.992	0.983	1.014	---	1.931
1988	3.240	---	---	0.513	0.993	0.963	1.014	---	1.692
1989	3.107	---	---	0.506	0.993	0.945	1.014	---	1.627
1990	2.959	---	---	0.493	0.991	0.942	1.014	---	1.513
1991	2.892	---	---	0.457	0.987	0.939	1.014	---	1.369
1992	2.762	---	---	0.438	0.982	0.940	1.014	---	1.245
1993	2.729	---	---	0.433	0.981	0.949	1.014	---	1.204
1994	2.681	---	---	0.495	0.986	0.948	1.014	---	1.362
1995	2.606	---	---	0.670	0.995	0.958	1.014	---	1.789
1996	2.520	1.023	0.712	0.696	1.000	0.935	1.014	---	1.850
1997	2.407	0.989	0.710	0.718	1.000	0.949	1.014	---	1.796
1998	2.288	0.965	0.740	0.767	1.000	0.959	1.014	---	1.804
1999	2.154	0.972	0.748	0.769	1.000	0.954	1.014	---	1.713
2000	1.976	1.005	0.678	0.675	1.000	0.970	1.014	---	1.356
2001	1.965	1.030	0.597	0.580	1.000	0.969	1.014	---	1.159
2002	1.943	1.157	0.534	0.462	1.000	0.991	1.014	---	0.893
2003	1.876	1.266	0.437	0.346	1.000	1.005	1.014	---	0.636
2004	1.786	1.397	0.445	0.319	1.000	0.981	1.014	---	0.572
2005	1.731	1.470	0.535	0.364	1.000	0.982	1.014	---	0.633
2006	1.655	1.446	0.690	0.477	1.000	0.956	1.014	---	0.814
2007	1.584	1.492	0.940	0.630	1.000	0.931	1.014	0.985	1.041
2008	1.551	1.426	1.119	0.785	1.000	0.946	1.014	0.991	1.257
2009	1.543	1.365	1.102	0.808	1.000	0.937	1.014	1.034	1.356
2010	1.498	1.383	1.081	0.781	1.000	0.941	1.014	1.005	1.233
2011	1.455	1.400	1.080	0.771	1.000	0.982	1.014	---	1.126
2012	1.396	1.222	0.890	0.728	1.000	1.000	1.014	---	1.003
2013	1.386	1.138	0.717	0.630	1.000	0.983	1.014	---	0.876
2014	1.342	1.126	0.660	0.586	1.000	0.961	1.014	---	0.807
2015	1.284	1.109	0.641	0.579	1.000	0.951	1.014	---	0.771
2016	1.260	1.148	0.698	0.608	1.000	0.949	1.014	---	0.796
2017	1.208	1.156	0.773	0.668	1.000	0.955	1.014	---	0.834
2018	1.165	1.196	0.874	0.730	1.000	0.955	1.014	---	0.879
2019	1.116	1.214	1.015	0.836	1.000	0.934	1.014	---	0.986
2020	1.036	1.205	1.132	0.939	1.000	0.936	1.014	---	1.026

(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 July 1, 2020 ($1.80).

(d)   (2b) ÷ (2a). This column adjusts premiums at the industry average charged rate level to the industry average filed pure premium rate level as of July 1, 2020.

(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.

Accident Year Indemnity Claim Frequency Model
As of PY 2018 Preliminary 1st Set & March 2021 UCLA

| | Annual % Changes Intra-Class Ind Freq | Annual Log Differences | | | | | | |
| | | Intra-Class Indemnity Frequency per $M Exposure at PY 2019 Level | | | AY+1 Indemnity | Cumulative | Economic Variables | CalOSHA Dummy |
AY	Total	Total	Cumulative	Non-cum.	Benefit Level	Injury Index	(1st Prin. Comp.)	Variable
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.081	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.079	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.294	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.222	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.078	0.000
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.151	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	0.074	0.000
1997	-3.3%	-0.033	-0.023	-0.034	0.066	0.011	0.137	0.000
1998	-3.8%	-0.038	-0.040	-0.038	0.058	-0.002	0.078	0.000
1999	1.5%	0.014	0.100	0.008	0.040	0.092	0.128	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	-0.085	0.000
2008	-2.7%	-0.027	0.038	-0.033	0.006	0.071	-0.309	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	0.041	-0.004	0.003	0.046	0.178	0.000
2015	-1.4%	-0.014	0.006	-0.017	0.002	0.023	0.193	0.000
2016	-2.6%	-0.026	0.054	-0.039	0.004	0.093	0.124	0.000
2017	-2.1%	-0.021	-0.083	-0.011	0.004	-0.072	0.136	0.000
2018	-1.0%	-0.010	-0.053	-0.004	0.003	-0.049	0.119	0.000
2019*	0.1%	0.001	0.076	-0.012	0.004	0.088	0.053	0.000
2020	-11.1%	-0.118	-0.118	-0.118	0.004	0.000	-0.925	0.000
2021	2.4%	0.024	0.024	0.024	0.004	0.000	0.407	0.000
2022	1.2%	0.012	0.012	0.012	0.004	0.000	0.290	0.000
2023	0.3%	0.003	0.003	0.003	0.004	0.000	0.214	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020	
Std Err of Y Est	0.039	
R Squared	0.574	
No. of Observations	41	
Degrees of Freedom	36	

			Indemnity Benefit Level	Cumulative Injury Index	Economic Variables	CalOSHA Dummy
X Coefficient(s)			0.178	0.277	0.107	-0.144
Std Err of Coef.			0.070	0.059	0.042	0.074

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 2020; March 2021 UCLA Anderson Forecasts for 2021 on.

Regression is over AY 1979 through AY 2019. AY 2020 through AY 2023 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 2019 is preliminary and change is based on a comparison of 2019 accidents on 2018 policies to 2018 accidents on 2017 policies.

Exhibit 6.2

Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of December 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	9,974	---	2.003	19,983	---
1991	10,904	9.3%	1.895	20,660	3.4%
1992	11,002	0.9%	1.832	20,154	-2.4%
1993	11,960	8.7%	1.821	21,779	8.1%
1994	12,883	7.7%	1.907	24,574	12.8%
1995	14,437	12.1%	1.777	25,649	4.4%
1996	16,190	12.1%	1.667	26,991	5.2%
1997	19,226	18.8%	1.496	28,758	6.5%
1998	21,081	9.7%	1.380	29,086	1.1%
1999	23,064	9.4%	1.278	29,487	1.4%
2000	24,485	6.2%	1.193	29,222	-0.9%
2001	26,993	10.2%	1.195	32,248	10.4%
2002	26,072	-3.4%	1.224	31,903	-1.1%
2003	25,815	-1.0%	1.220	31,491	-1.3%
2004	21,064	-18.4%	1.441	30,355	-3.6%
2005	19,090	-9.4%	1.654	31,580	4.0%
2006	20,784	8.9%	1.533	31,859	0.9%
2007	22,669	9.1%	1.478	33,498	5.1%
2008	24,665	8.8%	1.396	34,434	2.8%
2009	25,811	4.6%	1.388	35,818	4.0%
2010	25,247	-2.2%	1.362	34,380	-4.0%
2011	24,910	-1.3%	1.343	33,453	-2.7%
2012	24,385	-2.1%	1.326	32,343	-3.3%
2013	23,808	-2.4%	1.300	30,942	-4.3%
2014	24,716	3.8%	1.208	29,857	-3.5%
2015	24,862	0.6%	1.191	29,606	-0.8%
2016	24,196	-2.7%	1.176	28,451	-3.9%
2017	24,186	0.0%	1.145	27,697	-2.6%
2018	24,937	3.1%	1.116	27,820	0.4%
2019	26,371	5.8%	1.083	28,569	2.7%
2020	28,838	9.4%	1.032	29,771	4.2%

(6) Estimated Annual Exponential Trend Based on 1990 to 2020:	1.0%
(7) Estimated Annual Exponential Trend Based on 2005 to 2019:	-1.5%
(8) Estimated Annual Exponential Trend Based on 2015 to 2019:	-0.9%
Selected Indemnity Severity Trend:	1.0%

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

Source: WCIRB experience calls.

Projection of Medical Severity Trends by Accident Year
Based on Experience as of December 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	8,817	---	0.916	8,075	---
1991	9,498	7.7%	0.898	8,533	5.7%
1992	9,557	0.6%	0.868	8,294	-2.8%
1993	10,432	9.2%	0.851	8,877	7.0%
1994	11,406	9.3%	0.894	10,200	14.9%
1995	13,135	15.2%	0.886	11,642	14.1%
1996	14,120	7.5%	0.878	12,390	6.4%
1997	16,796	19.0%	0.871	14,636	18.1%
1998	20,398	21.4%	0.768	15,661	7.0%
1999	23,416	14.8%	0.665	15,576	-0.5%
2000	26,151	11.7%	0.611	15,986	2.6%
2001	31,218	19.4%	0.557	17,398	8.8%
2002	31,419	0.6%	0.579	18,185	4.5%
2003	30,062	-4.3%	0.607	18,254	0.4%
2004	27,716	-7.8%	0.803	22,262	22.0%
2005	28,602	3.2%	0.803	22,973	3.2%
2006	31,126	8.8%	0.800	24,901	8.4%
2007	34,667	11.4%	0.785	27,216	9.3%
2008	37,329	7.7%	0.782	29,189	7.2%
2009	39,178	5.0%	0.779	30,513	4.5%
2010	39,334	0.4%	0.776	30,543	0.1%
2011	35,557 (c)	---	0.798	28,379 (c)	---
2012	33,369	-6.2%	0.842	28,095	-1.0%
2013	30,715	-8.0%	0.926	28,452	1.3%
2014	29,944	-2.5%	0.987	29,545	3.8%
2015	28,889	-3.5%	1.010	29,177	-1.2%
2016	27,767	-3.9%	1.012	28,101	-3.7%
2017	27,500	-1.0%	1.014	27,887	-0.8%
2018	28,843	4.9%	1.015	29,278	5.0%
2019	28,213	-2.2%	1.011	28,525	-2.6%
2020	27,469	-2.6%	1.007	27,662	-3.0%

Selected Medical Severity Trend: 1.0%

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

(b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of SB 1160 provisions applicable to outstanding medical losses.

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

Source: WCIRB experience calls.

Projection of Medical Severity Trends by Accident Year
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)
Based on Experience as of December 31, 2020

(1)	MCCP Included				MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change
2005	28,602	---	22,973	---	27,130	---	21,791	---
2006	31,126	8.8%	24,901	8.4%	29,214	7.7%	23,371	7.3%
2007	34,667	11.4%	27,216	9.3%	32,399	10.9%	25,435	8.8%
2008	37,329	7.7%	29,189	7.2%	34,104	5.3%	26,667	4.8%
2009	39,178	5.0%	30,513	4.5%	35,950	5.4%	27,999	5.0%
2010	39,334	0.4%	30,543	0.1%	36,057	0.3%	27,998	0.0%
2011	38,920	-1.1%	31,062	1.7%	35,557	-1.4%	28,379	1.4%
2012	36,449	-6.3%	30,688	-1.2%	33,369	-6.2%	28,095	-1.0%
2013	33,636	-7.7%	31,158	1.5%	30,715	-8.0%	28,452	1.3%
2014	32,756	-2.6%	32,320	3.7%	29,944	-2.5%	29,545	3.8%
2015	31,497	-3.8%	31,811	-1.6%	28,889	-3.5%	29,177	-1.2%
2016	30,194	-4.1%	30,557	-3.9%	27,767	-3.9%	28,101	-3.7%
2017	29,935	-0.9%	30,356	-0.7%	27,500	-1.0%	27,887	-0.8%
2018	31,478	5.2%	31,953	5.3%	28,843	4.9%	29,278	5.0%
2019	31,017	-1.5%	31,359	-1.9%	28,213	-2.2%	28,525	-2.6%
2020	30,215	-2.6%	30,427	-3.0%	27,469	-2.6%	27,662	-3.0%

Estimated Annual Exponential Trend

Trend Based on 1990 to 2020:				5.1%				N/A
Trend Based on 2005 to 2019:				1.7%				1.5%
Trend Based on 2015 to 2019:				0.2%				0.0%
Selected Medical Severity Trend:								1.0%

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

Source: WCIRB experience calls.

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

	(1)	(2)	(3)	(4)
				On-Level Indemnity to Industry Average Filed
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	Pure Premium Ratio (1)×(2)÷(3)
1988	0.332	1.586	1.692	0.311
1989	0.344	1.563	1.627	0.331
1990	0.400	1.253	1.513	0.331
1991	0.427	1.032	1.369	0.321
1992	0.351	1.088	1.245	0.307
1993	0.289	1.320	1.204	0.316
1994	0.327	1.380	1.362	0.332
1995	0.473	1.278	1.789	0.338
1996	0.530	1.195	1.850	0.342
1997	0.601	1.070	1.796	0.358
1998	0.653	0.987	1.804	0.357
1999	0.685	0.914	1.713	0.366
2000	0.592	0.853	1.356	0.373
2001	0.492	0.854	1.159	0.362
2002	0.366	0.875	0.893	0.359
2003	0.242	0.872	0.636	0.333
2004	0.145	1.194	0.572	0.303
2005	0.124	1.618	0.633	0.318
2006	0.161	1.590	0.814	0.315
2007	0.223	1.533	1.041	0.328
2008	0.282	1.440	1.257	0.323
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

				Projections (d)
2021				0.278
2022				0.284
9/1/2022				0.285

(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 2020 from Exhibit 12, and projected frequency trends for accident years 2021 to 2023 from Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.

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

* On-level indemnity to industry average filed pure premium ratios (see Exhibit 7.1)
** The 9/1/2022 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2019 year.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of December 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)
1988	0.280	0.778	1.692	0.129
1989	0.298	0.756	1.627	0.139
1990	0.338	0.612	1.513	0.137
1991	0.355	0.524	1.369	0.136
1992	0.295	0.552	1.245	0.131
1993	0.243	0.661	1.204	0.133
1994	0.279	0.693	1.362	0.142
1995	0.413	0.683	1.789	0.158
1996	0.444	0.674	1.850	0.162
1997	0.499	0.668	1.796	0.186
1998	0.599	0.588	1.804	0.195
1999	0.659	0.510	1.713	0.196
2000	0.599	0.468	1.356	0.207
2001	0.536	0.427	1.159	0.198
2002	0.418	0.443	0.893	0.207
2003	0.270	0.465	0.636	0.197
2004	0.184	0.703	0.572	0.227
2005	0.182	0.817	0.633	0.235
2006	0.236	0.858	0.814	0.249
2007	0.334	0.842	1.041	0.271
2008	0.420	0.836	1.257	0.279
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

				Projections (d)
2021				0.299
2022				0.306
9/1/2022				0.307

(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.
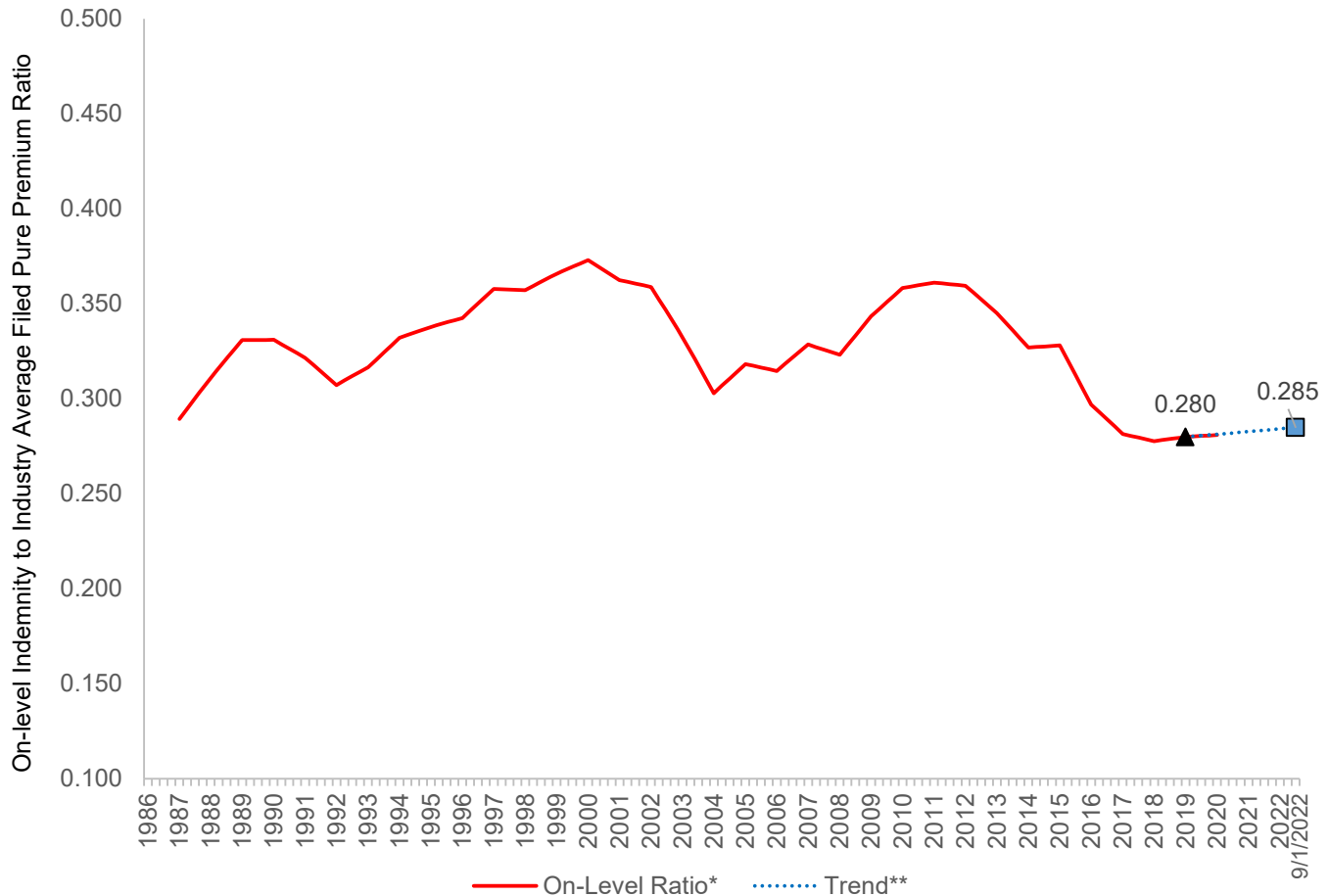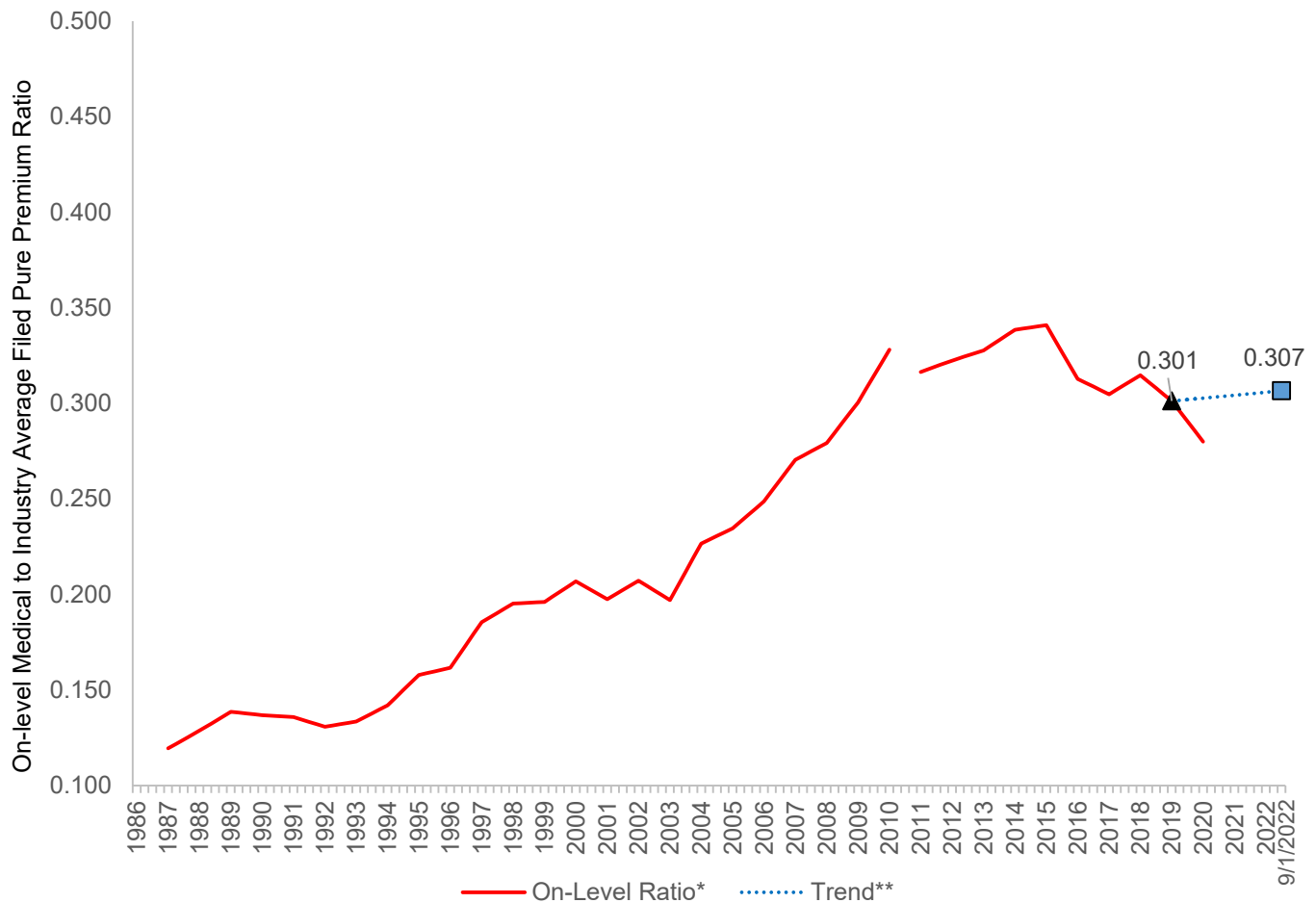
(b) See Exhibit 4.4.

(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 2020 from Exhibit 12, and projected frequency trends for accident years 2021 to 2023 from Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.

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

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

* On-level medical to industry average filed pure premium ratios (see Exhibit 7.3)
** The 9/1/2022 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2019 year.

Exhibit 8

Indicated Loss to Industry Average Filed Pure Premium Ratios
For Policies with Effective Dates between September 1, 2021 and August 31, 2022
Based on Experience as of December 31, 2020

	Indemnity	Medical	Total
1. Projected Loss to Industry Average Filed Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.285	0.307	0.592

Exhibit 9.1

Quarterly Incurred Indemnity Loss Development Factors
Through December 31, 2020

Accident Year

Age in Months	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
6/3	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	3.001
9/6	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	1.953
12/9	**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**	**1.580**
15/12	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	1.202	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	1.189	
21/18	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	1.128	
24/21	**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**	**1.094**	
27/24	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	1.069	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	1.066		
33/30	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	1.045		
36/33	**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**	**1.029**		
39/36	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	1.028	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	1.028			
45/42	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	1.016			
48/45	**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**	**1.014**			
51/48	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	1.018	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	1.015				
57/54	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	1.009				
60/57	**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**	**1.007**				
63/60	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	1.009	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	1.007					
69/66	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	1.007					
72/69	**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**	**1.005**					
75/72	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	1.004	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	1.005						
81/78	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	1.003						
84/81	**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**	**1.004**						
87/84	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	1.003	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	1.004							
93/90	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	1.003							
96/93	**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**	**1.003**							

Source: WCIRB accident year experience calls

Includes experience related to COVID claims.

Quarterly Incurred Medical Loss Development Factors *
Through December 31, 2020

Age in — Accident Year

Months	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
6/3	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	2.515
9/6	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	1.782
12/9	**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**	**1.496**
15/12	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	1.116	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	1.100	
21/18	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	1.060	
24/21	**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**	**1.052**	
27/24	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	1.052	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	1.036		
33/30	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	1.024		
36/33	**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**	**1.016**		
39/36	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	1.031	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	1.015			
45/42	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	1.009			
48/45	**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**	**1.008**			
51/48	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	1.027	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	1.012				
57/54	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	1.006				
60/57	**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**	**1.005**				
63/60	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	1.016	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	1.006					
69/66	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	1.003					
72/69	**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**	**1.003**					
75/72	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	1.008	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	1.005						
81/78	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	1.002						
84/81	**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**	**1.002**						
87/84	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	1.005	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	1.001							
93/90	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	1.000							
96/93	**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**	**1.002**							

Source: WCIRB accident year experience calls

Includes experience related to COVID claims.

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

Quarterly Paid Indemnity Loss Development Factors
Through December 31, 2020

Age in Months	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
6/3	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	5.060
9/6	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	2.482
12/9	**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**	**1.837**
15/12	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	1.399	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	1.341	
21/18	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	1.258	
24/21	**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**	**1.193**	
27/24	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	1.161	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	1.116		
33/30	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	1.103		
36/33	**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**	**1.077**		
39/36	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	1.071	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	1.050			
45/42	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	1.044			
48/45	**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**	**1.037**			
51/48	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	1.038	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	1.024				
57/54	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	1.024				
60/57	**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**	**1.020**				
63/60	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	1.021	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	1.014					
69/66	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	1.013					
72/69	**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**	**1.012**					
75/72	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	1.012	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	1.009						
81/78	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	1.008						
84/81	**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**	**1.009**						
87/84	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	1.009	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	1.007							
93/90	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	1.007							
96/93	**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**	**1.007**							

Source: WCIRB accident year experience calls

Includes experience related to COVID claims.

Quarterly Paid Medical Loss Development Factors *
Through December 31, 2020

Accident Year

Age in Months	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
6/3	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	4.496
9/6	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	2.240
12/9	**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**	**1.767**
15/12	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	1.267	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	1.231	
21/18	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	1.170	
24/21	**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**	**1.138**	
27/24	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	1.088	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	1.083		
33/30	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	1.078		
36/33	**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**	**1.066**		
39/36	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	1.049	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	1.040			
45/42	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	1.039			
48/45	**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**	**1.033**			
51/48	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	1.036	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	1.023				
57/54	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	1.023				
60/57	**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**	**1.019**				
63/60	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	1.021	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	1.015					
69/66	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	1.014					
72/69	**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**	**1.014**					
75/72	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	1.015	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	1.011						
81/78	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	1.009						
84/81	**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**	**1.009**						
87/84	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	1.012	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	1.008							
93/90	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	1.006							
96/93	**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**	**1.006**							

Source: WCIRB accident year experience calls

Includes experience related to COVID claims.

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

Reported Indemnity Claim Count Development

Accident 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	192-204
1995																1.000
1996															1.000	1.000
1997														1.000	1.000	1.000
1998													1.000	1.000	1.000	1.000
1999												1.000	1.000	1.000	1.000	1.000
2000											1.000	1.001	1.000	1.000	1.000	1.000
2001										1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003								0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2004							0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005						1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2006					1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000		
2007				1.004	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000			
2008			1.011	1.005	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000				
2009		1.028	1.011	1.006	1.004	1.001	1.001	1.000	1.000	1.000	1.000					
2010	1.216	1.030	1.011	1.006	1.002	1.002	1.001	1.000	1.000	1.000						
2011	1.229	1.032	1.013	1.005	1.002	1.001	1.001	1.000	1.000							
2012	1.244	1.034	1.010	1.005	1.003	1.001	1.001	1.000								
2013	1.248	1.025	1.010	1.005	1.002	1.001	1.001									
2014	1.215	1.027	1.010	1.004	1.002	1.000										
2015	1.236	1.027	1.006	1.003	1.002											
2016	1.244	1.029	1.007	1.003												
2017	1.220	1.023	1.007													
2018	1.226	1.023														
2019	1.222															

Latest Year

Age-to-Age	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	192-204
	1.222	1.023	1.007	1.003	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate																
	1.271	1.040	1.016	1.009	1.006	1.004	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002

Source: WCIRB accident year experience calls

Exhibit 10.2

Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2008	2.539	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	2.892	1.696	1.423	1.134	1.043	1.026	1.014	1.009	1.008	1.005	1.004	1.002	1.003	1.002	1.001
2018	2.826	1.732	1.414	1.138	1.045	1.023	1.017	1.010	1.008	1.006	1.002				
2019	2.780	1.751	1.425	1.138	1.035	1.023	1.015								

Source: WCIRB accident year experience calls

Reported Indemnity Claim Settlement Ratios

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1995																	97.8%
1996																97.2%	97.3%
1997															97.1%	97.3%	97.5%
1998														97.0%	97.3%	97.5%	97.7%
1999													96.8%	97.1%	97.5%	97.7%	97.9%
2000												96.0%	96.5%	97.0%	97.4%	97.6%	97.9%
2001											94.5%	95.3%	96.0%	96.5%	97.0%	97.4%	97.7%
2002										93.7%	94.7%	95.8%	96.4%	96.9%	97.4%	97.7%	98.1%
2003									92.4%	93.7%	95.2%	95.9%	96.4%	97.0%	97.5%	97.9%	98.3%
2004								90.6%	92.4%	94.3%	95.3%	96.0%	96.8%	97.3%	97.8%	98.2%	98.5%
2005							88.4%	90.7%	93.0%	94.4%	95.4%	96.4%	97.0%	97.6%	98.1%	98.4%	
2006						85.2%	88.2%	91.2%	93.0%	94.3%	95.5%	96.4%	97.1%	97.7%	98.1%		
2007					80.2%	84.6%	88.8%	91.3%	93.2%	94.8%	96.0%	96.8%	97.5%	97.9%			
2008				72.0%	79.1%	84.9%	88.8%	91.5%	93.7%	95.1%	96.2%	97.0%	97.6%				
2009			59.9%	70.6%	79.0%	84.5%	88.5%	91.8%	93.8%	95.3%	96.4%	97.1%					
2010		46.7%	60.6%	72.4%	80.4%	85.9%	90.1%	92.8%	94.7%	96.1%	96.9%						
2011	27.5%	47.1%	62.0%	73.5%	81.5%	87.0%	90.9%	93.6%	95.3%	96.4%							
2012	27.5%	47.9%	63.2%	74.9%	82.9%	88.4%	92.0%	94.4%	95.8%								
2013	26.8%	48.1%	64.3%	76.6%	84.8%	89.9%	93.2%	95.1%									
2014	26.5%	49.2%	65.9%	78.2%	86.2%	90.8%	93.5%										
2015	26.8%	50.6%	68.3%	80.6%	87.8%	91.4%											
2016	28.2%	53.4%	71.0%	82.5%	88.2%												
2017	30.4%	56.2%	73.1%	82.6%													
2018	31.2%	56.3%	71.4%														
2019	31.2%	54.1%															
2020	30.0%																

Evaluated as of (in months):

Source: WCIRB accident year experience calls

Exhibit 11.2

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1995																	97.5%
1996																96.9%	97.1%
1997															96.7%	96.9%	97.2%
1998														96.7%	96.9%	97.2%	97.4%
1999													96.5%	96.8%	97.2%	97.5%	97.7%
2000												95.6%	96.2%	96.7%	97.1%	97.4%	97.6%
2001											94.2%	94.9%	95.7%	96.2%	96.7%	97.1%	97.4%
2002										93.5%	94.5%	95.6%	96.2%	96.6%	97.1%	97.5%	97.8%
2003									92.3%	93.6%	94.9%	95.7%	96.2%	96.8%	97.3%	97.7%	98.0%
2004								90.5%	92.3%	94.1%	95.1%	95.8%	96.5%	97.1%	97.5%	97.9%	98.2%
2005							88.3%	90.6%	92.9%	94.3%	95.3%	96.2%	96.8%	97.4%	97.8%	98.1%	
2006						84.8%	87.9%	90.8%	92.7%	94.1%	95.3%	96.2%	96.9%	97.4%	97.8%		
2007					79.6%	84.2%	88.4%	91.0%	92.9%	94.5%	95.7%	96.5%	97.2%	97.7%			
2008				71.0%	78.3%	84.4%	88.3%	91.1%	93.3%	94.8%	95.9%	96.8%	97.4%				
2009			58.4%	69.6%	78.3%	84.0%	88.2%	91.5%	93.5%	95.1%	96.2%	96.9%					
2010		44.3%	59.1%	71.4%	79.8%	85.4%	89.7%	92.5%	94.5%	95.8%	96.7%						
2011	21.2%	44.5%	60.5%	72.6%	80.9%	86.6%	90.6%	93.3%	95.1%	96.1%							
2012	20.9%	45.2%	61.8%	74.0%	82.3%	88.0%	91.8%	94.2%	95.6%								
2013	20.5%	46.0%	63.0%	75.8%	84.2%	89.4%	92.9%	94.9%									
2014	20.8%	47.0%	64.7%	77.4%	85.7%	90.5%	93.2%										
2015	20.8%	48.5%	67.3%	79.9%	87.3%	91.1%											
2016	21.7%	51.1%	69.9%	81.8%	87.7%												
2017	23.9%	54.0%	72.0%	81.8%													
2018	24.4%	54.2%	70.3%														
2019	24.5%	52.0%															
2020	23.6%																

Source: WCIRB quarterly calls for experience

Quarterly Ultimate Settlement Ratios

Accident Year	| Evaluated as of (in months):															
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
2011	0.8%	5.1%	12.0%	21.2%	29.7%	35.9%	40.3%	44.5%	48.6%	52.9%	56.8%	60.5%	64.1%	67.1%	70.2%	72.6%
2012	0.8%	5.1%	12.1%	20.9%	29.5%	35.9%	40.8%	45.2%	49.8%	54.1%	58.3%	61.8%	65.6%	68.8%	71.7%	74.0%
2013	0.9%	5.1%	11.8%	20.5%	29.4%	36.0%	41.4%	46.0%	51.0%	55.5%	59.6%	63.0%	67.1%	70.5%	73.4%	75.8%
2014	0.8%	4.8%	11.8%	20.8%	29.6%	36.4%	42.1%	47.0%	52.0%	56.5%	60.8%	64.7%	68.2%	71.7%	74.6%	77.4%
2015	0.8%	4.8%	12.2%	20.8%	30.4%	37.8%	43.5%	48.5%	53.9%	59.0%	63.4%	67.3%	71.1%	74.4%	77.4%	79.9%
2016	0.8%	5.1%	12.3%	21.7%	31.7%	39.5%	45.5%	51.1%	56.3%	61.5%	65.9%	69.9%	73.7%	76.9%	79.3%	81.8%
2017	0.9%	5.6%	13.5%	23.9%	34.2%	42.1%	48.3%	54.0%	59.1%	64.0%	68.1%	72.0%	75.1%	77.4%	79.7%	81.8%
2018	1.0%	5.8%	13.9%	24.4%	34.7%	42.6%	48.6%	54.2%	59.0%	62.9%	66.6%	70.3%				
2019	1.0%	5.9%	13.7%	24.5%	34.5%	41.2%	46.8%	52.0%								
2020	---	---	---	23.6%												

Accident Year	| Quarterly Incremental Change													
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2011	4.3%	6.9%	9.2%	8.6%	6.1%	4.5%	4.2%	4.1%	4.4%	3.9%	3.7%	3.6%	3.1%	3.0%	2.5%
2012	4.2%	7.1%	8.7%	8.6%	6.4%	4.8%	4.5%	4.5%	4.3%	4.2%	3.5%	3.8%	3.2%	3.0%	2.3%
2013	4.2%	6.7%	8.7%	8.8%	6.6%	5.4%	4.6%	5.0%	4.5%	4.1%	3.4%	4.1%	3.4%	2.9%	2.3%
2014	4.1%	6.9%	9.0%	8.8%	6.7%	5.8%	4.9%	5.0%	4.5%	4.3%	3.9%	3.5%	3.5%	2.9%	2.8%
2015	4.0%	7.4%	8.7%	9.6%	7.4%	5.7%	5.1%	5.4%	5.1%	4.4%	3.9%	3.8%	3.4%	3.0%	2.5%
2016	4.2%	7.3%	9.4%	10.0%	7.8%	6.0%	5.6%	5.2%	5.2%	4.3%	4.0%	3.8%	3.2%	2.3%	2.5%
2017	4.8%	7.8%	10.5%	10.2%	7.9%	6.2%	5.8%	5.1%	4.9%	4.1%	3.9%	3.1%	2.3%	2.3%	2.1%
2018	4.9%	8.1%	10.6%	10.3%	7.9%	6.0%	5.5%	4.8%	3.9%	3.7%	3.7%				
2019	4.9%	7.9%	10.8%	10.0%	6.7%	5.6%	5.2%								
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

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

Year-to-Year Change – Overall

Year-to-Year Change: Intra-Class
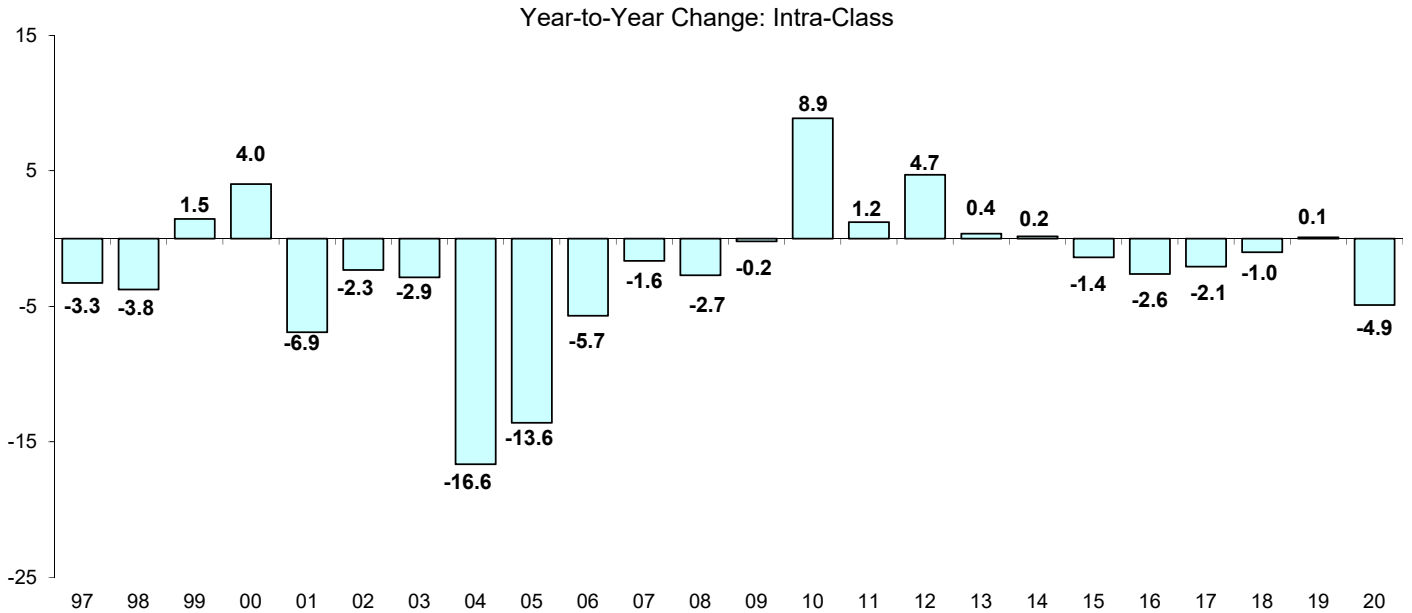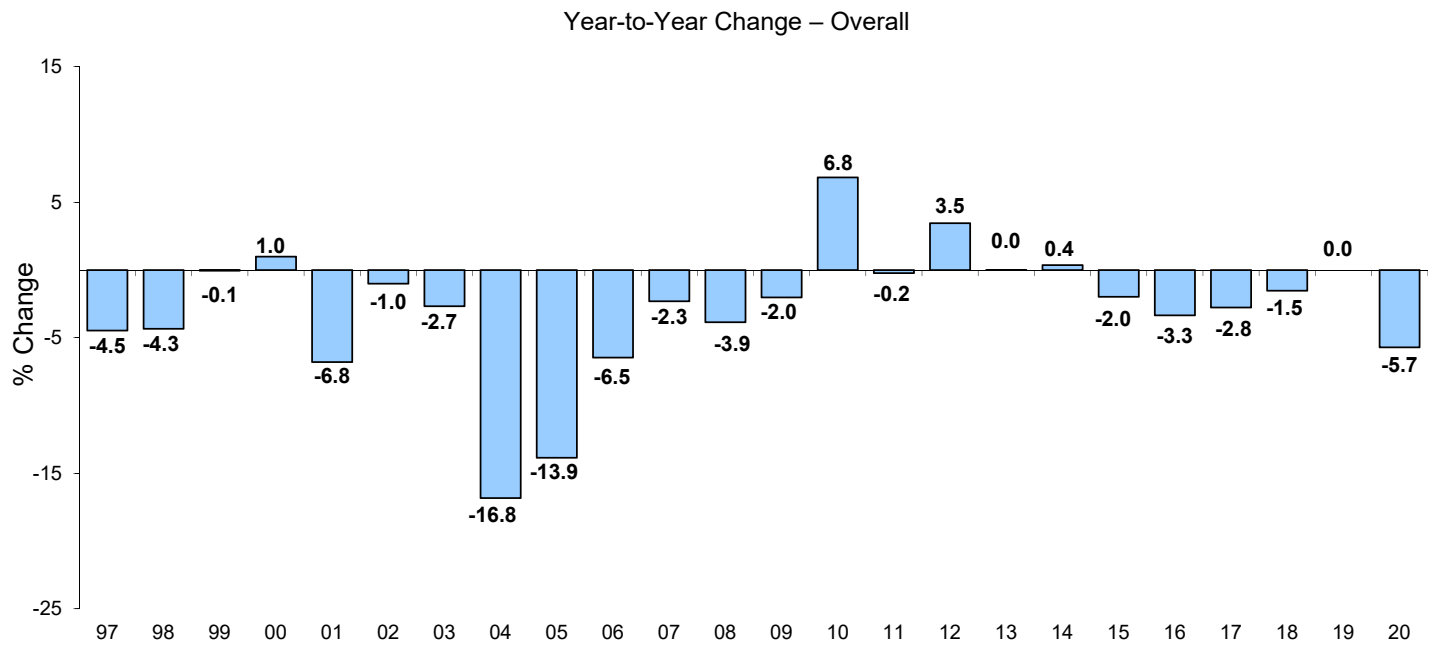
Note:

The 2020 estimates are based on a comparison of claim counts based on WCIRB accident year experience as of December 31, 2020 relative to the estimated change in statewide employment. The 2020 estimate is without COVID-19 claims. Prior years are based on unit statistical data.

Item AC21-03-04
9/1/2021 Filing – COVID-19 Claim Cost Projection

At the March 16, 2021 meeting, the Committee reviewed the methodology used to develop the COVID-19 claim cost projection reflected in the January 1, 2021 Pure Premium Rate Filing as well as emerging COVID-19 claim experience. The Committee also discussed the information currently available on future COVID-19 projections. Given that the models reviewed suggested that COVID-19 rates would plateau at relatively low levels before significant levels of exposure on post-September 1, 2021 policies will arise, the consensus of the Committee was that a COVID-19 claim cost projection for the September 1, 2021 to August 30, 2022 policy inception period may not be appropriate. However, before finalizing any recommendations, the Committee agreed to review updated COVID-19 related information at the April 15, 2021 meeting.

A summary of updated COVID-19 claim information will be presented at the meeting.

Item AC21-04-01
9/1/2021 Filing – Loss Adjustment Expense Experience Review

Staff has developed the preliminary indicated ratio of loss adjustment expense (LAE) to loss for policies incepting between September 1, 2021 and August 31, 2022 based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2019, accident year allocated loss adjustment expense (ALAE) experience as of December 31, 2020, and projection methodologies generally consistent with those reflected in the WCIRB's January 1, 2021 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.

ULAE Projection
As of this time, calendar year 2020 ULAE information is not available. However, staff has computed a preliminary update to the ULAE projection based on the wage, frequency, and loss projections as of December 31, 2020 reflected in Item AC03-04-02 and the enhancements to the ULAE projection methodology preliminarily adopted by the Committee at the December 11, 2020 meeting.[1]

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.[2] 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.[3]

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

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

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[1] See Item AC19-12-02 of the December 11, 2020 Actuarial Committee Agenda.

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

[3] See Item AC17-09-02 of the September 5, 2017 Actuarial Committee Agenda.

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.

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.[4] The projections of open claim counts shown in Exhibit 3.3 include the enhancement that was adopted by the Committee at the December 11, 2020 meeting to project these counts based on incremental indemnity claim closing rates rather than estimated ultimate claim settlement rates.[5] 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 the ULAE severities from the latest two calendar years, which is consistent with the approach used in the last several pure premium rate filings. The projected ULAE severity trend was based on projected annual growth rates in California wage levels as reflected in the analysis of projected losses (Item AC21-03-02).[6] As shown in Exhibit 3.5, the projected ratio of ULAE to loss based on this method for policies incepting between September 1, 2021 and August 31, 2022 using this approach is 13.5%.

As in the last several pure premium rate filings, the preliminary projected ratio of ULAE to losses is based on the average of the projections resulting from an open claim count-based method and a paid loss-based method. As discussed at the December 11, 2020 meeting, a method based on the latest two calendar years' paid ULAE to paid loss ratios was significantly less complex and more stable than the paid loss method reflected in prior pure premium rate filings. As a result, at the December 11, 2020 meeting, the Committee agreed that the projected ratio of ULAE to losses in subsequent pure premium rate filings should be based on the average of the projections resulting from the open claim count-based method shown in Exhibit 3.5 and the average of the latest two calendar years' paid ULAE to paid loss ratios for private insurers of 14.0% shown in Exhibit 1. (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 policies incepting between September 1, 2021 and August 31, 2022 based on this approach is 13.7%. (For comparison purposes, the projected ULAE to loss ratio reflected in the January 1, 2021 Pure Premium Rate Filing was also 13.7%.)

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[4] COVID-19 claims are excluded.

[5] See Item AC19-12-02 of the December 11, 2020 Actuarial Committee Agenda.

[6] The projected average wage trends for 2020 and 2021 reflect the adjustments for shifts in industry mix reflected in Exhibit 5.1 of Item AC21-03-02. These projected average wage changes do not reflect any adjustment for the shift of the wage distribution within industries (see Item AC20-08-04).

Table 1 shows the projected ratio of ULAE to losses based on the methodology described above. Table 1 also shows alternative ULAE projections based on (a) the January 1, 2021 Pure Premium Rate Filing paid loss-based methodology as shown in Exhibit 4,[7] (b) the open claim count-based methodology projected based on calendar year 2019 only as shown in Exhibit 5, (c) the open claim count-based methodology using estimated ultimate claim settlement rates to project open claim counts as reflected in the January 1, 2021 Pure Premium Rate Filing as shown in Exhibit 6, and (d) a projection based on the most recent calendar year (2019) ratio of paid ULAE to paid losses for private insurers shown in Exhibit 1.

Table 1: Projections of ULAE to Loss

ULAE Projection Method	Statewide with Private Insurer Average ULAE
April 15, 2021 Agenda Methodology	
Paid ULAE per Open Indemnity Claim Applied to the Latest Two Years	13.5%
Average of Latest Two Calendar Year Paid ULAE to Paid Loss Ratios	14.0%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	**13.7%**
Alternative Methodologies	
Paid ULAE to Paid Loss Projection Applied to the Latest Two Years	12.0%
Paid ULAE per Open Indemnity Claim Applied to the Latest Year Only	12.7%
Paid ULAE per Open Indemnity Claim Applied to the Latest Two Years with Open Indemnity Claims Projected Based on Estimated Ultimate Indemnity Claim Settlement Rates	14.4%
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.) All information shown in Exhibits 7 through 14 exclude COVID-19 claims from accident year 2020.

Exhibit 7.1 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibit 7.2 shows private insurer ratios of paid ALAE to paid losses. Exhibit 8 shows private insurer annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim, while Exhibit 9 shows private insurer annual ALAE growth percentages based on ratios of incremental calendar year paid ALAE per indemnity claims inventory.

Exhibits 10.1 through 10.4 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. As in the January 1, 2021 Pure Premium Rate Filing, the projected paid ALAE development shown in Exhibit 10.1 reflects adjustments to paid ALAE age-to-age development for the impact of changes in claim settlement rates.[8] Given the impact of the pandemic on 2020 development,[9] as with staff's recommended loss development methodology reflected in Item AC21-03-02, the projected ALAE development shown in Exhibits 8, 10.1, and 10.4 are based on a two-year average of paid ALAE age-to-age development adjusted for the impact of changes in claim settlement rates.

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[7] This methodology reflects the enhancement to use reform-adjusted paid medical loss development factors to develop the calendar year loss ratios recommended at the December 11, 2020 meeting.
[8] See Item AC19-08-04 of the August 4, 2020 Actuarial Committee Agenda.
[9] See Item AC21-02-02 of the February 16, 2021 and March 16, 2021 Actuarial Committee Agendas.

The projection shown in Exhibit 10.4 was computed using the intra-class indemnity claim frequency projections included in Item AC21-03-02 and a 1.0% ALAE severity trend selected based on the approximate average of the private insurer longer-term (2008 to 2019) and shorter-term (2015 to 2019) growth rates of (a) estimated ultimate accident year ALAE per indemnity claim (Exhibit 8) and (b) incremental paid calendar year ALAE per open indemnity claim (Exhibit 9). (The projected ALAE severity trend reflected in the January 1, 2021 Premium Rate Filing was 1.5%.) Given the impact of the pandemic on accident year 2020 ALAE costs, these trends were applied to accident year 2019 only, which is consistent with staff's recommended methodology for losses reflected in Item AC21-03-02. As shown in line (f) of Exhibit 10.4, the projected ratio of ALAE to loss based on this method for policies incepting between September 1, 2021 and August 31, 2022, prior to adjustment for reforms, is 16.5%.

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. As discussed at the March 16, 2021 meeting, updated lien filing information through the first quarter of 2021 (the pre-pandemic period) shows a reduction of 70%, resulting in a 11.2% overall decrease in ALAE. Liens are typically not filed and paid on claims until later in the claims process. 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, 2021 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 10.4, is based on the full impact of a 11.2% reduction in ALAE costs judgmentally tempered by 60% based on the estimated average percentage of 164-month ALAE costs paid as of December 31, 2020 for accident years 2017 and 2018.[10]

As shown in line (h) of Exhibit 10.4, 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 15.8%. (For comparison purposes, the projected ALAE excluding MCCP costs to loss ratio reflected in the January 1, 2021 Pure Premium Rate Filing was 16.1%.)

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 Exhibits 10.1 through 10.4. 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 – 2-Year Average Unadjusted Paid ALAE Development – Projection Based on 2019 – Exhibits 11.1 and 11.2

2. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Latest Year Paid ALAE Development Adjusted for Changes in Claim Settlement Rates – Projection Based on 2019 – Exhibits 12.1 and 12.2

3. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Prior Year Diagonal Paid ALAE Development Adjusted for Changes in Claim Settlement Rates – Projection Based on 2019 – Exhibits 13.1 and 13.2

4. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on the Average of the Latest Two Years (2019 and 2020) – Exhibit 14

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[10] This approach resulted in a 50% tempering in the January 1, 2021 Pure Premium Rate Filing based on March 31, 2020 ALAE experience.

The ALAE projections for policies incepting between September 1, 2021 and August 31, 2022 derived based on the methodology presented in Exhibits 10.1 to 10.4 and each of the alternative ALAE projection methodologies are shown in Table 2.[11]

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

ALAE Projection Method	Statewide with Private Insurer Average ALAE
April 15, 2021 Agenda Methodology	
Projected Ultimate ALAE per Indemnity Claim – Latest Year Adjusted Paid ALAE Development – Trend Applied to 2019	**15.8%**
Alternative Methodologies	
Projected Ultimate ALAE per Indemnity Claim – 2-Year Average Unadjusted Paid ALAE Development – Trend Applied to 2019	15.7%
Projected Ultimate ALAE per Indemnity Claim – Latest Year Adjusted Paid ALAE Development – Trend Applied to 2019	15.5%
Projected Ultimate ALAE per Indemnity Claim – Prior Year Diagonal Adjusted Paid ALAE Development – Trend Applied to 2019	16.0%
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to 2019 and 2020	15.6%

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. All information shown in Exhibits 15 through 21 exclude COVID-19 claims from accident year 2020.

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. As with ALAE excluding MCCP, projected MCCP development through 108 months shown in Exhibit 18.1 is based on the average of the latest two years' paid MCCP age-to-age factors, while projected MCCP development after 108 months is based on the selected paid medical 108-to-ultimate development factor.[12] Similar to the projection of ALAE excluding MCCP costs, Exhibit 18.2 shows the projected ratio of MCCP to loss based on applying separate frequency and severity trends to the accident year 2019 projected ultimate indemnity claim counts and ultimate MCCP per indemnity claim. A -1.0% 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) calendar year MCCP per indemnity claims inventory from 2009 through 2019 (Exhibit 17). (The projected MCCP severity trend reflected in the January 1, 2021 Premium Rate Filing was 0%.) The preliminary projected ratio of MCCP to loss based on this methodology is 3.9%. (For comparison purposes, the projected MCCP to loss ratio reflected in the January 1, 2021 Pure Premium Rate Filing was 4.2%.)

For informational purposes, the WCIRB has computed additional MCCP cost projections based on alternative methodologies with underlying assumptions that differ from those reflected in the MCCP

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[11] All projections shown in Table 2 also reflect the impact of SB 1160 and AB 1244 on ALAE costs.

[12] See Exhibit 2.6.1 of Item AC21-03-02.

projection methodology described above. 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 – Latest Year Average Paid MCCP Development – Projection Based on 2019 – Exhibit 19

2. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Prior Year Diagonal Paid MCCP Development – Projection Based on 2019 – Exhibit 20

3. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on the Average of the Latest Two Years (2019 and 2020) – Exhibit 21

The MCCP cost projections for policies incepting between September 1, 2021 and August 31, 2022 derived based on the methodology presented in Exhibits 18.1 and 18.2 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
April 15, 2021 Agenda Methodology Projected Ultimate MCCP per Indemnity Claim – Latest Year Paid MCCP Development – Trend Applied to 2019	**3.9%**
Alternative Methodologies Projected Ultimate MCCP per Indemnity Claim – Latest Year Paid MCCP Development – Trend Applied to 2019	3.8%
Projected Ultimate MCCP per Indemnity Claim – Prior Diagonal Paid MCCP Development – Trend Applied to 2019	4.0%
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to 2019 and 2020	3.8%

The total preliminary ratio of LAE to losses for policies incepting between September 1, 2021 and August 31, 2022 based on data evaluated as of December 31, 2020 and the projection methodologies described above is 33.4%. For comparison purposes, the projected total LAE to loss ratio reflected in the January 1, 2021 Pure Premium Rate Filing was 34.0%.

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.

Calendar Year ULAE Paid per Open Indemnity Claim - Private Insurers

Calendar Year	ULAE[1] Paid (in Millions)	Number of Open Indemnity Claims at Beginning of the Year[2]	Number of Indemnity Claims Reported During Year[3]	ULAE Paid per Open Indemnity Claim[4]	Annual Change
	(1)	(2)	(3)	(4)	(5)
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 [5]	644	294,011	131,749	2,192	---
2014 [5]	598	307,227	133,061	1,947	-11.2%
2015 [6]	774	311,158	140,302	2,486	---
2016 [6]	948	314,808	139,941	3,010	---
2017 [6]	1,045	311,196	145,909	3,359	11.6%
2018 [6]	1,072	304,634	146,120	3,520	4.8%
2019 [6]	947	293,377	149,363	3,229	-8.3%

Notes:

[1] 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.

[2],[3] Based on WCIRB accident year experience calls. Column (3) is for information only.

[4] Column (1) / Column (2) x 1,000,000.

[5] 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.

[6] 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 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	192-204
1992																0.999
1993															1.000	1.000
1994														1.000	1.000	1.000
1995													1.000	1.004	1.001	1.000
1996												1.001	1.001	1.000	1.000	1.000
1997											1.000	1.000	1.000	1.000	1.000	1.000
1998										1.000	1.000	1.000	1.001	1.000	1.000	1.000
1999									1.002	1.000	1.000	1.000	1.000	1.000	1.001	1.000
2000								0.998	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000
2001							0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002						1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003					1.008	0.998	0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2004				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			1.004	1.000	1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2006		1.013	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	1.000								
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	1.001										
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															

Age-to-Age Development Factors

	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	192-204
@12/31/18	1.220	1.029	1.006	1.004	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
@12/31/19	1.226	1.023	1.007	1.003	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Ultimate

	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	192-204
@12/31/18	1.275	1.046	1.016	1.011	1.007	1.005	1.004	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002
@12/31/19	1.277	1.041	1.018	1.011	1.008	1.006	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002

Estimated Percent of Ultimate Indemnity Claims Reported

	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	192-204
@12/31/18	78.4%	95.6%	98.4%	98.9%	99.3%	99.5%	99.6%	99.7%	99.7%	99.7%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
@12/31/19	78.3%	96.0%	98.3%	98.9%	99.2%	99.5%	99.6%	99.7%	99.7%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%

Accident Year	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			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990		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	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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000	1.000	1.000									
1999	1.000	1.000	1.000	1.000										
2000	1.000	1.000	1.000											
2001	1.000	1.000												
2002	1.000													

Age-to-Age Development Factors

	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
@12/31/18	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	
@12/31/19	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

Age-to-Ultimate

	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
@12/31/18	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000
@12/31/19	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

Estimated Percent of Ultimate Indemnity Claims Reported

	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
@12/31/18	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%
@12/31/19	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%	100.0%

Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Closing Rate - Statewide

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
						Evaluated as of (in months):										
1992																98.7%
1993															98.4%	98.5%
1994														97.8%	98.0%	98.2%
1995													96.9%	97.2%	97.5%	97.6%
1996												95.9%	96.3%	96.7%	96.9%	97.1%
1997											95.6%	96.0%	96.5%	96.8%	97.0%	97.2%
1998										95.0%	95.6%	96.3%	96.7%	97.0%	97.3%	97.6%
1999									93.9%	94.8%	95.7%	96.3%	96.7%	97.1%	97.5%	97.7%
2000								91.7%	93.1%	94.4%	95.3%	96.0%	96.4%	97.0%	97.3%	97.6%
2001							87.9%	90.4%	92.3%	93.6%	94.6%	95.4%	96.1%	96.6%	97.0%	97.4%
2002						84.6%	88.3%	90.9%	92.5%	93.8%	94.8%	95.9%	96.4%	96.9%	97.4%	97.7%
2003					79.4%	84.8%	88.4%	90.7%	92.5%	93.8%	95.2%	95.9%	96.4%	97.0%	97.5%	97.9%
2004				73.0%	80.7%	85.4%	88.3%	90.7%	92.5%	94.4%	95.4%	96.1%	96.8%	97.3%	97.8%	98.2%
2005			63.5%	74.7%	81.3%	85.5%	88.5%	90.9%	93.2%	94.5%	95.5%	96.4%	97.0%	97.6%	98.1%	
2006		50.3%	64.5%	74.7%	81.5%	85.7%	88.8%	91.3%	93.0%	94.3%	95.5%	96.4%	97.1%	97.7%		
2007	27.1%	49.8%	63.6%	73.6%	80.3%	84.7%	88.9%	91.4%	93.2%	94.8%	96.0%	96.8%	97.5%			
2008	27.6%	48.1%	61.8%	72.2%	79.3%	85.1%	88.9%	91.5%	93.7%	95.1%	96.2%	97.0%				
2009	26.7%	46.3%	60.1%	70.8%	79.2%	84.6%	88.6%	91.8%	93.8%	95.3%	96.4%					
2010	27.0%	46.9%	60.7%	72.5%	80.5%	85.8%	90.1%	92.8%	94.7%	96.1%						
2011	27.5%	47.2%	62.0%	73.4%	81.4%	86.9%	90.9%	93.6%	95.3%							
2012	27.7%	48.1%	63.3%	74.8%	82.8%	88.3%	92.1%	94.4%								
2013	26.9%	48.4%	64.4%	76.4%	84.7%	89.9%	93.2%									
2014	26.9%	49.5%	65.8%	78.1%	86.2%	90.8%										
2015	27.3%	50.5%	68.3%	80.6%	87.8%											
2016	28.2%	53.4%	71.0%	82.5%												
2017	30.4%	56.2%	73.1%													
2018	31.2%	56.3%														
2019	31.2%															

Reported Closing Rate

	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
@12/31/18	31.2%	56.2%	71.0%	80.6%	86.2%	89.9%	92.1%	93.6%	94.7%	95.3%	96.2%	96.8%	97.1%	97.6%	97.8%	97.9%
@12/31/19	31.2%	56.3%	73.1%	82.5%	87.8%	90.8%	93.2%	94.4%	95.3%	96.1%	96.4%	97.0%	97.5%	97.7%	98.1%	98.2%

Estimated Percent Closed [1]

	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
@12/31/18	24.4%	53.8%	69.8%	79.7%	85.6%	89.4%	91.7%	93.3%	94.5%	95.1%	96.0%	96.6%	96.9%	97.4%	97.6%	97.7%
@12/31/19	24.4%	54.1%	71.9%	81.6%	87.1%	90.3%	92.8%	94.1%	95.1%	95.8%	96.2%	96.8%	97.3%	97.5%	97.9%	98.0%

Accident Year	204	216	228	240	252	264	276	288	300	312	324	336	348	360	372
						Evaluated as of (in months):									
1989			99.2%	99.3%	99.3%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	99.6%	99.6%	99.6%	99.7%
1990		99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.1%	99.2%	99.2%	99.3%	99.4%	99.4%	99.5%	
1991	98.8%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%		
1992	98.7%	98.8%	98.9%	98.9%	99.0%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.2%			
1993	98.6%	98.6%	98.8%	98.8%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%	99.2%				
1994	98.3%	98.4%	98.5%	98.6%	98.6%	98.7%	98.8%	98.8%	98.9%	98.9%					
1995	97.8%	97.9%	98.0%	98.1%	98.2%	98.3%	98.4%	98.4%	98.5%						
1996	97.3%	97.4%	97.6%	97.7%	97.8%	97.8%	98.0%	98.1%							
1997	97.5%	97.6%	97.7%	97.9%	98.0%	98.1%	98.3%								
1998	97.7%	97.9%	98.0%	98.2%	98.3%	98.5%									
1999	97.9%	98.1%	98.4%	98.5%	98.7%										
2000	97.9%	98.1%	98.3%	98.6%											
2001	97.7%	98.0%	98.3%												
2002	98.1%	98.4%													
2003	98.3%														

Reported Closing Rate

	204	216	228	240	252	264	276	288	300	312	324	336	348	360	372
@12/31/18	98.1%	98.0%	98.3%	98.5%	98.3%	98.1%	98.0%	98.4%	98.9%	99.1%	99.2%	99.3%	99.4%	99.6%	
@12/31/19	98.3%	98.4%	98.3%	98.6%	98.7%	98.5%	98.3%	98.1%	98.5%	98.9%	99.2%	99.2%	99.3%	99.5%	99.7%

Estimated Percent Closed [1]

	204	216	228	240	252	264	276	288	300	312	324	336	348	360	372
@12/31/18	97.8%	97.8%	98.1%	98.4%	98.2%	98.0%	97.8%	98.3%	98.8%	99.0%	99.1%	99.2%	99.4%	99.6%	
@12/31/19	98.1%	98.2%	98.1%	98.4%	98.5%	98.3%	98.1%	97.9%	98.4%	98.9%	99.1%	99.2%	99.3%	99.5%	99.7%

Note: [1] Estimated precent closed is the product of (a) the Estimated Percent of Ultimate Indemnity Claims Reported (Exhibit 3.1) and (b) the Reported Closing Rate.

Source: WCIRB quarterly calls for experience.

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide

	Selected Indemnity Claim Reporting and Closure Patterns as of December 31 of						Incremental Closing Rate[4]		Cumulative Indemnity Claim Counts as of December 31, 2019			
	2018	2019	2018	2019	2018	2019					Estimated	Annual
Year	Percent Reported[1]		Percent Closed[2]		Opening Rate[3]		Rate[4]	AY	Reported	Open	Ultimate[5]	Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	
1	78.4%	78.3%	24.4%	24.4%	54.0%	53.9%	46.1%	1989	222,853	779	222,853	
2	95.6%	96.0%	53.8%	54.1%	41.9%	41.9%	22.3%	1990	249,159	1,326	249,184	
3	98.4%	98.3%	69.8%	71.9%	28.5%	26.4%	37.0%	1991	250,051	1,726	250,112	
4	98.9%	98.9%	79.7%	81.6%	19.2%	17.3%	39.3%	1992	198,558	1,498	198,622	
5	99.3%	99.2%	85.6%	87.1%	13.7%	12.1%	37.0%	1993	156,201	1,283	156,269	
6	99.5%	99.5%	89.4%	90.3%	10.1%	9.2%	33.0%	1994	143,801	1,538	143,889	
7	99.6%	99.6%	91.7%	92.8%	7.9%	6.8%	32.8%	1995	135,244	2,005	135,357	
8	99.7%	99.7%	93.3%	94.1%	6.4%	5.6%	29.8%	1996	133,160	2,590	133,308	
9	99.7%	99.7%	94.5%	95.1%	5.3%	4.7%	26.9%	1997	137,418	2,403	137,591	
10	99.7%	99.8%	95.1%	95.8%	4.7%	3.9%	25.1%	1998	147,525	2,266	147,745	
11	99.8%	99.8%	96.0%	96.2%	3.8%	3.5%	24.1%	1999	148,705	1,913	148,957	
12	99.8%	99.8%	96.6%	96.8%	3.2%	3.0%	21.1%	2000	161,993	2,310	162,285	
13	99.8%	99.8%	96.9%	97.3%	2.9%	2.5%	21.2%	2001	185,697	3,231	186,035	
14	99.8%	99.8%	97.4%	97.5%	2.4%	2.3%	18.9%	2002	194,704	3,194	195,062	
15	99.8%	99.8%	97.6%	97.9%	2.2%	1.9%	19.6%	2003	184,249	3,194	184,595	
16	99.8%	99.8%	97.7%	98.0%	2.1%	1.8%	17.9%	2004	158,995	2,886	159,284	
17	99.8%	99.8%	97.8%	98.1%	1.9%	1.7%	17.7%	2005	139,603	2,709	139,854	
18	99.8%	99.8%	97.8%	98.2%	2.0%	1.6%	15.3%	2006	133,337	3,119	133,557	
19	99.8%	99.8%	98.1%	98.1%	1.6%	1.7%	13.3%	2007	130,396	3,321	130,628	
20	99.8%	99.8%	98.4%	98.4%	1.5%	1.4%	13.7%	2008	123,140	3,683	123,385	
21	99.8%	99.8%	98.2%	98.5%	1.7%	1.3%	11.7%	2009	113,927	4,047	114,191	
22	99.8%	99.9%	98.0%	98.3%	1.9%	1.5%	7.8%	2010	118,837	4,686	119,124	
23	99.8%	99.9%	97.8%	98.1%	2.0%	1.7%	6.4%	2011	121,024	5,656	121,376	
24	99.9%	99.9%	98.3%	97.9%	1.6%	1.9%	4.1%	2012	128,128	7,147	128,560	
25	99.9%	99.9%	98.8%	98.4%	1.1%	1.5%	4.6%	2013	136,198	9,255	136,747	
26	99.9%	99.9%	99.0%	98.9%	0.9%	1.1%	3.9%	2014	141,073	13,007	141,852	
27	99.9%	100.0%	99.1%	99.1%	0.8%	0.8%	5.4%	2015	144,826	17,647	145,949	
28	99.9%	100.0%	99.2%	99.2%	0.7%	0.8%	4.7%	2016	147,842	25,875	149,416	
29	100.0%	100.0%	99.4%	99.3%	0.6%	0.7%	5.1%	2017	147,355	39,583	149,947	
30	100.0%	100.0%	99.6%	99.5%	0.4%	0.5%	3.8%	2018	146,965	64,156	153,032	
31		100.0%		99.7%	0.0%	0.3%	5.0%	2019	122,263	84,155	156,070	

		Projected[6]	
2020		148,422	-4.9%
2021		151,984	2.4%
2022		153,808	1.2%

Total 4,803,227   322,188

Notes:
[1] See Exhibit 3.1.
[2] See Exhibit 3.2.
[3] Column (1) - Column (3) for 12/31/2018 and Column (2) - Column (4) for 12/31/2019.
[4] 1.0 minus ratio of Column (6) claim opening rate for accident year YYYY at 12/31/2019 to Column (5) claim opening rate for accident year YYYY at 12/31/2018.
[5] Estimated based on number of reported indemnity claims as of December 31, 2019 (column (8)) and selected reporting pattern on Column (2).
[6] Estimated based on projected frequency trends for accident years 2020 to 2022. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 and 2022 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02).

Estimated Number of Open Indemnity Claims - Statewide
Based on Selected Reporting and Incremental Closing Rates

AY	Estimated Number of Reported Indemnity Claims[1]			Estimated Number of Open Indemnity Claims[2]		
	@12/31/20	@12/31/21	@12/31/22	@12/31/20	@12/31/21	@12/31/22
	(1)	(2)	(3)	(4)	(5)	(6)
1989	222,853	222,853	222,853	740	703	668
1990	249,184	249,184	249,184	1,260	1,196	1,137
1991	250,087	250,112	250,112	1,661	1,577	1,498
1992	198,574	198,603	198,622	1,422	1,368	1,300
1993	156,218	156,231	156,253	1,223	1,161	1,117
1994	143,827	143,843	143,854	1,455	1,387	1,317
1995	135,274	135,298	135,313	1,927	1,823	1,738
1996	133,196	133,226	133,250	2,472	2,376	2,248
1997	137,439	137,476	137,507	2,304	2,199	2,113
1998	147,559	147,582	147,622	2,121	2,033	1,941
1999	148,735	148,770	148,792	1,764	1,652	1,583
2000	162,010	162,043	162,081	2,040	1,881	1,761
2001	185,699	185,719	185,757	2,790	2,463	2,272
2002	194,708	194,711	194,732	2,769	2,391	2,111
2003	184,257	184,261	184,263	2,705	2,345	2,024
2004	158,986	158,992	158,995	2,376	2,012	1,744
2005	139,599	139,591	139,597	2,223	1,830	1,550
2006	133,318	133,315	133,307	2,509	2,059	1,695
2007	130,413	130,394	130,391	2,692	2,166	1,777
2008	123,166	123,181	123,164	2,902	2,353	1,893
2009	113,965	113,989	114,003	3,193	2,516	2,040
2010	118,848	118,888	118,913	3,556	2,806	2,211
2011	121,083	121,095	121,135	4,237	3,215	2,537
2012	128,187	128,250	128,262	5,227	3,916	2,972
2013	136,287	136,350	136,417	6,499	4,753	3,561
2014	141,283	141,375	141,441	8,739	6,136	4,488
2015	145,148	145,364	145,459	11,823	7,943	5,578
2016	148,266	148,596	148,816	16,292	10,915	7,333
2017	148,368	148,793	149,124	24,014	15,120	10,130
2018	150,387	151,420	151,855	40,438	24,532	15,447
2019	149,882	153,372	154,426	65,361	41,197	24,993
Projected						
2020	116,272	142,537	145,856	80,032	62,159	39,179
2021		119,063	145,958		81,952	63,651
2022			120,491			82,936
Total	4,953,078	5,104,475	5,257,804	310,765	304,138	300,542

Notes:
[1], [2] Estimated based on the projected number of indemnity claims as of 12/31/2019 (Column 10 of Exhibit 3.3) and selected reporting and incremental closing rate (Column (2) and Column (7) of Exhibit 3.3).

Projected Ratio of ULAE to Loss - Statewide
Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Using Incremental Claim Closing Rate and Trend Applied to 2018 and 2019
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid ($000) (3)
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	322,188	3,718	1,197,903
2021	310,765	3,766	1,170,452
2022	304,138	3,834	1,166,112
2023	300,542	3,942	1,184,587

(4) Projected ULAE Paid ($000):   1,271,554

(5) Calendar Year 2019 Earned Premium ($000):   16,099,958

(6) Projected Loss to Industry Average Filed Pure Premium Ratio: 0.592

(7) Premium Adjustment Factor for Calendar Year 2019:   0.986

(8) Projected Losses ($000): (5) x (6) x (7)   9,394,719

(9) Projected Ratio of ULAE to Losses: (4)/(8)   13.5%

Notes:
  (1) Calendar years 2010 to 2020 are based on WCIRB accident year experience calls. 2021 to 2023 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns (4) to (6) of Exhibit 3.4).
  (2) Calendar years 2010 to 2019 are from column (4) of Exhibit 2. Calendar years 2020 to 2023 are projected based on applying the California average annual wage level changes selected by the WCIRB (see Exhibit 5.1 of Agenda Item AC21-03-02), to the ULAE paid per open indemnity claim from averaging 2018 and 2019.
  (3) Column (1) x Column (2).
  (4) Weight average of calendar years 2021 with 5.6%, 2022 with 72.2% and 2023 with 22.2%, projected 3 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2021 to August 31, 2022 policies, based on applying the average annual change of 2.8% from 2022 to 2024 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
  (5) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2019.
  (6) See Exhibit 8 of Agenda Item AC21-03-02.
  (7) See Exhibit 5.2 of Agenda Item AC21-03-02.

Projected Ratio of ULAE to Loss - Statewide
Based on Private Insurers ULAE Paid to Paid Losses Ratio
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

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			
2021	0.139 [2]	50.2% [3]	7.0% [4]
2022	0.139 [2]	50.3% [3]	7.0% [4]
2023	0.139 [2]	50.4% [3]	7.0% [4]

(d) Projected ULAE Paid to CY2019 Earned Premium Ratio: 7.0%
     (5.6% of 2021, 72.2% of 2022 and 22.2% of 2023 in Column (c))

(e) Projected Loss to Industry Average Filed Pure Premium Ratio[5]:   0.592

(f) Premium Adjustment Factor for Calendar Year 2019[6]:   0.986

(g) Projected Ratio of ULAE to Losses: 12.0%
     (d) / [(e) x (f)]

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 AC21-03-02.
   [6] See Exhibit 5.2 of Agenda Item AC21-03-02

Projected Ratio of ULAE to Loss - Statewide
Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Using Incremental Claim Closing Rate and Trend Applied to 2019
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid ($000) (3)
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	322,188	3,478	1,120,577
2021	310,765	3,523	1,094,899
2022	304,138	3,587	1,090,839
2023	300,542	3,687	1,108,122

(4) Projected ULAE Paid ($000):	1,189,474
(5) Calendar Year 2019 Earned Premium ($000):	16,099,958
(6) Projected Loss to Industry Average Filed Pure Premium Ratio:	0.592
(7) Premium Adjustment Factor for Calendar Year 2019:	0.986
(8) Projected Losses ($000): (5) x (6) x (7)	9,394,719
(9) Projected Ratio of ULAE to Losses: (4)/(8)	12.7%

Notes:
  (1) Calendar years 2010 to 2020 are based on WCIRB accident year experience calls. 2021 to 2023 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns (4) to (6) of Exhibit 3.4).
  (2) Calendar years 2010 to 2019 are from column (4) of Exhibit 2. Calendar years 2020 to 2023 are projected based on applying the California average annual wage level changes selected by the WCIRB (see Exhibit 5.1 of Agenda Item AC21-03-02), to the 2019 ULAE paid per open indemnity claim.
  (3) Column (1) x Column (2).
  (4) Weight average of calendar years 2021 with 5.6%, 2022 with 72.2% and 2023 with 22.2%, projected 3 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2021 to August 31, 2022 policies, based on applying the average annual change of 2.8% from 2022 to 2024 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
  (5) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2019.
  (6) See Exhibit 8 of Agenda Item AC21-03-02.
  (7) See Exhibit 5.2 of Agenda Item AC21-03-02.

Projected Ratio of ULAE to Loss - Statewide
Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Using Estimated Ultimate Claim Closing Rate and Trend Applied to 2018 and 2019
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid ($000) (3)
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	322,188	3,718	1,197,903
2021	321,748	3,766	1,211,820
2022	323,170	3,834	1,239,082
2023	325,856	3,942	1,284,365

(4) Projected ULAE Paid ($000):   1,355,369

(5) Calendar Year 2019 Earned Premium ($000):   16,099,958

(6) Projected Loss to Industry Average Filed Pure Premium Ratio: 0.592

(7) Premium Adjustment Factor for Calendar Year 2019:   0.986

(8) Projected Losses ($000): (5) x (6) x (7)   9,394,719

(9) Projected Ratio of ULAE to Losses: (4)/(8)   14.4%

Notes:
  (1) Calendar years 2010 to 2020 are based on WCIRB accident year experience calls. 2021 to 2023 open claim counts are based on the information shown in Exhibit 3.1 to 3.4 and the approach reflected in the January 1, 2021 Pure Premium Rate Filing.
  (2) Calendar years 2010 to 2019 are from column (d) of Exhibit 2. Calendar years 2020 to 2023 are projected based on applying the California average annual wage level changes selected by the WCIRB (see Exhibit 5.1 of Agenda Item AC21-03-02), to the ULAE paid per open indemnity claim from averaging 2018 and 2019.
  (3) Column (1) x column (2).
  (4) Weight average of calendar years 2021 with 5.6%, 2022 with 72.2% and 2023 with 22.2%, projected 3 years to the approximate average midpoint of ultimate ULAE payments on January 1, 2021 to August 31, 2021 policies, based on applying the average annual change of 2.8% for 2022 and 2023 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
  (5) Based on the reported earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2019.
  (6) See Exhibit 8 of Agenda Item AC21-03-02.
  (7) See Exhibit 5.2 of Agenda Item AC21-03-02.

Average Paid ALAE per Reported Indemnity Claim - Private Insurers

As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2000								4,521	4,709	4,900
2001							5,480	5,704	5,977	6,144
2002						5,673	5,944	6,260	6,454	6,614
2003					5,475	5,917	6,315	6,597	6,809	7,015
2004				4,369	5,062	5,577	5,955	6,223	6,437	6,644
2005			3,023	3,987	4,698	5,219	5,591	5,899	6,162	6,330
2006		1,853	3,126	4,127	4,876	5,436	5,865	6,184	6,410	6,622
2007	575	1,978	3,323	4,419	5,230	5,864	6,378	6,697	6,978	7,190
2008	619	2,118	3,620	4,859	5,789	6,501	6,986	7,387	7,671	7,884
2009	675	2,406	4,083	5,460	6,484	7,203	7,783	8,196	8,490	8,713
2010	745	2,541	4,279	5,593	6,547	7,290	7,870	8,243	8,514	8,702
2011	753	2,563	4,188	5,522	6,537	7,325	7,837	8,205	8,441	8,598
2012	758	2,555	4,332	5,728	6,766	7,451	7,905	8,225	8,419	
2013	777	2,790	4,582	5,936	6,851	7,426	7,825	8,067		
2014	879	2,992	4,769	6,056	6,865	7,393	7,740			
2015	951	3,067	4,846	6,028	6,768	7,222				
2016	933	3,157	4,897	6,017	6,694					
2017	1,016	3,279	4,939	5,963						
2018	1,110	3,380	5,050							
2019	1,118	3,312								
2020	1,072									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2001								26.2%	26.9%	25.4%
2002							8.5%	9.7%	8.0%	7.6%
2003						4.3%	6.2%	5.4%	5.5%	6.1%
2004					-7.5%	-5.7%	-5.7%	-5.7%	-5.5%	-5.3%
2005				-8.7%	-7.2%	-6.4%	-6.1%	-5.2%	-4.3%	-4.7%
2006			3.4%	3.5%	3.8%	4.2%	4.9%	4.8%	4.0%	4.6%
2007		6.8%	6.3%	7.1%	7.3%	7.9%	8.7%	8.3%	8.8%	8.6%
2008	7.8%	7.1%	8.9%	9.9%	10.7%	10.9%	9.5%	10.3%	9.9%	9.7%
2009	8.9%	13.6%	12.8%	12.4%	12.0%	10.8%	11.4%	11.0%	10.7%	10.5%
2010	10.4%	5.6%	4.8%	2.4%	1.0%	1.2%	1.1%	0.6%	0.3%	-0.1%
2011	1.1%	0.9%	-2.1%	-1.3%	-0.1%	0.5%	-0.4%	-0.5%	-0.8%	-1.2%
2012	0.7%	-0.3%	3.4%	3.7%	3.5%	1.7%	0.9%	0.2%	-0.3%	
2013	2.5%	9.2%	5.8%	3.6%	1.3%	-0.3%	-1.0%	-1.9%		
2014	13.2%	7.2%	4.1%	2.0%	0.2%	-0.5%	-1.1%			
2015	8.1%	2.5%	1.6%	-0.4%	-1.4%	-2.3%				
2016	-1.8%	2.9%	1.0%	-0.2%	-1.1%					
2017	8.9%	3.9%	0.9%	-0.9%						
2018	9.2%	3.1%	2.3%							
2019	0.7%	-2.0%								
2020	-4.1%									

Note: All paid ALAE exclude the paid cost of medical cost containment programs. Accident Year 2020 excludes COVID-19 claims.

Source: WCIRB accident year experience calls.

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2000								0.108	0.108	0.109
2001							0.120	0.121	0.122	0.123
2002						0.134	0.136	0.137	0.138	0.139
2003					0.140	0.144	0.146	0.147	0.148	0.149
2004				0.149	0.154	0.157	0.159	0.160	0.160	0.160
2005			0.130	0.142	0.148	0.152	0.154	0.155	0.155	0.155
2006		0.106	0.125	0.136	0.142	0.146	0.148	0.149	0.150	0.150
2007	0.070	0.106	0.123	0.134	0.140	0.145	0.147	0.147	0.148	0.149
2008	0.066	0.104	0.123	0.134	0.140	0.144	0.145	0.147	0.148	0.149
2009	0.072	0.117	0.135	0.145	0.150	0.152	0.155	0.156	0.157	0.158
2010	0.080	0.125	0.142	0.148	0.151	0.155	0.158	0.159	0.160	0.160
2011	0.087	0.131	0.144	0.151	0.158	0.164	0.166	0.168	0.168	0.166
2012	0.086	0.131	0.149	0.161	0.170	0.173	0.174	0.175	0.173	
2013	0.091	0.143	0.162	0.173	0.178	0.181	0.182	0.183		
2014	0.101	0.155	0.170	0.176	0.179	0.181	0.183			
2015	0.110	0.158	0.170	0.174	0.177	0.179				
2016	0.106	0.160	0.172	0.177	0.181					
2017	0.111	0.163	0.172	0.177						
2018	0.115	0.162	0.173							
2019	0.116	0.161								
2020	0.109									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2001								11.2%	12.7%	12.2%
2002							13.1%	13.8%	13.4%	13.1%
2003						6.8%	7.2%	7.3%	6.9%	7.3%
2004					10.0%	9.5%	9.3%	8.7%	8.1%	7.7%
2005				-5.0%	-4.0%	-3.2%	-3.4%	-3.2%	-2.8%	-3.2%
2006			-3.9%	-4.1%	-4.3%	-4.3%	-4.0%	-3.6%	-3.7%	-3.1%
2007		-0.3%	-1.5%	-1.6%	-1.0%	-0.7%	-0.5%	-1.2%	-0.9%	-1.1%
2008	-4.8%	-1.2%	0.1%	0.3%	-0.1%	-0.4%	-1.3%	-0.4%	-0.1%	0.2%
2009	7.8%	12.1%	9.5%	8.2%	7.1%	5.7%	6.8%	6.4%	6.2%	6.1%
2010	12.1%	6.4%	5.0%	2.0%	0.9%	1.9%	1.7%	1.8%	1.7%	1.4%
2011	8.0%	4.8%	1.5%	2.0%	4.4%	5.6%	5.6%	5.4%	5.0%	3.6%
2012	-0.5%	0.5%	3.3%	6.8%	7.3%	5.4%	4.8%	4.6%	2.8%	
2013	5.1%	9.2%	9.0%	7.1%	4.8%	4.7%	4.6%	4.7%		
2014	11.8%	8.3%	4.6%	1.9%	0.7%	0.3%	0.3%			
2015	8.2%	1.8%	0.1%	-1.2%	-1.2%	-1.0%				
2016	-3.3%	1.2%	1.6%	1.8%	2.0%					
2017	4.8%	1.9%	-0.2%	-0.1%						
2018	3.7%	-0.4%	0.6%							
2019	0.4%	-0.9%								
2020	-6.1%									

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. Accident year 2020 excludes COVID-19 claims.

Source: WCIRB accident year experience calls.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers
Based on 2-Year Average Paid ALAE Development Adjusted for Changes in Claim Settlement Rates

Acc. Year	Paid ALAE[1] @12/31/20 (in $000) (1)	Cumulative Development Factors[2] (2)	Estimated Ultimate ALAE (in $000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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)
1993	238,357	1.044	248,802	113,472	1.001	113,541	2,191	---
1994	221,138	1.047	231,455	105,362	1.001	105,458	2,195	0.2%
1995	244,627	1.050	256,871	101,387	1.001	101,496	2,531	15.3%
1996	291,323	1.054	307,010	103,174	1.001	103,328	2,971	17.4%
1997	368,504	1.059	390,135	104,838	1.002	105,020	3,715	25.0%
1998	507,672	1.064	539,920	112,472	1.002	112,704	4,791	29.0%
1999	557,771	1.069	595,994	116,386	1.002	116,661	5,109	6.6%
2000	662,488	1.073	711,116	118,438	1.003	118,736	5,989	17.2%
2001	788,060	1.078	849,910	113,973	1.003	114,305	7,435	24.2%
2002	826,034	1.084	895,730	112,963	1.003	113,338	7,903	6.3%
2003	836,040	1.091	912,017	108,397	1.004	108,787	8,383	6.1%
2004	717,853	1.098	788,037	99,470	1.004	99,855	7,892	-5.9%
2005	668,197	1.105	738,230	96,016	1.004	96,413	7,657	-3.0%
2006	725,008	1.114	807,785	101,139	1.004	101,585	7,952	3.8%
2007	813,746	1.124	914,976	106,139	1.004	106,615	8,582	7.9%
2008	875,118	1.136	994,128	105,694	1.005	106,185	9,362	9.1%
2009	910,872	1.150	1,047,771	101,063	1.005	101,576	10,315	10.2%
2010	967,198	1.168	1,129,791	109,080	1.005	109,628	10,306	-0.1%
2011	970,597	1.189	1,154,160	112,888	1.005	113,454	10,173	-1.3%
2012	1,022,934	1.214	1,241,804	121,214	1.005	121,845	10,192	0.2%
2013	1,030,621	1.248	1,285,954	127,757	1.005	128,459	10,011	-1.8%
2014	1,011,409	1.294	1,308,440	130,670	1.006	131,516	9,949	-0.6%
2015	976,982	1.361	1,329,330	135,272	1.008	136,306	9,753	-2.0%
2016	938,392	1.458	1,367,878	140,179	1.011	141,740	9,651	-1.0%
2017	840,828	1.630	1,370,780	140,992	1.015	143,163	9,575	-0.8%
2018	723,591	2.001	1,447,800	143,279	1.024	146,731	9,867	3.1%
2019	470,447	3.111	1,463,668	142,063	1.051	149,309	9,803	-0.6%
2020 [4]	106,702	11.544	1,231,766	99,491	1.297	129,009	9,548	-2.6%

		R^2
Estimated Annual Exponential Trend Based on:		
2008 to 2019	-0.3%	0.207
2015 to 2019	0.3%	0.182
Average:	0.0%	

Notes:
[1] All paid ALAE exclude the paid cost of medical cost containment programs.
[2] Based on the 2-year average paid ALAE age-to-age development from Exhibit 10.1 adjusted for change in claim settlement ratios.
[3] Based on analogous Exhibit 10.3, applicable to private insurers only.
[4] AY2020 excluded COVID-19 claims.

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

Acc. Year	Payment Year Ending December 31													
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1989	1,055	923	1,167	1,027	1,221	1,236	1,525	1,530	1,368	1,669	1,784	1,517	1,653	3,318
1990	1,198	1,086	1,406	1,138	1,341	1,386	1,584	1,777	1,496	1,551	1,906	1,680	1,745	1,956
1991	1,120	1,203	1,481	1,384	1,577	1,308	1,678	1,541	1,714	1,431	2,136	2,035	1,935	2,021
1992	1,485	1,507	1,647	1,477	1,718	1,434	1,579	1,633	1,501	1,925	1,596	1,738	1,964	2,035
1993	1,630	1,677	1,945	1,450	1,732	1,788	1,932	1,934	1,802	2,095	2,240	2,053	2,219	2,175
1994	1,784	1,748	1,864	1,389	1,514	1,774	1,830	1,812	1,804	1,775	1,862	1,587	1,795	1,549
1995	1,649	1,771	1,866	1,682	2,022	1,602	1,996	2,144	1,998	2,179	2,434	1,956	2,104	2,105
1996	2,006	2,003	2,040	1,938	1,755	1,868	2,035	2,244	2,008	2,174	2,144	1,921	2,176	2,222
1997	2,503	2,463	2,343	2,268	2,196	2,281	2,489	2,350	1,951	2,303	2,173	2,355	2,357	2,299
1998	2,604	2,405	2,426	2,374	2,398	2,338	2,401	2,362	2,306	2,324	2,453	2,509	2,516	2,013
1999	2,752	2,526	2,468	2,806	2,659	2,600	2,662	2,452	2,130	2,322	2,433	2,199	2,139	2,112
2000	2,861	2,658	2,699	2,806	2,773	2,781	2,841	2,670	2,530	2,798	2,669	2,449	2,387	2,136
2001	2,618	2,918	2,644	2,756	2,707	2,730	2,841	3,113	3,290	3,044	2,801	2,592	2,582	2,636
2002	2,746	3,081	2,881	2,976	2,949	3,029	2,959	3,285	3,428	3,193	3,171	3,024	2,961	3,027
2003	2,818	3,077	3,014	3,007	3,226	3,208	3,518	3,604	3,687	3,582	3,229	2,942	2,861	2,895
2004	2,562	2,919	3,062	3,170	3,256	3,156	3,084	3,462	3,556	3,487	3,113	2,948	2,962	2,874
2005	1,692	2,493	2,877	3,084	3,227	3,286	3,267	3,580	3,568	3,562	3,669	3,387	3,493	3,229
2006	529	1,815	2,675	2,969	3,220	3,478	3,468	3,489	3,511	3,566	3,193	3,184	3,060	2,787
2007		572	1,987	2,752	3,155	3,398	3,572	3,756	3,671	3,745	3,518	3,478	3,529	3,274
2008			620	2,095	2,976	3,480	3,559	3,716	3,840	3,952	3,698	3,708	3,637	3,795
2009				674	2,380	3,307	3,620	3,797	3,964	4,048	3,871	3,843	3,875	3,658
2010					746	2,542	3,411	3,684	3,888	4,137	4,351	4,029	4,051	3,838
2011						766	2,569	3,342	3,825	4,120	4,428	4,150	4,289	3,885
2012							773	2,593	3,610	4,036	4,260	4,181	4,109	4,196
2013								791	2,844	3,691	3,931	4,092	4,005	4,127
2014									909	3,031	3,631	3,964	3,967	4,133
2015										923	2,969	3,754	3,928	4,063
2016											933	3,137	3,880	4,036
2017												1,016	3,273	3,911
2018													1,110	3,334
2019														1,118
2020														
ALAE per Claim	1,915	1,979	2,047	2,160	2,318	2,480	2,563	2,639	2,797	2,906	2,918	2,946	2,992	2,997
Annual Change	3.4%	3.4%	3.4%	5.5%	7.3%	7.0%	3.4%	3.0%	6.0%	3.9%	0.4%	1.0%	1.5%	0.2%

Estimated Annual Exponential Trend Based on Payment Year: R^2

2008-2019	3.6%	0.945
2015-2019	0.9%	0.947
Average:	2.2%	

[1] All paid ALAE exclude the paid cost of medical cost containment programs. AY2020 excluded COVID-19 claims.
[2] Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N-1 and newly-reported indemnity claims between January 1 of year N-1 and December 31 of year N.

Source: WCIRB quarterly calls for experience.

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

Accident Year	Age-to-Age Development (in months):															
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
1994	3.130	1.649	1.285	1.126	1.087	1.055	1.046	1.027	1.020	1.016	1.015	1.017	1.014	1.012	1.008	1.007
1995	3.401	1.698	1.258	1.180	1.081	1.058	1.038	1.031	1.025	1.021	1.020	1.017	1.016	1.011	1.012	1.008
1996	3.147	1.569	1.330	1.132	1.081	1.061	1.049	1.036	1.033	1.028	1.022	1.018	1.014	1.010	1.009	1.010
1997	2.994	1.675	1.231	1.132	1.092	1.067	1.052	1.042	1.035	1.027	1.021	1.017	1.013	1.012	1.012	1.010
1998	3.591	1.608	1.248	1.163	1.105	1.076	1.071	1.045	1.032	1.024	1.021	1.017	1.014	1.014	1.012	1.012
1999	3.351	1.720	1.319	1.158	1.116	1.086	1.064	1.042	1.034	1.029	1.021	1.018	1.016	1.013	1.013	1.010
2000	4.051	1.752	1.315	1.183	1.121	1.090	1.053	1.042	1.033	1.025	1.021	1.019	1.015	1.014	1.012	1.011
2001	3.939	1.768	1.357	1.182	1.118	1.078	1.054	1.039	1.028	1.024	1.020	1.017	1.017	1.014	1.011	1.009
2002	3.927	1.784	1.315	1.171	1.101	1.074	1.046	1.032	1.026	1.021	1.018	1.017	1.013	1.012	1.009	1.008
2003	4.109	1.707	1.324	1.159	1.107	1.062	1.045	1.034	1.029	1.023	1.020	1.017	1.013	1.010	1.008	1.007
2004	4.040	1.713	1.319	1.169	1.101	1.069	1.048	1.036	1.030	1.025	1.020	1.015	1.012	1.010	1.008	1.006
2005	3.840	1.698	1.336	1.181	1.113	1.079	1.056	1.044	1.035	1.027	1.022	1.016	1.014	1.010	1.009	
2006	3.750	1.736	1.330	1.186	1.120	1.081	1.060	1.046	1.035	1.025	1.019	1.014	1.011	1.008		
2007	4.027	1.716	1.340	1.194	1.126	1.088	1.060	1.044	1.032	1.023	1.018	1.013	1.010			
2008	4.015	1.758	1.367	1.199	1.126	1.085	1.060	1.040	1.029	1.021	1.017	1.012				
2009	4.322	1.775	1.354	1.199	1.126	1.083	1.054	1.037	1.027	1.019	1.014					
2010	4.300	1.737	1.342	1.190	1.120	1.076	1.049	1.034	1.023	1.017						
2011	4.225	1.729	1.351	1.196	1.109	1.072	1.048	1.030	1.019							
2012	4.338	1.773	1.344	1.174	1.105	1.063	1.042	1.026								
2013	4.542	1.706	1.297	1.161	1.087	1.056	1.032									
2014	4.322	1.635	1.285	1.140	1.081	1.048										
2015	4.041	1.630	1.255	1.128	1.071											
2016	4.254	1.603	1.240	1.117												
2017	3.979	1.546	1.218													
2018	3.767	1.533														
2019	3.654															

December 31, 2019

	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	192-204
Age-to-Age	3.767	1.546	1.240	1.128	1.081	1.056	1.042	1.030	1.023	1.019	1.017	1.013	1.011	1.010	1.008	1.007
Cumulative	12.231	3.247	2.100	1.693	1.502	1.389	1.316	1.264	1.227	1.200	1.178	1.158	1.143	1.131	1.119	1.110
Adjusted[1]	11.881	3.154	2.040	1.667	1.489	---	---	---	---	---	---	---	---	---	---	---

December 31, 2020

	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	192-204
Age-to-Age	3.654	1.533	1.218	1.117	1.071	1.048	1.032	1.026	1.019	1.017	1.014	1.012	1.010	1.008	1.009	1.006
Cumulative	10.874	2.976	1.941	1.594	1.427	1.332	1.271	1.232	1.201	1.178	1.159	1.143	1.129	1.118	1.109	1.099
Adjusted[1]	11.213	3.069	1.963	1.594	1.427	---	---	---	---	---	---	---	---	---	---	---

2-Year Arithmetic Average

	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	192-204
Age-to-Age	3.710	1.540	1.229	1.122	1.076	1.052	1.037	1.028	1.021	1.018	1.015	1.013	1.010	1.009	1.008	1.006
Cumulative	11.535	3.109	2.019	1.643	1.464	1.361	1.294	1.248	1.214	1.189	1.168	1.150	1.136	1.124	1.114	1.105
Adjusted[1]	11.544	3.111	2.001	1.630	1.458	---	---	---	---	---	---	---	---	---	---	---

Accident Year	Age-to-Age Development (in months):															
	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	372-384	384-396
1988	1.004	1.005	1.005	1.012	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.002
1989	1.005	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.005	1.002	
1990	1.005	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.002		
1991	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.003	1.002	1.002	1.002			
1992	1.002	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.002	1.002				
1993	1.007	1.006	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.003	1.003					
1994	1.008	1.007	1.006	1.006	1.005	1.005	1.004	1.004	1.003	1.003						
1995	1.009	1.009	1.008	1.008	1.008	1.006	1.006	1.005	1.004							
1996	1.009	1.008	1.007	1.007	1.006	1.005	1.005	1.004								
1997	1.008	1.008	1.007	1.007	1.006	1.005	1.004									
1998	1.010	1.010	1.008	1.007	1.005	1.004										
1999	1.010	1.008	1.007	1.005	1.004											
2000	1.009	1.007	1.006	1.004												
2001	1.008	1.007	1.005													
2002	1.007	1.005														
2003	1.006															

December 31, 2019

	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	372-384	384-396
Age-to-Age	1.007	1.007	1.006	1.005	1.005	1.005	1.005	1.005	1.003	1.003	1.002	1.002	1.002	1.005	1.003	
Cumulative[2]	1.103	1.096	1.088	1.082	1.076	1.070	1.065	1.059	1.054	1.050	1.047	1.044	1.042	*1.040*	*1.037*	

December 31, 2020

	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	372-384	384-396
Age-to-Age	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002
Cumulative[2]	1.093	1.086	1.081	1.075	1.071	1.067	1.063	1.058	1.054	1.050	1.047	1.044	1.041	*1.040*	*1.037*	

2-Year Arithmetic Average

	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	372-384	384-396
Age-to-Age	1.006	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003
Cumulative[2]	1.098	1.091	1.084	1.078	1.073	1.069	1.064	1.059	1.054	1.050	1.047	1.044	1.042	*1.040*	*1.037*	

Note:

[1] The paid ALAE factors are adjusted by for significant changes in claim settlement rates for age-to-age development through 84 months. See Item AC19-08-04 of the August 4, 2020 WCIRB Actuarial Committee Agenda.

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

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

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	2020
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	7.437
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	2.859
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	2.238
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	1.661	
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	1.432	
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	1.261	
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	1.218	
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	1.150		
27	- 30	1.165	1.167	1.172	1.170	1.158	1.163	1.160	1.156	1.151	1.142	1.132	1.129	1.123		
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	1.101		
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	1.078		
36	- 39	1.093	1.090	1.097	1.094	1.091	1.095	1.093	1.085	1.085	1.073	1.068	1.061			
39	- 42	1.083	1.086	1.096	1.082	1.083	1.081	1.081	1.077	1.072	1.062	1.062	1.055			
42	- 45	1.063	1.069	1.069	1.074	1.069	1.068	1.070	1.061	1.057	1.054	1.049	1.047			
45	48	1.057	1.059	1.063	1.064	1.062	1.059	1.057	1.055	1.051	1.046	1.043	1.039			
48	- 51	1.050	1.050	1.052	1.053	1.053	1.051	1.050	1.047	1.041	1.036	1.034				
51	- 54	1.049	1.050	1.049	1.050	1.048	1.048	1.046	1.042	1.035	1.034	1.031				
54	- 57	1.038	1.043	1.045	1.043	1.040	1.043	1.038	1.035	1.031	1.027	1.025				
57	60	1.037	1.038	1.039	1.039	1.037	1.036	1.035	1.031	1.028	1.026	1.023				
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	1.019					
66	- 69	1.027	1.029	1.028	1.029	1.028	1.024	1.024	1.021	1.018	1.016					
69	72	1.025	1.028	1.026	1.026	1.024	1.023	1.021	1.018	1.018	1.014					
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	1.013						
78	- 81	1.019	1.020	1.020	1.020	1.017	1.017	1.015	1.013	1.011						
81	84	1.018	1.019	1.018	1.017	1.016	1.014	1.014	1.012	1.009						
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	1.008							
90	- 93	1.014	1.014	1.014	1.012	1.012	1.012	1.011	1.007							
93	96	1.013	1.013	1.013	1.012	1.010	1.011	1.009	1.007							
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	1.007								
102	- 105	1.012	1.011	1.009	1.009	1.008	1.007	1.006								
105	108	1.010	1.010	1.008	1.008	1.007	1.007	1.006								
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	1.005									
114	- 117	1.008	1.007	1.007	1.007	1.006	1.004									
117	120	1.008	1.007	1.006	1.006	1.006	1.004									
120	- 123	1.007	1.006	1.006	1.006	1.005										

[1] All paid allocated loss adjustment expense exclude the paid cost of medical cost containment programs. COVID-19 claims are included for accident year 2020.

Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Count Development - Statewide

Accident 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	192-204
1992																0.999
1993															1.000	1.000
1994														1.000	1.000	1.000
1995													1.000	1.004	1.001	1.000
1996												1.001	1.001	1.000	1.000	1.000
1997											1.000	1.000	1.000	1.000	1.000	1.000
1998										1.000	1.000	1.000	1.001	1.000	1.000	1.000
1999									1.002	1.000	1.000	1.000	1.000	1.000	1.001	1.000
2000								0.998	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000
2001							0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002						1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003					1.008	0.998	0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2004				1.000	0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005			1.004	1.000	1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2006		1.013	1.005	1.002	1.001	1.000	1.005	1.001	1.000	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	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	1.000				
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001	1.000	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	1.000						
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000							
2012	1.241	1.035	1.013	1.005	1.003	1.001	1.001	1.000								
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001									
2014	1.239	1.027	1.010	1.004	1.002	1.000										
2015	1.236	1.027	1.006	1.003	1.002											
2016	1.244	1.029	1.007	1.003												
2017	1.220	1.023	1.007													
2018	1.226	1.023														
2019	1.222															

I. Age-to-Age (Latest 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	192-204
	1.222	1.023	1.007	1.003	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

II. Age-to-Ultimate

	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	192-204
	1.271	1.040	1.016	1.009	1.006	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.003	1.003

Accident Year	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	372-384
1989			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
1990		0.999	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1991	0.999	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	1.000	1.000	1.000												
2002	1.000	1.000													
2003	1.000														
2004															

I. Age-to-Age (Latest Year)

	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	372-384
	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

	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	372-384
	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000

Source: WCIRB quarterly calls for experience.

Projected Ratio of ALAE[1] to Losses - Statewide
Based on Private Insurers ALAE Severity using 2-Year Average Paid ALAE Development
Adjusted for Changes in Claim Settlement Rates
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Acc. Year	Indemnity Claim Counts @12/31/20	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)
1993	156,077	1.000	156,149	2,191	342,168
1994	143,672	1.001	143,767	2,195	315,534
1995	135,234	1.001	135,337	2,531	342,519
1996	133,143	1.001	133,287	2,971	396,024
1997	137,403	1.001	137,584	3,715	511,103
1998	147,490	1.002	147,727	4,791	707,700
1999	148,670	1.002	148,941	5,109	760,903
2000	161,969	1.002	162,292	5,989	971,976
2001	185,648	1.002	186,061	7,435	1,383,455
2002	194,645	1.002	195,104	7,903	1,541,945
2003	184,191	1.002	184,640	8,383	1,547,930
2004	158,941	1.002	159,335	7,892	1,257,442
2005	138,214	1.003	138,566	7,657	1,060,998
2006	130,074	1.003	130,408	7,952	1,036,976
2007	128,979	1.002	129,290	8,582	1,109,579
2008	123,050	1.002	123,338	9,362	1,154,725
2009	113,853	1.002	114,128	10,315	1,177,254
2010	118,746	1.002	119,022	10,306	1,226,600
2011	120,538	1.002	120,805	10,173	1,228,937
2012	127,549	1.002	127,850	10,192	1,303,002
2013	135,575	1.002	135,903	10,011	1,360,474
2014	140,767	1.003	141,215	9,949	1,404,929
2015	145,181	1.003	145,684	9,753	1,420,788
2016	148,278	1.006	149,161	9,651	1,439,491
2017	148,427	1.009	149,751	9,575	1,433,862
2018	150,393	1.016	152,841	9,867	1,508,096
2019	149,395	1.040	155,381	9,803	1,523,197
2020[4]	106,972	1.271	135,970	9,548	1,298,234

Projected Based on 2019:

	Ult. Ind. Counts[5]	Ult. ALAE per Ind. Counts[6]	Ultimate ALAE[7]
2021	151,314	10,000	1,513,141
2022	153,130	10,100	1,546,612
9/1/2022	153,206	10,117	1,549,952

(a) Projected ALAE Incurred ($000):	1,549,952
(b) Calendar Year 2019 Earned Premium[8] ($000):	16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[9]:	0.592
(d) Premium Adjustment Factor for Calendar Year 2019[10]:	0.986
(e) Projected Losses ($000): (b) x (c) x (d)	9,394,719
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.5%
(g) Impact of SB 1160 and AB 1244[11]	-4.5%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	15.8%

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 10.3.

[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 8.

[4] AY2020 data excluded COVID-19 claims.

[5] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.

[6] Severity is projected by applying an annual growth rate of 1.0%, 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 8 and (ii) paid ALAE per open indemnity claim from Exhibit 9, to the 2019 ultimate ALAE severity.

[7] Column(3) x Column(4) / 1,000.

[8] 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 December 31, 2020.

[9] See Exhibit 8 of Agenda Item AC21-03-02.

[10] See Exhibit 5.2 of Agenda Item AC21-03-02.

[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 60% to reflect the impact of the reforms in the emerging ALAE data.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers
Based on 2-Year Average Unadjusted Paid ALAE Development

Acc. Year	Paid ALAE[1] @12/31/20 (in $000)	Cumulative Development Factors[2]	Estimated Ultimate ALAE (in $000)	Indemnity Claim Counts @12/31/20	Cumulative Count Development Factors[3]	Estimated Ultimate Ind. Counts	Estimated Ultimate ALAE per Indemnity Claim	Annual Change
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000	(8)
1993	238,357	1.044	248,802	113,472	1.001	113,541	2,191	---
1994	221,138	1.047	231,455	105,362	1.001	105,458	2,195	0.2%
1995	244,627	1.050	256,871	101,387	1.001	101,496	2,531	15.3%
1996	291,323	1.054	307,010	103,174	1.001	103,328	2,971	17.4%
1997	368,504	1.059	390,135	104,838	1.002	105,020	3,715	25.0%
1998	507,672	1.064	539,920	112,472	1.002	112,704	4,791	29.0%
1999	557,771	1.069	595,994	116,386	1.002	116,661	5,109	6.6%
2000	662,488	1.073	711,116	118,438	1.003	118,736	5,989	17.2%
2001	788,060	1.078	849,910	113,973	1.003	114,305	7,435	24.2%
2002	826,034	1.084	895,730	112,963	1.003	113,338	7,903	6.3%
2003	836,040	1.091	912,017	108,397	1.004	108,787	8,383	6.1%
2004	717,853	1.098	788,037	99,470	1.004	99,855	7,892	-5.9%
2005	668,197	1.105	738,230	96,016	1.004	96,413	7,657	-3.0%
2006	725,008	1.114	807,785	101,139	1.004	101,585	7,952	3.8%
2007	813,746	1.124	914,976	106,139	1.004	106,615	8,582	7.9%
2008	875,118	1.136	994,128	105,694	1.005	106,185	9,362	9.1%
2009	910,872	1.150	1,047,771	101,063	1.005	101,576	10,315	10.2%
2010	967,198	1.168	1,129,791	109,080	1.005	109,628	10,306	-0.1%
2011	970,597	1.189	1,154,160	112,888	1.005	113,454	10,173	-1.3%
2012	1,022,934	1.214	1,241,804	121,214	1.005	121,845	10,192	0.2%
2013	1,030,621	1.248	1,285,954	127,757	1.005	128,459	10,011	-1.8%
2014	1,011,409	1.294	1,308,440	130,670	1.006	131,516	9,949	-0.6%
2015	976,982	1.361	1,329,330	135,272	1.008	136,306	9,753	-2.0%
2016	938,392	1.464	1,373,664	140,179	1.011	141,740	9,691	-0.6%
2017	840,828	1.643	1,381,508	140,992	1.015	143,163	9,650	-0.4%
2018	723,591	2.019	1,461,065	143,279	1.024	146,731	9,957	3.2%
2019	470,447	3.109	1,462,527	142,063	1.051	149,309	9,795	-1.6%
2020 [4]	106,702	11.535	1,230,806	99,491	1.297	129,009	9,540	-2.6%

Estimated Annual Exponential Trend Based on:		R^2
2008 to 2019	-0.2%	0.228
2015 to 2019	0.4%	0.218
Average:	0.1%	

Notes:
[1] All paid ALAE exclude the paid cost of medical cost containment programs.
[2] Based on the 2-year averge paid ALAE age-to-age development from Exhibit 10.1.
[3] Based on analogous Exhibit 10.3, applicable to private insurers only.
[4] AY2020 excluded COVID-19 claims.

Projected Ratio of ALAE[1] to Losses - Statewide
Based on Private Insurers ALAE Severity using 2-Year Average Unadjusted Paid ALAE Development
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Acc. Year	Indemnity Claim Counts @12/31/20 (1)	Cumulative Count Development Factors[2] (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim[3] (4)	Estimated Ult. ALAE (in $000) (5)=(3)x(4)
1993	156,077	1.000	156,149	2,191	342,168
1994	143,672	1.001	143,767	2,195	315,534
1995	135,234	1.001	135,337	2,531	342,519
1996	133,143	1.001	133,287	2,971	396,024
1997	137,403	1.001	137,584	3,715	511,103
1998	147,490	1.002	147,727	4,791	707,700
1999	148,670	1.002	148,941	5,109	760,903
2000	161,969	1.002	162,292	5,989	971,976
2001	185,648	1.002	186,061	7,435	1,383,455
2002	194,645	1.002	195,104	7,903	1,541,945
2003	184,191	1.002	184,640	8,383	1,547,930
2004	158,941	1.002	159,335	7,892	1,257,442
2005	138,214	1.003	138,566	7,657	1,060,998
2006	130,074	1.003	130,408	7,952	1,036,976
2007	128,979	1.002	129,290	8,582	1,109,579
2008	123,050	1.002	123,338	9,362	1,154,725
2009	113,853	1.002	114,128	10,315	1,177,254
2010	118,746	1.002	119,022	10,306	1,226,600
2011	120,538	1.002	120,805	10,173	1,228,937
2012	127,549	1.002	127,850	10,192	1,303,002
2013	135,575	1.002	135,903	10,011	1,360,474
2014	140,767	1.003	141,215	9,949	1,404,929
2015	145,181	1.003	145,684	9,753	1,420,788
2016	148,278	1.006	149,161	9,691	1,445,581
2017	148,427	1.009	149,751	9,650	1,445,084
2018	150,393	1.016	152,841	9,957	1,521,914
2019	149,395	1.040	155,381	9,795	1,522,010
2020[4]	106,972	1.271	135,970	9,540	1,297,222

Projected Based on 2019:

	Ult. Ind. Counts[5]	Ult. ALAE per Ind. Counts[6]	Ultimate ALAE[7]
2021	151,314	9,992	1,511,962
2022	153,130	10,092	1,545,406
9/1/2022	153,206	10,109	1,548,744

(a) Projected ALAE Incurred ($000):	1,548,744
(b) Calendar Year 2019 Earned Premium[8] ($000):	16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[9]:	0.592
(d) Premium Adjustment Factor for Calendar Year 2019[10]:	0.986
(e) Projected Losses ($000): (b) x (c) x (d)	9,394,719
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.5%
(g) Impact of SB 1160 and AB 1244[11]	-4.5%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	15.7%

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 10.3.

[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 11.1.

[4] AY2020 data excluded COVID-19 claims.

[5] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.

[6] Severity is projected by applying an annual growth rate of 1.0%, 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 8 and (ii) paid ALAE per open indemnity claim from Exhibit 9, to the 2019 ultimate ALAE severity.

[7] Column(3) x Column(4) / 1,000.

[8] 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 December 31, 2020.

[9] See Exhibit 8 of Agenda Item AC21-03-02.

[10] See Exhibit 5.2 of Agenda Item AC21-03-02.

[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 60% to reflect the impact of the reforms in the emerging ALAE data.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers

Based on Latest Year Paid ALAE Development Adjusted for Changes in Claim Settlement Rates

Acc. Year	Paid ALAE[1] @12/31/20 (in $000) (1)	Cumulative Development Factors[2] (2)	Estimated Ultimate ALAE (in $000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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)
1993	238,357	1.044	248,750	113,472	1.001	113,541	2,191	---
1994	221,138	1.047	231,473	105,362	1.001	105,458	2,195	0.2%
1995	244,627	1.050	256,827	101,387	1.001	101,496	2,530	15.3%
1996	291,323	1.054	307,076	103,174	1.001	103,328	2,972	17.4%
1997	368,504	1.058	389,984	104,838	1.002	105,020	3,713	25.0%
1998	507,672	1.063	539,413	112,472	1.002	112,704	4,786	28.9%
1999	557,771	1.067	595,015	116,386	1.002	116,661	5,100	6.6%
2000	662,488	1.071	709,552	118,438	1.003	118,736	5,976	17.2%
2001	788,060	1.075	847,421	113,973	1.003	114,305	7,414	24.1%
2002	826,034	1.081	892,696	112,963	1.003	113,338	7,876	6.2%
2003	836,040	1.086	908,027	108,397	1.004	108,787	8,347	6.0%
2004	717,853	1.093	784,342	99,470	1.004	99,855	7,855	-5.9%
2005	668,197	1.099	734,467	96,016	1.004	96,413	7,618	-3.0%
2006	725,008	1.109	804,085	101,139	1.004	101,585	7,915	3.9%
2007	813,746	1.118	909,722	106,139	1.004	106,615	8,533	7.8%
2008	875,118	1.129	988,115	105,694	1.005	106,185	9,306	9.1%
2009	910,872	1.143	1,040,827	101,063	1.005	101,576	10,247	10.1%
2010	967,198	1.159	1,120,662	109,080	1.005	109,628	10,222	-0.2%
2011	970,597	1.178	1,143,719	112,888	1.005	113,454	10,081	-1.4%
2012	1,022,934	1.201	1,228,293	121,214	1.005	121,845	10,081	0.0%
2013	1,030,621	1.232	1,269,698	127,757	1.005	128,459	9,884	-2.0%
2014	1,011,409	1.271	1,285,903	130,670	1.006	131,516	9,778	-1.1%
2015	976,982	1.332	1,301,755	135,272	1.008	136,306	9,550	-2.3%
2016	938,392	1.427	1,339,111	140,179	1.011	141,740	9,448	-1.1%
2017	840,828	1.594	1,340,272	140,992	1.015	143,163	9,362	-0.9%
2018	723,591	1.963	1,420,232	143,279	1.024	146,731	9,679	3.4%
2019	470,447	3.069	1,443,817	142,063	1.051	149,309	9,670	-0.1%
2020 [4]	106,702	11.213	1,196,464	99,491	1.297	129,009	9,274	-4.1%

Estimated Annual Exponential Trend Based on:		R^2
2008 to 2019	-0.4%	0.151
2015 to 2019	0.5%	0.286
Average:	0.0%	

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 10.1 adjusted for change in claim settlement ratios.
[3] Based on analogous Exhibit 10.3, applicable to private insurers only.
[4] AY2020 excluded COVID-19 claims.

Projected Ratio of ALAE[1] to Losses - Statewide
Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Adjusted for Changes in Claim Settlement Rates
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Acc. Year	Indemnity Claim Counts @12/31/20 (1)	Cumulative Count Development Factors[2] (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim[3] (4)	Estimated Ult. ALAE (in $000) (5)=(3)x(4)
1993	156,077	1.000	156,149	2,191	342,096
1994	143,672	1.001	143,767	2,195	315,558
1995	135,234	1.001	135,337	2,530	342,461
1996	133,143	1.001	133,287	2,972	396,108
1997	137,403	1.001	137,584	3,713	510,905
1998	147,490	1.002	147,727	4,786	707,036
1999	148,670	1.002	148,941	5,100	759,653
2000	161,969	1.002	162,292	5,976	969,838
2001	185,648	1.002	186,061	7,414	1,379,403
2002	194,645	1.002	195,104	7,876	1,536,721
2003	184,191	1.002	184,640	8,347	1,541,159
2004	158,941	1.002	159,335	7,855	1,251,546
2005	138,214	1.003	138,566	7,618	1,055,588
2006	130,074	1.003	130,408	7,915	1,032,227
2007	128,979	1.002	129,290	8,533	1,103,207
2008	123,050	1.002	123,338	9,306	1,147,740
2009	113,853	1.002	114,128	10,247	1,169,452
2010	118,746	1.002	119,022	10,222	1,216,689
2011	120,538	1.002	120,805	10,081	1,217,819
2012	127,549	1.002	127,850	10,081	1,288,825
2013	135,575	1.002	135,903	9,884	1,343,277
2014	140,767	1.003	141,215	9,778	1,380,730
2015	145,181	1.003	145,684	9,550	1,391,316
2016	148,278	1.006	149,161	9,448	1,409,219
2017	148,427	1.009	149,751	9,362	1,401,950
2018	150,393	1.016	152,841	9,679	1,479,380
2019	149,395	1.040	155,381	9,670	1,502,539
2020[4]	106,972	1.271	135,970	9,274	1,261,027

Projected Based on 2019:

	Ult. Ind. Counts[5]	Ult. ALAE per Ind. Counts[6]	Ultimate ALAE[7]
2021	151,314	9,864	1,492,619
2022	153,130	9,963	1,525,636
9/1/2022	153,206	9,980	1,528,932

(a) Projected ALAE Incurred ($000):	1,528,932
(b) Calendar Year 2019 Earned Premium[8] ($000):	16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[9]:	0.592
(d) Premium Adjustment Factor for Calendar Year 2019[10]:	0.986
(e) Projected Losses ($000): (b) x (c) x (d)	9,394,719
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.2%
(g) Impact of SB 1160 and AB 1244[11]	-4.5%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	15.5%

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 10.3.

[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 12.1.

[4] AY2020 data excluded COVID-19 claims.

[5] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.

[6] Severity is projected by applying an annual growth rate of 1.0%, 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 8 and (ii) paid ALAE per open indemnity claim from Exhibit 9, to the 2019 ultimate ALAE severity.

[7] Column(3) x Column(4) / 1,000.

[8] 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 December 31, 2020.

[9] See Exhibit 8 of Agenda Item AC21-03-02.

[10] See Exhibit 5.2 of Agenda Item AC21-03-02.

[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 60% to reflect the impact of the reforms in the emerging ALAE data.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers
Based on December 31, 2019 Paid ALAE Development Adjusted for Changes in Claim Settlement Rates

Acc. Year	Paid ALAE[1] @12/31/20 (in $000)	Cumulative Development Factors[2]	Estimated Ultimate ALAE (in $000)	Indemnity Claim Counts @12/31/20	Cumulative Count Development Factors[3]	Estimated Ultimate Ind. Counts	Estimated Ultimate ALAE per Indemnity Claim	Annual Change
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000	(8)
1993	238,357	1.044	248,854	113,472	1.001	113,541	2,192	---
1994	221,138	1.047	231,438	105,362	1.001	105,458	2,195	0.1%
1995	244,627	1.050	256,915	101,387	1.001	101,496	2,531	15.3%
1996	291,323	1.054	306,945	103,174	1.001	103,328	2,971	17.4%
1997	368,504	1.059	390,285	104,838	1.002	105,020	3,716	25.1%
1998	507,672	1.065	540,426	112,472	1.002	112,704	4,795	29.0%
1999	557,771	1.070	596,974	116,386	1.002	116,661	5,117	6.7%
2000	662,488	1.076	712,682	118,438	1.003	118,736	6,002	17.3%
2001	788,060	1.082	852,405	113,973	1.003	114,305	7,457	24.2%
2002	826,034	1.088	898,773	112,963	1.003	113,338	7,930	6.3%
2003	836,040	1.096	916,021	108,397	1.004	108,787	8,420	6.2%
2004	717,853	1.103	791,746	99,470	1.004	99,855	7,929	-5.8%
2005	668,197	1.110	742,010	96,016	1.004	96,413	7,696	-2.9%
2006	725,008	1.119	811,498	101,139	1.004	101,585	7,988	3.8%
2007	813,746	1.131	920,255	106,139	1.004	106,615	8,632	8.1%
2008	875,118	1.143	1,000,173	105,694	1.005	106,185	9,419	9.1%
2009	910,872	1.158	1,054,755	101,063	1.005	101,576	10,384	10.2%
2010	967,198	1.178	1,138,986	109,080	1.005	109,628	10,390	0.1%
2011	970,597	1.200	1,164,686	112,888	1.005	113,454	10,266	-1.2%
2012	1,022,934	1.227	1,255,449	121,214	1.005	121,845	10,304	0.4%
2013	1,030,621	1.264	1,302,396	127,757	1.005	128,459	10,139	-1.6%
2014	1,011,409	1.316	1,331,322	130,670	1.006	131,516	10,123	-0.2%
2015	976,982	1.389	1,357,421	135,272	1.008	136,306	9,959	-1.6%
2016	938,392	1.489	1,397,193	140,179	1.011	141,740	9,857	-1.0%
2017	840,828	1.667	1,401,910	140,992	1.015	143,163	9,792	-0.7%
2018	723,591	2.040	1,475,812	143,279	1.024	146,731	10,058	2.7%
2019	470,447	3.154	1,483,652	142,063	1.051	149,309	9,937	-1.2%
2020 [4]	106,702	11.881	1,267,694	99,491	1.297	129,009	9,826	-1.1%

		R^2
Estimated Annual Exponential Trend Based on:		
2008 to 2019	-0.1%	0.266
2015 to 2019	0.2%	0.060
Average:	0.0%	

Notes:
[1] All paid ALAE exclude the paid cost of medical cost containment programs.
[2] Based on the December 31, 2019 paid ALAE age-to-age development from Exhibit 10.1 adjusted for change in claim settlement rates.
[3] Based on analogous Exhibit 10.3, applicable to private insurers only.
[4] AY2020 excluded COVID-19 claims.

Projected Ratio of ALAE[1] to Losses - Statewide
Based on Private Insurers ALAE Severity using December 31, 2019 Paid ALAE Development
Adjusted for Changes in Claim Settlement Rates
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Acc. Year	Indemnity Claim Counts @12/31/20 (1)	Cumulative Count Development Factors[2] (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim[3] (4)	Estimated Ult. ALAE (in $000) (5)=(3)x(4)
1993	156,077	1.000	156,149	2,192	342,239
1994	143,672	1.001	143,767	2,195	315,511
1995	135,234	1.001	135,337	2,531	342,577
1996	133,143	1.001	133,287	2,971	395,940
1997	137,403	1.001	137,584	3,716	511,300
1998	147,490	1.002	147,727	4,795	708,364
1999	148,670	1.002	148,941	5,117	762,154
2000	161,969	1.002	162,292	6,002	974,116
2001	185,648	1.002	186,061	7,457	1,387,516
2002	194,645	1.002	195,104	7,930	1,547,182
2003	184,191	1.002	184,640	8,420	1,554,725
2004	158,941	1.002	159,335	7,929	1,263,360
2005	138,214	1.003	138,566	7,696	1,066,430
2006	130,074	1.003	130,408	7,988	1,041,743
2007	128,979	1.002	129,290	8,632	1,115,981
2008	123,050	1.002	123,338	9,419	1,161,745
2009	113,853	1.002	114,128	10,384	1,185,101
2010	118,746	1.002	119,022	10,390	1,236,583
2011	120,538	1.002	120,805	10,266	1,240,145
2012	127,549	1.002	127,850	10,304	1,317,319
2013	135,575	1.002	135,903	10,139	1,377,870
2014	140,767	1.003	141,215	10,123	1,429,499
2015	145,181	1.003	145,684	9,959	1,450,812
2016	148,278	1.006	149,161	9,857	1,470,341
2017	148,427	1.009	149,751	9,792	1,466,425
2018	150,393	1.016	152,841	10,058	1,537,275
2019	149,395	1.040	155,381	9,937	1,543,995
2020[4]	106,972	1.271	135,970	9,826	1,336,101

Projected Based on 2019:

	Ult. Ind. Counts[5]	Ult. ALAE per Ind. Counts[6]	Ultimate ALAE[7]
2021	151,314	10,137	1,533,801
2022	153,130	10,238	1,567,729
9/1/2022	153,206	10,255	1,571,115

(a) Projected ALAE Incurred ($000):	1,571,115
(b) Calendar Year 2019 Earned Premium[8] ($000):	16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[9]:	0.592
(d) Premium Adjustment Factor for Calendar Year 2019[10]:	0.986
(e) Projected Losses ($000): (b) x (c) x (d)	9,394,719
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.7%
(g) Impact of SB 1160 and AB 1244[11]	-4.5%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	16.0%

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 10.3.

[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 13.1.

[4] AY2020 data excluded COVID-19 claims.

[5] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.

[6] Severity is projected by applying an annual growth rate of 1.0%, 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 8 and (ii) paid ALAE per open indemnity claim from Exhibit 9, to the 2019 ultimate ALAE severity.

[7] Column(3) x Column(4) / 1,000.

[8] 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 December 31, 2020.

[9] See Exhibit 8 of Agenda Item AC21-03-02.

[10] See Exhibit 5.2 of Agenda Item AC21-03-02.

[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 60% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE[1] to Losses - Statewide
Based on Private Insurers ALAE Severity using 2-Year Average Paid ALAE Development
Adjusted for Changes in Claim Settlement Rates - Trend Applied to 2019 and 2020
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Acc. Year	Indemnity Claim Counts @12/31/20 (1)	Cumulative Count Development Factors[2] (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim[3] (4)	Estimated Ult. ALAE (in $000) (5)=(3)x(4)
1993	156,077	1.000	156,149	2,191	342,168
1994	143,672	1.001	143,767	2,195	315,534
1995	135,234	1.001	135,337	2,531	342,519
1996	133,143	1.001	133,287	2,971	396,024
1997	137,403	1.001	137,584	3,715	511,103
1998	147,490	1.002	147,727	4,791	707,700
1999	148,670	1.002	148,941	5,109	760,903
2000	161,969	1.002	162,292	5,989	971,976
2001	185,648	1.002	186,061	7,435	1,383,455
2002	194,645	1.002	195,104	7,903	1,541,945
2003	184,191	1.002	184,640	8,383	1,547,930
2004	158,941	1.002	159,335	7,892	1,257,442
2005	138,214	1.003	138,566	7,657	1,060,998
2006	130,074	1.003	130,408	7,952	1,036,976
2007	128,979	1.002	129,290	8,582	1,109,579
2008	123,050	1.002	123,338	9,362	1,154,725
2009	113,853	1.002	114,128	10,315	1,177,254
2010	118,746	1.002	119,022	10,306	1,226,600
2011	120,538	1.002	120,805	10,173	1,228,937
2012	127,549	1.002	127,850	10,192	1,303,002
2013	135,575	1.002	135,903	10,011	1,360,474
2014	140,767	1.003	141,215	9,949	1,404,929
2015	145,181	1.003	145,684	9,753	1,420,788
2016	148,278	1.006	149,161	9,651	1,439,491
2017	148,427	1.009	149,751	9,575	1,433,862
2018	150,393	1.016	152,841	9,867	1,508,096
2019	149,395	1.040	155,381	9,803	1,523,197
2020[4]	106,972	1.271	135,970	9,548	1,298,234

Projected Based on 2-Year verage of 2019 and 2020

	Ult. Ind. Counts[5]	Ult. ALAE per Ind. Counts[6]	Ultimate ALAE[7]
2021	145,274	9,822	1,426,836
2022	147,017	9,920	1,458,398
9/1/2022	147,091	9,936	1,461,548

(a)	Projected ALAE Incurred ($000):	1,461,548
(b)	Average of Calendar Years 2019 and 2020 Earned Premium[8] ($000):	15,075,833
(c)	Projected Loss to Industry Average Filed Pure Premium Ratio[9]:	0.592
(d)	Premium Adjustment Factor [10]:	1.006
(e)	Projected Losses ($000): (b) x (c) x (d)	8,976,581
(f)	Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.3%
(g)	Impact of SB 1160 and AB 1244[11]	-4.5%
(h)	Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	15.6%

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 10.3.

[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 8.

[4] AY2020 data excluded COVID-19 claims.

[5] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2019 and 2020.

[6] Severity is projected by applying an annual growth rate of 1.0%, 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 8 and (ii) paid ALAE per open indemnity claim from Exhibit 9, to the ultimate ALAE severity estimated from averaging 2019 and 2020.

[7] Column(3) x Column(4) / 1,000.

[8] Based on the reported earned premium for calendar years 2019 and 2020 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

[9] See Exhibit 8 of Agenda Item AC21-03-02.

[10] Average of 2019 and 2020 premium adjustment factors. See Exhibit 5.2 of Agenda Item AC21-03-02.

[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 60% to reflect the impact of the reforms in the emerging ALAE data.

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

Accident Year	Evaluated as of (in months):							
	12	24	36	48	60	72	84	96
2012	674	1,361	1,744	1,990	2,097	2,208	2,284	2,356
2013	655	1,253	1,620	1,821	1,962	2,068	2,130	2,170
2014	616	1,200	1,576	1,786	1,931	2,011	2,072	
2015	603	1,209	1,538	1,748	1,863	1,929		
2016	592	1,152	1,453	1,628	1,726			
2017	585	1,125	1,429	1,600				
2018	639	1,178	1,459					
2019	607	1,140						
2020	578							

Accident Year	Annual Change							
	12	24	36	48	60	72	84	96
2013	-2.8%	-7.9%	-7.1%	-8.5%	-6.4%	-6.3%	-6.7%	-7.9%
2014	-6.0%	-4.2%	-2.7%	-1.9%	-1.6%	-2.8%	-2.7%	
2015	-2.1%	0.7%	-2.4%	-2.2%	-3.5%	-4.0%		
2016	-1.9%	-4.7%	-5.5%	-6.9%	-7.4%			
2017	-1.1%	-2.3%	-1.6%	-1.7%				
2018	9.1%	4.7%	2.1%					
2019	-4.9%	-3.2%						
2020	-4.8%							

Note: Accident year 2020 excludes COVID-19 claims.

Source: WCIRB accident year experience calls.

Estimated Ultimate MCCP per Indemnity Claim - Statewide
Based on 2-Year Average Paid MCCP Development

Accident Year	Paid MCCP @12/31/20 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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	302,375	1.316	397,849	127,549	1.002	127,850	3,112	---
2013	294,253	1.335	392,808	135,575	1.002	135,903	2,890	-7.1%
2014	291,715	1.364	397,870	140,767	1.003	141,215	2,817	-2.5%
2015	280,112	1.407	393,993	145,181	1.003	145,684	2,704	-4.0%
2016	255,872	1.464	374,580	148,278	1.006	149,161	2,511	-7.1%
2017	237,547	1.561	370,815	148,427	1.009	149,751	2,476	-1.4%
2018	219,419	1.761	386,448	150,393	1.016	152,841	2,528	2.1%
2019	170,322	2.261	385,037	149,395	1.040	155,381	2,478	-2.0%
2020[3]	61,861	5.150	318,557	106,972	1.271	135,970	2,343	-5.5%

Estimated Annual Exponential Trend Based on:

2012 to 2019	-3.2%
2015 to 2019	-1.7%

Notes:

[1] Based on 2-Year average paid MCCP development through 108 months from Exhibit 18.1. 108-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC21-03-02.

[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 10.3.

[3] AY2020 excluded COVID-19 claims.

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.

Paid MCCP Development Factors - Statewide
Quarterly Development

Age in Months		2012	2013	2014	2015	2016	2017	2018	2019	2020
3	- 6	5.599	5.796	6.047	5.652	6.118	5.561	5.864	5.288	4.814
6	- 9	2.356	2.432	2.402	2.457	2.407	2.395	2.335	2.354	2.295
9	- 12	1.763	1.773	1.771	1.742	1.725	1.776	1.825	1.775	1.756
12	- 15	1.476	1.412	1.456	1.468	1.477	1.444	1.420	1.423	
15	- 18	1.277	1.253	1.299	1.282	1.244	1.254	1.242	1.239	
18	- 21	1.171	1.157	1.194	1.177	1.170	1.155	1.148	1.165	
21	- 24	1.128	1.121	1.128	1.120	1.125	1.122	1.117	1.117	
24	- 27	1.083	1.099	1.096	1.096	1.086	1.091	1.084		
27	- 30	1.077	1.081	1.073	1.073	1.076	1.071	1.065		
30	- 33	1.051	1.068	1.045	1.062	1.054	1.057	1.054		
33	- 36	1.045	1.054	1.036	1.047	1.053	1.052	1.041		
36	- 39	1.047	1.053	1.033	1.040	1.036	1.045			
39	- 42	1.036	1.043	1.026	1.039	1.032	1.030			
42	- 45	1.036	1.035	1.025	1.029	1.028	1.025			
45	- 48	1.031	1.027	1.019	1.028	1.026	1.022			
48	- 51	1.031	1.023	1.025	1.019	1.020				
51	- 54	1.025	1.023	1.025	1.020	1.016				
54	- 57	1.022	1.019	1.018	1.015	1.014				
57	- 60	1.017	1.016	1.016	1.014	1.012				
60	- 63	1.015	1.015	1.012	1.011					
63	- 66	1.016	1.016	1.013	1.010					
66	- 69	1.014	1.012	1.011	1.009					
69	- 72	1.011	1.012	1.009	1.007					
72	- 75	1.009	1.010	1.009						
75	- 78	1.010	1.009	1.007						
78	- 81	1.007	1.006	1.010						
81	- 84	1.009	1.006	1.005						
84	- 87	1.008	1.006							

Annual Development

Age in Months		2012	2013	2014	2015	2016	2017	2018	2019
12	- 24	2.491	2.292	2.446	2.476	2.423	2.336	2.262	2.294
24	- 36	1.281	1.341	1.364	1.306	1.294	1.300	1.267	
36	- 48	1.160	1.168	1.144	1.143	1.128	1.128		
48	- 60	1.097	1.082	1.084	1.069	1.063			
60	- 72	1.055	1.055	1.044	1.038				
72	- 84	1.036	1.032	1.031					
84	- 96	1.024	1.020						
96	- 108	1.015							

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-Ult.
Latest Year	2.294	1.267	1.128	1.063	1.038	1.031	1.020	1.015	
Age -to-Ult.[1]	5.060	2.206	1.740	1.543	1.451	1.398	1.356	1.330	1.311
2-Year Average	2.278	1.284	1.128	1.066	1.041	1.031	1.022	1.015	
Age -to-Ult.[1]	5.130	2.252	1.755	1.555	1.458	1.401	1.359	1.330	1.311
12/31/2019	2.262	1.300	1.128	1.069	1.044	1.032	1.024	1.015	
Age -to-Ult.[1]	5.201	2.299	1.769	1.568	1.466	1.405	1.362	1.330	1.311

Notes:
[1] 108-to-Ult. is based on selected paid medical 108-to-ultimate development factor on Exhibit 3.2 of Agenda Item AC-21-03-02.

Source: WCIRB quarterly calls for experience.

Projected Ratio of MCCP to Losses - Statewide
Projected Ultimate MCCP per Indemnity Claim based on 2-Year Average Paid MCCP Development
Trend Applied to 2019
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Accident Year	Paid MCCP @12/31/20 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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
2012	302,375	1.311	396,367	127,549	1.002	127,850	3,100
2013	294,253	1.330	391,345	135,575	1.002	135,903	2,880
2014	291,715	1.359	396,387	140,767	1.003	141,215	2,807
2015	280,112	1.401	392,525	145,181	1.003	145,684	2,694
2016	255,872	1.458	373,184	148,278	1.006	149,161	2,502
2017	237,547	1.555	369,434	148,427	1.009	149,751	2,467
2018	219,419	1.755	385,008	150,393	1.016	152,841	2,519
2019	170,322	2.252	383,602	149,395	1.040	155,381	2,469
2020	61,861	5.130	317,370	106,972	1.271	135,970	2,334

Projected Based on 2019:

	Ultimate MCCP[5]		Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2021	366,127		151,314	2,420
2022	366,816		153,130	2,395
9/1/2023	366,385		153,206	2,391

(a) Projected MCCP ($000):		366,385
(b) Calendar Year 2019 Earned Premium[6] ($000):		16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[7]:		0.592
(d) Premium Adjustment Factor for Calendar Year 2019[8]:		0.986
(e) Projected Losses ($000): (b) x (c) x (d)		9,394,719
(f) Projected Ratio of MCCP to Losses: (a)/(e)		3.9%

Notes:
[1] Based on 2-year average paid MCCP development through 108 months from Exhibit 18.1. 108-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC21-03-02.
[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 10.3.
[3] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.
[4] Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 16 and calendar year MCCP paid per open claim from Exhibit 17 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 December 31, 2020.
[7] See Exhibit 8 of Agenda Item AC21-03-02
[8] See Exhibit 5.2 of Agenda Item AC21-03-02.

Projected Ratio of MCCP to Losses - Statewide
Projected Ultimate MCCP per Indemnity Claim based on Latest Year Paid MCCP Development
Trend Applied to 2019
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Accident Year	Paid MCCP @12/31/20 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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
2012	302,375	1.311	396,367	127,549	1.002	127,850	3,100
2013	294,253	1.330	391,345	135,575	1.002	135,903	2,880
2014	291,715	1.356	395,580	140,767	1.003	141,215	2,801
2015	280,112	1.398	391,558	145,181	1.003	145,684	2,688
2016	255,872	1.451	371,244	148,278	1.006	149,161	2,489
2017	237,547	1.543	366,465	148,427	1.009	149,751	2,447
2018	219,419	1.740	381,898	150,393	1.016	152,841	2,499
2019	170,322	2.206	375,680	149,395	1.040	155,381	2,418
2020	61,861	5.060	313,006	106,972	1.271	135,970	2,302

Projected Based on 2019:

	Ultimate MCCP[5]		Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2021	358,566		151,314	2,370
2022	359,240		153,130	2,346
9/1/2023	358,818		153,206	2,342

(a) Projected MCCP ($000):	358,818
(b) Calendar Year 2019 Earned Premium[6] ($000):	16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[7]:	0.592
(d) Premium Adjustment Factor for Calendar Year 2019[8]:	0.986
(e) Projected Losses ($000): (b) x (c) x (d)	9,394,719
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.8%

Notes:
[1] Based on latest year paid MCCP development through 108 months from Exhibit 18.1. 108-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC21-03-02.
[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 10.3.
[3] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.
[4] Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 16 and calendar year MCCP paid per open claim from Exhibit 17 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 December 31, 2020.
[7] See Exhibit 8 of Agenda Item AC21-03-02
[8] See Exhibit 5.2 of Agenda Item AC21-03-02.

Projected Ratio of MCCP to Losses - Statewide
Projected Ultimate MCCP per Indemnity Claim based on December 31, 2019 Paid MCCP Development
Trend Applied to 2019
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Accident Year	Paid MCCP @12/31/20 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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
2012	302,375	1.311	396,367	127,549	1.002	127,850	3,100
2013	294,253	1.330	391,345	135,575	1.002	135,903	2,880
2014	291,715	1.362	397,195	140,767	1.003	141,215	2,813
2015	280,112	1.405	393,493	145,181	1.003	145,684	2,701
2016	255,872	1.466	375,130	148,278	1.006	149,161	2,515
2017	237,547	1.568	372,419	148,427	1.009	149,751	2,487
2018	219,419	1.769	388,135	150,393	1.016	152,841	2,539
2019	170,322	2.299	391,621	149,395	1.040	155,381	2,520
2020	61,861	5.201	321,720	106,972	1.271	135,970	2,366

Projected Based on 2019:

	Ultimate MCCP[5]	Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2021	373,781	151,314	2,470
2022	374,483	153,130	2,446
9/1/2023	374,043	153,206	2,441

(a) Projected MCCP ($000):		374,043
(b) Calendar Year 2019 Earned Premium[6] ($000):		16,099,958
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[7]:		0.592
(d) Premium Adjustment Factor for Calendar Year 2019[8]:		0.986
(e) Projected Losses ($000): (b) x (c) x (d)		9,394,719
(f) Projected Ratio of MCCP to Losses: (a)/(e)		4.0%

Notes:
[1] Based on December 31, 2019 paid MCCP development through 108 months from Exhibit 18.1. 108-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC21-03-02.
[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 10.3.
[3] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.
[4] Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 16 and calendar year MCCP paid per open claim from Exhibit 17 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 December 31, 2020.
[7] See Exhibit 8 of Agenda Item AC21-03-02
[8] See Exhibit 5.2 of Agenda Item AC21-03-02.

Projected Ratio of MCCP to Losses - Statewide
Projected Ultimate MCCP per Indemnity Claim based on 2-Year Average Year Paid MCCP Development
Trend Applied to 2019 and 2020
for Policies with Effective Dates between September 1, 2021 and August 31, 2022

Year	Paid MCCP @12/31/20 (in $000) (1)	Cumulative Development Factors[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/20 (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
2012	302,375	1.311	396,367	127,549	1.002	127,850	3,100
2013	294,253	1.330	391,345	135,575	1.002	135,903	2,880
2014	291,715	1.359	396,387	140,767	1.003	141,215	2,807
2015	280,112	1.401	392,525	145,181	1.003	145,684	2,694
2016	255,872	1.458	373,184	148,278	1.006	149,161	2,502
2017	237,547	1.555	369,434	148,427	1.009	149,751	2,467
2018	219,419	1.755	385,008	150,393	1.016	152,841	2,519
2019	170,322	2.252	383,602	149,395	1.040	155,381	2,469
2020	61,861	5.130	317,370	106,972	1.271	135,970	2,334

Projected Based on 2-Year Average of 2019 and 2020:

	Ultimate MCCP[5]		Ult. Ind. Counts[3]	Ult.MCCP per Ind. Counts[4]
2021	343,603		145,274	2,365
2022	344,249		147,017	2,342
9/1/2023	343,845		147,091	2,338

(a) Projected MCCP ($000):		343,845
(b) Average of Calendar Years 2019 and 2020 Earned Premium[6] ($000):		15,075,833
(c) Projected Loss to Industry Average Filed Pure Premium Ratio[7]:		0.592
(d) Premium Adjustment Factor[8]:		1.006
(e) Projected Losses ($000): (b) x (c) x (d)		8,976,581
(f) Projected Ratio of MCCP to Losses: (a)/(e)		3.8%

Notes:
[1] Based on 2-year average paid MCCP development through 108 months from Exhibit 18.1. 108-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC21-03-02.
[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 10.3.
[3] Estimated based on projected frequency trends for accident years 2020 to 2023. 2020 is the actual trend adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2021 to 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC21-03-02). These frequency trends were then applied to the ultimate indemnity claim counts estimated from averaging 2019 and 2020.
[4] Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 16 and calendar year MCCP paid per open claim from Exhibit 17 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 years 2019 and 2020 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 December 31, 2020.
[7] See Exhibit 8 of Agenda Item AC21-03-02
[8] Average of 2019 and 2020 premium adjustment factors. See Exhibit 5.2 of Agenda Item AC21-03-02.

Item AC21-04-02
9/1/2021 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 December 31, 2020 experience, included in Item AC21-03-02, includes a combination of (a) two-year average year reform-adjusted[1] paid loss development factors through 108 months with adjustments for changes in claim settlement rates applied through 84 months, and three-year average reform-adjusted paid loss development factors after 108 months with adjustments for the impact of changes in claim settlement rates on the loss development tail. 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 December 31, 2020 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC21-03-02 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. Three-Year Average Unadjusted Paid Loss Development – Exhibits 4.1 through 4.3

5. Latest Year Unadjusted Paid Loss Development – Exhibits 5.1 through 5.3

6. Latest Year Paid Loss Development Adjusted for Reforms – Exhibits 6.1 and 6.2

7. Three-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 7.1 through 7.3

8. Latest Year Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 8.1 through 8.3

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2021 and August 31, 2022 based on the alternative loss development methodologies described above is shown in Table 1.

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[1] These includes adjustments for the provisions of Senate Bill No. 1160 (SB 1160) related to lien filings and adjustments for the decreases in pharmaceutical costs.

[2] All paid loss development methodologies reflect three-year average loss development factors applied after 108 months and all incurred loss development methodologies reflect six-year average incurred loss development factors applied after 108 months.

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

Loss Development Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
April 15, 2021 Agenda Methodology			
Two-Year Average Paid Adjusted for Reforms and Changes in Claim Settlement Rates	**0.285**	**0.307**	**0.592**
Alternative Methodologies			
<u>Incurred Methodologies</u>			
Three-Year Average (Unadjusted)	0.288	0.271	0.559
Latest Year (Unadjusted)	0.280	0.265	0.545
Three-Year Average Adjusted for Changes in Case Reserve Levels	0.271	0.261	0.532
<u>Paid Methodologies</u>			
Three-Year Average (Unadjusted)	0.292	0.318	0.610
Latest Year (Unadjusted)	0.272	0.298	0.570
Latest Year Adjusted for Reforms	—	0.296	—
Three-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.288	0.315	0.603
Latest Year Adjusted for Changes in Claim Settlement Rates and Reforms	0.281	0.301	0.582
<u>Hybrid Methodologies</u>			
75% Applied to Latest Year Paid Adjusted for Reforms and Claim Settlement Rates and 25% Applied to 3-Year Average Unadjusted Incurred[4]	—	0.294	—

Trending Methodologies

The trending projections reflected in the summary analysis of December 31, 2020 experience, included in Item AC21-03-02, are based on separate projections of claim frequency and claim severity growth applied to the 2019 on-level loss ratio. The claim frequency growth estimates are based on the preliminary actual 12-month frequency change for accident year 2020 and the WCIRB's indemnity claim frequency model projections for accident years 2021 through 2023. The average annual severity growth estimates of 1.0% for indemnity and 1.0% for medical are based on a review of short-term and long-term growth in claim severities.

Attached for the Committee's review are a number of alternative trending projections based on methodologies that have been included, for informational purposes, in prior advisory pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections,

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[3] All paid loss development methodologies reflect three-year average loss development factors applied after 108 months and all incurred loss development methodologies reflect six-year average incurred loss development factors applied after 108 months.
[4] This loss development methodology was reflected in the California Department of Insurance (CDI) Decision on the January 1, 2021 Pure Premium Rate Filing for the medical projection.

based on December 31, 2020 experience, derived using the loss development methodologies reflected in the analysis included in Item AC21-03-02 and the following trending methodologies have been included:

1. Separate Projections of Frequency and Severity (1.0% Indemnity and 1.0% Medical Average Annual) Growth Applied to the Latest Two Years (2019 and 2020) – Exhibits 9.1 and 9.2

2. Separate Projections of Frequency and Severity (2.5% Medical Average Annual)[5] Growth Applied to the Latest Two Years (2019 and 2020) – Exhibit 10

3. Separate Projections of Frequency and Severity (1.0% Indemnity and 1.0% Medical Average Annual) Growth Applied to 2018 and 2019 – Exhibits 11.1 and 11.2

4. Separate Projections of Frequency using Frequency Model Projection for 2020 and Severity (1.0% Indemnity and 1.0% Medical Average Annual) Growth Applied to 2019 – Exhibits 12.1 and 12.2

5. Separate Projections of Frequency and the Long-Term (1990 to 2020) Average Annual Severity Growth Applied to 2019 – Exhibits 13.1 and 13.2

6. Separate Projections of Frequency and the Short-Term (2015 to 2019)[6] Average Annual Severity Growth Applied to 2019 – Exhibits 14.1 and 14.2

7. Long-Term (1990 to 2020) On-Level Loss Ratio Exponential Trend Applied to 2019 – Exhibits 15.1 and 15.2

8. Short-Term (2015 to 2019) On-Level Loss Ratio Exponential Trend Applied to 2019 – Exhibits 16.1 and 16.2

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2021 to August 31, 2022 based on the alternative trending methodologies is shown in Table 2.

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[5] This was the medical severity trend projection reflected in the January 1, 2021 Pure Premium Rate Filing.
[6] Given the impact of the COVID-19 pandemic, accident year 2020 was excluded from the short-term average severity trend estimate.

Table 2: Projected Loss Ratios Based on Alternative Trending Methodologies

Trending Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
April 15, 2021 Agenda Methodology			
Separate Projections of Frequency and Severity (1.0% Indemnity; 1.0% Medical) Applied to 2019	**0.285**	**0.307**	**0.592**
Alternative Methodologies			
Separate Projections of Frequency and Severity (1.0% Indemnity; 1.0% Medical) Applied to 2019 and 2020	0.291	0.302	0.593
Separate Projections of Frequency and Severity (2.5% Medical) Applied to 2019 and 2020	---	0.314	---
Separate Projections of Frequency and Severity (1.0% Indemnity; 1.0% Medical) Applied to 2018 and 2019	0.285	0.315	0.600
Separate Projections of Frequency using Frequency Model Projection for 2020 and Severity (1.0% Indemnity; 1.0% Medical) Applied to 2019	0.266	0.287	0.553
Separate Projections of Frequency and Long-Term (1990 to 2020) Severity Applied to 2019	0.285	0.348	0.633
Separate Projections of Frequency and Short-Term (2015 to 2019) Severity Applied to 2019	0.268	0.297	0.565
Long-Term (1990 to 2020) On-level Loss Ratio Exponential Trend Applied to 2019	0.276	0.339	0.615
Short-Term (2015 to 2019) On-level Loss Ratio Exponential Trend Applied to 2019	0.247	0.279	0.526

Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 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)
2009	0.318	1.006	1.030	0.328	0.470	1.002	0.999	0.469	0.797
2010	0.303	1.006	1.036	0.314	0.451	1.003	1.002	0.452	0.766
2011	0.279	1.007	1.043	0.291	0.384	1.005	1.007	0.386	0.678
2012	0.249	1.010	1.053	0.262	0.327	1.007	1.013	0.332	0.593
2013	0.208	1.012	1.066	0.222	0.259	1.008	1.022	0.265	0.487
2014	0.195	1.016	1.083	0.211	0.228	1.010	1.032	0.235	0.446
2015	0.188	1.020	1.104	0.207	0.213	1.013	1.046	0.223	0.430
2016	0.174	1.029	1.136	0.197	0.197	1.022	1.069	0.211	0.409
2017	0.172	1.051	1.194	0.205	0.199	1.032	1.103	0.219	0.425
2018	0.170	1.095	1.307	0.222	0.203	1.053	1.162	0.235	0.457
2019	0.159	1.238	1.619	0.257	0.200	1.117	1.298	0.260	0.517
2020	0.090	1.904	3.082	0.278	0.140	1.447	1.879	0.262	0.540

(a) Based on AC21-03-02, 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 AC21-03-02, Exhibit 2.1.

(c) Based on AC21-03-02, Exhibit 2.2.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 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)
2009	0.328	1.411	1.356	0.341
2010	0.314	1.385	1.233	0.353
2011	0.291	1.366	1.126	0.353
2012	0.262	1.349	1.003	0.352
2013	0.222	1.319	0.876	0.334
2014	0.211	1.208	0.807	0.316
2015	0.207	1.191	0.771	0.320
2016	0.197	1.176	0.796	0.292
2017	0.205	1.145	0.834	0.282
2018	0.222	1.116	0.879	0.281
2019	0.257	1.083	0.986	0.283
2020	0.278	1.032	1.026	0.279

				Projected (d)
2021				0.281
2022				0.287
9/1/2022				0.288

(a) See Exhibit 1.1.
(b) Based on AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from
AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1,
and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these
trends were then separately applied to the 2019 on-level ratio.

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 December 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)
2009	0.469	0.791	1.356	0.274
2010	0.452	0.789	1.233	0.289
2011	0.386	0.811	1.126	0.278
2012	0.332	0.848	1.003	0.280
2013	0.265	0.930	0.876	0.281
2014	0.235	0.976	0.807	0.284
2015	0.223	0.999	0.771	0.289
2016	0.211	0.999	0.796	0.265
2017	0.219	1.000	0.834	0.263
2018	0.235	1.015	0.879	0.272
2019	0.260	1.011	0.986	0.267
2020	0.262	1.007	1.026	0.258

Projected (d)

2021	0.265
2022	0.271
9/1/2022	0.271

(a)   See Exhibit 1.1.
(b)   Based on AC21-03-02, Exhibit 4.4.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(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 Latest Year Incurred Development Factors
Based on Experience as of December 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)
2009	0.318	1.006	1.030	0.328	0.470	1.002	0.999	0.469	0.797
2010	0.303	1.006	1.036	0.314	0.451	1.003	1.002	0.452	0.766
2011	0.279	1.007	1.043	0.291	0.384	1.005	1.007	0.386	0.678
2012	0.249	1.010	1.053	0.262	0.327	1.007	1.013	0.332	0.593
2013	0.208	1.013	1.067	0.222	0.259	1.006	1.020	0.264	0.486
2014	0.195	1.013	1.080	0.211	0.228	1.006	1.026	0.233	0.444
2015	0.188	1.016	1.098	0.206	0.213	1.011	1.037	0.221	0.427
2016	0.174	1.027	1.127	0.196	0.197	1.018	1.056	0.208	0.404
2017	0.172	1.046	1.179	0.203	0.199	1.031	1.088	0.216	0.419
2018	0.170	1.089	1.284	0.218	0.203	1.051	1.144	0.232	0.449
2019	0.159	1.228	1.577	0.251	0.200	1.110	1.270	0.254	0.505
2020	0.090	1.900	2.996	0.270	0.140	1.452	1.844	0.257	0.527

(a)   Based on AC21-03-02, 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 AC21-03-02, Exhibit 2.1.
(c)   Based on AC21-03-02, 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 December 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)
2009	0.328	1.411	1.356	0.341
2010	0.314	1.385	1.233	0.353
2011	0.291	1.366	1.126	0.353
2012	0.262	1.349	1.003	0.352
2013	0.222	1.319	0.876	0.334
2014	0.211	1.208	0.807	0.316
2015	0.206	1.191	0.771	0.318
2016	0.196	1.176	0.796	0.289
2017	0.203	1.145	0.834	0.278
2018	0.218	1.116	0.879	0.276
2019	0.251	1.083	0.986	0.275
2020	0.270	1.032	1.026	0.272

Projected (d)

2021				0.274
2022				0.280
9/1/2022				0.280

(a) See Exhibit 2.1.
(b) Based on AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from
AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1,
and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these
trends were then separately applied to the 2019 on-level ratio.

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 December 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)
2009	0.469	0.791	1.356	0.274
2010	0.452	0.789	1.233	0.289
2011	0.386	0.811	1.126	0.278
2012	0.332	0.848	1.003	0.280
2013	0.264	0.930	0.876	0.281
2014	0.233	0.976	0.807	0.282
2015	0.221	0.999	0.771	0.287
2016	0.208	0.999	0.796	0.262
2017	0.216	1.000	0.834	0.259
2018	0.232	1.015	0.879	0.267
2019	0.254	1.011	0.986	0.261
2020	0.257	1.007	1.026	0.253

				Projected (d)
2021				0.259
2022				0.265
9/1/2022				0.265

(a)   See Exhibit 2.1.
(b)   Based on AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(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.

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

A. Indemnity Case Reserves Per Open Claim

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													34,748
2004												31,934	34,764
2005											28,033	30,565	33,297
2006										27,401	30,608	31,757	34,823
2007									27,908	30,962	32,397	35,051	42,487
2008								25,557	29,535	32,538	35,371	39,546	44,935
2009							22,416	25,586	28,687	31,787	36,116	40,346	
2010						19,666	21,941	24,461	27,509	31,637	35,709		
2011					18,476	20,359	22,454	25,113	27,845	31,130			
2012				15,855	18,009	20,402	23,788	27,542	32,260				
2013			13,988	15,428	17,187	19,545	23,196	26,333					
2014		12,507	14,731	16,874	19,915	22,146	25,005						
2015	8,686	13,444	16,144	18,902	21,533	24,336							
2016	8,918	13,797	16,673	19,520	22,298								
2017	9,333	14,953	18,721	21,574									
2018	9,929	15,851	19,400										
2019	10,357	16,089											
2020	10,830												

B. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													21,804
2004												17,524	17,964
2005											15,488	15,994	16,375
2006										16,537	17,219	17,702	18,158
2007									17,198	18,066	18,724	19,227	19,708
2008								18,257	19,239	19,975	20,637	21,162	21,633
2009							18,105	19,452	20,410	21,220	21,920	22,326	
2010						16,697	18,401	19,620	20,465	21,159	21,643		
2011					14,964	16,935	18,460	19,605	20,450	21,008			
2012				12,602	15,159	17,066	18,362	19,397	20,079				
2013			9,552	12,990	15,455	17,122	18,253	19,076					
2014		5,628	10,176	13,777	16,334	17,929	19,000						
2015	2,340	6,177	10,888	14,485	16,882	18,269							
2016	2,493	6,545	11,027	14,466	16,445								
2017	2,591	6,644	11,134	14,346									
2018	2,872	7,022	11,390										
2019	3,152	7,052											
2020	3,289												

C. Annual Change of Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													-17.6%
2005												-8.7%	-8.8%
2006											11.2%	10.7%	10.9%
2007										9.2%	8.7%	8.6%	8.5%
2008									11.9%	10.6%	10.2%	10.1%	9.8%
2009								6.5%	6.1%	6.2%	6.2%	5.5%	
2010							1.6%	0.9%	0.3%	-0.3%	-1.3%		
2011						1.4%	0.3%	-0.1%	-0.1%	-0.7%			
2012					1.3%	0.8%	-0.5%	-1.1%	-1.8%				
2013				3.1%	2.0%	0.3%	-0.6%	-1.7%					
2014			6.5%	6.1%	5.7%	4.7%	4.1%						
2015		9.7%	7.0%	5.1%	3.4%	1.9%							
2016	6.5%	6.0%	1.3%	-0.1%	-2.6%								
2017	3.9%	1.5%	1.0%	-0.8%									
2018	10.9%	5.7%	2.3%										
2019	9.8%	0.4%											
2020	4.3%												

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

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

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

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													45,290
2004												31,669	37,313
2005											25,554	28,904	34,013
2006										24,504	28,410	31,990	37,717
2007									27,631	26,769	30,892	34,746	40,937
2008								25,202	30,911	29,598	34,048	38,242	44,935
2009							23,827	26,851	32,792	31,443	36,165	40,346	
2010						22,242	24,217	27,083	32,880	31,352	35,709		
2011					20,289	22,559	24,295	27,063	32,855	31,130			
2012				18,952	20,553	22,733	24,166	26,775	32,260				
2013			16,269	19,536	20,955	22,807	24,022	26,333					
2014		12,840	17,331	20,718	22,146	23,883	25,005						
2015	7,705	14,091	18,543	21,783	22,890	24,336							
2016	8,210	14,931	18,781	21,754	22,298								
2017	8,531	15,156	18,964	21,574									
2018	9,457	16,020	19,400										
2019	10,381	16,089											
2020	10,830												

E. Indemnity Open Claim Counts

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													6,669
2004												6,336	5,156
2005											6,382	5,095	4,155
2006										7,595	5,942	4,779	3,848
2007									8,865	6,753	5,262	4,213	3,320
2008								10,451	7,803	6,045	4,667	3,682	2,964
2009							13,025	9,384	7,065	5,334	4,047	3,253	
2010						16,716	11,765	8,510	6,262	4,685	3,634		
2011					22,262	15,702	10,973	7,723	5,654	4,402			
2012				31,865	21,803	14,870	10,185	7,147	5,403				
2013			47,703	31,611	20,682	13,789	9,255	6,648					
2014		68,629	47,297	30,591	19,405	13,007	9,134						
2015	82,762	69,127	45,553	28,028	17,647	12,522							
2016	82,307	66,484	42,604	25,875	17,467								
2017	82,171	63,055	39,581	25,883									
2018	82,522	64,151	43,012										
2019	84,136	68,573											
2020	74,891												

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

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													302,048
2004												200,667	192,399
2005											163,090	147,269	141,329
2006										186,117	168,803	152,872	145,127
2007									244,945	180,769	162,552	146,382	135,908
2008								263,376	241,213	178,930	158,908	140,811	133,186
2009							310,357	251,973	231,680	167,716	146,359	131,246	
2010						371,803	284,911	230,476	205,882	146,885	129,766		
2011					451,671	354,232	266,588	209,017	185,765	137,032			
2012				603,915	448,114	338,039	246,140	191,362	174,300				
2013			776,085	617,543	433,394	314,494	222,323	175,059					
2014		881,188	819,706	633,789	429,741	310,645	228,398						
2015	637,708	974,089	844,703	610,536	403,932	304,736							
2016	675,716	992,706	800,141	562,886	389,471								
2017	700,984	955,671	750,610	558,403									
2018	780,439	1,027,683	834,435										
2019	873,421	1,103,237											
2020	811,104												

(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, excluding COVID-19 claims.

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

G. Paid Indemnity Loss on All Claims

Accident Year	__ Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													4,475,473
2004												3,101,009	3,134,708
2005											2,419,374	2,455,460	2,487,349
2006										2,471,660	2,517,021	2,557,652	2,589,071
2007									2,555,492	2,624,946	2,676,395	2,718,489	2,752,857
2008								2,583,511	2,654,629	2,715,600	2,763,762	2,803,908	2,832,823
2009							2,390,166	2,494,516	2,571,506	2,630,018	2,680,330	2,710,087	
2010						2,331,088	2,470,514	2,564,669	2,634,152	2,690,807	2,726,475		
2011					2,165,857	2,352,445	2,484,029	2,586,104	2,653,168	2,696,670			
2012				1,994,398	2,266,818	2,465,199	2,590,821	2,680,773	2,741,649				
2013			1,699,856	2,140,004	2,415,644	2,589,613	2,703,032	2,779,456					
2014		1,123,567	1,839,136	2,309,815	2,606,866	2,792,371	2,900,412						
2015	370,939	1,216,650	1,968,228	2,447,587	2,738,713	2,897,638							
2016	391,984	1,268,200	2,011,854	2,475,121	2,729,148								
2017	410,067	1,306,272	2,050,049	2,479,705									
2018	446,982	1,389,979	2,121,150										
2019	474,891	1,454,667											
2020	454,880												

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

Accident Year	__ Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													4,777,521
2004												3,301,676	3,327,107
2005											2,582,464	2,602,729	2,628,678
2006										2,657,777	2,685,824	2,710,525	2,734,197
2007									2,800,437	2,805,716	2,838,947	2,864,870	2,888,765
2008								2,846,887	2,895,842	2,894,530	2,922,670	2,944,719	2,966,010
2009							2,700,523	2,746,489	2,803,186	2,797,733	2,826,689	2,841,333	
2010						2,702,892	2,755,426	2,795,145	2,840,034	2,837,692	2,856,241		
2011					2,617,528	2,706,677	2,750,617	2,795,121	2,838,933	2,833,703			
2012				2,598,314	2,714,932	2,803,238	2,836,961	2,872,135	2,915,949				
2013			2,475,941	2,757,547	2,849,038	2,904,107	2,925,356	2,954,515					
2014		2,004,756	2,658,842	2,943,603	3,036,608	3,103,016	3,128,809						
2015	1,008,647	2,190,739	2,812,932	3,058,123	3,142,645	3,202,374							
2016	1,067,700	2,260,906	2,811,994	3,038,007	3,118,619								
2017	1,111,052	2,261,942	2,800,659	3,038,108									
2018	1,227,421	2,417,661	2,955,586										
2019	1,348,311	2,557,904											
2020	1,265,983												

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

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2003												
2004												1.008
2005											1.008	1.010
2006										1.011	1.009	1.009
2007									1.002	1.012	1.009	1.008
2008								1.017	1.000	1.010	1.008	1.007
2009							1.017	1.021	0.998	1.010	1.005	
2010						1.019	1.014	1.016	0.999	1.007		
2011					1.034	1.016	1.016	1.016	0.998			
2012				1.045	1.033	1.012	1.012	1.015				
2013			1.114	1.033	1.019	1.007	1.010					
2014		1.326	1.107	1.032	1.022	1.008						
2015	2.172	1.284	1.087	1.028	1.019							
2016	2.118	1.244	1.080	1.027								
2017	2.036	1.238	1.085									
2018	1.970	1.222										
2019	1.897											
Latest Yea	1.897	1.222	1.085	1.027	1.019	1.008	1.010	1.015	0.998	1.007	1.005	1.007
3-Yr Avera	1.968	1.235	1.084	1.029	1.020	1.009	1.013	1.016	0.998	1.009	1.007	1.008

(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, excluding COVID-19 claims.

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

J. Indemnity Incurred Loss Development Factors (d)

Accident Year	| Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2003												
2004												1.003
2005											1.005	1.006
2006										1.007	1.004	1.005
2007									1.011	1.005	1.007	1.010
2008								1.012	1.009	1.006	1.007	1.006
2009								1.020	1.014	1.009	1.010	1.005
2010							1.026	1.016	1.012	1.012	1.006	
2011						1.037	1.022	1.018	1.011	1.008		
2012				1.064	1.041	1.023	1.016	1.013				
2013			1.110	1.055	1.032	1.020	1.013					
2014		1.280	1.114	1.059	1.029	1.016						
2015	1.969	1.260	1.101	1.047	1.027							
2016	1.941	1.246	1.095	1.046								
2017	1.911	1.241	1.089									
2018	1.901	1.228										
2019	1.900											

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

Accident Year	| Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2003												
2004												0.45%
2005											0.29%	0.44%
2006										0.34%	0.53%	0.37%
2007									-0.91%	0.73%	0.23%	-0.13%
2008								0.50%	-0.98%	0.40%	0.05%	0.16%
2009							-0.25%	0.61%	-1.10%	0.07%	-0.01%	
2010						-0.63%	-0.18%	0.39%	-1.23%	0.05%		
2011					-0.27%	-0.55%	-0.20%	0.46%	-1.00%			
2012				-1.79%	-0.82%	-1.10%	-0.33%	0.19%				
2013			0.33%	-2.03%	-1.20%	-1.29%	-0.26%					
2014		3.65%	-0.66%	-2.61%	-0.70%	-0.73%						
2015	10.30%	1.92%	-1.28%	-1.89%	-0.76%							
2016	9.10%	-0.15%	-1.32%	-1.90%								
2017	6.54%	-0.22%	-0.34%									
2018	3.63%	-0.45%										
2019	-0.15%											

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

Accident Year	| Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2003												
2004												1.007
2005											1.008	1.010
2006										1.010	1.009	1.009
2007									1.002	1.012	1.009	1.009
2008								1.017	0.999	1.010	1.007	1.008
2009							1.016	1.020	0.998	1.011	1.005	
2010						1.020	1.014	1.016	1.000	1.006		
2011					1.034	1.016	1.017	1.016	0.998			
2012				1.044	1.032	1.012	1.013	1.015				
2013			1.115	1.034	1.020	1.007	1.010					
2014		1.325	1.108	1.031	1.022	1.009						
2015	2.172	1.284	1.087	1.027	1.019							
2016	2.118	1.244	1.081	1.026								
2017	2.036	1.238	1.085									
2018	1.970	1.222										
2019	1.897											
3-Year Average	1.968	1.235	1.084	1.028	1.020	1.009	1.013	1.016	0.998	1.009	1.007	1.008

(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 AC21-03-02, Exhibit 2.1.1].

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

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

A. Medical Case Reserves Per Open Indemnity Claim

Accident Year	Evaluated as of (in months)
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													88,391
2004												81,941	88,661
2005											76,324	86,319	88,761
2006										70,820	76,099	79,874	90,841
2007									68,785	76,151	88,278	93,702	106,003
2008								60,356	70,003	76,644	86,220	97,367	102,146
2009							48,959	58,157	65,239	74,426	88,558	97,123	
2010						39,998	46,538	52,569	59,232	68,269	74,643		
2011					36,928	41,973	47,951	54,431	62,885	66,745			
2012				27,880	32,976	39,148	45,585	55,002	62,197				
2013			22,548	26,968	31,695	37,168	44,756	51,756					
2014		18,545	21,851	26,278	31,450	37,440	43,046						
2015	15,562	19,315	23,877	29,375	35,785	40,917							
2016	15,998	20,261	24,972	29,910	35,409								
2017	16,886	21,477	26,895	32,042									
2018	17,705	22,389	26,221										
2019	17,704	22,013											
2020	17,944												

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

Accident Year	Evaluated as of (in months)
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													21,599
2004												19,157	19,936
2005											19,077	20,056	20,764
2006										20,192	21,378	22,290	23,061
2007									21,645	23,145	24,214	25,148	25,938
2008								22,683	24,305	25,491	26,577	27,548	28,276
2009							22,694	24,759	26,147	27,614	28,672	29,255	
2010						20,768	23,407	25,262	26,608	27,694	28,599		
2011					17,258	20,228	22,424	24,081	25,253	26,008			
2012				13,802	17,059	19,413	21,119	22,429	23,412				
2013			10,021	13,652	16,556	18,595	19,989	20,929					
2014		5,805	10,060	13,669	16,372	18,160	19,309						
2015	2,503	6,243	10,431	13,849	16,220	17,717							
2016	2,709	6,471	10,486	13,496	15,509								
2017	2,835	6,648	10,635	13,467									
2018	2,972	6,954	11,098										
2019	3,405	6,685											
2020	2,861												

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

Accident Year	Evaluated as of (in months)
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													-7.7%
2005												4.7%	4.2%
2006											12.1%	11.1%	11.1%
2007										14.6%	13.3%	12.8%	12.5%
2008									12.3%	10.1%	9.8%	9.5%	9.0%
2009								9.2%	7.6%	8.3%	7.9%	6.2%	
2010							5.4%	5.0%	4.7%	4.8%	4.6%		
2011						3.9%	3.2%	3.0%	2.8%	2.2%			
2012					-3.0%	-3.9%	-4.3%	-4.6%	-5.1%				
2013				-1.1%	-2.9%	-4.2%	-5.4%	-6.7%					
2014			0.4%	0.1%	-1.1%	-2.3%	-3.4%						
2015		7.5%	3.7%	1.3%	-0.9%	-2.4%							
2016	8.2%	3.7%	0.5%	-2.6%	-4.4%								
2017	4.6%	2.7%	1.4%	-0.2%									
2018	4.8%	4.6%	4.3%										
2019	14.6%	-3.9%											
2020	-16.0%												

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

(b) The annual changes for accident year 2010, 2011 and 2012 are based on paid 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, excluding COVID-19 claims.

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

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

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													78,025
2004												63,600	72,017
2005											47,474	66,581	75,009
2006										45,568	53,201	73,999	83,306
2007									50,367	52,234	60,259	83,486	93,700
2008								49,244	56,555	57,528	66,139	91,454	102,146
2009							45,247	53,751	60,841	62,318	71,352	97,123	
2010						44,904	47,688	56,462	63,729	65,293	74,643		
2011					40,139	46,670	49,203	58,160	65,538	66,745			
2012				32,839	38,948	44,835	47,082	55,464	62,197				
2013			23,678	32,483	37,801	42,944	44,563	51,756					
2014		19,116	23,768	32,523	37,379	41,941	43,046						
2015	15,702	20,558	24,647	32,952	37,035	40,917							
2016	16,994	21,310	24,776	32,110	35,409								
2017	17,782	21,891	25,128	32,042									
2018	18,642	22,901	26,221										
2019	21,360	22,013											
2020	17,944												

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

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													520,356
2004												402,995	371,342
2005											302,990	339,244	311,670
2006										346,110	316,098	353,621	320,547
2007									446,498	352,731	317,075	351,717	311,082
2008								514,636	441,321	347,770	308,678	336,740	302,760
2009							589,349	504,402	429,845	332,403	288,763	315,940	
2010						750,629	561,040	480,482	399,051	305,897	271,253		
2011					893,565	732,828	539,907	449,194	370,553	293,813			
2012				1,046,419	849,177	666,702	479,553	396,403	336,052				
2013			1,129,516	1,026,822	781,794	592,167	412,426	344,074					
2014		1,311,952	1,124,154	994,894	725,344	545,525	393,186						
2015	1,299,516	1,421,109	1,122,722	923,576	653,550	512,358							
2016	1,398,693	1,416,759	1,055,537	830,851	618,493								
2017	1,461,194	1,380,331	994,600	829,343									
2018	1,538,350	1,469,091	1,127,824										
2019	1,797,105	1,509,468											
2020	1,343,810												

F. Paid Medical Loss on All Claims

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													4,877,875
2004												3,840,375	3,907,922
2005											3,419,301	3,492,005	3,557,504
2006										3,486,395	3,573,122	3,646,097	3,700,593
2007									3,686,421	3,800,932	3,884,898	3,961,034	4,019,133
2008								3,653,332	3,781,826	3,884,224	3,955,254	4,021,128	4,070,413
2009							3,395,140	3,551,203	3,665,762	3,753,063	3,824,599	3,872,808	
2010						3,292,095	3,510,985	3,657,872	3,764,017	3,853,460	3,920,128		
2011					2,872,058	3,151,282	3,338,805	3,478,801	3,577,388	3,642,058			
2012				2,516,061	2,871,303	3,119,727	3,293,274	3,419,667	3,499,124				
2013			2,065,053	2,549,265	2,877,818	3,095,442	3,244,075	3,336,958					
2014		1,446,537	2,114,258	2,588,761	2,899,737	3,118,418	3,251,983						
2015	597,707	1,514,029	2,178,158	2,651,823	2,946,059	3,130,130							
2016	636,460	1,578,568	2,225,604	2,662,916	2,926,079								
2017	690,162	1,637,485	2,278,511	2,682,983									
2018	732,758	1,742,440	2,401,346										
2019	730,287	1,713,790											
2020	618,789												

(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, excluding COVID-19 claims.

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)								
	12	24	36	48	60	72	84	96	108	120	132	144	156
2002													
2003													5,398,230
2004												4,243,370	4,279,264
2005											3,722,291	3,831,249	3,869,174
2006										3,832,504	3,889,220	3,999,718	4,021,140
2007									4,132,918	4,153,663	4,201,972	4,312,751	4,330,214
2008								4,167,969	4,223,147	4,231,994	4,263,931	4,357,868	4,373,172
2009							3,984,489	4,055,605	4,095,607	4,085,466	4,113,362	4,188,748	
2010						4,042,723	4,072,025	4,138,354	4,163,068	4,159,357	4,191,380		
2011					3,765,623	3,884,110	3,878,712	3,927,994	3,947,941	3,935,871			
2012				3,562,480	3,720,480	3,786,429	3,772,827	3,816,070	3,835,176				
2013			3,194,569	3,576,086	3,659,612	3,687,609	3,656,501	3,681,032					
2014		2,758,489	3,238,413	3,583,655	3,625,081	3,663,943	3,645,168						
2015	1,897,223	2,935,138	3,300,879	3,575,399	3,599,609	3,642,488							
2016	2,035,152	2,995,327	3,281,141	3,493,767	3,544,572								
2017	2,151,356	3,017,816	3,273,111	3,512,326									
2018	2,271,109	3,211,531	3,529,170										
2019	2,527,392	3,223,258											
2020	1,962,599												

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

Accident Year					Age-to-Age Development (in months):							
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2003												
2004												1.008
2005											1.029	1.010
2006										1.015	1.028	1.005
2007									1.005	1.012	1.026	1.004
2008								1.013	1.002	1.008	1.022	1.004
2009							1.018	1.010	0.998	1.007	1.018	
2010						1.007	1.016	1.006	0.999	1.008		
2011					1.031	0.999	1.013	1.005	0.997			
2012				1.044	1.018	0.996	1.011	1.005				
2013			1.119	1.023	1.008	0.992	1.007					
2014		1.174	1.107	1.012	1.011	0.995						
2015	1.547	1.125	1.083	1.007	1.012							
2016	1.472	1.095	1.065	1.015								
2017	1.403	1.085	1.073									
2018	1.414	1.099										
2019	1.275											
Latest Yea	1.275	1.099	1.073	1.015	1.012	0.995	1.007	1.005	0.997	1.008	1.018	1.004
3-Yr Avera	1.364	1.093	1.074	1.011	1.010	0.994	1.010	1.005	0.998	1.007	1.022	1.004

I. Medical Incurred Loss Development Factors (f)

Accident Year					Age-to-Age Development (in months):							
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2003												
2004												1.001
2005											1.007	0.999
2006										1.000	1.001	1.006
2007									1.004	1.008	1.001	1.004
2008								1.010	1.004	1.002	1.005	0.999
2009							1.016	1.007	1.006	1.008	1.001	
2010						1.025	1.012	1.007	1.009	1.004		
2011					1.031	1.014	1.009	1.009	1.001			
2012				1.055	1.031	1.015	1.015	1.006				
2013			1.083	1.039	1.021	1.014	1.006					
2014		1.158	1.078	1.035	1.027	1.011						
2015	1.511	1.146	1.064	1.029	1.018							
2016	1.498	1.124	1.045	1.031								
2017	1.440	1.117	1.051									
2018	1.449	1.110										
2019	1.452											

(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, excluding COVID-19 claims.

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

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

Accident 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
2003												
2004												0.72%
2005											2.26%	1.13%
2006										1.46%	2.78%	-0.02%
2007									0.06%	0.37%	2.49%	0.05%
2008								0.29%	-0.24%	0.52%	1.69%	0.50%
2009							0.19%	0.26%	-0.81%	-0.11%	1.69%	
2010						-1.70%	0.47%	-0.12%	-1.01%	0.34%		
2011					0.00%	-1.55%	0.38%	-0.35%	-0.38%			
2012				-0.97%	-1.30%	-1.84%	-0.32%	-0.09%				
2013			3.35%	-1.47%	-1.32%	-2.21%	0.05%					
2014		1.42%	2.67%	-2.23%	-1.60%	-1.60%						
2015	2.39%	-1.89%	1.79%	-2.21%	-0.61%							
2016	-1.74%	-2.58%	1.92%	-1.63%								
2017	-2.58%	-2.94%	2.14%									
2018	-2.40%	-1.02%										
2019	-12.17%											

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

Accident 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
2003												
2004												1.008
2005											1.029	1.010
2006										1.015	1.029	1.006
2007									1.005	1.012	1.026	1.005
2008								1.013	1.003	1.007	1.022	1.004
2009							1.018	1.010	0.998	1.007	1.018	
2010						1.008	1.017	1.007	1.000	1.008		
2011					1.034	1.000	1.014	1.006	0.998			
2012				1.046	1.018	0.996	1.012	1.005				
2013			1.122	1.024	1.009	0.992	1.006					
2014		1.175	1.108	1.012	1.011	0.995						
2015	1.547	1.124	1.083	1.007	1.012							
2016	1.472	1.095	1.065	1.014								
2017	1.403	1.084	1.073									
2018	1.414	1.099										
2019	1.275											
3-Year Average	1.364	1.093	1.074	1.011	1.010	0.994	1.011	1.006	0.999	1.007	1.022	1.005

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

(h) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item J)] and [the incurred Medical age-to-age development factors from AC21-03-02, 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 December 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)
2009	0.318	1.008	1.032	0.329	0.470	1.005	1.002	0.470	0.799
2010	0.303	1.007	1.040	0.315	0.451	1.022	1.023	0.462	0.777
2011	0.279	1.009	1.049	0.293	0.384	1.007	1.031	0.396	0.689
2012	0.249	0.998	1.048	0.261	0.327	0.999	1.030	0.337	0.597
2013	0.208	1.016	1.064	0.222	0.259	1.006	1.036	0.269	0.490
2014	0.195	1.013	1.078	0.210	0.228	1.011	1.047	0.238	0.449
2015	0.188	1.009	1.088	0.204	0.213	0.994	1.041	0.222	0.426
2016	0.174	1.020	1.109	0.193	0.197	1.010	1.052	0.208	0.400
2017	0.172	1.029	1.141	0.196	0.199	1.011	1.064	0.211	0.408
2018	0.170	1.084	1.237	0.210	0.203	1.074	1.142	0.231	0.441
2019	0.159	1.235	1.528	0.243	0.200	1.093	1.248	0.250	0.493
2020	0.090	1.968	3.006	0.271	0.140	1.364	1.702	0.238	0.509

(a) Based on AC21-03-02, 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 2009 to 2020 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 2009 to 2020 were adjusted for changes in medical case reserve levels based on 3-year average selections (see Exhibit 3.8, Item K).

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of December 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)
2009	0.329	1.411	1.356	0.342
2010	0.315	1.385	1.233	0.354
2011	0.293	1.366	1.126	0.355
2012	0.261	1.349	1.003	0.351
2013	0.222	1.319	0.876	0.333
2014	0.210	1.208	0.807	0.315
2015	0.204	1.191	0.771	0.315
2016	0.193	1.176	0.796	0.285
2017	0.196	1.145	0.834	0.269
2018	0.210	1.116	0.879	0.266
2019	0.243	1.083	0.986	0.267
2020	0.271	1.032	1.026	0.272

				Projected (d)
2021				0.265
2022				0.271
9/1/2022				0.271

(a)   See Exhibit 3.9.
(b)   Based on AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual indemnity severity trend from
        AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1,
        and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these
        trends were then separately applied to the 2019 on-level ratio.

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 December 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)
2009	0.470	0.791	1.356	0.274
2010	0.462	0.789	1.233	0.295
2011	0.396	0.811	1.126	0.285
2012	0.337	0.848	1.003	0.285
2013	0.269	0.930	0.876	0.285
2014	0.238	0.976	0.807	0.288
2015	0.222	0.999	0.771	0.288
2016	0.208	0.999	0.796	0.261
2017	0.211	1.000	0.834	0.253
2018	0.231	1.015	0.879	0.267
2019	0.250	1.011	0.986	0.256
2020	0.238	1.007	1.026	0.233

Projected (d)

2021	0.255
2022	0.260
9/1/2022	0.261

(a)   See Exhibit 3.9.
(b)   Based on AC21-03-02, Exhibit 4.4.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual medical severity trend from
       AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1,
       and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these
       trends were then separately applied to the 2019 on-level ratio.
(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 December 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)
2009	0.304	1.012	1.086	0.330	0.434	1.014	1.219	0.530	0.860
2010	0.289	1.014	1.102	0.319	0.423	1.017	1.240	0.524	0.843
2011	0.266	1.017	1.120	0.298	0.355	1.018	1.262	0.448	0.746
2012	0.234	1.020	1.142	0.267	0.298	1.022	1.290	0.385	0.652
2013	0.196	1.025	1.171	0.229	0.235	1.027	1.325	0.311	0.541
2014	0.181	1.034	1.211	0.219	0.203	1.036	1.373	0.279	0.498
2015	0.170	1.045	1.266	0.215	0.183	1.049	1.440	0.264	0.479
2016	0.152	1.067	1.350	0.205	0.163	1.072	1.543	0.252	0.457
2017	0.140	1.117	1.508	0.212	0.152	1.110	1.714	0.260	0.472
2018	0.122	1.228	1.852	0.225	0.138	1.197	2.052	0.283	0.508
2019	0.090	1.560	2.890	0.261	0.106	1.393	2.858	0.304	0.566
2020	0.032	3.119	9.015	0.292	0.044	2.366	6.762	0.298	0.590

(a)   Based on AC21-03-02, 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 AC21-03-02, Exhibit 2.5.
(c)   Age-to-age factors are selected as three-year averages based on AC21-03-02, Exhibit 2.6. These factors have not been adjusted for any reforms.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.219	1.208	0.807	0.328
2015	0.215	1.191	0.771	0.332
2016	0.205	1.176	0.796	0.303
2017	0.212	1.145	0.834	0.291
2018	0.225	1.116	0.879	0.286
2019	0.261	1.083	0.986	0.287
2020	0.292	1.032	1.026	0.294

	Projected (d)
2021	0.285
2022	0.291
9/1/2022	0.292

(a) See Exhibit 4.1.
(b) Based on AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.

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 December 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)
2009	0.530	0.791	1.356	0.309
2010	0.524	0.789	1.233	0.335
2011	0.448	0.811	1.126	0.322
2012	0.385	0.848	1.003	0.325
2013	0.311	0.930	0.876	0.330
2014	0.279	0.976	0.807	0.337
2015	0.264	0.999	0.771	0.342
2016	0.252	0.999	0.796	0.316
2017	0.260	1.000	0.834	0.312
2018	0.283	1.015	0.879	0.326
2019	0.304	1.011	0.986	0.312
2020	0.298	1.007	1.026	0.292

		Projected (d)
2021		0.310
2022		0.317
9/1/2022		0.318

(a) See Exhibit 4.1.
(b) Based on AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Developed Loss Ratio Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 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)
2009	0.304	1.012	1.086	0.330	0.434	1.014	1.219	0.530	0.860
2010	0.289	1.014	1.102	0.319	0.423	1.017	1.240	0.524	0.843
2011	0.266	1.017	1.120	0.298	0.355	1.018	1.262	0.448	0.746
2012	0.234	1.020	1.142	0.267	0.298	1.022	1.290	0.385	0.652
2013	0.196	1.023	1.169	0.229	0.235	1.023	1.320	0.310	0.539
2014	0.181	1.028	1.201	0.217	0.203	1.029	1.358	0.276	0.493
2015	0.170	1.039	1.248	0.212	0.183	1.043	1.416	0.260	0.472
2016	0.152	1.058	1.321	0.201	0.163	1.062	1.504	0.245	0.446
2017	0.140	1.103	1.457	0.204	0.152	1.099	1.653	0.251	0.455
2018	0.122	1.210	1.762	0.215	0.138	1.178	1.947	0.268	0.483
2019	0.090	1.526	2.689	0.243	0.106	1.378	2.683	0.286	0.529
2020	0.032	3.063	8.238	0.267	0.044	2.347	6.297	0.277	0.544

(a) Based on AC21-03-02, 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 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC21-03-02, Exhibit 2.5.

(c) Age-to-age factors are selected as latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC21-03-02, Exhibit 2.6.

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 December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.217	1.208	0.807	0.325
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.296
2017	0.204	1.145	0.834	0.281
2018	0.215	1.116	0.879	0.272
2019	0.243	1.083	0.986	0.267
2020	0.267	1.032	1.026	0.268

				Projected (d)
2021				0.265
2022				0.271
9/1/2022				0.272

(a) See Exhibit 5.1.
(b) Based on AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.

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 December 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)
2009	0.530	0.791	1.356	0.309
2010	0.524	0.789	1.233	0.335
2011	0.448	0.811	1.126	0.322
2012	0.385	0.848	1.003	0.325
2013	0.310	0.930	0.876	0.329
2014	0.276	0.976	0.807	0.333
2015	0.260	0.999	0.771	0.337
2016	0.245	0.999	0.796	0.308
2017	0.251	1.000	0.834	0.301
2018	0.268	1.015	0.879	0.310
2019	0.286	1.011	0.986	0.293
2020	0.277	1.007	1.026	0.272

				Projected (d)
2021				0.291
2022				0.298
9/1/2022				0.298

(a)   See Exhibit 5.1.
(b)   Based on AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(e)   Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Developed Loss Ratios Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2020

	(1)	(2)	(3)	(4)	(5)
			Medical		
				Adjusted	
			Annual	Cumulative	
Accident	Paid	Paid	Development	Development	Developed
Year	Loss Ratio (a)	Loss Ratio (b)	Factor (c)	Factor	Loss Ratio
					(2) x (4)
2009	0.434	0.401	1.015	1.233	0.494
2010	0.423	0.392	1.018	1.255	0.492
2011	0.355	0.333	1.020	1.280	0.426
2012	0.298	0.282	1.024	1.311	0.370
2013	0.235	0.225	1.025	1.344	0.302
2014	0.203	0.197	1.031	1.385	0.273
2015	0.183	0.180	1.033	1.431	0.258
2016	0.163	0.162	1.055	1.510	0.244
2017	0.152	0.151	1.086	1.639	0.248
2018	0.138	0.138	1.178	1.931	0.266
2019	0.106	0.106	1.378	2.661	0.283
2020	0.044	0.044	2.347	6.246	0.275

(a)   Based on AC21-03-02, 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)   See AC21-03-02, Exhibit 3.2, Column (2).

(c)   Based on AC21-03-02, Exhibit 2.6.1 and includes adjustments for SB 1160.

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
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.302	0.948	0.876	0.327
2014	0.273	0.992	0.807	0.336
2015	0.258	1.010	0.771	0.339
2016	0.244	1.012	0.796	0.310
2017	0.248	1.014	0.834	0.302
2018	0.266	1.015	0.879	0.307
2019	0.283	1.011	0.986	0.291
2020	0.275	1.007	1.026	0.270

Projected (d)

2021	0.289
2022	0.295
9/1/2022	0.296

(a)   See Exhibit 6.1.
(b)   Based on AC21-03-02, Exhibit 4.4.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(e)   Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of December 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)
2009	0.304	1.012	1.086	0.330	0.434	0.401	1.015	1.233	0.494	0.824
2010	0.289	1.014	1.102	0.319	0.423	0.392	1.018	1.255	0.492	0.811
2011	0.266	1.017	1.120	0.298	0.355	0.333	1.020	1.280	0.426	0.724
2012	0.234	1.020	1.142	0.267	0.298	0.282	1.024	1.311	0.370	0.637
2013	0.196	1.025	1.171	0.229	0.235	0.225	1.029	1.349	0.303	0.533
2014	0.181	1.034	1.211	0.219	0.203	0.197	1.040	1.404	0.277	0.496
2015	0.170	1.038	1.258	0.214	0.183	0.180	1.035	1.453	0.262	0.476
2016	0.152	1.057	1.330	0.202	0.163	0.162	1.057	1.536	0.248	0.450
2017	0.140	1.106	1.471	0.206	0.152	0.151	1.092	1.677	0.254	0.460
2018	0.122	1.233	1.813	0.221	0.138	0.138	1.204	2.019	0.278	0.499
2019	0.090	1.573	2.851	0.258	0.106	0.106	1.402	2.830	0.301	0.559
2020	0.032	3.079	8.779	0.284	0.044	0.044	2.351	6.655	0.293	0.577

(a) Based on AC21-03-02, 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 2020 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC21-03-02, Exhibit 2.5.8, Item Q).

(c) See AC21-03-02, Exhibit 3.2, Column (2).

(d) Based on AC21-03-02, Exhibit 2.6.1 and includes adjustments for SB 1160. Age-to-age factors for developing accident years 2015 to 2020 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC21-03-02, Exhibit 2.6.8, Item R).

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.219	1.208	0.807	0.328
2015	0.214	1.191	0.771	0.330
2016	0.202	1.176	0.796	0.299
2017	0.206	1.145	0.834	0.283
2018	0.221	1.116	0.879	0.280
2019	0.258	1.083	0.986	0.283
2020	0.284	1.032	1.026	0.286

	Projected (d)
2021	0.281
2022	0.288
9/1/2022	0.288

(a) See Exhibit 7.1.
(b) Based on AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.

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 December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.277	0.992	0.807	0.340
2015	0.262	1.010	0.771	0.344
2016	0.248	1.012	0.796	0.316
2017	0.254	1.014	0.834	0.309
2018	0.278	1.015	0.879	0.321
2019	0.301	1.011	0.986	0.309
2020	0.293	1.007	1.026	0.288

				Projected (d)
2021				0.307
2022				0.314
9/1/2022				0.315

(a) See Exhibit 7.1.
(b) Based on AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 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)
2009	0.304	1.012	1.086	0.330	0.434	0.401	1.015	1.233	0.494	0.824
2010	0.289	1.014	1.102	0.319	0.423	0.392	1.018	1.255	0.492	0.811
2011	0.266	1.017	1.120	0.298	0.355	0.333	1.020	1.280	0.426	0.724
2012	0.234	1.020	1.142	0.267	0.298	0.282	1.024	1.311	0.370	0.637
2013	0.196	1.023	1.169	0.229	0.235	0.225	1.025	1.344	0.302	0.531
2014	0.181	1.028	1.201	0.217	0.203	0.197	1.031	1.385	0.273	0.491
2015	0.170	1.035	1.243	0.211	0.183	0.180	1.029	1.426	0.257	0.468
2016	0.152	1.055	1.311	0.199	0.163	0.162	1.052	1.500	0.243	0.442
2017	0.140	1.102	1.445	0.203	0.152	0.151	1.085	1.628	0.247	0.449
2018	0.122	1.233	1.782	0.217	0.138	0.138	1.192	1.940	0.267	0.484
2019	0.090	1.561	2.781	0.251	0.106	0.106	1.396	2.708	0.288	0.540
2020	0.032	3.073	8.546	0.277	0.044	0.044	2.350	6.363	0.280	0.557

(a) Based on AC21-03-02, 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 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC21-03-02, Exhibit 2.5. Age-to-age factors for developing accident years 2015 to 2020 were adjusted for changes in claim settlement rates based on latest year selections (see AC21-03-02, Exhibit 2.5.8, Item Q).

(c) See AC21-03-02, Exhibit 3.2, Column (2).

(d) Based on AC21-03-02, Exhibits 2.6.1 and includes adjustments for SB 1160. Age-to-age factors for developing accident years 2015 to 2020 were adjusted for changes in claim settlement rates based on latest year selections (see AC21-03-02, Exhibit 2.6.8, Item R).

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.217	1.208	0.807	0.325
2015	0.211	1.191	0.771	0.326
2016	0.199	1.176	0.796	0.294
2017	0.203	1.145	0.834	0.278
2018	0.217	1.116	0.879	0.275
2019	0.251	1.083	0.986	0.276
2020	0.277	1.032	1.026	0.278

				Projected (d)
2021				0.274
2022				0.280
9/1/2022				0.281

(a)   See Exhibit 8.1.
(b)   Based on AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual indemnity severity trend from
        AC21-03-02, Exhibit 6.2, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1,
        and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these
        trends were then separately applied to the 2019 on-level ratio.

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 Paid Latest Year Selections
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.302	0.948	0.876	0.327
2014	0.273	0.992	0.807	0.336
2015	0.257	1.010	0.771	0.337
2016	0.243	1.012	0.796	0.308
2017	0.247	1.014	0.834	0.300
2018	0.267	1.015	0.879	0.309
2019	0.288	1.011	0.986	0.296
2020	0.280	1.007	1.026	0.275

Projected (d)

2021	0.294
2022	0.300
9/1/2022	0.301

(a)   See Exhibit 8.1.
(b)   Based on AC21-03-02, Exhibit 4.4.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the actual frequency trend for accident year 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 on-level ratio.
(e)   Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Years 2019 and 2020
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

	Projected (d)
2021	0.284
2022	0.290
9/1/2022	0.291

(a)   See AC21-03-02, Exhibit 3.1.
(b)   See AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on an estimated annual indemnity severity trend from AC21-03-02, Exhibit 6.2, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 and 2020 on-level ratios.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Years 2019 and 2020
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

				Projected (d)
2021				0.295
2022				0.301
9/1/2022				0.302

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2019 and 2020 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.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and 2.5% Severity
Trends Applied to Accident Years 2019 and 2020
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

Projected (d)

2021	0.301
2022	0.312
9/1/2022	0.314

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend of 2.5%
     and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1;
     these trends were then separately applied to the 2019 and 2020 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.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Years 2018 and 2019
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

				Projected (d)
2021				0.278
2022				0.284
9/1/2022				0.285

(a) See AC21-03-02, Exhibit 3.1.
(b) See AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC21-03-02, Exhibit 6.2, actual frequency trends of 0.09% for accident year 2019 and -4.9% for accident year 2020, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Years 2018 and 2019
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

Projected (d)

2021	0.308
2022	0.314
9/1/2022	0.315

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, actual frequency trends of 0.09% for accident year 2019 and -4.9% for accident year 2020, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, 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.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Using Frequency Model Projection for Accident Year 2020
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

	Projected (d)
2021	0.260
2022	0.265
9/1/2022	0.266

(a) See AC21-03-02, Exhibit 3.1.
(b) See AC21-03-02, Exhibit 4.1.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC21-03-02, Exhibit 6.2, the frequency trend projected by the WCIRB's indemnity claim frequency model for accident year 2020 (see Exhibit 6.1 of Item AC21-03-02), and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then applied to the 2019 on-level ratio.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Using Frequency Model Projection for Accident Year 2020
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

		Projected (d)
2021		0.280
2022		0.286
9/1/2022		0.287

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC21-03-02, Exhibit 6.4, the frequency trend projected by the WCIRB's indemnity claim frequency model for accident year 2020 (see Exhibit 6.1 of Item AC21-03-02), and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then applied to the 2019 on-level ratio.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

				Projected (d)
2021				0.278
2022				0.284
9/1/2022				0.285

(a)	See AC21-03-02, Exhibit 3.1.
(b)	See AC21-03-02, Exhibit 4.1.
(c)	See AC21-03-02, Exhibit 5.2.
(d)	These on-level ratios were projected based on the 1990-2020 annual indemnity severity trend of 1.0%, the actual frequency change for 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then applied to the 2019 on-level ratio.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

Projected (d)

2021	0.324
2022	0.345
9/1/2022	0.348

(a)   See AC21-03-02, Exhibit 3.2.
(b)   See AC21-03-02, Exhibit 4.4.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on the 1990-2020 annual medical severity trend of 5.1%, the actual frequency change for 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then applied to the 2019 on-level ratio.
(e)   Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of December 31, 2020

	(1)	(2)	(3)	(4)
				On-Level Indemnity to
Accident	Developed Indemnity	Composite Indemnity	Composite Premium	Industry Average Filed
Year	Loss Ratio (a)	Adjustment Factor (b)	Adjustment Factor (c)	Pure Premium Ratio
				(1) x (2) ÷ (3)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

	Projected (d)
2021	0.267
2022	0.268
9/1/2022	0.268

(a)   See AC21-03-02, Exhibit 3.1.
(b)   See AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected based on the 2015-2019 annual indemnity severity trend of -0.9%, the actual frequency change for 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then applied to the 2019 on-level ratio.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

				Projected (d)
2021				0.293
2022				0.297
9/1/2022				0.297

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected based on the 2015-2019 annual medical severity trend of 0.0%, the actual frequency change for 2020 from AC21-03-02, Exhibit 1, and projected frequency trends for accident years 2021 to 2023 from AC21-03-02, Exhibit 6.1; these trends were then applied to the 2019 on-level ratio.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of December 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)
1991	0.427	1.032	1.369	0.321
1992	0.351	1.088	1.245	0.307
1993	0.289	1.320	1.204	0.316
1994	0.327	1.380	1.362	0.332
1995	0.473	1.278	1.789	0.338
1996	0.530	1.195	1.850	0.342
1997	0.601	1.070	1.796	0.358
1998	0.653	0.987	1.804	0.357
1999	0.685	0.914	1.713	0.366
2000	0.592	0.853	1.356	0.373
2001	0.492	0.854	1.159	0.362
2002	0.366	0.875	0.893	0.359
2003	0.242	0.872	0.636	0.333
2004	0.145	1.194	0.572	0.303
2005	0.124	1.618	0.633	0.318
2006	0.161	1.590	0.814	0.315
2007	0.223	1.533	1.041	0.328
2008	0.282	1.440	1.257	0.323
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

				Projected (d)
2021				0.278
2022				0.276
9/1/2022				0.276

(a)   See AC21-03-02, Exhibit 3.1.
(b)   See AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected by separately applying an exponential trend of approximately -0.4% based on the 1990 to 2020 on-level indemnity to industry average filed pure premium ratios to the 2019 on-level indemnity to industry average filed pure premium ratios.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2020

	(1)	(2)	(3)	(4)	(5)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)	On-Level Medical to Industry Average Filed Pure Premium Ratio (f)
1991	0.355	0.524	1.369	0.136	0.136
1992	0.295	0.552	1.245	0.131	0.131
1993	0.243	0.661	1.204	0.133	0.133
1994	0.279	0.693	1.362	0.142	0.142
1995	0.413	0.683	1.789	0.158	0.158
1996	0.444	0.674	1.850	0.162	0.162
1997	0.499	0.668	1.796	0.186	0.186
1998	0.599	0.588	1.804	0.195	0.195
1999	0.659	0.510	1.713	0.196	0.196
2000	0.599	0.468	1.356	0.207	0.207
2001	0.536	0.427	1.159	0.197	0.197
2002	0.418	0.443	0.893	0.207	0.207
2003	0.270	0.465	0.636	0.197	0.197
2004	0.184	0.703	0.572	0.227	0.227
2005	0.182	0.817	0.633	0.235	0.235
2006	0.236	0.858	0.814	0.249	0.249
2007	0.334	0.842	1.041	0.271	0.271
2008	0.420	0.836	1.257	0.279	0.279
2009	0.494	0.825	1.356	0.301	0.301
2010	0.492	0.822	1.233	0.328	0.328
2011	0.426	0.836	1.126	0.316	0.316
2012	0.370	0.873	1.003	0.322	0.367
2013	0.303	0.948	0.876	0.328	0.371
2014	0.276	0.992	0.807	0.338	0.378
2015	0.260	1.010	0.771	0.341	0.376
2016	0.246	1.012	0.796	0.313	0.342
2017	0.251	1.014	0.834	0.305	0.332
2018	0.273	1.015	0.879	0.315	0.343
2019	0.294	1.011	0.986	0.301	0.331
2020	0.285	1.007	1.026	0.280	0.308

Projected (d)

2021	0.325
2022	0.337
9/1/2022	0.339

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.8% based on the 1990 to 2020 on-level medical to industry average filed pure premium ratios (including MCCP costs) to the 2019 on-level indemnity to industry average filed pure premium ratio.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.
(f) Medical costs include the MCCP cost for all accident years for selecting the loss ratio trend.

Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 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)
2009	0.330	1.411	1.356	0.343
2010	0.319	1.385	1.233	0.358
2011	0.298	1.366	1.126	0.361
2012	0.267	1.349	1.003	0.359
2013	0.229	1.319	0.876	0.345
2014	0.218	1.208	0.807	0.327
2015	0.212	1.191	0.771	0.328
2016	0.201	1.176	0.796	0.297
2017	0.205	1.145	0.834	0.281
2018	0.219	1.116	0.879	0.278
2019	0.255	1.083	0.986	0.280
2020	0.279	1.032	1.026	0.281

				Projected (d)
2021				0.259
2022				0.249
9/1/2022				0.247

(a)   See AC21-03-02, Exhibit 3.1.
(b)   See AC21-03-02, Exhibit 4.1.
(c)   See AC21-03-02, Exhibit 5.2.
(d)   These on-level ratios were projected by separately applying an exponential trend of approximately -3.8% based on the 2015 to 2019 on-level indemnity to industry average filed pure premium ratios to the 2019 on-level indemnity to industry average filed pure premium ratio.

Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 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)
2009	0.494	0.825	1.356	0.301
2010	0.492	0.822	1.233	0.328
2011	0.426	0.836	1.126	0.316
2012	0.370	0.873	1.003	0.322
2013	0.303	0.948	0.876	0.328
2014	0.276	0.992	0.807	0.338
2015	0.260	1.010	0.771	0.341
2016	0.246	1.012	0.796	0.313
2017	0.251	1.014	0.834	0.305
2018	0.273	1.015	0.879	0.315
2019	0.294	1.011	0.986	0.301
2020	0.285	1.007	1.026	0.280

				Projected (d)
2021				0.287
2022				0.280
9/1/2022				0.279

(a) See AC21-03-02, Exhibit 3.2.
(b) See AC21-03-02, Exhibit 4.4.
(c) See AC21-03-02, Exhibit 5.2.
(d) These on-level ratios were projected by separately applying an exponential trend of approximately -2.4% based on the 2015 to 2019 on-level medical to industry average filed pure premium ratios to the 2019 on-level medical to industry average filed pure premium ratio.
(e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

Item AC21-04-03
Evaluation of New Medical–Legal Fee Schedule

The cost of medical-legal evaluations comprise approximately 6.3%[1] of all medical payments.[2] Effective April 1, 2021, the Division of Workers' Compensation (DWC) adopted significant changes to California's Medical-Legal Fee Schedule (Schedule).[3] The April 1, 2021 Schedule, which reflects the first change to medical-legal report reimbursement levels since 2006, is intended to increase the reimbursement rate for medical-legal reports while eliminating the increased hourly billing provisions. Key provisions of the Schedule include:

- Adds a reimbursement rate for missed appointments at a flat fee of $503.75.
- Eliminates codes ML102 (Basic Comprehensive Medical-Legal Evaluation), ML103 (Complex Comprehensive Medical-Legal Evaluation involving three complexity factors) and ML104 (Complex Comprehensive Medical-Legal Evaluation involving four or more complexity factors) and creates a single code (ML201) for Comprehensive Medical-Legal Evaluations.
- Establishes a flat fee of $2,015 for a comprehensive medical-legal evaluation (ML201), which includes a review of up to 200 pages of records.
- Establishes a fee of $3 per page for additional records beyond 200 pages to be reviewed on a comprehensive medical-legal evaluation.
- Establishes a flat fee for follow-up medical legal evaluations (ML202) of $1,316.3, which contemplates the review of up to 200 pages of records, beyond which reimbursement is set at $3 per page.
- Establishes a flat fee for supplemental medical-legal evaluations (ML203) of $650, which contemplates the review of up to 50 pages of records, beyond which reimbursement is set at $3 per page.
- Provides for an hourly rate of $455 for medical-legal testimony.
- Provides for an hourly rate of $325 for reviewing sub rosa recordings.
- Allows for expanded use of the interpreter modifier.
- Increases the multiplier for an agreed medial evaluation (AME) but limits the use of the AME modifier to medical evaluations.
- Adds modifiers with cost multipliers for psychologist/psychiatrist, toxicologist and oncologist medical-legal reports.

Staff is preparing an evaluation of the cost impact of the new schedule based on a review of the WCIRB's medical transaction data on medical-legal reports provided in 2018 and 2019. (Services in 2020 were excluded due to the potential impact of the COVID-19 pandemic on medical services provided.) The summary of staff's preliminary evaluation as presented to the Medical Analytics Working Group at their meeting of April 1, 2021 is attached. An updated summary of the cost evaluation will be presented at the meeting.

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[1] Medical-legal costs reflected about 11% of all medical services paid directly to providers in 2019.
[2] *2019 California Workers' Compensation Losses and Expenses,* WCIRB, June 2020.
[3] Title 8, California Code of Regulations, Sections 9793, 9794 & 9795. https://www.dir.ca.gov/dwc/DWCPropRegs/2020/Medical-Legal-Fee-Schedule/Med-Legal-Fee-Schedule.htm
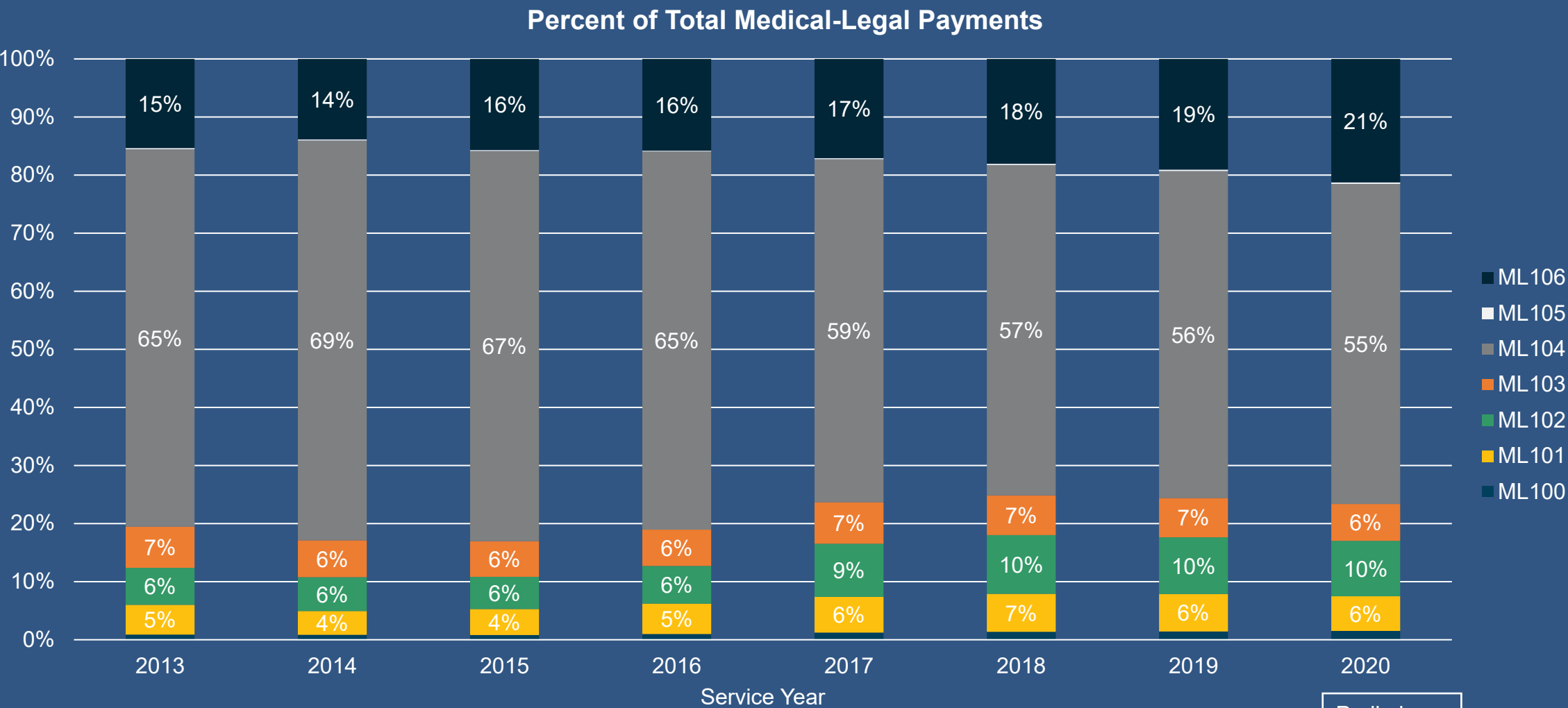
Background on New Medical-Legal Fee Schedule

- The Division of Workers' Compensation (DWC) has posted the final rulemaking documents for approval of significant changes to the Medical-Legal Fee Schedule to be effective April 1, 2021.

- The new Medical-Legal Fee Schedule is intended to increase the reimbursement rate for medical-legal reports while eliminating the increased hourly billing provisions.
    - The current reimbursement procedures or parameters for reimbursement for medical-legal reports were last changed in June 2006.
    - Empirical studies have shown that in recent years there has been a substantial increase in the incidence of hourly billing under the current fee schedule.

- The WCIRB has conducted a preliminary evaluation of the cost impact of the new Medical-Legal Fee Schedule based on historical medical transaction data for consideration for inclusion in the September 1, 2021 Pure Premium Rate Filing.

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Source: DWC Initial Statement of Reasons. Medical Legal Fee Schedule, October 2020.

Evaluation of New Medical-Legal Fee Schedule
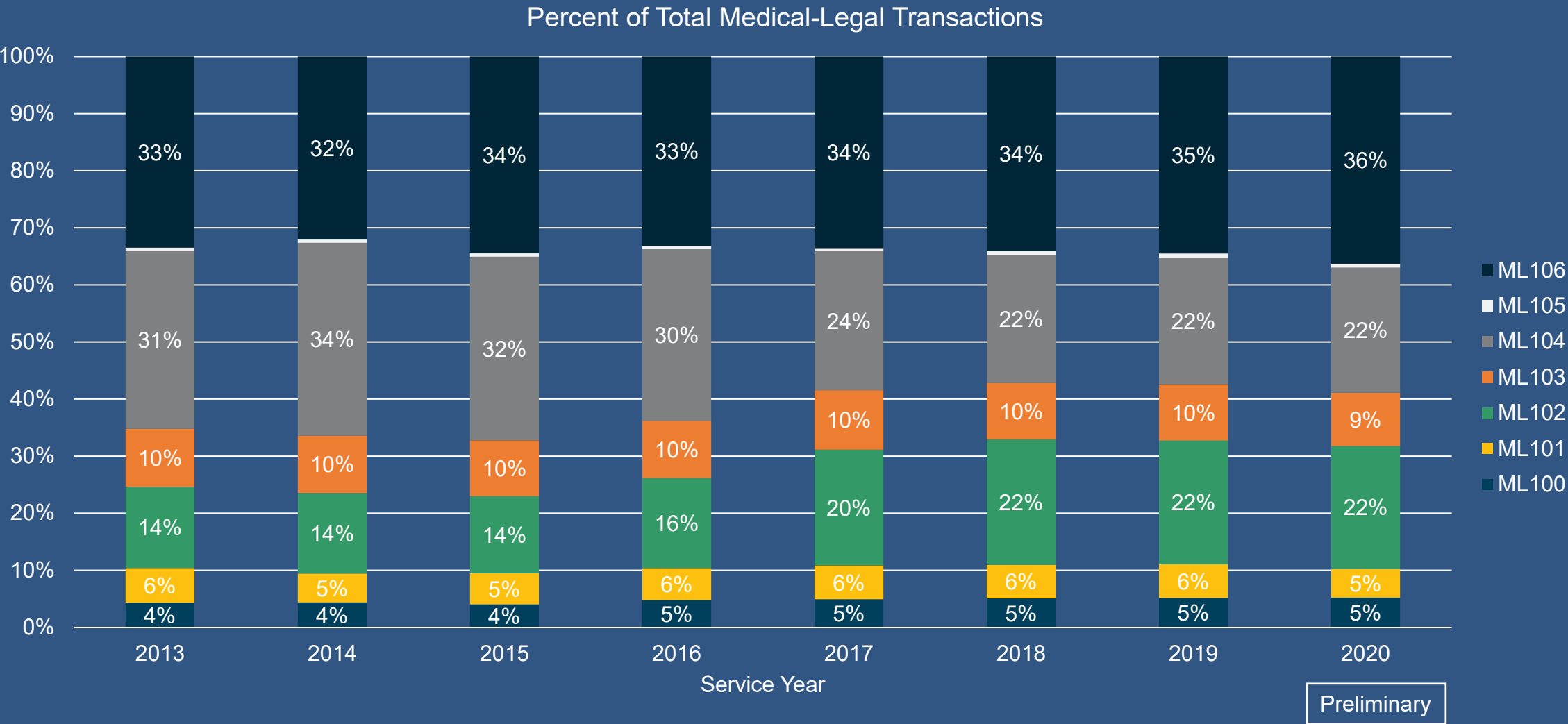
Average Payments for Medical-Legal Services
As of March 3, 2021
DRAFT

Legend: ML100, ML101, ML102, ML103, ML104, ML105, ML106

ML104 line values: $3,129 (2013), $3,360 (2014), $3,446 (2015), $3,567 (2016), $3,622 (2017), $3,701 (2018), $3,770 (2019), $3,801 (2020)

ML101 line values: $1,261 (2013), $1,339 (2014), $1,359 (2015), $1,556 (2016), $1,555 (2017), $1,631 (2018), $1,625 (2019), $1,788 (2020)

X-axis (Service Year): 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020

Preliminary

Source: WCIRB Medical Transaction Data.

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Evaluation of New Medical-Legal Fee Schedule

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Summary of the Key Changes in the New Medical-Legal Fee Schedule

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- Effective on medical-legal (ML) services on or after April 1, 2021

- Key changes in the new ML fee schedule
  - Increased fees for relative value (RV) from $12.5 to $16.25
  - RV changed for some ML codes
  - Changes to modifiers
    - Increased multipliers for current modifier (94 – Agreed Medical Evaluator (AME) but limited use of AME modifier to ML evaluations)
    - Expanded use of interpreter modifier
    - Added modifiers for psychologist/psychiatrist, toxicologist and oncologist services
  - Eliminated the time component in the ML evaluation codes
  - Added ML codes for record review and sub rosa recordings review

New ML Code	Current ML Code	Procedure Description
ML200	ML100	Missed Appointment for a Comprehensive or Follow-Up Medical-Legal Evaluation.
ML201	ML102	Basic Comprehensive Medical-Legal Evaluation.
	ML103	Complex Comprehensive Medical-Legal Evaluation involving three complexity factors.
	ML104	Complex Comprehensive Medical-Legal Evaluation involving four or more complexity factors.
ML202	ML101	Follow-up Medical-Legal Evaluation.
ML203	ML106	Fees for supplemental medical-legal evaluations.
ML204	ML105	Fees for medical-legal testimony.
ML205		Fees for Review of Sub Rosa Recordings
MLPRR		Record Review

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Evaluation of New Medical-Legal Fee Schedule

Comparison of Reimbursement Rates for Medical-Legal Services

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New ML Code	Current ML Code	Current Fee Schedule	New Fee Schedule	Potential Cost Impact
ML200	ML100	No reimbursement rate Ave. paid: $320	Flat fee: $503.75	+
ML202	ML101	Time-based: $62.5 per 15 mins Ave. paid: $1,628	Flat fee: $1,316.3	−
ML201	ML102	Flat fee: $625 Ave. paid: $672	Flat fee: $2,015	+
	ML103	Flat fee: $937.5 Ave. paid: $1,017	Flat fee: $2,015	+
	ML104	Time-based: $62.5 per 15 mins Ave. paid: $3,736	Flat fee: $2,015	−
ML204	ML105	Time-based: $62.5 per 15 mins, $250 per deposition Ave. paid: $542	Time-based: $455 per hour, $910 per deposition	+
ML203	ML106	Time-based: $62.5 per 15 mins Ave. paid: $797	Flat fee: $650	−
ML205			Time-based: $325 per hour	+
MLPRR			$3 per additional page	

Source: WCIRB Medical Transaction Data.

Evaluation of New Medical-Legal Fee Schedule

WCIRB's Approach for the Prospective Cost Impact Evaluation

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- Compare the <u>expected payments</u> for ML services under the new fee schedule to <u>historical payments</u> in WCIRB medical transaction data to estimate the cost impact
    - Apply changes to RV, fees for RV and modifiers

- Key assumptions:
    1. Mix of ML services remains the same
    2. Modifiers:
        a. Mix of existing modifiers remains the same – interpreter and AME
        b. Expanded use of interpreter modifier:
            - Same share of ML101 and ML104 transactions under current fee schedule would have an interpreter as ML102 and ML103
        c. New psych and toxicologist modifiers:
            - Distribution of psych and toxicological evaluations remains the same
            - ML evaluations provided by psychologist/psychiatrists and toxicologists (taxonomy code) would be using the new modifiers
    3. Supplemental ML evaluations (new ML203) – Assumed a 15% reduction in frequency based on published research
    4. ML testimonies (new ML204) - Assumed all are depositions
    5. ML205 sub rosa recordings review - Assumed to be rare
    6. ML record review (MLPRR)
        • Assumed 100 pages / hour for record review based on feedback from claims experts
        • Assumed about one-third of time spent on ML101, ML104 and ML106 evaluations under the current fee schedule is for record review

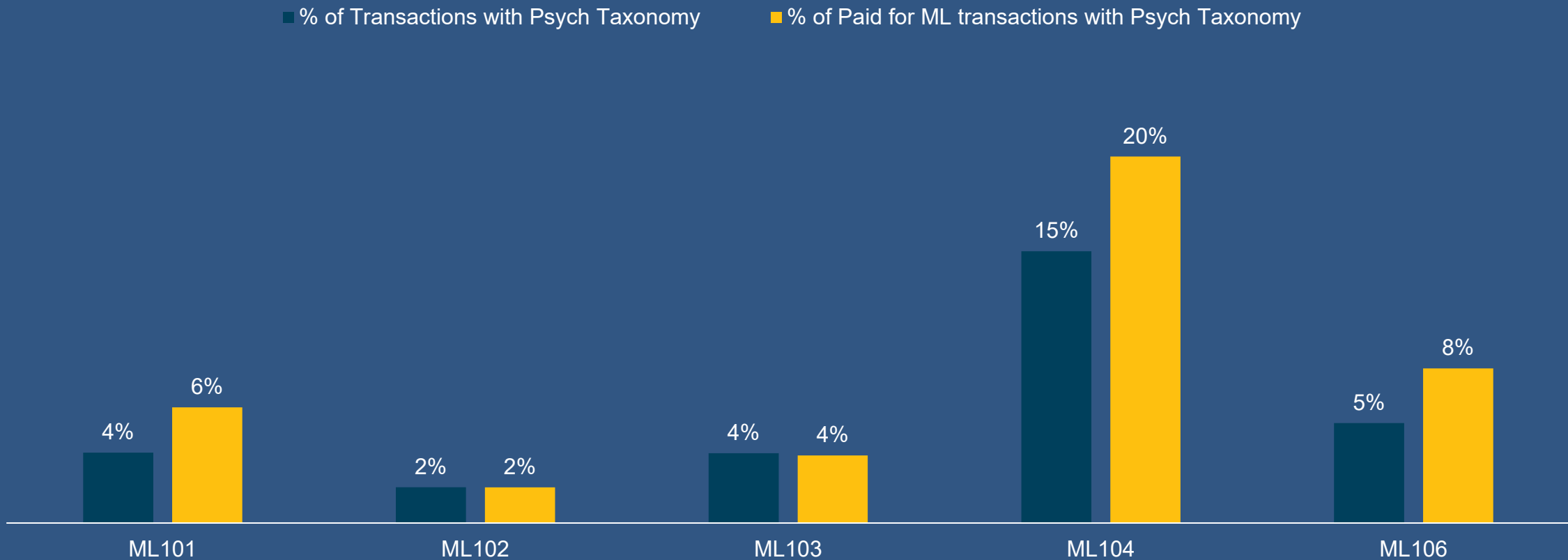# Historical Distribution of Modifiers on Medical-Legal services – Preliminary Analysis

As of March 3, 2021

DRAFT

- Interpreter modifier (93) only applicable to ML102 and ML103 under the current fee schedule is expanded in the new fee schedule to include services that would have fallen under ML101 and ML104

- Our evaluation assumes same share of services that currently fall under ML101 and ML104 would have an interpreter as ML102 and ML103 (about 35%)

Modifier	ML101	ML102	ML103	ML104	ML106
93 – Interpreter	3%	31%	30%	2%	0%
94 – AME	23%	11%	13%	22%	22%
94 & 93	0.5%	4%	5%	0.4%	0%
Total % of transactions with Valid Modifiers	27%	47%	47%	25%	22%

Evaluation of New Medical-Legal Fee Schedule

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Historical Distribution of Medical-Legal Psychological/Psychiatric Evaluations – Preliminary Analysis

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- % of Transactions with Psych Taxonomy
- % of Paid for ML transactions with Psych Taxonomy

	ML101	ML102	ML103	ML104	ML106
% of Transactions with Psych Taxonomy	4%	2%	4%	15%	5%
% of Paid for ML transactions with Psych Taxonomy	6%	2%	4%	20%	8%

- The new psych modifier is applicable to ML201 - ML203 (current ML101-ML104 and ML106)
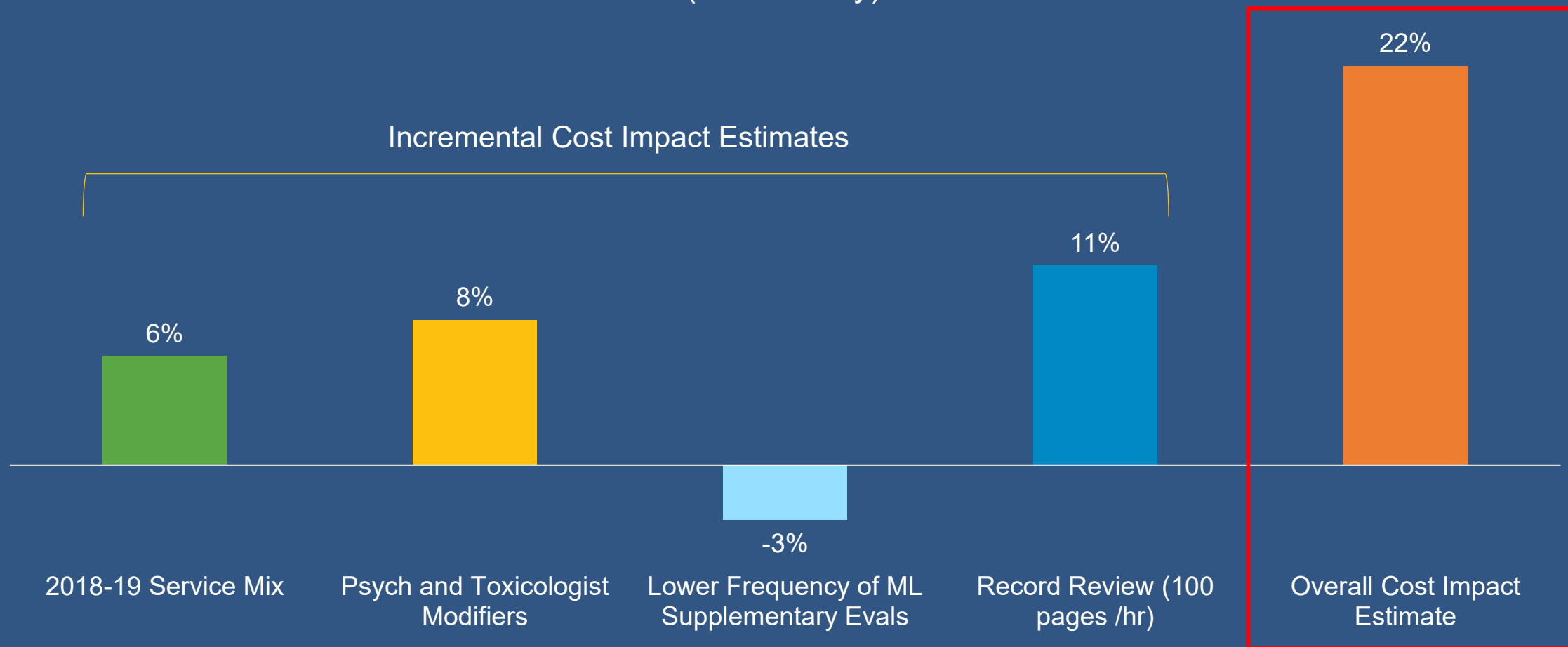- Our evaluation assumes ML evaluations provided by a psychologist/psychiatrist would be using the new modifier

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Historical Distribution of Medical-Legal Toxicology– Preliminary Analysis

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■ % of Transactions with Toxicology Taxonomy   ■ % of Paid for ML transactions with Toxicology Taxonomy

Overall: 1.3% of total ML transactions applicable

	ML101	ML102	ML103	ML104	ML106
% of Transactions	0.3%	0.5%	0.9%	2.0%	1.7%
% of Paid	0.3%	0.5%	0.9%	2.2%	2.7%
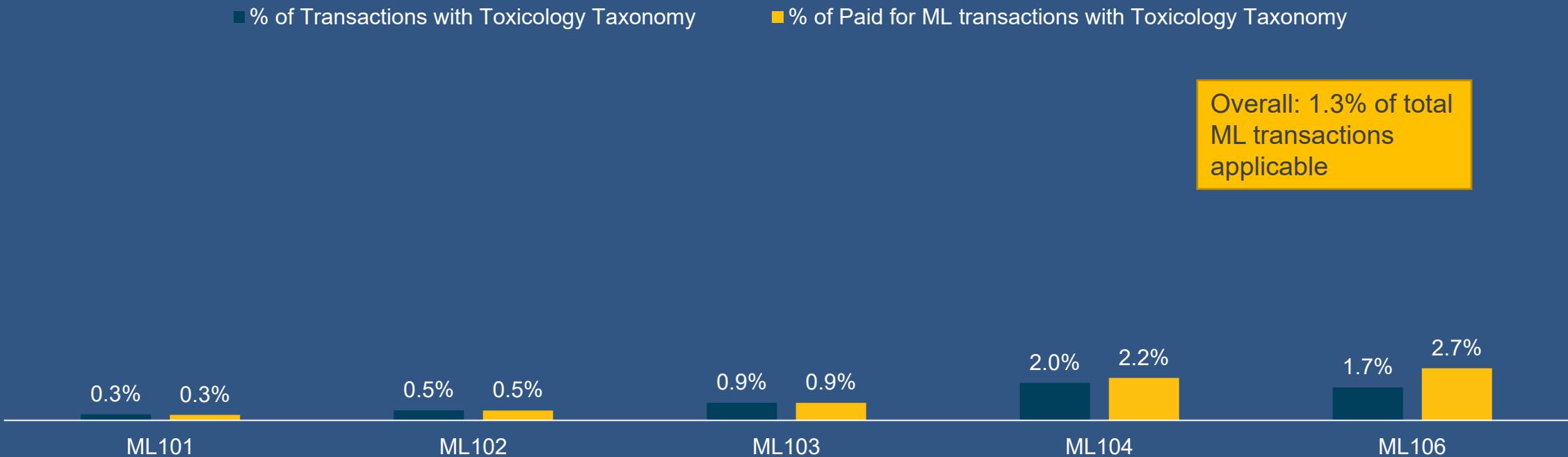
- The new toxicologist modifier is applicable to ML201 - ML203 (current ML101-ML104 and ML106)
- Our evaluation assumes ML evaluations provided by a toxicologist/internist would be using the new modifier

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Preliminary Cost Estimates of New Medical-Legal Fee Schedule Impact
- Based on SY2018- SY2019 Medical Transaction Information

DRAFT

Incremental and Overall Cost Impact Estimates of New ML Fee Schedule (Preliminary)

Incremental Cost Impact Estimates

6% — 2018-19 Service Mix
8% — Psych and Toxicologist Modifiers
-3% — Lower Frequency of ML Supplementary Evals
11% — Record Review (100 pages /hr)
22% — Overall Cost Impact Estimate

Evaluation of New Medical-Legal Fee Schedule

Preliminary Estimates of New Medical-Legal Fee Schedule Impact
- Based on SY2018- SY2019 Medical Transaction Information

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New ML Procedure	Brief Description	Historical Transaction Share	Historical Payments	Historical Payment Share	Expected Payments	Expected Payment Share	Percentage Difference in Payments
ML200	Missed Appointment	6.2%	$5,331,455	1.4%	$8,285,680	1.8%	+55%
ML201	ML evaluation	53.4%	$281,770,222	73.3%	$336,849,372	71.8%	+20%
ML202	Follow-up ML evaluation	5.8%	$24,976,257	6.5%	$23,550,609	5.0%	-6%
ML203	Supplemental ML evaluation	33.9%	$71,296,466	18.6%	$55,980,543	11.9%	-21%
ML204	ML testimony	0.7%	$934,101	0.2%	$1,567,930	0.3%	+68%
MLPRR	Record Review (100 pages / hour)				$43,094,075	9.2%	
Total		**100%**	**$384,308,502**	**100%**	**$469,328,208**	**100%**	**+22%**

Sensitivity Analysis

- MLPRR – Record Review
  - Assumed different page review speed and all else stays the same
  - The cost impact estimate ranges from +11% to +36% (column A+B)

Assumptions on Record Review	(A) Cost Impact Estimate Without Record Review	(B) Incremental Cost Impact Estimate From Record Review	(A+B) Cost Impact Estimate Including Record Review	Estimated Average Total Number of Pages
50 pages / hour	+11%	0%	+11%	ML201-ML203: 200 pages
100 pages / hour	+11%	11%	+22%	ML201: 300 pages ML202: 200 pages ML203: 58 pages
150 pages / hour	+11%	25%	+36%	ML201: 400 pages ML202: 250 pages ML203: 88 pages

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Evaluation of New Medical-Legal Fee Schedule

Item AC21-04-04
Evaluation of Updates to Official Medical Fee Schedule

The cost of physician services in California comprises approximately 47% of all payments for medical services and payments for Evaluation and Management (E&M) services comprise 37% of all payments for physician services.[1] Fees for physician services in California are based on the California Official Medical Fee Schedule (OMFS), which since 2014 is predicated on the Resource-Based Relative Value Scale (RBRVS) established by Medicare. The Division of Workers' Compensation (DWC) generally adopts the regular updates that are made to the Medicare schedule values, most of which are inflationary adjustments. The impacts of these changes are typically modest and regular in nature. As a result, rather than reflecting these impacts explicitly in the on-leveling process for medical losses in WCIRB pure premium rate filings, these impacts are considered part of the overall medical residual trend applied to the medical on-level ratios. In contrast, the cost impacts of significant changes to the OMFS are evaluated when adopted and, if significant, reflected as on-level adjustments to medical losses.

On February 10, 2021 the DWC posted an order adjusting the OMFS to conform to relevant 2021 changes in the Medicare payment system that included significant changes related to E&M services that became effective March 1, 2021. These changes include the following:

- Updates to conversion factors
- Updates to relative value units (RVUs)
- Updates to telehealth list
- Altered the billing process for E&M services
  - 1995 and 1997 E&M Documentation Guidelines are no longer used
  - Level of E&M office visit service is determined using either the level of medical decision making or total time
  - First level new patient office visit code CPT 99201 has been eliminated
  - Medicare Prolonged Service Code HCPCS G2212 is adopted for use in place of CPT code 99417 for prolonged E&M service provided on the date of service where the level of service is selected based upon time

Staff is preparing an evaluation of the cost impact of the changes to the E&M section of the OMFS based on a review of WCIRB medical transaction data on E&M services provided in 2019. (Services in 2020 were excluded due to the potential impact of the COVID-19 pandemic on medical services provided.) The summary of staff's preliminary cost evaluation as presented to the Medical Analytics Working Group at their meeting of April 1, 2021 is attached. An updated summary of the cost evaluation will be presented at the meeting.

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[1] *2019 California Workers' Compensation Losses and Expenses,* WCIRB, June 2020.

Background on 2021 Official Medical Fee Schedule (OMFS) Adjustments to Evaluation and Management Services

DRAFT

- The Centers for Medicare & Medicaid Services (CMS) made significant changes to reimbursement rules and rates in the Medicare payment system in 2021, including increased reimbursement rates for E/M services.

- The Division of Workers' Compensation (DWC) made major changes to E/M billing for 2021 and posted new reimbursement rates for E/M services to conform to relevant 2021 changes in the Medicare payment system, effective March 1, 2021.

- Some of the significant changes include the following:
  - Updated relative value units (RVU)
  - Updated conversion factors
  - Updated telehealth list
  - Altered the way providers bill for E/M service
    - 1995 and 1997 E/M Documentation Guidelines are no longer used
    - Code change: eliminated 99201 and adopted G2212
    - Determination of the level of E/M service (via time or medical decision making)

- The WCIRB is conducting a preliminary prospective cost evaluation of the increased reimbursement rates for E/M services to be reflected in September 1, 2021 Advisory Pure Premium Rate Filing.

- The WCIRB plans to evaluate the cost impact of the changes to E/M service billing process in 2021 based on changes in billing practices retrospectively.
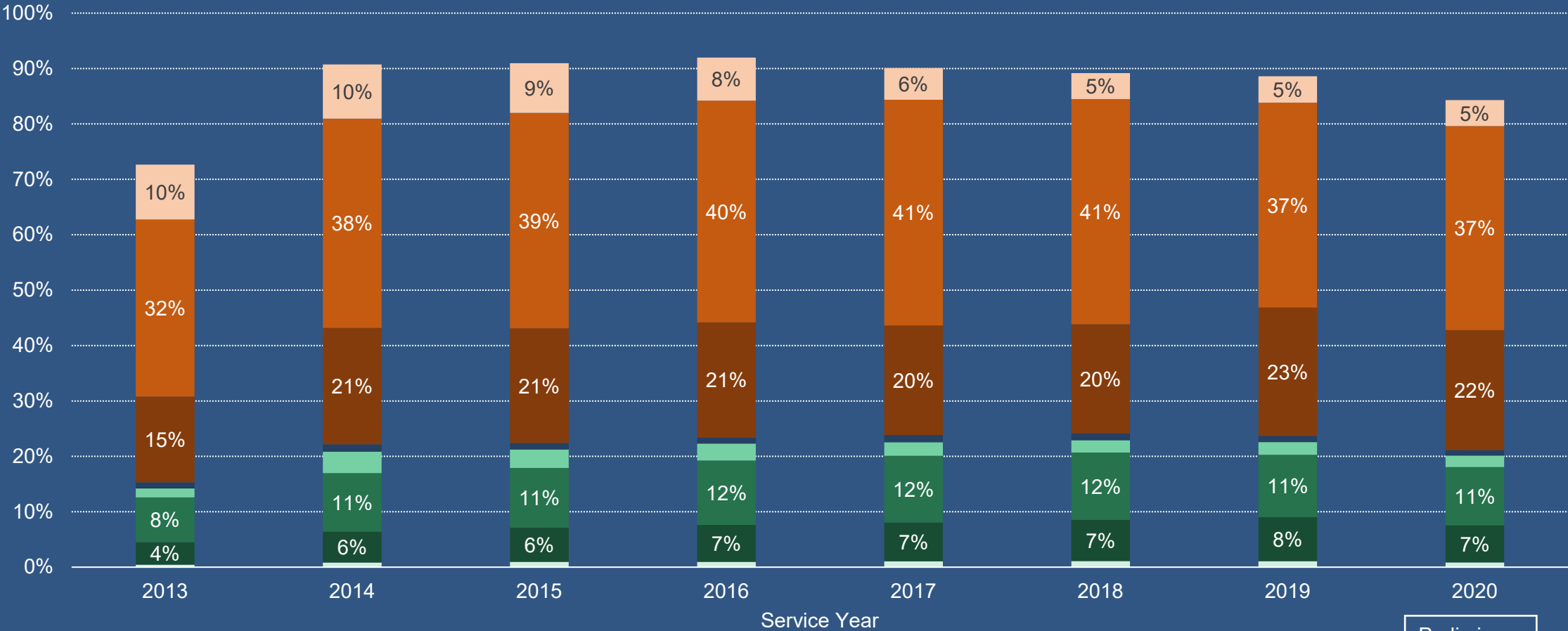
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Evaluation of 2021 OMFS Adjustments to E/M Services

Distribution of Payments for Leading E/M Services (20% of all medical payments)

As of March 7, 2021

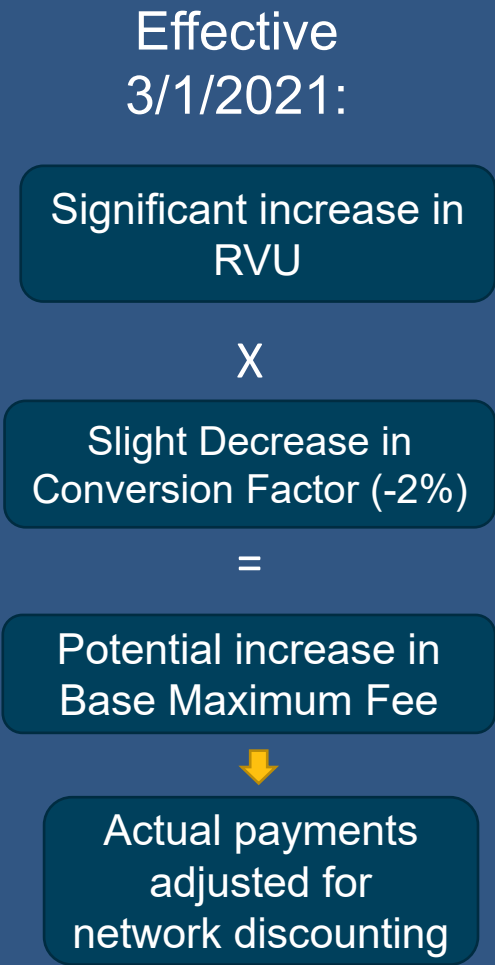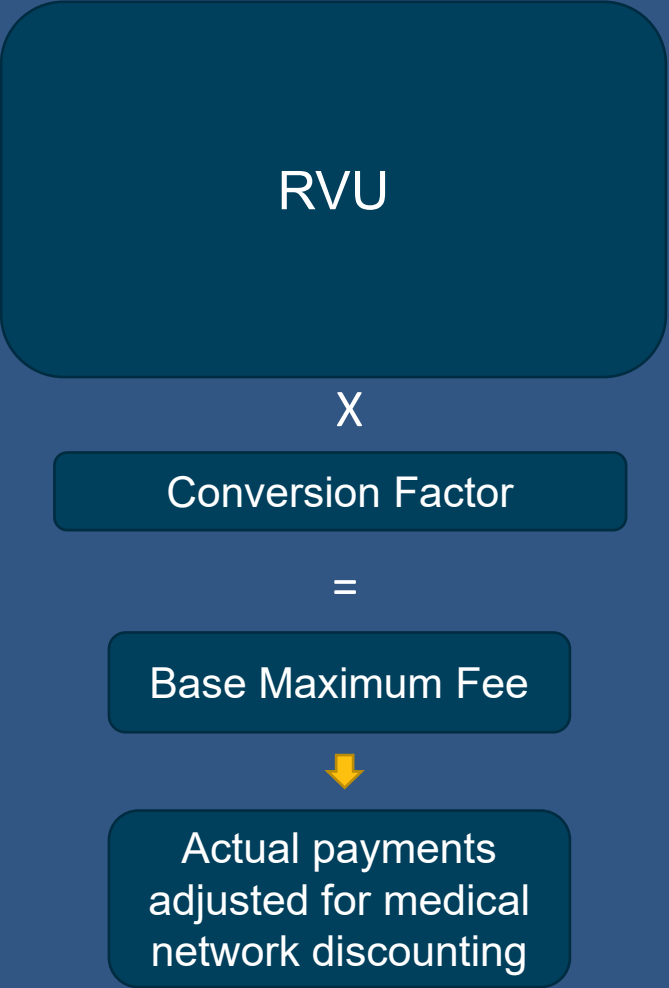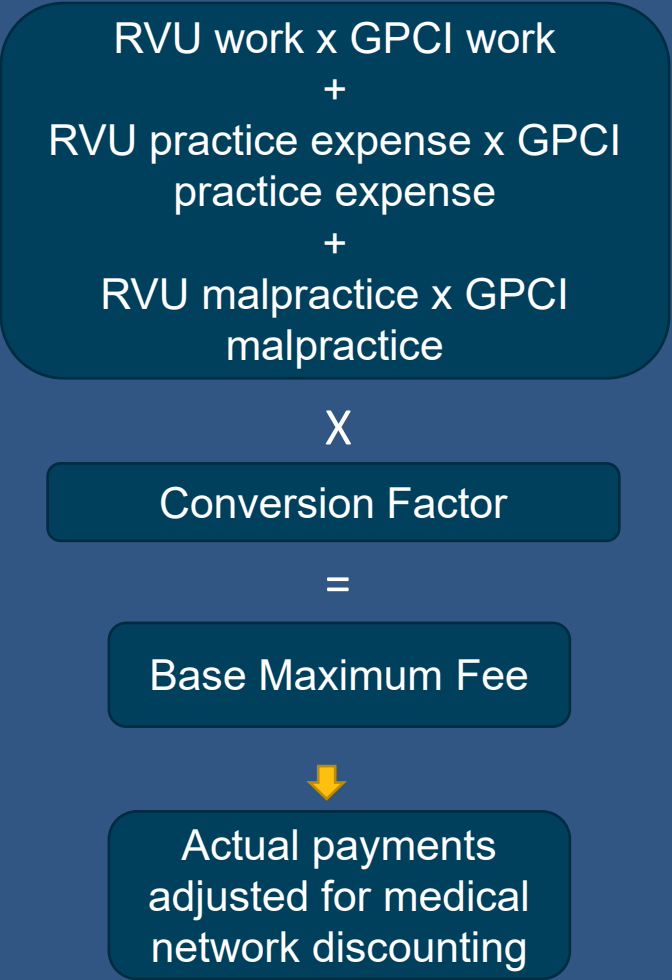Share of Total Medical Payments for E/M Services by Leading Procedures

Legend: 99202, 99203, 99204, 99205, 99211, 99212, 99213, 99214, 99215

Service Year	99215	99214	99213	99205	99204	99203
2013	10%	32%	15%		8%	4%
2014	10%	38%	21%	11%		6%
2015	9%	39%	21%	11%		6%
2016	8%	40%	21%	12%		7%
2017	6%	41%	20%	12%		7%
2018	5%	41%	20%	12%		7%
2019	5%	37%	23%	11%		8%
2020	5%	37%	22%	11%		7%

Preliminary

Source: WCIRB Medical Transaction Data.

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Evaluation of 2021 OMFS Adjustments to E/M Services

WCIRB's Approach for Estimating the Cost Impact of Increased Reimbursement Rates for E/M Services

DRAFT

- Compare the <u>expected payment</u> for E/M services under the updated fee schedule to <u>historical payments</u> in WCIRB medical transaction data to estimate the cost impact
  - Apply the updated RVU, GPCI, conversion factor and estimated network discount

- Key assumptions:
  1. Mix of E/M services remains the same
  2. Region mix remains the same for GPCI factors
  3. The magnitude of network discount remains the same (about 13%)
  4. Year-over-year inflationary change of 2-3% remains the same

E/M CPT Code	Description	Estimated Average Network Discount in SY2019	Estimated Average Network Discount in SY2020
99202	New sf 15-29 min	0.90	0.88
99203	New low 30-44 min	0.90	0.89
99204	New mod 45-59 min	0.88	0.88
99205	New hi 60-74 min	0.84	0.84
99211	Established minimal prob	1.02	0.90
99212	Established sf 10-19 min	0.90	0.88
99213	Established low 20-29 min	0.89	0.87
99214	Established mod 30-39 min	0.87	0.86
99215	Established hi 40-54 min	0.83	0.83

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Evaluation of 2021 OMFS Adjustments to E/M Services

Preliminary Estimates for Cost Impact of Increased Reimbursement Rates to the E/M Services Based on Services in 2019

- Based on the WCIRB medical transaction data in service year 2019
- Focused on office visit codes for new and established patients (99202-99205, 99211-99215) that account for about 90% of the E/M payments
- The expected average payments for the nine office visits is estimated to be 15% higher

E/M CPT Code	Description	Percentage Change in Non-Facility BMF from 2019 to 2020	Percentage Change in Non-Facility BMF from 2020 to 2021	Transaction Share in SY2019	Historical Average Payments in SY2019	Expected Average Payments Adjusted for Discounting in SY2021
99202	New sf 15-29 min	1%	-3%	2%	$97	$95
99203	New low 30-44 min	2%	5%	8%	$135	$145
99204	New mod 45-59 min	2%	3%	8%	$199	$210
99205	New hi 60-74 min	3%	8%	1%	$239	$266
99211	Established minimal prob	4%	0%	0%	$33	$34
99212	Established sf 10-19 min	2%	25%	3%	$58	$74
99213	Established low 20-29 min	3%	23%	35%	$92	$117
99214	Established mod 30-39 min	2%	20%	39%	$132	$163
99215	Established hi 40-54 min	2%	25%	4%	$168	$215
Overall Avg Payment*					$124	$149 (+20%)
Removing the typical annual inflation from 2019 to 2021 (2.5% per year)						+15%

Note. * Included both facility and non-facility E/M services.

Evaluation of 2021 OMFS Adjustments to E/M Services

Comparison of the Preliminary Cost Impact Estimates Based on E/M Services in 2019 and 2020

DRAFT

Nine E/M Procedures	Based on E/M Services in 2019	Based on E/M Services in 2020
Historical Average Payment	$124	$125
Expected Payments Under 2021 Fee Schedule Adjusting for Network Discount	$149	$147
Percentage Change	20%	18%
Removing typical annual inflationary change	2.5% * 2 years	2.5%
Cost Impact Estimate – preliminary	15%	15.5%

Evaluation of 2021 OMFS Adjustments to E/M Services