

# Governing Committee

## Meeting Agenda

Date	Time	Location	Staff Contact
April 19, 2023	9:30 AM	Microsoft Teams Webinar	Kristen Marsh
1901 Harrison Street, 17 <sup>th</sup> Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: April 12, 2023

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

**This meeting is Open to the Public.**

Please use this [link](#) to pre-register for the meeting webinar. After registering, you will receive a confirmation email containing information about joining the webinar.

**I. Confirmation of Governing Committee Chairperson**

**II. Approval of Minutes**

Meeting held February 8, 2023

**III. Additions to the Agenda**

**IV. Ratification of Actions of WCIRB Committees**

A. Actuarial Committee Meetings Held December 6, 2022, December 8, 2022 and February 14, 2023

**V. Unfinished Business**

A. September 1, 2023 Regulatory Filing (Oral Report)

**VI. New Business**

A. September 1, 2023 Pure Premium Rate Filing

**VII. Next Meeting Date: September 27, 2023**

**VIII. Adjournment**

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# Actuarial Committee

## Meeting Minutes

Date	Time	Location	Staff Contact
December 6, 2022	9:00 AM	Microsoft Teams Webinar	David M. Bellusci
1901 Harrison Street, 17 <sup>th</sup> Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: January 9, 2023

### Members

Joel Clark  
Mauro Garcia  
Ika Irsan  
Matt Jahnke  
Neal Leibowitz  
Joanne Ottone  
Mark Priven  
Kate Smith  
Bryan Ware  
Chris Westermeyer

### Representing

Accident Fund  
Zurich North America  
Republic Indemnity Company of America  
CopperPoint Insurance Companies  
Liberty Mutual Group  
Berkshire Hathaway Homestate Companies  
Public Members of Governing Committee  
State Compensation Insurance Fund  
AmTrust  
Travelers

### California Department of Insurance

Yvonne Hauscarriague  
Giovanni Muzzarelli  
Mitra Sanandajifar  
Sarah Ye  
Brentley Yim

### WCIRB

Bill Mudge  
David Bellusci  
Laura Carstensen  
Jonathan Co Ting Keh  
Tony Milano  
Julia Zhang

\* \* \* \* \*

The meeting of the Actuarial Committee was called to order at 9:00 AM following a reminder of applicable antitrust restrictions, with Mr. Tony Milano, Vice President and Actuary, presiding.

\* \* \* \* \*

### Approval of Minutes

The Minutes of the meeting held on September 13, 2022 were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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## **Item II**

### **Working Group Meeting Summaries**

The summaries of the Claims Working Group meeting held on August 31, 2022 and the Medical Analytics Working Group meeting held on November 4, 2022 were included in the Agenda for the Committee's review and were accepted by the Committee.

### **Item AC02-03-03**

#### **Experience of Large Deductible Policies**

The Agenda included a summary of the experience of large deductible workers' compensation policies in California through December 31, 2021. Staff presented a summary of the analysis and noted that (a) the proportion of statewide business written on a large deductible basis has been consistent in recent years; (b) while differences exist in average reserve levels, indemnity claim reporting patterns, and incurred development patterns, the paid loss development patterns for large deductible business are similar to those of non-large deductible business and (c) the difference in the indicated pure premium rate level after excluding large deductible experience through December 31, 2021 was modest.

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

### **Item AC22-09-03**

#### **Pandemic Impact on Classification Relativities**

Staff reminded the Committee that, at the September 13, 2022 meeting, the Committee discussed the potential impact of using pandemic period data in the September 1, 2023 classification relativities, which would have unit statistical data for policies incepting through November 30, 2020 available. Staff reminded the Committee of the options presented to mitigate the impact of the pandemic period data on the classification relativities, including setting the minimum number of years used at three, increasing the number of years used by one for each classification (up to five maximum), or not including the latest (most pandemic-impacted) year.

Staff noted that the impact of the options using an alternative number of years based on the September 1, 2022 classification relativities was modest for most classifications. Staff also noted that based on preliminary data that would be used in the September 1, 2023 relativities (including data from policies incepting through November 30, 2020), the impact on most classifications is also modest, with the classifications most significantly impacted being in industries more heavily impacted by the pandemic, such as airline travel and entertainment. Staff further noted that for classifications with a more significant change in relativity resulting from the alternative approaches, the vast majority saw their year-to-year relativity change moving closer to zero. A Committee member asked whether the more significantly impacted classifications were generally larger or smaller. Staff's subsequent review showed that it was a general mix of two to four year credible classifications that had the more significant impacts in the preliminary review presented at the meeting. In addition, staff's subsequent reviewed showed that the largest classifications that tend to have stable year-to-year experience generally did not appear to be significantly impacted by the difference in methodology.

Staff recommended using the approach of increasing the number of years used by one for each classification for the September 1, 2023 classification relativities (up to five maximum) as it mitigates the impact of the pandemic-period data for most classifications while still utilizing the latest available experience. A Committee member noted that the unwinding of the impact of the approach should be considered in future reviews when the pandemic period data is not having as great an impact. After discussion, the consensus of the Committee was that staff's recommended methodology should be reflected in the September 1, 2023 classification relativities process. Staff noted that the approach will be reviewed again next year in preparation for the September 1, 2024 classification relativities.

## **Item AC22-12-01**

### **9/30/2022 Experience Review**

Staff presented a summary of the analysis of statewide accident year experience evaluated as of September 30, 2022, which was included in the Agenda. Staff noted that the projections presented at the meeting were updated from those reflected in the Agenda as an updated UCLA economic forecast became available subsequent to the issuing of the Agenda. It was noted that the projected loss ratio for policies incepting between September 1, 2022 and August 31, 2023 based on September 30, 2022 experience after reflecting the latest economic updates was approximately two points lower than the projection included in the September 1, 2022 Pure Premium Rate Filing which reflected December 31, 2021 experience and economic forecasts made in the first quarter of 2022. During the discussion, the Committee noted the following:

- Written premium for the first nine months of calendar year 2022 is significantly above that for the same period of 2021. The majority of the calendar year 2022 premium increase is coming from audits on policies incepting in 2021 and prior. This is more related to a lower-than-typical amount of audit premium emerging in calendar year 2021 due to the economic downturn in the early months of the pandemic, whereas the audits emerging in calendar year 2022 are more typical of the pre-pandemic period. The premium increases in 2022 are related to the economic recovery as insurer rates have continued to decline modestly in 2022.
- Loss development emerging in the third quarter of 2022 was generally stable and consistent with projections. The developed accident year loss ratios continued to decrease modestly for indemnity and increase modestly for medical and those changes tended to offset each other in the projection.
- Incremental indemnity claim settlement rates continued to increase modestly from the lows experienced during the early pandemic period but remain below the pre-pandemic period of settlement rate increase.
- Average wage level changes projected based on the September 2022 UCLA Anderson forecast showed a larger increase for 2022 through 2024 compared to prior forecasts. The estimated two point decrease in the loss ratio projection since the September 1, 2022 Filing was largely attributable to the increased wage level forecasts from those reflected in the September 1, 2022 Filing. Staff noted that the adjustments made to the wage level projections for the pandemic-related economic downturn and recovery are based on data through the first quarter of 2022 and will be reviewed in depth early next year based on updated economic data.
- The estimated indemnity claim frequency for the first nine of months of accident year 2022 is generally comparable to that for the first nine months of 2021. The annualized indemnity claim frequency model projection for accident years 2022 through 2024 is consistent with that reflected in the September 1, 2022 Filing.
- Changes in average on-level indemnity and medical severities continue to be generally consistent with reviews of experience conducted earlier this year.
- Average paid and incurred indemnity severities for accident year 2022 through nine months showed a moderate increase. Average paid and incurred medical severities for accident year 2022 through nine months were generally flat.

- Paid ALAE development is continuing to increase in the third quarter of 2022. This is likely related to claims activity and claim settlements continuing to increase following the pandemic period during which claim processes slowed. The average paid ALAE severity for the first nine months of 2022 also showed an increase.

## **Item AC22-12-02**

### **Class Ratemaking for Small Classifications**

The Committee was reminded that the WCIRB is in the midst of a comprehensive multi-year review of the classification ratemaking process. At the December 11, 2020 Actuarial Committee meeting, the Committee reviewed and approved a new loss development methodology which incorporates limited loss development and updated loss development groups. At the December 9, 2021 Actuarial Committee meeting, the Committee reviewed and approved a change to the methodology used to adjust classification relativities for differences in relative wage changes. The Committee was advised that the next stage of this comprehensive multi-year review conducted in 2022 was an analysis of the effectiveness of the ratemaking methodology applied to small classifications.

Staff shared the analysis of the predictiveness of the current methodologies which are intended to adjust for differences in the volume of experience in a classification, primarily the credibility and loss limitation methodologies. Staff noted that, in recent policy years, classification relativities have been both more accurate and more stable for classifications which are considered fully credible. While the current methodology improves accuracy for partially credible classifications, the improvement is larger for classifications with more volatile experience. Staff advised that relativities calculated on a limited loss basis are more accurate than relativities calculated on an unlimited loss basis.

A Committee member suggested that there may be a correlation between classification size and retro hazard groups as high severity classifications are probably more likely to be smaller classifications. Another Committee member suggested reviewing the current limitation on the annual change in a classification relativity of +/-25%. Several Committee members suggested considering whether the smallest classifications may differ from larger classifications in ways beyond the volume of experience which might limit the accuracy of the projections for the smaller classifications.

Staff recommended exploring ways to improve the performance of the loss limitation methodology in 2023 such as applying lower loss limitations for classifications with a smaller volume of experience. The Committee supported this exploration.

### **Item AC22-12-03**

#### **Potential 2023 Actuarial and Research Projects**

The Committee reviewed the list of potential actuarial and research studies included in the Agenda that are under consideration for 2023. It was noted that many of the listed studies were either requested by the California Department of Insurance (CDI), developed in response to issues raised in recent CDI Decisions, required by legislation or related to the COVID-19 pandemic.

Several Committee members emphasized the importance of the recommended study on the impact of tenure on claim frequency and suggested several additional components to consider. A Committee member questioned whether the WCIRB's continued pandemic-related research in 2023 will evaluate the late reporting of significant medical costs on COVID-19 claims. Staff confirmed that the issue along with long COVID and permanent disability on COVID-19 claims will be focuses of the WCIRB research efforts in 2023. After discussion, the consensus of the Committee was that the schedule of projects outlined in the Agenda to be undertaken in 2023 was appropriate.

## **Item AC22-12-04**

### **2023 Schedule of Meetings**

The following schedule of Actuarial Committee meetings for 2023 was approved by the Committee. It was noted that the WCIRB intends to hold hybrid meetings in 2023 so that Committee members and California Department of Insurance staff may attend either in person or virtually, and all members of the public could attend virtually. It was also agreed that all 2023 meetings will begin at 9:30 AM Pacific Time in order to accomodate members flying from Southern California to attend meetings in person.

Tuesday, February 14, 2023 (September 1, 2023 Regulatory Filing)

Tuesday, March 21, 2023

Thursday, April 13, 2023 (September 1, 2023 Pure Premium Rate Filing)

Thursday, June 22, 2023

Tuesday, September 12, 2023

Tuesday, December 5, 2023

Thursday December 7, 2023 (if needed)



The meeting was adjourned at 11:00 AM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for February 14, 2023 for approval and/or modification.

# Actuarial Committee

## Meeting Minutes

Date	Time	Location	Staff Contact
December 8, 2022	9:00 AM	Microsoft Teams Webinar	David M. Bellusci

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Released: January 9, 2023

### Members

Joel Clark  
Mauro Garcia  
Ika Irsan  
Matt Jahnke  
Neal Leibowitz  
Joanne Ottone  
Mark Priven  
Kate Smith  
Bryan Ware  
Chris Westermeyer

### Representing

Accident Fund  
Zurich North America  
Republic Indemnity Company of America  
CopperPoint Insurance Companies  
Liberty Mutual Group  
Berkshire Hathaway Homestate Companies  
Public Members of Governing Committee  
State Compensation Insurance Fund  
AmTrust  
Travelers

### California Department of Insurance

Yvonne Hauscarriague  
Giovanni Muzzarelli  
Mitra Sanandajifar  
Sarah Ye  
Brentley Yim

### WCIRB

Bill Mudge  
David Bellusci  
Laura Carstensen  
Esther Li  
Tony Milano  
Shane Steele  
Julia Zhang  
Claudia Zhou

\* \* \* \* \*

The meeting of the Actuarial Committee was called to order at 9:00 AM following a reminder of applicable antitrust restrictions with Mr. David Bellusci, Executive Vice President and Chief Actuary presiding.

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## **Item II**

### **Working Group Meeting Summaries**

The summary of the Actuarial Research Working Group meeting held on November 10, 2022 was included in the Agenda for the Committee's review and was accepted by the Committee.

## **Item AC22-12-05**

### **Review of Paid and Incurred Development**

The Committee was reminded that, historically, the WCIRB has projected loss development primarily using paid loss development factors rather than incurred loss development factors as past analyses have shown that paid development has been more stable and accurate than incurred development, is less variable across insurers and can better be adjusted for the impact of reform and other system changes. Staff noted that a comprehensive retrospective review of paid and incurred loss development has not been undertaken since 2014. Since that time, there have been a number of system reforms and a worldwide pandemic impacting the California workers' compensation system.

Staff presented an initial retrospective review of paid and incurred development projections using data through December 31, 2021. An analysis utilizing various methodologies and comparing retrospective results through 96 months of development suggested the latest year unadjusted incurred method projections were more accurate than the unadjusted paid projections for indemnity for this period. The same analysis was conducted on medical, in which the accuracy of the latest year unadjusted paid and unadjusted incurred method projections were generally comparable across accident years and development ages.

Staff recommended continuing to study paid and incurred loss development approaches and to present an updated analysis to the Committee at the meeting in March. Some of the suggested areas to review in the updated analysis included reviewing more mature development periods in addition to the current analysis in which development was capped at 96 months, considering the adjusted paid methods to account for reforms and claim settlement rate impacts, including data through December 31, 2022, and reviewing other criteria considered when selecting a loss development approach such as the variability of development across insurers. The Committee generally agreed with this plan.

## **Item AC22-12-06 Retrospective Rating Plan Updates**

Staff presented a summary of the ongoing study to update the California Retrospective Rating Plan. It was noted that the last full update of the plan was effective January 1, 2019 and reminded the Committee of the annual update process. Staff then presented the schedule for the Plan update. The Committee was then shown a high level summary of the claim simulation process that underlies the plan and was shown changes in the size of loss distribution for the starting database of Unit Statistical Report claims that serves as the basis for claim simulations.

Staff discussed the data used to build the age-to-age development factors and closing rates in the simulation. Staff then presented diagnostic findings which showed that empirical data from the most recent several years would have a dampening impact on loss development in the simulation. A Committee member asked if these findings were consistent with other WCIRB research regarding the emergence of very large or “mega” claims. Staff noted that the empirical results were largely consistent with mega claim research in that earlier emergence of large claims would lead to smaller development later on. Staff presented a sensitivity analysis showing the impact of removing individual years of development data from the tables used to simulate claims and the impact of giving more or total weight to the most recent years. For reasons discussed at the meeting, including the difficulty in properly defining “normal” development patterns by calendar year and the desire to include all possible loss development environments in the simulation which runs to a maturity of 100 years, staff recommended continuing to use all available calendar years of data with equal weight to compile the tables used in the simulation model. There were no objections from the Committee.

Staff then presented preliminary results of an updated simulation database. Staff noted that the size of loss distribution was changed very little by the updated starting database, but that the updated simulation tables lead to a significantly less severe size of loss distribution. Staff noted this was consistent with the empirical diagnostics discussed earlier.

Finally, staff presented a method to adjust the simulation database to reflect the classification mix being used to compute classification relativities. Staff noted that, in particular, hazard group 5 became more severe. Staff recommended applying this adjustment and there were no objections from the Committee.

## **Item AC22-12-07**

### **Updates to Medical Characteristics of COVID-19 Claims and Long COVID Study**

Staff summarized its update to the analysis of the medical characteristics of COVID-19 claims and long COVID with a focus on a comparison of COVID-19 claims for accident year (AY) 2020 to those in AY 2021. The Committee was advised that AY 2021 COVID-19 claims had a higher share of claims receiving hospital care without ICU care but a lower share of claims needing ICU care and a lower share of death claims. Staff noted that the differences between the two accident years may reflect the impacts of higher population immunity in 2021 due to vaccinations and natural infections.

Staff then discussed the findings with respect to the prevalence of long COVID. The Committee was advised that about 13% of COVID-19 claims with medical payments had treatment for long COVID symptoms during the 12-month post-acute care period. Staff also noted that for COVID-19 claims that had a prior hospitalization for the acute infection, 1 out of 9 continued to need medical care for long COVID symptoms 11 months after acute care. Several Committee members suggested further exploring how vaccines affect the risk of long COVID. Staff agreed to further explore the impacts of vaccines by analyzing how changes in the mix of acute infection severity in 2021 affects the long COVID prevalence as well as comparing the risk of long COVID by healthcare workers in different settings (for example, nursing homes versus outpatient) that had different timings of the vaccine rollout.

The Committee was advised that staff plans to analyze the group health data of a sample of California workers to compare the long COVID prevalence in the group health insurance system to that in the workers' compensation system and better understand how comorbidity affects the risk of long COVID. The Committee was advised that the updated analysis will be finalized and published by early 2023. In addition, staff noted that the long COVID analysis will be updated in 2023 as more data on the long-term experience of COVID-19 claims becomes available.

## **Item AC22-12-08**

### **Telehealth Study**

Staff presented the preliminary findings of its study of telehealth usage focusing on the characteristics of telehealth services provided in the California workers' compensation system and how claims involving telehealth services compare to claims involving only in-person medical services. The Committee was advised that the use of telehealth services increased dramatically at the start of the pandemic and gradually declined in the following quarters with the overall level of telehealth service use remaining significant in 2021. Staff noted that the high usage of telehealth services is mainly concentrated in evaluation and management (E&M) services. The Committee suggested continuing to monitor the telehealth service trend in 2022 and staff agreed to update the trend based on available 2022 data in the study report to be published in early 2023.

The Committee was advised that urban areas in California tend to have a higher share of telehealth services payments than rural areas, potentially because urban areas tend to be more equipped with the technology needed to effectively deliver telehealth services. However, Staff noted that the greater Los Angeles region has a lower share of telehealth services payments than other urban areas. A Committee member expressed surprise at the relatively low telehealth usage in rural areas as it was believed use of telehealth could improve access to care in rural areas and therefore be used more frequently. It was suggested that the spread of telehealth technology tends to lag in rural areas so it may take more time for rural areas to ramp up telehealth services. Staff agreed to explore telehealth provider availability by region as well as to continue monitoring the use of telehealth services by urban and rural areas as more data becomes available.

The Committee was also advised that the time from injury date to first medical treatment was longer when the first E&M service was telehealth than when the first E&M service was in-person. A Committee member asked if cumulative trauma claims were included in the study as cumulative trauma claims can have long lags between injury date and reporting date and hence a longer time from injury date to date of first service. Staff advised that cumulative trauma claims were included in the analysis and agreed to further explore the impact of potential reporting delays among cumulative trauma claims on time to initial treatment. The Committee was advised that the telehealth study will be finalized and published in early 2023.



The meeting was adjourned at 11:30 AM.

\* \* \* \* \*

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for February 14, 2023 for approval and/or modification.

# Actuarial Committee

## Meeting Minutes

Date	Time	Location	Staff Contact
February 14, 2023	9:30 AM	Microsoft Teams Webinar	David M. Bellusci

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Released: March 1, 2023

### Members

Joel Clark  
Mauro Garcia  
Ika Irsan\*  
Matt Jahnke  
Neal Leibowitz\*  
Joanne Ottone\*  
Mark Priven  
Kate Smith  
Bryan Ware  
Chris Westermeyer

### Representing

Accident Fund  
Zurich North America  
Republic Indemnity Company of America  
CopperPoint Insurance Companies  
Liberty Mutual Group  
Berkshire Hathaway Homestate Companies  
Public Members of Governing Committee  
State Compensation Insurance Fund  
AmTrust  
Travelers

### California Department of Insurance

Yvonne Hauscarriague  
Mitra Sanandajifar  
Brentley Yim

### WCIRB

Bill Mudge  
David Bellusci  
Laura Carstensen  
Tony Milano  
Julia Zhang

\* Attended in person

\* \* \* \* \*

The meeting of the Actuarial Committee was called to order at 9:30 AM following a reminder of applicable antitrust restrictions with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

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### **Item AC22-09-03**

#### **Pandemic Impact on Classification Relativities**

The Committee was reminded that, at the December 6, 2022 meeting, the Committee adopted staff's recommended approach for mitigating the impact of the pandemic-period data on the classification relativities. The refined methodology involves increasing the number of years used by one for each classification (up to five years maximum). Staff noted that for several classifications, an additional year of data (compared to the prior filing) is already utilized when determining the number of years required for full credibility. In these instances, staff recommended not adding an additional year of experience to mitigate the impact of the pandemic as using an older year in this analysis not used in the prior filing may create unnecessary volatility.

Staff summarized the impact of the methodology refinements on the proposed September 1, 2023 relativities. It was noted that, for most classes, the impact is small and generally consistent with the preliminary review conducted last year. For other classes, where the impact is larger, the refinements are reducing the magnitude of the relativity change the vast majority of the time.

The Committee next discussed the adjustments to reported payroll amounts to on-level for relative changes in wage levels by classification. Staff noted that this adjustment is primarily based on the American Community Survey (ACS) data. Staff noted that significant anomalies were observed in the 2020 and 2021 ACS data that is likely related to the pandemic and that the Census Bureau recommended not using this data for year-to-year comparisons. As a result, staff recommended not reflecting the relative changes in wage levels by classification for 2020 and 2021 in the September 1, 2023 relativities. Staff noted that it will review the 2022 ACS data and how to reflect it in the September 1, 2024 classification relativities with the Committee next year.

After discussion, the consensus of the Committee was that staff's recommended methodology refinements should be reflected in the classification relativities to be computed for the September 1, 2023 Regulatory Filing.

## **Item AC23-02-01**

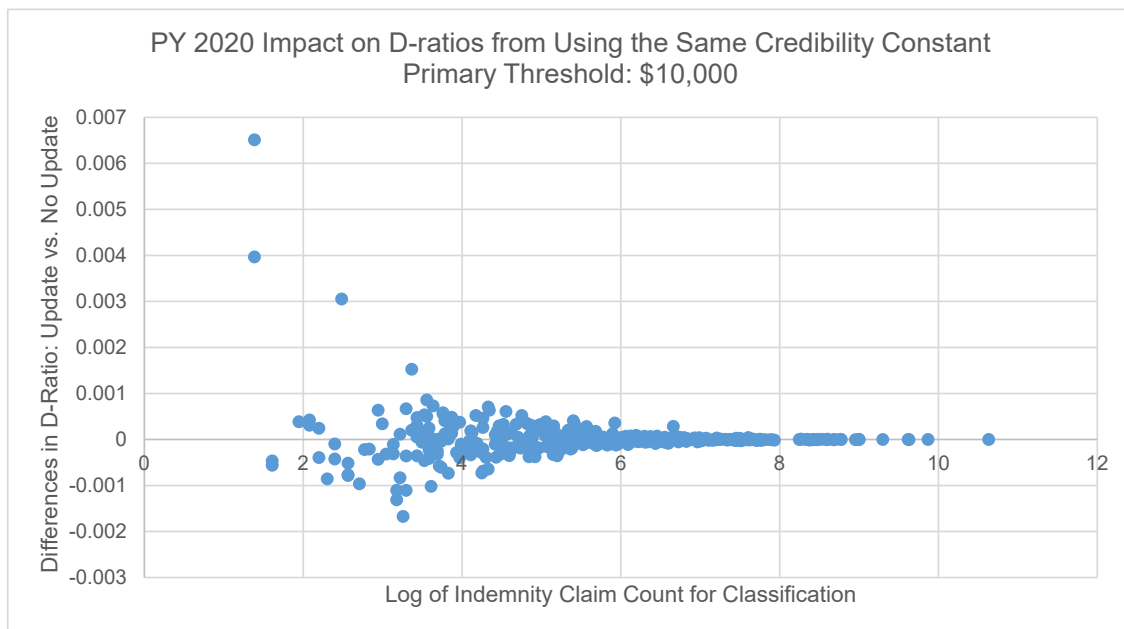
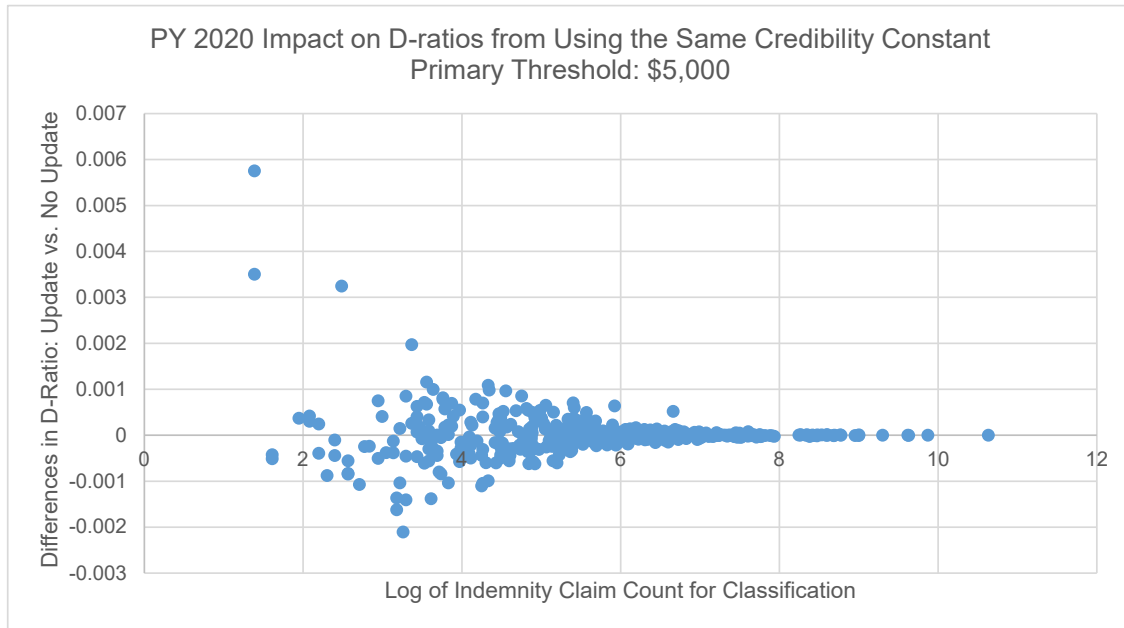
### **9/1/2023 Regulatory Filing – Experience Rating Plan Values**

Staff presented a draft analysis of the indicated September 1, 2023 experience rating off-balance correction factor. Staff noted that the methodology used to compute the indicated off-balance factor for policies incepting between September 1, 2023 and August 31, 2024 was consistent with the methodology reflected in the September 1, 2022 Regulatory Filing. The Committee was advised that the preliminary indicated September 1, 2023 off-balance factor using this approach is 1.042, which is 1.2% above the 1.030 factor reflected in the September 1, 2022 Regulatory Filing. Staff noted that, although the indicated off-balance factor is higher than in recent filings, it is reasonably within the longer-term range of indicated off-balance factors. The consensus of the Committee was that this methodology was appropriate and should be used to compute the final September 1, 2023 off-balance factor.

Staff then presented a draft analysis of the factors used to generate proposed September 1, 2023 expected loss rates. Staff noted that the overall methodology to compute the expected loss rate factors was consistent with that reflected in the September 1, 2022 Regulatory Filing. Staff informed the Committee that a comprehensive review of the expected loss rate methodology is scheduled to begin later this year. The consensus of the Committee was that the proposed September 1, 2023 expected loss rates should reflect the methodologies summarized at the meeting.

Staff next summarized the methodology to compute the credibility constants for use in the computation of D-ratios by classification and experience rating primary threshold. In reviewing the indicated credibility constants for the September 1, 2023 Regulatory Filing, staff observed that, over time and across a range of primary thresholds, the variance of the hypothetical means has increased relative to the expected process variance. This has decreased the credibility constants  $K$  which, in turn, increased the credibility for smaller classifications and contributed to increased volatility in the D-ratios. As a result, staff recommended using the same credibility constants as in the September 1, 2022 Regulatory Filing and undertaking an in-depth study of the issue later in the year. A Committee member requested additional information on the impact of using the same credibility constants which is shown in Exhibit 1 for two primary thresholds.

After discussion, the consensus of the Committee was that the proposed September 1, 2023 D-ratios should reflect the methodologies recommended by staff.



## **Item AC23-02-02**

### **Clerical Telecommuting Employees Classification**

The Committee was reminded that Classification 8871, *Clerical Telecommuting Employees – N.O.C.*, was established effective January 1, 2021 as a new Standard Exception classification applicable to clerical employees who work more than 50% of their time at their home or other office space away from any location of their employers. The Committee was also reminded that, at the August 4, 2020 meeting, the Committee discussed the advisory pure premium rate to be proposed for Classification 8871 and recommended that the January 1, 2021 advisory pure premium rate for Classification 8871 be proposed at the same level as that for Classification 8810, *Clerical Office Employees*. The Committee also recommended staff review Classification 8871 experience as soon as data becomes available to assess whether a differential in advisory pure premium rate between Classifications 8810 and 8871 may be appropriate.

Staff summarized the initial unit statistical loss and payroll experience and claim characteristics reported thus far in Classification 8871 on 2021 policies. The Committee was advised that based on the first few months of 2021 policy experience, Classification 8871 has a significantly lower loss to payroll ratio than Classification 8810, driven mainly by lower claim frequency. Staff also noted that Classification 8871 has higher median weekly wage among injured workers and lower frequency of cumulative trauma claims than those for Classification 8810. However, Classifications 8871 and 8810 have a similar share of indemnity claims and a similar mix of injuries.

The Committee was advised that since the reported Classification 8871 experience is very preliminary, staff recommended establishing a distinct advisory pure premium rate for Classification 8871 using a tempered approach consistent with WCIRB standard practice that limits the relativity change of Classification 8871 to 25%. A Committee member suggested comparing the 8810 experience of employers whose governing classification is 8810 with the statewide 8871 experience to improve comparability. Staff agreed to incorporate the additional exploration in future analysis when additional 8871 experience becomes available.

After the discussion, the consensus of the Committee was that staff's recommended approach should be reflected in the classification relativities for the September 1, 2023 Regulatory Filing.

Actuarial Committee  
Meeting Minutes for February 14, 2023

The meeting was adjourned at 10:45 AM.

\* \* \* \* \*

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for March 21, 2023 for approval and/or modification.



## **Item VI-A**

### **September 1, 2023 Pure Premium Rate Filing**

The WCIRB's September 1, 2023 Pure Premium Rate Filing will include proposed changes to the September 1, 2022 advisory pure premium rates. In preparation for the September 1, 2023 Pure Premium Rate Filing, staff has compiled statewide premium, loss and loss adjustment expense experience as of December 31, 2022 for presentation to the Actuarial Committee at the April 13, 2023 meeting. The Agenda for the April 13, 2023 Actuarial Committee meeting is attached.

The actuarial methodologies presented to the Actuarial Committee are generally consistent with those reflected in the September 1, 2022 Pure Premium Rate Filing. A summary of the development of the indicated average September 1, 2023 pure premium rate based on the Actuarial Committee's recommendations made at the April 13, 2023 meeting will be presented at the meeting.

# Actuarial Committee

## Meeting Agenda

Date	Time	Location	Staff Contact
April 13, 2023	9:30 AM	Microsoft Teams Webinar	David M. Bellusci
1901 Harrison Street, 17 <sup>th</sup> Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: April 6, 2023

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

**This meeting is Open to the Public.**

Please use this [link](#) to register for the meeting webinar. After registering, you will receive a confirmation email containing information about the meeting.

**I. Approval of Minutes**

None

**II. Working Group Meeting Summaries**

None

**III. Unfinished Business**

- A. AC16-06-05: Update on Medical Severity Trends by Component
- B. AC20-08-04: Impact of Economic Downturn on Pure Premium Rate Indications
- C. AC22-04-04: Retrospective Evaluation of 2021 Fee Schedule Changes
- D. AC22-12-05: Study of Paid and Incurred Loss Development (under separate cover)
- E. AC23-03-01: First Quarter 2023 Review of Diagnostics
- F. AC23-03-02: 12/31/2022 Experience Review

**IV. New Business**

- A. AC23-04-01: 9/1/2023 Filing – Loss Adjustment Expense Experience Review
- B. AC23-04-02: 9/1/2023 Filing – Review of Alternative Loss Projection Methodologies
- C. AC23-04-03: 9/1/2023 Filing – COVID-19 Claim Cost Projection

**V. Matters Arising at Time of Meeting**

**VI. Next Meeting Date:** June 22, 2023

**VII. Adjournment**

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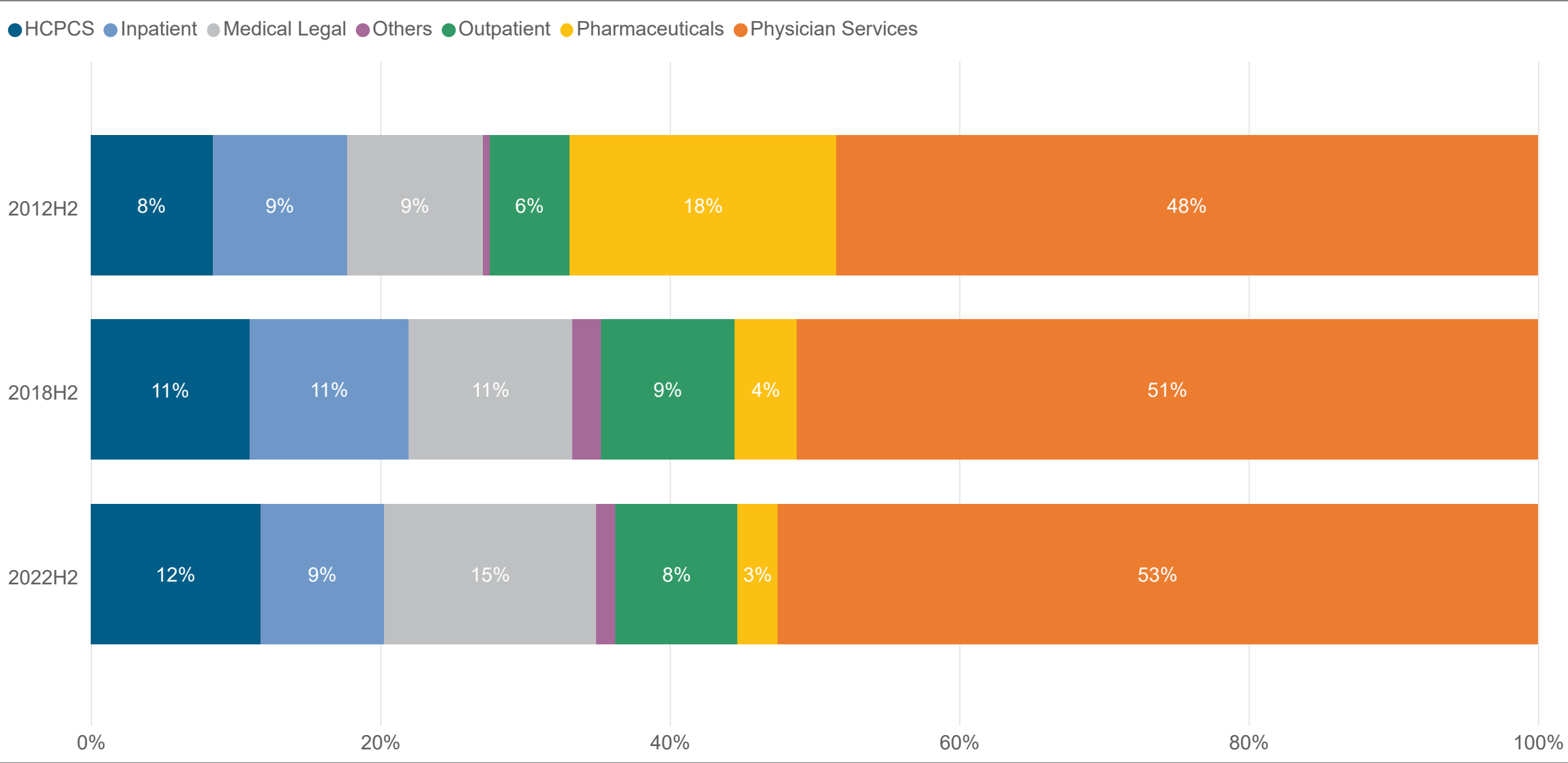
## Item AC16-06-05

### Update on Medical Severity Trends by Component

The WCIRB regularly monitors changes in paid per transaction and paid transactions per claim by medical component and discusses the patterns with the Committee. A brief update to that analysis with medical transaction data through December 31, 2022 will be presented at the meeting. Slides of the updated medical severity trends are attached.

# Share of Total Medical Payments by Service Type

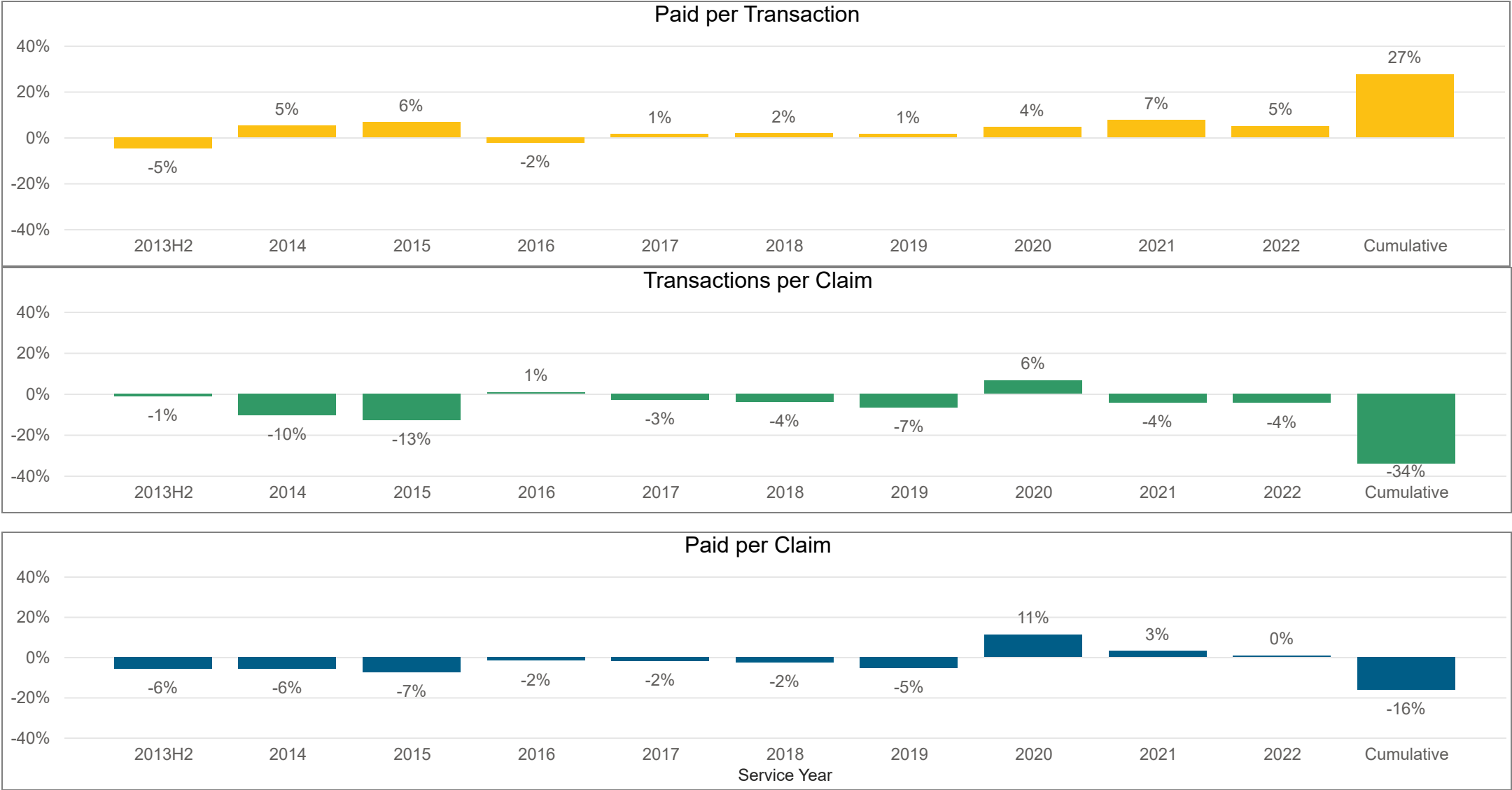
As of February 7, 2023



\* 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.

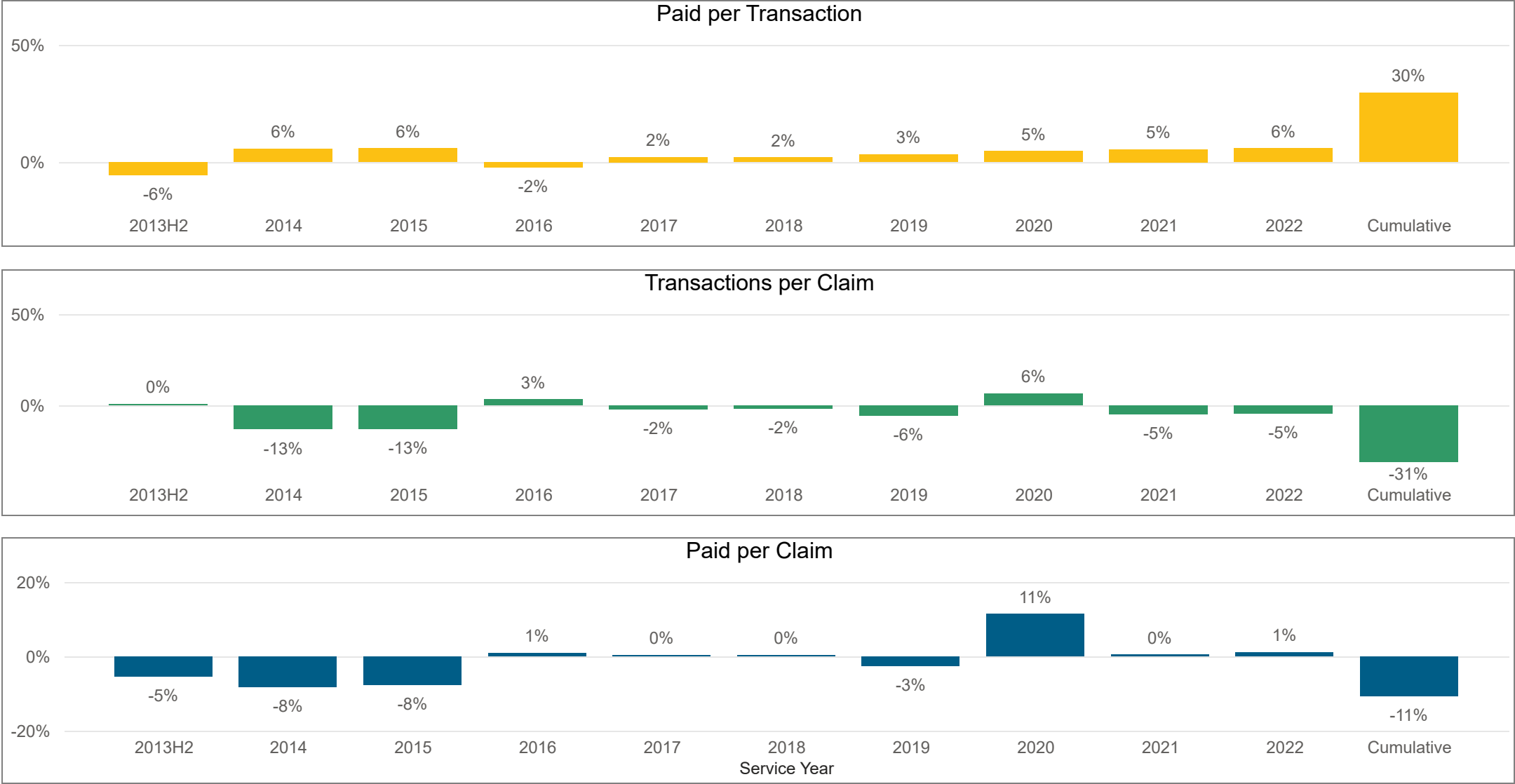
% Change in *All Medical Services* Cost per Claim

As of February 7, 2023



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

As of February 7, 2023

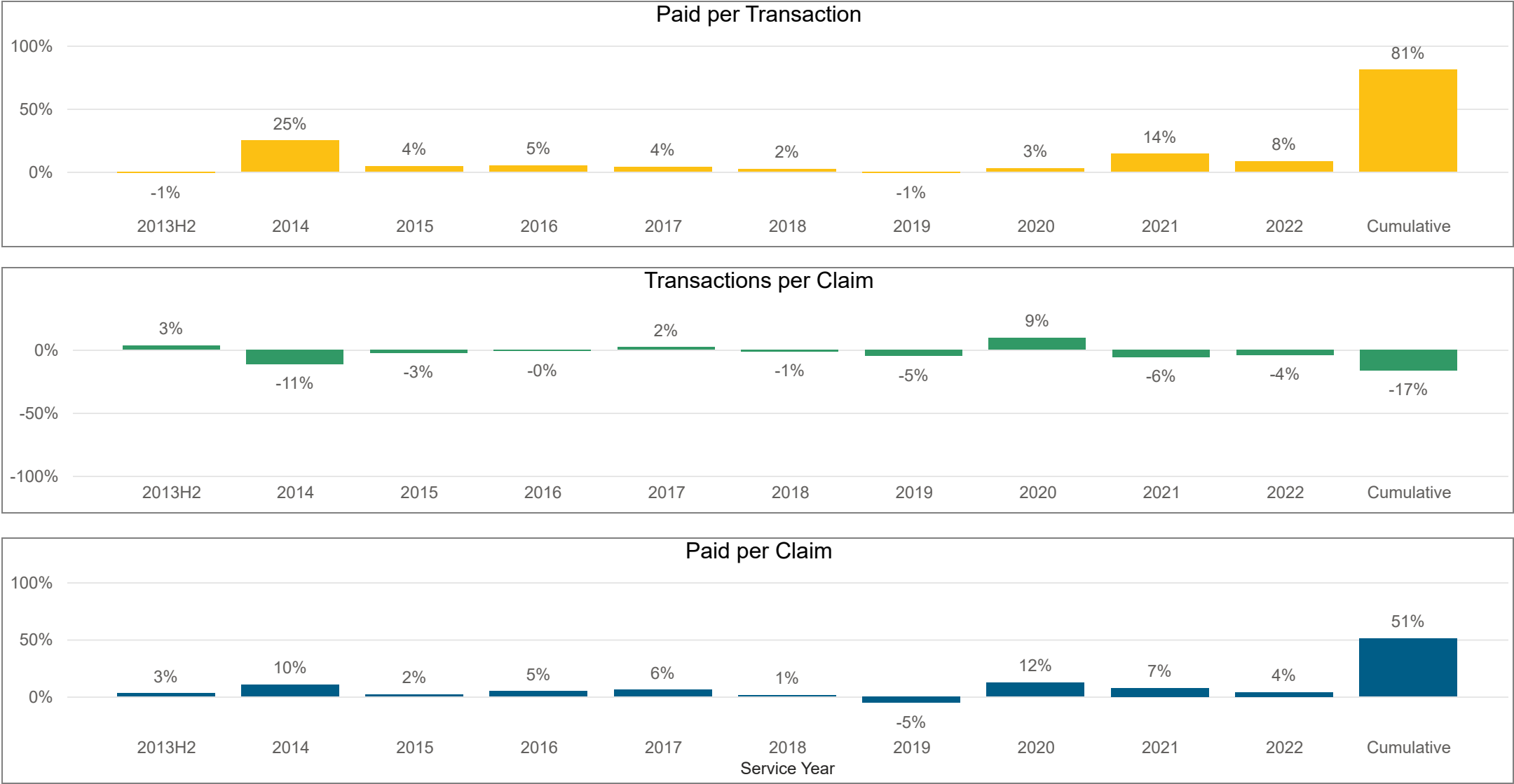


\* All medical payments are defined as the total Paid Amount (excluding Liens) in Service Year 2019 in the WCIRB medical transaction data. This definition applies to all subsequent slides.

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

% Change in *Evaluation & Management* Cost per Claim ( 21% of All Medical Payments)

As of February 7, 2023

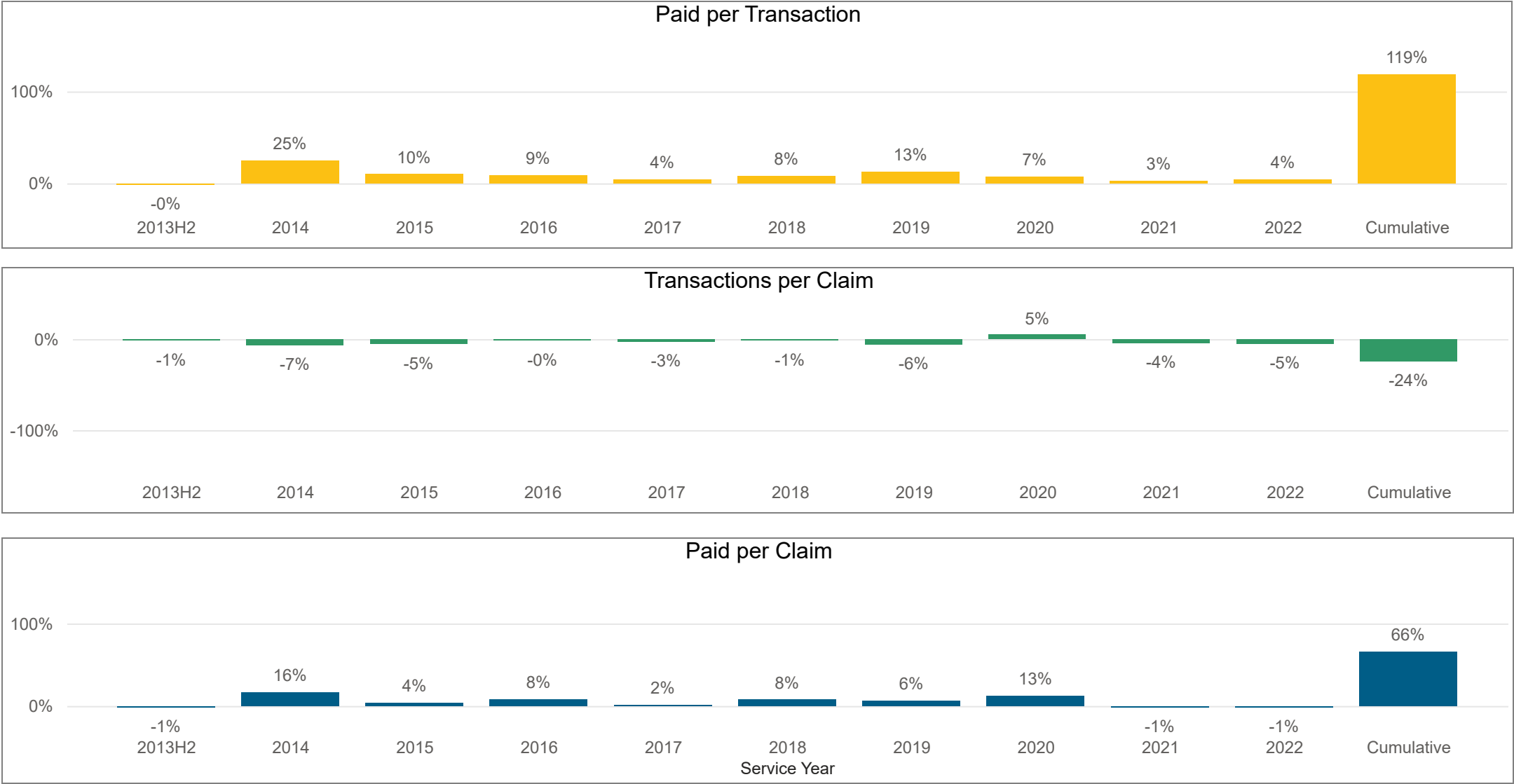


Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.



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

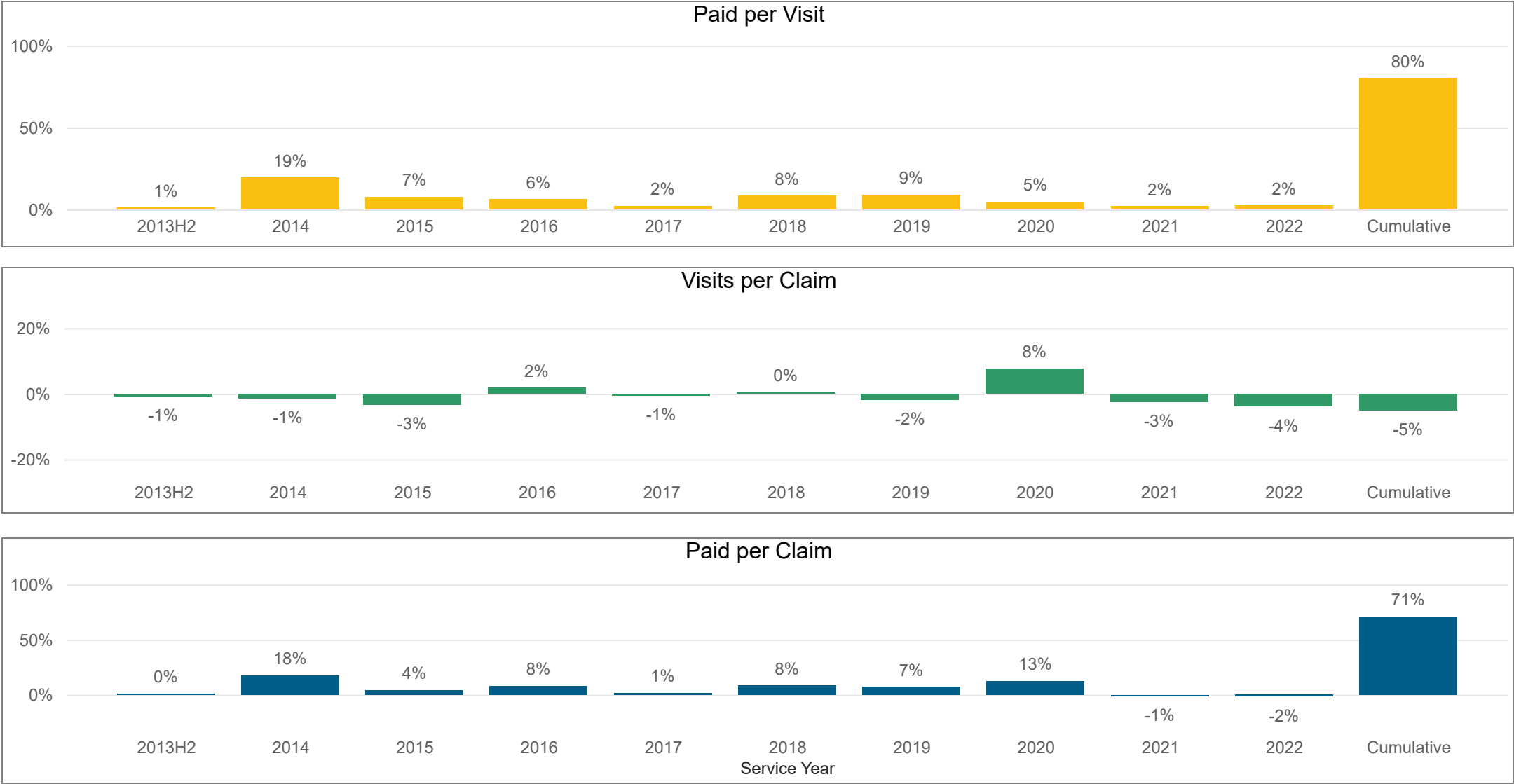
As of February 7, 2023



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

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

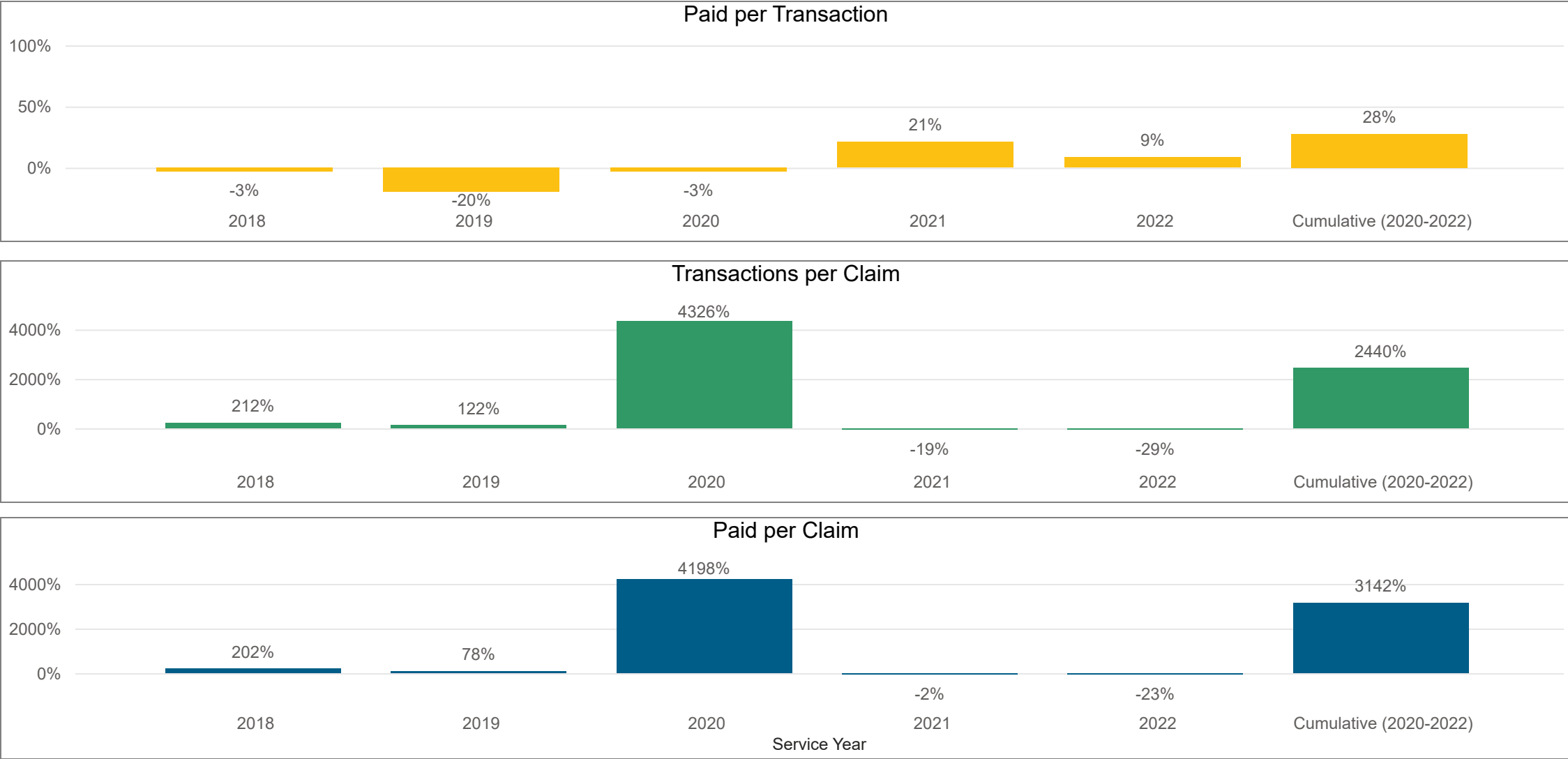
As of February 7, 2023



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

% Change in Telemedicine Cost per Claim

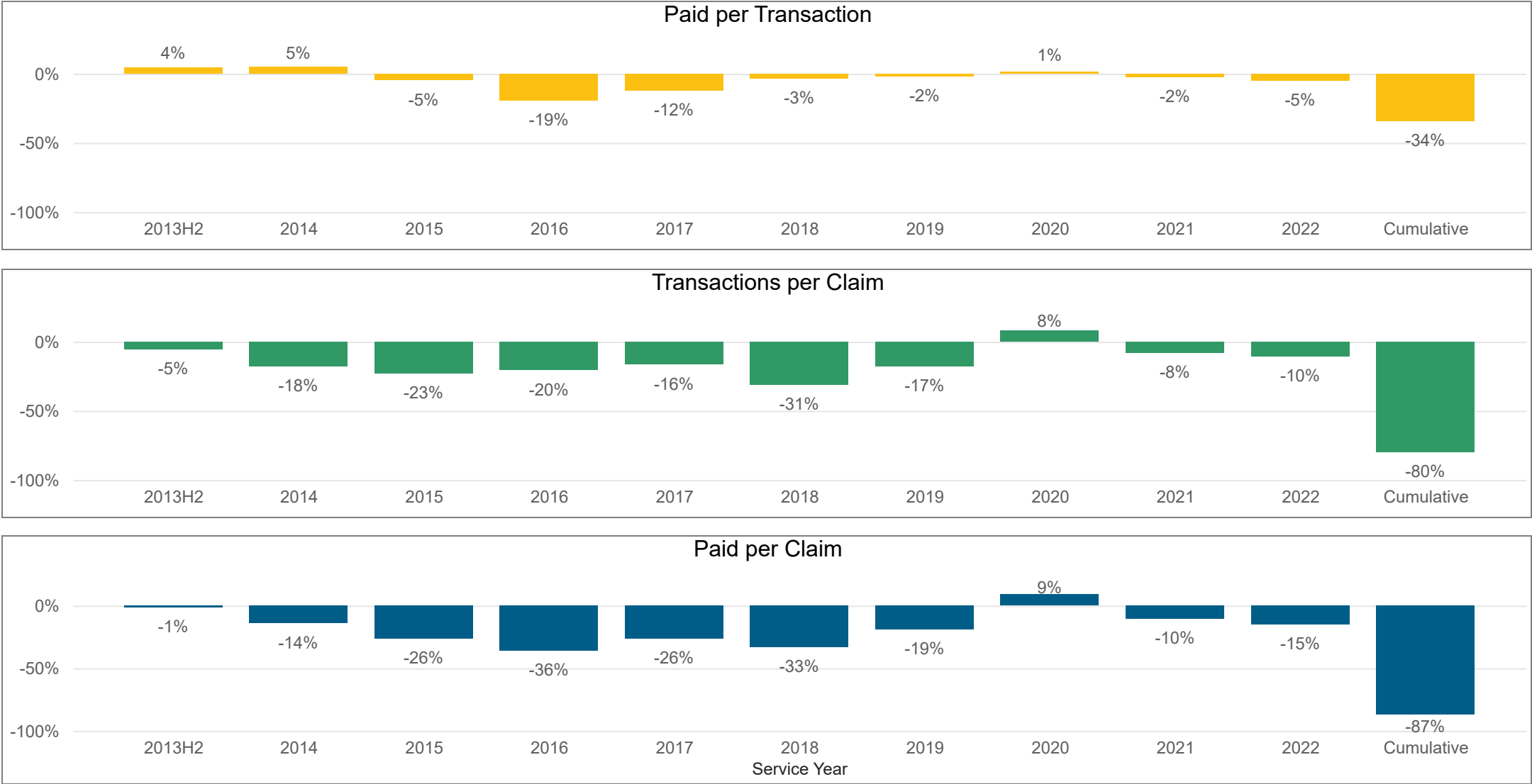
As of February 7, 2023



Note: 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). For telemedicine services after March 1, 2020, only services from CMS list of telehealth services are included pursuant to the DWC rules.  
Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Pharmaceutical* Cost per Claim (2.6% of All Medical Payments)

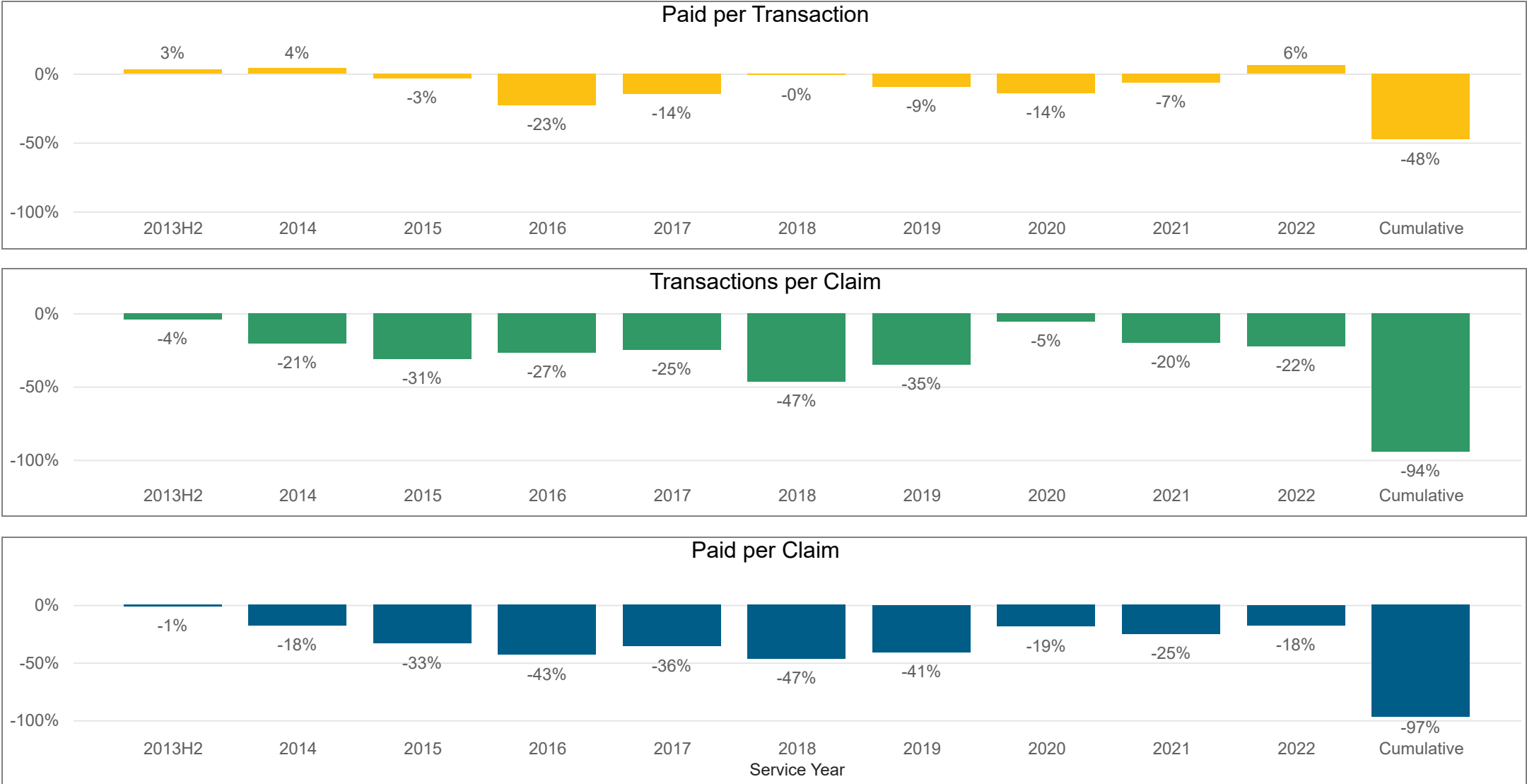
As of February 7, 2023



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

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

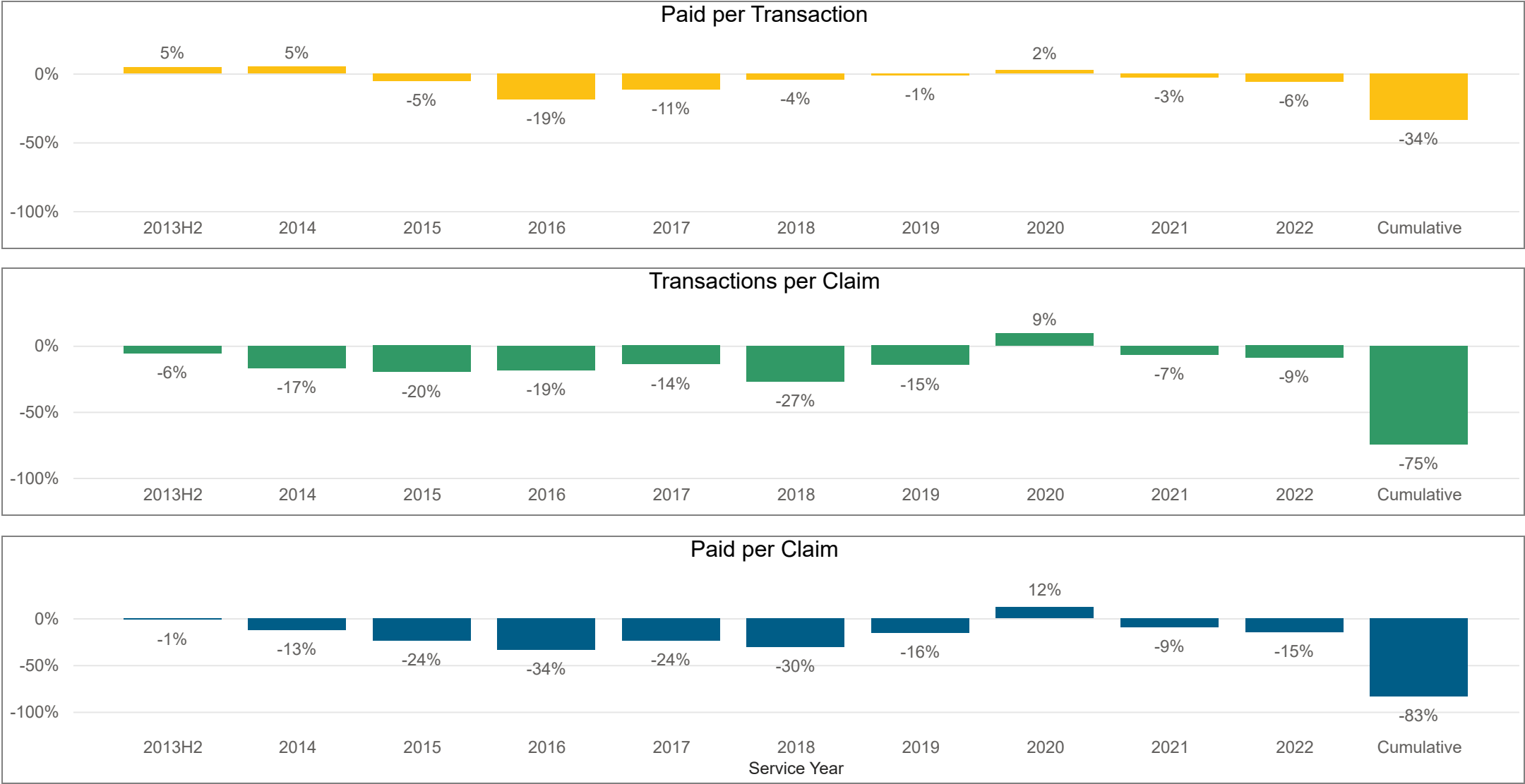
As of February 7, 2023



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

% Change in Non-Opioid Cost per Claim (2.5% of All Medical Payments)

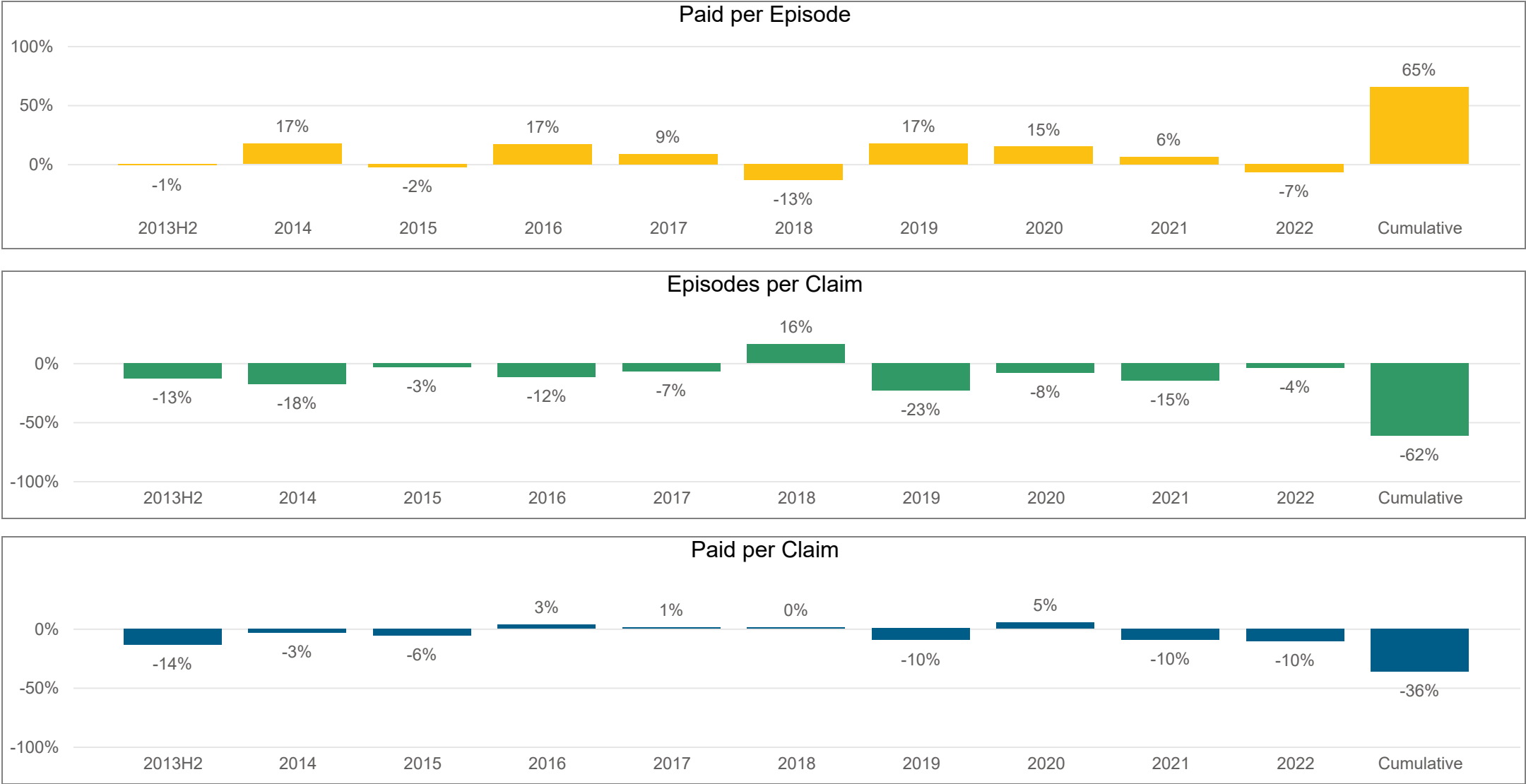
As of February 7, 2023



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

**% Change in *Inpatient* Cost per Claim (episode-based) ( 9% of All Medical Payments)**

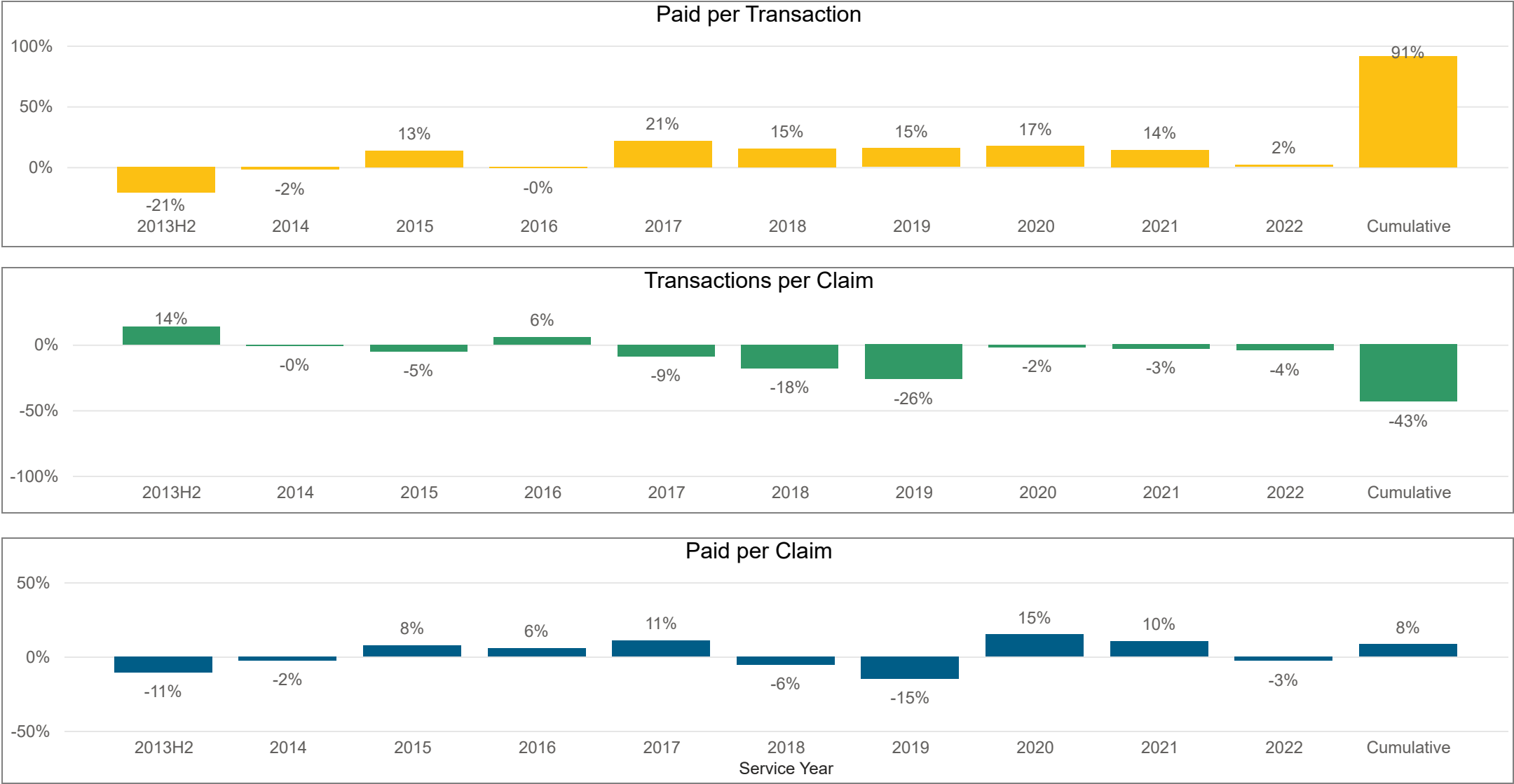
As of February 7, 2023



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

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

As of February 7, 2023

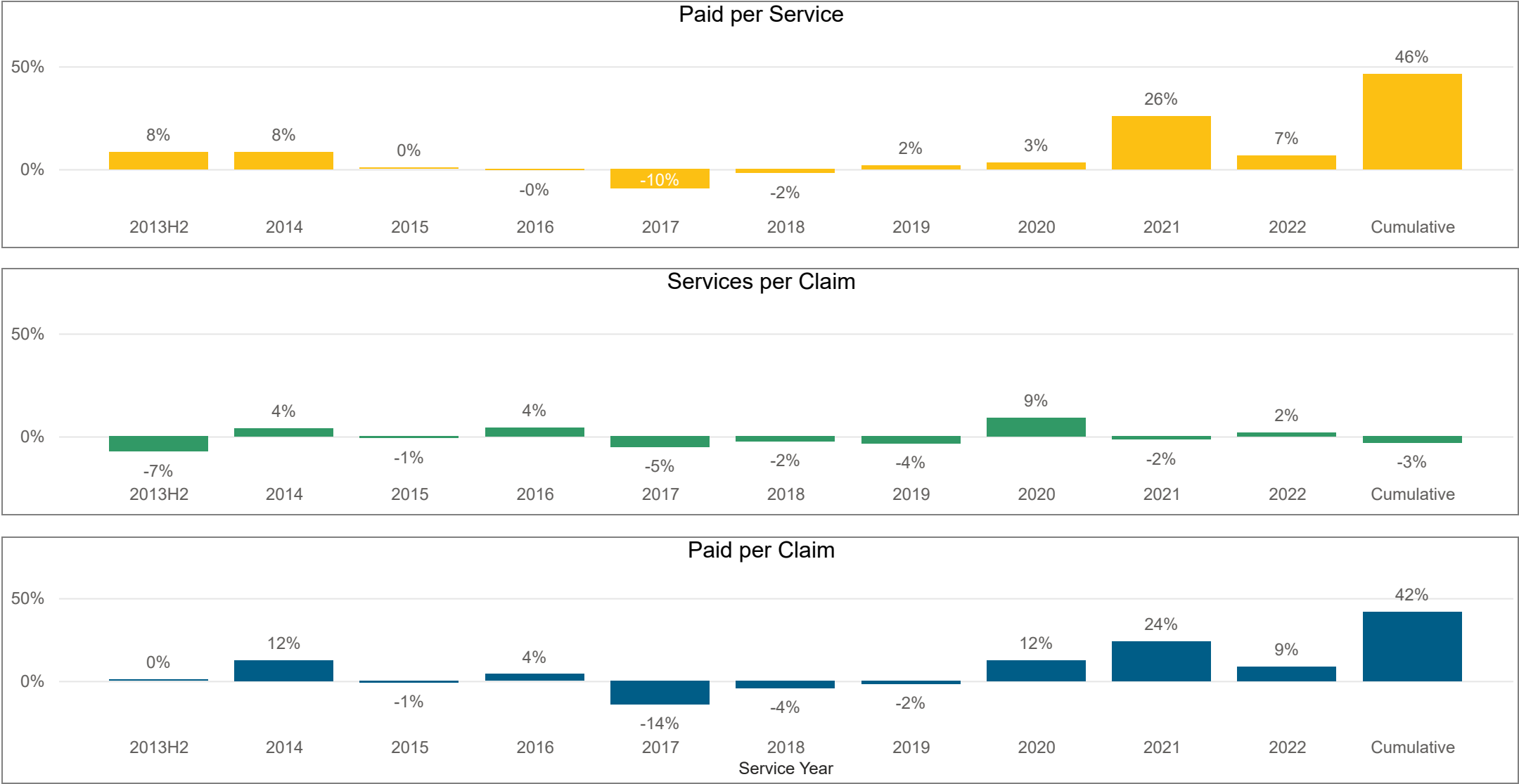


Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.



% Change in *Medical-Legal* Cost per Claim (15% of All Medical Payments)

As of February 7, 2023



Note: Payments for record review are included in the paid per service and paid per claim. Record review transactions are part of the Medical-Legal services, and therefore are not separately counted in the services per claim.  
Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

## Item AC20-08-04

### Impact of Economic Downturn on Pure Premium Rate Indications

#### Introduction

Since the onset of the COVID-19 pandemic and most recently at the March 21, 2023 meeting, the Committee reviewed analyses of economic changes related to the COVID-19 pandemic and their impacts on the indicated pure premium rates. At the March 21, 2023 meeting, staff presented an update of the analysis as it pertains to the WCIRB's upcoming September 1, 2023 Pure Premium Rate Filing. The presentation was based on the March 2023 UCLA Anderson quarterly economic forecast.

The presentation highlighted:

- Changes in overall employment levels
- Changes in the industrial mix of employment
- The impact of changes in industrial mix on claim frequency, claim severity, and the statewide average wage
- The impact of economic projections on the WCIRB's Indemnity Claim Frequency Model projections
- The impact of changes in the within industry wage level distribution on the statewide average wage

At the March 21, 2023 meeting, staff also presented updated forecasts of changes in the statewide average wage. Staff noted that previous adjustments for industrial mix and for wage level distribution within industry to abnormally high average wage changes in 2020 and 2021 remain appropriate and are recommended to be continued for those years. Staff also noted that the current measurement of the average wage change in 2022, 0.5%, was abnormally low. Staff presented an analysis that showed the use of an analogous wage level distribution adjustment for the 2022 wage change was inappropriate due to the volatility of the 2022 survey data used in the adjustment. This outstanding issue will be addressed in this item.

#### WCIRB Use of Economic Forecasts

Following the March 21, 2023 meeting, a Committee member inquired about the specifics of the WCIRB's use of economic forecasts in the ratemaking process. The use of economic forecasts and historical data generally pertains to selections of changes in the statewide average wage and the WCIRB's Indemnity Claim Frequency Model.

#### *Changes in the Statewide Average Wage*

Average wage changes for historic time periods use observed changes compiled by governmental agencies. The WCIRB generally recommends no adjustment to these observations. However, these values may be adjusted when extreme economic events cause aggregate values to be distorted with respect to the purposes for which the values are being used in the projection. When changes in industrial mix distort measures of average wage changes, an adjustment may be made using observed aggregate industry average wages and employment figures. When layoffs or rapid hiring within all or specific industries distort measures of average wage changes, an adjustment may be made using survey level American Community Survey (ACS) or Current Population Survey (CPS) data. This adjustment holds industry mix and industry intra-quartile wages constant while the distribution of employees by quartile within an industry varies year-to-year as observed in the survey data.

Projected average wage changes for future time periods use the average of Department of Finance and UCLA forecasts. Again, the WCIRB generally recommends no adjustment to these forecasts. Staff would recommend using the industry mix adjustment only when the magnitude of the measured adjustment is significant and forecast changes in industrial mix appear very likely. Since, there are no forecasts of the

survey level data available, adjustments to future wage forecasts for changes in wage level distributions within industries would be only applied to unwind a portion of measured impacts from observed years.

*Economic Data in the WCIRB Indemnity Claim Frequency Model*

In the WCIRB's Frequency Model, claim frequencies are adjusted to both a common industrial mix and a common wage level. The adjustment for industrial mix uses Unit Statistical Report (USR) payroll data at a classification level. USR payroll values are adjusted to a common wage level using observed historic wages, including any selected adjustments, as previously described.

The Frequency Model also includes an economic explanatory variable. This variable is a principal component decomposition of changes in the California unemployment rate and aggregate employment, with changes in the unemployment rate being the more important variable. The model is fit using observed historic values of these variables, while projections are made using forecasts of these variables from the UCLA economic forecast.

**Statewide Average Annual Wage Change Selections**

*2020 and 2021 Wage Changes*

As discussed at the March 21, 2023 meeting, staff continues to recommend adjusting the 2020 and 2021 changes in the average wage using both the industry mix and wage level adjustments used in recent prior pure premium rate filings that were previously described.

*2022 Wage Change*

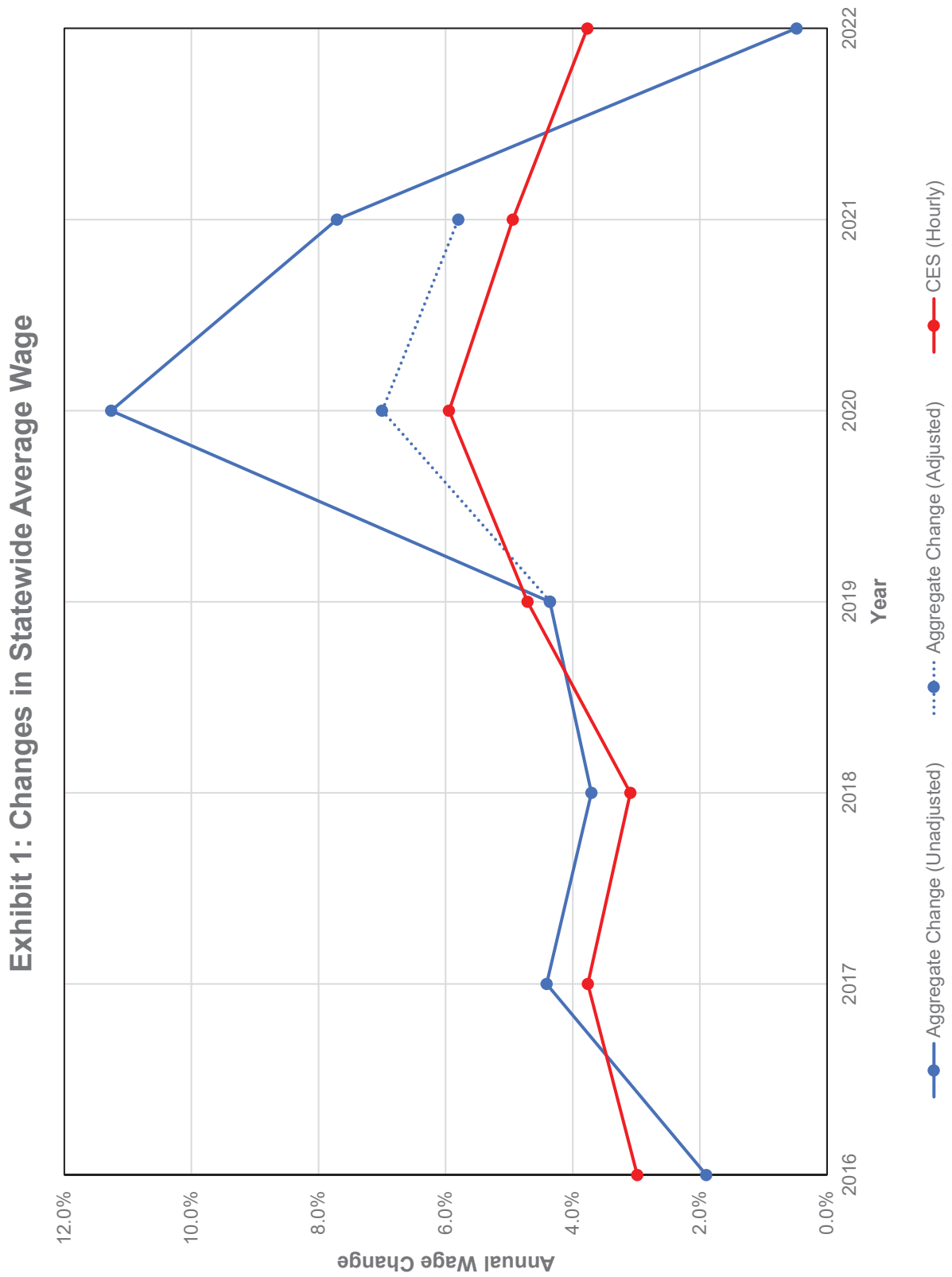
While wage changes in 2020 and 2021 were abnormally high (11.3% and 7.7% respectively), current measures of the 2022 wage change are abnormally low (0.5%). This low value is partially explained by changes in industry mix. Staff recommends adjusting the observed wage change by a measured impact of 0.5% to account for changes in industrial mix. This low observed change for 2022 is likely further impacted by a partial unwinding of the wage level distributional shifts observed in 2020 and 2021. Staff's preferred methodology would be to directly adjust this value using the wage level distribution adjustment as in 2020 and 2021. However, as discussed at the March 21, 2023 meeting, the available survey data for 2022 resulted in an aggregate wage change that was much higher than the 0.5% value being adjusted as well as an adjustment that is directionally inconsistent with the low observed wage change. For these reasons, staff does not recommend applying this wage level adjustment to the 2022 wage change.

In lieu of the wage level adjustment applied to the 2020 and 2021 measures of changes in average wages, staff investigated other measures of the 2022 wage change as a potential alternative to use in combination with the observed 0.5% figure from aggregate economic data. While there are few alternatives currently available for 2022, staff identified wage series from the BLS Current Employment Statistics (CES) as potential alternatives. These data series are derived from establishment surveys in which an employer provides detailed payroll information once a month and remains in the survey for between two and four years. The CES data sets contain both weekly and hourly wage series. Of the two, staff recommends the use of the hourly wage series as it is immune to any volatility in the typical number of hours worked during the past two years. Changes in the hourly CES data series have typically been close to the aggregate change that is typically used. Furthermore, this data series appears to be less impacted by changes in the wage level distribution as it was very similar to wage level adjusted changes in the aggregate wage. This is shown in Exhibit 1.

Staff recommends averaging the 0.5% observed aggregate wage change with the 3.8% change from the CES hourly wage series, as not to completely discount or trust either value. This results in an average 2.2% wage change that would be adjusted for changing industry mix, but with no explicit adjustment for wage level distribution changes.

*2023 through 2025 Wage Changes*

Staff recommends using the standard approach of averaging Department of Finance and UCLA forecasts, without adjustment, to project future wage changes. Staff believes these changes reflect a more typical environment and that any adjustments would be within the margin of error of the wage forecasts themselves. The combined impacts of these recommendations are shown in Exhibit 2.



**Exhibit 2: Derivation of Industrial Mix and Wage Level Distribution Adjusted Wage Changes**

Wage Change Element	Filing Date	2020	2021	2022	2023	2024	2025
Unadjusted	9/1/2021	9.6%	0.9%	1.8%	2.8%		
	9/1/2022	11.4%	8.0%	2.7%	2.0%	2.0%	
	9/1/2023	11.3%	7.7%	2.2%	4.3%	2.9%	2.7%
Industry Mix Adjustment	9/1/2021	-1.9%	0.4%				
	9/1/2022	-1.8%	0.3%	0.5%	-0.3%	-0.1%	
	9/1/2023	-1.9%	0.5%	0.5%			
Industry Mix Adjusted	9/1/2021	7.5%	1.3%	1.8%	2.8%		
	9/1/2022	9.4%	8.3%	3.3%	1.7%	1.9%	
	9/1/2023	9.2%	8.2%	2.7%	4.3%	2.9%	2.7%
Wage Level Adjustment	9/1/2021	-4.3%	1.4%	1.0%	0.4%		
	9/1/2022	-3.9%	-1.8%	1.6%	1.1%	0.5%	
	9/1/2023	-3.9%	-1.8%				
Wage Level & Industry Mix Adjusted	9/1/2021	2.9%	2.8%	2.9%	3.2%		
	9/1/2022	5.1%	6.3%	4.9%	2.8%	2.5%	
	9/1/2023	4.9%	6.3%	2.7%	4.3%	2.9%	2.7%

## Item AC22-04-04

### Retrospective Evaluation of 2021 Fee Schedule Changes

In early 2021, the Division of Workers' Compensation (DWC) adopted the new Medical-Legal Fee Schedule (MLFS), effective April 1, 2021. In April 2021, the WCIRB conducted a prospective evaluation of the new fee schedule and estimated an overall increase of 22% to the cost of medical-legal services. The cost impacts of the new MLFS were reflected in the September 1, 2021 Pure Premium Rate Filing. In April 2022, the WCIRB analyzed the actual payments in 2021 and observed that the new MLFS led to a 39% increase in the average ML payment per claim in 2021 compared to 2019, mostly driven by higher-than-projected costs for reviewing additional pages of records. The updated cost impact was reflected in the September 1, 2022 Pure Premium Rate Filing.

Staff has conducted a retrospective evaluation of the new MLFS based on actual payments in 2021 and 2022 reported in the WCIRB medical transaction data and will present the preliminary evaluation results at the meeting. Slides summarizing staff's preliminary retrospective evaluation are attached.

# Background on New Medical-Legal Fee Schedule

- The Division of Workers' Compensation (DWC) adopted significant changes to the Medical-Legal (ML) Fee Schedule effective April 1, 2021.
- The new ML Fee Schedule is intended to increase the reimbursement allowance for medical-legal reports while eliminating complexity factor overlays onto reimbursement allowances.
- In April 2021, the WCIRB conducted a prospective evaluation of the cost impact of new ML Fee Schedule and estimated an increase of 22% to the medical-legal costs. The cost impact was reflected in the September 1, 2021 Pure Premium Rate Filing.
- In April 2022, the WCIRB analyzed the actual payments in 2021 and found that the new ML Fee Schedule led to a 39% increase in the average ML payment per claim in 2021 compared to 2019, mostly driven by higher-than-projected costs for reviewing additional pages of records. The updated cost impact was reflected in the September 1, 2022 Pure Premium Rate Filing.
- Staff has reviewed available data of 2021 and 2022 to update the retrospective evaluation of the cost impact of the new ML Fee Schedule.



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

- Increases relative value (RV) used to calculate reimbursement allowance from \$12.5 to \$16.25
- Adds a reimbursement allowance for missed appointments
- Allows increased reimbursement for:
  - Agreed Medical Evaluator (AME) (from 25% to 35%)
  - Interpreter in all face-to-face examinations (110%)
  - Specialist examiners in Psychology/Psychiatry (200%), Toxicology (185%) and Oncology (150%)
- Eliminates time-based complexity factor component in the old fee schedule
- Adds a separate record review procedure code for records in excess of included quantity in ML code billed
- Adds a ML code for sub rosa film review

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

# Data Source and Summary of Key Preliminary Findings

## ■ Data Source

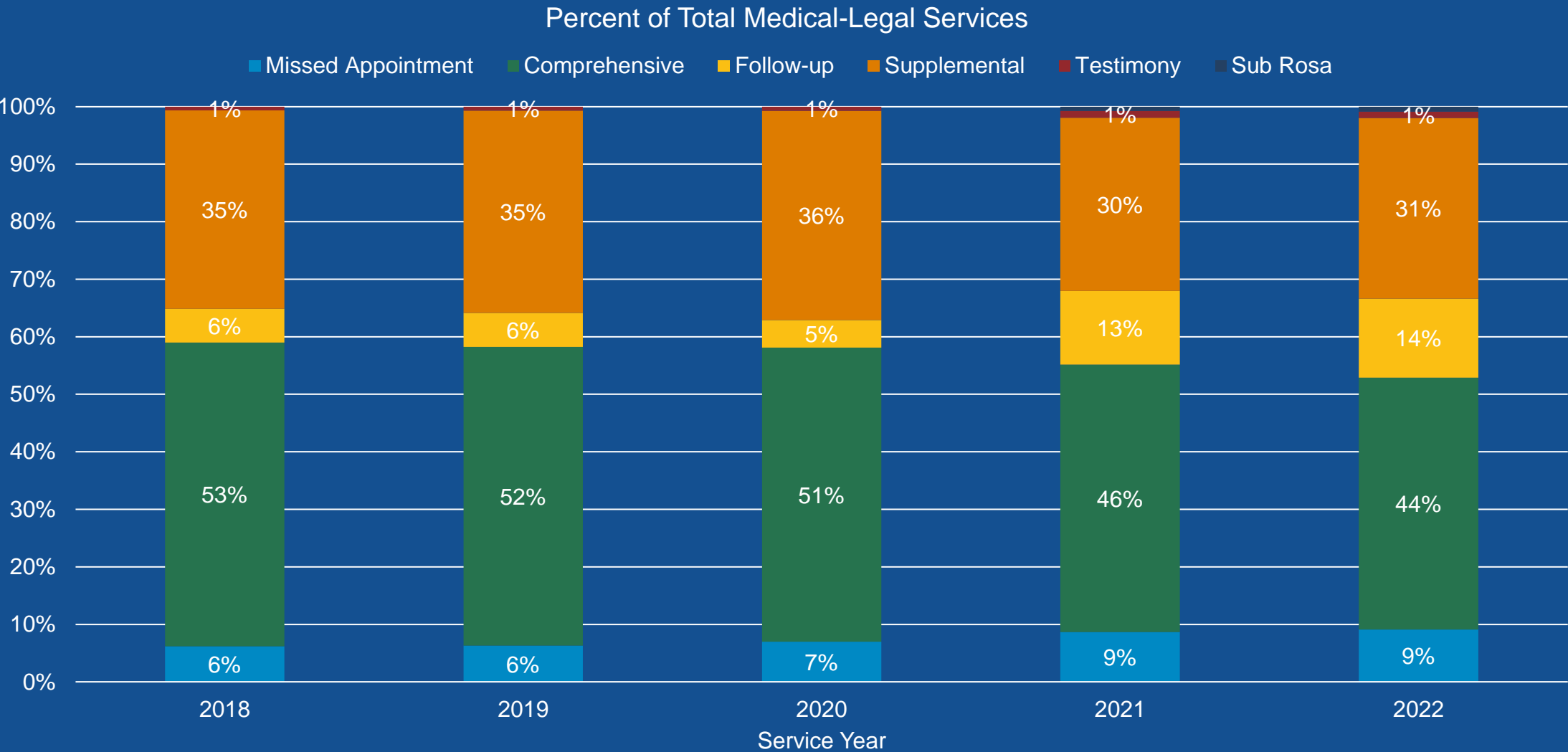
- Based on the WCIRB medical transaction data from service year 2019 through 2022 as of February 7, 2023
- Compared ML services provided from Q2 through Q4 of 2022 to those in 2021 and 2019
- COVID-19 claims were excluded

## ■ Key Preliminary Findings

- During the second year (2022) of the new ML Fee Schedule, ML payment per claim continued to increase:
  - 7% higher than 2021, 50% higher than 2019
- Record review continued to be a key cost driver
  - 26% of all ML payments in both 2021 and 2022
- Including record review, paid per ML service in 2022 remained at a high level similar to 2021
  - 1% lower than 2021, 38% higher than 2019
- Number of ML services per claim started to increase in 2022
  - 8% higher than 2021, 9% higher than 2019
  - The increase is concentrated in follow-up and supplemental evaluations and in psychiatric evaluations

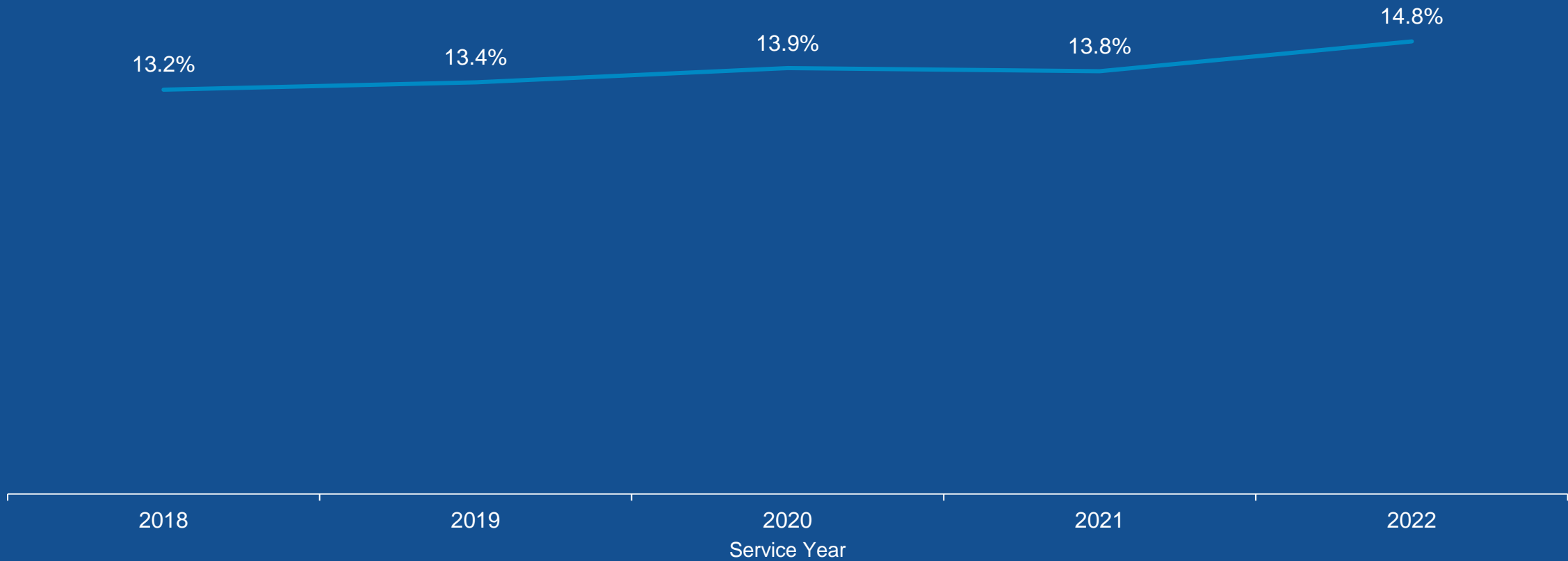
# Distribution of Medical-Legal (ML) Services (Q2 through Q4)

As of February 07, 2023



# Share of Claims with ML Services

As of February 07, 2023

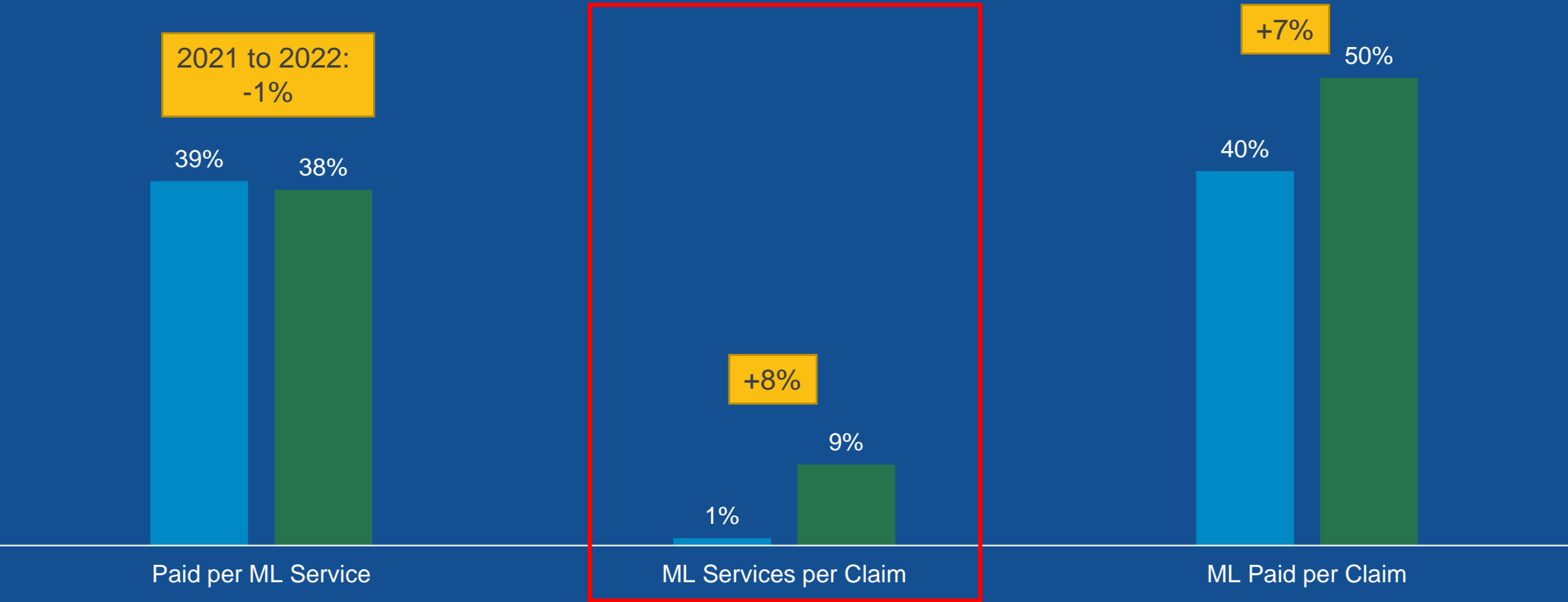


# Changes in Payments and Utilization of Medical-Legal (ML) Services (Q2 through Q4)

As of February 07, 2023

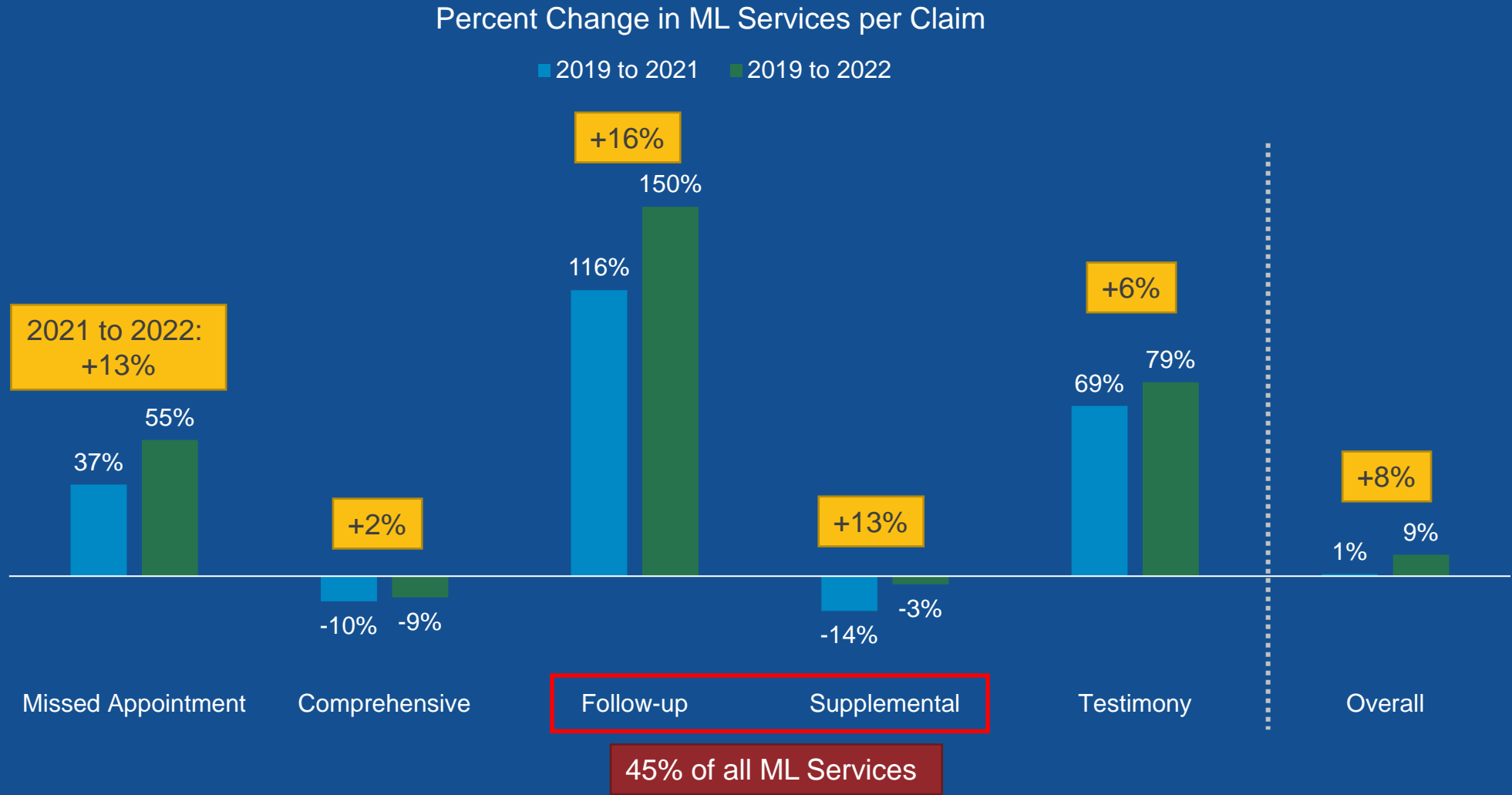
Percent Change in ML Services

■ 2019 to 2021 ■ 2019 to 2022



# Percent Change in Number of ML Services per Claim by Types of ML Service (2019 through 2022)

As of February 07, 2023

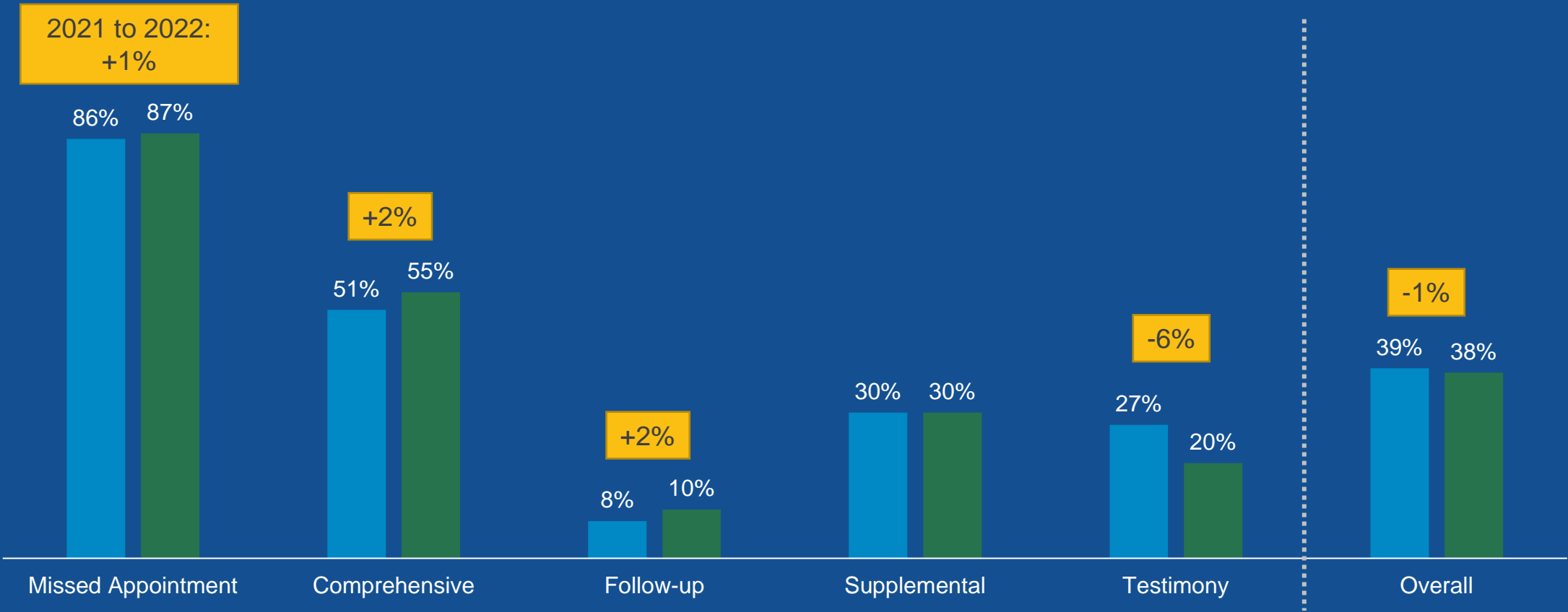


# Changes in Paid per ML Service by Types of ML Service (2019 through 2022)

As of February 07, 2023

Percent Change in Paid per ML Service

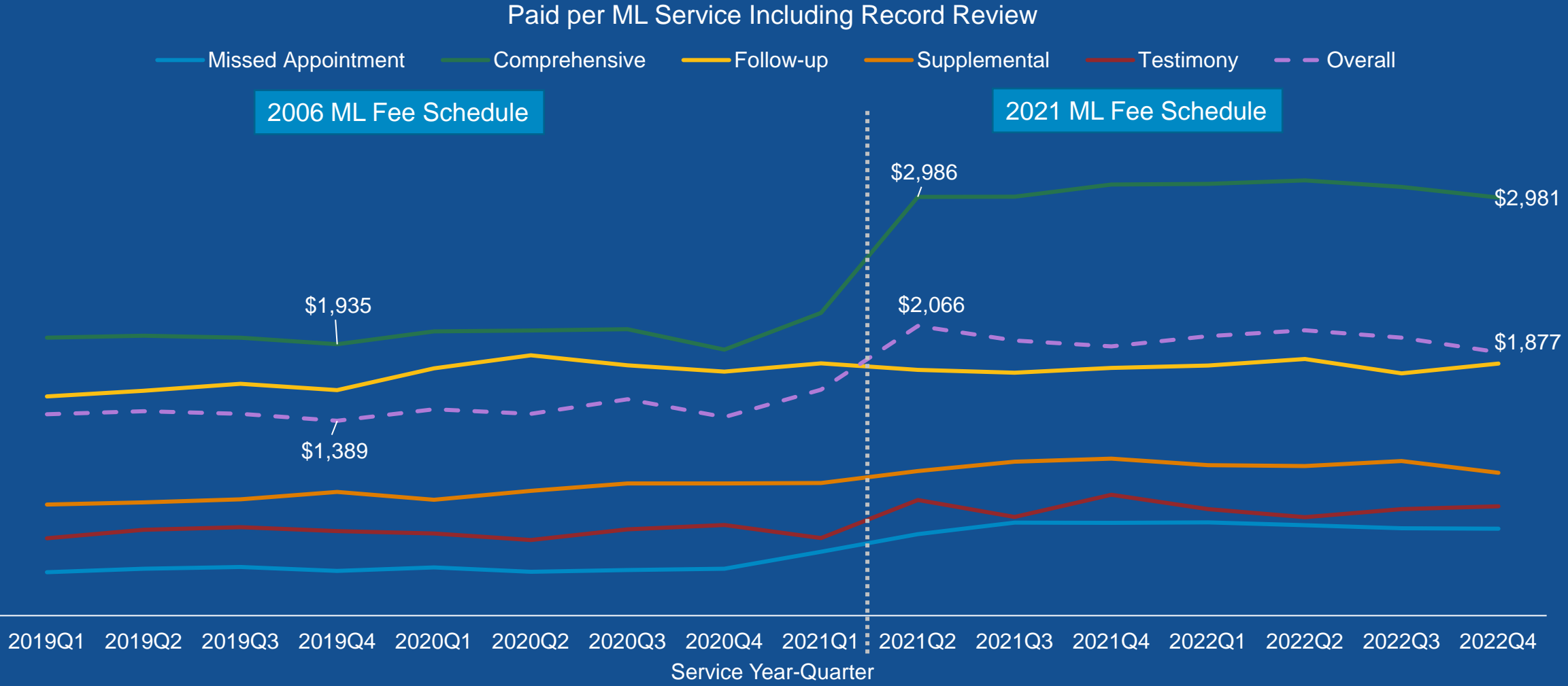
■ 2019 to 2021 ■ 2019 to 2022



\* Payments for record review of additional pages were included in the payments for ML services. The number in the yellow textbox represents the percentage change comparing 2022 to 2021.  
III-C-9  
Source: WCIRB medical transaction data (COVID-19 claims excluded)

# Quarterly Trend of Average Payment for ML Services including Record Review

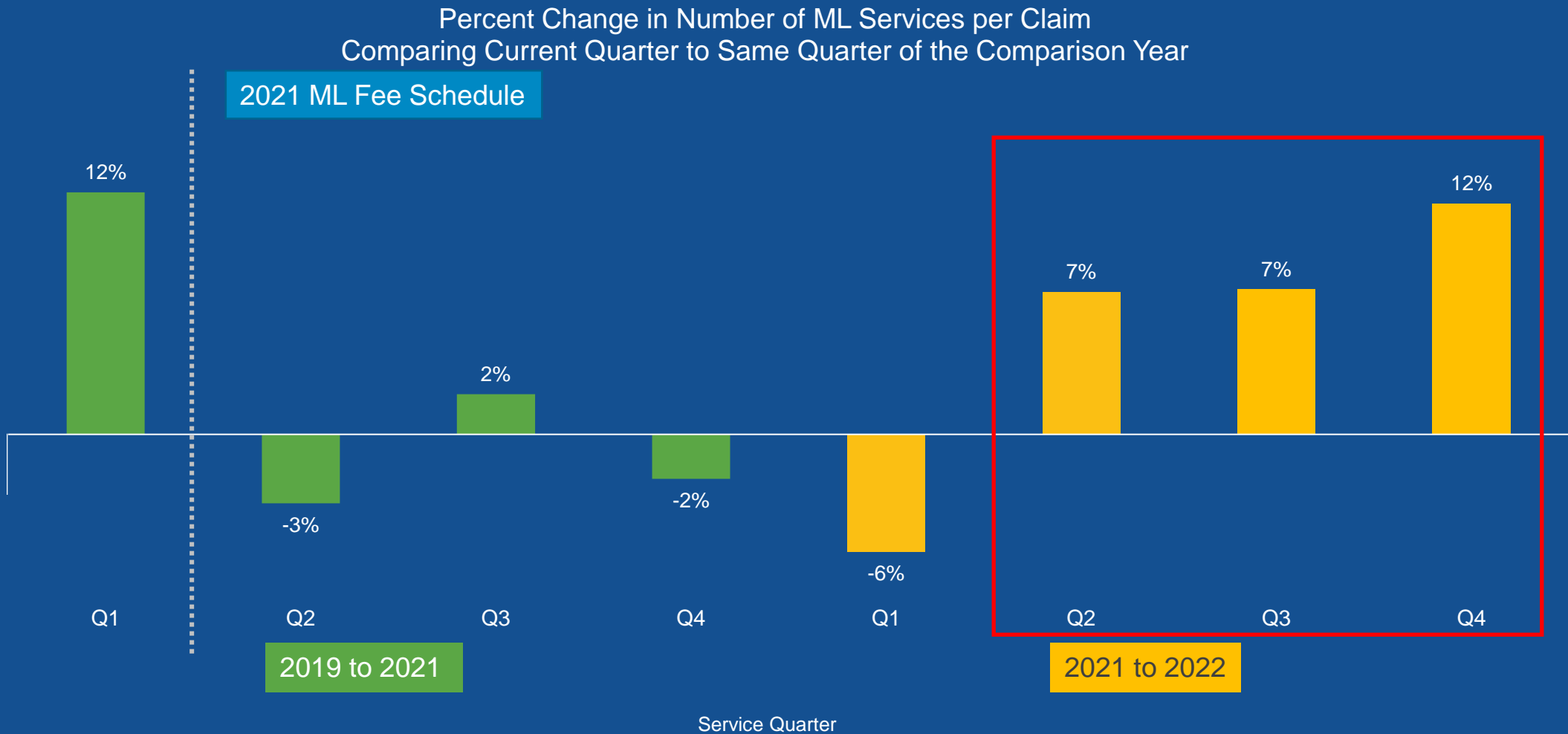
As of February 07, 2023





# Percent Change in ML Services per Claim

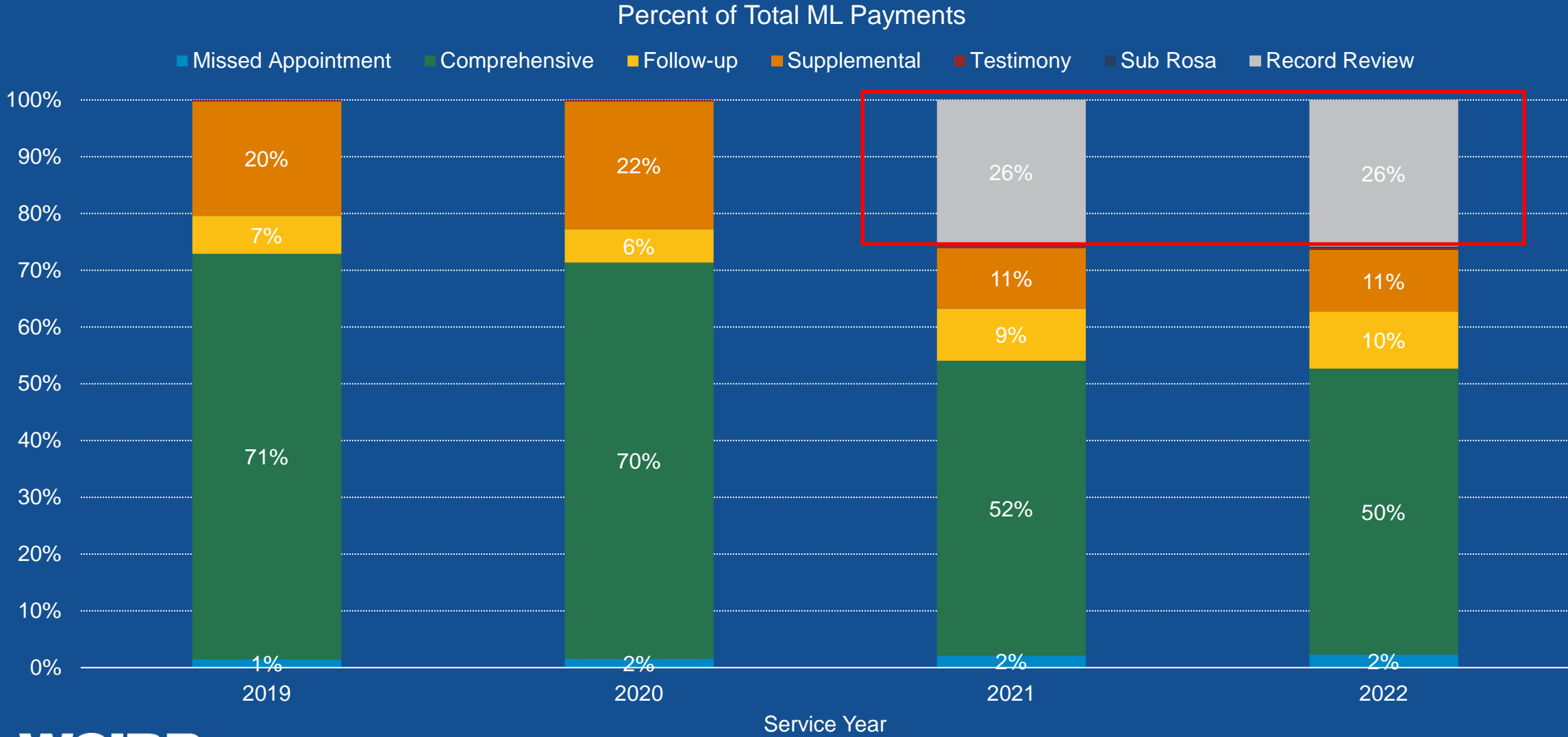
As of February 07, 2023



# Distribution of Payments for ML Services (Q2 through Q4)

(7.6% of payments for all 2021 medical services)

As of February 07, 2023



# Record Review of Additional Pages\* (Q2 through Q4 in 2021 and 2022)

As of February 07, 2023

	SY2021			SY2022		
	Share of ML Services with Additional Pages	Pages per Record	Average Paid Per Record Review	Share of ML Services with Additional Pages	Pages per Record	Average Paid Per Record Review
Missed Appointment	6%	707	\$2,122	7%	596	\$1,788
Comprehensive	42%	590	\$1,769	44%	582	\$1,745
Follow-up	23%	422	\$1,265	25%	426	\$1,278
Supplemental	28%	426	\$1,279	31%	410	\$1,230
Overall	32%	532	\$1,596	33%	514	\$1,541

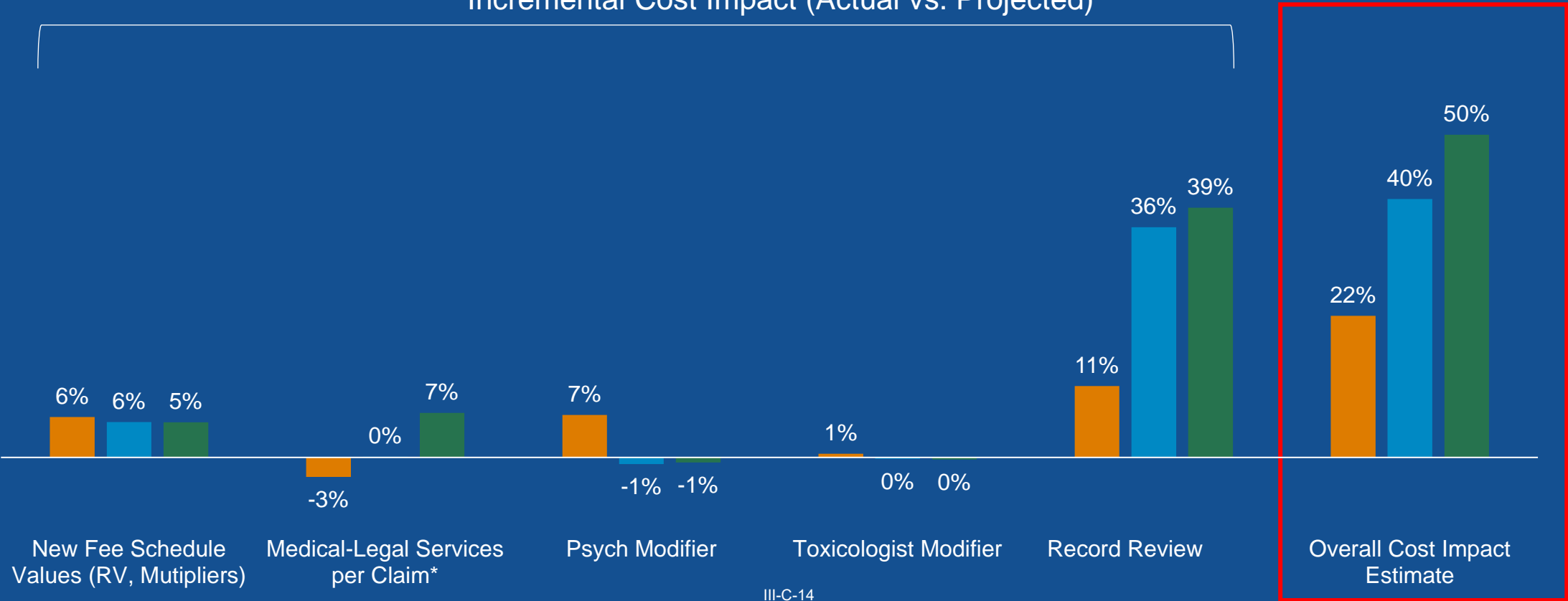
# Comparison of Actual and Projected Cost Impact of New Medical-Legal Fee Schedule – Preliminary Findings

As of February 07, 2023

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

Actual 2019 to Projected 2021    Actual 2019 to Actual 2021    Actual 2019 to Actual 2022

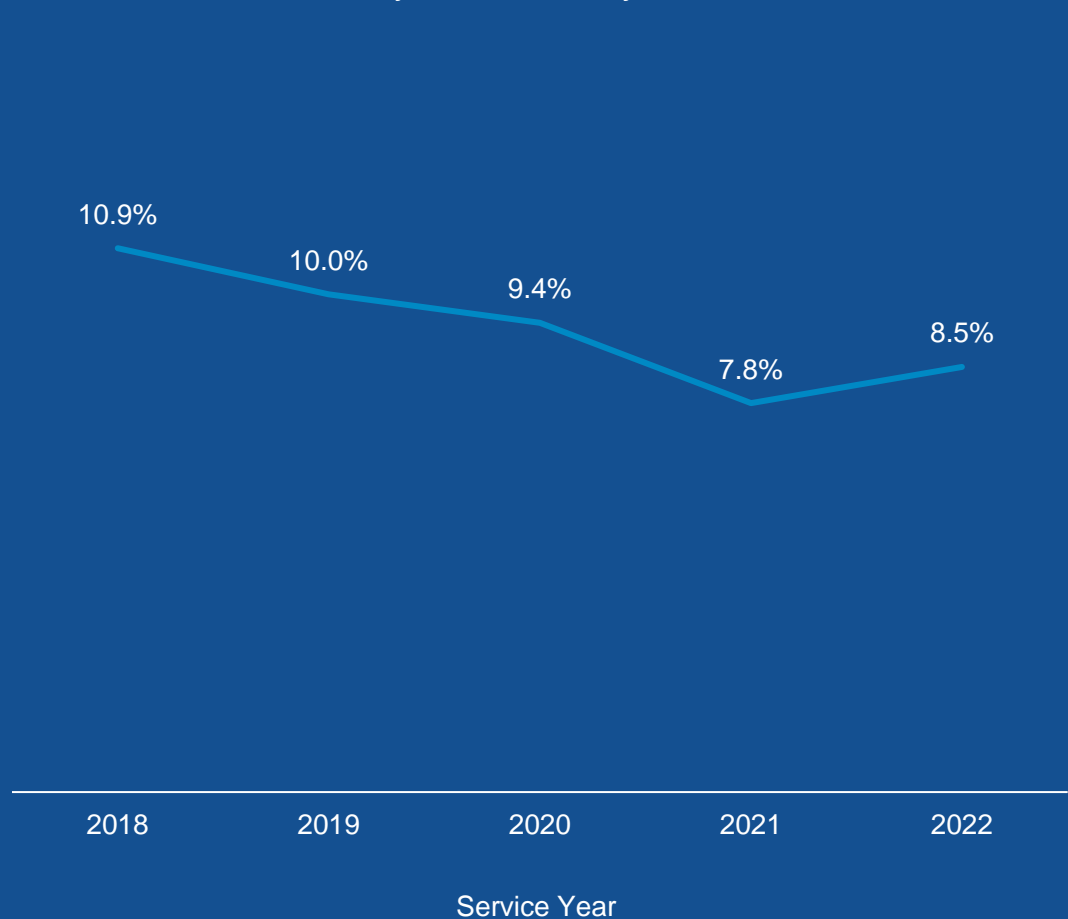
Incremental Cost Impact (Actual vs. Projected)



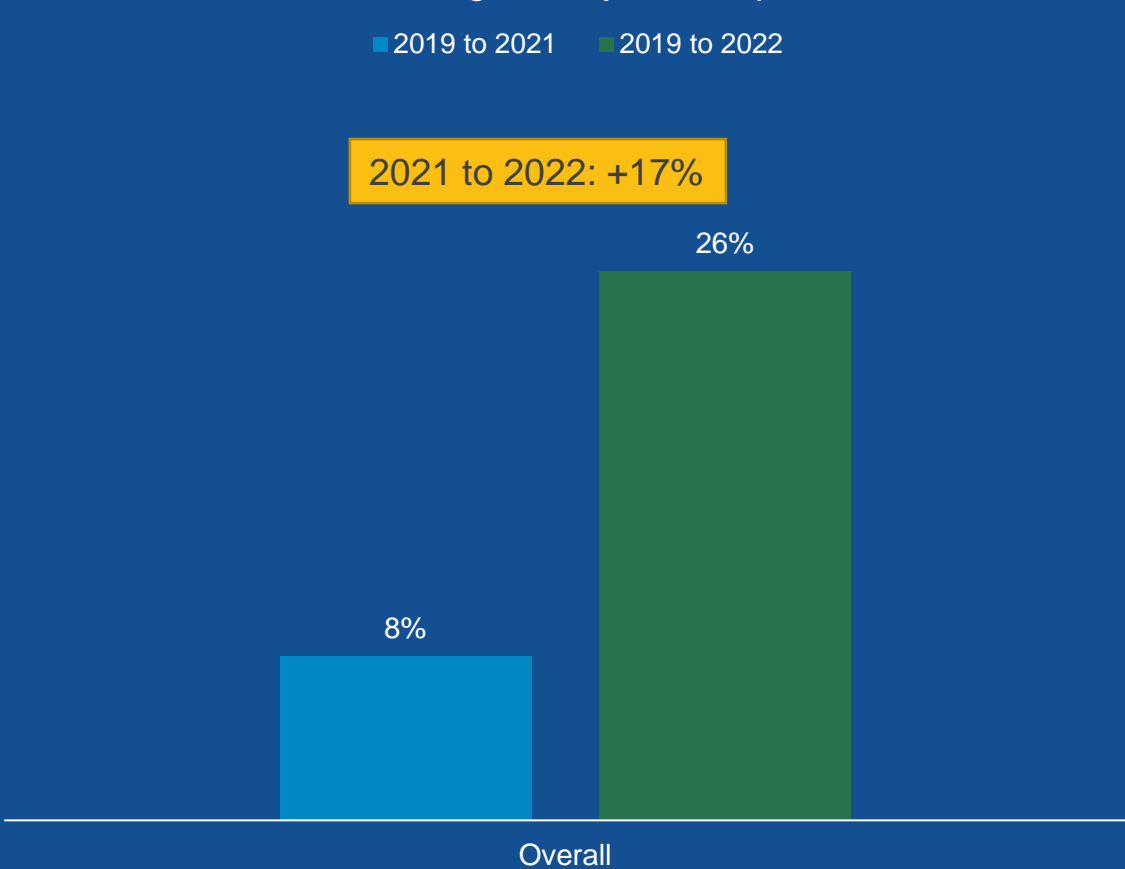
\*The 2021 projection has an assumption of a lower frequency for supplemental ML evaluations. The number in the yellow textbox represents the percentage change comparing 2022 to 2021.  
Source: WCIRB medical transaction data (COVID-19 claims excluded)

# Changes in Psychological/ Psychiatric ML Evaluations

Share of ML Payments for Psych ML Evaluations

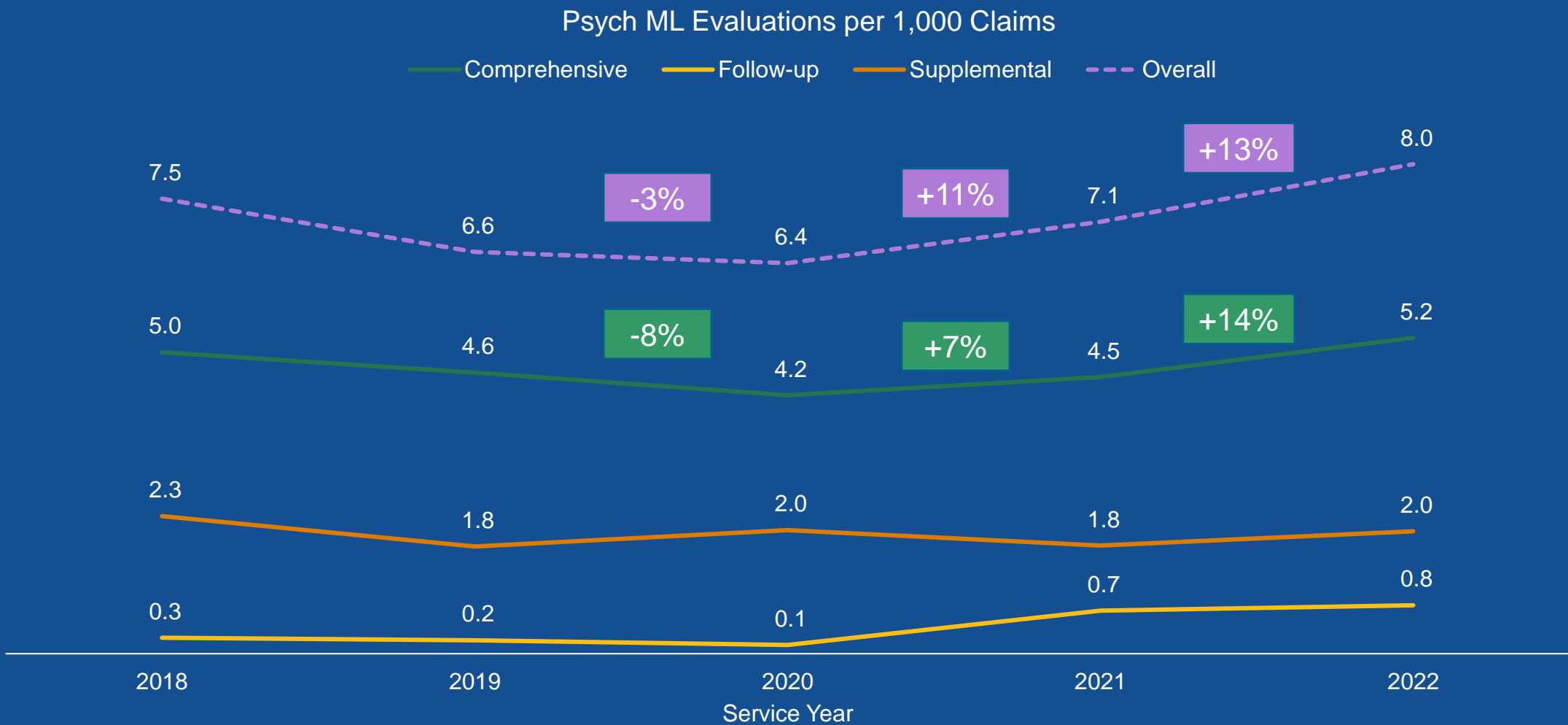


Percent Change in Psych Paid per Claim



# Number of Psychological/Psychiatric ML Evaluations Per 1,000 Claims (Q2 through Q4)

As of February 07, 2023



# Average Payments for Psychological/Psychiatric ML Evaluations (Q2 through Q4)

As of February 07, 2023

Average Payments per ML Service Including Record Review



Item AC23-03-01  
First Quarter 2023 Review of Diagnostics

At the March 21, 2023 meeting, the Committee reviewed the first quarter 2023 diagnostics. Those diagnostics were also reviewed by the Claims Working Group at the April 5, 2023 meeting. The information and feedback provided by the Claims Working Group on selected diagnostics will be provided at the meeting.



## Item AC23-03-02 12/31/2022 Experience Review

At the March 21, 2023 meeting, the Committee reviewed an initial analysis of statewide experience through December 31, 2022. Exhibits 1 through 8 include an updated analysis of December 31, 2022 experience. In total, 99% of the market is included.<sup>1</sup> Wage and loss levels are projected to September 1, 2024—the approximate midpoint of experience on policies incepting between September 1, 2023 and August 31, 2024, and premiums were adjusted to the average of the approved advisory pure premium rates as of September 1, 2022. The calendar/accident year 2020 through 2022 information shown in Exhibits 1 through 8 have been adjusted to remove COVID-19 claims and premium charges.

The loss development, on-leveling and trending methodologies reflected in Exhibits 1 through 8 are generally consistent with those reflected in the September 1, 2022 Pure Premium Rate Filing and the initial analysis of December 31, 2022 experience reviewed at the March 21, 2023 meeting, with the following updates made in part based on the discussion at the March 21, 2023 meeting:

- Adjustments to indemnity benefit levels for the impact of wage inflation in indemnity benefits have been updated to reflect actual values for 2020 and 2021 based on WCIRB unit statistical data. Projected adjustments to indemnity benefit levels for estimated wage inflation and the annual cost of living adjustments to weekly maximum temporary disability and permanent total disability benefits have been updated to reflect the latest available unit statistical data (Exhibit 4.1).
- The projected changes in average wage levels for 2022 to 2025 are updated with the March 2023 UCLA Anderson School of Business forecast. Adjustments to the 2020 and 2021 average wage changes for projected changes in industry mix and changes in the wage distribution within industries are based on those reviewed at the March 21, 2023 meeting (Exhibit 5.1). The average wage change for 2022 is adjusted based on staff's recommended approach as discussed in Item AC20-08-04. As adopted by the Committee at the March 21, 2023 meeting, average wage changes for 2023 and forward are not adjusted.
- Premiums have been on-leveled to the average of the approved advisory pure premium rates as of September 1, 2022 (Exhibit 5.2). (In the September 1, 2022 Pure Premium Rate Filing as well as the December 31, 2022 experience reviewed at the March 21, 2023 meeting, premiums were on-leveled to the industry average filed pure premium rate as of January 1, 2022.)
- Premiums for calendar years 2020 through 2022 have been adjusted for the impact of the pandemic-related economic downturn and recovery on audit premiums based on the adjustments adopted by the Committee at the March 21, 2023 meeting.
- The projected claim frequency trends for accident years 2023 to 2025 based on the WCIRB's indemnity claim frequency model have been updated to reflect the March 2023 UCLA forecast (Exhibit 6.1). The frequency model parameters are based on those reviewed by the Committee at the March 21, 2023 meeting.
- The underlying aggregate financial data has been updated to reflect several additional insurer data submissions and corrections.

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<sup>1</sup> The December 31, 2022 data of an insurer which was included in the experience reviewed at the March 21, 2023 meeting was excluded from this summary of experience due to a data quality concern. It is anticipated that the data quality concern will be resolved by the time the September 1, 2023 Pure Premium Rate Filing is made and that insurer's December 31, 2022 experience can be included in the filing.

As shown in Exhibit 8, the ratio of projected losses to premium adjusted to the average of the current approved advisory pure premium rates for policies incepting between September 1, 2023 through August 31, 2024 based on December 31, 2022 experience and the methodologies reflected in Exhibits 1 through 8 is 0.756. For comparison purposes, the ratio of projected losses to premium adjusted to the average of the current approved advisory pure premium rates in the September 1, 2022 Pure Premium Rate Filing was 0.798 and the similar ratio for the preliminary December 31, 2022 experience analysis presented at the March 21, 2023 meeting is 0.736.

Additional supplemental information is included in Exhibits 9 through 12.

**California Workers' Compensation**  
**Accident Year Experience as of December 31, 2022**

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Indemnity</u>	<u>Indemnity Reserves</u>	<u>Paid Medical**</u>	<u>Medical Reserves</u>	<u>IBNR*</u>	<u>Total Incurred**</u>	<u>Loss Ratio*</u>
1987	4,373,802,923	1,508,827,724	5,601,158	1,344,446,941	35,846,095	17,550,134	2,912,272,052	0.666
1988	5,172,689,663	1,706,640,415	5,609,859	1,553,355,707	23,784,604	68,224,953	3,357,615,538	0.649
1989	5,675,354,099	1,943,062,835	5,137,690	1,813,252,230	32,297,036	44,842,839	3,838,592,630	0.676
1990	5,704,833,514	2,264,318,028	5,053,958	2,058,068,002	26,197,938	62,124,243	4,415,762,169	0.774
1991	5,866,830,467	2,487,031,503	12,187,582	2,216,991,466	35,616,736	56,528,925	4,808,356,212	0.820
1992	5,685,646,721	1,984,040,967	11,170,804	1,778,181,447	34,647,914	52,395,838	3,860,436,970	0.679
1993	5,935,051,898	1,698,655,360	8,887,480	1,527,171,582	43,828,326	55,802,501	3,334,345,249	0.562
1994	5,031,286,773	1,635,013,894	15,004,929	1,485,877,139	58,840,751	39,377,572	3,234,114,285	0.643
1995	3,789,372,110	1,774,395,589	19,878,818	1,648,561,638	70,611,144	38,493,683	3,551,940,872	0.937
1996	3,746,680,214	1,968,084,824	23,382,303	1,745,119,388	68,013,643	57,200,068	3,861,800,226	1.031
1997	3,926,898,608	2,334,256,494	26,340,958	2,047,344,117	87,213,612	97,255,766	4,592,410,947	1.169
1998	4,332,127,034	2,790,194,894	34,809,837	2,699,110,298	150,543,509	171,844,024	5,846,502,562	1.350
1999	4,550,437,880	3,067,635,112	35,505,743	3,093,844,769	111,049,117	238,716,083	6,546,750,824	1.439
2000	5,920,961,162	3,451,317,921	47,655,943	3,626,756,530	147,852,613	367,561,277	7,641,144,284	1.291
2001	10,108,322,683	4,882,044,908	63,231,538	5,459,760,534	237,567,574	582,626,253	11,225,230,807	1.110
2002	13,309,435,814	4,786,293,215	64,783,785	5,547,596,319	214,238,793	816,057,574	11,428,969,686	0.859
2003	19,280,128,929	4,575,189,097	109,259,600	5,129,636,325	231,128,766	1,192,155,883	11,237,369,671	0.583
2004	23,014,791,568	3,245,368,019	92,171,849	4,129,332,816	188,031,048	1,303,088,743	8,957,992,475	0.389
2005	21,384,360,071	2,576,952,867	79,397,151	3,741,994,011	164,860,218	1,055,508,265	7,618,712,512	0.356
2006	17,221,780,296	2,669,062,931	80,946,922	3,859,761,469	204,190,981	696,547,427	7,510,509,730	0.436
2007	13,260,139,026	2,819,442,190	92,112,879	4,132,405,631	214,598,515	656,351,110	7,914,910,325	0.597
2008	10,744,447,308	2,871,474,273	106,905,192	4,128,247,550	228,212,064	404,741,088	7,739,580,167	0.720
2009	8,873,155,994	2,757,980,459	109,940,257	3,948,800,631	246,675,457	337,066,458	7,400,463,262	0.834
2010	9,374,814,819	2,781,102,966	88,043,494	4,053,036,486	188,247,503	624,955,613	7,735,386,062	0.825
2011	10,120,427,050	2,760,623,452	99,702,996	3,688,009,150	218,166,053	531,382,058	7,297,883,709	0.721
2012	11,699,330,284	2,821,882,299	128,893,629	3,611,169,023	230,723,346	652,872,307	7,445,540,604	0.636
2013	14,161,005,539	2,868,688,200	120,181,089	3,458,200,854	240,565,668	1,195,546,419	7,883,182,230	0.557
2014	15,959,364,947	3,019,325,852	150,627,315	3,420,190,108	273,621,574	1,526,008,258	8,389,773,107	0.526
2015	16,976,485,663	3,083,901,988	185,631,556	3,348,003,590	319,618,987	1,918,379,433	8,855,535,554	0.522
2016	17,851,375,501	2,996,284,555	234,579,424	3,241,662,595	385,395,654	1,928,721,684	8,786,643,912	0.492
2017	17,583,531,532	2,917,975,225	328,544,409	3,159,295,807	525,439,424	2,003,440,136	8,934,695,001	0.508
2018	17,334,659,391	2,868,813,020	458,656,492	3,162,458,881	657,748,176	3,182,290,445	10,329,967,014	0.596
2019	16,034,042,320	2,777,293,356	670,989,543	2,968,363,489	870,045,289	2,351,572,140	9,638,263,817	0.601
2020	14,025,690,699	2,066,958,305	783,251,670	2,225,106,899	1,047,609,944	2,545,487,378	8,668,414,196	0.618
2021	13,469,049,601	1,503,752,706	1,012,337,742	1,691,291,176	1,398,591,960	3,529,119,738	9,135,093,322	0.678
2022	15,143,001,730	572,778,444	864,507,938	704,039,934	1,516,384,057	5,746,731,319	9,404,441,692	0.621

\* Shown for informational purposes only.

\*\* Paid medical for accident years 2011 and subsequent exclude the paid cost of medical cost containment programs (MCCP). Paid medical for accident years 2010 and prior include paid MCCP costs.

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

**Incurred Indemnity Loss Development Factors**

<u>Accident Year</u>	<u>24/12</u>	<u>36/24</u>	<u>48/36</u>	<u>60/48</u>	<u>72/60</u>	<u>84/72</u>	<u>96/84</u>	<u>108/96</u>	<u>120/108</u>	<u>132/120</u>	<u>144/132</u>	<u>156/144</u>	<u>168/156</u>	<u>180/168</u>	<u>192/180</u>	<u>204/192</u>
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Selected (a)	1.913	1.241	1.101	1.045	1.029	1.017	1.009	1.006	1.009	1.007	1.005	1.007	1.003	1.003	1.003	1.002
Cumulative	3.059	1.599	1.289	1.170	1.120	1.088	1.070	1.061	1.054	1.045	1.038	1.033	1.026	1.023	1.020	1.017

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and six-year average for the subsequent age-to-age factors.

Incurred Indemnity Loss Development Factors (Continued)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	ULT/456Inc (b)
1983										1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1984									1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1985								1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1986								1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1987						1.000		1.001	1.002	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1988					1.000	1.001		1.002	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1989				1.001	1.000	1.001		1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1990			1.000	0.999	1.001	1.000		1.000	1.000	1.000	1.000	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1991		1.001	1.001	1.001	1.000	1.001		1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1992	0.998	1.001	1.001	1.000	1.001	1.001		1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1993	0.999	1.001	1.001	1.001	1.001	1.000		1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1994	1.001	1.001	1.002	1.000	1.001	1.001		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1995	1.003	1.001	0.998	1.000	1.001	1.001		1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1996	1.003	1.000	1.000	1.000	1.001	1.001		1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1997	1.000	1.000	1.000	1.000	1.001	1.001		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1998	1.003	1.001	1.001	1.000	1.001	1.001		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1999	1.000	1.000	1.002	1.002	1.000	1.000		1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2000	1.002	1.001	1.001	1.001	1.002	1.000		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2001	1.001	1.002	1.001	1.001	1.001	1.000		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2002	1.001	1.003	1.001	1.000	1.001	1.001		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2003	1.002	1.002	1.003	1.002	1.000	1.000		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2004	1.001	1.001	1.001	1.001	1.001	1.001		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2005	1.003																					
Selected (a)	1.002	1.002	1.002	1.001	1.001	1.001		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
Cumulative	1.015	1.013	1.011	1.010	1.009	1.009		1.007	1.007	1.006	1.006	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.002

(b) The ULT/456Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 108-to-120 through 348-to-360 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

**Incurred Medical Loss Development Factors**

Accident Year	<u>24/12</u>	<u>36/24</u>	<u>48/36</u>	<u>60/48</u>	<u>72/60</u>	<u>84/72</u>	<u>96/84</u>	<u>108/96</u>	<u>120/108</u>	<u>132/120</u>	<u>144/132</u>	<u>156/144</u>	<u>168/156</u>	<u>180/168</u>	<u>192/180</u>	<u>204/192</u>
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Selected (a)	1.463	1.154	1.065	1.032	1.025	1.013	1.005	1.007	1.006	1.004	1.002	1.002	0.999	1.000	1.001	1.000
Cumulative	1.962	1.341	1.162	1.091	1.057	1.032	1.018	1.013	1.006	1.001	0.996	0.995	0.993	0.994	0.994	0.993

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and six-year average for the subsequent age-to-age factors.

(b) Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

**Incurred Medical Loss Development Factors (Continued)**

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	ULT/456inc(c)
1983										1.004	1.002	1.006	1.003	1.004	1.003	0.997	0.999	0.998	1.001	1.001	1.001	
1984									1.003	1.002	1.003	1.001	1.003	1.001	0.997	1.000	1.001	1.000	1.000	1.000	1.000	
1985								1.003	1.003	1.003	1.005	1.002	1.003	0.998	0.999	0.999	1.000	1.001	1.000	1.000	1.001	
1986								1.005	1.006	1.006	1.004	1.005	1.002	0.998	0.998	1.001	1.000	1.001	1.000	1.000	1.001	
1987								1.007	1.003	1.003	1.004	1.005	1.001	0.997	1.000	1.005	1.002	0.999	1.001	1.001		
1988					1.005	1.005	1.002	1.005	1.003	1.003	1.002	0.998	0.999	1.000	1.001	1.001	1.000	1.000				
1989				1.005	1.005	1.008	1.006	1.000	1.003	0.999	0.999	0.999	0.999	1.002	1.000	1.000	0.999					
1990			1.007	1.005	1.003	1.003	1.003	0.997	1.002	1.000	1.000	0.998	0.999	1.000	1.000	1.000	0.999					
1991		1.005	1.006	1.002	1.003	1.002	1.003	1.001	1.000	0.999	0.998	1.000	1.001	1.001	1.000	1.000	0.999					
1992	1.005	1.004	1.002	1.005	1.003	1.005	1.000	0.999	1.001	0.999	1.002	0.999	0.999	1.000	0.999	1.000						
1993	1.007	1.011	1.014	1.004	0.999	1.000	0.996	0.999	0.998	0.998	0.997	0.998	1.000									
1994	1.011	1.004	1.007	1.006	1.001	0.996	0.995	1.002	1.002	0.999	0.997	0.998										
1995	1.015	0.996	1.006	0.999	1.006	0.992	0.999	1.001	0.999	1.001	1.000											
1996	1.008	1.005	1.001	0.998	0.999	0.997	1.000	0.999	0.997	1.003												
1997	1.001	0.994	0.998	0.997	0.998	1.001	0.997	0.999	1.000													
1998	1.001	1.001	0.994	1.001	1.003	1.000	0.999	0.994														
1999	0.999	0.995	1.002	0.999	0.999	0.999	0.998															
2000	0.996	0.999	0.999	1.000	0.998	0.999																
2001	1.001	1.003	0.998	0.998	0.998																	
2002	1.001	1.001	0.999	1.000																		
2003	1.001	0.998	1.000																			
2004	0.999	1.000																				
2005	0.999																					

Selected (a)  
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(c) The ULT/456inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 108-to-120 through 348-to-360 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors.



**Paid Indemnity Loss Development Factors (Continued)**

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	Age-to-Age (in months)										372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	ULT/456Pd (b)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
1983										1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.0

Selected (a)  
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(b) The ULT/456Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

**Paid Medical Loss Development Factors**

Unadjusted (a) Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	Age-to-Age (in months)								180/168	192/180	204/192
1997								108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192		
1998																		
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Adjusted (b) Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	Age-to-Age (in months)								180/168	192/180	204/192
2004								108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192		
2005																		
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2021																		

Selected (c)	2.494	1.440	1.213	1.103	1.069	1.047	1.029	1.022	1.018	1.017	1.013	1.012	1.011	1.010	1.011	1.009		
Cumulative Unadjusted for Impact of SB 1160	7.363	2.952	2.050	1.690	1.532	1.434	1.369	1.331	1.302	1.279	1.258	1.241	1.226	1.212	1.200	1.187		
Cumulative Adjusted for Impact of SB 1160(d)	7.281	2.919	2.027	1.671	1.515	1.417	1.352	1.314	1.285	1.262	1.240	1.219	1.198	1.183	1.169	1.154		

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.  
 (b) These factors are adjusted for the impact of pharmaceutical cost reductions through 2018 and the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule in order to bring the historical payments to the current pharmaceutical and medical service cost level.  
 (c) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors.  
 (d) The cumulative factor for 72 months is adjusted by -1.1% 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)															
	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384
1983										1.005	1.004	1.004	1.003	1.003	1.003	1.002
1984									1.004	1.003	1.004	1.004	1.003	1.003	1.002	1.002
1985								1.004	1.003	1.004	1.004	1.004	1.003	1.002	1.002	1.001
1986								1.005	1.005	1.005	1.004	1.004	1.003	1.002	1.001	1.001
1987								1.005	1.005	1.005	1.005	1.005	1.004	1.003	1.001	1.002
1988								1.005	1.005	1.005	1.005	1.003	1.003	1.003	1.002	1.002
1989								1.006	1.006	1.006	1.006	1.003	1.003	1.004	1.002	1.002
1990								1.004	1.004	1.003	1.002	1.002	1.003	1.002	1.003	1.001
1991								1.005	1.005	1.005	1.003	1.003	1.003	1.002	1.002	1.002
1992								1.006	1.006	1.006	1.005	1.004	1.003	1.002	1.002	1.001
1993								1.007	1.007	1.007	1.007	1.006	1.005	1.004	1.003	1.002
1994								1.008	1.008	1.008	1.008	1.007	1.006	1.005	1.004	1.003
1995								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
1996								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
1997								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
1998								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
1999								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
2000								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
2001								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
2002								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
2003								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
2004								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004
2005								1.009	1.009	1.009	1.009	1.008	1.007	1.006	1.005	1.004

Adjusted (b)	Age-to-Age (in months)															
	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384
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Selected (c)	Age-to-Age (in months)															
	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384
1983																
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(e) The ULT/456Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 adjusted factors and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Ultimate

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
1996													1.006	1.006	1.004	1.004	1.005	1.004	1.003	1.003	1.002
1997												1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.002	1.003
1998											1.012	1.009	1.009	1.007	1.006	1.006	1.006	1.004	1.003	1.003	1.003
1999										1.015	1.011	1.009	1.008	1.007	1.006	1.004	1.004	1.003	1.003	1.003	1.002
2000									1.016	1.013	1.010	1.009	1.008	1.007	1.006	1.004	1.004	1.003	1.003	1.002	1.002
2001								1.024	1.017	1.014	1.012	1.011	1.008	1.007	1.006	1.005	1.004	1.004	1.003	1.002	1.002
2002							1.031	1.020	1.018	1.015	1.014	1.008	1.008	1.006	1.006	1.005	1.004	1.004	1.003	1.002	1.002
2003						1.043	1.030	1.026	1.023	1.021	1.015	1.012	1.009	1.008	1.007	1.007	1.007	1.005	1.003	1.002	1.002
2004						1.049	1.041	1.035	1.030	1.020	1.015	1.011	1.009	1.008	1.009	1.006	1.004	1.004	1.003	1.002	1.002
2005						1.060	1.050	1.042	1.028	1.020	1.015	1.013	1.010	1.008	1.009	1.006	1.004	1.004	1.003	1.002	1.002
2006			1.229			1.073	1.068	1.050	1.035	1.026	1.018	1.012	1.011	1.009	1.008	1.007	1.007	1.005	1.003	1.002	1.002
2007			1.246	1.121		1.079	1.066	1.046	1.033	1.027	1.020	1.016	1.013	1.007	1.006	1.006	1.005	1.004	1.003	1.002	1.002
2008	2.927	1.547	1.271	1.135	1.090	1.092	1.060	1.041	1.027	1.023	1.018	1.015	1.010	1.009	1.007	1.006	1.005	1.004	1.003	1.002	1.002
2009	3.069	1.616	1.280	1.150	1.092	1.092	1.061	1.043	1.031	1.023	1.019	1.011	1.009	1.007	1.006	1.005	1.004	1.003	1.002	1.002	1.002
2010	3.157	1.628	1.281	1.147	1.091	1.091	1.060	1.038	1.027	1.021	1.013	1.012	1.010	1.007	1.006	1.005	1.004	1.003	1.002	1.002	1.002
2011	3.208	1.613	1.266	1.144	1.087	1.056	1.041	1.026	1.016	1.016	1.010	1.012	1.010	1.007	1.006	1.005	1.004	1.003	1.002	1.002	1.002
2012	3.137	1.597	1.262	1.137	1.087	1.051	1.034	1.023	1.017	1.014	1.010	1.012	1.010	1.007	1.006	1.005	1.004	1.003	1.002	1.002	1.002
2013	3.169	1.606	1.260	1.129	1.072	1.044	1.028	1.020	1.014												
2014	3.229	1.635	1.257	1.129	1.071	1.039	1.027	1.018													
2015	3.278	1.618	1.244	1.119	1.058	1.042	1.026														
2016	3.235	1.586	1.230	1.103	1.060	1.043															
2017	3.185	1.569	1.210	1.109	1.065																
2018	3.110	1.526	1.222	1.113																	
2019	3.063	1.549	1.240																		
2020	2.959	1.544																			
2021	2.952																				

Selected (a)  
Cumulative

2.949(b) 1.517(b) 1.242(b) 1.124(b) 1.070(b) 1.042(b) 1.026 1.018 1.016 1.014 1.011 1.012 1.011 1.008 1.008 1.008 1.006 1.005 1.004 1.003 1.002 1.002

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year averages for the subsequent paid age-to-age factors.  
(b) Based on calculations shown on Exhibits 2.5.3 to 2.5.8. Each of these selections is calculated as the latest year paid indemnity age-to-age factor multiplied by an adjustment for changes in claim settlement rates.

**Selected Indemnity Development Factors - Paid to Ultimate (Continued)**

Accident Year	Age-to-Age (in months)																
	<u>276/264</u>	<u>288/276</u>	<u>300/288</u>	<u>312/300</u>	<u>324/312</u>	<u>336/324</u>	<u>348/336</u>	<u>360/348</u>	<u>372/360</u>	<u>384/372</u>	<u>396/384</u>	<u>408/396</u>	<u>420/408</u>	<u>432/420</u>	<u>444/432</u>	<u>456/444</u>	<u>ULT/456Pd (d)</u>
1983					1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
1984				1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.001	1.001	1.000	1.001	
1985			1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.000	
1986		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	1.000		
1987	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000		
1988	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
1989	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000				
1990	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000			
1991	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000		
1992	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
1993	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
1994	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001			
1995	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002			
1996	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002			
1997	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002			
1998	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002			
1999	1.002	1.002															
2000	1.002																
Unadjusted (a)	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.009
Selected (c)	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000	1.006
Cumulative	1.023	1.021	1.018	1.016	1.015	1.013	1.012	1.011	1.010	1.009	1.009	1.008	1.008	1.007	1.007	1.007	1.006

(c) Adjusted for the impact of changes in claim settlement rates on later period development for 300 months and later. See Exhibits 2.5.9 through 2.5.12.

(d) The ULT/456Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

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

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2013							133,993
2014						139,820	139,861
2015					144,545	144,901	144,983
2016				146,897	147,342	147,485	147,495
2017			146,432	147,516	147,914	148,046	
2018		145,829	149,259	150,132	150,442		
2019	121,242	148,176	152,213	153,228			
2020	105,950	129,801	133,011				
2021	116,733	143,137					
2022	122,793						

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):						
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-Ult</u>
2014						1.000	
2015					1.002	1.001	
2016				1.003	1.001	1.000	
2017			1.007	1.003	1.001		
2018		1.024	1.006	1.002			
2019	1.222	1.027	1.007				
2020	1.225	1.025					
2021	1.226						
Latest Year	1.226	1.025	1.007	1.002	1.001	1.000	
Cumulative	1.272	1.037	1.012	1.005	1.003	1.002	1.002

Acc. Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ult. Claim Counts	156,148	148,442	134,612	154,045	150,932	148,396	147,834

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2013							124,817
2014						126,822	130,727
2015					126,863	132,354	136,011
2016				121,113	129,929	135,207	138,795
2017			107,024	121,732	130,536	135,886	
2018		82,075	106,484	122,084	131,900		
2019	37,677	80,058	105,141	122,888			
2020	31,758	69,059	91,715				
2021	36,661	79,781					
2022	39,390						

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

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							92.8%
2014						90.4%	93.2%
2015					87.3%	91.1%	93.6%
2016				81.9%	87.9%	91.5%	93.9%
2017			72.1%	82.0%	88.0%	91.6%	
2018		54.4%	70.6%	80.9%	87.4%		
2019	24.5%	52.0%	68.3%	79.8%			
2020	23.6%	51.3%	68.1%				
2021	24.7%	53.7%					
2022	25.2%						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							126,241
2014						128,396	131,643
2015					126,992	133,066	136,431
2016				117,933	129,192	135,371	138,795
2017			101,107	118,382	129,684	135,886	
2018		81,119	102,835	120,405	131,900		
2019	38,859	82,792	104,955	122,888			
2020	33,957	72,348	91,715				
2021	37,446	79,781					
2022	39,390						

F. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							18,224
2014						17,931	19,003
2015					16,890	18,270	19,264
2016				14,470	16,442	17,810	18,778
2017			11,144	14,344	16,460	17,947	
2018		7,038	11,388	14,632	16,913		
2019	3,159	7,056	11,445	15,509			
2020	3,291	7,653	12,647				
2021	3,152	7,443					
2022	3,455						

(a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.

(b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

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

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

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							18,657
2014						18,356	19,279
2015					16,921	18,460	19,390
2016				13,780	16,267	17,854	18,778
2017			9,937	13,543	16,242	17,947	
2018		6,906	10,598	14,243	16,913		
2019	3,230	7,438	11,404	15,509			
2020	3,459	8,232	12,647				
2021	3,202	7,443					
2022	3,455						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							2,355,303
2014						2,356,802	2,537,941
2015					2,148,889	2,456,361	2,645,402
2016				1,625,166	2,101,620	2,416,854	2,606,319
2017			1,004,726	1,603,200	2,106,328	2,438,811	
2018		560,216	1,089,816	1,714,869	2,230,838		
2019	125,530	615,826	1,196,914	1,905,871			
2020	117,453	595,578	1,159,943				
2021	119,898	593,844					
2022	136,083						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							382,804
2014						495,515	392,453
2015					592,569	475,877	395,270
2016				707,064	575,736	467,821	392,248
2017			845,777	719,469	586,700	474,432	
2018		802,216	893,019	786,945	632,915		
2019	352,297	878,641	1,033,220	867,318			
2020	346,503	806,171	902,021				
2021	393,172	910,261					
2022	438,351						

(c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.

(d) Each amount is the product of the adjusted closed indemnity claim counts (Item E) and the adjusted average paid indemnity per closed claim (Item G), and divided by \$1,000.

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



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

J. Average Paid Indemnity per Open Claim for Indemnity Claims in Transition (e)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							41,721
2014						38,123	42,968
2015					33,511	37,926	44,056
2016				26,961	34,277	38,102	45,086
2017			18,286	28,617	34,880	39,016	
2018		8,237	18,875	27,836	34,134		
2019	4,216	12,899	19,348	28,587			
2020	4,670	13,272	21,843				
2021	4,910	14,367					
2022	5,256						

K. Changes in Paid Indemnity on Open Claims Resulting from the Impact of Changes in  
Claim Settlement Rates (in \$000) (f)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							-59,411
2014						-59,967	-39,358
2015					-4,323	-27,004	-18,503
2016				85,710	25,228	-6,249	
2017			108,216	95,866	29,717		
2018		7,874	68,892	46,737			
2019	-4,983	-35,266	3,599				
2020	-10,270	-43,652					
2021	-3,855						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							323,393
2014						435,548	353,095
2015					588,246	448,873	376,766
2016				792,774	600,964	461,572	392,248
2017			953,993	815,335	616,417	474,432	
2018		810,090	961,912	833,681	632,915		
2019	347,314	843,375	1,036,819	867,318			
2020	336,232	762,519	902,021				
2021	389,318	910,261					
2022	438,351						

(e) Each amount is equal to the product of [the average monthly indemnity payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly indemnity payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly indemnity payment per open indemnity claim at the same evaluation is used.

(f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by the corresponding [average paid indemnity per open claim for indemnity claims in transition (Item J)].

(g) Each amount is the sum of [paid indemnity on open claims (Item I)] and the corresponding [incremental changes in paid indemnity on open claims resulting from the impact of changes in claim settlement rates (Item K)].

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

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

M. Adjusted Total Paid Indemnity (in \$000) (h)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							2,678,697
2014						2,792,350	2,891,036
2015					2,737,135	2,905,234	3,022,168
2016				2,417,940	2,702,584	2,878,426	2,998,567
2017			1,958,718	2,418,535	2,722,745	2,913,243	
2018		1,370,306	2,051,728	2,548,551	2,863,753		
2019	472,844	1,459,201	2,233,732	2,773,189			
2020	453,686	1,358,098	2,061,963				
2021	509,215	1,504,104					
2022	574,434						

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2013						
2014						1.035
2015					1.061	1.040
2016				1.118	1.065	1.042
2017			1.235	1.126	1.070	
2018		1.497	1.242	1.124		
2019	3.086	1.531	1.242			
2020	2.993	1.518				
2021	2.954					
Latest Year	2.954	1.518	1.242	1.124	1.070	1.042
3-Year Average	3.011	1.515	1.239	1.122	1.065	1.039

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						1.039
2015					1.058	1.042
2016				1.103	1.060	1.043
2017			1.210	1.109	1.065	
2018		1.526	1.222	1.113		
2019	3.063	1.549	1.240			
2020	2.959	1.545				
2021	2.957					

(h) Each amount is the sum of the adjusted paid indemnity on closed claims (Item H) and the adjusted paid indemnity on open claims (Item L).

(i) Development factors are based on paid indemnity losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item N.

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

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

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						-0.32%
2015					0.32%	-0.16%
2016				1.37%	0.44%	-0.09%
2017			2.08%	1.48%	0.46%	
2018		-1.88%	1.64%	0.97%		
2019	0.76%	-1.20%	0.13%			
2020	1.16%	-1.72%				
2021	-0.09%					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						1.036
2015					1.061	1.040
2016				1.118	1.065	1.042
2017			1.235	1.125	1.070	
2018		1.497	1.242	1.124		
2019	3.086	1.530	1.242			
2020	2.993	1.517				
2021	2.949					
Latest Year	2.949	1.517	1.242	1.124	1.070	1.042
2-Year Average	2.971	1.524	1.242	1.125	1.067	1.041
3-Year Average	3.010	1.515	1.240	1.122	1.065	1.039

- (j) Each factor represents the change in age-to-age development factors from Item O to those in Item N.  
(k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item P)] and [the paid indemnity age-to-age development factor from Exhibit 2.5.1].

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

**Paid Loss Development Factors**  
**Adjusted for the Impact of Claim Settlement Rate**  
**Changes on Later Period Development**

1. Reported Closed Indemnity Claim Counts

Accident	Evaluated as of (in months)									
<u>Year</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>	<u>408</u>
1989							210,926	210,991	211,046	211,039
1990						230,896	230,974	231,050	231,101	
1991					231,322	231,397	231,477	231,518		
1992				182,173	182,246	182,323	182,381			
1993			142,694	142,787	142,863	142,905				
1994		129,959	130,048	130,156	130,206					
1995	120,775	120,898	120,987	121,056						
1996	115,184	115,313	115,381							
1997	121,480	121,580								
1998	131,778									
1999										

Accident Year	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
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<u>2. Ult. Claim Counts (a)</u>	132,910	122,444	116,049	121,655	130,686	143,295	182,759	231,929	231,353	211,386
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3. Ultimate Indemnity Claim Settlement Ratio (b)

Accident	Evaluated as of (in months)									
<u>Year</u>	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>	<u>408</u>
1989							99.8%	99.8%	99.8%	99.8%
1990						99.8%	99.8%	99.9%	99.9%	
1991					99.7%	99.8%	99.8%	99.8%		
1992				99.7%	99.7%	99.8%	99.8%			
1993			99.6%	99.6%	99.7%	99.7%				
1994		99.4%	99.5%	99.6%	99.6%					
1995	99.3%	99.4%	99.5%	99.5%						
1996	99.3%	99.4%	99.4%							
1997	99.2%	99.3%								
1998	99.1%									

(a) Based on the latest year age-to-age development in indemnity claim counts. See Exhibit 2.5.3.

(b) Ratio of closed indemnity claim counts (Item 1) to the estimated ultimate indemnity claim counts (Item 2) for that accident year.

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

**Paid Loss Development Factors**  
**Adjusted for the Impact of Claim Settlement Rate**  
**Changes on Later Period Development**

4. Ratio of Incremental Closed Indemnity Claims to Estimated Prior Open Indemnity Claims (c)

Accident	Evaluated as of (in months)								
Year	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396 396-408
1989								14.1%	13.9% ---
1990							17.1%	20.0%	16.8%
1991						12.3%	15.0%	9.1%	
1992					12.4%	15.0%	13.3%		
1993				15.5%	15.0%	9.7%			
1994			12.2%	16.9%	9.4%				
1995		14.0%	11.8%	10.3%					
1996	9.8%	14.9%	9.2%						
1997	9.8%	10.3%							
1998	8.6%								
1999									
3-Year Average	9.4%	13.1%	11.1%	14.3%	12.3%	12.4%	15.1%	14.4%	15.4%
Share of Open on Prior (d)	90.6%	86.9%	88.9%	85.7%	87.7%	87.6%	84.9%	85.6%	84.6%

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

Accident	Evaluated as of (in months)								
Year	300	312	324	336	348	360	372	384	396
1989									
1990									252
1991								411	298
1992							378	275	324
1993						390	290	331	283
1994					480	369	420	357	305
1995				599	450	525	460	391	334
1996			668	509	573	503	440	374	320
1997		864	668	769	659	578	507	430	368
1998	1,132	892	984	875	751	658	577	490	419
1999	988	1,112	967	859	737	646	567	481	412
...									
2021	516	467	406	361	310	272	238	202	173
2022	877	795	691	614	527	462	405	344	294

- (c) Equal to [the difference in ultimate indemnity claim settlement ratios from the prior evaluation (Item 3)] divided by [1.0 less the ultimate indemnity claim settlement ratio from the prior evaluation].
- (d) Equal to 1.0 minus the selected ratio of incremental closed indemnity claims to prior open indemnity claims from Item 4.
- (e) The italicized diagonal is equal to the Ultimate Indemnity Claim Counts (Item 2) less the Reported Closed Indemnity Claim Counts (Item 1) as of the latest evaluation. The remaining figures are projected based on the italicized diagonal and the Share of Open on Prior from Item 4.

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

**Paid Loss Development Factors**  
**Adjusted for the Impact of Claim Settlement Rate**  
**Changes on Later Period Development**

6. Ratio of Projected Open Claim Counts to Ultimate Claim Counts (f)

Accident	Evaluated as of (in months)								
Year	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>
1989								0.2%	0.2%
1990							0.2%	0.1%	0.1%
1991						0.2%	0.2%	0.2%	0.1%
1992					0.3%	0.2%	0.2%	0.2%	0.2%
1993				0.4%	0.3%	0.3%	0.2%	0.2%	0.2%
1994			0.5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%
1995		0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%
1996	0.7%	0.6%	0.6%	0.4%	0.5%	0.4%	0.4%	0.3%	0.3%
1997	0.8%	0.7%	0.5%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%
1998	0.9%	0.7%	0.7%	0.7%	0.6%	0.5%	0.4%	0.4%	0.3%
1999	0.7%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%
...									
2021	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
2022	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%
3-Year Historical Avg.	0.8%	0.7%	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%

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

Accident	Evaluated as of (in months)								
Year	<u>300</u>	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>
1989									
1990									
1991									0.95
1992								0.91	1.31
1993							1.07	1.40	1.46
1994						1.14	1.70	1.65	1.73
1995					1.17	1.75	2.00	1.94	2.04
1996				1.05	1.56	1.75	2.01	1.95	2.04
1997			1.02	1.50	1.70	1.91	2.19	2.13	2.23
1998		1.03	1.38	1.58	1.78	2.01	2.30	2.23	2.34
1999	0.92	1.26	1.34	1.53	1.73	1.95	2.23	2.16	2.27
...									
2021	0.44	0.48	0.51	0.58	0.66	0.74	0.85	0.82	0.86
2022	0.71	0.78	0.82	0.94	1.07	1.20	1.37	1.33	1.40

(f) Equal to the Projected Open + IBNR Indemnity Claim Counts (Item 5) divided by the Ultimate Indemnity Claim Counts (Item 2).  
The italicized diagonals are based on historical data while the remaining figures are projections.

(g) Equal to the Ratio of Projected Open Claim Counts to Ultimate Claim Counts (Item 6) divided by the three-year historical average.

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

**Paid Loss Development Factors  
Adjusted for the Impact of Claim Settlement Rate  
Changes on Later Period Development**

Age	Age-to-Age Paid Development (in months):								
	<u>300-312</u>	<u>312-324</u>	<u>324-336</u>	<u>336-348</u>	<u>348-360</u>	<u>360-372</u>	<u>372-384</u>	<u>384-396</u>	<u>396-408</u>

8. 3-Year Average (h)

Indemnity	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.001
Medical	1.005	1.006	1.004	1.004	1.003	1.002	1.004	1.002	1.003

9. Adjustment Ratio (i)

Accident Year 2021	0.78	0.80	0.81	0.85	0.88	0.91	0.96	0.95	0.96
Accident Year 2022	0.88	0.91	0.93	0.98	1.03	1.08	1.15	1.13	1.16

10. Adjusted Factors (j)

Indemnity									
Accident Year 2021	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001
Accident Year 2022	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001
Medical									
Accident Year 2021	1.004	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.002
Accident Year 2022	1.004	1.005	1.003	1.003	1.002	1.002	1.003	1.002	1.003

- (h) Indemnity development factors are from Exhibit 2.3.2. Medical development factors are from Exhibit 2.4.2 and include adjustments for SB 1160 and changes in pharmaceutical costs.
- (i) Equal to the Ratio of Projected Percent Open to Historical Percent Open (Item 7) for the given accident year, with the difference from 1.0 adjusted by 40% to reflect the estimated impact of claim settlement rate changes on later period development.
- (j) Equal to the [three year average factors (Item 8) - 1.0] multiplied by the Adjustment Ratio (Item 9), and adding 1.0.

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

**Selected Medical Development Factors - Paid to Ultimate**

Adjusted (a)(b) Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
1999																					
2000																					
2001																					
2002																					
2003																					
2004																					
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2012																					
2013																					
2014																					
2015																					
2016																					
2017																					
2018																					
2019																					
2020																					
2021																					
Selected (c)	2.494(d)	1.425(d)	1.214(d)	1.110(d)	1.072(d)	1.046(d)	1.029	1.022	1.018	1.017	1.013	1.012	1.011	1.010	1.011	1.009	1.009	1.008	1.007	1.006	1.005
Cumulative Unadjusted for Impact of SB 1160	7.150	2.867	2.012	1.657	1.492	1.392	1.330	1.293	1.265	1.242	1.222	1.206	1.191	1.178	1.166	1.154	1.143	1.133	1.124	1.116	1.110
Cumulative Adjusted for Impact of SB 1160(e)	7.070	2.834	1.989	1.638	1.476	1.376	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.  
 (b) These factors are adjusted for the impact of pharmaceutical cost reductions through 2018 and the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule in order to bring the historical payments to the current pharmaceutical and medical service cost level.  
 (c) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year averages for the subsequent paid age-to-age factors.  
 (d) Based on calculations shown on Exhibits 2.6.3 to 2.6.8. Each of these selections are calculated as the latest year paid medical age-to-age factor multiplied by an adjustment for changes in claim settlement rates.  
 (e) The cumulative factor for 72 months is adjusted by -1.1% for the impact of the SB 1160 reductions in future lien filings.



**Selected Medical Development Factors - Paid to Ultimate (Continued)**

Accident Year	Age-to-Age (in months)																UL T/456Pd (g)
	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	
1983										1.003	1.002	1.004	1.003	1.003	1.002	1.002	UL T/456Pd (g)
1984									1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.001	
1985								1.003	1.002	1.003	1.002	1.002	1.002	1.002	1.001	1.002	
1986							1.005	1.004	1.006	1.005	1.004	1.003	1.004	1.001	1.002		
1987						1.004	1.003	1.003	1.003	1.004	1.002	1.003	1.003	1.003			
1988					1.004	1.003	1.003	1.003	1.004	1.003	1.002	1.003	1.003				
1989				1.005	1.003	1.003	1.003	1.003	1.003	1.005	1.002	1.002					
1990			1.004	1.003	1.002	1.003	1.002	1.003	1.002	1.003	1.001						
1991		1.006	1.003	1.003	1.003	1.004	1.004	1.003	1.002	1.003							
1992	1.006	1.005	1.005	1.006	1.004	1.006	1.003	1.003	1.002								
1993	1.007	1.007	1.007	1.005	1.009	1.004	1.003	1.003									
1994	1.009	1.008	1.005	1.005	1.005	1.004	1.003										
1995	1.014	1.008	1.010	1.007	1.006	1.004											
1996	1.010	1.009	1.007	1.005													
1997	1.008	1.006	1.005	1.004													
1998	1.008	1.006	1.006														
1999	1.006	1.004															
2000	1.004																
Unadjusted (c)	1.006	1.005	1.006	1.005	1.006	1.004	1.004	1.003	1.002	1.004	1.002	1.003	1.003	1.002	1.001	1.002	1.073
Selected (f)	1.006	1.005	1.006	1.004	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.003	1.002	1.001	1.001	1.048
Cumulative	1.104	1.097	1.091	1.085	1.080	1.076	1.072	1.069	1.066	1.065	1.061	1.059	1.056	1.053	1.051	1.050	1.048

(f) Adjusted for the impact of changes in claim settlement rates on later period development for 300 months and later. See Exhibits 2.5.9 through 2.5.12.

(g) The UL T/456Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

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

**A. Total Reported Indemnity Claim Counts**

Accident Year	Evaluated as of (in months)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2013							133,993
2014						139,820	139,861
2015					144,545	144,901	144,983
2016				146,897	147,342	147,485	147,495
2017			146,432	147,516	147,914	148,046	
2018		145,829	149,259	150,132	150,442		
2019	121,242	148,176	152,213	153,228			
2020	105,950	129,801	133,011				
2021	116,733	143,137					
2022	122,793						

**B. Development of Total Reported Indemnity Claim Counts**

Accident Year	Age-to-Age Development (in months):						
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-Ult</u>
2014						1.000	
2015					1.002	1.001	
2016				1.003	1.001	1.000	
2017			1.007	1.003	1.001		
2018		1.024	1.006	1.002			
2019	1.222	1.027	1.007				
2020	1.225	1.025					
2021	1.226						
Latest Year	1.226	1.025	1.007	1.002	1.001	1.000	
Cumulative	1.272	1.037	1.012	1.005	1.003	1.002	1.002

Acc. Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ult. Claim Counts	156,148	148,442	134,612	154,045	150,932	148,396	147,834

**C. Closed Indemnity Claim Counts**

Accident Year	Evaluated as of (in months)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2013							124,817
2014						126,822	130,727
2015					126,863	132,354	136,011
2016				121,113	129,929	135,207	138,795
2017			107,024	121,732	130,536	135,886	
2018		82,075	106,484	122,084	131,900		
2019	37,677	80,058	105,141	122,888			
2020	31,758	69,059	91,715				
2021	36,661	79,781					
2022	39,390						

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

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

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							92.8%
2014						90.4%	93.2%
2015					87.3%	91.1%	93.6%
2016				81.9%	87.9%	91.5%	93.9%
2017			72.1%	82.0%	88.0%	91.6%	
2018		54.4%	70.6%	80.9%	87.4%		
2019	24.5%	52.0%	68.3%	79.8%			
2020	23.6%	51.3%	68.1%				
2021	24.7%	53.7%					
2022	25.2%						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							126,241
2014						128,396	131,643
2015					126,992	133,066	136,431
2016				117,933	129,192	135,371	138,795
2017			101,107	118,382	129,684	135,886	
2018		81,119	102,835	120,405	131,900		
2019	38,859	82,792	104,955	122,888			
2020	33,957	72,348	91,715				
2021	37,446	79,781					
2022	39,390						

F. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							19,882
2014						18,133	19,283
2015					16,234	17,713	18,709
2016				13,507	15,513	16,803	18,018
2017			10,647	13,470	15,464	16,818	
2018		6,961	11,089	13,994	16,155		
2019	3,424	6,729	10,807	14,188			
2020	2,892	6,930	11,400				
2021	2,846	6,408					
2022	2,869						

(a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.

(b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

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

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

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							20,376
2014						18,588	19,582
2015					16,267	17,903	18,858
2016				12,907	15,335	16,858	18,018
2017			9,594	12,767	15,259	16,818	
2018		6,837	10,344	13,648	16,155		
2019	3,489	7,086	10,769	14,188			
2020	3,045	7,450	11,400				
2021	2,888	6,408					
2022	2,869						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							2,572,310
2014						2,386,613	2,577,774
2015					2,065,822	2,382,225	2,572,801
2016				1,522,162	1,981,137	2,282,029	2,500,804
2017			970,065	1,511,409	1,978,799	2,285,346	
2018		554,601	1,063,696	1,643,308	2,130,882		
2019	135,574	586,644	1,130,306	1,743,518			
2020	103,391	538,964	1,045,562				
2021	108,159	511,239					
2022	112,994						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							463,758
2014						535,669	444,991
2015					621,730	517,571	452,800
2016				736,345	613,184	539,195	456,528
2017			842,097	737,328	629,717	568,661	
2018		869,112	898,489	826,552	703,746		
2019	400,040	875,493	987,376	902,651			
2020	366,579	818,829	921,369				
2021	398,111	912,366					
2022	415,812						

(c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.

(d) Each amount is equal to the product of [adjusted closed indemnity claim counts (Item E)] and [adjusted average paid medical per closed indemnity claim (Item G)], and divided by \$1,000.

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

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

J. Average Paid Medical per Open Indemnity Claim for Indemnity Claims in Transition (e)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							50,544
2014						41,212	48,720
2015					35,161	41,249	50,468
2016				28,557	35,214	43,916	52,475
2017			21,369	28,596	36,236	46,765	
2018		13,632	21,005	29,469	37,954		
2019	4,787	12,853	20,976	29,751			
2020	4,941	13,480	22,311				
2021	4,972	14,401					
2022	4,986						

K. Changes in Paid Medical on Open Indemnity Claims Resulting from the Impact of Changes in Indemnity Claim Settlement Rates (in \$000) (f)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							-71,974
2014						-64,827	-44,627
2015					-4,536	-29,370	-21,197
2016				85,930	26,273	-7,202	
2017			116,173	95,449	30,455		
2018		9,741	74,637	47,023			
2019	-5,658	-35,139	3,586				
2020	-10,865	-44,337					
2021	-3,903						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2013							391,784
2014						470,842	400,364
2015					617,194	488,201	431,603
2016				822,275	639,457	531,993	456,528
2017			958,271	832,777	660,172	568,661	
2018		878,853	973,126	873,575	703,746		
2019	394,382	840,353	990,962	902,651			
2020	355,714	774,492	921,369				
2021	394,208	912,366					
2022	415,812						

(e) Each amount is equal to the product of [the average monthly medical payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly medical payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly medical payment per open indemnity claim at the same evaluation is used.

(f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by [the corresponding average paid medical per open indemnity claim for indemnity claims in transition (Item J)].

(g) Each amount is the sum of [paid medical on open indemnity claims (Item I)] and the corresponding [incremental changes in paid medical on open indemnity claims resulting from the impact of changes in indemnity claim settlement rates (Item K)].

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

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

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

Accident Year	Evaluated as of (in months)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2013							233,497
2014						251,791	253,932
2015					261,179	264,322	266,764
2016				273,063	277,872	282,364	285,888
2017			283,873	290,593	295,825	299,657	
2018		287,774	302,157	314,809	319,457		
2019	196,435	288,452	307,692	318,392			
2020	156,077	234,813	250,508				
2021	172,967	263,045					
2022	175,099						

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

Accident Year	Evaluated as of (in months)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2013							3,197,591
2014						3,109,246	3,232,071
2015					2,944,195	3,134,748	3,271,169
2016				2,617,501	2,898,466	3,096,385	3,243,220
2017			2,212,208	2,634,779	2,934,796	3,153,664	
2018		1,721,228	2,338,979	2,831,692	3,154,086		
2019	726,391	1,715,450	2,428,960	2,964,561			
2020	615,182	1,548,268	2,217,439				
2021	675,334	1,686,650					
2022	703,906						

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

Accident Year	Evaluated as of (in months)					
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>
2014						1.040
2015					1.065	1.044
2016				1.107	1.068	1.047
2017			1.191	1.114	1.075	
2018		1.359	1.211	1.114		
2019	2.362	1.416	1.221			
2020	2.517	1.432				
2021	2.498					
Latest Year	2.498	1.432	1.221	1.114	1.075	1.047

(h) Each amount is the sum of [adjusted paid medical on closed indemnity claims (Item H)], [adjusted paid medical on open indemnity claims (Item L)] and [paid medical on medical-only claims (Item M)]. The effect of the paid cost of medical cost containment programs are only present for accident years 2011 and prior.

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

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

P. Paid Medical Loss Development Factors (i)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						1.043
2015					1.062	1.044
2016				1.099	1.064	1.048
2017			1.177	1.104	1.071	
2018		1.378	1.197	1.107		
2019	2.347	1.428	1.219			
2020	2.493	1.447				
2021	2.497					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						-0.33%
2015					0.21%	-0.06%
2016				0.78%	0.38%	-0.09%
2017			1.15%	0.92%	0.32%	
2018		-1.39%	1.17%	0.64%		
2019	0.62%	-0.84%	0.10%			
2020	0.93%	-1.04%				
2021	0.01%					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						1.042
2015					1.066	1.043
2016				1.110	1.067	1.046
2017			1.194	1.111	1.072	
2018		1.366	1.206	1.110		
2019	2.375	1.407	1.214			
2020	2.490	1.425				
2021	2.494					
Latest Year	2.494	1.425	1.214	1.110	1.072	1.046
2-Year Average	2.492	1.416	1.210	1.111	1.070	1.045
3-Year Average	2.453	1.399	1.205	1.110	1.069	1.044

- (i) Development factors are based on paid medical losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item O.
- (j) Each factor represents the change in age-to-age development factors from Item P to those in Item O.
- (k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item Q)] and [the adjusted paid medical age-to-age development factor from Exhibit 2.6.1].

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

**Developed Indemnity Loss Ratios Using Selected Loss Development Factors  
Adjusted for Changes in Claim Settlement Rates  
Based on Experience as of December 31, 2022**

Accident Year	<u>Development Factors</u>			
	(1) Paid Loss Ratio (a)	(2) Annual (b)	(3) Cumulative	(4) Projected Ultimate Loss Ratio (4) = (1) x (3)
1987	0.345	1.000	1.007	0.347
1988	0.330	1.000	1.007	0.332
1989	0.342	1.001	1.008	0.345
1990	0.397	1.001	1.008	0.400
1991	0.424	1.000	1.009	0.428
1992	0.349	1.001	1.009	0.352
1993	0.286	1.001	1.010	0.289
1994	0.325	1.001	1.011	0.329
1995	0.468	1.001	1.012	0.474
1996	0.525	1.001	1.013	0.532
1997	0.594	1.001	1.015	0.603
1998	0.644	1.002	1.016	0.654
1999	0.674	1.002	1.018	0.686
2000	0.583	1.002	1.021	0.595
2001	0.483	1.002	1.023	0.494
2002	0.360	1.002	1.025	0.369
2003	0.237	1.002	1.027	0.244
2004	0.141	1.003	1.031	0.145
2005	0.121	1.004	1.035	0.125
2006	0.155	1.005	1.040	0.161
2007	0.213	1.006	1.046	0.222
2008	0.267	1.008	1.054	0.282
2009	0.311	1.008	1.062	0.330
2010	0.297	1.011	1.074	0.319
2011	0.273	1.012	1.086	0.296
2012	0.241	1.011	1.098	0.265
2013	0.203	1.014	1.114	0.226
2014	0.189	1.016	1.131	0.214
2015	0.182	1.018	1.152	0.209
2016	0.168	1.026	1.182	0.198
2017	0.166	1.042	1.231	0.204
2018	0.165	1.070	1.318	0.218
2019	0.173	1.124	1.481	0.256
2020	0.147	1.242	1.838	0.271
2021	0.112	1.517	2.789	0.311
2022	0.038	2.949	8.226	0.311

- (a) Based on Exhibit 1.  
(b) See Exhibits 2.5.1 and 2.5.2.



**Developed Medical Loss Ratios Using Selected Loss Development Factors  
Adjusted for Changes in Claim Settlement Rates  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)
			<b>Reform Adjusted</b>			
			<u>Development Factors</u>			
Accident Year	<u>Paid Loss Ratio (a)</u>	<u>Adjusted Paid Loss Ratio (b)</u>	<u>Annual (c)</u>	<u>Cumulative (c)</u>	<u>Adjusted Developed Loss Ratio (d)</u> (2) x (4)	<u>Projected Ultimate Loss Ratio</u> (1) + ((5) - (2))
1987	0.307	0.272	1.001	1.051	0.286	0.321
1988	0.300	0.266	1.002	1.053	0.280	0.314
1989	0.319	0.283	1.003	1.056	0.299	0.335
1990	0.361	0.320	1.003	1.059	0.339	0.380
1991	0.378	0.335	1.002	1.061	0.356	0.398
1992	0.313	0.278	1.003	1.065	0.296	0.331
1993	0.257	0.228	1.002	1.066	0.244	0.272
1994	0.295	0.263	1.002	1.069	0.281	0.313
1995	0.435	0.387	1.003	1.072	0.415	0.463
1996	0.466	0.415	1.003	1.076	0.446	0.497
1997	0.521	0.464	1.004	1.080	0.501	0.559
1998	0.623	0.556	1.004	1.085	0.603	0.670
1999	0.680	0.607	1.006	1.091	0.663	0.735
2000	0.613	0.548	1.005	1.097	0.601	0.666
2001	0.540	0.485	1.006	1.104	0.535	0.590
2002	0.417	0.375	1.005	1.110	0.416	0.458
2003	0.266	0.240	1.006	1.116	0.268	0.294
2004	0.179	0.162	1.007	1.124	0.183	0.200
2005	0.175	0.159	1.008	1.133	0.180	0.196
2006	0.224	0.204	1.009	1.143	0.233	0.253
2007	0.312	0.285	1.009	1.154	0.329	0.355
2008	0.384	0.353	1.011	1.166	0.411	0.443
2009	0.445	0.412	1.010	1.178	0.485	0.518
2010	0.432	0.402	1.011	1.191	0.479	0.509
2011	0.364	0.342	1.012	1.206	0.413	0.435
2012	0.309	0.293	1.013	1.222	0.358	0.374
2013	0.244	0.242	1.017	1.242	0.301	0.303
2014	0.214	0.217	1.018	1.265	0.274	0.272
2015	0.197	0.202	1.022	1.293	0.261	0.256
2016	0.182	0.187	1.029	1.330	0.249	0.243
2017	0.180	0.186	1.046	1.376	0.256	0.250
2018	0.182	0.188	1.072	1.476	0.278	0.272
2019	0.185	0.189	1.110	1.638	0.310	0.306
2020	0.159	0.160	1.214	1.989	0.319	0.317
2021	0.126	0.126	1.425	2.834	0.357	0.356
2022	0.046	0.046	2.494	7.070	0.329	0.329

- (a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent.
- (b) Based on experience evaluated as of December 31, 2022. Reflects adjustments for the pharmaceutical cost reductions through 2018 and 2021 changes to the Official Medical Fee Schedule (OMFS) and Medical-Legal Fee Schedule (MLFS), restating the historical medical paid-to-date ratios at a 2018 pharmaceutical cost level and a 2021 OMFS and MLFS level.
- (c) See Exhibits 2.6.1 and 2.6.2.
- (d) The developed medical loss ratios shown were derived based on an adjustment for pharmaceutical cost reductions and 2021 medical fee schedule changes. They are only for purposes of projecting future medical loss ratios and do not reflect true estimates of ultimate loss ratios for those accident years.

**Indemnity Benefit Level Factors**

Accident Year	(1) Annual Benefit Change Prior to Frequency <u>Adjustments (a)</u>	(2) Frequency <u>Adjustments (a)</u>	(3) Annual Impact on Indemnity Benefits Due to Wage <u>Inflation (b)</u>	(4) Annual Cost Impact on <u>Indemnity (c)</u>	(5) Composite Indemnity Adjustment <u>Factor (d)</u>	
1987	0.0	0.0	1.9	1.9	1.721	
1988	0.0	0.0	1.5	1.5	1.695	
1989	0.0	0.0	1.5	1.5	1.670	
1990	2.3	19.9	1.7	24.7	1.339	
1991	4.9	14.8	0.8	21.4	1.103	
1992	1.8	-8.3	1.6	-5.2	1.163	
1993	0.2	-18.1	0.4	-17.6	1.411	
1994	-5.1	0.2	0.6	-4.3	1.475	
1995	6.3	0.6	1.0	8.0	1.366	
1996	5.3	0.4	1.2	7.0	1.277	
1997	9.7	0.2	1.6	11.7	1.143	
1998	6.5	0.0	1.8	8.4	1.055	
1999	5.7	0.0	2.1	7.9	0.977	
2000	3.9	0.0	3.1	7.1	0.912	
2001	-0.3	0.0	0.2	-0.1	0.913	
2002	-0.7	0.0	0.4	-0.3	0.935	(e)
2003	7.3	0.0	1.2	8.6	0.932	(e)
2004	-6.0	-13.7	2.1	-17.2	1.276	(e)
2005	-31.6	-15.3	1.6	-41.2	1.730	
2006	5.6	-5.7	2.2	1.8	1.700	
2007	1.6	0.0	2.1	3.7	1.639	
2008	4.8	0.6	1.0	6.5	1.539	
2009	0.4	1.4	0.2	2.0	1.508	
2010	0.4	0.0	1.5	1.9	1.480	
2011	0.0	0.0	1.4	1.4	1.460	
2012	-0.8	0.0	2.1	1.3	1.442	
2013	1.4	0.2	0.6	2.3	1.410	
2014	5.8	1.5	1.7	9.2	1.291	
2015	-0.8	0.0	2.3	1.4	1.273	
2016	0.3	0.0	1.0	1.3	1.257	
2017	0.5	0.0	2.2	2.7	1.224	
2018	0.4	0.0	2.2	2.6	1.192	
2019	0.4	0.0	2.4	2.8	1.160	
2020	0.4	0.0	2.5	3.0	1.127	
2021	0.5	0.0	3.2	3.7	1.086	
2022	1.3	0.0	1.6	2.9	1.055	
2023	0.4	0.0	2.6	3.0	1.024	
2024	0.4	0.0	1.7	2.1	1.003	
9/1/2024	0.1 (Annual 0.4)	0.0	0.3 (Annual 1.6)	0.3		

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation as reflected in emerging post-reform costs. The annual cost impacts have been segregated between claim severity and claim frequency impacts.
- (b) These impacts are based on the weekly wages (see column 2 of Exhibit 5.1) of injured workers and the legislatively scheduled benefits for that year.
- (c)  $\{ [\text{Column (1)} / 100 + 1.0] \times [\text{Column (2)} / 100 + 1.0] \times [\text{Column (3)} / 100 + 1.0] - 1.0 \} \times 100$ .
- (d) These factors represent the combined impact of the annual benefit changes on claim severity shown in Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in Column (3), adjusted to the 9/1/2024 level.
- (e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.

**Annual Medical Cost Level Change - Non-Legislative**

Accident	(1) Proportion of Medical Subject to	(2) Proportion of Medical Not Subject to	(3) Impact of Fee Schedule Change on	(4) Change in Medical	(5) Impact of CPI Change on Total	(6) Annual Non-Legislative Cost Impact on
<u>Year</u>	<u>Fee Schedule (a)</u>	<u>Fee Schedule (a)</u>	<u>Total Medical (b)</u>	<u>CPI (c)</u>	<u>Medical (d)</u>	<u>Total Medical (e)</u>
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	4.2% (f)
2014	0.928	0.072	0.0%	4.2%	0.3%	0.3%
2015	0.933	0.067	0.0%	3.1%	0.2%	0.2%
2016	0.918	0.082	0.0%	5.4%	0.4%	0.4%
2017	0.906	0.094	0.0%	2.2%	0.2%	0.2%
2018	0.887	0.113	0.0%	2.5%	0.2%	0.2%
2019	0.873	0.127	0.0%	3.8%	0.4%	0.4%
2020	0.866	0.134	0.0%	3.0%	0.4%	0.4%
2021	0.864	0.136	4.1%	1.2%	0.2%	0.2% (f)
2022	0.864	0.136	0.0%	5.6%	0.8%	0.8%
2023	0.864	0.136	0.0%	3.4%	0.5%	0.5%
2024	0.864	0.136	0.0%	2.3%	0.3%	0.3%
9/1/2024	0.864	0.136	0.0% (Annual 0.0%)	0.3% (Annual 2.0%)	0.0%	0.0%

- (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 MCCP costs.
- (b) Based on the WCIRB's evaluation of the cost impact of changes in the medical fee schedules. Does not include the impact of the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule, which are reflected in the medical loss development projections for accident years 2013 and later.
- (c) Based on a component of the Consumer Price Index. Projections furnished by the California Department of Finance.
- (d) Adjusted CPI on workers' compensation medical costs that are not subject to fee schedules. The current year impact is the weighted average of 0% and Column (4), with Columns (1) and (2) from prior years as weights. (i) 1993's non-fee proportion is reduced by 13.8% due to the new medical-legal fee schedule enacted in 1994. (ii) 1998's non-fee proportion is reduced by 7.7% due to the Inpatient Hospital Fee Schedule (IHFS) effective 4/1/1999. (iii) 2002's non-fee proportion is reduced by 7.6% due to the new pharmaceutical fee schedule effective 1/1/2003. (iv) 2003's non-fee proportion is reduced by 17.2% due to the outpatient fee schedule effective 1/1/2004. (v) Given the anticipated impact of legislative reform, a 0% inflation rate has been assumed for 2004 and 2005.
- (e) Column (6) = Column (3) + Column (5).
- (f) The impact of the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule is applied to accident years 2012 and prior, which are not reflected in the medical loss development projections.

**Annual Medical Cost Level Change - Legislative**

Accident Year	(1) Annual Legislative Cost Impact on Medical Severity (a)	(2) Annual Legislative Cost Impact on Medical Due to Frequency Changes (b)	(3) Annual Total Legislative Cost Impact on Medical (c)
1987	0.0%	0.0%	0.0%
1988	0.0%	0.0%	0.0%
1989	0.0%	0.0%	0.0%
1990	-0.7%	19.9%	19.1%
1991	-1.6%	14.7%	12.9%
1992	0.5%	-8.4%	-7.9%
1993	-0.7%	-18.1%	-18.7%
1994	-2.6%	0.3%	-2.3%
1995	0.0%	0.5%	0.5%
1996	0.0%	0.4%	0.4%
1997	0.0%	0.2%	0.2%
1998	12.6%	0.0%	12.6%
1999	12.6%	0.0%	12.6%
2000	7.0%	0.0%	7.0%
2001	6.6%	0.0%	6.6%
2002	-5.6%	0.0%	-5.6%
2003	-6.0%	0.0%	-6.0%
2004	-24.4%	-12.5%	-33.9%
2005	0.0%	-13.9%	-13.9%
2006	0.1%	-5.2%	-5.1%
2007	0.1%	0.0%	0.1%
2008	0.2%	0.3%	0.5%
2009	0.0%	1.0%	1.0%
2010	0.0%	0.0%	0.0%
2011	-2.0%	0.0%	-2.0%
2012	-4.4%	0.0%	-4.4%
2013	-8.3%	0.2%	-8.1%
2014	-6.0%	1.3%	-4.8%
2015	-2.2%	0.0%	-2.2%
2016	-0.7%	0.0%	-0.7%
2017	-0.5%	0.0%	-0.5%
2018	-0.3%	0.0%	-0.3%
2019	0.0%	0.0%	0.0%
2020	0.0%	0.0%	0.0%
2021	0.0%	0.0%	0.0%
2022	0.0%	0.0%	0.0%
2023	0.0%	0.0%	0.0%
2024	0.0%	0.0%	0.0%
9/1/2024	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%	0.844
1988	3.8%	0.0%	3.8%	0.814
1989	3.0%	0.0%	3.0%	0.790
1990	3.7%	19.1%	23.5%	0.640
1991	3.6%	12.9%	16.9%	0.547
1992	3.0%	-7.9%	-5.2%	0.577
1993	2.7%	-18.7%	-16.5%	0.691
1994	-2.3%	-2.3%	-4.6%	0.724
1995	0.9%	0.5%	1.4%	0.714
1996	1.0%	0.4%	1.4%	0.704
1997	0.7%	0.2%	0.9%	0.698
1998	0.8%	12.6%	13.5%	0.615
1999	2.5%	12.6%	15.4%	0.533
2000	1.7%	7.0%	8.8%	0.489
2001	2.9%	6.6%	9.7%	0.446
2002	2.0%	-5.6%	-3.7%	0.463
2003	1.4%	-6.0%	-4.7%	0.486
2004	0.0%	-33.9%	-33.9%	0.735
2005	0.0%	-13.9%	-13.9%	0.853
2006	0.3%	-5.1%	-4.8%	0.897
2007	1.8%	0.1%	1.9%	0.880
2008	0.2%	0.5%	0.7%	0.874
2009	0.4%	1.0%	1.4%	0.862
2010	0.3%	0.0%	0.3%	0.859
2011	0.3%	-2.0%	-1.7%	0.874
2012	0.1%	-4.4%	-4.3%	0.913
2013	4.2%	-8.1%	-4.2%	0.954
2014	0.3%	-4.8%	-4.5%	0.999
2015	0.2%	-2.2%	-2.0%	1.019
2016	0.4%	-0.7%	-0.3%	1.022
2017	0.2%	-0.5%	-0.3%	1.025
2018	0.2%	-0.3%	-0.1%	1.026
2019	0.4%	0.0%	0.4%	1.022
2020	0.4%	0.0%	0.4%	1.018
2021	0.2%	0.0%	0.2%	1.016
2022	0.8%	0.0%	0.8%	1.008
2023	0.5%	0.0%	0.5%	1.003
2024	0.3%	0.0%	0.3%	
9/1/2024	0.0%	0.0%	0.0%	

(a) See Exhibit 4.2, Column (6).

(b) See Exhibit 4.3, Column (3).

(c)  $\text{Column (3)} = [1.0 + \text{Column (1)}] \times [1.0 + \text{Column (2)}] - 1.0$ .

(d) These factors adjust the annual impact shown in Column (3) to the 9/1/2024 level.

### Annual Wage Level Changes

	(1)	(2)	(3)
<u>Year</u>	<u>Annual Wage Level Change (a)</u>	<u>Adjusted Annual Wage Level Change (b)</u>	<u>Factor to a 9/1/2024 Wage Level (c)</u>
1987	5.6		3.743
1988	4.4		3.585
1989	4.3		3.437
1990	5.0		3.274
1991	2.3		3.200
1992	4.7		3.056
1993	1.2		3.020
1994	1.8		2.967
1995	2.9		2.883
1996	3.4		2.788
1997	4.7		2.663
1998	5.2		2.532
1999	6.2		2.384
2000	9.0		2.187
2001	0.6		2.174
2002	1.1		2.150
2003	3.6		2.075
2004	5.0		1.977
2005	3.2		1.915
2006	4.6		1.831
2007	4.5		1.752
2008	2.1		1.716
2009	0.5		1.708
2010	3.0		1.658
2011	3.1		1.608
2012	4.2		1.543
2013	0.7		1.533
2014	3.3		1.484
2015	4.5		1.420
2016	1.9		1.393
2017	4.4		1.335
2018	3.7		1.287
2019	4.4		1.233
2020	11.3	4.9	1.175
2021	7.7	6.3	1.106
2022	2.1	2.7	1.077
Projected:			
2023	4.3		
2024	2.9		
9/1/2024	0.5	(Annual = 2.7)	

- (a) Historical wage changes through 2021 are based on Bureau of Labor Statistics (BLS) data. Wage change for 2022 is based on the average of the changes produced by the BLS for annual wages and the BLS Current Employment Statistics hourly wage estimate. Forecasts for 2023 and forward are based on the average of wage level projections made by the UCLA Anderson School of Business as of March 2023 and those made by the California Department of Finance as of November 2022.
- (b) Wage level changes for 2020 to 2022 were adjusted for estimated shifts in industrial mix and shifts in the wage level mix within industries impacting average wages in order to more appropriately project changes in average wages for the typical worker.
- (c) Based on Column (2) for 2020 through 2022 and Column (1) for all other years.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
		Ratio of		Factor to Adjust			Off-Balance		
		Industry Average	Factor to	Insurer Premium			Correction in	Factor to Adjust	
		Charged Rates	Approved Pure	to Approved	Adjustment		Advisory	for Impact	Composite
	Factor to a	to Advisory	Premium Rate	Pure Premium	to Remove	Average	September 1, 2022	of Premium	Premium
Calendar	9/1/2024	Pure Premium	Level as of	Rate Level as of	Surcharge	Experience	Pure Premium	Resulting from	Adjustment
<u>Year</u>	<u>Wage Level (a)</u>	<u>Rates (b)</u>	<u>September 1, 2022 (c)</u>	<u>September 1, 2022 (d)</u>	<u>Premium (e)</u>	<u>Modification (f)</u>	<u>Rates</u>	<u>Audits (g)</u>	<u>Factor (h)</u>
1987	3.743	---	---	0.446	0.992	0.983	1.030	---	1.636
1988	3.585	---	---	0.399	0.993	0.963	1.030	---	1.434
1989	3.437	---	---	0.393	0.993	0.945	1.030	---	1.379
1990	3.274	---	---	0.383	0.991	0.942	1.030	---	1.282
1991	3.200	---	---	0.355	0.987	0.939	1.030	---	1.160
1992	3.056	---	---	0.340	0.982	0.940	1.030	---	1.055
1993	3.020	---	---	0.337	0.981	0.949	1.030	---	1.021
1994	2.967	---	---	0.385	0.986	0.948	1.030	---	1.154
1995	2.883	---	---	0.521	0.995	0.958	1.030	---	1.516
1996	2.788	1.031	0.554	0.537	1.000	0.935	1.030	---	1.555
1997	2.663	0.998	0.553	0.554	1.000	0.949	1.030	---	1.508
1998	2.532	0.965	0.576	0.596	1.000	0.959	1.030	---	1.528
1999	2.384	0.972	0.582	0.599	1.000	0.954	1.030	---	1.452
2000	2.187	1.005	0.528	0.525	1.000	0.970	1.030	---	1.149
2001	2.174	1.031	0.465	0.450	1.000	0.969	1.030	---	0.981
2002	2.150	1.167	0.416	0.356	1.000	0.991	1.030	---	0.751
2003	2.075	1.282	0.340	0.265	1.000	1.005	1.030	---	0.532
2004	1.977	1.400	0.346	0.247	1.000	0.981	1.030	---	0.484
2005	1.915	1.470	0.417	0.283	1.000	0.982	1.030	---	0.536
2006	1.831	1.447	0.537	0.371	1.000	0.956	1.030	---	0.690
2007	1.752	1.493	0.731	0.490	1.000	0.931	1.030	0.985	0.882
2008	1.716	1.426	0.870	0.610	1.000	0.946	1.030	0.991	1.065
2009	1.708	1.366	0.858	0.628	1.000	0.937	1.030	1.034	1.149
2010	1.658	1.383	0.841	0.608	1.000	0.941	1.030	1.005	1.045
2011	1.608	1.401	0.840	0.600	1.000	0.982	1.030	---	0.953
2012	1.543	1.223	0.692	0.566	1.000	1.000	1.030	---	0.848
2013	1.533	1.138	0.557	0.490	1.000	0.983	1.030	---	0.741
2014	1.484	1.127	0.514	0.456	1.000	0.961	1.030	---	0.683
2015	1.420	1.109	0.499	0.450	1.000	0.951	1.030	---	0.652
2016	1.393	1.147	0.543	0.473	1.000	0.949	1.030	---	0.675
2017	1.335	1.155	0.601	0.520	1.000	0.955	1.030	---	0.706
2018	1.287	1.196	0.680	0.568	1.000	0.956	1.030	---	0.743
2019	1.233	1.215	0.790	0.650	1.000	0.945	1.030	---	0.823
2020	1.175	1.207	0.881	0.730	1.000	0.944	1.030	0.990	0.873
2021	1.106	1.222	0.949	0.776	1.000	0.948	1.030	1.033	0.908
2022	1.077	1.186	0.990	0.835	1.000	0.959	1.030	0.993	0.904

- (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 approved advisory pure premium rate level changes to bring premium to the advisory September 1, 2022 pure premium rate level.
- (d)  $(2b) \div (2a)$ . This column adjusts premiums at the industry average charged rate level to the approved advisory pure premium rate level as of September 1, 2022.
- (e) Based on unit statistical data.
- (f) Based on average promulgated experience modifications. Calendar years 1996 through 2000 include adjustments for the impacts of AB 1913 and SB 1217 (1998).
- (g) Based on a comparison of premium reported on a calendar year basis to premium reported on an estimated ultimate policy year basis over the course of two accident years. The factor is applied only for calendar years 2007 to 2010 and 2020 to 2022, during which reported premiums were impacted by recessionary economic forces.
- (h)  $(1) \times (2c) \times (3) \times (6) \div [(4) \times (5)]$  for calendar years 2007 to 2010 and 2020 to 2022.  $(1) \times (2c) \times (3) \div [(4) \times (5)]$  for all other calendar years.

**Accident Year Indemnity Claim Frequency Model  
As of PY 2020 1st Set & December 2022 UCLA**

AY	Annual % Changes Intra- Class Ind Freq	Annual Log Differences					
		Intra-Class Indemnity Frequency per \$M Exposure at PY 2020 Level			AY+1 Indemnity Benefit Level	Cumulative Injury Index	Economic Variables (1st Prin. Comp.)
		Total	Cumulative	Non-cum.			
1979	0.5%	0.005	0.018	0.078	0.000	-0.060	0.129
1980	-6.5%	-0.068	-0.132	-0.066	0.000	-0.066	-0.079
1981	-3.5%	-0.036	-0.028	-0.036	0.033	0.008	-0.077
1982	-1.6%	-0.016	0.153	-0.022	0.000	0.175	-0.285
1983	6.2%	0.060	0.214	0.054	0.352	0.160	0.028
1984	9.5%	0.091	0.235	0.084	0.081	0.151	0.215
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.077
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.075
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.144
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.084
1989	2.5%	0.024	0.212	0.009	0.000	0.203	0.042
1990	9.0%	0.087	0.337	0.061	0.046	0.276	-0.116
1991	0.3%	0.003	0.166	-0.018	0.071	0.184	-0.282
1992	-10.3%	-0.108	-0.263	-0.089	0.023	-0.174	-0.181
1993	-9.2%	-0.097	-0.175	-0.088	0.013	-0.088	-0.021
1994	-10.5%	-0.111	-0.167	-0.105	-0.057	-0.061	0.103
1995	-0.3%	-0.003	0.009	-0.004	0.061	0.013	0.089
1996	-6.8%	-0.070	-0.165	-0.061	0.053	-0.104	0.072
1997	-3.3%	-0.033	-0.026	-0.034	0.096	0.008	0.132
1998	-3.7%	-0.038	-0.020	-0.040	0.066	0.019	0.075
1999	1.5%	0.015	0.010	0.015	0.058	-0.005	0.122
2000	4.0%	0.039	0.101	0.033	0.040	0.068	0.062
2001	-6.9%	-0.072	0.106	-0.091	-0.003	0.197	-0.096
2002	-2.3%	-0.023	0.202	-0.055	-0.007	0.257	-0.194
2003	-2.9%	-0.029	0.028	-0.038	0.060	0.067	-0.022
2004	-16.7%	-0.182	-0.318	-0.161	-0.065	-0.158	0.090
2005	-13.6%	-0.146	-0.342	-0.120	-0.398	-0.222	0.135
2006	-5.6%	-0.058	-0.204	-0.042	0.051	-0.163	0.090
2007	-1.7%	-0.017	-0.042	-0.015	0.016	-0.027	-0.081
2008	-2.7%	-0.027	-0.012	-0.029	0.049	0.017	-0.296
2009	-0.2%	-0.002	0.134	-0.016	0.069	0.150	-0.414
2010	8.9%	0.085	0.115	0.081	0.016	0.034	-0.090
2011	1.2%	0.012	0.028	0.010	0.000	0.017	0.047
2012	4.7%	0.046	0.115	0.037	0.003	0.077	0.125
2013	0.4%	0.004	0.131	-0.014	0.019	0.145	0.154
2014	0.2%	0.002	0.046	-0.005	0.070	0.051	0.179
2015	-1.5%	-0.015	0.008	-0.018	0.000	0.026	0.194
2016	-2.7%	-0.027	0.031	-0.037	0.000	0.068	0.127
2017	-1.8%	-0.018	-0.075	-0.009	0.000	-0.066	0.130
2018	-0.3%	-0.003	-0.050	0.004	0.000	-0.054	0.124
2019	1.8%	0.018	0.047	0.013	0.000	0.034	0.041
2020	-10.6%	-0.112	0.056	-0.142	0.000	0.198	-0.932
2021*	13.1%	0.109	-0.212	0.173	0.000	-0.385	0.307
2022	4.1%	0.040	0.040	0.040	0.000	0.000	0.548
2023	-0.7%	-0.007	-0.007	-0.007	0.000	0.000	0.115
2024	-1.7%	-0.017	-0.017	-0.017	0.000	0.000	0.028
2025	-1.2%	-0.012	-0.012	-0.012	0.000	0.000	0.073

**Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency**

Constant	-0.020
Std Err of Y Est	0.044
R Squared	0.392
No. of Observations	41
Degrees of Freedom	37

X Coefficient(s)	0.187	0.200	0.110
Std Err of Coef.	0.082	0.067	0.048

**Notes:**

The Indemnity Benefit Level variable is concurrent. The AY 2004 benefit level change is related to the AY 2004 change in non-cumulative frequency.  
The Indemnity Benefit Level variable excludes indemnity benefit utilization, cost-of-living adjustments, and changes in the death and permanent total benefits.  
The Indemnity Benefit Level variable has been revised due to on-leveling reassessments. See Actuarial Committee item AC09-03-03.  
For 1993 on, cumulative claims include both cumulative trauma and occupational disease claims. See Actuarial Committee item AC14-03-19.  
The definition of cumulative claims has been further amended to include claims coded with certain nature of injury codes in USR. See Actuarial Committee item A  
Economic variables are historical through 2021; December 2022 UCLA Anderson Forecasts for 2022 on.  
The indicator variable for Cal-OSHA inspections has been moved into an on-level adjustment. See Actuarial Committee item AC21-12-09.  
Regression is over AY 1979 through AY 2021, excluding 2020 and 2021. AY 2022 through AY 2025 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 econo  
Without these offsets, the indemnity benefit level and economic variables would project frequency to increase without bound.  
\*AY 2021 is preliminary and change is based on a comparison of 2021 accidents on 2020 policies to 2020 accidents on 2019 policies.



**Projection of Indemnity Severity Trends by Accident Year  
Based on Experience as of December 31, 2022**

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	10,003	---	2.141	21,420	---
1991	10,954	9.5%	2.025	22,185	3.6%
1992	11,045	0.8%	1.958	21,626	-2.5%
1993	12,000	8.6%	1.946	23,356	8.0%
1994	12,972	8.1%	2.039	26,447	13.2%
1995	14,574	12.3%	1.899	27,674	4.6%
1996	16,470	13.0%	1.782	29,348	6.0%
1997	19,301	17.2%	1.599	30,858	5.1%
1998	21,161	9.6%	1.475	31,205	1.1%
1999	23,146	9.4%	1.366	31,628	1.4%
2000	24,810	7.2%	1.276	31,648	0.1%
2001	27,176	9.5%	1.277	34,701	9.6%
2002	26,186	-3.6%	1.308	34,249	-1.3%
2003	25,939	-0.9%	1.304	33,820	-1.3%
2004	21,096	-18.7%	1.540	32,495	-3.9%
2005	19,136	-9.3%	1.768	33,837	4.1%
2006	20,842	8.9%	1.638	34,147	0.9%
2007	22,582	8.3%	1.579	35,667	4.5%
2008	24,636	9.1%	1.492	36,761	3.1%
2009	25,834	4.9%	1.483	38,318	4.2%
2010	25,227	-2.3%	1.456	36,718	-4.2%
2011	24,787	-1.7%	1.435	35,580	-3.1%
2012	24,132	-2.6%	1.418	34,211	-3.8%
2013	23,403	-3.0%	1.389	32,509	-5.0%
2014	24,236	3.6%	1.291	31,292	-3.7%
2015	24,521	1.2%	1.273	31,211	-0.3%
2016	23,929	-2.4%	1.257	30,074	-3.6%
2017	24,126	0.8%	1.224	29,531	-1.8%
2018	24,953	3.4%	1.192	29,754	0.8%
2019	26,627	6.7%	1.160	30,892	3.8%
2020	28,147	5.7%	1.127	31,713	2.7%
2021	28,254	0.4%	1.086	30,687	-3.2%
2022	30,253	7.1%	1.055	31,926	4.0%
(6) Estimated Annual Exponential Trend Based on 1990 to 2022:					0.8%
(7) Estimated Annual Exponential Trend Based on 2005 to 2022:					-1.1%
(8) Estimated Annual Exponential Trend Based on 2018 to 2022:					1.4%
Selected Indemnity Severity Trend:					1.0%

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

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

**Projection of Medical Severity Trends by Accident Year  
Based on Experience as of December 31, 2022**

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	8,843	---	0.960	8,485	---
1991	9,526	7.7%	0.941	8,967	5.7%
1992	9,596	0.7%	0.909	8,726	-2.7%
1993	10,457	9.0%	0.892	9,324	6.9%
1994	11,495	9.9%	0.937	10,771	15.5%
1995	13,270	15.4%	0.929	12,323	14.4%
1996	14,362	8.2%	0.919	13,205	7.2%
1997	16,855	17.4%	0.913	15,389	16.5%
1998	20,548	21.9%	0.804	16,530	7.4%
1999	23,567	14.7%	0.697	16,426	-0.6%
2000	26,454	12.3%	0.641	16,944	3.2%
2001	31,200	17.9%	0.584	18,218	7.5%
2002	31,265	0.2%	0.606	18,960	4.1%
2003	29,887	-4.4%	0.636	19,015	0.3%
2004	27,411	-8.3%	0.842	23,068	21.3%
2005	28,253	3.1%	0.842	23,777	3.1%
2006	30,747	8.8%	0.838	25,773	8.4%
2007	33,935	10.4%	0.823	27,914	8.3%
2008	36,481	7.5%	0.819	29,889	7.1%
2009	38,329	5.1%	0.816	31,278	4.6%
2010	38,174	-0.4%	0.814	31,058	-0.7%
2011	34,351 (c)	---	0.836	28,726 (c)	---
2012	32,061	-6.7%	0.883	28,314	-1.4%
2013	29,499	-8.0%	0.963	28,411	0.3%
2014	28,778	-2.4%	1.025	29,491	3.8%
2015	28,029	-2.6%	1.049	29,402	-0.3%
2016	27,247	-2.8%	1.051	28,640	-2.6%
2017	27,214	-0.1%	1.052	28,634	0.0%
2018	28,742	5.6%	1.049	30,151	5.3%
2019	29,406	2.3%	1.039	30,541	1.3%
2020	30,762	4.6%	1.026	31,570	3.4%
2021	30,099	-2.2%	1.017	30,614	-3.0%
2022	29,804	-1.0%	1.008	30,043	-1.9%

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 (6).
- (b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of SB 1160 provisions and 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule, applicable to outstanding medical losses.
- (c) Severities for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Severities for accident years 2010 and prior do reflect MCCP costs.

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

**Projection of Medical Severity Trends by Accident Year  
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)  
Based on Experience as of December 31, 2022**

(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	28,253	---	23,777	---	26,810	---	22,563	---
2006	30,747	8.8%	25,773	8.4%	28,870	7.7%	24,199	7.3%
2007	33,935	10.4%	27,914	8.3%	31,727	9.9%	26,098	7.8%
2008	36,481	7.5%	29,889	7.1%	33,343	5.1%	27,318	4.7%
2009	38,329	5.1%	31,278	4.6%	35,185	5.5%	28,712	5.1%
2010	38,174	-0.4%	31,058	-0.7%	35,007	-0.5%	28,482	-0.8%
2011	37,584	-1.5%	31,430	1.2%	34,351	-1.9%	28,726	0.9%
2012	34,980	-6.9%	30,891	-1.7%	32,061	-6.7%	28,314	-1.4%
2013	32,244	-7.8%	31,055	0.5%	29,499	-8.0%	28,411	0.3%
2014	31,398	-2.6%	32,177	3.6%	28,778	-2.4%	29,491	3.8%
2015	30,454	-3.0%	31,946	-0.7%	28,029	-2.6%	29,402	-0.3%
2016	29,494	-3.2%	31,002	-3.0%	27,247	-2.8%	28,640	-2.6%
2017	29,452	-0.1%	30,989	0.0%	27,214	-0.1%	28,634	0.0%
2018	31,100	5.6%	32,625	5.3%	28,742	5.6%	30,151	5.3%
2019	31,861	2.4%	33,092	1.4%	29,406	2.3%	30,541	1.3%
2020	33,315	4.6%	34,190	3.3%	30,762	4.6%	31,570	3.4%
2021	32,768	-1.6%	33,328	-2.5%	30,099	-2.2%	30,614	-3.0%
2022	32,516	-0.8%	32,777	-1.7%	29,804	-1.0%	30,043	-1.9%
Estimated Annual Exponential Trend								
Trend Based on 1990 to 2022:				4.6%	N/A			
Trend Based on 2005 to 2022:				1.4%	1.3%			
Trend Based on 2018 to 2022:				0.2%	0.0%			

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 quarterly experience calls, excluding COVID-19 claims.

**Projected On-Level Accident Year  
Indemnity Loss to Pure Premium Ratios  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Pure Premium Ratio (1)×(2)÷(3)
1987	0.347	1.721	1.636	0.365
1988	0.332	1.695	1.434	0.393
1989	0.345	1.670	1.379	0.418
1990	0.400	1.339	1.282	0.418
1991	0.428	1.103	1.160	0.406
1992	0.352	1.163	1.055	0.388
1993	0.289	1.411	1.021	0.400
1994	0.329	1.475	1.154	0.420
1995	0.474	1.366	1.516	0.427
1996	0.532	1.277	1.555	0.437
1997	0.603	1.143	1.508	0.457
1998	0.654	1.055	1.528	0.452
1999	0.686	0.977	1.452	0.462
2000	0.595	0.912	1.149	0.472
2001	0.494	0.913	0.981	0.460
2002	0.369	0.935	0.751	0.459
2003	0.244	0.932	0.532	0.427
2004	0.145	1.276	0.484	0.383
2005	0.125	1.730	0.536	0.402
2006	0.161	1.700	0.690	0.397
2007	0.222	1.639	0.882	0.413
2008	0.282	1.539	1.065	0.407
2009	0.330	1.508	1.149	0.433
2010	0.319	1.480	1.045	0.451
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.204	1.224	0.706	0.354
2018	0.218	1.192	0.743	0.350
2019	0.256	1.160	0.823	0.361
2020	0.271	1.127	0.873	0.350
2021	0.311	1.086	0.908	0.373
2022	0.311	1.055	0.904	0.363
				Projections (d)
2023				0.371
2024				0.368
9/1/2024				0.368

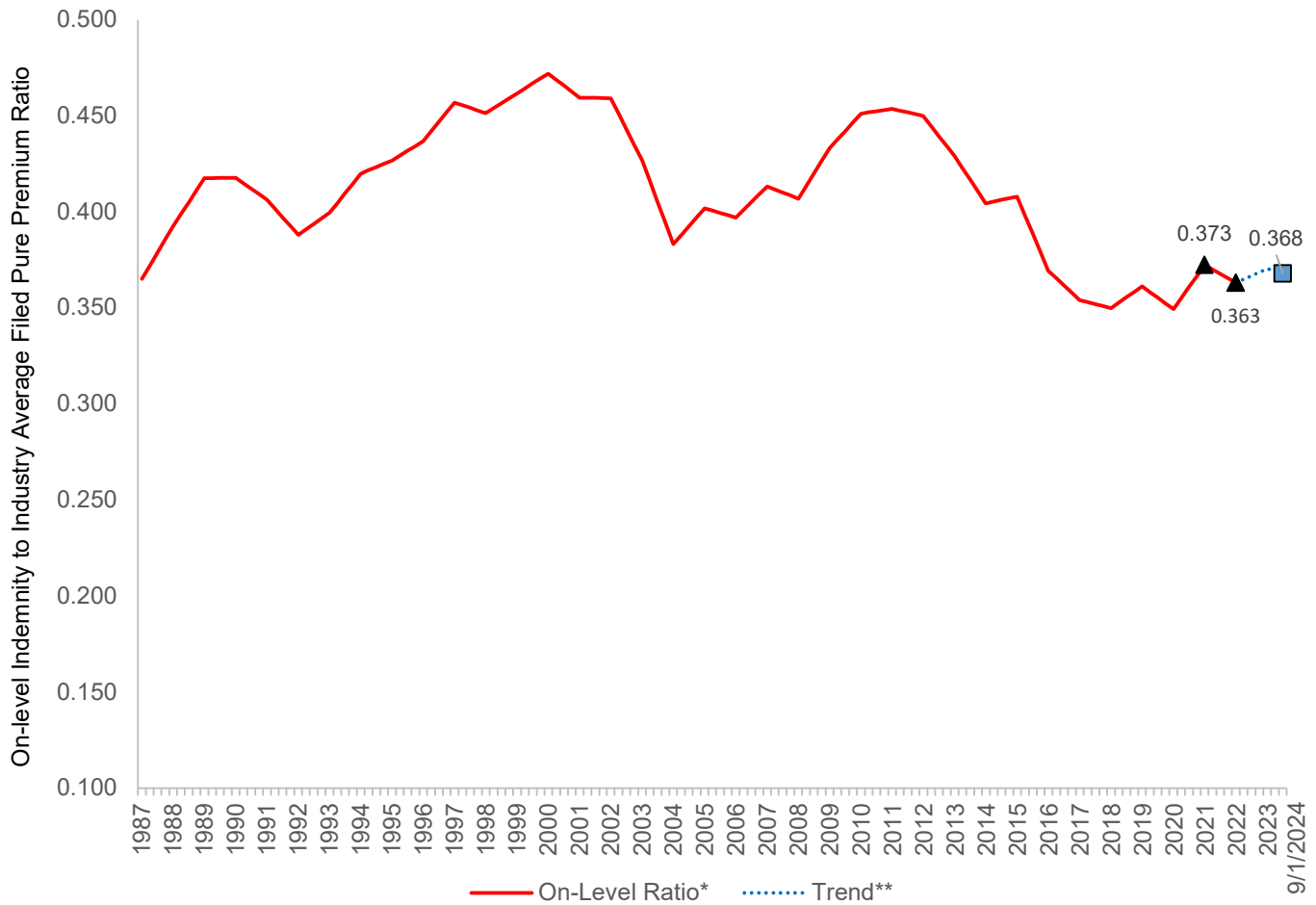
(a) See Exhibit 3.1.

(b) See Exhibit 4.1.

(c) See Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the intra-class frequency changes for accident year 2022 from Exhibit 12 and frequency model projections for accident years 2023 to 2025 from Exhibit 6.1. The annual indemnity severity growth estimates are from Exhibit 6.2.

**On-Level Indemnity Loss to Pure Premium Ratios  
Based on Experience as of December 31, 2022**



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

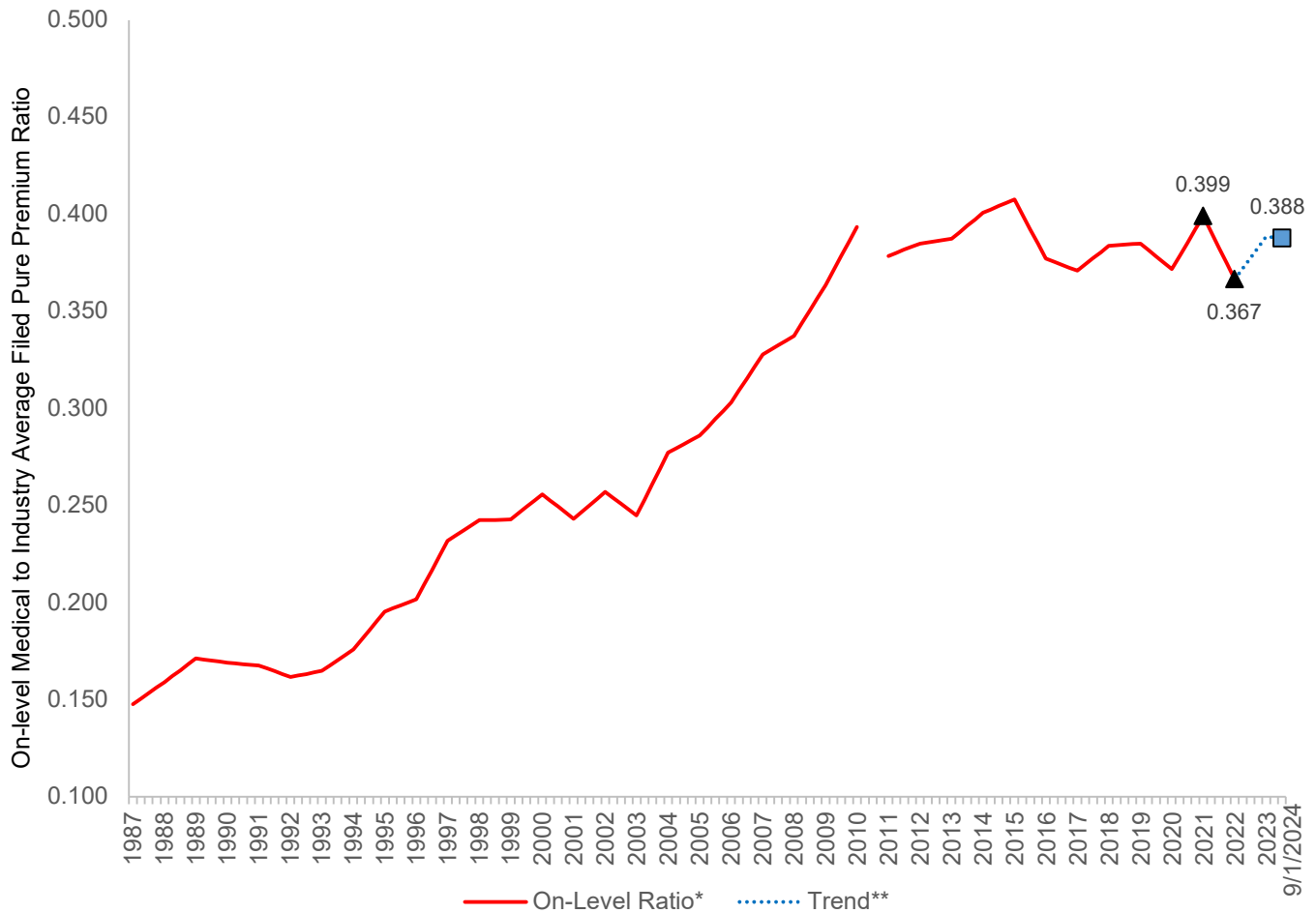
\*\* The 9/1/2024 indemnity to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2021 and 2022 years.

**Projected On-Level Accident Year  
Medical Loss to Pure Premium Ratios  
Based on Experience as of December 31, 2022**

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 Pure Premium Ratio (e) (1)×(2)÷(3)
1987	0.286	0.844	1.636	0.148
1988	0.280	0.814	1.434	0.159
1989	0.299	0.790	1.379	0.171
1990	0.339	0.640	1.282	0.169
1991	0.356	0.547	1.160	0.168
1992	0.296	0.577	1.055	0.162
1993	0.244	0.691	1.021	0.165
1994	0.281	0.724	1.154	0.176
1995	0.415	0.714	1.516	0.195
1996	0.446	0.704	1.555	0.202
1997	0.501	0.698	1.508	0.232
1998	0.603	0.615	1.528	0.242
1999	0.663	0.533	1.452	0.243
2000	0.601	0.489	1.149	0.256
2001	0.535	0.446	0.981	0.243
2002	0.416	0.463	0.751	0.257
2003	0.268	0.486	0.532	0.245
2004	0.183	0.735	0.484	0.277
2005	0.180	0.853	0.536	0.286
2006	0.233	0.897	0.690	0.303
2007	0.329	0.880	0.882	0.328
2008	0.411	0.874	1.065	0.337
2009	0.485	0.862	1.149	0.364
2010	0.479	0.859	1.045	0.394
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.249	1.022	0.675	0.377
2017	0.256	1.025	0.706	0.371
2018	0.278	1.026	0.743	0.384
2019	0.310	1.022	0.823	0.385
2020	0.319	1.018	0.873	0.372
2021	0.357	1.016	0.908	0.399
2022	0.329	1.008	0.904	0.367
				Projections (d)
2023				0.389
2024				0.388
9/1/2024				0.388

- (a) See Exhibit 3.2. Medical loss ratios for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Ratios for accident years 2010 and prior do reflect MCCP costs.
- (b) See Exhibit 4.4.
- (c) See Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the intra-class frequency changes for accident year 2022 from Exhibit 12 and frequency model projections for accident years 2023 to 2025 from Exhibit 6.1. The annual medical severity growth estimates are from Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect the paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

**On-Level Medical Loss to Pure Premium Ratios  
Based on Experience as of December 31, 2022**



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

\*\* The 9/1/2024 medical to industry average filed pure premium ratio was calculated based on separate frequency and severity trends applied to the 2021 and 2022 years.

**Indicated Loss to Pure Premium Ratios  
For Policies with Effective Dates between September 1, 2023 and August 31, 2024  
Based on Experience as of December 31, 2022**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Projected Loss to Advisory Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.368	0.388	0.756



Quarterly Incurred Indemnity Loss Development Factors  
Through December 31, 2022

Age in	Accident Year																				
<u>Months</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
6/3	2.841	2.834	2.736	2.463	2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209	3.201	3.372	3.200	3.228	--	3.161	3.190
9/6	1.790	1.808	1.776	1.618	1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948	1.945	1.874	1.998	2.017	--	1.970	1.915
<b>12/9</b>	<b>1.520</b>	<b>1.473</b>	<b>1.460</b>	<b>1.355</b>	<b>1.448</b>	<b>1.511</b>	<b>1.510</b>	<b>1.530</b>	<b>1.564</b>	<b>1.632</b>	<b>1.587</b>	<b>1.585</b>	<b>1.570</b>	<b>1.578</b>	<b>1.578</b>	<b>1.580</b>	<b>1.578</b>	<b>1.596</b>	--	<b>1.561</b>	<b>1.565</b>
15/12	1.257	1.238	1.180	1.149	1.189	1.234	1.248	1.293	1.306	1.306	1.303	1.301	1.301	1.313	1.309	1.298	1.298	1.295	1.261	1.293	
18/15	1.206	1.167	1.101	1.103	1.140	1.158	1.182	1.194	1.197	1.195	1.206	1.178	1.190	1.187	1.189	1.177	1.183	1.189	1.169	1.183	
21/18	1.153	1.127	1.066	1.096	1.117	1.128	1.139	1.153	1.140	1.146	1.141	1.141	1.132	1.137	1.134	1.138	1.123	1.128	1.122	1.137	
<b>24/21</b>	<b>1.117</b>	<b>1.094</b>	<b>1.045</b>	<b>1.082</b>	<b>1.098</b>	<b>1.106</b>	<b>1.106</b>	<b>1.114</b>	<b>1.119</b>	<b>1.117</b>	<b>1.111</b>	<b>1.104</b>	<b>1.114</b>	<b>1.111</b>	<b>1.104</b>	<b>1.100</b>	<b>1.102</b>	<b>1.094</b>	<b>1.097</b>	<b>1.101</b>	
27/24	1.094	1.073	1.045	1.070	1.082	1.081	1.088	1.089	1.091	1.085	1.087	1.081	1.082	1.087	1.079	1.078	1.071	1.073	1.079		
30/27	1.064	1.051	1.040	1.054	1.057	1.072	1.075	1.075	1.080	1.071	1.068	1.067	1.074	1.066	1.064	1.059	1.066	1.062	1.058		
33/30	1.047	1.032	1.036	1.042	1.049	1.053	1.059	1.052	1.064	1.053	1.060	1.047	1.055	1.050	1.047	1.047	1.045	1.045	1.047		
<b>36/33</b>	<b>1.035</b>	<b>1.020</b>	<b>1.029</b>	<b>1.033</b>	<b>1.039</b>	<b>1.043</b>	<b>1.051</b>	<b>1.049</b>	<b>1.049</b>	<b>1.043</b>	<b>1.041</b>	<b>1.043</b>	<b>1.042</b>	<b>1.036</b>	<b>1.037</b>	<b>1.038</b>	<b>1.029</b>	<b>1.034</b>	<b>1.038</b>		
39/36	1.028	1.017	1.027	1.029	1.031	1.033	1.040	1.039	1.039	1.041	1.035	1.031	1.036	1.030	1.028	1.028	1.027	1.029			
42/39	1.023	1.018	1.020	1.020	1.031	1.033	1.036	1.038	1.035	1.032	1.028	1.031	1.030	1.027	1.026	1.028	1.023	1.027			
45/42	1.009	1.019	1.018	1.024	1.026	1.028	1.030	1.035	1.027	1.033	1.022	1.024	1.024	1.024	1.021	1.016	1.015	1.023			
<b>48/45</b>	<b>1.008</b>	<b>1.013</b>	<b>1.013</b>	<b>1.021</b>	<b>1.019</b>	<b>1.021</b>	<b>1.024</b>	<b>1.024</b>	<b>1.026</b>	<b>1.023</b>	<b>1.024</b>	<b>1.020</b>	<b>1.020</b>	<b>1.016</b>	<b>1.017</b>	<b>1.014</b>	<b>1.015</b>	<b>1.018</b>			
51/48	1.010	1.016	1.010	1.018	1.021	1.018	1.022	1.023	1.021	1.018	1.017	1.015	1.019	1.015	1.014	1.013	1.014				
54/51	1.007	1.017	1.009	1.017	1.021	1.020	1.021	1.020	1.020	1.016	1.019	1.015	1.014	1.013	1.015	1.011	1.011				
57/54	1.008	1.011	1.011	1.018	1.017	1.014	1.018	1.017	1.015	1.014	1.013	1.011	1.014	1.011	1.009	1.009	1.009				
<b>60/57</b>	<b>1.008</b>	<b>1.009</b>	<b>1.011</b>	<b>1.013</b>	<b>1.019</b>	<b>1.016</b>	<b>1.013</b>	<b>1.015</b>	<b>1.012</b>	<b>1.014</b>	<b>1.012</b>	<b>1.012</b>	<b>1.011</b>	<b>1.007</b>	<b>1.007</b>	<b>1.009</b>	<b>1.010</b>				
63/60	1.008	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.014	1.009	1.012	1.008	1.010	1.007	1.007	1.008					
66/63	1.011	1.008	1.010	1.013	1.016	1.014	1.015	1.013	1.013	1.009	1.010	1.009	1.008	1.007	1.007	1.008					
69/66	1.008	1.007	1.011	1.012	1.011	1.010	1.009	1.012	1.007	1.010	1.010	1.007	1.006	1.007	1.005	1.006					
<b>72/69</b>	<b>1.005</b>	<b>1.009</b>	<b>1.009</b>	<b>1.013</b>	<b>1.011</b>	<b>1.009</b>	<b>1.009</b>	<b>1.009</b>	<b>1.010</b>	<b>1.008</b>	<b>1.007</b>	<b>1.007</b>	<b>1.005</b>	<b>1.005</b>	<b>1.007</b>	<b>1.007</b>					
75/72	1.003	1.005	1.007	1.010	1.011	1.010	1.010	1.008	1.007	1.004	1.006	1.007	1.004	1.006	1.005						
78/75	1.005	1.006	1.006	1.012	1.009	1.010	1.006	1.006	1.006	1.007	1.005	1.006	1.005	1.006	1.003						
81/78	1.004	1.005	1.006	1.010	1.009	1.007	1.007	1.006	1.006	1.007	1.005	1.005	1.003	1.003	1.004						
<b>84/81</b>	<b>1.006</b>	<b>1.006</b>	<b>1.007</b>	<b>1.008</b>	<b>1.005</b>	<b>1.009</b>	<b>1.006</b>	<b>1.004</b>	<b>1.007</b>	<b>1.004</b>	<b>1.007</b>	<b>1.003</b>	<b>1.004</b>	<b>1.002</b>	<b>1.005</b>						
87/84	1.004	1.002	1.007	1.010	1.007	1.004	1.005	1.006	1.004	1.006	1.004	1.003	1.002	1.001							
90/87	1.003	1.004	1.008	1.008	1.008	1.008	1.004	1.005	1.005	1.005	1.004	1.004	1.003	1.004							
93/90	1.002	1.005	1.006	1.008	1.006	1.007	1.006	1.003	1.004	1.005	1.004	1.003	1.004	1.002							
<b>96/93</b>	<b>1.002</b>	<b>1.006</b>	<b>1.006</b>	<b>1.003</b>	<b>1.002</b>	<b>1.003</b>	<b>1.004</b>	<b>1.004</b>	<b>1.003</b>	<b>1.003</b>	<b>1.003</b>	<b>1.003</b>	<b>1.002</b>	<b>1.002</b>							

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

Quarterly Incurred Medical Loss Development Factors \*  
Through December 31, 2022

Age in	Accident Year																					
Months	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
6/3	2.797	2.805	2.671	2.530	2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863	3.019	3.209	2.891	2.830	--	2.871	2.930	
9/6	1.768	1.762	1.703	1.670	1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884	1.755	1.740	1.821	1.845	--	1.747	1.766	
12/9	1.570	1.425	1.400	1.375	1.453	1.443	1.466	1.454	1.488	1.521	1.484	1.500	1.482	1.451	1.487	1.448	1.459	1.470	--	1.429	1.455	
15/12	1.203	1.197	1.132	1.145	1.138	1.182	1.167	1.199	1.206	1.228	1.211	1.207	1.199	1.206	1.215	1.184	1.191	1.183	1.166	1.172		
18/15	1.151	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.136	1.117	1.114	1.094	1.095	1.087	1.096	1.100	1.092	1.103		
21/18	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	1.060	1.077	1.069		
24/21	1.082	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.067	1.064	1.055	1.059	1.057	1.046	1.044	1.052	1.054	1.059		
27/24	1.075	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.058	1.048	1.046	1.048	1.040	1.036	1.030	1.034	1.049			
30/27	1.051	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.046	1.037	1.044	1.037	1.032	1.028	1.036	1.037	1.041			
33/30	1.035	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.046	1.031	1.033	1.033	1.026	1.029	1.024	1.028	1.032			
36/33	1.029	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.041	1.037	1.028	1.026	1.027	1.021	1.021	1.020	1.016	1.020	1.025			
39/36	1.018	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.027	1.021	1.023	1.022	1.011	1.018	1.016	1.019				
42/39	1.019	1.013	1.017	1.020	1.025	1.035	1.036	1.037	1.037	1.031	1.022	1.026	1.022	1.017	1.010	1.015	1.014	1.017				
45/42	1.012	1.019	1.033	1.021	1.025	1.029	1.026	1.030	1.028	1.027	1.021	1.018	1.017	1.015	1.011	1.009	1.013	1.015				
48/45	1.008	1.013	1.025	1.018	1.022	1.025	1.029	1.034	1.022	1.023	1.020	1.018	1.014	1.008	1.012	1.008	1.011	1.012				
51/48	1.009	1.013	1.018	1.015	1.020	1.021	1.021	1.026	1.024	1.019	1.014	1.013	1.010	1.008	1.008	1.009	1.007					
54/51	1.010	1.012	1.021	1.019	1.022	1.022	1.027	1.023	1.019	1.018	1.015	1.011	1.009	1.009	1.012	1.005	1.009					
57/54	1.011	1.017	1.020	1.018	1.019	1.019	1.023	1.020	1.017	1.018	1.013	1.007	1.009	1.007	1.006	1.007	1.006					
60/57	1.008	1.014	1.020	1.019	1.018	1.017	1.019	1.016	1.015	1.014	1.012	1.007	1.007	1.005	1.005	1.007	1.010					
63/60	1.008	1.016	1.015	1.021	1.015	1.018	1.016	1.020	1.015	1.009	1.009	1.005	1.008	1.005	1.004	1.004						
66/63	1.015	1.013	1.015	1.022	1.019	1.018	1.017	1.015	1.010	1.008	1.008	1.006	1.010	1.006	1.005	1.009						
69/66	1.016	1.018	1.015	1.023	1.017	1.017	1.015	1.014	1.010	1.008	1.008	1.005	1.008	1.003	1.002	1.009						
72/69	1.015	1.010	1.014	1.015	1.013	1.014	1.012	1.011	1.010	1.007	1.005	1.005	1.002	1.003	1.005	1.003						
75/72	1.010	1.009	1.012	1.012	1.011	1.018	1.013	1.008	1.006	1.001	1.003	1.006	1.003	1.002	1.004							
78/75	1.010	1.011	1.018	1.013	1.012	1.012	1.010	1.008	1.008	1.006	1.005	1.003	1.005	1.003	1.003							
81/78	1.010	1.014	1.018	1.017	1.016	1.009	1.009	1.005	1.006	1.006	1.005	1.004	1.002	1.002	1.006							
84/81	1.009	1.007	1.012	1.011	1.008	1.010	1.008	1.007	1.005	1.001	1.003	1.002	1.002	0.999	1.000							
87/84	1.009	1.010	1.012	1.014	1.012	1.008	1.007	1.004	1.003	1.001	1.002	1.002	1.001	1.001								
90/87	1.009	1.012	1.009	1.009	1.013	1.008	1.006	1.006	1.003	1.006	1.006	1.001	1.004	1.001								
93/90	1.011	1.010	1.011	1.012	1.009	1.009	1.007	1.002	1.003	1.002	1.004	1.000	1.003	1.002								
96/93	1.008	1.010	1.011	1.009	1.005	1.006	1.005	1.003	1.002	1.001	1.003	1.002	1.002	1.001								

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

\* Incurred medical loss development factors include the paid cost of medical cost containment programs (MCCP) for accident years 2011 and prior.

Quarterly Paid Indemnity Loss Development Factors  
Through December 31, 2022

Age in	Accident Year																				
Months	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
6/3	4.720	4.908	4.745	4.512	4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056	5.087	5.272	4.987	5.083	--	5.102	5.236
9/6	2.443	2.424	2.399	2.303	2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484	2.456	2.446	2.538	2.505	--	2.441	2.450
12/9	1.897	1.876	1.841	1.774	1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879	1.910	1.882	1.892	1.891	1.902	--	1.847	1.817
15/12	1.550	1.516	1.491	1.456	1.482	1.488	1.481	1.507	1.532	1.539	1.506	1.539	1.540	1.559	1.571	1.544	1.527	1.522	1.509	1.505	
18/15	1.403	1.379	1.331	1.306	1.306	1.327	1.332	1.343	1.355	1.361	1.361	1.353	1.364	1.372	1.366	1.358	1.353	1.341	1.331	1.333	
21/18	1.311	1.297	1.241	1.217	1.233	1.235	1.243	1.259	1.257	1.261	1.261	1.263	1.267	1.264	1.256	1.260	1.248	1.258	1.239	1.241	
24/21	1.260	1.244	1.183	1.181	1.195	1.191	1.194	1.206	1.209	1.215	1.213	1.204	1.216	1.211	1.206	1.205	1.206	1.193	1.189	1.186	
27/24	1.205	1.186	1.140	1.142	1.151	1.149	1.153	1.162	1.165	1.168	1.164	1.159	1.170	1.176	1.161	1.159	1.152	1.154	1.148		
30/27	1.172	1.161	1.122	1.117	1.126	1.129	1.130	1.141	1.141	1.137	1.134	1.141	1.147	1.142	1.137	1.131	1.116	1.126	1.126		
33/30	1.136	1.123	1.097	1.096	1.100	1.101	1.108	1.114	1.116	1.112	1.111	1.111	1.115	1.107	1.104	1.105	1.103	1.101	1.104		
36/33	1.111	1.097	1.085	1.081	1.080	1.084	1.092	1.094	1.098	1.091	1.091	1.096	1.092	1.089	1.088	1.083	1.077	1.083	1.082		
39/36	1.087	1.072	1.070	1.066	1.064	1.067	1.074	1.078	1.077	1.073	1.075	1.074	1.075	1.071	1.068	1.064	1.066	1.066			
42/39	1.073	1.063	1.059	1.058	1.058	1.062	1.067	1.067	1.071	1.070	1.065	1.064	1.066	1.062	1.059	1.050	1.057	1.061			
45/42	1.056	1.049	1.047	1.049	1.047	1.051	1.058	1.059	1.057	1.055	1.054	1.052	1.050	1.050	1.045	1.044	1.045	1.052			
48/45	1.046	1.044	1.041	1.044	1.043	1.047	1.049	1.051	1.050	1.048	1.048	1.048	1.045	1.041	1.040	1.037	1.039	1.042			
51/48	1.036	1.035	1.033	1.036	1.036	1.037	1.042	1.042	1.043	1.039	1.038	1.038	1.039	1.035	1.031	1.031	1.031				
54/51	1.034	1.035	1.030	1.028	1.035	1.036	1.038	1.041	1.038	1.036	1.036	1.033	1.032	1.031	1.024	1.030	1.029				
57/54	1.028	1.026	1.025	1.028	1.030	1.032	1.033	1.033	1.032	1.033	1.028	1.027	1.028	1.025	1.024	1.024	1.026				
60/57	1.024	1.024	1.024	1.024	1.028	1.029	1.029	1.032	1.027	1.030	1.028	1.025	1.025	1.023	1.020	1.021	1.022				
63/60	1.022	1.019	1.019	1.021	1.023	1.025	1.025	1.024	1.026	1.025	1.025	1.021	1.021	1.018	1.016	1.017					
66/63	1.019	1.019	1.019	1.020	1.025	1.025	1.025	1.025	1.023	1.022	1.022	1.018	1.018	1.014	1.016	1.017					
69/66	1.016	1.017	1.016	1.021	1.020	1.020	1.020	1.022	1.020	1.019	1.022	1.017	1.014	1.013	1.015	1.015					
72/69	1.016	1.015	1.017	1.015	1.020	1.019	1.019	1.019	1.019	1.019	1.016	1.014	1.016	1.012	1.011	1.013					
75/72	1.012	1.012	1.013	1.015	1.019	1.018	1.016	1.016	1.017	1.015	1.014	1.012	1.012	1.011	1.012						
78/75	1.012	1.011	1.012	1.015	1.017	1.016	1.015	1.016	1.016	1.015	1.013	1.011	1.009	1.012	1.012						
81/78	1.011	1.010	1.012	1.015	1.015	1.016	1.015	1.015	1.013	1.012	1.011	1.010	1.008	1.009	1.009						
84/81	1.010	1.009	1.011	1.013	1.015	1.014	1.013	1.012	1.013	1.013	1.011	1.010	1.009	1.009	1.010						
87/84	1.009	1.008	1.009	1.012	1.014	1.013	1.010	1.012	1.010	1.011	1.010	1.007	1.006	1.008							
90/87	1.008	1.008	1.011	1.012	1.013	1.012	1.011	1.010	1.010	1.010	1.009	1.007	1.007	1.007							
93/90	1.007	1.008	1.012	1.011	1.011	1.012	1.010	1.010	1.009	1.009	1.008	1.007	1.006	1.006							
96/93	1.007	1.007	1.008	1.011	1.011	1.008	1.010	1.010	1.009	1.010	1.007	1.007	1.007	1.005							

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

Quarterly Paid Medical Loss Development Factors \*  
Through December 31, 2022

Age in	Accident Year																					
Months	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
6/3	7.221	7.127	7.617	5.563	5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720	5.897	5.433	5.460	4.982	--	6.124	6.038	
9/6	2.694	2.577	2.483	2.236	2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287	2.326	2.248	2.351	2.287	--	2.232	2.369	
12/9	1.882	1.825	1.759	1.666	1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.736	1.750	1.705	1.752	1.737	1.719	1.796	--	1.719	1.751	
15/12	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	1.426	1.433	1.436	1.437		
18/15	1.330	1.295	1.243	1.230	1.227	1.259	1.243	1.259	1.268	1.282	1.284	1.263	1.265	1.278	1.263	1.250	1.245	1.231	1.270	1.272		
21/18	1.211	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.192	1.193	1.192	1.189	1.173	1.170	1.173	1.170	1.190	1.196		
24/21	1.154	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.154	1.148	1.146	1.146	1.141	1.131	1.143	1.138	1.149	1.145		
27/24	1.123	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.123	1.122	1.122	1.124	1.111	1.111	1.108	1.114	1.117			
30/27	1.103	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.109	1.111	1.111	1.105	1.100	1.092	1.083	1.101	1.107			
33/30	1.077	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.094	1.090	1.089	1.082	1.082	1.077	1.078	1.084	1.090			
36/33	1.061	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.078	1.080	1.076	1.071	1.067	1.065	1.066	1.074	1.073			
39/36	1.049	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.069	1.065	1.064	1.061	1.055	1.054	1.054	1.061				
42/39	1.041	1.044	1.049	1.054	1.055	1.058	1.059	1.061	1.068	1.063	1.062	1.057	1.059	1.057	1.048	1.040	1.048	1.053				
45/42	1.036	1.037	1.040	1.047	1.048	1.049	1.054	1.053	1.056	1.056	1.053	1.051	1.045	1.044	1.042	1.039	1.043	1.050				
48/45	1.032	1.035	1.037	1.043	1.043	1.046	1.047	1.050	1.051	1.046	1.045	1.046	1.041	1.040	1.038	1.033	1.039	1.039				
51/48	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	1.027	1.027					
54/51	1.030	1.029	1.034	1.034	1.035	1.035	1.036	1.042	1.038	1.035	1.035	1.034	1.032	1.029	1.023	1.029	1.029					
57/54	1.024	1.024	1.029	1.031	1.034	1.031	1.033	1.038	1.034	1.034	1.031	1.028	1.026	1.025	1.023	1.023	1.026					
60/57	1.023	1.026	1.028	1.029	1.028	1.032	1.032	1.035	1.030	1.030	1.030	1.023	1.022	1.021	1.019	1.021	1.021					
63/60	1.019	1.020	1.024	1.024	1.024	1.024	1.027	1.027	1.026	1.027	1.025	1.021	1.022	1.019	1.018	1.017						
66/63	1.018	1.021	1.023	1.024	1.026	1.026	1.029	1.029	1.024	1.028	1.023	1.021	1.018	1.015	1.016	1.017						
69/66	1.016	1.019	1.021	1.023	1.023	1.021	1.024	1.024	1.022	1.020	1.020	1.017	1.016	1.014	1.016	1.020						
72/69	1.018	1.016	1.021	1.021	1.022	1.022	1.023	1.021	1.020	1.019	1.016	1.015	1.017	1.014	1.013	1.014						
75/72	1.015	1.014	1.018	1.020	1.019	1.019	1.018	1.018	1.018	1.015	1.015	1.013	1.014	1.011	1.012							
78/75	1.016	1.015	1.016	1.018	1.017	1.022	1.019	1.018	1.017	1.017	1.015	1.013	1.011	1.012	1.015							
81/78	1.013	1.014	1.018	1.018	1.015	1.019	1.018	1.015	1.015	1.013	1.012	1.011	1.009	1.010	1.010							
84/81	1.012	1.013	1.016	1.016	1.015	1.018	1.015	1.015	1.015	1.013	1.013	1.010	1.009	1.010	1.010							
87/84	1.012	1.012	1.014	1.013	1.015	1.017	1.013	1.013	1.011	1.012	1.010	1.008	1.008	1.008								
90/87	1.012	1.013	1.015	1.013	1.015	1.013	1.013	1.012	1.011	1.012	1.009	1.008	1.009	1.007								
93/90	1.011	1.013	1.013	1.012	1.014	1.014	1.013	1.011	1.010	1.009	1.010	1.006	1.007	1.007								
96/93	1.010	1.009	1.013	1.015	1.016	1.011	1.012	1.010	1.009	1.009	1.009	1.006	1.007	1.007								

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

\* Paid medical loss development factors include the paid cost of medical cost containment programs (MCCP) for accident years 2011 and prior.

Reported Indemnity Claim Count Development

Accident Year	Development															
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-156</u>	<u>156-168</u>	<u>168-180</u>	<u>180-192</u>	<u>192-204</u>
1997																1.000
1998															1.000	1.000
1999														1.000	1.000	1.000
2000													1.000	1.000	1.000	1.000
2001												1.000	1.000	1.000	1.000	1.000
2002											1.000	1.000	1.000	1.000	1.000	1.000
2003										0.999	1.000	1.000	1.000	1.000	1.000	1.000
2004									0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006							1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007						1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008					1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2009				1.006	1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000			
2010			1.011	1.006	1.002	1.002	1.001	1.000	1.001	1.000	1.000	0.999				
2011		1.032	1.013	1.005	1.002	1.001	1.000	1.001	1.000	1.000	1.000					
2012	1.244	1.034	1.010	1.005	1.003	1.001	1.002	1.000	1.001	1.000						
2013	1.248	1.026	1.010	1.005	1.001	1.002	1.001	1.000	1.000							
2014	1.216	1.027	1.010	1.003	1.002	1.000	1.000	1.000								
2015	1.236	1.027	1.005	1.003	1.002	1.001	1.000									
2016	1.244	1.028	1.007	1.003	1.001	1.000										
2017	1.219	1.023	1.007	1.003	1.001											
2018	1.226	1.024	1.006	1.002												
2019	1.222	1.027	1.007													
2020	1.225	1.025														
2021	1.226															
Latest Year																
<u>Age-to-Age</u>	1.226	1.025	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.000	1.000
<u>Age-to-Ultimate</u>	1.272	1.037	1.012	1.005	1.003	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.003	1.002	1.002	1.002

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

**Quarterly Reported Indemnity Claim Count Development Factors**

Accident Year	Development														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
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	1.014	1.008	1.005	1.003	1.003	1.002	1.002	1.002
2017	2.733	1.717	1.410	1.149	1.047	1.027	1.018	1.012	1.010	1.006	1.004	1.003	1.003	1.002	1.002
2018	2.892	1.696	1.423	1.139	1.045	1.023	1.018	1.010	1.008	1.006	1.003	1.002	1.002	1.002	1.001
2019	2.787	1.752	1.425	1.138	1.035	1.023	1.015	1.010	1.009	1.005	1.003	1.003	1.002	1.001	1.001
2020	--	--	--	1.132	1.042	1.025	1.014	1.009	1.008	1.004	1.004				
2021	2.805	1.740	1.409	1.130	1.043	1.024	1.016								
2022	2.852	1.718	1.420												

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

Reported Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1997																	98.4%
1998																98.0%	98.2%
1999															97.7%	97.9%	98.1%
2000														97.2%	97.5%	97.8%	98.0%
2001													96.0%	96.5%	97.0%	97.4%	97.7%
2002												95.8%	96.4%	96.9%	97.3%	97.7%	98.0%
2003											95.1%	95.9%	96.4%	97.0%	97.5%	97.9%	98.2%
2004										94.3%	95.3%	96.0%	96.8%	97.3%	97.8%	98.2%	98.4%
2005									93.0%	94.4%	95.4%	96.4%	97.0%	97.6%	98.0%	98.4%	98.6%
2006								91.2%	93.0%	94.3%	95.5%	96.4%	97.1%	97.6%	98.0%	98.3%	98.5%
2007							88.8%	91.3%	93.2%	94.8%	96.0%	96.7%	97.4%	97.9%	98.2%	98.5%	
2008					84.9%	88.7%	91.5%	93.7%	95.1%	96.2%	97.0%	97.6%	97.9%	98.2%			
2009					79.0%	84.5%	88.5%	91.7%	93.8%	95.3%	96.4%	97.1%	97.6%	97.9%			
2010				72.4%	80.4%	85.9%	90.1%	92.8%	94.7%	96.0%	96.9%	97.5%	97.9%				
2011			62.1%	73.6%	81.6%	87.1%	91.0%	93.6%	95.4%	96.4%	97.1%	97.7%					
2012		47.9%	63.2%	74.9%	82.9%	88.4%	92.0%	94.4%	95.8%	96.7%	97.3%						
2013	26.9%	48.1%	64.3%	76.6%	84.7%	89.8%	93.2%	95.1%	96.3%	97.1%							
2014	26.5%	49.2%	65.9%	78.2%	86.1%	90.7%	93.5%	95.3%	96.4%								
2015	26.8%	50.6%	68.3%	80.5%	87.8%	91.3%	93.8%	95.5%									
2016	28.2%	53.4%	70.9%	82.4%	88.2%	91.7%	94.1%										
2017	30.4%	56.2%	73.1%	82.5%	88.3%	91.8%											
2018	31.1%	56.3%	71.3%	81.3%	87.7%												
2019	31.1%	54.0%	69.1%	80.2%													
2020	30.0%	53.2%	69.0%														
2021	31.4%	55.7%															
2022	32.1%																

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

**Estimated Ultimate Indemnity Claim Settlement Ratios**

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1997																	98.2%
1998																97.9%	98.1%
1999															97.6%	97.9%	98.1%
2000														97.7%	98.1%	98.3%	98.6%
2001													95.9%	96.4%	96.8%	97.2%	97.6%
2002												95.6%	96.2%	96.7%	97.2%	97.5%	97.9%
2003											95.0%	95.7%	96.2%	96.8%	97.3%	97.7%	98.1%
2004										94.1%	95.1%	95.9%	96.6%	97.1%	97.6%	98.0%	98.3%
2005									92.9%	94.3%	95.3%	96.2%	96.9%	97.4%	97.8%	98.2%	98.4%
2006								90.9%	92.8%	94.2%	95.4%	96.3%	96.9%	97.5%	97.8%	98.1%	98.4%
2007							88.4%	91.1%	92.9%	94.6%	95.7%	96.5%	97.2%	97.7%	98.0%	98.3%	
2008					84.4%	88.3%	91.1%	93.4%	94.8%	95.9%	96.7%	97.3%	97.7%	98.0%			
2009				78.3%	84.0%	88.2%	91.5%	93.5%	95.0%	96.1%	96.8%	97.3%	97.7%				
2010			71.4%	79.9%	85.5%	89.8%	92.6%	94.4%	95.9%	96.7%	97.4%	97.7%					
2011			60.5%	72.7%	81.0%	86.6%	90.7%	93.3%	95.2%	96.2%	96.9%	97.5%					
2012		45.2%	61.7%	73.9%	82.2%	87.9%	91.6%	94.1%	95.5%	96.5%	97.1%						
2013	20.5%	45.9%	63.0%	75.7%	84.2%	89.3%	92.8%	94.8%	96.1%	96.9%							
2014	20.8%	47.0%	64.7%	77.5%	85.7%	90.4%	93.2%	95.0%	96.2%								
2015	20.9%	48.6%	67.4%	79.8%	87.3%	91.1%	93.6%	95.3%									
2016	21.8%	51.3%	70.0%	81.9%	87.9%	91.5%	93.9%										
2017	24.0%	54.1%	72.1%	82.0%	88.0%	91.6%											
2018	24.5%	54.4%	70.6%	80.9%	87.4%												
2019	24.5%	52.0%	68.3%	79.8%													
2020	23.6%	51.3%	68.1%														
2021	24.7%	53.7%															
2022	25.2%																

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



Quarterly Ultimate Settlement Ratios

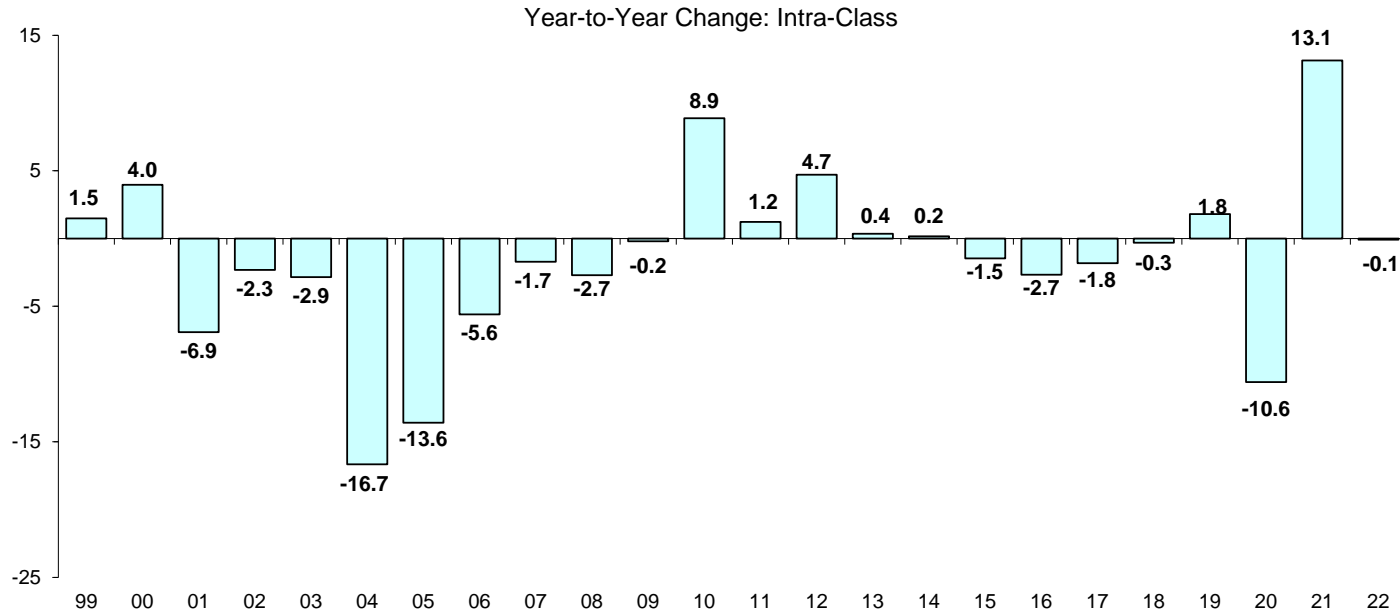
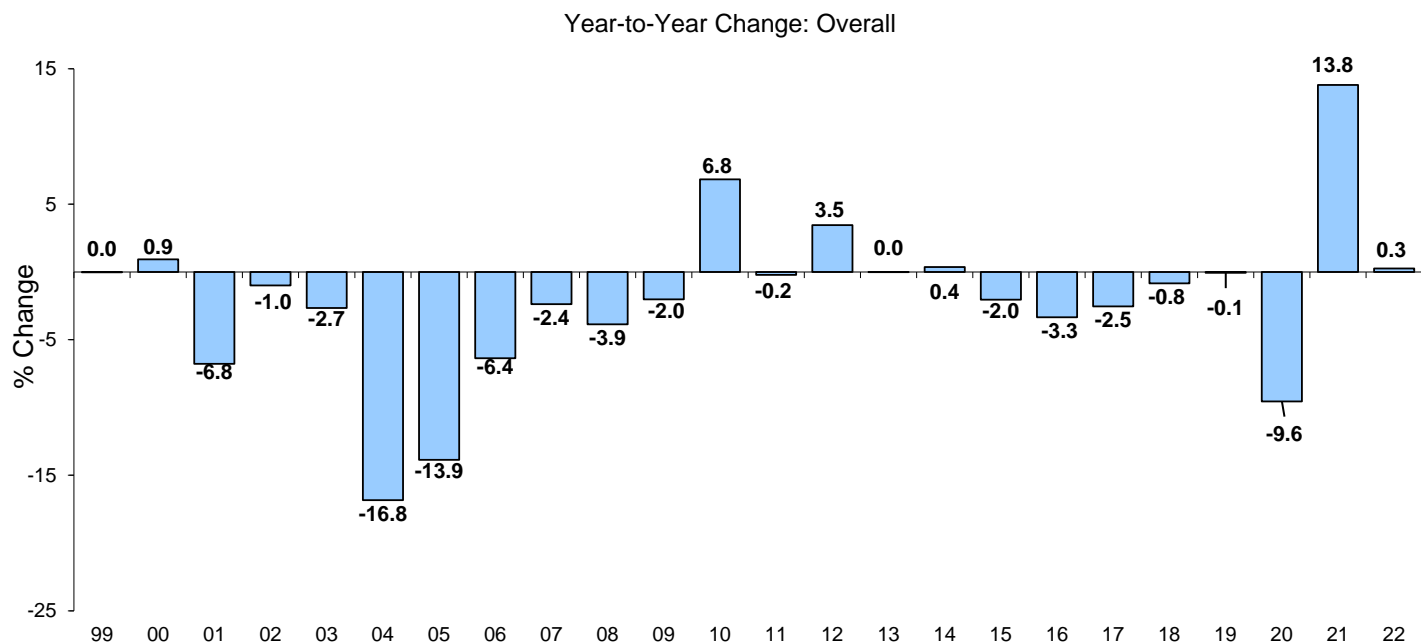
Accident Year	Evaluated as of (in months):															
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48
2013	0.9%	4.9%	11.4%	20.5%	28.9%	35.4%	40.7%	45.9%	50.4%	54.9%	58.9%	63.0%	66.5%	69.9%	72.8%	75.7%
2014	0.7%	4.7%	11.6%	20.8%	29.3%	36.1%	41.8%	47.0%	51.7%	56.3%	60.5%	64.7%	68.0%	71.6%	74.5%	77.5%
2015	0.8%	4.7%	11.9%	20.9%	30.0%	37.4%	43.1%	48.6%	53.6%	58.8%	63.1%	67.4%	70.8%	74.1%	77.0%	79.8%
2016	0.8%	5.0%	12.2%	21.8%	31.5%	39.4%	45.3%	51.3%	56.1%	61.3%	65.5%	70.0%	73.5%	76.7%	79.2%	81.9%
2017	0.8%	5.5%	13.3%	24.0%	34.0%	41.8%	48.1%	54.1%	59.0%	63.8%	68.1%	72.1%	75.1%	77.5%	79.8%	82.0%
2018	1.0%	5.8%	13.8%	24.5%	34.6%	42.4%	48.6%	54.4%	59.2%	63.2%	66.9%	70.6%	73.4%	76.1%	78.5%	80.9%
2019	1.0%	5.7%	13.6%	24.5%	34.7%	41.3%	46.8%	52.0%	56.3%	60.6%	64.5%	68.3%	71.4%	74.5%	77.2%	79.8%
2020	--	--	--	23.6%	33.0%	40.6%	46.1%	51.3%	55.4%	60.0%	64.1%	68.1%				
2021	0.8%	5.9%	14.3%	24.7%	35.2%	43.0%	48.6%	53.7%								
2022	0.8%	5.8%	14.6%	25.2%												

Accident Year	Quarterly Incremental Change														
	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
2013	4.0%	6.5%	9.1%	8.4%	6.5%	5.3%	5.2%	4.5%	4.5%	4.0%	4.1%	3.5%	3.4%	2.9%	3.0%
2014	4.0%	6.9%	9.2%	8.5%	6.8%	5.7%	5.2%	4.7%	4.6%	4.2%	4.2%	3.3%	3.6%	2.8%	3.0%
2015	3.9%	7.2%	9.0%	9.1%	7.4%	5.7%	5.5%	5.0%	5.2%	4.3%	4.2%	3.4%	3.3%	2.9%	2.8%
2016	4.2%	7.2%	9.6%	9.7%	7.9%	5.9%	6.0%	4.8%	5.2%	4.3%	4.4%	3.5%	3.2%	2.6%	2.7%
2017	4.7%	7.8%	10.7%	10.0%	7.8%	6.2%	6.1%	4.9%	4.8%	4.2%	4.1%	3.0%	2.4%	2.2%	2.2%
2018	4.8%	8.0%	10.7%	10.1%	7.8%	6.2%	5.8%	4.8%	4.0%	3.7%	3.7%	2.8%	2.7%	2.4%	2.4%
2019	4.7%	8.0%	10.8%	10.2%	6.6%	5.5%	5.2%	4.3%	4.3%	3.9%	3.8%	3.1%	3.1%	2.7%	2.6%
2020	--	--	--	9.4%	7.6%	5.5%	5.2%	4.1%	4.6%	4.2%	4.0%				
2021	5.1%	8.3%	10.4%	10.5%	7.8%	5.7%	5.1%								
2022	5.0%	8.8%	10.7%												

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 74% to 99% of the total California workers' compensation insured market measured using 2022 earned premium levels).

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

### California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year



**Note:**

The 2022 estimate is based on a comparison of claim counts based on WCIRB accident year experience as of December 31, 2022 relative to the estimated change in statewide employment. Experience excludes COVID-19 claims. Prior years are based on unit statistical data.

## Item AC23-04-01

### 9/1/2023 Filing – Loss Adjustment Expense Experience Review

Staff has developed the preliminary indicated ratio of loss adjustment expense (LAE) to loss for policies incepting between September 1, 2023 and August 31, 2024 based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2021 and accident year allocated loss adjustment expense (ALAE) experience as of December 31, 2022, which reflects the latest LAE information available. The projection methodologies are generally consistent with those reflected in the WCIRB's September 1, 2022 Pure Premium Rate Filing. The indicated ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

#### *ULAE Projection*

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

The approach to derive the adjusted calendar year California paid ULAE for ratemaking purposes, as reflected in the last several pure premium rate filings, involves several steps. First, reported negative "service fee" type adjustments to ULAE were added back into the reported countrywide paid ULAE amount. Second, countrywide paid losses on large deductible policies and/or claims handled by TPAs for which the associated claims handling costs were not reported in countrywide ULAE were subtracted from the countrywide paid losses. This adjustment was applied to losses gross or net of deductible amounts depending on whether the insurer reported ULAE costs on a gross or net basis. Third, the adjusted countrywide paid ULAE ratio was derived based on the ratio of adjusted countrywide paid ULAE computed in the first step described above to adjusted countrywide paid losses computed in the second step. Fourth, the adjusted countrywide paid ULAE was derived by multiplying the adjusted countrywide paid ULAE ratio by the reported countrywide paid losses. Finally, the adjusted countrywide paid ULAE was apportioned to California based on California's share of the insurer's countrywide indemnity claim counts open at the end of the previous calendar year.

For a number of insurers, the negative "service fee" type adjustments to ULAE do not apply and the reported countrywide ULAE reflects all claims handling costs on large deductible policies or related to claims handled by TPAs. In these instances, the approach described above simplifies to apportioning the reported countrywide ULAE to California based on California's share of the insurer's countrywide open indemnity claim counts. Although staff believes open indemnity claim counts is a reasonable measure to apportion countrywide ULAE to California, some insurers may use a more detailed and accurate method to derive the California ULAE. Given that these insurers do not require special adjustments to the reported paid ULAE amounts, the California paid ULAE as reported on the WCIRB's Expense Call was used in deriving the ratios of California paid ULAE to paid losses for these insurers in lieu of the formulaic approach discussed above.

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

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

Exhibit 1 shows calendar year paid ALAE and ULAE as ratios to paid losses by type of insurer. Calendar years 2016 through 2021 ULAE have been computed as described above and include an apportionment of countrywide ULAE to California based on open indemnity claim counts. As ULAE payments related to handling COVID-19 claims cannot be segregated from other ULAE payments, the paid losses for calendar years 2020 and 2021 underlying the ULAE ratios shown in Exhibit 1 include losses paid on COVID-19 claims. Calendar year 2015 ULAE is adjusted as described above but reflects an apportionment of countrywide ULAE to California based on paid losses. In addition, as discussed at prior meetings and reflected in prior pure premium rate filings, the ULAE for calendar years 2013 and 2014 also reflect partial adjustments for the issues addressed by the changes to the Expense Call for several large national insurers. As a result of these adjustments and enhancements, the ULAE ratios, adjusted as described above shown on Exhibit 1 for “national” insurers have become comparable to those for other private insurers. As discussed at prior meetings, ULAE ratios for State Compensation Insurance Fund (State Fund) are higher than those of other insurers, although differences have narrowed in recent years.

Exhibit 2 shows the average calendar year paid ULAE per open indemnity claim for private insurers. The ULAE severities for calendar years 2016 through 2021 shown on Exhibit 2 were computed based on the approach described above and, as a result, are not comparable to the ULAE severities for prior years, which for 2013 through 2015 only partially reflect the adjustments discussed above and, for prior to 2013, are based solely on the California ULAE reported by insurers. The amounts shown for calendar years 2020 and 2021 include the cost of COVID-19 claims.<sup>3</sup>

Exhibits 3.1 through 3.5 show the preliminary projection of ULAE to loss based on the relationship of calendar year paid ULAE to the number of indemnity claims open at the beginning of the calendar year based on claim count information reported as of December 31, 2022.<sup>4</sup> Projections of ultimate indemnity claim counts for accident years 2023 and 2024 shown in Exhibit 3.3 are based on the intra-class indemnity claim frequency changes reflected in the analysis of projected losses (Item AC23-03-02) applied to accident years 2021 and 2022.<sup>5</sup> The projections of open claim counts shown in Exhibit 3.3 are based on incremental indemnity claim closing rates. The ULAE projection shown in Exhibit 3.5 is based on statewide claim count and loss projections but using the estimated paid ULAE per open indemnity claim based on the experience of private insurers only.<sup>6</sup>

The projected ULAE severity trends are based on projected annual growth rates in California wage levels as reflected in the analysis of projected losses (Item AC23-03-02). The WCIRB generally projects the ULAE severity based on trending from the average paid ULAE per open indemnity claim for the latest two available calendar years. In the September 1, 2022 Pure Premium Rate Filing, the average paid ULAE from calendar years 2018 and 2019 were used given that calendar year 2020 is significantly impacted by the COVID-19 pandemic and economic downturn and is generally not used in the projection of future year loss costs. Staff continues to recommend not using the calendar year 2020 information and recommends projecting the ULAE severity based on the average of calendar years’ 2019 and 2021 average paid ULAE. As shown in Exhibit 3.5, the projected ratio of ULAE to loss for policies incepting between September 1, 2023 and August 31, 2024 using this approach is 14.4%.

As in the last several pure premium rate filings, the preliminary projected ratio of ULAE to losses is based on the average of the projections resulting from an open claim count-based method and a paid loss-based method. In the September 1, 2022 Pure Premium Rate Filing, the paid loss-based approach was based on the average of the calendar years’ 2018 and 2019 paid ULAE to paid loss ratios. Consistent with the open claim count-based approach discussed above, for this approach staff recommends using

<sup>3</sup> Given that ULAE cannot be allocated to a particular claim, the ULAE on COVID-19 claims cannot be separately reported.

<sup>4</sup> COVID-19 claims are excluded.

<sup>5</sup> This is based on the trending approach used in the analysis of projected losses in Item AC23-03-02. Given that accident years 2021 and 2022 are used in the projection of open indemnity claims in this approach, the premium used to determine the losses in the projected ULAE to loss ratio shown in line 5 of Exhibit 3.5 is based on the average of calendar years 2021 and 2022.

<sup>6</sup> The ULAE experience of State Fund has been excluded for reasons that have been discussed at prior Committee meetings and in prior pure premium rate filings and California Department of Insurance decisions.

the average of the calendar years' 2019 and 2021 paid ULAE to paid loss ratios for private insurers of 14.3% as shown on Exhibit 1. The preliminary ULAE projection for policies incepting between September 1, 2023 and August 31, 2024 based on the average of the claim count-based and paid loss-based projections is 14.4%. (For comparison purposes, the projected ULAE to loss ratio reflected in the September 1, 2022 Pure Premium Rate Filing was 14.2%.)

Table 1 shows the projected ratio of ULAE to losses based on the methodology described above. Table 1 also shows alternative ULAE projections based on the open claim count-based methodology projected based on calendar year 2021 only as shown in Exhibit 4 and projections based on recent calendar year ratios of paid ULAE to paid losses for private insurers based on Exhibit 1.

**Table 1: Projections of ULAE to Loss**

<b>ULAE Projection Method</b>	<b>Statewide with Private Insurer Average ULAE</b>
<b>April 13, 2023 Agenda Methodology</b>	
Paid ULAE per Open Indemnity Claim Applied to 2019 and 2021	14.4%
Average of Calendar Year 2019 and 2021 Paid ULAE to Paid Loss Ratios	14.3%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	<b>14.4%</b>
<b>Alternative Methodologies</b>	
Paid ULAE per Open Indemnity Claim Applied to 2021	14.7%
Calendar Year 2021 Paid ULAE to Loss Ratio	15.6%
Average of Latest Two Calendar Years' Paid ULAE to Loss Ratios	15.7%

*ALAE Projection – Excluding MCCP Costs*

For a number of years, the WCIRB has based the ALAE projection on a methodology that projects future ALAE as a function of the anticipated future number of indemnity claims and private insurer average ALAE per indemnity claim. (The ALAE projection excludes MCCP costs, which are discussed separately below.) All information for the ALAE projection shown in Exhibits 5 through 10 exclude COVID-19 claims from accident years 2020 through 2022.

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

Exhibits 8.1 through 8.4 show the preliminary ALAE projection excluding MCCP costs, which is based on statewide claim and loss projections and private insurer average ALAE per indemnity claim. The projected ALAE development shown in Exhibit 8.1 is based on the latest year paid ALAE age-to-age development factor. As in the last several pure premium rate filings, the projected paid ALAE development shown in Exhibit 8.1 reflects adjustments to paid ALAE age-to-age development for the impact of changes in claim settlement rates when the estimated claim settlement rate change for the accident year is greater than 1.5 points in absolute value.<sup>7</sup>

The projection shown in Exhibit 8.4 was computed using the intra-class indemnity claim frequency projections included in Item AC23-03-02 and a 0.5% ALAE severity trend selected based on the approximate average of the private insurer longer-term (2008 to 2022) and shorter-term (2018 to 2022)

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

growth rates of (a) estimated ultimate accident year ALAE per indemnity claim (Exhibit 6) and (b) incremental paid calendar year ALAE per open indemnity claim (Exhibit 7). (The projected ALAE severity trend reflected in the September 1, 2022 Premium Rate Filing based on this approach was 1.0%.) These trends were applied to accident years 2021 and 2022, which is consistent with the methodology for losses reflected in Item AC23-03-02.<sup>8</sup>

Effective in 2017, Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) included several provisions related to lien filings. As discussed at prior meetings and in prior pure premium rate filings, liens incur significant LAE costs in addition to the settlement costs paid to the lien claimant. Liens are typically not filed and paid on claims until later in the claims process. As a result, while some of the impact of the reforms is already reflected in the emerging paid ALAE for accident years 2017 and later and in the ALAE development factors, a significant portion is not yet reflected. To reflect the full impact of these reforms, consistent with the September 1, 2022 Pure Premium Rate Filing, staff recommends including a separate adjustment to the projected ALAE ratio. This adjustment, which is shown in line (g) of Exhibit 8.4, is based on the estimated full impact of a 11.2% reduction in ALAE costs<sup>9</sup> judgmentally tempered by 84% based on the estimated average percentage of 168-month ALAE costs paid as of December 31, 2022 for accident years 2017 and 2018.<sup>10</sup>

As shown in line (h) of Exhibit 8.4, the preliminary projected ratio of ALAE (excluding M CCP) to loss based on statewide data and private insurer average ALAE costs and after reflecting the impact of SB 1160 and AB 1244 is 14.0%. (For comparison purposes, the projected ALAE excluding M CCP costs to loss ratio reflected in the September 1, 2022 Pure Premium Rate Filing was 14.3%.)

For informational purposes, the WCIRB has computed additional ALAE projections (excluding M CCP) based on alternative methodologies with underlying assumptions that differ from those reflected in Exhibits 8.1 through 8.4. Specifically, ALAE projections based on the following methodologies and using statewide data with private insurer ALAE have been included:

1. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Unadjusted 3-Year Average Paid ALAE Development – Exhibits 9.1 and 9.2
2. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Unadjusted Latest Year Paid ALAE Development – Exhibits 10.1 and 10.2
3. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on Accident Year 2022 – Exhibit 11

The ALAE projections for policies incepting between September 1, 2023 and August 31, 2024 derived based on the methodology presented in Exhibits 8.1 to 8.4 and each of the alternative ALAE projection methodologies are shown in Table 2.<sup>11</sup>

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<sup>8</sup> Given that accident years 2021 and 2022 are used in the projection of the ultimate number of indemnity claims in this approach, the premium used to determine the losses in the projected ALAE to loss ratio shown in line (b) of Exhibit 8.4 is based on the average of calendar years 2021 and 2022.

<sup>9</sup> As reflected in the September 1, 2021 Pure Premium Rate Filing.

<sup>10</sup> This approach resulted in a 75% tempering in the September 1, 2022 Pure Premium Rate Filing based on December 31, 2021 ALAE experience.

<sup>11</sup> All projections shown in Table 2 also reflect the impact of SB 1160 and AB 1244 on ALAE costs.

**Table 2: Projections of ALAE (Excluding MCCP) to Loss**

<b>ALAE Projection Method</b>	<b>Statewide with Private Insurer Average ALAE</b>
<b>April 13, 2023 Agenda Methodology</b> Projected Ultimate ALAE per Indemnity Claim – Latest Year Adjusted Paid ALAE Development – Trend Applied to 2021 and 2022	<b>14.0%</b>
<b>Alternative Methodologies</b>	
Projected Ultimate ALAE per Indemnity Claim – Unadjusted 3-Year Average Paid ALAE Development	14.2%
Projected Ultimate ALAE per Indemnity Claim – Unadjusted Latest Year Paid ALAE Development	14.3%
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to 2022	13.9%

*ALAE Projection – MCCP Costs*

As in the last several pure premium rate filings, the projection of MCCP costs is based on a methodology analogous to that used for ALAE excluding MCCP costs and using statewide claim and MCCP cost data. All information for the MCCP cost projection shown in Exhibits 12 through 17 exclude COVID-19 claims from accident years 2020 through 2022.

Exhibit 12 shows statewide average paid MCCP per reported indemnity claim by accident year. Exhibit 13 shows statewide annual MCCP severity growth percentages based on estimated accident year ultimate MCCP costs per indemnity claim. Exhibit 14 shows statewide annual MCCP severity growth percentages based on ratios of calendar year paid MCCP costs per indemnity claims inventory.

Exhibits 15.1 and 15.2 show the preliminary projection of MCCP costs based on statewide data. Projected MCCP development through 132 months shown in Exhibit 15.1 is based on the latest year paid MCCP age-to-age factors while projected MCCP development after 132 months is based on the selected paid medical 132-to-ultimate development factor.<sup>12</sup> Similar to the projection of ALAE excluding MCCP costs, Exhibit 15.2 shows the projected ratio of MCCP to loss based on applying separate frequency and severity trends to the accident year 2021 and 2022 projected ultimate indemnity claim counts and ultimate MCCP per indemnity claim. A -1.0% MCCP severity trend was selected based on the approximate average rates of growth in (a) estimated ultimate accident year MCCP costs per indemnity claim from 2012 through 2022 (Exhibit 13) and (b) calendar year MCCP per indemnity claims inventory from 2009 through 2021 (Exhibit 14). (The projected MCCP severity trend reflected in the September 1, 2022 Premium Rate Filing based on this approach was also -1.0%.) The preliminary projected ratio of MCCP to loss based on this methodology is 3.3%. (For comparison purposes, the projected MCCP to loss ratio reflected in the September 1, 2022 Pure Premium Rate Filing was 3.6%.)

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

1. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – 3-Year Average Paid MCCP Development – Exhibit 16

<sup>12</sup> See Exhibit 2.6.1 of Item AC23-03-02.

2. Projected Ultimate M CCP per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on 2022 – Exhibit 17

The M CCP cost projections for policies incepting between September 1, 2023 and August 31, 2024 derived based on the methodology presented in Exhibits 14.1 and 14.2 and each of the alternative M CCP projection methodologies are shown in Table 3.

**Table 3: Projections of M CCP to Loss**

<b>M CCP Projection Method</b>	<b>Statewide M CCP Ratio</b>
<b>April 13, 2023 Agenda Methodology</b> Projected Ultimate M CCP per Indemnity Claim – Latest Year Paid M CCP Development – Trend Applied to 2021 and 2022	<b>3.3%</b>
<b>Alternative Methodologies</b> Projected Ultimate M CCP per Indemnity Claim – 3-Year Average Paid M CCP Development	3.2%
Projected Ultimate M CCP per Indemnity Claim – Trend Applied to 2022	3.2%

The total preliminary ratio of LAE to losses for policies incepting between September 1, 2023 and August 31, 2024 based on data evaluated as of December 31, 2022 and the projection methodologies described above is 31.7%. For comparison purposes, the projected total LAE to loss ratio reflected in the September 1, 2022 Pure Premium Rate Filing was 32.1%.



Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2011	5.9%	15.9%	17.3%	14.9%	17.2%
2012	6.3%	15.2%	19.1%	16.2%	18.6%
2013	5.9%	15.4%	20.0%	17.0%	19.5%
2014	8.4%	17.8%	21.3%	19.0%	20.8%
2015	10.1%	18.0%	22.6%	20.5%	22.0%
2016	11.0%	17.9%	22.4%	20.4%	21.6%
2017	10.8%	19.8%	22.7%	20.9%	22.3%
2018	11.4%	19.5%	22.9%	21.1%	22.4%
2019	12.9%	18.0%	22.8%	21.0%	22.2%
2020	11.5%	17.9%	23.4%	21.0%	22.5%
2021	11.7%	17.3%	21.1%	20.4%	21.1%
Excluded COVID-19					
2020	11.5%	17.9%	23.5%	21.0%	22.6%
2021	11.7%	17.3%	22.7%	20.4%	21.8%

Paid ULAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2011	28.9%	15.9%	6.5%	11.9%	7.7%
2012	45.0% <sup>[1]</sup>	15.0%	6.4%	14.8% <sup>[1]</sup>	7.5%
2013	<sup>[2]</sup> 21.8%	16.3%	8.5%	11.7%	9.4%
2014	<sup>[2]</sup> 28.8%	14.7%	7.7%	11.6%	8.6%
2015	<sup>[3]</sup> 35.1%	14.8%	10.2%	13.9%	10.9%
2016	<sup>[3]</sup> 37.6%	14.2%	12.8%	15.9%	13.0%
2017	<sup>[3]</sup> 25.6%	16.1%	14.1%	15.8%	14.4%
2018	<sup>[3]</sup> 24.8%	14.9%	14.8%	16.1%	14.8%
2019	<sup>[3]</sup> 21.3%	14.4%	12.8%	14.1%	13.0%
2020	<sup>[3]</sup> 17.6%	15.3%	15.8%	16.0%	15.8%
2021	<sup>[3]</sup> 17.6%	14.1%	15.9%	15.9%	15.6%

Paid LAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2011	34.8%	31.8%	23.8%	26.8%	24.8%
2012	51.3% <sup>[1]</sup>	30.3%	25.5%	31.0% <sup>[1]</sup>	26.1%
2013	<sup>[2]</sup> 27.7%	31.7%	28.5%	28.6%	28.9%
2014	<sup>[2]</sup> 37.2%	32.5%	29.0%	30.6%	29.4%
2015	<sup>[4]</sup> 45.2%	32.8%	32.8%	34.4%	32.8%
2016	<sup>[3]</sup> 48.6%	32.1%	35.2%	36.3%	34.7%
2017	<sup>[3]</sup> 36.4%	36.0%	36.9%	36.7%	36.7%
2018	<sup>[3]</sup> 36.2%	34.4%	37.7%	37.1%	37.2%
2019	<sup>[3]</sup> 34.2%	32.4%	35.5%	35.0%	35.2%
2020	<sup>[3]</sup> 29.1%	33.2%	39.2%	37.0%	38.3%
2021	<sup>[3]</sup> 29.4%	31.4%	37.1%	36.3%	36.7%

- Notes:
- <sup>[1]</sup> 2012 figure includes a one-time adjustment made by State Compensation Insurance Fund to reallocate liabilities related to pension benefits.
  - <sup>[2]</sup> 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third party administrators.
  - <sup>[3]</sup> Reflects adjustments based on the Expense Call for ULAE costs related to deductible policies and third-party administrators. 2015 adjusted ratio is based on apportioning adjusted countrywide paid ULAE to California using paid losses. 2016 to 2021 adjusted ratios are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience.

**Calendar Year ULAE Paid per Open Indemnity Claim - Private Insurers**

Calendar Year	ULAE Paid <sup>[1]</sup> (in Millions) (1)	Number of Open Indemnity Claims at Beginning of the Year <sup>[2]</sup> (2)	Number of Indemnity Claims Reported During Year <sup>[3]</sup> (3)	ULAE Paid per Open Indemnity Claim <sup>[4]</sup> (4)	Annual Change (5)
2010	432	257,439	107,734	1,676	---
2011	450	267,152	116,356	1,684	0.5%
2012	474	279,015	122,080	1,698	0.8%
2013 <sup>[5]</sup>	644	294,011	131,749	2,192	---
2014 <sup>[5]</sup>	598	307,227	133,061	1,947	-11.2%
2015 <sup>[6]</sup>	774	311,158	140,302	2,486	---
2016 <sup>[6]</sup>	948	314,808	139,941	3,010	---
2017 <sup>[6]</sup>	1,045	311,196	145,909	3,359	11.6%
2018 <sup>[6]</sup>	1,076	304,634	146,120	3,531	5.1%
2019 <sup>[6]</sup>	950	294,351	149,143	3,228	-8.6%
2020 <sup>[6]</sup>	1,060	289,298	148,364	3,666	13.5%
2021 <sup>[6]</sup>	1,096	293,628	146,911	3,734	1.9%

**Notes:**

<sup>[1]</sup> Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.

<sup>[2],[3]</sup> Based on WCIRB accident year experience calls. Column (3) is for information only.

<sup>[4]</sup> Column (1) / Column (2) x 1,000,000.

<sup>[5]</sup> 2013 and 2014 paid ULAE included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third party administrators.

<sup>[6]</sup> Reflects adjustments for ULAE costs related to deductible policies and third-party administrators based on the Expense Call. 2015 paid ULAE is based on apportioning adjusted countrywide paid ULAE to California using paid losses. 2016 to 2021 paid ULAE are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience. COVID-19 claims are included given that ULAE on COVID-19 claims cannot be separated from other ULAE.

**Reported Indemnity Claim Count Development - Statewide**

Accident	Age-to-Age Development (in months):																
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216
1994															1.000	1.000	1.000
1995														1.004	1.001	1.000	1.000
1996													1.001	1.000	1.000	1.000	1.000
1997												1.000	1.000	1.000	1.000	1.000	1.000
1998											1.000	1.000	1.001	1.000	1.000	1.000	1.000
1999										1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000
2000									1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
2001								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002							1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003						0.998	0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004					0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005				1.000	1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006			1.005	1.002	1.001	1.000	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007		1.015	1.006	1.004	1.002	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2008	1.153	1.023	1.011	1.005	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000			
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000				
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.000	1.000	1.000	0.999					
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000	1.000	1.000						
2012	1.241	1.035	1.013	1.005	1.003	1.001	1.001	1.000	1.001	1.000							
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001	1.000	1.000								
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.000	1.000									
2015	1.236	1.027	1.006	1.003	1.002	1.001	1.000										
2016	1.244	1.029	1.007	1.003	1.001	1.000											
2017	1.220	1.023	1.007	1.003	1.001												
2018	1.226	1.024	1.006	1.002													
2019	1.222	1.027	1.007														
2020	1.225	1.025															
2021	1.226																
<b>Age-to-Age Development Factors</b>																	
@12/31/21	1.225	1.027	1.006	1.003	1.001	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
@12/31/22	1.226	1.025	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.000	1.000	1.000
<b>Age-to-Ultimate</b>																	
@12/31/21	1.277	1.043	1.015	1.009	1.006	1.005	1.005	1.005	1.004	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003
@12/31/22	1.271	1.037	1.012	1.006	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.002	1.003	1.003	1.002	1.002	1.002
<b>Estimated Percent of Ultimate Indemnity Claims Reported</b>																	
@12/31/21	78.3%	95.9%	98.5%	99.1%	99.4%	99.5%	99.5%	99.5%	99.6%	99.6%	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%
@12/31/22	78.7%	96.4%	98.8%	99.4%	99.7%	99.7%	99.8%	99.7%	99.8%	99.8%	99.8%	99.8%	99.7%	99.7%	99.8%	99.8%	99.8%
<b>Accident</b>																	
<b>Age-to-Age Development (in months):</b>																	
Year	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	
1989			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1990		1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
1998	1.000	1.000	1.000	1.000	1.000	1.000	1.000										
1999	1.000	1.000	1.000	1.000	1.000	1.000											
2000	1.000	1.000	1.000	1.000	1.000												
2001	1.000	1.000	1.000	1.000													
2002	1.000	1.000	1.000														
2003	1.000	1.000															
2004	1.000																
<b>Age-to-Age Development Factors</b>																	
@12/31/21	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
@12/31/22	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<b>Age-to-Ultimate</b>																	
@12/31/21	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	
@12/31/22	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>Estimated Percent of Ultimate Indemnity Claims Reported</b>																	
@12/31/21	99.7%	99.7%	99.7%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	
@12/31/22	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

Reported Indemnity Claim Closing Rate - Statewide

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1994														97.8%	98.0%	98.2%	98.3%
1995													96.9%	97.2%	97.5%	97.6%	97.8%
1996												95.9%	96.3%	96.7%	96.9%	97.1%	97.3%
1997											95.6%	96.0%	96.5%	96.8%	97.0%	97.2%	97.5%
1998										95.0%	95.6%	96.3%	96.7%	97.0%	97.3%	97.6%	97.7%
1999									93.9%	94.8%	95.7%	96.3%	96.7%	97.1%	97.5%	97.7%	97.9%
2000								91.7%	93.1%	94.4%	95.3%	96.0%	96.4%	97.0%	97.3%	97.6%	97.9%
2001							87.9%	90.4%	92.3%	93.6%	94.6%	95.4%	96.1%	96.6%	97.0%	97.4%	97.7%
2002						84.6%	88.3%	90.9%	92.5%	93.8%	94.8%	95.9%	96.4%	96.9%	97.4%	97.7%	98.1%
2003					79.4%	84.8%	88.4%	90.7%	92.5%	93.8%	95.2%	95.9%	96.4%	97.0%	97.5%	97.9%	98.3%
2004				73.0%	80.7%	85.4%	88.3%	90.7%	92.5%	94.4%	95.4%	96.1%	96.8%	97.3%	97.8%	98.2%	98.4%
2005			63.5%	74.7%	81.3%	85.5%	88.5%	90.9%	93.2%	94.5%	95.5%	96.4%	97.0%	97.6%	98.1%	98.4%	98.6%
2006		50.3%	64.5%	74.7%	81.5%	85.7%	88.8%	91.3%	93.0%	94.3%	95.5%	96.4%	97.1%	97.7%	98.0%	98.3%	98.5%
2007	27.1%	49.8%	63.6%	73.6%	80.3%	84.7%	88.9%	91.4%	93.2%	94.8%	96.0%	96.8%	97.5%	97.9%	98.2%	98.5%	
2008	27.6%	48.1%	61.8%	72.2%	79.3%	85.1%	88.9%	91.5%	93.7%	95.1%	96.2%	97.0%	97.6%	97.9%	98.2%		
2009	26.7%	46.3%	60.1%	70.8%	79.2%	84.6%	88.6%	91.8%	93.8%	95.3%	96.4%	97.1%	97.6%	97.9%			
2010	27.0%	46.9%	60.7%	72.5%	80.5%	85.8%	90.1%	92.8%	94.7%	96.1%	96.9%	97.5%	97.9%				
2011	27.5%	47.2%	62.0%	73.4%	81.4%	86.9%	90.9%	93.6%	95.3%	96.4%	97.1%	97.7%					
2012	27.7%	48.1%	63.3%	74.8%	82.8%	88.3%	92.1%	94.4%	95.8%	96.7%	97.3%						
2013	26.9%	48.4%	64.4%	76.4%	84.7%	89.9%	93.2%	95.1%	96.3%	97.1%							
2014	26.9%	49.5%	65.8%	78.1%	86.2%	90.8%	93.5%	95.3%	96.4%								
2015	27.3%	50.5%	68.3%	80.6%	87.8%	91.3%	93.8%	95.5%									
2016	28.2%	53.4%	71.0%	82.5%	88.2%	91.7%	94.1%										
2017	30.4%	56.2%	73.1%	82.5%	88.3%	91.8%											
2018	31.2%	56.3%	71.4%	81.3%	87.7%												
2019	31.2%	54.0%	69.1%	80.2%													
2020	26.1%	53.2%	69.0%														
2021	31.4%	55.7%															
2022	32.1%																

Reported Closing Rate

@12/31/21	31.4%	53.2%	69.1%	81.3%	88.3%	91.7%	93.8%	95.3%	96.3%	96.7%	97.1%	97.5%	97.6%	97.9%	98.2%	98.3%	98.6%
@12/31/22	32.1%	55.7%	69.0%	80.2%	87.7%	91.8%	94.1%	95.5%	96.4%	97.1%	97.3%	97.7%	97.9%	97.9%	98.2%	98.5%	98.5%

Estimated Percent Closed<sup>[1]</sup>

@12/31/21	24.6%	51.0%	68.1%	80.6%	87.7%	91.2%	93.4%	94.8%	95.9%	96.4%	96.8%	97.2%	97.3%	97.6%	98.0%	98.1%	98.3%
@12/31/22	25.2%	53.7%	68.1%	79.8%	87.4%	91.6%	93.9%	95.3%	96.2%	96.9%	97.1%	97.5%	97.7%	97.7%	98.0%	98.3%	98.3%

Accident	Evaluated as of (in months):																
Year	216	228	240	252	264	276	288	300	312	324	336	348	360	372	384	396	408
1989				99.3%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	99.6%	99.6%	99.6%	99.7%	99.7%	99.7%	99.7%
1990			99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.4%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	99.5%	
1991		98.9%	99.0%	99.0%	99.1%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.4%	99.4%		
1992	98.8%	98.9%	98.9%	99.0%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%	99.3%			
1993	98.6%	98.8%	98.8%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.3%	99.3%				
1994	98.4%	98.5%	98.6%	98.6%	98.7%	98.8%	98.8%	98.9%	98.9%	99.0%	99.1%	99.1%					
1995	97.9%	98.0%	98.1%	98.2%	98.3%	98.4%	98.4%	98.5%	98.6%	98.6%	98.7%						
1996	97.4%	97.6%	97.7%	97.8%	97.8%	98.0%	98.1%	98.1%	98.2%	98.2%							
1997	97.6%	97.7%	97.9%	98.0%	98.1%	98.3%	98.3%	98.4%	98.5%								
1998	97.9%	98.0%	98.2%	98.3%	98.5%	98.6%	98.7%	98.7%									
1999	98.1%	98.4%	98.5%	98.7%	98.8%	98.9%	99.0%										
2000	98.1%	98.3%	98.6%	98.7%	98.8%	98.9%											
2001	98.0%	98.3%	98.5%	98.7%	98.8%												
2002	98.4%	98.6%	98.8%	98.9%													
2003	98.5%	98.8%	98.9%														
2004	98.7%	98.9%															
2005	98.8%																

Reported Closing Rate

@12/31/21	98.7%	98.8%	98.8%	98.7%	98.8%	98.9%	98.7%	98.4%	98.2%	98.6%	99.1%	99.3%	99.3%	99.4%	99.5%	99.7%	
@12/31/22	98.8%	98.9%	98.9%	98.9%	98.8%	98.9%	99.0%	98.7%	98.5%	98.2%	98.7%	99.1%	99.3%	99.3%	99.4%	99.5%	99.7%

Estimated Percent Closed<sup>[1]</sup>

@12/31/21	98.4%	98.5%	98.5%	98.4%	98.6%	98.7%	98.5%	98.3%	98.0%	98.5%	99.0%	99.2%	99.3%	99.4%	99.5%	99.7%	
@12/31/22	98.6%	98.7%	98.7%	98.7%	98.6%	98.8%	98.9%	98.6%	98.4%	98.1%	98.6%	99.1%	99.3%	99.3%	99.4%	99.5%	99.7%

Note:<sup>[1]</sup> Estimated percent closed is the product of (a) the Estimated Percent of Ultimate Indemnity Claims Reported (Exhibit 3.1) and (b) the Reported Closing Rate.

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

**Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide**

Selected Indemnity Claim Reporting and Closure Patterns as of								Cumulative Indemnity Claim Counts				
	December 31 of						Incremental	as of December 31, 2022				
	2021	2022	2021	2022	2021	2022	Closing				Estimated	Annual
Year	Percent Reported <sup>[1]</sup>		Percent Closed <sup>[2]</sup>		Opening Rate <sup>[3]</sup>		Rate <sup>[4]</sup>	AY	Reported	Open	Ultimate <sup>[5]</sup>	Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	
1	78.3%	78.7%	24.6%	25.2%	53.7%	53.5%	46.5%	1989	221,934	649	221,934	
2	95.9%	96.4%	51.0%	53.7%	44.9%	42.7%	20.5%	1990	247,892	1,166	247,869	
3	98.5%	98.8%	68.1%	68.1%	30.5%	30.7%	31.7%	1991	248,329	1,562	248,344	
4	99.1%	99.4%	80.6%	79.8%	18.5%	19.7%	35.4%	1992	197,231	1,341	197,262	
5	99.4%	99.7%	87.7%	87.4%	11.7%	12.3%	33.7%	1993	155,299	1,115	155,343	
6	99.5%	99.7%	91.2%	91.6%	8.3%	8.2%	29.9%	1994	142,787	1,298	142,843	
7	99.5%	99.8%	93.4%	93.9%	6.2%	5.9%	29.0%	1995	134,022	1,787	134,086	
8	99.5%	99.7%	94.8%	95.3%	4.7%	4.5%	27.5%	1996	131,185	2,363	131,260	
9	99.6%	99.8%	95.9%	96.2%	3.7%	3.6%	23.3%	1997	136,987	2,114	137,097	
10	99.6%	99.8%	96.4%	96.9%	3.2%	2.9%	21.5%	1998	147,166	1,870	147,316	
11	99.7%	99.8%	96.8%	97.1%	2.8%	2.7%	18.1%	1999	148,239	1,479	148,418	
12	99.7%	99.8%	97.2%	97.5%	2.5%	2.3%	18.9%	2000	160,344	1,700	160,589	
13	99.7%	99.7%	97.3%	97.7%	2.4%	2.1%	16.3%	2001	184,890	2,233	185,208	
14	99.7%	99.7%	97.6%	97.7%	2.1%	2.1%	12.8%	2002	192,403	2,040	192,776	
15	99.7%	99.8%	98.0%	98.0%	1.7%	1.8%	13.6%	2003	182,539	1,975	182,910	
16	99.7%	99.8%	98.1%	98.3%	1.7%	1.5%	14.7%	2004	158,510	1,776	158,840	
17	99.7%	99.8%	98.3%	98.3%	1.4%	1.5%	13.1%	2005	138,200	1,661	138,482	
18	99.7%	99.8%	98.4%	98.6%	1.3%	1.2%	14.2%	2006	129,988	1,895	130,256	
19	99.7%	99.8%	98.5%	98.7%	1.2%	1.1%	14.3%	2007	128,853	1,927	129,140	
20	99.7%	99.8%	98.5%	98.7%	1.2%	1.1%	11.8%	2008	122,808	2,223	123,104	
21	99.8%	99.8%	98.4%	98.7%	1.3%	1.1%	12.7%	2009	113,533	2,375	113,830	
22	99.8%	99.8%	98.6%	98.6%	1.2%	1.2%	8.4%	2010	118,193	2,436	118,530	
23	99.8%	99.8%	98.7%	98.8%	1.1%	1.1%	9.5%	2011	120,851	2,795	121,053	
24	99.8%	99.9%	98.5%	98.9%	1.3%	1.0%	7.1%	2012	128,247	3,411	128,501	
25	99.9%	99.9%	98.3%	98.6%	1.6%	1.3%	4.7%	2013	136,364	3,927	136,683	
26	99.9%	99.9%	98.0%	98.4%	1.8%	1.5%	3.6%	2014	140,742	5,067	141,092	
27	99.9%	99.9%	98.5%	98.1%	1.4%	1.8%	2.0%	2015	144,163	6,465	144,555	
28	99.9%	100.0%	99.0%	98.6%	0.9%	1.3%	3.7%	2016	147,269	8,708	147,637	
29	100.0%	100.0%	99.2%	99.1%	0.7%	0.9%	3.6%	2017	148,106	12,177	148,487	
30	100.0%	100.0%	99.3%	99.3%	0.7%	0.7%	3.8%	2018	150,592	18,607	151,115	
31	100.0%	100.0%	99.4%	99.3%	0.6%	0.7%	3.2%	2019	153,129	30,311	153,981	
32	100.0%	100.0%	99.5%	99.4%	0.5%	0.6%	1.4%	2020	133,014	41,297	134,640	
33	100.0%	100.0%	99.7%	99.5%	0.3%	0.5%	2.0%	2021	142,720	63,184	148,020	
34		100.0%		99.7%		0.3%	2.9%	2022	122,410	83,157	155,542	-0.1%
											Projected <sup>[6]</sup>	
								2023			150,601	-0.7%
								2024			148,081	-1.7%
								Total	5,208,939	318,091		

Notes:

<sup>[1]</sup> See Exhibit 3.1.

<sup>[2]</sup> See Exhibit 3.2.

<sup>[3]</sup> Column (1) - Column (3) for 12/31/2021 and Column (2) - Column (4) for 12/31/2022.

<sup>[4]</sup> 1.0 minus ratio of Column (6) claim opening rate for accident year YYYY at 12/31/2022 to Column (5) claim opening rate for accident year YYYY at 12/31/2021.

<sup>[5]</sup> Estimated based on number of reported indemnity claims (excluding COVID-19 claims) as of December 31, 2022 (Column (8)) and selected reporting pattern on Column (2).

<sup>[6]</sup> Estimated based on applying projected frequency trends to accident years 2021 and 2022 estimated ultimate indemnity claim counts. Frequency trend for 2022 is the actual trends adjusted for class mix and wage level, accident years 2023 and 2024 projected frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Agenda Item AC23-03-02, Exhibit 6.1).

**Estimated Number of Open Indemnity Claims - Statewide**  
Based on Selected Reporting and Incremental Closing Rates

AY	Estimated Number of Reported Indemnity Claims <sup>[1]</sup>		Estimated Number of Open Indemnity Claims <sup>[2]</sup>	
	@12/31/23	@12/31/24	@12/31/23	@12/31/24
	(1)	(2)	(3)	(4)
1989	221,934	221,934	630	612
1990	247,869	247,869	1,132	1,099
1991	248,367	248,344	1,530	1,485
1992	197,251	197,281	1,322	1,295
1993	155,319	155,334	1,080	1,065
1994	142,803	142,821	1,249	1,209
1995	134,033	134,048	1,722	1,657
1996	131,197	131,208	2,275	2,192
1997	137,019	137,032	2,072	1,994
1998	147,197	147,232	1,803	1,767
1999	148,267	148,299	1,410	1,359
2000	160,395	160,425	1,580	1,506
2001	184,926	184,984	2,021	1,878
2002	192,445	192,482	1,870	1,692
2003	182,557	182,597	1,725	1,581
2004	158,517	158,533	1,566	1,368
2005	138,195	138,201	1,423	1,255
2006	129,991	129,986	1,627	1,394
2007	128,874	128,877	1,674	1,437
2008	122,831	122,851	1,896	1,647
2009	113,556	113,577	2,053	1,751
2010	118,221	118,245	2,123	1,835
2011	120,708	120,737	2,341	2,040
2012	128,287	128,136	2,766	2,317
2013	136,413	136,456	3,217	2,609
2014	140,763	140,813	3,977	3,258
2015	144,196	144,217	4,960	3,893
2016	147,237	147,270	6,309	4,840
2017	148,117	148,084	8,647	6,265
2018	150,728	150,739	13,041	9,261
2019	153,448	153,587	20,095	14,084
2020	133,895	134,174	26,666	17,678
2021	146,233	147,201	43,156	27,867
2022	149,973	153,664	66,124	45,164
<u>Projected</u>				
2023	118,521	145,208	80,518	64,026
2024		116,538		79,171
Total	5,360,280	5,508,980	317,598	315,550

Notes:

<sup>[1], [2]</sup> Estimated based on the projected number of indemnity claims as of 12/31/2022 (Columns 9 and 10 of Exhibit 3.3) and selected reporting and incremental closing rate (Column (2) and Column (7) of Exhibit 3.3).

**Projected Ratio of ULAE to Loss - Statewide**

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers  
Trend Average ULAE from 2019 and 2021  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid (\$000) (3)
2010	360,624	1,676	604,510
2011	360,339	1,684	606,894
2012	360,391	1,698	612,112
2013	365,706	2,192	801,569
2014	366,420	1,947	713,493
2015	367,925	2,486	914,731
2016	370,782	3,010	1,116,097
2017	362,328	3,359	1,217,236
2018	350,417	3,531	1,237,191
2019	334,060	3,228	1,078,484
2020	322,708	3,666	1,182,952
2021	316,313	3,734	1,181,015
Projected			
2022	316,407	3,766	1,191,488
2023	318,091	3,928	1,249,336
2024	317,598	4,042	1,283,576
2025	315,550	4,151	1,309,729
(4) Projected ULAE Paid (\$000):			1,410,608
(5) Average of Calendar Years 2021 and 2022 Earned Premium (\$000):			14,271,118
(6) Projected Loss to Advisory Pure Premium Ratio:			0.756
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			0.906
(8) Projected Losses (\$000): (5) x (6) x (7)			9,772,044
(9) Projected Ratio of ULAE to Losses: (4)/(8)			14.4%

Notes:

- (1) Calendar years 2010 to 2023 are based on WCIRB accident year experience calls. 2024 to 2025 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns (3) to (4) of Exhibit 3.4).
- (2) Calendar years 2010 to 2021 are from column (4) of Exhibit 2. Calendar years 2022 to 2025 are projected based on applying the California average annual wage level changes selected by the WCIRB, to the ULAE paid per open indemnity claim from averaging 2019 and 2021.
- (3) Column (1) x Column (2).
- (4) Weighted average of calendar years 2023 with 5.6%, 2024 with 72.2% and 2025 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2023 to August 31, 2024 policies, based on applying the average annual change of 3.2% from 2024 to 2026 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar years 2021 and 2022 earned premium excluding COVID-19 premium charges from the same group of insurers that reported the number of open indemnity claims at beginning of calendar years 2022 and 2023.
- (6) See Exhibit 8 of Agenda Item AC23-03-02.
- (7) See Exhibit 5.2 of Agenda Item AC23-03-02. Based on a weighting of calendar years 2021 and 2022.

**Projected Ratio of ULAE to Loss - Statewide**

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers  
Trend Average ULAE from 2021  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid (\$000) (3)
2010	360,624	1,676	604,510
2011	360,339	1,684	606,894
2012	360,391	1,698	612,112
2013	365,706	2,192	801,569
2014	366,420	1,947	713,493
2015	367,925	2,486	914,731
2016	370,782	3,010	1,116,097
2017	362,328	3,359	1,217,236
2018	350,417	3,531	1,237,191
2019	334,060	3,228	1,078,484
2020	322,708	3,666	1,182,952
2021	316,313	3,734	1,181,015
Projected			
2022	316,407	3,835	1,213,263
2023	318,091	3,999	1,272,168
2024	317,598	4,115	1,307,034
2025	315,550	4,226	1,333,665
(4) Projected ULAE Paid (\$000):			1,436,388
(5) Average of Calendar Years 2021 and 2022 Earned Premium (\$000):			14,271,118
(6) Projected Loss to Advisory Pure Premium Ratio:			0.756
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			0.906
(8) Projected Losses (\$000): (5) x (6) x (7)			9,772,044
(9) Projected Ratio of ULAE to Losses: (4)/(8)			14.7%

Notes:

- (1) Calendar years 2010 to 2023 are based on WCIRB accident year experience calls. 2024 to 2025 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns (3) to (4) of Exhibit 3.4).
- (2) Calendar years 2010 to 2021 are from column (4) of Exhibit 2. Calendar years 2022 to 2025 are projected based on applying the California average annual wage level changes selected by the WCIRB to the 2021 ULAE paid per open indemnity claim.
- (3) Column (1) x Column (2).
- (4) Weighted average of calendar years 2023 with 5.6%, 2024 with 72.2% and 2025 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2023 to August 31, 2024 policies, based on applying the average annual change of 3.2% from 2024 to 2026 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar years 2021 and 2022 earned premium excluding COVID-19 premium charges from the same group of insurers that reported the number of open indemnity claims at beginning of calendar years 2022 and 2023.
- (6) See Exhibit 8 of Agenda Item AC23-03-02.
- (7) See Exhibit 5.2 of Agenda Item AC23-03-02. Based on a weighting of calendar years 2021 and 2022.



**Average Paid ALAE per Reported Indemnity Claim - Private Insurers**

As of December 31, 2022

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
2001								5,704	5,977	6,144
2002							5,944	6,260	6,454	6,614
2003						5,917	6,315	6,597	6,809	7,003
2004					5,062	5,577	5,955	6,223	6,437	6,645
2005				3,987	4,698	5,219	5,591	5,899	6,162	6,342
2006			3,126	4,127	4,876	5,436	5,865	6,184	6,410	6,622
2007		1,978	3,323	4,419	5,230	5,864	6,378	6,697	6,978	7,190
2008	619	2,118	3,620	4,859	5,789	6,501	6,986	7,387	7,671	7,884
2009	675	2,406	4,083	5,460	6,484	7,203	7,783	8,196	8,490	8,718
2010	745	2,541	4,279	5,593	6,547	7,290	7,870	8,243	8,515	8,700
2011	753	2,563	4,188	5,522	6,537	7,325	7,837	8,186	8,435	8,592
2012	758	2,555	4,332	5,728	6,766	7,451	7,887	8,226	8,441	8,581
2013	777	2,790	4,582	5,936	6,851	7,418	7,853	8,096	8,265	8,381
2014	879	2,992	4,769	6,056	6,864	7,432	7,781	8,005	8,160	
2015	951	3,067	4,846	6,032	6,817	7,273	7,587	7,791		
2016	933	3,157	4,901	6,072	6,751	7,200	7,509			
2017	1,016	3,281	4,984	6,011	6,669	7,107				
2018	1,111	3,421	5,100	6,209	6,949					
2019	1,144	3,364	5,124	6,313						
2020	1,098	3,478	5,277							
2021	1,049	3,296								
2022	1,117									

	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
2002								9.7%	8.0%	7.6%
2003							6.2%	5.4%	5.5%	5.9%
2004						-5.7%	-5.7%	-5.7%	-5.5%	-5.1%
2005					-7.2%	-6.4%	-6.1%	-5.2%	-4.3%	-4.6%
2006				3.5%	3.8%	4.2%	4.9%	4.8%	4.0%	4.4%
2007			6.3%	7.1%	7.3%	7.9%	8.7%	8.3%	8.8%	8.6%
2008		7.1%	8.9%	9.9%	10.7%	10.9%	9.5%	10.3%	9.9%	9.7%
2009	8.9%	13.6%	12.8%	12.4%	12.0%	10.8%	11.4%	11.0%	10.7%	10.6%
2010	10.4%	5.6%	4.8%	2.4%	1.0%	1.2%	1.1%	0.6%	0.3%	-0.2%
2011	1.1%	0.9%	-2.1%	-1.3%	-0.1%	0.5%	-0.4%	-0.7%	-0.9%	-1.2%
2012	0.7%	-0.3%	3.4%	3.7%	3.5%	1.7%	0.6%	0.5%	0.1%	-0.1%
2013	2.5%	9.2%	5.8%	3.6%	1.3%	-0.4%	-0.4%	-1.6%	-2.1%	-2.3%
2014	13.2%	7.2%	4.1%	2.0%	0.2%	0.2%	-0.9%	-1.1%	-1.3%	
2015	8.1%	2.5%	1.6%	-0.4%	-0.7%	-2.1%	-2.5%	-2.7%		
2016	-1.8%	2.9%	1.1%	0.7%	-1.0%	-1.0%	-1.0%			
2017	8.9%	3.9%	1.7%	-1.0%	-1.2%	-1.3%				
2018	9.3%	4.3%	2.3%	3.3%	4.2%					
2019	3.0%	-1.7%	0.5%	1.7%						
2020	-4.1%	3.4%	3.0%							
2021	-4.4%	-5.2%								
2022	6.4%									

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

**Ratio of Paid ALAE to Paid Loss - Private Insurers**

As of December 31, 2022

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
2001								0.121	0.122	0.123
2002							0.136	0.137	0.138	0.139
2003						0.144	0.146	0.147	0.148	0.149
2004					0.154	0.157	0.159	0.160	0.160	0.160
2005				0.142	0.148	0.152	0.154	0.155	0.155	0.155
2006			0.125	0.136	0.142	0.146	0.148	0.149	0.150	0.150
2007		0.106	0.123	0.134	0.140	0.145	0.147	0.147	0.148	0.149
2008	0.066	0.104	0.123	0.134	0.140	0.144	0.145	0.147	0.148	0.149
2009	0.072	0.117	0.135	0.145	0.150	0.152	0.155	0.156	0.157	0.158
2010	0.080	0.125	0.142	0.148	0.151	0.155	0.158	0.159	0.160	0.160
2011	0.087	0.131	0.144	0.153	0.159	0.164	0.166	0.167	0.168	0.168
2012	0.086	0.131	0.151	0.163	0.170	0.173	0.174	0.175	0.176	0.176
2013	0.091	0.147	0.164	0.173	0.178	0.180	0.183	0.184	0.184	0.184
2014	0.104	0.159	0.170	0.176	0.179	0.182	0.184	0.184	0.184	
2015	0.112	0.158	0.170	0.174	0.178	0.180	0.181	0.181		
2016	0.106	0.160	0.172	0.179	0.182	0.183	0.183			
2017	0.111	0.163	0.174	0.178	0.180	0.180				
2018	0.115	0.164	0.175	0.178	0.180					
2019	0.118	0.163	0.173	0.176						
2020	0.107	0.155	0.163							
2021	0.103	0.149								
2022	0.109									

Accident	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
2002								13.8%	13.4%	13.1%
2003							7.2%	7.3%	6.9%	7.1%
2004						9.5%	9.3%	8.7%	8.1%	7.9%
2005					-4.0%	-3.2%	-3.4%	-3.2%	-2.8%	-3.0%
2006				-4.1%	-4.3%	-4.3%	-4.0%	-3.6%	-3.7%	-3.3%
2007			-1.5%	-1.6%	-1.0%	-0.7%	-0.5%	-1.2%	-0.9%	-1.1%
2008		-1.2%	0.1%	0.3%	-0.1%	-0.4%	-1.3%	-0.4%	-0.1%	0.2%
2009	7.8%	12.1%	9.5%	8.2%	7.1%	5.7%	6.8%	6.4%	6.2%	6.1%
2010	12.1%	6.4%	5.0%	2.0%	0.9%	1.9%	1.7%	1.8%	1.6%	1.4%
2011	8.0%	4.8%	1.6%	3.0%	5.0%	5.6%	5.6%	5.1%	5.1%	5.0%
2012	-0.5%	0.7%	5.2%	6.7%	6.7%	5.4%	4.5%	5.0%	4.9%	4.9%
2013	5.6%	12.2%	8.6%	6.2%	4.8%	4.5%	5.2%	4.9%	4.6%	4.4%
2014	14.1%	7.8%	3.1%	1.9%	0.6%	0.9%	0.4%	0.0%	0.0%	
2015	8.3%	-0.5%	0.1%	-1.2%	-0.5%	-0.9%	-1.4%	-1.6%		
2016	-5.7%	1.2%	1.6%	2.7%	2.1%	1.6%	1.3%			
2017	4.8%	1.9%	0.7%	-0.1%	-0.9%	-1.7%				
2018	3.7%	0.7%	0.7%	-0.4%	-0.2%					
2019	2.6%	-0.7%	-0.7%	-1.3%						
2020	-9.5%	-5.3%	-5.9%							
2021	-3.8%	-3.3%								
2022	5.5%									

Note: All paid ALAE exclude the paid cost of medical cost containment programs. Accident years 2010 and prior paid loss include the paid cost of medical cost containment programs.

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

**Estimated Ultimate ALAE per Indemnity Claim - Private Insurers**

Based on Latest Year Paid ALAE Development Adjusted for Changes in Claim Settlement Rates

Acc. Year	Paid ALAE <sup>[1]</sup> @ 12/31/22 (in \$000) (1)	Cumulative Development Factors <sup>[2]</sup> (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @ 12/31/22 (4)	Cumulative Count Development Factors <sup>[3]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
1995	245,509	1.036	254,231	100,165	1.001	100,218	2,537	---
1996	292,687	1.038	303,853	101,204	1.001	101,275	3,000	18.3%
1997	368,549	1.041	383,687	104,393	1.001	104,490	3,672	22.4%
1998	504,870	1.044	527,173	112,146	1.001	112,266	4,696	27.9%
1999	555,022	1.047	581,318	115,947	1.001	116,094	5,007	6.6%
2000	668,199	1.051	701,994	116,809	1.002	116,997	6,000	19.8%
2001	788,578	1.054	831,094	113,213	1.002	113,423	7,327	22.1%
2002	818,564	1.057	865,546	110,757	1.002	110,993	7,798	6.4%
2003	832,429	1.061	883,165	106,786	1.002	107,038	8,251	5.8%
2004	723,164	1.065	769,962	99,068	1.003	99,320	7,752	-6.0%
2005	676,896	1.069	723,796	96,022	1.003	96,271	7,518	-3.0%
2006	730,538	1.075	785,062	101,078	1.003	101,349	7,746	3.0%
2007	822,618	1.080	888,524	106,025	1.003	106,334	8,356	7.9%
2008	886,643	1.087	963,419	105,469	1.003	105,804	9,106	9.0%
2009	923,904	1.094	1,011,115	100,769	1.004	101,127	9,999	9.8%
2010	980,292	1.103	1,081,669	108,545	1.004	108,963	9,927	-0.7%
2011	998,350	1.113	1,110,998	113,230	1.003	113,520	9,787	-1.4%
2012	1,059,842	1.125	1,192,095	121,921	1.003	122,281	9,749	-0.4%
2013	1,078,526	1.139	1,228,692	128,581	1.003	129,019	9,523	-2.3%
2014	1,069,440	1.156	1,236,435	131,026	1.004	131,523	9,401	-1.3%
2015	1,053,554	1.179	1,242,586	135,217	1.004	135,787	9,151	-2.7%
2016	1,052,984	1.214	1,278,021	140,221	1.005	140,855	9,073	-0.8%
2017	1,005,898	1.267	1,274,311	141,518	1.005	142,253	8,958	-1.3%
2018	1,003,966	1.352	1,357,820	144,475	1.007	145,441	9,336	4.2%
2019	927,806	1.518	1,408,283	146,970	1.010	148,390	9,490	1.7%
2020	667,139	1.884	1,256,993	126,417	1.018	128,648	9,771	3.0%
2021	445,031	2.873	1,278,588	135,100	1.047	141,485	9,037	-7.5%
2022	129,889	11.172	1,451,101	116,424	1.301	151,465	9,580	6.0%

Estimated Annual Exponential Trend Based on:			R <sup>2</sup>
2008 to 2022	-0.3%		0.107
2018 to 2022	0.0%		0.000
Average:	-0.1%		

Notes:

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Based on the latest year paid ALAE age-to-age development from Exhibit 8.1 adjusted for change in claim settlement ratios.

<sup>[3]</sup> Based on analogous Exhibit 8.3, applicable to private insurers only.

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

**Ratio of Accident Year Incremental Paid ALAE<sup>[1]</sup> to Indemnity Claims Inventory<sup>[2]</sup>  
By Payment Year - Private Insurers**

Accident	Payment Year Ending December 31														
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1989	1,167	1,027	1,221	1,236	1,525	1,530	1,368	1,669	1,784	1,517	1,655	3,290	1,703	1,520	1,390
1990	1,406	1,138	1,341	1,386	1,584	1,777	1,496	1,551	1,906	1,680	1,736	1,932	1,733	1,799	1,661
1991	1,481	1,384	1,577	1,308	1,678	1,541	1,714	1,431	2,136	2,035	1,944	1,997	1,739	2,058	1,279
1992	1,647	1,477	1,718	1,434	1,579	1,633	1,501	1,925	1,596	1,738	1,977	1,997	1,914	1,526	1,876
1993	1,945	1,450	1,732	1,788	1,932	1,934	1,802	2,095	2,240	2,053	2,206	2,157	1,890	1,665	1,508
1994	1,864	1,389	1,514	1,774	1,830	1,812	1,804	1,775	1,862	1,587	1,781	1,518	1,624	1,437	1,407
1995	1,866	1,682	2,022	1,602	1,996	2,144	1,998	2,179	2,434	1,956	2,105	2,076	1,867	1,541	1,402
1996	2,040	1,938	1,755	1,868	2,035	2,244	2,008	2,174	2,144	1,921	2,174	2,188	1,688	1,471	1,663
1997	2,343	2,268	2,196	2,281	2,489	2,350	1,951	2,303	2,173	2,355	2,420	2,244	1,807	2,143	1,738
1998	2,426	2,374	2,398	2,338	2,401	2,362	2,306	2,324	2,453	2,509	2,536	1,976	2,008	1,903	1,778
1999	2,468	2,806	2,659	2,600	2,662	2,452	2,130	2,322	2,433	2,199	2,138	2,037	1,689	1,500	1,645
2000	2,699	2,806	2,773	2,781	2,841	2,670	2,530	2,798	2,669	2,449	2,382	2,074	2,144	1,834	1,769
2001	2,644	2,756	2,707	2,730	2,841	3,113	3,290	3,044	2,801	2,592	2,591	2,588	2,248	1,928	1,702
2002	2,881	2,976	2,949	3,029	2,959	3,285	3,428	3,193	3,171	3,024	2,962	2,974	2,704	2,241	2,165
2003	3,014	3,007	3,226	3,208	3,518	3,604	3,687	3,582	3,229	2,942	2,858	2,871	3,100	2,365	2,332
2004	3,062	3,170	3,256	3,156	3,084	3,462	3,556	3,487	3,113	2,948	2,971	2,852	2,507	2,457	2,407
2005	2,877	3,084	3,227	3,286	3,267	3,580	3,568	3,562	3,669	3,387	3,501	3,187	3,165	3,033	2,497
2006	2,675	2,969	3,220	3,478	3,468	3,489	3,511	3,566	3,193	3,184	3,068	2,765	2,509	2,346	2,088
2007	1,987	2,752	3,155	3,398	3,572	3,756	3,671	3,745	3,518	3,478	3,545	3,240	2,968	2,750	2,615
2008	620	2,095	2,976	3,480	3,559	3,716	3,840	3,952	3,698	3,708	3,654	3,761	3,314	3,093	2,868
2009		674	2,380	3,307	3,620	3,797	3,964	4,048	3,871	3,843	3,809	3,627	3,555	3,385	3,099
2010			746	2,542	3,411	3,684	3,888	4,137	4,351	4,029	3,934	3,800	3,870	2,952	3,328
2011				766	2,569	3,342	3,825	4,120	4,428	4,150	4,008	3,844	3,561	3,427	3,238
2012					773	2,593	3,610	4,036	4,260	4,181	3,924	4,171	4,009	3,583	3,373
2013						791	2,844	3,691	3,931	4,092	3,917	4,103	3,787	3,658	3,362
2014							909	3,031	3,631	3,964	3,935	4,111	4,012	3,609	3,462
2015								923	2,969	3,754	3,932	4,045	3,996	3,786	3,595
2016									933	3,137	3,887	4,029	4,051	3,954	3,840
2017										1,016	3,276	3,909	3,953	3,885	3,841
2018											1,111	3,334	3,944	3,945	4,015
2019												1,121	3,269	3,908	3,909
2020													1,108	3,371	3,668
2021														1,042	3,260
2022															1,116
ALAE per Claim	2,047	2,160	2,318	2,480	2,563	2,639	2,797	2,906	2,918	2,946	2,974	2,992	3,007	2,929	2,854
Annual Change	3.4%	5.5%	7.3%	7.0%	3.4%	3.0%	6.0%	3.9%	0.4%	1.0%	0.9%	0.6%	0.5%	-2.6%	-2.6%

<u>Estimated Annual Exponential Trend Based on Payment Year:</u>	<u>R<sup>2</sup></u>
2008-2022	2.5% 0.773
<u>2018-2022</u>	<u>-1.0%</u> 0.599
Average:	0.7%

<sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.

<sup>[2]</sup> Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N-1 and newly-reported indemnity claims between January 1 of year N-1 and December 31 of year N.

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

**Paid Allocated Loss Adjustment Expense Development - Private Insurers**  
As of December 31, 2022

Accident	Age-to-Age Development (in months):															
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
1996	3.147	1.569	1.330	1.132	1.081	1.061	1.049	1.036	1.033	1.028	1.022	1.018	1.014	1.010	1.009	1.010
1997	2.994	1.675	1.231	1.132	1.092	1.067	1.052	1.042	1.035	1.027	1.021	1.017	1.013	1.012	1.012	1.010
1998	3.591	1.608	1.248	1.163	1.105	1.076	1.071	1.045	1.032	1.024	1.021	1.017	1.014	1.014	1.012	1.012
1999	3.351	1.720	1.319	1.158	1.116	1.086	1.064	1.042	1.034	1.029	1.021	1.018	1.016	1.013	1.013	1.010
2000	4.051	1.752	1.315	1.183	1.121	1.090	1.053	1.042	1.033	1.025	1.021	1.019	1.015	1.014	1.012	1.011
2001	3.939	1.768	1.357	1.182	1.118	1.078	1.054	1.039	1.028	1.024	1.020	1.017	1.017	1.014	1.011	1.009
2002	3.927	1.784	1.315	1.171	1.101	1.074	1.046	1.032	1.026	1.021	1.018	1.017	1.013	1.012	1.009	1.007
2003	4.109	1.707	1.324	1.159	1.107	1.062	1.045	1.034	1.029	1.023	1.020	1.017	1.013	1.010	1.008	1.007
2004	4.040	1.713	1.319	1.169	1.101	1.069	1.048	1.036	1.030	1.025	1.020	1.015	1.012	1.010	1.008	1.006
2005	3.840	1.698	1.336	1.181	1.113	1.079	1.056	1.044	1.035	1.027	1.022	1.016	1.014	1.010	1.009	1.007
2006	3.750	1.736	1.330	1.186	1.120	1.081	1.060	1.046	1.035	1.025	1.019	1.014	1.011	1.008	1.006	1.005
2007	4.027	1.716	1.340	1.194	1.126	1.088	1.060	1.044	1.032	1.023	1.018	1.013	1.010	1.007	1.006	
2008	4.015	1.758	1.367	1.199	1.126	1.085	1.060	1.040	1.029	1.021	1.017	1.012	1.009	1.007		
2009	4.322	1.775	1.354	1.199	1.126	1.083	1.054	1.037	1.027	1.019	1.014	1.011	1.008			
2010	4.300	1.737	1.342	1.190	1.120	1.076	1.049	1.033	1.023	1.017	1.010	1.009				
2011	4.225	1.729	1.351	1.196	1.109	1.072	1.045	1.030	1.019	1.014	1.011					
2012	4.338	1.773	1.344	1.174	1.105	1.060	1.042	1.027	1.018	1.013						
2013	4.542	1.706	1.297	1.161	1.085	1.056	1.032	1.022	1.015							
2014	4.322	1.635	1.285	1.139	1.081	1.049	1.029	1.020								
2015	4.041	1.630	1.255	1.128	1.071	1.044	1.029									
2016	4.254	1.603	1.240	1.117	1.068	1.044										
2017	3.979	1.546	1.217	1.114	1.068											
2018	3.767	1.530	1.226	1.122												
2019	3.627	1.569	1.241													
2020	3.902	1.561														
2021	3.889															
<b>December 31, 2022</b>																
Age-to-Age	3.889	1.561	1.241	1.122	1.068	1.044	1.029	1.020	1.015	1.013	1.011	1.009	1.008	1.007	1.006	1.005
Cumulative	11.434	2.940	1.884	1.518	1.352	1.267	1.214	1.179	1.156	1.139	1.125	1.113	1.103	1.094	1.087	1.080
Adjusted <sup>[1]</sup>	11.172	2.873	1.884	1.518	1.352	---	---	---	---	---	---	---	---	---	---	---
<b>3-Year Arithmetic Average</b>																
Age-to-Age	3.806	1.553	1.228	1.118	1.069	1.045	1.030	1.023	1.017	1.015	1.012	1.010	1.009	1.008	1.007	1.006
Cumulative	11.207	2.945	1.896	1.544	1.381	1.292	1.236	1.200	1.173	1.153	1.137	1.124	1.112	1.102	1.094	1.086

Accident	Age-to-Age Development (in months):															
Year	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396
1990	1.005	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.002	1.001	1.001
1991	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.001
1992	1.002	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002		
1993	1.007	1.006	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.003	1.003	1.002	1.002			
1994	1.008	1.007	1.006	1.006	1.005	1.005	1.004	1.005	1.003	1.003	1.003	1.002				
1995	1.009	1.009	1.008	1.008	1.008	1.006	1.008	1.005	1.004	1.003	1.003					
1996	1.009	1.008	1.007	1.007	1.006	1.007	1.005	1.004	1.003	1.003						
1997	1.008	1.008	1.007	1.007	1.006	1.005	1.004	1.004	1.003							
1998	1.010	1.010	1.008	1.006	1.005	1.004	1.003	1.003								
1999	1.010	1.008	1.006	1.005	1.004	1.003	1.003									
2000	1.009	1.007	1.006	1.004	1.004	1.003										
2001	1.008	1.007	1.005	1.004	1.003											
2002	1.007	1.005	1.004	1.003												
2003	1.006	1.004	1.004													
2004	1.005	1.004														
2005	1.005															
<b>December 31, 2022</b>																
Age-to-Age	1.005	1.004	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.001	1.001
Cumulative <sup>[2]</sup>	1.075	1.069	1.065	1.061	1.057	1.054	1.051	1.047	1.044	1.041	1.038	1.036	1.033	1.032	1.030	1.029
<b>3-Year Arithmetic Average</b>																
Age-to-Age	1.005	1.005	1.004	1.004	1.004	1.004	1.003	1.004	1.003	1.003	1.003	1.002	1.002	1.002	1.001	1.002
Cumulative <sup>[2]</sup>	1.080	1.074	1.069	1.065	1.060	1.057	1.053	1.049	1.045	1.042	1.039	1.036	1.034	1.032	1.031	1.029

Note:

<sup>[1]</sup> The paid ALAE factors are adjusted for significant changes in claim settlement rates for age-to-age development through 84 months. See Item AC19-08-04 of the August 4, 2020 WCIRB Actuarial Committee Agenda.

<sup>[2]</sup> Factors in italics are based on powerfit to the "3-Year Arithmetic Average" factors.

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

Quarterly Paid ALAE Loss Development Factors<sup>[1]</sup> - Private Insurers

Age in Months	Accident Year														
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
3 - 6	7.570	5.434	9.136	8.769	8.693	8.584	6.234	9.857	8.970	8.932	8.255	7.884	---	9.341	8.804
6 - 9	2.765	2.630	3.023	3.176	3.213	3.058	3.163	3.169	3.155	3.050	3.134	3.137	---	3.191	3.084
9 - 12	2.021	2.034	2.077	2.165	2.115	2.133	2.158	2.103	2.100	2.130	2.076	2.133	---	2.057	2.125
12 - 15	1.687	1.724	1.737	1.701	1.713	1.784	1.744	1.730	1.771	1.699	1.672	1.662	1.639	1.667	
15 - 18	1.494	1.509	1.482	1.486	1.510	1.494	1.486	1.480	1.488	1.450	1.442	1.432	1.461	1.469	
18 - 21	1.289	1.326	1.334	1.343	1.338	1.349	1.328	1.309	1.307	1.309	1.289	1.261	1.311	1.320	
21 - 24	1.237	1.255	1.253	1.248	1.249	1.237	1.237	1.225	1.226	1.226	1.213	1.218	1.209	1.207	
24 - 27	1.190	1.197	1.189	1.186	1.205	1.187	1.176	1.183	1.167	1.150	1.150	1.157	1.152		
27 - 30	1.172	1.170	1.158	1.163	1.160	1.156	1.149	1.141	1.132	1.129	1.123	1.131	1.131		
30 - 33	1.135	1.138	1.133	1.131	1.130	1.122	1.116	1.110	1.109	1.099	1.101	1.109	1.108		
33 - 36	1.111	1.114	1.113	1.108	1.104	1.101	1.095	1.088	1.092	1.084	1.078	1.084	1.082		
36 - 39	1.097	1.094	1.091	1.095	1.093	1.085	1.085	1.073	1.068	1.061	1.063	1.068			
39 - 42	1.096	1.082	1.083	1.081	1.081	1.076	1.072	1.062	1.062	1.055	1.057	1.061			
42 - 45	1.069	1.074	1.069	1.068	1.070	1.061	1.057	1.054	1.049	1.047	1.050	1.052			
45 - 48	1.063	1.064	1.062	1.059	1.057	1.055	1.050	1.046	1.043	1.039	1.040	1.041			
48 - 51	1.052	1.053	1.053	1.051	1.049	1.047	1.041	1.036	1.034	1.031	1.035				
51 - 54	1.049	1.050	1.048	1.048	1.045	1.042	1.036	1.034	1.031	1.030	1.032				
54 - 57	1.045	1.043	1.040	1.043	1.038	1.035	1.031	1.027	1.025	1.027	1.027				
57 - 60	1.039	1.039	1.037	1.036	1.035	1.031	1.028	1.026	1.023	1.022	1.023				
60 - 63	1.034	1.034	1.032	1.031	1.031	1.025	1.023	1.021	1.018	1.018					
63 - 66	1.033	1.031	1.032	1.029	1.028	1.023	1.021	1.019	1.018	1.018					
66 - 69	1.028	1.028	1.028	1.024	1.024	1.021	1.017	1.015	1.017	1.016					
69 - 72	1.026	1.026	1.023	1.023	1.021	1.018	1.018	1.014	1.014	1.014					
72 - 75	1.023	1.022	1.021	1.020	1.019	1.017	1.015	1.012	1.012						
75 - 78	1.022	1.022	1.020	1.019	1.016	1.015	1.013	1.012	1.012						
78 - 81	1.020	1.020	1.017	1.017	1.015	1.011	1.010	1.011	1.010						
81 - 84	1.018	1.017	1.016	1.014	1.014	1.012	1.009	1.009	1.009						
84 - 87	1.016	1.015	1.014	1.014	1.013	1.011	1.008	1.008							
87 - 90	1.016	1.014	1.012	1.012	1.011	1.008	1.008	1.008							
90 - 93	1.014	1.012	1.012	1.011	1.009	1.005	1.007	1.007							
93 - 96	1.013	1.012	1.010	1.011	1.009	1.007	1.006	1.007							
96 - 99	1.011	1.010	1.010	1.008	1.010	1.006	1.006								
99 - 102	1.011	1.009	1.009	1.008	1.007	1.006	1.006								
102 - 105	1.009	1.009	1.008	1.007	1.004	1.005	1.005								
105 - 108	1.008	1.008	1.007	1.007	1.005	1.005	1.004								
108 - 111	1.008	1.008	1.006	1.005	1.005	1.004									
111 - 114	1.007	1.007	1.006	1.005	1.004	1.004									
114 - 117	1.007	1.007	1.006	1.004	1.005	1.004									
117 - 120	1.006	1.006	1.005	1.004	1.004	1.003									
120 - 123	1.006	1.005	1.005	1.004	1.003										

<sup>[1]</sup> All paid allocated loss adjustment expense exclude the paid cost of medical cost containment programs. Accident years 2020 to 2022 exclude COVID-19 claims.

Source: WCIRB quarterly experience calls, excluding MCCP costs and COVID claims.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):															
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
1994															1.000	1.000
1995														1.004	1.001	1.000
1996													1.001	1.000	1.000	1.000
1997												1.000	1.000	1.000	1.000	1.000
1998											1.000	1.000	1.001	1.000	1.000	1.000
1999									1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000
2000								1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
2001								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002							1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003						0.998	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004					0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005				1.000	1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006			1.005	1.002	1.001	1.000	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007		1.015	1.006	1.004	1.002	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	1.153	1.023	1.011	1.005	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000		
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000			
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.000	1.000	1.000	0.999				
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000	1.000	1.000					
2012	1.241	1.035	1.013	1.005	1.003	1.001	1.001	1.000	1.001	1.000						
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001	1.000	1.000							
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.000	1.000								
2015	1.236	1.027	1.006	1.003	1.002	1.001	1.000									
2016	1.244	1.029	1.007	1.003	1.001	1.000										
2017	1.220	1.023	1.007	1.003	1.001											
2018	1.226	1.024	1.006	1.002												
2019	1.222	1.027	1.007													
2020	1.225	1.025														
2021	1.226															
<u>I. Age-to-Age (Latest Year)</u>																
	1.226	1.025	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.000	1.000
<u>II. Age-to-Ultimate</u>																
	1.271	1.037	1.012	1.006	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.003	1.003	1.003	1.002

Accident	Age-to-Age Development (in months):															
Year	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	
1990				1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1991			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1992		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
1999	1.000	1.000	1.000	1.000	1.000	1.000										
2000	1.000	1.000	1.000	1.000	1.000											
2001	1.000	1.000	1.000	1.000												
2002	1.000	1.000	1.000													
2003	1.000	1.000														
2004	1.000															
<u>I. Age-to-Age (Latest Year)</u>																
	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
<u>II. Age-to-Ultimate</u>																
	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	

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

**Projected Ratio of ALAE<sup>[1]</sup> to Losses - Statewide**

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development  
Adjusted for Changes in Claim Settlement Rates  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Acc.	Indemnity Claim Counts	Cumulative Count Development	Estimated Ultimate	Estimated Ult. ALAE per Indemnity	Estimated Ult. ALAE
<u>Year</u>	<u>@12/31/22</u>	<u>Factors<sup>[2]</sup></u>	<u>Ind. Counts</u>	<u>Claim<sup>[3]</sup></u>	<u>(in \$000)</u>
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1995	134,022	1.001	134,099	2,537	340,181
1996	131,185	1.001	131,272	3,000	393,854
1997	136,987	1.001	137,110	3,672	503,471
1998	147,166	1.001	147,330	4,696	691,824
1999	148,239	1.001	148,432	5,007	743,247
2000	160,344	1.002	160,604	6,000	963,638
2001	184,890	1.002	185,225	7,327	1,357,223
2002	192,403	1.002	192,794	7,798	1,503,439
2003	182,539	1.002	182,928	8,251	1,509,326
2004	158,510	1.002	158,855	7,752	1,231,499
2005	138,200	1.002	138,495	7,518	1,041,255
2006	129,988	1.002	130,268	7,746	1,009,074
2007	128,853	1.002	129,152	8,356	1,079,192
2008	122,808	1.003	123,116	9,106	1,121,055
2009	113,533	1.003	113,841	9,999	1,138,238
2010	118,193	1.003	118,542	9,927	1,176,760
2011	120,851	1.002	121,064	9,787	1,184,827
2012	128,247	1.002	128,513	9,749	1,252,854
2013	136,364	1.002	136,696	9,523	1,301,808
2014	140,742	1.003	141,106	9,401	1,326,517
2015	144,163	1.003	144,568	9,151	1,322,942
2016	147,269	1.003	147,650	9,073	1,339,678
2017	148,106	1.003	148,501	8,958	1,330,275
2018	150,592	1.004	151,129	9,336	1,410,923
2019	153,129	1.006	153,996	9,490	1,461,490
2020	133,014	1.012	134,653	9,771	1,315,663
2021	142,720	1.037	148,041	9,037	1,337,838
2022 <sup>[4]</sup>	122,410	1.271	155,613	9,580	1,490,841

**Projected Based on 2021 and 2022:**

	<u>Ult. Ind. Counts<sup>[5]</sup></u>	<u>Ult. ALAE per Ind. Counts<sup>[6]</sup></u>	<u>Ultimate ALAE<sup>[7]</sup></u>
2023	150,646	9,378	1,412,751
2024	148,125	9,425	1,396,056
9/1/2024	147,829	9,433	1,394,426

(a) Projected ALAE Incurred (\$000):	1,394,426
(b) Average of Calendar Year 2021 and 2022 Earned Premium <sup>[8]</sup> (\$000):	14,271,118
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[9]</sup> :	0.756
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) <sup>[10]</sup> :	0.906
(e) Projected Losses (\$000): (b) x (c) x (d)	9,772,044
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	14.3%
(g) Impact of SB 1160 and AB 1244 <sup>[11]</sup>	-1.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	14.0%

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- <sup>[3]</sup> Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 6.
- <sup>[4]</sup> AY2020 to AY2022 data excluded COVID-19 claims.
- <sup>[5]</sup> Estimated based on projected frequency trends for accident years 2022 to 2025. The 2022 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC23-03-02, Exhibit 12), and 2023 to 2025 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC23-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2021 and 2022 ultimate indemnity claim counts.
- <sup>[6]</sup> Severities are projected by applying an annual growth rate of 0.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2021 and 2022 ultimate ALAE severity.
- <sup>[7]</sup> Column(3) x Column(4) / 1,000.
- <sup>[8]</sup> Based on the reported earned premium for calendar year 2021 and 2022 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.
- <sup>[9]</sup> See Exhibit 8 of Item AC23-03-02.
- <sup>[10]</sup> See Exhibit 5.2 of Item AC23-03-02.
- <sup>[11]</sup> Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 84% to reflect the impact of the reforms in the emerging ALAE data.



**Estimated Ultimate ALAE per Indemnity Claim - Private Insurers**  
Based on 3-Year Average Unadjusted Paid ALAE Development

Acc.	Paid ALAE <sup>[1]</sup> @12/31/22	Cumulative Development	Estimated Ultimate ALAE (in \$000)	Indemnity Claim Counts @12/31/22	Cumulative Count Development	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
Year	(in \$000)	Factors <sup>[2]</sup> (2)	(3)=(1)x(2)	(4)	Factors <sup>[3]</sup> (5)	(6)=(4)x(5)	(7)=(3)/(6)x1000	(8)
1995	245,509	1.036	254,342	100,165	1.001	100,218	2,538	---
1996	292,687	1.039	304,024	101,204	1.001	101,275	3,002	18.3%
1997	368,549	1.042	384,005	104,393	1.001	104,490	3,675	22.4%
1998	504,870	1.045	527,790	112,146	1.001	112,266	4,701	27.9%
1999	555,022	1.049	582,277	115,947	1.001	116,094	5,016	6.7%
2000	668,199	1.053	703,407	116,809	1.002	116,997	6,012	19.9%
2001	788,578	1.057	833,191	113,213	1.002	113,423	7,346	22.2%
2002	818,564	1.060	868,072	110,757	1.002	110,993	7,821	6.5%
2003	832,429	1.065	886,190	106,786	1.002	107,038	8,279	5.9%
2004	723,164	1.069	773,155	99,068	1.003	99,320	7,785	-6.0%
2005	676,896	1.074	727,008	96,022	1.003	96,271	7,552	-3.0%
2006	730,538	1.080	788,854	101,078	1.003	101,349	7,784	3.1%
2007	822,618	1.086	893,622	106,025	1.003	106,334	8,404	8.0%
2008	886,643	1.094	969,919	105,469	1.003	105,804	9,167	9.1%
2009	923,904	1.102	1,018,293	100,769	1.004	101,127	10,069	9.8%
2010	980,292	1.112	1,090,140	108,545	1.004	108,963	10,005	-0.6%
2011	998,350	1.124	1,121,759	113,230	1.003	113,520	9,882	-1.2%
2012	1,059,842	1.137	1,204,628	121,921	1.003	122,281	9,851	-0.3%
2013	1,078,526	1.153	1,243,767	128,581	1.003	129,019	9,640	-2.1%
2014	1,069,440	1.173	1,254,515	131,026	1.004	131,523	9,538	-1.1%
2015	1,053,554	1.200	1,264,124	135,217	1.004	135,787	9,310	-2.4%
2016	1,052,984	1.236	1,301,663	140,221	1.005	140,855	9,241	-0.7%
2017	1,005,898	1.292	1,299,954	141,518	1.005	142,253	9,138	-1.1%
2018	1,003,966	1.381	1,386,977	144,475	1.007	145,441	9,536	4.4%
2019	927,806	1.544	1,432,379	146,970	1.010	148,390	9,653	1.2%
2020	667,139	1.896	1,264,834	126,417	1.018	128,648	9,832	1.9%
2021	445,031	2.945	1,310,583	135,100	1.047	141,485	9,263	-5.8%
2022	129,889	11.207	1,455,716	116,424	1.301	151,465	9,611	3.8%

**Estimated Annual Exponential Trend Based on:**

		<b>R<sup>2</sup></b>
2008 to 2022	-0.2%	0.086
2018 to 2022	-0.3%	0.035
Average:	-0.2%	

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.  
<sup>[2]</sup> Based on the 3-year average paid ALAE age-to-age development from Exhibit 8.1.  
<sup>[3]</sup> Based on analogous Exhibit 8.3, applicable to private insurers only.

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

**Projected Ratio of ALAE<sup>[1]</sup> to Losses - Statewide**

Based on Private Insurers ALAE Severity using 3-Year Average Unadjusted Paid ALAE Development for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Acc. Year	Indemnity Claim Counts @12/31/22 (1)	Cumulative Count Development Factors <sup>[2]</sup> (2)	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim <sup>[3]</sup> (4)	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
1995	134,022	1.001	134,099	2,538	340,329
1996	131,185	1.001	131,272	3,002	394,075
1997	136,987	1.001	137,110	3,675	503,888
1998	147,166	1.001	147,330	4,701	692,634
1999	148,239	1.001	148,432	5,016	744,473
2000	160,344	1.002	160,604	6,012	965,578
2001	184,890	1.002	185,225	7,346	1,360,648
2002	192,403	1.002	192,794	7,821	1,507,827
2003	182,539	1.002	182,928	8,279	1,514,496
2004	158,510	1.002	158,855	7,785	1,236,607
2005	138,200	1.002	138,495	7,552	1,045,875
2006	129,988	1.002	130,268	7,784	1,013,948
2007	128,853	1.002	129,152	8,404	1,085,385
2008	122,808	1.003	123,116	9,167	1,128,618
2009	113,533	1.003	113,841	10,069	1,146,319
2010	118,193	1.003	118,542	10,005	1,185,975
2011	120,851	1.002	121,064	9,882	1,196,303
2012	128,247	1.002	128,513	9,851	1,266,026
2013	136,364	1.002	136,696	9,640	1,317,780
2014	140,742	1.003	141,106	9,538	1,345,914
2015	144,163	1.003	144,568	9,310	1,345,873
2016	147,269	1.003	147,650	9,241	1,364,460
2017	148,106	1.003	148,501	9,138	1,357,045
2018	150,592	1.004	151,129	9,536	1,441,220
2019	153,129	1.006	153,996	9,653	1,486,496
2020	133,014	1.012	134,653	9,832	1,323,869
2021	142,720	1.037	148,041	9,263	1,371,316
2022 <sup>[4]</sup>	122,410	1.271	155,613	9,611	1,495,583

**Projected Based on 2021 and 2022:**

	Ult. Ind. Counts <sup>[5]</sup>	Ult. ALAE per Ind. Counts <sup>[6]</sup>	Ultimate ALAE <sup>[7]</sup>
2023	150,646	9,507	1,432,261
2024	148,125	9,555	1,415,336
9/1/2024	147,829	9,563	1,413,684

(a) Projected ALAE Incurred (\$000):	1,413,684
(b) Average of Calendar Year 2021 and 2022 Earned Premium <sup>[8]</sup> (\$000):	14,271,118
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[9]</sup> :	0.756
(d) Premium Adjustment Factor for Calendar Year 2021 and 2022 <sup>[10]</sup> :	0.906
(e) Projected Losses (\$000): (b) x (c) x (d)	9,772,044
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	14.5%
(g) Impact of SB 1160 and AB 1244 <sup>[11]</sup>	-1.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	14.2%

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- <sup>[3]</sup> Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 9.1.
- <sup>[4]</sup> AY2020 to AY2022 data excluded COVID-19 claims.
- <sup>[5]</sup> Estimated based on projected frequency trends for accident years 2022 to 2025. The 2022 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC23-03-02, Exhibit 12), and 2023 to 2025 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC23-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2021 and 2022 ultimate indemnity claim counts.
- <sup>[6]</sup> Severities are projected by applying an annual growth rate of 0.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2021 and 2022 ultimate ALAE severity.
- <sup>[7]</sup> Column(3) x Column(4) / 1,000.
- <sup>[8]</sup> Based on the reported earned premium for calendar year 2021 and 2022 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.
- <sup>[9]</sup> See Exhibit 8 of Item AC23-03-02.
- <sup>[10]</sup> See Exhibit 5.2 of Item AC23-03-02.
- <sup>[11]</sup> Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 84% to reflect the impact of the reforms in the emerging ALAE data.

**Estimated Ultimate ALAE per Indemnity Claim - Private Insurers**

Based on Latest Year Unadjusted Paid ALAE Development

Acc. Year	Paid ALAE <sup>[1]</sup> @ 12/31/22 (in \$000) (1)	Cumulative Development Factors <sup>[2]</sup> (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @ 12/31/22 (4)	Cumulative Count Development Factors <sup>[3]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
1995	245,509	1.036	254,231	100,165	1.001	100,218	2,537	---
1996	292,687	1.038	303,853	101,204	1.001	101,275	3,000	18.3%
1997	368,549	1.041	383,687	104,393	1.001	104,490	3,672	22.4%
1998	504,870	1.044	527,173	112,146	1.001	112,266	4,696	27.9%
1999	555,022	1.047	581,318	115,947	1.001	116,094	5,007	6.6%
2000	668,199	1.051	701,994	116,809	1.002	116,997	6,000	19.8%
2001	788,578	1.054	831,094	113,213	1.002	113,423	7,327	22.1%
2002	818,564	1.057	865,546	110,757	1.002	110,993	7,798	6.4%
2003	832,429	1.061	883,165	106,786	1.002	107,038	8,251	5.8%
2004	723,164	1.065	769,962	99,068	1.003	99,320	7,752	-6.0%
2005	676,896	1.069	723,796	96,022	1.003	96,271	7,518	-3.0%
2006	730,538	1.075	785,062	101,078	1.003	101,349	7,746	3.0%
2007	822,618	1.080	888,524	106,025	1.003	106,334	8,356	7.9%
2008	886,643	1.087	963,419	105,469	1.003	105,804	9,106	9.0%
2009	923,904	1.094	1,011,115	100,769	1.004	101,127	9,999	9.8%
2010	980,292	1.103	1,081,669	108,545	1.004	108,963	9,927	-0.7%
2011	998,350	1.113	1,110,998	113,230	1.003	113,520	9,787	-1.4%
2012	1,059,842	1.125	1,192,095	121,921	1.003	122,281	9,749	-0.4%
2013	1,078,526	1.139	1,228,692	128,581	1.003	129,019	9,523	-2.3%
2014	1,069,440	1.156	1,236,435	131,026	1.004	131,523	9,401	-1.3%
2015	1,053,554	1.179	1,242,586	135,217	1.004	135,787	9,151	-2.7%
2016	1,052,984	1.214	1,278,021	140,221	1.005	140,855	9,073	-0.8%
2017	1,005,898	1.267	1,274,311	141,518	1.005	142,253	8,958	-1.3%
2018	1,003,966	1.352	1,357,820	144,475	1.007	145,441	9,336	4.2%
2019	927,806	1.518	1,408,283	146,970	1.010	148,390	9,490	1.7%
2020	667,139	1.884	1,256,993	126,417	1.018	128,648	9,771	3.0%
2021	445,031	2.940	1,308,560	135,100	1.047	141,485	9,249	-5.3%
2022	129,889	11.434	1,485,117	116,424	1.301	151,465	9,805	6.0%

**Estimated Annual Exponential Trend Based on:**

**R<sup>2</sup>**

2008 to 2022	-0.2%	0.039
2018 to 2022	0.7%	0.189
Average:	0.3%	

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.
- <sup>[2]</sup> Based on the latest year paid ALAE age-to-age development from Exhibit 8.1.
- <sup>[3]</sup> Based on analogous Exhibit 8.3, applicable to private insurers only.

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

**Projected Ratio of ALAE<sup>[1]</sup> to Losses - Statewide**

Based on Private Insurers ALAE Severity using Unadjusted Latest Year Paid ALAE Development  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Acc. Year	Indemnity Claim Counts @ 12/31/22	Cumulative Count Development Factors <sup>[2]</sup>	Estimated Ultimate Ind. Counts	Estimated Ult. ALAE per Indemnity Claim <sup>[3]</sup>	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1995	134,022	1.001	134,099	2,537	340,181
1996	131,185	1.001	131,272	3,000	393,854
1997	136,987	1.001	137,110	3,672	503,471
1998	147,166	1.001	147,330	4,696	691,824
1999	148,239	1.001	148,432	5,007	743,247
2000	160,344	1.002	160,604	6,000	963,638
2001	184,890	1.002	185,225	7,327	1,357,223
2002	192,403	1.002	192,794	7,798	1,503,439
2003	182,539	1.002	182,928	8,251	1,509,326
2004	158,510	1.002	158,855	7,752	1,231,499
2005	138,200	1.002	138,495	7,518	1,041,255
2006	129,988	1.002	130,268	7,746	1,009,074
2007	128,853	1.002	129,152	8,356	1,079,192
2008	122,808	1.003	123,116	9,106	1,121,055
2009	113,533	1.003	113,841	9,999	1,138,238
2010	118,193	1.003	118,542	9,927	1,176,760
2011	120,851	1.002	121,064	9,787	1,184,827
2012	128,247	1.002	128,513	9,749	1,252,854
2013	136,364	1.002	136,696	9,523	1,301,808
2014	140,742	1.003	141,106	9,401	1,326,517
2015	144,163	1.003	144,568	9,151	1,322,942
2016	147,269	1.003	147,650	9,073	1,339,678
2017	148,106	1.003	148,501	8,958	1,330,275
2018	150,592	1.004	151,129	9,336	1,410,923
2019	153,129	1.006	153,996	9,490	1,461,490
2020	133,014	1.012	134,653	9,771	1,315,663
2021	142,720	1.037	148,041	9,249	1,369,200
2022 <sup>[4]</sup>	122,410	1.271	155,613	9,805	1,525,789

**Projected Based on 2022:**

	Ult. Ind. Counts <sup>[5]</sup>	Ult. ALAE per Ind. Counts <sup>[6]</sup>	Ultimate ALAE <sup>[7]</sup>
2023	150,646	9,598	1,445,868
2024	148,125	9,646	1,428,781
9/1/2024	147,829	9,654	1,427,114
(a) Projected ALAE Incurred (\$000):			1,427,114
(b) Average of Calendar Year 2021 and 2022 Earned Premium <sup>[8]</sup> (\$000):			14,271,118
(c) Projected Loss to Industry Average Filed Pure Premium Ratio <sup>[9]</sup> :			0.756
(d) Premium Adjustment Factor for Calendar Year 2021 and 2022 <sup>[10]</sup> :			0.906
(e) Projected Losses (\$000): (b) x (c) x (d)			9,772,044
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)			14.6%
(g) Impact of SB 1160 and AB 1244 <sup>[11]</sup>			-1.8%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]			14.3%

**Notes:**

- (i) All paid ALAE exclude the paid cost of medical cost containment programs.
- (j) Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- (k) Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 6.
- (l) AY2020 to AY2022 data excluded COVID-19 claims.
- <sup>[5]</sup> Estimated based on projected frequency trends for accident years 2022 to 2025. The 2022 frequency trend is the actual trend adjusted for class mix and wage level (see Item AC23-03-02, Exhibit 12), and 2023 to 2025 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC23-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2021 and 2022 ultimate indemnity claim counts.
- <sup>[6]</sup> Severities are projected by applying an annual growth rate of 0.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2021 and 2022 ultimate ALAE severity.
- <sup>[7]</sup> Column(3) x Column(4) / 1,000.
- <sup>[8]</sup> Based on the reported earned premium for calendar year 2021 and 2022 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.
- <sup>[9]</sup> See Exhibit 8 of Item AC23-03-02.
- <sup>[10]</sup> See Exhibit 5.2 of Item AC23-03-02.
- <sup>[11]</sup> Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 84% to reflect the impact of the reforms in the emerging ALAE data.

**Projected Ratio of ALAE<sup>[1]</sup> to Losses - Statewide**

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development  
Adjusted for Changes in Claim Settlement Rates - Trend Applied to 2022  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Acc.	Indemnity Claim Counts	Cumulative Count Development	Estimated Ultimate	Estimated Ult. ALAE per Indemnity	Estimated Ult. ALAE
<u>Year</u>	<u>@ 12/31/22</u>	<u>Factors<sup>[2]</sup></u>	<u>Ind. Counts</u>	<u>Claim<sup>[3]</sup></u>	<u>(in \$000)</u>
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1995	134,022	1.001	134,099	2,537	340,181
1996	131,185	1.001	131,272	3,000	393,854
1997	136,987	1.001	137,110	3,672	503,471
1998	147,166	1.001	147,330	4,696	691,824
1999	148,239	1.001	148,432	5,007	743,247
2000	160,344	1.002	160,604	6,000	963,638
2001	184,890	1.002	185,225	7,327	1,357,223
2002	192,403	1.002	192,794	7,798	1,503,439
2003	182,539	1.002	182,928	8,251	1,509,326
2004	158,510	1.002	158,855	7,752	1,231,499
2005	138,200	1.002	138,495	7,518	1,041,255
2006	129,988	1.002	130,268	7,746	1,009,074
2007	128,853	1.002	129,152	8,356	1,079,192
2008	122,808	1.003	123,116	9,106	1,121,055
2009	113,533	1.003	113,841	9,999	1,138,238
2010	118,193	1.003	118,542	9,927	1,176,760
2011	120,851	1.002	121,064	9,787	1,184,827
2012	128,247	1.002	128,513	9,749	1,252,854
2013	136,364	1.002	136,696	9,523	1,301,808
2014	140,742	1.003	141,106	9,401	1,326,517
2015	144,163	1.003	144,568	9,151	1,322,942
2016	147,269	1.003	147,650	9,073	1,339,678
2017	148,106	1.003	148,501	8,958	1,330,275
2018	150,592	1.004	151,129	9,336	1,410,923
2019	153,129	1.006	153,996	9,490	1,461,490
2020	133,014	1.012	134,653	9,771	1,315,663
2021	142,720	1.037	148,041	9,037	1,337,838
2022 <sup>[4]</sup>	122,410	1.271	155,613	9,580	1,490,841

**Projected Based on 2022:**

	<u>Ult. Ind. Counts<sup>[5]</sup></u>	<u>Ult. ALAE per Ind. Counts<sup>[6]</sup></u>	<u>Ultimate ALAE<sup>[7]</sup></u>
2023	154,471	9,628	1,487,302
2024	151,886	9,677	1,469,726
9/1/2024	151,583	9,685	1,468,010

- (a) Projected ALAE Incurred (\$000): 1,468,010
- (b) Calendar Year 2022 Earned Premium<sup>[8]</sup> (\$000): 15,110,414
- (c) Projected Loss to Industry Average Filed Pure Premium Ratio<sup>[9]</sup>: 0.756
- (d) Premium Adjustment Factor for Calendar Year 2021<sup>[10]</sup>: 0.908
- (e) Projected Losses (\$000): (b) x (c) x (d) 10,371,642
- (f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e) 14.2%
- (g) Impact of SB 1160 and AB 1244<sup>[11]</sup> -1.8%
- (h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244:  
(f) x [1.0 + (g)] 13.9%

**Notes:**

- <sup>[1]</sup> All paid ALAE exclude the paid cost of medical cost containment programs.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- <sup>[3]</sup> Based on estimated ultimate ALAE per indemnity for private insurers from Exhibit 6.
- <sup>[4]</sup> AY2020 to AY2022 data excluded COVID-19 claims.
- <sup>[5]</sup> Estimated based on projected frequency trends for accident years 2023 to 2025. The 2023 to 2025 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC23-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 ultimate indemnity claim counts.
- <sup>[6]</sup> Severities are projected by applying an annual growth rate of 0.5%, which is based on the approximate average of the private insurers selected rate of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the 2022 ultimate ALAE severity.
- <sup>[7]</sup> Column(3) x Column(4) / 1,000.
- <sup>[8]</sup> Based on the reported earned premium for calendar year 2022 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.
- <sup>[9]</sup> See Exhibit 8 of Item AC23-03-02.
- <sup>[10]</sup> See Exhibit 5.2 of Item AC23-03-02.
- <sup>[11]</sup> Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 84% to reflect the impact of the reforms in the emerging ALAE data.

**Average Paid MCCP per Reported Indemnity Claim - Statewide**  
As of December 31, 2022

Accident Year	Evaluated as of (in months):							
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>
2013	655	1,253	1,620	1,821	1,962	2,080	2,103	2,143
2014	616	1,200	1,576	1,786	1,938	1,979	2,040	2,080
2015	603	1,209	1,538	1,751	1,823	1,888	1,942	1,990
2016	592	1,152	1,454	1,583	1,679	1,758	1,799	
2017	585	1,126	1,390	1,558	1,671	1,752		
2018	639	1,141	1,414	1,599	1,721			
2019	588	1,104	1,416	1,614				
2020	558	1,084	1,384					
2021	544	1,044						
2022	519							

Accident Year	Annual Change							
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>
2014	-6.0%	-4.2%	-2.7%	-1.9%	-1.2%	-4.9%	-3.0%	-2.9%
2015	-2.1%	0.7%	-2.4%	-2.0%	-5.9%	-4.6%	-4.8%	-4.3%
2016	-1.9%	-4.7%	-5.4%	-9.6%	-7.9%	-6.9%	-7.3%	
2017	-1.1%	-2.3%	-4.4%	-1.6%	-0.5%	-0.4%		
2018	9.2%	1.4%	1.8%	2.6%	3.0%			
2019	-8.0%	-3.3%	0.1%	0.9%				
2020	-5.1%	-1.8%	-2.3%					
2021	-2.5%	-3.7%						
2022	-4.7%							

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

**Estimated Ultimate M CCP per Indemnity Claim - Statewide**  
Based on Latest Year Paid M CCP Development

Accident Year	Paid M CCP @12/31/22 (in \$000) (1)	Cumulative Development Factors <sup>[1]</sup> (2)	Estimated Ultimate M CCP (3)=(1)x(2) (4)	Indemnity Claim Counts @12/31/22 (5)	Cumulative Count Development Factors <sup>[2]</sup> (6)	Estimated Ultimate Ind. Counts (7)=(4)x(6) (8)	Estimated Ultimate M CCP per Indemnity Claim (9)=(3)/(8) x 1000 (10)	Annual change (11)
2012	309,276	1.222	377,931	128,247	1.002	128,501	2,941	---
2013	300,672	1.237	371,905	136,364	1.002	136,683	2,721	-7.5%
2014	299,567	1.253	375,404	141,052	1.002	141,403	2,655	-2.4%
2015	288,651	1.279	369,110	145,005	1.003	145,399	2,539	-4.4%
2016	269,167	1.310	352,589	148,114	1.002	148,484	2,375	-6.5%
2017	260,541	1.353	352,601	148,751	1.003	149,133	2,364	-0.4%
2018	260,471	1.420	369,783	151,345	1.003	151,871	2,435	3.0%
2019	248,514	1.530	380,303	154,005	1.006	154,862	2,456	0.9%
2020	185,081	1.754	324,547	133,766	1.012	135,401	2,397	-2.4%
2021	150,549	2.292	345,115	144,205	1.037	149,567	2,307	-3.7%
2022	64,241	5.393	346,439	123,889	1.271	157,478	2,200	-4.7%

**Estimated Annual Exponential Trend Based on:**

2012 to 2022	-2.2%
2018 to 2022	-2.6%

**Notes:**

<sup>[1]</sup> Based on latest year paid M CCP development through 132 months from Exhibit 15.2. 132-to-ultimate is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC23-03-02.

<sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.

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

**Paid MCCP per Indemnity Claims Inventory<sup>[1]</sup> by Calendar Year - Statewide**

Calendar Year	Paid MCCP per Indemnity Claim Adjusted to Remove IMR/IBR Fees	Year-to-Year Change
2008	\$848	---
2009	\$808	-4.7%
2010	\$872	7.9%
2011	\$914	4.8%
2012	\$942	3.0%
2013	\$984	4.5%
2014	\$964	-2.1%
2015	\$1,034	7.3%
2016	\$1,032	-0.2%
2017	\$944	-8.6%
2018	\$949	0.6%
2019	\$933	-1.7%
2020	\$881	-5.6%
2021	\$864	-1.8%

Estimated Annual Exponential Trend Based on:

2010-2021	-0.3%
R <sup>2</sup>	2.5%

<sup>[1]</sup> Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N and newly-reported indemnity claims between January 1 of year N and December 31 of year N.

Source: WCIRB expense calls, aggregate indemnity and medical cost calls, and quarterly calls for experience excluding COVID-19 claims.



**Paid M CCP Development Factors - Statewide**  
Quarterly Development

Age in Months	Accident Year										
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
3 - 6	5.599	5.796	6.047	5.652	6.118	5.561	5.864	5.288	---	5.867	6.090
6 - 9	2.356	2.432	2.402	2.457	2.407	2.395	2.335	2.354	---	2.169	2.384
9 - 12	1.763	1.773	1.771	1.742	1.725	1.776	1.825	1.775	---	1.755	1.746
12 - 15	1.476	1.412	1.456	1.468	1.480	1.444	1.420	1.423	1.447	1.414	
15 - 18	1.277	1.253	1.299	1.282	1.244	1.254	1.242	1.241	1.301	1.261	
18 - 21	1.171	1.157	1.194	1.177	1.170	1.155	1.148	1.165	1.188	1.173	
21 - 24	1.128	1.121	1.128	1.120	1.125	1.122	1.117	1.117	1.156	1.124	
24 - 27	1.083	1.099	1.096	1.096	1.086	1.091	1.084	1.101	1.123		
27 - 30	1.077	1.081	1.073	1.073	1.076	1.071	1.065	1.082	1.109		
30 - 33	1.051	1.068	1.045	1.062	1.054	1.057	1.055	1.058	1.096		
33 - 36	1.045	1.054	1.036	1.047	1.053	1.052	1.042	1.047	1.080		
36 - 39	1.047	1.053	1.033	1.040	1.036	1.045	1.043	1.043			
39 - 42	1.036	1.043	1.026	1.039	1.032	1.030	1.034	1.038			
42 - 45	1.036	1.035	1.025	1.029	1.028	1.025	1.027	1.034			
45 - 48	1.031	1.027	1.019	1.028	1.026	1.023	1.026	1.024			
48 - 51	1.031	1.023	1.025	1.019	1.020	1.025	1.021				
51 - 54	1.025	1.023	1.025	1.020	1.016	1.019	1.019				
54 - 57	1.022	1.019	1.018	1.015	1.014	1.015	1.022				
57 - 60	1.017	1.016	1.016	1.014	1.013	1.014	1.014				
60 - 63	1.015	1.015	1.012	1.011	1.014	1.013					
63 - 66	1.016	1.016	1.013	1.010	1.012	1.013					
66 - 69	1.014	1.012	1.011	1.009	1.010	1.013					
69 - 72	1.011	1.012	1.009	1.007	1.013	1.009					
72 - 75	1.009	1.010	1.009	1.007	1.008						
75 - 78	1.010	1.009	1.007	1.009	1.008						
78 - 81	1.007	1.006	1.010	1.007	1.011						
81 - 84	1.009	1.006	1.005	1.005	1.006						
84 - 87	1.008	1.006	1.006	1.007							
87 - 90	1.006	0.992	1.005	1.006							
90 - 93	1.004	0.992	1.005	1.007							
93 - 96	1.005	0.991	1.004	1.005							

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

**Paid M CCP Development Factors - Statewide**  
Annual Development

Accident	Age-to-Age Development (in months):										
<u>Year</u>	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	
2012	2.491	1.281	1.160	1.097	1.055	1.036	1.023	1.015	1.012	1.012	
2013	2.292	1.341	1.168	1.082	1.055	1.031	1.020	1.015	1.013		
2014	2.446	1.364	1.144	1.084	1.043	1.031	1.020	1.020			
2015	2.476	1.306	1.143	1.069	1.038	1.029	1.024				
2016	2.423	1.294	1.128	1.064	1.048	1.033					
2017	2.336	1.300	1.129	1.076	1.049						
2018	2.262	1.268	1.137	1.078							
2019	2.295	1.317	1.146								
2020	2.366	1.307									
2021	2.352										
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-Ult<sup>[1]</sup></u>
Latest Year	2.352	1.307	1.146	1.078	1.049	1.033	1.024	1.020	1.013	1.012	
Age-to-Ult	5.393	2.292	1.754	1.530	1.420	1.353	1.310	1.279	1.253	1.237	1.222
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-Ult<sup>[1]</sup></u>
2-Yr Average	2.359	1.312	1.141	1.077	1.049	1.031	1.022	1.018	1.013	1.012	
Age-to-Ult	5.359	2.272	1.731	1.517	1.409	1.344	1.303	1.275	1.253	1.237	1.222
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-Ult<sup>[1]</sup></u>
3-Yr Average	2.338	1.298	1.137	1.072	1.045	1.031	1.021	1.017	1.013	1.012	
Age-to-Ult	5.185	2.218	1.709	1.503	1.401	1.341	1.301	1.274	1.253	1.237	1.222

Note: <sup>[1]</sup> 132-to-Ult. is based on selected paid medical 132-to-ultimate development factor on Exhibit 3.2 of Agenda Item AC23-03-02.

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

**Projected Ratio of MCCP to Losses - Statewide**

Projected Ultimate MCCP per Indemnity Claim based on Latest Year Paid MCCP Development  
Trend Applied to 2021 and 2022  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Year	Paid MCCP @12/31/22 (in \$000) (1)	Cumulative Development Factors <sup>[1]</sup> (2)	Estimated Ultimate MCCP (3)=(1)x(2) (4)	Indemnity Claim Counts @12/31/22 (5)	Cumulative Count Development Factors <sup>[2]</sup> (6)=(4)x(5) (7)	Estimated Ultimate Ind. Counts (8)=(7)/(6) x 1000
2012	309,276	1.222	377,931	128,247	1.002	2,941
2013	300,672	1.237	371,905	136,364	1.002	2,721
2014	299,121	1.253	374,846	140,742	1.002	2,657
2015	287,216	1.279	367,276	144,163	1.003	2,541
2016	267,422	1.310	350,304	147,269	1.002	2,373
2017	259,606	1.353	351,336	148,106	1.003	2,366
2018	259,404	1.420	368,268	150,592	1.003	2,437
2019	247,843	1.530	379,276	153,129	1.006	2,463
2020	184,639	1.754	323,771	133,014	1.012	2,405
2021	149,960	2.292	343,764	142,720	1.037	2,322
2022	64,026	5.393	345,277	122,410	1.271	2,219

Projected Based on 2-Year Average of 2021 and 2022:

	Ultimate MCCP <sup>[5]</sup>	Ult. Ind. Counts <sup>[3]</sup>	Ult.MCCP per Ind. Counts <sup>[4]</sup>
2023	336,883	150,632	2,236
2024	327,933	148,111	2,214
9/1/2024	326,730	147,815	2,210

(a) Projected MCCP (\$000):	326,730
(b) Calendar Year 2021 and 2022 Earned Premium <sup>[6]</sup> (\$000):	14,271,118
(c) Projected Loss to Advisory Pure Premium Ratio <sup>[7]</sup> :	0.756
(d) Premium Adjustment Factor for Calendar Year 2021 and 2022 <sup>[8]</sup> :	0.906
(e) Projected Losses (\$000): (b) x (c) x (d)	9,772,044
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.3%

Notes:

- <sup>[1]</sup> Based on latest year paid MCCP development through 132 months from Exhibit 15.2. 132-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC23-03-02.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- <sup>[3]</sup> Estimated based on projected frequency trends for accident years 2022 to 2025. Frequency trends for 2022 is the actual "intra-class" changes from Exhibit 13 of Agenda Item AC23-03-02. Frequency trends for accident years 2023 through 2025 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Agenda Item AC23-03-02. These frequency trends were then applied to the accident year 2021 and 2022 ultimate indemnity claim counts.
- <sup>[4]</sup> Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 13 and calendar year MCCP paid per open claim from Exhibit 14 to the ultimate MCCP severity estimated from averaging 2021 and 2022.
- <sup>[5]</sup> Column(6) x Column(7) / 1,000.
- <sup>[6]</sup> Based on the reported earned premium for calendar year 2021 and 2022 excluding COVID-19 premium charges from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.
- <sup>[7]</sup> See Exhibit 8 of Agenda Item AC23-03-02.
- <sup>[8]</sup> See Exhibit 5.2 of Agenda Item AC23-03-02. Based on a weighting of calendar years 2021 and 2022.

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

**Projected Ratio of M CCP to Losses - Statewide**

Projected Ultimate M CCP per Indemnity Claim based on 3-Year Average Year Paid M CCP Development  
Trend Applied to 2021 and 2022  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Year	Paid M CCP @ 12/31/22 (in \$000) (1)	Cumulative Development Factors <sup>[1]</sup> (2)	Estimated Ultimate M CCP (3)=(1)x(2) (3)	Indemnity Claim Counts @ 12/31/22 (4)	Cumulative Count Development Factors <sup>[2]</sup> (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5) (6)	Estimated Ultimate M CCP per Indemnity Claim (7)=(3)/(6) x 1000 (7)
2012	309,276	1.222	377,931	128,247	1.002	128,501	2,941
2013	300,672	1.237	371,905	136,364	1.002	136,683	2,721
2014	299,121	1.253	374,683	140,742	1.002	141,092	2,656
2015	287,216	1.274	365,817	144,163	1.003	144,555	2,531
2016	267,422	1.301	347,830	147,269	1.002	147,637	2,356
2017	259,606	1.341	348,128	148,106	1.003	148,487	2,345
2018	259,404	1.401	363,532	150,592	1.003	151,115	2,406
2019	247,843	1.503	372,496	153,129	1.006	153,981	2,419
2020	184,639	1.709	315,611	133,014	1.012	134,640	2,344
2021	149,960	2.218	332,615	142,720	1.037	148,027	2,247
2022	64,026	5.185	331,976	122,410	1.271	155,598	2,134

Projected Based on 2-Year Average of 2021 and 2022:

	Ultimate M CCP <sup>[5]</sup>	Ult. Ind. Counts <sup>[3]</sup>	Ult. M CCP per Ind. Counts <sup>[4]</sup>
2023	324,949	150,632	2,157
2024	316,317	148,111	2,136
9/1/2024	315,157	147,815	2,132

(a) Projected M CCP (\$000):	315,157
(b) Average of Calendar Years 2021 and 2022 Earned Premium <sup>[6]</sup> (\$000):	14,271,118
(c) Projected Loss to Advisory Pure Premium Ratio <sup>[7]</sup> :	0.756
(d) Premium Adjustment Factor <sup>[8]</sup> :	0.906
(e) Projected Losses (\$000): (b) x (c) x (d)	9,772,044
(f) Projected Ratio of M CCP to Losses: (a)/(e)	3.2%

Notes:

<sup>[1]</sup> Based on 3-year average paid M CCP development through 132 months from Exhibit 15.2. 132-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC23-03-02.

<sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.

<sup>[3]</sup> Estimated based on projected frequency trends for accident years 2022 to 2025. Frequency trends for 2022 is the actual "intra-class" changes from Exhibit 12 of Agenda Item AC23-03-02. Frequency trends for accident years 2023 through 2025 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Agenda Item AC23-03-02. These frequency trends were then applied to the accident year 2021 and 2022 ultimate indemnity claim counts.

<sup>[4]</sup> Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate M CCP per indemnity claim from Exhibit 13 and calendar year M CCP paid per open claim from Exhibit 13 to the ultimate M CCP severity estimated from averaging 2021 and 2022.

<sup>[5]</sup> Column(6) x Column(7) / 1,000.

<sup>[6]</sup> Based on the reported earned premium for calendar year 2021 and 2022 excluding COVID-19 premium charges from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.

<sup>[7]</sup> See Exhibit 8 of Agenda Item AC23-03-02.

<sup>[8]</sup> See Exhibit 5.2 of Item AC23-03-02. Based on a weighting of calendar years 2021 and 2022.

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

**Projected Ratio of MCCP to Losses - Statewide**

Projected Ultimate MCCP per Indemnity Claim based on Latest Year Paid MCCP Development  
Trend Applied to 2022  
for Policies with Effective Dates between September 1, 2023 and August 31, 2024

Accident Year	Paid MCCP @ 12/31/22 (in \$000) (1)	Cumulative Development Factors <sup>[1]</sup> (2)	Estimated Ultimate MCCP (3)=(1)x(2) (4)	Indemnity Claim Counts @ 12/31/22 (5)	Cumulative Count Development Factors <sup>[2]</sup> (6)=(4)x(5) (7)=(3)/(6) x 1000	Estimated Ultimate MCCP per Indemnity Claim (8)=(3)/(6) x 1000
2012	309,276	1.222	377,931	128,247	1.002	2,941
2013	300,672	1.237	371,905	136,364	1.002	2,721
2014	299,121	1.253	374,846	140,742	1.002	2,657
2015	287,216	1.279	367,276	144,163	1.003	2,541
2016	267,422	1.310	350,304	147,269	1.002	2,373
2017	259,606	1.353	351,336	148,106	1.003	2,366
2018	259,404	1.420	368,268	150,592	1.003	2,437
2019	247,843	1.530	379,276	153,129	1.006	2,463
2020	184,639	1.754	323,771	133,014	1.012	2,405
2021	149,960	2.292	343,764	142,720	1.037	2,322
2022	64,026	5.393	345,277	122,410	1.271	2,219

Projected Based on 2022:

	Ultimate MCCP <sup>[5]</sup>	Ult. Ind. Counts <sup>[3]</sup>	Ult. MCCP per Ind. Counts <sup>[4]</sup>
2023	339,316	154,456	2,197
2024	330,301	151,872	2,175
9/1/2024	329,090	151,568	2,171

(a) Projected MCCP (\$000):	329,090
(b) Calendar Year 2022 Earned Premium <sup>[6]</sup> (\$000):	15,110,414
(c) Projected Loss to Advisory Pure Premium Ratio <sup>[7]</sup> :	0.756
(d) Premium Adjustment Factor for Calendar Year 2022 <sup>[8]</sup> :	0.904
(e) Projected Losses (\$000): (b) x (c) x (d)	10,324,614
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.2%

Notes:

- <sup>[1]</sup> Based on latest year paid MCCP development through 132 months from Exhibit 15.2. 132-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC23-03-02.
- <sup>[2]</sup> Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- <sup>[3]</sup> Estimated based on projected frequency trends for accident years 2022 to 2025. Frequency trends for accident years 2023 through 2025 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Agenda Item AC23-03-02. These frequency trends were then applied to the accident year 2022 ultimate indemnity claim counts.
- <sup>[4]</sup> Severity is projected by applying an annual growth rate of -1.0% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 13 and calendar year MCCP paid per open claim from Exhibit 13 to the 2022 ultimate MCCP severity.
- <sup>[5]</sup> Column(6) x Column(7) / 1,000.
- <sup>[6]</sup> Based on the reported earned premium for calendar year 2022 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2022.
- <sup>[7]</sup> See Exhibit 8 of Agenda Item AC23-03-02.
- <sup>[8]</sup> See Exhibit 5.2 of Agenda Item AC23-03-02.

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

## Item AC23-04-02 9/1/2023 Filing – Review of Alternative Loss Projection Methodologies

For several years, the WCIRB has included alternative loss development and trending methodology projections in its pure premium rate filing submissions.

### *Loss Development Methodologies*

The loss development projections based on the methodology reflected in the summary analysis of December 31, 2022 experience, included in Item AC23-03-02, includes a combination of latest year reform-adjusted<sup>1</sup> paid loss development factors through 108 months with adjustments for changes in claim settlement rates applied through 84 months and three-year average reform-adjusted paid loss development factors after 108 months with adjustments for the impact of changes in claim settlement rates on the loss development tail. Included for the Committee's review are several alternative loss development projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on December 31, 2022 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC23-03-02 are included:<sup>2</sup>

1. Three-Year Average Unadjusted Incurred Loss Development – Exhibits 1.1 through 1.3
2. Latest Year Unadjusted Incurred Loss Development – Exhibits 2.1 through 2.3
3. Three-Year Average Incurred Loss Development Adjusted for Changes in Case Reserve Levels – Exhibits 3.1 through 3.11
4. Three-Year Average Unadjusted Paid Loss Development – Exhibits 4.1 through 4.3
5. Latest Year Unadjusted Paid Loss Development – Exhibits 5.1 through 5.3
6. Latest Year Paid Loss Development Adjusted for Reforms – Exhibits 6.1 and 6.2
7. Three-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 7.1 through 7.3

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2023 and August 31, 2024 based on the alternative loss development methodologies described above is shown in Table 1.

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

<sup>2</sup> All paid loss development methodologies reflect three-year average loss development factors applied after 108 months and adjustments for the acceleration in claim settlement rates on the loss development tail. All incurred loss development methodologies reflect six-year average incurred loss development factors applied after 108 months.

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

<b>Loss Development Methodologies</b>	<b>Indemnity Loss Ratio</b>	<b>Medical Loss Ratio</b>	<b>Total Loss Ratio</b>
<b>April 13, 2023 Agenda Methodology</b>			
Latest Year Paid Adjusted for Reforms and Changes in Claim Settlement Rates	<b>0.368</b>	<b>0.388</b>	<b>0.756</b>
<b>Alternative Methodologies</b>			
<u>Incurred Methodologies</u>			
Three-Year Average (Unadjusted)	0.340	0.328	0.668
Latest Year (Unadjusted)	0.348	0.342	0.690
Three-Year Average Adjusted for Changes in Case Reserve Levels	0.345	0.314	0.659
<u>Paid Methodologies</u>			
Three-Year Average (Unadjusted)	0.363	0.378	0.741
Latest Year (Unadjusted)	0.369	0.401	0.770
Latest Year Adjusted for Reforms	—	0.388	—
Three-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.369	0.374	0.743

*Trending Methodologies*

The trending projections reflected in the summary analysis of December 31, 2022 experience, included in Item AC22-03-02, are based on separate projections of claim frequency and claim severity growth applied to the 2021 and 2022 on-level loss ratios. The claim frequency growth estimates are based on the preliminary actual 12-month frequency change for accident year 2022 and the WCIRB's indemnity claim frequency model projections for accident years 2023 through 2025. The average annual severity growth estimates are 1.0% for indemnity and 1.5% for medical, which are based on a review of short-term and long-term growth in claim severities.

Attached for the Committee's review are several alternative trending projections based on methodologies that have been included, for informational purposes, in prior advisory pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on December 31, 2022 experience, derived using the loss development methodologies reflected in the analysis included in Item AC23-03-02 and the following trending methodologies have been included:<sup>3</sup>

1. Separate Projections of Frequency and Severity Growth Applied to the Latest Year (2022) – Exhibits 8.1 and 8.2
2. Separate Projections of Frequency and the Long-Term (1990 to 2022) Average Annual Severity Growth Applied to 2021 and 2022 – Exhibits 9.1 and 9.2

<sup>3</sup> All frequency and severity projections are based on those included in Item AC23-03-02 and described above unless otherwise specified.

3. Separate Projections of Frequency and the Short-Term (2018 to 2022) Average Annual Severity Growth Applied to 2021 and 2022 – Exhibits 10.1 and 10.2
4. Long-Term (1990 to 2022) On-Level Loss Ratio Exponential Trend Applied to 2021 and 2022 – Exhibits 11.1 and 11.2
5. Short-Term (2018 to 2022) On-Level Loss Ratio Exponential Trend Applied to 2021 and 2022 – Exhibits 12.1 and 12.2

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2023 to August 31, 2024 based on the alternative trending methodologies is shown in Table 2.

**Table 2: Projected Loss Ratios Based on Alternative Trending Methodologies**

<b>Trending Methodologies</b>	<b>Indemnity Loss Ratio</b>	<b>Medical Loss Ratio</b>	<b>Total Loss Ratio</b>
<b>April 13, 2023 Agenda Methodology</b>			
Separate Projections of Frequency and Severity (1.0% Indemnity; 1.5% Medical) Applied to 2021 and 2022	<b>0.368</b>	<b>0.388</b>	<b>0.756</b>
<b>Alternative Methodologies</b>			
Separate Projections of Frequency and Severity Applied to 2022	0.362	0.369	0.731
Separate Projections of Frequency and Long-Term (1990 to 2022) Severity Applied to 2021 and 2022	0.366	0.421	0.787
Separate Projections of Frequency and Short-Term (2018 to 2022) Severity Applied to 2021 and 2022	0.371	0.372	0.743
Long-Term (1990 to 2022) On-Level Loss Ratio Exponential Trend Applied to 2021 and 2022	0.363	0.419	0.782
Short-Term (2018 to 2022) On-Level Loss Ratio Exponential Trend Applied to 2021 and 2022	0.379	0.377	0.756



**Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>(1) x (3)</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2011	0.283	1.007	1.033	0.292	0.386	1.002	0.995	0.384	0.676
2012	0.252	1.005	1.038	0.262	0.328	1.002	0.996	0.327	0.589
2013	0.211	1.007	1.045	0.221	0.261	1.004	1.001	0.261	0.482
2014	0.199	1.009	1.054	0.209	0.231	1.006	1.006	0.233	0.442
2015	0.193	1.009	1.063	0.205	0.216	1.005	1.011	0.218	0.423
2016	0.181	1.011	1.075	0.195	0.203	1.007	1.018	0.207	0.401
2017	0.185	1.017	1.093	0.202	0.210	1.010	1.029	0.216	0.417
2018	0.192	1.027	1.123	0.216	0.220	1.020	1.049	0.231	0.447
2019	0.215	1.045	1.173	0.252	0.239	1.030	1.081	0.259	0.511
2020	0.203	1.091	1.279	0.260	0.233	1.057	1.142	0.266	0.526
2021	0.187	1.233	1.578	0.295	0.229	1.129	1.289	0.296	0.591
2022	0.095	1.876	2.960	0.281	0.147	1.453	1.874	0.275	0.556

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC23-03-02, Exhibit 2.1.
- (c) Based on AC23-03-02, Exhibit 2.2.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted 3-Year Average Incurred Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio (a)</u>	(2) Composite Indemnity <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1) x (2) ÷ (3)
2011	0.292	1.460	0.953	0.447
2012	0.262	1.442	0.848	0.445
2013	0.221	1.410	0.741	0.420
2014	0.209	1.291	0.683	0.396
2015	0.205	1.273	0.652	0.400
2016	0.195	1.257	0.675	0.363
2017	0.202	1.224	0.706	0.350
2018	0.216	1.192	0.743	0.346
2019	0.252	1.160	0.823	0.355
2020	0.260	1.127	0.873	0.335
2021	0.295	1.086	0.908	0.353
2022	0.281	1.055	0.904	0.328
				Projected (d)
2023				0.343
2024				0.340
9/1/2024				0.340

- (a) See Exhibit 1.1.
- (b) Based on AC23-03-02, Exhibit 4.1.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC23-03-02, Exhibit 6.2.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted 3-Year Average Incurred Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) <u>Developed Medical Loss Ratio (a)</u>	(2) <u>Composite Medical Adjustment Factor (b)</u>	(3) <u>Composite Premium Adjustment Factor (c)</u>	(4) <u>On-Level Medical to Industry Average Filed Pure Premium Ratio(e)</u> (1) x (2) ÷ (3)
2011	0.384	0.845	0.953	0.340
2012	0.327	0.886	0.848	0.342
2013	0.261	0.972	0.741	0.343
2014	0.233	1.025	0.683	0.350
2015	0.218	1.051	0.652	0.352
2016	0.207	1.053	0.675	0.323
2017	0.216	1.055	0.706	0.322
2018	0.231	1.067	0.743	0.332
2019	0.259	1.059	0.823	0.333
2020	0.266	1.045	0.873	0.319
2021	0.296	1.047	0.908	0.341
2022	0.275	1.008	0.904	0.306
				Projected (d)
2023				0.329
2024				0.328
9/1/2024				0.328

- (a) See Exhibit 1.1.
- (b) Based on AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratio Unadjusted Latest Year Incurred Development Factors  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>(1) x (3)</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>(5) x (7)</u>	<u>(4) + (8)</u>
2011	0.283	1.007	1.033	0.292	0.386	1.002	0.995	0.384	0.676
2012	0.252	1.005	1.038	0.262	0.328	1.002	0.996	0.327	0.589
2013	0.211	1.007	1.045	0.221	0.261	1.004	1.001	0.261	0.482
2014	0.199	1.009	1.054	0.209	0.231	1.006	1.006	0.233	0.442
2015	0.193	1.006	1.061	0.204	0.216	1.007	1.013	0.219	0.423
2016	0.181	1.009	1.070	0.194	0.203	1.005	1.018	0.207	0.401
2017	0.185	1.017	1.088	0.201	0.210	1.013	1.032	0.216	0.417
2018	0.192	1.029	1.120	0.215	0.220	1.025	1.057	0.233	0.448
2019	0.215	1.045	1.170	0.252	0.239	1.032	1.091	0.261	0.513
2020	0.203	1.101	1.289	0.262	0.233	1.065	1.162	0.271	0.533
2021	0.187	1.241	1.599	0.299	0.229	1.154	1.341	0.308	0.606
2022	0.095	1.913	3.059	0.290	0.147	1.463	1.962	0.288	0.578

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Based on AC23-03-02, Exhibit 2.1.
- (c) Based on AC23-03-02, Exhibit 2.2.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted Latest Year Incurred Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio (a)</u>	(2) Composite Indemnity <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1) x (2) ÷ (3)
2011	0.292	1.460	0.953	0.447
2012	0.262	1.442	0.848	0.445
2013	0.221	1.410	0.741	0.420
2014	0.209	1.291	0.683	0.396
2015	0.204	1.273	0.652	0.398
2016	0.194	1.257	0.675	0.361
2017	0.201	1.224	0.706	0.348
2018	0.215	1.192	0.743	0.345
2019	0.252	1.160	0.823	0.355
2020	0.262	1.127	0.873	0.338
2021	0.299	1.086	0.908	0.357
2022	0.290	1.055	0.904	0.339
				Projected (d)
2023				0.351
2024				0.348
9/1/2024				0.348

(a) See Exhibit 2.1.

(b) Based on AC23-03-02, Exhibit 4.1.

(c) See AC23-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC23-03-02, Exhibit 6.2.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted Latest Year Incurred Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Medical <u>Loss Ratio (a)</u>	(2) Composite Medical <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.384	0.845	0.953	0.340
2012	0.327	0.886	0.848	0.342
2013	0.261	0.972	0.741	0.343
2014	0.233	1.025	0.683	0.350
2015	0.219	1.051	0.652	0.353
2016	0.207	1.053	0.675	0.323
2017	0.216	1.055	0.706	0.323
2018	0.233	1.067	0.743	0.335
2019	0.261	1.059	0.823	0.336
2020	0.271	1.045	0.873	0.325
2021	0.308	1.047	0.908	0.355
2022	0.288	1.008	0.904	0.321
				Projected (d)
2023				0.343
2024				0.342
9/1/2024				0.342

- (a) See Exhibit 2.1.
- (b) Based on AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCC costs. Accident years 2010 and prior do reflect paid MCCC costs. No adjustment has been made to MCCC costs in medical reserves.

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

A. Indemnity Case Reserves Per Open Claim

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													33,298
2006												31,748	34,575
2007											32,400	34,776	41,963
2008										32,578	35,161	39,185	44,544
2009									28,696	31,504	35,810	39,960	43,424
2010								24,454	27,223	31,315	35,175	36,944	35,615
2011							22,815	25,446	28,454	32,065	33,116	35,875	
2012						20,642	24,011	27,847	32,521	35,434	37,911		
2013					17,267	19,546	23,238	26,409	28,254	30,712			
2014				16,899	19,853	22,088	24,959	28,010	29,708				
2015			16,146	18,835	21,478	24,278	26,441	28,641					
2016		13,781	16,624	19,454	22,208	24,656	26,854						
2017	9,337	14,956	18,719	21,566	23,896	26,961							
2018	9,937	15,854	19,402	21,584	24,688								
2019	10,360	16,098	18,928	22,067									
2020	10,909	15,695	18,886										
2021	10,048	15,939											
2022	10,355												

B. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													16,374
2006												17,701	18,146
2007											18,722	19,221	19,694
2008										19,976	20,640	21,167	21,640
2009									20,404	21,212	21,897	22,327	22,720
2010								19,630	20,489	21,172	21,645	22,120	22,464
2011							18,413	19,545	20,376	20,933	21,375	21,638	
2012						17,051	18,343	19,357	20,035	20,523	20,838		
2013					15,437	17,104	18,224	19,046	19,587	19,992			
2014				13,775	16,337	17,931	19,003	19,770	20,346				
2015			10,886	14,494	16,890	18,270	19,264	20,011					
2016		6,540	11,030	14,470	16,442	17,810	18,778						
2017	2,590	6,647	11,144	14,344	16,460	17,947							
2018	2,875	7,038	11,388	14,632	16,913								
2019	3,159	7,056	11,445	15,509									
2020	3,291	7,653	12,647										
2021	3,152	7,443											
2022	3,455												

C. Annual Change of Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)												
Year	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>
2005													
2006													10.8%
2007												8.6%	8.5%
2008											10.2%	10.1%	9.9%
2009										6.2%	6.1%	5.5%	5.0%
2010									0.4%	-0.2%	-1.1%	-0.9%	-1.1%
2011								-0.4%	-0.6%	-1.1%	-1.2%	-2.2%	
2012							-0.4%	-1.0%	-1.7%	-2.0%	-2.5%		
2013						0.3%	-0.6%	-1.6%	-2.2%	-2.6%			
2014					5.8%	4.8%	4.3%	3.8%	3.9%				
2015				5.2%	3.4%	1.9%	1.4%	1.2%					
2016			1.3%	-0.2%	-2.7%	-2.5%	-2.5%						
2017		1.6%	1.0%	-0.9%	0.1%	0.8%							
2018	11.0%	5.9%	2.2%	2.0%	2.8%								
2019	9.9%	0.3%	0.5%	6.0%									
2020	4.2%	8.5%	10.5%										
2021	-4.2%	-2.7%											
2022	9.6%												

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

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

D. Indemnity Case Reserves per Open Claim Adjusted by Paid Indemnity Severity Trend (a)

Accident Year	Evaluated as of (in months)												
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>
2004													
2005													25,960
2006												29,348	28,769
2007											34,060	31,868	31,224
2008										30,687	37,551	35,095	34,307
2009									29,794	32,585	39,837	37,018	36,020
2010								28,095	29,918	32,525	39,379	36,675	35,615
2011							26,332	27,975	29,753	32,157	38,888	35,875	
2012						25,614	26,232	27,705	29,255	31,528	37,911		
2013					22,533	25,694	26,062	27,259	28,601	30,712			
2014				19,600	23,846	26,936	27,176	28,296	29,708				
2015			16,256	20,622	24,654	27,445	27,549	28,641					
2016		14,005	16,470	20,588	24,000	26,754	26,854						
2017	7,764	14,235	16,640	20,409	24,026	26,961							
2018	8,617	15,072	17,005	20,818	24,688								
2019	9,467	15,110	17,090	22,067									
2020	9,864	16,388	18,886										
2021	9,448	15,939											
2022	10,355												

E. Indemnity Open Claim Counts

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													4,155
2006												4,778	3,874
2007											5,258	4,243	3,360
2008										6,037	4,695	3,716	2,990
2009									7,053	5,369	4,066	3,270	2,725
2010								8,417	6,240	4,670	3,634	2,908	2,433
2011							10,659	7,539	5,497	4,255	3,426	2,776	
2012						14,548	10,017	7,025	5,304	4,156	3,402		
2013					20,368	13,662	9,175	6,599	4,995	3,915			
2014					30,373	19,376	12,998	9,134	6,618	5,064			
2015			45,498	28,105	17,683	12,547	8,972	6,487					
2016		66,121	42,445	25,785	17,413	12,278	8,700						
2017	81,704	62,731	39,407	25,784	17,378	12,160							
2018	81,922	63,754	42,775	28,048	18,542								
2019	83,565	68,117	47,072	30,340									
2020	74,192	60,742	41,296										
2021	80,072	63,356											
2022	83,403												

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

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													107,865
2006												140,228	111,453
2007											179,090	135,216	104,911
2008										185,261	176,301	130,412	102,579
2009									210,137	174,951	161,975	121,048	98,156
2010								236,465	186,676	151,876	143,103	106,652	86,650
2011							280,675	210,906	163,542	136,827	133,230	99,589	
2012						372,635	262,760	194,618	155,167	131,029	128,972		
2013					458,961	351,027	239,126	179,884	142,862	120,237			
2014				595,288	462,028	350,108	248,221	187,264	150,443				
2015			739,622	579,590	435,946	344,367	247,168	185,793					
2016		926,027	699,081	530,862	417,907	328,488	233,634						
2017	634,345	892,986	655,740	526,233	417,517	327,840							
2018	705,890	960,896	727,405	583,914	457,758								
2019	791,136	1,029,264	804,454	669,503									
2020	731,800	995,469	779,899										
2021	756,488	1,009,863											
2022	863,603												

- (a) Latest evaluation of each accident year is unadjusted. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average indemnity case reserves by a different annual change applied at each individual accident year and maturity based on the change in paid losses per closed claim for that age and maturity (Item C)
- (b) Each amount is derived as the product of the indemnity open claim counts (Item E) and the adjusted average indemnity case reserves per open claim (Item D).

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



**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

G. Paid Indemnity Loss on All Claims

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													2,487,002
2006													2,557,135
2007													2,588,415
2008													2,750,360
2009													2,828,671
2010													2,737,240
2011													2,764,190
2012													2,699,125
2013													2,766,766
2014													2,825,841
2015													3,007,313
2016													3,094,990
2017													2,998,567
2018													2,913,243
2019													2,863,753
2020													2,773,189
2021													2,061,963
2022													1,504,104
													574,434

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

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													2,594,867
2006												2,697,362	2,699,868
2007											2,853,168	2,851,470	2,855,271
2008										2,896,683	2,935,919	2,930,168	2,931,250
2009									2,774,250	2,798,070	2,835,374	2,824,045	2,835,396
2010							2,775,765	2,795,454	2,816,587	2,843,090	2,839,116	2,850,840	
2011						2,703,934	2,733,748	2,751,777	2,767,579	2,805,868	2,798,714		
2012					2,784,454	2,798,074	2,817,576	2,837,712	2,859,563	2,895,739			
2013				2,833,899	2,896,951	2,896,581	2,912,460	2,929,670	2,946,078				
2014			2,886,264	3,047,606	3,119,674	3,124,921	3,141,685	3,157,756					
2015		2,705,360	3,024,131	3,171,235	3,238,381	3,262,515	3,280,783						
2016	2,186,237	2,698,284	2,990,420	3,129,891	3,204,363	3,232,201							
2017	1,042,072	2,191,803	2,694,147	2,991,844	3,152,785	3,241,084							
2018	1,149,601	2,340,784	2,833,081	3,157,152	3,321,511								
2019	1,262,444	2,472,810	3,040,981	3,442,691									
2020	1,182,815	2,330,154	2,841,862										
2021	1,265,222	2,513,967											
2022	1,438,037												

I. Indemnity Incurred Loss Development Factors Based on Adjusted Total Indemnity Incurred

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												1.001
2007												1.001
2008												1.000
2009												1.004
2010												1.004
2011												1.006
2012												1.007
2013												1.006
2014												1.005
2015												1.006
2016												1.009
2017												1.009
2018												1.009
2019												1.009
2020												1.009
2021												1.009
Latest Year												1.004
3-Yr Average												1.003

(c) Each amount is the sum of the adjusted total indemnity case reserves (Item F) and the total indemnity paid losses (Item G).

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

**Incurred Indemnity Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

J. Indemnity Incurred Loss Development Factors (d)

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												1.005
2007											1.007	1.010
2008										1.006	1.007	1.006
2009									1.009	1.010	1.005	1.008
2010								1.012	1.012	1.006	1.004	1.004
2011							1.018	1.011	1.008	1.007	1.005	
2012						1.023	1.015	1.013	1.007	1.007		
2013					1.032	1.021	1.013	1.007	1.006			
2014				1.059	1.029	1.016	1.011	1.006				
2015			1.101	1.047	1.027	1.017	1.009					
2016		1.246	1.095	1.046	1.026	1.017						
2017	1.911	1.241	1.088	1.043	1.029							
2018	1.901	1.228	1.083	1.045								
2019	1.900	1.231	1.101									
2020	1.815	1.242										
2021	1.914											

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

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												-0.40%
2007											-0.74%	-0.82%
2008										0.78%	-0.90%	-0.52%
2009									-0.07%	0.37%	-0.92%	-0.37%
2010								-0.51%	-0.40%	0.34%	-0.56%	0.03%
2011							-0.69%	-0.44%	-0.25%	0.70%	-0.70%	
2012					-0.91%	-1.82%	-0.83%	-0.57%	0.04%	0.57%		
2013					-0.53%	-2.02%	-0.70%	-0.13%	-0.06%			
2014				-0.31%	-0.55%	-1.38%	-0.59%	-0.06%				
2015			1.50%	0.11%	-0.55%	-0.93%	-0.30%					
2016		-0.92%	1.23%	0.02%	-0.19%	-0.80%						
2017	10.07%	-0.95%	2.02%	1.07%	-0.07%							
2018	7.13%	-1.44%	2.92%	0.68%								
2019	3.10%	-0.12%	2.85%									
2020	8.52%	-1.81%										
2021	3.80%											

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

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												1.001
2007											1.000	1.002
2008										1.014	0.998	1.001
2009									1.008	1.014	0.996	1.004
2010								1.007	1.008	1.009	0.998	1.004
2011							1.012	1.007	1.006	1.014	0.997	
2012						1.004	1.008	1.007	1.007	1.013		
2013					1.023	0.999	1.006	1.006	1.005			
2014				1.056	1.024	1.002	1.005	1.005				
2015			1.118	1.048	1.021	1.008	1.006					
2016		1.235	1.108	1.046	1.024	1.009						
2017	2.103	1.229	1.110	1.054	1.028							
2018	2.037	1.210	1.115	1.052								
2019	1.959	1.230	1.132									
2020	1.970	1.219										
2021	1.986											
3-Year Average	1.971	1.219	1.119	1.051	1.025	1.006	1.006	1.006	1.006	1.012	0.997	1.003

- (d) Development factors are from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item I.
- (e) Each factor represents the change in age-to-age development factors from Item J to those in Item I.
- (f) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item K)] and [the incurred indemnity age-to-age development factors from AC23-03-02, Exhibit 2.1.1].

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

**A. Medical Case Reserves Per Open Indemnity Claim**

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													88,762
2006												79,807	90,133
2007											88,271	92,947	105,261
2008										76,697	85,653	96,408	101,169
2009									65,241	73,783	88,124	96,395	99,478
2010								52,748	58,936	67,958	73,974	73,721	76,782
2011							48,755	55,216	64,237	68,752	72,927	78,363	
2012						39,601	46,012	55,623	62,944	68,635	67,869		
2013					31,792	37,130	44,808	51,834	54,597	61,402			
2014				26,294	31,332	37,318	42,947	48,614	53,983				
2015			23,884	29,280	35,703	40,832	44,441	49,300					
2016		20,186	24,816	29,674	35,067	39,375	43,669						
2017	16,896	21,487	26,900	32,048	37,133	43,124							
2018	17,713	22,390	26,225	30,078	35,488								
2019	17,727	22,051	24,845	28,627									
2020	18,088	21,323	25,344										
2021	17,865	22,026											
2022	18,160												

**B. Average Paid Medical Loss Per Closed Indemnity Claim (a)**

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													20,767
2006												22,291	23,043
2007											24,214	25,138	25,912
2008										25,504	26,591	27,566	28,292
2009									26,154	27,615	28,672	29,254	29,829
2010								25,265	26,628	27,695	28,571	29,290	29,911
2011							22,398	24,047	25,202	25,953	26,638	27,119	
2012						19,368	21,060	22,348	23,327	23,859	24,573		
2013					16,474	18,509	19,882	20,820	21,514	22,097			
2014				13,643	16,348	18,133	19,283	20,115	20,881				
2015			10,431	13,856	16,234	17,713	18,709	19,592					
2016		6,466	10,492	13,507	15,513	16,803	18,018						
2017	2,833	6,658	10,647	13,470	15,464	16,818							
2018	2,977	6,961	11,089	13,994	16,155								
2019	3,424	6,729	10,807	14,188									
2020	2,892	6,930	11,400										
2021	2,846	6,408											
2022	2,869												

**C. Annual Change of Average Paid Medical per Closed Claim (b)**

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													11.0%
2007												12.8%	12.4%
2008											9.8%	9.7%	9.2%
2009										8.3%	7.8%	6.1%	5.4%
2010									4.7%	4.0%	4.0%	4.0%	3.4%
2011								2.7%	1.7%	1.8%	1.6%	1.4%	
2012							-4.2%	-5.3%	-5.1%	-5.0%	-5.1%		
2013						-4.4%	-5.6%	-6.8%	-7.8%	-7.4%			
2014					-0.8%	-2.0%	-3.0%	-3.4%	-2.9%				
2015				1.6%	-0.7%	-2.3%	-3.0%	-2.6%					
2016			0.6%	-2.5%	-4.4%	-5.1%	-3.7%						
2017		3.0%	1.5%	-0.3%	-0.3%	0.1%							
2018	5.1%	4.6%	4.2%	3.9%	4.5%								
2019	15.0%	-3.3%	-2.5%	1.4%									
2020	-15.5%	3.0%	5.5%										
2021	-1.6%	-7.5%											
2022	0.8%												

- (a) Paid medical per closed claim severities for accident year 2010 and 2011 only reflect the paid cost of medical cost containment programs (MCCP) attributable to policies with effective dates prior to July 1, 2010.
- (b) The annual changes for accident year 2010, 2011 and 2012 are based on paid medical per total claim for consistency and do not compare to the severities in item B.

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

D. Medical Case Reserves per Open Claim Adjusted by Paid Medical Severity Trend (c)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													51,677
2006												56,638	57,341
2007											57,182	63,873	64,480
2008										60,877	62,797	70,041	70,402
2009									59,681	65,916	67,711	74,331	74,228
2010								57,834	62,494	68,528	70,390	77,296	76,782
2011							53,259	59,412	63,553	69,791	71,509	78,363	
2012						49,663	51,041	56,237	60,307	66,298	67,869		
2013					36,187	47,458	48,186	52,391	55,621	61,402			
2014				27,527	35,911	46,495	46,734	50,617	53,983				
2015			23,190	27,958	35,660	45,417	45,344	49,300					
2016		22,226	23,326	27,253	34,077	43,086	43,669						
2017	17,936	22,885	23,670	27,178	33,969	43,124							
2018	18,847	23,927	24,653	28,236	35,488								
2019	21,674	23,130	24,025	28,627									
2020	18,307	23,821	25,344										
2021	18,017	22,026											
2022	18,160												

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

Accident Year	Evaluated as of (in months)												
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>
2004													
2005													214,720
2006												270,621	222,139
2007											300,669	271,013	216,651
2008										367,519	294,831	260,271	210,502
2009									420,931	353,903	275,313	243,061	202,270
2010								486,763	389,934	319,994	255,796	224,776	186,812
2011							567,684	447,922	349,335	296,961	244,990	217,537	
2012						722,501	511,267	395,054	319,869	275,536	230,891		
2013					737,070	648,371	442,119	345,731	277,828	240,389			
2014				836,063	695,786	604,334	426,853	334,981	273,370				
2015			1,055,096	785,764	630,561	569,866	406,824	319,811					
2016		1,469,570	990,059	702,709	593,381	529,008	379,917						
2017	1,465,428	1,435,617	932,779	700,752	590,305	524,382							
2018	1,543,969	1,525,433	1,054,540	791,963	658,009								
2019	1,811,172	1,575,525	1,130,926	868,546									
2020	1,358,210	1,446,946	1,046,604										
2021	1,442,653	1,395,496											
2022	1,514,591												

F. Paid Medical Loss on All Claims

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													3,557,272
2006												3,645,261	3,700,119
2007											3,881,775	3,957,933	4,016,015
2008										3,879,313	3,950,354	4,016,206	4,065,491
2009									3,657,286	3,744,829	3,816,220	3,864,167	3,918,705
2010								3,620,239	3,726,187	3,814,829	3,880,852	3,928,225	3,962,882
2011							3,257,494	3,394,371	3,490,651	3,553,844	3,608,249	3,648,009	
2012						3,050,936	3,221,045	3,344,545	3,421,787	3,488,930	3,538,766		
2013					2,819,797	3,033,160	3,178,831	3,269,786	3,343,064	3,397,765			
2014				2,562,839	2,870,678	3,087,122	3,219,695	3,325,616	3,398,472				
2015			2,175,602	2,648,496	2,942,376	3,126,231	3,264,213	3,360,907					
2016		1,567,949	2,210,884	2,645,254	2,906,639	3,093,501	3,243,220						
2017	686,126	1,628,286	2,265,489	2,667,596	2,944,122	3,153,664							
2018	726,676	1,728,212	2,381,494	2,849,808	3,154,086								
2019	725,469	1,702,661	2,431,330	2,964,561									
2020	614,493	1,532,236	2,217,439										
2021	675,415	1,686,650											
2022	703,906												

- (c) Latest evaluation of each accident year is unadjusted. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average medical case reserves by a different annual change applied at each individual accident year and maturity based on the change in paid losses per closed claim for that age and maturity (Item C)
- (d) Each amount is derived as the product of the indemnity open claim counts (Exhibit 3.2, Item E) and the adjusted average medical case reserves per open claim (Item D).
- Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

G. Adjusted Total Medical Incurred (in \$000) (e)

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2004													
2005													3,771,992
2006												3,915,882	3,922,257
2007											4,182,444	4,228,945	4,232,667
2008										4,246,832	4,245,185	4,276,477	4,275,993
2009									4,078,217	4,098,732	4,091,532	4,107,228	4,120,976
2010								4,107,002	4,116,121	4,134,822	4,136,648	4,153,001	4,149,694
2011						3,825,178	3,842,293	3,839,986	3,850,805	3,853,239	3,865,546		
2012					3,773,437	3,732,312	3,739,598	3,741,656	3,764,466	3,769,657			
2013				3,556,867	3,681,530	3,620,950	3,615,518	3,620,892	3,638,154				
2014			3,398,903	3,566,463	3,691,456	3,646,549	3,660,597	3,671,842					
2015		3,230,698	3,434,260	3,572,938	3,696,098	3,671,037	3,680,718						
2016	3,037,519	3,200,943	3,347,963	3,500,020	3,622,509	3,623,137							
2017	2,151,554	3,063,903	3,198,268	3,368,348	3,534,427	3,678,046							
2018	2,270,645	3,253,645	3,436,034	3,641,771	3,812,095								
2019	2,536,641	3,278,186	3,562,256	3,833,107									
2020	1,972,704	2,979,182	3,264,044										
2021	2,118,068	3,082,146											
2022	2,218,496												

H. Medical Incurred Loss Development Factors Based on Adjusted Total Medical Incurred

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												1.002
2007											1.011	1.001
2008										1.000	1.007	1.000
2009									1.005	0.998	1.004	1.003
2010								1.002	1.005	1.000	1.004	0.999
2011							1.004	0.999	1.003	1.001	1.003	
2012						0.989	1.002	1.001	1.006	1.001		
2013					1.035	0.984	0.998	1.001	1.005			
2014				1.049	1.035	0.988	1.004	1.003				
2015			1.063	1.040	1.034	0.993	1.003					
2016		1.054	1.046	1.045	1.035	1.000						
2017	1.424	1.044	1.053	1.049	1.041							
2018	1.433	1.056	1.060	1.047								
2019	1.292	1.087	1.076									
2020	1.510	1.096										
2021	1.455											
Latest Year	1.455	1.096	1.076	1.047	1.041	1.000	1.003	1.003	1.005	1.001	1.003	0.999
3-Yr Average	1.419	1.079	1.063	1.047	1.037	0.994	1.002	1.002	1.005	1.001	1.004	1.001

I. Medical Incurred Loss Development Factors (f)

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												1.006
2007											1.001	1.004
2008										1.002	1.005	0.999
2009									1.006	1.008	1.001	1.002
2010								1.007	1.009	1.004	0.998	1.002
2011							1.009	1.009	1.001	1.003	1.002	
2012						1.015	1.014	1.005	1.005	0.999		
2013					1.021	1.014	1.006	1.001	1.006			
2014				1.035	1.027	1.011	1.010	1.007				
2015			1.064	1.029	1.018	1.007	1.005					
2016		1.125	1.045	1.031	1.017	1.013						
2017	1.440	1.117	1.051	1.027	1.025							
2018	1.449	1.110	1.054	1.032								
2019	1.452	1.124	1.065									
2020	1.445	1.154										
2021	1.464											

(e) Each amount is the sum of the adjusted total medical case reserves (Item E) and the total medical paid losses (Item F).

(f) Development factors are from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item H.

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

**Incurred Medical Loss Development Factors  
Adjusted for Changes in Case Reserve Adequacy**

J. Impact of Adjustments to Common Case Reserve Level (g)

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												
2006												-0.40%
2007											0.96%	-0.31%
2008										-0.27%	0.23%	0.14%
2009									-0.07%	-0.98%	0.27%	0.09%
2010								-0.51%	-0.48%	-0.38%	0.57%	-0.25%
2011							-0.44%	-0.92%	0.21%	-0.24%	0.13%	
2012						-2.56%	-1.24%	-0.49%	0.12%	0.26%		
2013					1.37%	-3.00%	-0.75%	0.04%	-0.14%			
2014				1.42%	0.77%	-2.30%	-0.59%	-0.36%				
2015			-0.10%	1.06%	1.60%	-1.34%	-0.22%					
2016		-6.29%	0.11%	1.37%	1.77%	-1.26%						
2017	-1.12%	-6.58%	0.24%	2.14%	1.56%							
2018	-1.11%	-4.87%	0.53%	1.42%								
2019	-11.01%	-3.29%	1.08%									
2020	4.50%	-5.09%										
2021	-0.57%											

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

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2005												1.002
2006												1.001
2007											1.011	1.007
2008										0.999	1.004	1.003
2009									1.005	1.001	1.005	0.999
2010								1.003	1.005	1.001	1.002	1.004
2011							1.006	1.001	1.004	1.002	1.004	
2012						0.989	1.002	1.001	1.006	1.002		
2013					1.036	0.984	0.998	1.001	1.005			
2014				1.050	1.035	0.988	1.004	1.003				
2015			1.063	1.041	1.034	0.994	1.003					
2016		1.053	1.046	1.045	1.035	1.000						
2017	1.424	1.043	1.054	1.049	1.041							
2018	1.433	1.056	1.060	1.047								
2019	1.292	1.087	1.077									
2020	1.510	1.095										
2021	1.455											
3-Year Average	1.419	1.079	1.063	1.047	1.037	0.994	1.002	1.002	1.005	1.001	1.004	1.001

(g) Each factor represents the change in age-to-age development factors from Item I to those in Item H.

(h) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item J)] and [the incurred Medical age-to-age development factors from AC23-03-02, Exhibit 2.2.1].

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

**Developed Loss Ratio 3-Year Average Incurred Development Factors  
Adjusted for Changes in Average Case Reserve Levels  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident Year	Reported Incurred Loss Ratio <u>Ex IBNR (a)</u>	Annual Development <u>Factor (b)</u>	Cumulative Development <u>Factor</u>	Developed Loss Ratio <u>(1) x (3)</u>	Reported Incurred Loss Ratio <u>Ex IBNR (a)</u>	Annual Development <u>Factor (c)</u>	Cumulative Development <u>Factor</u>	Developed Loss Ratio <u>(5) x (7)</u>	Total Developed Loss Ratio <u>(4) + (8)</u>
2011	0.283	1.003	1.029	0.291	0.386	1.001	0.993	0.383	0.674
2012	0.252	0.997	1.026	0.259	0.328	1.004	0.998	0.328	0.587
2013	0.211	1.012	1.039	0.219	0.261	1.001	0.999	0.261	0.480
2014	0.199	1.006	1.045	0.208	0.231	1.005	1.004	0.232	0.440
2015	0.193	1.006	1.052	0.203	0.216	1.002	1.006	0.217	0.420
2016	0.181	1.005	1.057	0.191	0.203	1.002	1.008	0.205	0.396
2017	0.185	1.006	1.064	0.196	0.210	0.994	1.002	0.210	0.406
2018	0.192	1.024	1.090	0.209	0.220	1.037	1.038	0.229	0.438
2019	0.215	1.051	1.145	0.246	0.239	1.047	1.087	0.260	0.506
2020	0.203	1.119	1.281	0.260	0.233	1.063	1.156	0.270	0.530
2021	0.187	1.220	1.563	0.292	0.229	1.079	1.248	0.286	0.578
2022	0.095	1.972	3.082	0.293	0.147	1.419	1.770	0.260	0.552

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.
- (b) Age-to-age factors for developing accident years 2011 to 2022 were adjusted for changes in indemnity case reserve levels based on 3-year average selections (see Exhibit 3.4, Item L).
- (c) Age-to-age factors for developing accident years 2011 to 2022 were adjusted for changes in medical case reserve levels based on 3-year average selections (see Exhibit 3.8, Item K).

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using 3-Year Average Incurred Development Factors  
Adjusted for Changes in Average Case Reserve Levels  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)
Accident <u>Year</u>	Developed Indemnity <u>Loss Ratio (a)</u>	Composite Indemnity <u>Adjustment Factor (b)</u>	Composite Premium <u>Adjustment Factor (c)</u>	On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1) x (2) ÷ (3)
2011	0.291	1.460	0.953	0.446
2012	0.259	1.442	0.848	0.440
2013	0.219	1.410	0.741	0.417
2014	0.208	1.291	0.683	0.393
2015	0.203	1.273	0.652	0.395
2016	0.191	1.257	0.675	0.357
2017	0.196	1.224	0.706	0.340
2018	0.209	1.192	0.743	0.336
2019	0.246	1.160	0.823	0.347
2020	0.260	1.127	0.873	0.336
2021	0.292	1.086	0.908	0.349
2022	0.293	1.055	0.904	0.342
				Projected (d)
2023				0.348
2024				0.346
9/1/2024				0.345

- (a) See Exhibit 3.9.
- (b) Based on AC23-03-02, Exhibit 4.1.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC23-03-02, Exhibit 6.2.



**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Using 3-Year Average Incurred Development Factors  
Adjusted for Changes in Average Case Reserve Levels  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)
Accident <u>Year</u>	Developed Medical <u>Loss Ratio (a)</u>	Composite Medical <u>Adjustment Factor (b)</u>	Composite Premium <u>Adjustment Factor (c)</u>	On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.383	0.845	0.953	0.340
2012	0.328	0.886	0.848	0.342
2013	0.261	0.972	0.741	0.342
2014	0.232	1.025	0.683	0.349
2015	0.217	1.051	0.652	0.350
2016	0.205	1.053	0.675	0.320
2017	0.210	1.055	0.706	0.314
2018	0.229	1.067	0.743	0.329
2019	0.260	1.059	0.823	0.335
2020	0.270	1.045	0.873	0.323
2021	0.286	1.047	0.908	0.330
2022	0.260	1.008	0.904	0.289
<hr/>				
				Projected (d)
2023				0.314
2024				0.314
9/1/2024				0.314

- (a) See Exhibit 3.9.
- (b) Based on AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs. No adjustment has been made to MCCP costs in medical reserves.

**Developed Loss Ratio Unadjusted 3-Year Average Paid Development Factors  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2011	0.273	1.012	1.086	0.296	0.364	1.012	1.194	0.435	0.732
2012	0.241	1.011	1.098	0.265	0.309	1.012	1.209	0.373	0.638
2013	0.203	1.014	1.114	0.226	0.244	1.015	1.228	0.300	0.525
2014	0.189	1.016	1.131	0.214	0.214	1.018	1.249	0.268	0.482
2015	0.182	1.020	1.154	0.210	0.197	1.022	1.277	0.252	0.462
2016	0.168	1.027	1.186	0.199	0.182	1.031	1.316	0.239	0.438
2017	0.166	1.041	1.235	0.205	0.180	1.045	1.376	0.247	0.452
2018	0.165	1.061	1.310	0.217	0.182	1.066	1.466	0.267	0.484
2019	0.173	1.108	1.452	0.251	0.185	1.103	1.617	0.299	0.551
2020	0.147	1.224	1.777	0.262	0.159	1.198	1.937	0.307	0.569
2021	0.112	1.540	2.736	0.305	0.126	1.418	2.746	0.345	0.650
2022	0.038	2.991	8.184	0.310	0.046	2.447	6.719	0.312	0.622

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (b) Age-to-age factors are selected as three-year averages based on AC23-03-02, Exhibit 2.5.
- (c) Age-to-age factors are selected as three-year averages based on AC23-03-02, Exhibit 2.6. These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted 3-Year Average Paid Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio (a)</u>	(2) Composite Indemnity <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.210	1.273	0.652	0.409
2016	0.199	1.257	0.675	0.371
2017	0.205	1.224	0.706	0.355
2018	0.217	1.192	0.743	0.348
2019	0.251	1.160	0.823	0.354
2020	0.262	1.127	0.873	0.338
2021	0.305	1.086	0.908	0.365
2022	0.310	1.055	0.904	0.361
				Projected (d)
2023				0.366
2024				0.364
9/1/2024				0.363

- (a) See Exhibit 4.1.
- (b) Based on AC23-03-02, Exhibit 4.1.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC23-03-02, Exhibit 6.2.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted 3-Year Average Paid Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Medical <u>Loss Ratio (a)</u>	(2) Composite Medical <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.435	0.845	0.953	0.386
2012	0.373	0.886	0.848	0.390
2013	0.300	0.972	0.741	0.393
2014	0.268	1.025	0.683	0.402
2015	0.252	1.051	0.652	0.406
2016	0.239	1.053	0.675	0.373
2017	0.247	1.055	0.706	0.369
2018	0.267	1.067	0.743	0.384
2019	0.299	1.059	0.823	0.385
2020	0.307	1.045	0.873	0.368
2021	0.345	1.047	0.908	0.398
2022	0.312	1.008	0.904	0.348
				Projected (d)
2023				0.379
2024				0.378
9/1/2024				0.378

- (a) See Exhibit 4.1.
- (b) Based on AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratio Unadjusted Latest Year Paid Development Factors  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
<u>Year</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Paid</u>	<u>Development</u>	<u>Development</u>	<u>Loss Ratio</u>	<u>Developed</u>
	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2011	0.273	1.012	1.086	0.296	0.364	1.012	1.194	0.435	0.732
2012	0.241	1.011	1.098	0.265	0.309	1.012	1.209	0.373	0.638
2013	0.203	1.014	1.114	0.226	0.244	1.015	1.228	0.300	0.525
2014	0.189	1.016	1.131	0.214	0.214	1.018	1.249	0.268	0.482
2015	0.182	1.018	1.152	0.209	0.197	1.022	1.277	0.252	0.461
2016	0.168	1.026	1.182	0.198	0.182	1.030	1.315	0.239	0.437
2017	0.166	1.043	1.233	0.205	0.180	1.048	1.378	0.248	0.452
2018	0.165	1.065	1.313	0.217	0.182	1.071	1.476	0.269	0.487
2019	0.173	1.113	1.461	0.253	0.185	1.106	1.633	0.302	0.555
2020	0.147	1.240	1.812	0.267	0.159	1.219	1.990	0.316	0.583
2021	0.112	1.544	2.797	0.312	0.126	1.447	2.880	0.362	0.674
2022	0.038	2.952	8.257	0.312	0.046	2.502	7.205	0.335	0.647

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (b) Age-to-age factors are selected as latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC23-03-02, Exhibit 2.5.
- (c) Age-to-age factors are selected as latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC23-03-02, Exhibit 2.6.  
These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted Latest Year Paid Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Indemnity <u>Loss Ratio (a)</u>	(2) Composite Indemnity <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Indemnity to Industry Average Filed <u>Pure Premium Ratio</u> (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.205	1.224	0.706	0.355
2018	0.217	1.192	0.743	0.349
2019	0.253	1.160	0.823	0.357
2020	0.267	1.127	0.873	0.344
2021	0.312	1.086	0.908	0.374
2022	0.312	1.055	0.904	0.365
				Projected (d)
2023				0.372
2024				0.369
9/1/2024				0.369

- (a) See Exhibit 5.1.
- (b) Based on AC23-03-02, Exhibit 4.1.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC23-03-02, Exhibit 6.2.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Using Unadjusted Latest Year Paid Development Factors  
Based on Experience as of December 31, 2022**

Accident <u>Year</u>	(1) Developed Medical <u>Loss Ratio (a)</u>	(2) Composite Medical <u>Adjustment Factor (b)</u>	(3) Composite Premium <u>Adjustment Factor (c)</u>	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.435	0.845	0.953	0.386
2012	0.373	0.886	0.848	0.390
2013	0.300	0.972	0.741	0.393
2014	0.268	1.025	0.683	0.402
2015	0.252	1.051	0.652	0.406
2016	0.239	1.053	0.675	0.373
2017	0.248	1.055	0.706	0.370
2018	0.269	1.067	0.743	0.387
2019	0.302	1.059	0.823	0.389
2020	0.316	1.045	0.873	0.378
2021	0.362	1.047	0.908	0.417
2022	0.335	1.008	0.904	0.374
				Projected (d)
2023				0.401
2024				0.400
9/1/2024				0.401

- (a) See Exhibit 5.1.
- (b) Based on AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms  
Based on Paid Latest Year Selections  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)
			Medical		
			Adjusted		
Accident Year	Paid Loss Ratio (a)	Paid Loss Ratio (b)	Annual Development Factor (c)	Cumulative Development Factor	Developed Loss Ratio (2) x (4)
2011	0.364	0.342	1.012	1.206	0.413
2012	0.309	0.293	1.013	1.222	0.358
2013	0.244	0.242	1.017	1.242	0.301
2014	0.214	0.217	1.018	1.265	0.274
2015	0.197	0.202	1.022	1.293	0.261
2016	0.182	0.187	1.029	1.330	0.249
2017	0.180	0.186	1.035	1.377	0.256
2018	0.182	0.188	1.069	1.472	0.277
2019	0.185	0.189	1.103	1.624	0.308
2020	0.159	0.160	1.213	1.970	0.316
2021	0.126	0.126	1.440	2.837	0.357
2022	0.046	0.046	2.494	7.075	0.329

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (b) See AC23-03-02, Exhibit 3.2, Column (2).
- (c) Based on AC23-03-02, Exhibit 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines.



**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Adjusted for the Impact of Reforms  
Based on Paid Latest Year Selections  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.249	1.022	0.675	0.377
2017	0.256	1.025	0.706	0.371
2018	0.277	1.026	0.743	0.383
2019	0.308	1.022	0.823	0.382
2020	0.316	1.018	0.873	0.368
2021	0.357	1.016	0.908	0.400
2022	0.329	1.008	0.904	0.367
				Projected (d)
2023				0.389
2024				0.388
9/1/2024				0.388

- (a) See Exhibit 6.1.  
 (b) Based on AC23-03-02, Exhibit 4.4.  
 (c) See AC23-03-02, Exhibit 5.2.  
 (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.  
 (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on 3-Year Average Selections  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
					Adjusted					
Accident	Reported	Annual	Cumulative	Developed	Paid	Paid	Annual	Cumulative	Developed	Total
Year	Loss Ratio (a)	Factor (b)	Factor	Loss Ratio	Loss Ratio (a)	Loss Ratio (c)	Factor (d)	Factor	Loss Ratio	Developed
				(1) x (3)					(6) x (8)	(4) + (9)
2011	0.273	1.012	1.086	0.296	0.364	0.342	1.012	1.206	0.413	0.709
2012	0.241	1.011	1.098	0.265	0.309	0.293	1.013	1.222	0.358	0.623
2013	0.203	1.014	1.114	0.226	0.244	0.242	1.017	1.242	0.301	0.527
2014	0.189	1.016	1.131	0.214	0.214	0.217	1.018	1.265	0.274	0.488
2015	0.182	1.020	1.154	0.210	0.197	0.202	1.023	1.295	0.261	0.471
2016	0.168	1.027	1.186	0.199	0.182	0.187	1.031	1.334	0.250	0.449
2017	0.166	1.039	1.232	0.204	0.180	0.186	1.032	1.377	0.256	0.460
2018	0.165	1.065	1.313	0.217	0.182	0.188	1.069	1.471	0.277	0.494
2019	0.173	1.122	1.473	0.255	0.185	0.189	1.110	1.634	0.309	0.565
2020	0.147	1.240	1.826	0.269	0.159	0.160	1.205	1.968	0.316	0.585
2021	0.112	1.515	2.767	0.309	0.126	0.126	1.399	2.753	0.347	0.655
2022	0.038	3.010	8.328	0.315	0.046	0.046	2.453	6.754	0.314	0.629

- (a) Based on AC23-03-02, Exhibit 1. Accident years 2011 and subsequent do not reflect the paid cost of medical cost containment programs (MCCP). Accident years 2010 and prior do reflect paid MCCP costs.
- (b) Age-to-age factors for developing accident years 2017 to 2022 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC23-03-02, Exhibit 2.5.8, Item Q).
- (c) See AC23-03-02, Exhibit 3.2, Column (2).
- (d) Based on AC23-03-02, Exhibit 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines. Age-to-age factors for developing accident years 2017 to 2022 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC23-03-02, Exhibit 2.6.8, Item R).

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on 3-Year Average Selections  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.210	1.273	0.652	0.409
2016	0.199	1.257	0.675	0.371
2017	0.204	1.224	0.706	0.355
2018	0.217	1.192	0.743	0.349
2019	0.255	1.160	0.823	0.360
2020	0.269	1.127	0.873	0.347
2021	0.309	1.086	0.908	0.370
2022	0.315	1.055	0.904	0.368
				Projected (d)
2023				0.371
2024				0.369
9/1/2024				0.369

- (a) See Exhibit 7.1.
- (b) Based on AC23-03-02, Exhibit 4.1.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC23-03-02, Exhibit 6.2.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates  
Based on 3-Year Average Selections  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.250	1.022	0.675	0.378
2017	0.256	1.025	0.706	0.371
2018	0.277	1.026	0.743	0.383
2019	0.309	1.022	0.823	0.384
2020	0.316	1.018	0.873	0.368
2021	0.347	1.016	0.908	0.388
2022	0.314	1.008	0.904	0.350
				Projected (d)
2023				0.375
2024				0.374
9/1/2024				0.374

- (a) See Exhibit 7.1.
- (b) Based on AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2022 and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC23-03-02, Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

<b>Projected On-Level Accident Year Indemnity Loss to Industry Average Filed Pure Premium Ratios Separate Applications of Frequency and Severity Trends Applied to Accident Year 2022 Based on Experience as of December 31, 2022</b>				
	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.204	1.224	0.706	0.354
2018	0.218	1.192	0.743	0.350
2019	0.256	1.160	0.823	0.361
2020	0.271	1.127	0.873	0.350
2021	0.311	1.086	0.908	0.373
2022	0.311	1.055	0.904	0.363
				Projected (d)
2023				0.364
2024				0.362
9/1/2024				0.362

(a) See AC23-03-02, Exhibit 3.1.

(b) See AC23-03-02, Exhibit 4.1.

(c) See AC23-03-02, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC23-03-02, Exhibit 6.2, and projected frequency trends for accident years 2023 to 2025 from AC23-03-02, Exhibit 6.1; these trends were then separately applied to the 2022 on-level ratio.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Severity Trends  
Applied to Accident Year 2022  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.249	1.022	0.675	0.377
2017	0.256	1.025	0.706	0.371
2018	0.278	1.026	0.743	0.384
2019	0.310	1.022	0.823	0.385
2020	0.319	1.018	0.873	0.372
2021	0.357	1.016	0.908	0.399
2022	0.329	1.008	0.904	0.367
				Projected (d)
2023				0.369
2024				0.369
9/1/2024				0.369

(a) See AC23-03-02, Exhibit 3.2.

(b) See AC23-03-02, Exhibit 4.4.

(c) See AC23-03-02, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC23-03-02, Exhibit 6.2, and projected frequency trends for accident years 2023 to 2025 from AC23-03-02, Exhibit 6.1; these trends were then separately applied to the 2022 on-level ratio.

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

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Long-Term Severity Trends  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.204	1.224	0.706	0.354
2018	0.218	1.192	0.743	0.350
2019	0.256	1.160	0.823	0.361
2020	0.271	1.127	0.873	0.350
2021	0.311	1.086	0.908	0.373
2022	0.311	1.055	0.904	0.363
				Projected (d)
2023				0.370
2024				0.366
9/1/2024				0.366

(a) See AC23-03-02, Exhibit 3.1.

(b) See AC23-03-02, Exhibit 4.1.

(c) See AC23-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2022 from AC23-03-02, Exhibit 12, and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 1990-2022 annual indemnity severity trend of 0.8%.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Long-Term Severity Trends  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.249	1.022	0.675	0.377
2017	0.256	1.025	0.706	0.371
2018	0.278	1.026	0.743	0.384
2019	0.310	1.022	0.823	0.385
2020	0.319	1.018	0.873	0.372
2021	0.357	1.016	0.908	0.399
2022	0.329	1.008	0.904	0.367
				Projected (d)
2023				0.407
2024				0.419
9/1/2024				0.421

(a) See AC23-03-02, Exhibit 3.2.

(b) See AC23-03-02, Exhibit 4.4.

(c) See AC23-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2022 from AC23-03-02, Exhibit 12, and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are based on the 1990-2022 annual medical severity trend of 4.6%.

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



**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Short-Term Severity Trends  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.204	1.224	0.706	0.354
2018	0.218	1.192	0.743	0.350
2019	0.256	1.160	0.823	0.361
2020	0.271	1.127	0.873	0.350
2021	0.311	1.086	0.908	0.373
2022	0.311	1.055	0.904	0.363
				Projected (d)
2023				0.373
2024				0.371
9/1/2024				0.371

(a) See AC23-03-02, Exhibit 3.1.

(b) See AC23-03-02, Exhibit 4.1.

(c) See AC23-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2022 from AC23-03-02, Exhibit 12, and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 2018-2022 annual indemnity severity trend of 1.4%.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Separate Applications of Frequency and Short-Term Severity Trends  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.249	1.022	0.675	0.377
2017	0.256	1.025	0.706	0.371
2018	0.278	1.026	0.743	0.384
2019	0.310	1.022	0.823	0.385
2020	0.319	1.018	0.873	0.372
2021	0.357	1.016	0.908	0.399
2022	0.329	1.008	0.904	0.367
				Projected (d)
2023				0.380
2024				0.373
9/1/2024				0.372

(a) See AC23-03-02, Exhibit 3.2.

(b) See AC23-03-02, Exhibit 4.4.

(c) See AC23-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2021 and 2022 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change and frequency model projection for accident year 2022 from AC23-03-02, Exhibit 12, and frequency model projections for accident years 2023 through 2025 from Item AC23-03-02, Exhibit 6.1. The annual medical severity growth estimates are based on the 2018-2022 annual medical severity trend of 0.0%.

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

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Long-Term Exponential Loss Ratio Trend  
Based on Experience as of December 31, 2022**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
1991	0.428	1.103	1.160	0.406
1992	0.352	1.163	1.055	0.388
1993	0.289	1.411	1.021	0.400
1994	0.329	1.475	1.154	0.420
1995	0.474	1.366	1.516	0.427
1996	0.532	1.277	1.555	0.437
1997	0.603	1.143	1.508	0.457
1998	0.654	1.055	1.528	0.452
1999	0.686	0.977	1.452	0.462
2000	0.595	0.912	1.149	0.472
2001	0.494	0.913	0.981	0.460
2002	0.369	0.935	0.751	0.459
2003	0.244	0.932	0.532	0.427
2004	0.145	1.276	0.484	0.383
2005	0.125	1.730	0.536	0.402
2006	0.161	1.700	0.690	0.397
2007	0.222	1.639	0.882	0.413
2008	0.282	1.539	1.065	0.407
2009	0.330	1.508	1.149	0.433
2010	0.319	1.480	1.045	0.451
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.204	1.224	0.706	0.354
2018	0.218	1.192	0.743	0.350
2019	0.256	1.160	0.823	0.361
2020	0.271	1.127	0.873	0.350
2021	0.311	1.086	0.908	0.373
2022	0.311	1.055	0.904	0.363
				Projected (d)
2023				0.365
2024				0.363
9/1/2024				0.363

(a) See AC23-03-02, Exhibit 3.1.

(b) See AC23-03-02, Exhibit 4.1.

(c) See AC23-03-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.5% based on the 1990 to 2022 on-level indemnity to industry average filed pure premium ratios to the 2020 and 2022 on-level indemnity to industry average filed pure premium ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Long-Term Exponential Loss Ratio Trend  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)	(5) On-Level Medical to Industry Average Filed Pure Premium Ratio (f)
1991	0.356	0.547	1.160	0.168	0.168
1992	0.296	0.577	1.055	0.162	0.162
1993	0.244	0.691	1.021	0.165	0.165
1994	0.281	0.724	1.154	0.176	0.176
1995	0.415	0.714	1.516	0.195	0.195
1996	0.446	0.704	1.555	0.202	0.202
1997	0.501	0.698	1.508	0.232	0.232
1998	0.603	0.615	1.528	0.242	0.242
1999	0.663	0.533	1.452	0.243	0.243
2000	0.601	0.489	1.149	0.256	0.256
2001	0.535	0.446	0.981	0.243	0.243
2002	0.416	0.463	0.751	0.257	0.257
2003	0.268	0.486	0.532	0.245	0.245
2004	0.183	0.735	0.484	0.277	0.277
2005	0.180	0.853	0.536	0.286	0.286
2006	0.233	0.897	0.690	0.303	0.303
2007	0.329	0.880	0.882	0.328	0.328
2008	0.411	0.874	1.065	0.337	0.337
2009	0.485	0.862	1.149	0.364	0.364
2010	0.479	0.859	1.045	0.394	0.394
2011	0.413	0.874	0.953	0.379	0.379
2012	0.358	0.913	0.848	0.385	0.385
2013	0.301	0.954	0.741	0.387	0.423
2014	0.274	0.999	0.683	0.401	0.437
2015	0.261	1.019	0.652	0.408	0.443
2016	0.249	1.022	0.675	0.377	0.408
2017	0.256	1.025	0.706	0.371	0.402
2018	0.278	1.026	0.743	0.384	0.415
2019	0.310	1.022	0.823	0.385	0.417
2020	0.319	1.018	0.873	0.372	0.403
2021	0.357	1.016	0.908	0.399	0.435
2022	0.329	1.008	0.904	0.367	0.400
				Projected (d)	
2023				0.403	
2024				0.417	
9/1/2024				0.419	

- (a) See AC23-03-02, Exhibit 3.2.
- (b) See AC23-03-02, Exhibit 4.4.
- (c) See AC23-03-02, Exhibit 5.2.
- (d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.4% based on the 1990 to 2022 on-level medical to industry average filed pure premium ratios (including MCCP costs) to the 2021 and 2022 on-level medical to industry average filed pure premium ratios.
- (e) Accident years 2011 and subsequent do not reflect paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.
- (f) Medical costs include the MCCP cost for all accident years for selecting the loss ratio trend.

**Projected On-Level Accident Year  
Indemnity Loss to Industry Average Filed Pure Premium Ratios  
Short-Term Exponential Loss Ratio Trend  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Industry Average Filed Pure Premium Ratio (1) x (2) ÷ (3)
2011	0.296	1.460	0.953	0.454
2012	0.265	1.442	0.848	0.450
2013	0.226	1.410	0.741	0.429
2014	0.214	1.291	0.683	0.405
2015	0.209	1.273	0.652	0.408
2016	0.198	1.257	0.675	0.370
2017	0.204	1.224	0.706	0.354
2018	0.218	1.192	0.743	0.350
2019	0.256	1.160	0.823	0.361
2020	0.271	1.127	0.873	0.350
2021	0.311	1.086	0.908	0.373
2022	0.311	1.055	0.904	0.363
				Projected (d)
2023				0.374
2024				0.378
9/1/2024				0.379

(a) See AC23-03-02, Exhibit 3.1.

(b) See AC23-03-02, Exhibit 4.1.

(c) See AC23-03-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 1.1% based on the 2018 to 2022 on-level indemnity to industry average filed pure premium ratios to the 2021 and 2022 on-level indemnity to industry average filed pure premium ratios.

**Projected On-Level Accident Year  
Medical Loss to Industry Average Filed Pure Premium Ratios  
Short-Term Exponential Loss Ratio Trend  
Based on Experience as of December 31, 2022**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Industry Average Filed Pure Premium Ratio(e) (1) x (2) ÷ (3)
2011	0.413	0.874	0.953	0.379
2012	0.358	0.913	0.848	0.385
2013	0.301	0.954	0.741	0.387
2014	0.274	0.999	0.683	0.401
2015	0.261	1.019	0.652	0.408
2016	0.249	1.022	0.675	0.377
2017	0.256	1.025	0.706	0.371
2018	0.278	1.026	0.743	0.384
2019	0.310	1.022	0.823	0.385
2020	0.319	1.018	0.873	0.372
2021	0.357	1.016	0.908	0.399
2022	0.329	1.008	0.904	0.367
				Projected (d)
2023				0.379
2024				0.377
9/1/2024				0.377

(a) See AC23-03-02, Exhibit 3.2.

(b) See AC23-03-02, Exhibit 4.4.

(c) See AC23-03-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.6% based on the 2018 to 2022 on-level medical to industry average filed pure premium ratios to the 2021 and 2022 on-level medical to industry average filed pure premium ratios.

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

## Item AC23-04-03

### 9/1/2023 Filing – COVID-19 Claim Cost Projection

The January 1, 2021 Pure Premium Rate Filing reflected an average provision for COVID-19 claims of 4%, or \$0.06, per \$100 of payroll that was based on the projected cost of COVID-19 claims to be incurred on 2021 policies. The proposed provision for projected COVID-19 claim costs differed by classification based on the relative frequencies of COVID-19 claims by classification.<sup>1</sup> The September 1, 2021 Pure Premium Rate Filing did not include a provision for the projected cost of COVID-19 claims inasmuch as COVID-19 claim frequency was at lower levels at the time of the filing and the available models at the time projected that COVID-19 infection, hospitalizations and death rates were plateauing.

Subsequent to the time the September 1, 2021 Pure Premium Rate Filing was made, significant levels of COVID-19 claims continued to arise in large part due to the emergence of the Delta and Omicron variants, and by early 2022, medical researchers were indicating that the pandemic was transitioning into an endemic stage and COVID-19 infections would likely continue to arise into the foreseeable future. As a result, based on forecasts from several available models, the proposed September 1, 2022 advisory pure premium rates reflected a uniform provision of \$0.008 per \$100 of payroll, or 0.5%, of losses and loss adjustment expenses (LAE).<sup>2</sup>

Exhibit 1 shows the ratio of COVID-19 to non-COVID-19 claims by accident month as presented at the March 21, 2023 meeting. Exhibit 2 summarizes the COVID-19 claim severity information presented at the March 21, 2023 meeting by accident year. Exhibit 3 compares the most recent incurred development of COVID-19 claims to that of non-COVID-19 claims. Exhibit 4 summarizes the ratio of COVID-19 claims to all indemnity claims and the ratio of projected COVID-19 losses and LAE to total projected ultimate losses and LAE by accident year.

The proposed September 1, 2023 Pure Premium Rate Filing provision, if any, for COVID-19 claims to be incurred on policies incepting between September 1, 2023 and August 31, 2024 will be discussed at the meeting.

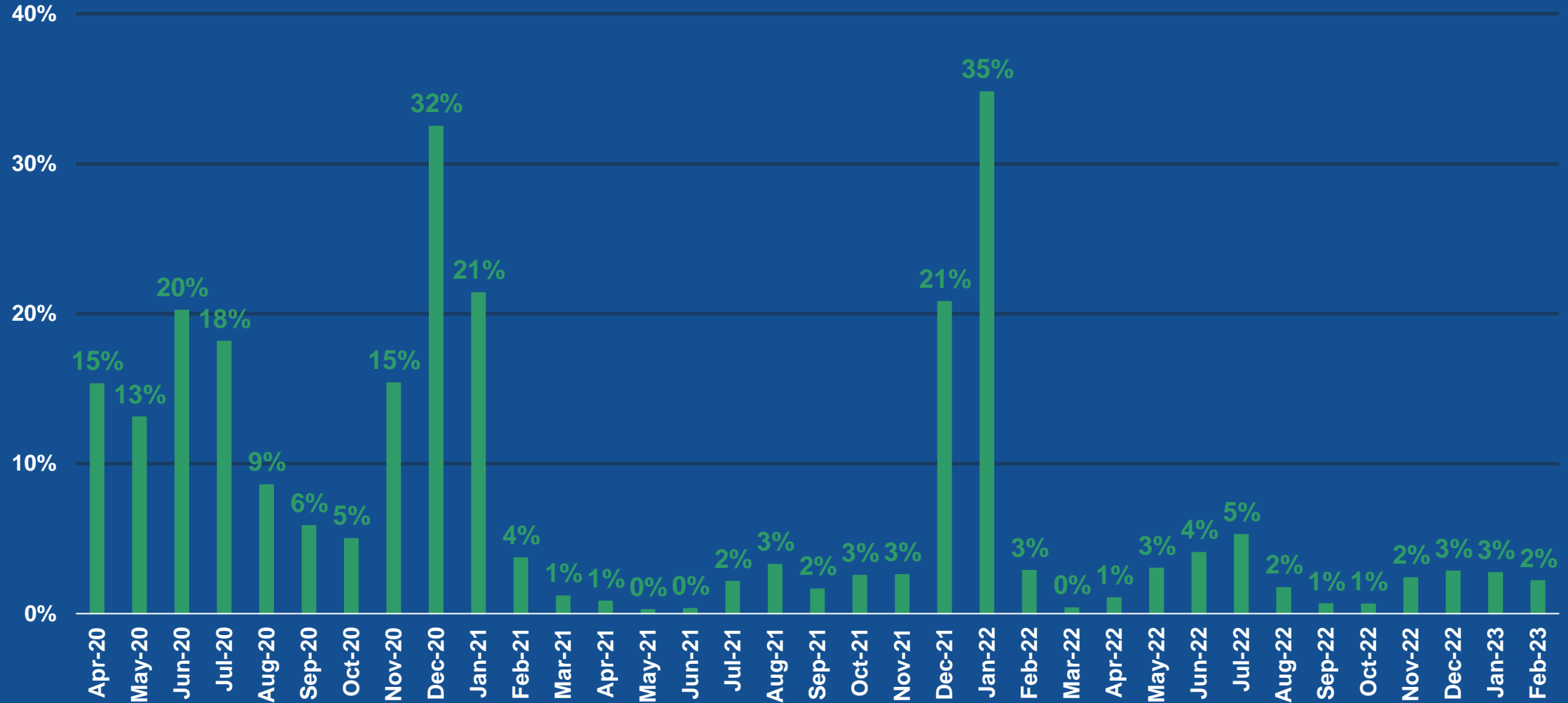
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<sup>1</sup> In the Insurance Commissioner's Decision on the Filing, the approved advisory pure premium rates did not reflect a provision for projected COVID-19 claim costs on 2021 policies, his Decision indicated that, "[t]he WCIRB's thorough efforts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

<sup>2</sup> In the Insurance Commissioner's Decision on the Filing, the approved advisory pure premium rates did not reflect a provision for projected COVID-19 claim costs on September 1, 2022 and later policies.

# COVID-19 Share of Indemnity Claims

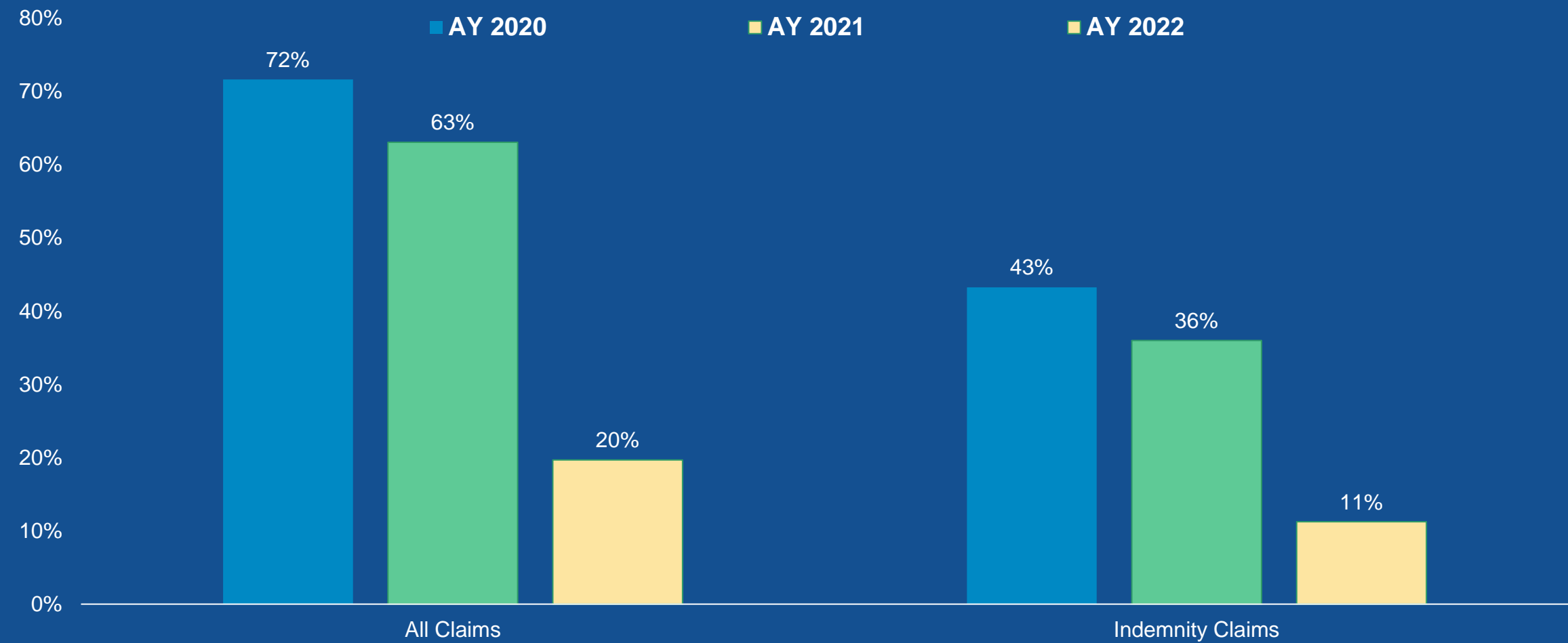
As of March 7, 2023





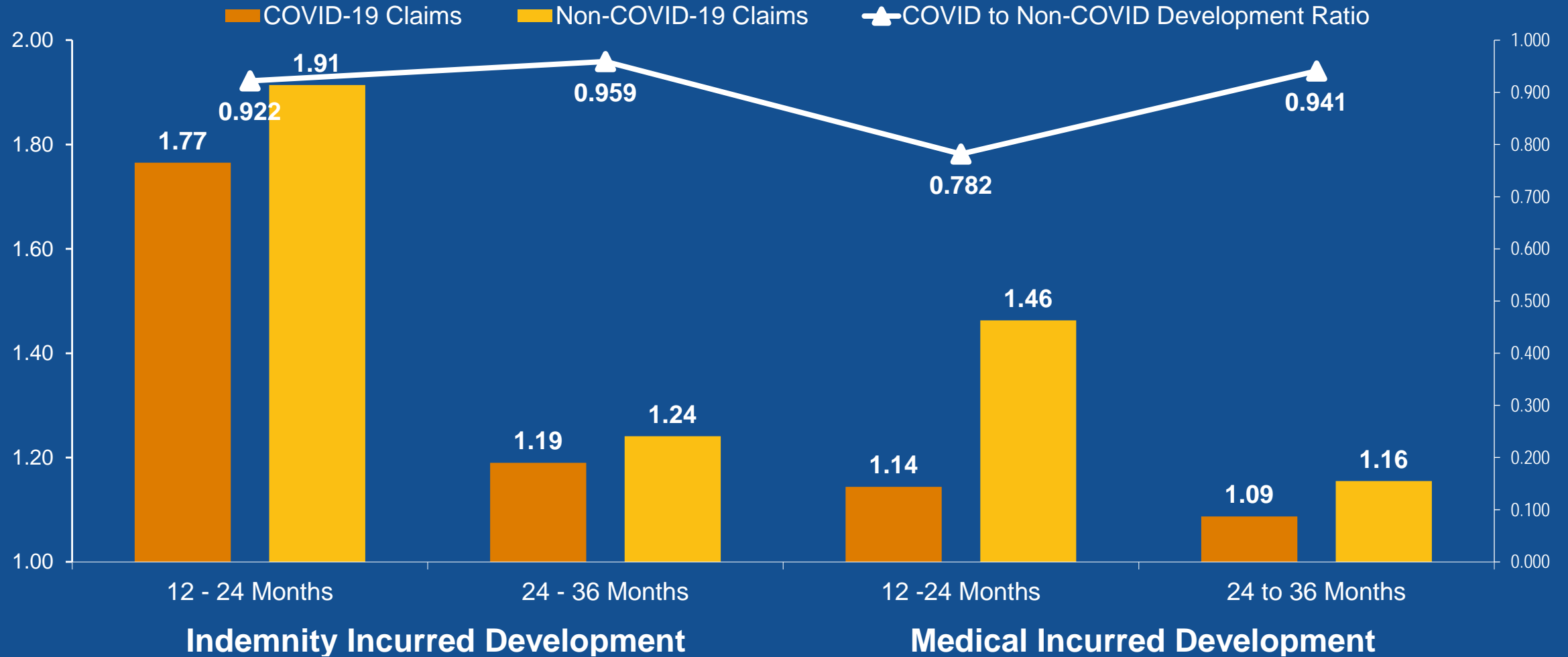
# Ratio of COVID-19 to Non-COVID-19 Average Claim Severity

As of December 31, 2022



# Accident Year Incurred Loss Development – 12/31/2021 to 12/31/2022

As of December 31, 2022



# Estimated Share of COVID-19 Indemnity Claims and Ultimate Losses & LAE

