

Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
March 16, 2021	9:00 AM	Webinar Teleconference	David M. Bellusci
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WCIRB

Bill Mudge
David Bellusci
Laura Carstensen
Tony Milano
Shane Steele
Julia Zhang

The webinar teleconference meeting of the Actuarial Committee was called to order at 9:00 AM following a reminder of applicable antitrust restrictions, with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

* * * * *

Approval of Minutes

The Minutes of the meeting held on February 16, 2021, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item AC20-08-04

Impact of Economic Downturn on Pure Premium Rate Indications

Staff presented an updated analysis of economic changes related to the COVID-19 pandemic and their impacts on the indicated September 1, 2021 pure premium rates. This analysis included measured and forecast impacts on claim frequency, claim severity, and the statewide average wage.

Claim Frequency

The Committee was reminded that in the January 1, 2021 rate filing, forecast values of changes in the cumulative injury index were judgmentally adjusted (from zero) to reflect the average of observed changes during the prior two recessions. Staff noted that the large uptick in the index observed in prior recessions had not yet manifested itself in available accident year 2020 data. While an uptick is still possible inasmuch as cumulative trauma claims are often reported late, staff recommended not making this adjustment for the September 1, 2021 rate filing. The Committee preliminarily agreed to this recommendation.

Staff also presented findings from the August 4, 2020 meeting, showing that no censoring of the economic variables was indicated. Staff continues to recommend using uncensored values of the economic variables and the Committee agreed.

Finally, staff presented updated measurements of forecast frequency changes due to changing industrial mix. These changes were -2.67%, +0.63%, -0.46%, and -0.13% in accident years 2020 through 2023, respectively.

Claim Severity

Staff presented updated measurements of changes in claim severity due to changing industrial mix. Using updated economic forecasts, the estimated severity changes due to industrial mix were summarized as follows:

Accident Year	Severity Change Due to Industrial Mix		
	Indemnity	Medical	Total
2020	1.38%	0.95%	1.17%
2021	-0.45%	-0.31%	-0.38%
2022	-0.28%	-0.22%	-0.25%
2023	-0.01%	-0.02%	-0.01%

Statewide Average Wage

The Committee was shown the current forecasts of changes in the statewide average wage, based on the average of November 2020 Department of Finance (DoF) and March 2021 UCLA forecasts. These changes were 7.9% in 2020, 0.9% in 2021, 1.8% in 2022, and 2.8% in 2023. Staff noted that the 2020 change from the UCLA forecast was now a measured value (subject to revision), had increased substantially since the December 2020 UCLA forecast, and was significantly higher than the November DoF forecast. For these reasons, staff recommended using only the UCLA forecast value of 9.6% for the 2020 change. The Committee preliminarily agreed to this recommendation.

Staff presented an updated analysis of estimated changes in statewide average wage due to changes in industrial mix. The WCIRB has produced two methods of measuring this impact. The first, using Occupational Employment Survey data from the BLS, was available only for historic years and was used to assess the reasonableness of the second method. This method estimated a 1.8% average wage change in 2020 due to industrial mix. The second method, using employment figures from the UCLA forecast and historic wage relativities from the BLS Quarterly Census of Employment and Wages,

estimated average wage changes due to industrial mix of 1.9% in 2020, -0.4% in 2021, -0.1% in 2022, and 0.1% in 2023. Staff recommended using the estimated impacts for 2020 and 2021 average wage changes and not reflecting the industrial mix shift estimates for 2022 and 2023, given that impacts of this magnitude would not typically be included in a rate filing. The Committee preliminarily agreed to this recommendation.

Staff noted that, even including an adjustment for industrial mix, the average wage change in 2020 was much higher than a typical year, particularly since increases of this magnitude had historically only occurred during periods of high inflation or rapid economic expansion. Findings from an Economic Policy Institute (EPI) report were presented to the Committee. This report showed an extremely uneven loss of jobs by wage level in 2020, even as compared to job losses during prior recessions. Staff presented a preliminary estimate of the impact on the average wage due to differing employment gains or losses by wage level within industry. This estimate assumed that all industries employment gains or losses would differ by wage quartile in proportion to the overall national estimates from the EPI study. The consensus of the Committee was that the general approach of further adjusting the changes in average wage for employment changes by wage level was appropriate but expressed concern with some aspects of the preliminary estimate. In particular, Committee members expressed concern that the overall changes from the EPI report may not be appropriate for all industries and that national data may not be appropriate to adjust California wage estimates. Additionally, there was concern that this adjustment was not independent of the adjustment for industrial mix. Staff agreed to address these concerns at the April 15 Committee meeting, ideally using California data.

Finally, staff discussed how the estimated 2020 impact of within industry wage distribution changes might unwind over 2021-2023. Staff presented an estimate that assumed the 2020 impact would fully unwind over this time horizon. The Committee requested that estimates under various unwinding scenarios be calculated in order to understand the sensitivity of the unwinding assumption. Staff agreed to also address this at the April 15 Committee meeting.

Item AC21-02-02

Pandemic Impact on 2020 Development

The Agenda included an updated analysis of the pandemic impact on loss development emerging in 2020, which was first reviewed at the February 16, 2021 meeting. Staff summarized the analysis and noted that (a) development emerging in the fourth quarter of 2020 was similar to that in the third quarter resembling a more “typical” pattern, (b) claim settlement rates in the fourth quarter continued to decelerate, (c) the claim settlement rate adjustment to paid loss development based on December 31, 2020 experience continued to mitigate the distortions that emerged during the second quarter, and (d) a two-year average of paid loss development with claim settlement rate adjustments also mitigated some of the volatility emerging during the pandemic.

The Committee also discussed the loss development projection for accident year 2020 (excluding COVID-19 claims), which may be more significantly impacted by the pandemic than older accident years. Staff noted that an initial review of medical transaction data suggested there were not significant delays in early treatment on accident year 2020 claims. However, staff noted that there may be other issues such as shift in the mix of injuries or deferred treatment that could impact the development of accident year 2020 more severely than older accident years and there was no approach to specifically adjustment for these factors available at this time.

After discussion, the consensus of the Committee was that the two-year average claim settlement rate-adjusted paid loss development methodology should be reflected in the summary of December 31, 2020 experience to be reviewed at the April 15, 2021 meeting.

Item AC21-03-01

First Quarter 2021 Review of Diagnostics

The Agenda included the WCIRB's standard set of diagnostics that were reviewed by the Actuarial Committee and Claims Working Group on a semi-annual basis. Among the diagnostics discussed by the Committee were the following:

1. Since Senate Bill No.1160 (SB 1160) became effective January 1, 2017, the number of filed liens has 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.
2. 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 was 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 Committee recommended that cumulative injury claims continue to be monitored.
3. After declining for several years, both the mean and median temporary disability duration have started to increase. It was noted that these increases in temporary disability duration could be a factor in recent increases in indemnity severity. A member suggested that feedback on the issue be solicited from the Claims Working Group.
4. 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. A member suggested that, in addition to other factors, some of the increase could be due to earlier recognition of these large claims due to the use of enhanced analytical models.
5. There were sharp increases in average indemnity severities continuing into 2020, while medical severities were relatively flat. It was noted that some of the increase in 2020 average indemnity severity could be due to the reduction in the number of smaller indemnity claims being filed during the pandemic. It was agreed that staff should solicit feedback from the Claims Working Group on the issue. A Committee member requested the claim severity triangle diagnostics updated with December 31, 2020 experience be provided. The updated exhibits are attached to these Minutes.
6. Retrospective evaluations of the performance of alternative loss development methodologies indicate that paid development methodologies generally continue to outperform the other methods reviewed. Staff noted that the evaluations also show that claim settlement adjustments were continuing to improve the accuracy of the paid projections. A member suggested that the latest information included in these diagnostics also suggest that the latest-year incurred projections were also performing well.

Average Incurred Indemnity Loss per Reported Indemnity Claim
As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>
1995										14,497
1996									16,773	16,810
1997								19,176	19,183	19,240
1998							21,047	21,137	21,201	21,279
1999						22,919	23,166	23,289	23,439	23,583
2000					23,115	23,478	23,639	23,902	24,087	24,203
2001				23,649	24,359	24,772	25,301	25,662	25,922	26,094
2002			20,682	22,004	22,673	23,412	23,838	24,127	24,380	24,636
2003		16,899	19,913	21,335	22,520	23,282	23,819	24,265	24,663	25,053
2004	10,717	13,799	16,014	17,311	18,017	18,789	19,293	19,842	20,205	20,515
2005	8,000	11,356	13,674	14,978	16,000	16,834	17,482	17,987	18,268	18,494
2006	8,033	12,057	14,849	16,424	17,701	18,610	19,252	19,654	19,930	20,106
2007	8,157	12,903	16,196	18,036	19,218	20,119	20,856	21,287	21,526	21,758
2008	8,573	13,914	17,738	19,935	21,321	22,208	22,807	23,215	23,467	23,682
2009	8,737	14,578	18,330	20,706	22,162	23,101	23,602	24,037	24,376	24,589
2010	8,756	14,284	18,213	20,371	21,603	22,480	23,019	23,370	23,643	23,906
2011	9,171	14,825	18,283	20,367	21,405	22,145	22,597	22,994	23,236	23,423
2012	9,181	14,686	17,984	19,696	20,849	21,646	22,127	22,460	22,758	
2013	9,386	14,528	17,690	19,446	20,412	21,023	21,423	21,676		
2014	9,279	14,665	18,266	20,157	21,264	21,836	22,172			
2015	9,633	15,347	18,830	20,617	21,534	22,057				
2016	9,816	15,310	18,539	20,158	21,032					
2017	9,971	15,619	18,941	20,469						
2018	10,564	16,378	19,652							
2019	11,013	17,122								
2020	11,835									

Accident Year	Annual Change									
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>
1996										16.0%
1997									14.4%	14.5%
1998								10.2%	10.5%	10.6%
1999							10.1%	10.2%	10.6%	10.8%
2000						2.4%	2.0%	2.6%	2.8%	2.6%
2001					5.4%	5.5%	7.0%	7.4%	7.6%	7.8%
2002				-7.0%	-6.9%	-5.5%	-5.8%	-6.0%	-5.9%	-5.6%
2003			-3.7%	-3.0%	-0.7%	-0.6%	-0.1%	0.6%	1.2%	1.7%
2004		-18.3%	-19.6%	-18.9%	-20.0%	-19.3%	-19.0%	-18.2%	-18.1%	-18.1%
2005	-25.3%	-17.7%	-14.6%	-13.5%	-11.2%	-10.4%	-9.4%	-9.3%	-9.6%	-9.9%
2006	0.4%	6.2%	8.6%	9.7%	10.6%	10.6%	10.1%	9.3%	9.1%	8.7%
2007	1.5%	7.0%	9.1%	9.8%	8.6%	8.1%	8.3%	8.3%	8.0%	8.2%
2008	5.1%	7.8%	9.5%	10.5%	10.9%	10.4%	9.4%	9.1%	9.0%	8.8%
2009	1.9%	4.8%	3.3%	3.9%	3.9%	4.0%	3.5%	3.5%	3.9%	3.8%
2010	0.2%	-2.0%	-0.6%	-1.6%	-2.5%	-2.7%	-2.5%	-2.8%	-3.0%	-2.8%
2011	4.7%	3.8%	0.4%	0.0%	-0.9%	-1.5%	-1.8%	-1.6%	-1.7%	-2.0%
2012	0.1%	-0.9%	-1.6%	-3.3%	-2.6%	-2.3%	-2.1%	-2.3%	-2.1%	
2013	2.2%	-1.1%	-1.6%	-1.3%	-2.1%	-2.9%	-3.2%	-3.5%		
2014	-1.1%	0.9%	3.3%	3.7%	4.2%	3.9%	3.5%			
2015	3.8%	4.7%	3.1%	2.3%	1.3%	1.0%				
2016	1.9%	-0.2%	-1.5%	-2.2%	-2.3%					
2017	1.6%	2.0%	2.2%	1.5%						
2018	5.9%	4.9%	3.8%							
2019	4.3%	4.5%								
2020	7.5%									

Annual Trend*										
All-Year	1.6%	1.3%	0.7%	0.2%	-0.1%	-0.3%	-0.2%	0.1%	0.8%	1.6%
R ²	0.527	0.360	0.110	0.005	0.003	0.017	0.010	0.005	0.113	0.260
5-Year	4.8%	2.9%	1.5%	1.0%	0.7%	0.0%	-1.3%	-2.4%	-1.1%	1.6%
R ²	0.964	0.879	0.765	0.517	0.307	0.000	0.573	0.985	0.471	0.296

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Incurred Medical Loss per Reported Claim
As of December 31, 2020

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
1999										7,548
2000									8,099	8,231
2001								9,270	9,595	9,935
2002							9,339	9,692	9,982	10,259
2003						8,751	9,119	9,514	9,856	10,136
2004					6,870	7,280	7,727	8,054	8,310	8,525
2005				6,022	6,461	6,995	7,380	7,709	7,957	8,110
2006			6,150	6,747	7,279	7,755	8,120	8,436	8,609	8,704
2007		5,822	6,894	7,713	8,324	8,887	9,327	9,608	9,771	9,811
2008	4,801	6,513	7,800	8,780	9,565	10,126	10,508	10,770	10,873	10,918
2009	5,224	7,323	8,866	10,039	10,870	11,456	11,766	11,941	12,021	12,083
2010	5,452	7,626	9,301	10,470	11,183	11,636	11,903	12,029	12,107	12,214
2011	5,606	7,888	9,380	10,388	11,028	11,354	11,502	11,594	11,686	11,691
2012	5,736	7,820	9,072	9,801	10,300	10,597	10,745	10,893	10,953	
2013	5,868	7,793	8,771	9,443	9,777	9,966	10,093	10,146		
2014	5,699	7,361	8,397	8,993	9,276	9,508	9,604			
2015	5,802	7,446	8,408	8,903	9,137	9,285				
2016	5,910	7,498	8,304	8,628	8,871					
2017	5,890	7,306	8,066	8,436						
2018	6,111	7,655	8,419							
2019	6,140	7,721								
2020	7,053									

Accident	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
2000										9.1%
2001									18.5%	20.7%
2002								4.6%	4.0%	3.3%
2003							-2.4%	-1.8%	-1.3%	-1.2%
2004						-16.8%	-15.3%	-15.3%	-15.7%	-15.9%
2005					-6.0%	-3.9%	-4.5%	-4.3%	-4.2%	-4.9%
2006				12.0%	12.7%	10.9%	10.0%	9.4%	8.2%	7.3%
2007			12.1%	14.3%	14.4%	14.6%	14.9%	13.9%	13.5%	12.7%
2008		11.9%	13.1%	13.8%	14.9%	13.9%	12.7%	12.1%	11.3%	11.3%
2009	8.8%	12.4%	13.7%	14.3%	13.6%	13.1%	12.0%	10.9%	10.6%	10.7%
2010	4.4%	4.1%	4.9%	4.3%	2.9%	1.6%	1.2%	0.7%	0.7%	1.1%
2011	2.8%	3.4%	0.9%	-0.8%	-1.4%	-2.4%	-3.4%	-3.6%	-3.5%	-4.3%
2012	2.3%	-0.9%	-3.3%	-5.6%	-6.6%	-6.7%	-6.6%	-6.0%	-6.3%	
2013	2.3%	-0.4%	-3.3%	-3.7%	-5.1%	-6.0%	-6.1%	-6.9%		
2014	-2.9%	-5.5%	-4.3%	-4.8%	-5.1%	-4.6%	-4.8%			
2015	1.8%	1.2%	0.1%	-1.0%	-1.5%	-2.4%				
2016	1.9%	0.7%	-1.2%	-3.1%	-2.9%					
2017	-0.3%	-2.6%	-2.9%	-2.2%						
2018	3.8%	4.8%	4.4%							
2019	0.5%	0.9%								
2020	14.9%									

Annual Trend*										
All-Year	2.1%	1.3%	1.4%	2.1%	2.7%	2.6%	2.4%	2.4%	2.7%	3.1%
R ²	0.807	0.323	0.198	0.233	0.337	0.351	0.352	0.391	0.501	0.548
5-Year	4.0%	0.9%	-0.4%	-2.6%	-3.6%	-5.0%	-5.4%	-4.2%	-0.1%	4.7%
R ²	0.715	0.446	0.102	0.963	0.956	0.970	0.991	0.879	0.002	0.652

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Indemnity Case Outstanding per Open Indemnity Claim
As of December 31, 2020

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
1995										25,767
1996									26,549	25,239
1997								28,911	27,277	29,465
1998							30,434	29,699	30,827	30,649
1999						28,465	28,610	28,974	30,092	31,882
2000					24,425	23,719	24,145	24,926	25,410	26,287
2001				20,287	19,596	19,715	21,098	22,535	24,047	25,029
2002			18,002	16,653	16,311	17,572	18,525	19,415	21,021	22,824
2003		15,894	15,237	15,154	16,691	18,589	21,005	23,704	26,698	30,003
2004	10,827	12,371	13,050	14,145	15,506	17,875	19,920	23,262	25,184	29,197
2005	7,456	9,756	11,165	12,562	14,801	17,665	20,644	23,421	25,545	27,307
2006	7,273	10,426	12,575	14,648	17,686	20,213	22,065	24,695	26,490	27,401
2007	7,309	11,116	13,804	15,990	17,881	19,708	23,634	26,259	27,908	30,962
2008	7,547	11,563	14,517	16,501	18,022	20,559	22,932	25,557	29,535	32,538
2009	7,676	12,238	14,449	16,463	18,656	20,874	22,416	25,586	28,687	31,787
2010	7,769	11,861	14,316	16,129	17,735	19,666	21,941	24,461	27,509	31,637
2011	8,334	12,622	14,659	16,944	18,476	20,359	22,454	25,113	27,845	31,130
2012	8,180	12,415	14,538	15,855	18,009	20,402	23,788	27,542	32,260	
2013	8,470	12,330	13,988	15,428	17,187	19,545	23,196	26,333		
2014	8,331	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									

Accident	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
1996										-2.0%
1997									2.7%	16.7%
1998								2.7%	13.0%	4.0%
1999							-6.0%	-2.4%	-2.4%	4.0%
2000						-16.7%	-15.6%	-14.0%	-15.6%	-17.6%
2001					-19.8%	-16.9%	-12.6%	-9.6%	-5.4%	-4.8%
2002				-17.9%	-16.8%	-10.9%	-12.2%	-13.8%	-12.6%	-8.8%
2003			-15.4%	-9.0%	2.3%	5.8%	13.4%	22.1%	27.0%	31.5%
2004		-22.2%	-14.4%	-6.7%	-7.1%	-3.8%	-5.2%	-1.9%	-5.7%	-2.7%
2005	-31.1%	-21.1%	-14.4%	-11.2%	-4.5%	-1.2%	3.6%	0.7%	1.4%	-6.5%
2006	-2.5%	6.9%	12.6%	16.6%	19.5%	14.4%	6.9%	5.4%	3.7%	0.3%
2007	0.5%	6.6%	9.8%	9.2%	1.1%	-2.5%	7.1%	6.3%	5.4%	13.0%
2008	3.3%	4.0%	5.2%	3.2%	0.8%	4.3%	-3.0%	-2.7%	5.8%	5.1%
2009	1.7%	5.8%	-0.5%	-0.2%	3.5%	1.5%	-2.3%	0.1%	-2.9%	-2.3%
2010	1.2%	-3.1%	-0.9%	-2.0%	-4.9%	-5.8%	-2.1%	-4.4%	-4.1%	-0.5%
2011	7.3%	6.4%	2.4%	5.1%	4.2%	3.5%	2.3%	2.7%	1.2%	-1.6%
2012	-1.8%	-1.6%	-0.8%	-6.4%	-2.5%	0.2%	5.9%	9.7%	15.9%	
2013	3.5%	-0.7%	-3.8%	-2.7%	-4.6%	-4.2%	-2.5%	-4.4%		
2014	-1.6%	1.4%	5.3%	9.4%	15.9%	13.3%	7.8%			
2015	4.3%	7.5%	9.6%	12.0%	8.1%	9.9%				
2016	2.7%	2.6%	3.3%	3.3%	3.5%					
2017	4.7%	8.4%	12.3%	10.5%						
2018	6.4%	6.0%	3.6%							
2019	4.3%	1.5%								
2020	4.6%									

Annual Trend*										
All-Year	1.6%	1.7%	1.5%	1.2%	0.6%	0.0%	-0.4%	-0.2%	0.6%	1.1%
R ²	0.367	0.343	0.279	0.209	0.063	0.000	0.024	0.006	0.076	0.252
5-Year	5.1%	5.1%	7.2%	8.5%	6.7%	4.5%	3.0%	1.8%	1.5%	-0.2%
R ²	0.996	0.956	0.971	0.980	0.851	0.630	0.831	0.373	0.133	0.020

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Medical Case Outstanding per Open Indemnity Claim
As of December 31, 2020

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
1995										42,569
1996									37,019	39,787
1997								39,370	43,830	50,022
1998							40,864	45,891	53,152	67,069
1999						33,494	40,131	46,426	60,894	75,165
2000					26,128	30,699	36,064	46,812	55,518	63,106
2001				19,329	22,267	27,289	35,013	44,396	56,074	69,725
2002			16,078	17,743	20,420	26,774	33,759	42,824	51,807	63,089
2003		13,966	15,324	17,624	21,588	29,166	37,105	46,644	58,737	69,746
2004	12,193	12,710	14,496	18,991	25,100	31,301	40,237	49,950	58,523	72,870
2005	12,001	13,808	17,451	21,214	25,669	34,362	43,056	52,579	63,594	73,010
2006	12,121	15,586	20,279	24,656	30,730	37,902	45,281	56,182	64,995	78,820
2007	12,952	17,014	21,293	26,644	32,790	40,145	50,980	60,310	68,785	76,151
2008	13,778	17,747	22,156	27,639	33,754	42,076	50,686	60,356	70,003	76,644
2009	14,289	18,590	23,338	28,634	34,946	41,949	48,959	58,157	65,239	74,426
2010	14,632	18,857	23,482	28,827	34,291	39,998	46,538	52,569	59,232	68,269
2011	15,677	20,254	24,684	30,264	36,928	41,973	47,951	54,431	62,885	66,745
2012	15,922	20,117	23,949	27,880	32,976	39,148	45,585	55,002	62,197	
2013	15,622	19,701	22,548	26,968	31,695	37,168	44,756	51,756		
2014	14,990	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									

Accident	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
1996										-6.5%
1997									18.4%	25.7%
1998								16.6%	21.3%	34.1%
1999							-1.8%	1.2%	14.6%	12.1%
2000						-8.3%	-10.1%	0.8%	-8.8%	-16.0%
2001					-14.8%	-11.1%	-2.9%	-5.2%	1.0%	10.5%
2002				-8.2%	-8.3%	-1.9%	-3.6%	-3.5%	-7.6%	-9.5%
2003			-4.7%	-0.7%	5.7%	8.9%	9.9%	8.9%	13.4%	10.6%
2004		-9.0%	-5.4%	7.8%	16.3%	7.3%	8.4%	7.1%	-0.4%	4.5%
2005	-1.6%	8.6%	20.4%	11.7%	2.3%	9.8%	7.0%	5.3%	8.7%	0.2%
2006	1.0%	12.9%	16.2%	16.2%	19.7%	10.3%	5.2%	6.9%	2.2%	-3.0%
2007	6.9%	9.2%	5.0%	8.1%	6.7%	5.9%	12.6%	7.3%	5.8%	7.5%
2008	6.4%	4.3%	4.1%	3.7%	2.9%	4.8%	-0.6%	0.1%	1.8%	0.6%
2009	3.7%	4.8%	5.3%	3.6%	3.5%	-0.3%	-3.4%	-3.6%	-6.8%	-2.9%
2010	2.4%	1.4%	0.6%	0.7%	-1.9%	-4.7%	-4.9%	-9.6%	-9.2%	-8.3%
2011	7.1%	7.4%	5.1%	5.0%	7.7%	4.9%	3.0%	3.5%	6.2%	-2.2%
2012	1.6%	-0.7%	-3.0%	-7.9%	-10.7%	-6.7%	-4.9%	1.1%	-1.1%	
2013	-1.9%	-2.1%	-5.8%	-3.3%	-3.9%	-5.1%	-1.8%	-5.9%		
2014	-4.0%	-5.9%	-3.1%	-2.6%	-0.8%	0.7%	-3.8%			
2015	3.8%	4.1%	9.3%	11.8%	13.8%	9.3%				
2016	2.8%	4.9%	4.6%	1.8%	-1.0%					
2017	5.5%	6.0%	7.7%	7.1%						
2018	4.9%	4.2%	-2.5%							
2019	0.0%	-1.7%								
2020	1.4%									

Annual Trend*										
All-Year	2.6%	3.1%	3.3%	3.5%	3.2%	2.3%	1.7%	1.9%	2.4%	2.7%
R ²	0.920	0.825	0.765	0.755	0.665	0.572	0.445	0.597	0.558	0.476
5-Year	2.8%	3.7%	5.0%	4.9%	2.7%	-1.0%	-2.2%	-1.9%	-2.7%	-3.7%
R ²	0.848	0.867	0.863	0.868	0.473	0.080	0.766	0.429	0.482	0.866

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Paid Indemnity Loss per Reported Indemnity Claim
As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1995										13,429
1996									15,265	15,527
1997								17,205	17,595	17,790
1998							18,321	18,956	19,342	19,719
1999						19,472	20,494	21,123	21,631	22,017
2000					18,701	20,244	21,122	21,840	22,400	22,770
2001				17,685	20,096	21,638	22,728	23,504	24,069	24,482
2002			13,264	16,990	19,241	20,687	21,653	22,339	22,786	23,203
2003		7,958	13,335	16,894	19,052	20,447	21,367	22,032	22,631	23,162
2004	2,723	6,996	10,909	13,466	15,026	16,154	16,949	17,651	18,287	18,842
2005	2,501	6,398	9,584	11,799	13,227	14,260	15,098	15,816	16,484	16,966
2006	2,672	6,815	10,353	12,658	14,334	15,609	16,657	17,468	18,073	18,544
2007	2,836	7,324	11,163	13,804	15,680	17,083	18,203	19,013	19,626	20,153
2008	3,104	7,911	12,187	15,318	17,548	19,113	20,227	21,040	21,592	22,083
2009	3,109	7,997	12,541	15,869	18,242	19,861	21,032	21,926	22,595	23,100
2010	3,071	7,966	12,567	15,916	18,135	19,701	20,842	21,615	22,192	22,658
2011	3,129	8,143	12,713	15,880	17,989	19,496	20,558	21,390	21,934	22,291
2012	3,246	8,212	12,629	15,715	17,771	19,274	20,234	20,924	21,398	
2013	3,189	8,134	12,704	15,837	17,794	19,041	19,846	20,392		
2014	3,152	8,314	13,247	16,475	18,519	19,794	20,554			
2015	3,279	8,701	13,708	16,949	18,910	19,958				
2016	3,417	8,884	13,702	16,742	18,406					
2017	3,474	9,071	13,913	16,707						
2018	3,729	9,459	14,104							
2019	3,885	9,737								
2020	4,252									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
1996										15.6%
1997									15.3%	14.6%
1998								10.2%	9.9%	10.8%
1999							11.9%	11.4%	11.8%	11.7%
2000						4.0%	3.1%	3.4%	3.6%	3.4%
2001					7.5%	6.9%	7.6%	7.6%	7.5%	7.5%
2002				-3.9%	-4.3%	-4.4%	-4.7%	-5.0%	-5.3%	-5.2%
2003			0.5%	-0.6%	-1.0%	-1.2%	-1.3%	-1.4%	-0.7%	-0.2%
2004		-12.1%	-18.2%	-20.3%	-21.1%	-21.0%	-20.7%	-19.9%	-19.2%	-18.7%
2005	-8.2%	-8.6%	-12.1%	-12.4%	-12.0%	-11.7%	-10.9%	-10.4%	-9.9%	-10.0%
2006	6.9%	6.5%	8.0%	7.3%	8.4%	9.5%	10.3%	10.4%	9.6%	9.3%
2007	6.1%	7.5%	7.8%	9.1%	9.4%	9.4%	9.3%	8.8%	8.6%	8.7%
2008	9.4%	8.0%	9.2%	11.0%	11.9%	11.9%	11.1%	10.7%	10.0%	9.6%
2009	0.1%	1.1%	2.9%	3.6%	4.0%	3.9%	4.0%	4.2%	4.6%	4.6%
2010	-1.2%	-0.4%	0.2%	0.3%	-0.6%	-0.8%	-0.9%	-1.4%	-1.8%	-1.9%
2011	1.9%	2.2%	1.2%	-0.2%	-0.8%	-1.0%	-1.4%	-1.0%	-1.2%	-1.6%
2012	3.7%	0.8%	-0.7%	-1.0%	-1.2%	-1.1%	-1.6%	-2.2%	-2.4%	
2013	-1.8%	-0.9%	0.6%	0.8%	0.1%	-1.2%	-1.9%	-2.5%		
2014	-1.2%	2.2%	4.3%	4.0%	4.1%	4.0%	3.6%			
2015	4.0%	4.7%	3.5%	2.9%	2.1%	0.8%				
2016	4.2%	2.1%	0.0%	-1.2%	-2.7%					
2017	1.7%	2.1%	1.5%	-0.2%						
2018	7.3%	4.3%	1.4%							
2019	4.2%	2.9%								
2020	9.5%									

Annual Trend*										
All-Year	2.6%	2.0%	1.3%	0.6%	0.3%	0.0%	0.1%	0.3%	0.9%	1.7%
R ²	0.887	0.780	0.372	0.081	0.014	0.000	0.001	0.021	0.126	0.267
5-Year	5.6%	2.9%	1.4%	1.2%	1.3%	0.7%	-0.6%	-1.8%	-0.5%	2.3%
R ²	0.956	0.981	0.899	0.551	0.595	0.369	0.284	0.970	0.121	0.465

*Trend is based on an exponential distribution.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Paid Medical Loss per Indemnity Claim
As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2002										23,713
2003									22,146	23,034
2004								19,253	20,330	21,310
2005							18,577	19,816	21,100	21,983
2006						19,385	20,953	22,403	23,412	24,259
2007					19,635	21,816	23,766	25,209	26,298	27,157
2008				18,763	21,908	24,417	26,274	27,676	28,676	29,493
2009			15,656	19,995	23,501	26,036	27,851	29,176	30,158	30,908
2010		10,505	15,810	20,334	23,552	25,895	27,668	28,857	29,726	30,456
2011	4,095	9,981	15,148	19,153	22,057	24,293	25,782	26,907	27,694	28,212
2012	4,102	9,681	14,411	18,097	20,747	22,597	23,911	24,864	25,471	
2013	4,091	9,238	13,809	17,199	19,492	21,036	22,078	22,724		
2014	3,822	9,015	13,501	16,700	18,812	20,305	21,230			
2015	3,886	9,115	13,428	16,589	18,536	19,736				
2016	4,072	9,270	13,341	16,155	17,848					
2017	4,261	9,467	13,523	16,102						
2018	4,437	9,882	13,939							
2019	4,355	9,512								
2020	4,313									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2003										-2.9%
2004									-8.2%	-7.5%
2005								2.9%	3.8%	3.2%
2006							12.8%	13.1%	11.0%	10.4%
2007						12.5%	13.4%	12.5%	12.3%	11.9%
2008					11.6%	11.9%	10.6%	9.8%	9.0%	8.6%
2009				6.6%	7.3%	6.6%	6.0%	5.4%	5.2%	4.8%
2010**			1.0%	1.7%	0.2%	-0.5%	-0.7%	-1.1%	-1.4%	-1.5%
2011**		-5.0%	-4.2%	-5.8%	-6.3%	-6.2%	-6.8%	-6.8%	-6.8%	-7.4%
2012	0.2%	-3.0%	-4.9%	-5.5%	-5.9%	-7.0%	-7.3%	-7.6%	-8.0%	
2013	-0.3%	-4.6%	-4.2%	-5.0%	-6.1%	-6.9%	-7.7%	-8.6%		
2014	-6.6%	-2.4%	-2.2%	-2.9%	-3.5%	-3.5%	-3.8%			
2015	1.7%	1.1%	-0.5%	-0.7%	-1.5%	-2.8%				
2016	4.8%	1.7%	-0.6%	-2.6%	-3.7%					
2017	4.6%	2.1%	1.4%	-0.3%						
2018	4.1%	4.4%	3.1%							
2019	-1.9%	-3.7%								
2020	-1.0%									

Annual Trend*										
All-Year	1.0%	-0.6%	-1.8%	-2.6%	-2.3%	-1.0%	0.9%	2.7%	3.7%	3.9%
R ²	0.402	0.169	0.713	0.828	0.484	0.069	0.045	0.303	0.581	0.705
5-Year	1.4%	1.5%	0.7%	-1.6%	-3.5%	-5.1%	-6.6%	-6.3%	-3.2%	1.1%
R ²	0.451	0.599	0.441	0.938	0.952	0.959	0.990	0.949	0.571	0.102

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Paid Medical Loss per Claim**
As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1999										6,335
2000									6,878	7,093
2001								7,822	8,126	8,409
2002							7,921	8,289	8,586	8,853
2003						7,175	7,587	7,962	8,280	8,588
2004					5,329	5,814	6,226	6,565	6,900	7,206
2005				4,450	5,055	5,532	5,928	6,287	6,662	6,919
2006			4,054	4,916	5,590	6,131	6,584	7,002	7,296	7,541
2007		3,299	4,597	5,624	6,402	7,054	7,632	8,061	8,384	8,641
2008	1,808	3,710	5,198	6,398	7,385	8,170	8,748	9,184	9,501	9,755
2009	1,944	4,072	5,788	7,258	8,439	9,297	9,905	10,351	10,679	10,927
2010	1,987	4,204	6,102	7,708	8,853	9,672	10,297	10,718	11,021	11,278
2011	1,837	4,115	6,032	7,511	8,574	9,390	9,936	10,344	10,630	10,819
2012	1,855	4,066	5,862	7,244	8,238	8,931	9,417	9,770	9,993	
2013	1,884	4,006	5,767	7,076	7,963	8,550	8,950	9,198		
2014	1,827	3,916	5,640	6,862	7,663	8,224	8,568			
2015	1,839	3,957	5,608	6,794	7,524	7,979				
2016	1,926	4,046	5,618	6,685	7,323					
2017	1,957	3,999	5,498	6,444						
2018	2,041	4,196	5,729							
2019	2,020	4,105								
2020	2,224									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2000										12.0%
2001									18.1%	18.6%
2002								6.0%	5.7%	5.3%
2003							-4.2%	-3.9%	-3.6%	-3.0%
2004						-19.0%	-17.9%	-17.5%	-16.7%	-16.1%
2005					-5.1%	-4.9%	-4.8%	-4.2%	-3.5%	-4.0%
2006				10.5%	10.6%	10.8%	11.1%	11.4%	9.5%	9.0%
2007			13.4%	14.4%	14.5%	15.0%	15.9%	15.1%	14.9%	14.6%
2008		12.4%	13.1%	13.8%	15.4%	15.8%	14.6%	13.9%	13.3%	12.9%
2009	7.5%	9.8%	11.4%	13.4%	14.3%	13.8%	13.2%	12.7%	12.4%	12.0%
2010	2.2%	3.2%	5.4%	6.2%	4.9%	4.0%	4.0%	3.5%	3.2%	3.2%
2011	-7.6%	-2.1%	-1.2%	-2.6%	-3.1%	-2.9%	-3.5%	-3.5%	-3.6%	-4.1%
2012	1.0%	-1.2%	-2.8%	-3.6%	-3.9%	-4.9%	-5.2%	-5.5%	-6.0%	
2013	1.6%	-1.5%	-1.6%	-2.3%	-3.3%	-4.3%	-5.0%	-5.9%		
2014	-3.0%	-2.3%	-2.2%	-3.0%	-3.8%	-3.8%	-4.3%			
2015	0.7%	1.0%	-0.6%	-1.0%	-1.8%	-3.0%				
2016	4.7%	2.3%	0.2%	-1.6%	-2.7%					
2017	1.6%	-1.2%	-2.1%	-3.6%						
2018	4.3%	4.9%	4.2%							
2019	-1.0%	-2.2%								
2020	10.1%									

Annual Trend*										
All-Year	1.0%	0.9%	1.7%	2.6%	3.4%	3.3%	3.2%	3.1%	3.5%	3.9%
R ²	0.430	0.293	0.307	0.355	0.471	0.466	0.441	0.460	0.557	0.619
5-Year	3.2%	1.1%	0.1%	-2.1%	-2.9%	-4.0%	-4.6%	-3.2%	1.0%	6.1%
R ²	0.817	0.573	0.014	0.959	0.986	0.992	0.996	0.746	0.065	0.741

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Paid Indemnity Loss per Closed Indemnity Claim**
As of December 31, 2020

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
1995										11,569
1996									12,828	13,211
1997								14,434	14,939	15,230
1998							15,361	16,220	16,759	17,263
1999						15,612	16,869	17,746	18,427	18,957
2000					14,364	16,311	17,637	18,368	19,183	19,794
2001				12,517	15,782	17,549	18,855	19,905	20,696	21,282
2002			7,675	12,539	15,199	16,897	18,250	19,206	19,840	20,329
2003		3,400	9,088	12,801	15,102	16,881	17,998	18,772	19,417	20,037
2004	1,320	3,604	7,073	9,918	11,932	13,223	14,109	14,814	15,617	16,489
2005	1,371	2,980	5,712	8,396	10,276	11,432	12,323	13,182	14,226	14,917
2006	1,425	3,290	6,287	9,085	11,007	12,429	13,649	14,896	15,779	16,537
2007	1,393	3,509	6,780	9,652	11,762	13,486	15,072	16,255	17,198	18,066
2008	1,511	3,833	7,482	10,675	13,230	15,526	17,002	18,257	19,239	19,975
2009	1,592	4,087	7,858	11,268	14,286	16,398	18,105	19,452	20,410	21,220
2010	1,537	4,150	8,065	11,823	14,662	16,697	18,401	19,620	20,465	21,159
2011	1,660	4,491	8,635	12,264	14,964	16,935	18,460	19,605	20,450	21,008
2012	1,834	5,041	9,156	12,602	15,159	17,066	18,362	19,397	20,079	
2013	2,115	5,362	9,552	12,990	15,455	17,122	18,253	19,076		
2014	2,131	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									

Accident	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
1996										14.2%
1997									16.5%	15.3%
1998								12.4%	12.2%	13.3%
1999							9.8%	9.4%	10.0%	9.8%
2000						4.5%	4.6%	3.5%	4.1%	4.4%
2001					9.9%	7.6%	6.9%	8.4%	7.9%	7.5%
2002				0.2%	-3.7%	-3.7%	-3.2%	-3.5%	-4.1%	-4.5%
2003			18.4%	2.1%	-0.6%	-0.1%	-1.4%	-2.3%	-2.1%	-1.4%
2004		6.0%	-22.2%	-22.5%	-21.0%	-21.7%	-21.6%	-21.1%	-19.6%	-17.7%
2005	3.9%	-17.3%	-19.2%	-15.3%	-13.9%	-13.5%	-12.7%	-11.0%	-8.9%	-9.5%
2006	3.9%	10.4%	10.1%	8.2%	7.1%	8.7%	10.8%	13.0%	10.9%	10.9%
2007	-2.3%	6.7%	7.9%	6.2%	6.9%	8.5%	10.4%	9.1%	9.0%	9.2%
2008	8.5%	9.2%	10.4%	10.6%	12.5%	15.1%	12.8%	12.3%	11.9%	10.6%
2009	5.3%	6.6%	5.0%	5.6%	8.0%	5.6%	6.5%	6.5%	6.1%	6.2%
2010	-3.5%	1.5%	2.6%	4.9%	2.6%	1.8%	1.6%	0.9%	0.3%	-0.3%
2011	8.0%	8.2%	7.1%	3.7%	2.1%	1.4%	0.3%	-0.1%	-0.1%	-0.7%
2012	10.5%	12.2%	6.0%	2.8%	1.3%	0.8%	-0.5%	-1.1%	-1.8%	
2013	15.3%	6.4%	4.3%	3.1%	2.0%	0.3%	-0.6%	-1.7%		
2014	0.8%	5.0%	6.5%	6.1%	5.7%	4.7%	4.1%			
2015	9.8%	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%									

Annual Trend*										
All-Year	6.2%	5.8%	3.5%	1.9%	1.2%	0.9%	0.7%	1.0%	1.5%	2.3%
R ²	0.965	0.947	0.666	0.337	0.174	0.099	0.083	0.136	0.266	0.391
5-Year	7.8%	3.4%	2.5%	2.5%	2.5%	2.0%	0.5%	-0.5%	0.9%	3.7%
R ²	0.977	0.936	0.849	0.704	0.775	0.880	0.284	0.492	0.276	0.691

*Trend is based on an exponential distribution.

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

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Average Paid Medical Loss per Closed Indemnity Claim***
As of December 31, 2020

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2002										19,712
2003									17,946	18,776
2004								14,783	15,911	17,215
2005							13,721	14,989	16,653	17,964
2006						13,974	15,703	17,480	18,871	20,192
2007					13,537	15,692	18,081	19,993	21,645	23,145
2008				12,320	15,329	18,568	20,748	22,683	24,305	25,491
2009			9,367	13,297	17,213	20,201	22,694	24,759	26,147	27,614
2010		5,623	9,765	14,252	17,913	20,768	23,407	25,262	26,608	27,694
2011	2,105	5,233	9,687	13,891	17,258	20,228	22,424	24,081	25,253	26,008
2012	2,341	5,631	9,999	13,802	17,059	19,413	21,119	22,429	23,412	
2013	2,414	5,751	10,021	13,652	16,556	18,595	19,989	20,929		
2014	2,387	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									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2003										-4.7%
2004									-11.3%	-8.3%
2005								1.4%	4.7%	4.3%
2006							14.4%	16.6%	13.3%	12.4%
2007						12.3%	15.1%	14.4%	14.7%	14.6%
2008					13.2%	18.3%	14.8%	13.5%	12.3%	10.1%
2009				7.9%	12.3%	8.8%	9.4%	9.2%	7.6%	8.3%
2010**			4.2%	7.2%	4.1%	2.8%	3.1%	2.0%	1.8%	0.3%
2011**		-6.9%	-0.8%	-2.5%	-3.7%	-2.6%	-4.2%	-4.7%	-5.1%	-6.1%
2012	11.2%	7.6%	3.2%	-0.6%	-1.2%	-4.0%	-5.8%	-6.9%	-7.3%	
2013	3.1%	2.1%	0.2%	-1.1%	-2.9%	-4.2%	-5.4%	-6.7%		
2014	-1.1%	0.9%	0.4%	0.1%	-1.1%	-2.3%	-3.4%			
2015	4.9%	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%									

Annual Trend*										
All-Year	4.3%	3.0%	1.6%	0.4%	0.7%	1.8%	3.6%	5.2%	5.6%	5.5%
R ²	0.841	0.882	0.944	0.110	0.065	0.202	0.388	0.595	0.739	0.769
5-Year	3.0%	2.1%	2.2%	-0.4%	-2.1%	-3.3%	-4.9%	-4.4%	-1.1%	3.2%
R ²	0.280	0.678	0.922	0.316	0.926	0.980	0.993	0.859	0.109	0.465

*Trend is based on an exponential distribution.

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

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

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Item AC21-03-02

12/31/2020 Experience Review

Staff presented a summary of the preliminary analysis of statewide accident year experience evaluated as of December 31, 2020 (excluding COVID-19 claims), which was included in the Agenda. It was noted that the analysis included in the Agenda was preliminary in that it did not fully address several open issues for the September 1, 2021 Pure Premium Rate Filing that were discussed in other Agenda items. During the discussion, the Committee noted the following:

- Paid and incurred indemnity and medical loss development for the fourth quarter of 2020 was emerging generally consistent with the third quarter and the pre-pandemic pattern.
- Indemnity claim settlement rates continued to decelerate. Claim settlement rates for accident year 2018 at 24 months and accident year 2019 at 12 months are significantly below the comparable settlement rate for the prior year.
- The number of liens filed in the immediate pre-pandemic period was approximately 70% below the level filed shortly prior to the implementation of Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244). The Committee was reminded that the medical loss development projection included an adjustment for the impact of SB 1160 and AB 1244 on future lien filings based on an estimated 60% reduction in lien filings resulting from the reforms. Staff recommended updating this factor with the estimated pre-pandemic lien reduction of 70%. The consensus of the Committee was that this was appropriate. A Committee member recommended reviewing the continued appropriateness of the adjustment in the future given that the reforms were implemented several years ago and may now be substantially reflected in the emerging experience.
- Staff's review of medical fee schedule updates adopted by the Division of Workers' Compensation (DWC) since the January 1, 2021 Pure Premium Rate Filing in general revealed no significant changes that required special adjustments to the on-leveling of medical losses. Staff advised the Committee that the impact of the March 1, 2021 changes to the Official Medical Fee Schedule and the April 1, 2021 changes to the Medical-Legal Fee Schedule adopted by the DWC would be discussed with the Committee at the next meeting after obtaining feedback from the Claims Working Group and Medical Analytics Working Group.
- The indemnity claim frequency change for accident year 2020 based on the preliminary measure of changes in indemnity claim counts compared to changes in statewide employment levels showed a decrease generally consistent with that projected in the January 1, 2021 Pure Premium Rate filing. Given the significant changes in the industrial mix in 2020, staff recommended adjusting the preliminary 2020 frequency measure for the estimated impact of these shifts on the reported claim counts and exposure as measured by employment levels. The net impact of these adjustments was a modest increase to the preliminary 2020 frequency measure. The consensus of the Committee was that staff's recommended adjustments were appropriate.
- Average on-level indemnity severities show modest increases for accident years 2018 and 2019, and a more significant increase for 2020. The increase for 2020 is likely impacted by shifts in the wage distribution of injured workers and increases in temporary disability (TD) duration during the pandemic period. The Committee recommended that staff review the distribution of wages of injured workers in 2020 and changes in TD duration for discussion at the next meeting. Staff noted that the projected average annual indemnity severity trend of 1.0% reflected in the Agenda

and in the January 1, 2021 Pure Premium Rate Filing continued to be a reasonable basis for the updated summary of December 31, 2020 experience to be reviewed at the next meeting.

- Average on-level medical severities show a modest increase for accident year 2018, and moderate decreases for 2019 and 2020. The decrease for 2020 may impacted by shifts in the distribution of injuries and delays or deferrals of medical treatment during the pandemic. Staff noted that the average annual medical severity trend of 2.5% reflected in the Agenda based on the January 1, 2021 Pure Premium Rate Filing projection was likely high given the generally flat to declining medical severities over the last several years. Staff recommended a preliminary medical severity trend of 1.0% as a reasonable basis for the updated summary of December 31, 2020 experience to be reviewed at the next meeting.
- Given the significant and likely temporary shifts in exposure, industrial mix, claim frequency, and indemnity and medical severities for accident year 2020 and the challenges in projecting indemnity and medical loss development for accident year 2020, staff recommended basing the projected September 1, 2021 loss ratio on accident year 2019 only rather than the average of accident years 2019 and 2020. The consensus of the Committee was that this approach should be reflected in the updated summary of December 31, 2020 experience to be reviewed at the next meeting. Committee members also suggested reviewing alternative trending projections based on the average of the latest two accident years as well as a projection based on the average of 2018 and 2019.

The Committee was reminded that a full range of alternative loss development and trending projections will be reviewed at the next meeting where the recommended methodologies for the September 1, 2021 Pure Premium Rate Filing will be determined.

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

The Committee discussed the COVID-19 claim cost projection reflected in the January 1, 2021 Pure Premium Rate Filing. The Committee was advised that based on COVID-19 claim experience emerging thus far, staff was estimating that the actual COVID-19 claim volume for accident year 2020 will be significantly higher than projected in the January 1, 2021 Pure Premium Rate Filing, while the average COVID-19 severity will be somewhat lower than projected. Also, the COVID-19 claim volume emerging for accident year 2021 will likely be somewhat higher than expected, while the accident year 2022 COVID-19 claim volume should be much less if the vaccines continue to work as expected.

The Committee also discussed the information currently available on projections of future levels of COVID-19. Given that the available models reviewed suggested that COVID-19 rates were plateauing 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 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.

Item AC21-03-05

Pandemic Impact on Premium Measures

The Committee was reminded that exposure levels dropped significantly during the sharp economic downturn in the second quarter of 2020. The Committee was also reminded that, during the Great Recession, there were significant and atypical amounts of return premiums that were distorting measures of calendar year earned premium. The Agenda included an analysis of premiums earned in calendar year 2020 for potential distortions in premium measures caused by the pandemic. Staff presented a summary of the analysis and noted that (a) premiums declined significantly in calendar year 2020, driven by continued insurer rate decreases and stagnant economic growth, (b) development of insurer premium in 2020 was generally consistent with the Great Recession period and (c) premiums from older policies as well as from new and renewal policies earned in 2020 were emerging lower than the comparable pre-pandemic period. Staff also noted that, the alternative approaches reviewed to develop policy year 2019 and 2020 premium amounts using Great Recession era premium development factors resulted in modest differences from the reported earned premium amounts.

After discussion, given that (a) the recent slowdown was sudden and sharp coming in early 2020 compared to the gradual changes experienced during the Great Recession that impacted several years, (b) many insurers reflected the impact of the slowdown in their in-force policies or policy renewals in part as a result of directives from the Insurance Commissioner, and (c) there was no indication of reduced calendar year 2020 premiums arising from audit adjustments on 2019 policies due to reduced 2019 exposure, the consensus of the Committee was that an adjustment to earned premium for 2020 for the impact of the pandemic was not appropriate at this time. The Committee recommended that premium development in subsequent quarters continue to be monitored closely. A Committee member also suggested staff solicit feedback from the Underwriting Working Group as to the drivers of premium changes in 2020 and anticipated changes in the near future.

The meeting was adjourned at 1:15 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for June 22, 2021 for approval and/or modification.