

# WCIRB Actuarial Committee Meeting

June 28, 2022



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# Table of Contents/Agenda

1. AC22-06-01: 3/31/2022 Experience Review
2. AC22-06-02: COVID-19 Claim Development

# 01

## 3/31/2022 Experience Review



# Summary of 3/31/2022 Experience

- Almost 100% of market included; COVID-19 claims excluded
- Key insights:
  - Emerging loss development stable
  - Claim settlement rates for AY 2021 continuing to improve
  - Medical CPI forecast higher than typical
  - Wage/employment forecasts increasing
  - Higher 2021 employment lowered 2021 frequency estimate
- Projected loss ratio using 9/1/22 Filing methodologies is 0.639
  - ~1.5 point decrease from 9/1/22 Filing (0.655)



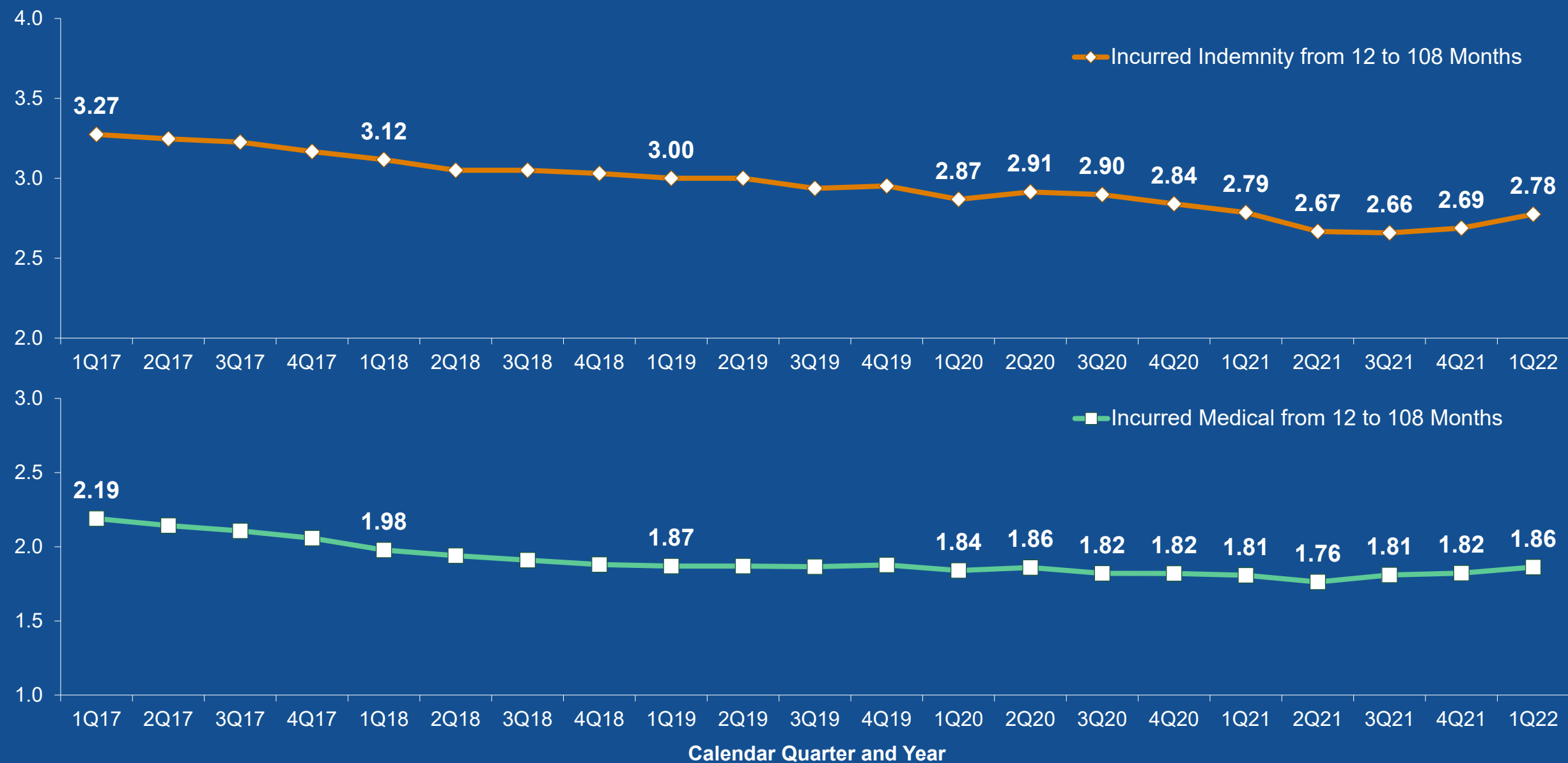
# Approximate Change in Loss Ratio Projection

As of March 31, 2022

| Factor                           | Approx. Change in Percentage Points From 9/1/2022 Filing |
|----------------------------------|--|
| Loss Development Projection      | -0.3   |
| Medical On-level Adjustments     | 0.3  |
| Updated Wage Forecast            | -1.0   |
| Updated Frequency Trends         | -0.5   |
| <b>Total to 6/28/2022 Agenda</b> | <b>-1.5</b>  |

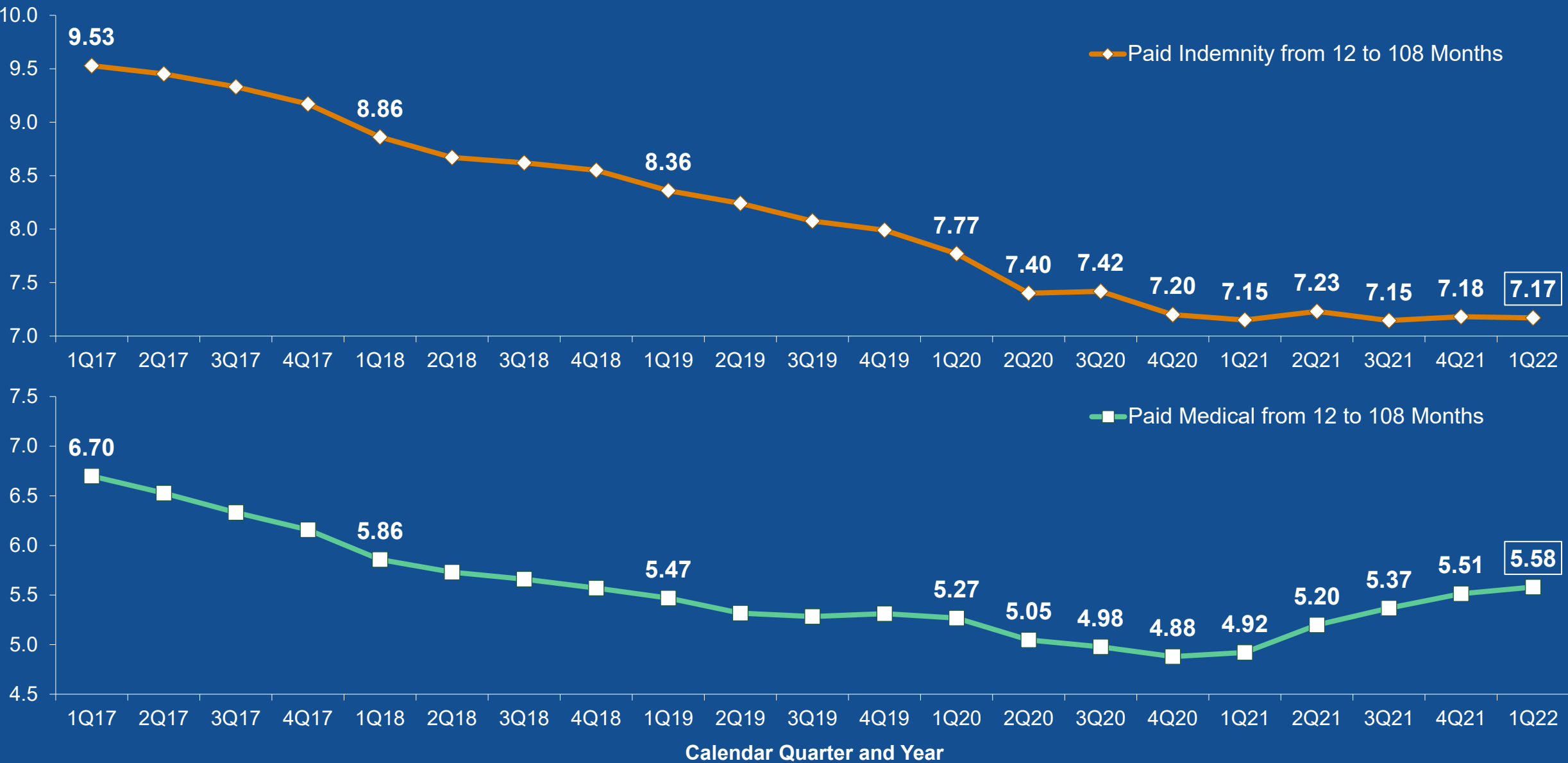
# Cumulative Incurred Development from 12 to 108 Months

As of March 31, 2022



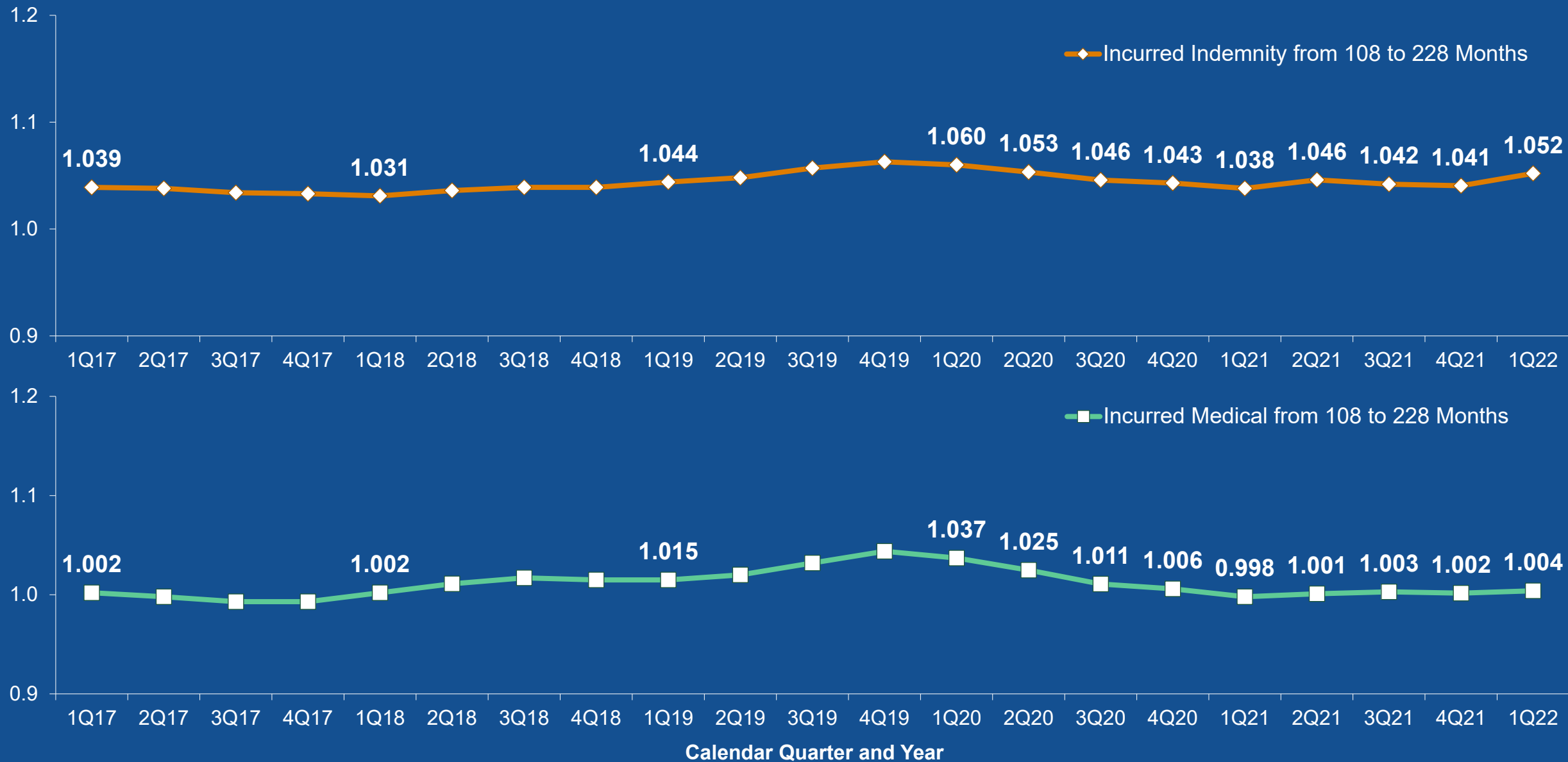
# Cumulative Paid Development from 12 to 108 Months

As of March 31, 2022



# Cumulative Incurred Development from 108 to 228 Months

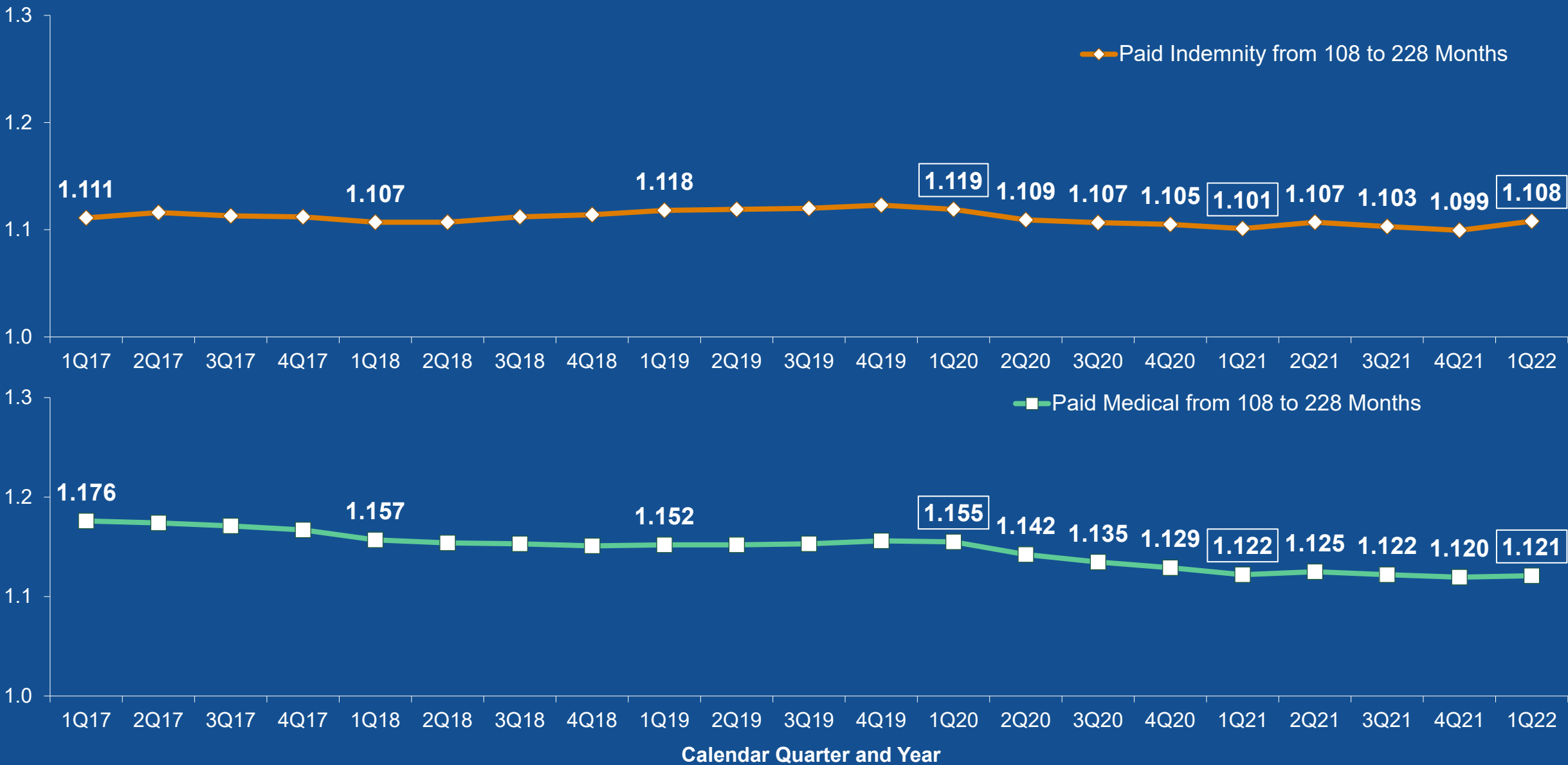
As of March 31, 2022





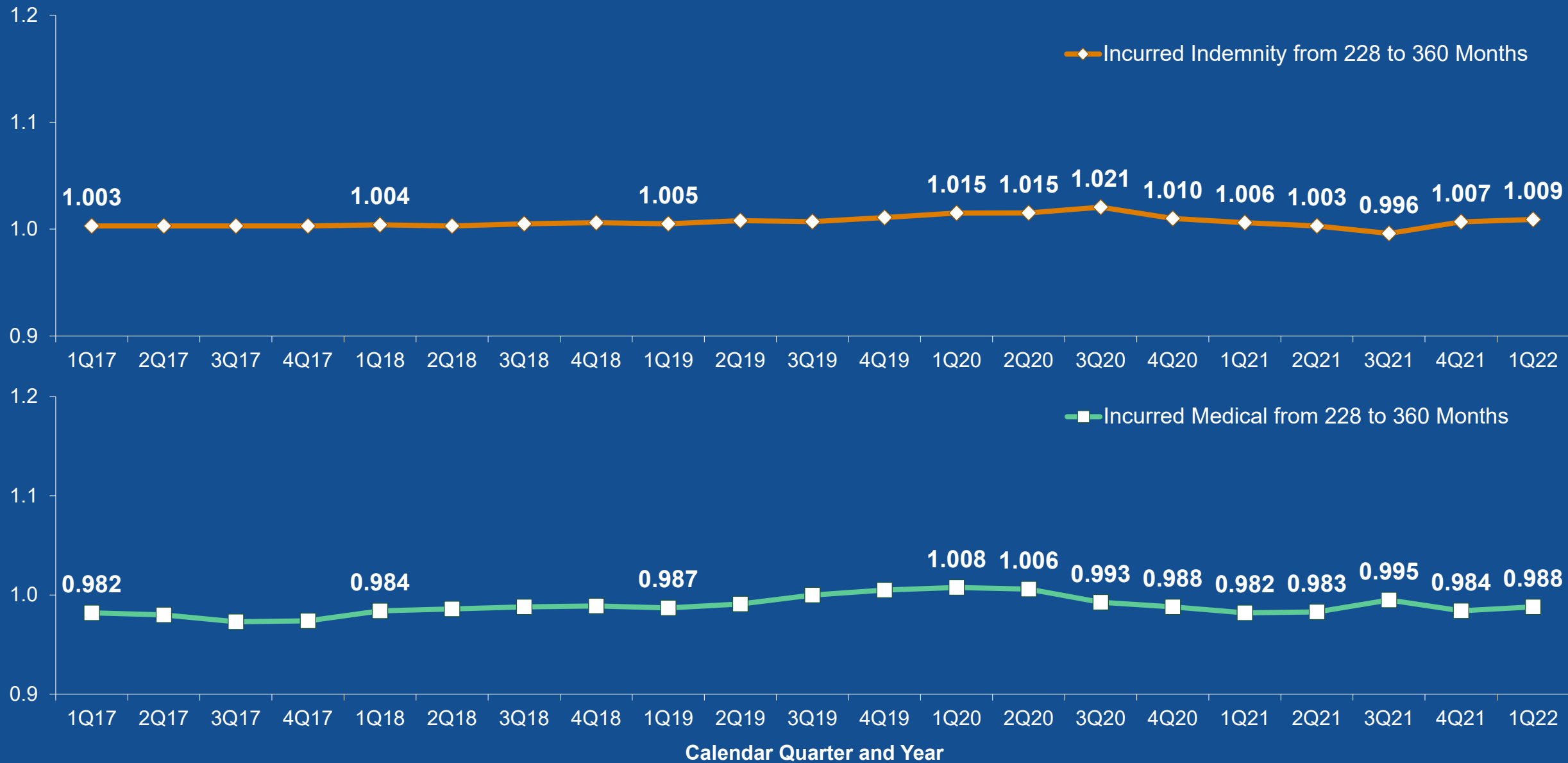
# Cumulative Paid Development from 108 to 228 Months

As of March 31, 2022



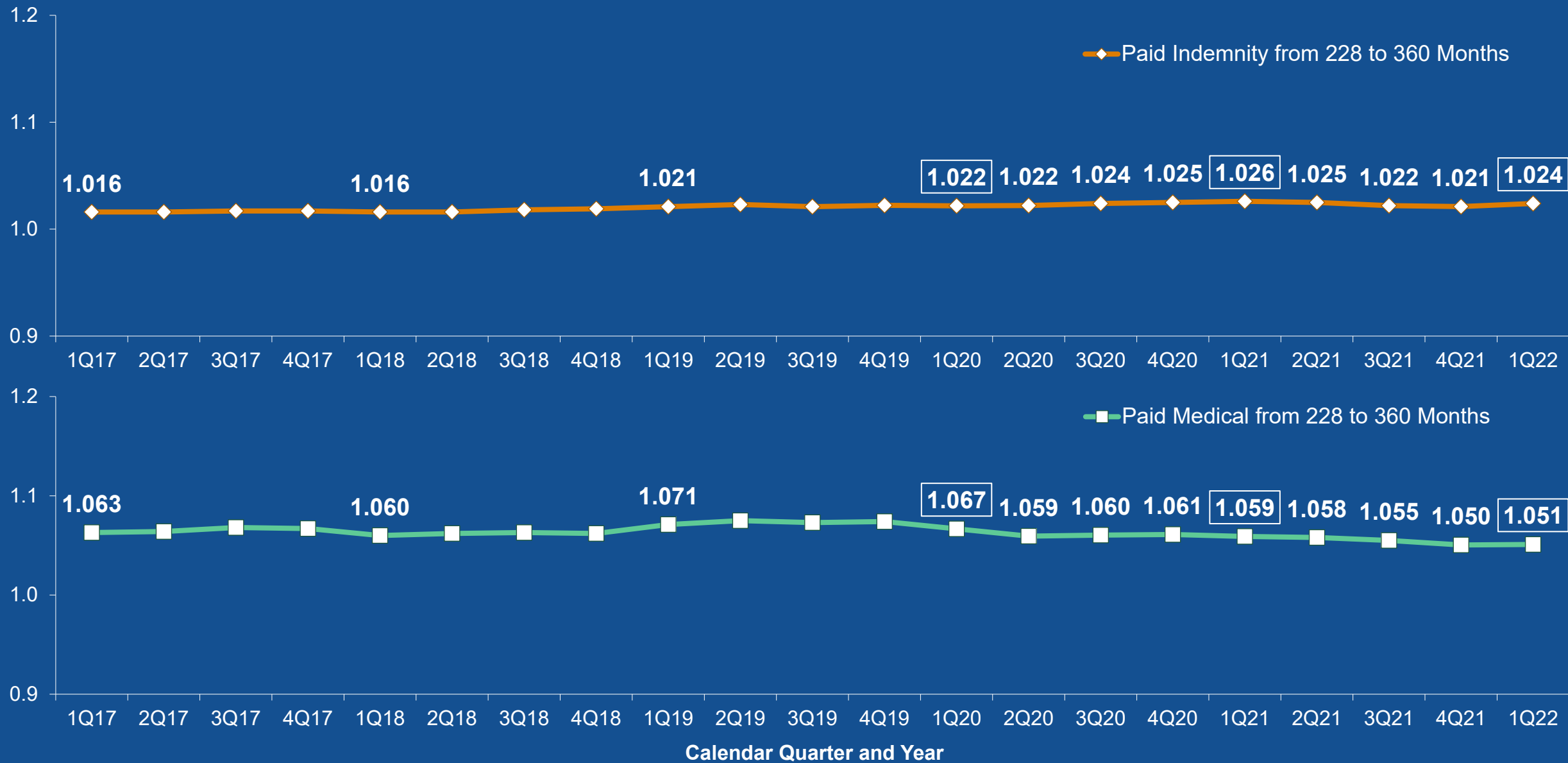
# Cumulative Incurred Development from 228 to 360 Months

As of March 31, 2022



# Cumulative Paid Development from 228 to 360 Months

As of March 31, 2022

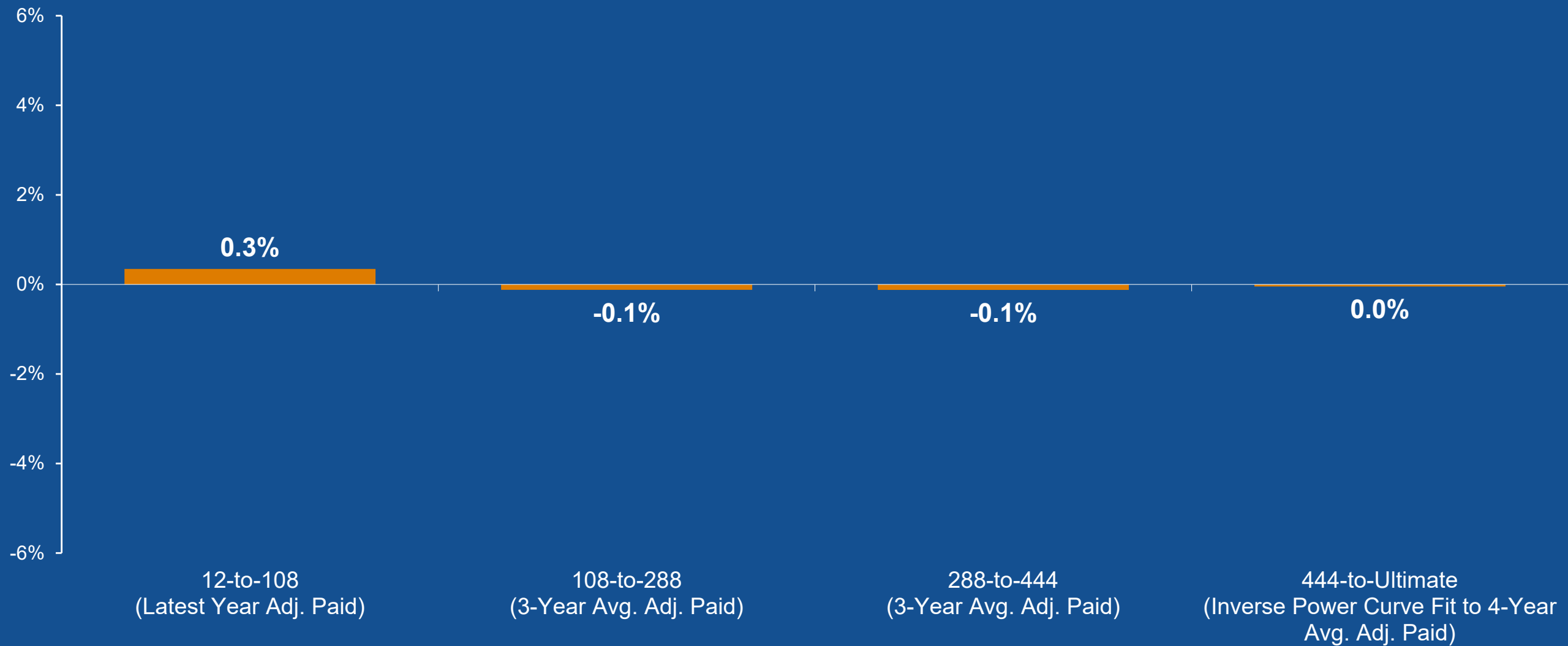




# Change in Projected Medical Development Factor for AY 2021

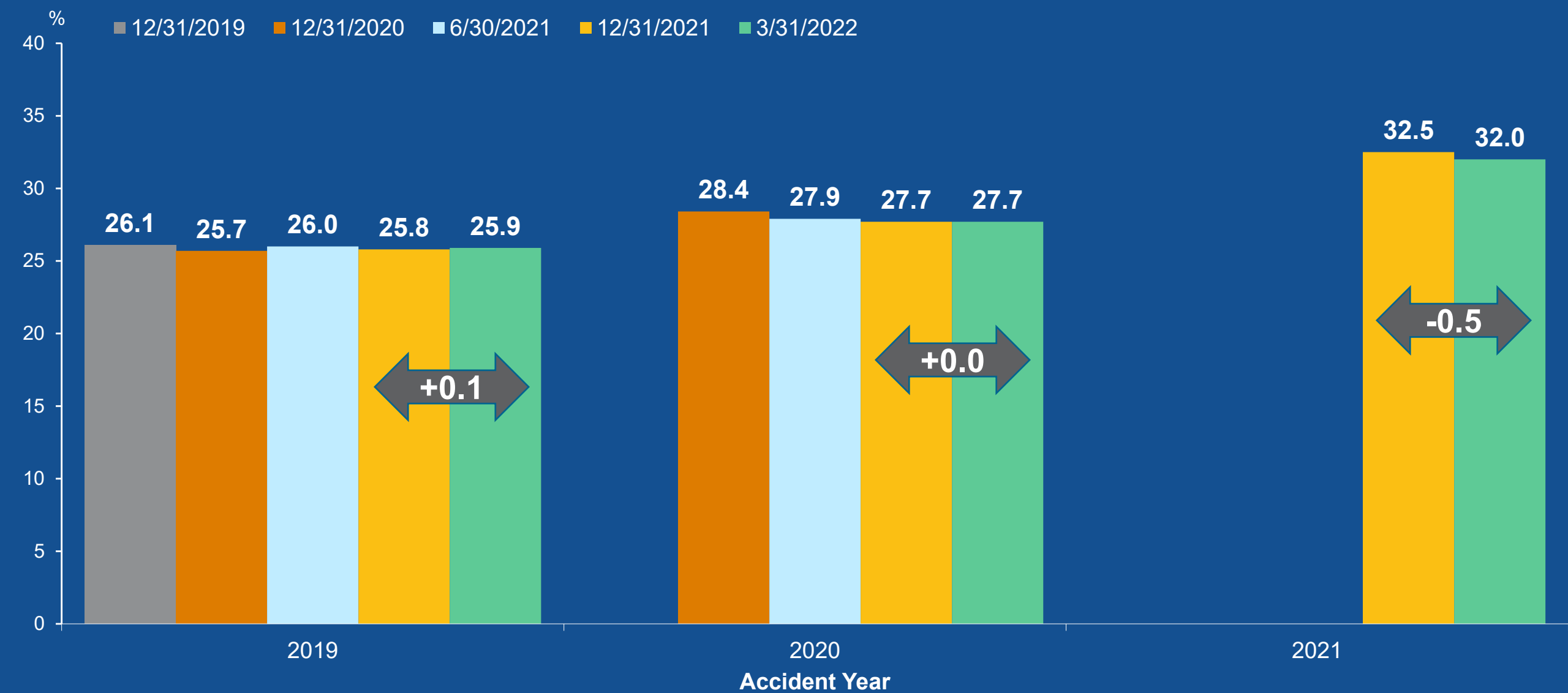
## 12/31/2021 to 3/31/2022 Experience

As of March 31, 2022



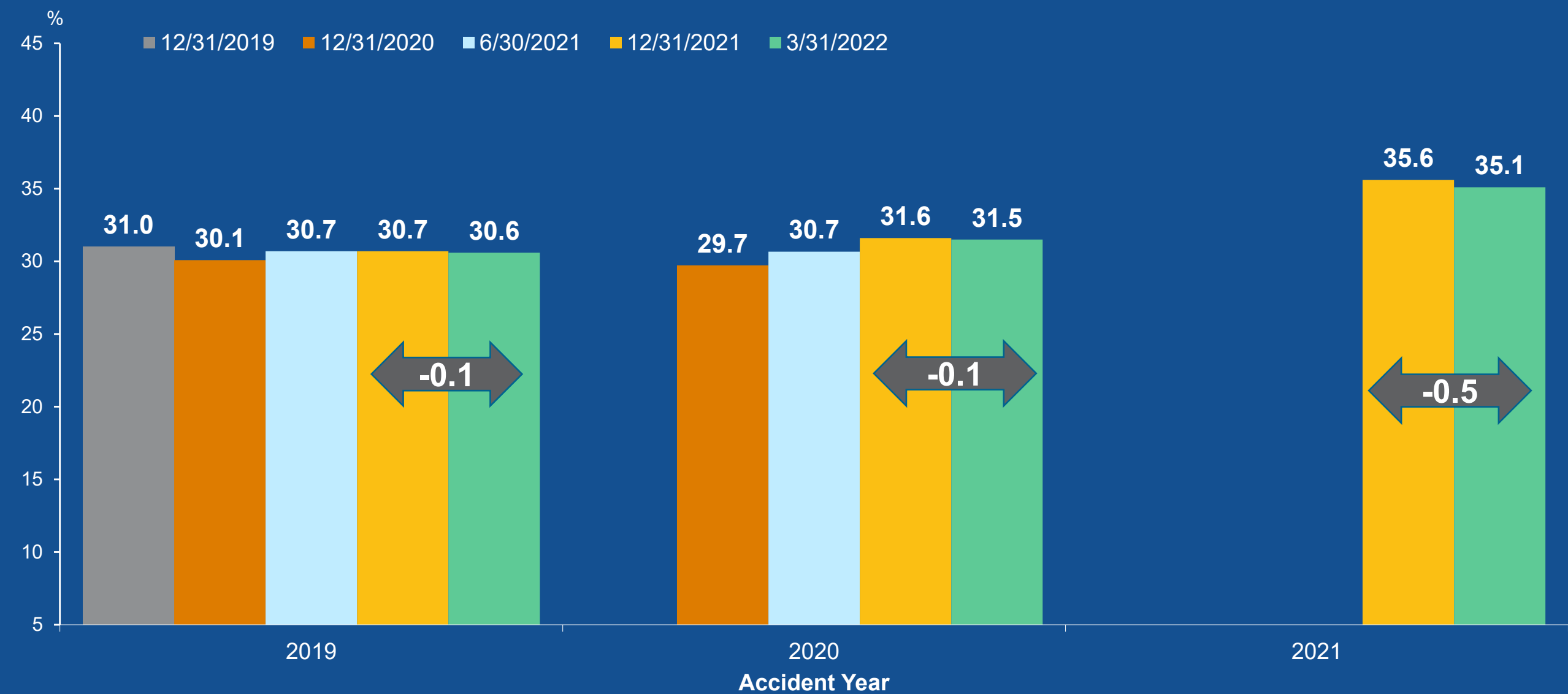
# Developed Indemnity Loss Ratios (Exhibit 3.1)

As of March 31, 2022



# Developed Medical Loss Ratios (Exhibit 3.2)

As of March 31, 2022

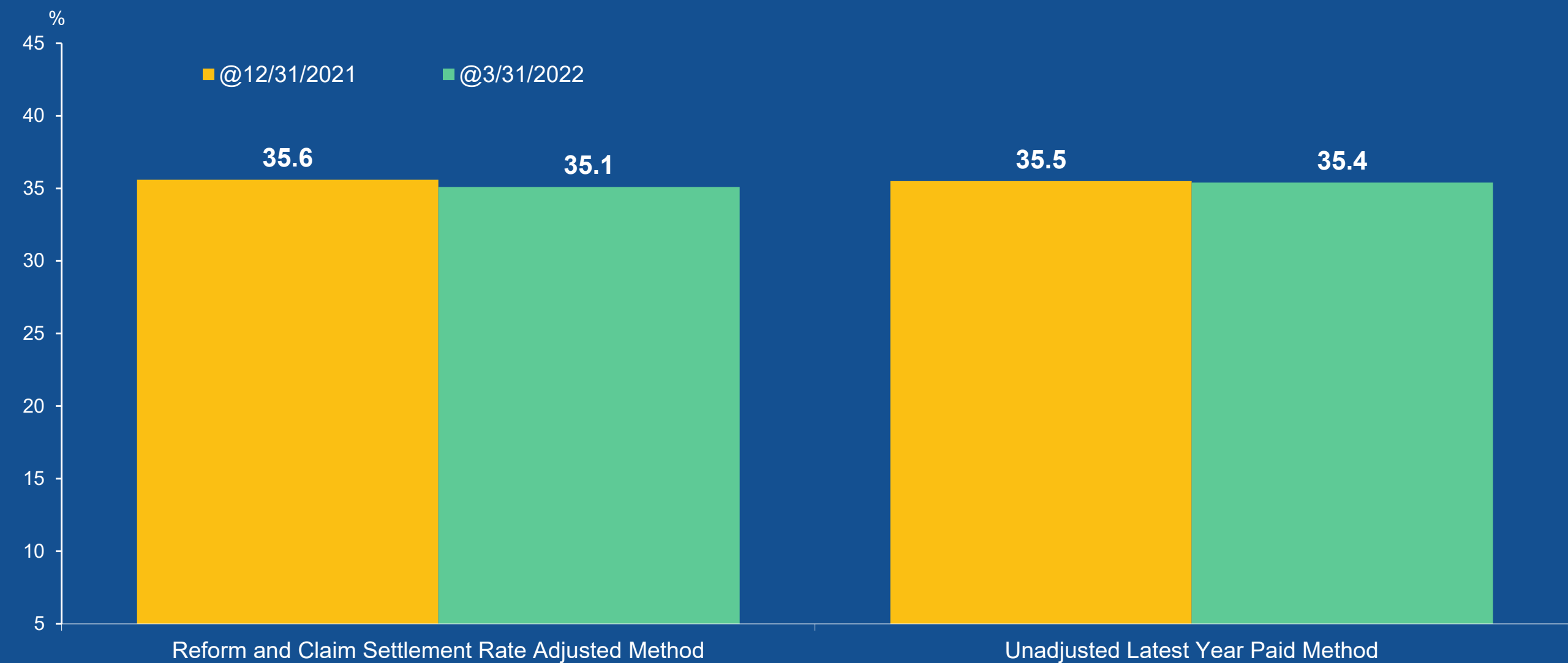


Note: All loss ratios are adjusted to the loss development methodology reflected in the Actuarial Committee Agenda and may not be comparable to the actual loss ratios projected at that time.  
Source: WCIRB Aggregate Financial Data excluding COVID-19 claims



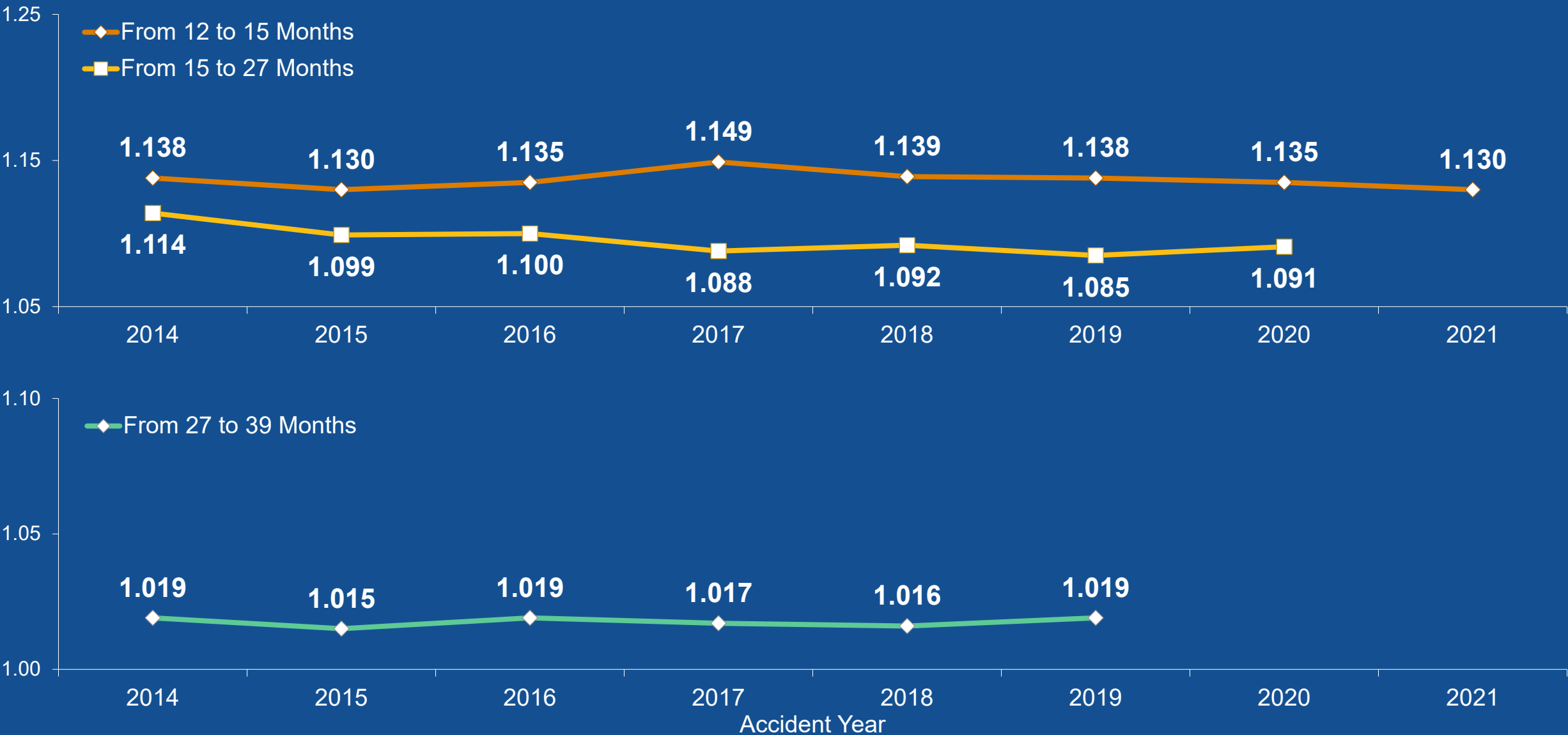
# AY 2021 Developed Medical Loss Ratio Comparison

As of March 31, 2022



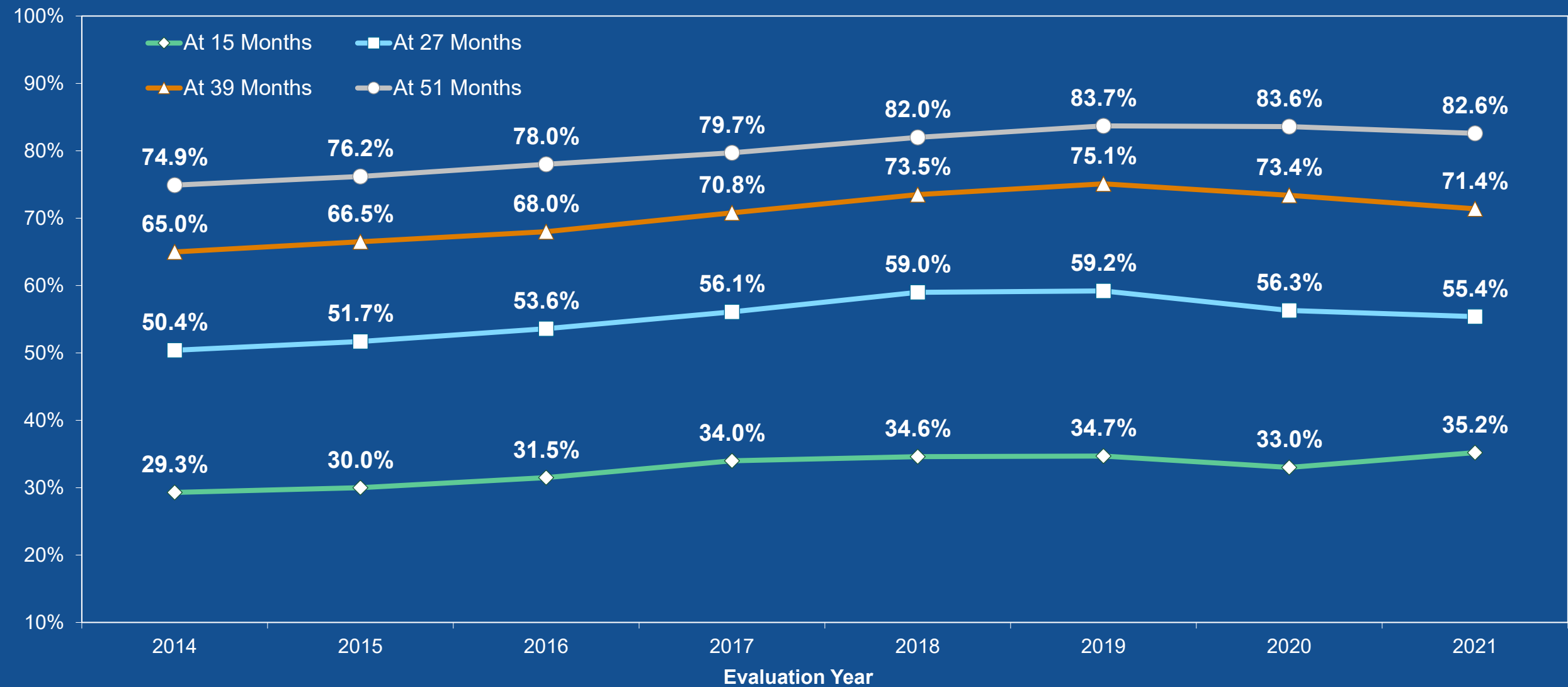
# Indemnity Claim Count Development (Exhibit 10.1)

As of March 31, 2022



# Estimated Ultimate Indemnity Claim Settlement Ratios (Exhibit 11.2)

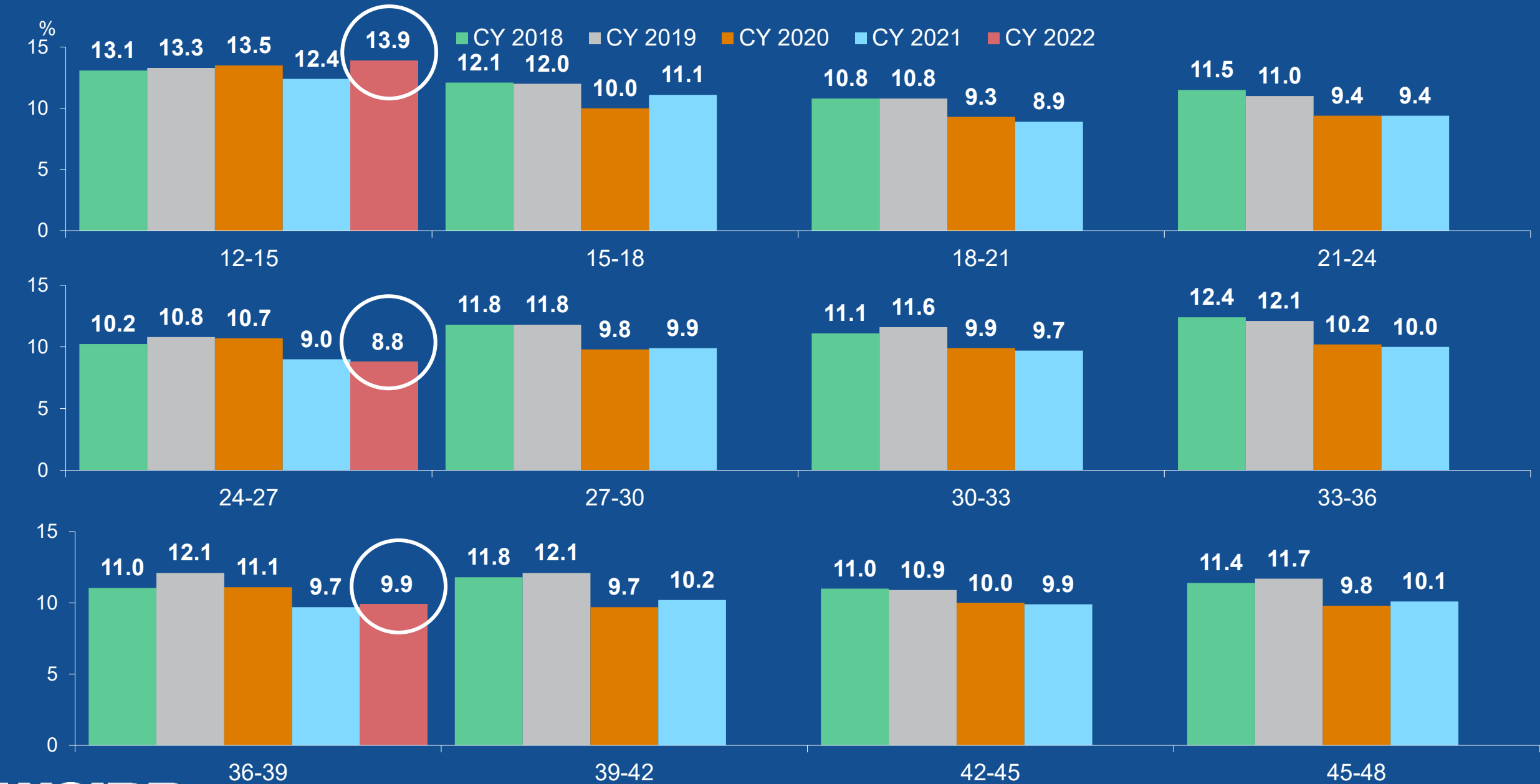
As of March 31, 2022





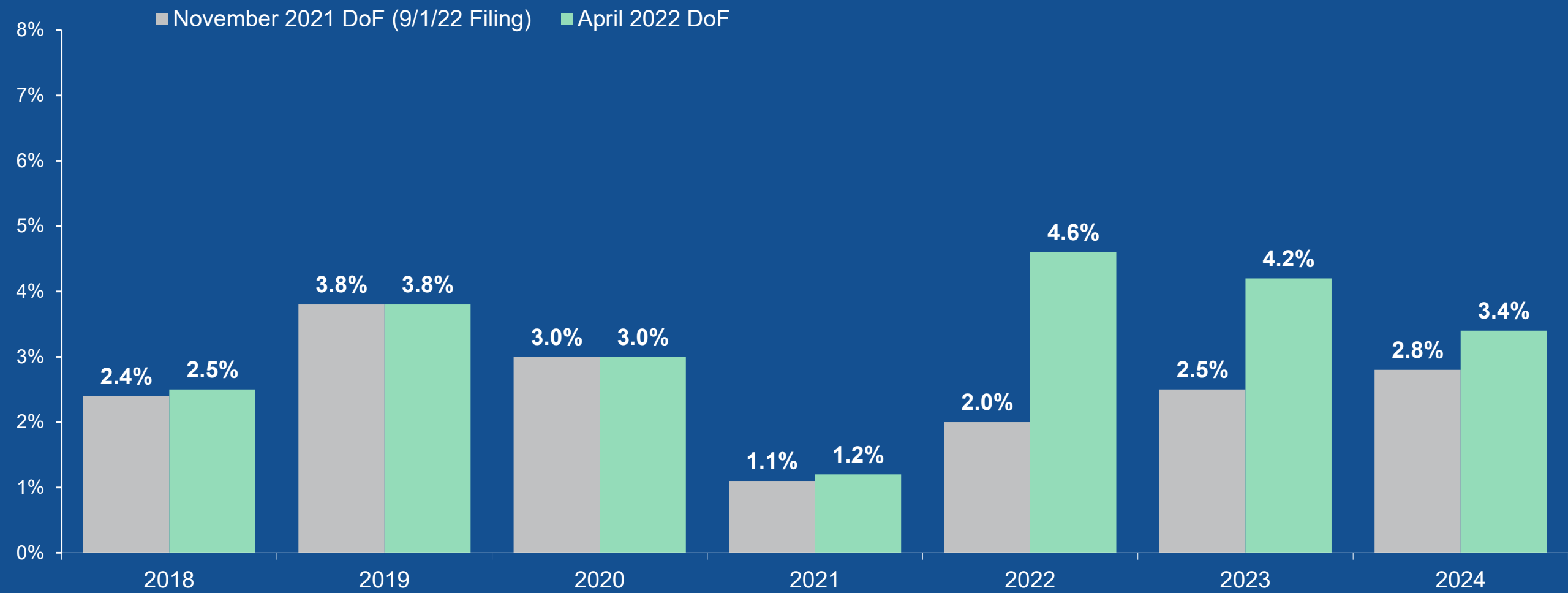
# Incremental Closed Indemnity Claims Compared to Estimated Prior Open Claims

As of March 31, 2022



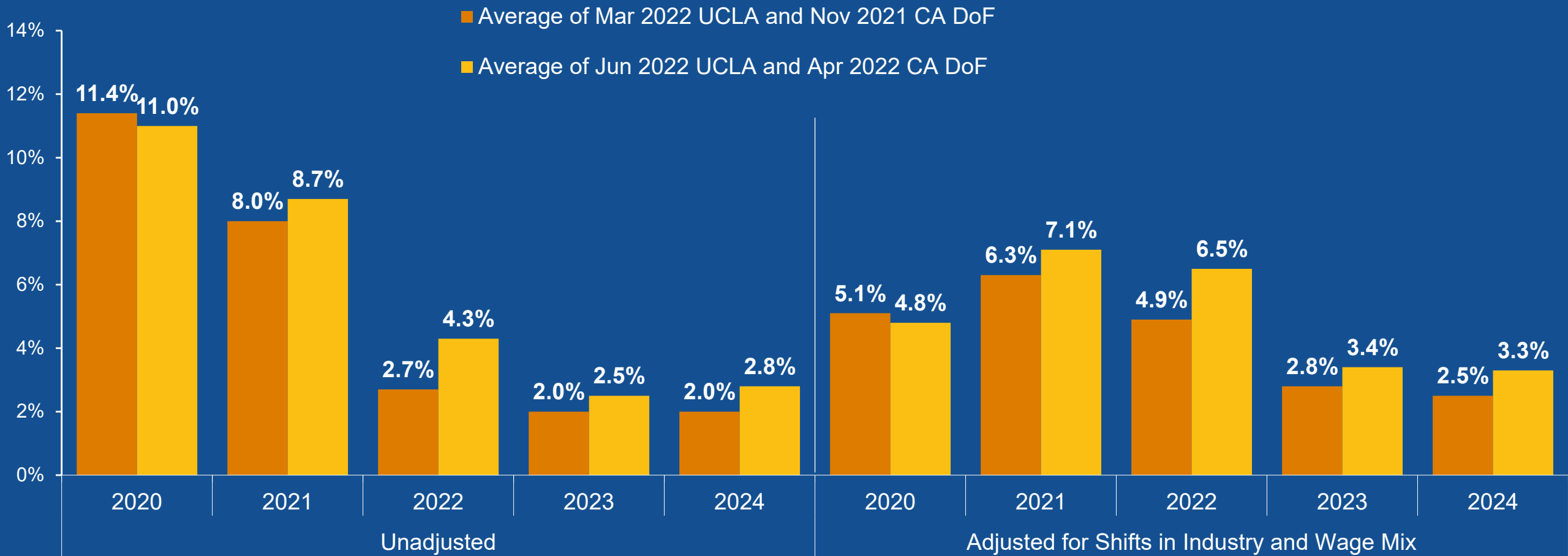
# Change in Medical CPI

As of April 2022



# Average Wage Level Change Forecast (Exhibit 5.1)

As of June 2022



## Average Annual Adjusted Wage Change Projection from 2019:

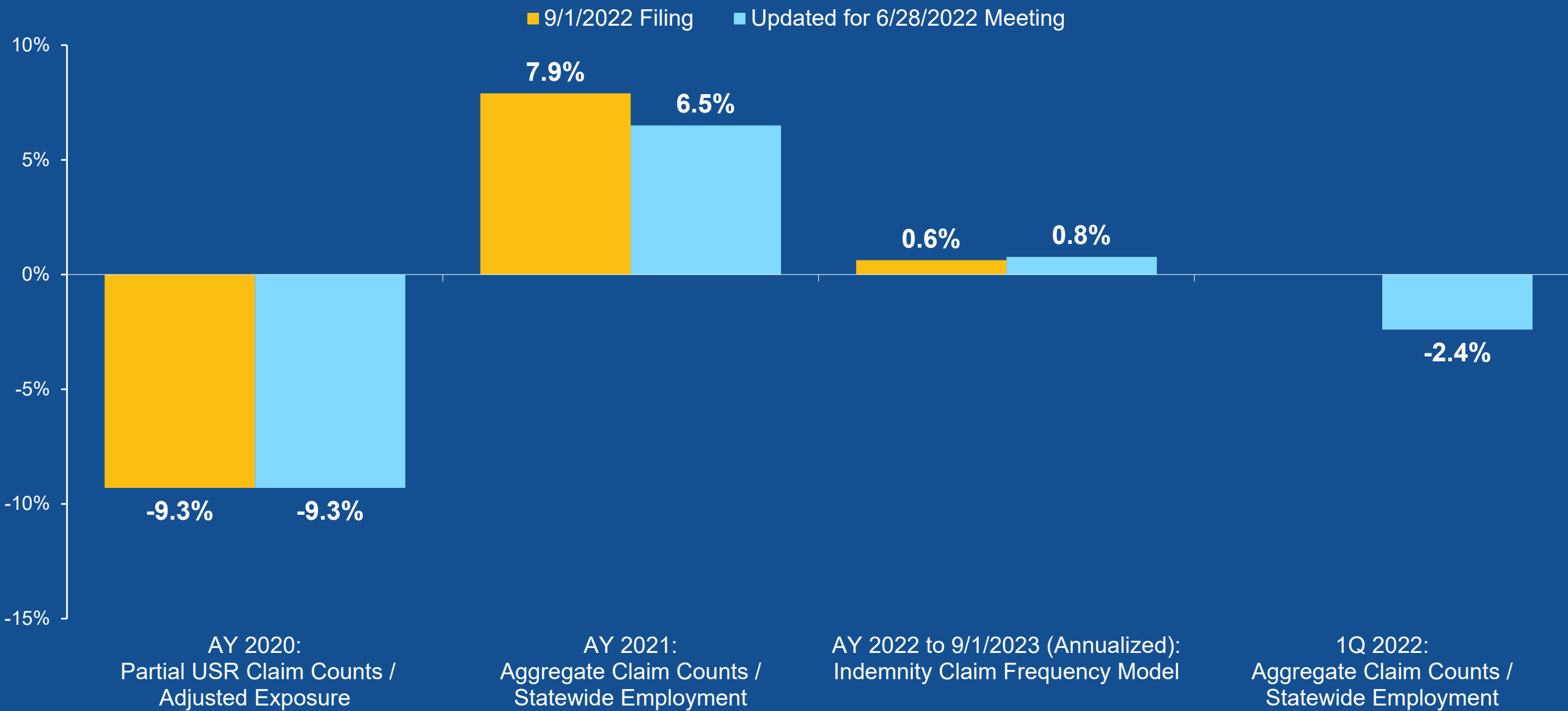
9/1/2022 Filing: 4.7%

6/28/2022 Agenda: 5.3%



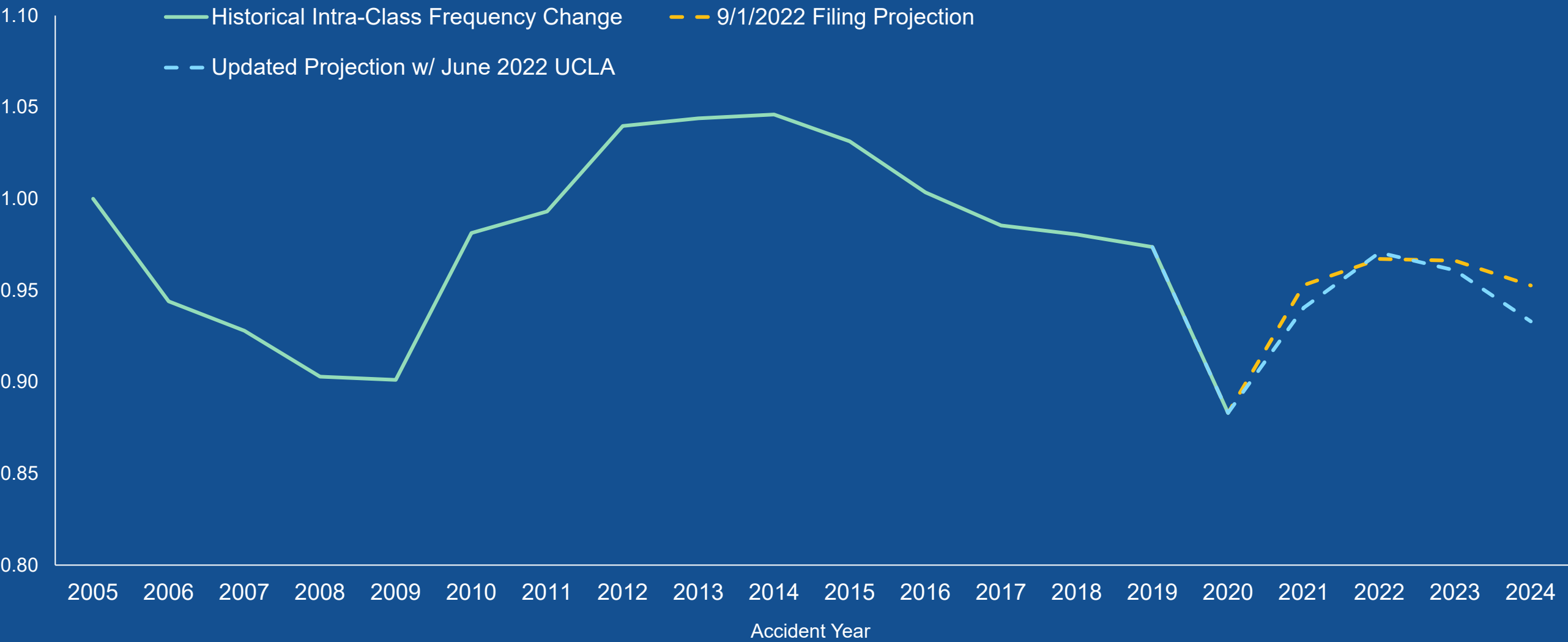
# Estimated Indemnity Claim Frequency Changes (Exhibit 12)

As of March 31, 2022



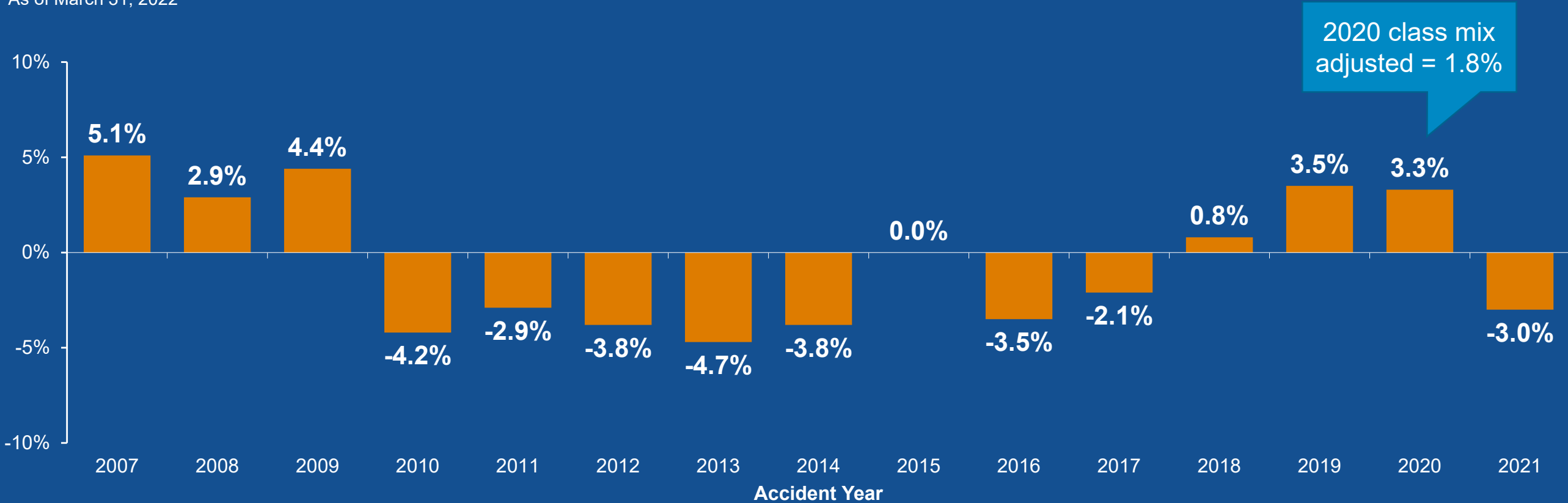
# Indemnity Claim Frequency Indexed to 2005

As of March 31, 2022



# Projected Changes in On-Level Indemnity Severity (Exhibit 6.2)

As of March 31, 2022



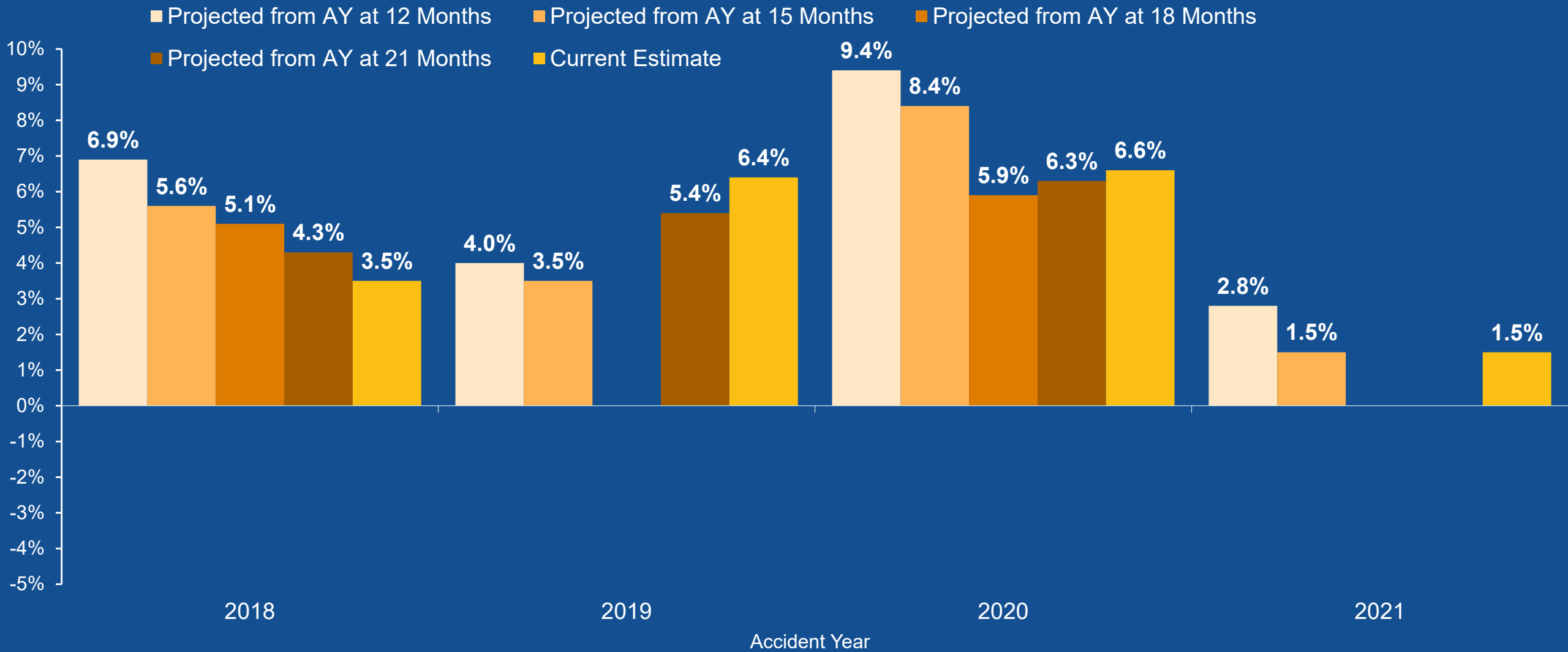
## Annual Exponential Trend Based on:

- 1990 to 2021: 0.9%
- 2005 to 2021: -1.2%
- 2017 to 2021: 1.6%

9/1/2022 Filing Selected: 1.0%

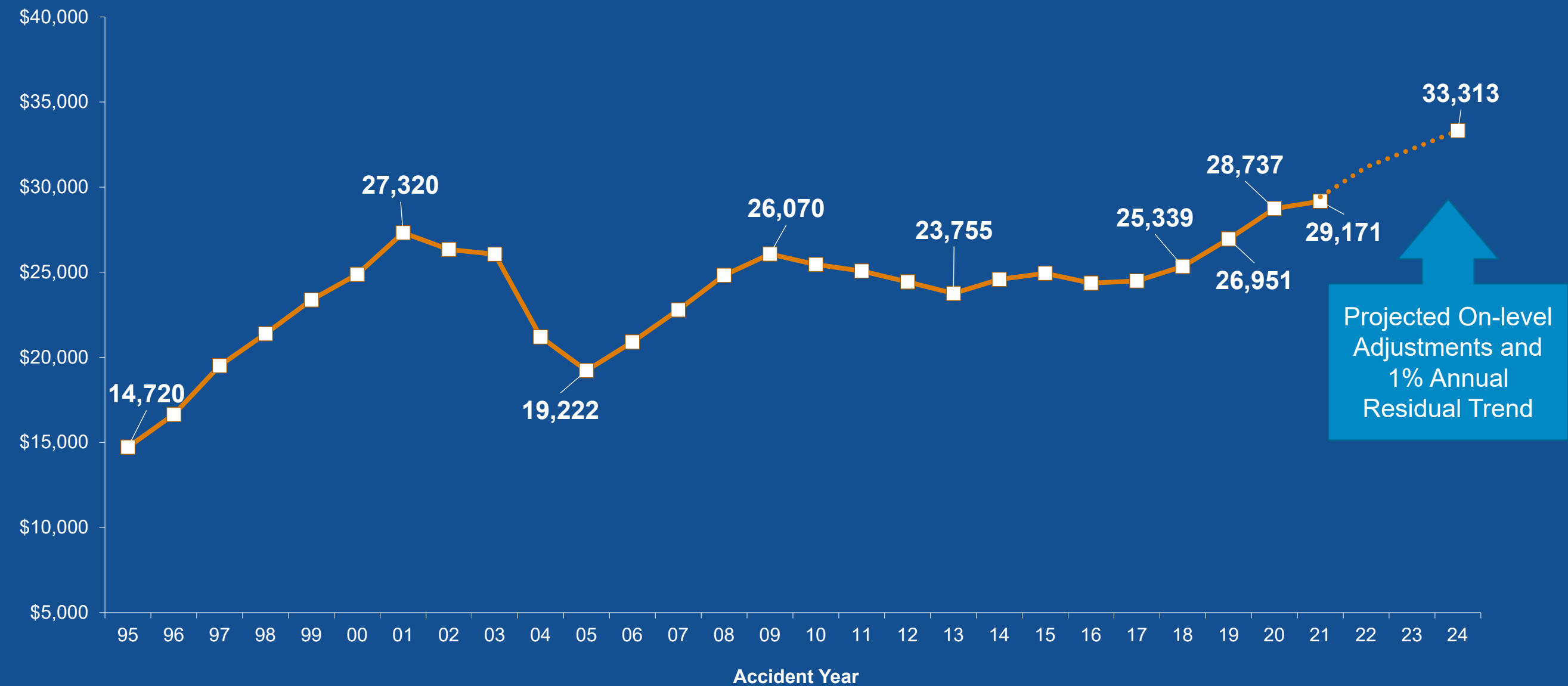
# Indemnity Severity Changes Projected from Early Evaluations Compared to Current

As of March 31, 2022



# Ultimate Indemnity per Indemnity Claim

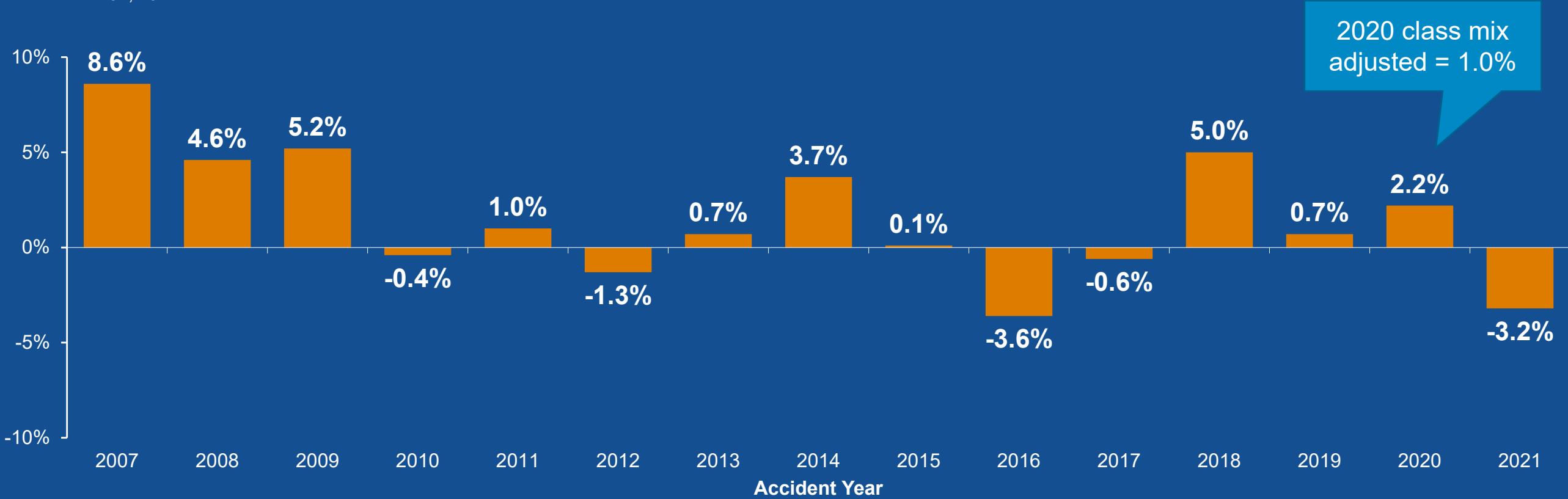
As of March 31, 2022





# Projected Changes in On-Level Medical Severity (Exhibit 6.4)

As of March 31, 2022



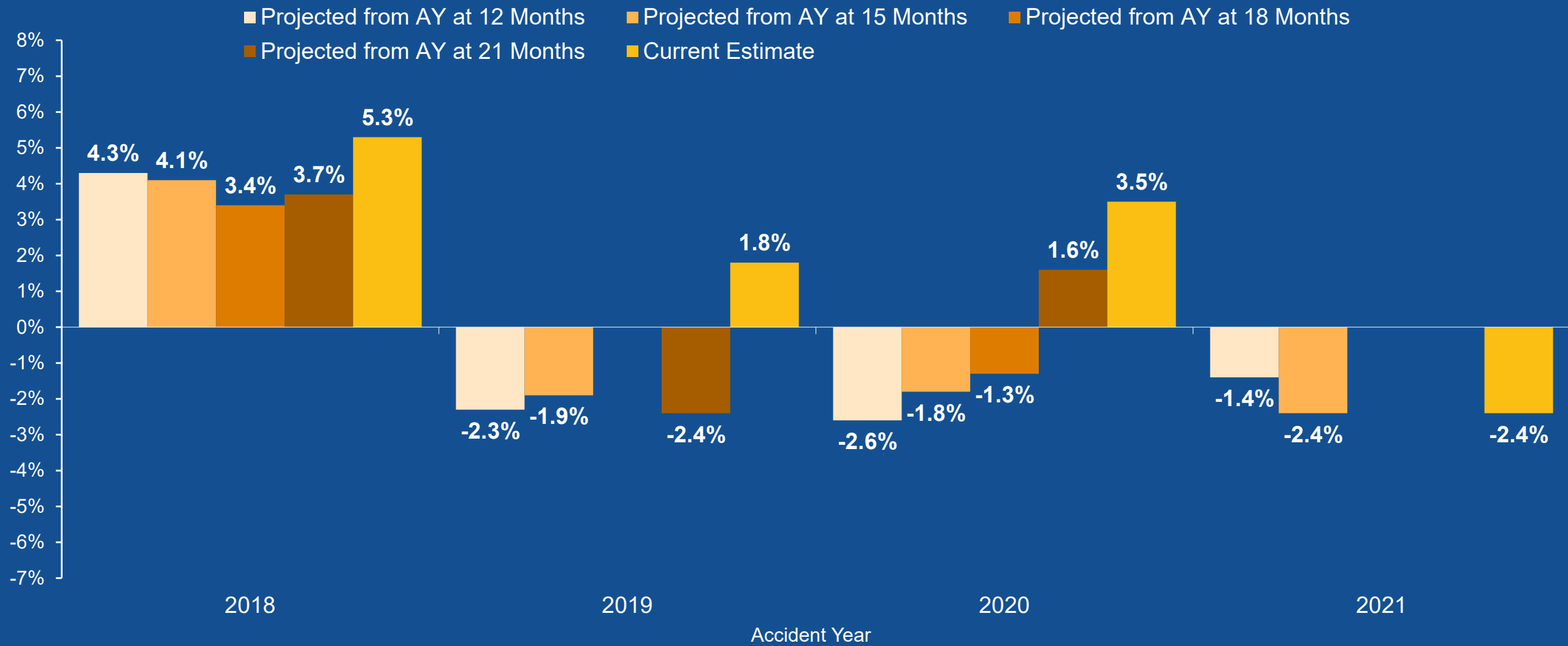
## Annual Exponential Trend Based on:

- 1990 to 2021 (including MCCP): 4.9%
- 2005 to 2021: 1.4%
- 2017 to 2021: 1.2%

9/1/2022 Filing Selected: 1.5%

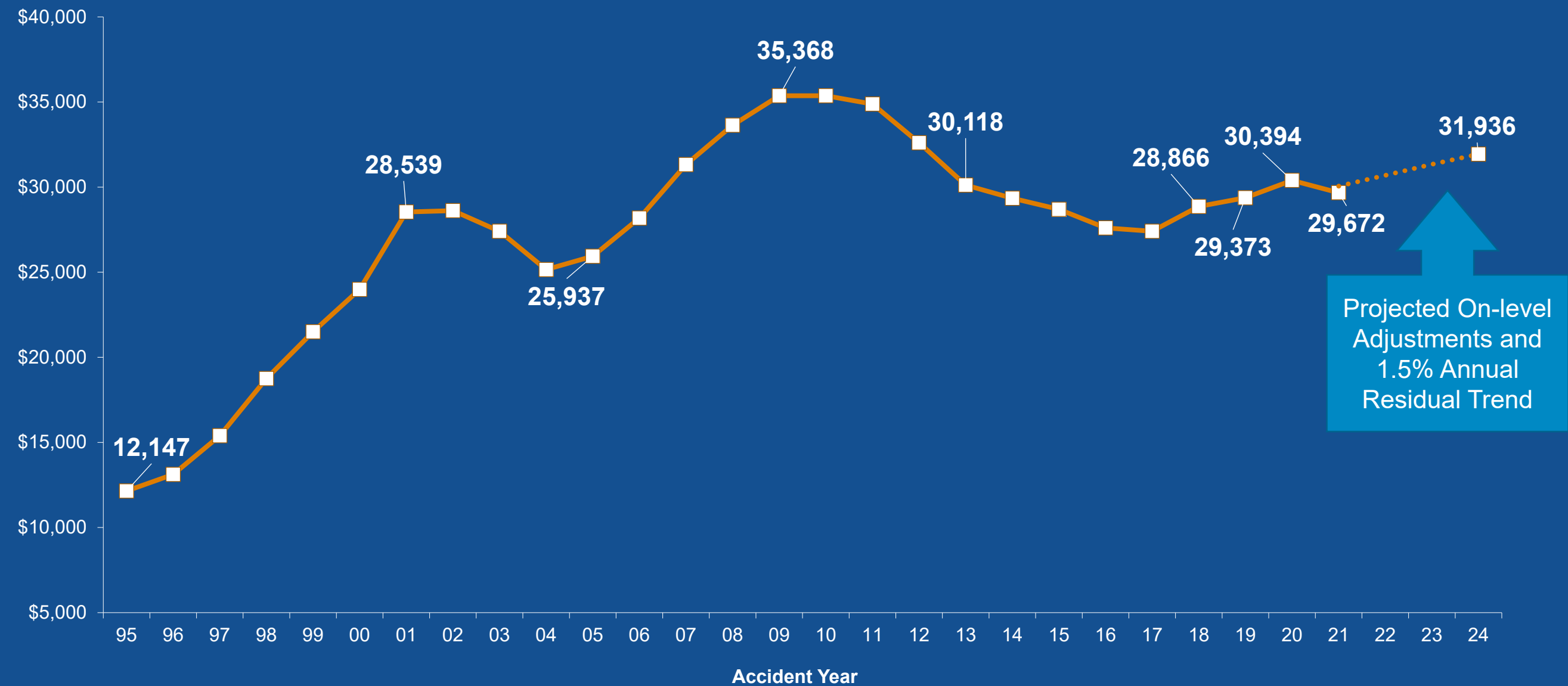
# Medical Severity Changes Projected from Early Evaluations Compared to Current

As of March 31, 2022



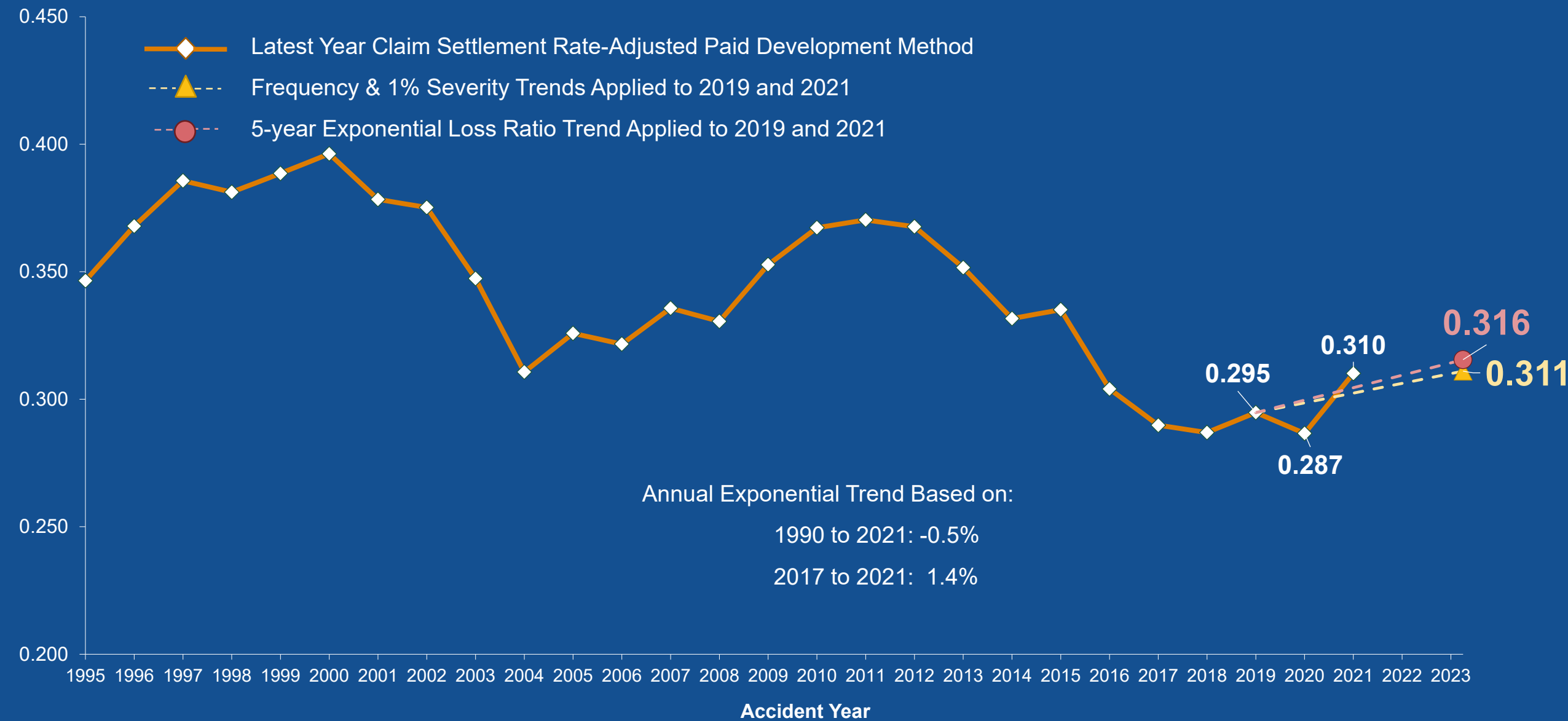
# Ultimate Medical per Indemnity Claim

As of March 31, 2022



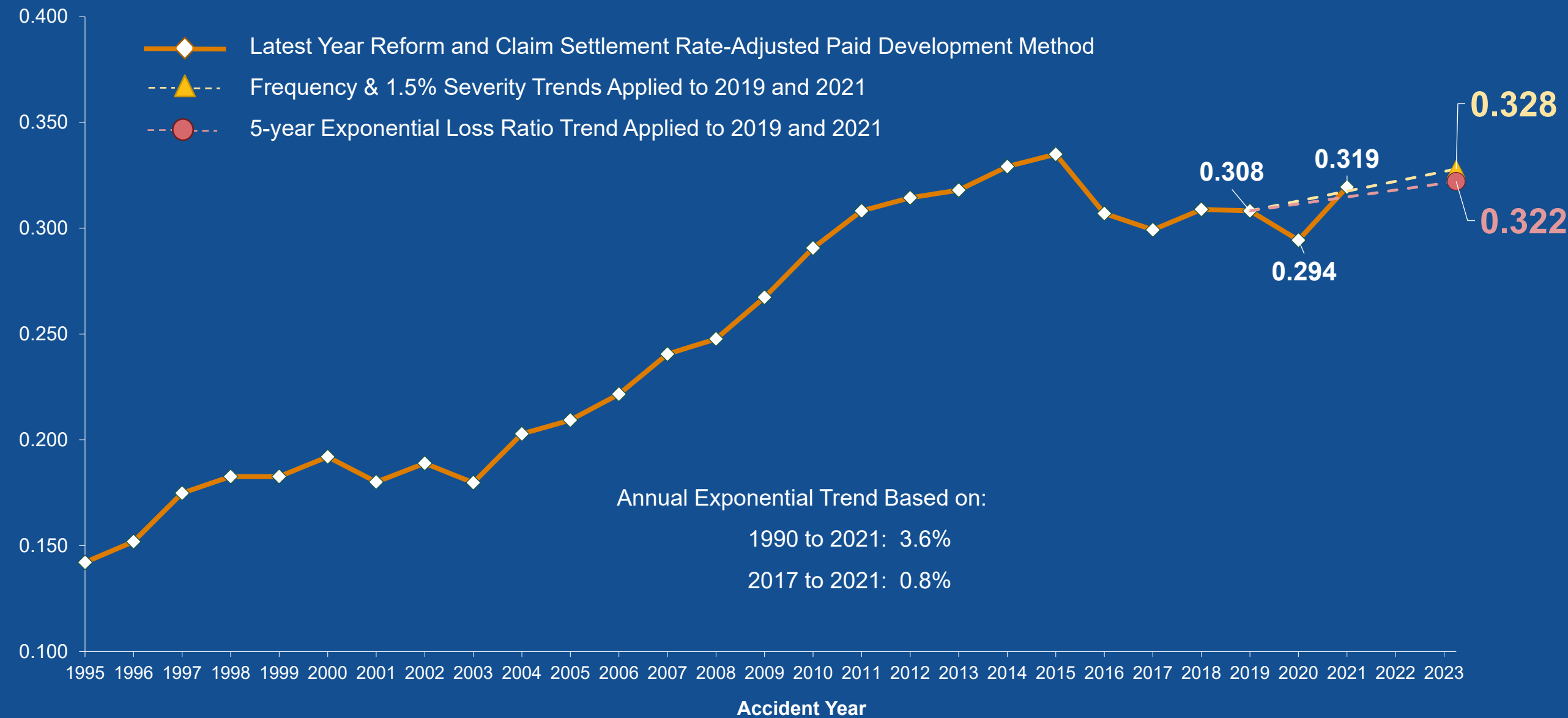
# Projected On-Level Indemnity Loss Ratios

As of March 31, 2022



# Projected On-Level Medical Loss Ratios

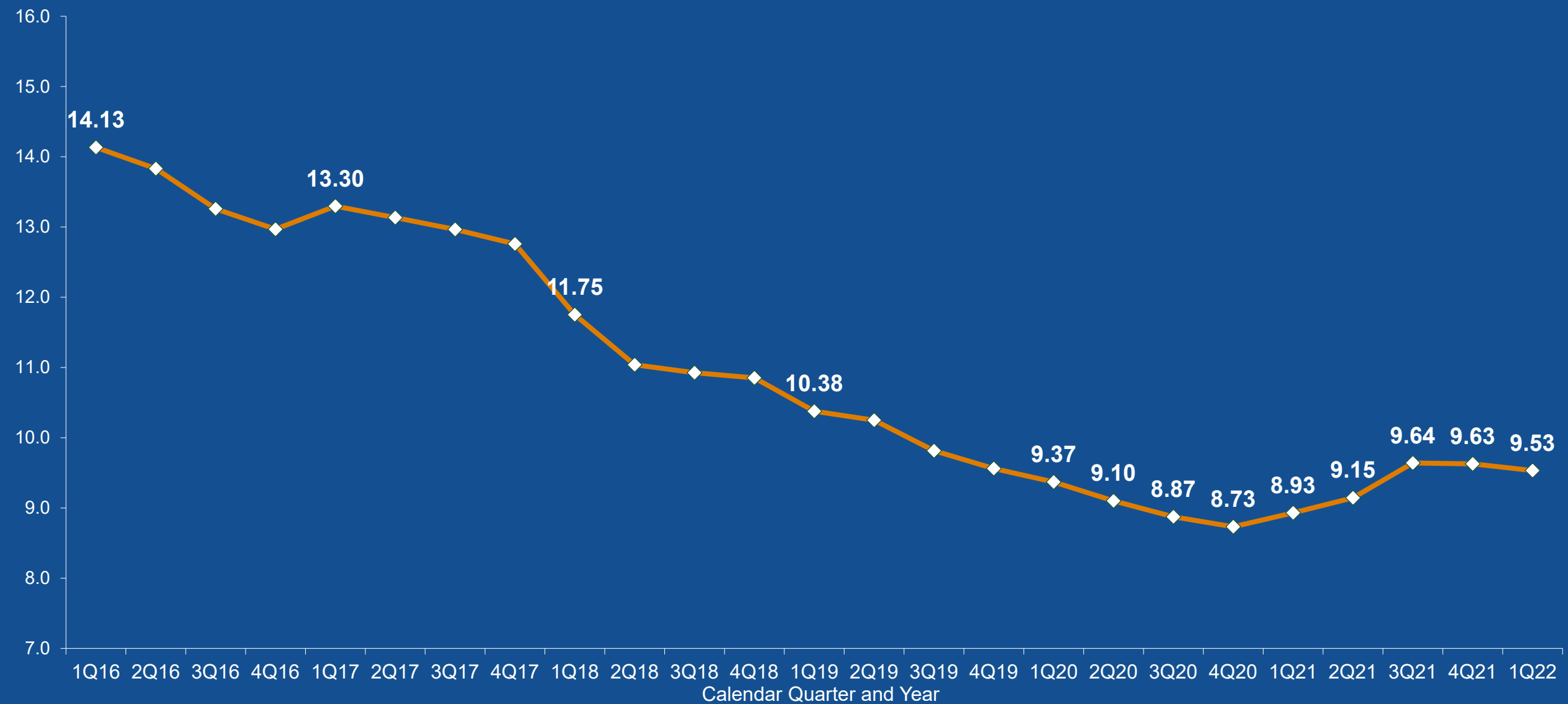
As of March 31, 2022





# Cumulative Paid ALAE Development from 12 to 90 Months

As of March 31, 2022



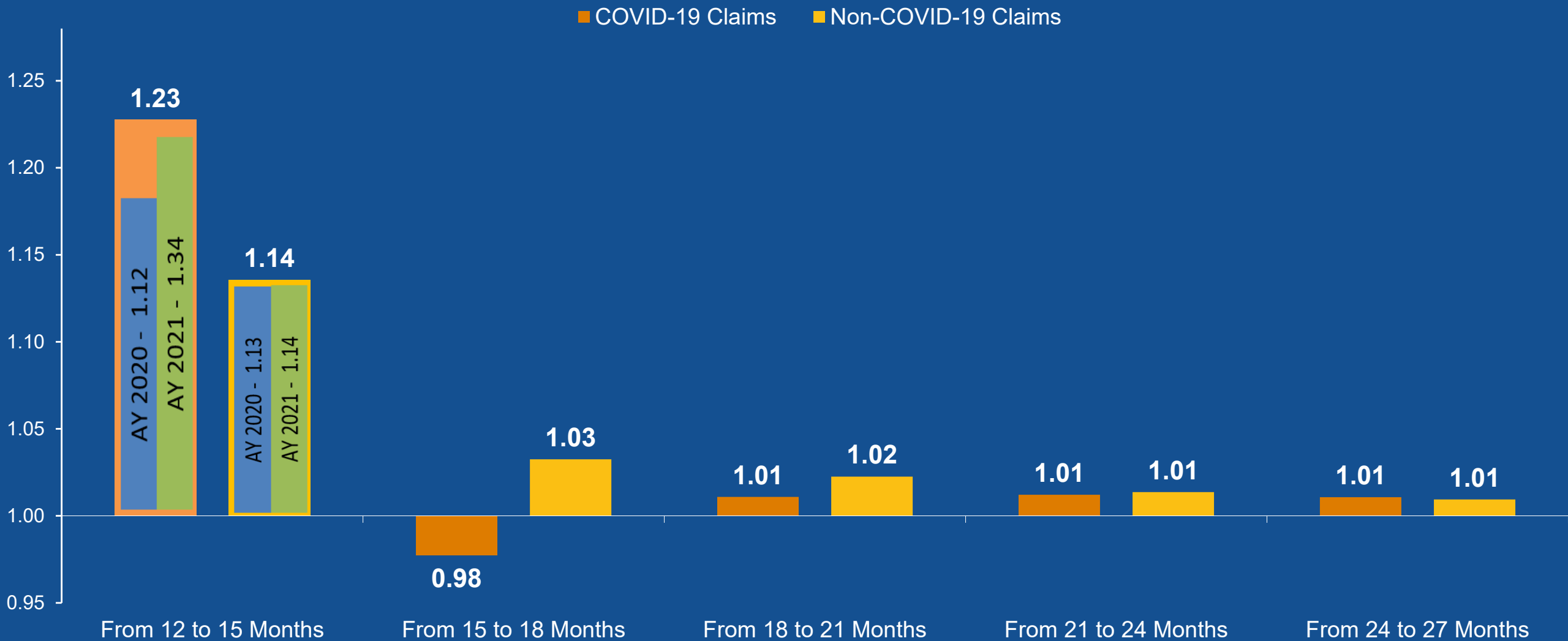
# 02

## COVID-19 Claim Development



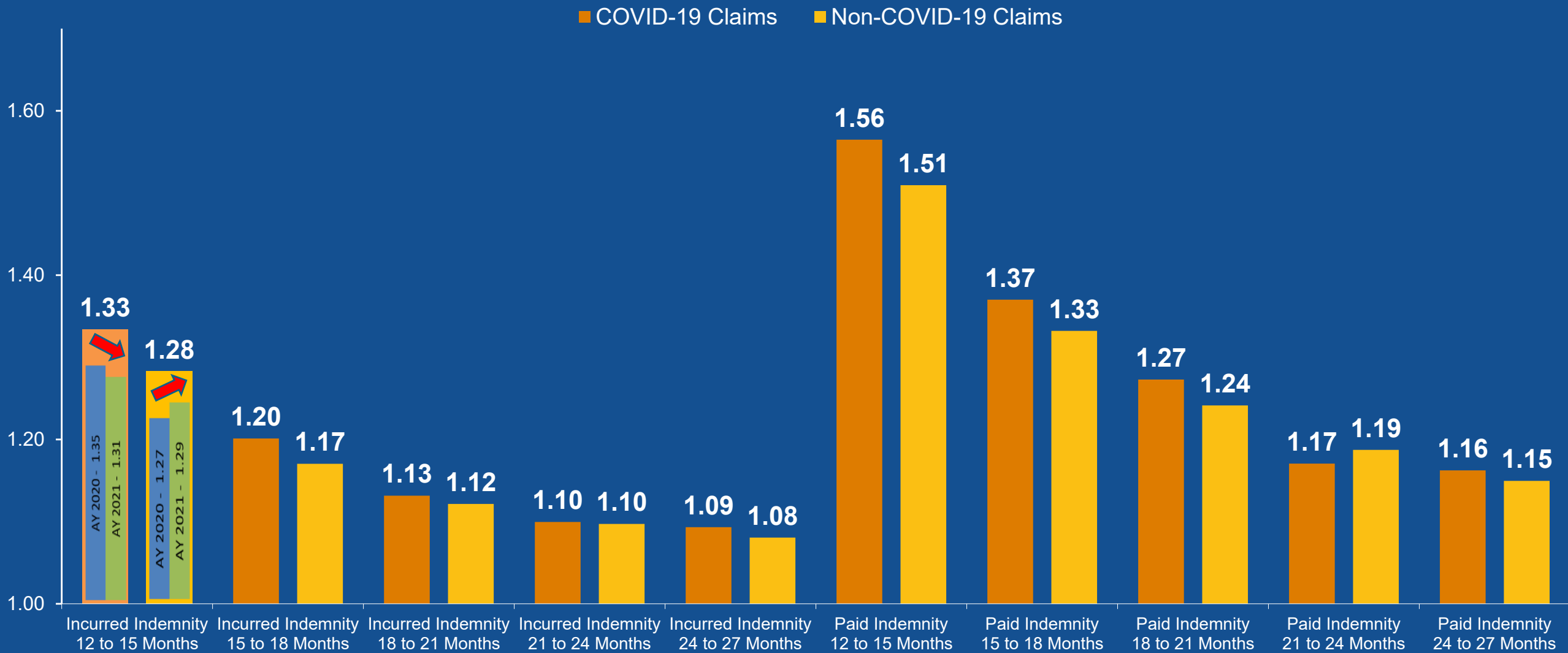
# AY 2020 & 2021 Indemnity Count Development (Exhibit 1.2)

As of March 31, 2022



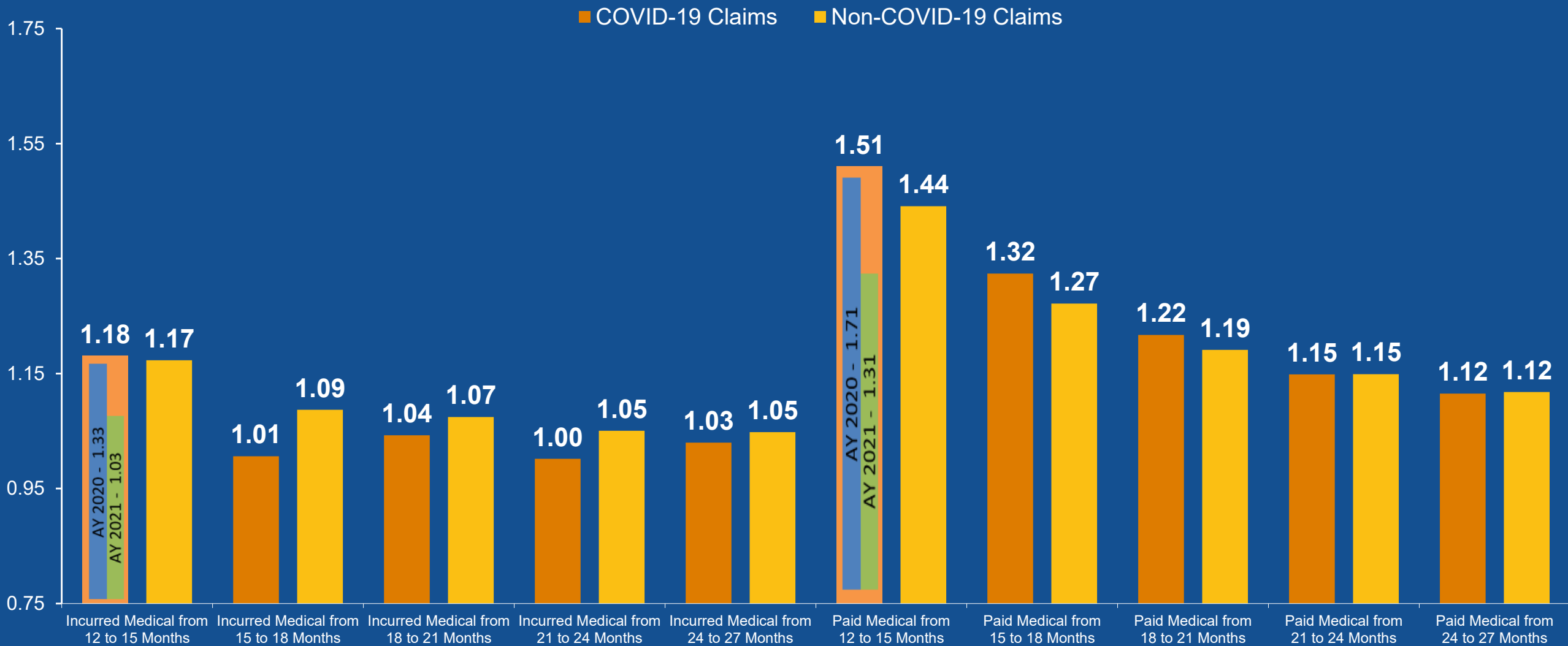
# AY 2020 & 2021 Indemnity Development (Exhibits 2.1 and 3.1)

As of March 31, 2022



# AY 2020 & 2021 Medical Development (Exhibits 2.2 and 3.2)

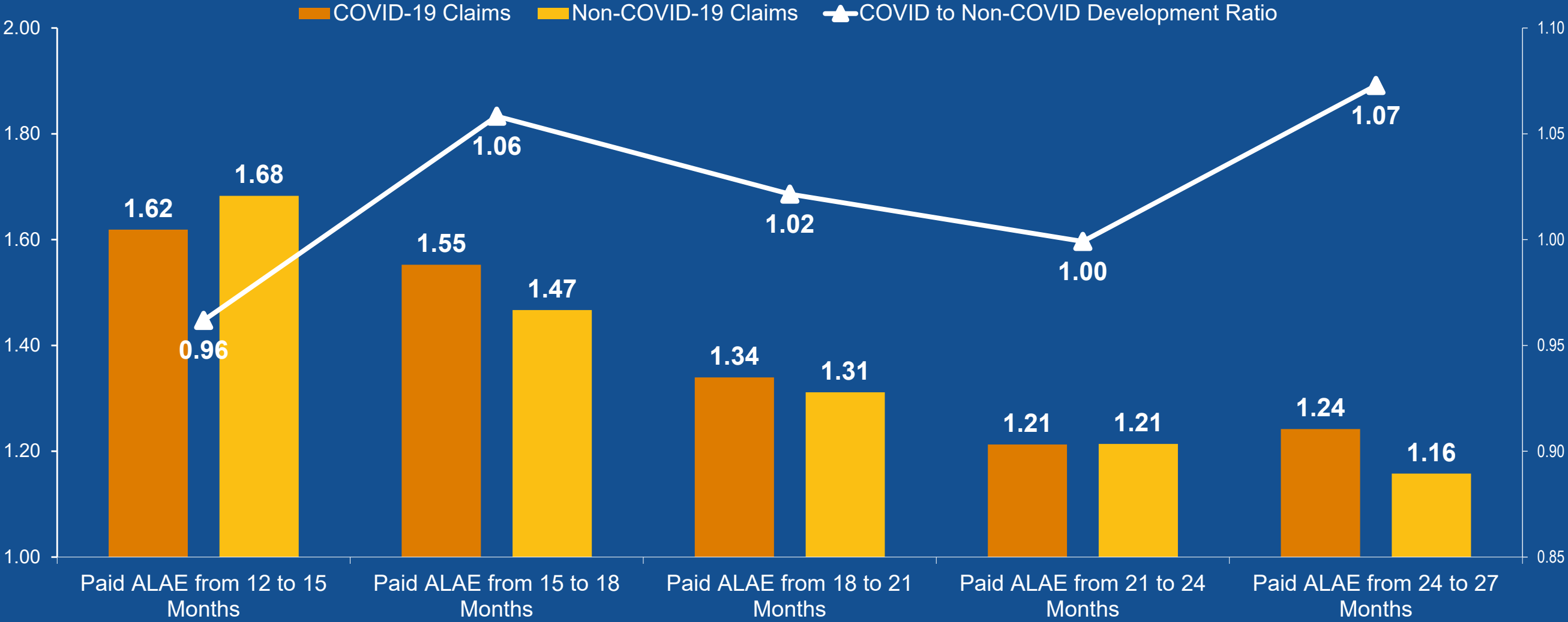
As of March 31, 2022





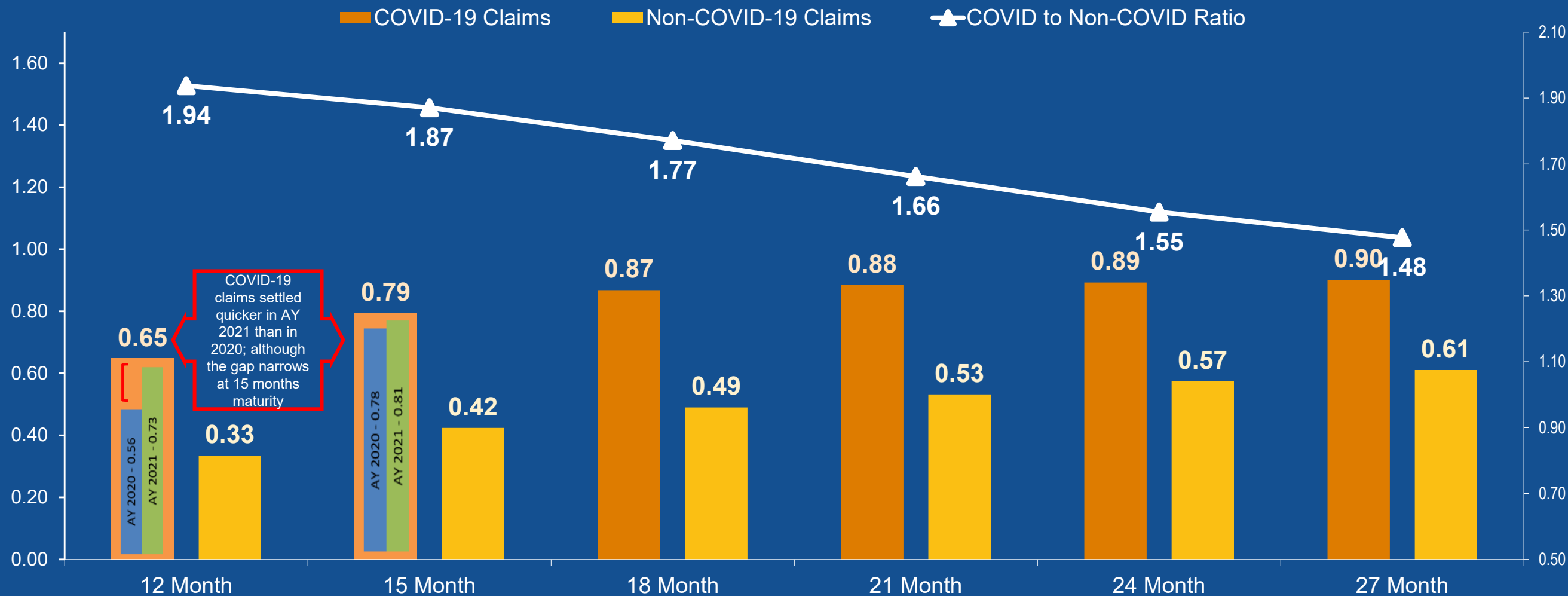
# AY 2020 & 2021 Paid ALAE (ex. MCCP) Development (Exhibit 3.3)

As of March 31, 2022



# AY 2020 & 2021 Settlement Rate (Exhibit 4)

As of March 31, 2022



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1901 Harrison Street, 17<sup>th</sup> Floor  
Oakland, CA 94612  
888.CA.WCIRB (888.229.2472)