

Governing Committee

Meeting Agenda

Date	Time	Location	Staff Contact
April 20, 2022	9:30 AM	Microsoft Teams Webinar	Eric S. Riley
1901 Harrison Street, 17 th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: April 13, 2022

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

This meeting is Open to the Public.

Click [HERE](#) to register to attend the meeting. After registering, you will receive a confirmation email containing the link to join the webinar.

I. Confirmation of Governing Committee Chairperson

II. Approval of Minutes

Meeting held February 9, 2022

III. Additions to the Agenda

IV. Ratification of Actions of WCIRB Committees

A. Actuarial Committee Meetings Held December 7, 2021 and December 9, 2021

V. Unfinished Business

A. September 1, 2022 Regulatory Filing (Oral Report)

VI. New Business

A. September 1, 2022 Pure Premium Rate Filing

VII. Next Meeting Date: September 21, 2022

VIII. Adjournment

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Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
December 7, 2021	9:00 AM	Webinar Teleconference	David M. Bellusci

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Released: January 24, 2022

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Tony Milano
Serina Wu
Julia Zhang

The 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 September 14, 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 II

Working Group Meeting Summaries

The summaries of the Claims Working Group meeting held on September 9, 2021, the Actuarial Research Working Group meeting held on October 6, 2021, and the Medical Analytics Working Group meeting held on November 5, 2021 were included in the Agenda for the Committee's review and were accepted by the Committee.

Item AC02-03-03

Experience of Large Deductible Policies

The Agenda included a summary of the experience of large deductible workers' compensation policies in California through December 31, 2020. Staff presented a summary of the analysis and noted that (a) the proportion of statewide business written on a large deductible basis has been consistent in recent years; (b) while differences exist in average reserve levels, indemnity claim reporting patterns, and incurred development patterns, the paid loss development patterns for large deductible business are similar to those of non-large deductible business and (c) the difference in the indicated pure premium rate level after excluding large deductible experience through December 31, 2020 was modest.

Following the discussion, the Committee agreed that there was no need to implement any special ratemaking procedures for large deductible experience at this time and the information should continue to be reviewed on an annual basis.

Item AC21-12-01

9/30/2021 Experience Review

Staff presented a summary of the analysis of statewide accident year experience evaluated as of September 30, 2021, which was included in the Agenda. It was noted that the projected loss ratio for policies incepting between September 1, 2021 and August 31, 2022 based on September 30, 2021 experience and the September 1, 2021 Pure Premium Rate Filing methodologies was approximately 0.5 points higher than the projection included in the filing which reflected December 31, 2020 experience. During the discussion, the Committee noted the following:

- Loss development projections for accident years 2019 and earlier based on September 30, 2021 experience continued to increase moderately from those based on evaluations from recent prior quarters. This was driven by increases in paid indemnity and medical development for earlier periods. Conversely, incurred loss development declined modestly for earlier periods.
- The projected loss ratio for accident year 2020 continued to decrease moderately for indemnity and increase moderately for medical. For indemnity, this was likely in part driven by pandemic-related shifts in industrial and wage level mix. For medical, this was likely in part driven by the impact of initially delayed or deferred treatment during the pandemic occurring in 2021.
- The updates to the Official Medical Fee Schedule effective March 1, 2021 and the new Medical-Legal Fee Schedule effective April 1, 2021 were likely contributing to the increased paid medical development. Staff advised the Committee that it will review a potential adjustment to paid medical loss development for the new fee schedules with the Committee at the December 9, 2021 meeting (see Item AC21-12-10).
- Indemnity claim count development for accident year 2020 continued to be relatively flat, suggesting that a surge of late reported cumulative trauma claims related to the economic slowdown is thus far not materializing.
- Quarterly incremental indemnity claim settlement rates continued to emerge at the lower level experienced during the pandemic period and were likely impacting loss development projections.
- Average wage level changes projected based on the September 2021 UCLA Anderson forecast showed a larger increase for 2021 compared the prior forecast and a modest decrease for 2022. Staff noted that the adjustments made to the wage level projections for the pandemic-related economic downturn and recovery are based on data through the first quarter of 2021 and will be reviewed in depth early next year.
- Premium development from policy year 2019 emerging in calendar year 2021 was lower than prior years. Staff noted that the apportioning of calendar year premium to accident year will be reviewed early next year based on December 31, 2021 experience to determine if an adjustment to premium on-leveling similar to that applied during the Great Recession is appropriate.
- The indemnity claim frequency decrease indicated for accident year 2020 (excluding COVID-19 claims) based on the preliminary measure of changes in indemnity claim counts at 21 months compared to estimated changes in statewide employment levels is generally consistent with that reflected in the September 1, 2021 Pure Premium Rate Filing.
- The estimated indemnity claim frequency, excluding estimated COVID-19 claims, for the first nine months of accident year 2021 was significantly above that for the first nine months of 2020. Staff

noted that there are challenges in estimating the indemnity claim frequency change for the first nine months of 2020 given the sharp decrease in exposure during the initial stay-at-home period. When comparing the first nine months of 2021 to the first nine months of 2019, indemnity claim frequency (excluding COVID-19 claims) increased by an estimated 4.4%. This compares to a 2.6% decrease projected in the September 1, 2021 Pure Premium Rate Filing for the same period (2019 to 2021).

- Average on-level indemnity severities showed modest increases for accident years 2018 to 2020. The indicated increase for accident year 2020 projected based on 21 months was lower than the increase projected based on earlier evaluations. As discussed at prior meetings, the 2020 average indemnity claim severity was likely impacted by shifts in the wage distribution of injured workers and potential increases in temporary disability duration during the pandemic period.
- Average on-level medical severities showed a moderate increase for accident year 2018 and were relatively flat for 2019 and 2020. Projected changes in accident year 2018 through 2020 average medical severities based on September 30, 2021 experience increased from those projected based on earlier evaluations.
- Average paid and incurred indemnity and medical severities for accident year 2021 through 9 months showed modest to moderate increases over 2020. A 95% confidence level test based on an approach reviewed by the Committee last year suggests the 12-month severities for 2021 are likely to emerge above 2020 levels.
- After declining consistently for the last several years, paid ALAE development in the first three quarters of 2021 increased. This was likely related to claims staying open longer and claims activity beginning to increase after declining during the pandemic period.
- Loss and ALAE development emerging on accident year 2020 COVID-19 claims from 18 to 21 months was generally consistent with development on non-COVID-19 claims.

The Committee discussed some of the key considerations for the September 1, 2022 Pure Premium Rate Filing projection to be made in April 2022, which included the appropriate loss development projections for accident years 2020 and 2021, the appropriate frequency and severity trends, the use of accident years 2019, 2020, and 2021 in the projection, and the estimated cost of COVID-19 claims.

Item AC21-12-02 COVID-19 Severity Analysis

Staff presented the preliminary analysis of COVID-19 medical treatments and costs, including a comparison between the workers' compensation system and the California group healthcare system and an analysis of the potential cost impacts of long COVID. The Committee was advised that the six-month average medical severity per COVID-19 patient is generally higher in group health than in the workers' compensation system. One Committee member suggested further exploring the payment lags for the medical services as certain treatments such as inpatient care may take a longer time to get paid. Staff agreed to look into the payment speed in both systems. One Committee member asked as to the extent closed COVID-19 claims are being reopened later. Staff agreed to explore the issue in the future updates as more data becomes available. The Committee was advised that this COVID-19 severity analysis will be finalized and published by early 2022.

Item AC21-12-03

Review of Reform Adjustments to Loss Development

The Committee was reminded that, beginning with the January 1, 2020 Pure Premium Rate Filing, adjustments for the impact of recent pharmaceutical cost reductions were reflected in paid medical loss development factors (LDF's). Staff presented an updated analysis to assess the continued appropriateness of these adjustments by assessing the continued impact of the adjustments and by using an alternative calendar year as the baseline in the analysis. To avoid distortions produced by the pandemic period, staff chose the calendar year 2019 as the baseline level of pharmaceutical payments. Staff noted that the adjustment continues to have a significant impact on the cumulative paid medical LDFs. Staff also noted that the difference in cumulative paid medical LDFs using 2018 and 2019 as the baseline is immaterial. As a result, staff recommended retaining the current adjustments based on the 2018 baseline year. After discussion, the consensus of the Committee was that staff's recommendation was appropriate.

The Committee was then reminded that in July 2017 the Division of Workers Compensation (DWC) dismissed approximately 292,000 liens due to not complying with the recently enacted provisions of Senate Bill No. 1160 (SB 1160). The Committee was further reminded that the adjustments for the 2017 DWC lien dismissals to paid medical LDFs were reflected beginning with the January 1, 2019 Pure Premium Rate Filing. Staff advised the Committee that the impact of these adjustments was minimal based on more current data as most of the impact of the lien dismissals was already reflected in the emergent experience. As a result, staff recommended removing the adjustments for the 2017 lien dismissals to paid medical LDFs. After discussion, the Committee accepted staff's recommendation.

The Committee was then reminded that, beginning with the January 1, 2019 Pure Premium Rate Filing, adjustments to address the impact of the reduced volume of liens resulting from SB 1160 were also reflected in the paid medical loss development factors. Staff noted that actual 2019 lien filings suggested a 70% reduction from the pre-reform level. Staff reflected the 70% drop in the adjustment factors and noted that the impact of the adjustments is modest. However, staff recommended continuing to apply the adjustment as the impact of these adjustments will naturally roll off after two years. Staff also recommended updating the adjustments at 60 months and 72 months with the most recent available data. After discussion, the Committee agreed with staff's recommendation.

Item AC21-12-04

Changes to Data Calls – Premium and Expense Reporting

The Committee was reminded that as a result of the advisory pure premium rates being effective September 1 rather than January 1, two sets of advisory pure premium rates are beginning with 2021 now in effect during each calendar year. The Committee was advised that to facilitate the review of accurate advisory pure premium data reported to the WCIRB, staff recommended modifying the Quarterly Call to collect written and earned premium by policy inception month rather than inception year. Staff noted this additional data will also help to review premium development and the earning out of premium amounts. Staff presented a mock-up of the recommended changes to the Quarterly Call. Staff noted that these changes would become effective for the Quarterly Call for Third Quarter 2022 experience, which will be required to be reported to the WCIRB in the fourth quarter of 2022.

Staff also recommended eliminating detailed information on insurer other acquisition expenses and general expenses currently required on the Expense Call as this information is no longer needed. Staff noted that these changes would become effective for the 2022 Expense Call, which will be required to be reported to the WCIRB by April 2023.

The Committee raised no questions or concerns about the proposed changes to the data calls and approved them based on staff's recommendations.

Item AC21-12-05
Potential 2022 Actuarial and Research Projects

The Committee reviewed the list of potential actuarial and research studies included in the Agenda that are under consideration for 2022. It was noted that many of the listed studies were either requested by the California Department of Insurance (CDI), developed in response to issues raised in recent CDI Decisions, required by legislation or related to the COVID-19 pandemic.

The consensus of the Committee was that the schedule of projects outlined in the Agenda materials to be undertaken in 2022 was appropriate.

Item AC21-12-06

2022 Schedule of Meetings

The following schedule of Actuarial Committee meetings for 2022 was approved by the Committee. All meetings will begin at 9:00 AM (Pacific Time).

Tuesday, February 15, 2022 (September 1, 2022 Regulatory Filing)

Monday, March 21, 2022

Thursday, April 14, 2022 (September 1, 2022 Pure Premium Rate Filing)

Tuesday, June 28, 2022

Tuesday, September 13, 2022

Tuesday, December 6, 2022

Thursday December 8, 2022 (if needed)

Actuarial Committee
Meeting Minutes for December 7, 2021

The meeting was adjourned at 12:00 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for February 15, 2022 for approval and/or modification.

Actuarial Committee

Meeting Minutes

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

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Released: January 24, 2022

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Chris Westermeyer

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Giovanni Muzzarelli
Mitra Sanandajifar

WCIRB

Bill Mudge
David Bellusci
Laura Carstensen
Tony Milano
Katrina Sonka
Julia Zhang

The 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.

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Item AC21-12-07 Indemnity Claim Frequency Model

Staff presented the results of a comprehensive review of the WCIRB Indemnity Claim Frequency Model for feedback. This model has been used to project indemnity claim frequency for the purposes of pure premium ratemaking for over a decade. Staff noted that the analysis reflects the feedback of the Actuarial Research Working Group.

Staff summarized the key findings of the report as follows:

- A linear model outperforms both a model with an autoregressive term and a model with a generalized linear model specification using a log link.
- Forecasting the cumulative injury index significantly improves the predictive accuracy of the model and reduces the need to adjust the constant term.
- With the economic variable optimized for each version, a model in which outliers are removed performs similarly to a model which includes outliers.
- Models including all available years of data outperform models using only more recent data.
- For the most recent completed accident year of experience, frequency change projections based on an average of the initial aggregate level emergence with the model forecasted performance outperforms alternative projection methodologies.

Based on the report's findings, staff summarized the following recommendations:

- Continue to use a linear model to project indemnity claim frequency that includes all available data to parameterize the model including outliers.
- Incorporate a non-leading benefit level term which is loss weighted and does not include the impact of cost-of-living adjustments.
- Continue to use the principal component specification of the economic variable which uses the log differences of both the unemployment rate and the aggregate level of employment.
- Use the fitted constant term with no adjustments.
- Incorporate a time series projection of the cumulative injury index into the development of the model predictions.
- For projections one accident year out, compute an initial estimate based on averaging the initial estimated frequency change based on aggregate data with the model forecast. Review the differences between the two estimates and consider selecting either the estimate based on the aggregate data or the model forecast if there are reasons to indicate that one is more reliable than the other.
- For projections further out, consider adjusting the model forecast if there is a significant difference between the initial aggregate emergence and the model forecast for one year out.

A Committee member suggested further investigating why individual accident years are outliers from the model in order to better understand when the model forecast may be less reliable. The Committee accepted the report based on the review and agreed that these recommendations should be reflected in the updated model forecast for December 31, 2021 experience to be reviewed at the March 22, 2022 meeting.

Item AC21-12-08 Efficacy of Experience Rating

Staff presented the preliminary analysis of the impact of experience rating on workplace safety, which focused on the impact of an employer becoming experience rated for the first time and the impact of an increase in an experience modification from a credit to a debit modification. For the first component, the Committee was advised that experience rating appeared to be associated with a larger decline of claim frequency based on a comparison of the claim experience of first-time rated employers and similar employers that do not become experience rated. However, the association is not statistically significant. Staff noted the potential future steps to further expand the analysis to include more years of data.

For the second component, the Committee was advised that an increase from a debit to a credit modification appeared to be, for several years, associated with a statistically significant larger decline in the likelihood of having any claims in the future and a larger decline in claim frequency, suggesting the continued “shock” effect of a large increase of experience modification on workplace safety. One Committee member suggested exploring how the impact of experience rating, including both for a newly rated employer and a significant increase in experience modification, differs by employer size. Staff agreed to explore that aspect in the analysis. One Committee member suggested exploring the changes in claim frequency for employers with an experience modification decrease to further validate that the analysis appropriately addresses the potential bias of regression to the mean. Staff agreed to further explore the impact of experience rating on these employers. Staff noted the potential future steps for the analysis. One Committee member suggested also exploring the impact of experience rating by industry sector and by different magnitude of changes in experience modification and potentially presenting the analysis to a broad audience. Staff agreed to incorporate the suggestions in the analysis and consider sharing the study findings with more stakeholders in the workers’ compensation system after the study is published.

Item AC21-12-07

Classification Ratemaking Wage Inflation Adjustments

At the December 3, 2016 Actuarial Committee meeting, the Committee reviewed and approved a new methodology for measuring and projecting relative wage inflation by classification in order to adjust exposure for the classification relativities. This methodology combines an adjustment for historic wage change differentials with projected wage changes differentials by classification. Projected wage change differentials are calculated using an autoregressive integrated moving average (ARIMA) model. This methodology was implemented beginning with the January 1, 2018 Regulatory Filing. Staff presented an analysis of the performance of this methodology.

The Committee was advised that the projected relative wage change differentials based on the ARIMA model did not clearly outperform the pre-2018 methodology of not adjusting for differences in relative wage inflation by classification as it failed to quickly respond to changes in patterns of relative wage change. Adjusting for the relative differences in historic wage change by classification but not for projected future wage level growth differentials clearly outperformed both the current methodology, which adjusts for both historical and projected future wage level differentials, and the pre-2018 methodology, which did not reflect any differentials in wage growth by classification. Staff recommended continuing to adjust for the relative differences in historic wage change only and to no longer adjust for projected future differentials by classification for the September 1, 2022 Regulatory Filing. The Committee accepted this recommendation. Staff indicated that they will continue to review potential sources of wage growth forecasts by industry and advise the Committee if an enhanced methodology to forecast future wage growth differentials by classification is identified.

Item AC21-12-10

Impact of 2021 Fee Schedule Changes on Loss Development

The Committee was reminded that, in early 2021, the Division of Workers' Compensation (DWC) adopted significant changes to the Evaluation & Management (E&M) section of the Official Medical Fee Schedule and to the Medical-Legal (ML) Fee Schedule. Staff noted that the 2021 Schedule changes adopted by the DWC may significantly distort paid medical loss development projections which are based on a mix of pre- and post-Schedule changes payments. The Committee was reminded that the cost impact of these 2021 Schedule changes to E&M and ML services was evaluated in the September 1, 2021 Pure Premium Rate Filing. Staff summarized its recommended approach to adjust the paid medical loss development factors for these distortions.

Staff summarized the observed incremental payment patterns for E&M and ML services and the impact to the paid medical loss development projections. Staff noted that E&M services are a larger proportion of medical service payments at earlier development ages and that ML services are proportionally largest at around the second to eight development years. Given these different patterns by development age, staff recommended varying the adjustment by age. Staff noted that different timing of E&M and ML service payments impacts the magnitude of the adjustment based on June 30, 2021 experience with the net impact of the adjustment being small. Staff noted that the impact of the adjustment is expected to increase modestly as post-Schedule change data emerges.

Staff noted that the 2021 Schedule change impact is assumed to be proportionate for development periods older than eight years given E&M and ML services are a lower and more stable proportion of payments for those periods. Staff noted that while the impact of this assumption on the loss development projections is small, staff will continue to review data emerging on older accident years to assess whether an adjustment to these years is appropriate.

The consensus of the Committee was that staff's approach to on-leveling the paid medical loss development projections was appropriate and should be reflected in the review of December 31, 2021 experience to be reviewed by the Committee in March 2022. The Committee agreed that the paid-to-date loss ratios will need a similar adjustment so that the loss development adjustment is applied on a consistent basis. Staff also noted that the prospective cost increases for E&M and ML services will be re-evaluated in early 2022 in preparation of the September 1, 2022 Pure Premium Rate Filing.

The meeting was adjourned at 12:00 PM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for February 15, 2022 for approval and/or modification.

Item VI-A

September 1, 2022 Pure Premium Rate Filing

The WCIRB's September 1, 2022 Pure Premium Rate Filing will include proposed changes to the September 1, 2021 advisory pure premium rates. In preparation for the September 1, 2022 Pure Premium Rate Filing, staff has compiled statewide premium, loss and loss adjustment expense experience as of December 31, 2021 for presentation to the Actuarial Committee at the April 14, 2022 meeting. The Agenda for the April 14, 2022 Actuarial Committee meeting is attached.

The actuarial methodologies presented to the Actuarial Committee are generally consistent with those reflected in the September 1, 2021 Pure Premium Rate Filing. A summary of the development of the indicated average September 1, 2022 pure premium rate based on the Actuarial Committee's recommendations made at the April 14, 2022 meeting will be presented at the meeting.

Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
April 14, 2022	9:00 AM	Microsoft Teams Webinar	David M. Bellusci

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Released: April 7, 2022

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I. Approval of Minutes

None

II. Working Group Meeting Summaries

A. Medical Analytics Working Group Meeting Held on April 1, 2022

III. Unfinished Business

A. AC16-06-05: Update on Medical Severity Trends by Component

B. AC22-03-01: First Quarter 2022 Review of Diagnostics

C. AC22-03-02: 12/31/2021 Experience Review

IV. New Business

A. AC22-04-01: 9/1/2022 Filing – Loss Adjustment Expense Experience Review

B. AC22-04-02: 9/1/2022 Filing – Review of Alternative Loss Projection Methodologies

C. AC22-04-03: 9/1/2022 Filing – COVID-19 Claim Cost Projection

D. AC22-04-04: Retrospective Evaluation of 2021 Fee Schedule Changes

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: June 28, 2022

VII. Adjournment

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Medical Analytics Working Group

Meeting Summary

To: Participants of the Medical Analytics Working Group
Date: April 7, 2022

RE: Summary of April 1, 2022 Meeting

Discussion Topics

At the meeting, the following topics were discussed.

1. Update on Medical Severity Trends by Component

Staff summarized the update to the WCIRB's medical severity trend analysis using medical transaction data through December 31, 2021 with COVID-19 claims excluded.

Staff noted that the average medical severity per claim increased by 6% in 2021, partly due to the 2021 fee schedule changes to the Evaluation and Management (E/M) office visit codes and medical-legal services codes and values. Staff noted that the pharmaceutical paid per claim increased temporarily in 2020 but declined by 10% in 2021. Staff also observed that the usage of telemedicine services appeared to level off in 2021 after the significant increase in 2020. A Working Group member suggested exploring the potential differences in the mix of telemedicine services provided after 2020 to that provided in 2020. Staff agreed to explore these potential differences in the telemedicine study planned for later this year.

2. Retrospective Evaluation of the 2021 Fee Schedule Changes

Staff presented the preliminary findings of the retrospective evaluation of the cost impact of the 2021 changes to the E/M section of the Official Medical Fee Schedule (OMFS) and Medical-Legal Fee Schedule based on actual post-schedule change payments in the WCIRB medical transaction data. With respect to the cost impact of the E/M schedule changes, the evaluation indicated a 10% net of inflation cost increase for the nine office/outpatient visit service codes in 2021 compared to 2019. It was noted that this compares to a 15% estimate in the WCIRB's initial prospective evaluation of the schedule change reflected in the September 1, 2021 Pure Premium Rate Filing. The Working Group generally concurred with the approach used in the evaluation.

A Working Group member suggested reviewing potential service mix differences between telehealth and non-telehealth E/M services especially for office visit codes (99212-99215) that had a significant increase in the reimbursement allowance in 2021. Staff explored this after the meeting and found that the service mix in 2021 is generally similar between telehealth and non-telehealth services for the E/M codes 99212-99215 (Table 1). A Working Group member inquired about regional differences and potential shifts in the distribution of the nine office visit codes from 2019 to 2021. Staff agreed to further explore this issue.

Meeting Summary

Date: April 7, 2022

Table 1. Share of Telehealth and Non-Telehealth E/M Transactions by E/M Office Visit Codes in 2021

E/M Code	Description	Share of Telehealth E/M Services ¹	Share of Non-Telehealth E/M Services
99202	New sf 15-29 min	0%	1%
99203	New low 30-44 min	3%	7%
99204	New mod 45-59 min	1%	8%
99205	New hi 60-74 min	1%	2%
99211	Established minimal prob	0%	0%
99212	Established sf 10-19 min	5%	3%
99213	Established low 20-29 min	39%	35%
99214	Established mod 30-39 min	37%	31%
99215	Established hi 40-54 min	6%	4%
99202-99215 (Nine Codes Combined)		93%	91%

Staff next summarized the retrospective evaluation of the April 1, 2021 Medical-Legal Fee Schedule. The evaluation indicated a 39% cost increase for medical-legal services in 2021 compared to 2019, as compared to 22% in the WCIRB's prospective evaluation reflected in the September 1, 2021 Pure Premium Rate Filing. Staff noted that the extra charges for record review appears to be a key cost driver, which accounted for 25% of 2021 medical-legal payments.

Staff noted that while the overall average number of medical-legal services per claim remained the same in 2021 as in 2019, the number of follow-up evaluations per claim increased but the number of comprehensive and supplemental evaluations per claim both declined in 2021. A Working Group member suggested that the potential reason for the decline may be the change in the timeframe (extended to 18 months from the previous 9 months before April 2021) allowed for a follow-up evaluation after an initial medical-legal evaluation in the new fee schedule. Staff agreed to explore the timing of follow-up evaluations in the data.

Staff noted that the cost impact of psychologist/psychiatrist modifiers was lower than initially projected, as the average payments for medical-legal evaluations completed by psychologists or psychiatrists under the new fee schedule increased by only 1% compared to larger increases for other medical-legal evaluations (+45%). A Working Group member suggested that the cost pattern of psychiatric evaluations is consistent with the expectations of other medical-legal analysis and that psychiatric medical-legal evaluations tended to use ML104 (the most comprehensive and costly medical-legal comprehensive evaluations) when the complexity factor in the pre-April 1, 2021

¹ In 2021, telehealth E/M services accounted for 8% of all E/M services and non-telehealth accounted for 92%. WCIRB medical transaction data as of February 28, 2022.

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schedule was reimbursed based on time spent for the evaluation. Also, staff noted that psychiatric medical-legal evaluations had on average a lower payment share for additional record review than other medical-legal evaluations.

Overall, the Working Group generally concurred with the approach used in the retrospective evaluation of the cost impact of the new Medical-Legal Fee Schedule.

3. Plans to Update COVID-19 Medical Severity and Long COVID Analysis

Staff discussed the process to update the COVID-19 medical severity and long COVID analysis with the Working Group. Regarding the cost of treating long COVID in the workers' compensation system, several Working Group members agreed with the plan to review the medical patterns on the types of non-COVID-19 claims and potentially create a more comparable comparison group to COVID-19 claims that may involve long COVID. Regarding the plan to further explore medical-legal services on COVID-19 claims, several Working Group members suggested further reviewing the data as they did not expect COVID-19 claims to be more likely to involve medical-legal services. Staff agreed to further explore the issue in the data and also monitor the medical-legal services on COVID-19 claims as more data becomes available. A Working Group member agreed that staff should also explore if some indemnity-only COVID-19 claims would incur late medical payments or any medical payments in the future.

Staff also discussed the projection of future COVID-19 costs in the workers' compensation system as part of the upcoming September 1, 2022 Premium Rate Filing. Staff noted that it has begun to review published forecasts of future COVID-19 pandemic infection, hospitalization and death rates. Staff's early findings based on the available published sources are that because the population immunity in the U.S. is much higher in 2022 than before, fewer COVID-19 deaths or hospitalizations may occur in the next 12 months despite new variants that may emerge. The Working Group generally concurred with this observation.

Several Working Group members highlighted the extremely fluid nature of the COVID-19 pandemic and suggested considering the following aspects in the COVID-19 claim cost projection:

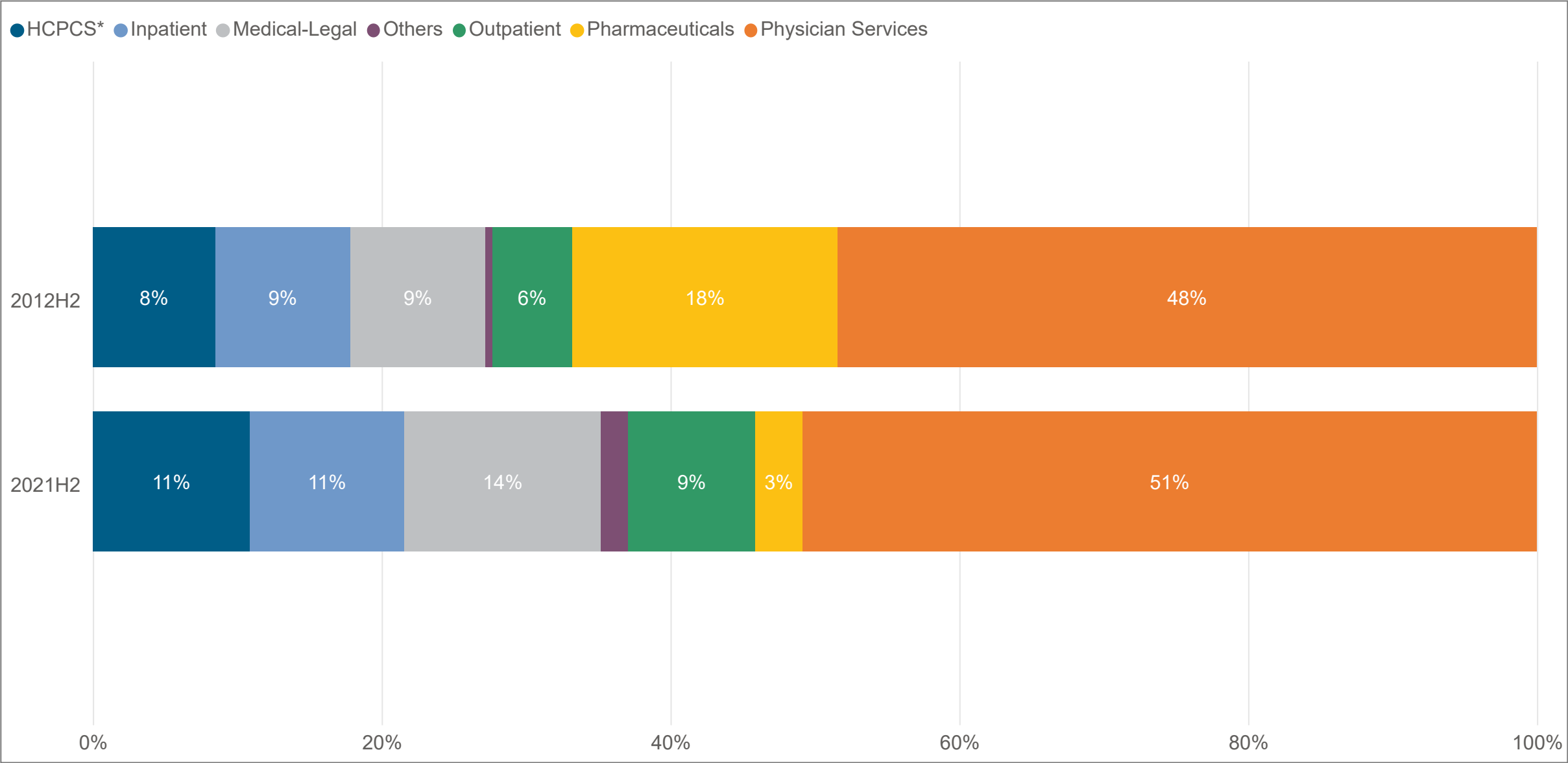
- Industry variations, such as the rate of vaccination and booster varies by industry sector
- As fewer mitigation measures are in place, workers may be more exposed to COVID infections. It may also be more challenging to determine if a COVID-19 infection is work related.
- The impact of long COVID in the workers' compensation has not yet materialized, and the general medical community is still improving in identifying specific long COVID symptoms.
- Therapeutics for COVID-19 and issues related to uncertainty in accessibility, availability and the clinical guidelines for using the therapeutics.

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

The WCIRB regularly monitors changes in paid per medical transaction and paid transactions per claim by medical component and summarizes the patterns for the Actuarial Committee. A brief update to that analysis with medical transaction data through December 31, 2021 will be presented at the meeting. Slides of the updated medical severity trends are attached.

Share of Total Medical Payments by Service Type

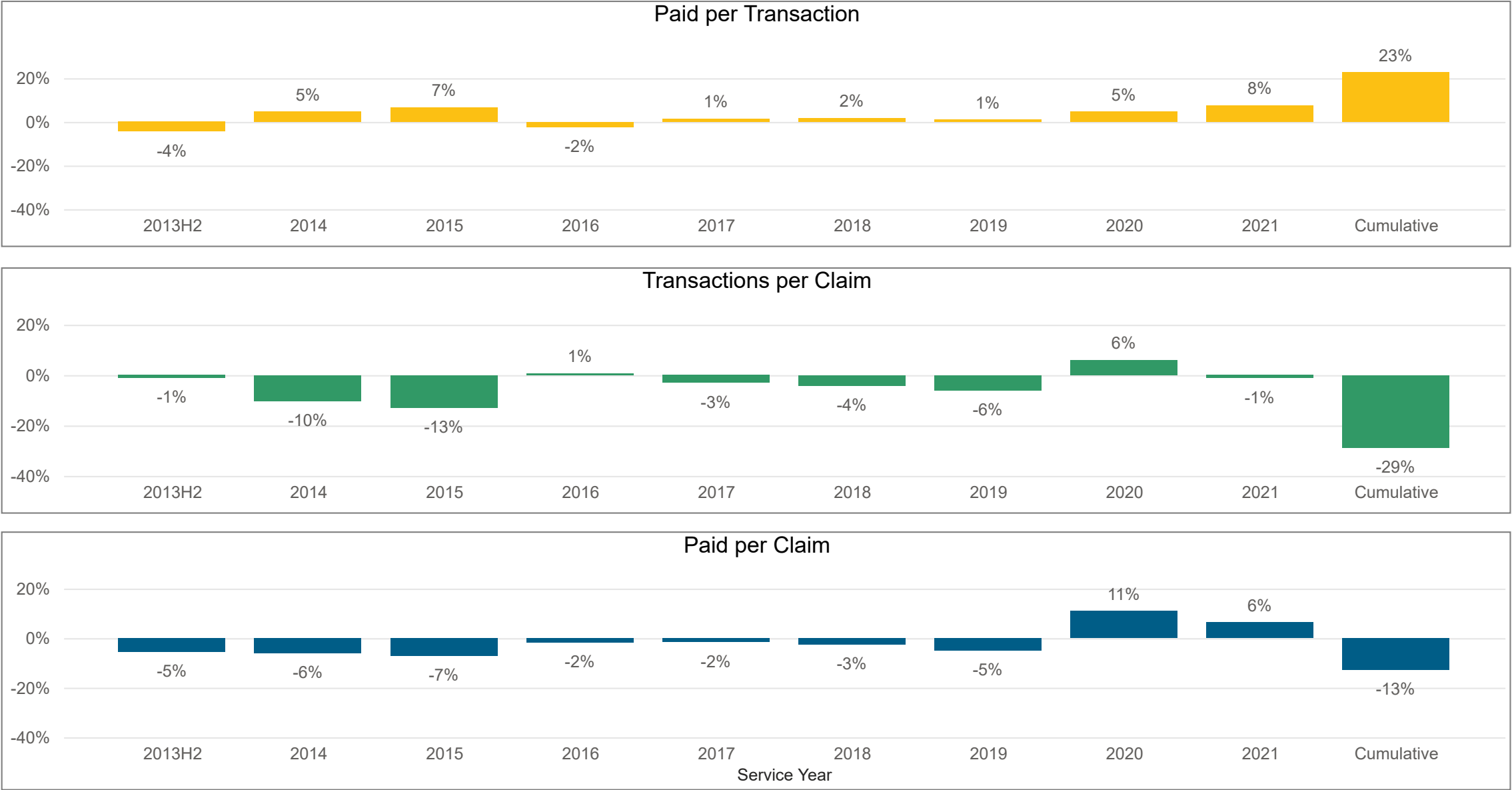
As of February 28, 2022



* HCPCS stands for Healthcare Common Procedure Coding System. HCPCS codes primarily include ambulance services, durable medical equipment, prosthetics, orthotics, and supplies used outside a physician’s office, home health services, and interpreter services.
Source: WCIRB medical transaction data collected beginning in the third quarter of 2012. COVID-19 claims were excluded from the analysis.

% Change in *All Medical Services* Cost per Claim

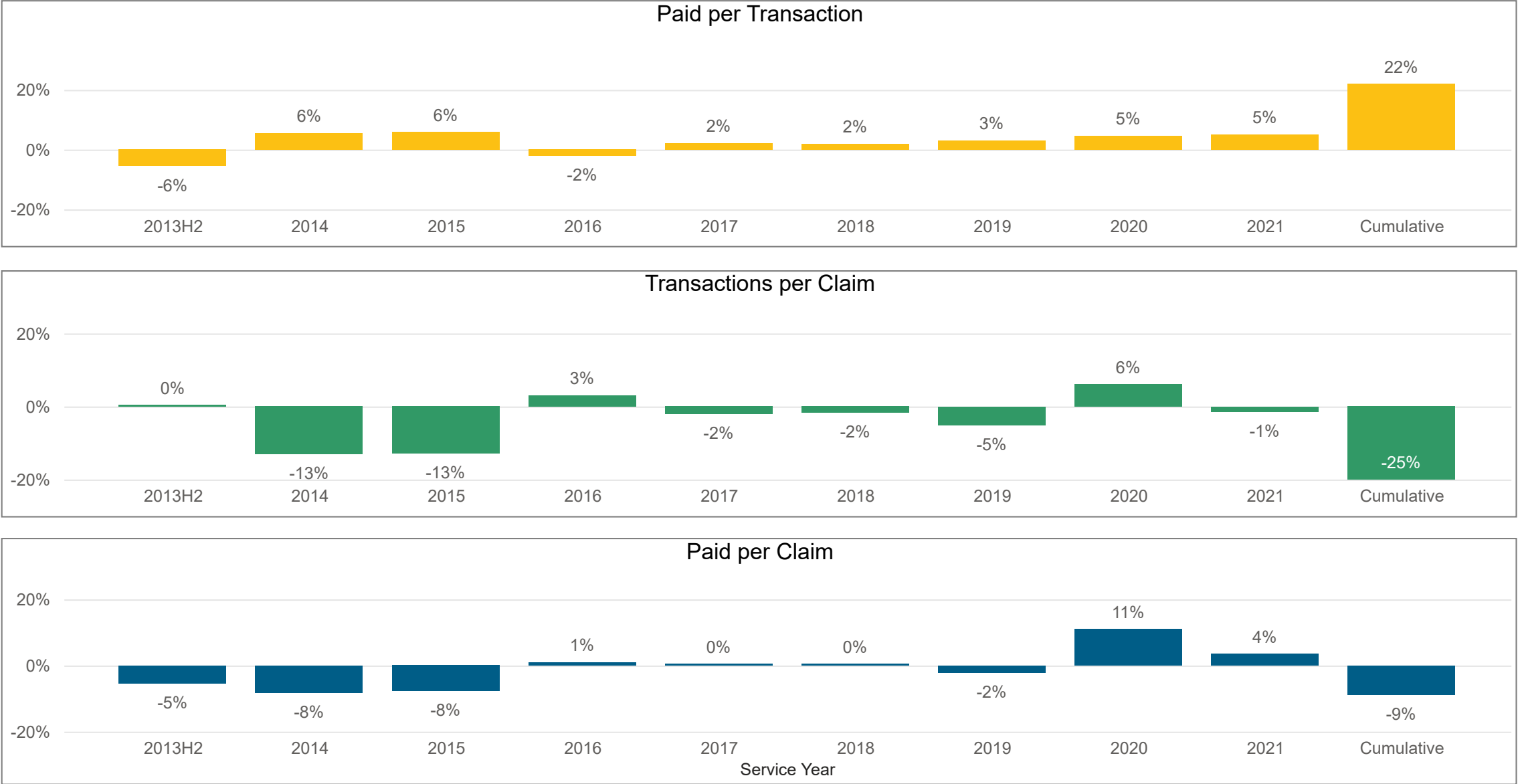
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012. COVID-19 claims were excluded from the analysis and the exclusion applies to all subsequent slides.

% Change in *Physician Services* Cost per Claim (50% of All Medical Payments*)

As of February 28, 2022

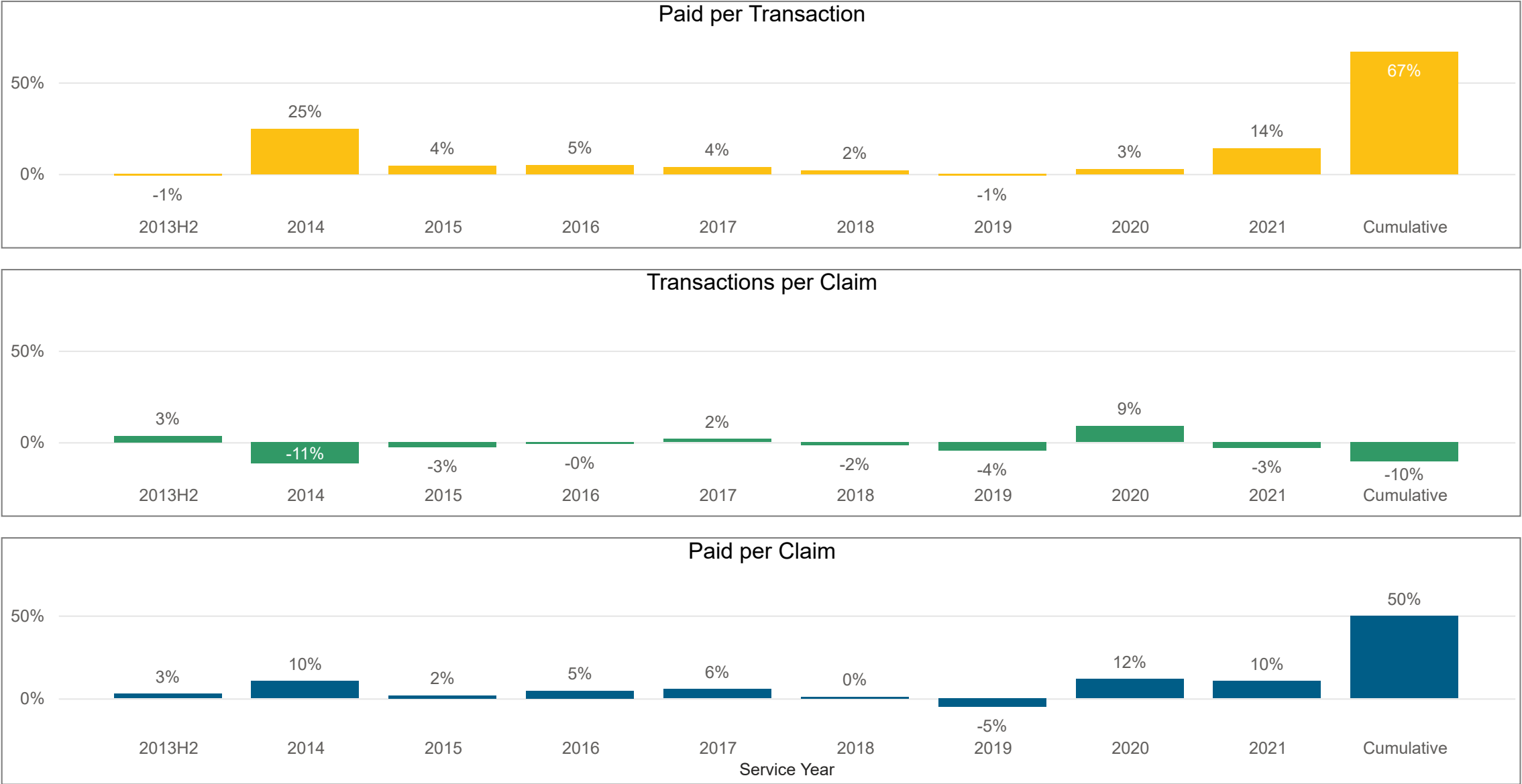


* All medical payments are defined as the total Paid Amount (excluding Liens) in Service Year 2021 in the WCIRB medical transaction data. This definition applies to all subsequent slides.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Evaluation & Management* Cost per Claim (20% of All Medical Payments)

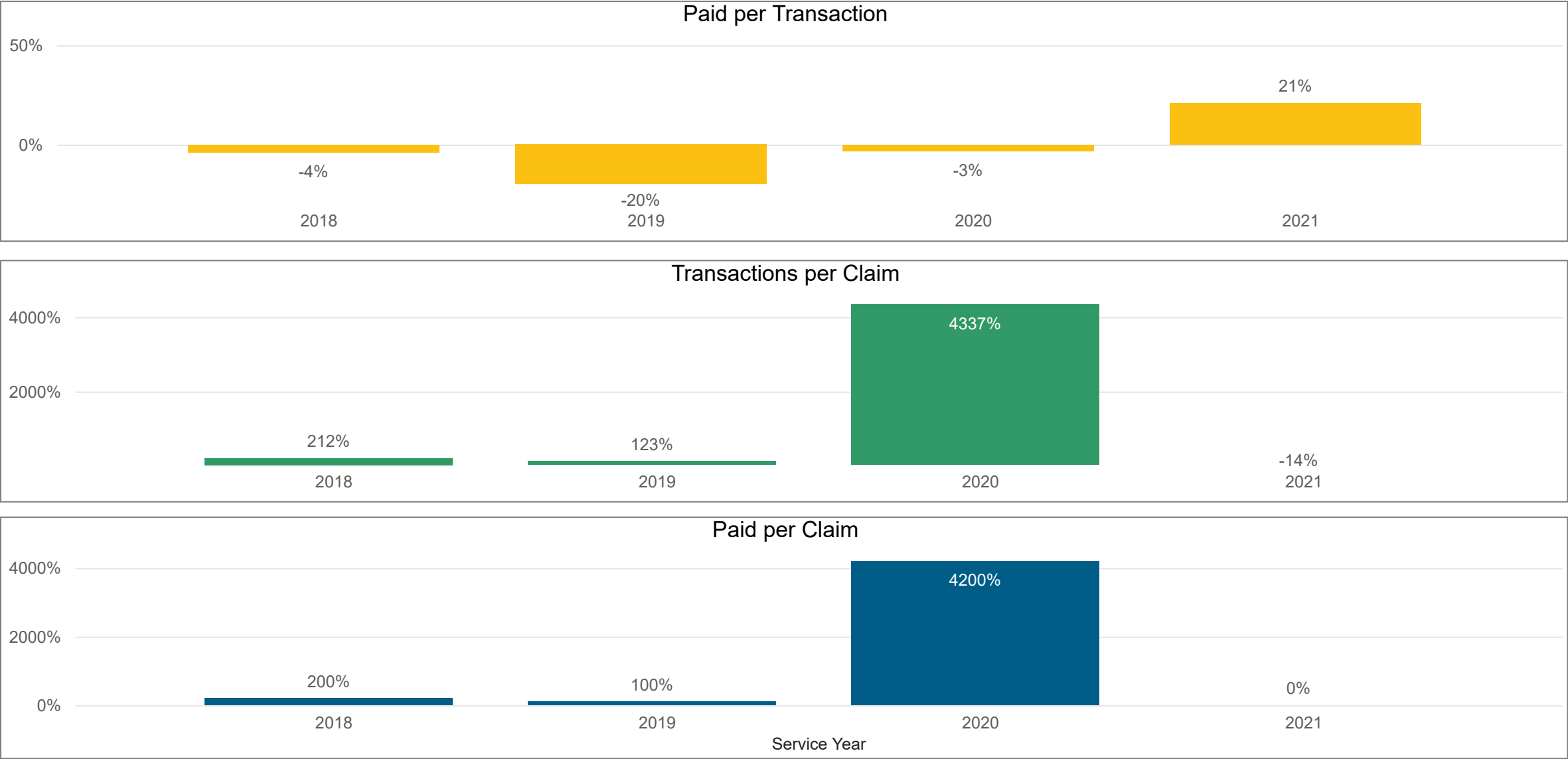
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Telemedicine* Cost per Claim (1.7% of All Medical Payments)

As of February 28, 2022

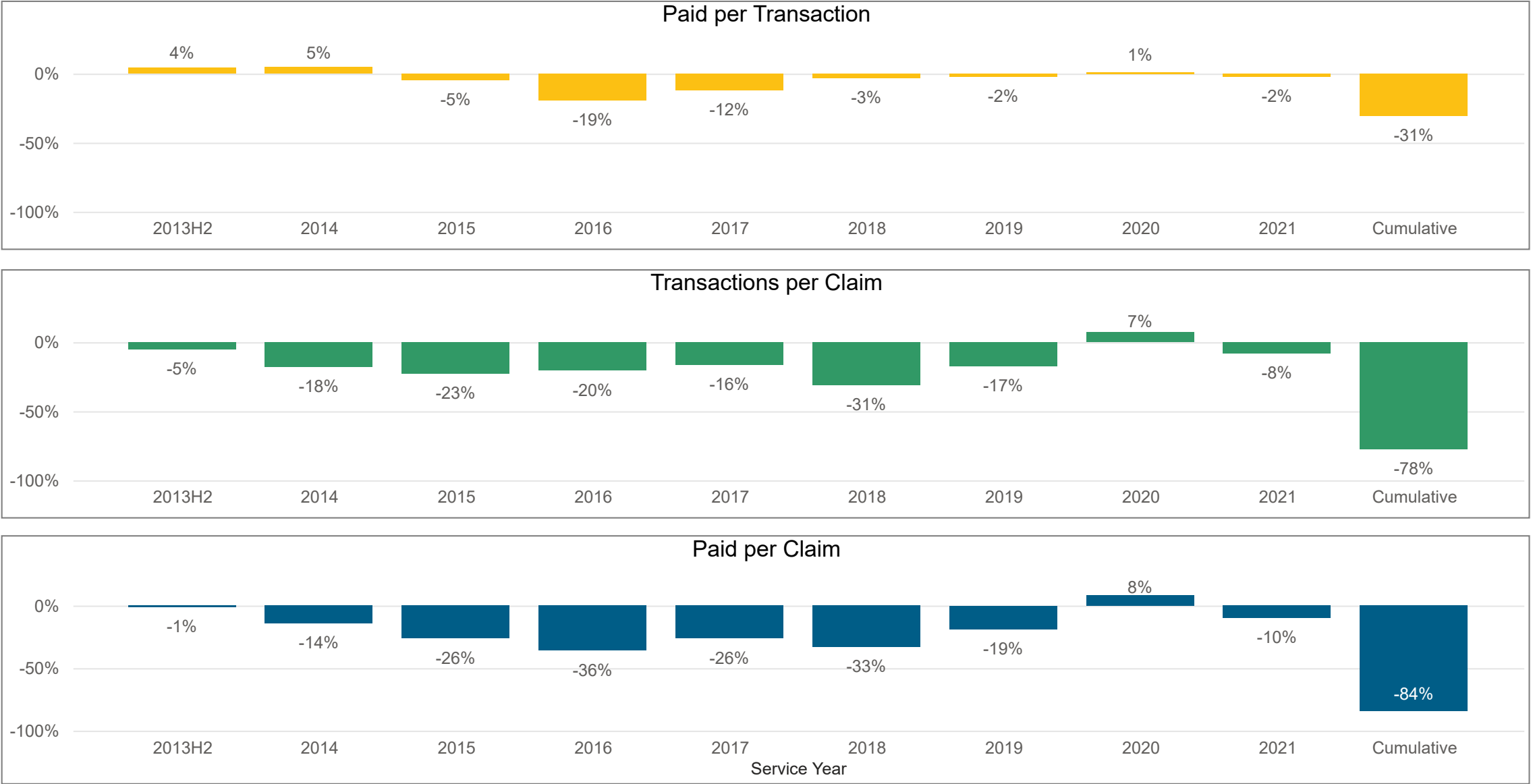


Note: For telemedicine services after March 1, 2020, only services from CMS list of telehealth services are included pursuant to the DWC rules.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Pharmaceutical* Cost per Claim (3.1% of All Medical Payments)

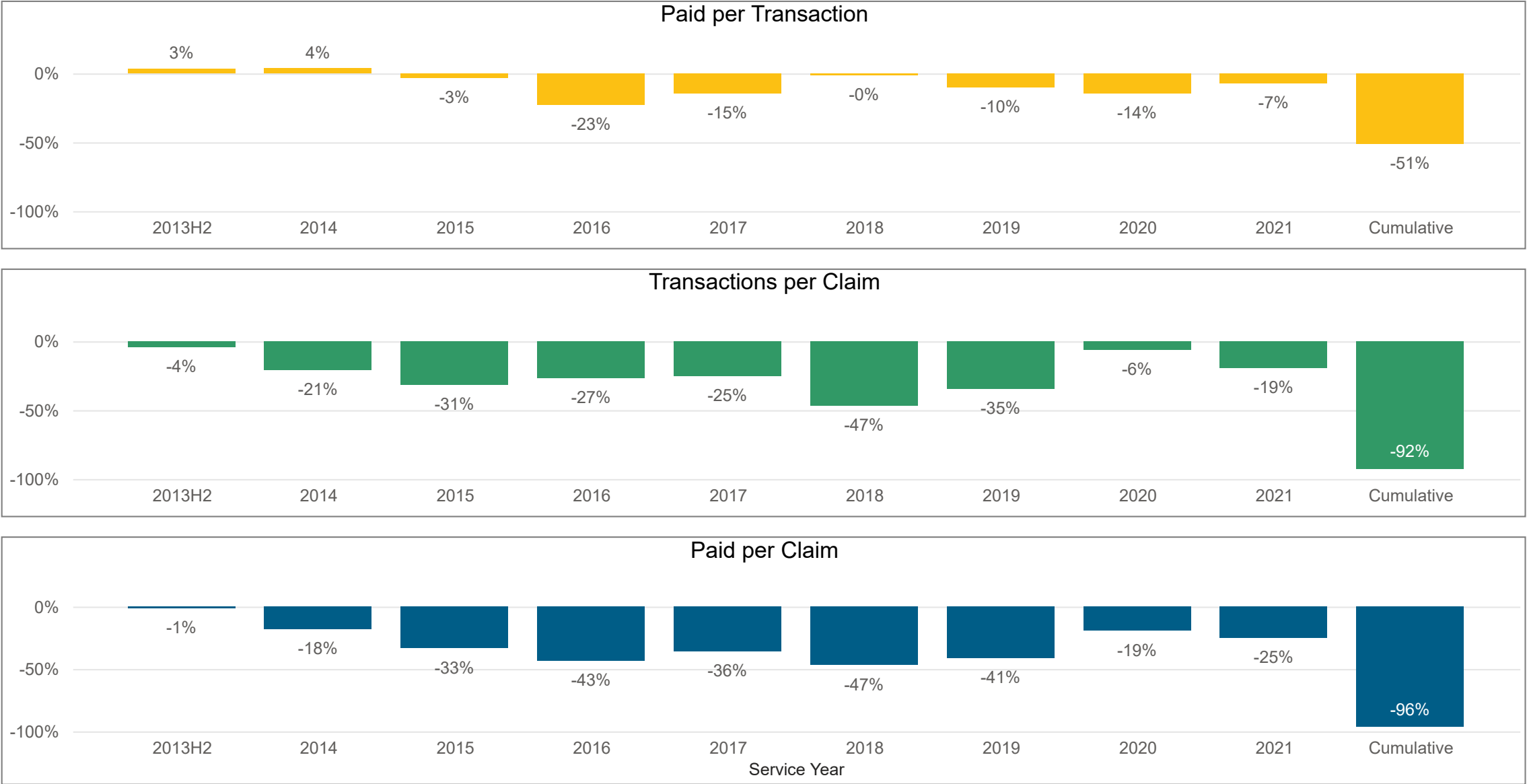
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Opioid* Cost per Claim (0.2% of All Medical Payments)

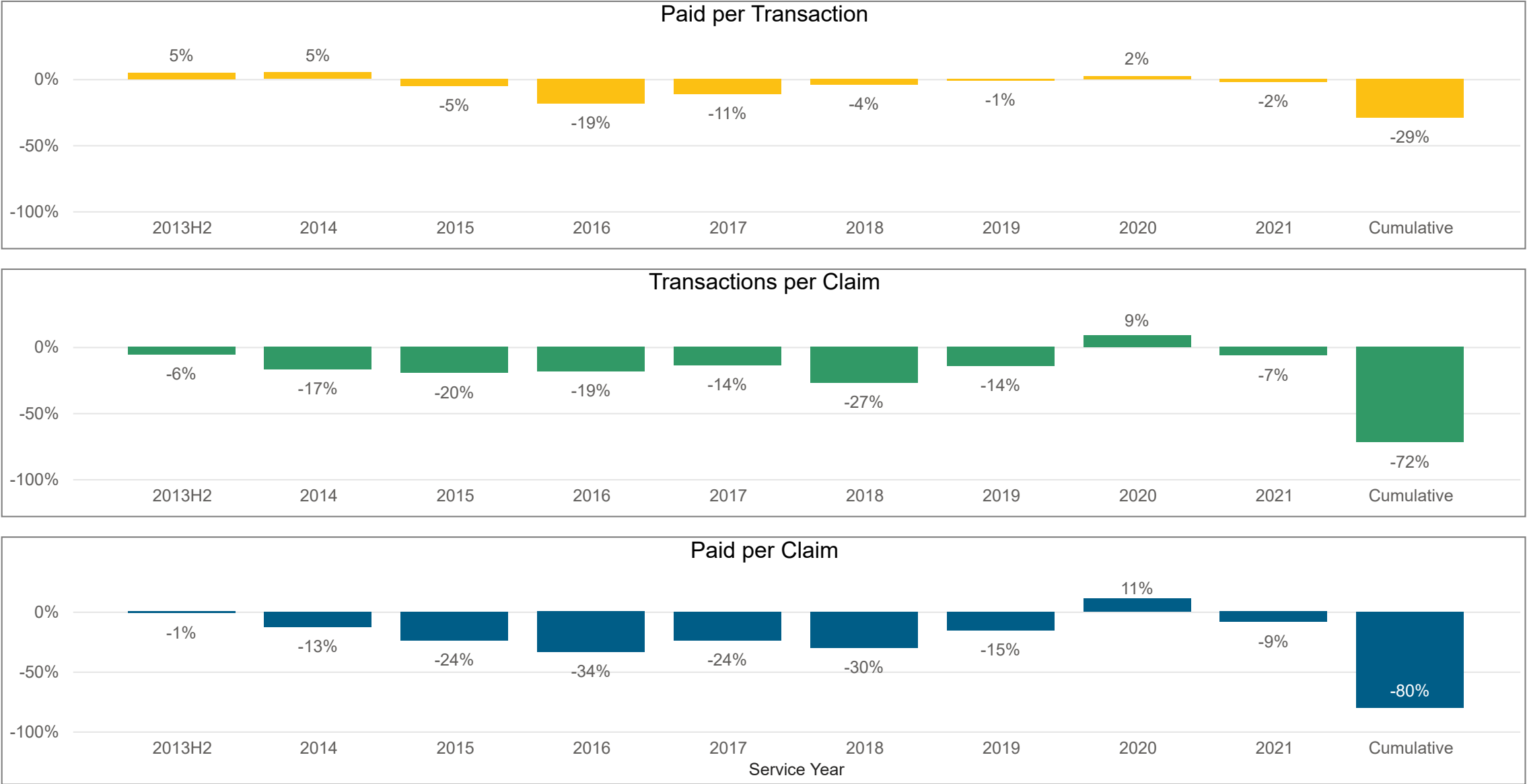
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in Non-Opioid Cost per Claim (2.9% of All Medical Payments)

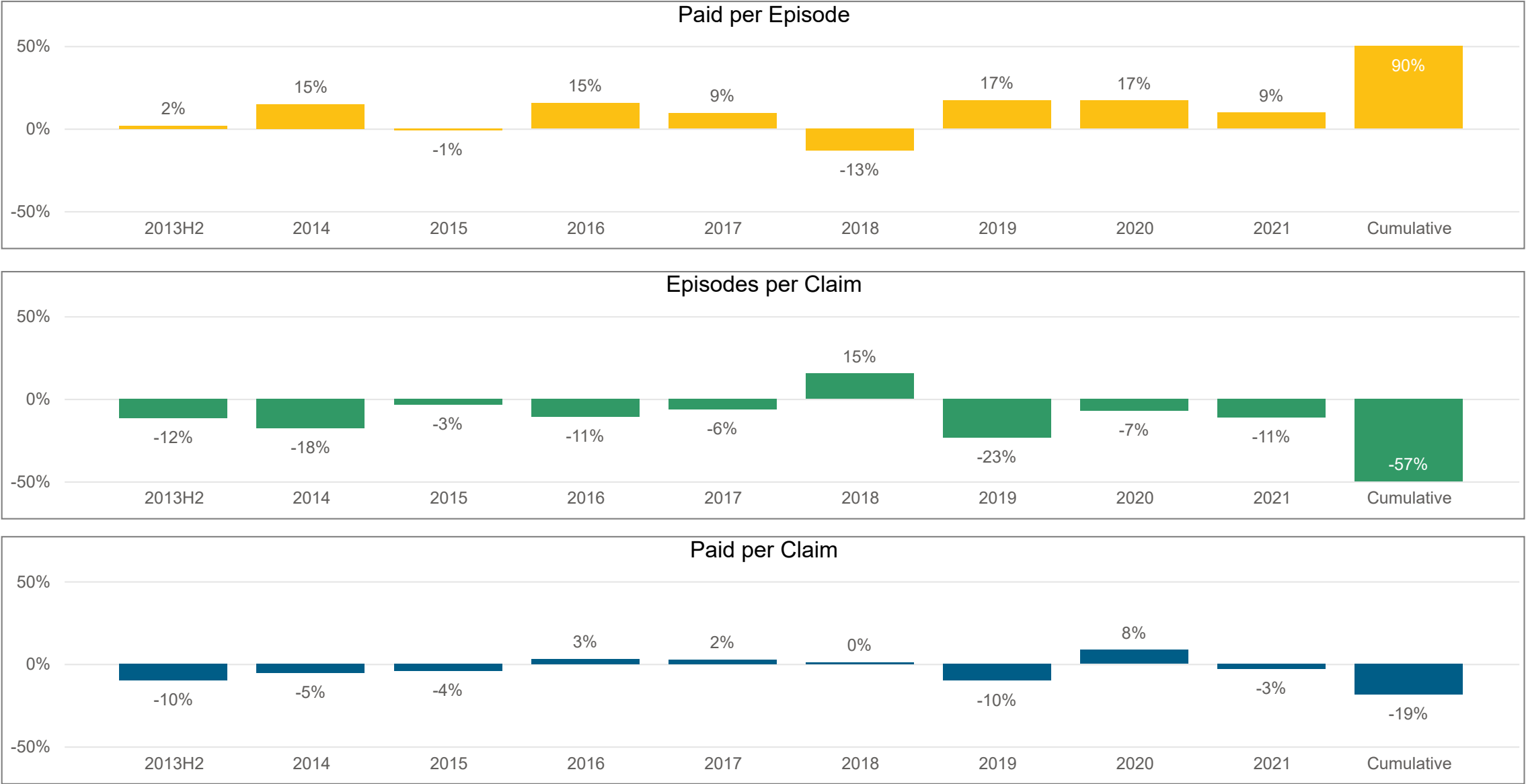
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Inpatient* Cost per Claim (episode-based) (11% of All Medical Payments)

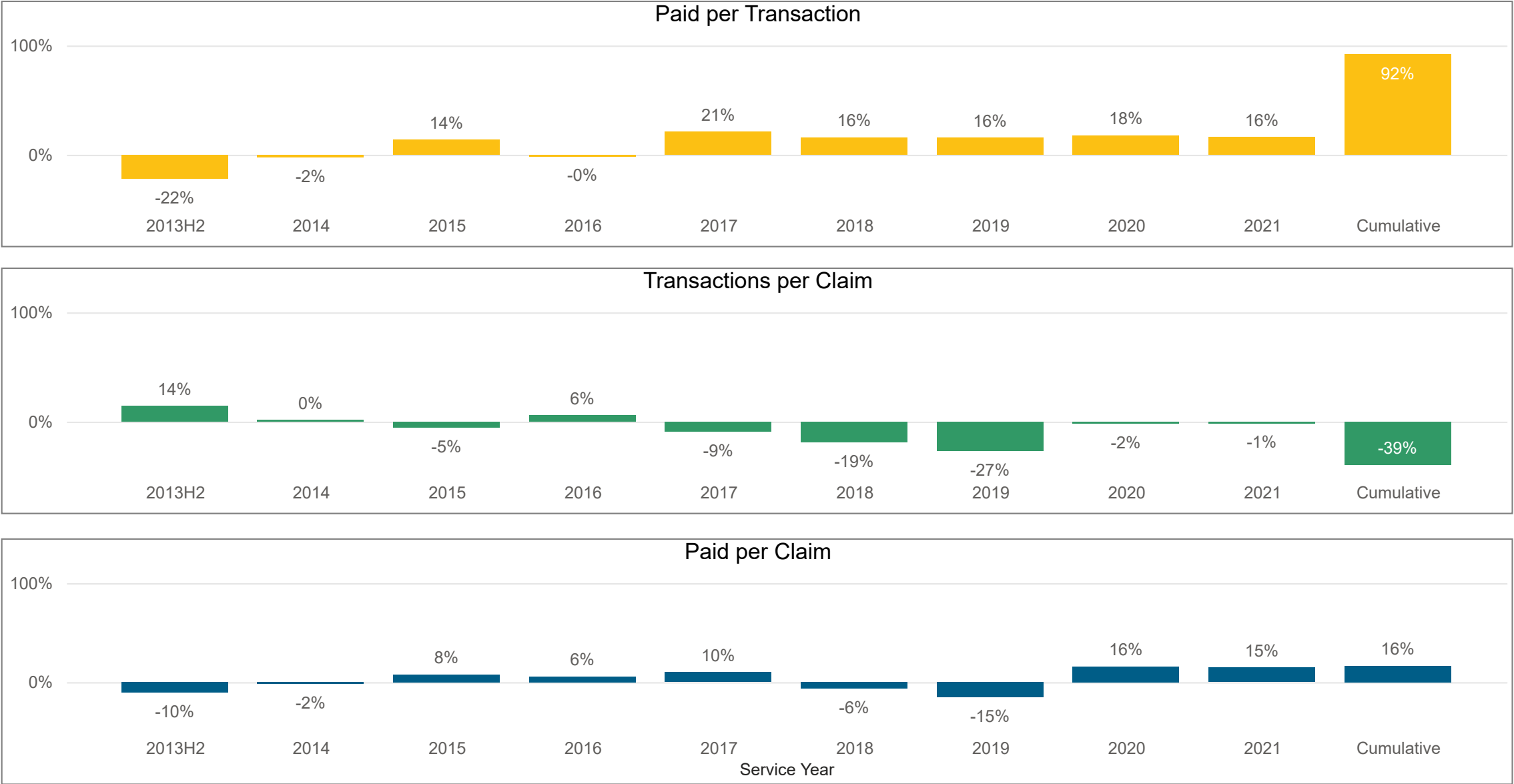
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Outpatient* Cost per Claim (9% of All Medical Payments)

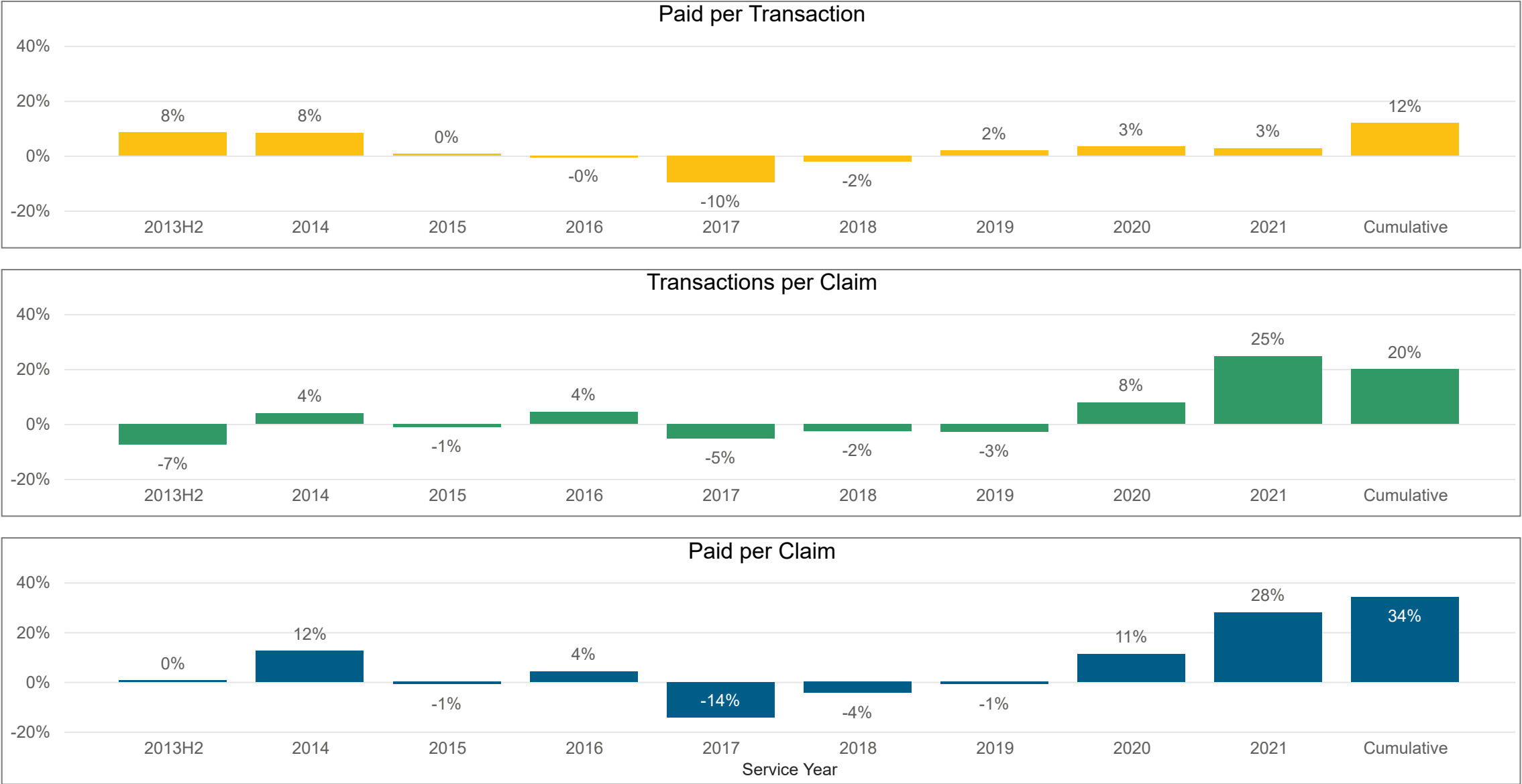
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Medical-Legal* Cost per Claim (14% of All Medical Payments)

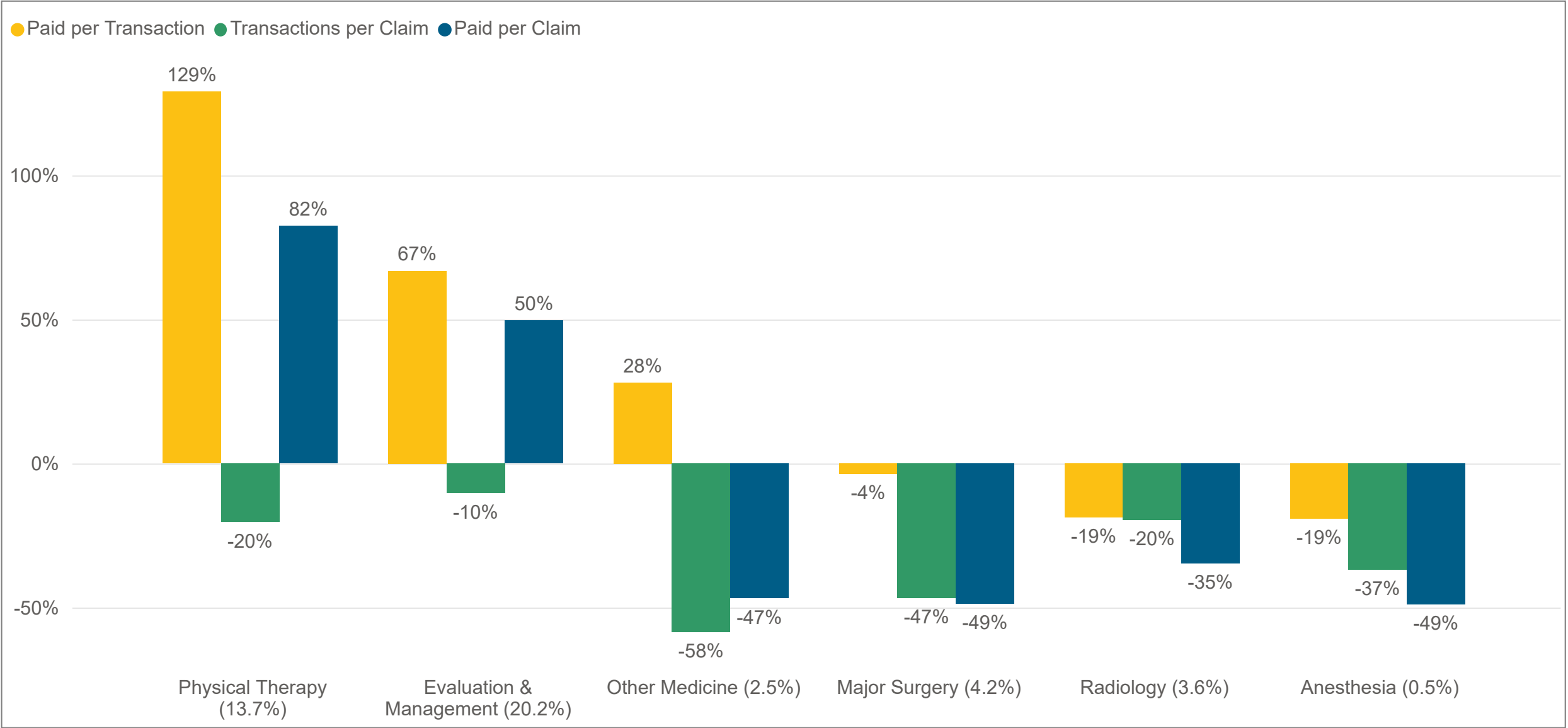
As of February 28, 2022



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

Cumulative % Change in Selected Components of Physician Services 2012H2 through 2021

As of February 28, 2022



Item AC22-03-01
First Quarter 2022 Review of Diagnostics

At the March 21, 2022 meeting, the Committee reviewed the First Quarter 2022 diagnostics. Those diagnostics were also reviewed by the Claims Working Group at the March 31, 2022 meeting. The information and feedback provided by the Claims Working Group on selected diagnostics will be provided at the meeting.

Item AC22-03-02

12/31/2021 Experience Review

At the March 21, 2022 meeting, the Committee reviewed a preliminary analysis of statewide experience through December 31, 2021. Exhibits 1 through 8 include an updated preliminary analysis of December 31, 2021 experience. In total, approximately 100% of the market is included. Wage and loss levels are projected to September 1, 2023—the approximate midpoint of experience on policies incepting between September 1, 2022 and August 31, 2023, and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2021 as reflected in the September 1, 2021 Pure Premium Rate Filing.¹ The accident year 2020 and 2021 information shown in Exhibits 1 through 8 have been adjusted to remove COVID-19 claims.

The loss development, on-leveling and trending methodologies reflected in Exhibits 1 through 8 are generally consistent with those reflected in the September 1, 2021 Pure Premium Rate Filing and the preliminary analysis reviewed at the March 21, 2022 meeting, with the following preliminary updates made in part based on the discussion at the March 21, 2022 meeting:

- Projected loss development through 108 months is based on the latest year reform-adjusted 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 adjustments for the impact of the 2021 medical fee schedule changes applied to projected medical loss development and the on-leveling of older years' medical losses have been updated to reflect a 10% increase to evaluation and management services (updated from 15%) and a 39% increase in medical-legal services (updated from 22%) based on staff's retrospective evaluation of these changes (Exhibits 2.6.1 and 4.2, also see Item AC22-04-04).
- 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 upon which these weekly benefit maximums are statutorily based (Exhibit 4.1).
- The projected changes in average wage levels for 2020 to 2024 are updated with the March 2022 UCLA Anderson School of Business forecast and include the adjustments adopted by the Committee at the March 21, 2022 meeting for projected changes in industry mix and changes in the wage distribution within industries (Exhibit 5.1).
- The projected claim frequency trend for accident year 2021 is based on the average of (a) changes in aggregate indemnity claim counts (excluding COVID-19 claims) and changes in statewide employment with adjustments for projected shifts in industry mix and (b) the change projected by the WCIRB's indemnity claim frequency model. The projected claim frequency trends for accident years 2022 to 2024 are based on the changes projected by the WCIRB's indemnity claim frequency model. The frequency model forecasts include the refinements discussed at the December 9, 2021 and March 21, 2022 meetings, which include the forecasting of the cumulative injury index and reflecting the full impact of the frequency change constant term (Exhibits 6.1 and 12). Staff will also discuss alternative frequency projections that give less than full weight to the sharp increase in the cumulative injury index at the meeting.

¹ In the September 1, 2022 Pure Premium Rate Filing, premiums will be adjusted to the industry average filed pure premium rate level as of January 1, 2022.

- The preliminary projected average annual indemnity severity trend is 1.0% and the preliminary projected average annual medical severity trend is 1.0%, which is consistent with the September 1, 2021 Pure Premium Rate Filing (Exhibits 6.2 and 6.4).
- The projected loss ratio for policies incepting between September 1, 2022 and August 31, 2023 is based on applying the projected frequency and severity trends to accident years 2019 and 2021 and taking the average of those projections (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, 2022 through August 31, 2023 based on December 31, 2021 experience and the methodologies reflected in Exhibits 1 through 8 is 0.568.

Additional supplemental information is included in Exhibits 9 through 12.

**California Workers' Compensation
Accident Year Experience as of December 31, 2021**

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Indemnity</u>	<u>Indemnity Reserves</u>	<u>Paid Medical**</u>	<u>Medical Reserves</u>	<u>IBNR*</u>	<u>Total Incurred**</u>	<u>Loss Ratio*</u>
1987	4,373,802,923	1,508,064,385	7,031,832	1,341,299,653	38,169,956	59,898,596	2,954,464,422	0.675
1988	5,172,689,663	1,705,476,929	6,227,038	1,549,492,899	28,220,627	37,476,147	3,326,893,640	0.643
1989	5,675,354,099	1,942,359,934	5,547,934	1,809,541,474	38,117,280	44,729,504	3,840,296,126	0.677
1990	5,704,833,514	2,263,720,229	5,609,177	2,055,601,198	31,816,418	60,322,670	4,417,069,692	0.774
1991	5,866,830,467	2,484,746,761	13,493,313	2,211,959,611	40,280,405	59,659,632	4,810,139,722	0.820
1992	5,685,646,721	1,982,068,875	12,914,163	1,774,780,609	38,542,891	54,516,243	3,862,822,781	0.679
1993	5,935,051,898	1,697,388,675	12,045,365	1,523,632,332	47,262,812	54,043,724	3,334,372,908	0.562
1994	5,031,286,773	1,633,621,744	17,128,729	1,479,365,087	68,107,434	37,709,247	3,235,932,241	0.643
1995	3,789,372,110	1,771,255,867	21,546,846	1,641,864,781	75,967,415	41,852,012	3,552,486,921	0.937
1996	3,746,680,214	1,965,227,669	27,458,791	1,735,175,311	71,058,684	57,297,958	3,856,218,413	1.029
1997	3,926,898,608	2,331,095,572	29,209,170	2,038,056,783	94,857,396	98,871,654	4,592,090,575	1.169
1998	4,332,127,034	2,788,433,263	41,777,756	2,679,133,490	181,525,063	162,342,474	5,853,212,046	1.351
1999	4,550,437,880	3,069,296,922	39,727,633	3,073,599,872	130,339,307	234,239,881	6,547,203,615	1.439
2000	5,920,961,162	3,445,330,141	53,569,340	3,603,083,406	159,615,901	377,791,899	7,639,390,687	1.290
2001	10,108,322,683	4,869,964,526	75,910,407	5,433,625,138	265,450,546	602,322,921	11,247,273,538	1.113
2002	13,426,805,168	4,802,062,085	72,834,012	5,557,107,781	238,166,774	854,375,923	11,524,546,575	0.858
2003	19,469,632,328	4,599,498,681	110,284,931	5,146,188,453	251,423,714	1,221,743,257	11,329,139,036	0.582
2004	23,087,556,493	3,243,098,822	97,835,495	4,118,396,077	209,600,672	1,341,234,298	9,010,165,364	0.390
2005	21,384,168,532	2,565,423,205	83,747,973	3,718,139,510	193,668,303	1,077,505,700	7,638,484,691	0.357
2006	17,221,671,307	2,655,242,076	88,394,734	3,829,677,407	225,017,911	717,769,165	7,516,101,293	0.436
2007	13,260,139,026	2,805,720,358	98,548,621	4,105,527,185	242,697,036	688,901,941	7,941,395,141	0.599
2008	10,744,447,308	2,850,840,127	120,736,343	4,094,997,821	257,523,885	438,443,329	7,762,541,505	0.722
2009	8,873,155,994	2,730,618,621	118,292,417	3,911,898,876	270,951,507	557,575,105	7,589,336,526	0.855
2010	9,374,814,819	2,749,336,679	108,966,382	4,018,257,176	216,196,407	491,363,589	7,584,120,233	0.809
2011	10,120,427,050	2,733,929,017	113,784,721	3,648,027,898	250,557,374	619,762,857	7,366,061,867	0.728
2012	11,699,330,284	2,783,353,397	147,282,653	3,561,130,116	285,302,178	737,430,435	7,514,498,779	0.642
2013	14,161,005,539	2,829,163,082	141,155,527	3,403,537,026	272,715,680	1,276,817,068	7,923,388,383	0.560
2014	15,986,106,452	2,971,478,771	185,841,960	3,353,178,980	322,779,835	1,666,187,910	8,499,467,456	0.532
2015	17,029,088,080	3,013,748,524	237,115,811	3,262,308,803	398,478,450	2,077,362,301	8,989,013,889	0.528
2016	17,919,421,824	2,888,553,338	304,106,177	3,108,226,238	490,398,009	2,173,426,562	8,964,710,324	0.500
2017	17,644,730,152	2,747,485,480	416,275,043	2,957,196,271	647,033,053	3,234,303,536	10,002,293,383	0.567
2018	17,405,934,213	2,588,982,622	605,937,538	2,869,732,646	846,165,129	2,667,590,182	9,578,408,117	0.550
2019	16,120,058,303	2,249,074,052	895,118,235	2,444,133,679	1,173,804,032	2,971,373,908	9,733,503,906	0.604
2020	14,065,484,301	1,342,147,459	961,418,102	1,542,299,541	1,299,848,265	3,445,774,205	8,591,487,572	0.611
2021	13,593,546,171	513,715,062	811,992,612	680,755,626	1,445,180,288	5,026,060,050	8,477,703,638	0.624

* 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

Accident Year	Age-to-Age (in months)															
	<u>24/12</u>	<u>36/24</u>	<u>48/36</u>	<u>60/48</u>	<u>72/60</u>	<u>84/72</u>	<u>96/84</u>	<u>108/96</u>	<u>120/108</u>	<u>132/120</u>	<u>144/132</u>	<u>156/144</u>	<u>168/156</u>	<u>180/168</u>	<u>192/180</u>	<u>204/192</u>
1996																
1997											1.002	1.000	1.000	1.000	1.001	1.002
1998										1.004	1.002	1.003	1.003	1.002	1.001	1.001
1999									1.007	1.004	1.002	1.003	1.004	1.001	1.002	1.001
2000								1.008	1.004	1.004	1.005	1.003	1.001	1.004	1.002	1.001
2001							1.014	1.009	1.006	1.007	1.006	1.005	1.003	1.002	1.001	1.001
2002						1.018	1.011	1.010	1.010	1.007	1.005	1.003	1.002	1.002	1.003	1.002
2003					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				1.042	1.041	1.026	1.028	1.018	1.014	1.007	1.007	1.003	1.001	1.002	1.006	1.001
2005			1.098	1.068	1.053	1.040	1.028	1.016	1.012	1.006	1.005	1.006	1.003	1.004	1.004	1.002
2006		1.247	1.111	1.080	1.053	1.035	1.023	1.015	1.009	1.007	1.004	1.005	1.002	1.005	1.001	
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	1.003		
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	1.005			
2009	1.983	1.293	1.142	1.076	1.048	1.024	1.019	1.014	1.009	1.010	1.005	1.008				
2010	1.994	1.315	1.131	1.069	1.045	1.026	1.016	1.012	1.012	1.006	1.004					
2011	1.997	1.277	1.133	1.061	1.037	1.022	1.019	1.011	1.008	1.007						
2012	1.992	1.279	1.113	1.063	1.041	1.023	1.016	1.013	1.007							
2013	1.931	1.259	1.111	1.055	1.032	1.020	1.013	1.007								
2014	1.960	1.278	1.115	1.059	1.029	1.016	1.011									
2015	1.969	1.260	1.101	1.047	1.027	1.017										
2016	1.941	1.246	1.095	1.046	1.026											
2017	1.911	1.241	1.088	1.043												
2018	1.901	1.228	1.083													
2019	1.900	1.231														
2020	1.820															
Selected (a)	1.820	1.231	1.083	1.043	1.026	1.017	1.011	1.007	1.009	1.007	1.005	1.006	1.003	1.003	1.003	1.002
Cumulative	2.831	1.556	1.264	1.167	1.119	1.090	1.072	1.060	1.053	1.043	1.036	1.031	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)

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
1983									1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001
1984								1.000	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001
1985							1.000	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.001	1.000
1986						1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000
1987					0.999	1.000	1.000	1.001	1.002	1.000	1.001	1.001	1.001	1.000	1.000	1.000
1988				1.001	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.000
1989			1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.000
1990		1.001	1.000	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000
1991		1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001
1992		0.998	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000
1993		0.999	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001
1994		1.001	1.001	1.002	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
1995		1.003	1.001	0.998	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
1996		1.003	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
1997		1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
1998		1.003	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
1999		1.000	1.000	1.000	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
2000		1.002	1.001	1.001	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
2001		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
2002		1.001	1.003	1.001												
2003		1.002	1.002													
2004		1.001														
Selected (a)	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.000	1.001	1.001	1.000
Cumulative	1.014	1.013	1.011	1.010	1.010	1.009	1.008	1.008	1.007	1.007	1.006	1.006	1.006	1.005	1.005	1.003
																1.002

(b) The ULT/444Inc 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

Accident Year	<u>24/12</u>	<u>36/24</u>	<u>48/36</u>	<u>60/48</u>	<u>72/60</u>	<u>84/72</u>	<u>96/84</u>	<u>108/96</u>	<u>120/108</u>	<u>132/120</u>	<u>144/132</u>	<u>156/144</u>	<u>168/156</u>	<u>180/168</u>	<u>192/180</u>	<u>204/192</u>
1996												1.024	1.018	1.013	1.014	1.005
1997											1.030	1.012	1.015	1.012	1.003	1.007
1998										1.023	1.020	1.017	1.004	1.014	1.008	1.012
1999									1.030	1.019	1.018	1.013	1.011	1.013	1.005	0.999
2000								1.028	1.017	1.024	1.018	1.018	1.012	1.006	0.999	0.995
2001							1.040	1.034	1.035	1.022	1.017	1.015	1.013	1.001	0.997	0.994
2002							1.036	1.029	1.028	1.022	1.014	1.010	0.999	0.997	1.000	0.999
2003					1.060		1.042	1.037	1.029	1.018	1.011	1.003	0.998	0.999	1.001	1.006
2004				1.081	1.060		1.061	1.043	1.032	1.012	1.006	1.001	0.996	0.998	1.002	1.000
2005			1.087		1.084		1.055	1.045	1.032	1.020	1.006	0.999	1.000	1.000	1.000	0.998
2006		1.196			1.066		1.048	1.040	1.022	1.012	1.000	1.006	0.999	1.003	1.000	
2007	1.518	1.204	1.124	1.081	1.070		1.050	1.032	1.018	1.004	1.008	1.004	0.996	1.000		
2008	1.527	1.212	1.129	1.092	1.061		1.041	1.026	1.010	1.005	1.002	0.999				
2009	1.604	1.227	1.140	1.087	1.061		1.030	1.016	1.007	1.006	1.001	1.003				
2010	1.620	1.245	1.134	1.077	1.045		1.025	1.012	1.008	1.010	0.999					
2011	1.667	1.222	1.125	1.069	1.034		1.016	1.010	1.010	1.002	0.999					
2012	1.592	1.188	1.092	1.056	1.031		1.015	1.015	1.006	1.005						
2013	1.559	1.150	1.086	1.039	1.022		1.014	1.006	1.001							
2014	1.523	1.159	1.079	1.035	1.027		1.011	1.010								
2015	1.511	1.146	1.064	1.030	1.018		1.007									
2016	1.498	1.124	1.045	1.031	1.017											
2017	1.440	1.117	1.051	1.027												
2018	1.449	1.110	1.054													
2019	1.452	1.124														
2020	1.446															
Selected (a)	1.446	1.124	1.054	1.027	1.017	1.007	1.010	1.001	1.005	1.005	1.002	1.002	0.998	1.000	1.000	0.999
Cumulative	1.829	1.265	1.125	1.067	1.039	1.022	1.015	1.005	1.004	0.999	0.994	0.992	0.990	0.992	0.992	0.992

(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)

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	444/432	ULT/444inc (c)
1983									1.006	1.004	1.002	1.006	1.003	1.004	1.003	0.997	0.999	0.998	1.001	1.001	
1984								1.003	1.003	1.002	1.003	1.001	1.003	1.001	0.997	1.000	1.001	1.000	1.000	0.998	
1985							1.001	1.006	1.005	1.006	1.004	1.005	1.002	0.998	0.999	0.999	1.000	1.001	1.000	1.000	
1986						1.003	1.006	1.007	1.003	1.004	1.005	1.001	1.002	0.998	1.001	1.006	0.994	1.002	1.001		
1987					1.003	1.011	1.005	1.002	1.003	1.004	1.005	1.001	0.997	1.001	1.000	1.005	1.002	0.999			
1988				1.006	1.005	1.005	1.008	1.006	1.000	1.003	1.002	0.998	0.999	1.000	1.001	1.001	1.000				
1989				1.006	1.005	1.003	1.003	1.003	1.002	1.000	1.000	0.998	0.999	1.000	1.000	1.000					
1990			1.007	1.007	1.005	1.003	1.002	0.997	1.002	1.000	1.000	0.998	0.999	1.000	1.000						
1991	1.008	1.005	1.005	1.006	1.002	1.003	1.003	1.001	1.000	0.999	0.998	1.000	1.001	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	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	0.998									
1994	1.011	1.004	1.007	1.006	1.001	0.996	0.995	1.002	1.002	0.999	0.997										
1995	1.015	0.996	1.006	0.999	1.006	0.992	0.999	1.001	0.999	1.001											
1996	1.008	1.005	1.001	0.998	0.999	0.997	1.000	0.999	0.997												
1997	1.001	0.994	0.998	0.997	0.998	1.001	0.997	0.999													
1998	1.001	1.001	0.994	1.001	1.003	1.000	0.999														
1999	0.999	0.995	1.002	0.999	0.999	0.999															
2000	0.996	0.999	0.999	1.000	0.998																
2001	1.001	1.003	0.998	0.998																	
2002	1.001	1.001	0.999																		
2003	1.001	0.998																			
2004	0.999																				

Selected (a)
Cumulative

1.000
0.994

1.000
0.998

1.001
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(c) The ULT/444inc 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

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	Age-to-Age (in months)										156/144	168/156	180/168	192/180	204/192
								108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192						
1996																						
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2020																						
Selected (a)	2.956	1.550	1.222	1.110	1.060	1.042	1.027	1.020	1.018	1.016	1.013	1.012	1.011	1.009	1.009	1.006						
Cumulative	8.255	2.793	1.802	1.474	1.328	1.253	1.203	1.171	1.148	1.128	1.110	1.096	1.083	1.071	1.062	1.053						

(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	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	Age-to-Age (in months)												360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	ULT/444Pd (b)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
1983									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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001

Selected (a)
Cumulative

1.005 1.007
1.047 1.009

(b) The ULT/444Pd 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) 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
1996																
1997																
1998																
1999																
2000																
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2016																
2017																
2018																
2019																
2020																

Adjusted (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
2003																
2004																
2005																
2006																
2007																
2008																
2009																
2010																
2011																
2012																
2013																
2014																
2015																
2016																
2017																
2018																
2019																
2020																

Selected (c)	2.466	1.420	1.192	1.101	1.063	1.044	1.033	1.022	1.022	1.019	1.015	1.015	1.013	1.013	1.013	1.010
Cumulative Unadjusted for Impact of SB 1160	7.216	2.926	2.061	1.729	1.570	1.477	1.415	1.370	1.340	1.312	1.288	1.268	1.250	1.233	1.218	1.203
Cumulative Adjusted for Impact of SB 1160(d)	7.074	2.869	2.020	1.695	1.539	1.461	1.404	1.359	1.329	1.300	1.276	1.256	1.237	1.219	1.202	1.187

- (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 impact of pharmaceutical cost reductions and the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule in order to bring the historical payments to the current pharmaceutical and medical service 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 60 and 72 months are adjusted by -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)																			UL-T/444Pd (e)
		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	
1983										1.003	1.005	1.004	1.004	1.003	1.004	1.003	1.002	1.004	1.003	1.003	1.002
1984									1.003	1.004	1.003	1.004	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.001
1985								1.004	1.004	1.003	1.004	1.004	1.004	1.003	1.002	1.003	1.002	1.002	1.002	1.001	
1986						1.004	1.005	1.005	1.005	1.005	1.005	1.005	1.004	1.006	1.004	1.004	1.004	1.003	1.003	1.001	
1987					1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.003	1.003	1.003	1.003	1.002	1.002	1.003	1.002	
1988				1.006	1.005	1.005	1.006	1.005	1.005	1.005	1.004	1.003	1.003	1.003	1.004	1.003	1.002	1.003	1.002	1.003	
1989			1.007	1.005	1.006	1.008	1.006	1.007	1.006	1.006	1.003	1.003	1.003	1.003	1.004	1.002	1.002	1.003	1.002	1.003	
1990		1.005	1.005	1.005	1.005	1.006	1.006	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.002	1.002	1.003	1.002	1.001	
1991	1.007	1.006	1.006	1.005	1.006	1.005	1.006	1.003	1.003	1.003	1.003	1.004	1.003	1.002	1.003	1.002	1.002	1.003	1.002	1.001	
1992	1.008	1.007	1.002	1.006	1.008	1.006	1.005	1.005	1.005	1.005	1.004	1.006	1.003	1.002	1.003	1.002	1.003	1.002	1.002	1.001	
1993	1.011	1.011	1.010	1.013	1.011	1.007	1.006	1.006	1.005	1.005	1.008	1.003	1.002	1.003	1.004	1.003	1.002	1.003	1.002	1.001	
1994	1.013	1.009	1.010	1.010	1.009	1.008	1.007	1.004	1.004	1.004	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.003	1.002	1.001	
1995	1.011	1.016	1.013	1.012	1.009	1.012	1.007	1.008	1.007	1.007	1.005	1.004	1.003	1.002	1.003	1.002	1.002	1.003	1.002	1.001	
1996	1.014	1.013	1.011	1.009	1.007	1.009	1.008	1.006	1.004	1.004	1.005	1.004	1.003	1.003	1.003	1.002	1.002	1.003	1.002	1.001	
1997	1.014	1.011	1.006	1.006	1.007	1.007	1.006	1.004	1.004	1.004	1.005	1.004	1.003	1.003	1.003	1.002	1.002	1.003	1.002	1.001	
1998	1.013	1.010	1.009	1.008	1.009	1.007	1.006	1.005	1.005	1.005	1.008	1.003	1.002	1.003	1.004	1.003	1.002	1.003	1.002	1.001	
1999	1.012	1.009	1.009	1.008	1.006	1.005	1.005	1.005	1.005	1.005	1.004	1.003	1.002	1.003	1.002	1.002	1.002	1.003	1.002	1.001	
2000	1.009	1.008	1.007	1.006	1.005	1.005	1.005	1.005	1.005	1.004	1.005	1.004	1.003	1.003	1.003	1.002	1.002	1.003	1.002	1.001	
2001	1.010	1.010	1.009	1.005	1.005	1.005	1.005	1.005	1.005	1.008	1.003	1.002	1.003	1.002	1.003	1.002	1.002	1.003	1.002	1.001	
2002	1.009	1.008	1.006	1.005	1.005	1.005	1.005	1.005	1.004	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.003	1.002	1.001	
2003	1.010	1.008																			
2004	1.008																				

Adjusted (b)		Age-to-Age (in months)																			UL-T/444Pd (e)
		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	
1983																					1.002
1984																			1.002	1.001	1.001
1985																		1.002	1.002	1.001	1.001
1986																		1.003	1.004	1.001	1.001
1987																		1.003	1.004	1.001	1.001
1988																		1.002	1.003	1.003	1.003
1989																		1.003	1.003	1.003	1.003
1990																		1.002	1.002	1.002	1.002
1991																		1.003	1.005	1.002	1.003
1992																		1.003	1.005	1.003	1.003
1993																		1.003	1.002	1.002	1.002
1994																		1.003	1.002	1.002	1.002
1995																		1.003	1.002	1.002	1.002
1996																		1.003	1.002	1.002	1.002
1997																		1.003	1.002	1.002	1.002
1998																		1.003	1.002	1.002	1.002
1999																		1.003	1.002	1.002	1.002
2000																		1.003	1.002	1.002	1.002
2001																		1.003	1.002	1.002	1.002
2002																		1.003	1.002	1.002	1.002
2003																		1.003	1.002	1.002	1.002
2004																		1.003	1.002	1.002	1.002

Selected (c)																				UL-T/444Pd (e)	
	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		444/432
Cumulative	1.010	1.010	1.008	1.007	1.007	1.007	1.007	1.007	1.006	1.007	1.005	1.003	1.003	1.002	1.004	1.002	1.003	1.003	1.002	1.001	1.074
	1.191	1.180	1.168	1.159	1.151	1.143	1.134	1.126	1.118	1.112	1.104	1.099	1.096	1.092	1.090	1.086	1.084	1.080	1.077	1.075	1.074

(e) The UL-T/444Pd 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

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
1995																					
1996																					
1997																					
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2019																					
2020																					
Selected (a)	2.944(b)	1.568(b)	1.253(b)	1.122(b)	1.060(b)	1.039(b)	1.027	1.020	1.018	1.016	1.013	1.012	1.011	1.009	1.009	1.006	1.005	1.005	1.003	1.003	1.002
Cumulative	8.543	2.902	1.850	1.477	1.317	1.243	1.195	1.164	1.141	1.121	1.103	1.090	1.077	1.065	1.056	1.047	1.040	1.035	1.030	1.027	1.024

(a) Selections are latest year 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 latest year paid indemnity age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

Selected Indemnity Development Factors - Paid to Ultimate (Continued)

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	444/432	ULT/444Pd (d)
1983				1.001	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	1.001	1.001	1.001	1.001	
1985		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	1.001	
1986	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	1.001	1.001	
1987	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	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	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1990	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1991	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	1.001	1.001	
1992	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	1.001	1.001	
1993	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	1.001	1.001	
1994	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	1.001	
1995	1.002	1.002	1.003	1.002	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1996	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1997	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	1.001	
1998	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	1.001	
1999	1.002															
Unadjusted (a)	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.009
Selected (c)	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	1.001	1.006
Cumulative	1.022	1.019	1.016	1.015	1.014	1.013	1.011	1.011	1.010	1.009	1.009	1.008	1.007	1.007	1.006	1.006

- (c) Adjusted for the impact of changes in claim settlement rates on later period development for 288 months and later. See Exhibits 2.5.9 through 2.5.12.
(d) The ULT/444Pd 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	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							125,377
2013						133,609	133,807
2014					139,333	139,632	139,673
2015				144,009	144,423	144,783	144,944
2016			146,455	147,461	147,904	148,191	
2017		143,734	147,089	148,179	148,580		
2018	119,668	146,730	150,175	151,186			
2019	121,955	148,976	153,193				
2020	106,343	129,773					
2021	117,281						

B. Development of Total Reported Indemnity Claim Counts

Accident	Age-to-Age Development (in months):						
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-Ult</u>
2013						1.001	
2014					1.002	1.000	
2015				1.003	1.002	1.001	
2016			1.007	1.003	1.002		
2017		1.023	1.007	1.003			
2018	1.226	1.023	1.007				
2019	1.222	1.028					
2020	1.220						
Latest Year	1.220	1.028	1.007	1.003	1.002	1.001	
Cumulative	1.279	1.048	1.019	1.012	1.010	1.008	1.007

Acc. Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ult. Claim Counts	149,995	136,006	156,131	153,055	150,011	149,328	145,894

C. Closed Indemnity Claim Counts

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							115,362
2013						119,961	124,639
2014					119,990	126,657	130,555
2015				115,938	126,756	132,244	135,967
2016			103,860	121,586	130,437	135,861	
2017		80,736	107,524	122,292	131,112		
2018	37,254	82,615	107,185	122,951			
2019	37,947	80,502	105,790				
2020	31,842	68,458					
2021	36,793						

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	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							91.5%
2013						89.1%	92.6%
2014					85.3%	90.1%	92.9%
2015				79.5%	86.9%	90.6%	93.2%
2016			69.6%	81.4%	87.3%	91.0%	
2017		53.8%	71.7%	81.5%	87.4%		
2018	24.3%	54.0%	70.0%	80.3%			
2019	24.3%	51.6%	67.8%				
2020	23.4%	50.3%					
2021	24.5%						

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

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							117,445
2013						122,502	125,483
2014					122,877	127,909	131,022
2015				117,199	127,514	132,737	135,967
2016			101,181	119,957	130,515	135,861	
2017		75,507	101,643	120,506	131,112		
2018	37,544	77,040	103,706	122,951			
2019	38,298	78,588	105,790				
2020	33,362	68,458					
2021	36,793						

F. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)						
Year	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							18,341
2013						17,097	18,228
2014					16,330	17,926	18,996
2015				14,494	16,892	18,271	19,248
2016			11,035	14,480	16,452	17,800	
2017		6,647	11,145	14,345	16,459		
2018	2,874	7,039	11,385	14,614			
2019	3,156	7,059	11,430				
2020	3,301	7,747					
2021	3,255						

(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	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							19,038
2013						17,702	18,483
2014					17,003	18,263	19,126
2015				14,756	17,076	18,398	19,248
2016			10,491	14,123	16,471	17,800	
2017		5,955	9,949	13,914	16,459		
2018	2,891	6,306	10,636	14,614			
2019	3,177	6,808	11,430				
2020	3,420	7,747					
2021	3,255						

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

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							2,235,901
2013						2,168,588	2,319,316
2014					2,089,250	2,336,051	2,505,927
2015				1,729,325	2,177,491	2,442,062	2,617,112
2016			1,061,489	1,694,134	2,149,749	2,418,300	
2017		449,681	1,011,286	1,676,659	2,157,942		
2018	108,539	485,789	1,103,023	1,796,769			
2019	121,685	535,002	1,209,216				
2020	114,092	530,315					
2021	119,765						

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

Accident	Evaluated as of (in months)						
Year	12	24	36	48	60	72	84
2012							419,175
2013						491,816	382,241
2014					622,087	494,714	392,107
2015				762,395	592,278	475,825	396,231
2016			862,136	710,279	578,275	470,766	
2017		768,063	849,155	722,378	589,881		
2018	339,265	806,763	898,050	792,331			
2019	353,966	883,140	1,039,858				
2020	348,879	811,855					
2021	393,950						

(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
2012							41,855
2013						36,036	41,696
2014					32,160	38,129	43,004
2015				27,159	33,524	37,948	44,138
2016			17,357	26,987	33,107	38,181	
2017		7,720	18,288	28,616	33,769		
2018	4,117	8,233	18,875	28,062			
2019	4,213	8,427	21,937				
2020	4,683	13,241					
2021	4,895						

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
2012							-87,184
2013						-91,567	-35,191
2014					-92,847	-47,737	-20,083
2015				-34,248	-25,411	-18,708	
2016			46,499	43,962	-2,582		
2017		40,370	107,550	51,109			
2018	-1,194	45,900	65,665				
2019	-1,479	16,129					
2020	-7,118						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2012							331,991
2013						400,249	347,050
2014					529,240	446,977	372,024
2015				728,147	566,867	457,117	396,231
2016			908,636	754,241	575,692	470,766	
2017		808,433	956,705	773,487	589,881		
2018	338,072	852,664	963,715	792,331			
2019	352,487	899,269	1,039,858				
2020	341,761	811,855					
2021	393,950						

(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	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>
2012						2,567,892
2013					2,568,837	2,666,366
2014				2,618,490	2,783,028	2,877,951
2015			2,457,472	2,744,358	2,899,179	3,013,343
2016		1,970,125	2,448,374	2,725,441	2,889,066	
2017		1,258,114	1,967,991	2,450,146	2,747,823	
2018	446,611	1,338,452	2,066,738	2,589,100		
2019	474,171	1,434,271	2,249,074			
2020	455,854	1,342,170				
2021	513,715					

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

Accident Year	Evaluated as of (in months)					
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>
2012						
2013						1.038
2014					1.063	1.034
2015				1.117	1.056	1.039
2016			1.243	1.113	1.060	
2017		1.564	1.245	1.121		
2018	2.997	1.544	1.253			
2019	3.025	1.568				
2020	2.944					
Latest Year	2.944	1.568	1.253	1.121	1.060	1.039
3-Year Average	2.989	1.559	1.247	1.117	1.060	1.037

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)					
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>
2013						1.044
2014					1.071	1.039
2015				1.119	1.058	1.042
2016			1.230	1.103	1.060	
2017		1.569	1.210	1.110		
2018	3.110	1.526	1.222			
2019	3.064	1.550				
2020	2.956					

(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
2013						-0.56%
2014					-0.78%	-0.44%
2015				-0.20%	-0.15%	-0.24%
2016			1.01%	0.96%	-0.04%	
2017		-0.32%	2.93%	1.08%		
2018	-3.65%	1.20%	2.50%			
2019	-1.27%	1.19%				
2020	-0.41%					

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
2013						1.038
2014					1.063	1.034
2015				1.117	1.056	1.039
2016			1.242	1.114	1.060	
2017		1.564	1.245	1.122		
2018	2.997	1.544	1.253			
2019	3.024	1.568				
2020	2.944					
Latest Year	2.944	1.568	1.253	1.122	1.060	1.039
2-Year Average	2.984	1.556	1.249	1.118	1.058	1.037
3-Year Average	2.988	1.559	1.247	1.117	1.060	1.037

(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	Evaluated as of (in months)									
Year	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>
1990							230,815	230,896	230,974	231,050
1991						231,227	231,322	231,397	231,477	
1992					182,092	182,173	182,246	182,323		
1993				142,619	142,695	142,788	142,862			
1994			129,902	129,983	130,072	130,180				
1995		120,700	120,808	120,931	121,020					
1996	115,024	115,145	115,239	115,369						
1997	121,320	121,486	121,590							
1998	131,671	131,800								
1999	133,469									
2000										

Accident Year	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
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<u>2. Ult. Claim Counts (a)</u>	134,835	133,056	122,569	116,118	121,690	130,705	143,292	182,748	231,926	231,362
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3. Ultimate Indemnity Claim Settlement Ratio (b)

Accident	Evaluated as of (in months)									
Year	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>
1990							99.8%	99.8%	99.8%	99.9%
1991						99.7%	99.7%	99.8%	99.8%	
1992					99.6%	99.7%	99.7%	99.8%		
1993				99.5%	99.6%	99.6%	99.7%			
1994			99.4%	99.4%	99.5%	99.6%				
1995		99.2%	99.3%	99.4%	99.4%					
1996	99.1%	99.2%	99.2%	99.4%						
1997	99.0%	99.1%	99.2%							
1998	99.0%	99.1%								
1999	99.0%									

(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	<u>276-288</u>	<u>288-300</u>	<u>300-312</u>	<u>312-324</u>	<u>324-336</u>	<u>336-348</u>	<u>348-360</u>	<u>360-372</u>	<u>372-384</u>	<u>384-396</u>
1990								---	---	---
1991							14.8%	16.7%	19.6%	
1992						13.6%	12.4%	15.1%		
1993					12.3%	12.7%	15.3%			
1994				11.3%	15.6%	14.7%				
1995			10.1%	12.3%	17.1%					
1996		10.9%	13.9%	11.7%						
1997	11.1%	9.6%	14.8%							
1998	13.3%	9.6%								
1999	9.3%									
2000										
3-Year Average	11.3%	10.0%	12.9%	11.8%	15.0%	13.7%	14.2%	15.9%	19.6%	
Share of Open on Prior (d)	88.7%	90.0%	87.1%	88.2%	85.0%	86.3%	85.8%	84.1%	80.4%	

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

Accident	Evaluated as of (in months)									
Year	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	
1989										
1990										312
1991								449		449
1992							425	425		357
1993						430	430	369		310
1994					525	525	453	389		327
1995				670	670	570	492	422		355
1996			749	749	661	562	485	416		350
1997		979	979	853	752	639	552	474		398
1998	1,256	1,256	1,130	984	868	738	637	547		460
1999	1,366	1,212	1,090	949	838	712	615	528		444
...										
2020	465	412	371	323	285	242	209	179		151
2021	492	437	393	342	302	257	222	190		160

- (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	Evaluated as of (in months)								
Year	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>
1990								0.2%	0.2%
1991							0.3%	0.2%	0.2%
1992						0.3%	0.3%	0.2%	0.2%
1993					0.4%	0.4%	0.3%	0.3%	0.2%
1994				0.6%	0.5%	0.4%	0.3%	0.3%	0.3%
1995			0.7%	0.6%	0.6%	0.5%	0.4%	0.3%	0.3%
1996		0.8%	0.8%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%
1997	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%
1998	1.0%	0.9%	0.8%	0.7%	0.7%	0.6%	0.5%	0.4%	0.3%
1999	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%
2000	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%
...									
2020	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
2021	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
3-Year Historical Avg.	1.0%	0.9%	0.8%	0.6%	0.5%	0.4%	0.3%	0.2%	0.2%

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

Accident	Evaluated as of (in months)								
Year	<u>288</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>
1990									
1991									
1992									1.08
1993								1.17	1.20
1994							1.25	1.35	1.39
1995						1.31	1.45	1.57	1.61
1996					1.18	1.36	1.50	1.62	1.67
1997				1.15	1.27	1.47	1.62	1.75	1.80
1998			1.12	1.22	1.35	1.56	1.72	1.86	1.91
1999		1.01	1.06	1.16	1.28	1.48	1.64	1.77	1.82
2000	0.98	1.00	1.05	1.15	1.27	1.47	1.62	1.76	1.80
...									
2020	0.33	0.34	0.36	0.39	0.43	0.50	0.55	0.60	0.61
2021	0.32	0.33	0.34	0.38	0.42	0.48	0.53	0.57	0.59

(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):								
	<u>288-300</u>	<u>300-312</u>	<u>312-324</u>	<u>324-336</u>	<u>336-348</u>	<u>348-360</u>	<u>360-372</u>	<u>372-384</u>	<u>384-396</u>

8. 3-Year Average (h)

Indemnity	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Medical	1.007	1.006	1.007	1.005	1.003	1.003	1.002	1.004	1.002

9. Adjustment Ratio (i)

Accident Year 2020	0.73	0.74	0.74	0.76	0.77	0.80	0.82	0.84	0.85
Accident Year 2021	0.73	0.73	0.74	0.75	0.77	0.79	0.81	0.83	0.84

10. Adjusted Factors (j)

Indemnity									
Accident Year 2020	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Accident Year 2021	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Medical									
Accident Year 2020	1.005	1.004	1.005	1.004	1.003	1.002	1.002	1.003	1.002
Accident Year 2021	1.005	1.004	1.005	1.004	1.003	1.002	1.002	1.003	1.002

(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

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
1998																					
1999																					
2000																					
2001																					
2002																					
2003																					
2004																					
2005																					
2006																					
2007																					
2008																					
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2010																					
2011																					
2012																					
2013																					
2014																					
2015																					
2016																					
2017																					
2018																					
2019																					
2020																					
Selected (c)	2.464(d)	1.429(d)	1.213(d)	1.109(d)	1.063(d)	1.042(d)	1.033	1.022	1.022	1.019	1.015	1.015	1.013	1.013	1.013	1.010	1.010	1.010	1.008	1.007	1.007
Cumulative Unadjusted for Impact of SB 1160	7.170	2.910	2.037	1.680	1.515	1.425	1.368	1.324	1.296	1.268	1.245	1.226	1.208	1.192	1.177	1.163	1.152	1.140	1.129	1.120	1.113
Cumulative Adjusted for Impact of SB 1160(e)	7.029	2.853	1.997	1.647	1.485	1.409	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

- (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 impact of pharmaceutical cost reductions through 2018 and the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule in order to bring the historical payments to the current pharmaceutical and medical service cost level.
 (c) Selections are latest year 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 latest year paid medical age-to-age factor multiplied by an adjustment for changes in claim settlement rates.
 (e) The cumulative factors for 60 and 72 months are adjusted by -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	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	444/432	ULT/444Pd (g)
1983															1.002	
1984														1.002	1.001	
1985													1.002	1.002	1.001	
1986												1.003	1.004	1.001		
1987											1.002	1.003	1.003			
1988										1.003	1.002	1.003				
1989										1.005	1.002	1.003				
1990									1.003	1.002	1.002					
1991								1.003	1.002	1.003						
1992						1.006	1.004	1.003	1.002							
1993					1.009	1.004	1.003	1.003								
1994				1.005	1.005	1.004	1.003									
1995			1.010	1.007	1.006											
1996			1.009	1.007												
1997		1.008	1.006	1.005												
1998		1.008	1.006													
1999		1.006														
Unadjusted (c)	1.007	1.007	1.007	1.006	1.007	1.005	1.003	1.003	1.002	1.004	1.002	1.003	1.003	1.002	1.001	1.074
Selected (f)	1.007	1.007	1.005	1.004	1.005	1.004	1.003	1.002	1.002	1.003	1.002	1.003	1.003	1.001	1.001	1.048
Cumulative	1.104	1.096	1.089	1.083	1.078	1.073	1.069	1.067	1.064	1.062	1.059	1.057	1.054	1.051	1.049	1.048

(f) Adjusted for the impact of changes in claim settlement rates on later period development for 288 months and later. See Exhibits 2.5.9 through 2.5.12.

(g) The UL T/444Pd 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)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							125,377
2013						133,609	133,807
2014					139,333	139,632	139,673
2015				144,009	144,423	144,783	144,944
2016			146,455	147,461	147,904	148,191	
2017		143,734	147,089	148,179	148,580		
2018	119,668	146,730	150,175	151,186			
2019	121,955	148,976	153,193				
2020	106,343	129,773					
2021	117,281						

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):						
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-Ult</u>
2013						1.001	
2014					1.002	1.000	
2015				1.003	1.002	1.001	
2016			1.007	1.003	1.002		
2017		1.023	1.007	1.003			
2018	1.226	1.023	1.007				
2019	1.222	1.028					
2020	1.220						
Latest Year	1.220	1.028	1.007	1.003	1.002	1.001	
Cumulative	1.279	1.048	1.019	1.012	1.010	1.008	1.007

Acc. Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ult. Claim Counts	149,995	136,006	156,131	153,055	150,011	149,328	145,894

C. Closed Indemnity Claim Counts

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>
2012							115,362
2013						119,961	124,639
2014					119,990	126,657	130,555
2015				115,938	126,756	132,244	135,967
2016			103,860	121,586	130,437	135,861	
2017		80,736	107,524	122,292	131,112		
2018	37,254	82,615	107,185	122,951			
2019	37,947	80,502	105,790				
2020	31,842	68,458					
2021	36,793						

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
2012							91.5%
2013						89.1%	92.6%
2014					85.3%	90.1%	92.9%
2015				79.5%	86.9%	90.6%	93.2%
2016			69.6%	81.4%	87.3%	91.0%	
2017		53.8%	71.7%	81.5%	87.4%		
2018	24.3%	54.0%	70.0%	80.3%			
2019	24.3%	51.6%	67.8%				
2020	23.4%	50.3%					
2021	24.5%						

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

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>
2012							117,445
2013						122,502	125,483
2014					122,877	127,909	131,022
2015				117,199	127,514	132,737	135,967
2016			101,181	119,957	130,515	135,861	
2017		75,507	101,643	120,506	131,112		
2018	37,544	77,040	103,706	122,951			
2019	38,298	78,588	105,790				
2020	33,362	68,458					
2021	36,793						

F. Average Paid Medical per Closed Indemnity Claim

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							21,057
2013						18,502	19,887
2014					16,347	18,136	19,285
2015				13,856	16,236	17,713	18,699
2016			10,500	13,516	15,523	16,797	
2017		6,660	10,653	13,476	15,468		
2018	2,982	6,975	11,110	13,999			
2019	3,422	6,734	10,799				
2020	2,902	7,022					
2021	2,960						

- (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)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2012							21,940
2013						19,242	20,177
2014					17,099	18,498	19,426
2015				14,115	16,433	17,840	18,699
2016			10,020	13,206	15,541	16,797	
2017		6,029	9,610	13,098	15,468		
2018	2,999	6,283	10,401	13,999			
2019	3,441	6,532	10,799				
2020	3,011	7,022					
2021	2,960						

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
2012							2,576,737
2013						2,357,217	2,531,921
2014					2,101,110	2,366,013	2,545,218
2015				1,654,246	2,095,438	2,368,067	2,542,406
2016			1,013,791	1,584,151	2,028,312	2,282,091	
2017		455,262	976,757	1,578,404	2,028,081		
2018	112,577	484,054	1,078,653	1,721,166			
2019	131,784	513,369	1,142,436				
2020	100,436	480,740					
2021	108,922						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2012							564,174
2013						579,109	462,493
2014					656,893	535,017	444,639
2015				784,731	621,163	517,460	452,890
2016			865,455	741,190	617,927	543,992	
2017		824,564	845,401	740,036	632,615		
2018	420,433	874,976	903,995	832,686			
2019	402,258	879,999	992,905				
2020	369,718	825,780					
2021	398,458						

(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
2012							56,333
2013						42,432	50,450
2014					33,960	41,235	48,765
2015				27,955	35,159	41,268	50,450
2016			20,318	28,645	35,377	44,119	
2017		13,089	21,367	28,587	36,216		
2018	5,101	13,647	21,028	29,491			
2019	4,788	12,852	20,946				
2020	4,963	13,468					
2021	4,951						

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
2012							-117,342
2013						-107,820	-42,580
2014					-98,042	-51,626	-22,773
2015				-35,251	-26,651	-20,345	
2016			50,165	44,131	-2,759		
2017		51,060	115,462	50,883			
2018	-1,479	56,881	71,217				
2019	-1,681	18,330					
2020	-7,543						

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
2012							446,832
2013						471,289	419,913
2014					558,852	483,391	421,866
2015				749,480	594,512	497,115	452,890
2016			915,619	785,321	615,167	543,992	
2017		875,624	960,863	790,919	632,615		
2018	418,953	931,857	975,212	832,686			
2019	400,577	898,329	992,905				
2020	362,175	825,780					
2021	398,458						

(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	Evaluated as of (in months)						
Year	12	24	36	48	60	72	84
2012							227,273
2013						230,593	233,340
2014					248,836	251,127	253,275
2015				255,171	260,622	263,739	266,176
2016			265,442	273,474	278,230	282,738	
2017		273,173	284,659	291,356	296,613		
2018	199,891	288,895	303,301	315,991			
2019	197,062	289,434	308,792				
2020	156,676	235,822					
2021	173,375						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2012							3,558,706
2013						3,059,100	3,185,174
2014					2,908,798	3,100,530	3,220,359
2015				2,658,897	2,950,572	3,128,921	3,261,472
2016			2,194,853	2,642,947	2,921,709	3,108,821	
2017		1,604,059	2,222,280	2,660,678	2,957,309		
2018	731,421	1,704,806	2,357,166	2,869,843			
2019	729,423	1,701,132	2,444,134				
2020	619,287	1,542,343					
2021	680,756						

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
2013						1.041
2014					1.066	1.039
2015				1.110	1.060	1.042
2016			1.204	1.105	1.064	
2017		1.385	1.197	1.111		
2018	2.331	1.383	1.217			
2019	2.332	1.437				
2020	2.491					
Latest Year	2.491	1.437	1.217	1.111	1.064	1.042

(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
2013						1.048
2014					1.075	1.043
2015				1.111	1.063	1.044
2016			1.197	1.099	1.064	
2017		1.391	1.177	1.104		
2018	2.379	1.378	1.197			
2019	2.347	1.428				
2020	2.492					

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
2013						-0.64%
2014					-0.87%	-0.41%
2015				-0.11%	-0.19%	-0.17%
2016			0.64%	0.60%	-0.03%	
2017		-0.43%	1.68%	0.70%		
2018	-2.03%	0.33%	1.74%			
2019	-0.64%	0.61%				
2020	-0.08%					

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
2013						1.044
2014					1.070	1.041
2015				1.113	1.062	1.042
2016			1.209	1.108	1.063	
2017		1.394	1.200	1.109		
2018	2.343	1.390	1.213			
2019	2.345	1.429				
2020	2.464					
Latest Year	2.464	1.429	1.213	1.109	1.063	1.042
2-Year Average	2.404	1.409	1.206	1.108	1.062	1.041
3-Year Average	2.384	1.404	1.207	1.110	1.065	1.042

- (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, 2021**

Accident Year	(1) Paid Loss Ratio (a)	Development Factors		(4) Projected Ultimate Loss Ratio (4) = (1) x (3)
		(2) Annual (b)	(3) Cumulative	
1987	0.345	1.000	1.007	0.347
1988	0.330	1.000	1.007	0.332
1989	0.342	1.001	1.008	0.345
1990	0.397	1.001	1.009	0.400
1991	0.424	1.001	1.009	0.427
1992	0.349	1.001	1.010	0.352
1993	0.286	1.001	1.011	0.289
1994	0.325	1.001	1.011	0.328
1995	0.467	1.001	1.013	0.473
1996	0.525	1.001	1.014	0.532
1997	0.594	1.001	1.015	0.602
1998	0.644	1.002	1.016	0.654
1999	0.675	1.003	1.019	0.687
2000	0.582	1.003	1.022	0.595
2001	0.482	1.002	1.024	0.493
2002	0.358	1.003	1.027	0.367
2003	0.236	1.003	1.030	0.243
2004	0.140	1.005	1.035	0.145
2005	0.120	1.005	1.040	0.125
2006	0.154	1.006	1.047	0.161
2007	0.212	1.009	1.056	0.223
2008	0.265	1.009	1.065	0.283
2009	0.308	1.011	1.077	0.331
2010	0.293	1.012	1.090	0.320
2011	0.270	1.013	1.103	0.298
2012	0.238	1.016	1.121	0.267
2013	0.200	1.018	1.141	0.228
2014	0.186	1.020	1.164	0.216
2015	0.177	1.027	1.195	0.212
2016	0.161	1.039	1.243	0.200
2017	0.156	1.060	1.317	0.205
2018	0.149	1.122	1.477	0.220
2019	0.140	1.253	1.850	0.258
2020	0.095	1.568	2.902	0.277
2021	0.038	2.944	8.543	0.323

- (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, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)
			Reform Adjusted			
			<u>Development Factors</u>			
Accident Year	<u>Paid Loss Ratio (a)</u>	<u>Adjusted Paid Loss Ratio (b)</u>	<u>Annual (c)</u>	<u>Cumulative (c)</u>	<u>Adjusted Developed Loss Ratio (d)</u> (2) x (4)	<u>Projected Ultimate Loss Ratio</u> (1) + ((5) - (2))
1987	0.307	0.272	1.001	1.051	0.285	0.320
1988	0.300	0.266	1.003	1.054	0.280	0.314
1989	0.319	0.283	1.003	1.057	0.299	0.335
1990	0.360	0.319	1.002	1.059	0.338	0.379
1991	0.377	0.334	1.003	1.062	0.355	0.398
1992	0.312	0.277	1.002	1.064	0.295	0.330
1993	0.257	0.228	1.002	1.067	0.243	0.272
1994	0.294	0.261	1.003	1.069	0.279	0.312
1995	0.433	0.385	1.004	1.073	0.414	0.461
1996	0.463	0.412	1.005	1.078	0.444	0.495
1997	0.519	0.462	1.004	1.083	0.500	0.557
1998	0.618	0.551	1.005	1.089	0.600	0.667
1999	0.675	0.603	1.007	1.096	0.661	0.734
2000	0.609	0.544	1.007	1.104	0.600	0.665
2001	0.538	0.482	1.007	1.113	0.536	0.592
2002	0.414	0.372	1.007	1.120	0.417	0.459
2003	0.264	0.239	1.008	1.129	0.269	0.295
2004	0.178	0.161	1.010	1.140	0.184	0.201
2005	0.174	0.158	1.010	1.152	0.181	0.198
2006	0.222	0.202	1.010	1.163	0.235	0.255
2007	0.310	0.283	1.013	1.177	0.333	0.360
2008	0.381	0.350	1.013	1.192	0.417	0.448
2009	0.441	0.408	1.013	1.208	0.492	0.526
2010	0.429	0.398	1.015	1.226	0.488	0.519
2011	0.360	0.338	1.015	1.245	0.421	0.443
2012	0.304	0.288	1.019	1.268	0.366	0.382
2013	0.240	0.238	1.022	1.296	0.309	0.311
2014	0.210	0.212	1.022	1.324	0.281	0.278
2015	0.192	0.196	1.033	1.368	0.268	0.264
2016	0.173	0.179	1.042	1.409	0.252	0.247
2017	0.168	0.174	1.063	1.485	0.258	0.252
2018	0.165	0.171	1.109	1.647	0.281	0.275
2019	0.152	0.156	1.213	1.997	0.311	0.307
2020	0.110	0.111	1.429	2.853	0.318	0.316
2021	0.050	0.050	2.464	7.029	0.354	0.354

- (a) Based on Exhibit 1. Paid MCCC costs are excluded from accident years 2011 and subsequent.
- (b) Based on experience evaluated as of December 31, 2021. Reflects adjustments for the pharmaceutical cost reductions through 2018 and 2021 changes to the Official Medical Fee Schedule (OMFS) and Medical-Legal Fee Schedule (MLFS), restating the historical medical paid-to-date ratios at a 2018 pharmaceutical cost level and a 2021 OMFS and MLFS 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 and 2021 medical fee schedule changes. 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	1.700	
1988	0.0	0.0	1.5	1.5	1.675	
1989	0.0	0.0	1.5	1.5	1.650	
1990	2.3	19.9	1.7	24.7	1.323	
1991	4.9	14.8	0.8	21.4	1.090	
1992	1.8	-8.3	1.6	-5.2	1.149	
1993	0.2	-18.1	0.4	-17.6	1.395	
1994	-5.1	0.2	0.6	-4.3	1.458	
1995	6.3	0.6	1.0	8.0	1.350	
1996	5.3	0.4	1.2	7.0	1.262	
1997	9.7	0.2	1.6	11.7	1.130	
1998	6.5	0.0	1.8	8.4	1.042	
1999	5.7	0.0	2.1	7.9	0.966	
2000	3.9	0.0	3.1	7.1	0.901	
2001	-0.3	0.0	0.2	-0.1	0.902	
2002	-0.7	0.0	0.4	-0.3	0.924	(e)
2003	7.3	0.0	1.2	8.6	0.921	(e)
2004	-6.0	-13.7	2.1	-17.2	1.261	(e)
2005	-31.6	-15.3	1.6	-41.2	1.710	
2006	5.6	-5.7	2.2	1.8	1.680	
2007	1.6	0.0	2.1	3.7	1.619	
2008	4.8	0.6	1.0	6.5	1.521	
2009	0.4	1.4	0.2	2.0	1.491	
2010	0.4	0.0	1.5	1.9	1.463	
2011	0.0	0.0	1.4	1.4	1.443	
2012	-0.8	0.0	2.1	1.3	1.425	
2013	1.4	0.2	0.6	2.3	1.393	
2014	5.8	1.5	1.7	9.2	1.276	
2015	-0.8	0.0	2.3	1.4	1.258	
2016	0.3	0.0	1.0	1.3	1.242	
2017	0.5	0.0	2.2	2.7	1.210	
2018	0.4	0.0	2.2	2.6	1.178	
2019	0.4	0.0	2.5	2.9	1.145	
2020	0.4	0.0	3.0	3.4	1.107	
2021	0.4	0.0	3.7	4.1	1.063	
2022	1.1	0.0	2.8	3.9	1.023	
2023	0.4	0.0	1.6	2.0	1.003	
9/1/2023	0.1 (Annual 0.4)	0.0	0.2 (Annual 1.4)	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 column 2 of Exhibit 5.1) of injured workers and the legislatively scheduled benefits for that year.
- (c) $\{ [\text{Column (1)} / 100 + 1.0] \times [\text{Column (2)} / 100 + 1.0] \times [\text{Column (3)} / 100 + 1.0] - 1.0 \} \times 100$.
- (d) These factors represent the combined impact of the annual benefit changes on claim severity shown in Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in Column (3), adjusted to the 9/1/2023 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	(1) Proportion of Medical Subject to	(2) Proportion of Medical Not Subject to	(3) Impact of Fee Schedule Change on	(4) Change in Medical	(5) Impact of CPI Change on Total	(6) Annual Non-Legislative Cost Impact on
<u>Year</u>	<u>Fee Schedule (a)</u>	<u>Fee Schedule (a)</u>	<u>Total Medical (b)</u>	<u>CPI (c)</u>	<u>Medical (d)</u>	<u>Total Medical (e)</u>
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%	3.9% (f)
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	0.866	0.134	0.0%	3.0%	0.4%	0.4%
2021	0.866	0.134	3.8%	1.1%	0.1%	0.1% (f)
2022	0.866	0.134	0.0%	2.0%	0.3%	0.3%
2023	0.866	0.134	0.0%	2.5%	0.3%	0.3%
9/1/2023	0.866	0.134	0.0% (Annual 0.0%)	0.5% (Annual 2.8%)	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 MSCP costs.
- (b) Based on the WCIRB's evaluation of the cost impact of changes in the medical fee schedules. Does not include the impact of the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule, which are reflected in the medical loss development projections for accident years 2013 and later.
- (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).
- (f) The impact of the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule is applied to accident years 2012 and prior, which are not reflected in the medical loss development projections.

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	-4.5%	0.0%	-4.5%
2013	-8.3%	0.2%	-8.1%
2014	-6.0%	1.3%	-4.8%
2015	-2.1%	0.0%	-2.1%
2016	-0.7%	0.0%	-0.7%
2017	-0.5%	0.0%	-0.5%
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%
2023	0.0%	0.0%	0.0%
9/1/2023	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) $[\text{Column (1)} + 1.0] \times [\text{Column (2)} + 1.0] - 1.0$

Total Medical Cost Level Factors

Accident Year	(1) Annual Non-Legislative Cost Impact on Medical (a)	(2) Annual Legislative Cost Impact on Medical (b)	(3) Total Annual Cost Impact on Medical (c)	(4) Composite Medical On-level Factor (d)
1987	3.8%	0.0%	3.8%	0.803
1988	3.8%	0.0%	3.8%	0.774
1989	3.0%	0.0%	3.0%	0.751
1990	3.7%	19.1%	23.5%	0.608
1991	3.6%	12.9%	16.9%	0.520
1992	3.0%	-7.9%	-5.2%	0.549
1993	2.7%	-18.7%	-16.5%	0.657
1994	-2.3%	-2.3%	-4.6%	0.688
1995	0.9%	0.5%	1.4%	0.679
1996	1.0%	0.4%	1.4%	0.669
1997	0.7%	0.2%	0.9%	0.663
1998	0.8%	12.6%	13.5%	0.584
1999	2.5%	12.6%	15.4%	0.506
2000	1.7%	7.0%	8.8%	0.465
2001	2.9%	6.6%	9.7%	0.424
2002	2.0%	-5.6%	-3.7%	0.441
2003	1.4%	-6.0%	-4.7%	0.462
2004	0.0%	-33.9%	-33.9%	0.699
2005	0.0%	-13.9%	-13.9%	0.812
2006	0.3%	-5.1%	-4.8%	0.853
2007	1.8%	0.1%	1.9%	0.837
2008	0.2%	0.5%	0.7%	0.831
2009	0.4%	1.0%	1.4%	0.819
2010	0.3%	0.0%	0.3%	0.817
2011	0.3%	-2.0%	-1.7%	0.831
2012	0.1%	-4.5%	-4.4%	0.869
2013	3.9%	-8.1%	-4.5%	0.945
2014	0.3%	-4.8%	-4.5%	0.990
2015	0.2%	-2.1%	-1.9%	1.009
2016	0.4%	-0.7%	-0.3%	1.012
2017	0.2%	-0.5%	-0.3%	1.015
2018	0.2%	-0.3%	-0.1%	1.016
2019	0.4%	0.0%	0.4%	1.012
2020	0.4%	0.0%	0.4%	1.008
2021	0.1%	0.0%	0.1%	1.007
2022	0.3%	0.0%	0.3%	1.004
2023	0.3%	0.0%	0.3%	
9/1/2023	0.1%	0.0%	0.1%	

- (a) See Exhibit 4.2, Column (6).
- (b) See Exhibit 4.3, Column (3).
- (c) $\text{Column (3)} = [1.0 + \text{Column (1)}] \times [1.0 + \text{Column (2)}] - 1.0$.
- (d) These factors adjust the annual impact shown in Column (3) to the 9/1/2023 level.

Annual Wage Level Changes

Year	(1) Annual Wage Level Change (a)	(2) Adjusted Annual Wage Level Change (b)	(3) Factor to a 9/1/2023 Wage Level (c)
1987	5.6		3.664
1988	4.4		3.510
1989	4.3		3.365
1990	5.0		3.205
1991	2.3		3.133
1992	4.7		2.992
1993	1.2		2.957
1994	1.8		2.904
1995	2.9		2.823
1996	3.4		2.730
1997	4.7		2.607
1998	5.2		2.478
1999	6.2		2.334
2000	9.0		2.141
2001	0.6		2.128
2002	1.1		2.105
2003	3.6		2.032
2004	5.0		1.935
2005	3.2		1.875
2006	4.6		1.793
2007	4.5		1.715
2008	2.1		1.680
2009	0.5		1.672
2010	3.0		1.623
2011	3.0		1.576
2012	4.2		1.512
2013	0.7		1.502
2014	3.3		1.454
2015	4.5		1.391
2016	1.9		1.365
2017	4.3		1.309
2018	3.7		1.262
2019	4.3		1.210
2020	11.4	5.1	1.152
2021	8.0	6.3	1.083
Projected:			
2022	2.7	4.9	
2023	2.0	2.8	
9/1/2023	0.3	0.4	

(Annual = 2.0)

(Annual = 2.5)

- (a) Historical wage changes through 2020 are based on Bureau of Labor Statistics data. 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 2022 and those made by the California Department of Finance as of November 2021.
- (b) Wage level changes for 2020 to 2024 were adjusted for estimated shifts in industrial mix and shifts in the wage level mix within industries impacting average wages in order to more appropriately project changes in average wages for the typical worker.
- (c) Based on Column (1) for 2019 and prior and Column (2) for 2020 and subsequent.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
		Ratio of Industry Average Charged Rates to Advisory Pure Premium	Factor to Industry Average Filed Pure Premium Rate Level as of	Factor to Adjust Insurer Premium to an Industry Average Filed Pure Premium Rate Level as of	Adjustment to Remove Surcharge Premium (e)	Average Experience Modification (f)	Off-Balance Correction in Advisory September 1, 2021 Pure Premium	Factor to Adjust for Impact of Premium Resulting from Audits (g)	Composite Premium Adjustment Factor (h)
Calendar Year	Wage Level (a)	Rates (b)	January 1, 2021 (c)	January 1, 2021 (d)	Premium (e)	Modification (f)	Rates	Audits (g)	Factor (h)
1987	3.664	---	---	0.589	0.992	0.983	1.015	---	2.144
1988	3.510	---	---	0.527	0.993	0.963	1.015	---	1.879
1989	3.365	---	---	0.519	0.993	0.945	1.015	---	1.807
1990	3.205	---	---	0.506	0.991	0.942	1.015	---	1.680
1991	3.133	---	---	0.469	0.987	0.939	1.015	---	1.521
1992	2.992	---	---	0.449	0.982	0.940	1.015	---	1.383
1993	2.957	---	---	0.444	0.981	0.949	1.015	---	1.338
1994	2.904	---	---	0.508	0.986	0.948	1.015	---	1.512
1995	2.823	---	---	0.688	0.995	0.958	1.015	---	1.986
1996	2.730	1.023	0.731	0.714	1.000	0.935	1.015	---	2.054
1997	2.607	0.989	0.729	0.737	1.000	0.949	1.015	---	1.995
1998	2.478	0.965	0.759	0.787	1.000	0.959	1.015	---	2.003
1999	2.334	0.972	0.767	0.790	1.000	0.954	1.015	---	1.903
2000	2.141	1.005	0.696	0.692	1.000	0.970	1.015	---	1.506
2001	2.128	1.030	0.613	0.595	1.000	0.969	1.015	---	1.287
2002	2.105	1.157	0.549	0.474	1.000	0.991	1.015	---	0.992
2003	2.032	1.266	0.449	0.355	1.000	1.005	1.015	---	0.706
2004	1.935	1.397	0.457	0.327	1.000	0.981	1.015	---	0.635
2005	1.875	1.470	0.549	0.374	1.000	0.982	1.015	---	0.703
2006	1.793	1.447	0.708	0.489	1.000	0.956	1.015	---	0.904
2007	1.715	1.493	0.965	0.646	1.000	0.931	1.015	0.985	1.155
2008	1.680	1.426	1.148	0.805	1.000	0.946	1.015	0.991	1.396
2009	1.672	1.366	1.131	0.829	1.000	0.937	1.015	1.034	1.506
2010	1.623	1.383	1.109	0.802	1.000	0.941	1.015	1.005	1.369
2011	1.576	1.401	1.108	0.791	1.000	0.982	1.015	---	1.250
2012	1.512	1.223	0.913	0.747	1.000	1.000	1.015	---	1.113
2013	1.502	1.138	0.735	0.646	1.000	0.983	1.015	---	0.972
2014	1.454	1.127	0.678	0.601	1.000	0.961	1.015	---	0.896
2015	1.391	1.110	0.658	0.593	1.000	0.951	1.015	---	0.855
2016	1.365	1.149	0.716	0.623	1.000	0.949	1.015	---	0.883
2017	1.309	1.157	0.793	0.685	1.000	0.955	1.015	---	0.926
2018	1.262	1.197	0.897	0.749	1.000	0.956	1.015	---	0.975
2019	1.210	1.216	1.042	0.857	1.000	0.945	1.015	---	1.081
2020	1.152	1.206	1.162	0.963	1.000	0.944	1.015	0.990	1.146
2021	1.083	1.228	1.251	1.019	1.000	0.950	1.015	1.025	1.173

- (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 September 1, 2021 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory September 1, 2021 pure premium rate (\$1.41) to the industry average filed pure premium rate as of January 1, 2021 (\$1.86).
- (d) (2b) ÷ (2a). This column adjusts premiums at the industry average charged rate level to the industry average filed pure premium rate level as of January 1, 2021.
- (e) Based on unit statistical data.
- (f) Based on average promulgated experience modifications. Calendar years 1996 through 2000 include adjustments for the impacts of AB 1913 and SB 1217 (1998).
- (g) Based on a comparison of premium reported on a calendar year basis to premium reported on an estimated ultimate policy year basis over the course of two accident years. The factor is applied only for calendar years 2007 to 2010 and 2020 to 2021, during which reported premiums were impacted by recessionary economic forces.
- (h) $(1) \times (2c) \times (3) \times (6) \div [(4) \times (5)]$ for calendar years 2007 to 2010. $(1) \times (2c) \times (3) \div [(4) \times (5)]$ for all other calendar years.

Accident Year Indemnity Claim Frequency Model
As of PY 2019 Preliminary 1st Set & March 2022 UCLA

AY	Annual % Changes Intra- Class Ind Freq	Annual Log Differences					
		Intra-Class Indemnity Frequency per \$M Exposure at PY 2020 Level			AY+1 Indemnity Benefit Level	Cumulative Injury Index	Economic Variables (1st Prin. Comp.)
		Total	Cumulative	Non-cum.			
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.129
1980	-6.5%	-0.068	-0.132	-0.066	0.000	-0.066	-0.078
1981	-3.5%	-0.036	-0.028	-0.036	0.033	0.008	-0.076
1982	-1.6%	-0.016	0.153	-0.022	0.000	0.175	-0.285
1983	6.2%	0.060	0.214	0.054	0.352	0.160	0.028
1984	9.5%	0.091	0.235	0.084	0.081	0.151	0.215
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.078
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.075
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.145
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.084
1989	2.5%	0.024	0.212	0.009	0.000	0.203	0.043
1990	9.0%	0.087	0.337	0.061	0.046	0.276	-0.116
1991	0.3%	0.003	0.166	-0.018	0.071	0.184	-0.282
1992	-10.3%	-0.108	-0.263	-0.089	0.023	-0.174	-0.181
1993	-9.2%	-0.097	-0.175	-0.088	0.013	-0.088	-0.021
1994	-10.5%	-0.111	-0.167	-0.105	-0.057	-0.061	0.103
1995	-0.3%	-0.003	0.009	-0.004	0.061	0.013	0.089
1996	-6.8%	-0.070	-0.165	-0.061	0.053	-0.104	0.072
1997	-3.3%	-0.033	-0.026	-0.034	0.096	0.008	0.132
1998	-3.7%	-0.038	-0.020	-0.040	0.066	0.019	0.075
1999	1.5%	0.015	0.010	0.015	0.058	-0.005	0.122
2000	4.0%	0.039	0.101	0.033	0.040	0.068	0.063
2001	-6.9%	-0.072	0.106	-0.091	-0.003	0.197	-0.096
2002	-2.3%	-0.023	0.202	-0.055	-0.007	0.257	-0.194
2003	-2.9%	-0.029	0.028	-0.038	0.060	0.067	-0.022
2004	-16.7%	-0.182	-0.318	-0.161	-0.065	-0.158	0.090
2005	-13.6%	-0.146	-0.342	-0.120	-0.398	-0.222	0.135
2006	-5.6%	-0.058	-0.204	-0.042	0.051	-0.163	0.090
2007	-1.7%	-0.017	-0.042	-0.015	0.016	-0.027	-0.081
2008	-2.7%	-0.027	-0.012	-0.029	0.049	0.017	-0.296
2009	-0.2%	-0.002	0.134	-0.016	0.069	0.150	-0.414
2010	8.9%	0.085	0.115	0.081	0.016	0.034	-0.090
2011	1.2%	0.012	0.028	0.010	0.000	0.017	0.047
2012	4.7%	0.046	0.115	0.037	0.003	0.077	0.126
2013	0.4%	0.004	0.131	-0.014	0.019	0.145	0.154
2014	0.2%	0.002	0.046	-0.005	0.070	0.051	0.179
2015	-1.4%	-0.015	0.008	-0.018	0.000	0.026	0.195
2016	-2.7%	-0.027	0.029	-0.036	0.000	0.066	0.128
2017	-1.8%	-0.018	-0.083	-0.008	0.000	-0.075	0.133
2018	-0.5%	-0.005	-0.055	0.003	0.000	-0.058	0.122
2019	-0.7%	-0.007	0.037	-0.013	0.000	0.050	0.037
2020*	-3.9%	-0.040	0.183	-0.086	0.000	0.269	-0.905
2021	2.7%	0.033	0.114	0.016	0.000	0.098	0.278
2022	-0.4%	-0.004	-0.014	-0.002	0.000	-0.013	0.335
2023	-4.1%	-0.042	-0.106	-0.028	0.000	-0.078	0.209
2024	-6.2%	-0.064	-0.145	-0.048	0.000	-0.097	0.055

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.034
Std Err of Y Est	0.039
R Squared	0.464
No. of Observations	42
Degrees of Freedom	38

X Coefficient(s)	0.187	0.209	0.103
Std Err of Coef.	0.075	0.061	0.044

Notes:

The Indemnity Benefit Level variable is concurrent. The AY 2004 benefit level change is related to the AY 2004 change in non-cumulative frequency.

The Indemnity Benefit Level variable excludes indemnity benefit utilization, cost-of-living adjustments, 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 Actuarial Committee item AC14-03-19.

The definition of cumulative claims has been further amended to include claims coded with certain nature of injury codes in USR. See Actuarial Committee item AC21-12-09.

The cumulative injury index is forecasted using a time series model with an autoregressive term of degree 2. See Actuarial Committee item AC21-12-09.

Economic variables are historical through 2021; March 2022 UCLA Anderson Forecasts for 2022 on.

The indicator variable for Cal-OSHA inspections has been moved into an on-level adjustment. See Actuarial Committee item AC21-12-09.

Regression is over AY 1979 through AY 2020. AY 2021 through AY 2024 are projections.

The constant term is unadjusted and no longer includes measured offsets of -0.020 that recognized annual changes in real benefit levels relative to nominal benefit levels and long-term economic growth. Future studies showed that the inclusion of the offset was only necessary because projections of changes in the cumulative injury index were not included as part of forecast frequency changes. See Actuarial Committee Item AC21-12-09.

*AY 2020 is preliminary and change is based on a comparison of 2020 accidents on 2019 policies to 2019 accidents on 2018 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of December 31, 2021**

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	9,999	---	2.116	21,161	---
1991	10,950	9.5%	2.001	21,915	3.6%
1992	11,042	0.8%	1.935	21,366	-2.5%
1993	11,997	8.7%	1.923	23,076	8.0%
1994	12,961	8.0%	2.015	26,113	13.2%
1995	14,549	12.3%	1.877	27,304	4.6%
1996	16,438	13.0%	1.761	28,947	6.0%
1997	19,254	17.1%	1.580	30,422	5.1%
1998	21,126	9.7%	1.457	30,788	1.2%
1999	23,137	9.5%	1.350	31,244	1.5%
2000	24,617	6.4%	1.261	31,032	-0.7%
2001	27,106	10.1%	1.262	34,205	10.2%
2002	26,139	-3.6%	1.293	33,786	-1.2%
2003	25,903	-0.9%	1.289	33,378	-1.2%
2004	21,110	-18.5%	1.522	32,134	-3.7%
2005	19,134	-9.4%	1.747	33,435	4.0%
2006	20,822	8.8%	1.619	33,715	0.8%
2007	22,709	9.1%	1.561	35,446	5.1%
2008	24,699	8.8%	1.475	36,423	2.8%
2009	25,907	4.9%	1.466	37,975	4.3%
2010	25,287	-2.4%	1.438	36,374	-4.2%
2011	24,907	-1.5%	1.419	35,331	-2.9%
2012	24,274	-2.5%	1.401	34,008	-3.7%
2013	23,593	-2.8%	1.373	32,388	-4.8%
2014	24,398	3.4%	1.276	31,132	-3.9%
2015	24,679	1.1%	1.258	31,042	-0.3%
2016	24,033	-2.6%	1.242	29,851	-3.8%
2017	24,107	0.3%	1.210	29,160	-2.3%
2018	24,979	3.6%	1.178	29,435	0.9%
2019	26,643	6.7%	1.145	30,518	3.7%
2020	28,645	7.5%	1.107	31,722	3.9%
2021	29,276	2.2%	1.063	31,130	-1.9%
(6) Estimated Annual Exponential Trend Based on 1990 to 2021:					0.9%
(7) Estimated Annual Exponential Trend Based on 2005 to 2021:					-1.2%
(8) Estimated Annual Exponential Trend Based on 2017 to 2021:					2.1%
Selected Indemnity Severity Trend:					1.0%

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

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

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of December 31, 2021**

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	8,827	---	0.947	8,361	---
1991	9,516	7.8%	0.929	8,842	5.8%
1992	9,573	0.6%	0.898	8,592	-2.8%
1993	10,433	9.0%	0.880	9,183	6.9%
1994	11,439	9.6%	0.925	10,581	15.2%
1995	13,220	15.6%	0.917	12,119	14.5%
1996	14,299	8.2%	0.908	12,978	7.1%
1997	16,792	17.4%	0.901	15,135	16.6%
1998	20,430	21.7%	0.794	16,223	7.2%
1999	23,458	14.8%	0.688	16,140	-0.5%
2000	26,242	11.9%	0.632	16,592	2.8%
2001	31,235	19.0%	0.576	18,004	8.5%
2002	31,375	0.4%	0.599	18,782	4.3%
2003	30,034	-4.3%	0.628	18,863	0.4%
2004	27,647	-7.9%	0.831	22,968	21.8%
2005	28,514	3.1%	0.831	23,688	3.1%
2006	30,998	8.7%	0.827	25,649	8.3%
2007	34,504	11.3%	0.812	28,017	9.2%
2008	37,046	7.4%	0.809	29,961	6.9%
2009	38,979	5.2%	0.806	31,400	4.8%
2010	38,966	0.0%	0.803	31,295	-0.3%
2011	35,078 (c)	---	0.825	28,957 (c)	---
2012	32,820	-6.4%	0.872	28,610	-1.2%
2013	30,308	-7.7%	0.951	28,815	0.7%
2014	29,471	-2.8%	1.012	29,814	3.5%
2015	28,805	-2.3%	1.035	29,827	0.0%
2016	27,554	-4.3%	1.038	28,589	-4.2%
2017	27,433	-0.4%	1.039	28,493	-0.3%
2018	28,971	5.6%	1.037	30,031	5.4%
2019	29,371	1.4%	1.027	30,172	0.5%
2020	30,518	3.9%	1.016	31,009	2.8%
2021	29,896	-2.0%	1.008	30,136	-2.8%

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 and 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule, 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 quarterly experience calls, excluding COVID-19 claims.

**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, 2021**

MCCP Included					MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change	Estimated Ultimate Severity (a)	Annual % Change	Ultimate On-Level Severity (c)	Annual % Change
2005	28,514	---	23,688	---	27,038	---	22,462	---
2006	30,998	8.7%	25,649	8.3%	29,085	7.6%	24,066	7.1%
2007	34,504	11.3%	28,017	9.2%	32,236	10.8%	26,176	8.8%
2008	37,046	7.4%	29,961	6.9%	33,835	5.0%	27,364	4.5%
2009	38,979	5.2%	31,400	4.8%	35,756	5.7%	28,803	5.3%
2010	38,966	0.0%	31,295	-0.3%	35,708	-0.1%	28,678	-0.4%
2011	38,407	-1.4%	31,705	1.3%	35,078	-1.8%	28,957	1.0%
2012	35,847	-6.7%	31,249	-1.4%	32,820	-6.4%	28,610	-1.2%
2013	33,186	-7.4%	31,551	1.0%	30,308	-7.7%	28,815	0.7%
2014	32,209	-2.9%	32,583	3.3%	29,471	-2.8%	29,814	3.5%
2015	31,370	-2.6%	32,483	-0.3%	28,805	-2.3%	29,827	0.0%
2016	29,930	-4.6%	31,055	-4.4%	27,554	-4.3%	28,589	-4.1%
2017	29,802	-0.4%	30,954	-0.3%	27,433	-0.4%	28,493	-0.3%
2018	31,489	5.7%	32,640	5.4%	28,971	5.6%	30,031	5.4%
2019	32,071	1.8%	32,946	0.9%	29,371	1.4%	30,172	0.5%
2020	33,438	4.3%	33,976	3.1%	30,518	3.9%	31,009	2.8%
2021	32,815	-1.9%	33,078	-2.6%	29,896	-2.0%	30,136	-2.8%
Estimated Annual Exponential Trend								
Trend Based on 1990 to 2021:				4.9%	N/A			
Trend Based on 2005 to 2021:				1.5%	1.4%			
Trend Based on 2017 to 2021:				1.7%	1.5%			
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 quarterly experience calls, excluding COVID-19 claims.

**Projected On-Level Accident Year
Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of December 31, 2021**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1)×(2)÷(3)
1987	0.347	1.700	2.144	0.275
1988	0.332	1.675	1.879	0.296
1989	0.345	1.650	1.807	0.315
1990	0.400	1.323	1.680	0.315
1991	0.427	1.090	1.521	0.306
1992	0.352	1.149	1.383	0.293
1993	0.289	1.395	1.338	0.301
1994	0.328	1.458	1.512	0.317
1995	0.473	1.350	1.986	0.322
1996	0.532	1.262	2.054	0.327
1997	0.602	1.130	1.995	0.341
1998	0.654	1.042	2.003	0.340
1999	0.687	0.966	1.903	0.349
2000	0.595	0.901	1.506	0.356
2001	0.493	0.902	1.287	0.346
2002	0.367	0.924	0.992	0.342
2003	0.243	0.921	0.706	0.318
2004	0.145	1.261	0.635	0.289
2005	0.125	1.710	0.703	0.303
2006	0.161	1.680	0.904	0.300
2007	0.223	1.619	1.155	0.313
2008	0.283	1.521	1.396	0.308
2009	0.331	1.491	1.506	0.328
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projections (d)
2022				0.288
2023				0.279
9/1/2023				0.277

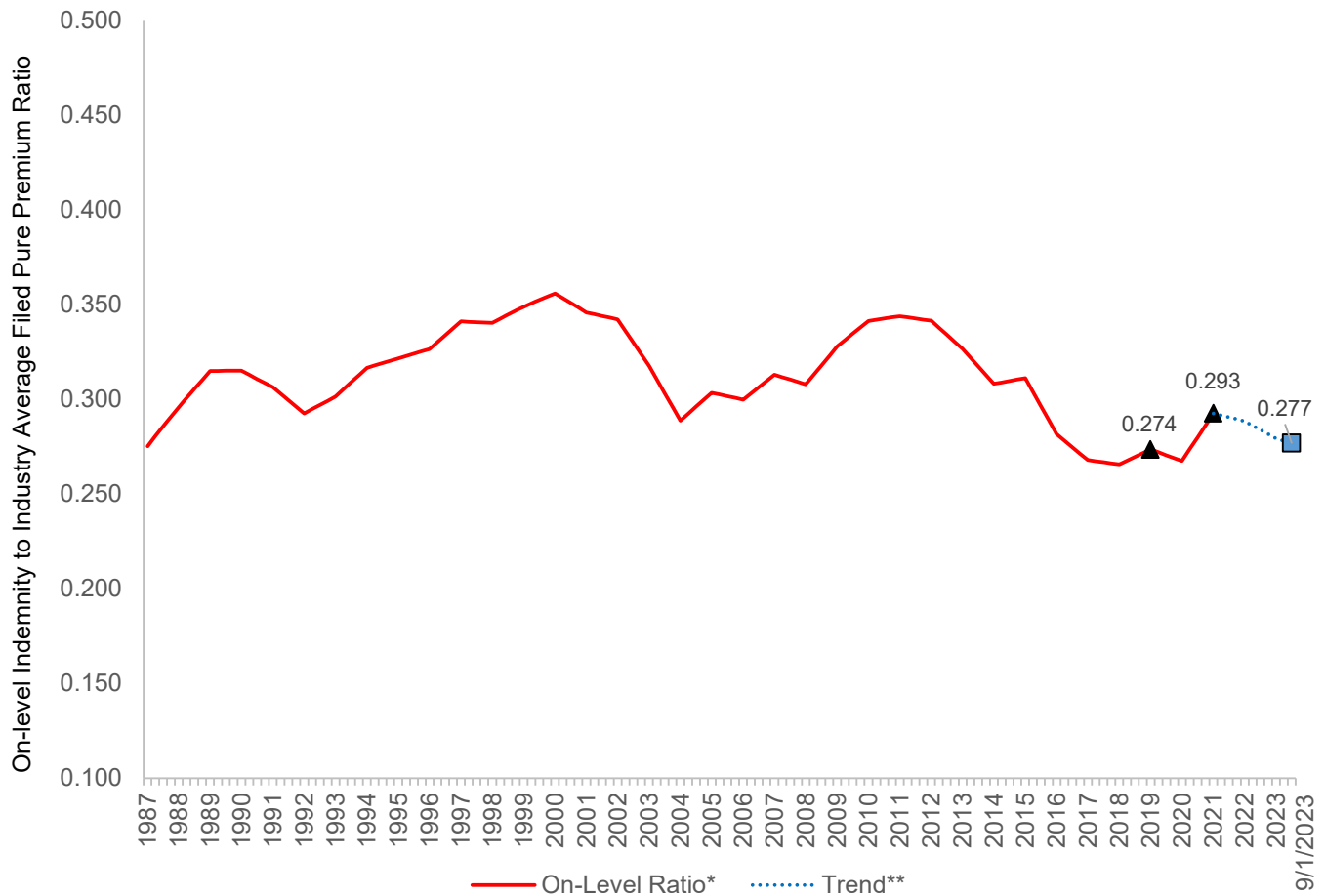
(a) See Exhibit 3.1.

(b) See Exhibit 4.1.

(c) See Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual 12-month intra-class frequency trend from accident year 2020, the average of the 12-month frequency change (see Exhibit 12) and frequency model projection for accident year 2021 from Exhibit 6.1, and frequency model projections for accident years 2022 to 2024 from Exhibit 6.1. The annual indemnity severity growth estimates are from Exhibit 6.2.

**On-Level Indemnity Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of December 31, 2021**



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

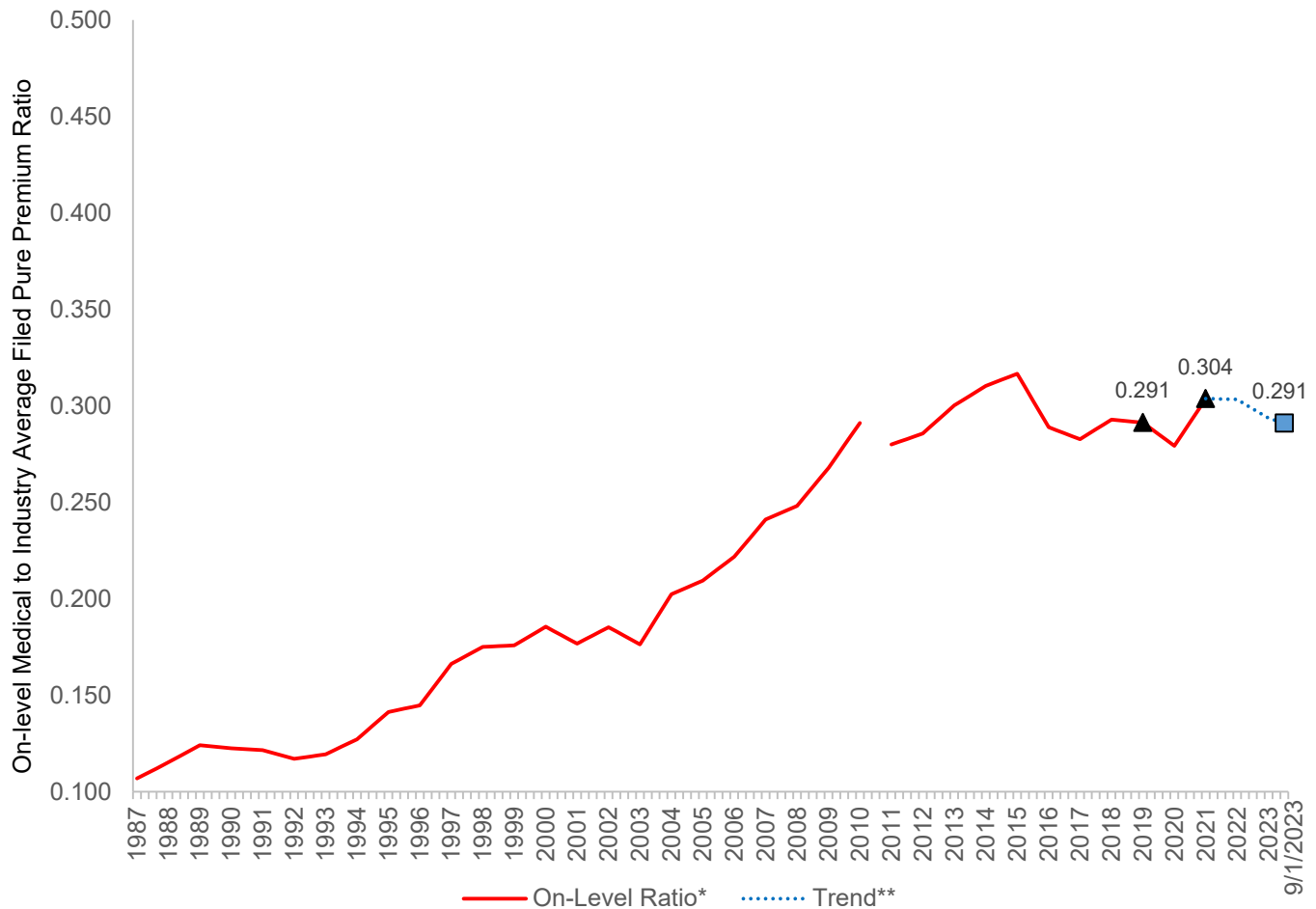
** The 9/1/2023 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2019 and 2021 years.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Based on Experience as of December 31, 2021**

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)
1987	0.285	0.803	2.144	0.107
1988	0.280	0.774	1.879	0.115
1989	0.299	0.751	1.807	0.124
1990	0.338	0.608	1.680	0.122
1991	0.355	0.520	1.521	0.122
1992	0.295	0.549	1.383	0.117
1993	0.243	0.657	1.338	0.119
1994	0.279	0.688	1.512	0.127
1995	0.414	0.679	1.986	0.141
1996	0.444	0.669	2.054	0.145
1997	0.500	0.663	1.995	0.166
1998	0.600	0.584	2.003	0.175
1999	0.661	0.506	1.903	0.176
2000	0.600	0.465	1.506	0.186
2001	0.536	0.424	1.287	0.177
2002	0.417	0.441	0.992	0.185
2003	0.269	0.462	0.706	0.176
2004	0.184	0.699	0.635	0.202
2005	0.181	0.812	0.703	0.209
2006	0.235	0.853	0.904	0.222
2007	0.333	0.837	1.155	0.241
2008	0.417	0.831	1.396	0.248
2009	0.492	0.819	1.506	0.268
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projections (d)
2022				0.303
2023				0.294
9/1/2023				0.291

- (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) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual 12-month intra-class frequency trend from accident year 2020, the average of the 12-month frequency change (see Exhibit 12) and frequency model projection for accident year 2021 from Exhibit 6.1, and frequency model projections for accident years 2022 to 2024 from Exhibit 6.1. The annual medical severity growth estimates are from Exhibit 6.4.
- (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, 2021**



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

** The 9/1/2023 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2019 and 2021 years.

**Indicated Loss to Industry Average Filed Pure Premium Ratios and Average Pure Premium Rate
For Policies with Effective Dates between September 1, 2022 and August 31, 2023
Based on Experience as of December 31, 2021**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Projected Loss to Industry Average Filed Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.277	0.291	0.568

Quarterly Incurred Indemnity Loss Development Factors
Through December 31, 2021

Age in	Accident Year																					
Months	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
6/3	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	3.228	--	3.155
9/6	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	--	1.970
12/9	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	--	1.561
15/12	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	1.264	
18/15	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	1.168	
21/18	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	1.123	
24/21	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	1.098	
27/24	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	1.073		
30/27	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	1.062		
33/30	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	1.045		
36/33	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	1.034		
39/36	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	1.027			
42/39	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	1.023			
45/42	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	1.016			
48/45	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	1.015			
51/48	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	1.013				
54/51	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	1.011				
57/54	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	1.009				
60/57	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	1.009				
63/60	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	1.007					
66/63	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	1.007					
69/66	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	1.005					
72/69	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	1.007					
75/72	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	1.006						
78/75	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	1.006						
81/78	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	1.003						
84/81	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	1.002						
87/84	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	1.002							
90/87	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	1.003							
93/90	1.004	1.003	1.002	1.005	1.006	1.008	1.006	1.007	1.006	1.003	1.004	1.005	1.005	1.003	1.004							
96/93	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	1.002							

Source: WCIRB accident year experience calls, excluding COVID-19 claims.

Quarterly Incurred Medical Loss Development Factors *
Through December 31, 2021

Age in	Accident Year																					
Months	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
6/3	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	--	2.870
9/6	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	1.821	1.845	--	1.748
12/9	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	--	1.429
15/12	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	1.167	
18/15	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	1.092	
21/18	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	1.078	
24/21	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	1.054	
27/24	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	1.033		
30/27	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	1.037		
33/30	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	1.028		
36/33	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	1.021		
39/36	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	1.016			
42/39	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	1.014			
45/42	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	1.013			
48/45	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	1.011			
51/48	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	1.009				
54/51	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	1.005				
57/54	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	1.007	1.007				
60/57	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	1.007				
63/60	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	1.004					
66/63	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	1.006					
69/66	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	1.002					
72/69	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	1.005					
75/72	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	1.002						
78/75	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	1.003						
81/78	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	1.002						
84/81	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	0.999						
87/84	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	1.001							
90/87	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	1.004							
93/90	1.015	1.009	1.011	1.010	1.011	1.012	1.009	1.009	1.007	1.002	1.003	1.002	1.005	1.000	1.003							
96/93	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	1.002							

Source: WCIRB accident year experience calls, excluding COVID-19 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, 2021

Age in	Accident Year																						
Months	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
6/3	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	5.082	--	5.097	
9/6	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	--	2.445	
12/9	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	1.902	--	1.847	
15/12	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	1.505		
18/15	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	1.329		
21/18	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	1.242		
24/21	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	1.190		
27/24	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	1.154			
30/27	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	1.125			
33/30	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	1.101			
36/33	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	1.084			
39/36	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	1.066				
42/39	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	1.056				
45/42	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	1.045				
48/45	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	1.039				
51/48	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	1.031					
54/51	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	1.030					
57/54	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	1.024					
60/57	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	1.021					
63/60	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	1.016						
66/63	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	1.016						
69/66	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	1.015						
72/69	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	1.011						
75/72	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	1.011							
78/75	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	1.012							
81/78	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	1.009							
84/81	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	1.009							
87/84	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	1.006								
90/87	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	1.007								
93/90	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	1.006								
96/93	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	1.007								

Source: WCIRB accident year experience calls, excluding COVID-19 claims.

Quarterly Paid Medical Loss Development Factors *
Through December 31, 2021

Age in	Accident Year																					
Months	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
6/3	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	4.986	--	6.111
9/6	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	--	2.238
12/9	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	--	1.720
15/12	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	1.434	
18/15	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	1.269	
21/18	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	1.192	
24/21	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	1.150	
27/24	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	1.114		
30/27	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	1.101		
33/30	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	1.084		
36/33	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	1.074		
39/36	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	1.054			
42/39	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	1.048			
45/42	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	1.043			
48/45	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	1.039			
51/48	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	1.030	1.027				
54/51	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	1.029				
57/54	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	1.023				
60/57	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	1.021				
63/60	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	1.018					
66/63	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	1.016					
69/66	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	1.016					
72/69	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	1.013					
75/72	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	1.012						
78/75	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	1.012						
81/78	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	1.010						
84/81	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	1.010						
87/84	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	1.008							
90/87	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	1.009							
93/90	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	1.007							
96/93	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	1.007							

Source: WCIRB accident year experience calls, excluding COVID-19 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	Development															
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
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	1.000
2006					1.001	1.000	1.001	1.001	1.000	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	1.000		
2008			1.011	1.005	1.003	1.001	1.001	1.001	1.000	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	1.000				
2010	1.216	1.029	1.011	1.006	1.002	1.002	1.001	1.000	1.001	1.000	1.000					
2011	1.229	1.032	1.013	1.005	1.002	1.001	1.000	1.000	1.000	1.000						
2012	1.244	1.034	1.010	1.005	1.003	1.001	1.001	1.000	1.001							
2013	1.248	1.025	1.010	1.005	1.001	1.001	1.001	1.001								
2014	1.215	1.027	1.010	1.003	1.002	1.000	1.001									
2015	1.236	1.027	1.005	1.003	1.002	1.001										
2016	1.244	1.028	1.007	1.003	1.002											
2017	1.219	1.023	1.007	1.003												
2018	1.226	1.023	1.007													
2019	1.222	1.028														
2020	1.220															
Latest Year																
Age-to-Age																
	1.220	1.028	1.007	1.003	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate																
	1.279	1.048	1.019	1.012	1.010	1.008	1.007	1.006	1.004	1.003	1.003	1.003	1.002	1.002	1.002	1.002

Source: WCIRB accident year experience calls, excluding COVID-19 claims.

Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	Development														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
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	1.042	1.026	1.014	1.009	1.008	1.005	1.004	1.002	1.003	1.002	1.002
2018	2.828	1.732	1.414	1.139	1.045	1.023	1.017	1.010	1.008	1.006	1.002	1.002	1.002	1.002	1.002
2019	2.780	1.751	1.424	1.139	1.034	1.023	1.014	1.012	1.009	1.005	1.003				
2020	--	--	--	1.138	1.041	1.024	1.006								
2021	2.801	1.739	1.399												

Source: WCIRB accident year experience calls, excluding COVID-19 claims.

Reported Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1996																	98.6%
1997																98.2%	98.4%
1998															97.8%	98.0%	98.2%
1999														97.3%	97.7%	97.9%	98.1%
2000													96.6%	97.2%	97.5%	97.8%	98.0%
2001												95.3%	96.0%	96.5%	97.0%	97.4%	97.7%
2002											94.7%	95.7%	96.3%	96.8%	97.3%	97.7%	98.0%
2003										93.7%	95.2%	95.9%	96.4%	97.0%	97.5%	97.9%	98.3%
2004									92.4%	94.3%	95.3%	96.0%	96.8%	97.3%	97.8%	98.2%	98.5%
2005								90.7%	93.0%	94.4%	95.4%	96.4%	97.0%	97.6%	98.0%	98.4%	98.6%
2006							88.2%	91.2%	93.0%	94.3%	95.5%	96.4%	97.1%	97.6%	98.0%	98.3%	
2007						84.6%	88.8%	91.3%	93.2%	94.8%	96.0%	96.7%	97.4%	97.9%	98.2%		
2008					79.1%	84.9%	88.7%	91.5%	93.7%	95.1%	96.2%	97.0%	97.6%	97.9%			
2009				70.6%	79.0%	84.5%	88.5%	91.7%	93.8%	95.3%	96.4%	97.1%	97.6%				
2010			60.6%	72.4%	80.4%	85.9%	90.1%	92.8%	94.7%	96.0%	96.9%	97.5%					
2011		47.1%	62.1%	73.6%	81.6%	87.1%	91.0%	93.6%	95.4%	96.4%	97.1%						
2012	27.5%	47.9%	63.2%	74.9%	82.9%	88.4%	92.0%	94.4%	95.8%	96.7%							
2013	26.9%	48.1%	64.4%	76.6%	84.8%	89.8%	93.1%	95.1%	96.3%								
2014	26.5%	49.2%	65.9%	78.2%	86.1%	90.7%	93.5%	95.3%									
2015	26.9%	50.6%	68.3%	80.5%	87.8%	91.3%	93.8%										
2016	28.3%	53.4%	70.9%	82.5%	88.2%	91.7%											
2017	30.4%	56.2%	73.1%	82.5%	88.2%												
2018	31.1%	56.3%	71.4%	81.3%													
2019	31.1%	54.0%	69.1%														
2020	29.9%	52.8%															
2021	31.4%																

Source: WCIRB accident year experience calls, excluding COVID-19 claims.

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1996																	99.8%
1997																97.8%	98.1%
1998															97.5%	97.8%	98.0%
1999														97.0%	97.5%	97.7%	97.9%
2000													96.4%	96.9%	97.3%	97.6%	97.8%
2001												95.0%	95.8%	96.3%	96.7%	97.1%	97.5%
2002											94.4%	95.5%	96.1%	96.6%	97.1%	97.5%	97.8%
2003										93.6%	94.9%	95.7%	96.2%	96.8%	97.3%	97.7%	98.0%
2004									92.3%	94.1%	95.1%	95.8%	96.5%	97.1%	97.6%	98.0%	98.2%
2005								90.6%	92.9%	94.3%	95.3%	96.2%	96.8%	97.4%	97.8%	98.1%	98.4%
2006							87.9%	90.9%	92.8%	94.1%	95.4%	96.2%	96.9%	97.4%	97.8%	98.1%	
2007						84.3%	88.5%	91.1%	92.9%	94.6%	95.7%	96.5%	97.2%	97.7%	98.0%		
2008					78.4%	84.5%	88.3%	91.1%	93.4%	94.9%	95.9%	96.7%	97.3%	97.7%			
2009				69.6%	78.3%	84.1%	88.2%	91.5%	93.6%	95.0%	96.2%	96.9%	97.4%				
2010			59.1%	71.4%	79.8%	85.4%	89.7%	92.6%	94.4%	95.8%	96.6%	97.3%					
2011		44.5%	60.5%	72.6%	80.9%	86.6%	90.6%	93.3%	95.0%	96.1%	96.8%						
2012	20.8%	45.2%	61.7%	73.9%	82.2%	87.9%	91.5%	94.0%	95.3%	96.4%							
2013	20.5%	45.9%	62.9%	75.6%	84.0%	89.1%	92.6%	94.6%	95.8%								
2014	20.7%	46.9%	64.5%	77.2%	85.3%	90.1%	92.9%	94.7%									
2015	20.8%	48.4%	67.1%	79.5%	86.9%	90.6%	93.2%										
2016	21.7%	51.0%	69.6%	81.4%	87.3%	91.0%											
2017	23.9%	53.8%	71.7%	81.5%	87.4%												
2018	24.3%	54.0%	70.0%	80.3%													
2019	24.3%	51.6%	67.8%														
2020	23.4%	50.3%															
2021	24.5%																

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

Quarterly Ultimate Settlement Ratios

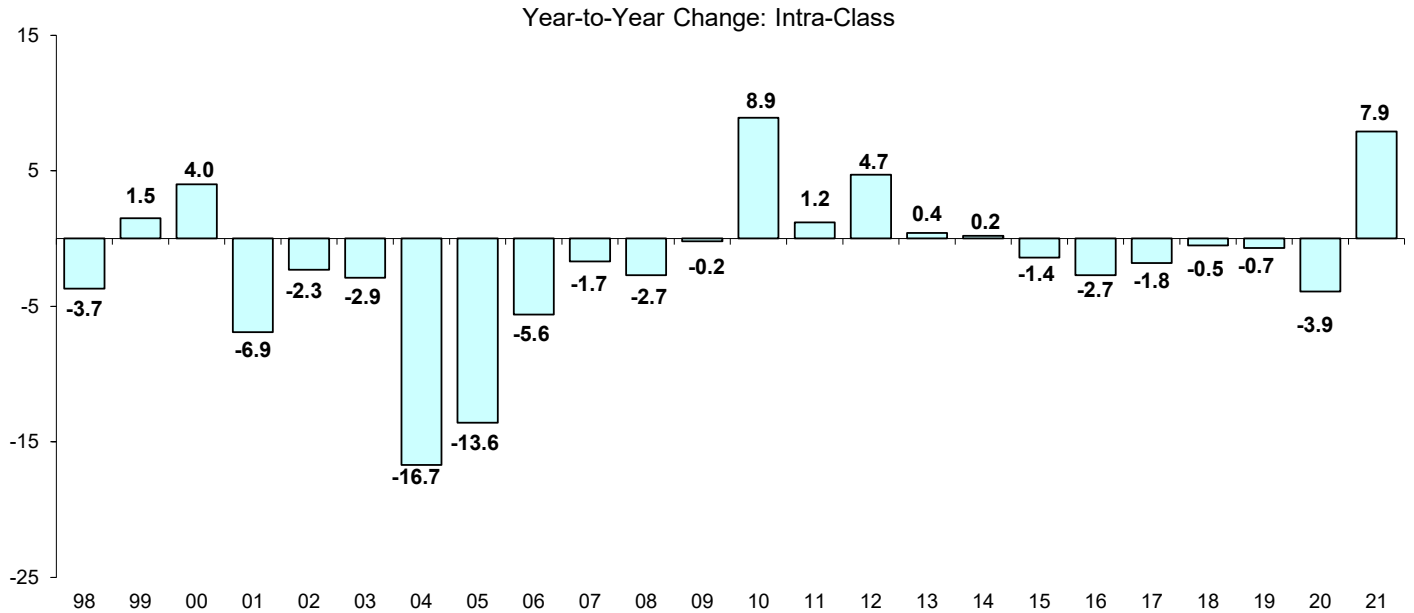
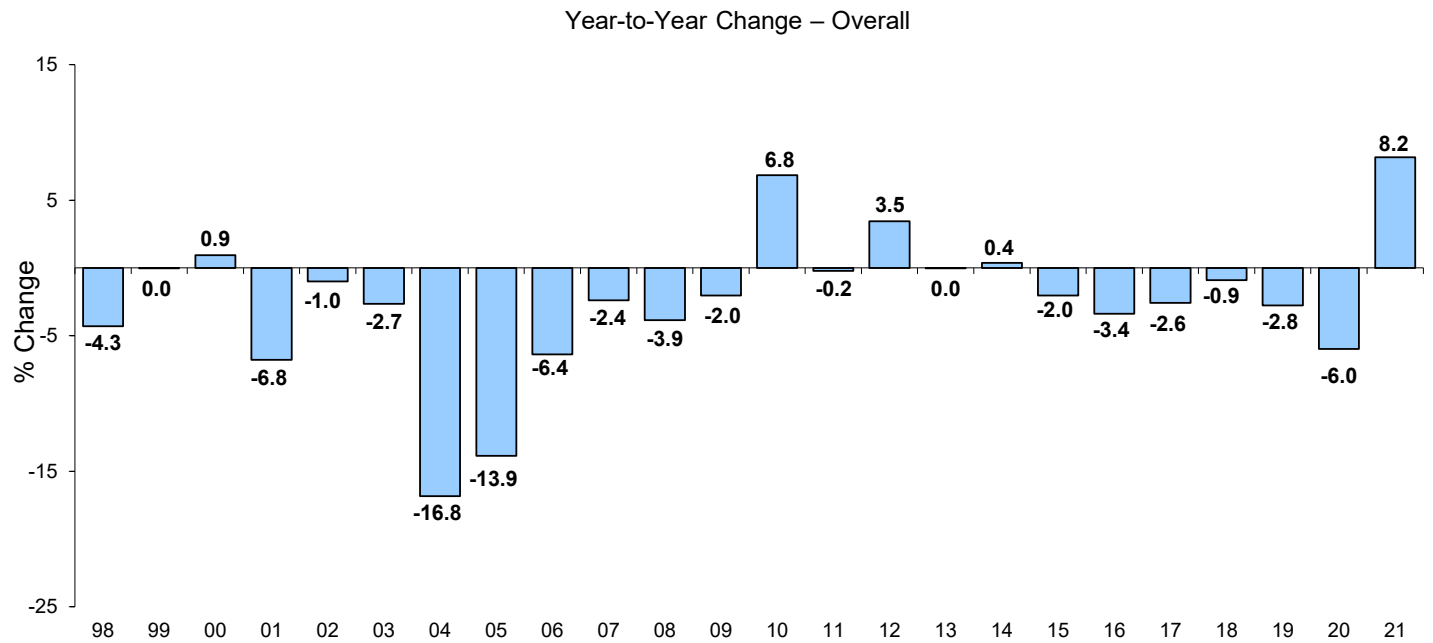
Accident Year	Evaluated as of (in months):															
	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>
2012	0.8%	4.9%	11.9%	20.8%	28.9%	35.4%	40.3%	45.2%	49.3%	53.5%	57.7%	61.7%	65.1%	68.2%	71.1%	73.9%
2013	0.9%	4.9%	11.4%	20.5%	28.9%	35.4%	40.8%	45.9%	50.4%	54.8%	59.0%	62.9%	66.5%	69.8%	72.8%	75.6%
2014	0.8%	4.7%	11.6%	20.7%	29.3%	36.1%	41.8%	46.9%	51.7%	56.2%	60.5%	64.5%	68.0%	71.5%	74.5%	77.2%
2015	0.8%	4.7%	11.9%	20.8%	30.1%	37.4%	43.1%	48.4%	53.7%	58.7%	63.1%	67.1%	70.9%	74.2%	77.0%	79.5%
2016	0.8%	5.0%	12.2%	21.7%	31.5%	39.3%	45.3%	51.0%	56.2%	61.3%	65.6%	69.6%	73.5%	76.7%	79.3%	81.4%
2017	0.9%	5.5%	13.3%	23.9%	34.1%	41.9%	48.1%	53.8%	59.2%	63.9%	68.1%	71.7%	75.3%	77.5%	79.8%	81.5%
2018	1.0%	5.8%	13.8%	24.3%	34.6%	42.4%	48.5%	54.0%	59.3%	63.2%	66.8%	70.0%	73.3%	76.0%	78.4%	80.3%
2019	1.0%	5.7%	13.6%	24.3%	34.7%	41.4%	46.8%	51.6%	56.6%	60.8%	64.5%	67.8%				
2020	--	--	--	23.4%	34.0%	40.6%	45.7%	50.3%								
2021	1.0%	5.4%	13.6%	24.5%												

Accident Year	Quarterly Incremental Change														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2012	4.1%	7.0%	9.0%	8.1%	6.4%	4.9%	4.9%	4.1%	4.2%	4.3%	3.9%	3.4%	3.1%	2.9%	2.7%
2013	4.0%	6.5%	9.1%	8.4%	6.4%	5.4%	5.1%	4.6%	4.4%	4.1%	3.9%	3.7%	3.3%	3.0%	2.7%
2014	4.0%	6.9%	9.1%	8.6%	6.8%	5.7%	5.1%	4.9%	4.5%	4.3%	4.0%	3.6%	3.5%	2.9%	2.7%
2015	3.8%	7.2%	8.9%	9.3%	7.3%	5.7%	5.3%	5.3%	5.1%	4.4%	3.9%	3.8%	3.3%	2.9%	2.4%
2016	4.1%	7.2%	9.5%	9.8%	7.8%	6.0%	5.7%	5.2%	5.1%	4.3%	4.0%	4.0%	3.1%	2.6%	2.2%
2017	4.7%	7.8%	10.6%	10.2%	7.8%	6.2%	5.7%	5.4%	4.7%	4.2%	3.6%	3.6%	2.2%	2.3%	1.7%
2018	4.8%	8.0%	10.6%	10.3%	7.7%	6.2%	5.4%	5.3%	3.9%	3.6%	3.2%	3.3%	2.7%	2.4%	1.9%
2019	4.7%	7.9%	10.7%	10.4%	6.7%	5.5%	4.7%	5.1%	4.1%	3.8%	3.2%				
2020	--	--	--	10.6%	6.7%	5.1%	4.6%								
2021	4.5%	8.2%	10.9%												

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 83% to 99% of the total California workers' compensation insured market measured using 2020 earned premium levels).

Source: WCIRB accident year experience calls, excluding COVID-19 claims.

California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year



Note:

The 2021 estimate is based on a comparison of claim counts based on WCIRB accident year experience as of December 31, 2021 relative to the estimated change in statewide employment. Experience excludes COVID-19 claims. Prior years are based on unit statistical data.

Item AC22-04-01

9/1/2022 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, 2022 and August 31, 2023 based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2020 and accident year allocated loss adjustment expense (ALAE) experience as of December 31, 2021, which reflects the latest LAE information available. The projection methodologies are generally consistent with those reflected in the WCIRB's September 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

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

The approach to derive the adjusted calendar year California paid ULAE for ratemaking purposes, as reflected in the 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 TPAs 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 TPAs. In these instances, the approach described above simplifies to apportioning the reported countrywide ULAE to California based on California's share of the insurer's countrywide open indemnity claim counts. Although staff believes open indemnity claim counts is a reasonable measure to apportion countrywide ULAE to California, some insurers may use a more detailed and accurate method to derive the California ULAE. Given that these insurers do not require special adjustments to the reported paid ULAE amounts, the California paid ULAE as reported on the WCIRB's Expense Call was used in deriving the ratios of California paid ULAE to paid losses for these insurers in lieu of the formulaic approach discussed above.

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

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

Exhibit 1 shows calendar year paid ALAE and ULAE as ratios to paid losses by type of insurer. Calendar years 2016 through 2020 ULAE have been computed as described above and include an apportionment of countrywide ULAE to California based on open indemnity claim counts. As ULAE payments related to handling COVID-19 claims cannot be segregated from other ULAE payments, the paid losses for calendar year 2020 underlying the ULAE ratios shown in Exhibit 1 include losses paid on COVID-19 claims. 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. As discussed at prior meetings, ULAE ratios for State Compensation Insurance Fund (State Fund) are much higher than those of other insurers, although differences have narrowed in recent years.

Exhibit 2 shows the average calendar year paid ULAE per open indemnity claim for private insurers. The ULAE severities for calendar years 2016 through 2020 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. The amounts shown for calendar year 2020 include COVID-19 claims.

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 based on claim count information reported as of December 31, 2021.³ Projections of ultimate indemnity claim counts for accident years 2022 to 2024 shown in Exhibit 3.3 are based on the intra-class indemnity claim frequency changes reflected in the analysis of projected losses (Item AC22-03-02) applied to accident years 2019 and 2021.⁴ As in the September 1, 2021 Pure Premium Rate Filing, the projections of open claim counts shown in Exhibit 3.3 are based on incremental indemnity claim closing 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.⁶

The projected ULAE severity trends were based on projected annual growth rates in California wage levels as reflected in the analysis of projected losses (Item AC22-03-02). In prior pure premium rate filings, the projected ULAE severity was based on trending from the latest two calendar years’ average paid ULAE per open indemnity claim. Calendar year 2020 is significantly impacted by the COVID-19 pandemic and economic downturn. In addition, although COVID-19 claim counts and losses can be excluded from 2020 information based on WCIRB aggregate financial data calls, it is not possible to segregate ULAE paid on COVID-19 claims from other ULAE amounts. As a result, staff recommends projecting the ULAE severity based on the average of the prior two calendar years’ (2018 and 2019) average paid ULAE. As shown in Exhibit 3.5, the projected ratio of ULAE to loss for policies incepting between September 1, 2022 and August 31, 2023 using this approach is 15.5%.

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. In the September 1, 2021 Pure Premium Rate Filing, the paid loss-based approach was based on the latest two calendar years’ paid ULAE to paid loss ratios. As discussed above, calendar year

³ COVID-19 claims are excluded.

⁴ This is based on the trending approach used in the analysis of projected losses in Item AC22-03-02. Given that accident years 2019 and 2021 are used in the projection of open indemnity claims in this approach, the premium used to determine the losses in the projected ULAE to loss ratio shown in line 5 of Exhibit 3.5 is based on the average of calendar years 2019 and 2021.

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

⁶ 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.

2020 paid ULAE ratios to paid loss may be distorted by the pandemic. As a result, for this approach, staff recommends using the average of the prior two calendar years' (2018 and 2019) paid ULAE to paid loss ratios for private insurers of 13.9% as shown on Exhibit 1. The preliminary ULAE projection for policies incepting between September 1, 2022 and August 31, 2023 based on the average of the claim count-based and paid loss-based projections is 14.7%. (For comparison purposes, the projected ULAE to loss ratio reflected in the September 1, 2021 Pure Premium Rate Filing was 13.7%.)

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 the open claim count-based methodology projected based on calendar year 2019 only as shown in Exhibit 4 and projections based on recent calendar year ratios of paid ULAE to paid losses for private insurers based on Exhibit 1.

Table 1: Projections of ULAE to Loss

ULAE Projection Method	Statewide with Private Insurer Average ULAE
April 14, 2022 Agenda Methodology	
Paid ULAE per Open Indemnity Claim Applied to 2018 and 2019	15.5%
Average of Calendar Year 2018 and 2019 Paid ULAE to Paid Loss Ratios	13.9%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	14.7%
Alternative Methodologies	
Paid ULAE per Open Indemnity Claim Applied to 2019	14.4%
Calendar Year 2019 Paid ULAE to Loss Ratio	13.0%
Average of Latest Two Calendar Years' Paid ULAE to Loss Ratios	14.4%

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 for the ALAE projection shown in Exhibits 5 through 10 exclude COVID-19 claims from accident years 2020 and 2021.

Exhibit 5.1 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibit 5.2 shows private insurer ratios of paid ALAE to paid losses. Exhibit 6 shows private insurer annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim. Exhibit 7 shows private insurer annual ALAE growth percentages based on ratios of incremental calendar year paid ALAE per indemnity claims inventory.

Exhibits 8.1 through 8.4 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. The projected ALAE development shown in Exhibit 8.1 is based on the latest year paid ALAE age-to-age development factor. As in the prior two pure premium rate filings, the projected paid ALAE development shown in Exhibit 8.1 reflects adjustments to paid ALAE age-to-age development for the impact of changes in claim settlement rates when the estimated claim settlement rate change for the accident year is greater than 1.5 points in absolute value.⁷

The projection shown in Exhibit 8.4 was computed using the intra-class indemnity claim frequency projections included in Item AC22-03-02 and a 1.0% ALAE severity trend selected based on the approximate average of the private insurer longer-term (2008 to 2021) and shorter-term (2017 to 2021)

⁷ See Item AC19-08-04 of the August 4, 2020 Actuarial Committee Agenda.

growth rates of (a) estimated ultimate accident year ALAE per indemnity claim (Exhibit 6) and (b) incremental paid calendar year ALAE per open indemnity claim (Exhibit 7). (The projected ALAE severity trend reflected in the September 1, 2021 Premium Rate Filing based on this approach was also 1.0%.) Given the potential impact of the pandemic on accident year 2020 ALAE costs, these trends were applied to accident years 2019 and 2021, which is consistent with the methodology for losses reflected in Item AC22-03-02.⁸

Effective in 2017, Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) included several provisions related to lien filings. As discussed at prior meetings and in prior pure premium rate filings, liens incur significant LAE costs in addition to the settlement costs paid to the lien claimant. 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 September 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 8.4, is based on the estimated full impact of a 11.2% reduction in ALAE costs⁹ judgmentally tempered by 75% based on the estimated average percentage of 164-month ALAE costs paid as of December 31, 2021 for accident years 2017 and 2018.¹⁰

As shown in line (h) of Exhibit 8.4, the preliminary projected ratio of ALAE (excluding M CCP) to loss based on statewide data and private insurer average ALAE costs and after reflecting the impact of SB 1160 and AB 1244 is 14.5%. (For comparison purposes, the projected ALAE excluding M CCP costs to loss ratio reflected in the September 1, 2021 Pure Premium Rate Filing was 15.9%.)

For informational purposes, the WCIRB has computed additional ALAE projections (excluding M CCP) based on alternative methodologies with underlying assumptions that differ from those reflected in Exhibits 8.1 through 8.4. 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 Paid ALAE Development¹¹ – Exhibits 9.1 and 9.2
2. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on Accident Year 2019¹² – Exhibit 10

The ALAE projections for policies incepting between September 1, 2022 and August 31, 2023 derived based on the methodology presented in Exhibits 8.1 to 8.4 and each of the alternative ALAE projection methodologies are shown in Table 2.¹³

⁸ Given that accident years 2019 and 2021 are used in the projection of the ultimate number of indemnity claims in this approach, the premium used to determine the losses in the projected ALAE to loss ratio shown in line (b) of Exhibit 8.4 is based on the average of calendar years 2019 and 2021.

⁹ As reflected in the September 1, 2021 Pure Premium Rate Filing.

¹⁰ This approach resulted in a 60% tempering in the September 1, 2021 Pure Premium Rate Filing based on December 31, 2020 ALAE experience.

¹¹ This ALAE development approach was the basis for the September 1, 2021 Pure Premium Rate Filing.

¹² This ALAE trending approach was the basis for the September 1, 2021 Pure Premium Rate Filing.

¹³ All projections shown in Table 2 also reflect the impact of SB 1160 and AB 1244 on ALAE costs.

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

ALAE Projection Method	Statewide with Private Insurer Average ALAE
April 14, 2022 Agenda Methodology Projected Ultimate ALAE per Indemnity Claim – Latest Year Adjusted Paid ALAE Development – Trend Applied to 2019 and 2021	14.5%
Alternative Methodologies Projected Ultimate ALAE per Indemnity Claim – 2-Year Average Adjusted Paid ALAE Development	14.4%
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to 2019	14.4%

ALAE Projection – M CCP Costs

As in the last several pure premium rate filings, the projection of M CCP costs is based on a methodology analogous to that used for ALAE excluding M CCP costs and using statewide claim and M CCP cost data. All information for the M CCP cost projection shown in Exhibits 11 through 16 exclude COVID-19 claims from accident years 2020 and 2021.

Exhibit 11 shows statewide average paid M CCP per reported indemnity claim by accident year. Exhibit 12 shows statewide annual M CCP severity growth percentages based on estimated accident year ultimate M CCP costs per indemnity claim. Exhibit 13 shows statewide annual M CCP severity growth percentages based on ratios of calendar year paid M CCP costs per indemnity claims inventory.

Exhibits 14.1 and 14.2 show the preliminary projection of M CCP costs based on statewide data. As with ALAE excluding M CCP, projected M CCP development through 120 months shown in Exhibit 14.1 is based on the latest year paid M CCP age-to-age factors, while projected M CCP development after 120 months is based on the selected paid medical 120-to-ultimate development factor.¹⁴ Similar to the projection of ALAE excluding M CCP costs, Exhibit 14.2 shows the projected ratio of M CCP to loss based on applying separate frequency and severity trends to the accident year 2019 and 2021 projected ultimate indemnity claim counts and ultimate M CCP per indemnity claim. A -1.0% M CCP severity trend was selected based on the approximate average rates of growth in (a) estimated ultimate accident year M CCP costs per indemnity claim from 2012 through 2021 (Exhibit 12) and (b) calendar year M CCP per indemnity claims inventory from 2009 through 2020 (Exhibit 13). (The projected M CCP severity trend reflected in the September 1, 2021 Premium Rate Filing based on this approach was also -1.0%.) The preliminary projected ratio of M CCP to loss based on this methodology is 3.7%. (For comparison purposes, the projected M CCP to loss ratio reflected in the September 1, 2021 Pure Premium Rate Filing was 3.9%.)

For informational purposes, the WCIRB has computed additional M CCP cost projections based on alternative methodologies with underlying assumptions that differ from those reflected in the M CCP projection methodology described above. Specifically, M CCP cost projections based on the following methodologies have been included:

1. Projected Ultimate M CCP per Indemnity Claim and Future Number of Indemnity Claims – Two-Year Average Paid M CCP Development¹⁵ – Exhibit 15
2. Projected Ultimate M CCP per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on 2019¹⁶ – Exhibit 16

¹⁴ See Exhibit 2.6.1 of Item AC22-03-02.

¹⁵ This M CCP development approach was the basis for the September 1, 2021 Pure Premium Rate Filing.

¹⁶ This M CCP trending approach was the basis for the September 1, 2021 Pure Premium Rate Filing.

The MCCP cost projections for policies incepting between September 1, 2022 and August 31, 2023 derived based on the methodology presented in Exhibits 14.1 and 14.2 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 and 2021	3.7%
Alternative Methodologies Projected Ultimate MCCP per Indemnity Claim – Two-Year Average Paid MCCP Development	3.6%
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to 2019	3.6%

The total preliminary ratio of LAE to losses for policies incepting between September 1, 2022 and August 31, 2023 based on data evaluated as of December 31, 2021 and the projection methodologies described above is 32.9%. For comparison purposes, the projected total LAE to loss ratio reflected in the September 1, 2021 Pure Premium Rate Filing was 33.4%.

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios^[1]

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
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%	21.1%	22.4%
2019	12.9%	17.8%	22.8%	20.9%	22.0%
2020	11.5%	17.9%	23.4%	21.0%	22.5%
2020 excl. COVID-19	11.5%	17.9%	23.5%	21.0%	22.6%

Paid ULAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2010	27.9%	17.3%	6.4%	12.3%	7.9%
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% ^[2]	15.0%	6.4%	14.8% ^[2]	7.5%
2013	^[3] 21.8%	16.3%	8.5%	11.7%	9.4%
2014	^[3] 28.8%	14.7%	7.7%	11.6%	8.6%
2015	^[4] 35.1%	14.8%	10.2%	13.9%	10.9%
2016	^[4] 37.6%	14.2%	12.8%	15.9%	13.0%
2017	^[4] 25.6%	16.1%	14.1%	15.8%	14.4%
2018	^[4] 24.8%	14.9%	14.8%	16.1%	14.8%
2019	^[4] 21.3%	14.4%	12.8%	14.1%	13.0%
2020	^[4] 17.6%	15.3%	15.8%	16.0%	15.8%

Paid LAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2010	33.8%	31.4%	22.0%	25.6%	23.3%
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% ^[2]	30.3%	25.5%	31.0% ^[2]	26.1%
2013	^[3] 27.7%	31.7%	28.5%	28.6%	28.9%
2014	^[3] 37.2%	32.5%	29.0%	30.6%	29.4%
2015	^[4] 45.2%	32.8%	32.8%	34.4%	32.8%
2016	^[4] 48.6%	32.1%	35.2%	36.3%	34.7%
2017	^[4] 36.4%	36.0%	36.9%	36.7%	36.7%
2018	^[4] 36.2%	34.4%	37.8%	37.1%	37.2%
2019	^[4] 34.2%	32.2%	35.6%	35.0%	35.1%
2020	^[4] 29.1%	33.2%	39.3%	37.0%	38.3%

- 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 2020 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 Paid ^[1] (in Millions) (1)	Number of Open Indemnity Claims at Beginning of the Year ^[2] (2)	Number of Indemnity Claims Reported During Year ^[3] (3)	ULAE Paid per Open Indemnity Claim ^[4] (4)	Annual Change (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]	1,076	304,634	146,120	3,531	5.1%
2019 ^[6]	947	294,351	149,143	3,219	-8.8%
2020 ^[6]	1,061	289,557	148,273	3,663	13.8%

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 2020 paid ULAE are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):																
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216
1993															1.000	1.000	1.000
1994														1.000	1.000	1.000	1.000
1995													1.000	1.004	1.001	1.000	1.000
1996												1.001	1.001	1.000	1.000	1.000	1.000
1997										1.000	1.000	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	1.000
1999									1.002	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000
2000								0.998	1.000	1.000	1.000	1.001	1.000	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	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	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	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	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	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	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	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	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	1.000					
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.001	1.000	1.000						
2011	1.230	1.033	1.014	1.007	1.002	1.001	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	1.001								
2013	1.240	1.031	1.010	1.004	1.002	1.002	1.001	1.001									
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.001										
2015	1.236	1.027	1.006	1.003	1.002	1.001											
2016	1.244	1.029	1.007	1.003	1.002												
2017	1.220	1.023	1.007	1.003													
2018	1.226	1.024	1.007														
2019	1.222	1.028															
2020	1.220																

Age-to-Age Development Factors

@12/31/20	1.222	1.024	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	1.000
@12/31/21	1.220	1.028	1.007	1.003	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Ultimate

@12/31/20	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	1.002
@12/31/21	1.279	1.048	1.020	1.013	1.010	1.008	1.007	1.006	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003

Estimated Percent of Ultimate Indemnity Claims Reported

@12/31/20	78.7%	96.1%	98.4%	99.1%	99.4%	99.7%	99.7%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.7%	99.7%	99.8%
@12/31/21	78.2%	95.4%	98.1%	98.7%	99.0%	99.2%	99.3%	99.4%	99.5%	99.6%	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%

Accident	Age-to-Age Development (in months):																
Year	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		
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			1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1991		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	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																

Age-to-Age Development Factors

@12/31/20	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			
@12/31/21	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		

Age-to-Ultimate

@12/31/20	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	1.000		
@12/31/21	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	

Estimated Percent of Ultimate Indemnity Claims Reported

@12/31/20	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%		
@12/31/21	99.7%	99.7%	99.7%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	

Note: AY2020 data excluded COVID-19 claims.
Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Closing Rate - Statewide

Accident	Evaluated as of (in months):																
Year	<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>	<u>132</u>	<u>144</u>	<u>156</u>	<u>168</u>	<u>180</u>	<u>192</u>	<u>204</u>
1993															98.4%	98.5%	98.6%
1994														97.8%	98.0%	98.2%	98.3%
1995													96.9%	97.2%	97.5%	97.6%	97.8%
1996												95.9%	96.3%	96.7%	96.9%	97.1%	97.3%
1997											95.6%	96.0%	96.5%	96.8%	97.0%	97.2%	97.5%
1998										95.0%	95.6%	96.3%	96.7%	97.0%	97.3%	97.6%	97.7%
1999									93.9%	94.8%	95.7%	96.3%	96.7%	97.1%	97.5%	97.7%	97.9%
2000								91.7%	93.1%	94.4%	95.3%	96.0%	96.4%	97.0%	97.3%	97.6%	97.9%
2001							87.9%	90.4%	92.3%	93.6%	94.6%	95.4%	96.1%	96.6%	97.0%	97.4%	97.7%
2002						84.6%	88.3%	90.9%	92.5%	93.8%	94.8%	95.9%	96.4%	96.9%	97.4%	97.7%	98.1%
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%	98.3%
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%	98.5%
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%	98.0%	98.4%	98.6%
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%	97.6%	98.0%	98.3%	
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%	97.4%	97.9%	98.2%		
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%	97.6%	97.9%			
2009	26.7%	46.3%	60.1%	70.8%	79.2%	84.6%	88.6%	91.8%	93.8%	95.3%	96.4%	97.1%	97.6%				
2010	27.0%	46.9%	60.7%	72.5%	80.5%	85.8%	90.1%	92.8%	94.7%	96.0%	96.9%	97.5%					
2011	27.5%	47.2%	62.0%	73.4%	81.4%	86.9%	90.9%	93.6%	95.3%	96.3%	97.0%						
2012	27.7%	48.1%	63.3%	74.8%	82.8%	88.3%	92.1%	94.4%	95.8%	96.7%							
2013	26.9%	48.4%	64.4%	76.4%	84.7%	89.9%	93.2%	95.1%	96.3%								
2014	26.9%	49.5%	65.8%	78.1%	86.2%	90.7%	93.5%	95.3%									
2015	27.3%	50.5%	68.3%	80.6%	87.8%	91.3%	93.8%										
2016	28.2%	53.4%	71.0%	82.4%	88.2%	91.7%											
2017	30.4%	56.2%	73.1%	82.5%	88.2%												
2018	31.2%	56.3%	71.4%	81.3%													
2019	31.1%	54.0%	69.1%														
2020	29.9%	52.8%															
2021	31.4%																

Reported Closing Rate

@12/31/20	29.9%	54.0%	71.4%	82.5%	88.2%	91.3%	93.5%	95.1%	95.8%	96.3%	96.9%	97.1%	97.6%	97.9%	98.0%	98.4%	98.5%
@12/31/21	31.4%	52.8%	69.1%	81.3%	88.2%	91.7%	93.8%	95.3%	96.3%	96.7%	97.0%	97.5%	97.6%	97.9%	98.2%	98.3%	98.6%

Estimated Percent Closed^[1]

@12/31/20	23.6%	51.9%	70.2%	81.8%	87.7%	91.0%	93.2%	94.9%	95.5%	96.1%	96.7%	96.9%	97.3%	97.7%	97.8%	98.1%	98.2%
@12/31/21	24.5%	50.3%	67.7%	80.3%	87.4%	90.9%	93.2%	94.7%	95.8%	96.3%	96.7%	97.2%	97.3%	97.6%	98.0%	98.1%	98.3%

Accident Year	Evaluated as of (in months):															
	216	228	240	252	264	276	288	300	312	324	336	348	360	372	384	396
1989				99.3%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	99.6%	99.6%	99.6%	99.6%	99.7%	99.7%
1990			99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.4%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	
1991		98.9%	99.0%	99.0%	99.1%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.4%		
1992	98.8%	98.9%	98.9%	99.0%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%			
1993	98.6%	98.8%	98.8%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.3%				
1994	98.4%	98.5%	98.6%	98.6%	98.7%	98.8%	98.8%	98.9%	98.9%	99.0%	99.1%					
1995	97.9%	98.0%	98.1%	98.2%	98.3%	98.4%	98.4%	98.5%	98.6%	98.6%						
1996	97.4%	97.6%	97.7%	97.8%	97.8%	98.0%	98.0%	98.1%	98.2%							
1997	97.6%	97.7%	97.9%	98.0%	98.1%	98.2%	98.3%	98.4%								
1998	97.9%	98.0%	98.2%	98.3%	98.5%	98.6%	98.7%									
1999	98.1%	98.4%	98.5%	98.7%	98.8%	98.9%										
2000	98.1%	98.3%	98.6%	98.7%	98.8%											
2001	98.0%	98.2%	98.5%	98.7%												
2002	98.3%	98.6%	98.8%													
2003	98.5%	98.8%														
2004	98.7%															

Reported Closing Rate

@12/31/20	98.5%	98.6%	98.5%	98.7%	98.8%	98.6%	98.3%	98.1%	98.6%	99.0%	99.2%	99.3%	99.3%	99.5%	99.7%	
@12/31/21	98.7%	98.8%	98.8%	98.7%	98.8%	98.9%	98.7%	98.4%	98.2%	98.6%	99.1%	99.3%	99.3%	99.4%	99.5%	99.7%

Estimated Percent Closed^[1]

@12/31/20	98.3%	98.4%	98.3%	98.5%	98.7%	98.4%	98.2%	98.0%	98.5%	98.9%	99.2%	99.2%	99.3%	99.5%	99.7%	
@12/31/21	98.4%	98.5%	98.5%	98.5%	98.6%	98.7%	98.5%	98.3%	98.0%	98.5%	99.0%	99.2%	99.3%	99.4%	99.5%	99.7%

Note:^[1] Estimated percent closed is the product of (a) the Estimated Percent of Ultimate Indemnity Claims Reported (Exhibit 3.1) and (b) the Reported Closing Rate. Accident years 2020 and 2021 data excluded COVID-19 claims.

Source: WCIRB quarterly calls for experience.

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide

Selected Indemnity Claim Reporting and Closure Patterns as of								Cumulative Indemnity Claim Counts				
December 31 of							Incremental	as of December 31, 2021				
	2020	2021	2020	2021	2020	2021	Closing			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	78.7%	78.2%	23.6%	24.5%	55.1%	53.6%	46.4%	1989	222,087	670	222,087	
2	96.1%	95.4%	51.9%	50.3%	44.2%	45.1%	18.3%	1990	248,001	1,191	248,012	
3	98.4%	98.1%	70.2%	67.7%	28.2%	30.3%	31.3%	1991	248,319	1,583	248,347	
4	99.1%	98.7%	81.8%	80.3%	17.3%	18.4%	34.5%	1992	197,212	1,385	197,257	
5	99.4%	99.0%	87.7%	87.4%	11.7%	11.6%	32.8%	1993	155,288	1,161	155,358	
6	99.7%	99.2%	91.0%	90.9%	8.6%	8.3%	29.7%	1994	142,805	1,347	142,908	
7	99.7%	99.3%	93.2%	93.2%	6.5%	6.1%	28.8%	1995	134,045	1,857	134,156	
8	99.8%	99.4%	94.9%	94.7%	4.9%	4.7%	27.8%	1996	131,214	2,416	131,363	
9	99.8%	99.5%	95.5%	95.8%	4.2%	3.7%	24.5%	1997	137,074	2,200	137,269	
10	99.8%	99.6%	96.1%	96.3%	3.7%	3.3%	21.7%	1998	147,258	1,954	147,519	
11	99.8%	99.7%	96.7%	96.7%	3.1%	3.0%	19.1%	1999	148,417	1,583	148,696	
12	99.8%	99.7%	96.9%	97.2%	2.9%	2.5%	19.9%	2000	161,441	1,862	161,792	
13	99.8%	99.7%	97.3%	97.3%	2.4%	2.4%	16.8%	2001	185,330	2,432	185,770	
14	99.8%	99.7%	97.7%	97.6%	2.1%	2.1%	13.9%	2002	189,404	2,291	189,892	
15	99.7%	99.7%	97.8%	98.0%	1.9%	1.7%	16.3%	2003	184,187	2,256	184,684	
16	99.7%	99.7%	98.1%	98.1%	1.6%	1.7%	14.3%	2004	158,960	2,070	159,389	
17	99.8%	99.7%	98.2%	98.3%	1.5%	1.4%	14.7%	2005	139,527	1,948	139,904	
18	99.8%	99.7%	98.3%	98.4%	1.5%	1.3%	15.7%	2006	133,175	2,231	133,542	
19	99.8%	99.7%	98.3%	98.5%	1.4%	1.2%	16.9%	2007	130,152	2,278	130,494	
20	99.8%	99.7%	98.3%	98.5%	1.5%	1.2%	15.6%	2008	122,781	2,577	123,109	
21	99.8%	99.8%	98.5%	98.5%	1.3%	1.3%	12.4%	2009	113,494	2,721	113,817	
22	99.8%	99.8%	98.7%	98.6%	1.2%	1.2%	11.1%	2010	118,280	2,955	118,643	
23	99.8%	99.8%	98.4%	98.7%	1.4%	1.1%	8.2%	2011	120,745	3,601	121,146	
24	99.9%	99.8%	98.2%	98.5%	1.7%	1.3%	5.9%	2012	128,106	4,267	128,586	
25	99.9%	99.9%	98.0%	98.3%	1.9%	1.6%	3.3%	2013	136,235	5,056	136,905	
26	99.9%	99.9%	98.5%	98.0%	1.4%	1.8%	4.3%	2014	140,972	6,632	141,811	
27	99.9%	99.9%	98.9%	98.5%	1.0%	1.4%	3.3%	2015	144,998	8,977	146,011	
28	100.0%	99.9%	99.2%	99.0%	0.8%	0.9%	7.4%	2016	148,191	12,330	149,392	
29	100.0%	100.0%	99.2%	99.2%	0.7%	0.7%	3.7%	2017	148,580	17,468	150,075	
30	100.0%	100.0%	99.3%	99.3%	0.7%	0.7%	4.0%	2018	151,186	28,235	153,120	
31	100.0%	100.0%	99.5%	99.4%	0.5%	0.6%	4.2%	2019	153,193	47,403	156,197	
32	100.0%	100.0%	99.7%	99.5%	0.3%	0.5%	5.8%	2020	129,773	61,315	136,063	-3.9%
33		100.0%		99.7%		0.3%	7.3%	2021	117,281	80,488	150,049	4.8%
											Projected ^[6]	
								2022		153,066	-0.4%	
								2023		146,790	-4.1%	
Total									5,067,711	318,740		

Notes:

^[1] See Exhibit 3.1.

^[2] See Exhibit 3.2.

^[3] Column (1) - Column (3) for 12/31/2020 and Column (2) - Column (4) for 12/31/2021.

^[4] 1.0 minus ratio of Column (6) claim opening rate for accident year YYYY at 12/31/2021 to Column (5) claim opening rate for accident year YYYY at 12/31/2020.

^[5] Estimated based on number of reported indemnity claims (excluding COVID-19 claims) as of December 31, 2021 (Column (8)) and selected reporting pattern on Column (2).

^[6] Estimated based on applying projected frequency trends to accident year 2019. Frequency trends for 2020 and 2021 are the actual trends adjusted for class mix and wage level (see Exhibit 12 of Agenda Item AC21-03-02), 2022 and 2023 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Exhibit 6.1 of Agenda Item AC22-03-02).

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]	
	@12/31/22	@12/31/23	@12/31/22	@12/31/23
	(1)	(2)	(3)	(4)
1989	222,087	222,087	621	575
1990	248,012	248,012	1,104	1,023
1991	248,336	248,347	1,492	1,382
1992	197,234	197,248	1,327	1,250
1993	155,323	155,340	1,115	1,068
1994	142,844	142,876	1,297	1,246
1995	134,059	134,095	1,719	1,656
1996	131,255	131,269	2,337	2,163
1997	137,113	137,156	2,105	2,036
1998	147,310	147,351	1,890	1,809
1999	148,433	148,485	1,490	1,442
2000	161,488	161,505	1,710	1,610
2001	185,368	185,422	2,163	1,986
2002	189,442	189,481	2,008	1,785
2003	184,209	184,246	1,904	1,668
2004	158,960	158,979	1,720	1,451
2005	139,528	139,528	1,642	1,364
2006	133,182	133,183	1,903	1,604
2007	130,135	130,142	1,953	1,666
2008	122,787	122,771	2,158	1,850
2009	113,513	113,519	2,344	1,962
2010	118,306	118,326	2,457	2,117
2011	120,776	120,802	2,885	2,399
2012	128,160	128,193	3,454	2,767
2013	136,395	136,452	3,960	3,206
2014	141,117	141,282	5,005	3,921
2015	145,146	145,296	6,480	4,890
2016	148,356	148,507	8,782	6,339
2017	148,868	149,034	12,279	8,745
2018	151,595	151,889	18,978	13,341
2019	154,224	154,642	31,033	20,859
2020	133,446	134,345	42,113	27,570
2021	143,112	147,163	65,788	45,185
<u>Projected</u>				
2022	119,639	145,989	82,106	67,111
2023		114,734		78,740
Total	5,219,758	5,367,696	321,321	319,786

Notes:

^{[1], [2]} Estimated based on the projected number of indemnity claims as of 12/31/2021 (Columns 9 and 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, 2022 and August 31, 2023

Calendar <u>Year</u>	Number of Open Indemnity Claims at Beginning <u>of the Year</u>	ULAE Paid per Open <u>Indemnity Claim</u>	ULAE <u>Paid (\$000)</u>
	(1)	(2)	(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	3,531	1,237,191
2019	334,060	3,219	1,075,218
2020	322,967	3,663	1,182,898
Projected			
2021	316,177	3,856	1,219,256
2022	318,740	4,046	1,289,539
2023	321,321	4,159	1,336,505
2024	319,786	4,262	1,363,013
(4) Projected ULAE Paid (\$000):			1,467,905
(5) Average of Calendar Years 2019 and 2021 Earned Premium (\$000):			14,856,802
(6) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.568
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			1.123
(8) Projected Losses (\$000): (5) x (6) x (7)			9,478,793
(9) Projected Ratio of ULAE to Losses: (4)/(8)			15.5%

Notes:

- (1) Calendar years 2010 to 2022 are based on WCIRB accident year experience calls. 2023 to 2024 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns (3) to (4) of Exhibit 3.4).
- (2) Calendar years 2010 to 2020 are from column (4) of Exhibit 2. Calendar years 2021 to 2024 are projected based on applying the California average annual wage level changes selected by the WCIRB, 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 2022 with 5.6%, 2023 with 72.2% and 2024 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2022 to August 31, 2023 policies, based on applying the average annual change of 3.2% from 2023 to 2025 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar years 2019 and 2021 earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2021.
- (6) See Exhibit 8 of Agenda Item AC22-03-02.
- (7) See Exhibit 5.2 of Agenda Item AC22-03-02.

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, 2022 and August 31, 2023

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year	ULAE Paid per Open Indemnity Claim	ULAE Paid (\$000)
	(1)	(2)	(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	3,531	1,237,191
2019	334,060	3,219	1,075,218
2020	322,967	3,663	1,182,898
Projected			
2021	316,177	3,597	1,137,313
2022	318,740	3,774	1,202,872
2023	321,321	3,880	1,246,681
2024	319,786	3,976	1,271,408
(4) Projected ULAE Paid (\$000):			1,369,251
(5) Average of Calendar Years 2019 and 2021 Earned Premium (\$000):			14,856,802
(6) Projected Loss to Industry Average Filed Pure Premium Ratio:			0.568
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			1.123
(8) Projected Losses (\$000): (5) x (6) x (7)			9,478,793
(9) Projected Ratio of ULAE to Losses: (4)/(8)			14.4%

Notes:

- (1) Calendar years 2010 to 2022 are based on WCIRB accident year experience calls. 2023 to 2024 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns (3) to (4) of Exhibit 3.4).
- (2) Calendar years 2010 to 2020 are from column (4) of Exhibit 2. Calendar years 2021 to 2024 are projected based on applying the California average annual wage level changes selected by the WCIRB (see Exhibit 5.1 of AC22-03-02), to the 2019 ULAE paid per open indemnity claim.
- (3) Column (1) x Column (2).
- (4) Weight average of calendar years 2022 with 5.6%, 2023 with 72.2% and 2024 with 22.2%, projected 2.9 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 3.2% from 2023 to 2025 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar years 2019 and 2021 earned premium from the same group of insurers that reported the number of open indemnity claims in calendar year 2021.
- (6) See Exhibit 8 of Agenda Item AC22-03-02.
- (7) See Exhibit 5.2 of Agenda Item AC22-03-02.

Average Paid ALAE per Reported Indemnity Claim - Private Insurers

As of December 30, 2021

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	8,718
2010	745	2,541	4,279	5,593	6,547	7,290	7,870	8,243	8,515	8,703
2011	753	2,563	4,188	5,522	6,537	7,325	7,837	8,186	8,422	8,579
2012	758	2,554	4,320	5,708	6,746	7,431	7,867	8,187	8,402	8,538
2013	777	2,790	4,582	5,936	6,851	7,418	7,817	8,059	8,219	
2014	879	2,992	4,769	6,056	6,864	7,392	7,740	7,949		
2015	951	3,067	4,846	6,032	6,772	7,227	7,528			
2016	933	3,157	4,901	6,023	6,700	7,129				
2017	1,016	3,281	4,942	5,966	6,616					
2018	1,111	3,382	5,052	6,143						
2019	1,121	3,320	5,060							
2020	1,073	3,423								
2021	1,031									

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%	10.6%
2010	10.4%	5.6%	4.8%	2.4%	1.0%	1.2%	1.1%	0.6%	0.3%	-0.2%
2011	1.1%	0.9%	-2.1%	-1.3%	-0.1%	0.5%	-0.4%	-0.7%	-1.1%	-1.4%
2012	0.7%	-0.3%	3.1%	3.4%	3.2%	1.4%	0.4%	0.0%	-0.2%	-0.5%
2013	2.5%	9.2%	6.1%	4.0%	1.6%	-0.2%	-0.6%	-1.6%	-2.2%	
2014	13.2%	7.2%	4.1%	2.0%	0.2%	-0.3%	-1.0%	-1.4%		
2015	8.1%	2.5%	1.6%	-0.4%	-1.3%	-2.2%	-2.7%			
2016	-1.8%	2.9%	1.1%	-0.1%	-1.1%	-1.4%				
2017	8.9%	3.9%	0.8%	-1.0%	-1.2%					
2018	9.3%	3.1%	2.2%	3.0%						
2019	0.9%	-1.8%	0.2%							
2020	-4.2%	3.1%								
2021	-4.0%									

Note: All paid ALAE exclude the paid cost of medical cost containment programs. AY2020 and AY2021 data excluded COVID-19 claims.

Source: WCIRB accident year experience calls.

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of December 31, 2021

Accident	Evaluated as of (in months):									
Year	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	0.153	0.159	0.164	0.166	0.167	0.168	0.168
2012	0.086	0.131	0.151	0.163	0.170	0.173	0.174	0.175	0.176	0.176
2013	0.091	0.147	0.164	0.173	0.178	0.180	0.182	0.183	0.183	
2014	0.104	0.159	0.170	0.176	0.179	0.181	0.183	0.183		
2015	0.112	0.158	0.170	0.174	0.177	0.179	0.180			
2016	0.106	0.160	0.172	0.177	0.181	0.182				
2017	0.111	0.163	0.172	0.177	0.179					
2018	0.115	0.162	0.173	0.176						
2019	0.116	0.161	0.172							
2020	0.104	0.152								
2021	0.101									

Accident	Annual Change									
Year	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%	1.6%	1.3%
2011	8.0%	4.8%	1.6%	3.0%	5.0%	5.6%	5.6%	5.1%	4.9%	4.8%
2012	-0.5%	0.7%	5.2%	6.7%	6.7%	5.4%	4.5%	4.6%	4.8%	4.8%
2013	5.6%	12.2%	8.6%	6.2%	4.8%	4.5%	4.7%	4.7%	4.4%	
2014	14.1%	7.8%	3.1%	1.9%	0.6%	0.4%	0.4%	-0.1%		
2015	8.3%	-0.5%	0.1%	-1.2%	-1.1%	-0.9%	-1.6%			
2016	-5.7%	1.2%	1.6%	1.8%	2.1%	1.4%				
2017	4.8%	1.9%	-0.2%	-0.1%	-0.9%					
2018	3.7%	-0.4%	0.6%	-0.5%						
2019	0.5%	-0.8%	-0.8%							
2020	-9.8%	-5.5%								
2021	-3.6%									

Note: All paid ALAE exclude the paid cost of medical cost containment programs. Accident years 2010 and prior paid loss include the paid cost of medical cost containment programs. AY2020 and AY2021 data excluded COVID-19 claims.

Source: WCIRB accident year experience calls.

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] @12/31/21 (in \$000) (1)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/21 (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)
1994	221,307	1.042	230,704	104,494	1.001	104,600	2,206	---
1995	245,100	1.046	256,274	100,183	1.001	100,298	2,555	15.8%
1996	292,171	1.049	306,407	101,241	1.001	101,385	3,022	18.3%
1997	369,305	1.052	388,461	104,492	1.002	104,674	3,711	22.8%
1998	507,704	1.056	536,176	112,224	1.002	112,455	4,768	28.5%
1999	558,316	1.059	591,395	116,131	1.002	116,391	5,081	6.6%
2000	662,547	1.063	704,608	117,909	1.003	118,216	5,960	17.3%
2001	788,993	1.068	842,438	113,660	1.003	113,987	7,391	24.0%
2002	827,894	1.072	887,510	112,173	1.003	112,538	7,886	6.7%
2003	839,044	1.076	903,061	108,423	1.004	108,829	8,298	5.2%
2004	721,147	1.081	779,274	99,507	1.004	99,908	7,800	-6.0%
2005	680,932	1.086	739,496	97,306	1.004	97,716	7,568	-3.0%
2006	747,948	1.094	817,962	104,212	1.004	104,674	7,814	3.3%
2007	825,742	1.100	908,457	107,253	1.004	107,735	8,432	7.9%
2008	879,202	1.109	975,009	105,357	1.005	105,844	9,212	9.2%
2009	913,262	1.119	1,021,896	100,546	1.005	101,034	10,114	9.8%
2010	966,134	1.131	1,092,949	108,257	1.005	108,834	10,042	-0.7%
2011	979,692	1.143	1,119,369	112,678	1.006	113,328	9,877	-1.6%
2012	1,037,168	1.159	1,201,630	121,192	1.006	121,971	9,852	-0.3%
2013	1,049,525	1.179	1,237,834	127,696	1.008	128,675	9,620	-2.4%
2014	1,038,006	1.205	1,251,182	130,577	1.009	131,727	9,498	-1.3%
2015	1,017,315	1.240	1,261,803	135,133	1.010	136,523	9,242	-2.7%
2016	999,633	1.295	1,294,426	140,215	1.012	141,877	9,124	-1.3%
2017	934,729	1.384	1,293,897	141,271	1.015	143,364	9,025	-1.1%
2018	885,918	1.542	1,366,132	144,206	1.019	146,891	9,300	3.0%
2019	738,915	1.920	1,418,730	146,017	1.027	149,926	9,463	1.7%
2020 ^[4]	420,948	3.020	1,271,342	122,070	1.058	129,208	9,840	4.0%
2021 ^[4]	111,702	11.915	1,330,964	108,371	1.307	141,635	9,397	-4.5%

Estimated Annual Exponential Trend Based on:

	R²
2008 to 2021	-0.4% 0.165
2017 to 2021	1.4% 0.482
Average:	0.5%

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 8.1 adjusted for change in claim settlement ratios.
- ^[3] Based on analogous Exhibit 8.3, applicable to private insurers only.
- ^[4] 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											Payment Year Ending December 31										
	01	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
1989	#	1,117	813	940	917	1,055	923	1,167	1,027	1,221	1,236	1,525	1,530	1,368	1,669	1,784	1,517	1,655	3,290	1,703	1,520	
1990	#	1,360	1,316	1,252	1,449	1,198	1,086	1,406	1,138	1,341	1,386	1,584	1,777	1,496	1,551	1,906	1,680	1,736	1,932	1,733	1,799	
1991	#	1,449	1,068	1,594	1,323	1,120	1,203	1,481	1,384	1,577	1,308	1,678	1,541	1,714	1,431	2,136	2,035	1,944	1,997	1,739	2,064	
1992	#	1,637	1,405	1,636	1,740	1,485	1,507	1,647	1,477	1,718	1,434	1,579	1,633	1,501	1,925	1,596	1,738	1,977	1,997	1,914	1,526	
1993	#	1,636	1,667	1,767	1,532	1,630	1,677	1,945	1,450	1,732	1,788	1,932	1,934	1,802	2,095	2,240	2,053	2,206	2,157	1,890	1,665	
1994	#	1,423	1,276	1,488	1,750	1,784	1,748	1,864	1,389	1,514	1,774	1,830	1,812	1,804	1,775	1,862	1,587	1,781	1,518	1,624	1,437	
1995	#	1,992	2,178	2,179	1,638	1,649	1,771	1,866	1,682	2,022	1,602	1,996	2,144	1,998	2,179	2,434	1,956	2,105	2,076	1,880	1,542	
1996	#	2,267	2,602	2,834	2,010	2,006	2,003	2,040	1,938	1,755	1,868	2,035	2,244	2,008	2,174	2,144	1,921	2,174	2,188	1,677	1,462	
1997	#	2,489	2,827	3,404	2,276	2,503	2,463	2,343	2,268	2,196	2,281	2,489	2,350	1,951	2,303	2,173	2,355	2,420	2,244	1,809	2,123	
1998	#	2,250	2,818	2,997	2,835	2,604	2,405	2,426	2,374	2,398	2,338	2,401	2,362	2,306	2,324	2,453	2,509	2,536	1,976	2,035	1,915	
1999	#	2,197	2,512	2,795	2,415	2,752	2,526	2,468	2,806	2,659	2,600	2,662	2,452	2,130	2,322	2,433	2,199	2,138	2,037	1,707	1,705	
2000	#	2,124	2,340	2,717	2,479	2,861	2,658	2,699	2,806	2,773	2,781	2,841	2,670	2,530	2,798	2,669	2,449	2,382	2,074	2,155	1,860	
2001	#	1,610	2,271	2,590	2,332	2,618	2,918	2,644	2,756	2,707	2,730	2,841	3,113	3,290	3,044	2,801	2,592	2,591	2,588	2,260	1,952	
2002		622	1,676	2,618	2,522	2,746	3,081	2,881	2,976	2,949	3,029	2,959	3,285	3,428	3,193	3,171	3,024	2,962	2,974	2,733	2,253	
2003			635	1,949	2,548	2,818	3,077	3,014	3,007	3,226	3,208	3,518	3,604	3,687	3,582	3,229	2,942	2,858	2,871	3,112	2,433	
2004				553	1,816	2,562	2,919	3,062	3,170	3,256	3,156	3,084	3,462	3,556	3,487	3,113	2,948	2,971	2,852	2,525	2,480	
2005					498	1,692	2,493	2,877	3,084	3,227	3,286	3,267	3,580	3,568	3,562	3,669	3,387	3,501	3,187	3,182	3,044	
2006						529	1,815	2,675	2,969	3,220	3,478	3,468	3,489	3,511	3,566	3,193	3,184	3,068	2,765	2,524	2,401	
2007							572	1,987	2,752	3,155	3,398	3,572	3,756	3,671	3,745	3,518	3,478	3,545	3,240	2,981	2,895	
2008								620	2,095	2,976	3,480	3,559	3,716	3,840	3,952	3,698	3,708	3,654	3,761	3,314	3,094	
2009								674		2,380	3,307	3,620	3,797	3,964	4,048	3,871	3,843	3,809	3,627	3,551	3,387	
2010										746		2,542	3,411	3,684	3,888	4,137	4,351	4,029	3,934	3,800	3,829	
2011												766	2,569	3,342	3,825	4,120	4,428	4,150	4,008	3,844	3,451	
2012													773	2,593	3,610	4,036	4,260	4,181	3,924	4,171	3,944	
2013														791	2,844	3,691	3,931	4,092	3,917	4,103	3,755	
2014															909	3,031	3,631	3,964	3,935	4,111	4,000	
2015																923	2,969	3,754	3,932	4,045	3,982	
2016																	933	3,137	3,887	4,029	4,036	
2017																		1,016	3,276	3,909	3,936	
2018																			1,111	3,334	3,922	
2019																				1,121	3,237	
2020																					1,081	
2021																					1,031	
ALAE per Claim	#	1,580	1,742	1,973	1,852	1,915	1,979	2,047	2,160	2,318	2,480	2,563	2,639	2,797	2,906	2,918	2,946	2,974	2,992	2,983	2,924	
Annual Change			10.2%	13.2%	-6.1%		3.4%	3.4%	5.5%	7.3%	7.0%	3.4%	3.0%	6.0%	3.9%	0.4%	1.0%	0.9%	0.6%	-0.3%	-2.0%	

Estimated Annual Exponential Trend Based on Payment Year: **R²**
2008-2021 2.9% 0.837
2017-2021 -0.1% 0.041
Average: 1.4%

[1] All paid / All paid / All paid ALAE exclude the paid All paid ALAE exclude the paid cost of medical cost containment programs. AY2020 and AY2021 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 c WCIRB c WCIRB quarterly calls for exper WCIRB quarterly calls for experience.

Paid Allocated Loss Adjustment Expense Development - Private Insurers
As of December 31, 2021

Accident	Age-to-Age Development (in months):															
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
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	1.007
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	1.007
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	1.006	
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	1.008		
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	1.009			
2009	4.322	1.775	1.354	1.199	1.126	1.083	1.054	1.037	1.027	1.019	1.014	1.011				
2010	4.300	1.737	1.342	1.190	1.120	1.076	1.049	1.033	1.023	1.017	1.010					
2011	4.225	1.729	1.351	1.196	1.109	1.072	1.045	1.030	1.019	1.014						
2012	4.338	1.773	1.344	1.174	1.105	1.060	1.042	1.026	1.018							
2013	4.542	1.706	1.297	1.161	1.085	1.056	1.032	1.022								
2014	4.322	1.635	1.285	1.139	1.081	1.048	1.029									
2015	4.041	1.630	1.255	1.128	1.071	1.044										
2016	4.254	1.603	1.240	1.117	1.069											
2017	3.979	1.546	1.218	1.114												
2018	3.767	1.533	1.227													
2019	3.654	1.573														
2020	3.945															
December 31, 2020																
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	10.865	2.973	1.940	1.592	1.426	1.331	1.270	1.231	1.200	1.177	1.158	1.142	1.128	1.117	1.108	1.098
Adjusted ^[1]	11.229	3.073	1.960	1.592	1.426	---	---	---	---	---	---	---	---	---	---	---
December 31, 2021																
Age-to-Age	3.945	1.573	1.227	1.114	1.069	1.044	1.029	1.022	1.018	1.014	1.010	1.011	1.009	1.008	1.006	1.007
Cumulative	11.742	2.976	1.892	1.542	1.384	1.295	1.240	1.205	1.179	1.159	1.143	1.131	1.119	1.109	1.100	1.094
Adjusted ^[1]	11.915	3.020	1.920	1.542	1.384	---	---	---	---	---	---	---	---	---	---	---
2-Year Arithmetic Average																
Age-to-Age	3.800	1.553	1.223	1.116	1.070	1.046	1.031	1.024	1.019	1.016	1.012	1.012	1.010	1.008	1.008	1.007
Cumulative	11.304	2.975	1.916	1.567	1.405	1.313	1.255	1.218	1.189	1.168	1.150	1.136	1.123	1.113	1.104	1.096
Adjusted ^[1]	11.576	3.047	1.940	1.567	1.405	---	---	---	---	---	---	---	---	---	---	---
Accident	Age-to-Age Development (in months):															
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	384-396
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	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	1.001	
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	1.002		
1992	1.002	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	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	1.002				
1994	1.008	1.007	1.006	1.006	1.005	1.005	1.004	1.005	1.003	1.003	1.003					
1995	1.009	1.009	1.008	1.008	1.008	1.006	1.008	1.005	1.004	1.003						
1996	1.009	1.008	1.007	1.007	1.006	1.007	1.005	1.004	1.003							
1997	1.008	1.008	1.007	1.007	1.006	1.005	1.004	1.004								
1998	1.010	1.010	1.008	1.006	1.005	1.004	1.003									
1999	1.010	1.008	1.006	1.005	1.004	1.004										
2000	1.009	1.007	1.006	1.004	1.004											
2001	1.008	1.007	1.005	1.004												
2002	1.007	1.005	1.004													
2003	1.006	1.004														
2004	1.005															
December 31, 2020																
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	
Cumulative ^[2]	1.092	1.085	1.080	1.074	1.070	1.066	1.061	1.057	1.053	1.049	1.046	1.043	1.040	1.039	1.037	
December 31, 2021																
Age-to-Age	1.005	1.004	1.004	1.004	1.004	1.004	1.003	1.004	1.003	1.003	1.003	1.002	1.002	1.002	1.001	1.002
Cumulative ^[2]	1.086	1.081	1.076	1.072	1.068	1.063	1.059	1.056	1.052	1.049	1.046	1.042	1.040	1.039	1.037	
2-Year Arithmetic Average																
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]	1.089	1.083	1.078	1.073	1.069	1.065	1.060	1.057	1.052	1.049	1.046	1.043	1.040	1.039	1.037	

Note:

^[1] The paid ALAE factors are adjusted 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 powerfit to the "3-Year Arithmetic Average" factors.

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

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

Age in Months	Accident Year																
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
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	7.886	---	9.325
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	3.137	---	3.190
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	2.132	---	2.061
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	1.664	1.703	
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	1.461	
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	1.312	
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	1.216	1.209	
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	1.159		
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	1.131		
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	1.109		
33	- 36	1.107	1.103	1.111	1.114	1.113	1.108	1.104	1.101	1.095	1.088	1.092	1.084	1.078	1.083		
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	1.063			
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	1.057			
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	1.050			
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	1.040			
48	- 51	1.050	1.050	1.052	1.053	1.053	1.051	1.050	1.047	1.041	1.036	1.034	1.031				
51	- 54	1.049	1.050	1.049	1.050	1.048	1.048	1.046	1.042	1.035	1.034	1.031	1.030				
54	- 57	1.038	1.043	1.045	1.043	1.040	1.043	1.038	1.035	1.031	1.027	1.025	1.027				
57	- 60	1.037	1.038	1.039	1.039	1.037	1.036	1.035	1.031	1.028	1.026	1.023	1.022				
60	- 63	1.032	1.032	1.034	1.034	1.032	1.031	1.031	1.025	1.024	1.021	1.019					
63	- 66	1.030	1.031	1.033	1.031	1.032	1.029	1.028	1.022	1.021	1.019	1.018					
66	- 69	1.027	1.029	1.028	1.028	1.028	1.024	1.024	1.021	1.017	1.015	1.017					
69	- 72	1.025	1.028	1.026	1.026	1.023	1.023	1.021	1.018	1.018	1.014	1.014					
72	- 75	1.022	1.023	1.023	1.022	1.021	1.020	1.019	1.018	1.016	1.013						
75	- 78	1.020	1.023	1.022	1.022	1.020	1.019	1.016	1.015	1.013	1.011						
78	- 81	1.019	1.020	1.020	1.020	1.017	1.017	1.015	1.011	1.010	1.011						
81	- 84	1.018	1.019	1.018	1.017	1.016	1.014	1.013	1.012	1.009	1.009						
84	- 87	1.016	1.016	1.016	1.015	1.014	1.014	1.013	1.012	1.009							
87	- 90	1.015	1.015	1.016	1.014	1.012	1.012	1.011	1.008	1.007							
90	- 93	1.014	1.014	1.014	1.012	1.012	1.011	1.009	1.006	1.007							
93	- 96	1.013	1.013	1.013	1.012	1.010	1.011	1.009	1.007	1.006							
96	- 99	1.012	1.011	1.011	1.010	1.010	1.010	1.010	1.008								
99	- 102	1.012	1.012	1.011	1.009	1.009	1.008	1.007	1.004								
102	- 105	1.012	1.011	1.009	1.009	1.008	1.004	1.004	1.005								
105	- 108	1.010	1.010	1.008	1.008	1.007	1.007	1.006	1.005								
108	- 111	1.009	1.009	1.008	1.008	1.007	1.008	1.007									
111	- 114	1.009	1.008	1.007	1.007	1.006	1.005	1.002									
114	- 117	1.008	1.007	1.007	1.007	1.005	1.002	1.005									
117	- 120	1.008	1.007	1.006	1.006	1.006	1.006	1.006									
120	- 123	1.007	1.006	1.006	1.005	1.006	1.006										

^[1] All paid allocated loss adjustment expense exclude the paid cost of medical cost containment programs. Italic factors exclude COVID-19 claims.

Source: WCIRB quarterly calls for experience.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):															
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
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	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	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	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	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	1.000				
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.001	1.000	1.000					
2011	1.230	1.033	1.014	1.007	1.002	1.001	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	1.001							
2013	1.240	1.031	1.010	1.004	1.002	1.002	1.001	1.001								
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.001									
2015	1.236	1.027	1.006	1.003	1.002	1.001										
2016	1.244	1.029	1.007	1.003	1.002											
2017	1.220	1.023	1.007	1.003												
2018	1.226	1.024	1.007													
2019	1.222	1.028														
2020	1.220															
I. Age-to-Age (Latest Year)																
	1.220	1.028	1.007	1.003	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
II. Age-to-Ultimate																
	1.279	1.048	1.020	1.013	1.010	1.008	1.007	1.006	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.003

Accident	Age-to-Age Development (in months):															
Year	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	
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			1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1991		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
1998	1.000	1.000	1.000	1.000	1.000	1.000										
1999	1.000	1.000	1.000	1.000	1.000											
2000	1.000	1.000	1.000	1.000												
2001	1.000	1.000	1.000													
2002	1.000	1.000														
2003	1.000															
I. Age-to-Age (Latest Year)																
	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
II. Age-to-Ultimate																
	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Note: Accident year 2020 data excluded COVID-19 claims.
Source: WCIRB quarterly calls for experience.

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, 2022 and August 31, 2023

Acc. Year	Indemnity Claim Counts @12/31/21	Cumulative Count Development Factors ⁽²⁾	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ⁽³⁾	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1994	142,805	1.001	142,908	2,206	315,196
1995	134,045	1.001	134,156	2,555	342,785
1996	131,214	1.001	131,363	3,022	397,010
1997	137,072	1.001	137,267	3,711	509,417
1998	147,238	1.002	147,499	4,768	703,261
1999	148,416	1.002	148,695	5,081	755,535
2000	161,441	1.002	161,792	5,960	964,335
2001	185,329	1.002	185,769	7,391	1,372,960
2002	193,825	1.003	194,324	7,886	1,532,502
2003	184,187	1.003	184,684	8,298	1,532,498
2004	158,960	1.003	159,389	7,800	1,243,225
2005	139,490	1.003	139,867	7,568	1,058,484
2006	133,124	1.003	133,491	7,814	1,043,146
2007	130,085	1.003	130,427	8,432	1,099,803
2008	122,710	1.003	123,038	9,212	1,133,395
2009	113,313	1.003	113,635	10,114	1,149,352
2010	117,906	1.003	118,267	10,042	1,187,682
2011	120,305	1.003	120,704	9,877	1,192,231
2012	127,527	1.004	128,004	9,852	1,261,074
2013	135,509	1.005	136,176	9,620	1,309,992
2014	140,626	1.006	141,463	9,498	1,343,663
2015	144,994	1.007	146,007	9,242	1,349,453
2016	148,191	1.008	149,392	9,124	1,362,989
2017	148,580	1.010	150,075	9,025	1,354,456
2018	151,186	1.013	153,120	9,300	1,424,064
2019	153,193	1.020	156,197	9,463	1,478,073
2020 ⁽⁴⁾	129,773	1.048	136,063	9,840	1,338,800
2021 ⁽⁴⁾	117,281	1.279	150,058	9,397	1,410,115

Projected Based on 2019 and 2021:

	Ult. Ind. Counts ⁽⁵⁾	Ult. ALAE per Ind. Counts ⁽⁶⁾	Ultimate ALAE ⁽⁷⁾
2022	153,070	9,620	1,472,589
2023	146,794	9,717	1,426,335
9/1/2023	145,237	9,733	1,413,542

- (a) Projected ALAE Incurred (\$000): 1,413,542
(b) Average of Calendar Year 2019 and 2021 Earned Premium⁽⁸⁾ (\$000): 14,856,802
(c) Projected Loss to Industry Average Filed Pure Premium Ratio⁽⁹⁾: 0.568
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ⁽¹⁰⁾: 1.123
(e) Projected Losses (\$000): (b) x (c) x (d) 9,478,793
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e) 14.9%
(g) Impact of SB 1160 and AB 1244⁽¹¹⁾ -2.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244:
(f) x [1.0 + (g)] 14.5%

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 8.3.
⁽³⁾ Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 6.
⁽⁴⁾ AY2020 and AY2021 data excluded COVID-19 claims.
⁽⁵⁾ Estimated based on projected frequency trends for accident years 2021 to 2024. The 2021 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC22-03-02, Exhibit 12), and 2022 to 2024 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC22-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2019 and 2021 ultimate indemnity claim counts.
⁽⁶⁾ Severities are 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 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2019 and 2021 ultimate ALAE severity.
⁽⁷⁾ Column(3) x Column(4) / 1,000.
⁽⁸⁾ Based on the reported earned premium for calendar year 2019 and 2021 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, 2021.
⁽⁹⁾ See Exhibit 8 of Item AC22-03-02.
⁽¹⁰⁾ See Exhibit 5.2 of Item AC22-03-02.
⁽¹¹⁾ Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 75% 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 Paid ALAE Development Adjusted for Changes in Claim Settlement Rates

Acc. Year	Paid ALAE ^[1] @12/31/21 (in \$000) (1)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/21 (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)
1994	221,307	1.043	230,716	104,494	1.001	104,600	2,206	---
1995	245,100	1.046	256,287	100,183	1.001	100,298	2,555	15.8%
1996	292,171	1.049	306,423	101,241	1.001	101,385	3,022	18.3%
1997	369,305	1.052	388,675	104,492	1.002	104,674	3,713	22.9%
1998	507,704	1.057	536,470	112,224	1.002	112,455	4,771	28.5%
1999	558,316	1.060	592,014	116,131	1.002	116,391	5,086	6.6%
2000	662,547	1.065	705,346	117,909	1.003	118,216	5,967	17.3%
2001	788,993	1.069	843,320	113,660	1.003	113,987	7,398	24.0%
2002	827,894	1.073	888,440	112,173	1.003	112,538	7,895	6.7%
2003	839,044	1.078	904,457	108,423	1.004	108,829	8,311	5.3%
2004	721,147	1.083	780,867	99,507	1.004	99,908	7,816	-6.0%
2005	680,932	1.089	741,377	97,306	1.004	97,716	7,587	-2.9%
2006	747,948	1.096	819,635	104,212	1.004	104,674	7,830	3.2%
2007	825,742	1.104	911,672	107,253	1.004	107,735	8,462	8.1%
2008	879,202	1.113	978,460	105,357	1.005	105,844	9,244	9.2%
2009	913,262	1.123	1,026,021	100,546	1.005	101,034	10,155	9.9%
2010	966,134	1.136	1,097,904	108,257	1.005	108,834	10,088	-0.7%
2011	979,692	1.150	1,126,670	112,678	1.006	113,328	9,942	-1.4%
2012	1,037,168	1.168	1,211,257	121,192	1.006	121,971	9,931	-0.1%
2013	1,049,525	1.189	1,248,364	127,696	1.008	128,675	9,702	-2.3%
2014	1,038,006	1.218	1,264,294	130,577	1.009	131,727	9,598	-1.1%
2015	1,017,315	1.255	1,276,885	135,133	1.010	136,523	9,353	-2.6%
2016	999,633	1.313	1,312,407	140,215	1.012	141,877	9,250	-1.1%
2017	934,729	1.405	1,313,098	141,271	1.015	143,364	9,159	-1.0%
2018	885,918	1.567	1,388,273	144,206	1.019	146,891	9,451	3.2%
2019	738,915	1.940	1,433,570	146,017	1.027	149,926	9,562	1.2%
2020 ^[4]	420,948	3.047	1,282,490	122,070	1.058	129,208	9,926	3.8%
2021 ^[4]	111,702	11.576	1,293,077	108,371	1.307	141,635	9,130	-8.0%

Estimated Annual Exponential Trend Based on:			<u>R²</u>
	2008 to 2021	-0.4%	0.206
	2017 to 2021	0.4%	0.038
	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 8.1 adjusted for change in claim settlement ratios.
- ^[3] Based on analogous Exhibit 8.3, applicable to private insurers only.
- ^[4] Excluded COVID-19 claims.

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, 2022 and August 31, 2023

Acc.	Indemnity Claim Counts	Cumulative Count Development	Estimated Ultimate	Estimated Ult. ALAE per Indemnity	Estimated Ult. ALAE
Year	@12/31/21	Factors ^[2]	Ind. Counts	Claim ^[3]	(in \$000)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1994	142,805	1.001	142,908	2,206	315,212
1995	134,045	1.001	134,156	2,555	342,802
1996	131,214	1.001	131,363	3,022	397,030
1997	137,072	1.001	137,267	3,713	509,696
1998	147,238	1.002	147,499	4,771	703,646
1999	148,416	1.002	148,695	5,086	756,326
2000	161,441	1.002	161,792	5,967	965,345
2001	185,329	1.002	185,769	7,398	1,374,398
2002	193,825	1.003	194,324	7,895	1,534,107
2003	184,187	1.003	184,684	8,311	1,534,867
2004	158,960	1.003	159,389	7,816	1,245,767
2005	139,490	1.003	139,867	7,587	1,061,176
2006	133,124	1.003	133,491	7,830	1,045,280
2007	130,085	1.003	130,427	8,462	1,103,695
2008	122,710	1.003	123,038	9,244	1,137,407
2009	113,313	1.003	113,635	10,155	1,153,992
2010	117,906	1.003	118,267	10,088	1,193,066
2011	120,305	1.003	120,704	9,942	1,200,007
2012	127,527	1.004	128,004	9,931	1,271,177
2013	135,509	1.005	136,176	9,702	1,321,135
2014	140,626	1.006	141,463	9,598	1,357,745
2015	144,994	1.007	146,007	9,353	1,365,583
2016	148,191	1.008	149,392	9,250	1,381,923
2017	148,580	1.010	150,075	9,159	1,374,557
2018	151,186	1.013	153,120	9,451	1,447,144
2019	153,193	1.020	156,197	9,562	1,493,533
2020	129,773	1.048	136,063	9,926	1,350,539
2021 ^[4]	117,281	1.279	150,058	9,130	1,369,976

Projected Based on 2019 and 2021:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2022	153,070	9,536	1,459,716
2023	146,794	9,632	1,413,867
9/1/2023	145,237	9,648	1,401,186

- (a) Projected ALAE Incurred (\$000): 1,401,186
- (b) Calendar Year 2019 and 2021 Earned Premium^[8] (\$000): 14,856,802
- (c) Projected Loss to Industry Average Filed Pure Premium Ratio^[9]: 0.568
- (d) Premium Adjustment Factor for Calendar Year 2019 and 2021^[10]: 1.123
- (e) Projected Losses (\$000): (b) x (c) x (d) 9,478,793
- (f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e) 14.8%
- (g) Impact of SB 1160 and AB 1244^[11] -2.8%
- (h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244:
(f) x [1.0 + (g)] 14.4%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 9.1.
- ^[4] AY2020 and AY2021 data excluded COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2021 to 2024. The 2021 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC22-03-02, Exhibit 12), and 2022 to 2024 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC22-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2019 and 2021 ultimate indemnity claim counts.
- ^[6] Severities are 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 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2019 and 2021 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2019 and 2021 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, 2021.
- ^[9] See Exhibit 8 of Item AC22-03-02.
- ^[10] See Exhibit 5.2 of Item AC22-03-02.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 75% 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 Latest Year Paid ALAE Development
Adjusted for Changes in Claim Settlement Rates - Trend Applied to 2019
for Policies with Effective Dates between September 1, 2022 and August 31, 2023

Acc. Year	Indemnity Claim Counts @12/31/21	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1994	142,805	1.001	142,908	2,206	315,196
1995	134,045	1.001	134,156	2,555	342,785
1996	131,214	1.001	131,363	3,022	397,010
1997	137,072	1.001	137,267	3,711	509,417
1998	147,238	1.002	147,499	4,768	703,261
1999	148,416	1.002	148,695	5,081	755,535
2000	161,441	1.002	161,792	5,960	964,335
2001	185,329	1.002	185,769	7,391	1,372,960
2002	193,825	1.003	194,324	7,886	1,532,502
2003	184,187	1.003	184,684	8,298	1,532,498
2004	158,960	1.003	159,389	7,800	1,243,225
2005	139,490	1.003	139,867	7,568	1,058,484
2006	133,124	1.003	133,491	7,814	1,043,146
2007	130,085	1.003	130,427	8,432	1,099,803
2008	122,710	1.003	123,038	9,212	1,133,395
2009	113,313	1.003	113,635	10,114	1,149,352
2010	117,906	1.003	118,267	10,042	1,187,682
2011	120,305	1.003	120,704	9,877	1,192,231
2012	127,527	1.004	128,004	9,852	1,261,074
2013	135,509	1.005	136,176	9,620	1,309,992
2014	140,626	1.006	141,463	9,498	1,343,663
2015	144,994	1.007	146,007	9,242	1,349,453
2016	148,191	1.008	149,392	9,124	1,362,989
2017	148,580	1.010	150,075	9,025	1,354,456
2018	151,186	1.013	153,120	9,300	1,424,064
2019	153,193	1.020	156,197	9,463	1,478,073
2020	129,773	1.048	136,063	9,840	1,338,800
2021 ^[4]	117,281	1.279	150,058	9,397	1,410,115

Projected Based on 2019:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2022	156,682	9,750	1,527,586
2023	150,258	9,847	1,479,604
9/1/2023	148,664	9,863	1,466,334

(a) Projected ALAE Incurred (\$000):	1,466,334
(b) Calendar Year 2019 Earned Premium ^[8] (\$000):	16,120,058
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[9] :	0.568
(d) Premium Adjustment Factor for Calendar Year 2019 ^[10] :	1.081
(e) Projected Losses (\$000): (b) x (c) x (d)	9,898,445
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	14.8%
(g) Impact of SB 1160 and AB 1244 ^[11]	-2.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	14.4%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 6.
- ^[4] AY2020 and AY2021 data excluded COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2021 to 2024. The 2021 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC22-03-02, Exhibit 12), and 2022 to 2024 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC22-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2019 ultimate indemnity claim counts.
- ^[6] Severities are 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 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, 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, 2021.
- ^[9] See Exhibit 8 of Item AC22-03-02.
- ^[10] See Exhibit 5.2 of Item AC22-03-02.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 75% to reflect the impact of the reforms in the emerging ALAE data.

Average Paid MCCP per Reported Indemnity Claim - Statewide
As of December 31, 2021

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>
2012	674	1,361	1,744	1,990	2,097	2,208	2,284	2,336
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	2,080
2015	603	1,209	1,538	1,748	1,863	1,930	1,959	
2016	592	1,152	1,453	1,628	1,726	1,790		
2017	585	1,125	1,429	1,601	1,701			
2018	639	1,178	1,460	1,623				
2019	607	1,140	1,447					
2020	577	1,111						
2021	550							

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>
2013	-2.8%	-7.9%	-7.1%	-8.5%	-6.4%	-6.3%	-6.7%	-7.1%
2014	-6.0%	-4.2%	-2.7%	-1.9%	-1.6%	-2.8%	-2.7%	-4.2%
2015	-2.1%	0.7%	-2.4%	-2.2%	-3.5%	-4.0%	-5.5%	
2016	-1.9%	-4.7%	-5.5%	-6.9%	-7.4%	-7.2%		
2017	-1.1%	-2.3%	-1.6%	-1.6%	-1.4%			
2018	9.1%	4.7%	2.1%	1.4%				
2019	-4.9%	-3.2%	-0.8%					
2020	-5.0%	-2.5%						
2021	-4.6%							

Note: Accident years 2020 and 2021 exclude COVID-19 claims.

Source: WCIRB accident year experience calls.

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

Accident Year	Paid MCCP @12/31/21 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2) (4)	Indemnity Claim Counts @12/31/21 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5) (6)	Estimated Ultimate MCCP per Indemnity Claim (7)=(3)/(6) x 1000 (7)	Annual change
2012	307,729	1.268	390,217	127,527	1.004	128,004	3,048	---
2013	299,849	1.284	384,901	135,509	1.005	136,176	2,826	-7.3%
2014	297,744	1.304	388,138	140,626	1.006	141,463	2,744	-2.9%
2015	288,112	1.329	382,915	144,994	1.007	146,007	2,623	-4.4%
2016	268,213	1.367	366,685	148,191	1.008	149,392	2,455	-6.4%
2017	255,420	1.433	365,940	148,580	1.010	150,075	2,438	-0.7%
2018	249,346	1.540	383,944	151,186	1.013	153,120	2,507	2.8%
2019	224,708	1.749	392,993	153,193	1.020	156,197	2,516	0.3%
2020	147,613	2.300	339,451	129,773	1.048	136,063	2,495	-0.8%
2021 ^[3]	66,476	5.452	362,453	117,281	1.279	150,058	2,415	-3.2%

Estimated Annual Exponential Trend Based on:

2012 to 2021	-2.1%
2017 to 2021	-0.2%

Notes:

^[1] Based on latest year paid MCCP development through 120 months from Exhibit 14.2. 120-to-ultimate is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC22-03-02.

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.

^[3] AY2020 and AY2021 exclude 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
2008	\$848	---
2009	\$808	-4.7%
2010	\$872	7.9%
2011	\$914	4.8%
2012	\$942	3.0%
2013	\$984	4.5%
2014	\$964	-2.1%
2015	\$1,034	7.3%
2016	\$1,032	-0.2%
2017	\$944	-8.6%
2018	\$948	0.4%
2019	\$928	-2.1%
2020	\$897	-3.3%

Estimated Annual Exponential Trend Based on:

2009-2020	0.8%
R^2	0.161

^[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. Calendar year 2020 is excluding COVID-19 data.

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

Paid MCPP Development Factors - Statewide
Quarterly Development

Age in Months	Accident Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 ^[1]	2021 ^[1]
3 - 6	5.599	5.796	6.047	5.652	6.118	5.561	5.864	5.288	4.814	5.896
6 - 9	2.356	2.432	2.402	2.457	2.407	2.395	2.335	2.354	2.295	2.181
9 - 12	1.763	1.773	1.771	1.742	1.725	1.776	1.825	1.780	1.733	1.765
12 - 15	1.476	1.412	1.456	1.468	1.480	1.444	1.420	1.419	1.439	
15 - 18	1.277	1.253	1.299	1.282	1.244	1.254	1.242	1.239	1.266	
18 - 21	1.171	1.157	1.194	1.177	1.170	1.155	1.148	1.165	1.154	
21 - 24	1.128	1.121	1.128	1.120	1.125	1.122	1.117	1.121	1.128	
24 - 27	1.083	1.099	1.096	1.096	1.086	1.091	1.084	1.096		
27 - 30	1.077	1.081	1.073	1.073	1.076	1.071	1.065	1.081		
30 - 33	1.051	1.068	1.045	1.062	1.054	1.057	1.054	1.057		
33 - 36	1.045	1.054	1.036	1.047	1.053	1.052	1.042	1.050		
36 - 39	1.047	1.053	1.033	1.040	1.036	1.045	1.043			
39 - 42	1.036	1.043	1.026	1.039	1.032	1.030	1.034			
42 - 45	1.036	1.035	1.025	1.029	1.028	1.025	1.027			
45 - 48	1.031	1.027	1.019	1.028	1.026	1.023	1.026			
48 - 51	1.031	1.023	1.025	1.019	1.020	1.025				
51 - 54	1.025	1.023	1.025	1.020	1.016	1.018				
54 - 57	1.022	1.019	1.018	1.015	1.014	1.015				
57 - 60	1.017	1.016	1.016	1.014	1.013	1.014				
60 - 63	1.015	1.015	1.012	1.011	1.013					
63 - 66	1.016	1.016	1.013	1.010	1.012					
66 - 69	1.014	1.012	1.011	1.009	1.010					
69 - 72	1.011	1.012	1.009	1.007	1.013					
72 - 75	1.009	1.010	1.009	1.007						
75 - 78	1.010	1.009	1.007	1.009						
78 - 81	1.007	1.006	1.010	1.007						
81 - 84	1.009	1.006	1.005	1.005						
84 - 87	1.008	1.006	1.003							

^[1] AY2020 and AY2021 exclude COVID-19 claims.

Source: WCIRB quarterly calls for experience.

Paid MCCP Development Factors - Statewide
Annual Development

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
2012	2.491	1.281	1.160	1.097	1.055	1.043	1.023	1.014	1.012	
2013	2.292	1.341	1.168	1.082	1.061	1.031	1.020	1.016		
2014	2.446	1.364	1.144	1.087	1.043	1.031	1.020			
2015	2.476	1.306	1.143	1.069	1.038	1.029				
2016	2.423	1.294	1.128	1.064	1.048					
2017	2.336	1.300	1.129	1.075						
2018	2.262	1.268	1.136							
2019	2.296	1.315								
2020	2.371									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult
Latest Year	2.371	1.315	1.136	1.075	1.048	1.029	1.020	1.016	1.012	
Age -to-Ult. ^[1]	5.452	2.300	1.749	1.540	1.433	1.367	1.329	1.304	1.284	1.268
2-Year Average	2.333	1.291	1.132	1.069	1.043	1.030	1.020	1.015	1.012	
Age -to-Ult. ^[1]	5.204	2.230	1.727	1.525	1.427	1.368	1.328	1.303	1.284	1.268

Notes:

^[1] 120-to-Ult. is based on selected paid medical 120-to-ultimate development factor on Exhibit 3.2 of Agenda Item AC-22-03-02.

^[2] AY2020 and AY2021 exclude COVID-19 claims.

Source: WCIRB quarterly calls for experience.

Projected Ratio of MCCP to Losses - Statewide

Projected Ultimate MCCP per Indemnity Claim based on Latest Year Paid MCCP Development
Trend Applied to 2019 and 2021
for Policies with Effective Dates between September 1, 2022 and August 31, 2023

Year	Paid MCCP @12/31/21 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/21 (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
2013	299,849	1.284	384,901	135,509	1.005	136,176	2,826
2014	297,744	1.304	388,138	140,626	1.006	141,463	2,744
2015	288,112	1.329	382,915	144,994	1.007	146,007	2,623
2016	268,213	1.367	366,685	148,191	1.008	149,392	2,455
2017	255,420	1.433	365,940	148,580	1.010	150,075	2,438
2018	249,346	1.540	383,944	151,186	1.013	153,120	2,507
2019	224,708	1.749	392,993	153,193	1.020	156,197	2,516
2020	147,613	2.300	339,451	129,773	1.048	136,063	2,495
2021	66,476	5.452	362,453	117,281	1.279	150,058	2,415

Projected Based on 2-Year Average of 2019 and 2021:

	Ultimate MCCP ^[5]	Ult. Ind. Counts ^[3]	Ult. MCCP per Ind. Counts ^[4]
2022	369,859	153,070	2,416
2023	351,148	146,794	2,392
9/1/2023	346,841	145,237	2,388

(a) Projected MCCP (\$000):	346,841
(b) Calendar Year 2019 and 2021 Earned Premium ^[6] (\$000):	14,856,802
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.568
(d) Premium Adjustment Factor for Calendar Year 2019 and 2021 ^[8] :	1.123
(e) Projected Losses (\$000): (b) x (c) x (d)	9,478,793
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.7%

Notes:

^[1] Based on latest year paid MCCP development through 120 months from Exhibit 14.2. 120-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC22-03-02.

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.

^[3] Estimated based on projected frequency trends for accident years 2021 to 2024. The 2021 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC22-03-02, Exhibit 12), and 2022 to 2024 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC22-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2019 and 2021 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 12 and calendar year MCCP paid per open claim from Exhibit 13 to the ultimate MCCP severity estimated from averaging 2019 and 2021.

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

^[6] Based on the reported earned premium for calendar year 2019 and 2021 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, 2021.

^[7] See Exhibit 8 of Agenda Item AC22-03-02

^[8] See Exhibit 5.2 of Agenda Item AC22-03-02.

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 2021
for Policies with Effective Dates between September 1, 2022 and August 31, 2023

Year	Paid MCCP @12/31/21 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/21 (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
2013	299,849	1.284	384,901	135,509	1.005	136,176	2,826
2014	297,744	1.303	387,936	140,626	1.006	141,463	2,742
2015	288,112	1.328	382,714	144,994	1.007	146,007	2,621
2016	268,213	1.368	366,864	148,191	1.008	149,392	2,456
2017	255,420	1.427	364,380	148,580	1.010	150,075	2,428
2018	249,346	1.525	380,316	151,186	1.013	153,120	2,484
2019	224,708	1.727	388,064	153,193	1.020	156,197	2,484
2020	147,613	2.230	329,205	129,773	1.048	136,063	2,420
2021	66,476	5.204	345,925	117,281	1.279	150,058	2,305

Projected Based on 2-Year Average of 2019 and 2021:

	<u>Ultimate MCCP^[5]</u>	<u>Ult. Ind. Counts^[3]</u>	<u>Ult. MCCP per Ind. Counts^[4]</u>
2022	359,170	153,070	2,346
2023	341,000	146,794	2,323
9/1/2023	336,817	145,237	2,319

(a) Projected MCCP (\$000):	336,817
(b) Average of Calendar Years 2019 and 2021 Earned Premium ^[6] (\$000):	14,856,802
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.568
(d) Premium Adjustment Factor ^[8] :	1.123
(e) Projected Losses (\$000): (b) x (c) x (d)	9,478,793
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.6%

Notes:

- ^[1] Based on 2-year average paid MCCP development through 120 months from Exhibit 14.2. 120-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC22-03-02.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Estimated based on projected frequency trends for accident years 2021 to 2024. The 2021 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC22-03-02, Exhibit 12), and 2022 to 2024 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC22-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2019 and 2021 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 12 and calendar year MCCP paid per open claim from Exhibit 13 to the ultimate MCCP severity estimated from averaging 2019 and 2021.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar years 2019 and 2021 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, 2021.
- ^[7] See Exhibit 8 of Agenda Item AC22-03-02
- ^[8] Average of 2019 and 2021 premium adjustment factors. See Exhibit 5.2 of Agenda Item AC22-03-02.

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, 2022 and August 31, 2023

Accident Year	Paid MCCP @12/31/21 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/21 (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
2013	299,849	1.284	384,901	135,509	1.005	136,176	2,826
2014	297,744	1.304	388,138	140,626	1.006	141,463	2,744
2015	288,112	1.329	382,915	144,994	1.007	146,007	2,623
2016	268,213	1.367	366,685	148,191	1.008	149,392	2,455
2017	255,420	1.433	365,940	148,580	1.010	150,075	2,438
2018	249,346	1.540	383,944	151,186	1.013	153,120	2,507
2019	224,708	1.749	392,993	153,193	1.020	156,197	2,516
2020	147,613	2.300	339,451	129,773	1.048	136,063	2,495
2021	66,476	5.452	362,453	117,281	1.279	150,058	2,415

Projected Based on 2019:

	Ultimate MCCP ^[5]	Ult. Ind. Counts ^[3]	Ult. MCCP per Ind. Counts ^[4]
2022	382,504	156,682	2,441
2023	363,153	150,258	2,417
9/1/2023	358,698	148,664	2,413

(a) Projected MCCP (\$000):	358,698
(b) Calendar Year 2019 Earned Premium ^[6] (\$000):	16,120,058
(c) Projected Loss to Industry Average Filed Pure Premium Ratio ^[7] :	0.568
(d) Premium Adjustment Factor for Calendar Year 2019 ^[8] :	1.081
(e) Projected Losses (\$000): (b) x (c) x (d)	9,898,445
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.6%

Notes:

- ^[1] Based on latest year paid MCCP development through 120 months from Exhibit 14.2. 120-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC22-03-02.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Estimated based on projected frequency trends for accident years 2021 to 2024. The 2021 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC22-03-02, Exhibit 12), and 2022 to 2024 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC22-03-02, Exhibit 6.1). 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 12 and calendar year MCCP paid per open claim from Exhibit 13 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, 2021.
- ^[7] See Exhibit 8 of Agenda Item AC22-03-02
- ^[8] See Exhibit 5.2 of Agenda Item AC22-03-02.

Item AC22-04-02

9/1/2022 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, 2021 experience, included in Item AC22-03-02, includes a combination of latest year reform-adjusted¹ 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, 2021 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC22-03-02 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. Two-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms³ – Exhibits 8.1 through 8.3

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2022 and August 31, 2023 based on the alternative loss development methodologies described above is shown in Table 1.

¹ These include adjustments for the provisions of Senate Bill No. 1160 (SB 1160) related to lien filings, adjustments for the decreases in pharmaceutical costs through 2018, and adjustments for the changes to medical fee schedules in 2021.

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.

³ This loss development methodology was the basis of the September 1, 2021 Pure Premium Rate Filing projection.

Table 1: Projected Loss Ratios Based on Alternative Loss Development Methodologies

Loss Development Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
April 14, 2022 Agenda Methodology			
Latest Year Paid Adjusted for Reforms and Changes in Claim Settlement Rates	0.277	0.291	0.568
Alternative Methodologies			
<u>Incurred Methodologies</u>			
Three-Year Average (Unadjusted)	0.258	0.246	0.504
Latest Year (Unadjusted)	0.250	0.243	0.493
Three-Year Average Adjusted for Changes in Case Reserve Levels	0.257	0.242	0.499
<u>Paid Methodologies</u>			
Three-Year Average (Unadjusted)	0.273	0.287	0.560
Latest Year (Unadjusted)	0.267	0.295	0.562
Latest Year Adjusted for Reforms	—	0.284	—
Three-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.277	0.285	0.562
Two-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.275	0.284	0.559

Trending Methodologies

The trending projections reflected in the summary analysis of December 31, 2021 experience, included in Item AC22-03-02, are based on separate projections of claim frequency and claim severity growth applied to the 2019 and 2021 on-level loss ratios. The claim frequency growth estimates are based on the preliminary actual frequency change based on partial year unit statistical data for accident year 2020, the average of the preliminary actual 12-month frequency change and indemnity claim frequency model projection for accident year 2021, and the indemnity claim frequency model projections for accident years 2022 through 2024. The indemnity claim frequency model projections reflect the refinements discussed at the December 9, 2021 and March 21, 2022 meetings, including the forecast of the cumulative injury index (CII) and the indicated full frequency model constant term. The average annual severity growth estimates are 1.0% for indemnity and 1.0% for medical, which 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, based on December 31, 2021 experience, derived using the loss development methodologies reflected in the analysis included in Item AC22-03-02 and the following trending methodologies have been included:⁴

1. Separate Projections of Frequency and Severity Growth Applied to the Latest Two Years (2020 and 2021) – Exhibits 9.1 and 9.2

⁴ All frequency and severity projections are based on those included in Item AC22-03-02 and described above unless otherwise specified.

2. Separate Projections of Frequency and Severity Growth Applied to the Latest Year (2021) – Exhibits 10.1 and 10.2
3. Separate Projections of Frequency and Severity Growth Applied to 2019⁵ – Exhibits 11.1 and 11.2
4. Separate Projections of Frequency (Frequency Model Projections with No Forecast Change in the CII and using a Tempered Frequency Constant Term)⁶ and Severity Growth Applied to 2019 and 2021 – Exhibits 12.1 and 12.2
5. Separate Projections of Frequency and the Long-Term (1990 to 2021) Average Annual Severity Growth Applied to 2019 and 2021 – Exhibits 13.1 and 13.2
6. Separate Projections of Frequency and the Short-Term (2017 to 2021) Average Annual Severity Growth Applied to 2019 and 2021 – Exhibits 14.1 and 14.2
7. Long-Term (1990 to 2021) On-Level Loss Ratio Exponential Trend Applied to 2019 and 2021 – Exhibits 15.1 and 15.2
8. Short-Term (2017 to 2021) On-Level Loss Ratio Exponential Trend Applied to 2019 and 2021 – Exhibits 16.1 and 16.2

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2022 to August 31, 2023 based on the alternative trending methodologies is shown in Table 2.

⁵ In the September 1, 2021 Pure Premium Rate Filing, the separate frequency and severity trends were applied to 2019 only.

⁶ This methodology was generally the basis of the frequency model projections reflected in the September 1, 2021 Pure Premium Rate Filing. It includes other updates to the frequency model discussed at the December 9, 2021 meeting such as using a non-leading indemnity benefit variable that does not reflect cost-of-living adjustments to indemnity benefit levels.

Table 2: Projected Loss Ratios Based on Alternative Trending Methodologies

Trending Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
April 14, 2022 Agenda Methodology Separate Projections of Frequency (w/ CII Forecast) and Severity (1.0% Indemnity; 1.0% Medical) Applied to 2019 and 2021	0.277	0.291	0.568
Alternative Methodologies			
Separate Projections of Frequency and Severity Applied to 2020 and 2021	0.278	0.289	0.567
Separate Projections of Frequency and Severity Applied to 2021	0.282	0.293	0.575
Separate Projections of Frequency and Severity Applied to 2019	0.271	0.289	0.560
Separate Projections of Frequency (Frequency Model Projection w/o CII Forecast) and Severity Applied to 2019 and 2021	0.295	0.310	0.605
Separate Projections of Frequency and Long-Term (1990 to 2021) Severity Applied to 2019 and 2021	0.276	0.328	0.604
Separate Projections of Frequency and Short-Term (2017 to 2021) Severity Applied to 2019 and 2021	0.286	0.295	0.581
Long-Term (1990 to 2021) On-level Loss Ratio Exponential Trend Applied to 2019 and 2021	0.280	0.335	0.615
Short-Term (2017 to 2021) On-level Loss Ratio Exponential Trend Applied to 2019 and 2021	0.299	0.307	0.606

**Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2010	0.305	1.006	1.031	0.314	0.452	1.002	0.992	0.448	0.762
2011	0.281	1.005	1.036	0.292	0.385	1.002	0.994	0.383	0.675
2012	0.250	1.007	1.043	0.261	0.329	1.005	0.999	0.328	0.590
2013	0.210	1.009	1.053	0.221	0.260	1.005	1.004	0.261	0.481
2014	0.198	1.010	1.064	0.210	0.230	1.006	1.010	0.232	0.442
2015	0.191	1.013	1.078	0.206	0.215	1.010	1.020	0.219	0.425
2016	0.178	1.018	1.097	0.195	0.201	1.011	1.031	0.207	0.403
2017	0.179	1.027	1.127	0.202	0.204	1.021	1.052	0.215	0.417
2018	0.184	1.045	1.178	0.216	0.213	1.029	1.083	0.231	0.447
2019	0.195	1.089	1.283	0.250	0.224	1.050	1.137	0.255	0.505
2020	0.164	1.233	1.582	0.259	0.202	1.117	1.270	0.257	0.516
2021	0.098	1.874	2.964	0.289	0.156	1.449	1.841	0.288	0.577

- (a) Based on AC22-04-02, 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 AC22-04-02, Exhibit 2.1.
- (c) Based on AC22-04-02, 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, 2021**

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)
2010	0.314	1.463	1.369	0.336
2011	0.292	1.443	1.250	0.336
2012	0.261	1.425	1.113	0.335
2013	0.221	1.393	0.972	0.316
2014	0.210	1.276	0.896	0.299
2015	0.206	1.258	0.855	0.303
2016	0.195	1.242	0.883	0.275
2017	0.202	1.210	0.926	0.264
2018	0.216	1.178	0.975	0.262
2019	0.250	1.145	1.081	0.265
2020	0.259	1.107	1.146	0.250
2021	0.289	1.063	1.173	0.262
				Projected (d)
2022				0.269
2023				0.260
9/1/2023				0.258

- (a) See Exhibit 1.1.
- (b) Based on AC22-04-02, Exhibit 4.1.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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, 2021**

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)
2010	0.448	0.814	1.369	0.266
2011	0.383	0.837	1.250	0.256
2012	0.328	0.877	1.113	0.259
2013	0.261	0.962	0.972	0.258
2014	0.232	1.014	0.896	0.263
2015	0.219	1.039	0.855	0.266
2016	0.207	1.041	0.883	0.244
2017	0.215	1.042	0.926	0.242
2018	0.231	1.057	0.975	0.251
2019	0.255	1.048	1.081	0.248
2020	0.257	1.035	1.146	0.232
2021	0.288	1.038	1.173	0.255
				Projected (d)
2022				0.256
2023				0.248
9/1/2023				0.246

- (a) See Exhibit 1.1.
- (b) Based on AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid M CCP costs. Accident years 2010 and prior do reflect paid M CCP costs. No adjustment has been made to M CCP costs in medical reserves.

**Developed Loss Ratio Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2010	0.305	1.006	1.031	0.314	0.452	1.002	0.992	0.448	0.762
2011	0.281	1.005	1.036	0.292	0.385	1.002	0.994	0.383	0.675
2012	0.250	1.007	1.043	0.261	0.329	1.005	0.999	0.328	0.590
2013	0.210	1.009	1.053	0.221	0.260	1.005	1.004	0.261	0.481
2014	0.198	1.007	1.060	0.209	0.230	1.001	1.005	0.231	0.441
2015	0.191	1.011	1.072	0.205	0.215	1.010	1.015	0.218	0.423
2016	0.178	1.017	1.090	0.194	0.201	1.007	1.022	0.205	0.400
2017	0.179	1.026	1.119	0.201	0.204	1.017	1.039	0.212	0.413
2018	0.184	1.043	1.167	0.214	0.213	1.027	1.067	0.228	0.442
2019	0.195	1.083	1.264	0.246	0.224	1.054	1.125	0.253	0.499
2020	0.164	1.231	1.556	0.255	0.202	1.124	1.265	0.256	0.510
2021	0.098	1.820	2.831	0.276	0.156	1.446	1.829	0.286	0.562

- (a) Based on AC22-04-02, 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 AC22-04-02, Exhibit 2.1.
- (c) Based on AC22-04-02, 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, 2021**

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)
2010	0.314	1.463	1.369	0.336
2011	0.292	1.443	1.250	0.336
2012	0.261	1.425	1.113	0.335
2013	0.221	1.393	0.972	0.316
2014	0.209	1.276	0.896	0.298
2015	0.205	1.258	0.855	0.301
2016	0.194	1.242	0.883	0.273
2017	0.201	1.210	0.926	0.262
2018	0.214	1.178	0.975	0.259
2019	0.246	1.145	1.081	0.261
2020	0.255	1.107	1.146	0.246
2021	0.276	1.063	1.173	0.250
				Projected (d)
2022				0.261
2023				0.252
9/1/2023				0.250

- (a) See Exhibit 2.1.
- (b) Based on AC22-04-02, Exhibit 4.1.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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, 2021**

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)
2010	0.448	0.814	1.369	0.266
2011	0.383	0.837	1.250	0.256
2012	0.328	0.877	1.113	0.259
2013	0.261	0.962	0.972	0.258
2014	0.231	1.014	0.896	0.262
2015	0.218	1.039	0.855	0.265
2016	0.205	1.041	0.883	0.242
2017	0.212	1.042	0.926	0.239
2018	0.228	1.057	0.975	0.247
2019	0.253	1.048	1.081	0.245
2020	0.256	1.035	1.146	0.231
2021	0.286	1.038	1.173	0.253
				Projected (d)
2022				0.254
2023				0.246
9/1/2023				0.243

- (a) See Exhibit 2.1.
- (b) Based on AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid M CCP costs. Accident years 2010 and prior do reflect paid M CCP costs. No adjustment has been made to M CCP 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
2003													
2004													34,766
2005												30,565	33,298
2006											30,609	31,755	34,584
2007										30,971	32,402	34,776	42,022
2008									29,573	32,578	35,161	39,185	44,544
2009								25,561	28,696	31,504	35,801	39,960	43,524
2010							21,839	24,453	27,222	31,313	35,185	37,003	
2011						20,571	22,814	25,445	28,452	32,095	33,098		
2012					18,157	20,642	24,012	27,858	32,536	35,373			
2013				15,463	17,262	19,532	23,230	26,404	28,197				
2014			14,738	16,901	19,863	22,088	24,955	28,050					
2015		13,434	16,135	18,844	21,481	24,275	26,414						
2016	8,920	13,799	16,646	19,452	22,230	24,665							
2017	9,334	14,951	18,710	21,552	23,832								
2018	9,925	15,830	19,369	21,461									
2019	10,362	16,095	18,883										
2020	10,898	15,680											
2021	10,088												

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
2003													
2004													17,964
2005												15,993	16,374
2006											17,218	17,701	18,146
2007										18,063	18,722	19,222	19,699
2008									19,239	19,976	20,641	21,167	21,640
2009								19,443	20,404	21,212	21,900	22,329	22,719
2010							18,408	19,629	20,489	21,182	21,655	22,129	
2011						16,888	18,411	19,543	20,389	20,947	21,385		
2012					15,149	17,049	18,341	19,377	20,057	20,537			
2013				12,971	15,432	17,097	18,228	19,048	19,579				
2014			10,169	13,766	16,330	17,926	18,996	19,741					
2015		6,175	10,884	14,494	16,892	18,271	19,248						
2016	2,493	6,545	11,035	14,480	16,452	17,800							
2017	2,589	6,647	11,145	14,345	16,459								
2018	2,874	7,039	11,385	14,614									
2019	3,156	7,059	11,430										
2020	3,301	7,747											
2021	3,255												

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
2004													
2005													-8.8%
2006												10.7%	10.8%
2007											8.7%	8.6%	8.6%
2008										10.6%	10.2%	10.1%	9.8%
2009									6.1%	6.2%	6.1%	5.5%	5.0%
2010								1.0%	0.4%	-0.1%	-1.1%	-0.9%	
2011							0.0%	-0.4%	-0.5%	-1.1%	-1.2%		
2012						1.0%	-0.4%	-0.8%	-1.6%	-2.0%			
2013					1.9%	0.3%	-0.6%	-1.7%	-2.4%				
2014				6.1%	5.8%	4.8%	4.2%	3.6%					
2015			7.0%	5.3%	3.4%	1.9%	1.3%						
2016		6.0%	1.4%	-0.1%	-2.6%	-2.6%							
2017	3.8%	1.6%	1.0%	-0.9%	0.0%								
2018	11.0%	5.9%	2.2%	1.9%									
2019	9.8%	0.3%	0.4%										
2020	4.6%	9.7%											
2021	-1.4%												

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	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													34,416
2005												26,743	31,370
2006											26,648	29,598	34,765
2007										31,113	28,977	32,141	37,740
2008									27,708	34,408	31,945	35,395	41,458
2009								27,627	29,386	36,536	33,894	37,338	43,524
2010							25,261	27,891	29,508	36,485	33,516	37,003	
2011						23,401	25,265	27,768	29,363	36,080	33,098		
2012					21,936	23,625	25,169	27,533	28,885	35,373			
2013				19,048	22,345	23,692	25,014	27,065	28,197				
2014			16,799	20,216	23,645	24,840	26,069	28,050					
2015		12,498	17,981	21,286	24,460	25,318	26,414						
2016	7,725	13,247	18,230	21,264	23,823	24,665							
2017	8,023	13,454	18,411	21,066	23,832								
2018	8,909	14,249	18,809	21,461									
2019	9,782	14,287	18,883										
2020	10,230	15,680											
2021	10,088												

E. Indemnity Open Claim Counts

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													5,156
2005												5,095	4,155
2006											5,938	4,777	3,873
2007										6,746	5,257	4,243	3,354
2008									7,792	6,037	4,695	3,716	2,990
2009								9,368	7,053	5,369	4,067	3,270	2,721
2010							11,639	8,417	6,240	4,670	3,633	2,906	
2011						15,299	10,659	7,540	5,497	4,251	3,428		
2012					21,337	14,547	10,015	7,021	5,301	4,157			
2013				31,092	20,346	13,648	9,167	6,592	4,989				
2014			46,882	30,335	19,343	12,975	9,118	6,614					
2015		68,990	45,451	28,071	17,667	12,539	8,977						
2016	82,167	66,353	42,595	25,875	17,467	12,330							
2017	82,057	62,998	39,565	25,887	17,468								
2018	82,414	64,115	42,990	28,235									
2019	84,008	68,474	47,403										
2020	74,501	61,315											
2021	80,488												

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

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													177,450
2005												136,260	130,344
2006											158,238	141,392	134,643
2007										209,896	152,332	136,376	126,581
2008									215,899	207,723	149,983	131,527	123,958
2009								258,811	207,258	196,162	137,848	122,094	118,430
2010							294,016	234,757	184,126	170,381	121,763	107,531	
2011						358,028	269,309	209,364	161,417	153,374	113,459		
2012					468,045	343,683	252,070	193,309	153,121	147,046			
2013				592,250	454,636	323,343	229,310	178,415	140,674				
2014			787,563	613,243	457,374	322,295	237,693	185,520					
2015		862,246	817,238	597,526	432,131	317,466	237,121						
2016	634,775	878,985	776,494	550,211	416,109	304,120							
2017	658,328	847,547	728,436	545,338	416,298								
2018	734,206	913,553	808,579	605,956									
2019	821,764	978,320	895,118										
2020	762,166	961,428											
2021	811,993												

- (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	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													3,134,075
2005											2,454,838	2,486,727	
2006										2,515,991	2,556,622	2,587,903	
2007									2,622,539	2,673,988	2,716,164	2,750,507	
2008								2,650,459	2,711,407	2,759,601	2,799,740	2,828,655	
2009							2,487,332	2,564,114	2,623,118	2,673,399	2,702,997	2,737,240	
2010						2,445,950	2,539,300	2,608,779	2,664,711	2,699,987	2,732,464		
2011					2,294,762	2,423,260	2,522,841	2,588,235	2,630,752	2,672,639			
2012				2,217,975	2,411,534	2,535,022	2,622,666	2,682,253	2,728,239				
2013			2,101,634	2,372,009	2,542,830	2,654,116	2,729,206	2,783,414					
2014		1,821,284	2,286,842	2,581,483	2,765,176	2,872,159	2,949,475						
2015	1,214,368	1,964,288	2,442,842	2,733,463	2,892,085	3,013,343							
2016	391,402	1,266,305	2,008,210	2,470,793	2,724,256	2,889,066							
2017	409,528	1,304,679	2,047,467	2,476,618	2,747,823								
2018	446,352	1,388,321	2,118,370	2,589,100									
2019	473,735	1,451,367	2,249,074										
2020	453,986	1,342,170											
2021	513,715												

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

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													3,311,524
2005												2,591,098	2,617,071
2006										2,674,229	2,698,015	2,722,546	
2007									2,832,435	2,826,320	2,852,540	2,877,088	
2008								2,866,358	2,919,130	2,909,585	2,931,267	2,952,613	
2009							2,746,143	2,771,372	2,819,280	2,811,246	2,825,091	2,855,670	
2010						2,739,966	2,774,057	2,792,905	2,835,092	2,821,750	2,839,995		
2011					2,652,791	2,692,569	2,732,205	2,749,653	2,784,126	2,786,098			
2012				2,686,020	2,755,217	2,787,092	2,815,975	2,835,375	2,875,285				
2013			2,693,883	2,826,646	2,866,173	2,883,427	2,907,621	2,924,088					
2014		2,608,848	2,900,085	3,038,858	3,087,471	3,109,852	3,134,995						
2015	2,076,614	2,781,526	3,040,368	3,165,594	3,209,551	3,250,463							
2016	1,026,177	2,145,291	2,784,703	3,021,005	3,140,365	3,193,186							
2017	1,067,856	2,152,227	2,775,903	3,021,956	3,164,121								
2018	1,180,558	2,301,874	2,926,949	3,195,056									
2019	1,295,499	2,429,687	3,144,192										
2020	1,216,152	2,303,598											
2021	1,325,708												

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
2004												
2005												1.010
2006											1.009	1.009
2007										0.998	1.009	1.009
2008									1.018	0.997	1.007	1.007
2009								1.009	1.017	0.997	1.005	1.011
2010							1.012	1.007	1.015	0.995	1.006	
2011						1.015	1.015	1.006	1.013	1.001		
2012					1.026	1.012	1.010	1.007	1.014			
2013				1.049	1.014	1.006	1.008	1.006				
2014			1.112	1.048	1.016	1.007	1.008					
2015		1.339	1.093	1.041	1.014	1.013						
2016	2.091	1.298	1.085	1.040	1.017							
2017	2.015	1.290	1.089	1.047								
2018	1.950	1.272	1.092									
2019	1.875	1.294										
2020	1.894											
Latest Year	1.894	1.294	1.092	1.047	1.017	1.013	1.008	1.006	1.014	1.001	1.006	1.011
3-Yr Average	1.906	1.285	1.088	1.043	1.016	1.009	1.009	1.006	1.014	0.998	1.006	1.009

(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	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2004												
2005												1.006
2006											1.004	1.005
2007										1.005	1.007	1.010
2008									1.009	1.006	1.007	1.006
2009								1.015	1.009	1.010	1.005	1.008
2010							1.017	1.012	1.012	1.006	1.004	
2011						1.022	1.018	1.011	1.008	1.007		
2012					1.041	1.023	1.015	1.013	1.007			
2013				1.055	1.032	1.021	1.013	1.007				
2014			1.114	1.059	1.029	1.016	1.011					
2015		1.260	1.102	1.047	1.027	1.017						
2016	1.941	1.245	1.095	1.047	1.026							
2017	1.911	1.241	1.089	1.043								
2018	1.901	1.228	1.083									
2019	1.900	1.231										
2020	1.820											

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

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2004												
2005												0.44%
2006											0.50%	0.41%
2007										-0.67%	0.24%	-0.11%
2008									0.89%	-0.89%	0.04%	0.17%
2009								-0.53%	0.79%	-1.23%	-0.03%	0.30%
2010							-0.41%	-0.54%	0.34%	-1.06%	0.21%	
2011						-0.67%	-0.33%	-0.46%	0.43%	-0.61%		
2012					-1.45%	-1.16%	-0.50%	-0.60%	0.68%			
2013				-0.50%	-1.71%	-1.42%	-0.42%	-0.15%				
2014			-0.24%	-1.09%	-1.27%	-0.83%	-0.33%					
2015		6.32%	-0.78%	-0.60%	-1.26%	-0.41%						
2016	7.73%	4.23%	-0.88%	-0.67%	-0.89%							
2017	5.45%	3.94%	0.01%	0.42%								
2018	2.58%	3.55%	0.82%									
2019	-1.27%	5.09%										
2020	4.09%											

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

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2004												
2005												1.010
2006											1.009	1.009
2007										0.998	1.009	1.009
2008									1.018	0.997	1.007	1.008
2009								1.009	1.017	0.998	1.005	1.011
2010							1.012	1.007	1.015	0.995	1.006	
2011						1.015	1.016	1.006	1.012	1.001		
2012					1.026	1.011	1.011	1.007	1.014			
2013				1.050	1.014	1.005	1.009	1.005				
2014			1.112	1.047	1.016	1.008	1.008					
2015		1.340	1.092	1.041	1.014	1.013						
2016	2.091	1.299	1.085	1.039	1.017							
2017	2.015	1.290	1.088	1.047								
2018	1.950	1.272	1.092									
2019	1.876	1.294										
2020	1.894											
3-Year Average	1.907	1.285	1.088	1.042	1.016	1.009	1.009	1.006	1.014	0.998	1.006	1.009

- (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 AC22-04-02, 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
2003													
2004													88,664
2005												86,320	88,762
2006											76,055	79,802	90,129
2007										76,173	88,274	92,947	104,784
2008									70,025	76,697	85,653	96,408	101,169
2009								58,163	65,241	73,783	88,102	96,395	99,673
2010							46,598	52,746	58,932	67,952	73,994	73,872	
2011						42,439	48,753	55,212	64,231	68,817	72,887		
2012					33,263	39,602	46,017	55,644	62,970	68,585			
2013				26,998	31,782	37,122	44,789	51,828	54,414				
2014			21,854	26,302	31,342	37,352	42,983	48,706					
2015		19,322	23,901	29,293	35,713	40,843	44,389						
2016	16,002	20,274	24,952	29,872	35,371	39,775							
2017	16,890	21,478	26,882	32,017	37,043								
2018	17,706	22,377	26,207	29,970									
2019	17,711	22,029	24,762										
2020	18,070	21,200											
2021	17,955												

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
2003													
2004													19,938
2005												20,059	20,767
2006											21,379	22,292	23,044
2007										23,145	24,215	25,140	25,920
2008									24,316	25,505	26,592	27,566	28,292
2009								24,762	26,154	27,615	28,676	29,257	29,829
2010							23,411	25,265	26,627	27,708	28,584	29,303	
2011						20,199	22,395	24,043	25,217	25,970	26,653		
2012					17,018	19,366	21,057	22,371	23,351	23,874			
2013				13,575	16,467	18,502	19,887	20,820	21,502				
2014			10,041	13,641	16,347	18,136	19,285	20,096					
2015		6,243	10,432	13,856	16,236	17,713	18,699						
2016	2,709	6,472	10,500	13,516	15,523	16,797							
2017	2,833	6,660	10,653	13,476	15,468								
2018	2,982	6,975	11,110	13,999									
2019	3,422	6,734	10,799										
2020	2,902	7,022											
2021	2,960												

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
2004													
2005													4.2%
2006												11.1%	11.0%
2007											13.3%	12.8%	12.5%
2008										10.2%	9.8%	9.7%	9.2%
2009									7.6%	8.3%	7.8%	6.1%	5.4%
2010								3.4%	3.2%	3.2%	3.0%	3.0%	
2011							4.1%	4.2%	4.0%	3.4%	3.1%		
2012						-3.9%	-4.2%	-4.7%	-5.1%	-5.1%			
2013					-3.2%	-4.5%	-5.6%	-6.9%	-7.9%				
2014				0.5%	-0.7%	-2.0%	-3.0%	-3.5%					
2015			3.9%	1.6%	-0.7%	-2.3%	-3.0%						
2016		3.7%	0.7%	-2.5%	-4.4%	-5.2%							
2017	4.5%	2.9%	1.5%	-0.3%	-0.4%								
2018	5.3%	4.7%	4.3%	3.9%									
2019	14.7%	-3.4%	-2.8%										
2020	-15.2%	4.3%											
2021	2.0%												

- (a) Paid medical per closed claim severities for accident year 2010 and 2011 only reflect the paid cost of medical cost containment programs (MCCP) attributable to policies with effective dates prior to July 1, 2010.
- (b) The annual changes for accident year 2010, 2011 and 2012 are based on paid medical per total claim for consistency and do not compare to the severities in item B.
- Source: Accident year experience of insurers with available claim count data, 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	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													66,624
2005												49,181	69,394
2006											51,183	54,656	77,001
2007										56,796	57,972	61,639	86,611
2008									53,979	62,586	63,661	67,588	94,538
2009								52,765	58,059	67,765	68,652	71,734	99,673
2010							50,094	54,581	59,907	69,921	70,723	73,872	
2011						47,701	52,165	56,865	62,287	72,284	72,887		
2012					40,754	45,857	49,987	54,220	59,094	68,585			
2013				29,063	39,435	43,813	47,210	50,462	54,414				
2014			23,024	29,203	39,148	42,945	45,780	48,706					
2015		18,848	23,920	29,665	38,882	41,943	44,389						
2016	16,433	19,537	24,076	28,936	37,173	39,775							
2017	17,180	20,107	24,428	28,850	37,043								
2018	18,088	21,056	25,474	29,970									
2019	20,754	20,330	24,762										
2020	17,602	21,200											
2021	17,955												

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

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													343,519
2005												250,580	288,334
2006											303,930	261,093	298,223
2007										383,155	304,764	261,534	290,494
2008									420,606	377,831	298,890	251,157	282,669
2009								494,312	409,491	363,829	279,207	234,571	271,211
2010							583,042	459,402	373,818	326,525	256,937	214,673	
2011						729,803	556,048	428,743	342,410	307,277	249,858		
2012					869,586	667,091	500,621	380,686	313,258	285,107			
2013				903,643	802,345	597,952	432,791	332,645	271,470				
2014			1,079,392	885,881	757,256	557,207	417,422	322,144					
2015		1,300,287	1,087,176	832,731	686,939	525,923	398,479						
2016	1,350,275	1,296,356	1,025,513	748,708	649,308	490,428							
2017	1,409,730	1,266,716	966,480	746,836	647,065								
2018	1,490,709	1,349,982	1,095,137	846,195									
2019	1,743,470	1,392,086	1,173,804										
2020	1,311,341	1,299,868											
2021	1,445,180												

F. Paid Medical Loss on All Claims

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													3,907,407
2005												3,491,388	3,556,887
2006											3,571,735	3,644,695	3,699,550
2007										3,797,715	3,881,670	3,957,827	4,015,905
2008									3,777,045	3,879,298	3,950,339	4,016,191	4,065,475
2009								3,542,896	3,657,286	3,744,829	3,816,220	3,864,167	3,918,705
2010							3,474,816	3,620,239	3,726,187	3,814,829	3,880,852	3,928,225	
2011						3,074,361	3,257,494	3,394,371	3,490,651	3,553,844	3,608,249		
2012					2,807,566	3,050,522	3,220,624	3,344,124	3,421,355	3,488,471			
2013				2,494,455	2,816,173	3,029,244	3,174,544	3,265,069	3,337,911				
2014			2,090,423	2,559,597	2,867,261	3,083,190	3,215,626	3,321,369					
2015		1,511,127	2,174,090	2,646,375	2,939,847	3,123,597	3,261,472						
2016	635,386	1,575,859	2,221,404	2,657,991	2,920,908	3,108,821							
2017	689,003	1,635,479	2,275,534	2,679,363	2,957,309								
2018	731,426	1,740,082	2,398,079	2,869,843									
2019	729,167	1,711,560	2,444,134										
2020	618,803	1,542,343											
2021	680,756												

- (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	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2003													
2004													4,250,925
2005												3,741,968	3,845,221
2006										3,875,664	3,905,788	3,997,773	
2007									4,180,870	4,186,434	4,219,361	4,306,399	
2008								4,197,651	4,257,129	4,249,229	4,267,348	4,348,144	
2009							4,037,208	4,066,777	4,108,658	4,095,426	4,098,737	4,189,916	
2010						4,057,857	4,079,641	4,100,005	4,141,353	4,137,789	4,142,898		
2011					3,804,164	3,813,542	3,823,113	3,833,061	3,861,121	3,858,107			
2012					3,677,152	3,717,613	3,721,245	3,724,810	3,734,614	3,773,578			
2013				3,398,098	3,618,517	3,627,196	3,607,335	3,597,714	3,609,381				
2014			3,169,815	3,445,478	3,624,518	3,640,397	3,633,048	3,643,513					
2015		2,811,415	3,261,266	3,479,106	3,626,786	3,649,520	3,659,952						
2016	1,985,661	2,872,215	3,246,917	3,406,699	3,570,216	3,599,250							
2017	2,098,733	2,902,195	3,242,014	3,426,199	3,604,374								
2018	2,222,135	3,090,064	3,493,215	3,716,038									
2019	2,472,637	3,103,647	3,617,938										
2020	1,930,144	2,842,211											
2021	2,125,936												

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
2004												
2005												1.028
2006											1.008	1.024
2007										1.001	1.008	1.021
2008									1.014	0.998	1.004	1.019
2009								1.007	1.010	0.997	1.001	1.022
2010							1.005	1.005	1.010	0.999	1.001	
2011						1.002	1.003	1.003	1.007	0.999		
2012					1.011	1.001	1.001	1.003	1.010			
2013				1.065	1.002	0.995	0.997	1.003				
2014			1.087	1.052	1.004	0.998	1.003					
2015		1.160	1.067	1.042	1.006	1.003						
2016	1.446	1.130	1.049	1.048	1.008							
2017	1.383	1.117	1.057	1.052								
2018	1.391	1.130	1.064									
2019	1.255	1.166										
2020	1.473											
Latest Yea	1.473	1.166	1.064	1.052	1.008	1.003	1.003	1.003	1.010	0.999	1.001	1.022
3-Yr Avera	1.373	1.138	1.057	1.047	1.006	0.998	1.000	1.003	1.009	0.998	1.002	1.021

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
2004												
2005												0.999
2006											1.001	1.006
2007										1.008	1.001	1.003
2008									1.005	1.002	1.005	0.999
2009								1.007	1.006	1.008	1.001	1.003
2010							1.012	1.007	1.009	1.004	0.998	
2011						1.014	1.009	1.009	1.001	1.003		
2012					1.031	1.015	1.014	1.005	1.005			
2013				1.039	1.021	1.014	1.006	1.001				
2014			1.078	1.035	1.027	1.011	1.010					
2015		1.146	1.064	1.029	1.018	1.007						
2016	1.498	1.124	1.045	1.031	1.017							
2017	1.440	1.117	1.051	1.027								
2018	1.449	1.110	1.054									
2019	1.452	1.124										
2020	1.446											

- (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	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
2004												
2005												2.90%
2006											0.71%	1.78%
2007										-0.65%	0.64%	1.71%
2008									0.96%	-0.42%	-0.08%	2.04%
2009								0.01%	0.46%	-1.12%	-0.04%	1.97%
2010							-0.63%	-0.23%	0.07%	-0.51%	0.29%	
2011					-1.95%	-1.39%	-0.63%	-0.60%	0.66%	-0.38%		
2012					-1.83%	-1.91%	-0.86%	0.25%				
2013				2.52%	-2.22%	-1.30%	-0.70%					
2014			0.85%	1.68%	-1.17%	-0.38%						
2015		1.19%	0.27%	1.26%	-0.88%							
2016	-3.43%	0.55%	0.43%	1.61%								
2017	-3.99%	-0.02%	0.59%	2.39%								
2018	-4.05%	1.82%	0.90%									
2019	-13.57%	3.75%										
2020	1.81%											

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

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
2004												
2005												1.028
2006											1.008	1.024
2007										1.001	1.007	1.021
2008									1.015	0.998	1.004	1.019
2009								1.007	1.011	0.997	1.001	1.023
2010							1.006	1.006	1.011	1.000	1.002	
2011						1.004	1.004	1.004	1.009	1.000		
2012					1.011	1.001	1.001	1.003	1.011			
2013				1.065	1.003	0.995	0.997	1.004				
2014			1.088	1.052	1.004	0.998	1.003					
2015		1.160	1.067	1.043	1.006	1.003						
2016	1.447	1.130	1.050	1.048	1.008							
2017	1.383	1.117	1.057	1.052								
2018	1.390	1.130	1.064									
2019	1.255	1.166										
2020	1.472											
3-Year Average	1.372	1.138	1.057	1.047	1.006	0.999	1.001	1.004	1.010	0.999	1.002	1.021

(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 AC22-04-02, Exhibit 2.2.1].

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

**Developed Loss Ratio 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2010	0.305	1.009	1.033	0.315	0.452	1.021	1.011	0.457	0.772
2011	0.281	1.006	1.040	0.293	0.385	1.002	1.013	0.390	0.683
2012	0.250	0.998	1.038	0.260	0.329	0.999	1.012	0.333	0.593
2013	0.210	1.014	1.052	0.221	0.260	1.010	1.022	0.265	0.486
2014	0.198	1.006	1.059	0.209	0.230	1.004	1.026	0.236	0.445
2015	0.191	1.009	1.068	0.204	0.215	1.001	1.026	0.221	0.425
2016	0.178	1.009	1.077	0.192	0.201	0.999	1.025	0.206	0.398
2017	0.179	1.016	1.094	0.196	0.204	1.006	1.031	0.211	0.407
2018	0.184	1.043	1.141	0.209	0.213	1.047	1.080	0.231	0.440
2019	0.195	1.088	1.241	0.242	0.224	1.057	1.141	0.256	0.498
2020	0.164	1.285	1.595	0.261	0.202	1.138	1.298	0.262	0.524
2021	0.098	1.906	3.042	0.297	0.156	1.372	1.782	0.279	0.575

- (a) Based on AC22-04-02, 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 2010 to 2021 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 2010 to 2021 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, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.315	1.463	1.369	0.337
2011	0.293	1.443	1.250	0.338
2012	0.260	1.425	1.113	0.333
2013	0.221	1.393	0.972	0.316
2014	0.209	1.276	0.896	0.298
2015	0.204	1.258	0.855	0.300
2016	0.192	1.242	0.883	0.270
2017	0.196	1.210	0.926	0.256
2018	0.209	1.178	0.975	0.253
2019	0.242	1.145	1.081	0.257
2020	0.261	1.107	1.146	0.252
2021	0.297	1.063	1.173	0.269
<hr/>				
				Projected (d)
2022				0.268
2023				0.259
9/1/2023				0.257

- (a) See Exhibit 3.9.
- (b) Based on AC22-04-02, Exhibit 4.1.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.457	0.814	1.369	0.272
2011	0.390	0.837	1.250	0.261
2012	0.333	0.877	1.113	0.262
2013	0.265	0.962	0.972	0.262
2014	0.236	1.014	0.896	0.267
2015	0.221	1.039	0.855	0.268
2016	0.206	1.041	0.883	0.242
2017	0.211	1.042	0.926	0.237
2018	0.231	1.057	0.975	0.250
2019	0.256	1.048	1.081	0.248
2020	0.262	1.035	1.146	0.237
2021	0.279	1.038	1.173	0.247
				Projected (d)
2022				0.252
2023				0.244
9/1/2023				0.242

- (a) See Exhibit 3.9.
- (b) Based on AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCC costs. Accident years 2010 and prior do reflect paid MCCC costs. No adjustment has been made to MCCC costs in medical reserves.

**Developed Loss Ratio Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2010	0.293	1.012	1.090	0.320	0.429	1.014	1.214	0.520	0.840
2011	0.270	1.013	1.103	0.298	0.360	1.014	1.232	0.444	0.742
2012	0.238	1.016	1.121	0.267	0.304	1.017	1.253	0.381	0.648
2013	0.200	1.018	1.141	0.228	0.240	1.020	1.278	0.307	0.535
2014	0.186	1.023	1.167	0.217	0.210	1.024	1.309	0.275	0.492
2015	0.177	1.030	1.202	0.213	0.192	1.034	1.353	0.259	0.472
2016	0.161	1.042	1.252	0.202	0.173	1.045	1.414	0.245	0.447
2017	0.156	1.063	1.331	0.207	0.168	1.067	1.509	0.253	0.460
2018	0.149	1.111	1.478	0.220	0.165	1.105	1.667	0.275	0.495
2019	0.140	1.221	1.805	0.252	0.152	1.190	1.984	0.301	0.553
2020	0.095	1.548	2.794	0.267	0.110	1.399	2.776	0.304	0.571
2021	0.038	3.043	8.502	0.321	0.050	2.406	6.678	0.334	0.656

- (a) Based on AC22-04-02, 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 AC22-04-02, Exhibit 2.5.
- (c) Age-to-age factors are selected as three-year averages based on AC22-04-02, 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, 2021**

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)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.217	1.276	0.896	0.309
2015	0.213	1.258	0.855	0.313
2016	0.202	1.242	0.883	0.284
2017	0.207	1.210	0.926	0.271
2018	0.220	1.178	0.975	0.266
2019	0.252	1.145	1.081	0.267
2020	0.267	1.107	1.146	0.258
2021	0.321	1.063	1.173	0.291
				Projected (d)
2022				0.284
2023				0.275
9/1/2023				0.273

- (a) See Exhibit 4.1.
- (b) Based on AC22-04-02, Exhibit 4.1.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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, 2021**

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)
2010	0.520	0.814	1.369	0.310
2011	0.444	0.837	1.250	0.297
2012	0.381	0.877	1.113	0.300
2013	0.307	0.962	0.972	0.304
2014	0.275	1.014	0.896	0.311
2015	0.259	1.039	0.855	0.315
2016	0.245	1.041	0.883	0.289
2017	0.253	1.042	0.926	0.285
2018	0.275	1.057	0.975	0.298
2019	0.301	1.048	1.081	0.292
2020	0.304	1.035	1.146	0.275
2021	0.334	1.038	1.173	0.296
				Projected (d)
2022				0.300
2023				0.290
9/1/2023				0.287

- (a) See Exhibit 4.1.
- (b) Based on AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCC costs. Accident years 2010 and prior do reflect paid MCCC costs.

**Developed Loss Ratio Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2010	0.293	1.012	1.090	0.320	0.429	1.014	1.214	0.520	0.840
2011	0.270	1.013	1.103	0.298	0.360	1.014	1.232	0.444	0.742
2012	0.238	1.016	1.121	0.267	0.304	1.017	1.253	0.381	0.648
2013	0.200	1.018	1.141	0.228	0.240	1.020	1.278	0.307	0.535
2014	0.186	1.020	1.164	0.216	0.210	1.022	1.306	0.274	0.490
2015	0.177	1.027	1.195	0.212	0.192	1.033	1.349	0.259	0.470
2016	0.161	1.042	1.246	0.201	0.173	1.044	1.409	0.244	0.445
2017	0.156	1.060	1.320	0.206	0.168	1.064	1.499	0.251	0.457
2018	0.149	1.110	1.466	0.218	0.165	1.104	1.655	0.273	0.491
2019	0.140	1.222	1.791	0.250	0.152	1.197	1.981	0.300	0.550
2020	0.095	1.550	2.776	0.265	0.110	1.428	2.829	0.310	0.575
2021	0.038	2.956	8.206	0.310	0.050	2.492	7.049	0.353	0.663

- (a) Based on AC22-04-02, 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 AC22-04-02, 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 AC22-04-02, 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 Latest Year Paid Development Factors
Based on Experience as of December 31, 2021**

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)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.201	1.242	0.883	0.282
2017	0.206	1.210	0.926	0.269
2018	0.218	1.178	0.975	0.264
2019	0.250	1.145	1.081	0.265
2020	0.265	1.107	1.146	0.256
2021	0.310	1.063	1.173	0.281
				Projected (d)
2022				0.278
2023				0.269
9/1/2023				0.267

- (a) See Exhibit 5.1.
- (b) Based on AC22-04-02, Exhibit 4.1.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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, 2021**

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)
2010	0.520	0.814	1.369	0.310
2011	0.444	0.837	1.250	0.297
2012	0.381	0.877	1.113	0.300
2013	0.307	0.962	0.972	0.304
2014	0.274	1.014	0.896	0.310
2015	0.259	1.039	0.855	0.314
2016	0.244	1.041	0.883	0.288
2017	0.251	1.042	0.926	0.283
2018	0.273	1.057	0.975	0.296
2019	0.300	1.048	1.081	0.291
2020	0.310	1.035	1.146	0.280
2021	0.353	1.038	1.173	0.312
				Projected (d)
2022				0.308
2023				0.298
9/1/2023				0.295

- (a) See Exhibit 5.1.
- (b) Based on AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCC costs. Accident years 2010 and prior do reflect paid MCCC costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)
			Medical		
			Adjusted		
Accident Year	Paid Loss Ratio (a)	Paid Loss Ratio (b)	Annual Development Factor (c)	Cumulative Development Factor	Developed Loss Ratio (2) x (4)
2010	0.429	0.398	1.015	1.226	0.488
2011	0.360	0.338	1.015	1.245	0.421
2012	0.304	0.288	1.019	1.268	0.366
2013	0.240	0.238	1.022	1.296	0.309
2014	0.210	0.212	1.022	1.324	0.281
2015	0.192	0.196	1.033	1.368	0.268
2016	0.173	0.179	1.032	1.412	0.253
2017	0.168	0.174	1.054	1.488	0.258
2018	0.165	0.171	1.101	1.638	0.280
2019	0.152	0.156	1.192	1.953	0.304
2020	0.110	0.111	1.420	2.773	0.309
2021	0.050	0.050	2.466	6.838	0.344

- (a) Based on AC22-04-02, 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 AC22-04-02, Exhibit 3.2, Column (2).
- (c) Based on AC22-04-02, Exhibit 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines.

**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, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.253	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.280	1.016	0.975	0.291
2019	0.304	1.012	1.081	0.285
2020	0.309	1.008	1.146	0.272
2021	0.344	1.007	1.173	0.296
				Projected (d)
2022				0.296
2023				0.286
9/1/2023				0.284

(a) See Exhibit 6.1.

(b) Based on AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.

(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, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
					Adjusted					
Accident	Reported	Annual	Cumulative				Annual	Cumulative		Total
Year	Paid	Development	Development	Developed	Paid	Paid	Development	Development	Developed	Developed
	Loss Ratio (a)	Factor (b)	Factor	Loss Ratio	Loss Ratio (a)	Loss Ratio (c)	Factor (d)	Factor	Loss Ratio	Loss Ratio
				(1) x (3)					(6) x (8)	(4) + (9)
2010	0.293	1.012	1.090	0.320	0.429	0.398	1.015	1.226	0.488	0.808
2011	0.270	1.013	1.103	0.298	0.360	0.338	1.015	1.245	0.421	0.719
2012	0.238	1.016	1.121	0.267	0.304	0.288	1.019	1.268	0.366	0.632
2013	0.200	1.018	1.141	0.228	0.240	0.238	1.022	1.296	0.309	0.537
2014	0.186	1.023	1.167	0.217	0.210	0.212	1.026	1.329	0.282	0.499
2015	0.177	1.030	1.202	0.213	0.192	0.196	1.035	1.375	0.270	0.482
2016	0.161	1.037	1.247	0.201	0.173	0.179	1.031	1.417	0.254	0.455
2017	0.156	1.060	1.321	0.206	0.168	0.174	1.056	1.496	0.260	0.465
2018	0.149	1.117	1.476	0.220	0.165	0.171	1.110	1.660	0.283	0.503
2019	0.140	1.247	1.841	0.257	0.152	0.156	1.207	2.004	0.312	0.569
2020	0.095	1.559	2.869	0.274	0.110	0.111	1.404	2.813	0.313	0.587
2021	0.038	2.988	8.574	0.324	0.050	0.050	2.384	6.706	0.338	0.662

- (a) Based on AC22-04-02, 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 2016 to 2021 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC22-04-02, Exhibit 2.5.8, Item Q).
- (c) See AC22-04-02, Exhibit 3.2, Column (2).
- (d) Based on AC22-04-02, Exhibit 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines. Age-to-age factors for developing accident years 2016 to 2021 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC22-04-02, 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, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.217	1.276	0.896	0.309
2015	0.213	1.258	0.855	0.313
2016	0.201	1.242	0.883	0.283
2017	0.206	1.210	0.926	0.269
2018	0.220	1.178	0.975	0.266
2019	0.257	1.145	1.081	0.272
2020	0.274	1.107	1.146	0.265
2021	0.324	1.063	1.173	0.294
				Projected (d)
2022				0.288
2023				0.279
9/1/2023				0.277

(a) See Exhibit 7.1.

(b) Based on AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.282	0.990	0.896	0.311
2015	0.270	1.009	0.855	0.318
2016	0.254	1.012	0.883	0.291
2017	0.260	1.015	0.926	0.285
2018	0.283	1.016	0.975	0.295
2019	0.312	1.012	1.081	0.292
2020	0.313	1.008	1.146	0.275
2021	0.338	1.007	1.173	0.290
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				Projected (d)
2022				0.297
2023				0.287
9/1/2023				0.285

(a) See Exhibit 7.1.

(b) Based on AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.

(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 2-Year Average Selections
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
					Adjusted					
Accident	Reported	Annual	Cumulative				Annual	Cumulative		Total
Year	Paid	Development	Development	Developed	Paid	Paid	Development	Development	Developed	Developed
	Loss Ratio (a)	Factor (b)	Factor	Loss Ratio	Loss Ratio (a)	Loss Ratio (c)	Factor (d)	Factor	Loss Ratio	Loss Ratio
				(1) x (3)					(6) x (8)	(4) + (9)
2010	0.293	1.012	1.090	0.320	0.429	0.398	1.015	1.226	0.488	0.808
2011	0.270	1.013	1.103	0.298	0.360	0.338	1.015	1.245	0.421	0.719
2012	0.238	1.016	1.121	0.267	0.304	0.288	1.019	1.268	0.366	0.632
2013	0.200	1.018	1.141	0.228	0.240	0.238	1.022	1.296	0.309	0.537
2014	0.186	1.022	1.166	0.217	0.210	0.212	1.024	1.326	0.281	0.498
2015	0.177	1.028	1.198	0.212	0.192	0.196	1.032	1.368	0.268	0.480
2016	0.161	1.037	1.242	0.200	0.173	0.179	1.030	1.408	0.252	0.452
2017	0.156	1.058	1.314	0.205	0.168	0.174	1.053	1.483	0.258	0.462
2018	0.149	1.118	1.469	0.218	0.165	0.171	1.108	1.644	0.281	0.499
2019	0.140	1.249	1.834	0.256	0.152	0.156	1.206	1.983	0.309	0.565
2020	0.095	1.556	2.855	0.272	0.110	0.111	1.409	2.794	0.311	0.584
2021	0.038	2.984	8.520	0.322	0.050	0.050	2.404	6.718	0.338	0.660

- (a) Based on AC22-04-02, 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 two-year averages 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 AC22-04-02, Exhibit 2.5. Age-to-age factors for developing accident years 2016 to 2021 were adjusted for changes in claim settlement rates based on two-year average selections (see AC22-04-02, Exhibit 2.5.8, Item Q).
- (c) See AC22-04-02, Exhibit 3.2, Column (2).
- (d) Based on AC22-04-02, Exhibits 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines. Age-to-age factors for developing accident years 2016 to 2021 were adjusted for changes in claim settlement rates based on latest year selections (see AC22-04-02, 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 2-Year Average Selections
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.217	1.276	0.896	0.309
2015	0.212	1.258	0.855	0.312
2016	0.200	1.242	0.883	0.281
2017	0.205	1.210	0.926	0.267
2018	0.218	1.178	0.975	0.264
2019	0.256	1.145	1.081	0.271
2020	0.272	1.107	1.146	0.263
2021	0.322	1.063	1.173	0.292
				Projected (d)
2022				0.287
2023				0.278
9/1/2023				0.275

(a) See Exhibit 8.1.

(b) Based on AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2.

**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 2-Year Average Selections
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.311
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.282
2018	0.281	1.016	0.975	0.292
2019	0.309	1.012	1.081	0.289
2020	0.311	1.008	1.146	0.274
2021	0.338	1.007	1.173	0.290
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				Projected (d)
2022				0.296
2023				0.286
9/1/2023				0.284

(a) See Exhibit 8.1.

(b) Based on AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2020, the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4.

(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 2020 and 2021
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.290
2023				0.280
9/1/2023				0.278

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2020 and 2021 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2

**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 2020 and 2021
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.301
2023				0.292
9/1/2023				0.289

(a) See AC22-04-02, Exhibit 3.2.

(b) See AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2020 and 2021 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4

(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 Year 2021
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.294
2023				0.285
9/1/2023				0.282

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC22-04-02, Exhibit 6.2, and projected frequency trends for accident years 2022 to 2024 from AC22-04-02, Exhibit 6.1; these trends were then separately applied to the 2021 on-level ratio.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2021
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.306
2023				0.296
9/1/2023				0.293

- (a) See AC22-04-02, Exhibit 3.2.
- (b) See AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from AC22-04-02, Exhibit 6.2, and projected frequency trends for accident years 2022 to 2024 from AC22-04-02, Exhibit 6.1; these trends were then separately applied to the 2021 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 Year 2019
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.283
2023				0.274
9/1/2023				0.271

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 on-level ratio. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2019
Based on Experience as of December 31, 2021**

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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.301
2023				0.291
9/1/2023				0.289

(a) See AC22-04-02, Exhibit 3.2.

(b) See AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 on-level ratio. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4

(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 Excluding CII
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.292
2023				0.295
9/1/2023				0.295

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates for accident year 2021 and projections for 2022 through 2024 are based on the WCIRB's indemnity claim frequency model, similar to the September 1, 2022 Rate Filing, including the tempering constant and excluding the Cumulative Injury Index forecast. The annual indemnity severity growth estimates are from AC22-04-02, Exhibit 6.2

**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 Excluding CII
Based on Experience as of December 31, 2021**

	(1)	(2)	(3)	(4)
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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.307
2023				0.311
9/1/2023				0.310

- (a) See AC22-04-02, Exhibit 3.2.
- (b) See AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates for accident year 2021 and projections for 2022 through 2024 are based on the WCIRB's indemnity claim frequency model, similar to the September 1, 2022 Rate Filing, including the tempering constant and excluding the Cumulative Injury Index forecast. The annual medical severity growth estimates are from AC22-04-02, Exhibit 6.4
- (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, 2021**

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)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.288
2023				0.279
9/1/2023				0.276

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 1990-2021 annual indemnity severity trend of 0.9%.

**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, 2021**

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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.327
2023				0.329
9/1/2023				0.328

(a) See AC22-04-02, Exhibit 3.2.

(b) See AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are based on the 1990-2021 annual medical severity trend of 4.9%.

(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, 2021**

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)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.295
2023				0.288
9/1/2023				0.286

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 2017-2021 annual indemnity severity trend of 2.1%.

**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, 2021**

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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.306
2023				0.298
9/1/2023				0.295

(a) See AC22-04-02, Exhibit 3.2.

(b) See AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2019 and 2021 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2021 from AC22-04-02, Exhibit 12, and frequency model projections for accident years 2022 through 2024 from Item AC22-04-02, Exhibit 6.1. The annual medical severity growth estimates are based on the 2017-2021 annual medical severity trend of 1.5%.

(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, 2021**

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)
1990	0.400	1.323	1.680	0.315
1991	0.427	1.090	1.521	0.306
1992	0.352	1.149	1.383	0.293
1993	0.289	1.395	1.338	0.301
1994	0.328	1.458	1.512	0.317
1995	0.473	1.350	1.986	0.322
1996	0.532	1.262	2.054	0.327
1997	0.602	1.130	1.995	0.341
1998	0.654	1.042	2.003	0.340
1999	0.687	0.966	1.903	0.349
2000	0.595	0.901	1.506	0.356
2001	0.493	0.902	1.287	0.346
2002	0.367	0.924	0.992	0.342
2003	0.243	0.921	0.706	0.318
2004	0.145	1.261	0.635	0.289
2005	0.125	1.710	0.703	0.303
2006	0.161	1.680	0.904	0.300
2007	0.223	1.619	1.155	0.313
2008	0.283	1.521	1.396	0.308
2009	0.331	1.491	1.506	0.328
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.281
2023				0.280
9/1/2023				0.280

- (a) See AC22-04-02, Exhibit 3.1.
- (b) See AC22-04-02, Exhibit 4.1.
- (c) See AC22-04-02, 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 2021 on-level indemnity to industry average filed pure premium ratios to the 2019 and 2021 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, 2021**

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)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio (f)
1990	0.338	0.608	1.680	0.122	0.122
1991	0.355	0.520	1.521	0.122	0.122
1992	0.295	0.549	1.383	0.117	0.117
1993	0.243	0.657	1.338	0.119	0.119
1994	0.279	0.688	1.512	0.127	0.127
1995	0.414	0.679	1.986	0.141	0.141
1996	0.444	0.669	2.054	0.145	0.145
1997	0.500	0.663	1.995	0.166	0.166
1998	0.600	0.584	2.003	0.175	0.175
1999	0.661	0.506	1.903	0.176	0.176
2000	0.600	0.465	1.506	0.186	0.186
2001	0.536	0.424	1.287	0.177	0.177
2002	0.417	0.441	0.992	0.185	0.185
2003	0.269	0.462	0.706	0.176	0.176
2004	0.184	0.699	0.635	0.202	0.202
2005	0.181	0.812	0.703	0.209	0.209
2006	0.235	0.853	0.904	0.222	0.222
2007	0.333	0.837	1.155	0.241	0.241
2008	0.417	0.831	1.396	0.248	0.248
2009	0.492	0.819	1.506	0.268	0.268
2010	0.488	0.817	1.369	0.291	0.291
2011	0.421	0.831	1.250	0.280	0.280
2012	0.366	0.869	1.113	0.286	0.312
2013	0.309	0.945	0.972	0.300	0.329
2014	0.281	0.990	0.896	0.310	0.339
2015	0.268	1.009	0.855	0.317	0.345
2016	0.252	1.012	0.883	0.289	0.314
2017	0.258	1.015	0.926	0.283	0.307
2018	0.281	1.016	0.975	0.293	0.318
2019	0.311	1.012	1.081	0.291	0.318
2020	0.318	1.008	1.146	0.279	0.306
2021	0.354	1.007	1.173	0.304	0.333
<hr/>					
				Projected (d)	
2022				0.321	
2023				0.333	
9/1/2023				0.335	

- (a) See AC22-04-02, Exhibit 3.2.
- (b) See AC22-04-02, Exhibit 4.4.
- (c) See AC22-04-02, 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 2021 on-level medical to industry average filed pure premium ratios (including MCCP costs) to the 2019 and 2021 on-level medical to industry average filed pure premium ratios.
- (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, 2021**

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)
2010	0.320	1.463	1.369	0.341
2011	0.298	1.443	1.250	0.344
2012	0.267	1.425	1.113	0.342
2013	0.228	1.393	0.972	0.327
2014	0.216	1.276	0.896	0.308
2015	0.212	1.258	0.855	0.311
2016	0.200	1.242	0.883	0.282
2017	0.205	1.210	0.926	0.268
2018	0.220	1.178	0.975	0.266
2019	0.258	1.145	1.081	0.274
2020	0.277	1.107	1.146	0.268
2021	0.323	1.063	1.173	0.293
				Projected (d)
2022				0.293
2023				0.298
9/1/2023				0.299

(a) See AC22-04-02, Exhibit 3.1.

(b) See AC22-04-02, Exhibit 4.1.

(c) See AC22-04-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.8% based on the 2017 to 2021 on-level indemnity to industry average filed pure premium ratios to the 2019 and 2021 on-level indemnity to industry average filed pure premium ratios.

**Projected On-Level Accident Year
Medical Loss to Industry Average Filed Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2021**

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)
2010	0.488	0.817	1.369	0.291
2011	0.421	0.831	1.250	0.280
2012	0.366	0.869	1.113	0.286
2013	0.309	0.945	0.972	0.300
2014	0.281	0.990	0.896	0.310
2015	0.268	1.009	0.855	0.317
2016	0.252	1.012	0.883	0.289
2017	0.258	1.015	0.926	0.283
2018	0.281	1.016	0.975	0.293
2019	0.311	1.012	1.081	0.291
2020	0.318	1.008	1.146	0.279
2021	0.354	1.007	1.173	0.304
				Projected (d)
2022				0.303
2023				0.307
9/1/2023				0.307

(a) See AC22-04-02, Exhibit 3.2.

(b) See AC22-04-02, Exhibit 4.4.

(c) See AC22-04-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.0% based on the 2017 to 2021 on-level medical to industry average filed pure premium ratios to the 2019 and 2021 on-level medical to industry average filed pure premium ratios.

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

Item AC22-04-03

9/1/2022 Filing – COVID-19 Claim Cost Projection

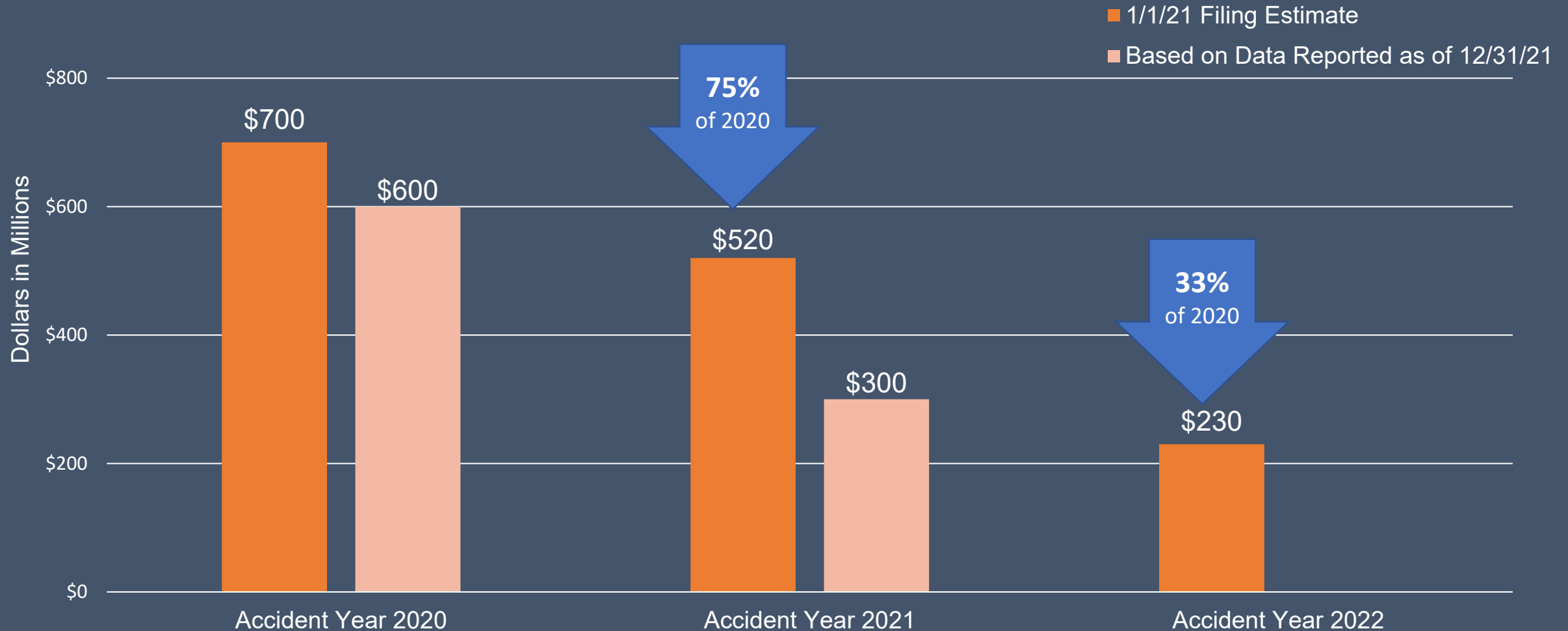
The WCIRB's January 1, 2021 Pure Premium Rate Filing reflected an average provision for COVID-19 claims of 4%, or \$0.06 per \$100 of payroll, that was based on the projected cost of COVID-19 claims to be incurred on 2021 policies.¹ Exhibit 1 compares COVID-19 losses and loss adjustment expenses (LAE) projected in the January 1, 2021 Pure Premium Rate Filing to the COVID-19 losses and LAE estimated to have emerged based on reported aggregate financial data reported through December 31, 2021.

At the March 16, 2021 and April 15, 2021 meetings, 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 projections of future COVID-19 rates. The models reviewed at the time suggested that with growing levels of vaccination, COVID-19 infection, hospital and death rates would plateau before significant levels of exposure on post-September 1, 2021 policies would arise. As a result, the Committee agreed that no COVID-19 claim cost provision for the September 1, 2021 to August 30, 2022 policy period should be reflected in the September 1, 2021 Pure Premium Rate Filing. However, since the time that filing was made in April 2021, significant levels of COVID-19 claims have continued to arise in large part due to the emergence of the Delta and Omicron variants.

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

¹ In the Insurance Commissioner's Decision on the Filing, the approved advisory pure premium rates did not reflect a provision for projected COVID-19 claim costs on 2021 policies, his Decision indicated that, "[t]he WCIRB's thorough efforts to estimate COVID-19 costs are noted and appreciated but I am not persuaded that there is sufficient and reliable data upon which to base an adjustment for COVID-19 costs. Insurance companies are encouraged to take under advisement the actuarial analyses provided in the proposed decision as well as ongoing developments when evaluating whether and to what extent an adjustment for the costs of COVID-19 should be incorporated into a given insurer's rate filing." The Proposed Decision includes a *Table of Recommended COVID-19 Additive Adjustment per \$100 of Payroll* that average \$0.05 per \$100 of payroll.

Projected Cost of COVID-19 Claims 1/1/21 Filing Vs Estimated Actual — Insured Employers Only



Item AC22-04-04

Retrospective Evaluation of the 2021 Fee Schedule Changes

In early 2021, the Division of Workers' Compensation (DWC) adopted changes to two fee schedules, including the Evaluation/Management (E/M) section of the Official Medical Fee Schedule effective March 1, 2021 and the new Medical-Legal Fee Schedule effective April 1, 2021. In April 2021, the WCIRB conducted prospective evaluations of the fee schedule changes and estimated an increase of 15% to the E/M office visit costs and an increase of 22% to the cost of medical-legal services. The cost impacts of both fee schedule changes were reflected in the September 1, 2021 Advisory Pure Premium Rate Filing.

Staff has conducted a retrospective cost impact evaluation of the E/M and Medical-Legal fee schedule changes based on actual payments in 2021 reported in the WCIRB medical transaction data and will present the results of this evaluation at the meeting. Slides summarizing staff's retrospective evaluation are attached.

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

- The Division of Workers' Compensation (DWC) adopted changes to reimbursement allowance made by the Centers for Medicare & Medicaid Services (CMS) for Evaluation/Management (E/M) services effective March 1, 2021.
- Some of the significant changes to the E/M Section of the OMFS 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)
- In April 2021, the WCIRB conducted a prospective evaluation of the cost impact of increased reimbursement allowance for E/M office/outpatient visit services and estimated an increase of 15%* to the E/M office visit costs. The cost impact was reflected in the September 1, 2021 Advisory Pure Premium Rate Filing.
- The WCIRB has conducted a retrospective evaluation of the cost impact of the changes to the E/M service reimbursement allowance based on actual payment patterns.

Data Source and Summary of Key Preliminary Findings

As of February 28, 2022

Data Source

- Based on WCIRB medical transaction data for service years 2019 to 2021
 - Focused on E/M office visit services between March and December for each service year
 - COVID-19 claims were excluded

Key Preliminary Findings

- Average paid per E/M office visit transaction increased by 10%* in 2021 compared to 2019, slightly lower than the projected increase of 15%
- Mix of E/M office services remained similar in 2021 compared to 2019, but the network discounting appeared to be larger in 2021
- Number of E/M office visits per claim increased by 4% in 2021, likely not related to the March 1, 2021 fee schedule update

E/M Office/Outpatient Visit (99202-99205, 99211-99215)	Projected Cost Impact (Projected 2021 vs. Actual 2019)	Actual Cost Impact (Actual 2021 vs. Actual 2019)
Percentage Change in Paid per Transaction	20%	15%
Removing Typical Annual Inflationary Change	2.5% * 2 years	2.5% * 2 years
Cost Impact Estimate	15%	10%

E/M Office/Outpatient Visit Services – Transaction and Payment Share (March – December)

As of February 28, 2022

		Transaction Share			Share of Payments for all E/M Services
E/M code	Description	Actual 2019 (service mix used in projection)	Actual 2020	Actual 2021	Actual 2021
99202	New sf 15-29 min	1%	1%	1%	0%
99203	New low 30-44 min	8%	6%	7%	7%
99204	New mod 45-59 min	7%	7%	8%	11%
99205	New hi 60-74 min	1%	1%	2%	3%
99211	Established minimal prob	0%	0%	0%	0%
99212	Established sf 10-19 min	2%	2%	3%	1%
99213	Established low 20-29 min	32%	30%	35%	26%
99214	Established mod 30-39 min	36%	36%	32%	32%
99215	Established hi 40-54 min	4%	4%	4%	6%
99202-99215	All 9 Codes Combined	92%	87%	91%	86%

E/M Office/Outpatient Visit Services – Paid per Transaction

2021 Compared to 2019 (March – December)

As of February 28, 2022

E/M code	Description	Projected 2021 (last evaluation)	Actual Payment in 2019	Actual Payment in 2021	Actual 2021 vs. Actual 2019
99202	New sf 15-29 min	\$95	\$97	\$96	-1%
99203	New low 30-44 min	\$145	\$135	\$143	6%
99204	New mod 45-59 min	\$210	\$199	\$211	6%
99205	New hi 60-74 min	\$266	\$239	\$269	12%
99211	Established minimal prob	\$34	\$34	\$30	-10%
99212	Established sf 10-19 min	\$74	\$57	\$70	23%
99213	Established low 20-29 min	\$117	\$92	\$112	22%
99214	Established mod 30-39 min	\$163	\$132	\$155	17%
99215	Established hi 40-54 min	\$215	\$168	\$207	23%
99202-99215	All 9 Codes Combined	\$149 (+20%* from 2019)	\$124	\$143	15%*

Actual Cost Increases in the E/M Office/Outpatient Visit Services 2021 Compared to 2019 (March – December)

As of February 28, 2022

E/M Office/Outpatient Visit (99202-99205, 99211-99215)	Actual 2019	Actual 2020	Actual 2021	Actual 2021 vs. Actual 2019
Paid per Transaction	\$124	\$125	\$143	15%
Average Network Discounting	12%	13%	15%	
Transactions per 100 Claims (likely not related to the fee schedule update)	338	346	351	4%
Paid per Claim	\$419	\$432	\$504	20%

Actual Cost Increases in the E/M Office/Outpatient Visit Services 2021 Compared to 2019 and 2020 (March – December)

As of February 28, 2022

E/M Office/Outpatient Visit (99202-99205, 99211-99215)	Projected 2021 (compared to 2019 historical payment)	Actual 2021 (compared to 2019 historical payment)	Actual 2021 (compared to 2020 historical payment)
Percentage Change in Paid per Transaction	20%	15%	15%
Removing Typical Annual Inflationary Change **	2.5% * 2 years	2.5% * 2 years	2.5% * 1 year
Cost Impact Estimate	15%	10%	12.5%

Background on New Medical-Legal Fee Schedule

- The Division of Workers' Compensation (DWC) adopted significant changes to the Medical-Legal (ML) Fee Schedule effective April 1, 2021.
- The new ML Fee Schedule is intended to increase the reimbursement allowance for medical-legal reports while eliminating complexity factor overlay onto reimbursement allowances.
- In April 2021, the WCIRB conducted a prospective evaluation of the cost impact of new ML Fee Schedule and estimated an increase of 22% to the medical-legal costs. The cost impact was reflected in the September 1, 2021 Advisory Pure Premium Rate Filing.
- The WCIRB has conducted a retrospective cost impact evaluation of the new ML Fee Schedule based on the actual payments in 2021.

April 1, 2021 ML Fee Schedule – Summary of Key Changes

- Increases fees for relative value (RV) from \$12.5 to \$16.25
- Adds a reimbursement allowance for missed appointments
- Changes to modifiers
 - Agreed Medical Evaluator (AME), interpreter, psychologist/psychiatrist, toxicologist and oncologist ML services
- Replaces the time component in the ML evaluation codes (old ML101, ML104 and ML106) with a separate record review procedure code for complexity factor
- Adds a ML code for sub rosa recordings review

Pre-4/1/21 ML Code	New ML Code	Procedure Description
ML100	ML200	Missed Appointment for a Comprehensive or Follow-Up Medical-Legal Evaluation
ML102	ML201	Comprehensive Medical-Legal Evaluation
ML103		
ML104		
ML101	ML202	Follow-up Medical-Legal Evaluation
ML106	ML203	Fees for Supplemental Medical-legal Evaluations
ML105	ML204	Fees for Medical-Legal Testimony
	ML205	Fees for Review of Sub Rosa Recordings
	MLPRR	Record Review (applicable to ML200-ML203)

Data Source and Summary of Key Preliminary Findings

■ Data Source

- Based on the WCIRB medical transaction data from service year 2018 through 2021
- Compared ML services provided from Q2 through Q4 of 2021 to those in 2019
- COVID-19 claims were excluded

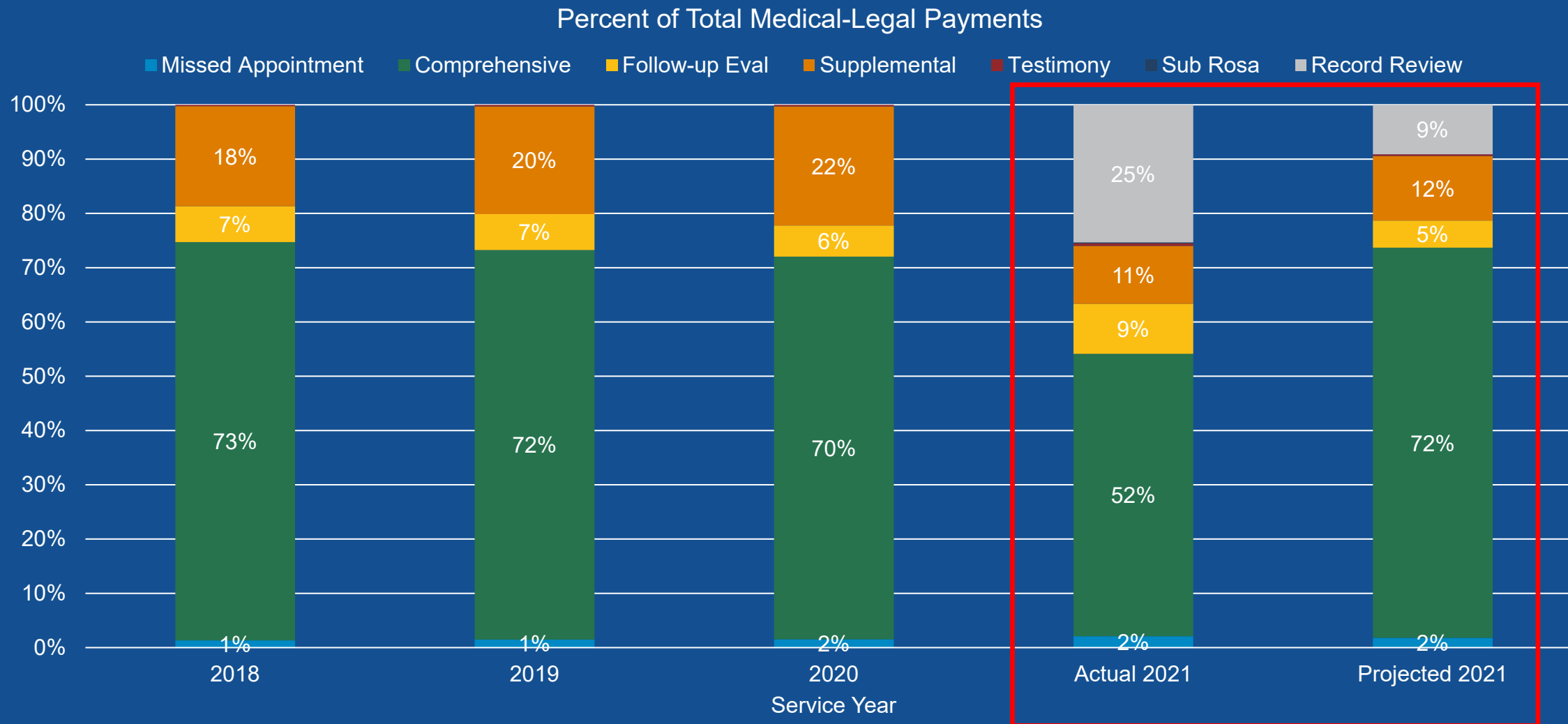
■ Key Preliminary Findings

- Under the new ML Fee Schedule, ML payment per claim in 2021 was 39% higher than in 2019. The actual cost impact is higher than the projected (+22%).
 - Record review appears to be a key cost driver (25% of 2021 ML payments, higher than projected 9%)
- Including record review, paid per ML service increased by 38% in 2021 compared to those in 2019
- Overall, number of ML services per claim remained the same in 2021
 - Number of follow-up evaluations per claim increased significantly, while the number of comprehensive and supplemental evaluations decreased

Distribution of Payments for Medical-Legal Services (Q2 through Q4)

(6.4% of payments for all 2020 medical services)

As of February 28, 2022



Record Reviews for Additional Pages* (2021Q2 through Q4)

As of February 28, 2022

	Share of ML Services with Additional Pages	Average Number of Pages	Median Number of Pages	Average Paid For Record Review	Median Paid For Record Review
Missed Appointment	6%	688	290	\$2,063	\$870
Comprehensive	42%	583	277	\$1,750	\$831
Follow-up Eval	23%	424	204	\$1,273	\$612
Supplemental	29%	421	153	\$1,262	\$459
Record Review Only (2% of all record review)	N/A	507	151	\$1,520	\$453
Overall	32%	526	229	\$1,577	\$687

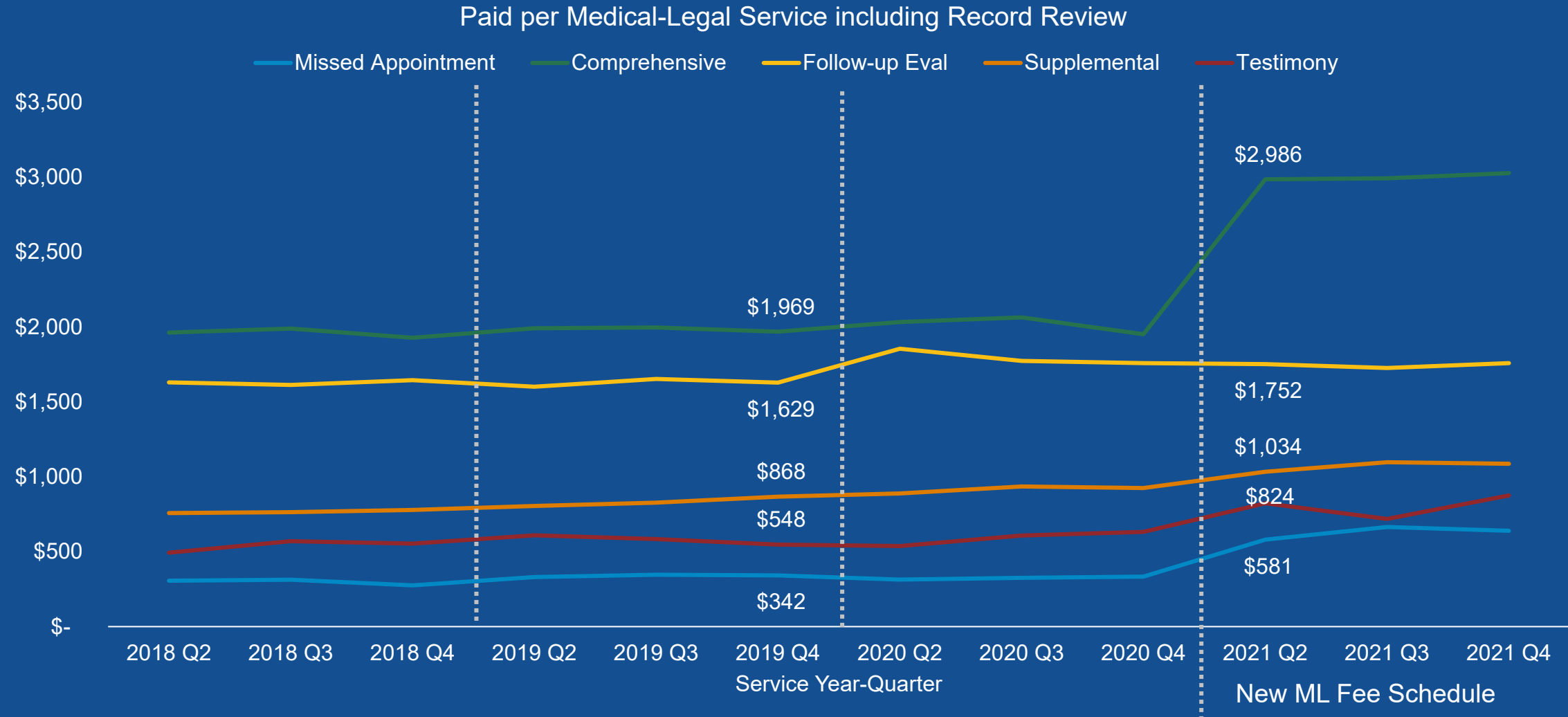
Lower than
projected 62%

IV-D-12

5X higher than
projected \$263

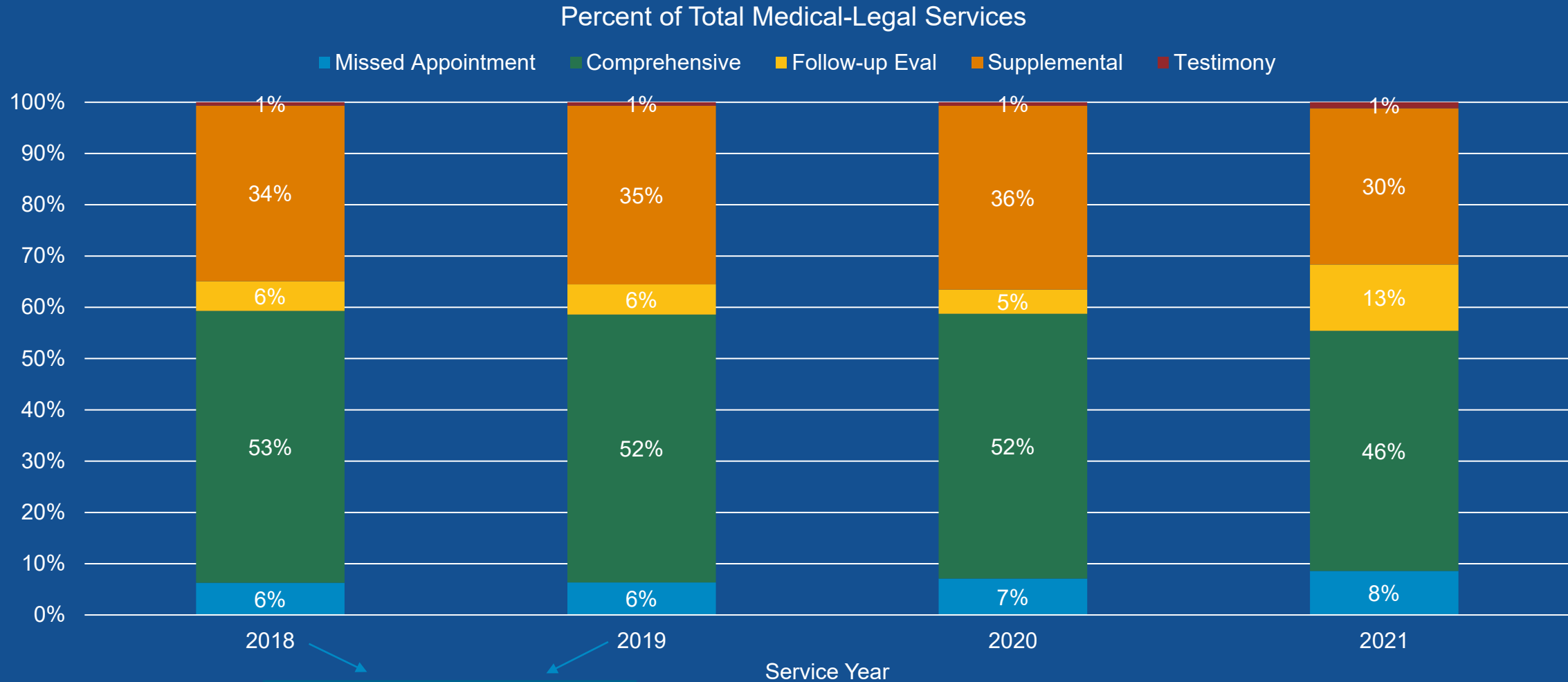
Quarterly Trend of Average Payment for Medical-Legal Services including Record Review

As of February 28, 2022



Distribution of Medical-Legal Services (Q2 through Q4)

As of February 28, 2022



Service mix in 2018 and 2019
used in the projection of 2021

Comparison of ML Services in 2021 to Those in 2019 (Q2 through Q4) – Preliminary Findings

As of February 28, 2022

ML Service	Mix of ML Services in 2021	Actual 2021 Compared to Actual 2019		
		% Change in Paid per ML Service*	% Change in ML Services* per Claim	% Change in ML Paid per Claim
Missed Appointment	8%	+85%	+34%	+147%
Comprehensive	46%	+51%	-11%	+33%
Follow-up Eval	13%	+ 7%	+117%	+133%
Supplemental	30%	+30%	-14%	+12%
Testimony	1%	+36%	+69%	+130%
Overall	100%	+38%	0%	+39%

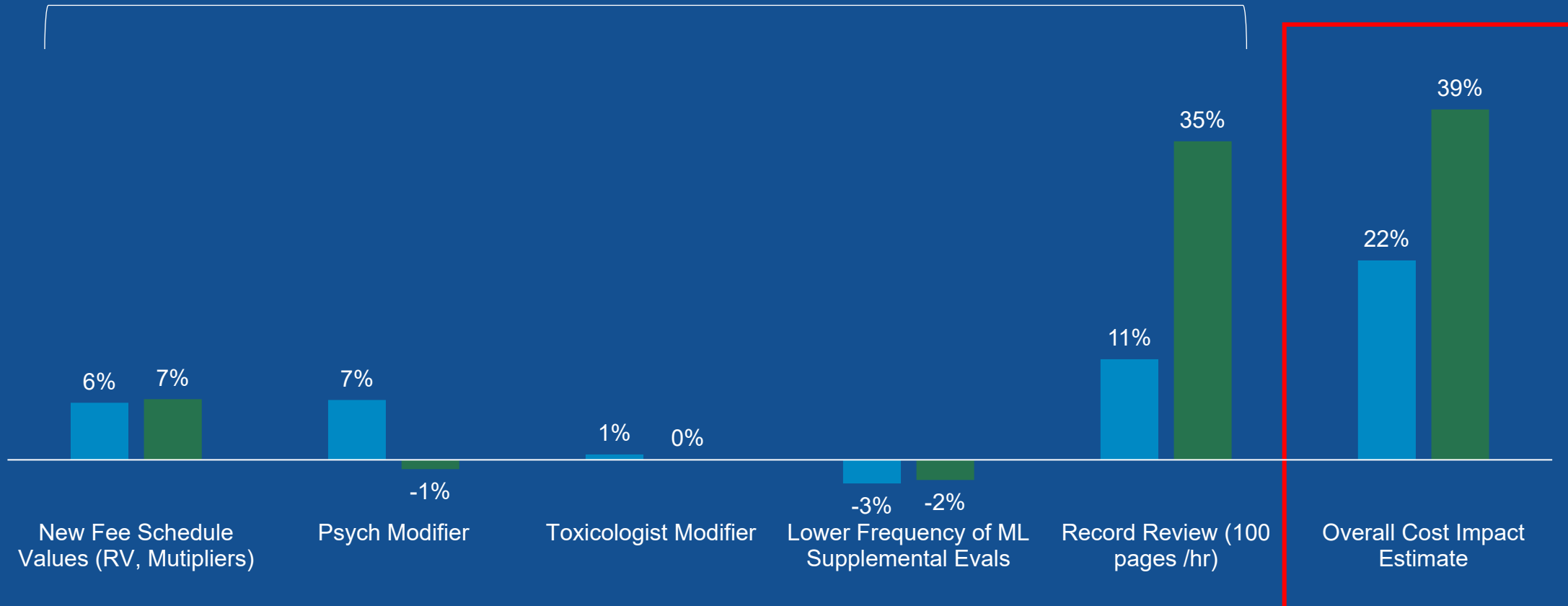
Higher than
Projected
Change of
+22%

Comparison of Actual and Projected Cost Impact of New Medical-Legal Fee Schedule – Preliminary Findings

Comparison of Percentage Change in Actual Paid per Claim and in Estimated Paid per Claim

■ Projected 2021 to Actual 2019 ■ Actual 2021 to Actual 2019

Incremental Cost Impact (Actual vs. Projected)



Average Payments for Medical-Legal Psychological/Psychiatric Evaluations (Q2 through Q4)

As of February 28, 2022

Average Payments per ML Service Including Record Review

Psych ML Evaluation Non-Psych ML Evaluation

