

WCIRB Report on the State of the California Workers' Compensation Insurance System

August 8, 2016

The webinar will begin shortly.

Notice

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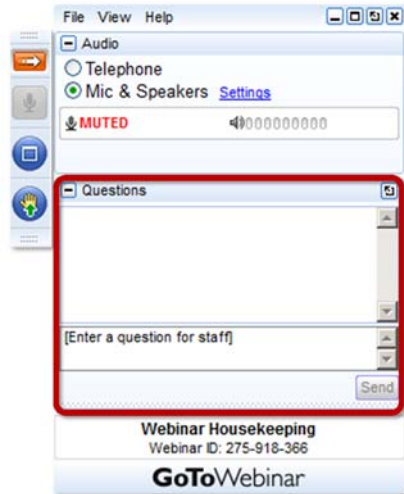
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WCIRB Research Forum Presenters



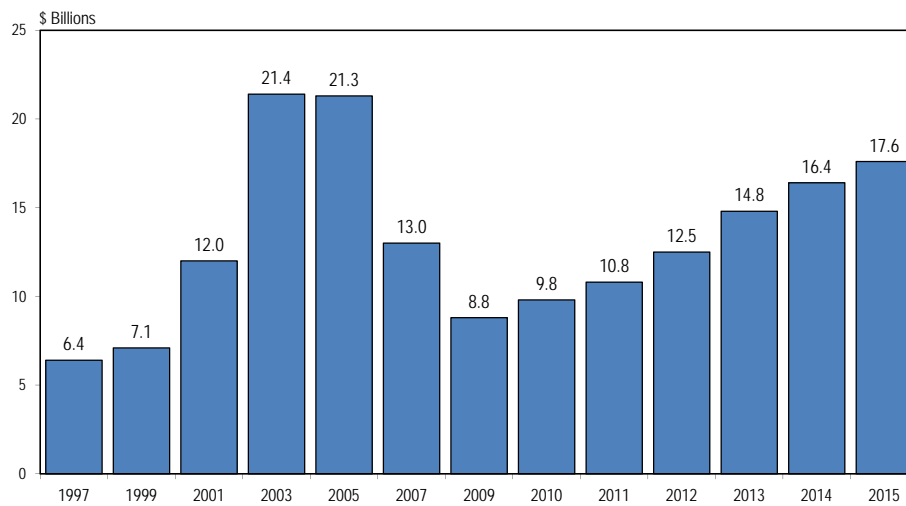
Question and Answer Period



Asking a Question

You may submit questions using the Questions panel.

Reported Written Premium by Calendar Year (Gross of Deductible Credits)

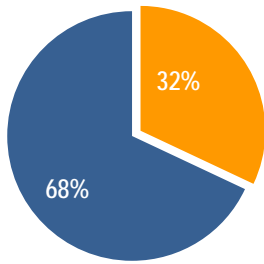


Source: WCIRB aggregate financial data calls. Premiums are gross of any deductible credits.

California Written Premium as Percentage of Countrywide Premium

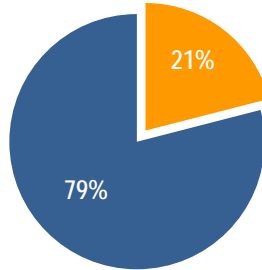
2005 Market Share

- California
- Remainder of Country



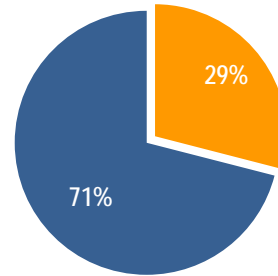
2010 Market Share

- California
- Remainder of Country



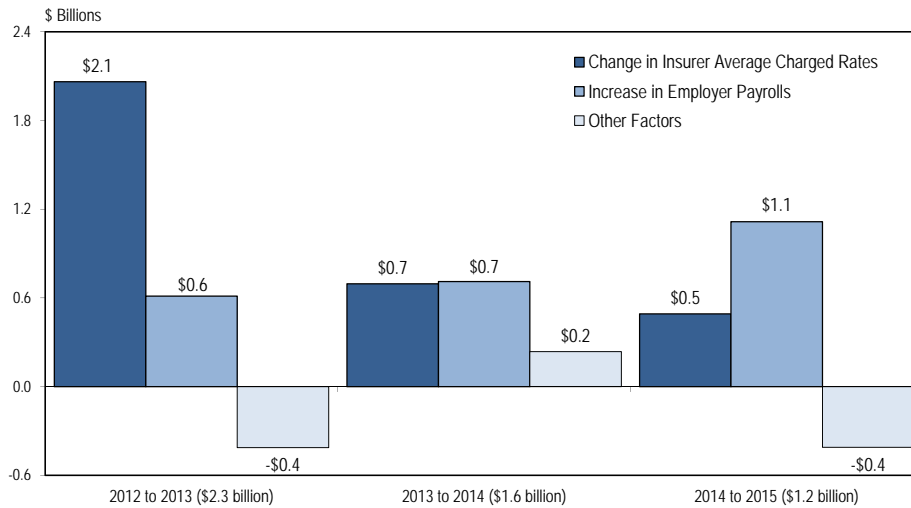
2015 Market Share

- California
- Remainder of Country



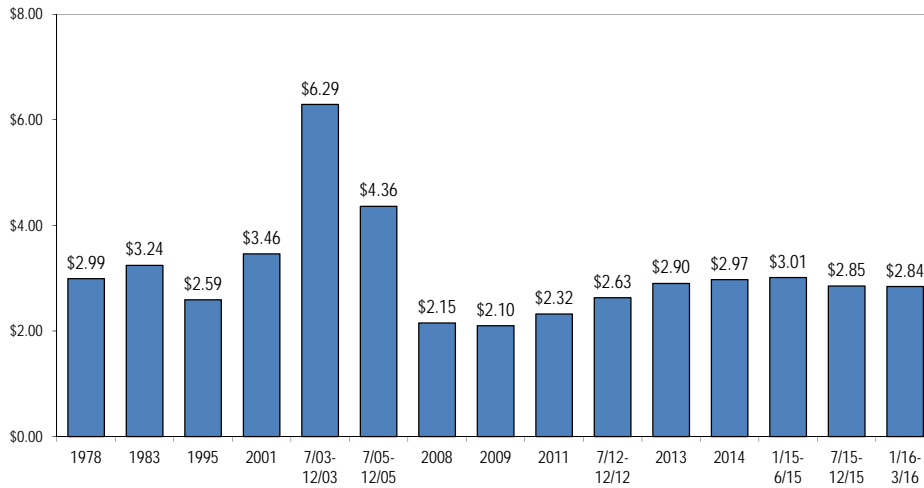
Sources: WCIRB Aggregate Financial Data Calls and NCCI May 13, 2016 State of the Line Presentation (2015 estimate is preliminary). Premiums are net of deductible credits.

Components of Changes in Written Premium



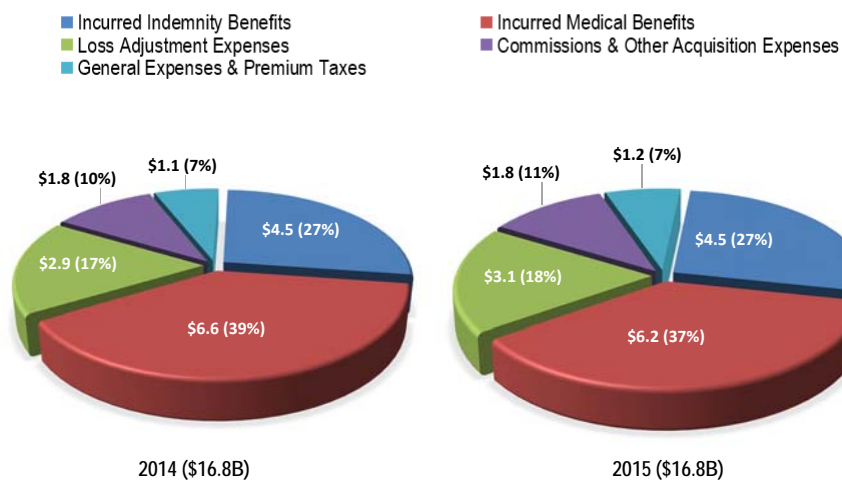
Source: WCIRB aggregate financial data calls and published California annual wage data. Premiums are gross of deductible credits.

Average Charged Rates Per \$100 of Payroll by Policy Period



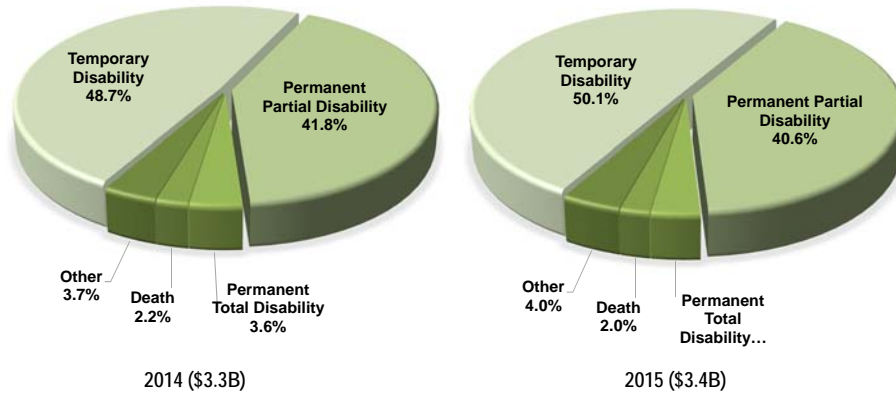
Source: WCIRB aggregate financial data calls and unit statistical data.

Distribution of Total Insured System Costs (\$s in Billions)



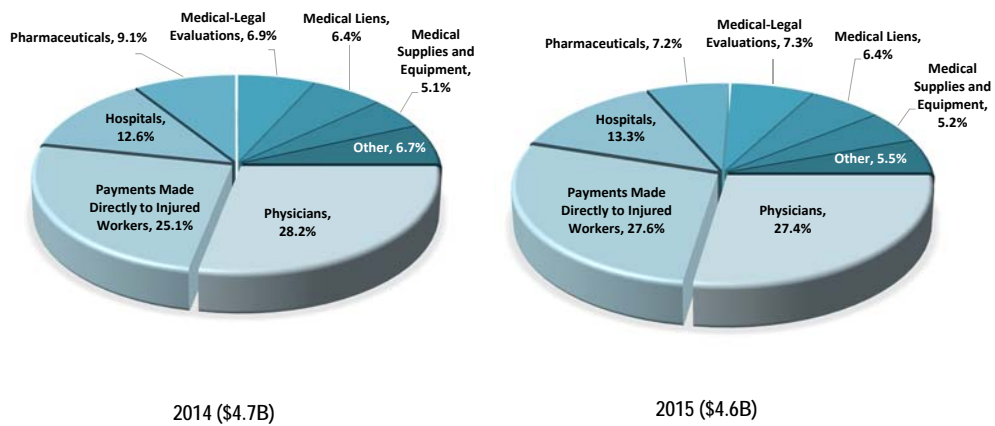
Source: WCIRB aggregate financial data calls.

Distribution of Indemnity Benefits Paid



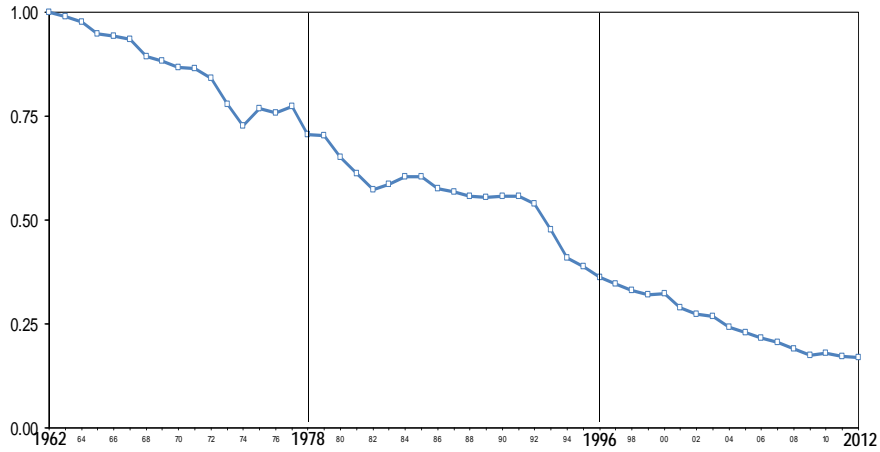
Source: WCIRB aggregate financial data calls.

Distribution of Medical Benefits Paid



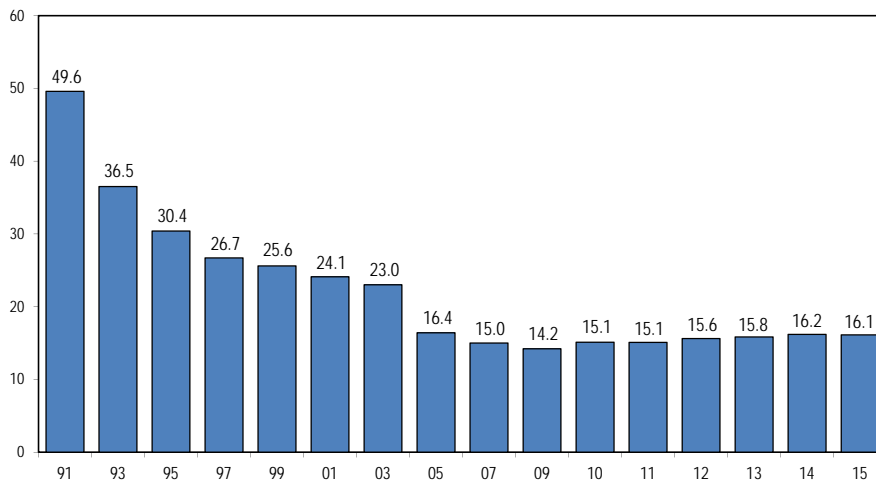
Source: WCIRB aggregate financial data calls and medical transaction data. Excludes medical cost containment program payments.

Long-Term California Total Claim Frequency Indexed to 1962 by Policy Year



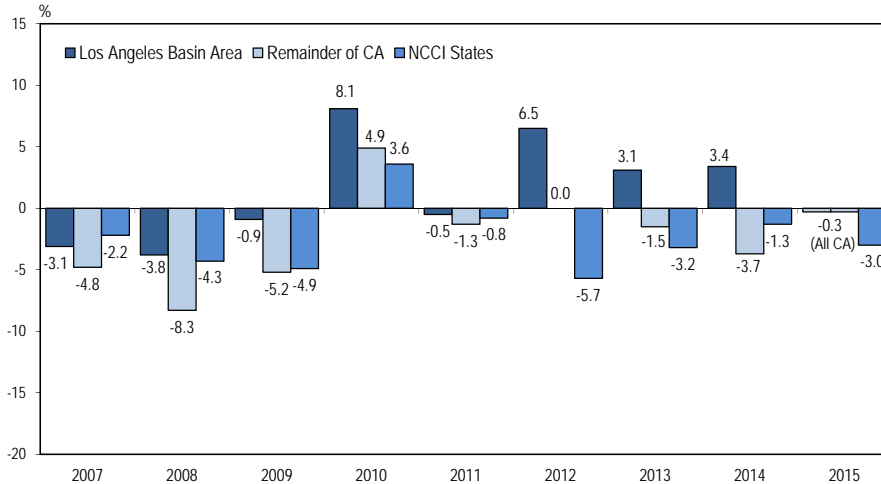
Source: Reported unit statistical claim counts and reported unit statistical payroll adjusted for wage inflation.

Estimated Indemnity Claims Per 1,000 Employees by Accident Year



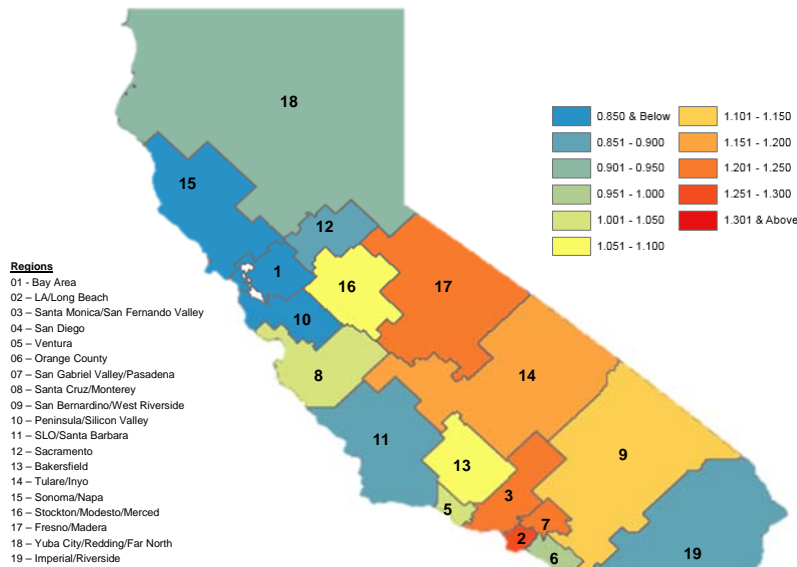
Source: Information through accident year 2014 is based on WCIRB unit statistical data developed to 5th report level. Accident year 2015 is based on changes in reported indemnity claim counts from WCIRB aggregate financial data calls as of March 31, 2016 compared to estimated changes in statewide employment.

Change in Estimated Indemnity Claim Frequency California Regions vs. NCCI States by Accident Year



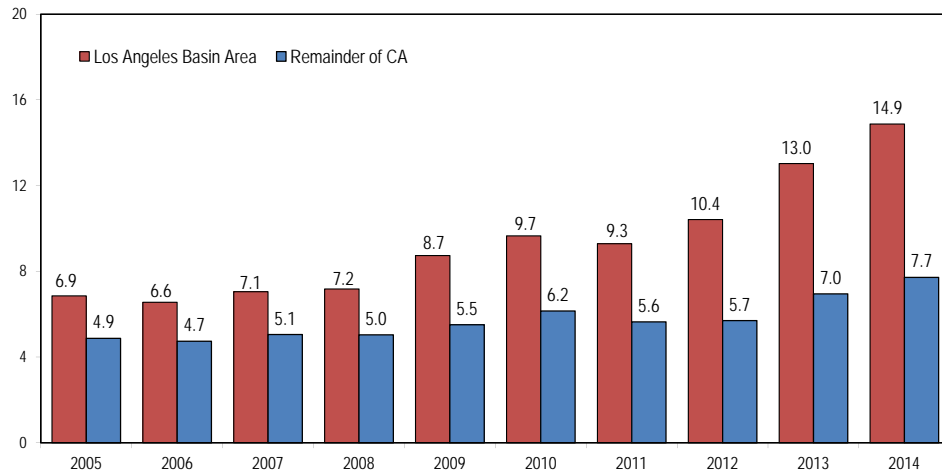
Source: WCIRB unit statistical data and aggregate financial data. NCCI estimates are based on the May 13, 2016 State of the Line Presentation (NCCI 2015 estimate is preliminary and the 2010 and 2011 estimates have been adjusted to remove the impact of audit premium and other factors).

Indemnity Claim Frequency Relative to Statewide by Region Adjusted for Regional Wage Differences and Industrial Mix



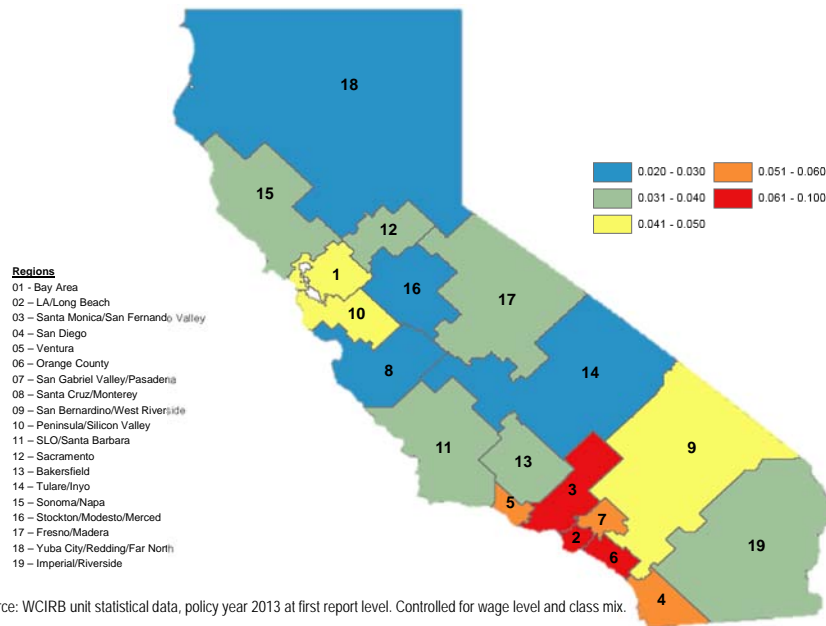
Source: WCIRB unit statistical data, policy year 2013 at first report level.

Cumulative Injury Claims per 100 Indemnity Claims by Region and Accident Year

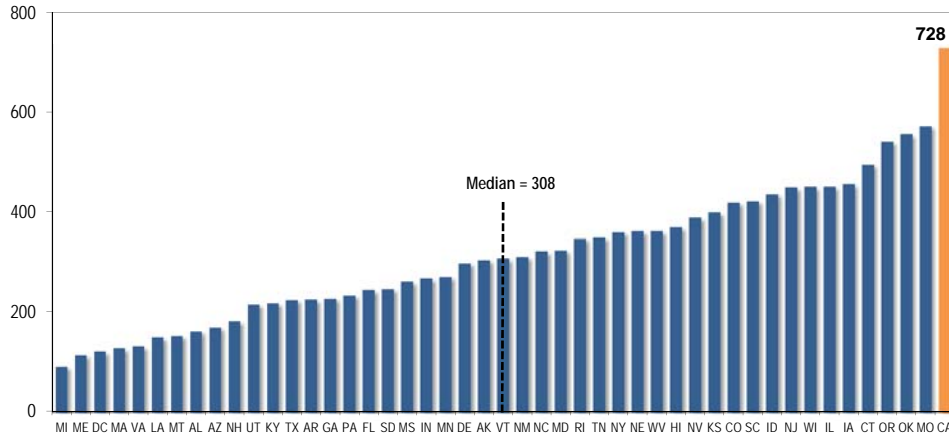


Source: WCIRB unit statistical data.

Chart 16 – Cumulative Injury Claims as a Share of Total Claims by Region

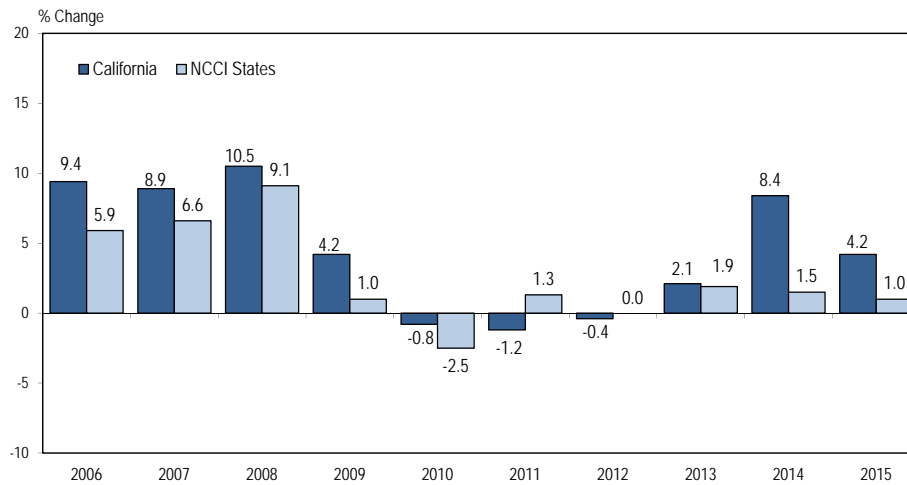


Estimated Permanent Partial Disability Claims per 100,000 Employees



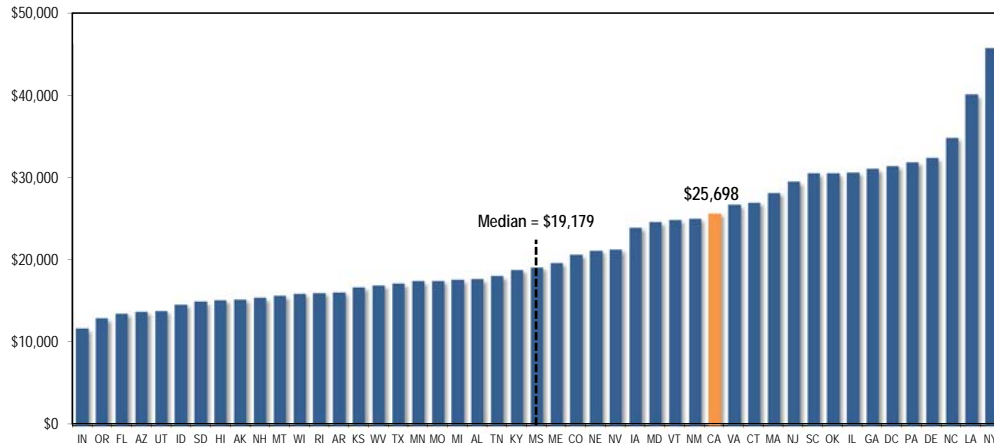
Source: 2016 NCCI Annual Statistical Bulletin for 2012 policy year at first report level.

Estimated Change in Indemnity Cost per Indemnity Claim by Accident Year California vs. NCCI States



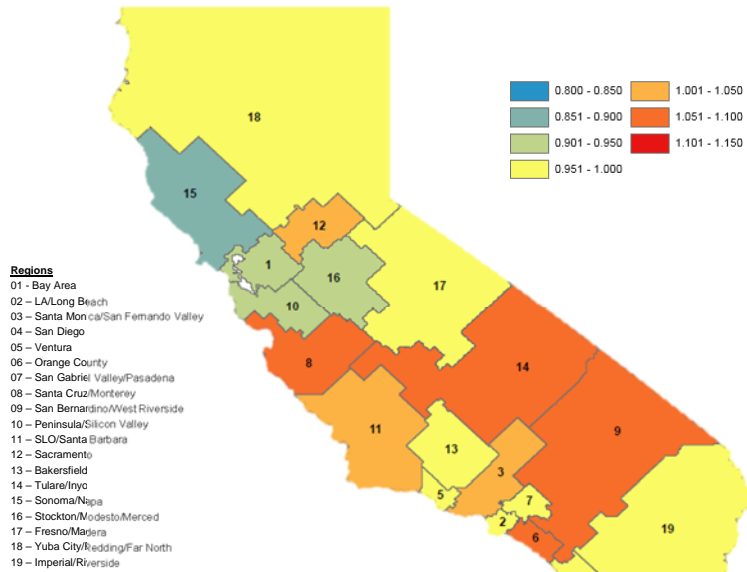
Source: WCIRB aggregate financial data calls as of March 31, 2016. NCCI estimates are based on the May 13, 2016 State of the Line Presentation (2014 and 2015 estimates are preliminary).

Countrywide Indemnity Cost per Indemnity Claim



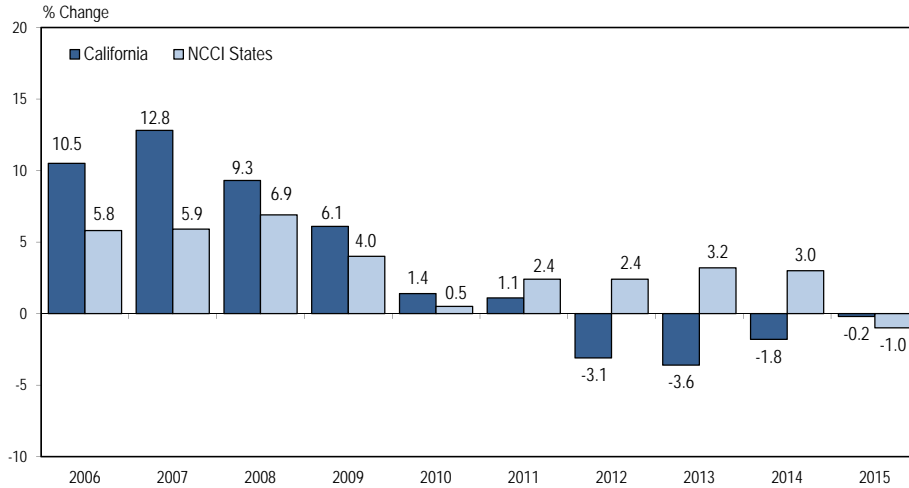
Source: 2016 NCCI Annual Statistical Bulletin based on 2012 policy year at first report level developed to ultimate.

Incurred Medical on Indemnity Claims Relative to Statewide by Region



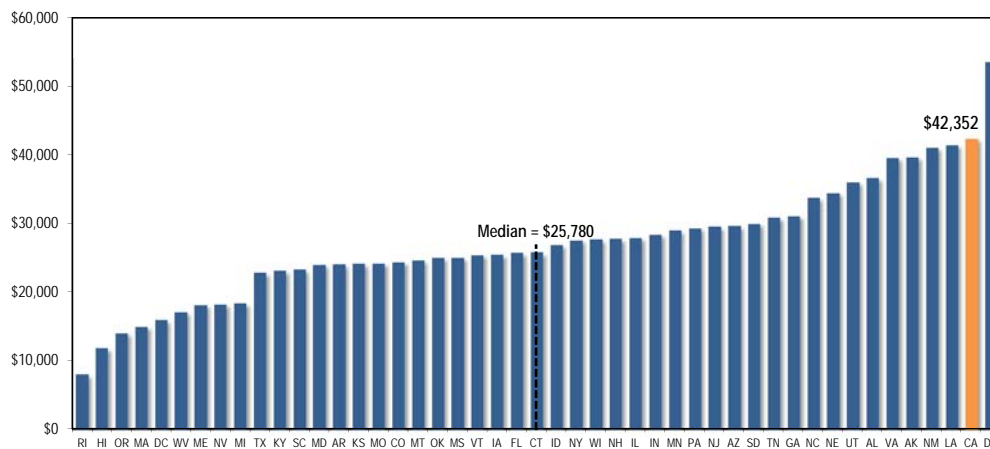
Source: WCIRB unit statistical data, policy year 2013 at first report level. Controlled for wage level and class mix.

Estimated Change in Medical Cost per Indemnity Claim by Accident Year California vs. NCCI States



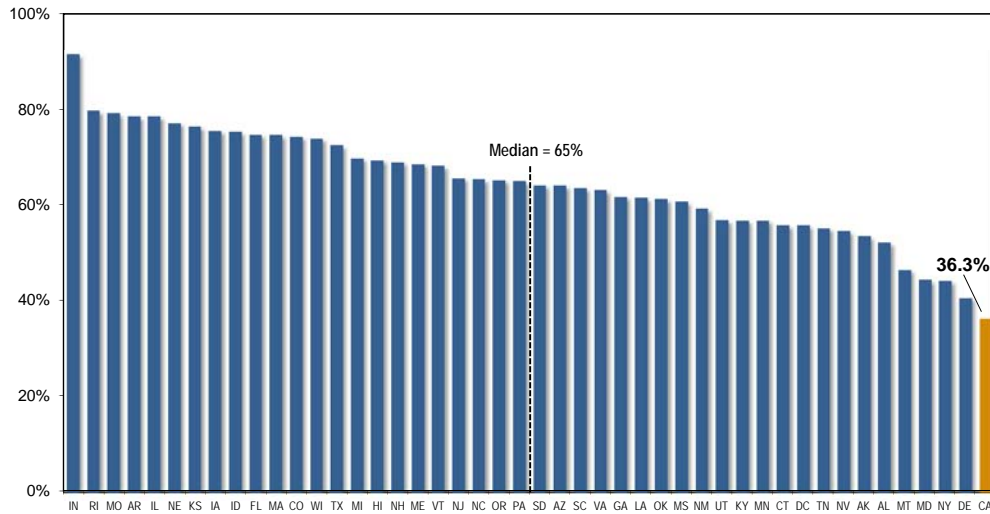
Source: WCIRB aggregate financial data calls as of March 31, 2016. NCCI estimates are based on the May 13, 2016 State of the Line Presentation (2014 and 2015 estimates are preliminary).

Countrywide Medical Cost per Indemnity Claim



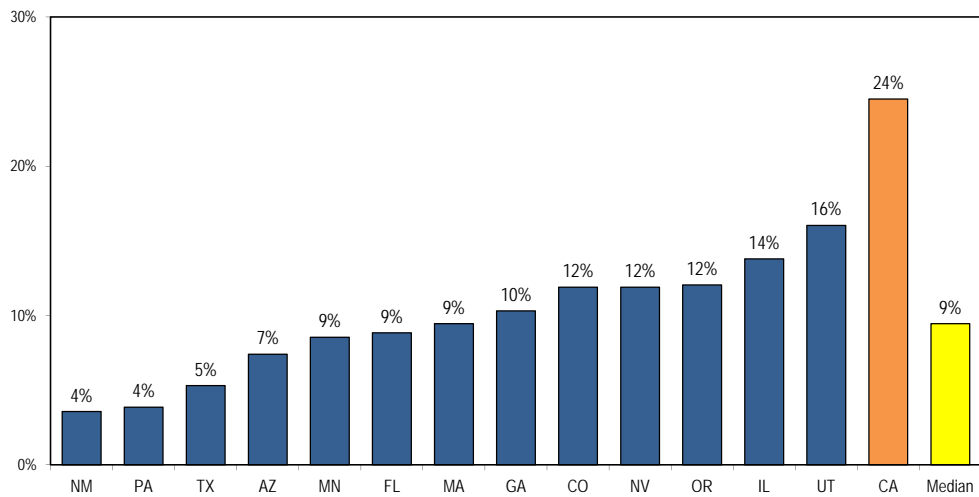
Source: 2016 NCCI Annual Statistical Bulletin based on 2012 policy year at first report level developed to ultimate.

Percentage of Ultimate Medical Cost Paid at 3 Years



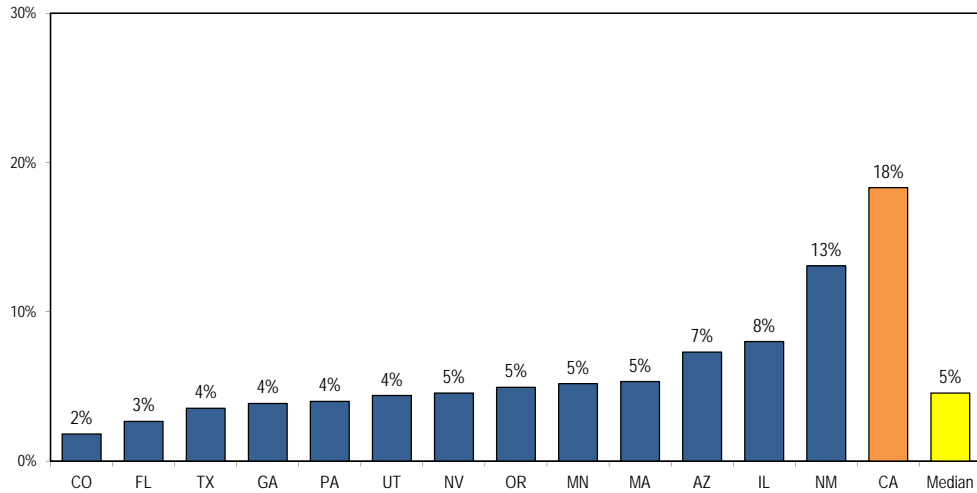
Source: NCCI Annual Statistical Bulletin – 2016 Edition.

Percentage of Indemnity Claim Counts Unreported at 12 Months



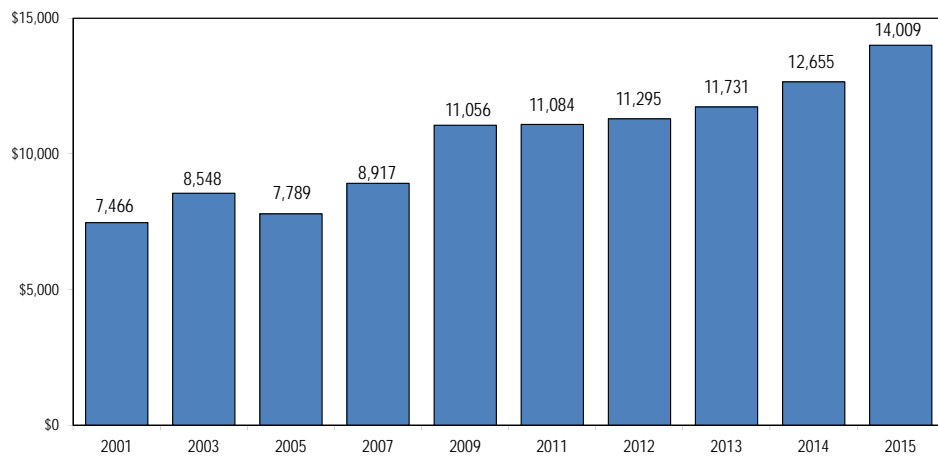
Source: WCIRB calls for aggregate financial information and individual state summaries provided by NCCI, the Minnesota Workers' Compensation Insurers Association, the Workers Compensation Rating & Inspection Bureau of Massachusetts, and the Pennsylvania Compensation Rating Bureau.

Percentage of Reported Indemnity Claims Open after 60 Months



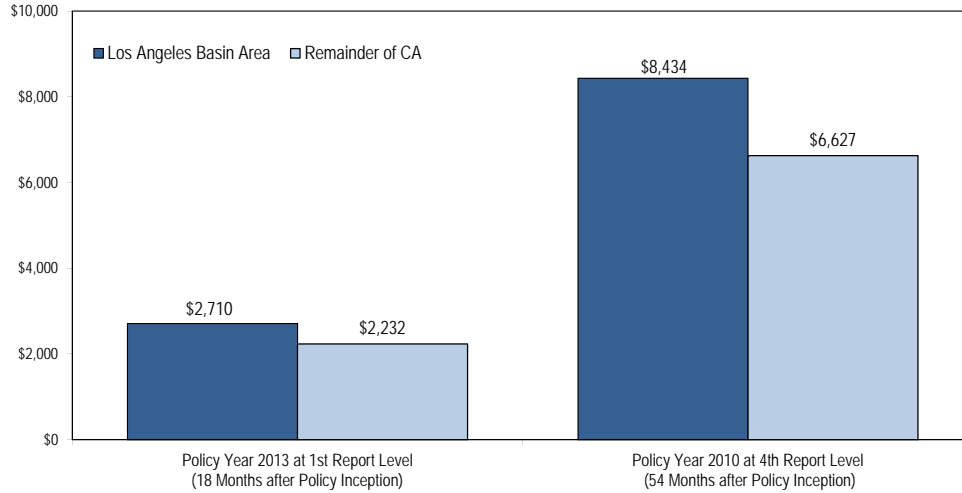
Source: WCIRB calls for aggregate financial information and individual state summaries provided by NCCI, the Minnesota Workers' Compensation Insurers Association, the Workers Compensation Rating & Inspection Bureau of Massachusetts, and the Pennsylvania Compensation Rating Bureau.

Estimated Average Allocated Loss Adjustment Expense Cost per Indemnity Claim by Accident Year



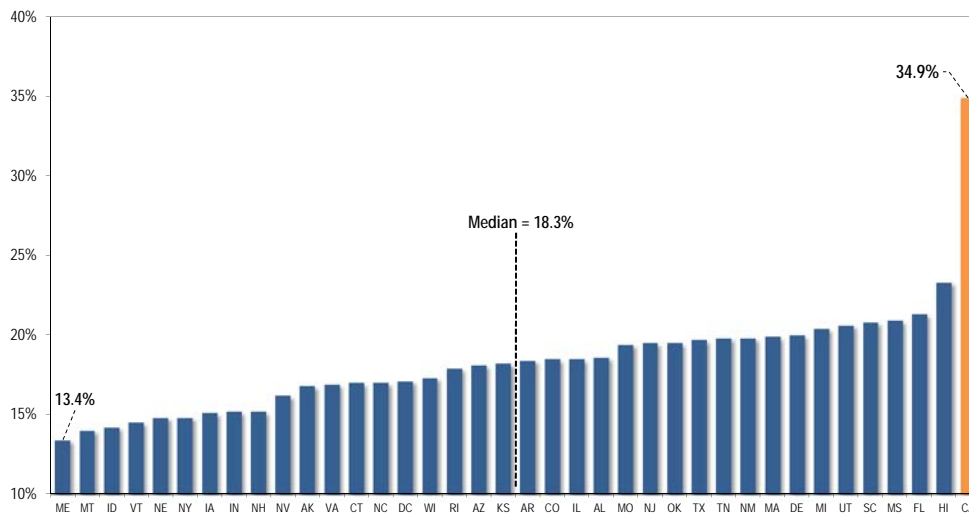
Source: WCIRB aggregate financial data calls from California private insurers as of December 31, 2015. Values are developed to a final or ultimate cost basis.

Average Paid Allocated Loss Adjustment Expense Cost per Indemnity Claim












Source: WCIRB unit statistical data for private insurers. Paid ALAE includes medical cost containment program costs. Regions are based on the zip code reported on the California workers' compensation policy for the employer.

Countrywide Ratios of Loss Adjustment Expense Costs to Losses

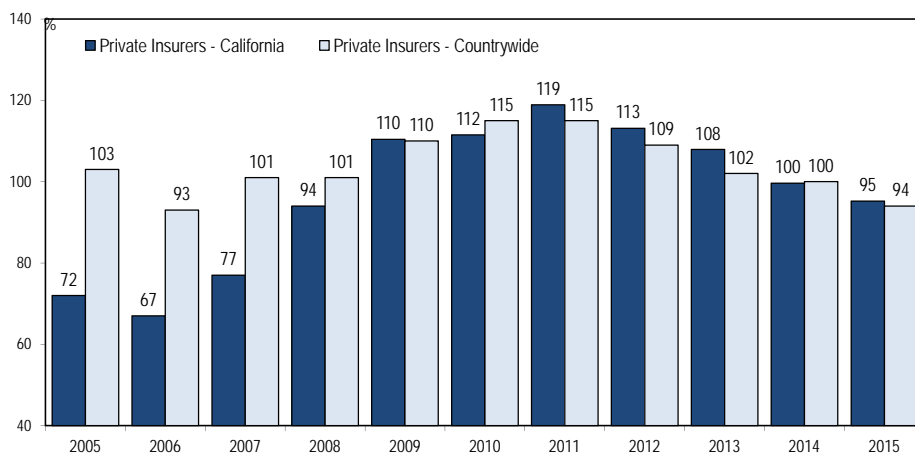


Source: NCCI Annual Statistical Bulletin - 2016 Edition

WCIRB Cost Evaluation of SB 863 Summary of Estimates

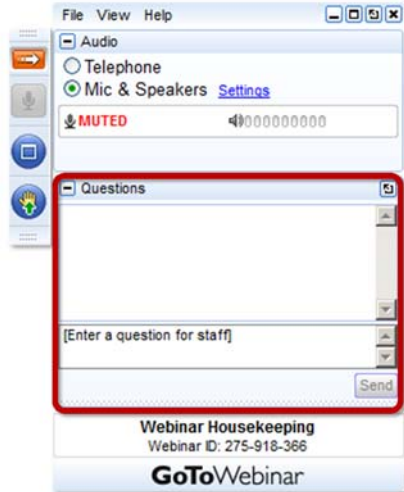
SB 863 Provisions	WCIRB Original Cost Estimates (\$s in billions)	Updated WCIRB Assessment	Updated WCIRB Estimates (\$s in billions)
2013 & 2014 PD Benefit Changes	+\$0.9		+\$0.9
Liens	(\$0.5)		(\$0.5)
IMR (Impact on Frictional Costs)	(\$0.2)		+\$0.1
RBRVS Fee Schedule	+\$0.3		\$0.0
Other Reforms	(\$0.7)		(\$0.8)
Indemnity Claim Frequency	Small Increase		---
Indemnity Severities	Increase		---
Medical Severities	No Impact		(\$0.5)
Total Estimate – All Items	(\$0.2)		(\$0.8)

Insurer Reported Combined Loss and Expense Ratios by Calendar Year



Sources: Countrywide estimate from NCCI May 13, 2016 State of the Line Presentation. The 2015 estimate is preliminary. California ratios based on WCIRB calls for aggregate financial information.

Question and Answer Period



Asking a Question

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