

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814**

DECISION AND ORDER

**JANUARY 1, 2021 WORKERS' COMPENSATION CLAIMS COST BENCHMARK
AND ADVISORY PURE PREMIUM RATES**

FILE NUMBER REG-2020-00014

In the Matter of: Proposed adoption or amendment of the Insurance Commissioner's regulations pertaining to the Workers' Compensation Insurance Claims Cost Benchmark and Advisory Pure Premium Rates. CDI File Number REG-2020-00014. The benchmark will be effective on **January 1, 2021**.

The 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.

DECISION AND ORDER

I adopt the Proposed Decision and Order of Patricia Hein dated November 24, 2020, in part, and order that

1. The WCIRB adopt an average advisory claims cost benchmark of \$1.45 per \$100 of employer payroll and adjust the pure premium rates for individual classifications, excluding the additional adjustment for COVID-19, based upon this benchmark;
2. Insurance companies shall submit any rate component and/or rating plan that includes an adjustment for COVID-19; the filed rates and rating plans in 2021 shall reflect the expected cost of COVID-19 claims on the policies to which they apply and be clearly identified in the rate filings submitted to the Department; and

3. The WCIRB collect data of aggregate premium charged for any rate component and/or rating plan that includes an adjustment for COVID-19.

IT IS SO ORDERED THIS 24th DAY OF NOVEMBER, 2020.

A handwritten signature in black ink, appearing to read "Ricardo Lara". The signature is stylized with a large, looped "R" and a cursive "Lara".

RICARDO LARA
Insurance Commissioner