

Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
June 12, 2020	9:30 AM	Webinar Teleconference	David M. Bellusci
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Released: June 5, 2020

Due to the coronavirus (COVID-19) pandemic, this meeting is being held via webinar teleconference.

Please register for June 12, 2020 WCIRB Actuarial Committee Meeting at:

<https://attendee.gotowebinar.com/register/7476572823606741515>

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

I. Approval of Minutes

Meeting held on May 19, 2020

II. Working Group Meeting Summaries

None

III. Unfinished Business

- A. AC16-06-05: Update on Medical Severity Trends by Component
- B. AC19-12-06: Potential 2020 Actuarial and Research Projects
- C. AC20-04-04: COVID-19 Crisis

IV. New Business

- A. AC20-06-01: 3/31/2020 Experience – Review of Methodologies
- B. AC20-06-02: 1/1/2021 Regulatory Filing – Experience Rating Plan Values
- C. AC20-06-03: 1/1/2021 Regulatory Filing – Maximum Payroll Limitation

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: August 4, 2020

VII. Adjournment

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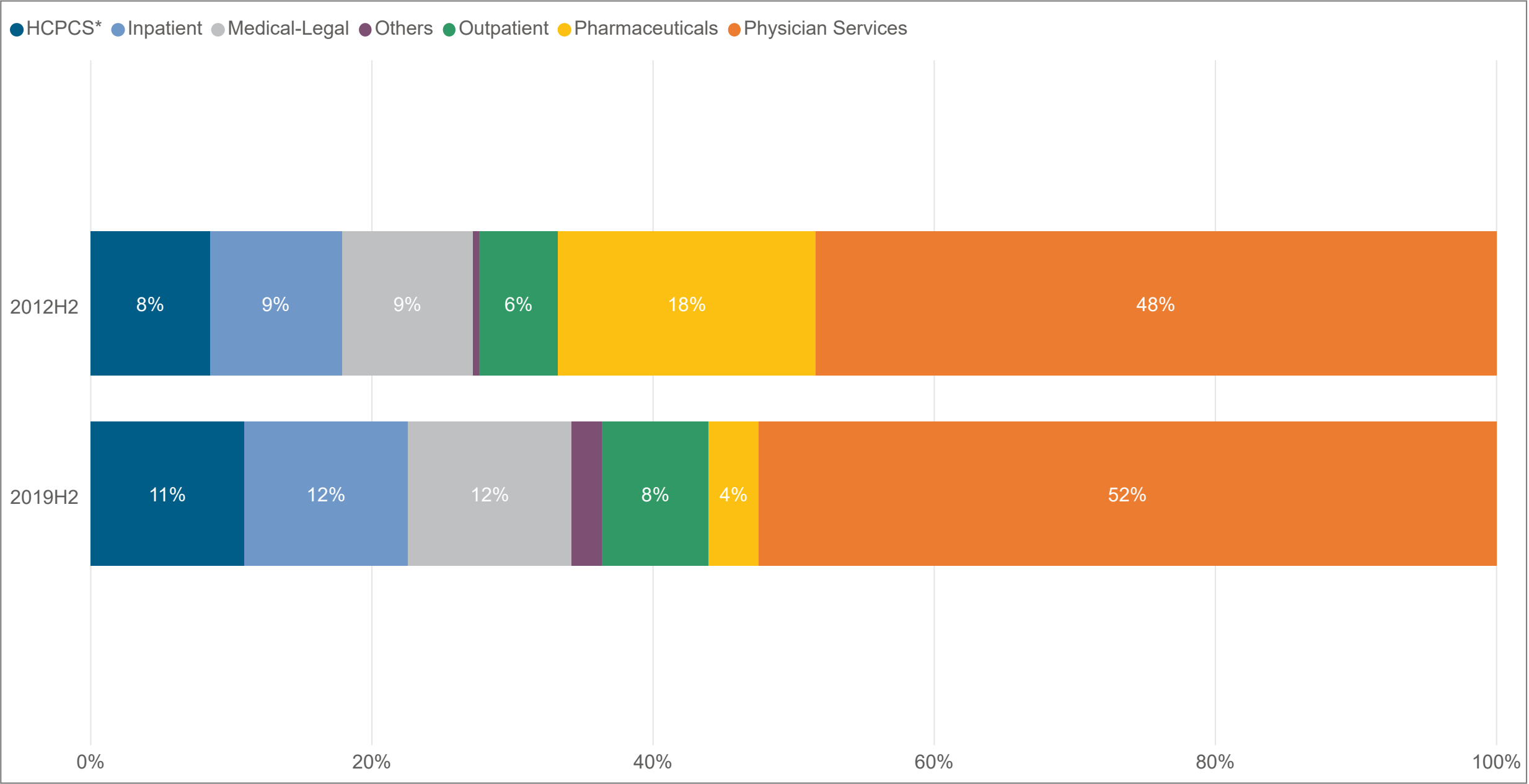
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Item AC16-06-05
Update on Medical Severity Trends by Component

Twice a year, the Committee reviews a summary of changes in paid per transaction and paid transactions per claim by medical component. An update to that analysis with medical transaction data through December 31, 2019 will be presented at the meeting. Attached is an update to the medical severity trends.

Share of Total Medical Payments by Service Type

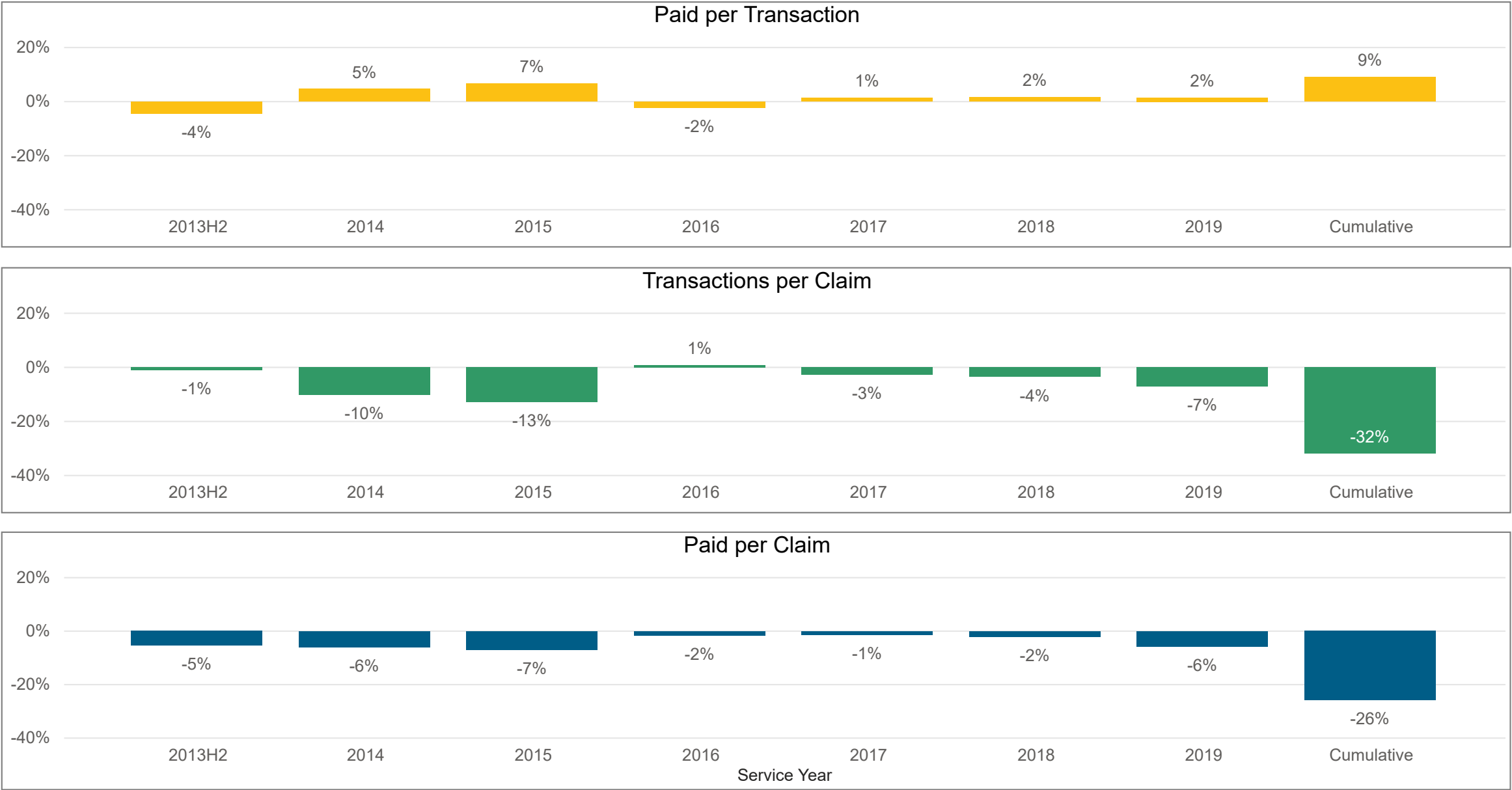
As of April 7, 2020



* 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.

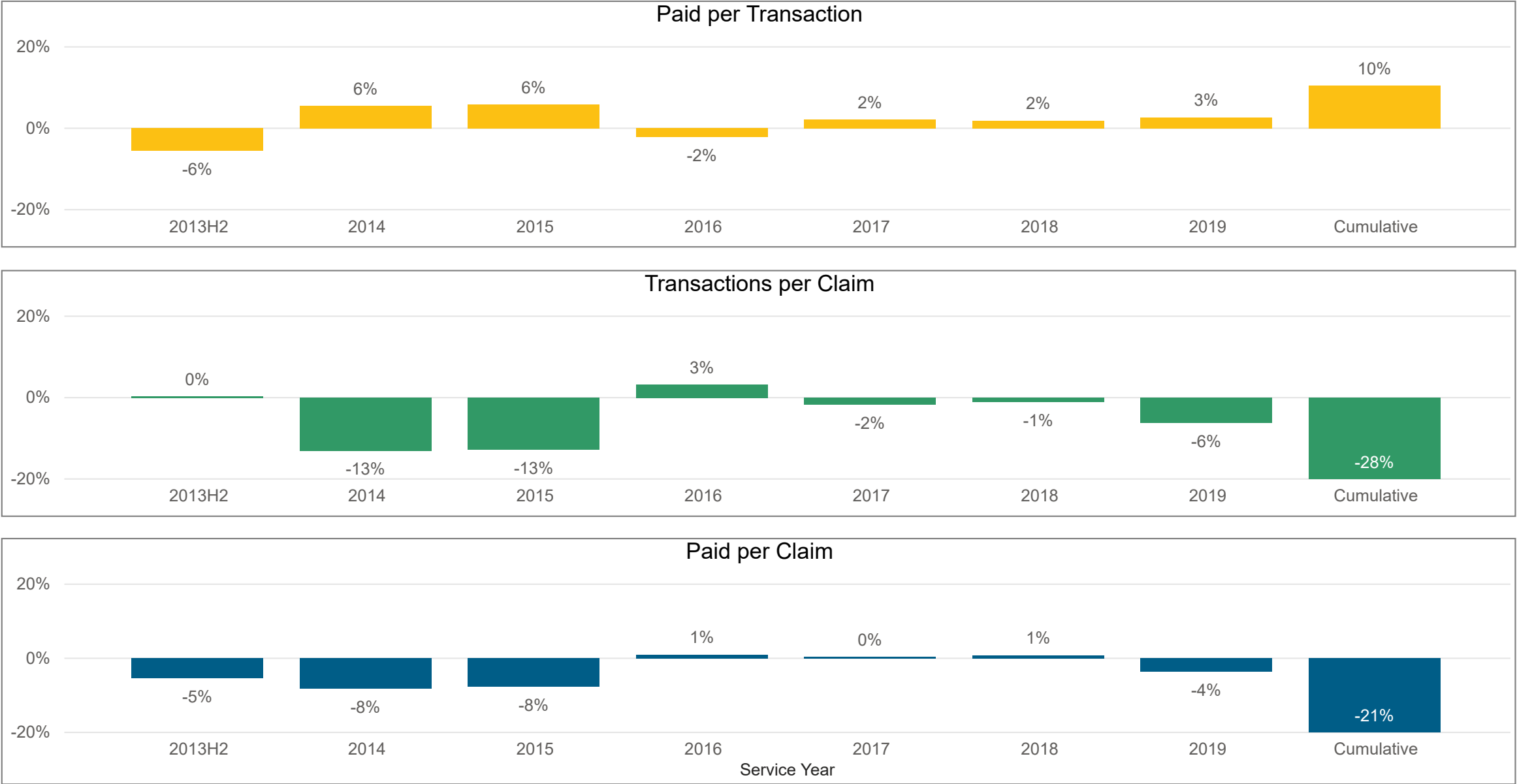
% Change in *All Medical Services* Cost per Claim

As of April 7, 2020



% Change in *Physician Services* Cost per Claim (51% of All Medical Payments*)

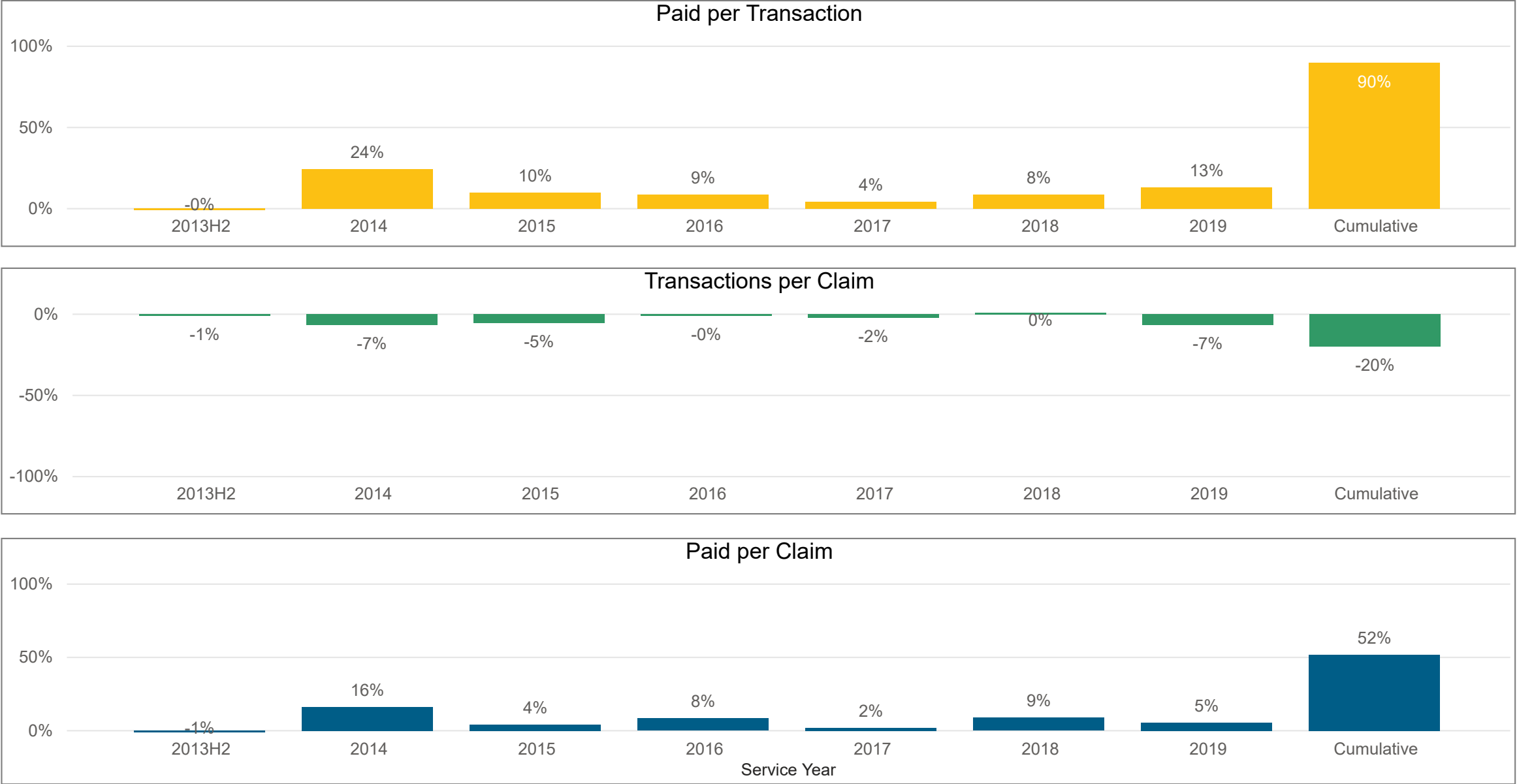
As of April 7, 2020



*All medical payments are defined as the total Paid Amount (excluding Liens) in Service Year 2019 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.

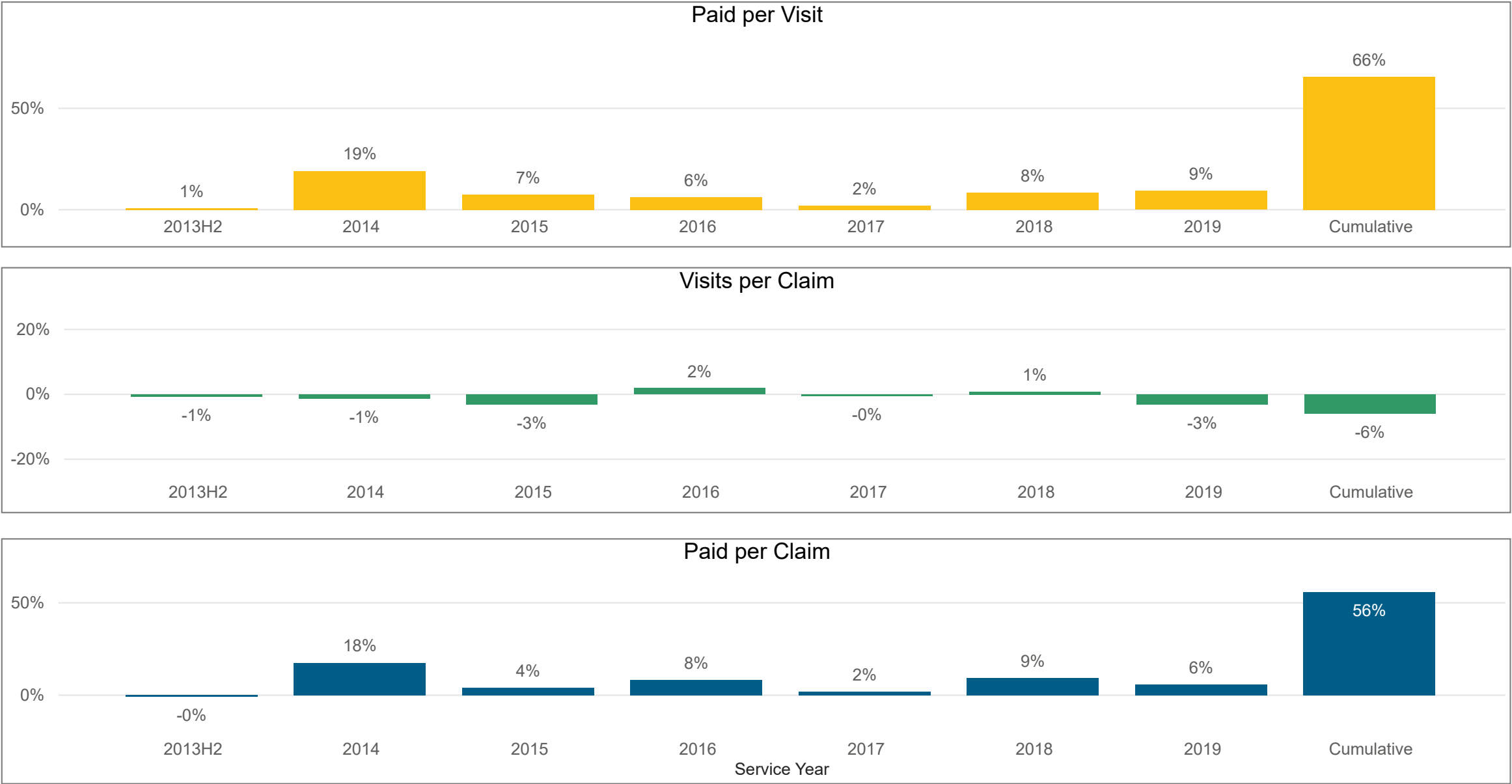
% Change in *Physical Medicine* Cost per Claim (15% of All Medical Payments)

As of April 7, 2020



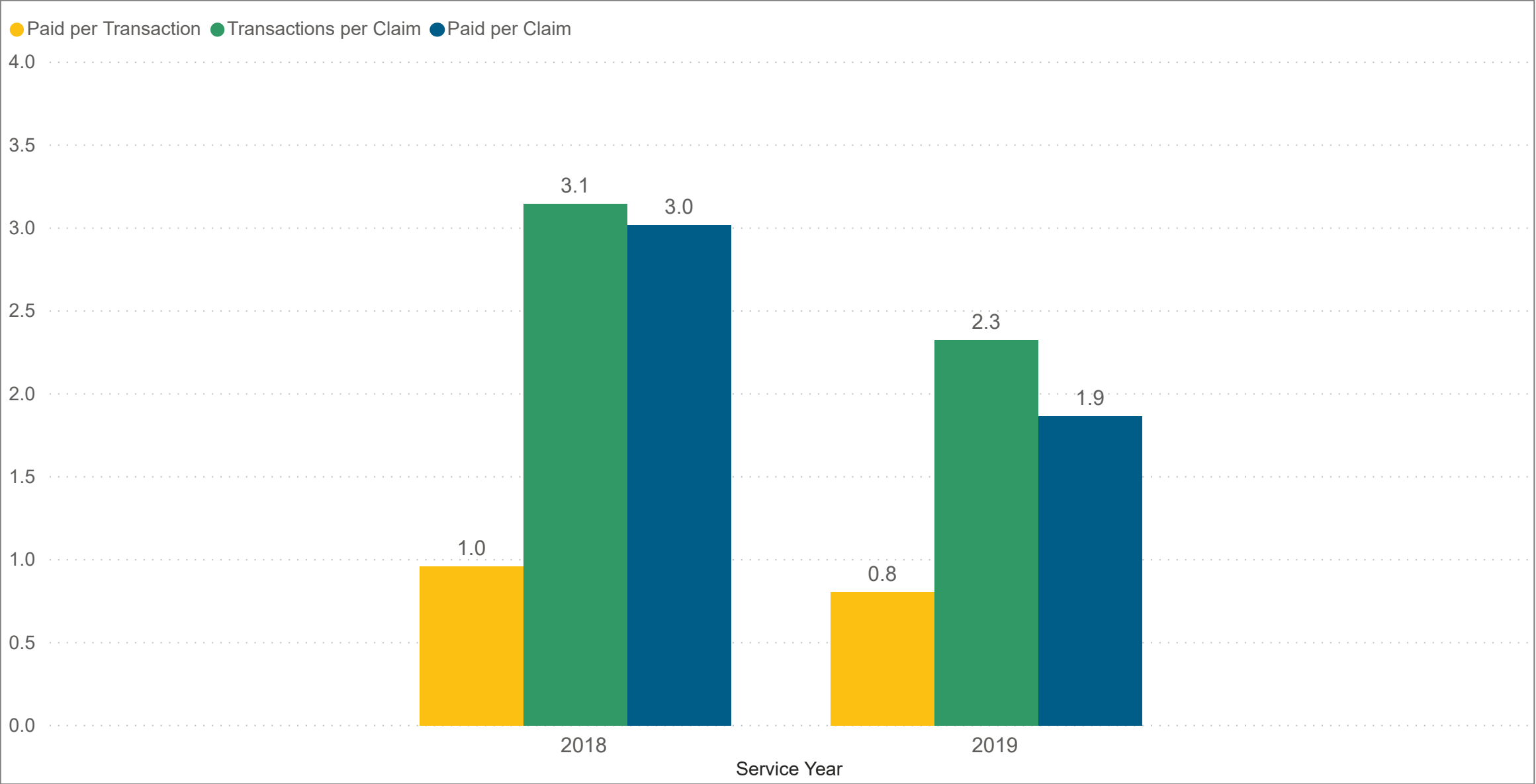
% Change in *Physical Therapy* Cost per Claim (visit-based) (14% of All Medical Payments)

As of April 7, 2020



Change in *Telemedicine** Cost per Claim Indexed to 2017 Level (0.05% of All Medical Payments)

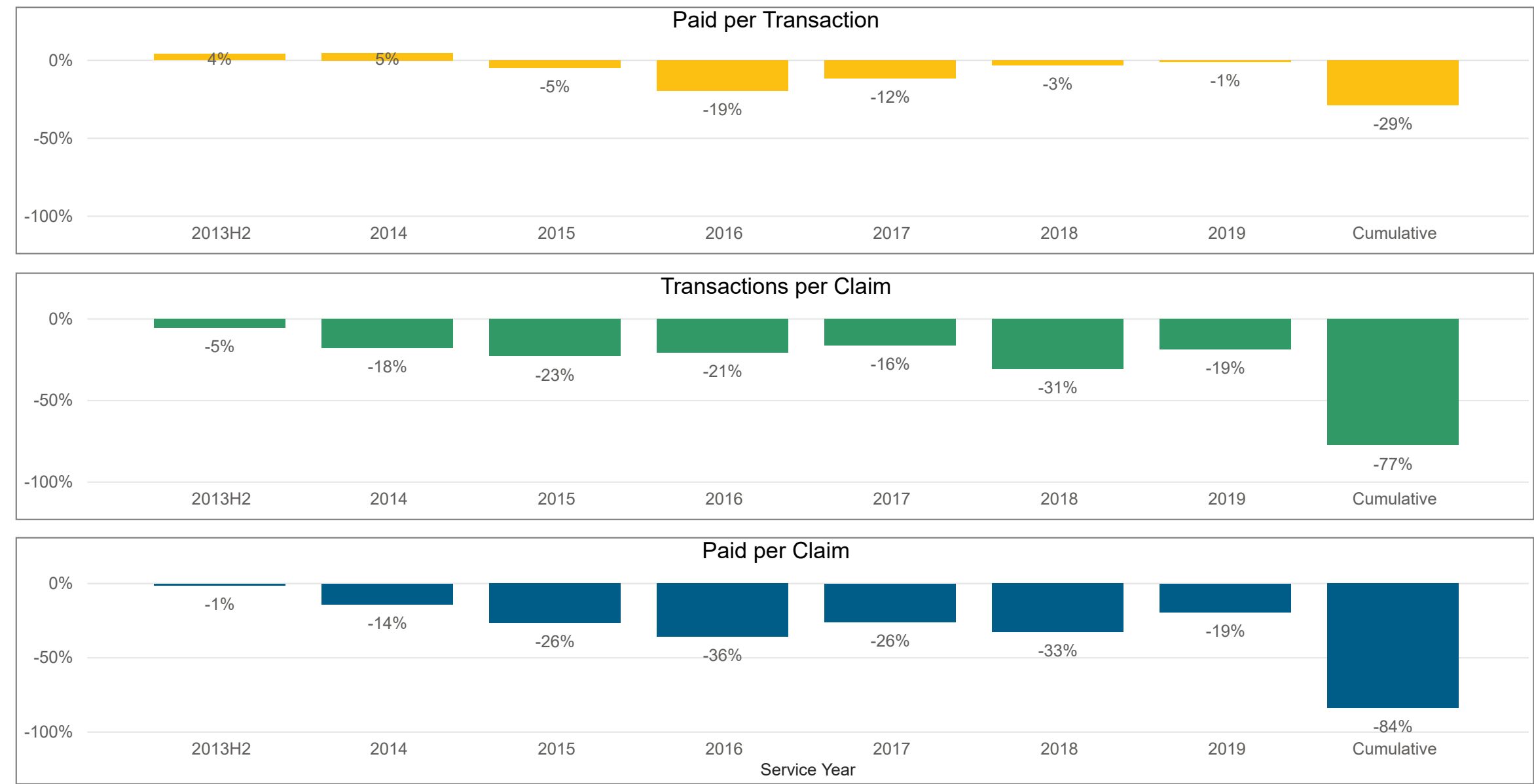
As of April 7, 2020



* Pre-COVID telemedicine services are defined as any procedures with Place of Service 02 or Modifier 95 (excluding Special Services & Reports, Medical Legal, Copy Services, and Interpreter Services).
Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

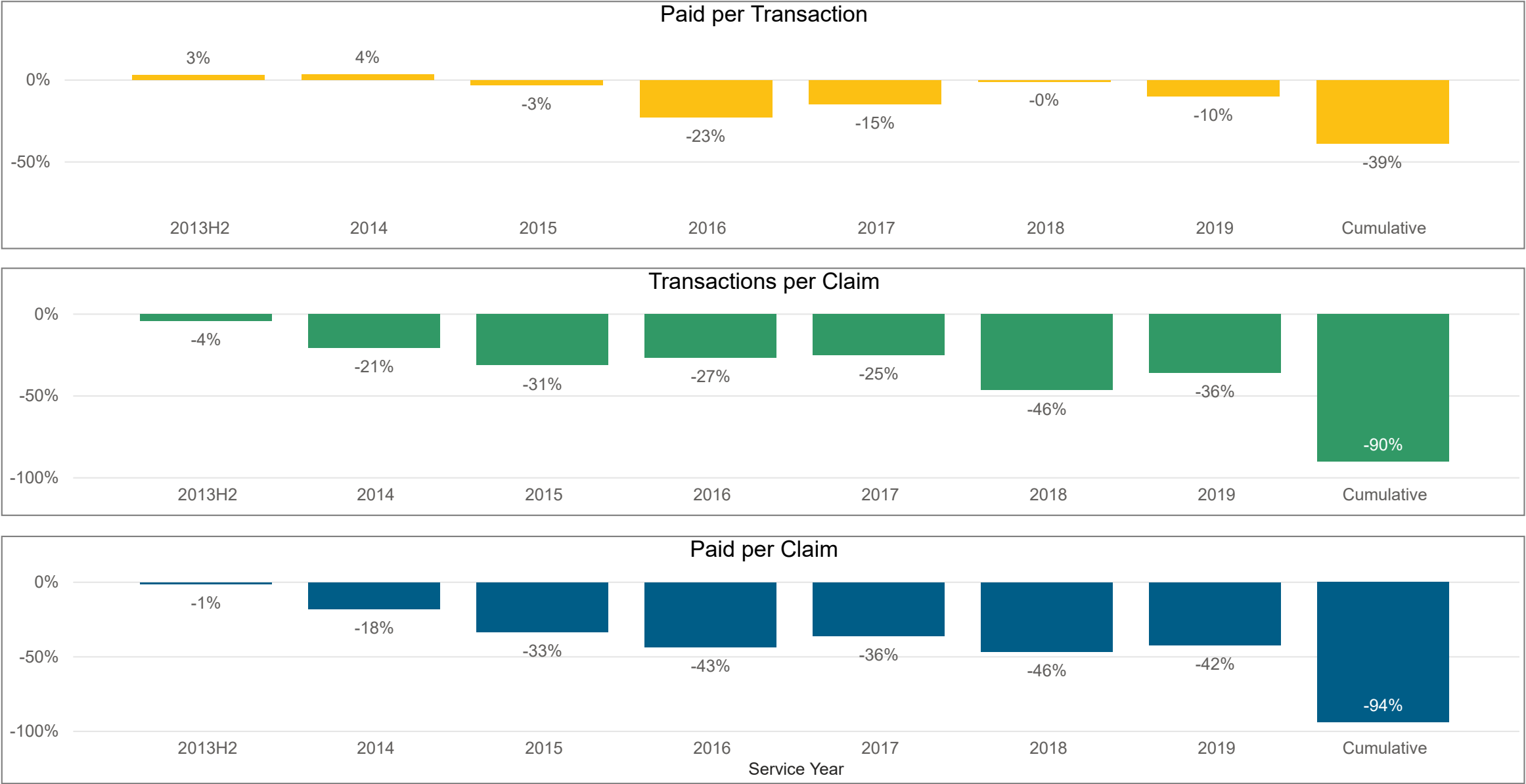
% Change in *Pharmaceutical* Cost per Claim (3.5% of All Medical Payments)

As of April 7, 2020



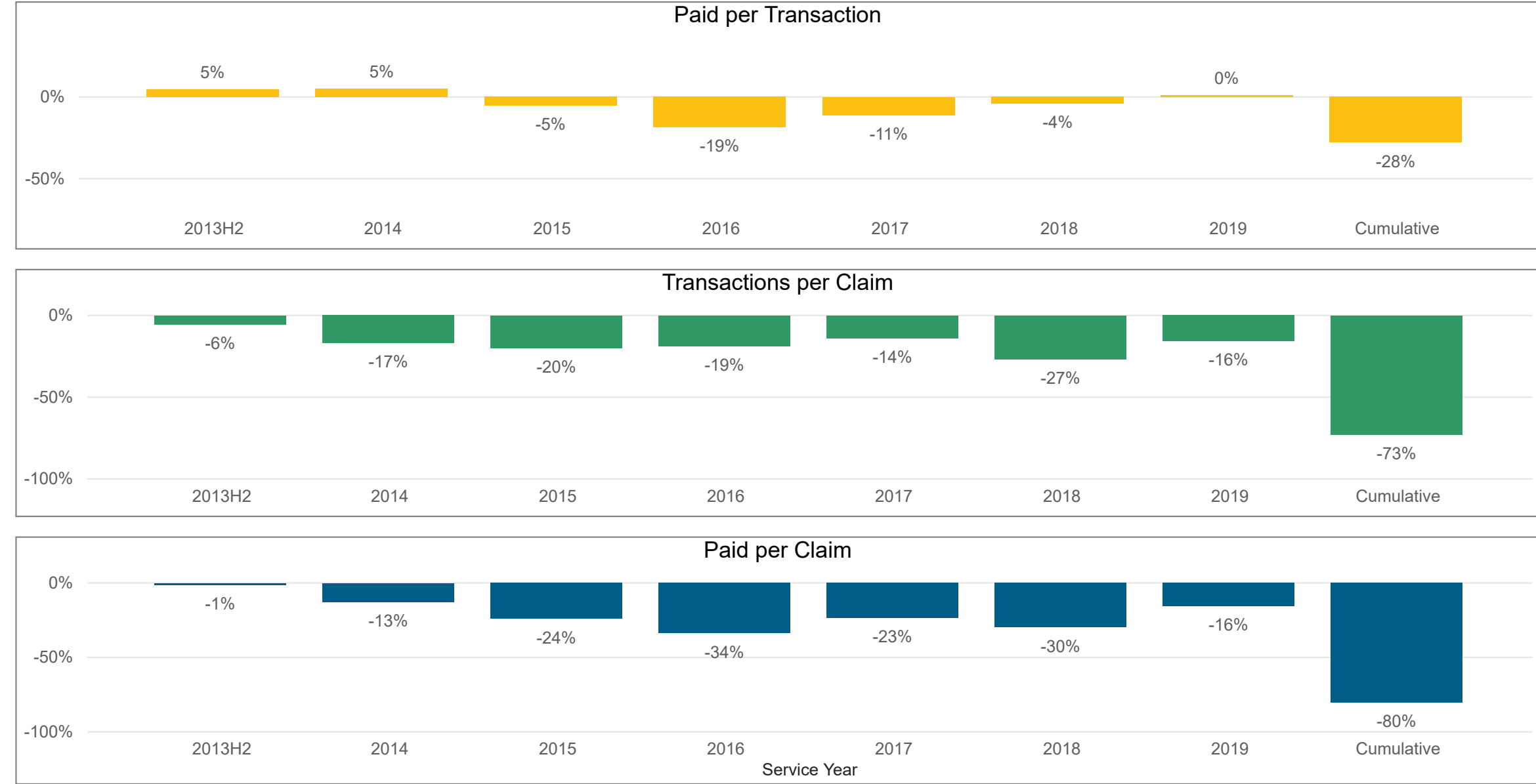
% Change in *Opioid* Cost per Claim (0.4% of All Medical Payments)

As of April 7, 2020



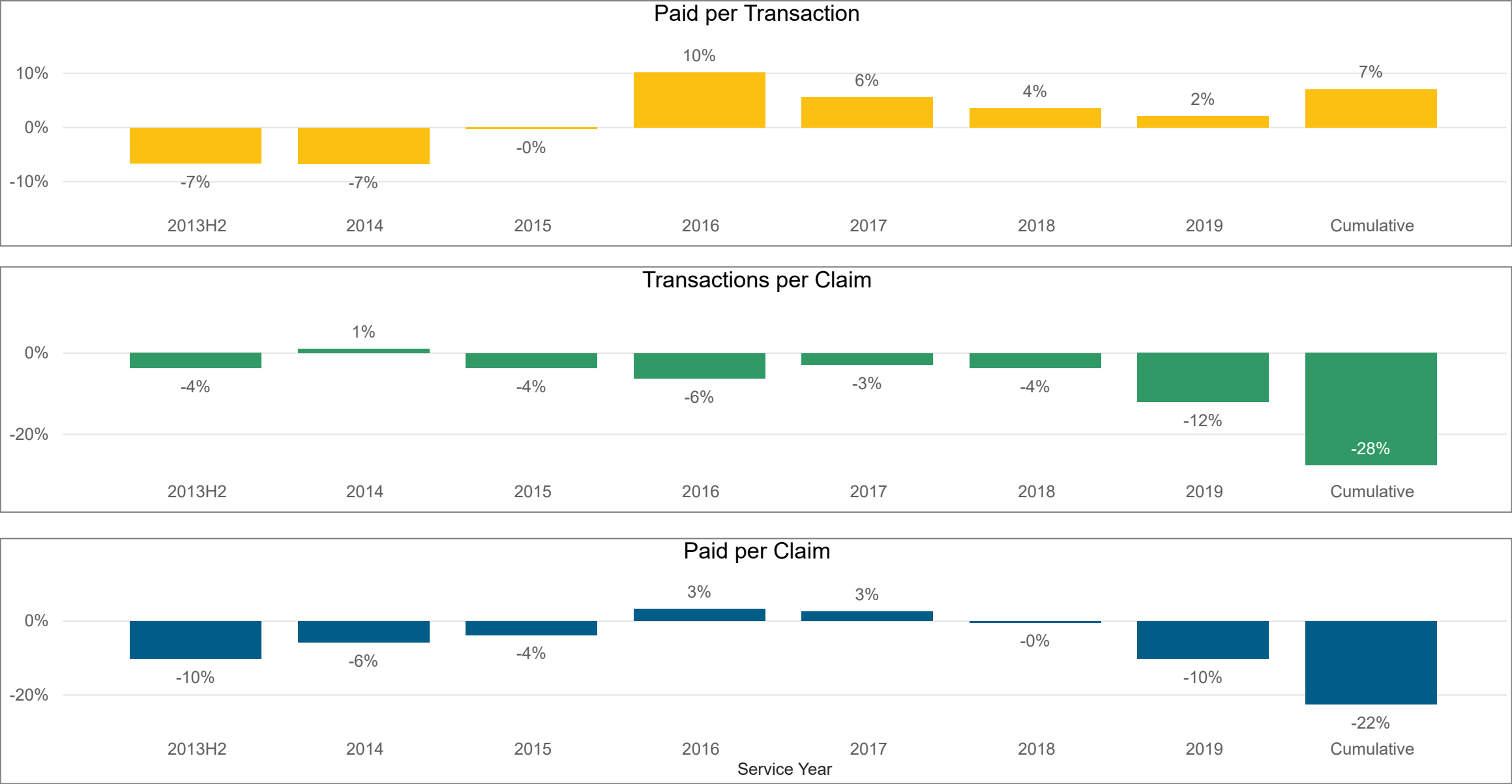
% Change in *Non-Opioid* Cost per Claim (3.2% of All Medical Payments)

As of April 7, 2020



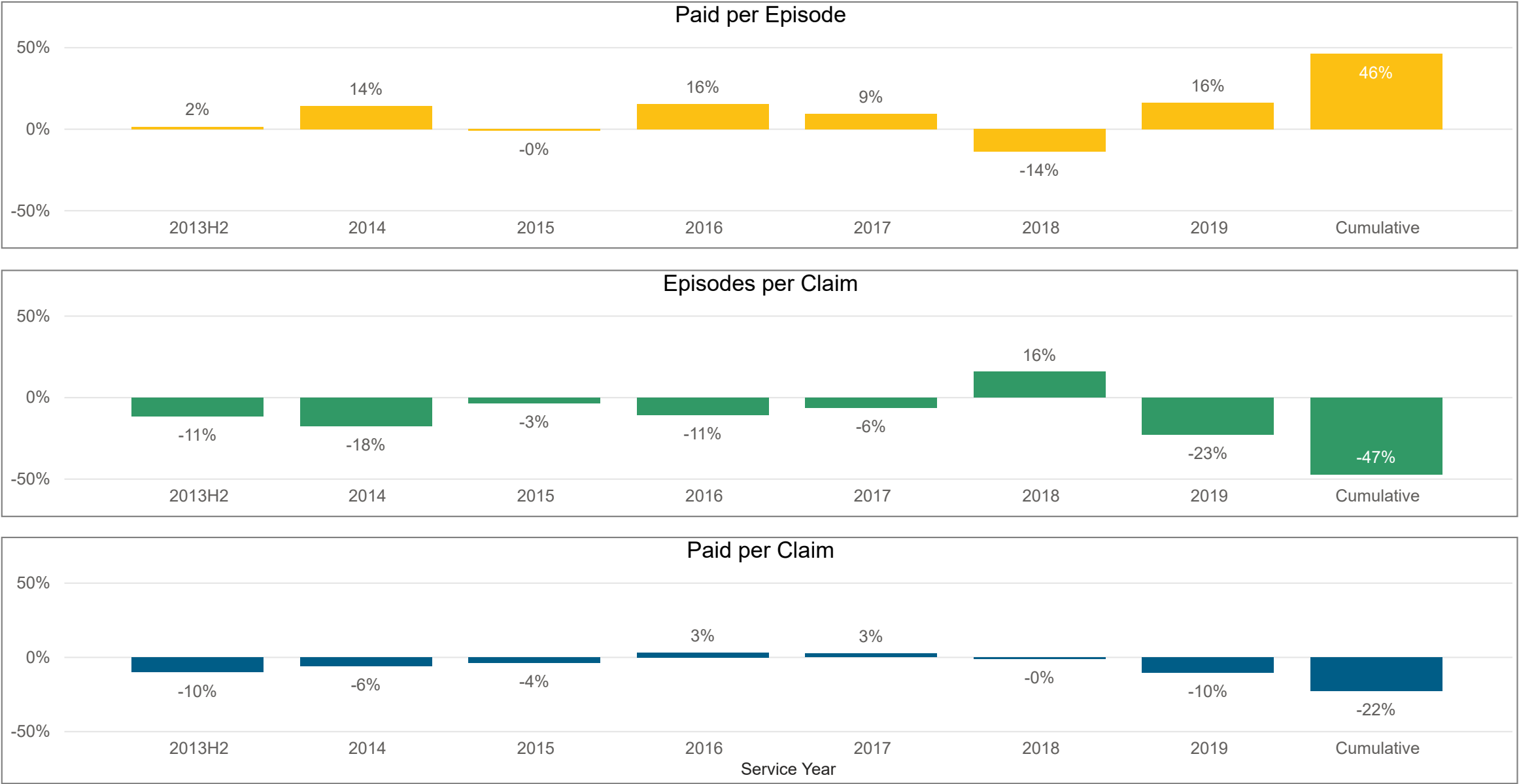
% Change in *Inpatient* Cost per Claim (transaction-based) (12% of All Medical Payments)

As of April 7, 2020



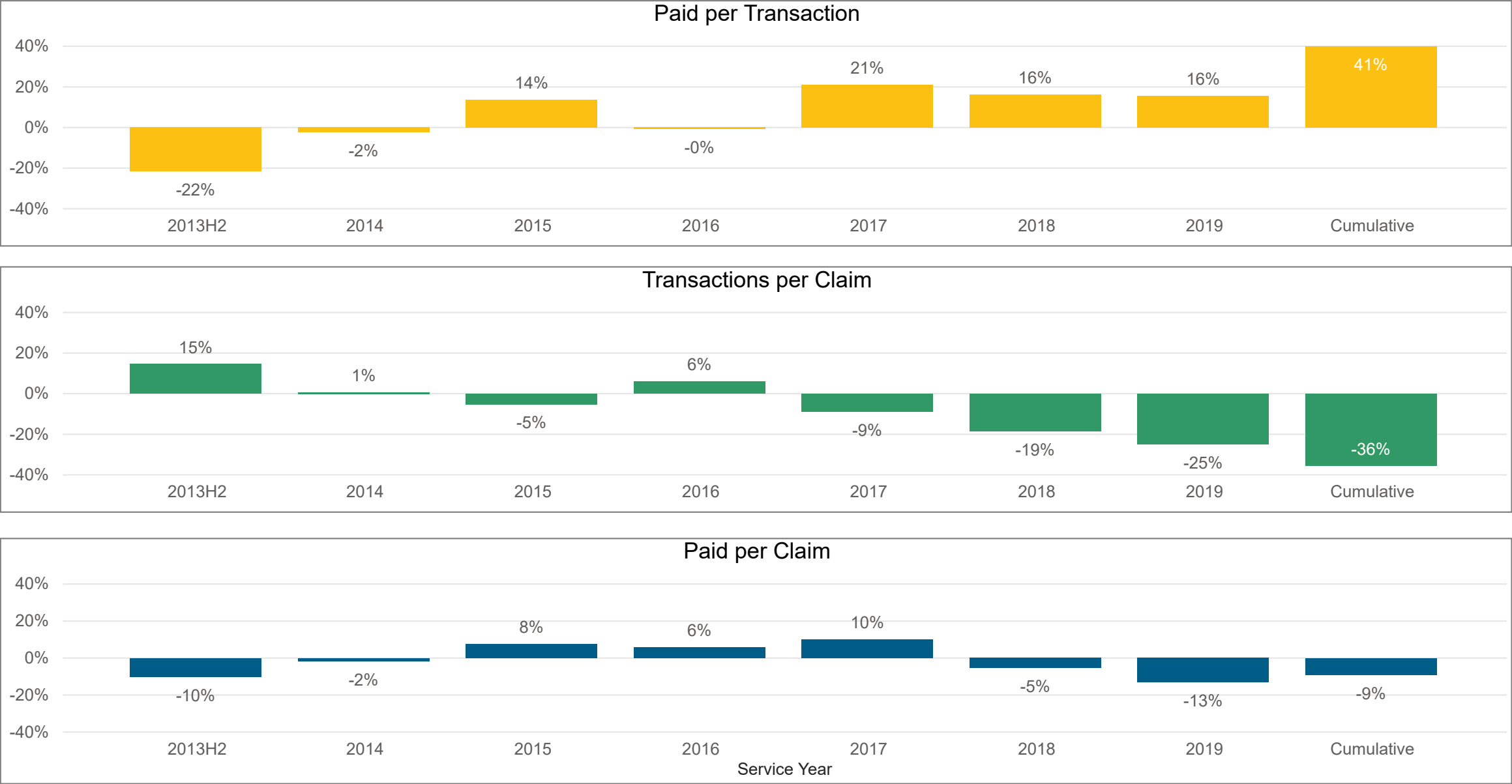
% Change in *Inpatient* Cost per Claim (episode-based) (12% of All Medical Payments)

As of April 7, 2020



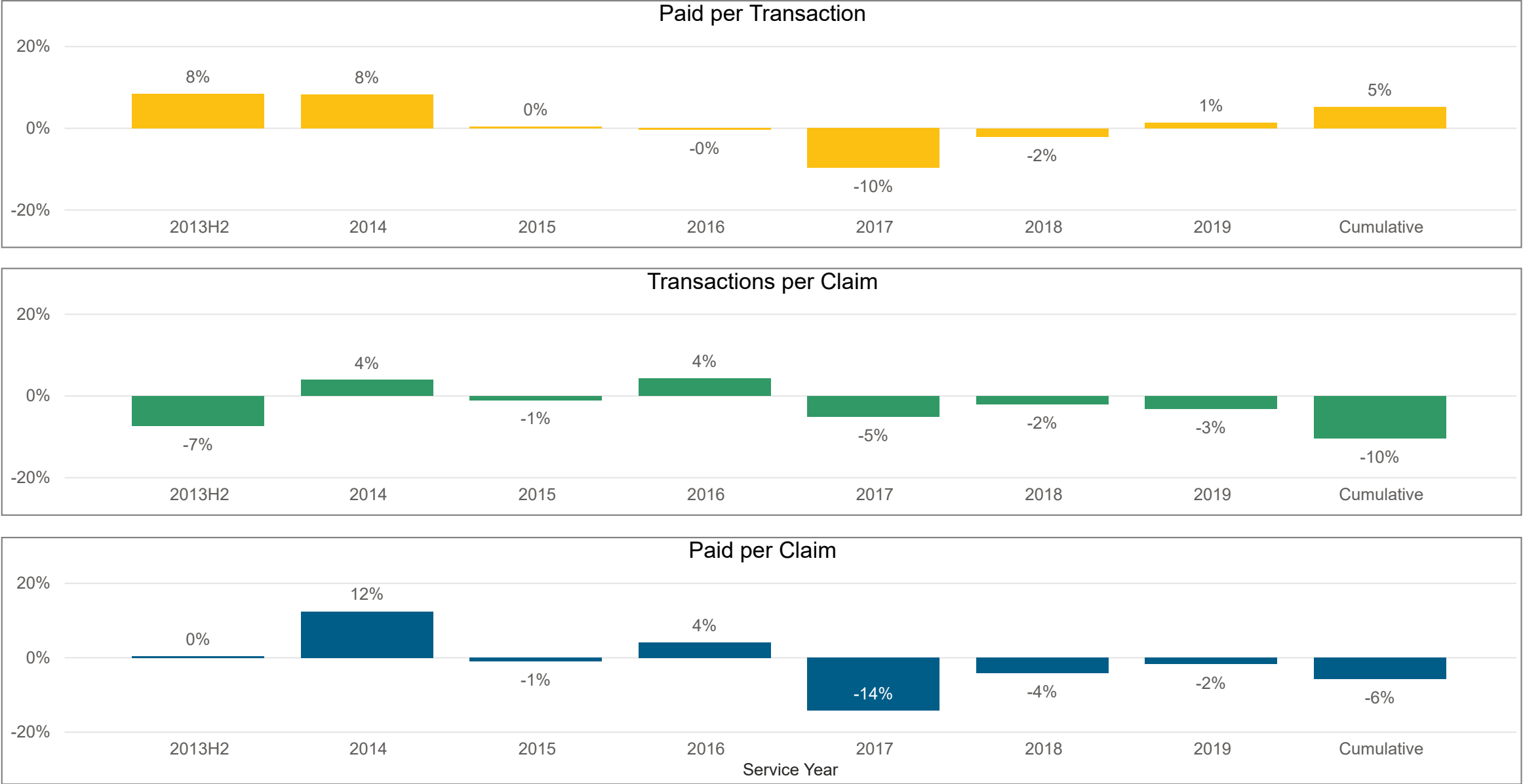
% Change in *Outpatient* Cost per Claim (9% of All Medical Payments)

As of April 7, 2020



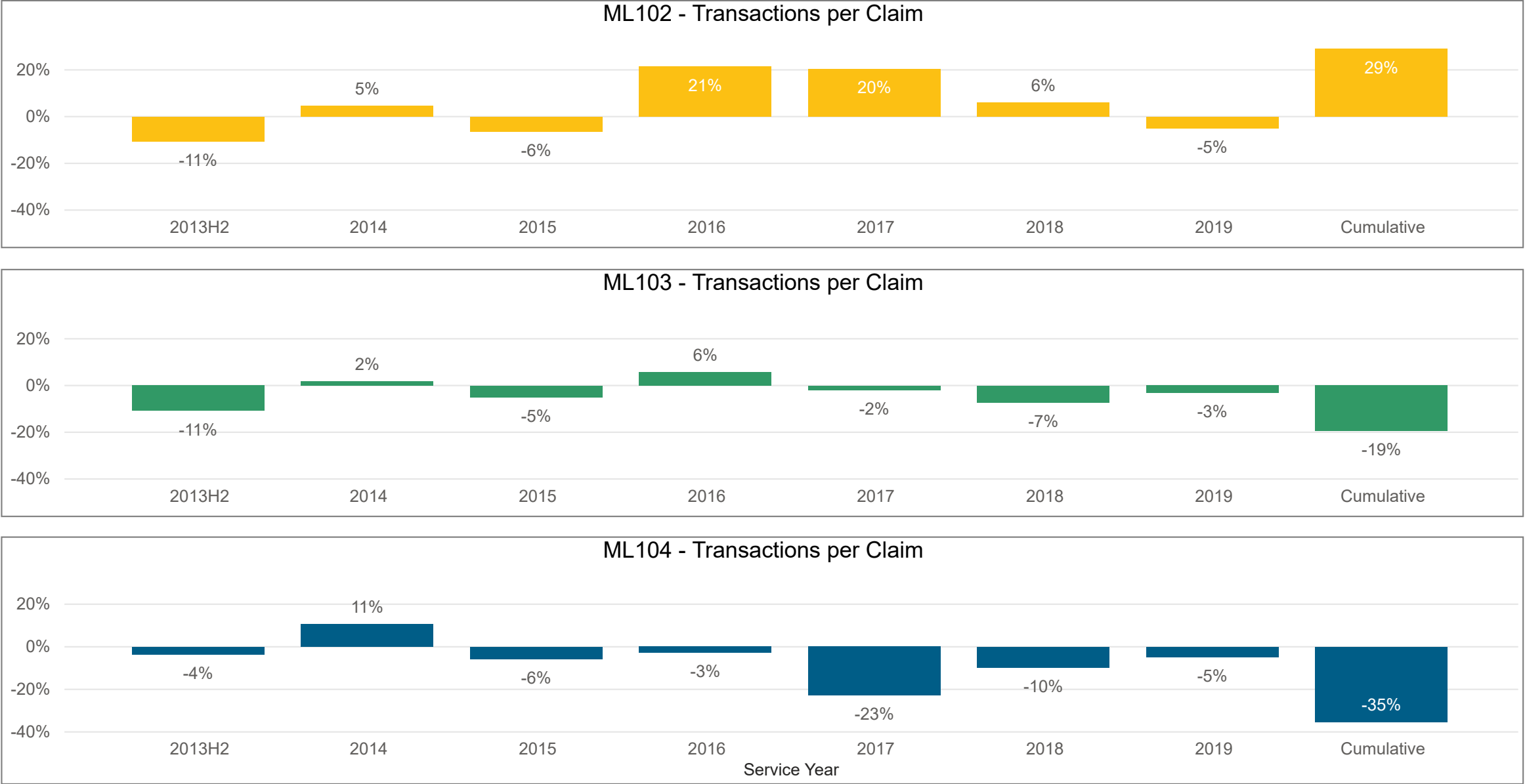
% Change in *Medical-Legal* Cost per Claim (12% of All Medical Payments)

As of April 7, 2020



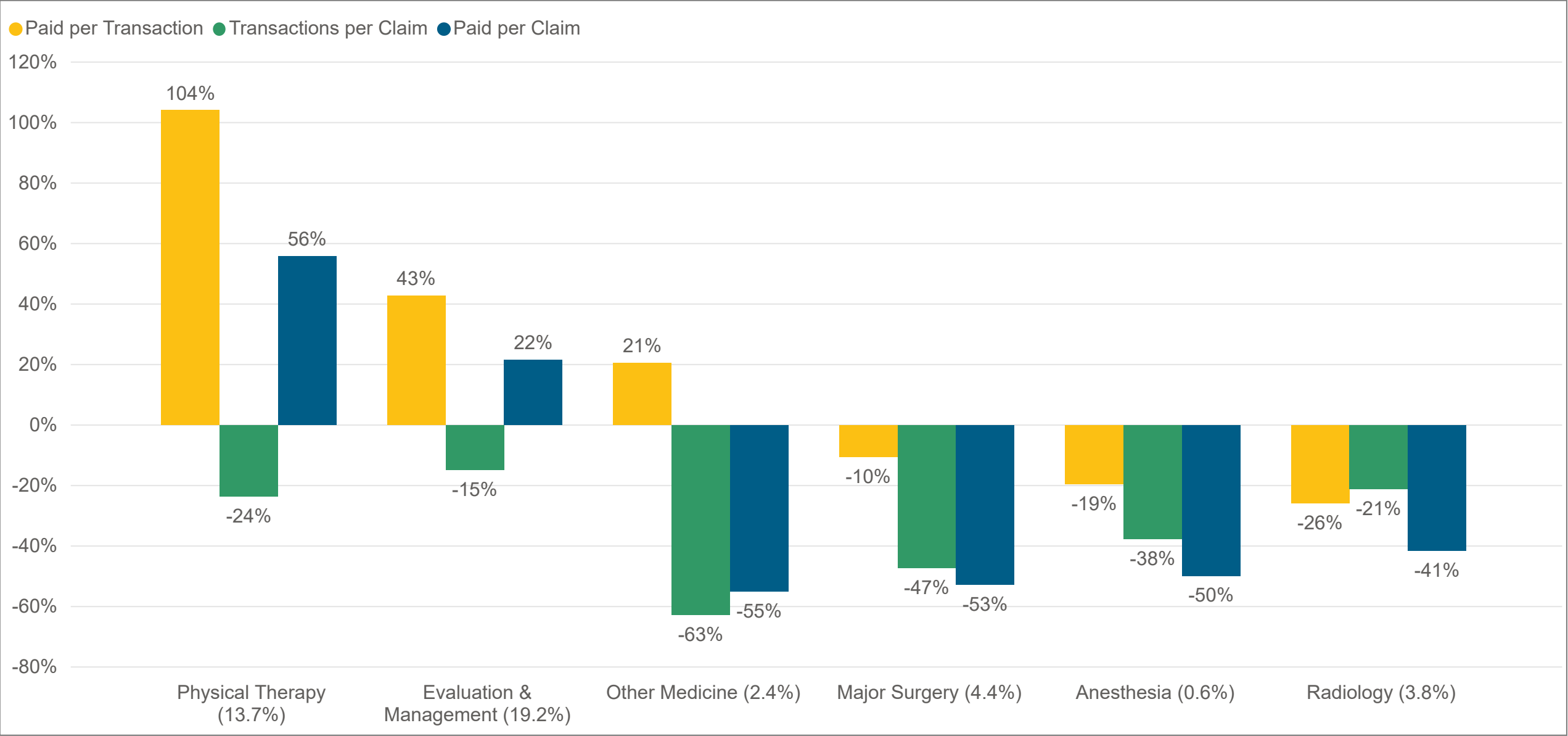
% Change in *ML102, ML103, ML104 Transactions per Claim*

As of April 7, 2020



Cumulative % Change in Selected Components of Physician Services 2012H2 through 2019

As of April 7, 2020



Item AC19-12-06 Potential 2020 Actuarial and Research Projects

At the December, 5, 2019 meeting, the Committee approved the 2020 actuarial and research project plan recommended by staff. This plan was also approved by the Governing Committee at the December 11, 2019 meeting. As discussed at the April 2, 2020 and May 19, 2020 Actuarial Committee meetings, due to the COVID-19 pandemic, the WCIRB has shifted its research and actuarial focus to issues related to the impact of the pandemic on the California workers' compensation system. As a result, several other research studies have been deferred.

Actuarial and research studies recommended for 2020 after consideration of the analyses being completed with respect to the COVID-19 pandemic are shown below. Also shown for each potential study is staff's assessment of the current status of the study. Committee input is being solicited as to the completeness and relative priority of these potential studies.

A. Studies Arising Out of California Department of Insurance (CDI) Directives and Decisions

1. Indemnity Claim Frequency Model Projections. In the CDI Decision on the January 1, 2017 Pure Premium Rate Filing, the CDI recommended that the WCIRB review its frequency projection model in light of the continued increases in indemnity claim frequency.

Project Status: The WCIRB regularly reviews its frequency projection model and has made a number of enhancements over the years. In recent years, staff has continued its review of the model parameters including consideration of a time-series approach with the Actuarial Research Working Group. Staff anticipates conducting a comprehensive study of the frequency projection model in 2021.

2. Terrorism Data Reporting. The has CDI directed staff to provide information to both the National Association of Insurance Commissioners (NAIC) and the Federal Insurance Office (FIO) related to terrorism exposure in California workers' compensation.

Project Status: Staff provided the annual updates to the NAIC and FIO in the first and second quarters of 2020.

3. Potential Adjustments to Allocated Loss Adjustment Expense (ALAE) Projections. In the CDI Decision on the January 1, 2019 Pure Premium Rate Filing, the CDI recommended that the WCIRB review the ALAE projection methodology in light of accelerating claim settlement rates.

Project Status: Staff completed an analysis of potential adjustments to the ALAE projection methodology that was accepted by the Actuarial Committee at the August 1, 2019 meeting and reflected in the January 1, 2020 Pure Premium Rate Filing. Staff anticipates reviewing this adjustment in the context of the review of the claim settlement rate impact on the loss development tail (Item E-5) in the third quarter of 2020 in preparation for the January 1, 2021 Pure Premium Rate Filing.

4. Adjustments to Loss Development for Reduced Lien Filings. In the CDI Decision on the January 1, 2019 Pure Premium Rate Filing, the CDI, based on recently available lien filing information, predicated the approved January 1, 2019 pure premium rates on an assumed 50% reduction in lien filings rather than the 40% reflected in the WCIRB's filing. The CDI also recommended that the WCIRB review the adjustment based on the most recent lien information available.

Project Status: Staff completed an analysis of adjustments to loss development to reflect reduced lien filings that was accepted by the Actuarial Committee at the March 18, 2019 meeting and reflected in the January 1, 2020 Pure Premium Rate Filing. Staff anticipates reviewing updated lien filing data in 2020 to assess the level of the assumed lien reduction for consideration of filings made in 2020.

5. Collection of Indemnity Transaction Data. In December 2018, the Insurance Commissioner directed the WCIRB to begin the collection of indemnity transaction data in accordance with the requirements reflected in the Workers' Compensation Information System (WCIS).

Project Status: Staff is in the process of certifying insurers for the submission of indemnity transaction data consistent with the WCIS requirements with initial submissions of second quarter 2020 transactions due by the end of the third quarter of 2020. Staff anticipates completing a report on the potential ratemaking and research uses of this data for review by the Actuarial Committee in the fourth quarter of 2020.

B. Studies/Projects Directed by Legislation

1. Statewide Paid Costs. Section 11759.1 of the Insurance Code requires the WCIRB to report annually on workers' compensation costs paid during the preceding calendar year. The 2019 calendar year report is required to be completed by June 2020.

Project Status: Staff anticipates publishing the required report by the end of the second quarter of 2020. In addition, as in the last several years, staff anticipates compiling information from this report and other WCIRB reports into a high level "executive summary" of the state of the California workers' compensation system to be published by the third quarter of 2020.

2. Policyholder Dividends. Section 11739 of the Insurance Code requires the WCIRB to collect information on policyholder dividends in California and prepare an annual report to the Insurance Commissioner.

Project Status: Staff anticipates providing the report on 2019 dividends to the CDI by the third quarter of 2020.

3. Report on Roofing Industry. Section 11665 of the Insurance Code requires the WCIRB to annually compile and report the payroll and loss data reported in the roofing classification for employers holding C-39 licenses from the Contractors State License Board as well as the payroll and loss information by employer payroll size interval.

Project Status: Staff provided the report to the CDI in the second quarter of 2020.

C. COVID-19 Pandemic Related Research

1. Presumptions of Compensability of COVID-19 Claims. On April 8, 2020, the WCIRB was requested by the Assembly Insurance Committee to provide a cost estimate of a potential conclusive presumption of compensability of COVID-19 claims applied to "essential" workers. On May 6, 2020, Governor Newsom issued an Executive Order providing for a rebuttable presumption of compensability for COVID-19 claims to apply from March 19, 2020 to July 5, 2020 to all workers directed to work outside the home. Additionally, several presumption bills are under consideration by the Legislature.

Project Status: On April 17, 2020, the WCIRB provided the Assembly Insurance Committee a cost evaluation of a potential COVID-19 conclusive presumption of compensability. On May 22, 2020, following a review by the Actuarial Committee at the May 19, 2020 meeting,

the WCIRB published a cost evaluation of the Governor's Executive Order. The WCIRB will also evaluate any new legislation or future gubernatorial action related to COVID-19 presumptions as soon as practical following enactment.

2. Impact of Pandemic-Related Recession on Claim Frequency. Unemployment in California has skyrocketed with the pandemic and resultant stay-at-home orders resulting in many business slowdowns and closures. Historically, frequency has generally declined during recessions. However, with the suddenness and magnitude of the drop in employment, recent trends in cumulative trauma claims and post-termination claims and potential waves of COVID-19 claims, the overall impact on claim frequency is not clear.

Project Status: On June 1, 2020, following a review by the Actuarial Committee at the May 19, 2020 meeting, the WCIRB published a research brief on the impact of economic downturns on indemnity claim frequency. The brief summarized the historical impact of prior economic downturns on claim frequency, WCIRB model projections of the range of potential impacts of the current downturn, and potential impact on claim frequency of cumulative trauma, post-termination and COVID-19 claims.

3. COVID-19 Early Claim Cost Indicators. The COVID-19 pandemic and resultant stay-at-home orders are expected to have a major impact on accident year 2020 emerging costs as well as the loss development of earlier accident years. Among the areas potentially impacted include claim frequency, medical treatment levels, COVID-19 diagnosis claims, claim settlement rates, litigation rates, cumulative trauma claims, post-termination claims and temporary disability duration.

Project Status: The WCIRB is initiating a proactive COVID-19 cost monitoring process using transactional indemnity data, medical transactional data, information from the (Division of Workers' Compensation) DWC, special surveys as needed and other information to develop early indicators of experience emerging during the pandemic. An initial summary will be provided to the Actuarial Committee at the June 12, 2020 meeting with regular updates at future meetings.

4. COVID-19 Early Exposure and Premium Indicators. The COVID-19 pandemic and resultant stay-at-home orders will have a major impact on calendar year 2020 and later exposure and premium. In addition to the impact of employment reductions by sector, the temporary reassignment to the clerical classification of employees temporarily performing clerical duties at home, the continuation of pay to employees not working and return premium on expiring 2019 and early 2020 policies will significantly impact calendar year 2020 and later premiums.

Project Status: Staff anticipates analyzing employment trends by industry sector and quarterly premiums by policy year, and is considering a special survey of recently audited policies in the third quarter of 2020 to begin to identify the potential impacts on premium of these pandemic related trends. Staff anticipates providing an initial summary of this information in the third quarter of 2020 with regular updates to the Actuarial Committee.

5. Impact of Medical Treatment Delays. With the COVID-19 pandemic and resultant stay-at-home orders, a significant level of medical treatment that would otherwise have been provided is delayed or foregone completely. At the April 2, 2020 meeting, the Actuarial Committee discussed that, with these potential delays or avoidance of medical treatments early in the life of a claim, future medical costs and return-to-work may be impacted.

Project Status: Staff anticipates reviewing the research available on the impact of delayed medical treatment on future medical treatment and outcomes. If appropriate based on that review, staff will undertake a more in-depth analysis of the issue. Staff anticipates presenting a summary of this initial review as well as any plans for a more in-depth analysis by the third quarter of 2020.

6. Increased Usage of Telemedicine. With the COVID-19 pandemic and resultant stay-at-home orders, the use of telemedicine in workers' compensation is increasing. In recent months, the DWC has adopted a number of changes to fee schedules to address telemedicine.

Project Status: Staff anticipates preparing a summary of data reported in telemedicine codes to the Actuarial Committee by the fourth quarter of 2020. Based on this information, the Committee will consider whether an in-depth study of telemedicine for 2021 is appropriate.

7. Increase in Telecommuting. With the COVID-19 pandemic and resultant stay-at-home orders, many employees have begun working from home and significant level of telecommuting is likely to continue even after stay-at-home orders expire.

Project Status: Staff is recommending amendments to the Standard Classification System to create a new classification for telecommuters with the advisory pure premium rate equal to that for the clerical classification. The recommendation was approved for inclusion in the January 1, 2021 Regulatory Filing by the Classification and Rating Committee at the June 2, 2020 meeting. Staff does not anticipate studying the claim experience emerging from telecommuting in 2020, but will consider conducting a study of the issue in 2021.

D. Cost Impact of Legislative and Regulatory Changes

1. Senate Bill No. 863 (SB 863) Cost Monitoring. SB 863 was enacted in 2012 and included a number of reform provisions related to the California benefit delivery system. In March 2013, the WCIRB submitted a comprehensive plan to the CDI to monitor the emerging costs related to SB 863.

Project Status: The WCIRB's fourth and final comprehensive retrospective cost evaluation of SB 863 was published on November 17, 2016. In October 2019, the WCIRB published a research brief providing an updated retrospective evaluation of several components of SB 863 for which updated data was available. Staff does not anticipate further analyses as to the overall cost impacts of SB 863.

2. Additional SB 863 Fee Schedules. SB 863 provides for new fee schedules for interpreter and home health services to be promulgated.

Project Status: At this time, the DWC has not promulgated final schedules for interpreter and home health services. If either of those fee schedules are finalized, working with the Claims Working Group, Medical Analytics Working Group and Actuarial Committee, staff anticipates completing its analysis of the pure premium rate impact of the new fee schedules within 120 days of the final values being promulgated.

3. Drug Formulary. Pursuant to Assembly Bill No. 1124, the DWC adopted a new drug formulary to be effective January 1, 2018.

Project Status: The WCIRB's prospective evaluation of the new drug formulary was completed in the first quarter of 2018 and reflected in the July 1, 2018 and January 1, 2019 Pure Premium Rate Filings. An initial retrospective analysis of the impact of the drug formulary based on post-January 1, 2018 pharmaceutical costs was reviewed by the Committee at the August 1, 2019 meeting, reflected in the January 1, 2020 Pure Premium Rate Filing and published in an August 2019 WCIRB research brief. Staff anticipates updating this analysis based on an additional year of post-drug formulary experience through the end of 2019 by the third quarter of 2020.

4. Senate Bill No. 1160 (SB 1160) Restrictions on Utilization Review. SB 1160 was signed into law on September 30, 2016. Primarily, SB 1160 restricts utilization review within the first 30 days of treatment on injuries occurring on or after January 1, 2018. The WCIRB's cost evaluation of SB 1160 as approved by the Actuarial Committee at the September 6, 2016 meeting was reflected in the WCIRB's Amended January 1, 2017 Pure Premium Rate Filing, as well as subsequent pure premium rate filings.

Project Status: A preliminary retrospective analysis of the SB 1160 restriction on utilization review within 30 days of the injury was reviewed by the Actuarial Committee at the August 1, 2019 meeting and reflected in the January 1, 2020 Pure Premium Rate Filing. Staff anticipates updating this analysis based on an additional year of post-SB 1160 experience through the end of 2019 by the third quarter of 2020.

5. Impact of the Geographic Practice Cost Index (GPCI) on Physician Fees. The DWC adopted the Medicare GPCI, effective January 1, 2019, to replace the statewide geographic adjustment factor (GAF) as Medicare's MSA-based locality-specific GAF. This GPCI varies fee schedule amounts for various physician services based on the location of the provider.

Project Status: A prospective analysis of the cost impact of the new GPCI factors was reviewed by the Actuarial Committee at the April 2, 2019 meeting. Staff anticipates updating this analysis based on additional post-GPCI experience by the second quarter of 2021.

E. Other Studies Directly Impacting Pure Premium Rates and Rate Level Projections

1. Classification Ratemaking Methodologies. Although the WCIRB has reflected refinements to the classification ratemaking loss development process in 2012 as well as adjustments for differences in wage levels by classification in 2016, a comprehensive review of the classification ratemaking methodologies has not been undertaken for a number of years.

Project Status: Staff anticipates undertaking a comprehensive study of loss development in 2020 as the first phase of a multi-year comprehensive study of classification ratemaking methodologies with the results to be presented to the Actuarial Committee by the fourth quarter of 2020.

2. Study of Dual Wage Thresholds. In 2017, the Classification and Rating (C & R) Committee recommended that a comprehensive study of the dual wage classification thresholds be conducted every two years.

Project Status: The last comprehensive study of dual wage thresholds was completed in 2019 and reflected in the January 1, 2020 Regulatory Filing. Staff does not anticipate reviewing the thresholds in 2020, but anticipates completing a comprehensive study for the C & R Committee's review in the fourth quarter of 2021 in preparation for the September 1, 2022 Regulatory Filing.

3. Payroll Limitations for Classification Ratemaking. At the March 21, 2017 meeting, the Actuarial Committee reviewed the summary of the February 17, 2017 meeting of the Actuarial Research Working Group, which discussed claim costs by wage level interval. During the meeting, it was noted that the data suggested that severity costs increased to a point, then leveled off at the state average annual salary, while total costs per \$100 of payroll declined at higher wage levels. Given this, it was noted that staff planned to explore expanding the number of classifications subject to an employee annual payroll limitation.

Project Status: In the 2019 Regulatory Filing, the WCIRB proposed and the CDI approved limiting an employee's payroll to the amount used to limit the payroll of executive officers for five classifications effective on January 1, 2020 and later policies. Pure premium rates for these classifications that reflect adjustment for the impacts of the limitations on payroll were adopted by the Insurance Commissioner in the Decision on the January 1, 2020 Pure Premium Rate Filing. Additional classifications for which limitations are appropriate with those limitations proposed to be effective September 1, 2022 were approved by the C & R Committee in the second quarter of 2020.

4. Review of Medical On-Level Adjustments. Adjusting developed accident year medical loss ratios for the impact of measureable phenomena that impact medical costs such as legislative reforms, fee schedule changes and general medical inflation is a key component of the WCIRB's pure premium ratemaking process. It has been a number of years since the Actuarial Committee has undertaken a comprehensive review of the medical on-leveling process.

Project Status: An initial analysis of the methodology to adjust medical losses to an on-level basis was reviewed by the Actuarial Committee at the December 5, 2018 meeting with an updated analysis reviewed by the Committee at the December 5, 2019 meeting. As discussed at the December 5, 2019 meeting, staff anticipates continuing this review of the on-leveling process in 2020 by monitoring annual changes in Medicare fees that are incorporated into the California workers' compensation fee schedules for significant changes. Staff plans to review any significant adjustments to the medical on-level factors with the Actuarial Committee by the third quarter of 2020 in preparation for the January 1, 2021 Pure Premium Rate Filing.

5. Study of Loss Development Tail. At the August 2, 2017 meeting, the Actuarial Committee reviewed a study of longer-term loss development that focused on the recent volatility in incurred loss development patterns. At that meeting, it was noted that paid loss development patterns fit very well to the inverse power curve that is currently being utilized for incurred loss development.

Project Status: The Committee reviewed an analysis of the loss development tail methodology at the August 1, 2019 meeting and an updated analysis at the March 16, 2020 meeting. In addition, in the Decision on the January 1, 2020 Pure Premium Rate Filing, the CDI noted that the recent acceleration in claim settlement rates likely has an impact on the loss development tail. Staff anticipates completing a study of these issues impacting the tail methodology for the Actuarial Committee's review in the third quarter of 2020 in preparation for the January 1, 2021 Pure Premium Filing.

6. Pharmaceutical Cost Reductions. At the August 1, 2018 meeting, the Actuarial Committee noted that with the sharp reductions in pharmaceutical costs and that the pharmaceutical share of medical payments varies significantly by maturity level, medical loss development could be affected. As a result, the Committee recommended that the WCIRB undertake an analysis of the impact of the recent reduction in pharmaceutical costs on medical loss development.

Project Status: The Committee reviewed an analysis of the impact of pharmaceutical cost reductions on loss development at the June 14, 2019 meeting and the WCIRB reflected an adjustment to the loss development methodology in the January 1, 2020 Pure Premium Rate Filing. Staff does not anticipate updating this approach in 2020, but plans to review the adjustment factors based on updated data on pharmaceutical costs with the Actuarial Committee in the third quarter of 2021.

7. Review of Incremental Loss Development Methodologies. For a number of years, the WCIRB prepared alternative loss development methodologies based on incremental loss development. However, the Actuarial Committee has been concerned with the volatility shown by those methodologies.

Project Status: The Actuarial Committee reviewed an analysis of incremental loss development methodologies at the December 5, 2019 meeting. Staff anticipates completing a follow-up analysis for the Actuarial Committee's review by the fourth quarter of 2020.

8. Review of ULAE Projection Methodologies. As discussed at the August 1, 2018 Actuarial Committee meeting, while the WCIRB has continued to modify the data collected related to ULAE in order to enhance the accuracy of the ULAE projection, a comprehensive review of the ULAE projection methodologies has not been undertaken for some time.

Project Status: The Actuarial Committee reviewed an initial analysis of ULAE projection methodologies at the December 5, 2019 meeting. Staff anticipates completing a follow-up analysis for the Actuarial Committee's review by the fourth quarter of 2020.

F. Other Studies Indirectly Impacting Rate Level Projections

1. Analysis of Very Large Claims. Given recent patterns of medical treatment and shifts in mortality estimates, including that for impaired individuals, it has been suggested that the WCIRB undertake a comprehensive analysis of the frequency and characteristics of very large or "jumbo" claims in the California workers' compensation system.

Project Status: Staff is collaborating with rating bureaus in other jurisdictions on a national study of "mega claims" (claims which exceed \$3M in incurred value on an on-level and trended basis) that is anticipated to be completed and jointly published in the third quarter of 2020. Staff also anticipates completing a study on the medical treatment patterns of larger (but with a different lower threshold) claims in California for the Actuarial Committee to review by the first quarter of 2021.

2. Frictional Costs in California. The cost of delivering benefits in California is much higher than in other states and a key factor that makes California a high cost state for workers' compensation.

Project Status: Staff anticipates undertaking an in depth analysis of these frictional costs to better understand the factors driving their exceptionally high levels with the final report published in 2021.

5. Medicare "Set-Asides" (MSAs). At the July 28, 2015 meeting, the Claims Working Group recommended that consideration be given to conducting a more in-depth study of MSAs.

Project Status: In 2016, the Claims Working Group and Actuarial Committee reviewed some initial work in this area which included the development differences between compromise and release settled claims and stipulated award settled claims. Staff does not anticipate further work on this issue in 2020.

6. Impact of the Affordable Care Act (ACA) on Workers' Compensation Costs. The ACA has fundamentally altered the healthcare delivery system in the United States and may have significant impact on workers' compensation medical costs in California. At the October 1, 2013 meeting, the Medical Analytics Working Group discussed various ways to assess the ACA impact on California workers' compensation costs in the future when sufficient post-ACA experience is available.

Project Status: The WCIRB published a report on the impact of the ACA on California workers' compensation in May 2018. The study results indicated that the increased availability of healthcare insurance through the ACA may be a factor in reducing the frequency of soft tissue claims in workers' compensation. Staff does not anticipate further work on this issue in 2020, but anticipates analyzing the potential impact of high

deductible group health plans on workers' compensations claim costs for review of the Medical Analytics Working Group by the third quarter of 2020.

7. Analysis of Cumulative Trauma Claims. Recent Actuarial Committee analyses of claim frequency changes have indicated that cumulative trauma claims are increasing and are a significant factor driving many of the key cost trends in California.

Project Status: The WCIRB published a comprehensive report on cumulative trauma claims in October 2018. Some of the key metrics in the report have been updated and incorporated into the WCIRB's semi-annual review of system diagnostics. Staff also anticipates studying the patterns of medical treatment on cumulative trauma claims with a study to be published by the fourth quarter of 2020.

8. Physical Medicine Analysis. At the October 3, 2017 meeting, the Medical Analytics Working Group recommended that given increases in the cost of physical medicine and the potential for physical medicine to be used in lieu of opioid prescriptions, staff consider a comprehensive study of physical medicine costs.

Project Status: Staff published a comprehensive analysis of physical medicine utilization and costs in California in the first quarter of 2020.

9. Provider Treatment Pattern Analysis. In 2018, the WCIRB began to explore the impact of behavioral factors on the workers' compensation system. As part of that exploration, staff has entered into a partnership with a University of California of Berkeley behavioral scientist to study treatment patterns of various types of providers.

Project Status: Staff presented preliminary results on this study in the second quarter of 2019 and anticipates continuing research in this area in 2021 and beyond as available resources permit.

G. Studies Related to Rating Plans

1. Experience Rating Eligibility. At the October 22, 2014 meeting, the Actuarial Research Working Group discussed changes to the experience rating eligibility criteria in light of other changes to the Plan being adopted and noted that staff has not completed a comprehensive review of experience rating eligibility in a number of years.

Project Status: Now that the changes to the experience rating formula to vary the split point by the size of the employer and address the non-reporting of small medical-only claims have been implemented, staff anticipates completing an initial review of the appropriateness of the current eligibility threshold for review of the C & R and Actuarial Committees by the second quarter of 2021.

2. Experience Rating Parameters. It has been several years since the parameters of the WCIRB's variable split Experience Rating Plan has been updated. In order to keep the Plan values current and to avoid wide fluctuations in values, the experience rating parameters should be updated at regular intervals.

Project Status: Staff completed an analysis of the Experience Rating Plan parameters with recommended changes for inclusion in the January 1, 2021 Regulatory Filing approved by the Actuarial and C & R Committees in the second quarter of 2020.

3. Impact of Experience Rating on Workplace Safety. The statutory goal of experience rating in California is to incentivize a safe workplace. Although experience rating seems to create

significant financial incentives and receives significant attention from many employers, there is limited research on its effectiveness as a safety incentive.

Project Status: Staff anticipates completing a study on the impact of experience rating on the frequency of workplace injuries for presentation to the Actuarial Committee in 2021.

4. Development of Experience Rating Expected Loss Rates. The Actuarial Committee annually reviews the WCIRB's methodology to compute the experience rating expected loss rates proposed to the CDI each year. The methodology used for this process was adopted by the Actuarial Committee at the June 11, 2008 meeting.

Project Status: It has been a decade since a comprehensive review of the expected loss rate methodology has been undertaken. Staff anticipates undertaking a comprehensive analysis of the methodology in 2021.

5. Retrospective Rating Plan Values. In 2018, the WCIRB updated the advisory *California Retrospective Rating Plan* values, including hazard group assignments, insurance charges and loss elimination ratios, to be effective January 1, 2019.

Project Status: At the June 14, 2019 meeting, the Committee reviewed the paid loss simulation approach to loss development for purpose of computing retrospective rating values. Staff updated loss elimination ratios for purposes of classification ratemaking in the second quarter of 2020. Also, staff anticipates beginning the multi-year effort of updating the Retrospective Rating Plan values including implementation of a joint simulation of paid and incurred losses for loss development in 2021.

H. Other Potential Studies

1. Analysis of California Regional Differences. Recent WCIRB analyses of claim frequency, cumulative injuries, liens, and other system components have suggested that there are significant regional differences across California.

Project Status: Staff used a wide range of available information to prepare an analysis of regional differences in components such as frequency, severity and permanent disability patterns. The WCIRB's latest report on regional differences will be published in November 2019. Staff anticipates continuing this work in 2020 with the annual update report to be published by the fourth quarter of 2020.

2. Wage Data Analysis. Early in 2017, staff developed a comprehensive data cube and wage report for members with detailed information on various wage distributions by industry, classification and occupation as well as other wage related information. The information relates historical and projected wage levels by classification to industries, recognizing differences in payroll exclusions in developing insured exposures and differences in the allocation of standard exception classifications.

Project Status: Staff completed a comprehensive update to this wage information based on updated source information in November 2019 with an update being provided to the Actuarial Committee at the December 5, 2019 meeting. Staff updated the components of this analysis needed for classification ratemaking in the second quarter of 2020, with a comprehensive update anticipated for 2021.

3. Comparison of Workers' Compensation Medical Costs to Group Health Costs. At the May 27, 2009 meeting, the Claims Working Group suggested that consideration be given to conducting a research study comparing occupational and non-occupational medical treatment cost data for a similar mix of injuries.

Project Status: Staff does not anticipate further analysis in this area in 2020.

4. Aging of the Work Force. This study would quantify the aging of the work force and identify changes in costs – particularly severities – due to this demographic shift. The study would also identify future aging patterns and forecast their impact.

Project Status: Staff completed some preliminary analysis of the impact of aging on claim costs as part of prior frequency studies, but does not anticipate conducting any further analysis in this area in 2020.

5. Terrorism Losses. In early 2003, the WCIRB contracted with EQECAT to help estimate potential terrorism losses with respect to the Terrorism Risk Insurance Act of 2002. The results of the analysis were published in a March 12, 2003 WCIRB Bulletin. In 2018, the WCIRB contracted with Risk Management Solutions (RMS), a leading catastrophe risk modeling firm, to conduct an analysis of potential statewide workers' compensation exposure arising from terrorism. The results of the study were presented to the Actuarial Committee at the meeting of December 5, 2018 and published in January 2019.

Project Status: Staff does not anticipate further analysis of this issue in 2020.

6. Earthquake Losses. In July 2002, EQECAT completed a report estimating the average annual expected costs arising from California earthquakes. In 2003, EQECAT completed a follow-up study to address some of the issues raised by the CDI in reviewing the 2002 study. Based on the results of these studies, the WCIRB included a provision to reflect expected earthquake losses in the January 1, 2004 Pure Premium Rate Filing. In the Decision on that filing, the CDI rejected this provision based on concerns as to the underlying loss distribution projected by the model and the lack of a mechanism to fund the cost of a major earthquake if one were to occur. In 2007, the WCIRB contracted with EQECAT to update the California earthquake studies. The updated report was published in June 2007. In December 2017, the WCIRB in partnership with RMS published an updated analysis on potential statewide workers' compensation exposure arising from earthquake.

Project Status: At the June 14, 2019 meeting, the Actuarial Committee discussed whether a pure premium rate adjustment to reflect the long-term average expected losses arising from earthquake based on the recent RMS study would be appropriate. Given the CDI's concerns in prior decisions and that including a long-term average provision for earthquake and terrorism exposure in advisory pure premium rates may create administrative issues for some insurers, the Committee agreed that the WCIRB's proposed advisory pure premium rates should not reflect a provision for earthquake and terrorism losses at this time. Several Committee members did suggest that published information on the potential statewide exposure of these events is of value and should be updated on a regular basis. Staff does not anticipate further analysis of this issue in 2020.

7. Universal Healthcare Proposals. In 2017, the California Senate passed Senate Bill No. 563, which was intended to establish a government-run universal healthcare system in California. While this legislation did not address the funding issues and was never enacted into law, it is possible that the issue may arise again in California.

Project Status: Staff does not anticipate analysis of this issue in 2020.

Item AC20-04-04 COVID-19 Crisis

At the May 19, 2020 meeting, the Committee discussed the cost evaluation of Governor Newsom's Executive Order N-62-20 which provides for a rebuttable presumption of compensability of COVID-19 claims arising from workers directed by their employer to work outside the home. The Order applies to injuries arising from March 19, 2020 to July 5, 2020. On May 22, 2020, after incorporating feedback provided by the Committee, the WCIRB published its cost evaluation of the Order. The WCIRB's mid-range estimate of the Order's rebuttable presumption that applies to workers subject to the Order from March 19, 2020 to July 5, 2020 is \$1.2 billion. Here is a link to the [WCIRB's cost evaluation of the Governor's Executive Order](#).

The COVID-19 pandemic is having a major impact on many components of the California workers' compensation system. At the May 19, 2020 meeting, the Committee also discussed the WCIRB's analysis of the potential impact of the pandemic on claim frequency. On June 1, 2020, the WCIRB issued a research brief that analyzed the historical impact of prior recessions on claim frequency over the last sixty years. The brief also examined the potential impact of the current recession on 2020 claim frequency in light of potential surges of COVID-19 claims as well as recent trends in post-termination claims. Here is a link to the [WCIRB's June 1, 2020 Research Brief](#).

In addition, because both premium and loss components emerging in 2020 will be heavily impacted by the pandemic, the WCIRB is planning to actively monitor emerging costs and exposures during the year. Staff proposed an updated post-COVID-19 2020 WCIRB Actuarial and Medical Research study agenda, which is included in Item AC19-12-06. Staff will also present some preliminary indicators of post-COVID-19 experience at the meeting.

At the May 19, 2020 meeting, a member suggested that given the major impact the COVID-19 pandemic is having on emerging 2020 claim and exposure information, consideration should be given to deferring the WCIRB's January 1, 2021 Pure Premium Rate Filing to September. By deferring the Filing one month past its usual August submission date, the WCIRB would be able to consider the impact of June 30, 2020 aggregate experience as well as one additional month of information on post-COVID-19 trends. Staff is reviewing the question and will present a summary of the issues at the meeting. Exhibit 1 summarizes key COVID-19 WCIRB ratemaking and research issues, including the information needed to evaluate the issue, when the information is available and whether the information is critical to the January 1, 2021 Pure Premium Rate Filing projections.

COVID-19 Ratemaking and Research Issues

Issue	Information Source to Evaluate	Timing of Information Availability	Critical for 1/1/21 Filing (Y/N)
Claim Frequency			
COVID-19 Claims	Transactional Indemnity (TI) Data	Preliminary data currently available	Y
	Transactional Medical (TM) Data	Preliminary data currently available	
	Unit Statistical Report (USR) Data	Available starting Q4 2020	
	Division of Workers' Compensation (DWC)	Preliminary data currently available (by request)	
Post-Termination Claims	TI Data	Preliminary data currently available	N
	Permanent Disability Claim Survey	Available Q4 2021	
CT Claims	TI Data	Preliminary data currently available	Y
	TM Data	Available starting Q3 2020	
	USR Data	Available starting Q4 2020	
Economic Impact	UCLA	Latest data as of March 2020, next update in June	Y
	CA Dept of Finance	Latest data as of April 2020, next update in November	
	Other Government Sources	Data currently available although later projections likely more reliable	
	WCIRB Claim Frequency Model	Currently available	
"Stay-at-Home" Period Drop in Claims	Aggregate Data	Q1 2020 available in June, Q2 2020 in Sep.	N
	TI Data	Preliminary data currently available	
Clerical Working at Home	TI Data	Preliminary data currently available	N
	Special Survey of Audits	Available in September 2020	
	USR Data	Available starting Q4 2020	
Furloughed but Paid	Special Survey of Audits	Available in September 2020	N
	USR Data	Available starting Q4 2020	
Shifts in Class/Industry Mix	UCLA	Latest data as of March 2020, next update in June	Y
	Government Sources	Data currently available although later projections likely more reliable	
	USR Data	Available Q3 2021	

Issue	Information Source to Evaluate	Timing of Information Availability	Critical for 1/1/21 Filing (Y/N)
Claim Severity			
"Stay-at-Home" Period Drop in Medical Services	Aggregate Data	Q1 2020 available in June, Q2 2020 in September	N
	TM Data	Preliminary data available Q3 2020	
Slowdown in Settlement	Aggregate Data	Q1 2020 available in June, Q2 2020 in September	Y
	TI Data	Preliminary data available Q3 2020	
	DWC Data	Preliminary data available Q3 2020 (by request)	
Change in Litigation Practices	Aggregate Data	Q1 2020 available in June, Q2 2020 in September	Y
	TI Data	Preliminary data available Q3 2020	
	DWC Data	Preliminary data available Q3 2020 (by request)	
	PD Survey	Available Q4 2021	
Impact of Medical Service Drop on Future Medical	Research Brief	September	N
COVID-19 Claim Severity	TI Data	Preliminary data available Q3 2020	Y
	TM Data	Preliminary data available Q3 2020	
	DWC Data	Preliminary data available Q3 2020 (by request)	
	USR Data	Available starting Q4 2020	
Post-Termination and CT Claim Severity	TI Data	Preliminary data available Q3 2020	Y
	TM Data	Preliminary data available Q3 2020	
	USR Data	Available starting Q4 2020	
Shifts in Class Mix (Clerical, etc.) on Severity	TI Data	Preliminary data available Q3 2020	Y
	TM Data	Preliminary data available Q3 2020	
	USR Data	Available starting Q4 2020	
Temporary Disability Duration	TI Data	Preliminary data available Q3 2020	N
	PD Survey	Available Q4 2021	

Issue	Information Source to Evaluate	Timing of Information Availability	Critical for 1/1/21 Filing (Y/N)
Exposure and Premium			
Return Premiums on Policy Years 2019-20	Aggregate Data	Q2 2020 data available in September, Q3 2020 in December	N
	Special Survey of Audits	Available in September 2020	
Clerical Working at Home	Special Survey of Audits	Available in September 2020	N
	USR Data	Available starting Q4 2020	
Furloughed but Paid	Special Survey of Audits	Available in September 2020	N
	USR Data	Available starting Q4 2020	
Unemployment	UCLA	Latest data as of March 2020, next update in June	Y
	Government Sources (BLS, EDD, CA DoF)	Data currently available although later projections likely more reliable	
Average Wage Trend	UCLA	Latest data as of March 2020, next update in June	Y
	CA Dept of Finance	Latest data as of April 2020, next update in November	
	Other Government Sources	Data currently available although later projections likely more reliable	
Shifts in Class Mix	UCLA	Latest data as of March 2020, next update in June	Y
	Government Sources	Data currently available although later projections likely more reliable	
	USR Data	Available Q3 2021	
Classification Pure Premium Rate Relativities			
COVID-19 Impacts by Class	TI Data	Preliminary data currently available, but later is better	Y
	DWC Data	Preliminary data currently available (by request), but later is better	

Item AC20-06-01 3/31/2020 Experience – Review of Methodologies

Staff has prepared a preliminary analysis of statewide experience through March 31, 2020, which is included in Exhibits 1 through 8. This information reflects insurers writing approximately 100% of the market based on 2019 premium levels. The methodologies used are generally consistent with those reflected in the January 1, 2020 Pure Premium Rate Filing and reviewed at the April 2, 2020 meeting. Wage and loss levels were projected to January 1, 2022—the approximate midpoint of experience on policies incepting in 2021, and premiums were adjusted to the industry average filed pure premium rate level as of January 1, 2020.

The projections shown in Exhibits 1 through 8 are in large part prior to the impact of the COVID-19 pandemic and resulting economic downturn. At the meeting, staff will discuss the critical components of the January 1, 2021 Pure Premium Rate Filing projections that may be significantly impacted by the COVID-19 crisis (see Agenda Item AC20-04-04).

As shown on Exhibit 8, the preliminary projected policy year 2021 loss to the industry average filed pure premium ratio based on March 31, 2020 experience and the January 1, 2020 Pure Premium Rate Filing methodologies and prior to the impact of the COVID-19 crisis is 0.631. (The projected loss to pure premium ratio for policies incepting between July 1, 2020 and December 31, 2020 reviewed at the April 2, 2020 meeting based on December 31, 2019 experience and benchmarked to the industry average filed pure premium rate level as of January 1, 2020, which was also prior to the impact of the COVID-19 crisis, is 0.652.)

Additional supplemental information is included in Exhibits 9 through 12.

**California Workers' Compensation
Accident Year Experience as of March 31, 2020**

Year	Earned Premium	Paid Indemnity	Indemnity Reserves	Paid Medical**	Medical Reserves	IBNR*	Total Incurred**	Loss Ratio*
1987	4,334,955,531	1,495,198,163	6,933,407	1,325,018,228	44,249,337	50,357,849	2,921,756,984	0.674
1988	5,131,652,100	1,695,054,188	6,453,643	1,533,506,145	34,398,951	37,255,143	3,306,668,070	0.644
1989	5,675,058,869	1,940,151,909	6,816,066	1,798,954,484	51,453,347	40,047,984	3,837,423,790	0.676
1990	5,704,522,825	2,260,962,681	7,327,076	2,045,978,980	40,906,550	58,896,651	4,414,071,938	0.774
1991	5,866,134,525	2,478,575,697	15,729,942	2,202,313,504	48,094,600	55,794,315	4,800,508,058	0.818
1992	5,680,689,483	1,976,402,183	13,786,564	1,761,456,668	51,723,615	55,223,685	3,858,592,715	0.679
1993	5,928,522,641	1,693,380,204	12,984,535	1,515,524,241	62,883,556	45,287,616	3,330,060,152	0.562
1994	5,025,254,120	1,626,682,841	21,740,481	1,468,024,557	83,801,231	37,262,523	3,237,511,633	0.644
1995	3,785,469,102	1,765,960,369	26,018,516	1,625,673,099	92,441,461	47,155,041	3,557,248,486	0.940
1996	3,743,080,387	1,956,910,949	31,693,872	1,720,742,372	93,514,307	54,555,253	3,857,416,753	1.031
1997	3,902,515,859	2,302,627,477	36,958,681	2,006,668,917	121,756,878	91,134,772	4,559,146,725	1.168
1998	4,112,001,332	2,635,791,562	49,006,401	2,520,526,522	208,941,538	172,673,095	5,586,939,118	1.359
1999	4,355,455,911	2,919,566,017	51,768,375	2,920,088,378	166,265,046	240,152,305	6,297,840,121	1.446
2000	5,795,562,182	3,355,940,881	66,579,353	3,488,831,282	203,535,023	391,623,866	7,506,510,405	1.295
2001	10,038,984,385	4,804,959,083	99,408,597	5,324,515,121	345,533,578	592,058,814	11,166,475,193	1.112
2002	13,402,311,243	4,763,250,340	89,271,526	5,468,066,436	308,011,608	876,814,370	11,505,414,280	0.858
2003	19,451,532,493	4,548,115,707	146,703,973	5,062,828,045	343,918,736	1,229,046,777	11,330,613,238	0.583
2004	23,050,850,083	3,210,923,552	117,756,339	4,055,626,608	275,696,530	1,365,574,810	9,025,577,839	0.392
2005	21,352,693,580	2,528,459,573	102,225,810	3,650,903,999	263,688,739	1,096,875,342	7,642,153,463	0.358
2006	17,198,788,582	2,614,564,084	113,090,988	3,755,979,790	288,556,548	764,237,924	7,536,429,334	0.438
2007	13,251,232,441	2,758,700,174	131,886,887	4,031,579,271	328,219,639	700,668,273	7,951,054,244	0.600
2008	10,740,367,992	2,803,202,715	144,239,484	4,019,189,861	344,205,867	609,434,329	7,920,272,256	0.737
2009	8,870,538,154	2,673,679,453	142,920,595	3,819,011,777	346,913,888	477,101,940	7,459,627,653	0.841
2010	9,378,908,753	2,686,653,029	139,547,850	3,916,200,835	298,487,816	555,891,251	7,596,780,781	0.810
2011	10,113,488,947	2,653,638,014	150,145,771	3,539,143,281	337,611,271	748,360,975	7,428,899,312	0.735
2012	11,687,201,908	2,685,440,977	187,547,370	3,425,840,159	376,910,474	916,809,240	7,592,548,220	0.650
2013	14,150,609,175	2,709,546,009	205,671,519	3,254,815,297	394,641,741	1,526,048,868	8,090,723,434	0.572
2014	15,975,532,059	2,816,269,451	264,167,533	3,149,113,084	452,196,146	2,045,328,349	8,727,074,563	0.546
2015	17,015,942,049	2,774,977,366	352,448,679	2,986,849,260	594,269,610	3,002,449,789	9,710,994,704	0.571
2016	17,907,564,215	2,543,130,846	470,004,041	2,734,161,790	719,129,154	3,123,321,594	9,589,747,425	0.536
2017	17,621,187,435	2,172,889,093	685,712,283	2,391,852,489	990,203,440	3,386,563,782	9,627,221,087	0.546
2018	17,373,721,164	1,595,825,892	973,953,580	1,923,197,821	1,340,139,274	4,105,333,784	9,938,450,351	0.572
2019	16,077,454,728	720,709,120	1,019,570,271	1,042,852,139	1,577,439,128	5,003,548,614	9,364,119,272	0.582
2020	3,636,670,668	20,778,473	124,715,489	35,917,670	273,295,761	1,644,685,654	2,099,393,047	0.577

* 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

Incurred Indemnity Loss Development Factors

Accident Year	Age-to-Age (in months)															
	<u>27/15</u>	<u>39/27</u>	<u>51/39</u>	<u>63/51</u>	<u>75/63</u>	<u>87/75</u>	<u>99/87</u>	<u>111/99</u>	<u>123/111</u>	<u>135/123</u>	<u>147/135</u>	<u>159/147</u>	<u>171/159</u>	<u>183/171</u>	<u>195/183</u>	<u>207/195</u>
1994											1.002	1.001	1.002	0.999	0.999	1.001
1995										1.002	1.003	1.002	1.003	1.001	1.002	1.001
1996									1.003	1.002	1.002	1.002	1.000	0.999	1.002	1.001
1997								1.004	1.006	1.005	1.003	1.002	1.003	1.002	1.001	1.001
1998							1.005	1.008	1.004	1.002	1.002	1.004	1.004	1.000	1.003	1.001
1999						1.012	1.011	1.003	1.007	1.004	1.002	1.004	1.003	1.002	1.002	1.000
2000					1.018	1.014	1.009	1.007	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.000
2001				1.027	1.021	1.018	1.014	1.007	1.008	1.007	1.005	1.005	1.003	1.001	1.002	1.001
2002			1.051	1.032	1.027	1.019	1.010	1.011	1.009	1.006	1.005	1.002	1.001	1.003	1.002	1.002
2003		1.125	1.068	1.047	1.030	1.018	1.020	1.016	1.012	1.008	1.008	1.002	1.003	1.003	1.002	1.005
2004	1.283	1.140	1.063	1.042	1.037	1.026	1.025	1.015	1.015	1.007	1.006	1.003	1.001	1.002	1.005	
2005	1.400	1.168	1.085	1.063	1.049	1.039	1.022	1.016	1.010	1.005	1.006	1.004	1.003	1.004		
2006	1.519	1.188	1.100	1.072	1.051	1.031	1.020	1.012	1.008	1.008	1.005	1.002	1.005			
2007	1.562	1.216	1.104	1.066	1.045	1.030	1.022	1.012	1.009	1.003	1.009	1.008				
2008	1.618	1.245	1.116	1.063	1.043	1.025	1.018	1.011	1.008	1.007	1.007					
2009	1.670	1.233	1.124	1.067	1.043	1.021	1.016	1.013	1.010	1.009						
2010	1.665	1.250	1.112	1.062	1.037	1.023	1.017	1.011	1.009							
2011	1.657	1.225	1.109	1.053	1.032	1.024	1.016	1.010								
2012	1.662	1.218	1.093	1.059	1.033	1.022	1.014									
2013	1.604	1.201	1.093	1.047	1.030	1.017										
2014	1.625	1.224	1.097	1.049	1.023											
2015	1.630	1.195	1.085	1.039												
2016	1.606	1.187	1.080													
2017	1.588	1.183														
2018	1.567															
Selected (a)	1.567	1.183	1.080	1.039	1.023	1.017	1.014	1.010	1.009	1.007	1.007	1.004	1.003	1.003	1.003	1.002
Cumulative	2.325	1.484	1.254	1.162	1.118	1.093	1.075	1.060	1.049	1.040	1.033	1.026	1.023	1.020	1.017	1.015

(a) Selections are latest year for the 15-to-27 month through 99-to-111 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)																		ULT/423Inc (b)
	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	399/387	411/399	423/411	
1983						1.002	1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	
1984					1.000	1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	1.000	1.000	1.001	1.001	
1985				1.000	1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
1986			1.001	0.999	1.000	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.001		
1987		1.002	1.000	0.999	1.000	1.000	1.000	1.002	1.001	1.000	1.000	1.001	1.000	1.001	1.000	1.001			
1988	1.001	1.001	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.001				
1989	1.001	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.001	1.000	1.001	1.000					
1990	1.000	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000						
1991	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.001							
1992	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.001								
1993	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000									
1994	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.001	1.002										
1995	1.002	0.999	0.999	1.001	1.000	1.001	1.000	1.001											
1996	1.002	1.001	1.000	1.001	1.001	1.000	1.002												
1997	1.000	1.000	1.000	0.999	1.001	1.001													
1998	1.002	1.002	1.001	1.000	1.001														
1999	1.000	1.000	1.002	1.002															
2000	1.002	1.001	1.002																
2001	1.001	1.002																	
2002	1.003																		
Selected (a)	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	
Cumulative	1.013	1.012	1.011	1.010	1.009	1.009	1.008	1.008	1.007	1.007	1.007	1.006	1.006	1.006	1.006	1.005	1.005	1.004	

(b) The ULT/423Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Incurred Medical Loss Development Factors

Accident Year	Age-to-Age (in months) (b)															
	<u>27/15</u>	<u>39/27</u>	<u>51/39</u>	<u>63/51</u>	<u>75/63</u>	<u>87/75</u>	<u>99/87</u>	<u>111/99</u>	<u>123/111</u>	<u>135/123</u>	<u>147/135</u>	<u>159/147</u>	<u>171/159</u>	<u>183/171</u>	<u>195/183</u>	<u>207/195</u>
1994											1.017	1.013	1.006	1.008	1.021	1.011
1995										1.019	1.011	1.020	1.027	1.016	1.005	1.010
1996									1.013	1.021	1.017	1.020	1.015	1.013	1.012	1.008
1997								1.018	1.015	1.024	1.023	1.018	1.009	1.010	1.005	1.004
1998							1.022	1.022	1.035	1.021	1.020	1.010	1.010	1.013	1.007	1.012
1999						1.032	1.025	1.035	1.028	1.018	1.017	1.014	1.009	1.012	1.003	1.000
2000					1.030	1.031	1.041	1.022	1.019	1.022	1.016	1.017	1.012	1.005	0.998	0.995
2001				1.045	1.038	1.045	1.039	1.035	1.030	1.020	1.018	1.018	1.006	0.998	0.999	0.996
2002			1.050	1.039	1.056	1.038	1.034	1.028	1.027	1.020	1.013	1.007	0.998	0.999	0.999	0.999
2003		1.087	1.060	1.060	1.051	1.043	1.040	1.036	1.025	1.019	1.009	1.001	0.999	1.000	1.001	1.007
2004	1.235	1.130	1.094	1.078	1.056	1.062	1.038	1.032	1.026	1.008	1.004	0.999	0.998	0.999	1.002	
2005	1.275	1.141	1.077	1.080	1.074	1.057	1.040	1.027	1.018	1.005	1.003	1.003	0.998	1.001		
2006	1.333	1.164	1.095	1.076	1.061	1.049	1.037	1.018	1.007	1.003	1.002	1.003	1.000			
2007	1.357	1.171	1.114	1.078	1.069	1.041	1.028	1.015	1.005	1.004	1.003	1.003				
2008	1.378	1.189	1.116	1.087	1.058	1.035	1.020	1.009	1.004	1.002	1.004					
2009	1.431	1.182	1.133	1.080	1.049	1.025	1.014	1.007	1.004	1.009						
2010	1.431	1.212	1.117	1.068	1.036	1.023	1.011	1.011	1.006							
2011	1.452	1.185	1.103	1.059	1.026	1.016	1.011	1.009								
2012	1.391	1.153	1.078	1.051	1.025	1.014	1.015									
2013	1.353	1.119	1.077	1.031	1.023	1.010										
2014	1.325	1.135	1.064	1.033	1.022											
2015	1.313	1.117	1.050	1.026												
2016	1.287	1.093	1.042													
2017	1.260	1.094														
2018	1.253															
Selected (a)	1.253	1.094	1.042	1.026	1.022	1.010	1.015	1.009	1.007	1.005	1.004	1.003	1.000	1.000	1.000	1.002
Cumulative	1.617	1.291	1.180	1.132	1.104	1.080	1.069	1.053	1.044	1.036	1.031	1.027	1.024	1.024	1.024	1.024

(a) Selections are latest year for the 15-to-27 month through 99-to-111 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	Age-to-Age (in months)																		ULT/423Inc (c)
	<u>219/207</u>	<u>231/219</u>	<u>243/231</u>	<u>255/243</u>	<u>267/255</u>	<u>279/267</u>	<u>291/279</u>	<u>303/291</u>	<u>315/303</u>	<u>327/315</u>	<u>339/327</u>	<u>351/339</u>	<u>363/351</u>	<u>375/363</u>	<u>387/375</u>	<u>399/387</u>	<u>411/399</u>	<u>423/411</u>	
1983						1.000	1.008	1.004	1.004	1.003	1.003	1.005	1.003	1.003	1.002	0.997	0.999	0.999	
1984					1.003	1.003	1.001	1.004	1.002	1.004	1.003	1.000	1.004	0.999	0.999	1.001	1.000	1.000	
1985				1.006	1.005	1.001	1.001	1.002	1.004	1.004	1.003	1.004	1.000	0.999	0.999	1.000	1.001	1.001	
1986			1.003	1.001	1.005	1.003	1.006	1.006	1.005	1.005	1.004	1.002	1.001	0.998	1.004	1.004	0.993		
1987		0.999	1.003	1.001	1.005	1.010	0.999	1.006	1.003	1.005	1.003	1.001	0.999	1.001	0.999	1.006			
1988	1.003	1.005	1.002	1.006	1.005	1.005	1.001	1.005	1.002	1.003	1.002	1.000	0.998	1.000	1.001				
1989	1.003	1.006	1.005	1.008	1.005	1.006	1.007	1.000	1.002	0.999	0.999	1.000	0.999	1.003					
1990	1.003	1.006	1.008	1.005	1.003	1.002	1.004	0.997	1.001	1.001	0.999	0.998	0.999						
1991	1.007	1.006	1.005	1.002	1.004	1.001	1.003	1.001	0.999	0.999	0.998	1.001							
1992	1.009	1.001	1.003	1.005	1.003	1.003	0.999	1.000	1.002	0.998	1.002								
1993	1.005	1.013	1.013	1.001	1.001	0.999	0.996	1.000	1.000	0.998									
1994	1.011	1.005	1.006	1.004	1.001	0.996	0.997	0.998	1.003										
1995	1.012	0.996	1.007	1.000	0.997	0.998	0.999	1.003											
1996	1.007	1.003	1.000	1.001	0.998	0.996	1.001												
1997	1.000	0.995	0.997	0.998	1.000	1.000													
1998	0.999	1.000	0.996	1.000	1.004														
1999	0.998	0.997	1.002	1.000															
2000	0.997	0.998	1.001																
2001	1.002	1.001																	
2002	1.002																		
Selected (a)	1.000	0.999	1.001	1.001	1.000	0.999	0.999	1.000	1.001	1.000	1.001	1.000	0.999	1.000	1.001	1.002	0.998	1.000	
Cumulative	1.022	1.022	1.023	1.023	1.022	1.022	1.024	1.024	1.025	1.023	1.024	1.023	1.023	1.024	1.024	1.023	1.021	1.023	1.023

(c) The ULT/423Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

Accident Year	Age-to-Age (in months)															
	<u>27/15</u>	<u>39/27</u>	<u>51/39</u>	<u>63/51</u>	<u>75/63</u>	<u>87/75</u>	<u>99/87</u>	<u>111/99</u>	<u>123/111</u>	<u>135/123</u>	<u>147/135</u>	<u>159/147</u>	<u>171/159</u>	<u>183/171</u>	<u>195/183</u>	<u>207/195</u>
1994											1.009	1.008	1.006	1.005	1.003	1.003
1995										1.013	1.010	1.008	1.007	1.006	1.004	1.004
1996									1.018	1.013	1.011	1.009	1.007	1.004	1.005	1.004
1997								1.025	1.017	1.015	1.011	1.007	1.007	1.006	1.005	1.005
1998							1.033	1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006	1.006
1999						1.049	1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006	1.005
2000					1.078	1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.007	1.004	1.004
2001				1.119	1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007	1.006	1.005
2002			1.229	1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007	1.006	1.005	1.005
2003		1.533	1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010	1.009	1.008	1.007	1.007
2004	2.229	1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018	1.014	1.011	1.008	1.008	1.009	
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019	1.014	1.012	1.010	1.010		
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026	1.017	1.015	1.011	1.010			
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032	1.025	1.017	1.016	1.013				
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040	1.025	1.021	1.018	1.014					
2009	2.369	1.499	1.238	1.135	1.084	1.056	1.039	1.029	1.023	1.016						
2010	2.399	1.505	1.240	1.129	1.081	1.053	1.036	1.024	1.020							
2011	2.433	1.481	1.227	1.129	1.076	1.053	1.038	1.023								
2012	2.424	1.477	1.219	1.123	1.075	1.047	1.031									
2013	2.385	1.490	1.216	1.111	1.063	1.038										
2014	2.455	1.501	1.215	1.109	1.062											
2015	2.468	1.476	1.202	1.100												
2016	2.403	1.459	1.188													
2017	2.390	1.441														
2018	2.343															
Selected (a)	2.343	1.441	1.188	1.100	1.062	1.038	1.031	1.023	1.021	1.017	1.015	1.012	1.009	1.009	1.007	1.006
Cumulative	5.862	2.502	1.736	1.461	1.329	1.251	1.205	1.169	1.143	1.119	1.100	1.084	1.071	1.061	1.052	1.045

(a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.

Paid Indemnity Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)																		423Inc/423Pd (b)	ULT/423Inc (c)
	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	399/387	411/399	423/411		
1983						1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.005	
1984						1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.000	1.001	1.005	
1985				1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.005	
1986			1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001		1.005	
1987		1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.000	1.001	1.001	1.001			1.005	
1988	1.001	1.001	1.002	1.001	1.001	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.001				1.003	
1989	1.002	1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000					1.003	
1990	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001							
1991	1.002	1.002	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001								
1992	1.001	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001									
1993	1.002	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001										
1994	1.004	1.002	1.003	1.003	1.002	1.002	1.002	1.001	1.001											
1995	1.005	1.004	1.003	1.002	1.003	1.002	1.002	1.002												
1996	1.005	1.004	1.003	1.003	1.002	1.003	1.003													
1997	1.004	1.003	1.002	1.002	1.003	1.003														
1998	1.005	1.004	1.003	1.003	1.003															
1999	1.004	1.003	1.003	1.003																
2000	1.004	1.004	1.003																	
2001	1.005	1.004																		
2002	1.005																			
Selected (a)	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.003	
Cumulative	1.039	1.034	1.030	1.027	1.024	1.022	1.019	1.017	1.015	1.014	1.013	1.013	1.012	1.011	1.010	1.009	1.008	1.008	1.004	

- (b) Three-year averages of the 423Inc/423Pd factors are selected.
- (c) The ULT/423Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a) Accident Year	Age-to-Age (in months)															
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195
1994											1.018	1.018	1.015	1.016	1.012	1.013
1995										1.024	1.020	1.023	1.019	1.018	1.017	1.013
1996									1.028	1.026	1.025	1.023	1.022	1.014	1.014	1.014
1997								1.034	1.032	1.028	1.025	1.020	1.019	1.014	1.014	1.015
1998							1.044	1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018	1.017
1999						1.053	1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018	1.014
2000					1.071	1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	1.012	1.011
2001				1.094	1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.017	1.012	1.010
2002			1.148	1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018	1.015	1.011	1.011	1.009
2003		1.259	1.154	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025	1.018	1.015	1.012	1.011	1.011
2004	1.744	1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031	1.022	1.017	1.014	1.011	1.012	
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037	1.029	1.020	1.017	1.013	1.013		
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040	1.032	1.023	1.018	1.015	1.013			
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051	1.038	1.028	1.021	1.019	1.015				
2008	1.826	1.359	1.208	1.134	1.098	1.067	1.047	1.033	1.024	1.019	1.015					
2009	1.876	1.385	1.221	1.150	1.095	1.062	1.042	1.029	1.023	1.018						
2010	1.926	1.402	1.237	1.133	1.087	1.060	1.039	1.027	1.025							
2011	1.957	1.401	1.217	1.131	1.082	1.055	1.037	1.026								
2012	1.983	1.398	1.213	1.128	1.076	1.051	1.036									
2013	1.939	1.390	1.206	1.111	1.068	1.043										
2014	1.936	1.387	1.194	1.106	1.067											
2015	1.955	1.359	1.185	1.096												
2016	1.876	1.339	1.168													
2017	1.838	1.320														
2018	1.850															
Adjusted (b) Accident Year	Age-to-Age (in months)															
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195
2001																1.011
2002															1.012	1.010
2003														1.013	1.012	1.013
2004													1.015	1.013	1.013	
2005												1.019	1.015	1.015		
2006											1.020	1.016	1.014			
2007										1.022	1.021	1.017				
2008									1.026	1.020	1.016					
2009								1.031	1.025	1.019						
2010							1.041	1.029	1.027							
2011						1.059	1.041	1.029								
2012					1.082	1.056	1.039									
2013				1.119	1.074	1.046										
2014			1.203	1.112	1.070											
2015		1.365	1.190	1.099												
2016	1.882	1.344	1.170													
2017	1.844	1.321														
2018	1.850															
Selected (c)	1.850	1.321	1.170	1.099	1.070	1.046	1.039	1.029	1.026	1.020	1.019	1.017	1.015	1.014	1.012	1.011
Cumulative Unadjusted for Impact of SB 1160	4.983	2.693	2.039	1.743	1.586	1.482	1.417	1.364	1.325	1.292	1.266	1.242	1.221	1.203	1.187	1.173
Cumulative Adjusted for Impact of SB 1160(d)	4.799	2.594	1.964	1.700	1.562	1.471	---	---	---	---	---	---	---	---	---	---

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.
- (b) These factors are adjusted for the losses paid prior to July 1, 2017 by -3.6%, -3.8%, -3.4%, -2.4%, -0.9%, and -0.1% to accident years 2011 to 2016, respectively, for the SB 1160 lien reforms. Factors are also adjusted for the impact of pharmaceutical cost reductions to bring the historical payments to the current pharmaceutical cost level.
- (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent age-to-age factors.
- (d) The cumulative factors for 39, 51, 63, and 75 months are adjusted by -3.7%, -2.5%, -1.5%, and -0.7%, respectively, for the impact of the SB 1160 reductions in future lien filings.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)		Age-to-Age (in months)																		
Accident Year	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	399/387	411/399	423/411	423Inc/423Pd (e)	ULT/423Inc (f)
1983						1.005	1.004	1.004	1.004	1.005	1.004	1.004	1.004	1.004	1.003	1.003	1.004	1.003	1.037	
1984					1.004	1.004	1.003	1.003	1.003	1.004	1.004	1.003	1.003	1.002	1.003	1.002	1.001	1.002	1.036	
1985				1.005	1.005	1.006	1.004	1.004	1.003	1.004	1.004	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.026	
1986			1.006	1.004	1.004	1.004	1.005	1.005	1.005	1.005	1.005	1.006	1.004	1.006	1.004	1.003	1.003		1.019	
1987		1.007	1.006	1.008	1.005	1.005	1.005	1.005	1.005	1.006	1.005	1.003	1.003	1.002	1.003	1.002			1.023	
1988	1.006	1.005	1.008	1.005	1.005	1.006	1.006	1.004	1.005	1.004	1.003	1.003	1.003	1.004	1.002				1.016	
1989	1.005	1.006	1.006	1.005	1.005	1.008	1.006	1.006	1.005	1.003	1.003	1.003	1.003	1.003					1.017	
1990	1.005	1.005	1.005	1.005	1.006	1.004	1.004	1.004	1.003	1.002	1.002	1.003	1.003							
1991	1.006	1.006	1.006	1.005	1.006	1.006	1.005	1.004	1.003	1.002	1.004	1.004								
1992	1.007	1.007	1.000	1.007	1.007	1.005	1.005	1.005	1.005	1.006	1.003									
1993	1.011	1.011	1.009	1.013	1.010	1.008	1.005	1.006	1.008	1.004										
1994	1.009	1.009	1.012	1.010	1.008	1.008	1.007	1.004	1.005											
1995	1.012	1.016	1.013	1.011	1.013	1.007	1.007	1.008												
1996	1.014	1.014	1.010	1.007	1.007	1.009	1.007													
1997	1.013	1.010	1.006	1.006	1.007	1.007														
1998	1.013	1.010	1.007	1.008	1.008															
1999	1.012	1.009	1.009	1.008																
2000	1.008	1.008	1.007																	
2001	1.010	1.009																		
2002	1.009																			
Adjusted (b)		Age-to-Age (in months)																		
Accident Year	219/207	231/219	243/231	255/243	267/255	279/267	291/279	303/291	315/303	327/315	339/327	351/339	363/351	375/363	387/375	399/387	411/399	423/411	423Inc/423Pd (e)	ULT/423Inc (f)
1983																		1.003	1.037	
1984																		1.002	1.036	
1985																1.002	1.002	1.002	1.026	
1986															1.005	1.004	1.003		1.019	
1987														1.003	1.004	1.003			1.023	
1988													1.003	1.004	1.002				1.016	
1989												1.003	1.004	1.003					1.017	
1990											1.003	1.003	1.003							
1991										1.003	1.004	1.004								
1992									1.005	1.007	1.003									
1993								1.007	1.009	1.004										
1994							1.007	1.004	1.005											
1995						1.008	1.008	1.009												
1996					1.008	1.011	1.008													
1997				1.007	1.008	1.008														
1998			1.008	1.010	1.009															
1999		1.009	1.010	1.009																
2000	1.008	1.008	1.007																	
2001	1.011	1.011																		
2002	1.010																			
Selected (c)	1.010	1.009	1.008	1.009	1.008	1.009	1.008	1.007	1.006	1.005	1.003	1.003	1.003	1.003	1.004	1.003	1.002	1.002	1.023	
Cumulative	1.160	1.149	1.138	1.128	1.119	1.110	1.100	1.091	1.084	1.077	1.072	1.069	1.065	1.062	1.058	1.054	1.051	1.049		1.023

(e) Six-year averages of the 423Inc/423Pd factors are selected.
(f) The ULT/423Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate

Accident Year	Age-to-Age (in months)																					267Inc/267Pd (b)
	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	231/219	243/231	255/243	267/255	
1993												1.005	1.004	1.004	1.004	1.002	1.002	1.003	1.002	1.002	1.002	1.012
1994											1.009	1.008	1.006	1.005	1.003	1.003	1.004	1.002	1.003	1.003	1.002	1.016
1995										1.013	1.010	1.008	1.007	1.006	1.004	1.004	1.005	1.004	1.003	1.002	1.003	1.019
1996									1.018	1.013	1.011	1.009	1.007	1.004	1.005	1.004	1.005	1.004	1.003	1.003	1.002	1.020
1997								1.025	1.017	1.015	1.011	1.007	1.007	1.006	1.005	1.005	1.004	1.003	1.002	1.002	1.003	1.018
1998							1.033	1.025	1.018	1.016	1.009	1.009	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.003	1.018
1999						1.049	1.033	1.021	1.018	1.014	1.010	1.009	1.008	1.006	1.006	1.005	1.004	1.003	1.003	1.003		
2000					1.078	1.046	1.030	1.022	1.015	1.012	1.010	1.009	1.007	1.007	1.004	1.004	1.004	1.004	1.003			
2001				1.119	1.070	1.045	1.030	1.022	1.016	1.014	1.011	1.011	1.008	1.007	1.006	1.005	1.005	1.004				
2002			1.229	1.111	1.065	1.043	1.028	1.019	1.018	1.014	1.012	1.009	1.007	1.006	1.005	1.005	1.005					
2003		1.533	1.206	1.109	1.064	1.039	1.029	1.025	1.022	1.020	1.015	1.010	1.009	1.008	1.007	1.007						
2004	2.229	1.426	1.191	1.102	1.067	1.045	1.041	1.034	1.026	1.018	1.014	1.011	1.008	1.008	1.009							
2005	2.138	1.410	1.200	1.104	1.073	1.057	1.048	1.037	1.025	1.019	1.014	1.012	1.010	1.010								
2006	2.211	1.423	1.197	1.121	1.085	1.062	1.045	1.032	1.026	1.017	1.015	1.011	1.010									
2007	2.243	1.436	1.211	1.127	1.085	1.061	1.042	1.032	1.025	1.017	1.016	1.013										
2008	2.279	1.468	1.234	1.132	1.083	1.054	1.040	1.025	1.021	1.018	1.014											
2009	2.369	1.499	1.238	1.135	1.084	1.056	1.039	1.029	1.023	1.016												
2010	2.399	1.505	1.240	1.129	1.081	1.053	1.036	1.024	1.020													
2011	2.433	1.481	1.227	1.129	1.076	1.053	1.038	1.023														
2012	2.424	1.477	1.219	1.123	1.075	1.047	1.031															
2013	2.385	1.490	1.216	1.111	1.063	1.038																
2014	2.455	1.501	1.215	1.109	1.062																	
2015	2.468	1.476	1.202	1.100																		
2016	2.403	1.459	1.188																			
2017	2.390	1.441																				
2018	2.343																					
Selected (a)	2.346(c)	1.443(c)	1.175(c)	1.088(c)	1.051(c)	1.038	1.031	1.023	1.021	1.017	1.015	1.012	1.009	1.009	1.007	1.006	1.005	1.004	1.003	1.003	1.003	1.019
Cumulative	5.718	2.437	1.689	1.438	1.322	1.258	1.212	1.176	1.149	1.125	1.106	1.090	1.077	1.067	1.058	1.051	1.045	1.040	1.036	1.033	1.030	

- (a) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent paid age-to-age factors. Paid development factors are selected to age 267, where an incurred-to-paid ratio is chosen, and subsequently, six-year average incurred loss development factors are selected until ultimate.
- (b) A three-year average of the 267Inc/267Pd factor is selected.
- (c) 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 Age 267, Incurred from Age 267 to Ultimate (Continued)

Accident Year	Age-to-Age (in months)													
	<u>279/267</u>	<u>291/279</u>	<u>303/291</u>	<u>315/303</u>	<u>327/315</u>	<u>339/327</u>	<u>351/339</u>	<u>363/351</u>	<u>375/363</u>	<u>387/375</u>	<u>399/387</u>	<u>411/399</u>	<u>423/411</u>	<u>ULT/423Inc (c)</u>
1983	1.002	1.000	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	
1984	1.001	1.000	1.000	1.001	1.001	1.000	1.001	1.001	0.999	1.000	1.000	1.001	1.001	
1985	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
1986	1.000	1.001	1.000	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.001		
1987	1.000	1.000	1.002	1.001	1.000	1.000	1.001	1.000	1.001	1.000	1.001			
1988	1.002	1.002	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.001				
1989	1.001	1.000	1.000	1.000	1.001	1.001	1.000	1.001	1.000					
1990	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000						
1991	1.001	1.000	1.000	1.000	1.000	1.000	1.001							
1992	1.000	1.000	1.000	1.000	1.000	1.001								
1993	1.000	1.000	1.000	1.000	1.000									
1994	1.001	1.000	1.001	1.002										
1995	1.001	1.000	1.001											
1996	1.000	1.002												
1997	1.001													
1998														
Selected (a)	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	
Cumulative	1.009	1.008	1.008	1.007	1.007	1.007	1.006	1.006	1.006	1.006	1.005	1.005	1.004	1.004

- (d) The ULT/423Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding the 2016, 2017, and 2018 evaluations, 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>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						115,684
2012					122,158	122,458
2013				130,149	130,693	130,868
2014			135,151	136,245	136,720	136,904
2015		138,565	140,795	141,442	141,855	
2016	128,782	141,750	144,460	145,196		
2017	130,257	141,709	144,062			
2018	132,472	144,189				
2019	135,321					

B. Development of Total Reported Indemnity Claim Counts

Accident	Age-to-Age Development (in months):					
<u>Year</u>	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-Ult</u>
2012					1.002	
2013				1.004	1.001	
2014			1.008	1.003	1.001	
2015		1.016	1.005	1.003		
2016	1.101	1.019	1.005			
2017	1.088	1.017				
2018	1.088					
Latest Year	1.088	1.017	1.005	1.003	1.001	
Cumulative	1.123	1.032	1.015	1.010	1.007	1.005

Acc. Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ult. Claim Counts	151,935	148,736	146,178	146,582	142,792	137,623

C. Closed Indemnity Claim Counts

Accident	Evaluated as of (in months)					
<u>Year</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						101,974
2012					103,108	109,446
2013				102,663	112,650	118,772
2014			93,444	109,618	119,487	125,374
2015		76,537	101,037	117,027	126,172	
2016	46,085	82,205	107,595	122,519		
2017	49,559	86,143	109,610			
2018	51,248	87,517				
2019	52,090					

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

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						87.7%
2012					83.8%	89.0%
2013				78.0%	85.6%	90.3%
2014			67.9%	79.7%	86.8%	91.1%
2015		53.6%	70.8%	82.0%	88.4%	
2016	31.4%	56.1%	73.4%	83.6%		
2017	33.9%	58.9%	75.0%			
2018	34.5%	58.8%				
2019	34.3%					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						105,900
2012					108,707	112,077
2013				109,959	116,243	119,846
2014			103,195	115,031	121,605	125,374
2015		84,019	107,071	119,351	126,172	
2016	50,255	86,249	109,913	122,519		
2017	50,116	86,012	109,610			
2018	50,993	87,517				
2019	52,090					

F. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						17,262
2012					15,593	17,350
2013				13,626	15,833	17,356
2014			11,133	14,496	16,746	18,224
2015		7,356	11,875	15,189	17,262	
2016	3,239	7,683	11,990	15,071		
2017	3,328	7,775	12,017			
2018	3,539	8,171				
2019	3,818					

- (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

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

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						18,549
2012					17,135	18,136
2013				15,205	16,710	17,623
2014			13,054	15,690	17,264	18,224
2015		8,515	13,031	15,691	17,262	
2016	3,579	8,248	12,424	15,071		
2017	3,372	7,752	12,017			
2018	3,512	8,171				
2019	3,818					
2020						

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						1,964,306
2012					1,862,751	2,032,585
2013				1,671,961	1,942,411	2,112,104
2014			1,347,113	1,804,860	2,099,355	2,284,862
2015		715,404	1,395,223	1,872,798	2,177,977	
2016	179,863	711,386	1,365,525	1,846,530		
2017	168,969	666,757	1,317,146			
2018	179,097	715,103				
2019	198,881					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						512,431
2012					615,850	492,722
2013				733,681	584,624	455,057
2014			877,169	740,902	582,241	459,070
2015		835,648	864,148	702,275	549,911	
2016	452,077	814,023	819,506	657,592		
2017	454,424	811,039	813,863			
2018	485,576	843,746				
2019	508,258					

- (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

**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)					
	15	27	39	51	63	75
2011						37,376
2012					32,328	37,869
2013				26,693	32,401	37,620
2014			21,032	27,825	33,786	39,815
2015		13,472	21,735	28,764	35,064	
2016	5,467	13,671	22,230	28,998		
2017	5,631	10,136	23,623			
2018	5,460	14,888				
2019	6,107					

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)					
	15	27	39	51	63	75
2011						-146,737
2012					-181,004	-99,595
2013				-194,754	-116,418	-40,404
2014			-205,082	-150,617	-71,560	
2015		-100,811	-131,150	-66,848		
2016	-22,796	-55,298	-51,529			
2017	-3,137	1,328				
2018	1,392					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						365,694
2012					434,846	393,127
2013				538,927	468,206	414,653
2014			672,087	590,286	510,681	459,070
2015		734,837	732,997	635,427	549,911	
2016	429,281	758,725	767,977	657,592		
2017	451,288	812,367	813,863			
2018	486,968	843,746				
2019	508,258					

- (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

**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	Evaluated as of (in months)					
<u>Year</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						2,330,000
2012					2,297,597	2,425,712
2013				2,210,888	2,410,618	2,526,757
2014			2,019,200	2,395,146	2,610,036	2,743,932
2015		1,450,241	2,128,220	2,508,225	2,727,888	
2016	609,144	1,470,111	2,133,503	2,504,122		
2017	620,257	1,479,124	2,131,009			
2018	666,066	1,558,849				
2019	707,139					

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

Accident	Evaluated as of (in months)				
<u>Year</u>	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2011					
2012					1.056
2013				1.090	1.048
2014			1.186	1.090	1.051
2015		1.467	1.179	1.088	
2016	2.413	1.451	1.174		
2017	2.385	1.441			
2018	2.340				
Latest Year	2.340	1.441	1.174	1.088	1.051
3-Year Average	2.379	1.453	1.179	1.089	1.052

O. Paid Indemnity Loss Development Factors (i)

Accident	Evaluated as of (in months)				
<u>Year</u>	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2012					1.076
2013				1.110	1.063
2014			1.215	1.109	1.062
2015		1.476	1.202	1.100	
2016	2.404	1.459	1.187		
2017	2.391	1.439			
2018	2.337				

- (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

**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)				
	15-27	27-39	39-51	51-63	63-75
2012					-1.84%
2013				-1.81%	-1.36%
2014			-2.38%	-1.71%	-1.03%
2015		-0.55%	-1.91%	-1.13%	
2016	0.39%	-0.55%	-1.12%		
2017	-0.26%	0.12%			
2018	0.13%				

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2012					1.055
2013				1.091	1.049
2014			1.186	1.090	1.051
2015		1.468	1.179	1.088	
2016	2.412	1.451	1.175		
2017	2.384	1.443			
2018	2.346				
Latest Year	2.346	1.443	1.175	1.088	1.051
3-Year Average	2.381	1.454	1.180	1.089	1.052

(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

Selected Medical Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate

Unadjusted (a)	Age-to-Age (in months)																					
Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	231/219	243/231	255/243	267/255	267Inc/267Pd (e)
1993											1.018	1.014	1.013	1.013	1.012	1.011	1.011	1.011	1.009	1.013	1.010	1.082
1994											1.020	1.018	1.015	1.016	1.012	1.013	1.009	1.009	1.012	1.010	1.008	1.089
1995									1.024	1.026	1.025	1.023	1.019	1.018	1.017	1.013	1.012	1.016	1.013	1.011	1.013	1.082
1996								1.028	1.026	1.025	1.023	1.022	1.014	1.014	1.014	1.014	1.014	1.014	1.010	1.007	1.007	1.076
1997							1.034	1.032	1.028	1.025	1.020	1.019	1.014	1.014	1.015	1.013	1.010	1.006	1.006	1.007	1.069	
1998						1.044	1.037	1.033	1.032	1.027	1.021	1.017	1.019	1.018	1.017	1.013	1.010	1.007	1.008	1.008	1.079	
1999					1.053	1.042	1.031	1.035	1.030	1.025	1.020	1.016	1.018	1.018	1.014	1.012	1.009	1.009	1.009	1.008		
2000				1.071	1.051	1.039	1.037	1.030	1.026	1.022	1.020	1.021	1.016	1.012	1.011	1.008	1.008	1.007				
2001			1.094	1.071	1.054	1.046	1.037	1.033	1.026	1.022	1.026	1.019	1.017	1.012	1.010	1.010	1.009					
2002			1.148	1.099	1.068	1.053	1.043	1.032	1.027	1.024	1.026	1.018	1.015	1.011	1.011	1.009	1.009					
2003		1.259	1.154	1.100	1.070	1.055	1.045	1.033	1.029	1.033	1.025	1.018	1.015	1.012	1.011	1.011						
2004	1.744	1.298	1.165	1.121	1.086	1.066	1.047	1.039	1.041	1.031	1.022	1.017	1.014	1.011	1.012							
2005	1.727	1.292	1.193	1.123	1.091	1.063	1.053	1.051	1.037	1.029	1.020	1.017	1.013	1.013								
2006	1.773	1.342	1.195	1.126	1.085	1.064	1.057	1.040	1.032	1.023	1.018	1.015	1.013									
2007	1.851	1.352	1.203	1.120	1.092	1.079	1.051	1.038	1.028	1.021	1.019	1.015										
2008	1.826	1.359	1.208	1.134	1.098	1.067	1.047	1.033	1.024	1.019	1.015											
2009	1.876	1.385	1.221	1.150	1.095	1.062	1.042	1.029	1.023	1.018												
2010	1.926	1.402	1.237	1.133	1.087	1.060	1.039	1.027	1.025													
2011	1.957	1.401	1.217	1.131	1.082	1.055	1.037	1.026														
2012	1.983	1.398	1.213	1.128	1.076	1.051	1.036															
2013	1.939	1.390	1.206	1.111	1.068	1.043																
2014	1.936	1.387	1.194	1.106	1.067																	
2015	1.955	1.359	1.185	1.096																		
2016	1.876	1.339	1.168																			
2017	1.838	1.320																				
2018	1.850																					
Adjusted (b)	Age-to-Age (in months)																					
Accident Year	27/15	39/27	51/39	63/51	75/63	87/75	99/87	111/99	123/111	135/123	147/135	159/147	171/159	183/171	195/183	207/195	219/207	231/219	243/231	255/243	267/255	267Inc/267Pd (e)
1996																					1.008	1.076
1997																					1.007	1.069
1998																					1.008	1.079
1999																					1.010	
2000																					1.009	
2001																					1.008	
2002																					1.007	
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2013																						
2014																						
2015																						
2016																						
2017																						
2018																						
Selected (c)	1.851(e)	1.322(e)	1.161(e)	1.090(e)	1.059(e)	1.046	1.039	1.029	1.026	1.020	1.019	1.017	1.015	1.014	1.012	1.011	1.010	1.009	1.008	1.009	1.008	1.075
Cumulative Unadjusted for Impact of SB 1160	4.812	2.599	1.966	1.693	1.554	1.467	1.403	1.350	1.312	1.279	1.253	1.230	1.209	1.191	1.175	1.161	1.148	1.137	1.127	1.117	1.108	
Cumulative Adjusted for Impact of SB 1160(f)	4.634	2.503	1.894	1.651	1.531	1.457	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.
- (b) These factors are adjusted for the losses paid prior to July 1, 2017 by -3.6%, -3.8%, -3.4%, -2.4%, -0.9%, and -0.1% to accident years 2011 to 2016, respectively, for the SB 1160 lien reforms. Factors are also adjusted for the impact of pharmaceutical cost reductions to bring the historical payments to the current pharmaceutical cost level.
- (c) Selections are latest year for the 15-to-27 month through 99-to-111 month factors and three-year average for the subsequent paid age-to-age factors. Paid development factors are selected to age 267, where an incurred-to-paid ratio is chosen, and subsequently, six-year average incurred loss development factors are selected until ultimate.
- (d) A three-year average of the 267Inc/267Pd factor is selected.
- (e) 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.
- (f) The cumulative factors for 39, 51, 63, and 75 months are adjusted by -3.7%, -2.5%, -1.5%, and -0.7%, respectively, for the impact of the SB 1160 reductions in future lien filings.

Selected Medical Development Factors - Paid to Age 267, Incurred from Age 267 to Ultimate (Continued)

Accident Year	Age-to-Age (in months)													ULT/423Inc (g)
	<u>279/267</u>	<u>291/279</u>	<u>303/291</u>	<u>315/303</u>	<u>327/315</u>	<u>339/327</u>	<u>351/339</u>	<u>363/351</u>	<u>375/363</u>	<u>387/375</u>	<u>399/387</u>	<u>411/399</u>	<u>423/411</u>	
1983	1.000	1.008	1.004	1.004	1.003	1.003	1.005	1.003	1.003	1.002	0.997	0.999	0.999	
1984	1.003	1.001	1.004	1.002	1.004	1.003	1.000	1.004	0.999	0.999	1.001	1.000	1.000	
1985	1.001	1.001	1.002	1.004	1.004	1.003	1.004	1.000	0.999	0.999	1.000	1.001	1.001	
1986	1.003	1.006	1.006	1.005	1.005	1.004	1.002	1.001	0.998	1.004	1.004	0.993		
1987	1.010	0.999	1.006	1.003	1.005	1.003	1.001	0.999	1.001	0.999	1.006			
1988	1.005	1.001	1.005	1.002	1.003	1.002	1.000	0.998	1.000	1.001				
1989	1.006	1.007	1.000	1.002	0.999	0.999	1.000	0.999	1.003					
1990	1.002	1.004	0.997	1.001	1.001	0.999	0.998	0.999						
1991	1.001	1.003	1.001	0.999	0.999	0.998	1.001							
1992	1.003	0.999	1.000	1.002	0.998	1.002								
1993	0.999	0.996	1.000	1.000	0.998									
1994	0.996	0.997	0.998	1.003										
1995	0.998	0.999	1.003											
1996	0.996	1.001												
1997	1.000													
1998														
Selected (c)	0.999	0.999	1.000	1.001	1.000	1.001	1.000	0.999	1.000	1.001	1.002	0.998	1.000	
Cumulative	1.022	1.024	1.024	1.025	1.023	1.024	1.023	1.023	1.024	1.024	1.023	1.021	1.023	1.023

(g) The ULT/423Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 111-to-123 through 339-to-351 factors, excluding the 2016, 2017, and 2018 evaluations, 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>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						115,684
2012					122,158	122,458
2013				130,149	130,693	130,868
2014			135,151	136,245	136,720	136,904
2015		138,565	140,795	141,442	141,855	
2016	128,782	141,750	144,460	145,196		
2017	130,257	141,709	144,062			
2018	132,472	144,189				
2019	135,321					

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):					
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-Ult</u>
2012					1.002	
2013				1.004	1.001	
2014			1.008	1.003	1.001	
2015		1.016	1.005	1.003		
2016	1.101	1.019	1.005			
2017	1.088	1.017				
2018	1.088					
Latest Year	1.088	1.017	1.005	1.003	1.001	
Cumulative	1.123	1.032	1.015	1.010	1.007	1.005

Acc. Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ult. Claim Counts	151,935	148,736	146,178	146,582	142,792	137,623

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						101,974
2012					103,108	109,446
2013				102,663	112,650	118,772
2014			93,444	109,618	119,487	125,374
2015		76,537	101,037	117,027	126,172	
2016	46,085	82,205	107,595	122,519		
2017	49,559	86,143	109,610			
2018	51,248	87,517				
2019	52,090					

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

**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)					
	15	27	39	51	63	75
2011						87.7%
2012					83.8%	89.0%
2013				78.0%	85.6%	90.3%
2014			67.9%	79.7%	86.8%	91.1%
2015		53.6%	70.8%	82.0%	88.4%	
2016	31.4%	56.1%	73.4%	83.6%		
2017	33.9%	58.9%	75.0%			
2018	34.5%	58.8%				
2019	34.3%					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						105,900
2012					108,707	112,077
2013				109,959	116,243	119,846
2014			103,195	115,031	121,605	125,374
2015		84,019	107,071	119,351	126,172	
2016	50,255	86,249	109,913	122,519		
2017	50,116	86,012	109,610			
2018	50,993	87,517				
2019	52,090					

F. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						20,698
2012					17,502	19,714
2013				14,311	16,990	18,843
2014			10,987	14,413	16,863	18,509
2015		7,270	11,356	14,591	16,595	
2016	3,459	7,498	11,341	14,089		
2017	3,585	7,769	11,478			
2018	3,706	8,092				
2019	4,009					

- (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

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

**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)					
	15	27	39	51	63	75
2011						22,617
2012					19,443	20,730
2013				16,222	18,055	19,167
2014			12,941	15,709	17,437	18,509
2015		8,331	12,483	15,076	16,595	
2016	3,782	8,009	11,730	14,089		
2017	3,627	7,747	11,478			
2018	3,681	8,092				
2019	4,009					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						2,395,094
2012					2,113,611	2,323,365
2013				1,783,813	2,098,735	2,297,057
2014			1,335,413	1,807,047	2,120,475	2,320,488
2015		699,982	1,336,540	1,799,362	2,093,805	
2016	190,081	690,763	1,289,290	1,726,196		
2017	181,788	666,357	1,258,093			
2018	187,729	708,159				
2019	208,832					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						721,679
2012					784,717	639,597
2013				849,255	677,454	540,419
2014			919,215	782,574	617,124	499,799
2015		871,069	869,576	722,171	589,234	
2016	544,644	852,998	824,759	696,838		
2017	559,500	842,732	813,143			
2018	586,926	889,668				
2019	578,591					

(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

**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)					
	15	27	39	51	63	75
2011						52,638
2012					41,192	49,157
2013				30,898	37,546	44,678
2014			22,040	29,390	35,811	43,348
2015		14,043	21,872	29,579	37,572	
2016	6,586	14,325	22,372	30,729		
2017	6,933	15,166	23,602			
2018	7,226	15,699				
2019	6,952					

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)					
	15	27	39	51	63	75
2011						-206,657
2012					-230,636	-129,283
2013				-225,433	-134,903	-47,984
2014			-214,912	-159,088	-75,847	
2015		-105,084	-131,974	-68,742		
2016	-27,464	-57,945	-51,859			
2017	-3,862	1,635				
2018	1,451					

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

Accident Year	Evaluated as of (in months)					
	15	27	39	51	63	75
2011						515,023
2012					554,081	510,314
2013				623,822	542,551	492,436
2014			704,303	623,486	541,277	499,799
2015		765,984	737,602	653,430	589,234	
2016	517,180	795,053	772,900	696,838		
2017	555,638	844,366	813,143			
2018	588,377	889,668				
2019	578,591					

- (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

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

M. Paid Medical on Medical-Only Claims (in \$000)

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						213,633
2012					218,657	222,654
2013				219,684	226,038	228,487
2014			237,592	244,091	246,796	249,623
2015		239,441	248,535	253,854	259,045	
2016	215,284	255,724	265,800	272,754		
2017	234,412	273,620	283,689			
2018	248,153	296,934				
2019	241,268					

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

Accident Year	Evaluated as of (in months)					
	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>
2011						3,389,050
2012					2,886,349	3,056,333
2013				2,627,319	2,867,324	3,017,980
2014			2,277,308	2,674,624	2,908,548	3,069,910
2015		1,705,407	2,322,677	2,706,646	2,942,084	
2016	922,545	1,741,540	2,327,991	2,695,789		
2017	971,838	1,784,344	2,354,925			
2018	1,024,259	1,894,761				
2019	1,028,692					

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

Accident Year	Evaluated as of (in months)				
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>
2012					1.059
2013				1.091	1.053
2014			1.174	1.087	1.055
2015		1.362	1.165	1.087	
2016	1.888	1.337	1.158		
2017	1.836	1.320			
2018	1.850				
Latest Year	1.850	1.320	1.158	1.087	1.055

(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

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

**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)				
	15-27	27-39	39-51	51-63	63-75
2012					1.075
2013				1.110	1.067
2014			1.194	1.104	1.066
2015		1.359	1.185	1.096	
2016	1.876	1.340	1.167		
2017	1.838	1.319			
2018	1.849				

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2012					-1.54%
2013				-1.68%	-1.38%
2014			-1.62%	-1.54%	-1.02%
2015		0.21%	-1.62%	-0.85%	
2016	0.60%	-0.21%	-0.74%		
2017	-0.10%	0.07%			
2018	0.07%				

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

Accident Year	Evaluated as of (in months)				
	15-27	27-39	39-51	51-63	63-75
2012					1.065
2013				1.100	1.059
2014			1.184	1.095	1.059
2015		1.368	1.171	1.090	
2016	1.893	1.341	1.161		
2017	1.842	1.322			
2018	1.851				
Latest Year	1.851	1.322	1.161	1.090	1.059
3-Year Average	1.862	1.344	1.172	1.095	1.061

- (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 Q.
- (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

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

Accident Year	Development Factors			
	(1) Paid or Incurred Loss Ratio (a)	(2) Annual (b)	(3) Cumulative	(4) Projected Ultimate Loss Ratio (4) = (1) x (3)
1986	0.397	1.000	1.004	0.399
1987	0.347	1.001	1.005	0.348
1988	0.332	1.000	1.005	0.333
1989	0.343	1.000	1.006	0.345
1990	0.398	1.000	1.006	0.400
1991	0.425	1.000	1.006	0.428
1992	0.350	1.001	1.006	0.353
1993	0.288	1.001	1.007	0.290
1994	0.328	1.000	1.007	0.330
1995	0.473	1.000	1.007	0.477
1996	0.531	1.000	1.008	0.535
1997	0.600	1.000	1.008	0.604
1998	0.653	1.001	1.009	0.658
1999	0.670	1.003	1.030	0.691
2000	0.579	1.003	1.033	0.598
2001	0.479	1.003	1.036	0.496
2002	0.355	1.004	1.040	0.370
2003	0.234	1.005	1.045	0.244
2004	0.139	1.006	1.051	0.146
2005	0.118	1.007	1.058	0.125
2006	0.152	1.009	1.067	0.162
2007	0.208	1.009	1.077	0.224
2008	0.261	1.012	1.090	0.284
2009	0.301	1.015	1.106	0.333
2010	0.286	1.017	1.125	0.322
2011	0.262	1.021	1.149	0.302
2012	0.230	1.023	1.176	0.270
2013	0.191	1.031	1.212	0.232
2014	0.176	1.038	1.258	0.222
2015	0.163	1.051	1.322	0.216
2016	0.142	1.088	1.438	0.204
2017	0.123	1.175	1.689	0.208
2018	0.092	1.443	2.437	0.224
2019	0.045	2.346	5.718	0.256

- (a) Based on Exhibit 1. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.
- (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 March 31, 2020**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Reform Adjusted			
				<u>Development Factors</u>			
		Adjusted		<u>Cumulative</u>		Adjusted	Projected
Accident	Paid or Incurred	Paid or Incurred		Unadjusted for	Adjusted for	Developed	Ultimate
Year	<u>Loss Ratio (a)</u>	<u>Loss Ratio (b)</u>	<u>Annual (c)</u>	<u>Reforms (c)</u>	<u>Reforms (c)</u>	<u>Loss Ratio (d)</u>	<u>Loss Ratio</u>
						(2) x (5)	(1) + ((6) - (2))
1986	0.333	0.333	1.000	1.023	1.023	0.340	0.340
1987	0.316	0.316	0.998	1.021	1.021	0.323	0.323
1988	0.306	0.306	1.002	1.023	1.023	0.313	0.313
1989	0.326	0.326	1.001	1.024	1.024	0.334	0.334
1990	0.366	0.366	1.000	1.024	1.024	0.374	0.374
1991	0.384	0.384	0.999	1.023	1.023	0.392	0.392
1992	0.319	0.319	1.000	1.023	1.023	0.327	0.327
1993	0.266	0.266	1.001	1.024	1.024	0.273	0.273
1994	0.309	0.309	1.000	1.023	1.023	0.316	0.316
1995	0.454	0.454	1.001	1.025	1.025	0.465	0.465
1996	0.485	0.485	1.000	1.024	1.024	0.497	0.497
1997	0.545	0.545	0.999	1.024	1.024	0.558	0.558
1998	0.664	0.664	0.999	1.022	1.022	0.678	0.678
1999	0.670	0.598	1.008	1.108	1.108	0.662	0.735
2000	0.602	0.537	1.009	1.117	1.117	0.600	0.665
2001	0.530	0.475	1.008	1.127	1.127	0.535	0.590
2002	0.408	0.367	1.009	1.137	1.137	0.417	0.458
2003	0.260	0.235	1.010	1.148	1.148	0.269	0.295
2004	0.176	0.159	1.011	1.161	1.161	0.185	0.202
2005	0.171	0.155	1.012	1.175	1.175	0.182	0.198
2006	0.218	0.198	1.014	1.191	1.191	0.236	0.256
2007	0.304	0.277	1.015	1.209	1.209	0.335	0.362
2008	0.374	0.343	1.017	1.230	1.230	0.422	0.453
2009	0.431	0.397	1.019	1.253	1.253	0.498	0.531
2010	0.418	0.387	1.020	1.279	1.279	0.495	0.525
2011	0.350	0.328	1.026	1.312	1.312	0.430	0.452
2012	0.293	0.277	1.029	1.350	1.350	0.374	0.390
2013	0.230	0.220	1.039	1.403	1.403	0.308	0.318
2014	0.197	0.191	1.046	1.467	1.457	0.279	0.285
2015	0.176	0.173	1.059	1.554	1.531	0.264	0.267
2016	0.153	0.151	1.090	1.693	1.651	0.250	0.251
2017	0.136	0.135	1.161	1.966	1.894	0.256	0.257
2018	0.111	0.111	1.322	2.599	2.503	0.277	0.277
2019	0.065	0.065	1.851	4.812	4.634	0.301	0.301

- (a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent. To reflect the selected loss development methodology, reported loss ratios displayed prior to 1999 are on an incurred basis. Subsequent reported loss ratios are on a paid basis.
- (b) Based on experience evaluated as of March 31, 2020. Reflects an adjustment for the pharmaceutical cost reductions to restate the historical medical paid-to-date ratios at a 2018 pharmaceutical cost level.
- (c) See Exhibits 2.6.1 and 2.6.2.
- (d) The developed medical loss ratios shown were derived based on an adjustment for pharmaceutical cost reductions. They are only for purposes of projecting future medical loss ratios and do not reflect true estimates of ultimate loss ratios for those accident years.

Indemnity Benefit Level Factors

Accident Year	(1) Annual Benefit Change Prior to Frequency Adjustments (a)	(2) Frequency Adjustments (a)	(3) Annual Impact on Indemnity Benefits Due to Wage Inflation (b)	(4) Annual Cost Impact on Indemnity (c)	(5) Composite Indemnity Adjustment Factor (d)	
1987	0.0	0.0	1.9	1.9	1.559	
1988	0.0	0.0	1.5	1.5	1.536	
1989	0.0	0.0	1.5	1.5	1.513	
1990	2.3	19.9	1.7	24.7	1.213	
1991	4.9	14.8	0.8	21.4	0.999	
1992	1.8	-8.3	1.6	-5.2	1.054	
1993	0.2	-18.1	0.4	-17.6	1.279	
1994	-5.1	0.2	0.6	-4.3	1.337	
1995	6.3	0.6	1.0	8.0	1.238	
1996	5.3	0.4	1.2	7.0	1.157	
1997	9.7	0.2	1.6	11.7	1.036	
1998	6.5	0.0	1.8	8.4	0.956	
1999	5.7	0.0	2.1	7.9	0.885	
2000	3.9	0.0	3.1	7.1	0.827	
2001	-0.3	0.0	0.2	-0.1	0.827	
2002	-0.7	0.0	0.4	-0.3	0.847	(e)
2003	7.3	0.0	1.2	8.6	0.845	(e)
2004	-6.0	-13.7	2.1	-17.2	1.157	(e)
2005	-31.6	-15.3	1.6	-41.2	1.567	
2006	5.6	-5.7	2.2	1.8	1.540	
2007	1.6	0.0	2.1	3.7	1.485	
2008	4.8	0.6	1.0	6.5	1.394	
2009	0.4	1.4	0.2	2.0	1.367	
2010	0.4	0.0	1.5	1.9	1.341	
2011	0.0	0.0	1.4	1.4	1.323	
2012	-0.8	0.0	2.1	1.3	1.306	
2013	1.4	0.2	0.6	2.3	1.278	
2014	5.8	1.5	1.7	9.2	1.170	
2015	-0.8	0.0	2.3	1.4	1.153	
2016	0.3	0.0	1.0	1.3	1.139	
2017	0.5	0.0	2.2	2.7	1.109	
2018	0.4	0.0	2.5	3.0	1.077	
2019	0.4	0.0	2.5	2.9	1.047	
2020	0.4	0.0	0.9	1.3	1.033	
2021	0.4	0.0	1.6	2.0	1.013	
1/1/2022	0.2 (Annual 0.4)	0.0	1.1 (Annual 2.3)	1.3		

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation as reflected in emerging post-reform costs. The annual cost impacts have been segregated between claim severity and claim frequency impacts.
- (b) These impacts are based on the weekly wages (See Exhibit 5.1) of injured workers and the legislatively scheduled benefits for that year. Values for 2017 and prior have been updated to reflect a recent WCIRB reassessment of the impact of wage inflation on indemnity benefit levels.
- (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 2020 level.
- (e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.

Annual Medical Cost Level Change - Non-Legislative

Accident Year	(1) Proportion of Medical Subject to Fee Schedule (a)	(2) Proportion of Medical Not Subject to Fee Schedule (a)	(3) Impact of Fee Schedule Change on Total Medical (b)	(4) Change in Medical CPI (c)	(5) Impact of CPI Change on Total Medical (d)	(6) Annual Non-Legislative Cost Impact on Total Medical (e)
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	0.1%
2014	0.928	0.072	0.0%	4.2%	0.3%	0.3%
2015	0.933	0.067	0.0%	3.1%	0.2%	0.2%
2016	0.919	0.081	0.0%	5.4%	0.4%	0.4%
2017	0.906	0.094	0.0%	2.2%	0.2%	0.2%
2018	0.905	0.095	0.0%	2.5%	0.2%	0.2%
2019	0.905	0.095	0.0%	3.8%	0.4%	0.4%
2020	0.905	0.095	0.0%	3.7%	0.4%	0.4%
2021	0.905	0.095	0.0%	3.5%	0.3%	0.3%
1/1/2022	0.905	0.095	0.0% (Annual 0.0%)	1.8% (Annual 3.7%)	0.2%	0.2%

(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.

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

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

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

Annual Medical Cost Level Change - Legislative

Accident Year	(1) Annual Legislative Cost Impact on Medical Severity (a)	(2) Annual Legislative Cost Impact on Medical Due to Frequency Changes (b)	(3) Annual Total Legislative Cost Impact on Medical (c)
1987	0.0%	0.0%	0.0%
1988	0.0%	0.0%	0.0%
1989	0.0%	0.0%	0.0%
1990	-0.7%	19.9%	19.1%
1991	-1.6%	14.7%	12.9%
1992	0.5%	-8.4%	-7.9%
1993	-0.7%	-18.1%	-18.7%
1994	-2.6%	0.3%	-2.3%
1995	0.0%	0.5%	0.5%
1996	0.0%	0.4%	0.4%
1997	0.0%	0.2%	0.2%
1998	12.6%	0.0%	12.6%
1999	12.6%	0.0%	12.6%
2000	7.0%	0.0%	7.0%
2001	6.6%	0.0%	6.6%
2002	-5.6%	0.0%	-5.6%
2003	-6.0%	0.0%	-6.0%
2004	-24.4%	-12.5%	-33.9%
2005	0.0%	-13.9%	-13.9%
2006	0.1%	-5.2%	-5.1%
2007	0.1%	0.0%	0.1%
2008	0.2%	0.3%	0.5%
2009	0.0%	1.0%	1.0%
2010	0.0%	0.0%	0.0%
2011	-2.0%	0.0%	-2.0%
2012	-4.4%	0.0%	-4.4%
2013	-8.2%	0.2%	-8.0%
2014	-5.9%	1.3%	-4.7%
2015	-2.0%	0.0%	-2.0%
2016	-0.5%	0.0%	-0.5%
2017	-0.4%	0.0%	-0.4%
2018	-0.3%	0.0%	-0.3%
2019	0.0%	0.0%	0.0%
2020	0.0%	0.0%	0.0%
2021	0.0%	0.0%	0.0%
1/1/2022	0.0%	0.0%	0.0%

- (a) Reflects the WCIRB's most recent estimates of the cost impact of legislation. Does not include the impact of the SB 1160 lien provisions on future medical costs as well as the estimated reductions to pharmaceutical costs attributable to SB 863, which are reflected in the medical loss development projections.
- (b) This reflects the annual percentage impact on medical costs due to changes in the frequency of indemnity claims as a result of benefit changes.
- (c) $[\text{Column (1)} + 1.0] \times [\text{Column (2)} + 1.0] - 1.0$

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%	0.806
1988	3.8%	0.0%	3.8%	0.777
1989	3.0%	0.0%	3.0%	0.754
1990	3.7%	19.1%	23.5%	0.611
1991	3.6%	12.9%	16.9%	0.522
1992	3.0%	-7.9%	-5.2%	0.551
1993	2.7%	-18.7%	-16.5%	0.660
1994	-2.3%	-2.3%	-4.6%	0.691
1995	0.9%	0.5%	1.4%	0.682
1996	1.0%	0.4%	1.4%	0.672
1997	0.7%	0.2%	0.9%	0.666
1998	0.8%	12.6%	13.5%	0.587
1999	2.5%	12.6%	15.4%	0.509
2000	1.7%	7.0%	8.8%	0.467
2001	2.9%	6.6%	9.7%	0.426
2002	2.0%	-5.6%	-3.7%	0.442
2003	1.4%	-6.0%	-4.7%	0.464
2004	0.0%	-33.9%	-33.9%	0.702
2005	0.0%	-13.9%	-13.9%	0.815
2006	0.3%	-5.1%	-4.8%	0.856
2007	1.8%	0.1%	1.9%	0.840
2008	0.2%	0.5%	0.7%	0.834
2009	0.4%	1.0%	1.4%	0.823
2010	0.3%	0.0%	0.3%	0.820
2011	0.3%	-2.0%	-1.7%	0.835
2012	0.1%	-4.4%	-4.3%	0.872
2013	0.1%	-8.0%	-7.9%	0.947
2014	0.3%	-4.7%	-4.4%	0.991
2015	0.2%	-2.0%	-1.8%	1.009
2016	0.4%	-0.5%	-0.1%	1.010
2017	0.2%	-0.4%	-0.2%	1.012
2018	0.2%	-0.3%	-0.1%	1.013
2019	0.4%	0.0%	0.4%	1.009
2020	0.4%	0.0%	0.4%	
2021	0.3%	0.0%	0.3%	
1/1/2022	0.2%	0.0%	0.2%	

- (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 1/1/2022 level.

Annual Wage Level Changes

<u>Year</u>	<u>Annual Wage Level Change (a)</u>	<u>Factor to a 1/1/2022 Wage Level</u>
1987	5.6	3.210
1988	4.4	3.074
1989	4.3	2.948
1990	5.0	2.807
1991	2.3	2.744
1992	4.7	2.621
1993	1.2	2.590
1994	1.8	2.544
1995	2.9	2.472
1996	3.4	2.391
1997	4.7	2.284
1998	5.2	2.171
1999	6.2	2.044
2000	9.0	1.875
2001	0.6	1.864
2002	1.1	1.844
2003	3.6	1.780
2004	5.0	1.695
2005	3.2	1.643
2006	4.6	1.570
2007	4.5	1.503
2008	2.1	1.472
2009	0.5	1.464
2010	3.0	1.422
2011	3.0	1.380
2012	4.2	1.325
2013	0.7	1.316
2014	3.3	1.274
2015	4.4	1.220
2016	1.8	1.198
2017	4.2	1.150
2018	4.1	1.105
2019	4.1	1.061
Projected:		
2020	1.5	
2021	2.6	
1/1/2022	1.9	(Annual = 3.8)

(a) Historical wage changes through 2018 are based on Bureau of Labor Statistics data. Forecasts for 2019 and forward are based on the average of wage level projections made by the UCLA Anderson School of Business as of March 2020 and those made by the California Department of Finance as of April 2020.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
		Ratio of	Factor to	Factor to Adjust			Off-Balance	Factor to Adjust	
		Industry Average	Industry	Insurer Premium			Correction in	for Impact	Composite
		Charged Rates	Average Filed	to an Industry	Adjustment		Advisory	of Premium	Premium
	Factor to a	to Advisory	Pure Premium	Pure Premium	to Remove	Average	January 1, 2020	Resulting from	Adjustment
Calendar	1/1/2022	Pure Premium	Rate Level as of	Rate Level as of	Surcharge	Experience	Pure Premium	Audits (g)	Factor (h)
Year	Wage Level (a)	Rates (b)	January 1, 2020 (c)	January 1, 2020 (d)	Premium (e)	Modification (f)	Rates		
1987	3.210	---	---	0.548	0.992	0.983	1.014	---	1.751
1988	3.074	---	---	0.491	0.993	0.963	1.014	---	1.534
1989	2.948	---	---	0.483	0.993	0.945	1.014	---	1.476
1990	2.807	---	---	0.471	0.991	0.942	1.014	---	1.372
1991	2.744	---	---	0.436	0.987	0.939	1.014	---	1.242
1992	2.621	---	---	0.418	0.982	0.940	1.014	---	1.129
1993	2.590	---	---	0.414	0.981	0.949	1.014	---	1.092
1994	2.544	---	---	0.473	0.986	0.948	1.014	---	1.235
1995	2.472	---	---	0.640	0.995	0.958	1.014	---	1.622
1996	2.391	1.023	0.680	0.665	1.000	0.935	1.014	---	1.677
1997	2.284	0.989	0.679	0.686	1.000	0.949	1.014	---	1.629
1998	2.171	0.965	0.707	0.733	1.000	0.959	1.014	---	1.636
1999	2.044	0.972	0.715	0.735	1.000	0.954	1.014	---	1.554
2000	1.875	1.005	0.648	0.645	1.000	0.970	1.014	---	1.229
2001	1.864	1.030	0.571	0.554	1.000	0.969	1.014	---	1.051
2002	1.844	1.157	0.511	0.441	1.000	0.991	1.014	---	0.810
2003	1.780	1.266	0.418	0.330	1.000	1.005	1.014	---	0.577
2004	1.695	1.397	0.425	0.304	1.000	0.981	1.014	---	0.519
2005	1.643	1.470	0.512	0.348	1.000	0.982	1.014	---	0.574
2006	1.570	1.446	0.659	0.456	1.000	0.956	1.014	---	0.738
2007	1.503	1.492	0.898	0.602	1.000	0.931	1.014	0.985	0.944
2008	1.472	1.425	1.069	0.750	1.000	0.946	1.014	0.991	1.140
2009	1.464	1.365	1.053	0.772	1.000	0.937	1.014	1.034	1.230
2010	1.422	1.384	1.033	0.746	1.000	0.941	1.014	1.005	1.117
2011	1.380	1.401	1.032	0.736	1.000	0.982	1.014	---	1.021
2012	1.325	1.223	0.850	0.696	1.000	1.000	1.014	---	0.909
2013	1.316	1.138	0.685	0.602	1.000	0.983	1.014	---	0.794
2014	1.274	1.127	0.631	0.560	1.000	0.961	1.014	---	0.732
2015	1.220	1.109	0.613	0.553	1.000	0.951	1.014	---	0.699
2016	1.198	1.148	0.667	0.581	1.000	0.949	1.014	---	0.723
2017	1.150	1.156	0.738	0.639	1.000	0.955	1.014	---	0.758
2018	1.105	1.196	0.835	0.698	1.000	0.956	1.014	---	0.796
2019	1.061	1.215	0.970	0.799	1.000	0.949	1.014	---	0.881

- (a) See Exhibit 5.1.
- (b) Based on WCIRB calendar year experience calls. The industry average charged rates reflect most rating plan adjustments but do not reflect the application of deductible credits or retrospective rating plan adjustments.
- (c) Reflects (1) advisory pure premium rate level changes to bring premium to the advisory January 1, 2020 pure premium rate level and (2) an additional adjustment factor, which is the ratio of the average advisory January 1, 2020 pure premium rate (\$1.52) to the industry average filed pure premium rate as of January 1, 2020 (\$1.72).
- (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, 2020.
- (e) Based on unit statistical data.
- (f) Based on average promulgated experience modifications. Calendar years 1996 through 2000 include adjustments for the impacts of AB 1913 and SB 1217 (1998).
- (g) Based on a comparison of premium reported on a calendar year basis to premium reported on an estimated ultimate policy year basis over the course of two accident years. The factor is applied only for calendar years 2007 to 2010, during which reported premiums were impacted by recessionary economic forces.
- (h) (1)x(2c)x(3)x(6) ÷ [(4)x(5)] for calendar years 2007 to 2010. (1)x(2c)x(3) ÷ [(4)x(5)] for all other calendar years.

2019 Accident Year Indemnity Claim Frequency Model
As of PY 2017 Preliminary 1st Set & March 2020 UCLA
Prior to the Impact of COVID-19

AY	Annual % Changes Intra- Class Ind Freq	Annual Log Differences						
		Intra-Class Indemnity Frequency per \$M Exposure at PY 2017 Level			AY+1		Economic Variables (1st Prin. Comp.)	CalOSHA Dummy Variable
		Total	Cumulative	Non-cum.	Indemnity Benefit Level	Cumulative Injury Index		
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.134	0.000
1980	-6.5%	-0.068	-0.132	-0.066	0.033	-0.066	-0.080	0.000
1981	-3.5%	-0.036	-0.028	-0.036	0.000	0.008	-0.079	0.000
1982	-1.6%	-0.016	0.153	-0.022	0.352	0.175	-0.294	0.000
1983	6.2%	0.060	0.214	0.054	0.081	0.160	0.029	0.000
1984	9.5%	0.091	0.235	0.084	0.000	0.151	0.222	0.000
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.081	0.000
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.078	0.000
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.151	0.000
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.088	0.000
1989	2.5%	0.024	0.212	0.009	0.046	0.203	0.045	0.000
1990	9.0%	0.087	0.337	0.061	0.071	0.276	-0.121	0.000
1991	0.3%	0.003	0.166	-0.018	0.023	0.184	-0.293	0.000
1992	-11.1%	-0.118	-0.272	-0.098	0.013	-0.174	-0.186	0.068
1993	-14.9%	-0.162	-0.240	-0.153	-0.057	-0.088	-0.022	0.464
1994	-12.8%	-0.136	-0.462	-0.107	0.061	-0.355	0.106	0.173
1995	-4.6%	-0.048	-0.016	-0.050	0.053	0.034	0.092	0.295
1996	-6.8%	-0.070	-0.136	-0.065	0.096	-0.071	0.075	0.000
1997	-3.3%	-0.033	-0.023	-0.034	0.066	0.011	0.138	0.000
1998	-3.8%	-0.038	-0.040	-0.038	0.058	-0.002	0.079	0.000
1999	1.5%	0.014	0.100	0.008	0.040	0.092	0.128	0.000
2000	4.0%	0.039	0.071	0.037	-0.003	0.034	0.066	0.000
2001	-6.9%	-0.072	-0.018	-0.076	-0.007	0.059	-0.101	0.000
2002	-2.3%	-0.023	0.007	-0.026	0.060	0.033	-0.202	0.000
2003	-2.9%	-0.029	-0.005	-0.031	-0.065	0.026	-0.023	0.000
2004	-16.6%	-0.182	-0.209	-0.180	-0.398	-0.030	0.093	0.000
2005	-13.6%	-0.146	-0.298	-0.133	0.051	-0.165	0.141	0.000
2006	-5.7%	-0.059	-0.050	-0.059	0.016	0.009	0.095	0.000
2007	-1.6%	-0.017	0.021	-0.019	0.049	0.040	-0.084	0.000
2008	-2.7%	-0.027	0.038	-0.033	0.006	0.071	-0.308	0.000
2009	-0.2%	-0.002	0.168	-0.018	0.066	0.186	-0.427	0.000
2010	8.9%	0.085	0.139	0.079	0.012	0.060	-0.092	0.000
2011	1.2%	0.012	0.032	0.010	0.003	0.022	0.043	0.000
2012	4.7%	0.046	0.127	0.036	0.025	0.091	0.123	0.000
2013	0.4%	0.004	0.126	-0.013	0.071	0.139	0.151	0.000
2014	0.2%	0.002	0.051	-0.006	0.003	0.056	0.178	0.000
2015	-1.2%	-0.012	0.025	-0.018	0.002	0.043	0.194	0.000
2016	-2.4%	-0.025	0.062	-0.039	0.004	0.101	0.124	0.000
2017	-2.3%	-0.023	-0.042	-0.019	0.004	-0.023	0.137	0.000
2018*	-1.4%	-0.014	-0.085	0.000	0.003	-0.085	0.132	0.000
2019	-1.7%	-0.017	-0.017	-0.017	0.004	0.000	0.023	0.000
2020	-2.7%	-0.027	-0.027	-0.027	0.004	0.000	-0.076	0.000
2021	-2.0%	-0.021	-0.021	-0.021	0.004	0.000	-0.013	0.000
2022	-2.0%	-0.020	-0.020	-0.020	0.004	0.000	-0.012	0.000

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.020			
Std Err of Y Est	0.039			
R Squared	0.571			
No. of Observations	40			
Degrees of Freedom	35			
X Coefficient(s)		0.178	0.275	0.103
Std Err of Coef.		0.072	0.060	0.043
				-0.143
				0.075

Notes:

Indemnity Benefit Level variable is leading. The benefit level change for AY 2004 is related to the AY 2003 change in non-cumulative frequency.

The Indemnity Benefit Level change for Ogilvie & Almaraz / Guzman in 2009-2010 is not leading.

The Indemnity Benefit Level variable excludes indemnity benefit utilization, and changes in the death and permanent total benefits.

The Indemnity Benefit Level variable has been revised due to on-leveling reassessments. See Actuarial Committee item AC09-03-03.

For 1993 on, cumulative claims include both cumulative trauma and occupational disease claims. See March 19, 2014 Actuarial Committee Agenda Item III.

Economic variables are historical through 2019; March 2020 UCLA Anderson Forecasts for 2020 on.

Regression is over AY 1979 through AY 2018. AY 2019 through AY 2022 are projections.

The constant term, -0.020, consists of measured offsets that recognize annual changes in real benefit levels relative to nominal benefit levels and long-term economic growth. Without these offsets, the indemnity benefit level and economic variables would project frequency to increase without bound.

*AY 2018 is preliminary and change is based on a comparison of 2018 accidents on 2017 policies to 2017 accidents on 2016 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of March 31, 2020**

Accident Year	(1) Estimated Ultimate Severity	(2) Annual % Change	(3) Indemnity Adjustment Factor (a)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	9,981	---	1.940	19,367	---
1991	10,933	9.5%	1.835	20,063	3.6%
1992	11,036	0.9%	1.774	19,581	-2.4%
1993	12,009	8.8%	1.764	21,179	8.2%
1994	12,996	8.2%	1.847	24,008	13.4%
1995	14,569	12.1%	1.721	25,068	4.4%
1996	16,345	12.2%	1.615	26,392	5.3%
1997	19,351	18.4%	1.449	28,033	6.2%
1998	21,280	10.0%	1.336	28,435	1.4%
1999	23,244	9.2%	1.238	28,780	1.2%
2000	24,743	6.4%	1.156	28,600	-0.6%
2001	27,240	10.1%	1.157	31,518	10.2%
2002	26,335	-3.3%	1.185	31,210	-1.0%
2003	26,018	-1.2%	1.181	30,740	-1.5%
2004	21,255	-18.3%	1.396	29,665	-3.5%
2005	19,217	-9.6%	1.602	30,791	3.8%
2006	20,936	8.9%	1.485	31,082	0.9%
2007	22,799	8.9%	1.431	32,629	5.0%
2008	24,854	9.0%	1.352	33,605	3.0%
2009	26,058	4.8%	1.344	35,023	4.2%
2010	25,513	-2.1%	1.319	33,649	-3.9%
2011	25,221	-1.1%	1.301	32,804	-2.5%
2012	24,637	-2.3%	1.285	31,647	-3.5%
2013	24,061	-2.3%	1.259	30,286	-4.3%
2014	25,019	4.0%	1.170	29,271	-3.3%
2015	25,186	0.7%	1.153	29,048	-0.8%
2016	24,541	-2.6%	1.139	27,948	-3.8%
2017	24,661	0.5%	1.109	27,352	-2.1%
2018	25,637	4.0%	1.077	27,619	1.0%
2019	26,656	4.0%	1.047	27,914	1.1%
(6) Estimated Annual Exponential Trend Based on 1990 to 2019:					1.1%
(7) Estimated Annual Exponential Trend Based on 2005 to 2019:					-1.4%
(8) Estimated Annual Exponential Trend Based on 2015 to 2019:					-0.9%
Selected Indemnity Severity Trend:					0.0%

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

Source: WCIRB experience calls.

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of March 31, 2020**

Accident Year	(1) Estimated Ultimate Severity (a)	(2) Annual % Change	(3) Medical Adjustment Factor (b)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	8,703	---	0.915	7,963	---
1991	9,358	7.5%	0.897	8,398	5.5%
1992	9,452	1.0%	0.867	8,194	-2.4%
1993	10,446	10.5%	0.850	8,881	8.4%
1994	11,559	10.7%	0.893	10,326	16.3%
1995	13,250	14.6%	0.885	11,732	13.6%
1996	14,162	6.9%	0.877	12,415	5.8%
1997	16,867	19.1%	0.871	14,683	18.3%
1998	20,826	23.5%	0.767	15,974	8.8%
1999	23,531	13.0%	0.665	15,638	-2.1%
2000	26,235	11.5%	0.611	16,022	2.5%
2001	31,203	18.9%	0.557	17,372	8.4%
2002	31,421	0.7%	0.578	18,168	4.6%
2003	30,089	-4.2%	0.607	18,253	0.5%
2004	27,791	-7.6%	0.802	22,300	22.2%
2005	28,660	3.1%	0.802	22,997	3.1%
2006	31,225	9.0%	0.799	24,956	8.5%
2007	34,854	11.6%	0.784	27,336	9.5%
2008	37,538	7.7%	0.781	29,324	7.3%
2009	39,504	5.2%	0.778	30,737	4.8%
2010	39,666	0.4%	0.776	30,770	0.1%
2011	36,004 (c)	---	0.797	28,707 (c)	---
2012	33,795	-6.1%	0.842	28,455	-0.9%
2013	31,292	-7.4%	0.926	28,988	1.9%
2014	30,294	-3.2%	0.986	29,862	3.0%
2015	29,368	-3.1%	1.009	29,632	-0.8%
2016	28,277	-3.7%	1.010	28,560	-3.6%
2017	28,334	0.2%	1.012	28,675	0.4%
2018	29,545	4.3%	1.013	29,930	4.4%
2019	29,175	-1.2%	1.009	29,439	-1.6%

Selected Medical Severity Trend: 1.5%

- (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 (7).
- (b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of SB 1160 provisions applicable to outstanding medical losses.
- (c) Severities for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Severities for accident years 2010 and prior do reflect MCCP costs.

Source: WCIRB experience calls.

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

(1) Accident Year	MCCP Included				MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
	(2) Estimated Ultimate Severity (a)	(3) Annual % Change	(4) Ultimate On-Level Severity (c)	(5) Annual % Change	(6) Estimated Ultimate Severity (a)	(7) Annual % Change	(8) Ultimate On-Level Severity (c)	(9) Annual % Change
2005	28,660	---	22,997	---	27,227	---	21,847	---
2006	31,225	9.0%	24,956	8.5%	29,352	7.8%	23,459	7.4%
2007	34,854	11.6%	27,336	9.5%	32,623	11.1%	25,586	9.1%
2008	37,538	7.7%	29,324	7.3%	34,347	5.3%	26,831	4.9%
2009	39,504	5.2%	30,737	4.8%	36,304	5.7%	28,247	5.3%
2010	39,666	0.4%	30,770	0.1%	36,416	0.3%	28,249	0.0%
2011	39,425	-0.6%	31,435	2.2%	36,004	-1.1%	28,707	1.6%
2012	36,994	-6.2%	31,149	-0.9%	33,795	-6.1%	28,455	-0.9%
2013	34,304	-7.3%	31,779	2.0%	31,292	-7.4%	28,988	1.9%
2014	33,175	-3.3%	32,701	2.9%	30,294	-3.2%	29,862	3.0%
2015	32,080	-3.3%	32,368	-1.0%	29,368	-3.1%	29,632	-0.8%
2016	30,822	-3.9%	31,131	-3.8%	28,277	-3.7%	28,560	-3.6%
2017	30,960	0.4%	31,333	0.6%	28,334	0.2%	28,675	0.4%
2018	32,459	4.8%	32,883	4.9%	29,545	4.3%	29,930	4.4%
2019	32,167	-0.9%	32,457	-1.3%	29,175	-1.2%	29,439	-1.6%

Estimated Annual Exponential Trend

Trend Based on 1990 to 2019:	5.5%	N/A
Trend Based on 2005 to 2019:	1.9%	1.7%
Trend Based on 2015 to 2019:	0.6%	0.3%

Selected Medical Severity Trend: 1.5%

(a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.

(b) Adjustments to accident years 2005 through 2010 based on WCIRB's Annual Calls for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs.

(c) Ultimate severities are on-leveled based on adjustment factors shown on Exhibit 6.3.

Source: WCIRB experience calls.

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

	(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)×(2)÷(3)
1986	0.399	1.589	2.309	0.274
1987	0.348	1.559	1.751	0.310
1988	0.333	1.536	1.534	0.334
1989	0.345	1.513	1.476	0.354
1990	0.400	1.213	1.372	0.354
1991	0.428	0.999	1.242	0.344
1992	0.353	1.054	1.129	0.329
1993	0.290	1.279	1.092	0.339
1994	0.330	1.337	1.235	0.358
1995	0.477	1.238	1.622	0.364
1996	0.535	1.157	1.677	0.369
1997	0.604	1.036	1.629	0.384
1998	0.658	0.956	1.636	0.385
1999	0.691	0.885	1.554	0.394
2000	0.598	0.827	1.229	0.402
2001	0.496	0.827	1.051	0.390
2002	0.370	0.847	0.810	0.387
2003	0.244	0.845	0.577	0.358
2004	0.146	1.157	0.519	0.326
2005	0.125	1.567	0.574	0.342
2006	0.162	1.540	0.738	0.338
2007	0.224	1.485	0.944	0.353
2008	0.284	1.394	1.140	0.348
2009	0.333	1.367	1.230	0.371
2010	0.322	1.341	1.117	0.387
2011	0.302	1.323	1.021	0.391
2012	0.270	1.306	0.909	0.388
2013	0.232	1.278	0.794	0.373
2014	0.222	1.170	0.732	0.355
2015	0.216	1.153	0.699	0.356
2016	0.204	1.139	0.723	0.322
2017	0.208	1.109	0.758	0.305
2018	0.224	1.077	0.796	0.303
2019	0.256	1.047	0.881	0.305
				Projections (d)
2020				0.296
2021				0.290
1/1/2022				0.287

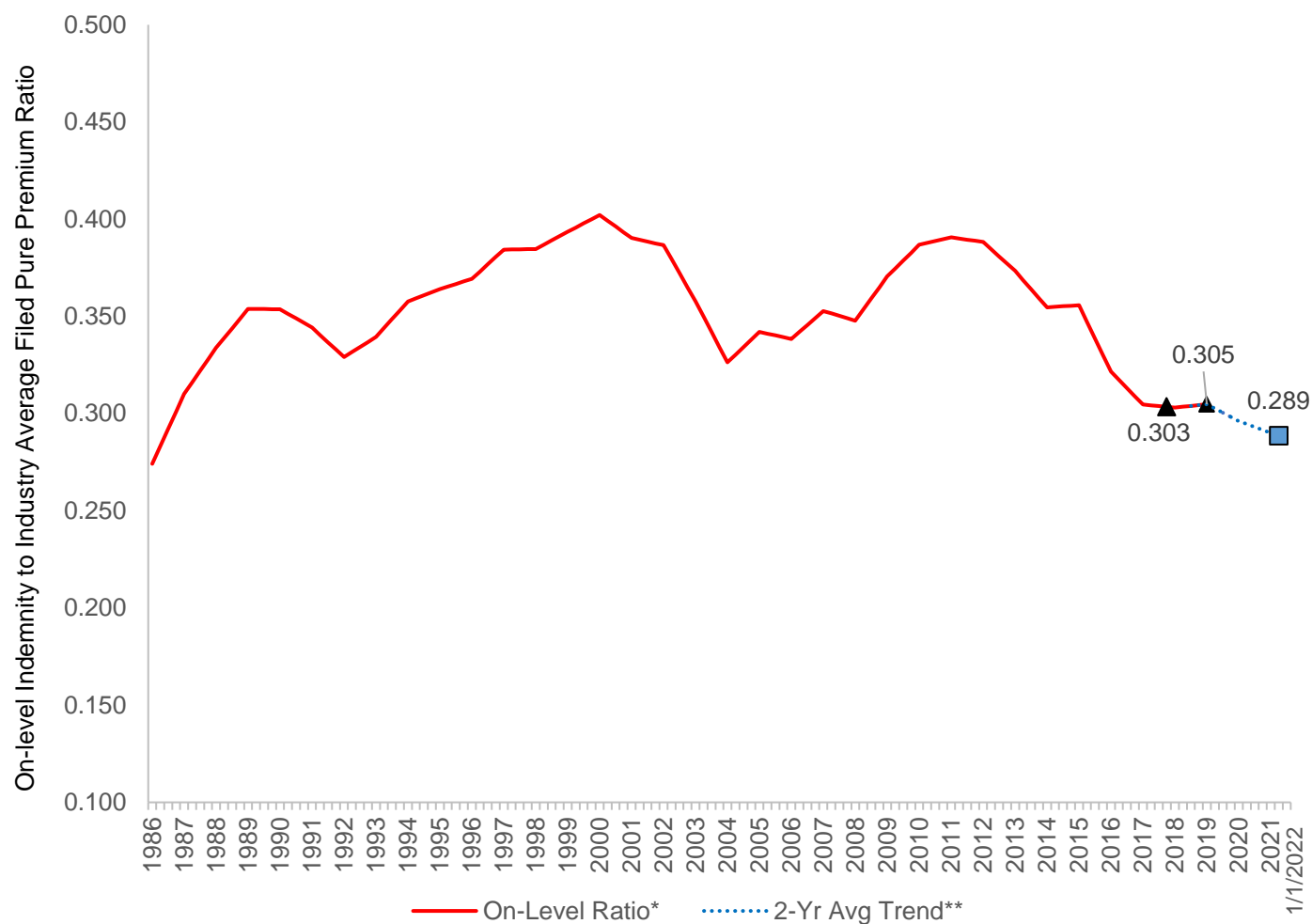
(a) See Exhibit 3.1.

(b) See Exhibit 4.1.

(c) See Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from Exhibit 6.2, the actual frequency trend for accident year 2019 from Exhibit 12, and projected frequency trends for accident years 2020 through 2022 from Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.

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



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

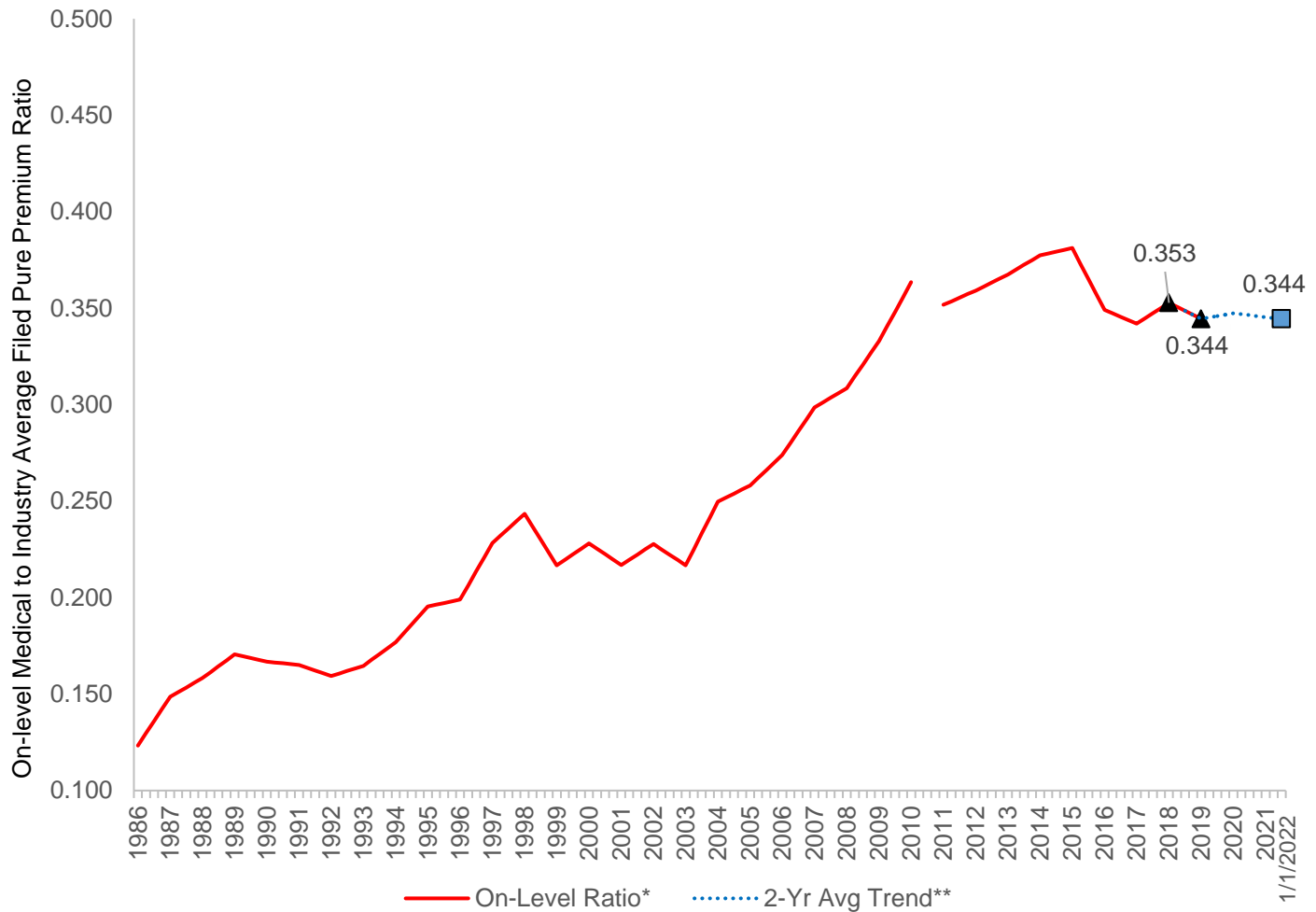
** The 1/1/2022 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2018 and 2019 years.

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

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical On-Level Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio (e) (1)×(2)÷(3)
1986	0.340	0.837	2.309	0.123
1987	0.323	0.806	1.751	0.149
1988	0.313	0.777	1.534	0.158
1989	0.334	0.754	1.476	0.171
1990	0.374	0.611	1.372	0.167
1991	0.392	0.522	1.242	0.165
1992	0.327	0.551	1.129	0.159
1993	0.273	0.660	1.092	0.165
1994	0.316	0.691	1.235	0.177
1995	0.465	0.682	1.622	0.195
1996	0.497	0.672	1.677	0.199
1997	0.558	0.666	1.629	0.228
1998	0.678	0.587	1.636	0.243
1999	0.662	0.509	1.554	0.217
2000	0.600	0.467	1.229	0.228
2001	0.535	0.426	1.051	0.217
2002	0.417	0.442	0.810	0.228
2003	0.269	0.464	0.577	0.217
2004	0.185	0.702	0.519	0.250
2005	0.182	0.815	0.574	0.258
2006	0.236	0.856	0.738	0.274
2007	0.335	0.840	0.944	0.299
2008	0.422	0.834	1.140	0.308
2009	0.498	0.823	1.230	0.333
2010	0.495	0.820	1.117	0.363
2011	0.430	0.835	1.021	0.352
2012	0.374	0.872	0.909	0.359
2013	0.308	0.947	0.794	0.367
2014	0.279	0.991	0.732	0.377
2015	0.264	1.009	0.699	0.381
2016	0.250	1.010	0.723	0.349
2017	0.256	1.012	0.758	0.342
2018	0.277	1.013	0.796	0.353
2019	0.301	1.009	0.881	0.344
				Projections (d)
2020				0.347
2021				0.345
1/1/2022				0.344

- (a) See Exhibit 3.2. Medical loss ratios for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Ratios for accident years 2010 and prior do reflect MCCP costs.
- (b) See Exhibit 4.4.
- (c) See Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from Exhibit 6.4, the actual frequency trend for accident year 2019 from Exhibit 12, and projected frequency trends for accident years 2020 through 2022 from Exhibit 6.1; these trends were then separately applied to the 2018 and 2019 on-level ratios.
- (e) Accident years 2011 and subsequent do not reflect 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 March 31, 2020**



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

** The 1/1/2022 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2018 and 2019 years.

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

	<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)	0.287	0.344	0.631

Quarterly Incurred Indemnity Loss Development Factors
Through March 31, 2020

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	2.542	2.715	2.755	2.740	2.841	2.834	2.736	2.463	2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209	3.201	3.356	3.200	3.227
9/6	1.750	1.808	1.780	1.784	1.790	1.808	1.776	1.618	1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948	1.945	1.874	1.998	2.016
12/9	1.437	1.530	1.518	1.500	1.520	1.473	1.460	1.355	1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.578	1.578	1.580	1.578	1.599
15/12	1.229	1.260	1.268	1.250	1.257	1.238	1.180	1.149	1.189	1.234	1.248	1.293	1.306	1.306	1.303	1.301	1.301	1.313	1.309	1.298	1.298	1.295
18/15	1.172	1.202	1.188	1.184	1.206	1.167	1.101	1.103	1.140	1.158	1.182	1.194	1.197	1.195	1.206	1.178	1.190	1.187	1.189	1.177	1.183	
21/18	1.145	1.140	1.150	1.148	1.153	1.127	1.066	1.096	1.117	1.128	1.139	1.153	1.140	1.146	1.141	1.141	1.132	1.137	1.134	1.138	1.122	
24/21	1.126	1.112	1.121	1.111	1.117	1.094	1.045	1.082	1.098	1.106	1.106	1.114	1.119	1.117	1.111	1.104	1.114	1.111	1.104	1.100	1.106	
27/24	1.074	1.096	1.093	1.100	1.094	1.073	1.045	1.070	1.082	1.081	1.088	1.089	1.091	1.085	1.087	1.081	1.082	1.087	1.079	1.078	1.071	
30/27	1.078	1.069	1.074	1.082	1.064	1.051	1.040	1.054	1.057	1.072	1.075	1.075	1.080	1.071	1.068	1.067	1.074	1.066	1.064	1.059		
33/30	1.045	1.058	1.048	1.062	1.047	1.032	1.036	1.042	1.049	1.053	1.059	1.052	1.064	1.053	1.060	1.047	1.055	1.050	1.047	1.047		
36/33	1.043	1.046	1.039	1.046	1.035	1.020	1.029	1.033	1.039	1.043	1.051	1.049	1.049	1.043	1.041	1.043	1.042	1.035	1.037	1.039		
39/36	1.038	1.041	1.035	1.038	1.028	1.017	1.027	1.029	1.031	1.033	1.040	1.039	1.039	1.041	1.035	1.031	1.036	1.031	1.028	1.027		
42/39	1.027	1.028	1.034	1.030	1.023	1.018	1.020	1.020	1.031	1.033	1.036	1.038	1.035	1.032	1.028	1.031	1.030	1.027	1.026			
45/42	1.024	1.026	1.026	1.020	1.009	1.019	1.018	1.024	1.026	1.028	1.030	1.035	1.027	1.033	1.022	1.024	1.024	1.024	1.021			
48/45	1.025	1.020	1.022	1.013	1.008	1.013	1.013	1.021	1.019	1.021	1.024	1.024	1.026	1.023	1.024	1.020	1.020	1.016	1.019			
51/48	1.022	1.017	1.018	1.015	1.010	1.016	1.010	1.018	1.021	1.018	1.022	1.023	1.021	1.018	1.017	1.015	1.019	1.015	1.014			
54/51	1.019	1.018	1.013	1.009	1.007	1.017	1.009	1.017	1.021	1.020	1.021	1.020	1.020	1.016	1.019	1.015	1.014	1.013				
57/54	1.014	1.017	1.012	1.006	1.008	1.011	1.011	1.018	1.017	1.014	1.018	1.017	1.015	1.014	1.013	1.011	1.014	1.011				
60/57	1.013	1.014	1.007	1.005	1.008	1.009	1.011	1.013	1.019	1.016	1.013	1.015	1.012	1.014	1.012	1.012	1.011	1.008				
63/60	1.012	1.012	1.007	1.007	1.008	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.014	1.009	1.012	1.009	1.010	1.007				
66/63	1.014	1.009	1.005	1.006	1.011	1.008	1.010	1.013	1.016	1.014	1.015	1.013	1.013	1.009	1.010	1.009	1.008					
69/66	1.010	1.007	1.003	1.005	1.008	1.007	1.011	1.012	1.011	1.010	1.009	1.012	1.007	1.010	1.010	1.007	1.006					
72/69	1.009	1.006	1.005	1.005	1.005	1.009	1.009	1.013	1.011	1.009	1.009	1.009	1.010	1.008	1.007	1.006	1.006					
75/72	1.006	1.004	1.004	1.005	1.003	1.005	1.007	1.010	1.011	1.010	1.010	1.008	1.007	1.004	1.006	1.007	1.004					
78/75	1.007	1.004	1.003	1.007	1.005	1.006	1.006	1.012	1.009	1.010	1.006	1.006	1.006	1.006	1.005	1.007						
81/78	1.005	1.002	1.003	1.004	1.004	1.005	1.006	1.010	1.009	1.007	1.007	1.006	1.006	1.007	1.005	1.005						
84/81	1.003	1.003	1.005	1.003	1.006	1.006	1.007	1.008	1.005	1.009	1.006	1.004	1.007	1.004	1.007	1.003						
87/84	1.003	1.003	1.002	1.003	1.004	1.002	1.007	1.010	1.007	1.004	1.005	1.006	1.004	1.006	1.004	1.003						
90/87	1.001	1.003	1.003	1.003	1.003	1.004	1.008	1.008	1.008	1.008	1.004	1.005	1.005	1.005	1.004							
93/90	1.001	1.002	1.004	1.003	1.002	1.005	1.006	1.008	1.006	1.007	1.006	1.003	1.004	1.005	1.005							
96/93	1.002	1.003	1.001	1.004	1.002	1.006	1.006	1.003	1.002	1.003	1.004	1.004	1.003	1.003	1.003							

Source: WCIRB accident year experience calls

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

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	2.561	2.661	2.536	2.624	2.797	2.805	2.671	2.530	2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863	3.019	3.199	2.891	2.830
9/6	1.705	1.733	1.713	1.725	1.768	1.762	1.703	1.670	1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884	1.755	1.741	1.820	1.844
12/9	1.418	1.461	1.463	1.447	1.570	1.425	1.400	1.375	1.453	1.443	1.466	1.454	1.488	1.521	1.484	1.500	1.482	1.451	1.487	1.448	1.459	1.472
15/12	1.144	1.168	1.201	1.207	1.203	1.197	1.132	1.145	1.138	1.182	1.167	1.199	1.206	1.228	1.211	1.207	1.199	1.206	1.215	1.185	1.191	1.183
18/15	1.093	1.116	1.123	1.144	1.151	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.136	1.117	1.114	1.094	1.095	1.087	1.096	
21/18	1.078	1.086	1.101	1.122	1.116	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.085	1.088	1.077	1.082	1.069	1.069	1.063	
24/21	1.074	1.072	1.080	1.083	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.067	1.064	1.055	1.059	1.057	1.046	1.047	
27/24	1.044	1.061	1.070	1.080	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.058	1.048	1.046	1.048	1.041	1.036	1.030	
30/27	1.044	1.052	1.058	1.070	1.051	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.046	1.037	1.044	1.037	1.032	1.028		
33/30	1.035	1.047	1.051	1.059	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.046	1.031	1.033	1.033	1.026	1.028		
36/33	1.037	1.042	1.035	1.040	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.041	1.037	1.028	1.026	1.027	1.021	1.021	1.021		
39/36	1.029	1.032	1.034	1.037	1.018	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.027	1.021	1.023	1.022	1.011	1.015		
42/39	1.025	1.031	1.036	1.026	1.019	1.013	1.017	1.020	1.025	1.035	1.036	1.037	1.037	1.031	1.022	1.026	1.022	1.017	1.010			
45/42	1.025	1.033	1.032	1.023	1.012	1.019	1.033	1.021	1.025	1.029	1.026	1.030	1.028	1.027	1.021	1.018	1.017	1.015	1.011			
48/45	1.028	1.023	1.026	1.017	1.008	1.013	1.025	1.018	1.022	1.025	1.029	1.034	1.022	1.023	1.020	1.018	1.014	1.008	1.014			
51/48	1.019	1.020	1.024	1.014	1.009	1.013	1.018	1.015	1.020	1.021	1.021	1.026	1.024	1.019	1.014	1.013	1.010	1.008	1.008			
54/51	1.025	1.027	1.017	1.016	1.010	1.012	1.021	1.019	1.022	1.022	1.027	1.023	1.019	1.018	1.015	1.011	1.009	1.009				
57/54	1.027	1.024	1.014	1.007	1.011	1.017	1.020	1.018	1.019	1.019	1.023	1.020	1.017	1.018	1.013	1.007	1.009	1.007				
60/57	1.021	1.021	1.015	1.009	1.008	1.014	1.020	1.019	1.018	1.017	1.019	1.016	1.015	1.014	1.012	1.007	1.007	1.006				
63/60	1.014	1.020	1.013	1.012	1.008	1.016	1.015	1.021	1.015	1.018	1.016	1.020	1.015	1.009	1.009	1.005	1.008	1.005				
66/63	1.023	1.016	1.010	1.012	1.015	1.013	1.015	1.022	1.019	1.018	1.017	1.015	1.010	1.008	1.008	1.006	1.010					
69/66	1.025	1.013	1.006	1.008	1.016	1.018	1.015	1.023	1.017	1.017	1.015	1.014	1.010	1.008	1.008	1.005	1.008					
72/69	1.020	1.009	1.007	1.009	1.015	1.010	1.014	1.015	1.013	1.014	1.012	1.011	1.010	1.007	1.005	1.005	1.003					
75/72	1.015	1.008	1.006	1.008	1.010	1.009	1.012	1.012	1.011	1.018	1.013	1.008	1.006	1.001	1.003	1.006	1.003					
78/75	1.012	1.012	1.008	1.012	1.010	1.011	1.018	1.013	1.012	1.012	1.010	1.008	1.008	1.006	1.005	1.003						
81/78	1.006	1.006	1.006	1.009	1.010	1.014	1.018	1.017	1.016	1.009	1.009	1.005	1.006	1.006	1.004	1.004						
84/81	1.008	1.006	1.009	1.014	1.009	1.007	1.012	1.011	1.008	1.010	1.008	1.007	1.005	1.001	1.003	1.002						
87/84	1.005	1.008	1.008	1.010	1.009	1.010	1.012	1.014	1.012	1.008	1.007	1.004	1.003	1.001	1.002	1.002						
90/87	1.002	1.005	1.008	1.008	1.009	1.012	1.009	1.009	1.013	1.008	1.006	1.006	1.003	1.006	1.006							
93/90	1.006	1.007	1.015	1.009	1.011	1.010	1.011	1.012	1.009	1.009	1.007	1.002	1.003	1.002	1.005							
96/93	1.007	1.007	1.010	1.012	1.008	1.010	1.011	1.009	1.005	1.006	1.005	1.003	1.002	1.001	1.003							

Source: WCIRB accident year experience calls

* 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 March 31, 2020

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	4.325	4.024	4.170	4.461	4.720	4.908	4.745	4.512	4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056	5.087	5.060	4.987	5.081
9/6	2.284	2.367	2.283	2.369	2.443	2.424	2.399	2.303	2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484	2.456	2.445	2.538	2.504
12/9	1.826	1.806	1.839	1.855	1.897	1.876	1.841	1.774	1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879	1.910	1.882	1.892	1.891	1.902
15/12	1.499	1.536	1.538	1.552	1.550	1.516	1.491	1.456	1.482	1.488	1.481	1.507	1.532	1.539	1.506	1.539	1.540	1.559	1.571	1.544	1.527	1.521
18/15	1.380	1.399	1.395	1.401	1.403	1.379	1.331	1.306	1.306	1.327	1.332	1.343	1.355	1.361	1.361	1.353	1.364	1.372	1.366	1.358	1.353	
21/18	1.323	1.298	1.303	1.303	1.311	1.297	1.241	1.217	1.233	1.235	1.243	1.259	1.257	1.261	1.261	1.263	1.267	1.264	1.256	1.260	1.248	
24/21	1.259	1.257	1.256	1.258	1.260	1.244	1.183	1.181	1.195	1.191	1.194	1.206	1.209	1.215	1.213	1.204	1.216	1.211	1.206	1.205	1.206	
27/24	1.186	1.199	1.203	1.200	1.205	1.186	1.140	1.142	1.151	1.149	1.153	1.162	1.165	1.168	1.164	1.159	1.170	1.176	1.161	1.159	1.151	
30/27	1.157	1.161	1.165	1.175	1.172	1.161	1.122	1.117	1.126	1.129	1.130	1.141	1.141	1.137	1.134	1.141	1.147	1.142	1.137	1.131		
33/30	1.118	1.125	1.130	1.142	1.136	1.123	1.097	1.096	1.100	1.101	1.108	1.114	1.116	1.112	1.111	1.111	1.115	1.107	1.104	1.105		
36/33	1.102	1.103	1.103	1.115	1.111	1.097	1.085	1.081	1.080	1.084	1.092	1.094	1.098	1.091	1.091	1.096	1.092	1.089	1.088	1.083		
39/36	1.074	1.081	1.081	1.092	1.087	1.072	1.070	1.066	1.064	1.067	1.074	1.078	1.077	1.073	1.075	1.074	1.075	1.071	1.068	1.064		
42/39	1.067	1.071	1.077	1.080	1.073	1.063	1.059	1.058	1.058	1.062	1.067	1.067	1.071	1.070	1.065	1.064	1.066	1.062	1.059			
45/42	1.057	1.054	1.063	1.064	1.056	1.049	1.047	1.049	1.047	1.051	1.058	1.059	1.057	1.055	1.054	1.052	1.050	1.050	1.045			
48/45	1.049	1.050	1.055	1.053	1.046	1.044	1.041	1.044	1.043	1.047	1.049	1.051	1.050	1.048	1.048	1.048	1.045	1.041	1.040			
51/48	1.039	1.038	1.043	1.044	1.036	1.035	1.033	1.036	1.036	1.037	1.042	1.042	1.043	1.039	1.038	1.038	1.039	1.035	1.031			
54/51	1.035	1.038	1.036	1.037	1.034	1.035	1.030	1.028	1.035	1.036	1.038	1.041	1.038	1.036	1.036	1.033	1.032	1.031				
57/54	1.029	1.033	1.037	1.030	1.028	1.026	1.025	1.028	1.030	1.032	1.033	1.033	1.032	1.033	1.028	1.027	1.028	1.025				
60/57	1.025	1.030	1.027	1.026	1.024	1.024	1.024	1.024	1.028	1.029	1.029	1.032	1.027	1.030	1.028	1.025	1.025	1.023				
63/60	1.023	1.026	1.024	1.021	1.022	1.019	1.019	1.021	1.023	1.025	1.025	1.024	1.026	1.025	1.025	1.021	1.021	1.018				
66/63	1.023	1.023	1.023	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					
69/66	1.019	1.021	1.020	1.017	1.016	1.017	1.016	1.021	1.020	1.020	1.020	1.022	1.020	1.019	1.022	1.017	1.014					
72/69	1.018	1.016	1.018	1.016	1.016	1.015	1.017	1.015	1.020	1.019	1.019	1.019	1.019	1.019	1.016	1.014	1.016					
75/72	1.015	1.016	1.015	1.014	1.012	1.012	1.013	1.015	1.019	1.018	1.016	1.016	1.017	1.015	1.014	1.012	1.012					
78/75	1.014	1.014	1.012	1.013	1.012	1.011	1.012	1.015	1.017	1.016	1.015	1.016	1.016	1.015	1.013	1.011						
81/78	1.013	1.013	1.011	1.012	1.011	1.010	1.012	1.015	1.015	1.016	1.015	1.015	1.013	1.012	1.011	1.010						
84/81	1.011	1.011	1.013	1.010	1.010	1.009	1.011	1.013	1.015	1.014	1.013	1.012	1.013	1.013	1.011	1.010						
87/84	1.012	1.010	1.008	1.010	1.009	1.008	1.009	1.012	1.014	1.013	1.010	1.012	1.010	1.011	1.010	1.007						
90/87	1.008	1.009	1.010	1.009	1.008	1.008	1.011	1.012	1.013	1.012	1.011	1.010	1.010	1.010	1.009							
93/90	1.009	1.009	1.008	1.008	1.007	1.008	1.012	1.011	1.011	1.012	1.010	1.010	1.009	1.009	1.008							
96/93	1.008	1.009	1.006	1.007	1.007	1.007	1.008	1.011	1.011	1.008	1.010	1.010	1.009	1.010	1.007							

Source: WCIRB accident year experience calls

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

Age in	Accident Year																					
Months	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
6/3	6.375	5.955	5.518	6.168	7.221	7.127	7.617	5.563	5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720	5.897	5.238	5.462	4.984
9/6	2.369	2.406	2.356	2.432	2.694	2.577	2.483	2.236	2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287	2.326	2.249	2.351	2.286
12/9	1.728	1.739	1.749	1.857	1.882	1.825	1.759	1.666	1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.736	1.750	1.705	1.752	1.737	1.719	1.795
15/12	1.453	1.490	1.514	1.547	1.554	1.510	1.437	1.423	1.429	1.444	1.413	1.429	1.445	1.472	1.446	1.443	1.460	1.454	1.479	1.434	1.425	1.432
18/15	1.241	1.267	1.286	1.310	1.330	1.295	1.243	1.230	1.227	1.259	1.243	1.259	1.268	1.282	1.284	1.263	1.265	1.278	1.262	1.250	1.245	
21/18	1.164	1.168	1.192	1.219	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.192	1.193	1.192	1.189	1.173	1.170	1.173	
24/21	1.132	1.124	1.149	1.159	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.154	1.148	1.146	1.146	1.141	1.131	1.143	
27/24	1.096	1.108	1.121	1.128	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.123	1.122	1.122	1.124	1.111	1.111	1.108	
30/27	1.077	1.088	1.101	1.108	1.103	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.109	1.111	1.111	1.105	1.100	1.092		
33/30	1.065	1.072	1.086	1.089	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.094	1.090	1.089	1.082	1.082	1.077		
36/33	1.055	1.066	1.069	1.076	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.078	1.080	1.076	1.071	1.067	1.065		
39/36	1.051	1.059	1.060	1.061	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.069	1.065	1.064	1.061	1.055	1.054		
42/39	1.044	1.049	1.055	1.054	1.041	1.044	1.049	1.054	1.055	1.058	1.059	1.061	1.068	1.063	1.062	1.057	1.059	1.057	1.048			
45/42	1.039	1.045	1.047	1.044	1.036	1.037	1.040	1.047	1.048	1.049	1.054	1.053	1.056	1.056	1.053	1.051	1.045	1.044	1.042			
48/45	1.035	1.039	1.044	1.037	1.032	1.035	1.037	1.043	1.043	1.046	1.047	1.050	1.051	1.046	1.045	1.046	1.041	1.040	1.038			
51/48	1.030	1.035	1.037	1.034	1.031	1.030	1.033	1.037	1.036	1.036	1.039	1.041	1.043	1.040	1.039	1.038	1.037	1.032	1.031			
54/51	1.031	1.036	1.032	1.027	1.030	1.029	1.034	1.034	1.035	1.035	1.036	1.042	1.038	1.035	1.035	1.034	1.032	1.029				
57/54	1.026	1.030	1.027	1.024	1.024	1.024	1.029	1.031	1.034	1.031	1.033	1.038	1.034	1.034	1.031	1.028	1.026	1.025				
60/57	1.026	1.028	1.026	1.021	1.023	1.026	1.028	1.029	1.028	1.032	1.032	1.035	1.030	1.030	1.030	1.023	1.022	1.021				
63/60	1.023	1.025	1.022	1.019	1.019	1.020	1.024	1.024	1.024	1.024	1.027	1.027	1.026	1.027	1.025	1.022	1.022	1.019				
66/63	1.026	1.021	1.020	1.020	1.018	1.021	1.023	1.024	1.026	1.026	1.029	1.029	1.024	1.028	1.023	1.021	1.018					
69/66	1.021	1.022	1.019	1.018	1.016	1.019	1.021	1.023	1.023	1.021	1.024	1.024	1.022	1.020	1.020	1.017	1.016					
72/69	1.022	1.018	1.016	1.017	1.018	1.016	1.021	1.021	1.022	1.022	1.023	1.021	1.020	1.019	1.016	1.015	1.017					
75/72	1.017	1.016	1.014	1.015	1.015	1.014	1.018	1.020	1.019	1.019	1.018	1.018	1.018	1.015	1.015	1.013	1.014					
78/75	1.018	1.015	1.014	1.015	1.016	1.015	1.016	1.018	1.017	1.022	1.019	1.018	1.017	1.016	1.015	1.013						
81/78	1.015	1.014	1.013	1.014	1.013	1.014	1.018	1.018	1.015	1.019	1.018	1.015	1.015	1.013	1.012	1.011						
84/81	1.013	1.012	1.013	1.012	1.012	1.013	1.016	1.016	1.015	1.018	1.015	1.015	1.015	1.013	1.013	1.011						
87/84	1.013	1.011	1.010	1.012	1.012	1.012	1.014	1.013	1.015	1.017	1.013	1.013	1.011	1.012	1.010	1.008						
90/87	1.013	1.012	1.011	1.013	1.012	1.013	1.015	1.013	1.015	1.013	1.013	1.012	1.011	1.012	1.009							
93/90	1.011	1.010	1.011	1.012	1.011	1.013	1.013	1.012	1.014	1.014	1.013	1.011	1.010	1.009	1.010							
96/93	1.010	1.010	1.008	1.010	1.010	1.009	1.013	1.015	1.016	1.011	1.012	1.010	1.009	1.009	1.009							

Source: WCIRB accident year experience calls

* 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	3-15	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171	171-183	183-195
1995																1.001
1996															1.000	1.000
1997														1.000	1.000	1.000
1998													1.000	1.000	1.000	1.000
1999												1.001	1.000	1.000	1.000	1.000
2000											1.000	1.000	1.001	1.001	1.000	1.000
2001										1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002									1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2003								0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004							0.999	0.999	1.000	0.999	1.000	1.001	1.000	1.000	1.000	1.000
2005						1.000	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	
2006					1.002	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.000		
2007				1.006	1.003	1.002	1.000	1.000	1.001	1.000	1.000	1.000	1.000			
2008			1.017	1.009	1.004	1.003	1.001	1.002	1.001	1.000	1.000	1.000				
2009		1.080	1.023	1.008	1.005	1.003	1.003	1.001	1.000	1.000	1.000					
2010	7.372	1.089	1.022	1.010	1.006	1.004	1.002	1.001	1.000	1.000						
2011	7.523	1.100	1.026	1.011	1.007	1.002	1.001	1.000	1.000							
2012	7.673	1.120	1.026	1.013	1.005	1.002	1.001	1.001								
2013	8.168	1.101	1.029	1.008	1.004	1.001	1.002									
2014	7.695	1.114	1.019	1.008	1.003	1.001										
2015	8.136	1.100	1.016	1.005	1.003											
2016	7.693	1.101	1.019	1.005												
2017	7.742	1.088	1.017													
2018	7.736	1.088														
2019	7.847															
Latest Year																
Age-to-Age																
	7.847	1.088	1.017	1.005	1.003	1.001	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate																
	8.810	1.123	1.032	1.015	1.010	1.007	1.005	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.002

Source: WCIRB accident year experience calls

Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	Development														
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-27	27-30	30-33	33-36	36-39	39-42	42-45	45-48
2009	2.539	1.651	1.336	1.093	1.025	1.015	1.010	1.008	1.006	1.004	1.003	1.003	1.002	1.003	1.002
2010	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
2011	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
2012	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
2013	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
2014	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
2015	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
2016	2.817	1.781	1.414	1.135	1.045	1.023	1.014	1.012	1.010	1.005	1.004	1.003	1.002	1.002	1.002
2017	2.733	1.717	1.410	1.128	1.040	1.025	1.014	1.008	1.007	1.005	1.004	1.002			
2018	2.825	1.732	1.414	1.138	1.044	1.022	1.017	1.010							
2019	2.788	1.746	1.425	1.133											
2020															

Source: WCIRB accident year experience calls

Reported Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																
	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>	<u>123</u>	<u>135</u>	<u>147</u>	<u>159</u>	<u>171</u>	<u>183</u>	<u>195</u>
1995																	98.6%
1996																98.2%	98.5%
1997															97.8%	98.0%	98.2%
1998														97.2%	97.5%	97.8%	98.1%
1999													96.6%	97.0%	97.3%	97.7%	97.9%
2000												95.6%	96.2%	96.7%	97.2%	97.6%	97.8%
2001											93.7%	94.7%	95.4%	96.2%	96.6%	97.0%	97.4%
2002										92.7%	94.0%	94.9%	95.9%	96.5%	97.0%	97.4%	97.8%
2003									91.0%	92.7%	94.1%	95.3%	96.0%	96.6%	97.1%	97.6%	98.0%
2004								88.8%	91.1%	92.8%	94.6%	95.6%	96.2%	96.9%	97.4%	97.9%	98.2%
2005							86.2%	89.1%	91.3%	93.4%	94.8%	95.7%	96.5%	97.2%	97.7%	98.1%	
2006						82.2%	86.0%	88.9%	91.7%	93.4%	94.7%	95.8%	96.6%	97.2%	97.7%		
2007					75.3%	81.3%	85.5%	89.5%	91.9%	93.7%	95.1%	96.2%	96.9%	97.6%			
2008				64.5%	73.8%	80.5%	86.0%	89.5%	92.2%	94.0%	95.3%	96.4%	97.1%				
2009			49.6%	62.7%	72.7%	80.5%	85.7%	89.6%	92.3%	94.2%	95.6%	96.6%					
2010		33.6%	50.2%	63.5%	74.7%	82.0%	87.2%	90.8%	93.3%	95.1%	96.3%						
2011	7.2%	34.0%	50.7%	65.3%	75.9%	83.2%	88.1%	91.6%	94.1%	95.7%							
2012	7.2%	34.0%	51.8%	66.7%	77.2%	84.4%	89.4%	92.7%	94.8%								
2013	8.6%	33.4%	52.8%	67.7%	78.9%	86.2%	90.8%	93.7%									
2014	6.6%	33.8%	53.6%	69.1%	80.5%	87.4%	91.6%										
2015	7.5%	34.0%	55.2%	71.8%	82.7%	88.9%											
2016	7.2%	35.8%	58.0%	74.5%	84.4%												
2017	7.2%	38.0%	60.8%	76.1%													
2018	8.2%	38.7%	60.7%														
2019	8.3%	38.5%															
2020	8.9%																

Source: WCIRB accident year experience calls

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																
	<u>3</u>	<u>15</u>	<u>27</u>	<u>39</u>	<u>51</u>	<u>63</u>	<u>75</u>	<u>87</u>	<u>99</u>	<u>111</u>	<u>123</u>	<u>135</u>	<u>147</u>	<u>159</u>	<u>171</u>	<u>183</u>	<u>195</u>
1995																	98.3%
1996																98.0%	98.2%
1997															97.5%	97.7%	97.9%
1998														96.9%	97.3%	97.6%	97.9%
1999													96.4%	96.8%	97.1%	97.6%	97.8%
2000												95.4%	96.0%	96.5%	97.1%	97.4%	97.7%
2001											93.5%	94.4%	95.2%	96.0%	96.4%	96.9%	97.3%
2002										92.6%	93.8%	94.8%	95.8%	96.4%	96.8%	97.3%	97.6%
2003									91.0%	92.6%	93.9%	95.2%	95.8%	96.4%	97.0%	97.4%	97.8%
2004								88.8%	91.0%	92.7%	94.4%	95.4%	96.1%	96.7%	97.2%	97.7%	98.1%
2005							86.0%	89.0%	91.1%	93.3%	94.6%	95.6%	96.4%	97.0%	97.5%	98.0%	
2006						81.7%	85.6%	88.6%	91.4%	93.1%	94.5%	95.6%	96.4%	97.1%	97.6%		
2007					74.6%	80.7%	85.1%	89.1%	91.5%	93.5%	94.9%	96.0%	96.8%	97.4%			
2008				63.0%	72.8%	79.6%	85.3%	89.0%	91.8%	93.8%	95.1%	96.2%	97.0%				
2009			47.3%	61.3%	71.6%	79.7%	85.1%	89.2%	92.0%	93.9%	95.4%	96.4%					
2010		29.5%	47.9%	62.0%	73.6%	81.2%	86.7%	90.5%	93.1%	94.8%	96.1%						
2011	0.8%	29.4%	48.2%	63.6%	74.9%	82.6%	87.7%	91.3%	93.8%	95.4%							
2012	0.8%	28.9%	49.3%	65.1%	76.3%	83.8%	89.0%	92.4%	94.5%								
2013	0.9%	28.9%	50.4%	66.5%	78.0%	85.6%	90.3%	93.4%									
2014	0.7%	29.3%	51.6%	67.9%	79.7%	86.8%	91.1%										
2015	0.8%	30.0%	53.6%	70.8%	82.0%	88.4%											
2016	0.8%	31.4%	56.1%	73.4%	83.6%												
2017	0.8%	33.9%	58.9%	75.0%													
2018	0.9%	34.5%	58.8%														
2019	0.9%	34.3%															
2020	1.0%																

Source: WCIRB quarterly calls for experience

Quarterly Ultimate Settlement Ratios

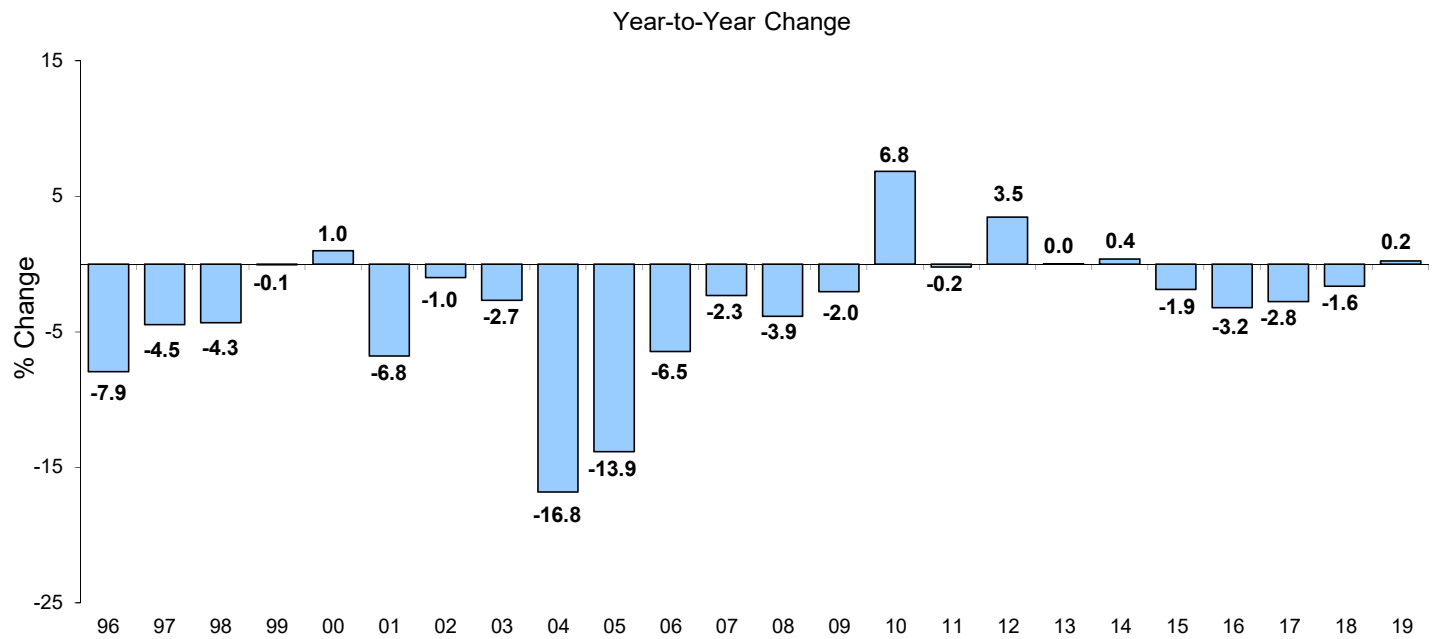
Accident Year	Evaluated as of (in months):															
	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>
2011	0.8%	5.1%	12.0%	21.3%	29.7%	35.9%	40.3%	44.7%	48.6%	52.9%	56.8%	60.8%	64.1%	67.1%	70.2%	72.9%
2012	0.8%	5.1%	12.1%	21.2%	29.5%	35.9%	40.8%	45.6%	49.8%	54.1%	58.3%	62.2%	65.6%	68.8%	71.7%	74.4%
2013	0.9%	5.1%	11.8%	21.0%	29.4%	36.0%	41.4%	46.4%	51.0%	55.5%	59.6%	63.6%	67.1%	70.5%	73.4%	76.2%
2014	0.8%	4.8%	11.8%	20.8%	29.6%	36.4%	42.1%	47.3%	52.0%	56.5%	60.8%	64.8%	68.2%	71.7%	74.6%	77.5%
2015	0.8%	4.8%	12.2%	21.2%	30.4%	37.8%	43.5%	48.8%	53.9%	59.0%	63.4%	67.5%	71.1%	74.4%	77.4%	80.0%
2016	0.8%	5.1%	12.3%	21.9%	31.7%	39.5%	45.5%	51.3%	56.3%	61.5%	65.9%	70.1%	73.7%	76.9%	79.3%	81.6%
2017	0.9%	5.6%	13.5%	24.2%	34.2%	42.1%	48.3%	54.2%	59.1%	64.0%	68.1%	71.9%	75.0%			
2018	1.0%	5.8%	13.9%	24.6%	34.7%	42.6%	48.6%	54.1%	58.8%							
2019	1.0%	5.9%	13.7%	24.6%	34.3%											
2020	1.0%															

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>
2011	4.3%	6.9%	9.3%	8.5%	6.1%	4.5%	4.3%	3.9%	4.4%	3.9%	4.0%	3.3%	3.1%	3.0%	2.7%
2012	4.2%	7.1%	9.1%	8.3%	6.4%	4.8%	4.9%	4.1%	4.3%	4.2%	3.9%	3.4%	3.2%	3.0%	2.7%
2013	4.2%	6.7%	9.1%	8.4%	6.6%	5.4%	5.0%	4.6%	4.5%	4.1%	3.9%	3.6%	3.4%	2.9%	2.8%
2014	4.1%	6.9%	9.1%	8.8%	6.7%	5.8%	5.1%	4.8%	4.5%	4.3%	4.0%	3.4%	3.5%	2.9%	2.8%
2015	4.0%	7.4%	9.0%	9.3%	7.4%	5.7%	5.3%	5.1%	5.1%	4.4%	4.1%	3.6%	3.4%	3.0%	2.6%
2016	4.2%	7.3%	9.6%	9.8%	7.8%	6.0%	5.8%	5.0%	5.2%	4.3%	4.3%	3.6%	3.2%	2.3%	2.4%
2017	4.8%	7.8%	10.7%	10.0%	7.9%	6.2%	5.9%	5.0%	4.9%	4.1%	3.8%	3.1%			
2018	4.9%	8.1%	10.7%	10.1%	7.9%	6.0%	5.5%	4.7%							
2019	4.9%	7.9%	10.8%	9.7%											
2020															

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 79% to 100% of the total California workers' compensation insured market measured using 2019 earned premium levels).

Source: WCIRB quarterly calls for experience

California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year



Note:

The 2019 estimate is based on a comparison of claim counts based on WCIRB accident year experience as of March 31, 2020 relative to the estimated change in statewide employment. Prior years are based on unit statistical data.

Item AC20-06-02
1/1/2021 Regulatory Filing – Experience Rating Plan Values

An analysis of the indicated policy year 2021 experience rating off-balance factor and the factors used to generate proposed policy year 2021 expected loss rates will be presented at the meeting.

Item AC20-06-03
1/1/2021 Regulatory Filing – Maximum Payroll Limitation

Each year, the WCIRB reviews and adjusts current wage and payroll limits in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) in light of projected wage inflation. These payroll limits apply to executive officers, partners, individual employers, and members of a limited liability company as well as to highly compensated employees in several classifications. The WCIRB has typically proposed annual increases to these thresholds based on one year of wage inflation projected based on the average of the UCLA Anderson School of Business and California Department of Finance wage model forecasts. The maximum payroll limitation of \$139,100 effective in 2020 was based on 2020 wage inflation of 3.8% projected based on the standard approach.

As a result of the recent economic downturn, wage inflation for 2020 is currently projected to be approximately 1.5% compared to 3.8%, which was the basis of the current threshold. Wage inflation for 2021 is currently projected to be 2.6%. The maximum payroll limitation indicated for 2021 projected from 2019 (\$133,900) based on the current wage forecasts is \$139,400, which is only \$300 or 0.2% different from the current threshold. As a result, staff is not recommending changes to the maximum payroll limitations for 2021.