

April 25, 2024

By Email

The Honorable Ricardo Lara
Insurance Commissioner
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Oakland, CA 94612

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Bill Mudge
President
& Chief Executive Officer

**RE: California Workers' Compensation Insurance
Advisory Pure Premium Rates
Effective September 1, 2024
CDI File No. REG-2024-00008**

Dear Commissioner Lara:

The Workers' Compensation Insurance Rating Bureau of California (WCIRB), a licensed rating organization and the designated statistical agent of the Insurance Commissioner, is submitting the proposed advisory pure premium rates contained in the enclosed filing pursuant to Article 2 of Chapter 2, and Articles 2 and 3 of Chapter 3, Part 3, Division 2, of the Insurance Code of the State of California. The proposed advisory pure premium rates contained in this filing were authorized by the WCIRB's Governing Committee for submission to you for review and approval.

Advisory Pure Premium Rates

The advisory pure premium rates contained in Section A are proposed to become effective September 1, 2024 for workers' compensation insurance policies with an effective date on or after September 1, 2024. The pure premium rates, which reflect loss costs including loss adjustment expenses per unit of exposure, are only advisory in that an insurer is not required to use either the proposed or the approved pure premium rates in establishing the rates it will charge.

The proposed advisory pure premium rates reflect the changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) that were proposed in the WCIRB's Regulatory Filing submitted on February 27, 2024 (CDI File No. REG-2024-00004) to take effect on September 1, 2024. If some of these proposed regulatory changes are not approved, the WCIRB may need to amend the pure premium rates proposed in this filing for conformance with the Commissioner's Decision on the September 1, 2024 Regulatory Filing.

The advisory pure premium rates for the approximately 500 standard classifications proposed to be effective September 1, 2024 are on average 0.9% higher than the average of the approved September 1, 2023 advisory pure premium rates. The average of the September 1, 2024 advisory pure premium rates proposed by the WCIRB is \$1.42 per \$100 of payroll, while the average of the approved September 1, 2023 advisory pure premium rates is \$1.41.¹

¹ The average approved September 1, 2023 advisory pure premium rate of \$1.46 has been restated to \$1.41 based on updated payroll weights by classification.

The Honorable Ricardo Lara
California Department of Insurance
April 25, 2024

The proposed September 1, 2024 advisory pure premium rates included in Section A are based on (1) insurer losses incurred during accident years 2023 and prior valued as of December 31, 2023, (2) insurer allocated loss adjustment expenses for 2023 and prior years, (3) insurer unallocated loss adjustment expenses for 2022 and prior years, (4) classification payroll and loss experience reported for policies incepting in 2021 and prior years and (5) the September 1, 2024 experience rating off-balance correction factor proposed in the WCIRB's September 1, 2024 Regulatory Filing. The first three of these components are discussed in Section B of this filing while the last two components are discussed in Section C of the WCIRB's September 1, 2024 Regulatory Filing.

As in the last four pure premium rate filings, the WCIRB separately analyzed the potential cost of future COVID-19 workers' compensation claims. The WCIRB's September 1, 2024 Pure Premium Rate Filing excludes COVID-19 experience from accident years 2022 and prior in developing the projected pure premium rates, which is consistent with the September 1, 2023 Pure Premium Rate Filing. However, as COVID-19 has shifted from pandemic to endemic, the WCIRB believes the underlying costs of COVID-19 claims should be included in pure premium rates similar to all other types of claims. Additionally, the impact of COVID-19 claims is notably smaller in accident year 2023 compared to prior years due to the declining proportion of indemnity claims caused by COVID-19 and the relatively low severity of COVID-19 indemnity claims relative to all indemnity claims observed in accident year 2023. As such, the WCIRB's September 1, 2024 Pure Premium Rate Filing includes COVID-19 experience in the portion of the projection that is developed from accident year 2023.

Consistent with prior WCIRB pure premium rate filings, alternative pure premium rate projections based on various methodologies and assumptions are included for informational purposes in Section B, Appendices A, B and C.

The Executive Summary provides a high-level summary of the key components of this filing and includes information regarding system costs and the insurance market.

We shall endeavor to provide you with any additional information you may require.

Sincerely,



Bill Mudge
President & Chief Executive Officer



Sean Cooper
Executive Vice President & Chief Actuary



Tony Milano
Vice President & Actuary

BM:smd
Enclosure

**Workers' Compensation Insurance
Rating Bureau of California**

**September 1, 2024 Pure Premium Rate Filing
REG-2024-00008**

Submitted: April 25, 2024

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WCIRB September 1, 2024 Pure Premium Rate Filing

Table of Contents

	Page
	<hr/>
Executive Summary	1 – 8
Section A	
Proposed Pure Premium Rates	A-1 – A-4
Section B	
Computation of Indicated Change in the Advisory Pure Premium Rate Level	B-1 – B-46
Appendix A – Loss Development Methodology	B-47 – B-114
Appendix B – Trending Methodology	B-115 – B-150
Appendix C – Projected Loss Adjustment Expense Ratio	B-151 – B-189

Executive Summary

A. Introduction

Based on the analysis of underlying exposure, premium and claim experience, the WCIRB is proposing September 1, 2024 advisory pure premium rates that are, on average, 0.9% above the advisory pure premium rates adopted by the Insurance Commissioner effective September 1, 2023.¹ The average of the advisory pure premium rates proposed by the WCIRB using available payroll weights by classification is \$1.42 per \$100 of payroll.²

Generally consistent with the September 1, 2023 Pure Premium Rate Filing, the WCIRB's September 1, 2024 filing (a) excluded COVID-19 claims from accident years 2022 and prior experience and (b) refined projection methodologies to adjust for distortions caused by the pandemic.

There are three areas where the WCIRB's September 1, 2024 filing methodology differs from the methodology used in the September 1, 2023 Pure Premium Rate Filing. First, the development projection is based on an average of the adjusted paid method and the hybrid incurred method. Second, the WCIRB's claim frequency model incorporates a forecast of the cumulative injury index and uses the full model constant. The third difference is that the WCIRB has included COVID-19 claims in the accident year 2023 portion of the experience used to project the pure premium rates for insurance policies incepting between September 1, 2024 and August 31, 2025.

¹ The pure premium rates approved by the Insurance Commissioner are only advisory in that insurers may, and often do, file and use rates other than those approved by the Insurance Commissioner.

² Payroll weights are based on the 3-year payrolls by classification included in the classification relativities contained in Section C of the WCIRB's September 1, 2024 Regulatory Filing. The updated September 1, 2023 approved advisory pure premium rate on this basis is \$1.41.

B. Computation of Proposed September 1, 2024 Pure Premium Rate Level

The proposed September 1, 2024 advisory pure premium rate level is 0.9% higher than the approved September 1, 2023 advisory pure premium rate level. Section A shows the advisory pure premium rate proposed by the WCIRB to be effective September 1, 2024 for each standard classification.

The proposed September 1, 2024 pure premium rate level is based on the losses and loss adjustment expenses (LAE) projected to be incurred on policies incepting between September 1, 2024 and August 31, 2025 and on an evaluation of the loss, LAE³ and premium experience of calendar and accident years through 2023, valued as of December 31, 2023.

Section B of this filing provides analysis and exhibits which describe the assumptions and methodology used to compute the proposed pure premium rate level change with respect to:

- Calendar accident year experience
- Loss development for indemnity and medical including adjustments for changes in claim settlement rates and reforms
- Adjustments to bring indemnity and medical losses to the current level
- Wage and premium level adjustments
- Trending of loss ratios with the analysis and application of the trend projections done separately for claim frequency, indemnity severity and medical severity
- Projected loss adjustment expenses using separate analyses for unallocated loss adjustment expense, allocated loss adjustment expense (excluding medical cost containment) and medical cost containment
- Experience rating off-balance factor
- Computation of the indicated pure premium rate level change

There are three key drivers of the proposed September 1, 2024 advisory pure premium rate level change. First, a higher medical severity trend was selected based on consideration of short-term trends, long-term trends and a recent shift towards a greater proportion of claims with only temporary disability benefits compared to those with permanent disability benefits. Secondly, a higher ALAE projection is included due to increases in projected ALAE per indemnity claim in accident years 2022 and 2023 and a higher selected ALAE severity trend. While the first two drivers placed upward pressure on the pure premium rate change, these factors are partially offset by lower-than-expected emergence of claims experience for accident year 2023.

For informational purposes, the WCIRB has computed a series of alternative September 1, 2024 projections over a wide range of loss development, loss trending and loss adjustment expense projection methodologies. The assumptions underlying the WCIRB proposed methodologies and the assumptions underlying the alternative projection methodologies are discussed in detail in Section B, Appendices A, B and C.

³ The unallocated loss adjustment expense projection is based on experience through calendar year 2022.

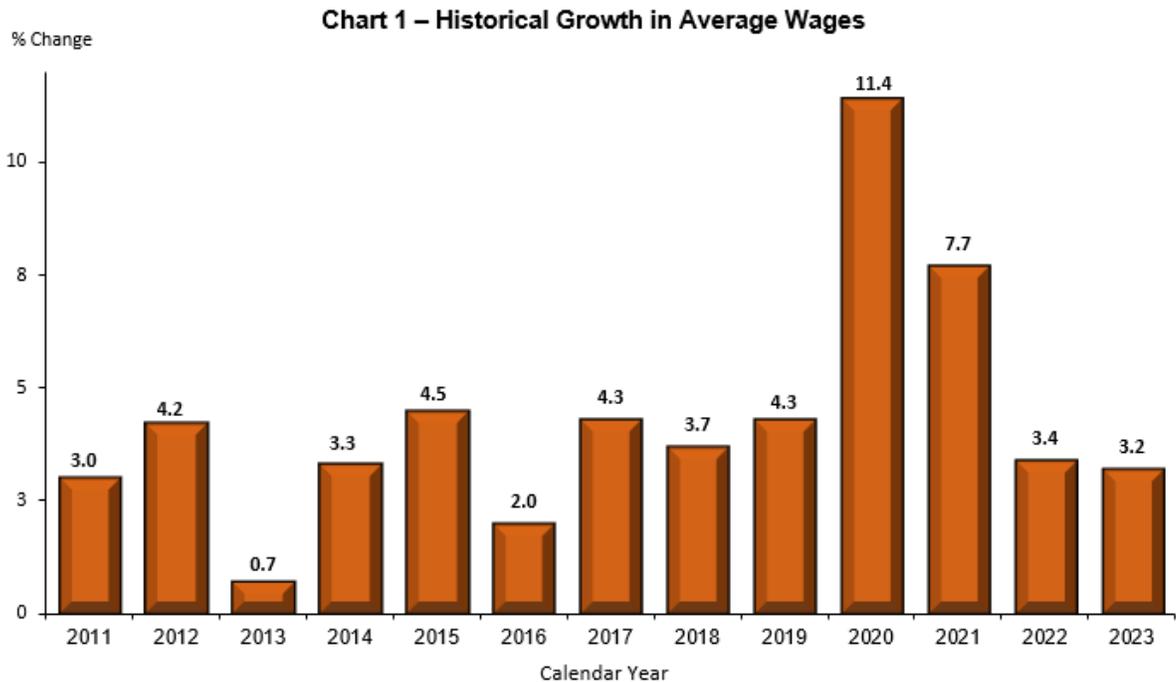
C. System Drivers

Since early 2015, the approved advisory pure premium rate level has declined by approximately one-half. In prior advisory pure premium rate filings, the WCIRB has attributed this improvement to several factors, including downward loss development, acceleration in claim settlement, modest claim severity trends and reduced pharmaceutical costs and lien filings.

Beginning in early 2020, the COVID-19 pandemic significantly impacted the workers’ compensation system. The pandemic, the resulting stay-at-home orders, and the subsequent economic recovery significantly impacted the California economy, as well as many components of the California workers’ compensation system. Among the areas impacted by the pandemic are wage levels, premiums, claim frequency and claim settlements.

- Wage Levels.** Advisory pure premium rates are expressed as a percentage of insured payroll. Not only are insured payroll amounts impacted by changes in employment levels but also by changes in the average wages earned by California workers. As a result, wage growth mitigates inflation effects on loss and loss adjustment expense levels and can reduce pure premium rate level indications.

Chart 1 shows the changes in statewide average wages based on UCLA compilations of U.S. Bureau of Labor Statistics data. As shown, with the sharp loss of employment at low wage levels during the economic downturn in 2020 and with continued decline instead of recovery of low-wage employment in 2021, the overall average wage level rose by 11% in 2020 and 8% in 2021. These growth rates were the highest levels experienced in decades. As discussed in Section B, Appendix B, this atypical growth in average wages in 2020 and 2021 was somewhat artificial and caused by wage distribution shifts as a result of disproportionate loss of low wage employment. The average wage changes in 2022 and 2023 are more comparable to pre-pandemic wage changes.



- Premiums.** Chart 2 shows statewide written premium by calendar year.⁴ As shown, statewide premiums had been declining since 2016, as decreasing insurer charged premium rates more than offset continued economic growth through 2019. The premium decline accelerated sharply in 2020 as insurer rates continued to drop and statewide employment levels also sharply declined due to the COVID-19 pandemic. After a slight decline in 2021, written premium rebounded in 2022 and is consistent in 2023 due to the impact of employment growth as the economy recovered from the pandemic-related downturn.

In addition, 2021 premiums were somewhat deflated by larger than typical return premiums as, for many employers, their actual audited payrolls were less than the pre-pandemic payroll estimates used in initial premium billings. Conversely, atypical amounts of additional audit premiums were collected during 2022 due to the sharp economic recovery. The WCIRB’s on-leveling factors reflected in this filing include adjustments for the distortion in 2020 through 2022 premiums resulting from these atypical audit premiums. These adjustments are described in detail in Section B, Appendix B.

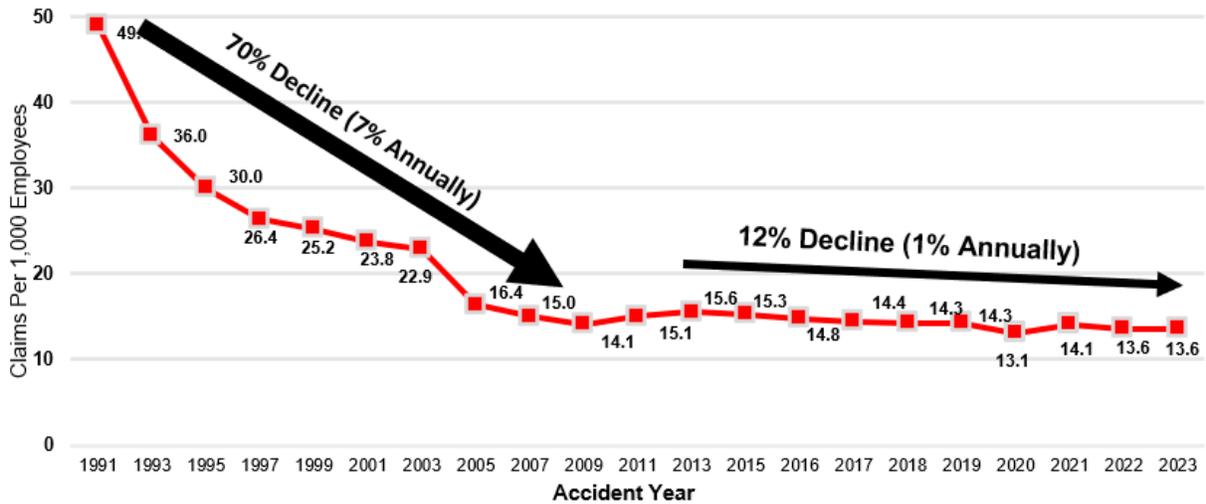
Chart 2 – Insurer Written Premium (in \$Billions)



- Claim Frequency.** As with most other states, claim frequency has declined in California over many decades. This long-term decline has been attributable to a number of factors including a shift to a more service-based economy, increased mechanization and improved employer safety practices. Chart 3 shows the decline in estimated California indemnity claims per 1,000 employees over the last 30 years. As shown, claim frequency declined by 7% per year from 1991 through 2009, while declining by only 1% per year over the last 10 years (excluding COVID-19 claims). This dramatic difference in claim frequency over the 30-year period is to some extent, along with other contributing factors, attributable to a diminishing impact of the previously noted factors that drove much of the significant decline in the early decades.

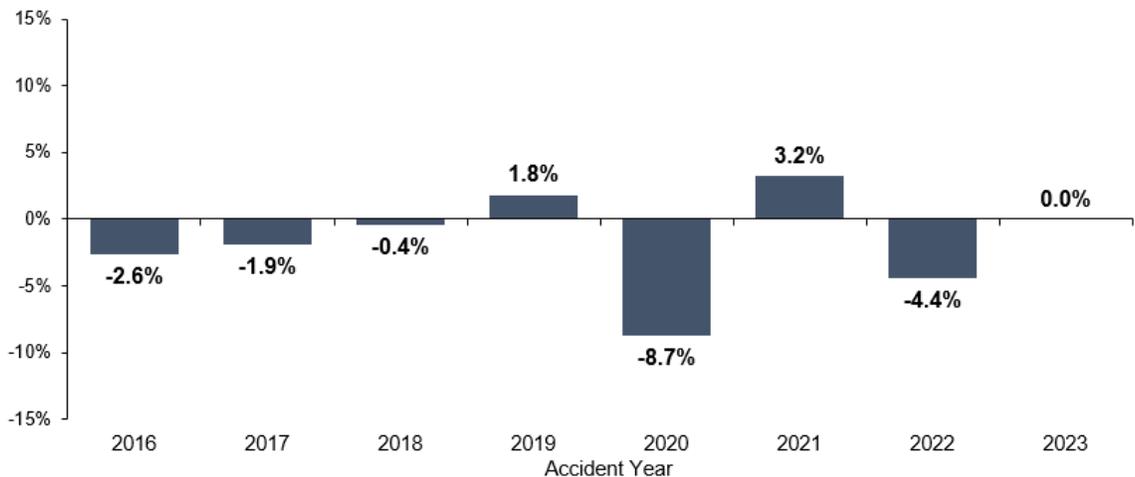
⁴ Amounts shown are gross of deductible credits.

Chart 3 – Indemnity Claims per 1,000 Workers



When COVID-19 claim filings surged during 2020, the frequency of non-COVID-19 claims dropped sharply, in part due to an increase in telecommuting resulting from the then stay-at-home statewide order. As shown on Chart 4, the overall effect was a significant drop in claim frequency for accident year 2020. In 2021, however, there was a bounce-back as the number of indemnity claims grew, with some of this frequency growth likely attributable to an increase in newly hired workers as the economy recovered. After a moderate decline in 2022, the indemnity claim frequency in 2023 was flat. As discussed in Section B, Appendix B, the WCIRB’s forecasted frequency decline for the next several years is consistent with the average frequency decline observed over the last 10 years.

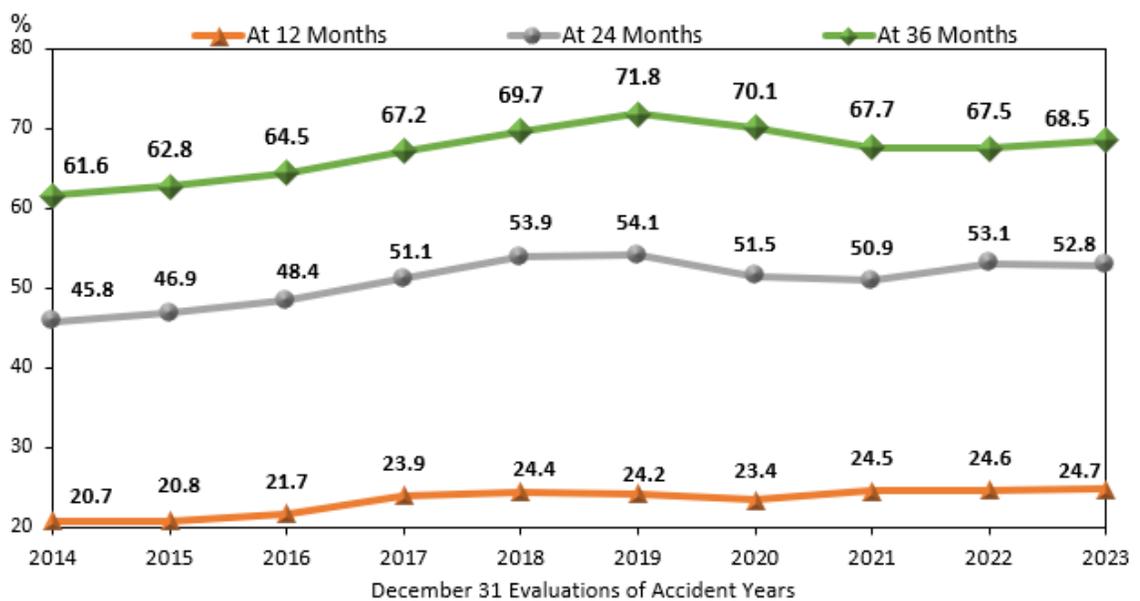
Chart 4 – Indemnity Claim Frequency Change (Class Mix-Adjusted)



- Claim Settlement.** With the implementation of Senate Bill No. 863 (SB 863) beginning in 2013, claim settlement rates increased steadily in California. SB 863 contributed to an accelerated rate at which claims have settled through quicker medical treatment dispute resolution from independent medical review, reduction in the volume of liens and a significant decrease in the number of spinal surgeries. Reduced opioid use, increased anti-fraud efforts and further reductions in liens attributable to Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) also contributed to this acceleration in claim settlement.

Chart 5 shows accident year indemnity claim settlement rates at successive year-end evaluations. As shown, the claim settlement acceleration was beginning to plateau even before the pandemic arose in early 2020. With the pandemic, there was a significant slowdown in the claim settlement process beginning in the second quarter of 2020. Over the most recent calendar year, claim settlement rates have been stable. Changes in the claim settlement rates are generally a leading indicator of changes in paid loss development patterns, and if no adjustment for changes in claim settlement rates is made, paid loss development may be distorted. In particular, the longer-term increase in claim settlement rates in the post-SB 863 environment has likely impacted paid and incurred development at later maturities which can distort projected loss development for this period, if not adjusted. As discussed in Section B, Appendix A, the WCIRB uses a method to project future long-term loss development based on historical paid loss development adjusted for the long-term speedup in settlement rates.

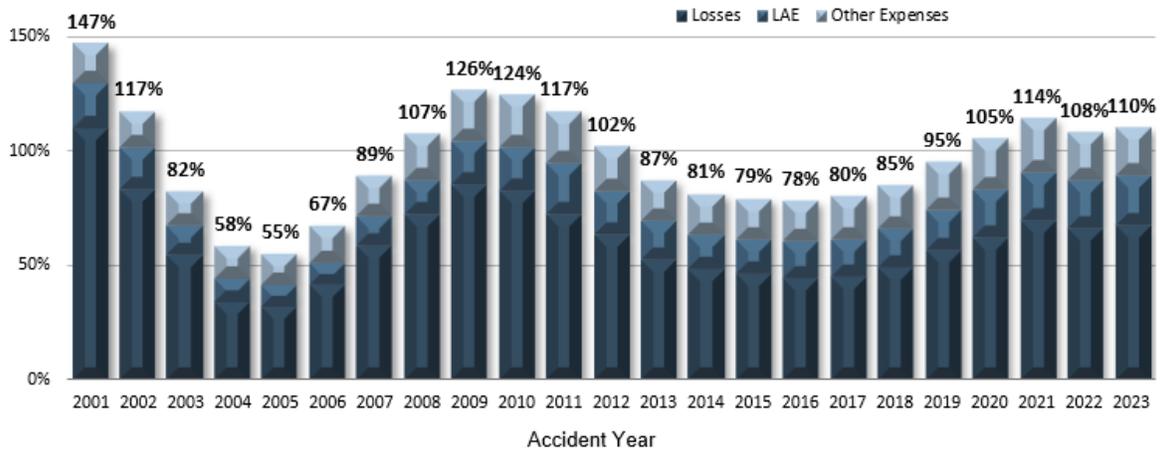
Chart 5 – Indemnity Claim Settlement Ratios



D. Supplemental Insurance Market Information

Chart 6 shows the WCIRB’s projected combined ratios of losses, loss adjustment expenses and other insurer expenses to earned premium by accident year.⁵ Rising claim costs, combined with relatively flat industry average charged rates, led to increasing accident year combined ratios for accident years 2006 through 2009. Since 2010, higher insurer charged rates, modest claim cost trends and lower insurer expense ratios have generally resulted in lower insurer combined loss and expense ratios. More recently, as insurer charged rates decreased, projected combined ratios increased. After peaking at 114% in 2021, the WCIRB’s preliminary estimate of the accident year 2023 combined ratio, including the projected cost of COVID-19 claims, is 110%. This decline since 2021 in the WCIRB’s estimated combined ratio for 2023 is attributable to increased premiums as the economy started recovering from the pandemic-related downturn and modest claim frequency and severity changes.

Chart 6 – WCIRB Projected Ultimate Accident Year Combined Loss and Expense Ratios as of December 31, 2023



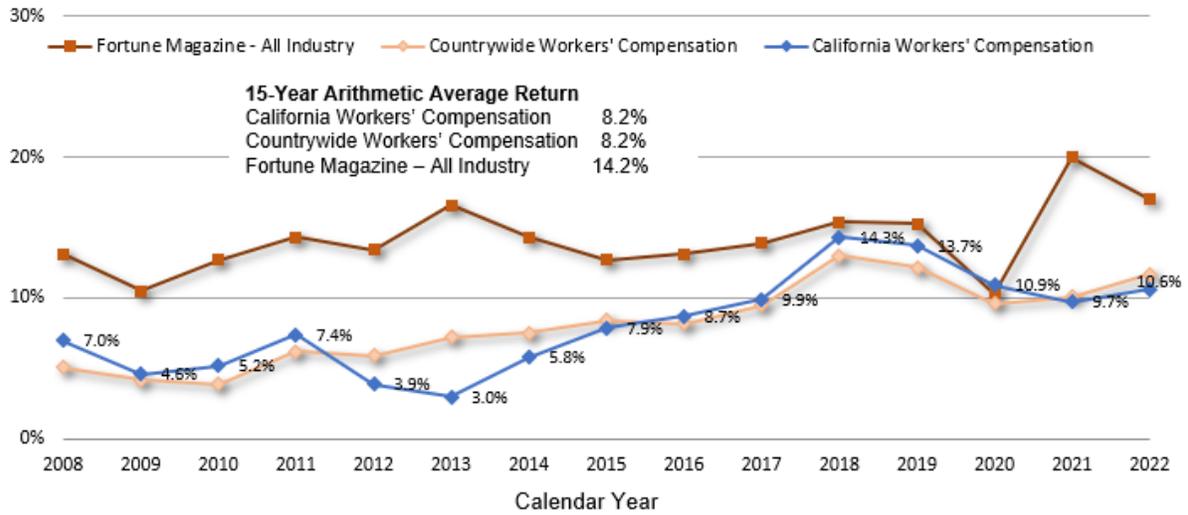
The combined ratios shown in Chart 6 do not include the impact of investment income, federal income taxes or insurer profits. The National Association of Insurance Commissioners (NAIC) annually publishes a summary of total insurer profitability by line of insurance and state that reflects all these components based on calendar year information reported by each insurer to the NAIC. Chart 7 provides a summary of the information published by the NAIC over the last 15 years.

As shown in Chart 7, relatively high loss and expense ratios, as well as relatively low investment returns, led to modest profitability (return on net worth) starting in 2010 before beginning to rise through 2018. The estimated calendar year 2022 return on net worth for California workers’ compensation insurance, as reflected in the most recent NAIC report on profitability,⁶ is 10.6%. This is slightly below the average of the countrywide workers’ compensation return of 11.7% and well below the Fortune Magazine all-industry average return shown in the NAIC report of 17.0%. The long-term 15-year average return on net worth for California workers’ compensation is 8.2%, consistent with that for countrywide workers’ compensation but below the 14.2% for the Fortune Magazine all-industry average.

⁵ These combined ratios reflect WCIRB estimates of ultimate losses and loss adjustment expenses by accident year relative to calendar year earned premiums. Insurers also report calendar year combined ratios, which reflect their paid losses and loss adjustment expenses and changes in reserves reported during a calendar year relative to calendar year earned premium. These two measures of combined ratios may differ. Also, as these are combined underwriting results, they do not reflect overall operating profits, federal income taxes or investment income returns.

⁶ Report on Profitability by Line and State in 2022, NAIC, 2024.

Chart 7 – NAIC Estimates of Average Return on Net Worth



Section A

Proposed Pure Premium Rates

This section sets forth the calculation of the proposed pure premium rates applicable to workers' compensation policies with an effective date on or after September 1, 2024. The pure premium rates included in this section are based on the "Selected (Unlimited) Loss to Payroll Ratio" or, if applicable, the "Selected Loss to Payroll Ratio (Restricted to 25% Change)" for each standard classification as computed in the classification relativities that were included in Section C, Appendix C of the WCIRB's September 1, 2024 Regulatory Filing submitted on February 27, 2024.

In order to determine the proposed pure premium rate for each classification, the selected loss to payroll ratios in Section C, Appendix C of the September 1, 2024 Regulatory Filing are adjusted to reflect (a) the overall indicated difference in the level of losses projected for policies incepting between September 1, 2024 and August 31, 2025, segregated into its indemnity and medical components, (b) the inclusion of loss adjustment expenses (LAE) and (c) the impact of experience rating on pure premium.

The projected indemnity loss factor of 0.9508 is computed as the projected ratio of indemnity losses to pure premium at the approved advisory pure premium rate level as of September 1, 2023 of 0.354 (see Section B, Exhibit 8, line 1) divided by the implied expected provision for indemnity losses in the approved September 1, 2023 advisory pure premium rates of 0.3723.¹ The projected medical loss factor of 1.0297 is computed as the projected ratio of medical losses to pure premium at the approved advisory pure premium rate level as of September 1, 2023 of 0.392 (see Section B, Exhibit 8, line 1) divided by the implied expected provision for medical losses in the approved September 1, 2023 advisory pure premium rates of 0.3807.²

Shown below are the indemnity and medical composite factors, which are the projected indemnity and medical loss factors adjusted for the indicated provision for loss adjustment expenses of 34.0% (see Section B, Appendix C) and the selected experience rating off-balance correction factor of 1.048 (see Section C, Appendix B of the September 1, 2024 Regulatory Filing).

¹ This factor represents the loss provision in the approved September 1, 2023 advisory pure premium rates (i.e., 1/1.328 or 0.7530) apportioned to indemnity based on the indemnity (0.4944) and medical (0.5056) split reflected in the overall selected loss to payroll ratios included in Section C, Appendix C of the September 1, 2024 Regulatory Filing.

² This factor represents the loss provision in the approved September 1, 2023 advisory pure premium rates (i.e., 1/1.328 or 0.7530) apportioned to medical based on the indemnity (0.4944) and medical (0.5056) split reflected in the overall selected loss to payroll ratios included in Section C, Appendix C of the September 1, 2024 Regulatory Filing.

	<u>Indemnity</u>	<u>Medical</u>
(1) Projected Loss Factors		
(a) Projected Loss to Approved Advisory Pure Premium Rate Level as of September 1, 2024	0.354	0.392
(b) Expected Loss Provision in Approved September 1, 2023 Advisory Pure Premium Rates	0.3723	0.3807
(c) Projected Loss Factors: (a) / (b)	0.9508	1.0297
(2) Loss Adjustment Expense Factor	1.340	1.340
(3) Experience Rating Off-Balance Factor	1.048	1.048
(4) Composite Factors: (1c) x (2) x (3)	1.335	1.446

In summary, the proposed September 1, 2024 pure premium rate for each classification is calculated by (a) multiplying the indemnity component shown in the “Selected (Unlimited) Loss to Payroll Ratio” or, if applicable, the “Selected Loss to Payroll Ratio (Restricted to 25% Change)” line on the classification relativity review sheet for the classification included in Section C, Appendix C of the September 1, 2024 Regulatory Filing by the indemnity composite factor of 1.335 shown above, (b) multiplying the medical component shown in the “Selected (Unlimited) Loss to Payroll Ratio” or, if applicable, the “Selected Loss to Payroll Ratio (Restricted to 25% Change)” line on the classification relativity review sheets included in Section C, Appendix C of the September 1, 2024 Regulatory Filing by the medical composite factor of 1.446 shown above, and (c) adding the resulting products.

For example, the proposed September 1, 2024 pure premium rate for Classification 4496, *Plastics – fabricated products mfg.*, of \$4.57 per \$100 of payroll is computed by multiplying the indemnity Selected (Unlimited) Loss to Payroll Ratio of 1.532 (see Section C, Appendix C of the September 1, 2024 Regulatory Filing) by the indemnity composite factor of 1.335 and adding that result to the product of the medical Selected (Unlimited) Loss to Payroll Ratio of 1.747 (see Section C, Appendix C of the September 1, 2024 Regulatory Filing) and the medical composite factor of 1.446.

Proposed September 1, 2024 Pure Premium Rates
Effective September 1, 2024 on New and Renewal Policies
Effective on or after September 1, 2024

Class Code	P.P. Rate*												
0005	4.37	2113	8.21	3066	4.24	3683	0.54	4478	4.76	5187	2.66	6216	3.28
0016	6.42	2116	4.15	3070	0.31	3719	1.73	4492	5.11	5190	3.85	6218	5.12
0034	6.54	2117	6.42	3076	4.87	3724	3.92	4494	5.82	5191	2.05	6220	2.91
0035	4.03	2121	2.60	3081	11.63	3726	1.98	4495	3.01	5192	3.26	6233	1.68
0036	6.78	2123	5.50	3082	10.23	3805	1.26	4496	4.57	5193	0.90	6235	3.72
0038	9.42	2142	2.53	3085	11.55	3808	4.47	4497	4.00	5195	2.53	6237	2.14
0040	3.76	2163	6.49	3099	3.50	3815	4.46	4498	4.80	5201	7.51	6251	3.37
0041	4.01	2222	4.78	3110	5.88	3821	5.86	4499	5.19	5205	4.43	6258	5.03
0042	5.04	2362	12.15	3131	4.04	3828	3.96	4511	0.43	5212	5.14	6307	6.36
0045	4.01	2402	9.37	3146	3.34	3830	1.95	4512	0.13	5213	4.75	6308	3.65
0050	5.99	2413	4.20	3152	3.34	3831	2.77	4557	3.58	5214	4.30	6315	4.59
0079	2.61	2501	5.75	3165	4.03	3840	4.36	4558	2.66	5222	4.60	6316	2.87
0096	4.34	2570	7.44	3169	3.94	4000	3.13	4611	1.31	5225	5.92	6325	3.27
0106	10.24	2571	7.77	3175	3.96	4034	5.13	4623	5.81	5348	4.65	6361	2.25
0171	5.73	2576	6.85	3178	1.83	4036	4.42	4635	2.79	5403	11.28	6364	4.71
0172	3.52	2584	4.67	3179	2.30	4038	6.21	4665	6.98	5432	4.99	6400	4.86
0251	3.94	2585	6.58	3180	4.49	4041	3.05	4683	2.84	5436	4.60	6504	6.24
0400	6.57	2589	4.17	3220	2.02	4049	3.56	4691	1.42	5443	4.92	6834	4.68
0401	8.44	2660	8.75	3241	4.13	4111	2.46	4692	1.42	5446	5.98	7133	1.88
1122	2.17	2683	4.54	3257	4.38	4112	0.31	4717	4.25	5447	2.76	7198	9.43
1320	1.15	2688	6.14	3339	5.15	4114	2.56	4720	3.34	5467	7.05	7207	9.68
1322	3.60	2702	16.80	3365	4.36	4130	6.04	4740	0.88	5470	2.62	7219	6.67
1330	1.88	2710	6.40	3372	4.65	4150	2.41	4771	1.05	5473	9.65	7227	7.15
1438	5.13	2727	19.21	3383	2.59	4239	3.14	4828	2.72	5474	8.01	7232	6.68
1452	2.36	2731	5.77	3400	6.07	4240	7.90	4829	1.63	5479	4.56	7248	1.48
1463	3.88	2757	7.50	3401	3.29	4243	3.88	4831	4.70	5482	4.53	7272	9.80
1624	2.77	2759	5.74	3501	5.42	4244	4.17	4983	3.68	5484	9.22	7332	3.33
1699	1.51	2790	2.04	3507	3.49	4250	3.45	5020	3.18	5485	5.71	7360	5.88
1701	3.08	2797	8.64	3560	2.62	4251	3.64	5027	7.52	5506	4.46	7365	6.82
1710	3.48	2806	5.48	3568	2.10	4279	4.97	5028	4.41	5507	3.47	7382	6.67
1741	3.58	2812	5.26	3569	1.90	4283	2.43	5029	5.04	5538	7.06	7392	6.54
1803	7.95	2819	5.82	3570	3.07	4286	5.88	5040	8.25	5542	2.77	7403	5.11
1925	9.53	2840	2.97	3572	0.73	4295	5.19	5102	5.77	5552	23.51	7405	1.61
2002	7.38	2842	5.26	3573	1.34	4297	0.20	5107	5.09	5553	12.62	7409	5.39
2003	5.60	2852	8.14	3574	2.30	4299	4.04	5108	7.56	5606	0.71	7410	5.12
2014	5.06	2881	7.75	3577	0.89	4304	4.56	5128	1.08	5610	3.18	7421	0.83
2030	4.24	2883	10.05	3612	2.46	4312	9.17	5129	0.40	5632	11.28	7424	1.74
2063	3.75	2915	4.36	3620	5.51	4351	2.61	5130	1.35	5633	4.99	7428	2.51
2081	7.02	2923	3.69	3632	2.51	4354	2.11	5140	1.80	5650	6.40	7429	1.55
2095	6.09	3018	2.14	3634	2.74	4361	1.10	5146	4.89	5951	0.45	7500	2.55
2102	4.95	3022	6.27	3643	1.56	4362	1.05	5160	1.38	6003	7.37	7515	1.25
2107	4.13	3030	7.82	3647	3.96	4410	5.45	5183	5.19	6011	2.90	7520	2.55
2108	4.74	3039	7.38	3651	2.71	4420	8.85	5184	1.93	6204	7.54	7538	2.27
2109	5.87	3040	6.15	3681	0.40	4432	3.80	5185	4.30	6206	3.12	7539	1.51
2111	4.89	3060	6.45	3682	1.08	4470	2.35	5186	1.74	6213	1.81	7580	2.50

*Pure Premium Rates are per \$100 of payroll unless otherwise noted. Note that payroll limitations apply to Classifications 4297, 4512, 7607, 7610, 8601, 8741, 8743, 8749, 8801, 8803, 8807, 8808, 8820, 8822, 8834, 8839, 8859, 8874, 9043, 9151, 9156, 9181 and 9610. Refer to the classification phraseology in Part 3, Section VII of the *California Workers' Compensation Uniform Statistical Reporting Plan – 1995* for more information.

Proposed September 1, 2024 Pure Premium Rates
Effective September 1, 2024 on New and Renewal Policies
Effective on or after September 1, 2024
 (Continued)

Legend:

(A) See below

Class Code	P.P. Rate*												
7600	6.94	8059	3.25	8387	3.20	8808	0.37	9008	6.56	9097	3.03	9610	1.55
7601	2.87	8060	1.65	8388	4.11	8810	0.19	9009	2.76	9101	3.64	9620	3.26
7605	2.11	8061	3.57	8389	2.36	8811	0.19	9010	4.02	9151	0.38		
7607	0.11	8062	1.12	8390	2.88	8812	0.19	9011	3.63	9154	2.07		
7610	0.52	8063	3.32	8391	2.02	8813	0.48	9015	3.67	9155	0.91		
7706	6.59	8064	2.42	8392	3.03	8818	0.33	9016	2.53	9156	3.49		
7707	(A)	8065	2.93	8393	2.41	8820	0.22	9031	3.75	9180	3.31		
7720	2.76	8066	1.85	8397	3.76	8821	0.60	9033	3.22	9181	10.68		
7721	3.49	8071	0.86	8400	2.00	8822	0.41	9043	1.64	9182	1.22		
7722	(A)	8078	1.28	8500	6.00	8823	3.18	9048	2.39	9184	6.41		
7855	2.81	8102	1.74	8601	0.31	8827	2.55	9050	5.64	9185	8.51		
8001	4.47	8106	5.08	8631	(A)	8829	2.83	9053	1.41	9220	6.12		
8004	3.09	8107	2.28	8720	1.48	8830	1.35	9054	2.89	9402	3.48		
8006	3.69	8116	2.10	8729	0.65	8831	1.47	9058	2.49	9403	6.34		
8008	2.10	8117	4.36	8740	0.96	8834	0.89	9059	1.69	9410	0.80		
8010	2.16	8209	5.81	8741	0.11	8838	0.97	9060	3.34	9420	8.03		
8013	1.03	8215	8.27	8742	0.27	8839	0.80	9061	3.95	9422	1.65		
8015	4.11	8227	3.29	8743	0.10	8840	0.26	9066	2.95	9424	4.91		
8017	2.65	8232	5.14	8744	0.27	8846	1.10	9067	1.54	9426	5.60		
8018	5.01	8267	5.39	8745	7.86	8847	6.96	9069	5.04	9501	3.85		
8019	1.58	8278	(A)	8746	0.27	8850	1.32	9070	4.37	9507	2.86		
8021	7.35	8286	8.06	8748	0.58	8851	2.80	9080	2.49	9516	2.31		
8028	4.04	8290	3.14	8749	0.12	8852	1.52	9081	2.49	9519	5.67		
8031	4.00	8291	4.56	8755	0.63	8859	0.02	9082	2.49	9521	3.90		
8032	4.93	8292	7.69	8800	2.94	8868	0.54	9083	2.49	9522	6.17		
8039	2.67	8293	10.71	8801	0.41	8870	0.82	9084	2.49	9529	4.74		
8041	4.74	8304	7.37	8803	0.08	8871	0.12	9085	2.45	9531	2.87		
8042	2.90	8324	2.46	8804	2.39	8874	0.06	9092	1.82	9549	8.32		
8046	2.93	8350	4.53	8806	2.91	8875	0.65	9095	3.14	9552	10.45		
8057	2.88	8370	1.45	8807	0.20	9007	3.33	9096	7.89	9586	1.15		

Per Capita Classifications

Firefighters, Police, Police Deputies, etc.

Class Code	P.P. Rate*
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Firefighting Operations - volunteers	7707	317.63
Police, Sheriffs - volunteers	7722	134.20

Horse Racing Classifications

Horse Racing

Class Code	P.P. Rate*
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Jockeys or Harness Racing Drivers (per race)	8278	317.20
Racing Stables (per occupied stall day)	8631	7.59

*Pure Premium Rates are per \$100 of payroll unless otherwise noted. Note that payroll limitations apply to Classifications 4297, 4512, 7607, 7610, 8601, 8741, 8743, 8749, 8801, 8803, 8807, 8808, 8820, 8822, 8834, 8839, 8859, 8874, 9043, 9151, 9156, 9181 and 9610. Refer to the classification phraseology in Part 3, Section VII of the *California Workers' Compensation Uniform Statistical Reporting Plan – 1995* for more information.

Section B**Computation of Indicated Change in the Advisory Pure Premium Rate Level**

The projected ratio of losses to premium for policies incepting between September 1, 2024 and August 31, 2025 at the approved September 1, 2023 advisory pure premium rate level based on insurer experience through December 31, 2023 is 74.6%. The projected provision for loss adjustment expenses (LAE) is 34.0% of losses. In total, the projected loss and LAE as a percentage of premium at the approved September 1, 2023 approved advisory pure premium rate level is 100.0%. After reflecting a 0.9% indicated increase in the experience rating off-balance correction factor (see Section C, Appendix B of the WCIRB's September 1, 2024 Regulatory Filing), the result is an indicated 0.9% increase in the advisory pure premium rate level.

The data and actuarial methodologies underlying the computation of the indicated average change in the advisory pure premium rates is summarized below. This actuarial analysis is provided by Tony Milano, who is a Vice President and Actuary at the WCIRB and a Fellow of the Casualty Actuarial Society. The methodologies summarized in this Section have also been reviewed by the WCIRB's Actuarial Committee, whose members are also Fellows of the Casualty Actuarial Society.

Computation of Projected Loss to Pure Premium Ratio**A. Calendar Accident Year Experience**

The projected loss to pure premium ratio is based on a review of calendar and accident year experience through 2023, valued as of December 31, 2023 and reported to the WCIRB as of March 25, 2024. A summary of the calendar year premiums and accident year losses through 2023 is shown in Exhibit 1. The experience included in this summary reflects the data reported by insurers representing approximately 100% of the California workers' compensation insurance market in 2023. (The December 31, 2023 experience of insurers that were in liquidation by the fourth quarter of 2023 but wrote a significant portion of the market in prior years has not been reported to the WCIRB and is, therefore, not included in this analysis.)

Exhibit 1 shows the earned premium, the indemnity paid losses and case reserves and the medical paid losses and case reserves as of December 31, 2023 for accident years 1987 through 2023.¹ Exhibit 1 also shows, for informational purposes, the incurred but not reported (IBNR) losses reported by insurers as of December 31, 2023, the total incurred losses including IBNR losses, and the total loss ratio reported for each accident year.

The COVID-19 pandemic has had a significant impact on the workers' compensation insurance system. The experience of COVID-19 claims from accident years 2020 through 2022 reflect earlier and different stages of the pandemic and are likely not indicative of costs incurred for policies incepting between September 1, 2024 and August 31, 2025. As a result, the WCIRB has excluded accident year 2020 to 2022 COVID-19 claims and premium charges from Exhibit 1 and other exhibits in this Section based on the data reported on the WCIRB's Quarterly Call for Experience, which is consistent with the approach used in the last several pure premium rate filings. As COVID-19 has shifted from pandemic to endemic, the WCIRB believes the underlying costs of COVID-19 claims should be included in pure premium rates similar to other types of claims. In addition, the impact of COVID-19 claims is notably smaller in accident year 2023 compared to prior years (see Appendix B, Exhibit 1). As a result, the COVID-19 claims and

¹ As in prior pure premium rate filings, due to a change in the required reporting of medical cost containment program (MCCP) costs beginning July 1, 2010, the paid medical losses shown in Exhibit 1 for accident year 2011 have been adjusted to exclude all MCCP paid costs including the portion of MCCP costs reported in medical losses. The paid medical losses shown in Exhibit 1 for accident years 2010 and prior continue to include all MCCP costs including the MCCP costs reported as allocated loss adjustment expenses.

premium charges for accident year 2023 have been included in Exhibit 1 and the WCIRB's projected loss ratio.

B. Loss Development

The indemnity and medical losses paid and incurred (paid plus case reserves) shown in Exhibit 1 for each accident year are valued as of December 31, 2023. The amount of losses reported for the claims that occur in a particular year will develop over time and the final cost of these claims will not be known for many years. Consequently, the losses reported for each historical accident year as of December 31, 2023 are developed to reflect the estimated ultimate cost of all claims that have occurred during that year.

The historical incurred age-to-age development factors for each annual evaluation period are shown in Exhibits 2.1.1 and 2.1.2 for indemnity and in Exhibits 2.2.1 and 2.2.2 for medical. The historical paid age-to-age development factors for each annual evaluation period are shown in Exhibits 2.3.1 and 2.3.2 for indemnity and Exhibits 2.4.1 and 2.4.2 for medical. These factors represent the historical year-to-year growth in the incurred and paid losses reported at consecutive December 31 evaluation periods.²

The methodology used to develop reported losses to ultimate in this pure premium rate filing is based on the average of the projections using a paid loss development methodology and those using an incurred loss development methodology. The WCIRB's selected paid loss development methodology generally utilizes the latest year paid age-to-age development factor and includes adjustments for the impact of the sharp decreases in pharmaceutical costs that have occurred since 2013 and the updates to medical fee schedules adopted by the Division of Workers' Compensation (DWC) in 2021. The WCIRB's selected incurred loss development methodology generally utilizes the latest year incurred age-to-age development factor through 120 months and the selected paid loss development factor from 120 months to ultimate. These methodologies, which are discussed in detail in Appendix A, are summarized below.

Indemnity Loss Development

The WCIRB is projecting future paid indemnity loss development based on latest year historical paid indemnity age-to-age loss development factors through 108 months and a three-year average of historical paid indemnity age-to-age loss development factors after 108 months. In the last several pure premium rate filings, the WCIRB adjusted paid indemnity loss development through 84 months for the impact of changes in claim settlement rates. However, as shown in Appendix A, Exhibit 2, recent changes in indemnity claim settlement rates have been modest. As a result, the WCIRB has not included that adjustment for this filing.

Although the WCIRB did not include an adjustment to loss development for recent claim settlement rate changes, the longer-term acceleration in claim settlement rates since the Senate Bill No. 863 (SB 863) reforms over a decade ago impacts later period loss development. If fewer claims are expected to be open in more mature periods, then fewer payments are expected to be made on those accident years. In 2020, the WCIRB conducted a study of longer-term loss development, which showed that there is a strong correlation between changes in the proportion of ultimate claims open at a point in time and changes in later period loss development.³ As a result, the WCIRB has adjusted paid loss development applied after 312 months for the post-SB 863 increases in claim settlement rates impacting later period loss development. Exhibits 2.5.3 through 2.5.6 show this adjustment applied to paid indemnity development, which is consistent with the approach used in the last several pure premium rate filings. (See Appendix A for a detailed discussion of this adjustment.)

Exhibits 2.5.1 and 2.5.2 show the WCIRB's projected paid indemnity loss development factors including the adjustment discussed above. Projected paid indemnity development is based on the latest paid indemnity age-to-age development factor through 108 months. Prior WCIRB studies have shown that loss

² Incurred and paid medical loss development factors for accident years 2012 and later shown in Exhibits 2.2 and 2.4 do not include MCCP costs while, for consistency of comparison, medical loss development factors for accident years 2011 and prior continue to include all MCCP costs since these costs cannot be completely segregated from other medical costs.

³ See Item AC19-08-05 of the August 4, 2020 WCIRB Actuarial Committee Agenda.

development at later maturities can be more volatile than at earlier maturities and a longer-term average of age-to-age development factors reduces this volatility. As a result, the WCIRB has based the projected indemnity development from 108 months through 468 months on the average of the latest three paid indemnity age-to-age development factors, with the factors after 312 months adjusted for the impact of changes in claim settlement rates on later period development as discussed above.

Losses continue to develop even after 468 months of maturity. To reflect this long-term development, an additional factor, or tail development factor, is applied to adjust the losses to an ultimate basis. This tail development factor applied to indemnity losses is based on an approach that fits an inverse power curve to a four-year average of the 108-to-120 through 348-to-360 paid indemnity age-to-age factors, adjusted for the long-term impact of changes in claim settlement rates as discussed above and extrapolating the fitted factors to approximately 80 development years. The WCIRB's most recent study of long-term loss development showed that a tail factor based on the inverse power curve fit to a four-year average of paid loss development was the most stable of the alternative methods reviewed.⁴

In 2023, the WCIRB retrospectively reviewed the accuracy of different loss development methodologies in the most recent claims environment.⁵ The WCIRB found that the adjusted paid loss development methodology continued to be among the most accurate of the methods reviewed. This result was consistent with prior WCIRB studies of loss development methodologies during historical claim environments. However, the WCIRB's 2023 review also found that the unadjusted latest year incurred loss development methodology was of comparable accuracy to the adjusted paid method for early development ages (through 108 months) during the most recent period. The WCIRB also found that, particularly for medical, later-period incurred loss development was less accurate and less stable than the later-period paid loss development.

In December 2023, the WCIRB concluded its analysis of a "hybrid" incurred loss development methodology that utilizes incurred development for the early development periods where it has been shown to be accurate recently and paid development for later periods where the incurred age-to-age factors have been less predictive and less stable.⁶ The WCIRB selected 120 months as the point to switch to paid loss development, after which the more volatile incurred loss development was observed. In this methodology, unadjusted latest-year incurred loss development is utilized through 120 months with the WCIRB's selected adjusted paid loss development utilized after 120 months. The average of the most recent three years' ratios of reported paid losses to incurred losses at 120 months is used to convert incurred losses to a paid basis at 120 months. The selected age-to-age and cumulative indemnity loss development factors computed on this basis are shown in the lower section of Exhibit 2.5.1.

The WCIRB's selected indemnity loss development methodology is based on the average of the projections based on the adjusted paid indemnity methodology and hybrid incurred indemnity methodology shown in Exhibits 2.5.1 and 2.5.2 and discussed above. The WCIRB believes utilizing the projections based on the average of these two loss development methodologies is appropriate given the WCIRB's recent retrospective review.

Medical Loss Development

The WCIRB is projecting future paid medical loss development primarily based on latest year historical paid medical age-to-age loss development factors through 108 months and a three-year average of the historical paid medical age-to-age loss development factors after 108 months. The historical paid age-to-age medical loss development factors are shown in Exhibits 2.4.1 and 2.4.2. Paid medical development is adjusted for recent shifts in pharmaceutical cost patterns and the medical fee schedule changes adopted by the DWC in 2021. These adjustments are applied in a manner consistent with the last several pure premium rate filings. (See Appendix A for a detailed discussion of these adjustments.)

⁴ See Item AC19-08-05 of the August 1, 2019 WCIRB Actuarial Committee Agenda.

⁵ See Item AC22-12-05 of the April 13, 2023 WCIRB Actuarial Committee Agenda.

⁶ See Item AC22-12-05 of the December 5, 2023 WCIRB Actuarial Committee Agenda.

The post-SB 863 acceleration in claim settlement rates in older accident years discussed above for indemnity also impacts later period medical loss development. The WCIRB is adjusting paid medical loss development applied after 312 months for recent changes in claim settlement rates impacting longer-term loss development using an approach similar to that applied for indemnity. Exhibits 2.5.9 through 2.5.12 show the computation of this adjustment applied to paid medical loss development.

The WCIRB's selected age-to-age and cumulative paid medical loss development factors, which have been adjusted for the recent decreases in pharmaceutical costs, the medical fee schedule changes adopted by the DWC in 2021, and for the longer-term changes in indemnity claim settlement rates, are shown in Exhibits 2.6.1 and 2.6.2. As with indemnity, age-to-age paid medical development through 108 months is projected using the latest year's factor and development from 108 months through 468 months is projected using an average of the latest three factors, with the adjustments as discussed above. Paid medical loss development beyond 468 months of maturity is estimated by applying an inverse power curve fit to the average of the latest four historical paid medical development factors with the adjustments for changes in pharmaceutical costs levels and the long-term impact of changes in claim settlement rates as described above with respect to indemnity loss development.

Similar to indemnity, the WCIRB's 2023 retrospective review of loss development also found that the unadjusted latest-year incurred medical loss development methodology was of comparable accuracy to the adjusted paid method for early development ages. However, in particular for medical, later-period incurred loss development was less accurate and less stable than the later-period paid medical loss development. As shown in Exhibits 2.2.1 and 2.2.2, recent incurred medical loss development after 120 months has been very flat and this development period has been largely the driver of differences between projections based on paid and incurred loss development methodologies. The WCIRB believes this is in large part driven by the several workers' compensation reforms, the sharp drop in pharmaceutical costs and the long-term increase in claim settlement rates impacting medical costs for older accident years. Although the WCIRB can reasonably review and adjust for these changes in medical payment patterns, their impact on insurer case reserve levels is much more difficult to discern and project.

As with indemnity, the WCIRB is giving weight to a projection based on a hybrid incurred medical loss development methodology that utilizes latest-year incurred medical development through 120 months and the WCIRB's selected adjusted paid medical loss development after 120 months. The selected age-to-age and cumulative medical loss development factors computed on this basis are shown in the lower section of Exhibit 2.6.1.

The WCIRB's selected medical loss development methodology is based on an average of the projections based on the adjusted paid medical methodology and hybrid incurred medical methodology shown in Exhibits 2.6.1 and 2.6.2 and discussed above. The WCIRB believes utilizing the projections based on the average of these two loss development methodologies is appropriate given the WCIRB's recent retrospective review.

Estimated Ultimate Loss Ratios

The historical accident year loss ratios are developed to their projected ultimate values in Exhibits 3.1 through 3.4. Column 1 of Exhibit 3.1 shows the historical reported (undeveloped) paid indemnity losses as a ratio to calendar year earned premium as of December 31, 2023. Column 2 of Exhibit 3.1 shows the age-to-age paid indemnity development factor selected for each evaluation period from Exhibits 2.5.1 and 2.5.2. Column 3 of Exhibit 3.1 shows the cumulative paid indemnity development factor for each period. Column 4 of Exhibit 3.1 shows the projected ultimate indemnity loss ratio for each accident year based on the cumulative paid indemnity loss development factor shown in column 3 and the reported paid indemnity loss ratio shown in column 1. Columns 1 through 4 of Exhibit 3.2 show analogous information for the hybrid incurred indemnity loss development methodology. Column 5 of Exhibit 3.2 shows the WCIRB's selected ultimate indemnity loss ratio for each accident year based on the average of column 4 of Exhibit 3.1 and column 4 of Exhibit 3.2.

Column 1 of Exhibit 3.3 shows the historical reported (undeveloped) paid medical losses as a ratio to calendar year earned premium as of December 31, 2023.⁷ Column 2 of Exhibit 3.3 shows the historical paid medical loss ratios as of December 31, 2023 estimated at a 2018 pharmaceutical cost level by adjusting the medical payments made prior to 2018 for the estimated decrease in pharmaceutical costs through 2018. These loss ratios for accident years 2013 and later are also adjusted to a 2021 Official Medical Fee Schedule (OMFS) and Medical Legal Fee Schedule (MLFS) level. These loss ratios form the basis to which the age-to-age and cumulative paid medical loss development factors, which are also adjusted to a 2018 pharmaceutical cost level and 2021 OMFS and MLFS level, are applied. Column 3 of Exhibit 3.3 shows the age-to-age paid medical development factor selected for each evaluation period. Column 4 of Exhibit 3.3 shows the cumulative medical development factor for each period. Column 5 of Exhibit 3.3 shows the developed medical loss ratio for each accident year adjusted to a 2018 pharmaceutical cost level and 2021 OMFS and MLFS level based on the adjusted cumulative medical loss development factor shown in column 4 and the adjusted paid medical loss ratio shown in column 2. These loss ratios are used for the sole purpose of computing the indicated September 1, 2024 pure premium rate level and do not reflect the actual WCIRB estimates of projected ultimate loss ratios for those years. Column 6 of Exhibit 3.3 shows, for informational purposes, the projected ultimate medical loss ratios based on combining the unadjusted paid medical loss ratio from column 1 and the projected medical development derived from columns 2 and 5. Columns 1 through 6 of Exhibit 3.4 show analogous information for the hybrid incurred medical loss development methodology. Column 7 of Exhibit 3.4 shows the WCIRB's selected developed medical loss ratio for each accident year based on the average of column 5 of Exhibit 3.3 and column 5 of Exhibit 3.4.

C. Cost Level Adjustments to Losses

Each year's historical losses, once developed to an ultimate basis, are adjusted or "on-leveled" to reflect various measurable economic or claims-related changes that have occurred since the time that year's claims were incurred or are expected to occur during the period the pure premium rates will be in effect. In this way, each year's on-level ratios of losses to premium are on a more comparable basis and can be used to project future ratios of losses to premium. Each of these adjustments are described in detail in Appendix B.

Exhibits 4.1 through 4.4 show the adjustments made to losses to reflect the changes in the cost of selected loss components that can be specifically measured. Exhibit 4.1 displays the average impact on indemnity benefits of legislative and regulatory changes as well as wage inflation. Specifically, column 1 of Exhibit 4.1 shows the impact of legislative or regulatory changes or judicial actions on indemnity claim severities. These adjustments include the anticipated increase in minimum and maximum temporary disability and permanent total disability benefits made by the DWC each year based on the changes in state average weekly wage levels on which these benefits are statutorily based. Column 2 of Exhibit 4.1 shows the estimated impact of these annual changes on indemnity claim frequencies.

Even without statutory benefit changes, wage inflation will impact the cost of indemnity benefits. Column 3 of Exhibit 4.1 shows the impact of wage inflation on indemnity benefits. These estimated wage inflation effects are generally based on (a) the most current historical and average of the UCLA Anderson School of Business and California Department of Finance forecast changes in California annual wages as shown in Exhibit 5.1, (b) the distribution of the weekly wages of injured workers and (c) the schedule of statutory benefits in effect for each year. The forecast changes in wages impacting indemnity benefits for accident years 2020 through 2022 also include the adjustments to changes in average wage levels for shifts in the industrial mix and shifts in the wage distribution within industries attributable to the pandemic-related economic slowdown and recovery, as discussed in Appendix B. Column 4 of Exhibit 4.1 shows the total annual cost impact of statutory benefit changes and wage inflation on indemnity losses. Column 5 of Exhibit 4.1 shows the factor to adjust each historical accident year's estimated ultimate indemnity losses to the level expected for policies incepting between September 1, 2024 and August 31, 2025.

⁷ Medical loss ratios shown for accident years 2011 and subsequent do not include M CCP costs while those for accident years 2010 and prior include M CCP costs.

Exhibits 4.2 through 4.4 show the adjustment of medical losses to a current, or on-level basis. Exhibit 4.2 shows the impact of non-legislative factors on medical costs. For many years, many medical service components, such as physician services, inpatient and outpatient facility fees, pharmaceuticals and medical-legal costs have been subject to fee schedules. Column 3 of Exhibit 4.2 shows the average impact of regulatory changes in fee schedules on total medical costs by accident year based on the WCIRB's cost analysis of the fee schedule changes.

Some workers' compensation medical costs are not subject to fee schedules. As a result, the portion of each historical accident year's medical losses that is not subject to fee schedules is adjusted to reflect the anticipated general medical cost level during the period in which the proposed pure premium rates will be in effect. The cost adjustments used in this analysis are shown in column 4 of Exhibit 4.2. The historical values are based on the "Medical Care" component of the Consumer Price Index (CPI) as published by the U.S. Bureau of Labor Statistics and the California Department of Finance. Projected values are based on the average of California Department of Finance forecasts of medical inflation for the Los Angeles and San Francisco regions. Column 6 of Exhibit 4.2 shows the combined impact of fee schedule changes and general medical inflation on non-legislative medical cost components by accident year.

Legislative and regulatory changes and judicial actions also impact the cost of medical benefits. Exhibit 4.3 shows the impact of legislative, regulatory, and judicial activity on medical costs. The factors in column 1 of Exhibit 4.3 reflect the impact on medical costs per claim of statutory reforms, legislative changes, regulatory changes and judicial action not otherwise reflected in the WCIRB's adjustments to paid medical loss development. The factors in column 2 of Exhibit 4.3 reflect the impact on medical costs of the changes in the frequency of indemnity claims as a result of statutory benefit changes.

The combined impact of both measurable legislative and non-legislative changes on medical costs is shown in Exhibit 4.4. Column 4 of Exhibit 4.4 shows the medical on-level factor used to adjust each historical accident year's estimated ultimate medical losses to the level expected for policies incepting between September 1, 2024 and August 31, 2025. This medical on-level factor does not reflect the SB 863-related reductions to pharmaceutical costs and 2021 changes to the OMFS and MLFS, which are reflected in adjustments to paid medical loss development. Column 5 of Section B, Exhibit 4.4 shows a medical on-level factor for 2012 and forward that includes the full impact of these changes for use in the hybrid incurred projections that do not reflect the impact of these changes in medical loss development.

D. Wage and Premium Adjustments

As with accident year losses, each historical year's earned premium is adjusted to a common, or on-level, basis. The adjustments made to historical premium amounts are also discussed in detail in Appendix B.

Exhibit 5.1 displays the adjustment made to historical premiums to reflect changes in wage levels. Pure premium rates are expressed as a percentage of payroll. Consequently, the reported premium for each year reflects the wages paid during that year. To determine the level of pure premium needed to fund the cost of losses and loss adjustment expenses incurred on policies incepting between September 1, 2024 and August 31, 2025, the premium reported for each year is adjusted to reflect the wages anticipated to be paid during the period these policies will be in effect. The estimated changes in annual California wages shown in column 1 of Exhibit 5.1 are based on historical Bureau of Labor Statistics data through 2023 and the average of wage level forecasts produced by the UCLA Anderson School of Business (as of March 2024) and California Department of Finance (as of November 2023) for 2024 through 2026. The forecast changes in wages for calendar years 2020 through 2022 also include the adjustments to changes in average wage levels for shifts in the industrial mix and shifts in the wage distribution within industries attributable to the pandemic-related economic slowdown and recovery, which is consistent with the approach used in the September 1, 2023 Pure Premium Rate Filing and discussed in Appendix B.

The amount of premium generated during a particular year is based on the rates in effect during that year. The earned premium amounts shown in Exhibit 1 and reflected in the loss ratios shown in Exhibits 3.1 through 3.4 reflect the actual rates charged by insurers including the impact of most rating plan

adjustments such as schedule rating.⁸ To determine the indicated change in the approved advisory pure premium rate level as of September 1, 2023, the earned premium generated for each year is adjusted to reflect the premium that would have been generated had the approved advisory pure premium rates as of September 1, 2023 been charged during that year. This adjustment is shown in columns 2a, 2b and 2c of Exhibit 5.2.

Column 2a of Exhibit 5.2 shows the ratio of the industry average charged rate to the average advisory pure premium rate for each calendar year subsequent to the implementation of competitive rating in 1995. Column 2b of Exhibit 5.2 shows the factors needed to adjust the earned premium for each calendar year to the current (September 1, 2023) approved advisory pure premium rate level. Column 2c of Exhibit 5.2 shows the combined effect of the rate adjustments in columns 2a and 2b, which are the factors needed to adjust each year's earned premium to the premium that would have been earned had the approved advisory pure premium rates as of September 1, 2023 been charged during that year.

In addition to the adjustment to a common wage and pure premium rate level, the premium reported for each year is adjusted for (a) the surcharge premium generated under the Minimum Rate Law through 1995, (b) the average experience modification for each year, (c) the current experience rating off-balance correction factor and (d) the impact of significant changes in audit premium during the Great Recession (for 2007 through 2010) and the pandemic-related economic downturn (for 2020 through 2022).⁹ These adjustment factors are shown in Exhibit 5.2, columns 3, 4, 5 and 6, respectively.

Column 7 of Exhibit 5.2 shows the combined on-level factor for each year that reflects the impact of all the premium adjustment factors applied by the WCIRB.

E. Trending of On-Level Ratios

The loss ratios shown for historical accident years, once adjusted to an ultimate and on-level basis, are trended forward to project the indicated loss ratio for policies incepting between September 1, 2024 and August 31, 2025. The WCIRB's selected trending methodology applies separate projections of growth in claim frequency and claim severity to the latest two accident year on-level loss ratios, which is consistent with the methodology used in the last several pure premium rate filings. The WCIRB believes separately analyzing frequency and severity trends is particularly appropriate in the current environment given the uncertainty in projecting costs coming out of the COVID-19 pandemic for which the frequency and severity of claims are likely impacted by different forces. In addition, prior WCIRB retrospective reviews of trending methodologies have found that methods based on separate frequency and severity projections have generally been more accurate than the alternative approaches reviewed, particularly during periods of transition.¹⁰

Exhibits 6.1 through 6.4 show the information upon which the separate frequency and severity projections are based. Exhibits 7.1 through 7.4 summarize the computation of the projected on-level loss to pure premium ratio for policies incepting between September 1, 2024 and August 31, 2025. Separate projections are made for the indemnity and medical components. These trending methodologies are also discussed in detail in Appendix B.

Trended On-Level Indemnity Loss Ratio

Column 1 of Exhibit 7.1 shows the indemnity loss to pure premium ratios developed to an estimated ultimate level. These developed loss ratios are then adjusted for the impact of changes in statutory benefit levels and wage inflation on indemnity benefits from Exhibit 4.1 and the premium level adjustments from Exhibit 5.2 to produce the on-level indemnity ratios shown for 2023 and prior accident years in column 4 of Exhibit 7.1. These on-level loss ratios reflect the ratio of estimated ultimate indemnity losses to premium for each year as though the statutory benefit level and projected wages underlying

⁸ These premiums do not reflect the impact of deductible credits, retrospective rating plan adjustments or terrorism charges. These premiums also do not reflect insurer COVID-19 premium charges for calendar years 2021 and 2022.

⁹ See Item AC21-03-05 of the March 21, 2023 WCIRB Actuarial Committee Agenda.

¹⁰ See Item AC12-12-02 of the August 2, 2017 and March 19, 2018 WCIRB Actuarial Committee Agendas.

policies incepting between September 1, 2024 and August 31, 2025 had been in effect for each historical year and the premium for each historical year had been generated at the approved advisory pure premium rate level as of September 1, 2023 and at the average wage level projected for policies incepting between September 1, 2024 and August 31, 2025. These indemnity on-level loss ratios are also shown graphically in Exhibit 7.2.

The WCIRB's projected change in claim frequency for accident year 2023 is based on the preliminary actual claim frequency change as of 12 months, which is consistent with the approach used in the last several pure premium rate filings. This measure is estimated as a ratio of changes in reported indemnity claim counts from accident year 2022 to accident year 2023 as of December 31, 2023 adjusted to an "intra-class" level for estimated shifts in industrial mix impacting claim frequency relative to changes in statewide employment adjusted for estimated shifts in industrial mix impacting exposure levels. COVID-19 claims are excluded from accident years 2022 and 2023 in this computation in order to compute the estimated indemnity claim frequency change on a consistent basis. The WCIRB's 2021 comprehensive review of the WCIRB's claim frequency model and projections suggested that this approach of using actual frequency information was more accurate compared to the change forecast based on the WCIRB's frequency model and comparable in accuracy to other approaches reviewed.¹¹ This results in a projected "intra-class" claim frequency change of 0.0% for accident year 2023, which is shown in Appendix B, Exhibit 2.

Consistent with the last several pure premium rate filings, projected frequency changes for accident years 2024 through 2026 are based on the WCIRB's econometric indemnity claim frequency model. The model is based on a long-term forty-year history of frequency changes in relation to changes in indemnity benefit levels, economic factors, and other claims-related factors and excludes the impact of shifts in classification mix (i.e., "intra-class" frequency). In the last several pure premium rate filings, the WCIRB's indemnity claim frequency model included a fitted constant term that was partially tempered to in part reflect long-term growth in the cumulative injury index (CII) explanatory variable. As part of its 2021 comprehensive study of the claim frequency model, the WCIRB considered modeling future values of the CII using a time series forecast. The WCIRB found that forecasting the CII significantly improved the predictive accuracy of the model and alleviated the need to adjust the constant term.¹² However, due to unusual patterns in the filing of cumulative trauma claims during the COVID-19 pandemic, the WCIRB recommended not using this model until stable values in the CII could be observed. Earlier this year, the WCIRB reviewed cumulative injury claim filing patterns and found that they have stabilized to a level where the WCIRB believes the indemnity claim frequency model using the CII forecast produces a more accurate projection.¹³ As a result, the WCIRB used this model to forecast the indemnity claim frequency changes for accident years 2024 through 2026. Exhibit 6.1 shows the WCIRB's indemnity claim frequency model forecasts. The forecasts for 2024 through 2026 reflect economic data included in the March 2024 UCLA forecast. This results in modest annual decreases in intra-class indemnity claim frequency forecast for accident years 2024 through 2026.

To project the average annual on-level indemnity severity trend, the WCIRB reviewed historical changes in on-level indemnity severities over both a long-term and short-term period. Exhibit 6.2 shows estimated ultimate and on-level indemnity severities by accident year. Long-term on-level indemnity severity growth since 1990 is 0.7% per year, which includes prior periods of sharp average severity growth as well as more recent periods of declining indemnity severities. On-level indemnity claim severities have fluctuated somewhat during the last five years with some increases and decreases. Earlier this year, the WCIRB reviewed the impact of a recent shift in the mix of injury types towards a greater proportion of claims with only temporary disability benefits compared to those with permanent disability benefits. As temporary disability-only claims cost less on average, this mix shift has dampened indemnity severity trends by about 2% to 3% per year since 2016.¹⁴ It is unclear how much of this shift towards more temporary

¹¹ See Item AC21-12-07 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

¹² See Item AC21-12-07 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

¹³ See Item AC21-12-07 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

¹⁴ See Item AC24-03-03 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

disability-only claims will continue into the future. Without this shift, on-level indemnity severities would have grown by more than 2% per year on average since 2016 compared to the flat growth observed. Given these considerations, the WCIRB has selected a 1.0% average annual on-level indemnity severity trend, which is the approximate long-term annual rate of growth and half of the growth estimated under a stable injury type mix. This trend is also consistent with that reflected in the WCIRB's September 1, 2023 Pure Premium Rate Filing.

As in prior pure premium rate filings, the WCIRB has based the projected loss ratio on applying separate frequency and severity projections to the average of the two most recent accident years. Column 4 of Exhibit 7.1 shows the projected indemnity loss ratio for policies incepting between September 1, 2024 and August 31, 2025 based on the accident year 2022 and 2023 on-level indemnity ratios adjusted by the WCIRB's selected frequency projections and a 1.0% average annual on-level indemnity severity trend projection. The indemnity loss ratio projected on this basis is 0.354.

Trended On-Level Medical Loss Ratio

Exhibit 7.3 shows accident year on-level medical loss to pure premium ratios, which have been computed in a manner similar to those for indemnity. These on-level ratios are also displayed graphically in Exhibit 7.4.¹⁵

Similar to indemnity, the WCIRB recommends projecting the on-level medical loss ratio for policies incepting between September 1, 2024 and August 31, 2025 based on the latest two accident year on-level medical loss ratios adjusted separately for projected frequency and severity trends. The projected on-level medical loss ratios shown in column 4 of Exhibit 7.3 reflect the same frequency change projections used in the indemnity loss projection.

Exhibit 6.3 shows estimated ultimate medical severities by accident year. As discussed above, medical losses shown for accident years 2011 and subsequent do not include MCCP costs while those for accident years 2010 and prior do include MCCP costs. In order to compare medical severity trends on a consistent basis, Exhibit 6.4 shows estimated ultimate medical severities with MCCP costs included in all years. Additionally, Exhibit 6.4 also shows for accident years 2005 and later estimated ultimate medical severities exclusive of MCCP costs for all years with estimated MCCP costs excluded from accident years 2010 and prior based on calendar year MCCP paid costs from WCIRB aggregate financial data calls.

As shown in Exhibit 6.4, since 1990, long-term on-level medical severity growth in California has averaged 4.5% per year. This long-term average trend includes periods of reforms in which medical severities have been flat to declining and "post-reform" periods of sharp medical severity growth. In the early to mid-2010s, with the enactment of SB 863 and subsequent reforms, on-level medical severities were generally flat to declining. Since 2017, on-level medical severities have been growing modestly on average. Similar to indemnity, changes in average medical severities in recent years have also been deflated by about 2% to 3% per year due to the shift towards a smaller share of permanent disability claims.¹⁶

Similar to indemnity, the WCIRB is basing projected average on-level medical severity growth on a review of long-term and short-term historical medical severity trends as well as future considerations of average medical costs. For medical in particular, losses occurring on policies incepting between September 1, 2024 and August 31, 2025 will be paid over a very extended period as, for example, over one-half of policy year 2025 losses are expected to be paid in 2028 or later and over one-quarter in 2033 or later. In addition, medical cost levels are impacted by when services are provided rather than by when the injury occurred. As a result, it is particularly important to consider long-term medical severity trends in addition to short-term trends in projecting future growth in medical severities. Also, it is unclear if the recent patterns of reduced utilization of medical services and lower levels of permanent disability claims will

¹⁵ As discussed above, projections of on-level medical loss ratios for accident years 2011 and subsequent do not include MCCP costs while those for accident years 2010 and prior include MCCP costs. As a result, comparisons between the ratios shown in Exhibits 7.3 and 7.4 for 2010 and prior with those for 2011 and subsequent cannot be made on a consistent basis.

¹⁶ See Item AC24-03-03 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

continue indefinitely into the future. Finally, the high levels of general inflation experienced in the recent economy can impact increases in the Medicare fee values upon which many of the California medical fee schedules are statutorily based. Given these considerations, the WCIRB selected an average annual on-level medical severity trend of 2.0%.

Column 4 of Exhibit 7.3 shows the projected medical loss ratio for policies incepting between September 1, 2024 to August 31, 2025 based on the latest two accident year on-level medical loss ratios adjusted by the WCIRB's selected frequency projections and an average annual medical severity trend projection of 2.0% per year. The medical loss ratio projected on this basis is 0.392.

Computation of Projected Loss Adjustment Expenses

The WCIRB's projection of the cost of LAE on policies incepting between September 1, 2024 and August 31, 2025 is discussed in Appendix C. As indicated in Appendix C, the WCIRB estimates that the ratio of total LAE to losses is 34.0%.

Computation of Experience Rating Off-Balance Factor

The WCIRB's projection of the indicated experience rating off-balance factor for policies incepting between September 1, 2024 to August 31, 2025 is discussed in Section C, Appendix B of the WCIRB's September 1, 2024 Regulatory Filing. As indicated in that filing, the WCIRB projects an experience rating off-balance factor for policies incepting between September 1, 2024 and August 31, 2025 of 1.048, which is 0.9% higher than the current experience rating off-balance factor effective September 1, 2023.

Computation of the Indicated Change in the Pure Premium Rate Level

Line 1 of Exhibit 8 displays the projected ratios of on-level indemnity and medical losses to premium at the approved advisory pure premium rate level as of September 1, 2023 as computed in Exhibits 7.1 and 7.3. The projected ratio of total losses to premium is 0.746. Line 2 of Exhibit 8 shows the estimated ratio of LAE to losses of 34.0% (see Appendix C). Line 3 of Exhibit 8 shows the projected loss and LAE ratio of 1.000. Line 4 of Exhibit 8 shows the 0.9% indicated change in the experience rating off-balance correction factor for policies incepting between September 1, 2024 and August 31, 2025 (see Section C, Appendix B of the WCIRB's September 1, 2024 Regulatory Filing). Line 5 of Exhibit 8 shows the indicated 0.9% change in the advisory pure premium rate level.

**California Workers' Compensation
Accident Year Experience as of December 31, 2023**

<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	1,509,783,963	5,592,395	1,347,173,629	36,404,858	14,493,524	2,913,448,369	0.666
1988	5,172,689,663	1,707,469,549	4,547,176	1,556,564,284	18,759,780	28,145,272	3,315,486,061	0.641
1989	5,675,354,099	1,943,971,133	4,702,094	1,817,165,282	29,541,531	36,406,012	3,831,786,052	0.675
1990	5,704,833,514	2,267,226,508	4,329,062	2,062,895,664	25,718,489	49,044,281	4,409,214,004	0.773
1991	5,866,830,467	2,488,103,067	10,815,405	2,220,055,589	27,711,666	47,657,500	4,794,343,227	0.817
1992	5,685,646,721	1,985,997,254	9,014,450	1,782,330,539	28,859,732	39,258,656	3,845,460,631	0.676
1993	5,935,051,898	1,699,903,018	7,889,079	1,529,938,509	40,452,590	90,198,736	3,368,381,932	0.568
1994	5,031,286,773	1,637,130,910	13,137,820	1,489,927,745	52,059,724	35,184,358	3,227,440,557	0.641
1995	3,789,372,110	1,776,526,063	17,748,345	1,654,731,751	70,377,737	37,719,421	3,557,103,317	0.939
1996	3,746,680,214	1,970,666,406	22,399,107	1,752,007,771	63,595,440	43,784,410	3,852,453,134	1.028
1997	3,926,898,608	2,337,837,413	23,658,005	2,054,834,629	68,037,305	84,509,373	4,568,876,725	1.163
1998	4,332,127,034	2,794,331,101	31,161,991	2,717,651,572	134,686,354	172,525,654	5,850,356,672	1.350
1999	4,550,437,880	3,071,348,974	31,111,703	3,106,457,459	98,422,429	211,943,685	6,519,284,250	1.433
2000	5,920,961,162	3,457,431,182	44,440,039	3,640,459,477	133,238,642	340,205,136	7,615,774,476	1.286
2001	10,108,322,683	4,889,977,757	59,063,964	5,484,008,965	198,305,705	575,154,702	11,206,511,093	1.109
2002	13,309,435,814	4,795,468,254	57,404,986	5,567,435,748	190,206,173	798,842,832	11,409,357,993	0.857
2003	19,280,128,929	4,590,519,223	95,525,376	5,155,879,794	201,764,185	1,164,331,705	11,208,020,283	0.581
2004	23,014,791,568	3,253,459,848	86,767,261	4,149,774,175	182,618,305	1,272,891,122	8,945,510,711	0.389
2005	21,384,360,071	2,586,308,753	72,504,803	3,759,547,802	148,529,764	1,030,297,595	7,597,188,717	0.355
2006	17,221,780,296	2,683,302,967	73,595,238	3,883,411,127	180,296,755	673,737,210	7,494,343,297	0.435
2007	13,260,139,026	2,832,428,040	82,144,217	4,157,500,184	186,211,668	640,983,389	7,899,267,498	0.596
2008	10,744,447,308	2,889,109,746	98,789,034	4,152,974,886	208,860,658	343,606,973	7,693,341,297	0.716
2009	8,873,155,994	2,779,686,260	91,874,360	3,991,283,033	220,186,025	301,722,072	7,384,751,750	0.832
2010	9,374,814,819	2,801,868,172	78,464,314	4,085,508,174	152,249,060	379,795,115	7,497,884,835	0.800
2011	10,120,427,050	2,780,185,288	93,912,213	3,720,429,247	193,390,242	655,830,227	7,443,747,217	0.736
2012	11,699,330,284	2,855,701,715	109,788,266	3,659,005,098	199,864,933	576,798,960	7,401,158,972	0.633
2013	14,161,005,539	2,899,813,074	106,154,597	3,503,182,733	207,202,785	1,032,647,338	7,749,000,527	0.547
2014	15,986,106,452	3,075,283,400	128,875,839	3,484,874,971	233,775,373	1,405,362,734	8,328,172,317	0.521
2015	17,060,021,462	3,154,189,727	156,239,655	3,440,487,580	275,504,054	1,691,952,552	8,718,373,568	0.511
2016	17,949,045,779	3,100,498,849	188,882,546	3,357,343,176	310,427,644	1,665,127,336	8,622,279,551	0.480
2017	17,671,411,530	3,048,179,320	260,565,788	3,310,042,543	419,903,390	1,718,326,592	8,757,017,633	0.496
2018	17,426,671,333	3,084,254,256	349,564,223	3,408,022,353	538,707,556	1,721,103,168	9,101,651,556	0.522
2019	16,116,850,562	3,129,324,460	511,819,064	3,346,956,924	672,192,827	2,770,338,382	10,430,631,657	0.647
2020	14,095,940,927	2,570,075,689	601,363,594	2,736,519,368	818,981,341	1,947,463,126	8,674,403,118	0.615
2021	13,597,391,304	2,312,662,935	857,605,734	2,463,537,851	1,166,711,751	2,403,133,359	9,203,651,630	0.677
2022	15,309,332,883	1,702,818,185	1,105,367,832	1,851,950,037	1,522,429,057	3,596,197,406	9,778,762,517	0.639
2023	15,735,363,716	607,192,287	884,962,558	744,675,330	1,575,984,053	5,789,763,662	9,602,577,890	0.610

* 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. COVID-19 claims and COVID-19 premium charges are excluded from 2020 to 2022.

Incurred Indemnity Loss Development Factors

Accident Year	Age-to-Age (in months)															
	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
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2009	1.983	1.293	1.142	1.076	1.048	1.024	1.019	1.014	1.009	1.006	1.007	1.006	1.005	1.002	1.003	1.001
2010	1.994	1.315	1.131	1.069	1.045	1.026	1.016	1.012	1.006	1.004	1.004	1.004	1.003	1.002	1.002	1.004
2011	1.997	1.277	1.133	1.061	1.037	1.022	1.019	1.011	1.008	1.007	1.004	1.004	1.003	1.002	1.006	1.001
2012	1.992	1.279	1.113	1.063	1.041	1.023	1.016	1.013	1.007	1.007	1.004	1.004	1.003	1.004	1.004	1.002
2013	1.931	1.259	1.111	1.055	1.032	1.020	1.013	1.007	1.006	1.006	1.005	1.005	1.002	1.005	1.001	1.003
2014	1.960	1.278	1.115	1.059	1.029	1.016	1.011	1.006	1.009	1.007	1.007	1.006	1.005	1.003	1.003	1.001
2015	1.969	1.260	1.101	1.047	1.027	1.017	1.008	1.008	1.009	1.006	1.007	1.006	1.005	1.002	1.003	1.001
2016	1.941	1.246	1.095	1.046	1.026	1.017	1.011	1.011	1.008	1.008	1.008	1.008	1.005	1.002	1.003	1.001
2017	1.911	1.241	1.088	1.043	1.028	1.016	1.016	1.016	1.012	1.008	1.004	1.004	1.004	1.002	1.006	1.001
2018	1.901	1.228	1.083	1.043	1.028	1.016	1.016	1.016	1.012	1.008	1.004	1.004	1.004	1.002	1.006	1.001
2019	1.900	1.231	1.100	1.052	1.028	1.016	1.016	1.016	1.012	1.008	1.004	1.004	1.004	1.002	1.006	1.001
2020	1.815	1.238	1.110	1.052	1.028	1.016	1.016	1.016	1.012	1.008	1.004	1.004	1.004	1.002	1.006	1.001
2021	1.908	1.253														
2022	1.940															
Selected (a)	1.940	1.253	1.110	1.052	1.028	1.016	1.011	1.008	1.009	1.007	1.005	1.006	1.004	1.003	1.003	1.002
Cumulative	3.185	1.642	1.310	1.180	1.122	1.091	1.074	1.062	1.054	1.045	1.038	1.032	1.026	1.022	1.019	1.016

(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	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	408/396	420/408	432/420	444/432	456/444	468/456	UL/T/468inc.(b)		
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Selected (a)	1.002	1.002	1.002	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.001	
Cumulative	1.014	1.012	1.010	1.009	1.008	1.008	1.008	1.007	1.006	1.006	1.005	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001	

(b) The UL/T/468inc 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	Age-to-Age (in months) (b)															
	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
1996																
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Selected (a)	1.511	1.169	1.084	1.043	1.029	1.009	1.005	1.009	1.006	1.004	1.002	1.003	0.999	1.001	1.001	1.001
Cumulative	2.126	1.407	1.204	1.110	1.065	1.035	1.025	1.020	1.011	1.005	1.002	0.999	0.997	0.997	0.996	0.996

(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	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	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468inc(c)	
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2006																								
Selected (a)	1.000	1.000	1.000	1.000	1.000	0.999	0.999	0.999	1.000	0.999	0.999	0.999	0.999	1.001	1.000	1.002	1.000	1.001	1.000	1.000	1.001	1.001	0.998	
Cumulative	0.995	0.995	0.995	0.994	0.995	0.995	0.996	0.998	0.998	0.999	1.001	1.001	1.001	1.002	1.001	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	

(c) The ULT/468inc 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.

Paid Indemnity Loss Development Factors

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	
1997																	
1998																	
1999																	
2000																	
2001									1.017	1.014	1.010	1.009	1.007	1.007	1.006	1.005	1.004
2002									1.018	1.015	1.014	1.008	1.008	1.006	1.006	1.005	1.005
2003								1.020	1.023	1.021	1.015	1.012	1.009	1.008	1.007	1.007	1.007
2004						1.049	1.041	1.035	1.030	1.020	1.015	1.011	1.009	1.008	1.009	1.008	1.006
2005					1.079	1.060	1.047	1.042	1.028	1.020	1.015	1.013	1.010	1.010	1.010	1.010	1.005
2006				1.135	1.090	1.068	1.050	1.035	1.026	1.018	1.016	1.012	1.011	1.009	1.007	1.006	1.005
2007			1.246	1.140	1.092	1.066	1.046	1.033	1.027	1.020	1.016	1.013	1.013	1.007	1.006	1.006	1.005
2008		1.577	1.271	1.150	1.092	1.060	1.041	1.027	1.023	1.018	1.015	1.010	1.009	1.007	1.007	1.006	1.005
2009	3.069	1.616	1.280	1.156	1.092	1.061	1.043	1.031	1.023	1.019	1.011	1.013	1.010	1.008	1.009	1.009	1.006
2010	3.157	1.628	1.281	1.147	1.091	1.060	1.038	1.027	1.021	1.013	1.012	1.012	1.010	1.009	1.007	1.007	1.006
2011	3.208	1.613	1.266	1.144	1.087	1.056	1.041	1.026	1.016	1.016	1.010	1.007	1.007	1.007	1.006	1.006	1.005
2012	3.137	1.597	1.262	1.137	1.087	1.051	1.034	1.023	1.017	1.014	1.012	1.012	1.007	1.007	1.006	1.006	1.005
2013	3.169	1.606	1.260	1.129	1.072	1.044	1.028	1.020	1.014	1.011	1.012	1.012	1.007	1.007	1.006	1.006	1.005
2014	3.229	1.635	1.257	1.129	1.071	1.039	1.027	1.018	1.017	1.014	1.012	1.012	1.007	1.007	1.006	1.006	1.005
2015	3.278	1.618	1.244	1.119	1.058	1.042	1.026	1.018									
2016	3.235	1.586	1.230	1.103	1.060	1.043	1.028										
2017	3.185	1.569	1.210	1.109	1.064	1.041											
2018	3.110	1.526	1.222	1.111	1.071												
2019	3.063	1.549	1.238	1.122													
2020	2.958	1.540															
2021	2.937	1.530															
2022	2.952																
Selected (a)	2.952	1.530	1.240	1.122	1.071	1.041	1.028	1.018	1.016	1.014	1.011	1.011	1.009	1.007	1.006	1.005	1.005
Cumulative	8.276	2.804	1.832	1.478	1.317	1.230	1.181	1.149	1.129	1.111	1.096	1.084	1.072	1.063	1.055	1.049	1.049

(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	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	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (b)	
1983																								
1984																								
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Selected (a)
Cumulative

1.005 1.004 1.003 1.003 1.002 1.002 1.002 1.002 1.002 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 1.009

(b) The ULT/468Pd 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	Age-to-Age (in months)															
	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
1996																
1997																
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Adjusted (b) Accident Year	Age-to-Age (in months)															
	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
2005																
2006																
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2018																
2019																
2020																
2021																
2022																

- (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.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a) Accident Year	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	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (d)	
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Adjusted (b) Accident Year	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	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (d)	
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2006																								

(d) The ULT/468Pd 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	Age-to-Age (in months)																					
	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																						
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2020																						
2021																						
2022																						
Selected (a)	2.952	1.530	1.240	1.122	1.071	1.041	1.028	1.018	1.016	1.014	1.011	1.011	1.011	1.009	1.007	1.005	1.004	1.003	1.003	1.003	1.002	
Cumulative	8.252	2.795	1.827	1.473	1.313	1.226	1.178	1.146	1.125	1.108	1.093	1.081	1.069	1.060	1.052	1.046	1.040	1.035	1.031	1.028	1.025	

Selected Indemnity Development Factors - Incurred to Ultimate

Accident Year	Age-to-Age (in months)		
	120Pd/Inc (G)	120/108	120Pd/Inc (G)
2012	1.992	1.279	1.113
2013	1.931	1.259	1.111
2014	1.960	1.278	1.115
2015	1.969	1.260	1.101
2016	1.941	1.246	1.095
2017	1.911	1.241	1.088
2018	1.901	1.228	1.083
2019	1.900	1.231	1.100
2020	1.815	1.238	1.110
2021	1.908	1.253	
2022	1.940		
Selected (b)	1.940	1.253	1.110
Cumulative	3.228	1.664	1.328

(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) 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.
 (c) A 3-year average of the ratio of paid losses to incurred losses at 120 months is selected to convert incurred development to paid development.

Selected Indemnity Development Factors - Paid to Ultimate (Continued)

Accident Year	Age-to-Age (in months)																	
	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	468/456	ULT/468Pd (e)
1983						1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	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	1.000	1.001	
1985				1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.001	1.001	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	1.000	1.000	1.001	1.000	1.000	
1987		1.001	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	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	1.000	1.001	1.000	1.000	
1989	1.001	1.001	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	1.000	1.000	
1990	1.001	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	1.000	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	1.001	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	1.001	1.000	1.000	
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	1.001	1.000	1.000	
1994	1.002	1.002	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	
1995	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.001										
1996	1.003	1.003	1.002	1.002	1.002	1.001												
1997	1.003	1.003	1.002	1.002	1.002	1.002	1.001											
1998	1.003	1.002	1.002	1.001														
1999	1.002	1.002	1.001															
2000	1.002																	
2001	1.002																	
Unadjusted (a)	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.009
Selected (d)	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	1.001	1.000	1.000	1.007
Cumulative	1.023	1.021	1.019	1.017	1.016	1.014	1.013	1.012	1.011	1.010	1.009	1.009	1.009	1.008	1.007	1.007	1.007	1.007

(d) Adjusted for the impact of changes in claim settlement rates on later-period development for 312 months and later. See Exhibits 2.5.3 through 2.5.6.

(e) The ULT/468Pd 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 Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later-Period Development**

1. Reported Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)									
	<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>	<u>420</u>
1989							210,991	211,046	211,039	211,073
1990						230,974	231,050	231,101	231,122	
1991					231,397	231,477	231,519	231,570		
1992				182,246	182,323	182,381	182,412			
1993			142,787	142,863	142,905	142,922				
1994		130,048	130,156	130,206	130,240					
1995	120,898	120,987	121,056	121,110						
1996	115,312	115,380	115,437							
1997	121,580	121,683								
1998	131,865									
1999										

2. Ult. Claim Counts (a)

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>
	132,924	122,475	116,063	121,667	130,698	143,303	182,773	231,965	231,400	211,398

3. Ultimate Indemnity Claim Settlement Ratio (b)

Accident Year	Evaluated as of (in months)									
	<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>	<u>420</u>
1989							99.8%	99.8%	99.8%	99.8%
1990						99.8%	99.8%	99.9%	99.9%	
1991					99.8%	99.8%	99.8%	99.8%		
1992				99.7%	99.8%	99.8%	99.8%			
1993			99.6%	99.7%	99.7%	99.7%				
1994		99.5%	99.6%	99.6%	99.6%					
1995	99.4%	99.4%	99.5%	99.5%						
1996	99.4%	99.4%	99.5%							
1997	99.3%	99.4%								
1998	99.2%									

- (a) Based on the latest year age-to-age development in indemnity claim counts.
- (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 Year	Evaluated as of (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>	<u>408-420</u>
1989								13.5%	-2.0%	9.5%
1990							17.8%	14.6%	7.0%	
1991						14.1%	8.6%	11.4%		
1992					14.6%	12.9%	7.9%			
1993				14.7%	9.5%	4.3%				
1994			16.6%	9.2%	6.9%					
1995		11.6%	10.1%	8.8%						
1996	14.6%	9.0%	8.3%							
1997	10.0%	11.5%								
1998	7.5%									
1999										
3-Year Average	10.7%	10.7%	11.7%	10.9%	10.4%	10.4%	11.4%	13.2%	2.5%	
Share of Open on Prior (d)	89.3%	89.3%	88.3%	89.1%	89.6%	89.6%	88.6%	86.8%	97.5%	

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

Accident Year	Evaluated as of (in months)									
	<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										
1990										278
1991								395		385
1992							361	314		306
1993						381	337	293		286
1994					458	410	363	316		308
1995				557	499	447	396	344		335
1996			626	557	499	447	396	344		335
1997		792	699	623	558	500	443	385		375
1998	1,059	946	835	744	667	598	529	459		448
1999	1,003	896	791	705	632	566	501	435		424
...										
2022	664	593	523	466	418	374	332	288		281
2023	686	612	541	482	432	387	343	297		290

- (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 Year	Evaluated as of (in months)								
	<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								0.2%	0.2%
1990							0.2%	0.1%	0.1%
1991						0.2%	0.2%	0.2%	0.2%
1992					0.2%	0.2%	0.2%	0.2%	0.2%
1993				0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
1994			0.4%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%
1995		0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%
1996	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%
1997	0.7%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%
1998	0.8%	0.7%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%
1999	0.7%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%
...									
2022	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
2023	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
3-Year Historical Avg.	0.7%	0.6%	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 Year	Evaluated as of (in months)								
	<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									
1990									
1991									1.15
1992								1.11	1.15
1993							1.30	1.32	1.37
1994						1.36	1.54	1.55	1.62
1995					1.41	1.60	1.80	1.82	1.90
1996				1.26	1.48	1.67	1.89	1.91	1.99
1997			1.18	1.34	1.56	1.77	2.00	2.02	2.11
1998		1.19	1.29	1.47	1.72	1.95	2.21	2.22	2.32
1999	1.03	1.11	1.21	1.38	1.61	1.83	2.06	2.08	2.17
...									
2022	0.57	0.62	0.67	0.76	0.89	1.01	1.14	1.15	1.21
2023	0.57	0.62	0.67	0.77	0.90	1.02	1.15	1.16	1.21

(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):								
	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-420

8. 3-Year Average (h)

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

9. Adjustment Ratio (i)

Accident Year 2022	0.83	0.85	0.87	0.91	0.96	1.00	1.06	1.06	1.08
Accident Year 2023	0.83	0.85	0.87	0.91	0.96	1.01	1.06	1.06	1.08

10. Adjusted Factors (j)

Indemnity									
Accident Year 2022	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000
Accident Year 2023	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000
Medical									
Accident Year 2022	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.003
Accident Year 2023	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	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 changes in pharmaceutical costs and the 2021 medical fee schedule updates.
- (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	Age-to-Age (in months)																					
	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	
2000																						1.006
2001																						1.006
2002																						1.004
2003																						1.004
2004																						1.006
2005																						1.006
2006																						1.006
2007																						1.006
2008																						1.006
2009																						1.006
2010																						1.006
2011																						1.006
2012																						1.006
2013																						1.006
2014																						1.006
2015																						1.006
2016																						1.006
2017																						1.006
2018																						1.006
2019																						1.006
2020																						1.006
2021																						1.006
2022																						1.006
Selected (c) Cumulative	2.618	2.490	2.468	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618	2.618

Selected Medical Development Factors - Incurred to Ultimate

Accident Year	Age-to-Age (in months)												
	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	120Pd/Inc (e)	120Pd/Inc (e)	120Pd/Inc (e)	120Pd/Inc (e)
2012													
2013													
2014													
2015													
2016													
2017													
2018													
2019													
2020													
2021													
2022													
Selected (d) Cumulative	1.511	1.511	1.511	1.511	1.511	1.511	1.511	1.511	1.511	1.511	1.511	1.511	1.511

(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) 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.
 (e) A 3-year average of the ratio of paid losses to incurred losses at 120 months is selected to convert incurred development to paid development.

Selected Medical Development Factors - Paid to Ultimate (Continued)

Accident Year	Age-to-Age (in months)																	
	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	468/456	ULT/468Pd (g)
1983																	1.002	
1984																1.001	1.001	
1985															1.001	1.002	1.003	
1986															1.001	1.002	1.003	
1987															1.001	1.002	1.003	
1988															1.001	1.002	1.003	
1989															1.001	1.002	1.003	
1990															1.001	1.002	1.003	
1991															1.001	1.002	1.003	
1992															1.001	1.002	1.003	
1993															1.001	1.002	1.003	
1994															1.001	1.002	1.003	
1995															1.001	1.002	1.003	
1996															1.001	1.002	1.003	
1997															1.001	1.002	1.003	
1998															1.001	1.002	1.003	
1999															1.001	1.002	1.003	
2000															1.001	1.002	1.003	
2001															1.001	1.002	1.003	
Unadjusted (c)	1.005	1.005	1.005	1.005	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.002	1.066
Selected (f)	1.005	1.005	1.005	1.005	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.002	1.047
Cumulative	1.106	1.101	1.095	1.090	1.084	1.079	1.076	1.072	1.070	1.067	1.064	1.062	1.059	1.056	1.054	1.052	1.049	1.047

(f) Adjusted for the impact of changes in claim settlement rates on later-period development for 312 months and later. See Exhibits 2.5.3 through 2.5.6.

(g) The ULT/468Pd 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.

**Developed Indemnity Loss Ratios Using Selected Paid Loss Development Factors
Based on Experience as of December 31, 2023**

Accident Year	Development Factors			
	(1) Paid Loss Ratio (a)	(2) Annual (b)	(3) Cumulative (b)	(4) Projected Ultimate Loss Ratio (4) = (1) x (3)
1987	0.345	1.000	1.007	0.348
1988	0.330	1.001	1.008	0.333
1989	0.343	1.000	1.008	0.345
1990	0.397	1.000	1.009	0.401
1991	0.424	1.000	1.009	0.428
1992	0.349	1.000	1.009	0.352
1993	0.286	1.001	1.010	0.289
1994	0.325	1.001	1.011	0.329
1995	0.469	1.001	1.012	0.474
1996	0.526	1.001	1.013	0.533
1997	0.595	1.001	1.014	0.604
1998	0.645	1.002	1.016	0.655
1999	0.675	1.002	1.017	0.687
2000	0.584	1.002	1.019	0.595
2001	0.484	1.002	1.021	0.494
2002	0.360	1.002	1.023	0.369
2003	0.238	1.002	1.025	0.244
2004	0.141	1.003	1.028	0.145
2005	0.121	1.003	1.031	0.125
2006	0.156	1.004	1.035	0.161
2007	0.214	1.005	1.040	0.222
2008	0.269	1.005	1.046	0.281
2009	0.313	1.006	1.052	0.330
2010	0.299	1.007	1.060	0.317
2011	0.275	1.009	1.069	0.294
2012	0.244	1.011	1.081	0.264
2013	0.205	1.011	1.093	0.224
2014	0.192	1.014	1.108	0.213
2015	0.185	1.016	1.125	0.208
2016	0.173	1.018	1.146	0.198
2017	0.172	1.028	1.178	0.203
2018	0.177	1.041	1.226	0.217
2019	0.194	1.071	1.313	0.255
2020	0.182	1.122	1.473	0.269
2021	0.170	1.240	1.827	0.311
2022	0.111	1.530	2.795	0.311
2023	0.039	2.952	8.252	0.318

(a) Based on Exhibit 1.

(b) See Exhibits 2.5.1 and 2.5.2.

**Developed Indemnity Loss Ratios Using Selected Incurred Loss Development Factors
Based on Experience as of December 31, 2023**

Accident Year	Development Factors				
	(1) Paid or Incurred Loss Ratio (a)	(2) Annual (b)	(3) Cumulative (b)	(4) Projected Ultimate Loss Ratio (4) = (1) x (3)	(5) Selected Ultimate Loss Ratio (c)
1987	0.345	1.000	1.007	0.348	0.348
1988	0.330	1.001	1.008	0.333	0.333
1989	0.343	1.000	1.008	0.345	0.345
1990	0.397	1.000	1.009	0.401	0.401
1991	0.424	1.000	1.009	0.428	0.428
1992	0.349	1.000	1.009	0.352	0.352
1993	0.286	1.001	1.010	0.289	0.289
1994	0.325	1.001	1.011	0.329	0.329
1995	0.469	1.001	1.012	0.474	0.474
1996	0.526	1.001	1.013	0.533	0.533
1997	0.595	1.001	1.014	0.604	0.604
1998	0.645	1.002	1.016	0.655	0.655
1999	0.675	1.002	1.017	0.687	0.687
2000	0.584	1.002	1.019	0.595	0.595
2001	0.484	1.002	1.021	0.494	0.494
2002	0.360	1.002	1.023	0.369	0.369
2003	0.238	1.002	1.025	0.244	0.244
2004	0.141	1.003	1.028	0.145	0.145
2005	0.121	1.003	1.031	0.125	0.125
2006	0.156	1.004	1.035	0.161	0.161
2007	0.214	1.005	1.040	0.222	0.222
2008	0.269	1.005	1.046	0.281	0.281
2009	0.313	1.006	1.052	0.330	0.330
2010	0.299	1.007	1.060	0.317	0.317
2011	0.275	1.009	1.069	0.294	0.294
2012	0.244	1.011	1.081	0.264	0.264
2013	0.205	1.011	1.093	0.224	0.224
2014	0.192	1.014	1.108	0.213	0.213
2015	0.194	1.009	1.068	0.207	0.208
2016	0.183	1.008	1.077	0.197	0.198
2017	0.187	1.011	1.089	0.204	0.204
2018	0.197	1.016	1.106	0.218	0.217
2019	0.226	1.028	1.137	0.257	0.256
2020	0.225	1.052	1.196	0.269	0.269
2021	0.233	1.110	1.328	0.310	0.310
2022	0.183	1.253	1.664	0.305	0.308
2023	0.095	1.940	3.228	0.306	0.312

- (a) Based on Exhibit 1. Paid loss ratios are shown for accident years 2014 and prior while incurred loss ratios are show for accident years 2015 and later.
- (b) See Exhibits 2.5.1 and 2.5.2.
- (c) Selected ultimate loss ratio is the average of the projection in column 4 and the projection in Exhibit 3.1, column 4.

**Developed Medical Loss Ratios Using Selected Paid Loss Development Factors
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)
	Paid Loss Ratio (a)	Adjusted Paid Loss Ratio (b)	Reform Adjusted Development Factors		Adjusted Developed Loss Ratio (d) (2) x (4)	Projected Ultimate Loss Ratio (1) + ((5) - (2))
			Annual (c)	Cumulative (c)		
1987	0.308	0.273	1.002	1.052	0.287	0.322
1988	0.301	0.267	1.002	1.054	0.281	0.315
1989	0.320	0.284	1.002	1.056	0.300	0.336
1990	0.362	0.321	1.003	1.059	0.340	0.381
1991	0.378	0.336	1.003	1.062	0.357	0.399
1992	0.313	0.278	1.002	1.064	0.296	0.331
1993	0.258	0.229	1.003	1.067	0.244	0.273
1994	0.296	0.263	1.002	1.070	0.282	0.314
1995	0.437	0.389	1.002	1.072	0.417	0.465
1996	0.468	0.416	1.003	1.076	0.448	0.499
1997	0.523	0.466	1.003	1.079	0.503	0.560
1998	0.627	0.560	1.004	1.084	0.607	0.675
1999	0.683	0.610	1.005	1.090	0.665	0.738
2000	0.615	0.550	1.005	1.095	0.602	0.667
2001	0.543	0.487	1.005	1.101	0.536	0.592
2002	0.418	0.377	1.005	1.106	0.417	0.458
2003	0.267	0.242	1.005	1.111	0.269	0.294
2004	0.180	0.163	1.006	1.118	0.183	0.200
2005	0.176	0.160	1.006	1.124	0.179	0.196
2006	0.225	0.205	1.007	1.132	0.232	0.253
2007	0.314	0.287	1.007	1.140	0.327	0.354
2008	0.387	0.355	1.008	1.149	0.408	0.439
2009	0.450	0.416	1.009	1.159	0.483	0.516
2010	0.436	0.405	1.010	1.171	0.475	0.505
2011	0.368	0.346	1.010	1.182	0.409	0.431
2012	0.313	0.297	1.011	1.196	0.355	0.371
2013	0.247	0.247	1.013	1.211	0.299	0.300
2014	0.218	0.222	1.015	1.229	0.273	0.269
2015	0.202	0.208	1.018	1.251	0.260	0.254
2016	0.187	0.194	1.022	1.278	0.248	0.241
2017	0.187	0.194	1.028	1.314	0.255	0.248
2018	0.196	0.202	1.042	1.369	0.277	0.270
2019	0.208	0.212	1.070	1.465	0.311	0.306
2020	0.194	0.196	1.120	1.641	0.322	0.320
2021	0.181	0.181	1.224	2.009	0.364	0.364
2022	0.121	0.121	1.450	2.913	0.352	0.352
2023	0.047	0.047	2.618	7.625	0.361	0.361

- (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, 2023. 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.

**Developed Medical Loss Ratios Using Selected Incurred Loss Development Factors
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Paid or Incurred Loss Ratio (a)	Adjusted Paid or Incurred Loss Ratio (b)	Development Factors		Adjusted Developed Loss Ratio (d) (2) x (4)	Projected Ultimate Loss Ratio (1) + ((5) - (2))	Selected Developed Loss Ratio (e)
			Annual (c)	Cumulative (c)			
1987	0.308	0.273	1.002	1.052	0.287	0.322	0.287
1988	0.301	0.267	1.002	1.054	0.281	0.315	0.281
1989	0.320	0.284	1.002	1.056	0.300	0.336	0.300
1990	0.362	0.321	1.003	1.059	0.340	0.381	0.340
1991	0.378	0.336	1.003	1.062	0.357	0.399	0.357
1992	0.313	0.278	1.002	1.064	0.296	0.331	0.296
1993	0.258	0.229	1.003	1.067	0.244	0.273	0.244
1994	0.296	0.263	1.002	1.070	0.282	0.314	0.282
1995	0.437	0.389	1.002	1.072	0.417	0.465	0.417
1996	0.468	0.416	1.003	1.076	0.448	0.499	0.448
1997	0.523	0.466	1.003	1.079	0.503	0.560	0.503
1998	0.627	0.560	1.004	1.084	0.607	0.675	0.607
1999	0.683	0.610	1.005	1.090	0.665	0.738	0.665
2000	0.615	0.550	1.005	1.095	0.602	0.667	0.602
2001	0.543	0.487	1.005	1.101	0.536	0.592	0.536
2002	0.418	0.377	1.005	1.106	0.417	0.458	0.417
2003	0.267	0.242	1.005	1.111	0.269	0.294	0.269
2004	0.180	0.163	1.006	1.118	0.183	0.200	0.183
2005	0.176	0.160	1.006	1.124	0.179	0.196	0.179
2006	0.225	0.205	1.007	1.132	0.232	0.253	0.232
2007	0.314	0.287	1.007	1.140	0.327	0.354	0.327
2008	0.387	0.355	1.008	1.149	0.408	0.439	0.408
2009	0.450	0.416	1.009	1.159	0.483	0.516	0.483
2010	0.436	0.405	1.010	1.171	0.475	0.505	0.475
2011	0.368	0.346	1.010	1.182	0.409	0.431	0.409
2012	0.313	0.297	1.011	1.196	0.355	0.371	0.355
2013	0.247	0.247	1.013	1.211	0.299	0.300	0.299
2014	0.218	0.222	1.015	1.229	0.273	0.269	0.273
2015	0.218	0.218	1.006	1.153	0.251	0.251	0.255
2016	0.204	0.204	1.009	1.163	0.238	0.238	0.243
2017	0.211	0.211	1.005	1.169	0.247	0.247	0.251
2018	0.226	0.226	1.009	1.179	0.267	0.267	0.272
2019	0.249	0.249	1.029	1.214	0.303	0.303	0.307
2020	0.252	0.252	1.043	1.266	0.319	0.319	0.320
2021	0.267	0.267	1.084	1.372	0.366	0.366	0.365
2022	0.220	0.220	1.169	1.604	0.354	0.354	0.353
2023	0.147	0.147	1.511	2.424	0.357	0.357	0.359

- (a) Based on Exhibit 1. Paid loss ratios are shown for accident years 2014 and prior while incurred loss ratios are shown for accident years 2015 and later. Paid MCCP costs are excluded from accident years 2011 and subsequent.
- (b) Based on experience evaluated as of December 31, 2023. Paid loss ratios reflect 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.
- (e) Selected developed loss ratio is the average of the projection in column 5 and the projection in Exhibit 3.3, column 5.

Indemnity Benefit Level Factors

Accident Year	(1) Annual Benefit Change Prior to Frequency Adjustments (a)	(2) Frequency Adjustments (a)	(3) Annual Impact on Indemnity Benefits Due to Wage Inflation (b)	(4) Annual Cost Impact on Indemnity (c)	(5) Composite Indemnity Adjustment Factor (d)
1987	0.0	0.0	1.9	1.9	1.787
1988	0.0	0.0	1.5	1.5	1.760
1989	0.0	0.0	1.5	1.5	1.734
1990	2.3	19.9	1.7	24.7	1.390
1991	4.9	14.8	0.8	21.4	1.145
1992	1.8	-8.3	1.6	-5.2	1.208
1993	0.2	-18.1	0.4	-17.6	1.466
1994	-5.1	0.2	0.6	-4.3	1.532
1995	6.3	0.6	1.0	8.0	1.419
1996	5.3	0.4	1.2	7.0	1.326
1997	9.7	0.2	1.6	11.7	1.187
1998	6.5	0.0	1.8	8.4	1.095
1999	5.7	0.0	2.1	7.9	1.015
2000	3.9	0.0	3.1	7.1	0.947
2001	-0.3	0.0	0.2	-0.1	0.948
2002	-0.7	0.0	0.4	-0.3	0.971 (e)
2003	7.3	0.0	1.2	8.6	0.968 (e)
2004	-6.0	-13.7	2.1	-17.2	1.325 (e)
2005	-31.6	-15.3	1.6	-41.2	1.796
2006	5.6	-5.7	2.2	1.8	1.765
2007	1.6	0.0	2.1	3.7	1.702
2008	4.8	0.6	1.0	6.5	1.598
2009	0.4	1.4	0.2	2.0	1.567
2010	0.4	0.0	1.5	1.9	1.537
2011	0.0	0.0	1.4	1.4	1.516
2012	-0.8	0.0	2.1	1.3	1.497
2013	1.4	0.2	0.6	2.3	1.464
2014	5.8	1.5	1.7	9.2	1.341
2015	-0.8	0.0	2.3	1.4	1.322
2016	0.3	0.0	1.0	1.3	1.305
2017	0.5	0.0	2.2	2.7	1.271
2018	0.4	0.0	2.2	2.6	1.238
2019	0.4	0.0	2.4	2.8	1.205
2020	0.4	0.0	2.5	3.0	1.170
2021	0.5	0.0	3.3	3.8	1.127
2022	1.2	0.0	2.1	3.4	1.090
2023	0.5	0.0	2.0	2.5	1.064
2024	0.0	0.0	3.2	3.2	1.031
2025	0.3	0.0	2.3	2.6	1.004
9/1/2025	0.1 (Annual 0.4)	0.0	0.4 (Annual 2.3)	0.4	

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation as reflected in emerging post-reform costs. The annual cost impacts have been segregated between claim severity and claim frequency impacts.
- (b) These impacts are based on the weekly wages (see Exhibit 5.1) of injured workers and the legislatively scheduled benefits for that year.
- (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 9/1/2025 level.
- (e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.

Annual Medical Cost Level Change - Non-Legislative

Accident Year	(1) Proportion of Medical Subject to Fee Schedule (a)	(2) Proportion of Medical Not Subject to Fee Schedule (a)	(3) Impact of Fee Schedule Change on Total Medical (b)	(4) Change in Medical CPI (c)	(5) Impact of CPI Change on Total Medical (d)	(6) Annual Non-Legislative Cost Impact on Total Medical (e)
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	4.9% (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	0.872	0.128	0.0%	3.6%	0.4%	0.4%
2020	0.866	0.134	0.0%	2.9%	0.4%	0.4%
2021	0.865	0.135	4.8%	1.3%	0.2%	0.2% (f)
2022	0.859	0.141	0.0%	5.7%	0.8%	0.8%
2023	0.859	0.141	0.0%	1.6%	0.2%	0.2%
2024	0.859	0.141	0.0%	3.1%	0.4%	0.4%
2025	0.859	0.141	0.0%	4.1%	0.6%	0.6%
9/1/2025	0.859	0.141	0.0% (Annual 0.0%)	0.7% (Annual 4.2%)	0.1%	0.1%

- (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 M CCP 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	-4.3%	0.0%	-4.3%
2013	-8.4%	0.2%	-8.2%
2014	-6.0%	1.3%	-4.8%
2015	-2.1%	0.0%	-2.1%
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%
2025	0.0%	0.0%	0.0%
9/1/2025	0.0%	0.0%	0.0%

- (a) Reflects the WCIRB’s most recent estimates of the cost impact of legislation. Does not include 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)	(5) Composite Medical On-Level Factor (e)
1987	3.8%	0.0%	3.8%	0.855	---
1988	3.8%	0.0%	3.8%	0.824	---
1989	3.0%	0.0%	3.0%	0.800	---
1990	3.7%	19.1%	23.5%	0.648	---
1991	3.6%	12.9%	16.9%	0.554	---
1992	3.0%	-7.9%	-5.2%	0.584	---
1993	2.7%	-18.7%	-16.5%	0.700	---
1994	-2.3%	-2.3%	-4.6%	0.733	---
1995	0.9%	0.5%	1.4%	0.723	---
1996	1.0%	0.4%	1.4%	0.713	---
1997	0.7%	0.2%	0.9%	0.707	---
1998	0.8%	12.6%	13.5%	0.623	---
1999	2.5%	12.6%	15.4%	0.539	---
2000	1.7%	7.0%	8.8%	0.496	---
2001	2.9%	6.6%	9.7%	0.452	---
2002	2.0%	-5.6%	-3.7%	0.469	---
2003	1.4%	-6.0%	-4.7%	0.492	---
2004	0.0%	-33.9%	-33.9%	0.744	---
2005	0.0%	-13.9%	-13.9%	0.864	---
2006	0.3%	-5.1%	-4.8%	0.908	---
2007	1.8%	0.1%	1.9%	0.891	---
2008	0.2%	0.5%	0.7%	0.885	---
2009	0.4%	1.0%	1.4%	0.873	---
2010	0.3%	0.0%	0.3%	0.870	---
2011	0.3%	-2.0%	-1.7%	0.885	---
2012	0.1%	-4.3%	-4.2%	0.924	0.897
2013	4.9%	-8.2%	-3.7%	0.960	0.984
2014	0.3%	-4.8%	-4.5%	1.005	1.038
2015	0.2%	-2.1%	-1.9%	1.024	1.064
2016	0.4%	-0.7%	-0.3%	1.027	1.066
2017	0.2%	-0.5%	-0.3%	1.030	1.068
2018	0.2%	-0.3%	-0.1%	1.031	1.079
2019	0.4%	0.0%	0.4%	1.027	1.069
2020	0.4%	0.0%	0.4%	1.023	1.052
2021	0.2%	0.0%	0.2%	1.021	1.052
2022	0.8%	0.0%	0.8%	1.013	1.013
2023	0.2%	0.0%	0.2%	1.011	1.011
2024	0.4%	0.0%	0.4%	1.007	1.007
2025	0.6%	0.0%	0.6%		
9/1/2025	0.1%	0.0%	0.1%		

- (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 9/1/2025 level.
- (e) These factors are based on the medical on-level adjustments shown in Column (3) but include the full impact of the SB 863 reforms and 2021 changes to medical-legal fee schedules for use in projections that do not reflect the impact of these changes in adjustments to loss development.

Annual Wage Level Changes

Year	(1) Annual Wage Level Change (a)	(2) Adjusted Annual Wage Level Change (b)	(3) Factor to a 9/1/2025 Wage Level (c)
1987	5.6		3.918
1988	4.4		3.753
1989	4.3		3.598
1990	5.0		3.427
1991	2.3		3.350
1992	4.7		3.200
1993	1.2		3.162
1994	1.9		3.103
1995	2.9		3.015
1996	3.4		2.916
1997	4.7		2.785
1998	5.2		2.648
1999	6.2		2.493
2000	9.0		2.287
2001	0.6		2.273
2002	0.5		2.262
2003	3.3		2.190
2004	4.7		2.092
2005	3.1		2.029
2006	4.6		1.940
2007	4.5		1.856
2008	2.1		1.818
2009	0.4		1.811
2010	3.0		1.758
2011	3.0		1.707
2012	4.2		1.638
2013	0.7		1.626
2014	3.3		1.574
2015	4.5		1.507
2016	2.0		1.477
2017	4.3		1.416
2018	3.7		1.366
2019	4.3		1.309
2020	11.4	5.1	1.246
2021	7.7	6.3	1.172
2022	3.4	3.8	1.130
2023	3.2		1.095
Projected:			
2024	5.1		
2025	3.6		
9/1/2025	0.6	(Annual = 3.7)	

- (a) Historical wage changes through 2023 are based on Bureau of Labor Statistics (BLS) data. The 2022 wage change is based on the average of the BLS Current Employment Statistics hourly and weekly wage estimates. Forecasts for 2024 and forward are based on the average of wage level projections made by the UCLA Anderson School of Business as of March 2024 and those made by the California Department of Finance as of November 2023.
- (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

Calendar Year	(1) Factor to a 9/1/2025 Wage Level (a)	(2a) Ratio of Industry Average Charged Rates to Advisory Pure Premium Rates (b)	(2b) Factor to Approved Pure Premium Rate Level as of Sept. 1, 2023 (c)	(2c) Factor to Adjust Insurer Premium to Approved Pure Premium Rate Level as of Sept. 1, 2023 (d)	(3) Adjustment to Remove Surcharge Premium (e)	(4) Average Experience Modification (f)	(5) Off-Balance Correction in Advisory Sept. 1, 2023 Pure Premium Rates	(6) Factor to Adjust for Impact of Premium Resulting from Audits (g)	(7) Composite Premium Adjustment Factor (h)
1987	3.918	---	---	0.435	0.992	0.983	1.039	---	1.654
1988	3.753	---	---	0.389	0.993	0.963	1.039	---	1.449
1989	3.598	---	---	0.383	0.993	0.945	1.039	---	1.394
1990	3.427	---	---	0.373	0.991	0.942	1.039	---	1.296
1991	3.350	---	---	0.346	0.987	0.939	1.039	---	1.173
1992	3.200	---	---	0.332	0.982	0.940	1.039	---	1.067
1993	3.162	---	---	0.328	0.981	0.949	1.039	---	1.032
1994	3.103	---	---	0.375	0.986	0.948	1.039	---	1.165
1995	3.015	---	---	0.508	0.995	0.958	1.039	---	1.531
1996	2.916	1.031	0.539	0.523	1.000	0.935	1.039	---	1.571
1997	2.785	0.998	0.538	0.539	1.000	0.949	1.039	---	1.523
1998	2.648	0.965	0.561	0.581	1.000	0.959	1.039	---	1.543
1999	2.493	0.972	0.567	0.583	1.000	0.954	1.039	---	1.466
2000	2.287	1.005	0.514	0.511	1.000	0.970	1.039	---	1.160
2001	2.273	1.031	0.452	0.439	1.000	0.969	1.039	---	0.991
2002	2.262	1.167	0.405	0.347	1.000	0.991	1.039	---	0.763
2003	2.190	1.282	0.331	0.258	1.000	1.005	1.039	---	0.542
2004	2.092	1.400	0.337	0.241	1.000	0.981	1.039	---	0.494
2005	2.029	1.470	0.406	0.276	1.000	0.982	1.039	---	0.549
2006	1.940	1.447	0.523	0.361	1.000	0.956	1.039	---	0.706
2007	1.856	1.493	0.712	0.477	1.000	0.931	1.039	0.985	0.902
2008	1.818	1.426	0.848	0.594	1.000	0.946	1.039	0.991	1.089
2009	1.811	1.366	0.835	0.612	1.000	0.937	1.039	1.034	1.176
2010	1.758	1.383	0.819	0.592	1.000	0.941	1.039	1.005	1.070
2011	1.707	1.401	0.818	0.584	1.000	0.982	1.039	---	0.977
2012	1.638	1.223	0.674	0.551	1.000	1.000	1.039	---	0.869
2013	1.626	1.138	0.543	0.477	1.000	0.983	1.039	---	0.760
2014	1.574	1.127	0.500	0.444	1.000	0.961	1.039	---	0.700
2015	1.507	1.109	0.486	0.438	1.000	0.951	1.039	---	0.669
2016	1.477	1.148	0.529	0.461	1.000	0.949	1.039	---	0.690
2017	1.416	1.156	0.586	0.507	1.000	0.955	1.039	---	0.723
2018	1.366	1.196	0.662	0.554	1.000	0.956	1.039	---	0.761
2019	1.309	1.214	0.769	0.634	1.000	0.945	1.039	---	0.845
2020	1.246	1.207	0.858	0.711	1.000	0.943	1.039	0.990	0.894
2021	1.172	1.224	0.924	0.755	1.000	0.946	1.039	1.033	0.931
2022	1.130	1.188	0.965	0.812	1.000	0.955	1.039	0.993	0.918
2023	1.095	1.112	0.975	0.877	1.000	0.970	1.039	---	0.952

- (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, 2023 pure premium rate level.
- (d) (2b) ÷ (2a). This column adjusts premiums at the industry average charged rate level to the approved advisory pure premium rate level as of September 1, 2023.
- (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)×(2c)×(3)×(6) ÷ [(4)×(5)] for calendar years 2007 to 2010 and 2020 to 2022. (1)×(2c)×(3) ÷ [(4)×(5)] for all other calendar years.

Accident Year Indemnity Claim Frequency Model
As of PY 2021 Preliminary 1st Set & March 2024 UCLA

AY	Annual % Changes Intra- Class Ind Freq	Annual Log Differences					Economic Variables (1st Prin. Comp.)	
		Intra-Class Indemnity Frequency per \$M Exposure at PY 2021 Level				AY+1 Indemnity Benefit Level		Cumulative Injury Index
		Total	Total	Cumulative	Non-cum.			
1962	----	----	----	----	----	----	----	
1963	2.0%	0.020	----	----	0.000	----	-0.030	
1964	0.3%	0.003	----	----	0.000	----	0.003	
1965	-0.3%	-0.003	----	----	0.000	----	0.020	
1966	1.7%	0.017	----	----	0.000	----	0.190	
1967	1.8%	0.017	----	----	0.000	----	-0.147	
1968	1.4%	0.014	----	----	0.000	----	0.058	
1969	2.7%	0.026	----	----	0.049	----	0.042	
1970	1.8%	0.018	----	----	0.000	----	-0.338	
1971	1.5%	0.015	----	----	0.000	----	-0.188	
1972	-4.3%	-0.044	----	----	0.162	----	0.158	
1973	7.0%	0.067	----	----	0.048	----	0.088	
1974	19.2%	0.176	----	----	0.041	----	-0.036	
1975	12.5%	0.118	----	----	0.058	----	-0.300	
1976	0.8%	0.008	----	----	0.000	----	0.083	
1977	4.3%	0.042	----	----	0.063	----	0.111	
1978	-8.7%	-0.091	----	----	0.001	----	0.167	
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.133	
1980	-6.5%	-0.068	-0.132	-0.066	0.000	-0.066	-0.082	
1981	-3.5%	-0.036	-0.028	-0.036	0.033	0.008	-0.079	
1982	-1.6%	-0.016	0.153	-0.022	0.000	0.175	-0.294	
1983	6.2%	0.060	0.214	0.054	0.352	0.160	0.029	
1984	9.5%	0.091	0.235	0.084	0.081	0.151	0.221	
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080	
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.077	
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.150	
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.087	
1989	2.5%	0.024	0.212	0.009	0.000	0.203	0.044	
1990	9.0%	0.087	0.337	0.061	0.046	0.276	-0.121	
1991	0.3%	0.003	0.166	-0.018	0.071	0.184	-0.293	
1992	-10.3%	-0.108	-0.263	-0.089	0.023	-0.174	-0.186	
1993	-9.2%	-0.097	-0.175	-0.088	0.013	-0.088	-0.022	
1994	-10.5%	-0.111	-0.167	-0.105	-0.057	-0.061	0.106	
1995	-0.3%	-0.003	0.009	-0.004	0.061	0.013	0.092	
1996	-6.8%	-0.070	-0.165	-0.061	0.053	-0.104	0.074	
1997	-3.3%	-0.033	-0.026	-0.034	0.096	0.008	0.137	
1998	-3.7%	-0.038	-0.020	-0.040	0.066	0.019	0.078	
1999	1.5%	0.015	0.010	0.015	0.058	-0.005	0.127	
2000	4.0%	0.039	0.101	0.033	0.040	0.068	0.065	
2001	-6.9%	-0.072	0.106	-0.091	-0.003	0.197	-0.104	
2002	-2.8%	-0.029	0.196	-0.061	-0.007	0.257	-0.212	
2003	-3.2%	-0.032	0.025	-0.042	0.060	0.067	-0.019	
2004	-16.8%	-0.184	-0.321	-0.163	-0.065	-0.158	0.103	
2005	-13.6%	-0.147	-0.343	-0.121	-0.398	-0.222	0.147	
2006	-5.6%	-0.058	-0.204	-0.042	0.051	-0.163	0.094	
2007	-1.7%	-0.017	-0.042	-0.015	0.016	-0.027	-0.080	
2008	-2.7%	-0.027	-0.012	-0.029	0.049	0.017	-0.316	
2009	-0.3%	-0.003	0.133	-0.017	0.069	0.150	-0.461	
2010	8.8%	0.085	0.115	0.081	0.016	0.034	-0.077	
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	0.153	
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	-2.6%	-0.026	0.033	-0.036	0.000	0.069	0.127	
2017	-1.9%	-0.020	-0.073	-0.011	0.000	-0.062	0.130	
2018	-0.4%	-0.004	-0.061	0.005	0.000	-0.066	0.127	
2019	1.8%	0.018	0.038	0.015	0.000	0.024	0.070	
2020	-8.7%	-0.091	0.067	-0.118	0.000	0.186	-0.932	
2021	3.2%	0.032	-0.225	0.074	0.000	-0.299	0.332	
2022*	-4.4%	-0.010	0.101	-0.028	0.000	0.129	0.636	
2023	-1.6%	-0.017	0.047	-0.027	0.000	0.074	-0.096	
2024	-2.5%	-0.025	0.008	-0.031	0.000	0.039	-0.058	
2025	-0.7%	-0.007	0.011	-0.010	0.000	0.021	0.182	
2026	-3.0%	-0.030	-0.019	-0.032	0.000	0.014	-0.023	

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.033		
Std Err of Y Est	0.041		
R Squared	0.437		
No. of Observations	41		
Degrees of Freedom	37		
X Coefficient(s)		0.188	0.210
Std Err of Coef.		0.077	0.062
			0.103
			0.043

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.
 For 1993 on, cumulative claims include both cumulative trauma and occupational disease claims. See Item III of the March 19, 2014 Actuarial Committee Agenda.
 Economic variables are historical through 2023; March 2024 UCLA Anderson Forecasts for 2024 on.
 Regression is over AY 1979 through AY 2019. AY 2023 through AY 2026 are projections.
 *AY 2022 is preliminary and change is based on a comparison of 2022 accidents on 2021 policies to 2021 accidents on 2020 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of December 31, 2023**

Accident Year	(1) Estimated Ultimate Severity (a)	(2) Annual % Change	(3) Indemnity Adjustment Factor (b)	(4) Ultimate On-Level Severity (1) x (3)	(5) Annual % Change
1990	10,017	---	2.224	22,277	---
1991	10,940	9.2%	2.103	23,008	3.3%
1992	11,018	0.7%	2.033	22,404	-2.6%
1993	11,973	8.7%	2.021	24,201	8.0%
1994	12,972	8.3%	2.117	27,465	13.5%
1995	14,568	12.3%	1.972	28,728	4.6%
1996	16,504	13.3%	1.851	30,541	6.3%
1997	19,393	17.5%	1.660	32,199	5.4%
1998	21,273	9.7%	1.531	32,578	1.2%
1999	23,129	8.7%	1.419	32,821	0.7%
2000	24,821	7.3%	1.325	32,881	0.2%
2001	27,175	9.5%	1.326	36,035	9.6%
2002	26,220	-3.5%	1.358	35,613	-1.2%
2003	25,976	-0.9%	1.354	35,172	-1.2%
2004	21,096	-18.8%	1.600	33,746	-4.1%
2005	19,129	-9.3%	1.836	35,125	4.1%
2006	20,829	8.9%	1.701	35,440	0.9%
2007	22,586	8.4%	1.640	37,045	4.5%
2008	24,576	8.8%	1.550	38,084	2.8%
2009	25,764	4.8%	1.540	39,685	4.2%
2010	25,052	-2.8%	1.512	37,867	-4.6%
2011	24,519	-2.1%	1.491	36,550	-3.5%
2012	23,978	-2.2%	1.472	35,300	-3.4%
2013	23,153	-3.4%	1.443	33,399	-5.4%
2014	24,050	3.9%	1.341	32,247	-3.4%
2015	24,276	0.9%	1.322	32,087	-0.5%
2016	23,771	-2.1%	1.305	31,025	-3.3%
2017	23,971	0.8%	1.271	30,470	-1.8%
2018	24,779	3.4%	1.238	30,684	0.7%
2019	26,365	6.4%	1.205	31,765	3.5%
2020	27,726	5.2%	1.170	32,441	2.1%
2021	27,932	0.7%	1.127	31,480	-3.0%
2022	29,435	5.4%	1.090	32,098	2.0%
2023	29,716	1.0%	1.064	31,620	-1.5%

(6) Estimated Annual Exponential Trend Based on 1990 to 2023: 0.7%

(7) Estimated Annual Exponential Trend Based on 2005 to 2023: -1.2%

(8) Estimated Annual Exponential Trend Based on 2019 to 2023: -0.2%

Selected Indemnity Severity Trend: 1.0%

(a) The estimated ultimate indemnity severities were derived from the projected ultimate loss ratios shown in Exhibit 3.2, Column (5).

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

Source: WCIRB quarterly experience calls, excluding COVID-19 claims for accident years 2020 to 2023.

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of December 31, 2023**

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	8,857	---	0.970	8,593	---
1991	9,523	7.5%	0.952	9,063	5.5%
1992	9,574	0.5%	0.919	8,802	-2.9%
1993	10,439	9.0%	0.902	9,411	6.9%
1994	11,498	10.1%	0.947	10,893	15.7%
1995	13,266	15.4%	0.939	12,456	14.3%
1996	14,403	8.6%	0.930	13,390	7.5%
1997	16,922	17.5%	0.923	15,622	16.7%
1998	20,712	22.4%	0.813	16,847	7.8%
1999	23,529	13.6%	0.705	16,581	-1.6%
2000	26,432	12.3%	0.648	17,118	3.2%
2001	31,180	18.0%	0.590	18,408	7.5%
2002	31,240	0.2%	0.613	19,155	4.1%
2003	29,846	-4.5%	0.643	19,200	0.2%
2004	27,316	-8.5%	0.851	23,244	21.1%
2005	28,078	2.8%	0.851	23,892	2.8%
2006	30,534	8.7%	0.848	25,879	8.3%
2007	33,740	10.5%	0.832	28,062	8.4%
2008	36,113	7.0%	0.828	29,915	6.6%
2009	38,056	5.4%	0.825	31,400	5.0%
2010	37,740	-0.8%	0.823	31,046	-1.1%
2011	33,874 (c)	---	0.846	28,642 (c)	---
2012	31,692	-6.4%	0.892	28,268	-1.3%
2013	29,039	-8.4%	0.973	28,248	-0.1%
2014	28,313	-2.5%	1.035	29,306	3.7%
2015	27,460	-3.0%	1.060	29,094	-0.7%
2016	26,627	-3.0%	1.061	28,240	-2.9%
2017	26,891	1.0%	1.061	28,521	1.0%
2018	28,200	4.9%	1.057	29,819	4.6%
2019	28,979	2.8%	1.046	30,309	1.6%
2020	30,717	6.0%	1.032	31,713	4.6%
2021	30,650	-0.2%	1.022	31,330	-1.2%
2022	31,545	2.9%	1.013	31,957	2.0%
2023	31,973	1.4%	1.011	32,325	1.2%

Selected Medical Severity Trend: 2.0%

- (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 3.4, column (7).
- (b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of 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 for accident years 2020 to 2023.

**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, 2023**

(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	28,078	---	23,892	---	27,059	---	23,025	---
2006	30,534	8.7%	25,879	8.3%	29,116	7.6%	24,676	7.2%
2007	33,740	10.5%	28,062	8.4%	32,036	10.0%	26,644	8.0%
2008	36,113	7.0%	29,915	6.6%	33,519	4.6%	27,767	4.2%
2009	38,056	5.4%	31,400	5.0%	35,477	5.8%	29,272	5.4%
2010	37,740	-0.8%	31,046	-1.1%	35,148	-0.9%	28,913	-1.2%
2011	36,495	-3.3%	30,858	-0.6%	33,874	-3.6%	28,642	-0.9%
2012	34,436	-5.6%	30,716	-0.5%	31,692	-6.4%	28,268	-1.3%
2013	31,733	-7.9%	30,869	0.5%	29,039	-8.4%	28,248	-0.1%
2014	30,921	-2.6%	32,006	3.7%	28,313	-2.5%	29,306	3.7%
2015	29,889	-3.3%	31,667	-1.1%	27,460	-3.0%	29,094	-0.7%
2016	28,884	-3.4%	30,634	-3.3%	26,627	-3.0%	28,240	-2.9%
2017	29,144	0.9%	30,910	0.9%	26,891	1.0%	28,521	1.0%
2018	30,537	4.8%	32,290	4.5%	28,200	4.9%	29,819	4.6%
2019	31,356	2.7%	32,795	1.6%	28,979	2.8%	30,309	1.6%
2020	33,104	5.6%	34,178	4.2%	30,717	6.0%	31,713	4.6%
2021	33,137	0.1%	33,872	-0.9%	30,650	-0.2%	31,330	-1.2%
2022	34,163	3.1%	34,610	2.2%	31,545	2.9%	31,957	2.0%
2023	34,967	2.4%	35,352	2.1%	31,973	1.4%	32,325	1.2%
Estimated Annual Exponential Trend								
Trend Based on 1990 to 2023:				4.5%				N/A
Trend Based on 2005 to 2023:				1.5%				1.3%
Trend Based on 2019 to 2023:				1.6%				1.4%
Selected Medical Severity Trend:								2.0%

- (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 for accident years 2020 to 2023.

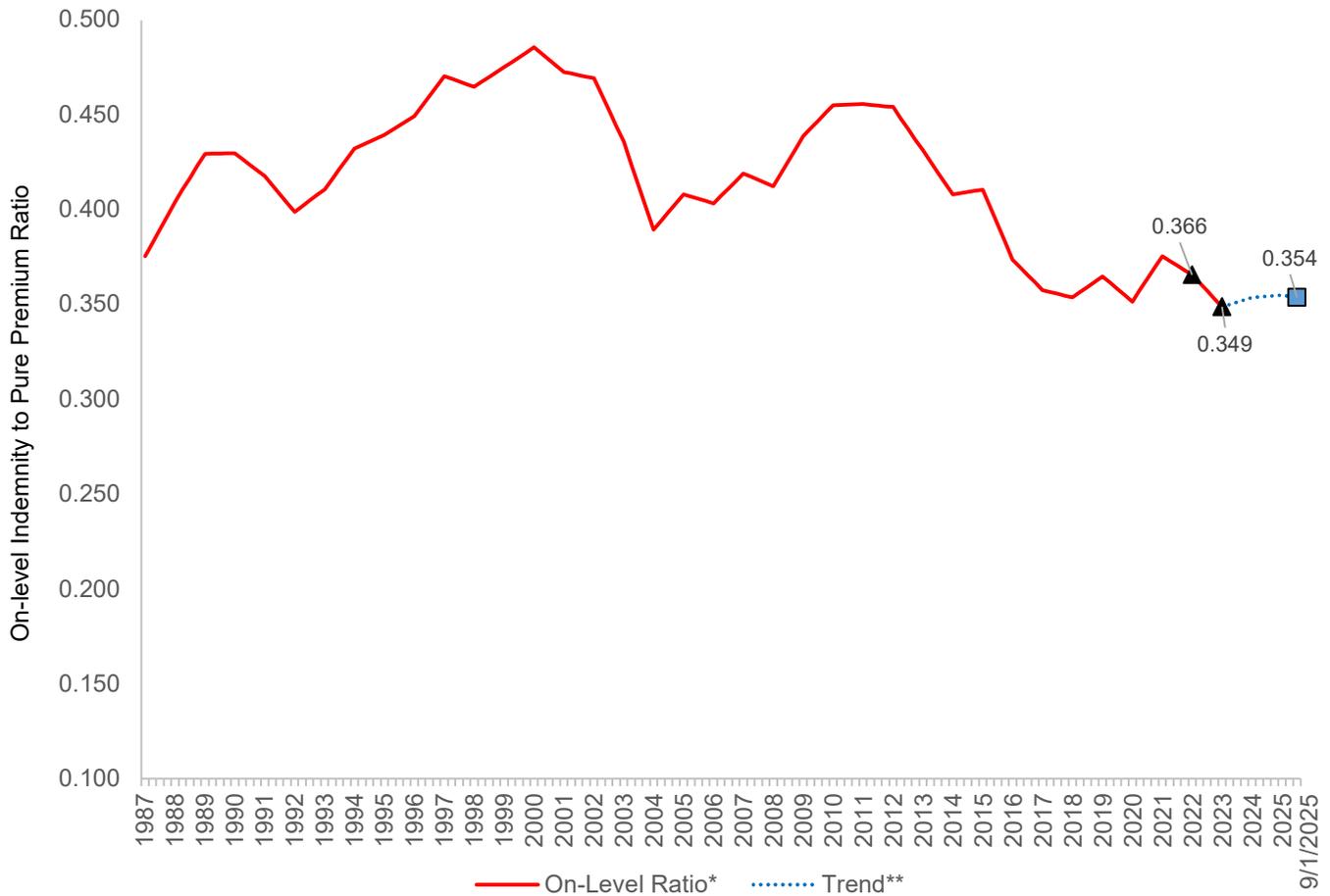
**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Based on Experience as of December 31, 2023**

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	0.348	1.787	1.654	0.376
1988	0.333	1.760	1.449	0.404
1989	0.345	1.734	1.394	0.430
1990	0.401	1.390	1.296	0.430
1991	0.428	1.145	1.173	0.418
1992	0.352	1.208	1.067	0.399
1993	0.289	1.466	1.032	0.411
1994	0.329	1.532	1.165	0.432
1995	0.474	1.419	1.531	0.440
1996	0.533	1.326	1.571	0.450
1997	0.604	1.187	1.523	0.471
1998	0.655	1.095	1.543	0.465
1999	0.687	1.015	1.466	0.475
2000	0.595	0.947	1.160	0.486
2001	0.494	0.948	0.991	0.473
2002	0.369	0.971	0.763	0.470
2003	0.244	0.968	0.542	0.436
2004	0.145	1.325	0.494	0.390
2005	0.125	1.796	0.549	0.408
2006	0.161	1.765	0.706	0.404
2007	0.222	1.702	0.902	0.419
2008	0.281	1.598	1.089	0.412
2009	0.330	1.567	1.176	0.439
2010	0.317	1.537	1.070	0.455
2011	0.294	1.516	0.977	0.456
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
2024				0.354
2025				0.355
9/1/2025				0.354

Projections (d)

- (a) See Exhibit 3.2.
- (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 2022 and 2023 on-level ratios. The frequency growth estimates are based on the intra-class frequency changes for accident year 2023 from Appendix B, Exhibit 2 and frequency model projections for accident years 2024 to 2026 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, 2023**



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

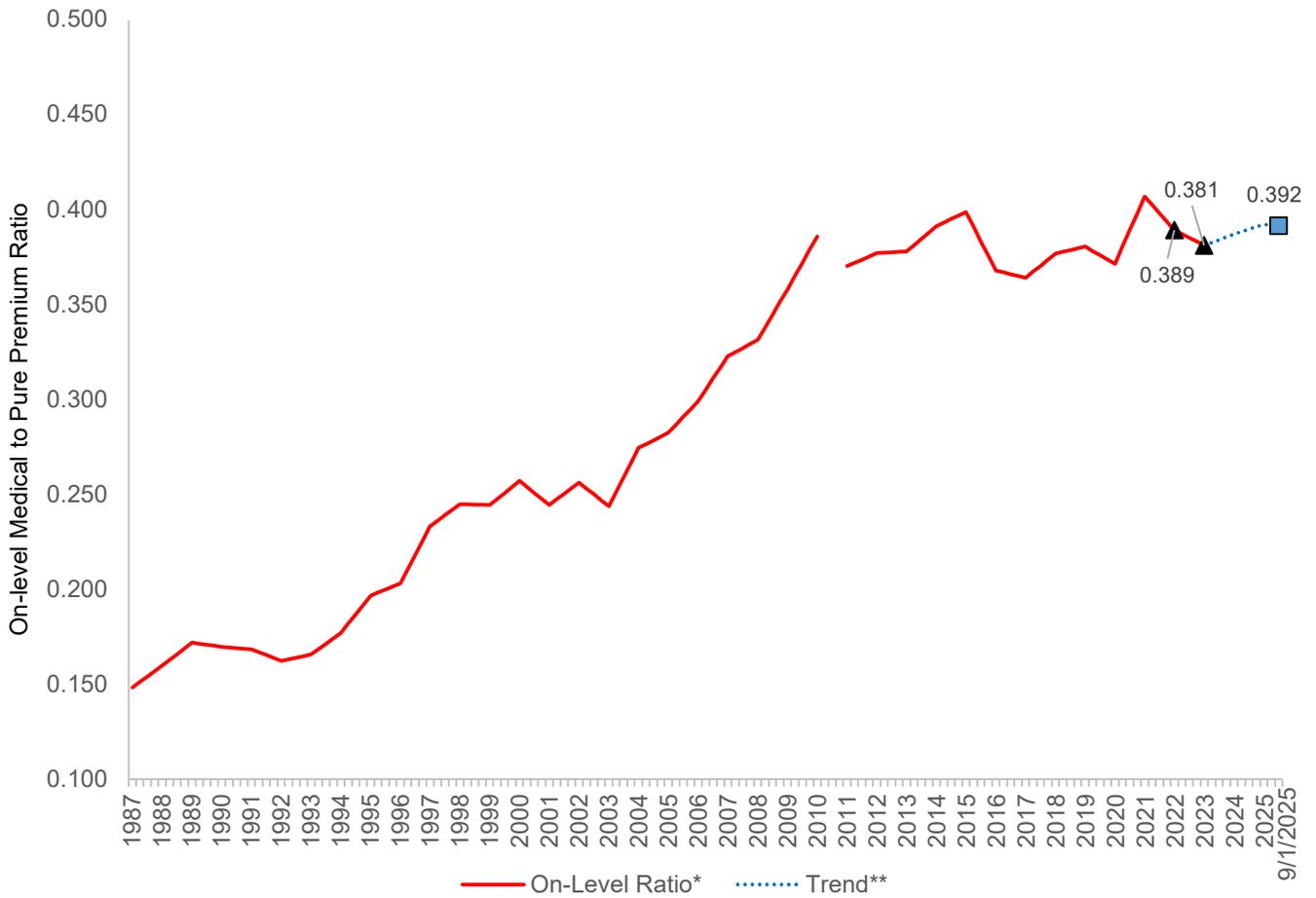
** The 9/1/2025 indemnity to pure premium ratio was calculated based on separate frequency and severity trends applied to the 2022 and 2023 years.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Based on Experience as of December 31, 2023**

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) $(1) \times (2) \div (3)$
1987	0.287	0.855	1.654	0.148
1988	0.281	0.824	1.449	0.160
1989	0.300	0.800	1.394	0.172
1990	0.340	0.648	1.296	0.170
1991	0.357	0.554	1.173	0.169
1992	0.296	0.584	1.067	0.162
1993	0.244	0.700	1.032	0.166
1994	0.282	0.733	1.165	0.177
1995	0.417	0.723	1.531	0.197
1996	0.448	0.713	1.571	0.203
1997	0.503	0.707	1.523	0.233
1998	0.607	0.623	1.543	0.245
1999	0.665	0.539	1.466	0.245
2000	0.602	0.496	1.160	0.257
2001	0.536	0.452	0.991	0.245
2002	0.417	0.469	0.763	0.256
2003	0.269	0.492	0.542	0.244
2004	0.183	0.744	0.494	0.275
2005	0.179	0.864	0.549	0.283
2006	0.232	0.908	0.706	0.299
2007	0.327	0.891	0.902	0.323
2008	0.408	0.885	1.089	0.332
2009	0.483	0.873	1.176	0.358
2010	0.475	0.870	1.070	0.386
2011	0.409	0.885	0.977	0.370
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.255	1.044	0.669	0.399
2016	0.243	1.047	0.690	0.368
2017	0.251	1.049	0.723	0.364
2018	0.272	1.055	0.761	0.377
2019	0.307	1.048	0.845	0.381
2020	0.320	1.038	0.894	0.372
2021	0.365	1.037	0.931	0.407
2022	0.353	1.013	0.918	0.389
2023	0.359	1.011	0.952	0.381
2024				Projections (d) 0.387
2025				0.392
9/1/2025				0.392

- (a) See Exhibit 3.4. 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) Based on Column (4) of Exhibit 4.4 for 2014 and prior and the average of Columns (4) and (5) of Exhibit 4.4 for 2015 and later.
- (c) See Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the intra-class frequency changes for accident year 2023 from Appendix B, Exhibit 2 and frequency model projections for accident years 2024 to 2026 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, 2023**



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

** The 9/1/2025 medical to pure premium ratio was calculated based on separate frequency and severity trends applied to the 2022 and 2023 years.

**Indicated Loss to Pure Premium Ratios
For Policies with Effective Dates between September 1, 2024 and August 31, 2025
Based on Experience as of December 31, 2023**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Projected Loss to Advisory Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.354	0.392	0.746
2. Projected Loss Adjustment Expense Factor (ULAE + ALAE + M CCP, See Appendix C)			1.340
3. Indicated Total Loss and Loss Adjustment Expense to Industry Average Filed Pure Premium Ratio (1) x (2)			1.000
4. Difference in Off-Balance Factor (See Section C, Appendix B of the WCIRB's September 1, 2024 Regulatory Filing)			0.9%
5. Indicated Overall Change in Advisory Pure Premium Rates [(3) x [(4) + 1.0] - 1.0]			0.9%

Section B

Appendix A

Loss Development Methodology

The pure premium rates effective September 1, 2024 are intended to reflect the final or ultimate cost of losses and loss adjustment expenses on all claims that arise on policies incepting between September 1, 2024 and August 31, 2025. The information shown in Section B, Exhibit 1 reflects paid and incurred (paid plus case reserves) loss amounts reported for each accident year as of December 31, 2023. However, since workers' compensation claims incurred in a particular year will be paid out over many years and pure premium rates are intended to reflect the ultimate cost of losses and loss adjustment expenses, the WCIRB develops the reported cost of claims for each accident year to an ultimate cost basis.

The WCIRB generally estimates the development of more recent accident year losses based on the historical development patterns of more mature accident years. The development patterns of both historical paid losses and incurred losses are reviewed. The historical incurred loss development is shown in Section B, Exhibits 2.1.1 and 2.1.2 for indemnity and 2.2.1 and 2.2.2 for medical. The historical paid loss development is shown in Section B, Exhibits 2.3.1 and 2.3.2 for indemnity and 2.4.1 and 2.4.2 for medical.¹ These factors represent the year-to-year changes, based on successive December 31 evaluations, in the reported aggregate cost of all claims that occurred during a particular year. The changes in reported incurred losses may result from (a) claims that have occurred but had not yet been reported at the time of the prior evaluation, (b) reopening of previously closed claims as further disability payments or the need for further medical treatment arises, and/or (c) changes in the estimated cost of open claims as additional information becomes available or the claim is settled. Changes in the paid losses reported for each accident year occur as additional payments are made to injured workers for statutory indemnity benefits or for injured workers' medical treatments.

Based on a comprehensive analysis of historical loss development as well as other information relevant to estimating future development, the WCIRB projects the amount of losses reported for each accident year valued as of December 31, 2023 to an ultimate cost basis. The projected ultimate losses are derived based on selected annual loss development, or "age-to-age", factors for each evaluation period. Over the years, the WCIRB has used a number of methodologies to estimate future loss development. Since each methodology is predicated on a different set of underlying assumptions, no single methodology is appropriate for all conditions. As a result, the development methodology upon which the proposed pure premium rates are based is selected following the WCIRB's analysis of the underlying claims environment. This analysis includes a review of incurred and paid loss development and several system diagnostics that may impact incurred or paid loss development patterns.

Loss Development Methodology – Diagnostic Indicators

To assess the validity of the assumptions underlying the various methodologies, the WCIRB reviews a number of diagnostic indicators. Among the key indicators of loss development reviewed are the following:²

1. Ratio of Paid Losses to Incurred Losses. Exhibits 1.1 and 1.2 show the ratios of paid to incurred indemnity and medical losses by accident year at comparable evaluation periods. Changes in ratios of paid to incurred losses can be indicative of changes in the rate at which losses are paid, changes in case reserve levels, and shifts in the types of claims. After several years of stable ratios of paid to

¹ Beginning with policies incepting on or after July 1, 2010, the cost of medical cost containment programs (MCCP) is reported as allocated loss adjustment expense (ALAE) rather than as medical loss. The medical loss development factors shown in Section B, Exhibits 2.2, 2.4 and 2.6 for accident years 2009 and prior include MCCP costs reported as medical loss. The medical loss development factors shown in those exhibits for accident years 2012 and subsequent do not include any MCCP costs. For consistency of comparison, the medical loss development factors for accident years 2010 and 2011 shown in those exhibits are computed after moving the portion of MCCP paid costs reported as ALAE into medical loss.

² COVID-19 claims have been removed from accident year 2020 through 2022 information shown in this Appendix given their different cost patterns and relatively higher share of costs during the earlier periods of the pandemic.

incurred losses, the ratios for both indemnity and medical decreased dramatically starting in the early 1990s, particularly at more mature evaluation periods, suggesting a slowdown in payment patterns. These ratios have generally increased in the post-Senate Bill No. 863 (SB 863) period as claim settlement rates have sped up resulting in payments being made earlier in the claims process. Paid-to-incurred ratios over the most recent calendar year have been generally stable compared to the long-term history.

2. Accident Year Claim Settlement Ratios. The percentage of accident year estimated ultimate indemnity claims closed by evaluation period is shown in Exhibit 2. Following the implementation of SB 863, these ratios increased at a steady rate. The COVID-19 pandemic and resulting stay-at-home orders led to a significant slowdown in the claim settlement process beginning in the second quarter of 2020. Over the most recent evaluation, indemnity claim settlement rates have been stable. Changes in the claim settlement rates are generally a leading indicator of changes in paid loss development patterns and, if no adjustment for changes in claim settlement rates is made, paid loss development may be distorted. In addition, the longer-term increase in claim settlement rates in the post-SB 863 environment has likely impacted paid and incurred development at later maturities, which can distort projected loss development for this period if not adjusted.
3. Mix of Claims by Injury Type. Exhibit 3 shows the mix of claims by type of injury for accident years 2006 through 2022 (which is based on preliminary data). The estimated proportion of claims involving permanent disability has steadily declined over the last several years. This shift toward more claims involving temporary disability only, which tend to be less costly and quicker settling than claims involving permanent disability, may impact loss development patterns and claim severity trends. The WCIRB recently studied the impact of the shift in the mix of injury types and found that the impact to projected loss development is modest as early reported loss ratios already reflect the shift to the lower-cost temporary disability-only claims. However, the WCIRB found that the recent shift to the less costly temporary disability-only claims has dampened historical indemnity and medical severity trends.³
4. Quarterly Loss Development. Exhibits 4.1 through 4.4 show accident year loss development by quarter. As shown in Exhibits 4.1 and 4.3, quarterly incurred and paid indemnity loss development has been generally flat over the most recent year. As shown in Exhibits 4.2 and 4.4, quarterly incurred and paid medical loss development has generally increased in the most recent year following a flat to declining period in the prior years. This may in part be due to the 2021 changes to the Medical-Legal Fee Schedule, recent economic inflation working its way into the medical system, and claims staying open longer in the post-pandemic period.

Selected Loss Development Methodologies

The WCIRB selects its loss development methodology based on a review of the historical accuracy of loss development methodologies, historical paid and incurred loss development patterns, and the diagnostic indicators discussed above. For many years, the WCIRB has developed ultimate losses for historical accident years based primarily on adjusted paid loss development. The WCIRB's adjustments have included the impact of reforms on paid loss development patterns and, in the last several pure premium rate filings, the impact of changes in claim settlement rates. The adjusted paid loss development methodology has shown to be historically accurate and stable, particularly during periods of reforms or significant claim settlement rate changes where the workers' compensation system is in transition. As a result, the WCIRB continues to rely in part on the adjusted paid loss development method in its projections of future loss development in this filing.

In 2023, the WCIRB conducted a retrospective study of loss development methodologies. The study showed that, since 2014, both latest-year incurred development method and adjusted latest-year paid

³ See Item AC24-03-03 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

development method were the most accurate of the methods reviewed in the early development period (through 108 months). However, the study also showed that for loss development after 108 months, projections based on paid loss development were more accurate and more stable and showed less variability across insurer groups compared to incurred loss development.⁴ Later-period incurred medical loss development, in particular, has declined significantly following the reforms of SB 863 and Senate Bill No. 1160 (SB 1160), the acceleration in claim settlement rates, and sharp declines in pharmaceutical costs. Although the WCIRB has developed reasonable adjustments for these changes in payment patterns, similar adjustments to statewide case reserve levels are much more challenging and ambiguous.

In late 2023, the WCIRB explored a methodology that utilizes incurred loss development during the earlier development period where it has been shown to be accurate in the most recent claims environment but does not rely on the later-period incurred loss development that has been very volatile and less predictive.⁵ The WCIRB believes this “hybrid” incurred loss development methodology (discussed below) is also a reliable basis to project future loss development in addition to the adjusted paid loss development methodology. As a result, the WCIRB’s loss development projection gives equal weight to these two loss development methodologies in this filing.

Specifically, the WCIRB develops indemnity and medical losses by development period as follows:

Selected Paid Indemnity Loss Development from 12 Months to 120 Months

In the last several pure premium rate filings, the WCIRB has based projected indemnity loss development from 12 months through 108 months on the latest-year paid indemnity age-to-age loss development factor. The WCIRB continues to believe the latest-year paid indemnity loss development is an appropriate basis to project future paid indemnity loss development for this period.

In the last several pure premium rate filings, paid indemnity loss development through 84 months has been adjusted for changes in claim settlement rates. The WCIRB has relied upon this adjustment in the past due to the speedup in claim settlement rates following the SB 863 reforms and then the slowdown in claim settlement rates during the COVID-19 pandemic. However, as shown in Exhibit 2, claim settlement rates have stabilized over the most recent evaluation. Since this adjustment is only recommended during periods of significant claim settlement rate change, the WCIRB is not reflecting this adjustment in this filing.

A 2012 WCIRB study of longer-term loss development indicated that due to significant random variability in age-to-age development for more mature periods, a longer-term average of paid development factors can increase the stability of the projections.⁶ Therefore, the WCIRB has for a number of years projected paid indemnity development after 108 months based on the average of the three most recent years’ age-to-age paid indemnity loss development factors.

The paid indemnity loss development for 12 months through 120 months projected as discussed above is shown in Section B, Exhibit 2.5.1 and column 2 of Section B, Exhibit 3.1.

Selected Incurred Indemnity Loss Development from 12 Months to 120 Months

As with paid indemnity loss development, the WCIRB is basing projected incurred indemnity loss development from 12 months through 108 months on the latest-year incurred indemnity age-to-age loss development factor. In the WCIRB’s recent retrospective review of loss development projections, the unadjusted latest-year incurred loss development methodology was among the most accurate of the methods tested through 108 months.⁷

⁴ See Item AC22-12-05 of the April 13, 2023 WCIRB Actuarial Committee Agenda.

⁵ See Item AC22-12-05 of the December 5, 2023 WCIRB Actuarial Committee Agenda.

⁶ See Item AC11-12-04 of the March 20, 2012 WCIRB Actuarial Committee Agenda.

⁷ See Item AC22-12-05 of the April 13, 2023 WCIRB Actuarial Committee Agenda.

A 2017 WCIRB study of longer-term incurred loss development showed that incurred loss development patterns can be significantly more cyclical and volatile than paid loss development patterns at later periods and utilizing a longer-term average of incurred loss development significantly reduces this volatility.⁸ As a result, the WCIRB is using a six-year average to project incurred indemnity loss development from 108 months to 120 months.

The WCIRB's recent study of paid and incurred loss development showed that the recent anomalous later-period incurred loss development begins at around 120 months. Incurred loss development after this period has been very flat, and it is this later period that drives recent differences between paid and incurred loss development projections.⁹ It is counterintuitive that the driving differences between loss development projections occurs in this later period as the vast majority of development on claims occurs before 120 months. Claims from accident years aged older than 120 months were in large part reserved during pre-reform claims environments where claim settlement rates were lower and cost drivers such as opioids and medical liens were much more prevalent. Case reserve development on these older claims may still in part reflect the impact of reductions in these historical cost drivers. The WCIRB does not believe this anomalous later-period incurred loss development after 120 months should be relied upon to project future development on more recent accident years.

In the WCIRB's selected "hybrid" incurred loss development methodology, the WCIRB converts incurred indemnity loss development to paid indemnity loss development at 120 months by applying the average of the most recent three accident years' ratios of reported paid indemnity losses to incurred indemnity losses at 120 months. These ratios are shown in Section B, Exhibit 2.5.1. In this way, the WCIRB's selected paid indemnity loss development factors can be applied after 120 months in this approach.

The incurred indemnity loss development for 12 months through 120 months projected as discussed above is shown in Section B, Exhibit 2.5.1 and column 2 of Section B, Exhibit 3.2.

Selected Indemnity Loss Development from 120 Months to 312 Months

As discussed above, the WCIRB's study of longer-term loss development indicated that using a three-year average of age-to-age paid development factors can increase the stability of the projections for mature development periods. The indemnity development factors projected on this basis from 120 months through 312 months are shown in Section B, Exhibits 2.5.1 and 2.5.2 and columns 2 of Section B, Exhibits 3.1 and 3.2 based on paid indemnity development.

Selected Indemnity Loss Development from 312 Months to 468 Months

Although the WCIRB is not using the claim settlement rate adjustment to early period loss development in this filing, the longer-term post-SB 863 increases in claim settlement rates likely impact later-period loss development. A 2020 WCIRB study of longer-term loss development showed that there is a strong correlation between changes in the proportion of ultimate claims open at a point in time and changes in later-period paid loss development.¹⁰ The study also showed that the correlation between these two measures was stronger when the difference between the accident years underlying the historical age-to-age factors and the accident year to be developed is greater. For example, to project accident year 2022 from 312 months to 468 months, age-to-age development data from accident years 1997 and prior are used (an over 20-year difference). If no adjustment to loss development is made, paid loss development utilized from these older accident years with a much larger share of open claims will likely overstate the expected payments to emerge on more recent accident years in which claim settlement rates have increased and relatively fewer claims are open.

⁸ See Item AC17-08-04 of the August 2, 2017 WCIRB Actuarial Committee Agenda.

⁹ See Item AC22-12-05 of the December 5, 2023 WCIRB Actuarial Committee Agenda.

¹⁰ See Item AC19-08-05 of the August 4, 2020 WCIRB Actuarial Committee Agenda.

Section B, Exhibits 2.5.3 through 2.5.6 show the adjustment applied to paid indemnity development from 312 months through 420 months for accident years 2022 and 2023. Item 1 of Section B, Exhibit 2.5.3 shows reported closed indemnity claim counts based on WCIRB aggregate financial data. Item 2 of Section B, Exhibit 2.5.3 shows projected ultimate indemnity claim counts based on the latest-year indemnity claim count development factors. Item 3 of Section B, Exhibit 2.5.3 shows projected ultimate indemnity claim settlement ratios based on Items 1 and 2. Item 4 of Section B, Exhibit 2.5.4 shows incremental indemnity claim disposal rates, which is equal to (a) the difference in the ultimate indemnity claim settlement ratio from the prior evaluation divided by (b) 1.0 minus the indemnity claim settlement ratio from the prior evaluation from Item 3 of Section B, Exhibit 2.5.3. This represents the rate of incremental claim closure compared to the total estimated (reported and not yet reported) number of open indemnity claims at the prior evaluation. A three-year average of this disposal rate is selected to compute the rate of open claims compared to prior open claims (i.e., 1.0 minus the selected disposal rate) to mitigate volatility in this adjustment.

Item 5 of Section B, Exhibit 2.5.4 shows the projected number of open indemnity claims. The first (italicized) figure shown for each evaluation period is based on reported indemnity claim count information while the remaining figures are based on the latest reported claim counts and the projected open claim rate computed in Item 4. Item 6 of Section B, Exhibit 2.5.5 shows the projected ratio of open indemnity claims to ultimate indemnity claims based on Item 5 of Section B, Exhibit 2.5.4 and Item 2 of Section B, Exhibit 2.5.3. The first three (italicized) figures shown for each evaluation period are based on reported data while the remaining figures are projections. A three-year average of this ratio is selected to form the basis from which more recent accident years will compare.

Item 7 of Section B, Exhibit 2.5.5 shows the comparison of the projected ratio of open claims to the selected historical ratio of open claims based on Item 6. Item 8 of Section B, Exhibit 2.5.6 shows the three-year average paid indemnity and medical age-to-age factors prior to the adjustment, which is based on Section B, Exhibits 2.3.2 and 2.4.2. Item 9 of Section B, Exhibit 2.5.6 shows the selected adjustment to paid loss development for the impact of claim settlement rate changes, which is based on Item 7 of Section B, Exhibit 2.5.5. The selected adjustment factors to loss development are tempered to 40% of the actual change as the WCIRB found that only approximately 40% of the change in the proportion of open claims was predictive of the change in future paid development. Item 10 of Section B, Exhibit 2.5.6 shows the paid indemnity and medical age-to-age development factors for accident years 2022 and 2023 adjusted for the impact of claim settlement rate changes, which is based on Item 9 multiplied by the development portion (i.e., the age-to-age factor minus 1.0) of the factors in Item 8.

Indemnity claim count information needed to compute the adjustment shown in Section B, Exhibits 2.5.3 through 2.5.6 are only available through 420 months. To project indemnity development from 420 months through 468 months, the WCIRB applied this adjustment using the average projected-to-actual ratio of open claims for the 384-, 396- and 408-month periods (Item 7 of Section B, Exhibit 2.5.5) for the later development periods. The age-to-age paid indemnity development factors projected on this basis from 312 months through 468 months are shown in Section B, Exhibit 2.5.2 and column 2 of Section B, Exhibits 3.1 and 3.2.

Selected Indemnity Loss Development after 468 Months

Workers' compensation losses continue to show significant development beyond 468 months. The WCIRB uses an inverse power curve fitting approach to project the indemnity loss development beyond 468 months. The WCIRB has found that this approach to compute the loss development tail compared to other methods (a) significantly improves the stability of the loss development tail while not significantly impacting its accuracy, (b) utilizes more complete data based on cumulative development from more recent years as opposed to incremental development from much later periods and (c) does not require additional adjustments applied by the WCIRB as in other approaches.¹¹

¹¹ See Item AC16-03-03 of the April 5, 2016 WCIRB Actuarial Committee Agenda.

The WCIRB's most recent study of later-period loss development showed that a tail factor based on the inverse power curve fit to a four-year average of paid loss development was the most stable of the alternative methods reviewed.¹² The WCIRB also believes that the tail development factor should be derived based on the indemnity paid age-to-age factors with the adjustments for the impact of longer-term changes in claim settlement rates as discussed above as tail development is likely also impacted by this phenomenon. Specifically, the WCIRB projected paid indemnity loss development after 468 months based on (a) fitting an inverse power curve to a four-year average of the 108-to-120 through 348-to-360 months paid indemnity age-to-age factors adjusted for changes in claim settlement rates based on the approach discussed above, (b) extrapolating the fitted factors to 80 development years, and (c) taking the cumulative product of the extrapolated factors after 468 months. The projected indemnity tail development factor computed on this basis is shown in Section B, Exhibit 2.5.2.

Selected Paid Medical Loss Development from 12 Months to 120 Months

The WCIRB has for a number of years reflected adjustments to paid medical loss development for the impact of various workers' compensation reforms and other changes that impact medical loss development patterns. Most reforms and changes impacting medical costs are reflected on a "date of service" basis, meaning that they can impact all open claims regardless of the year the claim occurred. If medical loss development patterns are not adjusted, the impact of the reform or system change may distort the emerging age-to-age development as it would reflect a mix of pre-reform and post-reform medical costs.

Since 2013, pharmaceutical costs have decreased significantly. The decreases in pharmaceutical costs have been attributed to a number of factors including implementation of independent medical review and independent bill review, reductions in the number of spinal surgeries, dramatic reduction in the use of opioids in reaction to the national opioid epidemic, anti-fraud efforts, changes in pharmaceutical reimbursement rates from the Medi-Cal based fee schedule, and the drug formulary adopted by the DWC effective January 1, 2018. A 2019 WCIRB study of the impact of the pharmaceutical cost declines on paid medical loss development showed that pharmaceutical costs represent a much larger proportion of later-period development than that of earlier periods.¹³ If no adjustment to loss development is made, more recent paid medical development emerging for older accident years may be distorted as the numerator of the age-to-age paid medical development factor will contain a much smaller volume of pharmaceutical payments than the denominator.

The WCIRB is correcting this potential distortion in the projected paid medical age-to-age factors using an approach that is detailed on Exhibits 5.1 and 5.2 and is consistent with that reflected in the last several pure premium rate filings. Exhibit 5.1 shows, for calendar years 2013 through 2018, the distribution of pharmaceutical payments by maturity level and calendar year and the difference in those shares by maturity from the calendar year 2018 level based on WCIRB medical transaction data. In adjusting paid medical loss development, the WCIRB assumed 2018 level of pharmaceutical costs as the baseline and adjusted calendar year 2013 through 2017 medical payments based on the difference between (a) the pharmaceutical share of medical service payments for that calendar year and (b) the pharmaceutical share for calendar year 2018 at the same maturity. The WCIRB reviewed this approach in 2021 and found that 2018 continued to be an appropriate baseline level in this adjustment as the sharp declines in pharmaceutical costs plateaued around 2018.¹⁴ As shown in Exhibit 5.1, the differences in the pharmaceutical share from 2018 increase gradually by maturity up through approximately 96 months. After 96 months, the differences are somewhat volatile in large part due to the relative sparsity of payments at these maturities. As a result, the WCIRB based the adjustment after 96 months on the cumulative difference for all maturities older than 96 months.

The process shown in Exhibit 5.1 and described above contemplates calendar years 2013 and forward—periods for which the WCIRB has collected medical transaction data. To adjust payments made in

¹² See Item AC19-08-05 of the August 1, 2019 WCIRB Actuarial Committee Agenda.

¹³ See Item AC19-06-03 of the June 14, 2019 WCIRB Actuarial Committee Agenda.

¹⁴ See Item AC21-12-03 of the December 7, 2021 WCIRB Actuarial Committee Agenda.

calendar years 2012 and prior, the WCIRB assumed the 2013 pharmaceutical payment pattern approximated that for the earlier calendar years. Exhibit 5.2 shows the adjustment for earlier calendar years based on comparing the cumulative proportion of pharmaceutical costs for calendar year 2013 with that for calendar year 2018 at the same maturity.

The adjusted paid medical age-to-age factors are computed by adjusting pre-2018 medical payments to the 2018 pharmaceutical cost level by calendar year and development period based on the information shown in Exhibits 5.1 and 5.2. Once adjusted, the paid medical age-to-age factors are recomputed on an adjusted basis. The paid medical age-to-age factors adjusted on this basis are shown in Section B, Exhibits 2.4.1, 2.4.2 and 2.6.1. The WCIRB's 2021 review of medical loss development adjustments showed that this approach continues to have a significant impact on the medical loss development projection.¹⁵

Effective March 1, 2021, the DWC adopted significant changes to the Evaluation & Management (E&M) section of the Official Medical Fee Schedule (OMFS). Effective April 1, 2021, the DWC adopted a significant update to the Medical-Legal Fee Schedule (MLFS). These medical fee schedule changes impact medical services on a date-of-service basis rather than an accident date basis. As a result, they impact medical loss development on pre-2021 accident years emerging after the first quarter of 2021. As with other reforms that become effective on a date-of-service basis, if no adjustment is made, these changes may distort paid medical loss development emerging after the first quarter of 2021 as it is based on a mix of pre- and post-fee schedule change payments. The WCIRB is adjusting for this potential distortion by adjusting all medical payments made prior to the first quarter of 2021 to the post-fee schedule changes level and computing the medical paid age-to-age factors based on the adjusted amounts.¹⁶ In this way, age-to-age paid medical loss development factors are effectively "on-leveled" to a post-2021 OMFS and MLFS level.

The WCIRB's adjustment for the 2021 medical fee schedule changes uses the estimated impact of the changes based on the WCIRB's retrospective evaluation of these changes (discussed in Appendix B), which estimates that E&M office visit costs increased by 10% and medical-legal service costs increased by 50%. In the WCIRB's review of the impact of these changes on medical loss development, the WCIRB found that these services differ significantly by accident year and maturity. For example, approximately 1% of accident year 2019 medical service costs evaluated at 12 months were for medical-legal services while approximately 11% of accident year 2013 medical service costs evaluated at 96 months were for medical-legal services. As a result, the WCIRB is varying this adjustment based on the estimated proportion of E&M and medical-legal services by accident year and maturity based on WCIRB medical transaction data. In addition, while the WCIRB believes E&M office visit costs are roughly proportionate in medical costs not reflected in medical transaction data (such as settlements for future medical amounts), the WCIRB does not believe medical-legal service costs are similarly proportionate. As a result, the adjustments to loss development for the 2021 MLFS changes reflect medical-legal services as a proportion of total medical costs rather than medical service costs reflected in medical transaction data. The paid medical age-to-age factors adjusted on this basis are shown in Section B, Exhibits 2.4.1, 2.4.2 and 2.6.1. As the WCIRB's review found that E&M and medical-legal services represent a small and generally declining share of all medical service payments at later maturities, the WCIRB is only applying this adjustment to medical paid development through 108 months.

In the last several pure premium rate filings, the WCIRB reflected an adjustment to paid medical loss development for the impact of the SB 1160 and AB 1244 provisions related to liens. As these reforms were enacted several years ago, their impact is now fully reflected in the emerging experience as of December 31, 2023. As a result, the WCIRB is no longer reflecting this adjustment.

The WCIRB's selected age-to-age and cumulative paid medical development factors for development through 120 months, which have been adjusted for the recent decreases in pharmaceutical costs and the

¹⁵ See Item AC21-12-03 of the December 7, 2021 WCIRB Actuarial Committee Agenda.

¹⁶ See Item AC21-12-10 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

2021 medical fee schedule changes, are shown in Section B, Exhibits 2.6.1 and column 3 of Section B, Exhibit 3.3. Similar to paid indemnity, the WCIRB projects paid medical loss development from 12 months to 108 months using the latest year's age-to-age paid medical loss development factor and paid medical loss development from 108 months to 120 months using the average of the latest three years' age-to-age paid medical loss development factors, adjusted as described above.

Selected Incurred Medical Loss Development from 12 Months to 120 Months

As discussed above, the WCIRB recommends averaging the projection based on the adjusted paid loss development methodology with a projection based on an incurred loss development methodology. The WCIRB is basing projected incurred medical loss development from 12 months through 108 months on the latest-year incurred medical age-to-age loss development factor. These incurred medical loss development factors have not been adjusted for the impact of any reforms. However, the WCIRB's recent retrospective review showed that the unadjusted latest-year incurred method was among the most accurate of the methods reviewed during the most recent claims environment through 108 months.¹⁷

As with indemnity, the WCIRB is using a six-year average to project incurred medical loss development from 108 months to 120 months to reduce historical volatility in the age-the-age development.

The WCIRB's recent study of paid and incurred loss development showed that the recent anomalous later-period incurred loss development begins at around 120 months, particularly for medical losses, where age-to-age incurred medical loss development factors are below 1.000 for many of these later periods. The WCIRB does not believe this anomalous later-period incurred medical development is appropriate to project into the future. As with indemnity, the WCIRB converts incurred medical loss development to paid medical loss development at 120 months by applying the average of the most recent three accident years' ratios of reported paid medical losses to incurred medical losses at 120 months. These ratios are shown in Section B, Exhibit 2.6.1.

The incurred medical loss development for 12 months through 120 months projected as discussed above is shown in Section B, Exhibit 2.6.1 and column 2 of Section B, Exhibit 3.4.

Selected Medical Loss Development from 120 Months to 312 Months

Similar to indemnity, the WCIRB has projected medical development from 120 months to 312 months using the average of the three most recent years' age-to-age paid medical loss development factors adjusted for the impact of decreases in pharmaceutical costs described above. The medical development factors projected on this basis are shown in Section B, Exhibits 2.6.1 and 2.6.2 and column 3 of Section B, Exhibits 3.3 and 3.4.

Selected Medical Loss Development from 312 Months to 468 Months

As also discussed above for indemnity development, the post-SB 863 acceleration in claim settlement rates also impacts later-period loss development, particularly for medical losses that have significantly more payments in later periods compared to indemnity. The WCIRB adjusted paid medical loss development for periods after 312 months for recent changes in claim settlement rates impacting longer-term loss development using an approach consistent with that applied for indemnity. Section B, Exhibits 2.5.3 through 2.5.6 show the computation of this adjustment applied to paid medical development (including the adjustment for the decreases in pharmaceutical costs). The age-to-age medical development factors projected on this basis from 312 months through 468 months are shown in Section B, Exhibit 2.6.2 and column 2 of Section B, Exhibits 3.3 and 3.4.

Selected Medical Loss Development after 468 Months

As with indemnity loss development, the WCIRB recommends using the inverse power curve fitting approach to project the medical loss development tail. Specifically, the WCIRB recommends projecting medical loss development after 468 months based on (a) fitting an inverse power curve to a four-year

¹⁷ See Item AC22-12-05 of the April 13, 2023 WCIRB Actuarial Committee Agenda.

average of the 108-to-120 through 348-to-360 months paid medical age-to-age factors adjusted for the decreases in pharmaceutical costs and the impact of claim settlement rate changes on later-period development, (b) extrapolating the fitted factors to 80 development years, and (c) taking the cumulative product of the extrapolated factors after 468 months. The projected medical tail development factor computed on this basis is shown in Section B, Exhibit 2.6.2.

Estimated Ultimate Loss Ratios

The age-to-age and cumulative loss development factors selected for each evaluation period and methodology are shown in Section B, Exhibits 3.1 through 3.4. The cumulative loss development factors are applied to the reported paid indemnity (Section B, Exhibit 3.1), incurred indemnity (Section B, Exhibit 3.2), adjusted paid medical (Section B, Exhibit 3.3), or incurred medical (Section B, Exhibit 3.4) loss ratios as of December 31, 2023 to project an ultimate loss ratio for each accident year. Column 5 of Exhibit 3.2 shows the WCIRB's selected ultimate indemnity loss ratio for each accident year, which represents the average of the projections for the latest-year paid method and latest-year hybrid incurred method shown in column 4 of Exhibits 3.1 and 3.2, respectively. Column 7 of Exhibit 3.4 shows the WCIRB's selected ultimate medical loss ratio for each accident year, which represents the average of the projections for the latest-year adjusted paid method and latest-year hybrid incurred method shown in column 5 of Exhibits 3.3 and 3.4, respectively.

Summary of Alternative Loss Development Projections

For informational purposes, the WCIRB has computed alternative loss projections based on a number of alternative loss development projection methodologies that reflect underlying assumptions that differ from those reflected in the WCIRB's selected loss development methodology. These alternative loss development projections are shown in Exhibits 6 through 14 and are discussed below.

Alternative Incurred Loss Development Projections¹⁸

Three-Year Average/Latest-Year (Unadjusted) Incurred Loss Development

Exhibits 6.1 through 6.3 (average of the latest 3 years' factors) and 7.1 through 7.3 (latest year's factor) show projections based on historical unadjusted incurred loss development methodologies. Incurred methodologies are typically not impacted by changing payment and settlement patterns to the same extent as are paid projections. Also, since the reported incurred amounts far exceed reported paid amounts for relatively immature accident year loss evaluations, incurred loss development is not as highly leveraged for the less mature accident years. However, incurred loss development can be distorted by changes in case reserve levels, can be significantly impacted by legislative or regulatory changes, judicial action, or changes in the definition of losses (e.g., the change in reporting requirements related to MCCP costs), generally shows greater variability across insurers than paid loss development, and can be more volatile and cyclical than paid loss development.

In the WCIRB's most recent retrospective review of loss development, unadjusted latest-year incurred loss development was generally as accurate as adjusted paid loss development at earlier maturities. However, unadjusted incurred loss development was less accurate and more volatile than paid loss development at later maturities. In particular, incurred medical loss development after 120 months has been unprecedentedly flat for the last several years.¹⁹ The WCIRB believes this is likely the result of a continued reflection of the SB 863 and SB 1160 reforms, the post-SB 863 speedup in claim settlement rates, and sharp declines in pharmaceutical costs in insurer case reserve levels for claims from older accident years. The WCIRB does not believe these factors are likely to continue indefinitely and therefore does not recommend using the later-period incurred development patterns in the loss development projection.

¹⁸ All incurred loss development methodologies reflect a six-year average of incurred loss development applied after 108 months.

¹⁹ See Item AC22-12-05 of the April 13, 2023 WCIRB Actuarial Committee Agenda.

The loss ratios projected under both unadjusted incurred loss development methodologies are below those based on the corresponding paid loss development methodologies. As discussed above, the WCIRB believes paid development to be a more stable and reliable basis to project future development than incurred development for the later periods of development. The WCIRB instead utilizes in part a “hybrid” incurred loss development methodology that uses incurred loss development at earlier maturities and paid loss development at later maturities.

Latest-Year Hybrid Incurred Loss Development

To address the concerns with the recent anomalous later-period incurred loss development, Exhibits 8.1 through 8.3 show projections based on the latest-year unadjusted incurred loss development through 120 months and the WCIRB’s selected adjusted paid loss development after 120 months. This methodology produces projections generally comparable to those based solely on paid loss development, which highlights that the recent differences between incurred and paid projections are primarily due to the incurred loss development tail. As discussed above, the WCIRB is giving half weight to the projections based on this methodology in its selected loss development methodology.

Three-Year Average Incurred Loss Development Adjusted for Changes in Average Case Reserve Levels

Incurred loss development projections can be distorted by changes in average case reserve levels. For a number of years, the WCIRB has included an alternative loss development projection that adjusts historical incurred loss development factors to a common case reserve adequacy level in computing future loss development. In 2018, the WCIRB reviewed the assumptions and approach to this methodology and developed several refinements to the traditional actuarial approach.²⁰ The WCIRB also found that although the method that adjusts incurred development to a common case reserve level should address shifts in average case reserves, it does not address the inherent volatility that has been observed in incurred loss development patterns. As a result, to mitigate this volatility, the WCIRB based this projection on the average of the three most recent age-to-age factors rather than the latest year’s factor.

Exhibits 9.1 through 9.11 show projections based on incurred loss development with adjustments to an estimated common average case reserve level and the average of the latest three years’ factors. Projections based on this methodology are higher than the unadjusted incurred projections. The WCIRB does not recommend the use of this methodology due to the volatile nature of the adjustment approach and shows it for informational purposes only.

Alternative Paid Loss Development Projections²¹

Three-Year Average/Latest-Year (Unadjusted) Paid Loss Development

Paid projections are not dependent on case reserves and show less variability across insurers than incurred projections. In addition, unadjusted paid projections have generally shown to be more accurate and stable over the long term than the corresponding incurred projections in retrospective analyses. However, unadjusted paid projections can be impacted by changing claim settlement and payment patterns and, inasmuch as a relatively small percentage of an accident year’s ultimate losses are paid at early maturity levels, paid development projections for immature accident years are more highly leveraged.

Exhibits 10.1 through 10.3 (average of the latest three years’ factors) and 11.1 through 11.3 (latest year’s factor) show projections based on historical unadjusted paid loss development. The projections using the WCIRB’s selected methodology are in between the projections using these methodologies. As discussed above, the WCIRB is giving half weight to the indemnity projection based on the latest-

²⁰ See Item AC18-08-04 of the August 1, 2018 WCIRB Actuarial Committee Agenda.

²¹ All paid loss development methodologies reflect a three-year average of paid loss development applied after 108 months and adjustments for the impact of changes in claim settlement rates on later-period development applied after 312 months.

year unadjusted paid methodology in its selected loss development methodology. Given the potential impact of recent declines in pharmaceutical costs and the 2021 medical fee schedule changes on medical loss development patterns, the WCIRB believes it is appropriate to adjust for these factors in the medical loss development projection. The WCIRB's recent retrospective review also showed that the adjusted paid loss development projections for the period studied were consistently more accurate than the unadjusted projections.

Latest-Year Paid Loss Development Adjusted for Reforms

Exhibits 12.1 and 12.2 show a medical projection based on the latest-year paid loss development adjusted for the impact of recent declines in pharmaceutical costs and the 2021 medical fee schedule changes. As discussed above, the WCIRB is giving half weight to the projection based on this methodology in its selected loss development methodology.

Three-Year Average/Latest-Year Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms

Changes in claim settlement rates can significantly impact paid loss development patterns. However, adjustments for changes in claim settlement rates can be volatile depending on the underlying data and the treatment of partial payments inherent in workers' compensation claims.

Exhibits 13.1 through 13.15 (latest year's factor) and 14.1 through 14.3 (average of the latest three years' factors) show projections based on reflecting adjustments to loss development for claim settlement rate changes through 84 months as well as the reform adjustments recommended by the WCIRB for paid medical development. The projections produced by these methodologies are generally consistent with the corresponding unadjusted paid projections. Given that recent claim settlement rate changes have been modest, the WCIRB does not recommend reflecting this adjustment in this filing.

The projected loss ratios for policies incepting between September 1, 2024 and August 31, 2025 derived based on the loss development methodology selected by the WCIRB as well as each of the alternative loss development methodologies described above are shown in Table 1.

Table 1: Projected Loss Ratios under Alternative Loss Development Methodologies

September 1, 2024 Filing Loss Development Methodology	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Average of Latest-Year Paid Adjusted for Reforms and Latest-Year Hybrid Incurred	0.354	0.392	0.746

Alternative Loss Development Methodologies²²	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
<u>Incurred Loss Development Methodologies</u>			
Three-Year Average (Unadjusted)	0.330	0.323	0.653
Latest Year (Unadjusted)	0.344	0.343	0.687
Latest-Year Hybrid with Reform-Adjusted Paid After 120 months	0.349	0.391	0.740
Three-Year Average Adjusted for Changes in Case Reserve Levels	0.356	0.359	0.715
<u>Paid Loss Development Methodologies</u>			
Three-Year Average (Unadjusted)	0.355	0.375	0.730
Latest Year (Unadjusted)	0.359	0.392	0.751
Latest Year Adjusted for Reforms	---	0.392	---
Latest Year Adjusted for Reforms and Changes in Claim Settlement Rates	0.362	0.395	0.757
Three-Year Average Adjusted for Reforms and Changes in Claim Settlement Rates	0.360	0.377	0.737

²² All incurred loss development methodologies reflect a six-year average of incurred loss development applied after 108 months. All paid loss development methodologies reflect a three-year average of paid loss development applied after 108 months and adjustments for the impact of longer-term changes in claim settlement rates on later-period development applied after 312 months as in the WCIRB's recommended methodology.

Accident Year	Evaluated as of (in months):																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	
1987			54.9%	72.1%	82.9%	88.6%	92.5%	94.7%	96.0%	97.0%	97.3%	98.0%	98.2%	98.4%	98.5%	98.7%	98.8%	98.8%	98.8%	98.9%
1988		32.3%	55.1%	72.9%	83.0%	89.1%	92.9%	95.0%	96.2%	97.2%	97.9%	98.2%	98.2%	98.4%	98.6%	98.7%	98.8%	98.9%	99.0%	99.0%
1989	14.9%	31.9%	56.5%	73.4%	83.8%	89.9%	93.2%	95.4%	96.5%	97.3%	97.7%	97.9%	98.1%	98.1%	98.2%	98.3%	98.8%	98.8%	98.8%	98.8%
1990	17.0%	36.9%	59.8%	76.3%	86.1%	91.2%	94.3%	95.9%	96.9%	97.6%	97.9%	98.0%	98.1%	98.4%	98.6%	98.7%	98.8%	98.9%	99.0%	99.0%
1991	17.7%	37.7%	60.4%	77.6%	86.7%	91.8%	94.3%	95.9%	96.6%	97.1%	97.3%	97.3%	97.3%	97.8%	98.0%	98.0%	98.3%	98.4%	98.4%	98.5%
1992	18.3%	38.4%	63.3%	78.6%	87.0%	91.5%	94.1%	95.3%	96.1%	96.3%	96.7%	97.1%	97.2%	97.5%	97.5%	97.6%	98.0%	98.4%	98.4%	98.5%
1993	18.5%	42.1%	65.3%	79.4%	87.1%	91.3%	93.3%	94.6%	95.1%	95.7%	96.2%	96.4%	96.5%	96.8%	97.0%	97.6%	98.0%	98.2%	98.4%	98.4%
1994	20.4%	45.5%	68.3%	80.9%	87.3%	90.1%	91.8%	92.7%	93.4%	93.8%	94.4%	95.3%	95.6%	96.1%	96.1%	97.0%	97.5%	97.8%	97.9%	97.9%
1995	21.9%	48.5%	70.1%	81.3%	86.3%	88.9%	90.2%	91.5%	91.9%	92.6%	93.8%	94.4%	94.9%	95.6%	96.0%	96.3%	96.6%	96.8%	97.1%	97.1%
1996	24.5%	50.4%	70.5%	80.1%	85.0%	87.4%	88.8%	89.7%	90.9%	92.3%	93.3%	94.1%	94.9%	95.6%	96.1%	96.5%	96.7%	96.9%	97.3%	97.3%
1997	25.1%	51.4%	69.4%	78.6%	83.1%	86.2%	88.0%	89.7%	91.7%	92.7%	93.6%	94.6%	95.2%	95.5%	96.0%	96.4%	96.8%	97.2%	97.5%	97.5%
1998	26.5%	50.0%	67.5%	77.1%	81.8%	84.3%	86.9%	89.5%	91.2%	92.7%	93.7%	94.7%	95.3%	95.7%	96.2%	96.7%	97.0%	97.4%	97.4%	97.4%
1999	27.5%	49.1%	66.1%	76.0%	80.8%	84.9%	88.4%	89.4%	92.3%	93.3%	94.4%	95.2%	95.8%	96.2%	96.6%	97.0%	97.4%	97.8%	98.1%	98.1%
2000	26.8%	47.1%	65.1%	73.9%	80.9%	86.2%	89.3%	91.4%	92.9%	94.0%	94.8%	95.3%	95.8%	96.5%	96.8%	97.0%	97.4%	97.6%	97.9%	97.9%
2001	25.6%	47.4%	63.0%	75.0%	82.8%	87.2%	89.8%	91.5%	92.8%	93.8%	94.4%	95.0%	95.5%	96.0%	96.5%	97.0%	97.3%	97.7%	97.7%	98.0%
2002	25.6%	46.0%	64.6%	77.8%	84.9%	88.4%	90.9%	92.6%	93.5%	94.2%	95.0%	95.8%	96.3%	96.9%	97.2%	97.5%	97.9%	98.2%	98.3%	98.3%
2003	26.6%	47.6%	67.9%	79.2%	84.7%	87.9%	89.7%	90.8%	91.8%	92.5%	93.6%	94.4%	95.1%	95.6%	96.1%	96.6%	96.9%	97.3%	97.3%	97.7%
2004	26.1%	51.9%	68.1%	77.8%	83.4%	86.1%	87.9%	88.0%	90.6%	91.8%	93.1%	93.9%	94.6%	95.4%	95.9%	96.3%	96.7%	97.0%	97.2%	97.2%
2005	31.4%	56.2%	70.1%	78.9%	82.8%	84.8%	86.5%	88.1%	90.4%	91.8%	93.1%	94.0%	94.7%	95.5%	96.0%	96.5%	96.8%	97.0%	97.3%	97.3%
2006	33.2%	56.5%	69.8%	77.2%	81.2%	84.1%	86.7%	89.0%	90.7%	92.2%	93.3%	94.4%	95.1%	95.9%	96.2%	96.8%	97.1%	97.3%	97.3%	97.3%
2007	34.8%	56.6%	68.8%	76.6%	81.6%	84.9%	87.3%	89.3%	91.2%	92.6%	94.0%	94.8%	95.1%	96.2%	96.6%	96.8%	97.2%	97.2%	97.2%	97.2%
2008	36.0%	56.7%	68.7%	76.9%	82.3%	86.1%	88.7%	90.6%	92.0%	93.2%	94.4%	95.1%	95.5%	95.9%	96.4%	96.4%	96.6%	96.6%	96.6%	96.6%
2009	35.5%	54.8%	68.5%	76.8%	82.5%	86.0%	89.1%	91.2%	92.7%	93.9%	94.8%	95.4%	95.9%	96.2%	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%
2010	35.3%	55.8%	69.1%	78.2%	83.9%	87.6%	90.5%	92.5%	93.9%	94.8%	95.5%	96.2%	96.5%	96.9%	97.3%	97.3%	97.3%	97.3%	97.3%	97.3%
2011	34.4%	55.2%	69.7%	77.9%	84.0%	88.1%	91.0%	93.0%	94.4%	95.2%	96.0%	96.5%	96.2%	96.7%	96.7%	96.7%	96.7%	96.7%	96.7%	96.7%
2012	35.8%	56.3%	70.3%	79.7%	85.3%	89.0%	91.5%	93.2%	94.0%	95.0%	95.6%	96.3%	96.7%	96.7%	96.7%	96.7%	96.7%	96.7%	96.7%	96.7%
2013	34.3%	56.1%	71.7%	81.4%	87.2%	90.6%	92.6%	94.1%	95.2%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2014	34.2%	56.6%	72.5%	81.7%	87.1%	90.6%	92.7%	94.1%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2015	34.0%	56.7%	72.8%	82.2%	87.8%	90.5%	92.7%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2016	34.8%	58.0%	73.9%	83.1%	87.5%	90.5%	92.8%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2017	34.8%	58.1%	73.5%	81.6%	86.9%	89.9%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2018	35.3%	57.8%	71.8%	81.0%	86.3%	89.8%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2019	35.3%	56.9%	71.6%	80.6%	85.9%	89.8%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2020	35.8%	58.3%	72.5%	81.0%	86.3%	89.9%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2021	38.8%	59.7%	73.0%	81.0%	86.3%	89.9%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2022	39.9%	60.7%	73.0%	81.0%	86.3%	89.9%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
2023	40.7%	60.7%	73.0%	81.0%	86.3%	89.9%	92.1%	94.3%	95.3%	96.0%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for Accident Years 2020 through 2022.

Accident Year	Ratios of Paid to Incurred Losses - Medical*																			
	Evaluated as of (in months):																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	
1987	71.1%	79.9%	85.6%	88.6%	90.8%	91.8%	93.1%	93.4%	93.1%	93.1%	93.1%	94.3%	94.7%	95.1%	95.0%	94.3%	93.8%	94.0%	94.3%	
1988	59.6%	71.7%	80.4%	85.7%	88.7%	90.8%	92.2%	93.7%	93.7%	94.2%	95.0%	95.5%	95.3%	95.5%	95.4%	95.0%	95.1%	95.1%	95.3%	
1989	34.1%	58.7%	72.4%	81.2%	86.5%	88.8%	91.0%	92.6%	93.4%	94.4%	94.9%	94.9%	94.6%	94.5%	93.4%	93.8%	94.2%	94.8%	94.7%	
1990	34.2%	60.5%	73.3%	81.8%	87.3%	90.9%	93.0%	94.3%	94.9%	95.4%	95.4%	95.2%	94.9%	94.7%	94.7%	95.1%	95.3%	95.5%	95.3%	
1991	34.3%	58.6%	72.2%	81.7%	87.3%	91.5%	92.9%	94.3%	94.7%	95.0%	94.9%	94.8%	94.6%	94.6%	94.7%	94.4%	94.8%	94.7%	94.8%	
1992	34.9%	59.1%	73.3%	82.6%	87.8%	90.7%	92.8%	93.5%	93.9%	93.2%	93.3%	92.4%	92.4%	92.5%	93.2%	93.1%	93.6%	93.8%	94.1%	
1993	35.9%	62.8%	75.2%	82.7%	87.2%	89.4%	91.3%	91.7%	91.1%	90.8%	90.1%	90.0%	90.1%	90.4%	90.4%	90.1%	90.4%	90.8%	90.9%	
1994	35.7%	62.3%	76.2%	83.5%	87.7%	88.7%	89.5%	88.8%	88.4%	88.0%	87.7%	88.2%	88.3%	89.1%	90.0%	89.3%	89.3%	89.5%	90.1%	
1995	37.0%	64.0%	74.5%	81.6%	84.6%	86.5%	86.5%	85.9%	84.6%	84.8%	85.0%	86.2%	86.1%	85.6%	85.8%	86.9%	87.5%	87.4%	89.2%	
1996	38.9%	64.8%	76.0%	80.7%	84.2%	84.4%	84.5%	84.0%	84.6%	85.5%	86.0%	87.0%	87.2%	87.4%	87.8%	88.0%	88.9%	89.5%	90.3%	
1997	38.1%	65.5%	75.3%	80.4%	82.1%	82.7%	82.1%	82.0%	83.2%	84.7%	85.0%	85.0%	85.9%	86.3%	86.6%	86.6%	88.4%	89.6%	91.1%	
1998	39.2%	64.4%	73.4%	77.0%	78.5%	78.2%	79.7%	81.6%	82.8%	82.6%	83.8%	84.6%	85.0%	86.4%	86.8%	87.6%	88.2%	89.3%	90.1%	
1999	38.6%	63.7%	71.3%	76.6%	78.1%	80.0%	82.1%	83.5%	83.5%	84.0%	85.1%	85.8%	86.8%	87.4%	87.9%	88.0%	90.5%	91.7%	93.1%	
2000	36.9%	60.8%	71.1%	74.7%	78.1%	81.2%	83.4%	83.7%	84.9%	86.0%	86.3%	86.7%	87.0%	88.1%	89.1%	90.3%	91.7%	92.8%	93.7%	
2001	36.1%	61.8%	69.7%	75.5%	79.9%	82.4%	83.6%	84.4%	84.7%	86.4%	85.3%	86.1%	87.1%	87.9%	89.4%	90.7%	92.2%	93.0%	93.6%	
2002	35.3%	59.8%	69.6%	76.5%	81.9%	83.4%	84.8%	85.6%	86.1%	86.4%	86.9%	88.2%	89.0%	90.5%	91.8%	92.9%	93.8%	94.6%	95.3%	
2003	36.0%	59.0%	69.2%	76.5%	80.7%	82.1%	83.4%	83.8%	84.1%	84.8%	86.6%	87.9%	89.2%	90.9%	92.1%	93.1%	93.5%	94.3%	95.4%	
2004	33.8%	57.9%	68.3%	74.0%	77.7%	80.1%	80.8%	80.5%	83.2%	84.8%	86.5%	88.1%	89.5%	91.2%	92.5%	93.4%	94.3%	95.1%	95.6%	
2005	35.1%	56.7%	66.0%	73.9%	78.3%	79.2%	80.5%	81.8%	83.9%	85.4%	87.5%	88.8%	90.6%	91.9%	93.1%	94.2%	95.0%	95.8%	96.2%	
2006	35.0%	56.0%	66.0%	72.9%	76.9%	79.3%	81.3%	83.2%	84.8%	86.6%	88.8%	90.5%	91.4%	92.7%	93.5%	94.4%	95.0%	95.8%	96.2%	
2007	35.1%	56.8%	66.6%	72.9%	77.0%	79.5%	82.0%	83.9%	85.8%	88.1%	89.3%	90.9%	91.9%	93.4%	94.4%	95.1%	95.7%	96.2%	96.2%	
2008	37.2%	56.6%	66.4%	73.0%	77.3%	80.8%	83.3%	85.3%	87.4%	89.3%	90.8%	91.8%	93.1%	94.1%	94.8%	95.2%	95.7%	96.2%	96.2%	
2009	37.1%	55.6%	65.6%	72.7%	78.0%	81.3%	84.3%	86.7%	88.8%	90.4%	91.4%	92.5%	93.5%	94.1%	94.8%	95.2%	95.7%	96.2%	96.2%	
2010	36.5%	55.8%	66.4%	74.3%	79.5%	83.4%	86.7%	89.2%	91.2%	92.4%	93.6%	94.9%	95.6%	96.4%	96.4%	96.4%	96.4%	96.4%	96.4%	
2011	32.5%	52.1%	64.0%	71.9%	77.6%	82.6%	86.2%	88.1%	90.9%	92.5%	93.6%	94.4%	95.1%	95.1%	95.1%	95.1%	95.1%	95.1%	95.1%	
2012	32.5%	52.4%	64.7%	73.9%	80.1%	84.3%	87.7%	89.7%	91.2%	92.6%	94.0%	94.8%	95.1%	95.1%	95.1%	95.1%	95.1%	95.1%	95.1%	
2013	32.2%	51.5%	65.7%	75.0%	81.4%	85.8%	88.7%	90.7%	92.6%	93.5%	94.4%	94.8%	94.6%	94.6%	94.6%	94.6%	94.6%	94.6%	94.6%	
2014	31.9%	53.1%	67.1%	76.3%	82.6%	86.5%	89.2%	91.2%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2015	31.7%	53.1%	66.7%	76.3%	82.3%	85.9%	89.1%	91.3%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2016	32.6%	54.0%	67.7%	76.5%	82.5%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2017	33.2%	54.7%	68.2%	76.4%	82.5%	85.8%	88.7%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2018	33.4%	54.8%	68.1%	77.2%	82.8%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2019	32.9%	53.2%	67.6%	77.4%	83.3%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2020	31.5%	54.3%	68.0%	77.0%	83.3%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2021	32.0%	54.7%	67.9%	77.0%	83.3%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2022	31.7%	54.9%	67.9%	77.0%	83.3%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	
2023	32.1%	54.9%	67.9%	77.0%	83.3%	86.4%	89.4%	91.5%	92.6%	93.7%	94.6%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	

* 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 calls for experience, excluding COVID-19 claims for Accident Years 2020 through 2022.

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident Year	Evaluated as of (in months):																	
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	
1998																		98.1%
1999																	97.9%	98.1%
2000															98.1%	98.3%	98.6%	
2001														96.4%	96.8%	97.2%	97.6%	
2002													96.2%	96.7%	97.2%	97.5%	97.9%	
2003												95.7%	96.2%	96.8%	97.3%	97.7%	98.0%	
2004											95.1%	95.8%	96.6%	97.1%	97.6%	98.0%	98.3%	
2005										94.3%	95.3%	96.2%	96.9%	97.4%	97.8%	98.2%	98.4%	
2006									92.8%	94.2%	95.4%	96.3%	96.9%	97.4%	97.8%	98.1%	98.3%	
2007								91.1%	92.9%	94.6%	95.7%	96.5%	97.2%	97.7%	98.0%	98.3%	98.5%	
2008							88.3%	91.1%	93.4%	94.8%	95.9%	96.7%	97.3%	97.7%	98.0%	98.2%		
2009						84.0%	88.1%	91.4%	93.5%	95.0%	96.1%	96.8%	97.3%	97.6%	98.0%			
2010					79.8%	85.3%	89.6%	92.5%	94.3%	95.7%	96.6%	97.2%	97.6%	97.9%				
2011				72.6%	80.8%	86.5%	90.5%	93.1%	95.0%	96.0%	96.8%	97.3%	97.7%					
2012			61.6%	73.8%	82.1%	87.7%	91.4%	93.9%	95.3%	96.3%	96.9%	97.5%						
2013		45.8%	62.8%	75.5%	83.9%	89.0%	92.6%	94.6%	95.8%	96.6%	97.2%							
2014	20.7%	46.9%	64.5%	77.2%	85.4%	90.1%	92.9%	94.7%	95.9%	96.6%								
2015	20.8%	48.4%	67.2%	79.5%	87.0%	90.8%	93.3%	95.0%	96.0%									
2016	21.7%	51.1%	69.7%	81.6%	87.5%	91.1%	93.5%	95.1%										
2017	23.9%	53.9%	71.8%	81.6%	87.5%	91.1%	93.5%											
2018	24.4%	54.1%	70.1%	80.4%	86.8%	90.8%												
2019	24.2%	51.5%	67.7%	79.1%	85.9%													
2020	23.4%	50.9%	67.5%	78.4%														
2021	24.5%	53.1%	68.5%															
2022	24.6%	52.8%																
2023	24.7%																	

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2023.

Distribution of Estimated Ultimate Number of Claims by Injury Type

I. Distribution of Ultimate Number of Indemnity Claims

Accident <u>Year</u>	Permanent <u>Indemnity</u>	Temporary <u>Indemnity</u>	<u>Total</u>
2006	47.3%	52.7%	100%
2007	48.4%	51.6%	100%
2008	50.5%	49.5%	100%
2009	51.9%	48.1%	100%
2010	51.4%	48.6%	100%
2011	51.2%	48.8%	100%
2012	50.5%	49.5%	100%
2013	50.2%	49.8%	100%
2014	50.4%	49.6%	100%
2015	50.7%	49.3%	100%
2016	49.7%	50.3%	100%
2017	47.8%	52.2%	100%
2018	46.8%	53.2%	100%
2019	46.1%	53.9%	100%
2020	44.1%	55.9%	100%
2021	39.5%	60.5%	100%
2022*	39.3%	60.7%	100%

II. Distribution of Ultimate Number of All Claims

Accident <u>Year</u>	Permanent <u>Indemnity**</u>	Temporary <u>Indemnity</u>	Medical <u>Only</u>	<u>Total</u>
2006	13.6%	15.2%	71.2%	100%
2007	14.3%	15.2%	70.5%	100%
2008	15.5%	15.2%	69.3%	100%
2009	17.2%	15.9%	66.9%	100%
2010	17.8%	16.8%	65.4%	100%
2011	18.2%	17.3%	64.5%	100%
2012	18.3%	18.0%	63.7%	100%
2013	18.8%	18.7%	62.5%	100%
2014	18.9%	18.5%	62.6%	100%
2015	18.8%	18.3%	62.9%	100%
2016	18.5%	18.7%	62.8%	100%
2017	17.1%	18.6%	64.3%	100%
2018	16.8%	19.1%	64.1%	100%
2019	16.7%	19.5%	63.8%	100%
2020	17.9%	22.7%	59.4%	100%
2021	15.4%	23.6%	61.0%	100%
2022*	15.5%	24.0%	60.5%	100%

* Accident year 2022 experience is partial in that it only reflects experience from policy year 2021.

** Permanent indemnity consists of the death, permanent total, and permanent partial injury types.

Source: WCIRB unit statistical data

***COVID-19 claims have been excluded

Quarterly Incurred Indemnity Loss Development Factors
Through December 31, 2023

Age in Months	Accident Year																				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
6/3	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	3.187	3.266
9/6	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	--	1.968	1.912	1.976
12/9	1.473	1.460	1.355	1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.578	1.578	1.580	1.578	1.596	--	1.561	1.563	1.569
15/12	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	1.298	
18/15	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	1.191	
21/18	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	1.134	1.137	
24/21	1.094	1.045	1.082	1.098	1.106	1.106	1.114	1.119	1.117	1.111	1.104	1.114	1.111	1.104	1.100	1.102	1.094	1.097	1.100	1.104	
27/24	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	1.078		
30/27	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	1.065		
33/30	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	1.046	1.051		
36/33	1.020	1.029	1.033	1.039	1.043	1.051	1.049	1.049	1.043	1.041	1.043	1.042	1.036	1.037	1.038	1.029	1.034	1.038	1.039		
39/36	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	1.029			
42/39	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	1.031			
45/42	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	1.022	1.026			
48/45	1.013	1.013	1.021	1.019	1.021	1.024	1.024	1.026	1.023	1.024	1.020	1.020	1.016	1.017	1.014	1.015	1.018	1.019			
51/48	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	1.016				
54/51	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	1.013				
57/54	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	1.012				
60/57	1.009	1.011	1.013	1.019	1.016	1.013	1.015	1.012	1.014	1.012	1.012	1.011	1.007	1.007	1.009	1.009	1.009				
63/60	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	1.008					
66/63	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	1.006					
69/66	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	1.008					
72/69	1.009	1.009	1.013	1.011	1.009	1.009	1.009	1.010	1.008	1.007	1.007	1.005	1.005	1.007	1.007	1.006					
75/72	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	1.004						
78/75	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	1.004						
81/78	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	1.003	1.004						
84/81	1.006	1.007	1.008	1.005	1.009	1.006	1.004	1.007	1.004	1.007	1.003	1.004	1.002	1.005	1.003						
87/84	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	1.003							
90/87	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	1.002							
93/90	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	1.003							
96/93	1.006	1.006	1.003	1.002	1.003	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.003							

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

Quarterly Incurred Medical Loss Development Factors *
Through December 31, 2023

Age in Months	Accident Year																				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
6/3	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	2.928	2.907
9/6	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	--	1.746	1.763	1.839
12/9	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	1.469
15/12	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	1.179	
18/15	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	1.112	
21/18	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	1.067	1.079	
24/21	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	1.058	1.068	
27/24	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	1.051		
30/27	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	1.042		
33/30	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	1.031	1.037		
36/33	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	1.021	1.024	1.030		
39/36	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	1.021			
42/39	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	1.024			
45/42	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	1.014	1.021			
48/45	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	1.013	1.015			
51/48	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	1.013				
54/51	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	1.012				
57/54	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	1.005	1.008				
60/57	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	1.009	1.008				
63/60	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	1.007					
66/63	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	1.006					
69/66	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	1.008	1.009					
72/69	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	1.007					
75/72	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	1.002						
78/75	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	1.002						
81/78	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	1.002						
84/81	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	1.003						
87/84	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	1.002							
90/87	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	1.000							
93/90	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	1.002							
96/93	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	1.001							

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

* 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, 2023

Age in Months	Accident Year																				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
6/3	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	5.241	4.929
9/6	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	--	2.440	2.433	2.415
12/9	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	1.844
15/12	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	1.503	1.505	
18/15	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	1.337	
21/18	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	1.236	1.239	
24/21	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	1.185	
27/24	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	1.142		
30/27	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	1.123		
33/30	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	1.101	1.102		
36/33	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	1.083		
39/36	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	1.067			
42/39	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	1.061			
45/42	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	1.050	1.050			
48/45	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	1.043			
51/48	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	1.033				
54/51	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	1.032				
57/54	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	1.025	1.026				
60/57	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	1.025				
63/60	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	1.019					
66/63	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	1.018					
69/66	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	1.016					
72/69	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	1.015					
75/72	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	1.011						
78/75	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	1.011						
81/78	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	1.010						
84/81	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	1.009						
87/84	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	1.008							
90/87	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	1.006							
93/90	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	1.008							
96/93	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	1.005							

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

Quarterly Paid Medical Loss Development Factors *
Through December 31, 2023

Age in Months	Accident Year																				
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
6/3	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	6.026	5.205
9/6	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	2.354	2.322
12/9	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	1.753	1.776
15/12	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	1.455	
18/15	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	1.293	
21/18	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	1.192	1.204	
24/21	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	1.156	
27/24	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	1.117		
30/27	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	1.106		
33/30	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	1.088	1.092		
36/33	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	1.075		
39/36	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	1.065			
42/39	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	1.058			
45/42	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	1.049	1.048			
48/45	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	1.039			
51/48	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	1.033				
54/51	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	1.032				
57/54	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	1.025	1.026				
60/57	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	1.025				
63/60	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	1.018					
66/63	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	1.018					
69/66	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	1.018					
72/69	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	1.017					
75/72	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	1.011						
78/75	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	1.012						
81/78	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	1.011						
84/81	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	1.010						
87/84	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	1.009							
90/87	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	1.006							
93/90	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	1.008							
96/93	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	1.006							

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

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

Age	I. Distribution of Pharma Payments by Development Year ⁽¹⁾										II. Difference in Pharma Payment Share Compared to Calendar Year 2018 ⁽²⁾										III. Difference in Pharma Payment Share - Fixed Percentage for 108-Months & Later									
	Calendar Year										Calendar Year										Calendar Year									
	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018						
12	5.8%	5.1%	4.1%	3.0%	2.3%	1.3%	4.5%	3.8%	2.8%	1.7%	1.0%	0.0%	4.5%	3.8%	2.8%	1.7%	1.0%	0.0%	4.5%	3.8%	2.8%	1.7%	1.0%	0.0%						
24	9.0%	8.8%	6.6%	4.1%	3.2%	1.8%	7.2%	7.0%	4.7%	2.3%	1.3%	0.0%	7.2%	7.0%	4.7%	2.3%	1.3%	0.0%	7.2%	7.0%	4.7%	2.3%	1.3%	0.0%						
36	12.3%	11.9%	9.6%	6.2%	5.0%	3.0%	9.3%	8.9%	6.6%	3.2%	2.0%	0.0%	9.3%	8.9%	6.6%	3.2%	2.0%	0.0%	9.3%	8.9%	6.6%	3.2%	2.0%	0.0%						
48	14.7%	12.8%	10.4%	7.4%	5.9%	4.1%	10.6%	8.7%	6.3%	3.3%	1.8%	0.0%	10.6%	8.7%	6.3%	3.3%	1.8%	0.0%	10.6%	8.7%	6.3%	3.3%	1.8%	0.0%						
60	16.4%	14.9%	11.3%	7.9%	6.4%	4.9%	11.4%	10.0%	6.4%	3.0%	1.5%	0.0%	11.4%	10.0%	6.4%	3.0%	1.5%	0.0%	11.4%	10.0%	6.4%	3.0%	1.5%	0.0%						
72	20.0%	16.3%	13.7%	9.2%	7.1%	5.2%	14.8%	11.0%	8.5%	4.0%	1.9%	0.0%	14.8%	11.0%	8.5%	4.0%	1.9%	0.0%	14.8%	11.0%	8.5%	4.0%	1.9%	0.0%						
84	22.7%	19.4%	15.0%	11.3%	8.3%	5.1%	17.5%	14.2%	9.8%	6.2%	3.1%	0.0%	17.5%	14.2%	9.8%	6.2%	3.1%	0.0%	17.5%	14.2%	9.8%	6.2%	3.1%	0.0%						
96	25.8%	21.8%	17.7%	12.8%	11.1%	6.9%	18.8%	14.9%	10.7%	5.9%	4.1%	0.0%	18.8%	14.9%	10.7%	5.9%	4.1%	0.0%	18.8%	14.9%	10.7%	5.9%	4.1%	0.0%						
108	26.9%	24.2%	18.7%	15.0%	10.6%	10.3%	16.6%	13.9%	8.4%	4.7%	0.3%	0.0%	16.6%	13.9%	8.4%	4.7%	0.3%	0.0%	16.6%	13.9%	8.4%	4.7%	0.3%	0.0%						
120	29.7%	26.4%	22.2%	15.4%	14.0%	9.3%	20.4%	17.1%	12.9%	6.1%	4.7%	0.0%	20.4%	17.1%	12.9%	6.1%	4.7%	0.0%	20.4%	17.1%	12.2%	5.9%	2.4%	0.0%						
132	30.5%	27.9%	22.7%	17.5%	12.9%	11.2%	19.3%	16.7%	11.5%	6.3%	1.7%	0.0%	19.3%	16.7%	11.5%	6.3%	1.7%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
144	30.7%	27.7%	24.4%	18.4%	15.7%	11.3%	19.4%	16.5%	13.1%	7.1%	4.4%	0.0%	19.4%	16.5%	13.1%	7.1%	4.4%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
156	35.4%	26.1%	23.7%	19.0%	16.9%	12.8%	22.5%	13.3%	10.8%	6.1%	4.0%	0.0%	22.5%	13.3%	10.8%	6.1%	4.0%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
168	38.5%	33.2%	22.9%	17.1%	15.7%	15.6%	22.9%	17.6%	7.2%	1.5%	-0.6%	0.0%	22.9%	17.6%	7.2%	1.5%	-0.6%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
180	37.5%	37.4%	29.2%	15.6%	13.6%	14.2%	23.3%	23.2%	15.0%	1.5%	0.5%	0.0%	23.3%	23.2%	15.0%	1.5%	0.5%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
192	32.2%	34.2%	31.0%	22.5%	12.1%	11.6%	20.7%	22.7%	19.5%	10.9%	0.5%	0.0%	20.7%	22.7%	19.5%	10.9%	0.5%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
204	37.3%	33.8%	28.2%	22.4%	17.4%	10.7%	26.6%	23.1%	17.5%	11.7%	6.7%	0.0%	26.6%	23.1%	17.5%	11.7%	6.7%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
216	35.7%	34.6%	27.5%	18.1%	16.8%	16.2%	19.5%	18.3%	11.3%	1.8%	0.6%	0.0%	19.5%	18.3%	11.3%	1.8%	0.6%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
228	28.1%	36.2%	31.6%	22.8%	16.0%	15.6%	12.6%	20.7%	16.0%	7.2%	0.5%	0.0%	12.6%	20.7%	16.0%	7.2%	0.5%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
240	38.1%	25.4%	30.1%	27.7%	18.4%	11.8%	26.3%	13.6%	18.3%	15.9%	6.5%	0.0%	26.3%	13.6%	18.3%	15.9%	6.5%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
252	40.4%	36.6%	20.4%	21.3%	24.5%	15.1%	25.3%	21.5%	5.4%	6.2%	9.4%	0.0%	25.3%	21.5%	5.4%	6.2%	9.4%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
264	44.0%	41.0%	33.2%	20.7%	16.2%	16.3%	27.7%	24.7%	17.0%	4.4%	-0.1%	0.0%	27.7%	24.7%	17.0%	4.4%	-0.1%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
276	47.6%	31.4%	28.4%	27.2%	16.7%	14.1%	33.5%	17.2%	14.3%	13.0%	2.6%	0.0%	33.5%	17.2%	14.3%	13.0%	2.6%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
288	38.4%	45.1%	27.1%	14.1%	19.9%	15.0%	23.4%	30.2%	12.1%	-0.9%	4.9%	0.0%	23.4%	30.2%	12.1%	-0.9%	4.9%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
300	26.9%	40.8%	45.0%	20.1%	12.8%	20.3%	6.5%	20.5%	24.6%	-0.3%	-7.5%	0.0%	6.5%	20.5%	24.6%	-0.3%	-7.5%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
312	31.0%	27.4%	34.7%	35.5%	16.5%	11.9%	19.1%	15.4%	22.8%	23.6%	4.6%	0.0%	19.1%	15.4%	22.8%	23.6%	4.6%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
324	29.6%	23.8%	23.9%	32.4%	31.5%	16.2%	13.4%	7.7%	7.7%	16.3%	15.3%	0.0%	13.4%	7.7%	7.7%	16.3%	15.3%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
336	43.4%	27.6%	22.4%	18.7%	24.8%	23.2%	20.2%	4.5%	-0.8%	-4.4%	1.7%	0.0%	20.2%	4.5%	-0.8%	-4.4%	1.7%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
348	37.0%	38.1%	31.1%	16.5%	16.8%	16.7%	20.2%	21.3%	14.3%	-0.2%	0.0%	0.0%	20.2%	21.3%	14.3%	-0.2%	0.0%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
360	31.1%	29.1%	25.8%	18.8%	13.7%	10.8%	20.3%	18.3%	15.0%	8.1%	2.9%	0.0%	20.3%	18.3%	15.0%	8.1%	2.9%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
372	40.7%	30.2%	27.7%	34.3%	23.0%	10.1%	30.5%	20.0%	17.6%	24.1%	12.8%	0.0%	30.5%	20.0%	17.6%	24.1%	12.8%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						
384	23.1%	42.7%	42.7%	33.3%	29.9%	33.8%	-10.7%	9.0%	-0.5%	-3.8%	-3.8%	0.0%	-10.7%	9.0%	-0.5%	-3.8%	-3.8%	0.0%	17.1%	17.1%	12.2%	5.9%	2.4%	0.0%						
396	5.4%	36.3%	34.8%	34.8%	34.8%	45.6%	-40.2%	-9.3%	-10.9%	-10.9%	0.0%	0.0%	-40.2%	-9.3%	-10.9%	-10.9%	0.0%	0.0%	17.1%	17.1%	12.2%	5.9%	2.4%	0.0%						
408	6.0%	34.6%	3.9%	3.9%	3.9%	35.6%	-29.6%	-1.0%	-20.5%	-20.5%	0.0%	0.0%	-29.6%	-1.0%	-20.5%	-20.5%	0.0%	0.0%	17.1%	17.1%	12.2%	5.9%	2.4%	0.0%						
420	3.9%	3.9%	3.9%	3.9%	3.9%	24.4%	-20.5%	-20.5%	-20.5%	-20.5%	0.0%	0.0%	-20.5%	-20.5%	-20.5%	-20.5%	0.0%	0.0%	17.1%	17.1%	12.2%	5.9%	2.4%	0.0%						
432	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	0.0%	2.1%	2.1%	2.1%	2.1%	2.1%	0.0%	17.1%	17.1%	12.2%	5.9%	2.4%	0.0%						
Total	15.6%	14.0%	11.1%	7.6%	5.9%	4.1%	11.5%	9.9%	6.9%	3.4%	1.7%	0.0%	11.5%	9.9%	6.9%	3.4%	1.7%	0.0%	11.5%	9.9%	6.9%	3.4%	1.7%	0.0%						
108+	32.7%	29.8%	24.9%	18.6%	15.1%	12.7%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%	20.0%	17.1%	12.2%	5.9%	2.4%	0.0%						

Notes:

⁽¹⁾ Based on WCIRB medical transaction data.

⁽²⁾ For example, the 4.5% for 2013 at 12 months is the difference between the 5.8% for 2013 at 12 months and the 1.3% for 2018 at 12 months from Item I.

Development Age	Difference in Pharma Payment Share for Calendar Years 2012 and Prior Compared to Calendar Year 2018		Difference
	(A) CY2012&Prior ⁽¹⁾	(B) CY2018 ⁽²⁾	
0-12	5.8%	1.3%	4.5%
0-24	7.5%	1.5%	6.0%
0-36	8.7%	1.8%	6.9%
0-48	9.5%	2.1%	7.4%
0-60	10.1%	2.3%	7.8%
0-72	10.7%	2.4%	8.3%
0-84	11.3%	2.5%	8.7%
0-96	11.7%	2.7%	9.1%
0-108	12.2%	2.8%	9.3%
0-120	12.6%	2.9%	9.7%
0-132	13.1%	3.0%	10.0%
0-144	13.5%	3.1%	10.4%
0-156	14.0%	3.2%	10.7%
0-168	14.3%	3.4%	10.9%
0-180	14.5%	3.5%	11.1%
0-192	14.7%	3.5%	11.2%
0-204	14.9%	3.6%	11.3%
0-216	15.0%	3.7%	11.3%
0-228	15.1%	3.8%	11.3%
0-240	15.2%	3.8%	11.3%
0-252	15.3%	3.9%	11.4%
0-264	15.3%	3.9%	11.4%
0-276	15.4%	4.0%	11.4%
0-288	15.5%	4.0%	11.5%
0-300	15.5%	4.0%	11.5%
0-312	15.5%	4.0%	11.5%
0-324	15.5%	4.1%	11.5%
0-336	15.6%	4.1%	11.5%
0-348	15.6%	4.1%	11.5%
0-360	15.6%	4.1%	11.5%
0-372	15.6%	4.1%	11.5%
0-384	15.6%	4.1%	11.5%
0-396	15.6%	4.1%	11.5%
0-408	15.6%	4.1%	11.5%
0-420	15.6%	4.1%	11.5%
0-432	15.6%	4.1%	11.5%

Notes:

⁽¹⁾ Based on calendar year 2013 from Exhibit 5.1, Item I.

⁽²⁾ Based on calendar year 2018 from Exhibit 5.1, Item I.

**Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				Total Developed Loss Ratio (4) + (8)
	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>	
2012	0.253	1.006	1.032	0.262	0.330	1.003	0.999	0.330	0.591
2013	0.212	1.005	1.038	0.220	0.262	1.002	1.002	0.262	0.483
2014	0.200	1.007	1.045	0.209	0.233	1.004	1.005	0.234	0.443
2015	0.194	1.009	1.054	0.205	0.218	1.006	1.011	0.220	0.425
2016	0.183	1.007	1.061	0.195	0.204	1.006	1.017	0.208	0.402
2017	0.187	1.010	1.072	0.201	0.211	1.007	1.024	0.216	0.417
2018	0.197	1.017	1.090	0.215	0.226	1.010	1.034	0.234	0.449
2019	0.226	1.027	1.120	0.253	0.249	1.023	1.058	0.264	0.517
2020	0.225	1.046	1.171	0.264	0.252	1.034	1.093	0.276	0.539
2021	0.233	1.098	1.286	0.300	0.267	1.067	1.167	0.312	0.611
2022	0.183	1.241	1.595	0.293	0.220	1.148	1.340	0.295	0.588
2023	0.095	1.888	3.011	0.286	0.147	1.472	1.972	0.291	0.576

- (a) Based on Section B, Exhibit 1.
- (b) Based on Section B, Exhibit 2.1.
- (c) Based on Section B, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.262	1.497	0.869	0.451
2013	0.220	1.464	0.760	0.425
2014	0.209	1.341	0.700	0.401
2015	0.205	1.322	0.669	0.404
2016	0.195	1.305	0.690	0.368
2017	0.201	1.271	0.723	0.353
2018	0.215	1.238	0.761	0.349
2019	0.253	1.205	0.845	0.361
2020	0.264	1.170	0.894	0.345
2021	0.300	1.127	0.931	0.363
2022	0.293	1.090	0.918	0.347
2023	0.286	1.064	0.952	0.319
				Projected (d)
2024				0.330
2025				0.331
9/1/2025				0.330

- (a) See Exhibit 6.1.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.330	0.897	0.869	0.340
2013	0.262	0.984	0.760	0.340
2014	0.234	1.038	0.700	0.347
2015	0.220	1.064	0.669	0.351
2016	0.208	1.066	0.690	0.321
2017	0.216	1.068	0.723	0.319
2018	0.234	1.079	0.761	0.332
2019	0.264	1.069	0.845	0.334
2020	0.276	1.052	0.894	0.324
2021	0.312	1.052	0.931	0.352
2022	0.295	1.013	0.918	0.326
2023	0.291	1.011	0.952	0.309
				Projected (d)
2024				0.319
2025				0.323
9/1/2025				0.323

- (a) See Exhibit 6.1.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**Developed Loss Ratio Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				Total Developed Loss Ratio (4) + (8)
	Reported Incurred Loss Ratio <u>Ex IBNR (a)</u>	Annual Development Factor (b)	Cumulative Development Factor	Developed Loss Ratio (1) x (3)	Reported Incurred Loss Ratio <u>Ex IBNR (a)</u>	Annual Development Factor (c)	Cumulative Development Factor	Developed Loss Ratio (5) x (7)	
2012	0.253	1.006	1.032	0.262	0.330	1.003	0.999	0.330	0.591
2013	0.212	1.005	1.038	0.220	0.262	1.002	1.002	0.262	0.483
2014	0.200	1.007	1.045	0.209	0.233	1.004	1.005	0.234	0.443
2015	0.194	1.009	1.054	0.205	0.218	1.006	1.011	0.220	0.425
2016	0.183	1.008	1.062	0.195	0.204	1.009	1.020	0.208	0.403
2017	0.187	1.011	1.074	0.201	0.211	1.005	1.025	0.216	0.418
2018	0.197	1.016	1.091	0.215	0.226	1.009	1.035	0.234	0.449
2019	0.226	1.028	1.122	0.253	0.249	1.029	1.065	0.265	0.519
2020	0.225	1.052	1.180	0.266	0.252	1.043	1.110	0.280	0.546
2021	0.233	1.110	1.310	0.305	0.267	1.084	1.204	0.321	0.627
2022	0.183	1.253	1.642	0.301	0.220	1.169	1.407	0.310	0.611
2023	0.095	1.940	3.185	0.302	0.147	1.511	2.126	0.314	0.616

- (a) Based on Section B, Exhibit 1.
- (b) Based on Section B, Exhibit 2.1.
- (c) Based on Section B, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.262	1.497	0.869	0.451
2013	0.220	1.464	0.760	0.425
2014	0.209	1.341	0.700	0.401
2015	0.205	1.322	0.669	0.404
2016	0.195	1.305	0.690	0.368
2017	0.201	1.271	0.723	0.354
2018	0.215	1.238	0.761	0.350
2019	0.253	1.205	0.845	0.361
2020	0.266	1.170	0.894	0.347
2021	0.305	1.127	0.931	0.370
2022	0.301	1.090	0.918	0.358
2023	0.302	1.064	0.952	0.337
				Projected (d)
2024				0.344
2025				0.345
9/1/2025				0.344

- (a) See Exhibit 7.1.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.330	0.897	0.869	0.340
2013	0.262	0.984	0.760	0.340
2014	0.234	1.038	0.700	0.347
2015	0.220	1.064	0.669	0.351
2016	0.208	1.066	0.690	0.322
2017	0.216	1.068	0.723	0.320
2018	0.234	1.079	0.761	0.332
2019	0.265	1.069	0.845	0.336
2020	0.280	1.052	0.894	0.329
2021	0.321	1.052	0.931	0.363
2022	0.310	1.013	0.918	0.342
2023	0.314	1.011	0.952	0.333
				Projected (d)
2024				0.339
2025				0.344
9/1/2025				0.343

- (a) See Exhibit 7.1.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**Developed Loss Ratio Latest Year Hybrid Incurred Development with Paid Development After 120 Months
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2) Indemnity			(4)	(5) Medical			(8)	(9)
	Reported Incurred or Paid Loss Ratio	Annual Development	Cumulative Development	Developed Loss Ratio	Reported Incurred or Paid Loss Ratio	Annual Development	Cumulative Development	Developed Loss Ratio	Total Developed Loss Ratio	
	<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>	
2012	0.244	1.011	1.081	0.264	0.297	1.011	1.196	0.355	0.619	
2013	0.205	1.011	1.093	0.224	0.247	1.013	1.211	0.299	0.523	
2014	0.192	1.014	1.108	0.213	0.222	1.015	1.229	0.273	0.486	
2015	0.194	1.009	1.068	0.207	0.218	1.006	1.153	0.251	0.458	
2016	0.183	1.008	1.077	0.197	0.204	1.009	1.163	0.238	0.435	
2017	0.187	1.011	1.089	0.204	0.211	1.005	1.169	0.247	0.451	
2018	0.197	1.016	1.106	0.218	0.226	1.009	1.179	0.267	0.485	
2019	0.226	1.028	1.137	0.257	0.249	1.029	1.214	0.303	0.560	
2020	0.225	1.052	1.196	0.269	0.252	1.043	1.266	0.319	0.588	
2021	0.233	1.110	1.328	0.310	0.267	1.084	1.372	0.366	0.676	
2022	0.183	1.253	1.664	0.305	0.220	1.169	1.604	0.354	0.659	
2023	0.095	1.940	3.228	0.306	0.147	1.511	2.424	0.357	0.664	

- (a) Based on Section B, Exhibit 1. Paid loss ratios are shown for accident years 2014 and prior while incurred loss ratios are shown for accident years 2015 and subsequent.
- (b) Based on Section B, Exhibit 2.1 through 120 months and Section B, Exhibit 2.5 after 120 months. Incurred development is converted to paid development at 120 months by using a three-year average of the reported ratio of paid indemnity losses to incurred indemnity losses at 120 months.
- (c) Based on Section B, Exhibit 2.2 through 120 months and Section B, Exhibit 2.6 after 120 months. Incurred development is converted to paid development at 120 months by using a three-year average of the reported ratio of paid medical losses to incurred medical losses at 120 months.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Latest Year Hybrid Incurred Development with Paid Development After 120 Months
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.207	1.322	0.669	0.410
2016	0.197	1.305	0.690	0.373
2017	0.204	1.271	0.723	0.358
2018	0.218	1.238	0.761	0.355
2019	0.257	1.205	0.845	0.366
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.375
2022	0.305	1.090	0.918	0.362
2023	0.306	1.064	0.952	0.342
				Projected (d)
2024				0.349
2025				0.350
9/1/2025				0.349

- (a) See Exhibit 8.1.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Latest Year Hybrid Incurred Development with Paid Development After 120 Months
Based on Experience as of December 31, 2023**

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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.251	1.064	0.669	0.400
2016	0.238	1.066	0.690	0.367
2017	0.247	1.068	0.723	0.364
2018	0.267	1.079	0.761	0.379
2019	0.303	1.069	0.845	0.383
2020	0.319	1.052	0.894	0.376
2021	0.366	1.052	0.931	0.414
2022	0.354	1.013	0.918	0.390
2023	0.357	1.011	0.952	0.380
				Projected (d)
2024				0.387
2025				0.392
9/1/2025				0.391

- (a) See Exhibit 8.1.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

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

A. Indemnity Case Reserves per Open Claim

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													34,575
2007												34,776	41,963
2008											35,161	39,185	44,543
2009										31,504	35,810	39,956	43,419
2010									27,223	31,315	35,170	36,944	35,644
2011								25,446	28,455	32,072	33,116	35,979	39,463
2012						24,011	27,847	32,521	35,434	37,953	39,348		
2013					19,546	23,238	26,407	28,252	30,751	32,537			
2014				18,835	21,475	24,259	26,417	28,689	31,217				
2015			16,645	19,482	22,240	24,692	26,947	29,162					
2016		14,947	18,703	21,540	23,853	26,940	29,506						
2017	9,931	15,842	19,376	21,547	24,595	26,979							
2018	10,359	16,090	18,909	22,027	24,983								
2019	10,930	15,731	18,905	21,802									
2020	10,039	15,919	19,326										
2021	10,331	16,176											
2022	10,230												
2023													

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
2005													
2006													18,146
2007												19,221	19,694
2008											20,640	21,167	21,639
2009										21,212	21,897	22,324	22,720
2010									20,489	21,172	21,645	22,120	22,470
2011								19,545	20,376	20,933	21,375	21,686	21,929
2012							18,343	19,357	20,035	20,522	20,890	21,296	
2013						17,104	18,224	19,047	19,588	20,023	20,295		
2014				16,337	17,931	19,003	19,770	20,364	20,828				
2015				14,496	16,893	18,274	19,267	19,997	20,628				
2016			11,038	14,481	16,449	17,824	18,853	19,676					
2017		6,648	11,144	14,345	16,462	17,861	18,936						
2018	2,875	7,039	11,390	14,635	16,866	18,489							
2019	3,160	7,062	11,451	15,386	17,984								
2020	3,309	7,670	12,539	16,545									
2021	3,174	7,274	11,994										
2022	3,499	8,007											
2023	3,890												

C. Annual Change of 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
2006													
2007													8.5%
2008												10.1%	9.9%
2009											6.1%	5.5%	5.0%
2010										-0.2%	-1.1%	-0.9%	-1.1%
2011									-0.6%	-1.1%	-1.2%	-2.0%	-2.4%
2012								-1.0%	-1.7%	-2.0%	-2.3%	-1.8%	
2013							-0.6%	-1.6%	-2.2%	-2.4%	-2.8%		
2014						4.8%	4.3%	3.8%	4.0%	4.0%			
2015					3.4%	1.9%	1.4%	1.2%	1.3%				
2016				-0.1%	-2.6%	-2.5%	-2.2%	-1.6%					
2017			1.0%	-0.9%	0.1%	0.2%	0.4%						
2018		5.9%	2.2%	2.0%	2.5%	3.5%							
2019	9.9%	0.3%	0.5%	5.1%	6.6%								
2020	4.7%	8.6%	9.5%	7.5%									
2021	-4.1%	-5.2%	-4.3%										
2022	10.3%	10.1%											
2023	11.2%												

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)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													32,656
2007												35,514	35,441
2008											33,091	39,110	38,941
2009										32,607	35,105	41,248	40,886
2010									31,007	32,547	34,701	40,872	40,437
2011								28,969	30,836	32,178	34,269	40,069	39,463
2012						28,583	28,689	30,320	31,548	33,491	39,348		
2013					24,958	28,397	28,231	29,644	30,780	32,537			
2014				19,102	22,694	26,165	29,612	29,302	30,817	32,017			
2015			17,786	19,083	22,851	26,009	29,377	29,162					
2016		13,431	17,958	18,904	22,868	26,063	29,506						
2017	7,561	14,222	18,353	19,285	23,430	26,979							
2018	8,310	14,267	18,452	20,275	24,983								
2019	8,703	15,497	20,204	21,802									
2020	8,346	14,696	19,326										
2021	9,202	16,176											
2022	10,230												
2023													

E. Indemnity Open Claim Counts

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													3,874
2007												4,243	3,360
2008											4,695	3,716	2,990
2009										5,369	4,066	3,270	2,725
2010									6,240	4,670	3,634	2,908	2,431
2011								7,539	5,497	4,255	3,426	2,768	2,362
2012							10,017	7,025	5,304	4,156	3,401	2,791	
2013						13,662	9,175	6,599	4,995	3,910	3,261		
2014				19,377	12,999	9,134	6,618	5,047	4,027				
2015			28,129	17,699	12,560	8,982	6,483	5,005					
2016		63,082	42,680	25,929	17,512	12,349	8,741	6,477					
2017		82,505	64,190	43,051	28,212	18,622	12,957						
2018	84,109	68,553	47,366	30,516	20,488								
2019	74,707	61,153	41,533	27,586									
2020	80,848	64,024	44,377										
2021	84,257	68,430											
2022	86,390												
2023													

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

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													126,508
2007												150,687	119,083
2008											155,361	145,334	116,433
2009										175,070	142,737	134,882	111,415
2010									193,472	151,979	126,105	118,855	98,302
2011								218,402	169,496	136,919	117,405	110,910	93,212
2012						340,981	260,554	186,293	148,069	120,350	106,105		
2013						439,746	340,107	270,472	193,918	155,533	128,932		
2014						537,336	415,344	334,910	269,665	192,147	156,240		
2015			759,124	494,791	400,161	321,188	256,783	188,883					
2016		847,258	711,459	489,890	399,257	317,659	260,569						
2017	623,825	912,881	790,122	544,070	436,320	349,569							
2018	698,928	978,057	874,007	618,709	511,845								
2019	650,138	947,674	839,151	601,435									
2020	674,771	940,888	857,645										
2021	775,323	1,106,948											
2022	883,736												
2023													

(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

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
2006												
2007												1.010
2008											1.007	1.006
2009										1.010	1.005	1.008
2010									1.012	1.006	1.004	1.004
2011								1.011	1.008	1.007	1.005	1.005
2012							1.015	1.013	1.007	1.007	1.005	
2013						1.021	1.013	1.007	1.006	1.006		
2014					1.029	1.016	1.011	1.006	1.009			
2015				1.047	1.027	1.017	1.008	1.008				
2016			1.095	1.046	1.026	1.017	1.011					
2017		1.241	1.088	1.043	1.028	1.016						
2018	1.901	1.228	1.083	1.043	1.028							
2019	1.900	1.231	1.100	1.052								
2020	1.815	1.238	1.110									
2021	1.908	1.253										
2022	1.944											

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
2006												
2007												-0.87%
2008											0.32%	-0.56%
2009										-0.31%	0.25%	-0.39%
2010									-0.64%	-0.26%	0.46%	0.01%
2011								-0.50%	-0.46%	0.13%	0.26%	-0.40%
2012							-1.42%	-0.62%	-0.15%	0.04%	0.53%	
2013					-0.95%	-1.22%	-0.18%	-0.23%	0.00%			
2014				0.88%	-0.12%	-0.36%	-1.08%	-0.11%	-0.16%			
2015				0.88%	-0.19%	0.05%	-0.80%	-0.19%				
2016			-2.10%	0.69%	0.17%	0.14%	-0.65%					
2017		3.34%	-1.20%	1.75%	0.22%	0.33%						
2018	13.15%	2.96%	-0.51%	1.37%	0.65%							
2019	9.08%	4.42%	-0.86%	1.57%								
2020	14.34%	2.52%	-1.85%									
2021	8.06%	3.19%										
2022	7.03%											

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
2006												
2007												1.001
2008											1.010	1.000
2009										1.007	1.008	1.004
2010									1.006	1.003	1.009	1.004
2011								1.006	1.003	1.008	1.007	1.001
2012							1.002	1.007	1.005	1.007	1.010	
2013					1.010	1.001	1.001	1.005	1.004	1.006		
2014					1.028	1.012	1.000	1.005	1.007			
2015				1.056	1.025	1.018	1.000	1.006				
2016			1.072	1.053	1.028	1.018	1.004					
2017		1.282	1.075	1.061	1.030	1.019						
2018	2.151	1.264	1.077	1.057	1.035							
2019	2.073	1.285	1.091	1.069								
2020	2.075	1.269	1.089									
2021	2.062	1.293										
2022	2.076											
3-Year Average	2.071	1.283	1.086	1.062	1.031	1.018	1.001	1.005	1.005	1.007	1.009	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 Section B, 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

M. 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
2005													
2006													90,133
2007												92,947	105,261
2008											85,653	96,408	101,169
2009										73,783	88,124	96,335	99,477
2010									58,936	67,958	73,974	73,719	76,845
2011								55,216	64,237	68,751	72,928	78,590	81,735
2012							46,012	55,623	62,946	68,635	67,892	71,610	
2013						37,130	44,808	51,831	54,595	61,480	64,076		
2014					31,331	37,317	42,943	48,610	54,165	58,076			
2015				29,272	35,689	40,785	44,374	49,367	55,046				
2016			24,934	29,858	35,328	39,733	44,215	47,929					
2017		21,468	26,870	31,999	37,057	43,129	47,549						
2018	17,710	22,377	26,189	30,016	35,368	41,577							
2019	17,712	22,022	24,798	28,598	32,811								
2020	18,068	21,270	25,254	29,690									
2021	17,882	21,965	26,294										
2022	18,109	22,277											
2023	18,216												

N. Average Paid Medical Loss per Closed Indemnity Claim (g)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													23,043
2007												25,138	25,912
2008											26,591	27,566	28,295
2009										27,615	28,672	29,252	29,829
2010									26,628	27,695	28,571	29,290	29,849
2011								24,047	25,202	25,952	26,638	27,084	27,414
2012							21,060	22,348	23,327	23,859	24,533	25,043	
2013						18,509	19,882	20,822	21,515	22,066	22,418		
2014					16,347	18,132	19,282	20,114	20,871	21,418			
2015				13,856	16,234	17,712	18,709	19,624	20,284				
2016			10,501	13,518	15,520	16,817	17,977	18,850					
2017		6,662	10,654	13,477	15,474	16,899	18,188						
2018	2,982	6,974	11,110	14,021	16,186	17,895							
2019	3,426	6,742	10,818	14,291	16,818								
2020	2,907	6,947	11,491	15,381									
2021	2,862	6,536	11,117										
2022	2,787	7,209											
2023	3,632												

O. Annual Change of Average Paid Medical per Closed Claim (h)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2006													
2007													12.4%
2008												9.7%	9.2%
2009											7.8%	6.1%	5.4%
2010										2.4%	2.4%	2.4%	1.8%
2011									3.2%	3.4%	3.1%	3.0%	3.0%
2012								-5.3%	-5.1%	-5.0%	-5.1%	-4.9%	
2013							-5.6%	-6.8%	-7.8%	-7.5%	-8.6%		
2014						-2.0%	-3.0%	-3.4%	-3.0%	-2.9%			
2015					-0.7%	-2.3%	-3.0%	-2.4%	-2.8%				
2016				-2.4%	-4.4%	-5.1%	-3.9%	-3.9%					
2017			1.5%	-0.3%	-0.3%	0.5%	1.2%						
2018		4.7%	4.3%	4.0%	4.6%	5.9%							
2019	14.9%	-3.3%	-2.6%	1.9%	3.9%								
2020	-15.2%	3.0%	6.2%	7.6%									
2021	-1.6%	-5.9%	-3.3%										
2022	-2.6%	10.3%											
2023	30.3%												

(g) 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.

(h) 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 N.

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

P. Medical Case Reserves per Open Claim Adjusted by Paid Medical Severity Trend (i)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													60,188
2007												61,357	67,681
2008										64,896	67,282	73,908	
2009									64,322	69,975	71,398	77,914	
2010								64,642	65,882	71,665	73,097	79,346	
2011							60,032	66,713	68,103	73,900	75,271	81,735	
2012						55,056	56,824	63,305	64,694	70,121	71,610		
2013					43,002	51,976	52,942	58,389	59,833	64,076			
2014				31,893	42,128	50,409	51,143	56,641	58,076				
2015			26,746	31,671	41,152	48,911	49,897	55,046					
2016		24,836	26,093	30,279	39,072	46,997	47,929						
2017	20,588	25,198	26,014	30,188	39,263	47,549							
2018	14,959	21,550	27,065	31,579	41,577								
2019	17,185	20,834	27,585	32,811									
2020	14,581	21,469	27,178	29,690									
2021	14,353	20,199	26,294										
2022	13,978	22,277											
2023	18,216												

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

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													233,170
2007												260,336	227,410
2008										304,688	250,018	220,985	
2009									345,344	284,517	233,471	212,315	
2010								403,339	307,636	260,429	212,566	192,891	
2011								452,592	366,701	289,779	253,181	208,350	193,058
2012						551,483	399,172	335,772	268,870	238,482	199,864		
2013					587,496	476,897	349,363	291,653	233,947	208,953			
2014				617,987	547,606	460,438	338,465	285,867	233,870				
2015			752,349	560,546	516,868	439,317	323,481	275,506					
2016		1,060,007	676,563	530,250	482,498	410,798	310,437						
2017	1,298,712	998,338	674,162	527,055	478,540	419,906							
2018	1,234,160	1,383,326	1,131,286	763,554	588,056	538,714							
2019	1,445,455	1,428,213	1,211,928	841,781	672,224								
2020	1,089,329	1,312,893	1,128,798	819,040									
2021	1,160,446	1,293,238	1,166,860										
2022	1,177,716	1,524,401											
2023	1,573,655												

R. Paid Medical Loss on All Claims

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													3,700,119
2007												3,957,933	4,016,015
2008										3,950,354	4,016,206	4,065,478	
2009										3,744,829	3,816,220	3,864,135	3,918,706
2010									3,726,187	3,814,829	3,880,856	3,928,222	3,962,732
2011								3,394,371	3,490,651	3,553,842	3,608,245	3,647,961	3,680,768
2012						3,221,046	3,344,545	3,421,807	3,488,910	3,537,834	3,586,688		
2013					3,033,163	3,178,834	3,269,942	3,343,224	3,397,430	3,443,392			
2014				2,870,875	3,087,335	3,219,962	3,325,871	3,398,521	3,456,654				
2015			2,650,576	2,944,688	3,128,763	3,266,874	3,362,837	3,439,613					
2016		2,225,857	2,663,169	2,926,338	3,114,460	3,264,927	3,357,951						
2017	1,637,864	2,278,816	2,683,336	2,961,518	3,170,395	3,310,157							
2018	732,760	1,742,681	2,401,729	2,873,906	3,176,682	3,408,137							
2019	730,337	1,714,300	2,447,846	2,981,424	3,346,993								
2020	619,954	1,545,716	2,231,255	2,736,663									
2021	681,563	1,699,341	2,464,209										
2022	707,504	1,854,509											
2023	744,319												

(i) 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 O).

(j) Each amount is derived as the product of the indemnity open claim counts (Item E) and the adjusted average medical case reserves per open claim (Item P).

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

S. Adjusted Total Medical Incurred (in \$000) (k)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													3,933,288
2007												4,218,269	4,243,425
2008										4,255,043	4,266,224	4,286,463	
2009									4,090,173	4,100,737	4,097,605	4,131,021	
2010								4,129,526	4,122,465	4,141,285	4,140,789	4,155,622	
2011							3,846,962	3,857,352	3,843,620	3,861,426	3,856,311	3,873,826	
2012						3,772,529	3,743,717	3,757,579	3,757,780	3,776,317	3,786,551		
2013					3,620,658	3,655,731	3,619,306	3,634,876	3,631,377	3,652,345			
2014				3,488,862	3,634,941	3,680,400	3,664,336	3,684,388	3,690,524				
2015			3,402,926	3,505,234	3,645,630	3,706,191	3,686,318	3,715,120					
2016		3,285,863	3,339,731	3,456,588	3,596,958	3,675,725	3,668,388						
2017	2,936,577	3,277,154	3,357,498	3,488,574	3,648,936	3,730,063							
2018	1,966,920	3,126,007	3,533,015	3,637,460	3,764,738	3,946,851							
2019	2,175,792	3,142,513	3,659,774	3,823,205	4,019,217								
2020	1,709,284	2,858,609	3,360,053	3,555,702									
2021	1,842,009	2,992,579	3,631,069										
2022	1,885,220	3,378,910											
2023	2,317,974												

T. Medical Incurred Loss Development Factors Based on Adjusted Total Medical 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
2006												
2007												1.006
2008											1.003	1.005
2009										1.003	0.999	1.008
2010									0.998	1.005	1.000	1.004
2011								1.003	0.996	1.005	0.999	1.005
2012							0.992	1.004	1.000	1.005	1.003	
2013					1.010	0.990	1.004	1.004	1.006			
2014				1.042	1.013	0.996	1.005	1.002				
2015			1.030	1.040	1.017	0.995	1.008					
2016		1.016	1.035	1.041	1.022	0.998						
2017	1.116	1.025	1.039	1.046	1.022							
2018	1.589	1.130	1.030	1.035	1.048							
2019	1.444	1.165	1.045	1.051								
2020	1.672	1.175	1.058									
2021	1.625	1.213										
2022	1.792											
Latest Year	1.792	1.213	1.058	1.051	1.048	1.022	0.998	1.008	1.002	1.006	1.003	1.005
3-Yr Average	1.696	1.184	1.044	1.042	1.045	1.020	0.996	1.006	1.000	1.005	1.000	1.005

U. Medical Incurred Loss Development Factors (l)

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
2006												
2007												1.004
2008											1.005	0.999
2009										1.008	1.001	1.003
2010									1.009	1.004	0.998	1.002
2011								1.009	1.001	1.003	1.002	1.002
2012							1.014	1.005	1.005	0.999	1.005	
2013					1.014	1.006	1.001	1.006	1.004			
2014				1.027	1.011	1.010	1.007	1.005				
2015			1.029	1.018	1.007	1.005	1.009					
2016		1.045	1.031	1.017	1.013	1.005						
2017	1.117	1.051	1.027	1.024	1.009							
2018	1.449	1.110	1.054	1.031	1.029							
2019	1.452	1.124	1.064	1.043								
2020	1.445	1.152	1.084									
2021	1.460	1.169										
2022	1.513											

(k) Each amount is the sum of the adjusted total medical case reserves (Item Q) and the total medical paid losses (Item R).

(l) 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 T.

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

V. Impact of Adjustments to Common Case Reserve Level (m)

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
2006												
2007												0.20%
2008											-0.24%	0.62%
2009										-0.55%	-0.19%	0.56%
2010									-1.09%	0.03%	0.16%	0.19%
2011								-0.59%	-0.42%	0.16%	-0.32%	0.24%
2012							-2.18%	-0.17%	-0.48%	0.64%	-0.20%	
2013						-0.42%	-1.60%	0.32%	-0.70%	0.18%		
2014					1.43%	0.13%	-1.40%	-0.12%	-0.34%			
2015				0.06%	2.16%	0.98%	-1.01%	-0.09%				
2016			-2.72%	0.36%	2.33%	0.89%	-0.66%					
2017		-0.13%	-2.48%	1.14%	2.12%	1.29%						
2018	9.68%	1.81%	-2.34%	0.41%	1.87%							
2019	-0.54%	3.65%	-1.81%	0.81%								
2020	15.73%	2.00%	-2.38%									
2021	11.28%	3.78%										
2022	18.46%											

W. Medical Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (n)

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
2006												
2007												1.006
2008											1.003	1.005
2009										1.002	0.999	1.009
2010									0.999	1.005	1.001	1.004
2011								1.004	0.998	1.006	1.000	1.005
2012							0.993	1.004	1.000	1.005	1.003	
2013						1.010	0.990	1.004	0.999	1.006		
2014					1.042	1.012	0.996	1.006	1.002			
2015				1.031	1.040	1.017	0.995	1.008				
2016			1.017	1.035	1.041	1.022	0.998					
2017		1.116	1.025	1.039	1.046	1.022						
2018	1.589	1.130	1.029	1.035	1.048							
2019	1.444	1.165	1.045	1.051								
2020	1.672	1.175	1.058									
2021	1.625	1.213										
2022	1.790											
3-Year Average	1.696	1.184	1.044	1.042	1.045	1.020	0.996	1.006	1.000	1.006	1.001	1.006

(m) Each factor represents the change in age-to-age development factors from Item U to those in Item T.

(n) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item V)] and [the incurred Medical age-to-age development factors from Section B, 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, 2023**

Accident Year	(1) Indemnity				(6) Medical				(9) Total Developed
	(2) Reported Incurred Loss Ratio	(3) Annual Development	(4) Cumulative Development	(5) Developed Loss Ratio	(7) Reported Incurred Loss Ratio	(8) Annual Development	(9) Cumulative Development	(10) Developed Loss Ratio	
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
2011	0.284	1.004	1.026	0.291	0.387	0.999	0.997	0.385	0.677
2012	0.253	1.003	1.029	0.261	0.330	1.006	1.003	0.331	0.591
2013	0.212	1.009	1.038	0.220	0.262	1.001	1.004	0.263	0.483
2014	0.200	1.007	1.045	0.209	0.233	1.006	1.009	0.235	0.444
2015	0.194	1.006	1.051	0.204	0.218	1.000	1.009	0.220	0.424
2016	0.183	1.005	1.057	0.194	0.204	1.006	1.016	0.208	0.401
2017	0.187	1.002	1.059	0.198	0.211	0.996	1.012	0.214	0.412
2018	0.197	1.018	1.078	0.212	0.226	1.020	1.032	0.234	0.446
2019	0.226	1.031	1.112	0.251	0.249	1.045	1.079	0.269	0.520
2020	0.225	1.062	1.181	0.266	0.252	1.042	1.124	0.283	0.549
2021	0.233	1.085	1.282	0.299	0.267	1.044	1.173	0.313	0.612
2022	0.183	1.283	1.644	0.302	0.220	1.184	1.390	0.306	0.608
2023	0.095	2.073	3.408	0.323	0.147	1.696	2.357	0.348	0.671

- (a) Based on Section B, Exhibit 1.
- (b) Age-to-age factors for developing accident years 2012 to 2023 were adjusted for changes in indemnity case reserve levels based on 3-year average selections (see Exhibit 9.4, Item L).
- (c) Age-to-age factors for developing accident years 2012 to 2023 were adjusted for changes in medical case reserve levels based on 3-year average selections (see Exhibit 9.8, Item W).

**Projected On-Level Accident Year
Indemnity Loss to 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, 2023**

	(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 Pure Premium Ratio
2011	0.291	1.516	0.977	0.452
2012	0.261	1.497	0.869	0.449
2013	0.220	1.464	0.760	0.425
2014	0.209	1.341	0.700	0.401
2015	0.204	1.322	0.669	0.403
2016	0.194	1.305	0.690	0.366
2017	0.198	1.271	0.723	0.349
2018	0.212	1.238	0.761	0.346
2019	0.251	1.205	0.845	0.358
2020	0.266	1.170	0.894	0.348
2021	0.299	1.127	0.931	0.362
2022	0.302	1.090	0.918	0.358
2023	0.323	1.064	0.952	0.361
				Projected (d)
2024				0.356
2025				0.357
9/1/2025				0.356

- (a) See Exhibit 9.9.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to 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, 2023**

	(1)	(2)	(3)	(4)
Accident	Developed Medical	Composite Medical	Composite Premium	On-Level Medical to
<u>Year</u>	<u>Loss Ratio (a)</u>	<u>Adjustment Factor (b)</u>	<u>Adjustment Factor (c)</u>	<u>Pure Premium Ratio</u>
2011	0.385	0.855	0.977	0.337
2012	0.331	0.897	0.869	0.341
2013	0.263	0.984	0.760	0.341
2014	0.235	1.038	0.700	0.348
2015	0.220	1.064	0.669	0.350
2016	0.208	1.066	0.690	0.321
2017	0.214	1.068	0.723	0.315
2018	0.234	1.079	0.761	0.331
2019	0.269	1.069	0.845	0.340
2020	0.283	1.052	0.894	0.333
2021	0.313	1.052	0.931	0.354
2022	0.306	1.013	0.918	0.338
2023	0.348	1.011	0.952	0.369
				Projected (d)
2024				0.355
2025				0.360
9/1/2025				0.359

- (a) See Exhibit 9.9.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**Developed Loss Ratio Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				Total Developed Loss Ratio (4) + (8)
	Reported Paid Loss Ratio (a)	Annual Development Factor (b)	Cumulative Development Factor	Developed Loss Ratio (1) x (3)	Reported Paid Loss Ratio (a)	Annual Development Factor (c)	Cumulative Development Factor	Developed Loss Ratio (5) x (7)	
2012	0.244	1.011	1.081	0.264	0.313	1.011	1.184	0.370	0.634
2013	0.205	1.011	1.093	0.224	0.247	1.013	1.199	0.297	0.520
2014	0.192	1.014	1.108	0.213	0.218	1.014	1.216	0.265	0.478
2015	0.185	1.016	1.125	0.208	0.202	1.017	1.237	0.250	0.458
2016	0.173	1.019	1.146	0.198	0.187	1.022	1.265	0.237	0.435
2017	0.172	1.027	1.177	0.203	0.187	1.030	1.303	0.244	0.447
2018	0.177	1.042	1.227	0.217	0.196	1.045	1.362	0.266	0.483
2019	0.194	1.065	1.307	0.254	0.208	1.069	1.456	0.302	0.556
2020	0.182	1.114	1.456	0.265	0.194	1.111	1.618	0.314	0.579
2021	0.170	1.233	1.795	0.305	0.181	1.214	1.964	0.356	0.661
2022	0.111	1.540	2.764	0.307	0.121	1.441	2.829	0.342	0.650
2023	0.039	2.949	8.151	0.315	0.047	2.534	7.170	0.339	0.654

- (a) Based on Section B, Exhibit 1.
- (b) Age-to-age factors are selected as three-year averages based on Section B, Exhibit 2.5.
- (c) Age-to-age factors are selected as three-year averages based on Section B, Exhibit 2.4. These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	<u>Developed Indemnity Loss Ratio (a)</u>	<u>Composite Indemnity Adjustment Factor (b)</u>	<u>Composite Premium Adjustment Factor (c)</u>	<u>On-Level Indemnity to Pure Premium Ratio</u> (1) x (2) ÷ (3)
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.375
2017	0.203	1.271	0.723	0.357
2018	0.217	1.238	0.761	0.353
2019	0.254	1.205	0.845	0.362
2020	0.265	1.170	0.894	0.347
2021	0.305	1.127	0.931	0.370
2022	0.307	1.090	0.918	0.365
2023	0.315	1.064	0.952	0.351
				Projected (d)
2024				0.355
2025				0.356
9/1/2025				0.355

- (a) See Exhibit 10.1.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.370	0.897	0.869	0.382
2013	0.297	0.984	0.760	0.384
2014	0.265	1.038	0.700	0.393
2015	0.250	1.064	0.669	0.397
2016	0.237	1.066	0.690	0.366
2017	0.244	1.068	0.723	0.360
2018	0.266	1.079	0.761	0.377
2019	0.302	1.069	0.845	0.383
2020	0.314	1.052	0.894	0.369
2021	0.356	1.052	0.931	0.402
2022	0.342	1.013	0.918	0.378
2023	0.339	1.011	0.952	0.360
				Projected (d)
2024				0.371
2025				0.376
9/1/2025				0.375

- (a) See Exhibit 10.1.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**Developed Loss Ratio Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
	Reported Paid <u>Loss Ratio (a)</u>	Annual Development <u>Factor (b)</u>	Cumulative Development <u>Factor</u>	Developed <u>Loss Ratio</u> (1) x (3)	Reported Paid <u>Loss Ratio (a)</u>	Annual Development <u>Factor (c)</u>	Cumulative Development <u>Factor</u>	Developed <u>Loss Ratio</u> (5) x (7)	Total Developed <u>Loss Ratio</u> (4) + (8)
2012	0.244	1.011	1.081	0.264	0.313	1.011	1.184	0.370	0.634
2013	0.205	1.011	1.093	0.224	0.247	1.013	1.199	0.297	0.520
2014	0.192	1.014	1.108	0.213	0.218	1.014	1.216	0.265	0.478
2015	0.185	1.016	1.125	0.208	0.202	1.017	1.237	0.250	0.458
2016	0.173	1.018	1.146	0.198	0.187	1.023	1.266	0.237	0.435
2017	0.172	1.028	1.178	0.203	0.187	1.028	1.301	0.244	0.447
2018	0.177	1.041	1.226	0.217	0.196	1.044	1.358	0.266	0.483
2019	0.194	1.071	1.313	0.255	0.208	1.073	1.458	0.303	0.558
2020	0.182	1.122	1.473	0.269	0.194	1.123	1.637	0.318	0.586
2021	0.170	1.240	1.827	0.311	0.181	1.227	2.008	0.364	0.675
2022	0.111	1.530	2.795	0.311	0.121	1.450	2.912	0.352	0.663
2023	0.039	2.952	8.252	0.318	0.047	2.618	7.624	0.361	0.679

- (a) Based on Section B, Exhibit 1.
- (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 Section B, 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 Section B, Exhibit 2.4.
These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.203	1.271	0.723	0.357
2018	0.217	1.238	0.761	0.353
2019	0.255	1.205	0.845	0.364
2020	0.269	1.170	0.894	0.351
2021	0.311	1.127	0.931	0.376
2022	0.311	1.090	0.918	0.369
2023	0.318	1.064	0.952	0.356
				Projected (d)
2024				0.359
2025				0.360
9/1/2025				0.359

- (a) See Exhibit 11.1.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.370	0.897	0.869	0.382
2013	0.297	0.984	0.760	0.384
2014	0.265	1.038	0.700	0.393
2015	0.250	1.064	0.669	0.397
2016	0.237	1.066	0.690	0.366
2017	0.244	1.068	0.723	0.360
2018	0.266	1.079	0.761	0.376
2019	0.303	1.069	0.845	0.383
2020	0.318	1.052	0.894	0.374
2021	0.364	1.052	0.931	0.412
2022	0.352	1.013	0.918	0.389
2023	0.361	1.011	0.952	0.383
				Projected (d)
2024				0.388
2025				0.393
9/1/2025				0.392

- (a) See Exhibit 11.1.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**Developed Loss Ratios Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

Accident Year	(1)	(2)	(3) Medical	(4)	(5)
	Paid Loss Ratio (a)	Paid Loss Ratio (b)	Annual Development Factor (c)	Cumulative Development Factor	Developed Loss Ratio
2011	0.368	0.346	1.010	1.182	0.409
2012	0.313	0.297	1.011	1.196	0.355
2013	0.247	0.247	1.013	1.211	0.299
2014	0.218	0.222	1.015	1.229	0.273
2015	0.202	0.208	1.018	1.251	0.260
2016	0.187	0.194	1.022	1.278	0.248
2017	0.187	0.194	1.028	1.314	0.255
2018	0.196	0.202	1.042	1.369	0.277
2019	0.208	0.212	1.070	1.465	0.311
2020	0.194	0.196	1.120	1.641	0.322
2021	0.181	0.181	1.224	2.009	0.364
2022	0.121	0.121	1.450	2.913	0.352
2023	0.047	0.047	2.618	7.625	0.361

(a) Based on Section B, Exhibit 1.

(b) See Section B, Exhibit 3.3, Column (2).

(c) Based on Section B, Exhibit 2.6.1 and includes adjustments for recent pharmaceutical cost declines and the 2021 medical fee schedule change.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms
Based on Paid Latest Year Selections**

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 Pure Premium Ratio
2011	0.409	0.885	0.977	0.370
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.260	1.024	0.669	0.398
2016	0.248	1.027	0.690	0.369
2017	0.255	1.030	0.723	0.364
2018	0.277	1.031	0.761	0.375
2019	0.311	1.027	0.845	0.378
2020	0.322	1.023	0.894	0.368
2021	0.364	1.021	0.931	0.400
2022	0.352	1.013	0.918	0.389
2023	0.361	1.011	0.952	0.383
				Projected (d)
2024				0.388
2025				0.393
9/1/2025				0.392

(a) See Exhibit 12.1.

(b) Based on Section B, Exhibit 4.4.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**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>
2014							139,876
2015						145,012	145,094
2016					148,146	148,290	148,303
2017				148,369	148,769	148,880	149,070
2018			150,343	151,222	151,466	151,773	
2019		149,149	153,213	154,269	154,923		
2020	106,689	130,684	133,774	134,805			
2021	117,830	144,149	147,775				
2022	123,691	153,292					
2023	127,197						

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>
2015						1.001	
2016					1.001	1.000	
2017				1.003	1.001	1.001	
2018			1.006	1.002	1.002		
2019		1.027	1.007	1.004			
2020	1.225	1.024	1.008				
2021	1.223	1.025					
2022	1.239						
Latest Year	1.239	1.025	1.008	1.004	1.002	1.001	
Cumulative	1.298	1.048	1.022	1.014	1.010	1.008	1.007

Acc. Year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ult. Claim Counts	165,150	160,597	151,019	136,710	156,450	152,958	150,043

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>
2014							130,742
2015						132,452	136,112
2016					130,634	135,941	139,562
2017				122,454	131,310	136,692	140,239
2018			107,292	123,010	132,844	138,816	
2019		80,596	105,847	123,753	134,435		
2020	31,982	69,531	92,241	107,219			
2021	36,982	80,125	103,398				
2022	39,434	84,862					
2023	40,807						

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)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2014							92.9%
2015						90.8%	93.3%
2016					87.5%	91.1%	93.5%
2017				81.6%	87.5%	91.1%	93.5%
2018			70.1%	80.4%	86.8%	90.8%	
2019		51.5%	67.7%	79.1%	85.9%		
2020	23.4%	50.9%	67.5%	78.4%			
2021	24.5%	53.1%	68.5%				
2022	24.6%	52.8%					
2023	24.7%						

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

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>
2014							131,504
2015						132,437	136,395
2016					128,266	135,469	139,517
2017				117,675	128,930	136,170	140,239
2018			104,726	119,962	131,435	138,816	
2019		82,670	107,116	122,700	134,435		
2020	33,780	72,240	93,602	107,219			
2021	37,315	79,800	103,398				
2022	39,682	84,862					
2023	40,807						

F. Average Paid Indemnity per Closed Claim

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>
2014							19,003
2015						18,274	19,267
2016					16,449	17,824	18,853
2017				14,345	16,462	17,861	18,936
2018			11,390	14,635	16,866	18,489	
2019		7,062	11,451	15,386	17,984		
2020	3,309	7,670	12,539	16,545			
2021	3,174	7,274	11,994				
2022	3,499	8,007					
2023	3,890						

(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)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2014							19,232
2015						18,270	19,350
2016					15,899	17,698	18,840
2017				13,222	15,864	17,721	18,936
2018			10,832	13,941	16,527	18,489	
2019		7,348	11,694	15,121	17,984		
2020	3,445	8,134	12,859	16,545			
2021	3,194	7,229	11,994				
2022	3,515	8,007					
2023	3,890						

H. Adjusted Paid Indemnity on Closed Claims (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>
2014							2,529,133
2015						2,419,633	2,639,214
2016					2,039,293	2,397,517	2,628,496
2017				1,555,922	2,045,382	2,413,042	2,655,505
2018			1,134,437	1,672,346	2,172,250	2,566,569	
2019		607,463	1,252,601	1,855,379	2,417,654		
2020	116,382	587,576	1,203,605	1,773,934			
2021	119,195	576,872	1,240,144				
2022	139,488	679,478					
2023	158,742						

I. Paid Indemnity on Open 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>
2014							392,484
2015						476,436	395,794
2016					580,403	471,117	386,114
2017				723,137	589,492	486,624	393,049
2018			899,338	792,142	640,435	517,832	
2019		884,919	1,040,631	885,687	711,722		
2020	349,261	812,870	916,233	796,195			
2021	397,204	928,874	1,073,031				
2022	438,908	1,027,119					
2023	446,141						

(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
2014							42,970
2015						40,223	44,065
2016					34,314	39,772	44,509
2017				28,616	34,880	40,517	44,508
2018			18,880	27,853	35,098	39,965	
2019		12,909	21,970	29,293	34,738		
2020	4,675	13,292	22,060	28,862			
2021	4,913	9,826	24,180				
2022	5,209	15,010					
2023	5,164						

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
2014							-32,743
2015						603	-12,470
2016					81,256	18,772	2,003
2017				136,757	83,015	21,150	
2018			48,446	84,897	49,453		
2019		-26,772	-27,880	30,846			
2020	-8,406	-36,009	-30,024				
2021	-1,636	3,193					
2022	-1,292						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							359,741
2015						477,039	383,323
2016					661,659	489,889	388,116
2017				859,894	672,507	507,774	393,049
2018			947,784	877,039	689,888	517,832	
2019		858,147	1,012,751	916,533	711,722		
2020	340,855	776,861	886,209	796,195			
2021	395,568	932,067	1,073,031				
2022	437,616	1,027,119					
2023	446,141						

(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)						
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2014							2,888,874
2015						2,896,673	3,022,537
2016					2,700,952	2,887,406	3,016,612
2017				2,415,816	2,717,889	2,920,816	3,048,554
2018			2,082,221	2,549,385	2,862,138	3,084,401	
2019		1,465,610	2,265,352	2,771,912	3,129,376		
2020	457,237	1,364,437	2,089,814	2,570,129			
2021	514,763	1,508,939	2,313,175				
2022	577,104	1,706,597					
2023	604,882						

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

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						
2015						1.043
2016					1.069	1.045
2017				1.125	1.075	1.044
2018			1.224	1.123	1.078	
2019		1.546	1.224	1.129		
2020	2.984	1.532	1.230			
2021	2.931	1.533				
2022	2.957					
Latest Year	2.957	1.533	1.230	1.129	1.078	1.044
3-Year Average	2.958	1.537	1.226	1.126	1.074	1.044

O. Paid Indemnity Loss Development Factors (i)

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>
2015						1.042
2016					1.060	1.043
2017				1.109	1.064	1.041
2018			1.222	1.111	1.071	
2019		1.549	1.238	1.122		
2020	2.958	1.540	1.240			
2021	2.938	1.530				
2022	2.958					

- (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
2015						0.15%
2016					0.81%	0.21%
2017				1.41%	0.97%	0.25%
2018			0.19%	1.02%	0.66%	
2019		-0.23%	-1.19%	0.64%		
2020	0.88%	-0.53%	-0.81%			
2021	-0.22%	0.18%				
2022	-0.04%					

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
2015						1.044
2016					1.069	1.045
2017				1.125	1.074	1.044
2018			1.224	1.122	1.078	
2019		1.545	1.223	1.129		
2020	2.984	1.532	1.230			
2021	2.931	1.533				
2022	2.951					
Latest Year	2.951	1.533	1.230	1.129	1.078	1.044
2-Year Average	2.941	1.532	1.227	1.126	1.076	1.044
3-Year Average	2.955	1.537	1.226	1.125	1.074	1.044

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

R. 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>
2014							139,876
2015						145,012	145,094
2016					148,146	148,290	148,303
2017				148,369	148,769	148,880	149,070
2018			150,343	151,222	151,466	151,773	
2019		149,149	153,213	154,269	154,923		
2020	106,689	130,684	133,774	134,805			
2021	117,830	144,149	147,775				
2022	123,691	153,292					
2023	127,197						

S. 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>
2015						1.001	
2016					1.001	1.000	
2017				1.003	1.001	1.001	
2018			1.006	1.002	1.002		
2019		1.027	1.007	1.004			
2020	1.225	1.024	1.008				
2021	1.223	1.025					
2022	1.239						
Latest Year	1.239	1.025	1.008	1.004	1.002	1.001	
Cumulative	1.298	1.048	1.022	1.014	1.010	1.008	1.007
Acc. Year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ult. Claim Counts	165,150	160,597	151,019	136,710	156,450	152,958	150,043

T. 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>
2014							130,742
2015						132,452	136,112
2016					130,634	135,941	139,562
2017				122,454	131,310	136,692	140,239
2018			107,292	123,010	132,844	138,816	
2019		80,596	105,847	123,753	134,435		
2020	31,982	69,531	92,241	107,219			
2021	36,982	80,125	103,398				
2022	39,434	84,862					
2023	40,807						

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**

U. Ultimate Indemnity Claim Settlement Ratio (l)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							92.9%
2015						90.8%	93.3%
2016					87.5%	91.1%	93.5%
2017				81.6%	87.5%	91.1%	93.5%
2018			70.1%	80.4%	86.8%	90.8%	
2019		51.5%	67.7%	79.1%	85.9%		
2020	23.4%	50.9%	67.5%	78.4%			
2021	24.5%	53.1%	68.5%				
2022	24.6%	52.8%					
2023	24.7%						

V. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (m)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							131,504
2015						132,437	136,395
2016					128,266	135,469	139,517
2017				117,675	128,930	136,170	140,239
2018			104,726	119,962	131,435	138,816	
2019		82,670	107,116	122,700	134,435		
2020	33,780	72,240	93,602	107,219			
2021	37,315	79,800	103,398				
2022	39,682	84,862					
2023	40,807						

W. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							19,282
2015						17,712	18,709
2016					15,520	16,817	17,977
2017				13,477	15,474	16,899	18,188
2018			11,110	14,021	16,186	17,895	
2019		6,742	10,818	14,291	16,818		
2020	2,907	6,947	11,491	15,381			
2021	2,862	6,536	11,117				
2022	2,787	7,209					
2023	3,632						

(l) Ratio of closed indemnity claim counts (Item T) to the estimated ultimate indemnity claim counts (Item S) for that accident year.

(m) 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 U) and the ultimate indemnity claim counts (Item S) 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**

X. Adjusted Average Paid Medical per Closed Indemnity Claim (n)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							19,531
2015						17,708	18,812
2016					14,958	16,698	17,963
2017				12,492	14,910	16,756	18,188
2018			10,583	13,403	15,857	17,895	
2019		7,009	11,034	14,059	16,818		
2020	3,031	7,377	11,800	15,381			
2021	2,880	6,496	11,117				
2022	2,801	7,209					
2023	3,632						

Y. Adjusted Paid Medical (in \$000) on Closed Indemnity Claims (o)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							2,568,378
2015						2,345,250	2,565,923
2016					1,918,647	2,262,024	2,506,118
2017				1,469,986	1,922,325	2,281,631	2,550,721
2018			1,108,364	1,607,824	2,084,161	2,484,140	
2019		579,416	1,181,885	1,725,015	2,260,900		
2020	102,391	532,919	1,104,460	1,649,185			
2021	107,475	518,380	1,149,492				
2022	111,167	611,737					
2023	148,207						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							444,985
2015						518,249	453,376
2016					619,733	544,718	468,931
2017				740,866	632,281	559,380	456,416
2018			905,732	832,461	705,333	597,258	
2019		881,019	993,530	892,919	760,065		
2020	369,909	826,432	919,334	827,406			
2021	401,418	910,556	1,034,417				
2022	421,036	969,386					
2023	412,406						

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

(o) Each amount is equal to the product of [adjusted closed indemnity claim counts (Item V)] and [adjusted average paid medical per closed indemnity claim (Item X)], 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**

AA. Average Paid Medical per Open Indemnity Claim for Indemnity Claims in Transition (p)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							48,717
2015						41,262	50,476
2016					35,389	44,110	53,647
2017				28,588	36,215	45,896	51,683
2018			21,039	29,507	37,876	46,095	
2019		12,852	20,976	29,261	37,098		
2020	4,951	13,514	22,135	29,994			
2021	4,965	14,222	23,310				
2022	4,997	14,166					
2023	4,774						

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

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							-37,123
2015						633	-14,285
2016					84,802	20,044	2,316
2017				136,143	85,050	22,685	
2018			52,557	85,501	51,970		
2019		-26,654	-26,618	29,450			
2020	-8,903	-36,610	-30,126				
2021	-1,653	3,227					
2022	-1,239						

AC. Adjusted Paid Medical on Open Indemnity Claims (in \$000) (r)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							407,863
2015						518,882	439,091
2016					704,535	564,763	471,247
2017				877,009	717,332	582,066	456,416
2018			958,288	917,962	757,303	597,258	
2019		854,365	966,912	922,369	760,065		
2020	361,006	789,822	889,208	827,406			
2021	399,764	913,783	1,034,417				
2022	419,796	969,386					
2023	412,406						

(p) 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.

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

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

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**

AD. 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>
2014							253,952
2015						264,499	266,942
2016					279,127	283,633	287,077
2017				292,154	297,398	301,015	303,020
2018			303,961	316,687	321,097	326,739	
2019		289,932	309,273	319,992	326,027		
2020	157,065	236,238	251,984	260,073			
2021	174,309	265,061	280,300				
2022	176,570	273,385					
2023	183,707						

AE. Adjusted Total Paid Medical (in \$000) (s)

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>
2014							3,230,192
2015						3,128,631	3,271,957
2016					2,902,309	3,110,420	3,264,442
2017				2,639,149	2,937,054	3,164,712	3,310,157
2018			2,370,614	2,842,474	3,162,561	3,408,137	
2019		1,723,713	2,458,070	2,967,376	3,346,993		
2020	620,463	1,558,979	2,245,652	2,736,663			
2021	681,548	1,697,224	2,464,209				
2022	707,533	1,854,509					
2023	744,319						

AF. 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>
2015						1.046
2016					1.072	1.050
2017				1.113	1.078	1.046
2018			1.199	1.113	1.078	
2019		1.426	1.207	1.128		
2020	2.513	1.440	1.219			
2021	2.490	1.452				
2022	2.621					
Latest Year	2.621	1.452	1.219	1.128	1.078	1.046

(s) Each amount is the sum of [adjusted paid medical on closed indemnity claims (Item Y)], [adjusted paid medical on open indemnity claims (Item AC)] and [paid medical on medical-only claims (Item AD)]. 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**

AG. Paid Medical Loss Development Factors (t)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						1.044
2016					1.064	1.048
2017				1.104	1.071	1.044
2018			1.197	1.105	1.073	
2019		1.428	1.218	1.123		
2020	2.493	1.444	1.227			
2021	2.493	1.450				
2022	2.621					

AH. Impact of Adjustment for Changes in Indemnity Claim Settlement Rates (u)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						0.16%
2016					0.70%	0.12%
2017				0.83%	0.65%	0.18%
2018			0.20%	0.66%	0.45%	
2019		-0.13%	-0.89%	0.47%		
2020	0.78%	-0.21%	-0.64%			
2021	-0.12%	0.12%				
2022	0.00%					

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

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						1.046
2016					1.070	1.048
2017				1.110	1.075	1.044
2018			1.194	1.108	1.075	
2019		1.418	1.200	1.125		
2020	2.487	1.433	1.216			
2021	2.487	1.452				
2022	2.618					
Latest Year	2.618	1.452	1.216	1.125	1.075	1.044
2-Year Average	2.552	1.442	1.208	1.117	1.075	1.046
3-Year Average	2.531	1.434	1.204	1.115	1.073	1.046

(t) 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 AF.

(u) Each factor represents the change in age-to-age development factors from Item AG to those in Item AF.

(v) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item AH)] 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 Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

Accident	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	Indemnity				Medical						Total
	Reported Paid	Annual Development	Cumulative Development	Developed	Paid	Paid	Annual Development	Cumulative Development	Developed	Developed	
<u>Year</u>	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Loss Ratio (c)</u>	<u>Factor (d)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>	
2011	0.275	1.009	1.069	0.294	0.368	0.346	1.010	1.182	0.409	0.702	
2012	0.244	1.011	1.081	0.264	0.313	0.297	1.011	1.196	0.355	0.619	
2013	0.205	1.011	1.093	0.224	0.247	0.247	1.013	1.211	0.299	0.523	
2014	0.192	1.014	1.108	0.213	0.218	0.222	1.015	1.229	0.273	0.486	
2015	0.185	1.016	1.125	0.208	0.202	0.208	1.018	1.251	0.260	0.468	
2016	0.173	1.018	1.146	0.198	0.187	0.194	1.022	1.278	0.248	0.446	
2017	0.172	1.028	1.178	0.203	0.187	0.194	1.028	1.314	0.255	0.459	
2018	0.177	1.044	1.229	0.218	0.196	0.202	1.044	1.372	0.277	0.495	
2019	0.194	1.078	1.325	0.257	0.208	0.212	1.075	1.474	0.313	0.570	
2020	0.182	1.129	1.496	0.273	0.194	0.196	1.125	1.659	0.325	0.598	
2021	0.170	1.230	1.840	0.313	0.181	0.181	1.216	2.018	0.366	0.679	
2022	0.111	1.533	2.821	0.314	0.121	0.121	1.452	2.929	0.354	0.668	
2023	0.039	2.951	8.325	0.321	0.047	0.047	2.618	7.669	0.363	0.684	

- (a) Based on Section B, Exhibit 1.
- (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 Section B, Exhibit 2.5. Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on latest year selections (see Exhibit 13.6, Item Q).
- (c) See Section B, Exhibit 3.3, Column (2).
- (d) Based on Section B, Exhibits 2.6.1 and includes adjustments for recent pharmaceutical cost declines and the 2021 medical fee schedule changes. Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on latest year selections (see Exhibit 13.12, Item AI).

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident	Developed Indemnity	Composite Indemnity	Composite Premium	On-Level Indemnity to
<u>Year</u>	<u>Loss Ratio (a)</u>	<u>Adjustment Factor (b)</u>	<u>Adjustment Factor (c)</u>	<u>Pure Premium Ratio</u>
2011	0.294	1.516	0.977	0.456
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.203	1.271	0.723	0.357
2018	0.218	1.238	0.761	0.354
2019	0.257	1.205	0.845	0.367
2020	0.273	1.170	0.894	0.357
2021	0.313	1.127	0.931	0.379
2022	0.314	1.090	0.918	0.373
2023	0.321	1.064	0.952	0.359
				Projected (d)
2024				0.362
2025				0.363
9/1/2025				0.362

- (a) See Exhibit 13.13.
- (b) Based on Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio
2011	0.409	0.885	0.977	0.370
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.260	1.024	0.669	0.398
2016	0.248	1.027	0.690	0.369
2017	0.255	1.030	0.723	0.364
2018	0.277	1.031	0.761	0.376
2019	0.313	1.027	0.845	0.381
2020	0.325	1.023	0.894	0.372
2021	0.366	1.021	0.931	0.402
2022	0.354	1.013	0.918	0.391
2023	0.363	1.011	0.952	0.385
				Projected (d)
2024				0.390
2025				0.395
9/1/2025				0.395

- (a) See Exhibit 13.13.
- (b) Based on Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

**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, 2023**

Accident Year	(1) Indemnity				(7) Medical					(10) Total Developed
	Reported Paid	Annual Development	Cumulative Development	(4) Developed	(5) Paid	Adjusted			(9) Developed	
						(6) Paid	Annual Development	Cumulative Development		
<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Loss Ratio (c)</u>	<u>Factor (d)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>	
2011	0.275	1.009	1.069	0.294	0.368	0.346	1.010	1.182	0.409	0.702
2012	0.244	1.011	1.081	0.264	0.313	0.297	1.011	1.196	0.355	0.619
2013	0.205	1.011	1.093	0.224	0.247	0.247	1.013	1.211	0.299	0.523
2014	0.192	1.014	1.108	0.213	0.218	0.222	1.015	1.229	0.273	0.486
2015	0.185	1.016	1.125	0.208	0.202	0.208	1.018	1.251	0.260	0.468
2016	0.173	1.019	1.146	0.198	0.187	0.194	1.022	1.278	0.248	0.446
2017	0.172	1.027	1.177	0.203	0.187	0.194	1.030	1.316	0.256	0.459
2018	0.177	1.044	1.229	0.218	0.196	0.202	1.046	1.377	0.278	0.496
2019	0.194	1.074	1.320	0.256	0.208	0.212	1.073	1.478	0.314	0.570
2020	0.182	1.125	1.485	0.271	0.194	0.196	1.115	1.647	0.323	0.594
2021	0.170	1.226	1.821	0.310	0.181	0.181	1.204	1.982	0.360	0.669
2022	0.111	1.537	2.798	0.311	0.121	0.121	1.434	2.843	0.344	0.655
2023	0.039	2.955	8.269	0.319	0.047	0.047	2.531	7.196	0.341	0.660

- (a) Based on Section B, Exhibit 1.
- (b) Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 13.6, Item Q).
- (c) See Section B, Exhibit 3.3, Column (2).
- (d) Based on Section B, Exhibit 2.6.1 and includes adjustments for recent pharmaceutical cost declines and the 2021 medical fee schedule changes. Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on 3-year average selections (see Exhibit 13.12, Item AI).

**Projected On-Level Accident Year
Indemnity Loss to 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, 2023**

	(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 Pure Premium Ratio
2011	0.294	1.516	0.977	0.456
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.375
2017	0.203	1.271	0.723	0.357
2018	0.218	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.271	1.170	0.894	0.354
2021	0.310	1.127	0.931	0.375
2022	0.311	1.090	0.918	0.370
2023	0.319	1.064	0.952	0.357
				Projected (d)
2024				0.360
2025				0.361
9/1/2025				0.360

(a) See Exhibit 14.1.

(b) Based on Section B, Exhibit 4.1.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual indemnity severity growth estimates are from Section B, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to 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, 2023**

	(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 Pure Premium Ratio
2011	0.409	0.885	0.977	0.370
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.260	1.024	0.669	0.398
2016	0.248	1.027	0.690	0.369
2017	0.256	1.030	0.723	0.365
2018	0.278	1.031	0.761	0.377
2019	0.314	1.027	0.845	0.382
2020	0.323	1.023	0.894	0.369
2021	0.360	1.021	0.931	0.395
2022	0.344	1.013	0.918	0.379
2023	0.341	1.011	0.952	0.362
				Projected (d)
2024				0.372
2025				0.377
9/1/2025				0.377

(a) See Exhibit 14.1.

(b) Based on Section B, Exhibit 4.4.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item Section B, Exhibit 6.1. The annual medical severity growth estimates are from Section B, Exhibit 6.4.

Section B

Appendix B

Trending Methodology

The pure premium rates effective September 1, 2024 are intended to reflect the final, or ultimate, cost of losses and loss adjustment expenses on all claims that arise on policies incepting between September 1, 2024 and August 31, 2025. Appendix A discusses the process of developing the losses reported for each historical accident year as of December 31, 2023 to an ultimate cost basis. This Appendix discusses the process of adjusting and trending these historical accident year costs to the levels anticipated on claims covered by policies incepting between September 1, 2024 and August 31, 2025.

Trending historical costs to the level underlying policies incepting between September 1, 2024 and August 31, 2025 involves three phases. First, the losses incurred during each historical accident year are adjusted for specific, quantifiable cost level changes that have occurred since that time or are expected to occur during the period the pure premium rates will be in effect. Second, each year's historical earned premium is adjusted to the premium that would have been earned at the approved advisory pure premium rate level as of September 1, 2023 and at the average wages expected to be in effect during the time the premium on policies incepting between September 1, 2024 and August 31, 2025 is earned. Third, future changes in these adjusted cost levels are projected, or trended, from the time of the latest available experience to September 1, 2025, which is the approximate midpoint of the experience period during which the pure premium rates for policies incepting between September 1, 2024 and August 31, 2025 will apply.

The COVID-19 pandemic has had a significant impact on the workers' compensation insurance system. Exhibit 1 shows a summary of COVID-19 claim counts and paid and incurred costs evaluated as of December 31, 2023. As shown in Exhibit 1, almost 50,000 claims arising out of a diagnosis of COVID-19 have been filed for accident years 2020 through 2022 totaling over \$500 million in incurred costs as of December 31, 2023. The costs from accident year 2020 through 2022 claims reflect earlier and different periods of the pandemic and may not be indicative of costs to be incurred in the future. As a result, the WCIRB has excluded COVID-19 claims from the exhibits in this Appendix that include accident years 2020 through 2022 based on the data reported on the WCIRB's Quarterly Call for Experience. This is consistent with the WCIRB's approach in the September 1, 2023 Pure Premium Rate Filing.

As COVID-19 has shifted from pandemic to endemic, the WCIRB believes the underlying costs of COVID-19 claims should be included in pure premium rates similar to other types of claims. In addition, the impact of COVID-19 claims is notably smaller in accident year 2023 compared to prior years. The accident year 2023 loss ratios shown in Section B include COVID-19 claims and COVID-19 premium charges.¹ As shown in Exhibit 1, COVID-19 claims for accident year 2023 continue to have much smaller average losses per claim compared to non-COVID-19 claims. While the losses from COVID-19 claims are a low proportion of total losses, the claim counts are a significant enough portion to shift average claim costs when including COVID-19 claims. As a result, the WCIRB has excluded COVID-19 claims from the accident year 2023 claim frequency and claim severity information shown in this Appendix.

Adjustment of Losses to an On-Level Basis

Section B, Exhibits 4.1 through 4.4 show the adjustment of historical loss amounts to a consistent, or on-level cost basis. Section B, Exhibit 4.1 details the on-leveling adjustments to indemnity losses. Section B, Exhibits 4.2 through 4.4 detail the on-leveling adjustments to medical losses.

¹ The impact of including COVID-19 claims and premium charges on the accident year 2023 loss ratio is less than 0.1%. See Item AC24-03-04 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

On-Level Adjustments to Indemnity Losses

For each historical accident year, losses are adjusted to reflect the cost impact of legislative and regulatory changes and judicial action. These adjustments reflect changes in statutory benefit amounts, measurable structural reforms that have been enacted by the legislature, regulatory changes and the impact of judicial action on workers' compensation costs. The adjustments made to each year's indemnity losses to reflect these changes are shown in Section B, Exhibit 4.1.

Section B, Exhibit 4.1, columns 1 and 2 show the estimated impact of statutory benefit changes, regulatory changes, and judicial action on indemnity claim severity (column 1) and claim frequency (column 2). The adjustments for the impact of these changes on claim severity are based on the WCIRB's model used to assess the cost impact of statutory changes on indemnity benefits based on underlying distributions of claims by injury type, benefit type and injured worker weekly wages.² These adjustments reflect WCIRB prospective estimates of the cost impact of each change as well as further refinements from WCIRB reassessments based on more current data emerging subsequent to the occurrence of the change. The estimates of the impact of benefit changes on claim frequency are based on a WCIRB econometric analysis of the effect of a number of economic, demographic and claims-related variables on the frequency of indemnity claims in California.³

Each year, weekly minimum and maximum temporary disability (TD) and permanent total disability (PTD) benefits are increased for inflation by the Division of Workers' Compensation (DWC) per California statute. The increases in these benefits are statutorily based on increases in the state average weekly wage (SAWW) for employees covered by unemployment insurance benefits for the annual period ending March 31 of the prior year. The on-leveling adjustments shown in column 1 of Section B, Exhibit 4.1 reflect the impact of historical changes in weekly minimum and maximum TD and PTD benefits and average wage level forecasts based on the WCIRB's legislative evaluation model.

Statutory benefits are expressed as a percentage of an injured worker's weekly wage with specified minimum and maximum amounts. Consequently, as wages increase, the cost of indemnity benefits will also increase even without a statutory benefit change. Column 3 of Section B, Exhibit 4.1 shows the estimated annual impact of wage inflation on indemnity benefits. These estimates have been computed based on the pre-injury weekly wages of injured workers, the legislatively scheduled benefits for each year and the estimated annual changes in average California wages, as shown in Section B, Exhibit 5.1.⁴ For accident years with available WCIRB unit statistical data (2022 and prior), these estimates are based on the actual claims and wage inflation data for these years, while the estimates for accident years 2023 and subsequent are based on the WCIRB's legislative evaluation model, updated with the latest available data.⁵

On-Level Adjustments to Medical Losses

Section B, Exhibits 4.2 through 4.4 show the adjustment of medical losses to an on-level basis. Section B, Exhibit 4.2 shows the impact of non-legislative factors on medical costs. For many years, the Official Medical Fee Schedule (OMFS) has regulated the amounts paid to physicians for many workers' compensation medical procedures. As of April 1, 1999, many inpatient hospital procedures became subject to the Inpatient Hospital Fee Schedule. Fees for other medical services, such as pharmaceuticals and outpatient facility fees, later also became subject to fee schedules with the enactment of Senate Bill No. 228 (SB 228) effective January 1, 2004. As shown in Section B, Exhibit 4.2, column 1, almost 90% of

² See Item AC13-12-02 of the December 4, 2013 WCIRB Actuarial Committee Agenda for a more complete discussion of the WCIRB's legislative evaluation model.

³ Brooks, Ward, "California Workers Compensation Benefit Utilization – A Study of Changes in Frequency and Severity in Response to Changes in Statutory Workers Compensation Benefit Levels," *Proceedings of the Casualty Actuarial Society*, Volume LXXXVI, 1999, pp. 80-262.

⁴ This wage inflation adjustment approach is discussed in greater detail later in this Appendix with respect to premium adjustments.

⁵ See Item AC19-03-03 of the March 18, 2019 WCIRB Actuarial Committee Agenda for more information on these adjustments.

medical costs are directly or indirectly⁶ subject to fee schedules. Column 3 of Section B, Exhibit 4.2 shows the average impact of fee schedule changes on total medical costs by accident year.

The impacts shown in column 3 of Section B, Exhibit 4.2 are primarily based on the WCIRB's cost analysis of the fee schedule changes developed at the time the schedule was implemented. A number of California medical fee schedules are updated regularly by the DWC to reflect regular inflationary changes to the underlying Medicare fees on which the fee schedules are based. These updates have generally been modest and relatively consistent over time. As a result, the WCIRB has typically not reflected these updates in the on-leveling of medical losses and instead has considered them a component of the residual "on-level" medical severity trend. However, the WCIRB reviews these updates when they are adopted to determine if any atypical and significant changes should be explicitly reflected in the medical on-level adjustments.

The WCIRB annually reviews the Medicare-related fee schedule updates adopted by the DWC since the time of the last pure premium rate filing. Updates since the September 1, 2023 Pure Premium Rate Filing continue to reflect the higher levels of economic inflation experienced in 2021 and 2022 in the increases to the fee schedules adopted by the DWC in late 2023 and early 2024. These fee schedule updates are effective primarily in early 2024 and, as a result, are not reflected in the underlying data used in this filing, which is based on experience through December 31, 2023. However, these increases are somewhat lower than those from a year ago. Given this, the WCIRB did not reflect the 2024 fee schedule updates in the medical on-level adjustments included in Section B, Exhibit 4.2 and has, instead, considered them in the selection of the annual on-level medical severity trend.

Effective March 1, 2021, the DWC adopted significant changes to the Evaluation & Management (E&M) section of the OMFS related to office visits. The WCIRB's retrospective evaluation of the March 1, 2021 OMFS changes based on medical payments made subsequent to implementation of the changes showed that E&M office visit service costs increased by 10%, resulting in an approximate 1.6% increase in total medical costs.⁷ As discussed in Appendix A, given the date-of-service basis of these changes, the WCIRB is reflecting the impact of the changes in adjustments to the medical loss development projection for accident years 2013 and later. For accident years 2012 and prior, the impact of these changes based on the WCIRB's retrospective estimate is reflected in the medical on-level adjustments shown in Section B, Exhibit 4.2.

Effective April 1, 2021, the DWC adopted a significant update to the Medical-Legal Fee Schedule (MLFS). In the September 1, 2022 Pure Premium Rate Filing, the WCIRB retrospectively estimated that the April 1, 2021 changes to the MLFS increased medical-legal service costs by 39% based on payments made during the first nine months the new MLFS was in effect. The WCIRB subsequently performed a retrospective evaluation of the April 1, 2021 MLFS changes based on an additional year of medical-legal payments.⁸ This second retrospective review showed that the increase in medical-legal costs resulting from the new schedule was 50%, which was higher than earlier estimates due to increases in the costs for record review and an increased utilization of medical-legal services per claim. This updated estimate of the impact of the 2021 MLFS changes results in an approximate 3.2% increase in total medical costs. The WCIRB performed a third retrospective evaluation earlier this year, which found results generally consistent with its earlier evaluation.⁹ As discussed in Appendix A, given that the impact of these changes varied depending on the age of the claim, the WCIRB is reflecting these impacts in adjustments to the medical loss development projection for accident years 2013 and later. For accident years 2012 and prior, the impact of these changes based on the WCIRB's most recent retrospective estimate is reflected in the medical on-level adjustments shown in Section B, Exhibit 4.2.

⁶ Payments made directly to injured workers as part of claim settlements are assumed to be indirectly affected by existing medical fee schedules.

⁷ See Item AC22-04-04 of the April 14, 2022 WCIRB Actuarial Committee Agenda.

⁸ See Item AC22-04-04 of the April 13, 2023 WCIRB Actuarial Committee Agenda.

⁹ See Item AC22-04-04 of the April 11, 2024 WCIRB Actuarial Committee Agenda.

Some workers' compensation medical costs are not subject to fee schedules. The portion of each historical accident year's medical losses that is not subject to fee schedules is adjusted to reflect the anticipated general medical cost level during the period in which the proposed pure premium rates will be in effect. The cost adjustments used in this analysis are shown in column 4 of Section B, Exhibit 4.2. The historical values are based on the "Medical Care" component of the Consumer Price Index as published by the U.S. Bureau of Labor Statistics (BLS) and the California Department of Finance. Projected values are based on the average of California Department of Finance forecasts of medical inflation for the Los Angeles and San Francisco regions. Section B, Exhibit 4.2, column 6 shows the combined impact of fee schedule changes and general medical inflation on non-fee schedule regulated medical cost components by accident year.

Legislative changes and judicial actions also impact the cost of medical benefits. Section B, Exhibit 4.3 shows the impact of these changes or actions on medical costs. The factors in column 1 of Section B, Exhibit 4.3 reflect the impact on the average medical costs per claim of legislative or regulatory changes or judicial action not otherwise reflected. The factors shown in column 2 of Section B, Exhibit 4.3 reflect the impact on medical costs of the changes in the frequency of indemnity claims as a result of statutory benefit changes. The combined impact of legislative changes on overall medical costs is shown in column 3 of Section B, Exhibit 4.3.

Section B, Exhibit 4.4 shows the combined impact of both measurable legislative and non-legislative changes on medical costs. Column 4 of Section B, Exhibit 4.4 shows the medical on-level factor that is used to adjust each historical accident year's estimated ultimate medical losses to an on-level basis. As discussed above, this medical on-level factor does not reflect the SB 863-related reductions to pharmaceutical costs and 2021 changes to the OMFS and MLFS, which are reflected in adjustments to paid medical loss development. Column 5 of Section B, Exhibit 4.4 shows a medical on-level factor for 2012 and forward that includes the full impact of these changes for use in projections that do not reflect the impact of these changes in paid medical loss development.

Adjustments of Premium to an On-Level Basis

Historical earned premium amounts reflect the wage levels, rates and other premium adjustments underlying the workers' compensation policies with exposure during the calendar year. Section B, Exhibits 5.1 and 5.2 show the adjustments used to convert the historical calendar year earned premium amounts to a consistent, on-level basis.

Workers' compensation rates are expressed as a percentage of payroll. Thus, the earned premium for a particular year reflects the wages paid by California employers during that year. In order for the proposed pure premium rates to provide for losses and loss adjustment expenses arising from policies incepting between September 1, 2024 and August 31, 2025, each historical year's earned premium is adjusted to the anticipated average wage level applicable to policies incepting during this period. Since a historical premium level is used as the basis of the trending projection, forecast adjustments in average wages are intended to reflect changes in the average wage of the "typical" California worker performing the same job year-to-year.

Section B, Exhibit 5.1 shows the wage level adjustment factors. The historical values through 2023 shown in column 1 of Section B, Exhibit 5.1 are based on BLS data for California as compiled by the UCLA Anderson School of Business (UCLA).¹⁰ The estimated changes in annual California wages for 2024 and later are based on an average of those produced by UCLA¹¹ (as of March 2024) and the California

¹⁰ Given the atypical BLS average wage change for 2022, which is in part impacted by the return of lower-wage workers in the post-pandemic period, the WCIRB used the wage change produced by the average of the BLS Current Employment Statistics weekly and hourly wage series for 2022.

¹¹ The index is based on the ratio of total statewide wages and salaries divided by total civilian employment.

Department of Finance¹² (as of November 2023). A 2018 WCIRB analysis of the wage forecast methodology showed that blending these two wage forecasts significantly improves the accuracy and reduces the volatility of the wage level projection.¹³ An updated review of the wage forecasts from earlier this year continued to support this blended approach.¹⁴

The COVID-19 pandemic resulted in a sudden and significant downturn in the California economy in 2020. The average wage changes shown in column 1 of Section B, Exhibit 5.1 are generally based on changes in total wages and salaries compared to changes in total employment. During a recession, the mix of industries can shift significantly and impact measures of average wages since a different average wage level underlies each industry. In addition, the loss of lower wage, generally less experienced employees within industries during an economic downturn can drive measures of average wages artificially upward since job losses for these workers disproportionately impact employment levels. For the pandemic-related economic downturn, the reductions in employment levels were greatest in the hospitality and entertainment industries, which tend to have lower-than-average wages. Data from the Economic Policy Institute (EPI) also shows that job losses in 2020 within industries have disproportionately impacted lower wage workers, and this disproportionate impact continued to a lesser degree in 2021.¹⁵ As a result, the wage level changes shown in column 1 of Section B, Exhibit 5.1 for 2020 and later may not be fully reflective of the wage level change for the “typical” California worker performing the same job year to year.

To reflect the wage level change more accurately for the “typical” California worker, the WCIRB applied two adjustments to the average wage level changes shown in column 1 of Section B, Exhibit 5.1. The first adjustment removes the impact of shifts in the industry mix on average wage levels based on a review of forecast changes in employment by industry and the average wage within industries using UCLA data. The second adjustment for the shifts in wage levels within industries in 2020 and 2021 is based on American Community Survey (ACS) data as well as Current Population Survey (CPS) data provided by the EPI.¹⁶ This adjustment is computed by holding both industrial mix and average wage levels by industry and wage quartile constant while allowing the distribution of workers by wage level within industries to vary year to year. The WCIRB estimated average wage growth percentages for 2020 through 2022 shown in column 2 of Section B, Exhibit 5.1 have been adjusted to correct for these impacts of shifting wage mix. Given the relatively modest impact of this adjustment estimated for 2023 through 2026 as well as the relative uncertainty in forecasting these shifts in future years, the WCIRB did not apply this adjustment for these years.¹⁷

Column 3 of Section B, Exhibit 5.1 shows the factor to on-level each year’s historical premium for the impact of changes in wage levels based on columns 1 and 2 of Section B, Exhibit 5.1. (These wage level changes are also reflected in the adjustment to indemnity benefits for the impact of changes in average wages shown in column 3 of Section B, Exhibit 4.1.)

The amount of premium generated during a particular year is based on the rates charged by insurers during that year. Section B, Exhibit 5.2, columns 2a, 2b and 2c show the adjustment of each year’s historical premium to the level reflected in the approved advisory pure premium rates as of September 1, 2023. The earned premium amounts shown in Section B, Exhibit 1 and reflected in the loss ratios shown in Section B, Exhibits 3.1 through 3.4 are based on the final rates charged by insurers—including the

¹² The California Department of Finance produces an economic forecast typically in April and November of each year to assist in preparation of the California state budget.

¹³ See Item AC17-12-03 of the March 19, 2018 WCIRB Actuarial Committee Agenda.

¹⁴ See Item AC20-08-04 of the April 11, 2024 WCIRB Actuarial Committee Agenda.

¹⁵ Current Population Survey Extracts, Version 1.0.15, Economic Policy Institute, 2021. <https://microdata.epi.org>

¹⁶ This data set is updated monthly by the Census Bureau and underlies the headline monthly jobs report.

¹⁷ See Item AC20-08-04 of the March 21, 2024 and April 11, 2024 WCIRB Actuarial Committee Agendas.

impact of most rating plan adjustments such as schedule rating.¹⁸ To compute the indicated change in the approved advisory pure premium rate level, the premium generated for each year at the industry average charged rates is adjusted to reflect the premium that would have been generated had the approved advisory pure premium rates as of September 1, 2023 been charged during that year.

Column 2a of Section B, Exhibit 5.2 shows the ratio of the industry average charged rate to the advisory pure premium rate for each calendar year subsequent to the implementation of competitive rating in 1995. Column 2b of Section B, Exhibit 5.2 shows the factors needed to adjust the earned premium for each calendar year to the September 1, 2023 advisory pure premium rate level. Column 2c of Section B, Exhibit 5.2 shows the combined effect of all these rate adjustments, which are the factors needed to adjust each year's earned premium to the premium that would have been earned had the approved advisory pure premium rates as of September 1, 2023 been charged during that year.

In addition to adjustments for changes in wage and rate levels, historical premiums are also adjusted to remove the impact of surcharge premium generated under the Minimum Rate Law through 1995, reflect changes in the average experience modification and reflect the current experience rating off-balance correction factor. These adjustments, which are shown in columns 3, 4 and 5 of Section B, Exhibit 5.2, are based on the WCIRB's unit statistical and experience rating data.

Premium is reported to the WCIRB on a calendar year basis, reflecting all premiums earned during that calendar year on policies from any year, while losses are reported on an accident year basis, reflecting the cost of claims on policies in force during that year. Generally, these two bases overlap to a considerable degree. However, when audits on older policy years have a highly atypical effect on premiums booked during the current year, the use of unadjusted calendar year earned premium can distort accident year loss ratios. The Great Recession of 2008-2009 significantly impacted audit premiums on 2007 and 2008 policies that were booked in 2009 and 2010. To adjust for the distortions created by the Great Recession, premiums earned in calendar years 2007 through 2010 are adjusted to an estimated "accident year" basis. These adjustments, which are shown in column 6 of Section B, Exhibit 5.2, are computed 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.¹⁹

The COVID-19 pandemic and resultant economic downturn significantly impacted exposure levels in 2020. The WCIRB study of the impact of this economic slowdown on calendar year 2020 through 2022 earned premiums found that, similar to the Great Recession, there were atypical amounts of return premiums on 2019 policies that were earned in calendar year 2021. Conversely, given the equally sharp economic recovery in 2021 and 2022, there were atypical amounts of audit premiums collected on 2020 policies in 2022. To adjust for the distortions created by the pandemic, premiums earned in calendar years 2020 through 2022 are adjusted to an estimated "accident year" basis using a process similar to that used for the Great Recession years. These adjustments are shown in column 6 of Section B, Exhibit 5.2.²⁰

Section B, Exhibit 5.2, column 7 shows the combined on-level factor for each year that reflects the impact of all the premium adjustments applied by the WCIRB.

Trending Methodology – Diagnostic Indicators

To assess the validity of the assumptions underlying the various trending methodologies, the WCIRB reviews a number of diagnostic indicators. Among the key indicators of the trending methodology reviewed are the following:

¹⁸ These premiums do not reflect the impact of deductible credits, retrospective rating plan adjustments or terrorism charges. They also do not reflect COVID-19 premium charges for calendar years 2021 and 2022.

¹⁹ See Item AC11-06-02 of the June 3, 2011 and August 3, 2011 WCIRB Actuarial Committee Agendas for a more complete discussion of this computation.

²⁰ See Item AC21-03-05 of the March 21, 2022 and March 21, 2023 WCIRB Actuarial Committee Agendas.

1. Indemnity Claim Frequency Changes. Exhibit 2 shows the WCIRB's estimated changes in indemnity claim frequency.²¹ Frequency changes for accident years 2022 and 2023 are preliminary. The accident year 2023 frequency is based on changes in reported indemnity claim counts evaluated at 12 months compared to changes in statewide employment levels. Frequency changes for accident years 2022 and prior are based on the ratio of reported indemnity claim counts to reported exposure adjusted to a common wage level based on WCIRB unit statistical data. (Claim frequency for accident year 2022 is preliminary in that it compares claim and payroll experience occurring in 2022 from 2021 policies to experience occurring in 2021 from 2020 policies.) From 2013 to 2019, indemnity claim frequency was, on average, flat to modestly declining. Indemnity claim frequency decreased significantly in 2020, in large part related to the COVID-19 pandemic and stay-at-home orders and the sharp and sudden downturn in the economy. Claim frequency rebounded in 2021 during the economic recovery. Preliminary claim frequency in 2022 declined moderately and is flat in 2023, suggesting a return to the pre-pandemic trend of overall modest decreases in claim frequency.
2. Impact of Shifts in Industrial Mix on Claim Frequency. Changes in industrial mix can significantly impact measures of indemnity claim frequency. The lower section of Exhibit 2 shows historical changes in indemnity claim frequency adjusted for changes in industrial mix ("intra-class"). Shifts in industrial mix, influenced by the Great Recession recovery in construction employment and long-term shifts in the California economy to a lower relative frequency, service-based economy, generally contributed to annual declines from 1% to 2% in indemnity claim frequency through 2019. After adjusting for these impacts, "intra-class" indemnity claim frequency changes are generally 1% to 2% higher than the actual observed changes. In 2021, the "intra-class" indemnity frequency change was significantly less than the overall change, implying that the magnitude of the overall frequency change was driven by notable shifts in industrial mix during the economic recovery. During the post-pandemic period, shifts in industrial mix impacting indemnity claim frequency have been modest.
3. Changes in Reported Claim Severities. Exhibits 3.1 and 3.2 show changes in average incurred indemnity and average incurred medical per indemnity claim, respectively. Exhibits 3.3, 3.4 and 3.5 show changes in average paid indemnity per indemnity claim, average paid medical per indemnity claim and average paid medical per claim, respectively. Exhibits 3.6 and 3.7 show changes in average outstanding indemnity case reserves and average outstanding medical case reserves per open indemnity claim, respectively. Exhibits 3.8 and 3.9 show changes in average paid indemnity and paid medical per closed indemnity claim, respectively.²² The information shown in Exhibits 3.1 through 3.9 are based on December 31 evaluations of claim experience.

Other than in 2020, which was heavily impacted by the pandemic, changes in average indemnity severities for accident years at the latest evaluation show generally moderate increases. Average indemnity benefits are in part based on the average weekly wage of the injured worker. During the recent period of increasing average worker wages, indemnity benefits have grown.

Changes in average medical severities have also generally been modest at the latest evaluation of each accident year, with the exception of 2020. Accident year 2020 severities are heavily impacted by the pandemic and economic downturn, which resulted in a temporary slowdown in the medical and claims processes. In addition, a number of smaller indemnity claims were not filed during the stay-at-home period, which pushes accident year 2020 severities artificially upward. A return of these smaller indemnity claims in 2021 has artificially deflated accident year 2021 severities. Accident year 2022 and 2023 medical severities are generally moderately increasing across these measures. Average medical severity changes at the current evaluation for more recent accident years are also above the

²¹ COVID-19 claims are excluded.

²² COVID-19 claims are excluded from these exhibits. Also, the amounts shown in Exhibits 3.7 and 3.9 for accident years 2010 and 2011 reflect only the amount of medical cost containment program (MCCP) costs that were reported as medical losses for these years and as a result are not comparable to each other or the amounts reported for other years.

prior evaluations. This is likely in part driven by recent inflationary increases to medical fee schedules, greater utilization of medical-legal services and claim settlement rates remaining lower than the pre-pandemic level.

Selected Trending Methodologies

In order for the proposed pure premium rates to reflect the cost of benefits incurred on policies incepting between September 1, 2024 and August 31, 2025, the historical estimated ultimate loss ratios, adjusted to an on-level basis, are trended to a level underlying this policy period. Specifically, the on-level ratios are trended to September 1, 2025—the approximate average date of experience on policies incepting between September 1, 2024 and August 31, 2025.

For many years, the WCIRB has separately analyzed changes in claim frequency and the average cost, or severity, of claims when considering the appropriate future loss trends. Claim frequency and claim severity are affected by differing underlying forces. Trending methods that separately trend for frequency and severity allow for separate assumptions on each component and are particularly appropriate in environments in which historical loss ratios have been volatile or during periods of transition in which some judgment about future trends may be appropriate. These methods rely on accurate projections of frequency and severity and assume that frequency and severity changes are not highly correlated.

In 2012, the WCIRB conducted a retrospective evaluation of trending methodologies with an emphasis on the appropriateness of trending frequency and severity separately relative to applying a combined loss ratio trend during varying claims environments.²³ The study noted that during the 2002 through 2004 reform transition period, trending methods based on separate projections of claim frequency and claim severity were more accurate than those based on trending historical on-level loss ratios. Updated studies conducted in 2017 and 2018 to include additional periods showed that methods based on separate frequency and severity trends continued to be more accurate than those based on a combined loss ratio trend in these periods as well.²⁴

Based in part on a review of the diagnostic information above and prior WCIRB retrospective studies of trending methodologies, the WCIRB continues to believe a trending approach based on separate projections of growth in claim frequency and growth in the average severity of claims is appropriate. Given the recent volatility in projected on-level loss ratios during the pandemic and post-pandemic periods, the WCIRB believes it is important to review claim frequency and severity trends separately as each trend is likely impacted by different forces.

Indemnity Claim Frequency Projections

The WCIRB's projected change in claim frequency for accident year 2023 is based on the preliminary claim frequency change as of 12 months, which is consistent with the approach used in the last several pure premium rate filings. This measure is estimated as the ratio of changes in reported indemnity claim counts (excluding COVID-19 claims) from accident year 2022 to accident year 2023 as of December 31, 2023 adjusted to an "intra-class" level for estimated shifts in industrial mix impacting claim frequency. The WCIRB's 2021 analysis of claim frequency projections suggested that this approach of using actual frequency information for the most current year was more accurate compared to the change forecast based on the WCIRB's indemnity claim frequency model and comparable in accuracy to other approaches reviewed.²⁵ This results in a projected "intra-class" claim frequency change of 0.0% for accident year 2023, as shown in Exhibit 2.

Section B, Exhibit 6.1 shows projected changes in indemnity claim frequency for accident years 2024 through 2026 based on the WCIRB's econometric frequency model that has been used for a number of

²³ See Item AC12-12-02 of the December 5, 2012 WCIRB Actuarial Committee Agenda.

²⁴ See Item AC12-12-02 of the August 2, 2017 WCIRB Actuarial Committee Agenda.

²⁵ See Item AC21-12-07 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

years in WCIRB pure premium rate filings.²⁶ This model projects indemnity frequency changes as a function of changes in indemnity benefit levels, economic variables and other factors, but excludes the impact of projected future changes in the mix of industry classifications.²⁷ The model also reflects a number of refinements to the underlying parameters based on a comprehensive review of claim frequency projections performed by the WCIRB in 2021.²⁸ The frequency changes shown in Section B, Exhibit 6.1 are based on the ratio of indemnity claim counts to unit statistical reported exposure. Frequency changes for accident years 2021 and prior are based on the full accident year, while the frequency change for accident year 2022 is partial in that it reflects accident year 2022 claims and payroll arising on 2021 policies compared to accident year 2021 claims and payroll arising on 2020 policies. Given the impact of the pandemic on accident years 2020, 2021 and 2022, particularly the sharp and sudden changes in the economic variables and the intra-class claim frequency changes for these years, the frequency forecasts shown in Section B, Exhibit 6.1 are based on the WCIRB's model fit to the 2019 and prior years.

As part of its 2021 study of the indemnity claim frequency model, the WCIRB considered modeling future values of the cumulative injury index (CII) explanatory model variable. The WCIRB's selected model for predicting future values of CII is composed of a linear trend with a second-order autoregressive process. The WCIRB found that forecasting the CII in this way significantly improves the predictive accuracy of the model and alleviates the need to adjust the model's constant term, which has been the WCIRB's approach for many years. Observed values of changes in the CII have a positive long-term average, which are reflected in the fitted model constant term. Without predicted changes in the CII for forecast years, the model's constant term would be overstated and would need to be tempered to reflect the lack of a forecast CII.²⁹ Although the WCIRB's Actuarial Committee recommended use of a CII forecast along with the use of an unadjusted model constant term at its December 9, 2021 meeting, due to unusual patterns in the filing of cumulative trauma claims during the COVID-19 pandemic, this methodology was not used in the September 1, 2022 and September 1, 2023 Pure Premium Rate Filings. Instead, both filings used the prior approach of tempering the model's constant term and not reflecting forecast values of the CII. A recent review of cumulative injury claim filings shows that they have stabilized to the point where the WCIRB recommends using the indemnity claim frequency model with forecast values of the CII and the full model constant term in this filing, as this improves the accuracy of the model's projections.³⁰

The frequency model forecasts for 2024 through 2026 also reflect the model as described above as well as projected changes in economic data based on the March 2024 UCLA forecast. As shown in Section B, Exhibit 6.1, the WCIRB's indemnity claim frequency model projects modest annual decreases in 2024 through 2026. These changes are also generally consistent with the pre-pandemic rate of frequency decline.

Indemnity Severity Projection and Trended Loss Ratio

The WCIRB projects average future indemnity severity growth based on a review of longer-term and shorter-term indemnity severity trends as well as changes in the underlying claims environment. Longer-term trends are less volatile and include both reform periods and post-reform periods as well as more developed accident years but include older accident year cost levels that may not be highly indicative of the current claims environment. Shorter-term trends examine the most recent period, which may be more indicative of the current claims environment but include less developed accident years and may be skewed by recent transitional effects, such as reforms or shifts in claim types, which may not be appropriate to project into the future.

²⁶ Brooks, Ward, "California Workers Compensation Benefit Utilization – A Study of Changes in Frequency and Severity in Response to Changes in Statutory Workers Compensation Benefit Levels," *Proceedings of the Casualty Actuarial Society*, Volume LXXXVI, 1999, pp. 80-262.

²⁷ By modeling industrial mix-adjusted ("intra-class") frequency, the WCIRB's model in effect controls for historical shifts in classification mix.

²⁸ See Item AC21-12-07 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

²⁹ See Item AC21-12-07 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

³⁰ See Item AC21-12-07 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

Over the long-term, on-level indemnity severities have grown at a modest rate of approximately 1% per year since 1990. However, as shown in Section B, Exhibit 6.2, on-level indemnity severities declined from 2010 through 2017. Some of the decline is likely related to the Great Recession and the economic recovery while some of the decline is likely the result of reductions in temporary disability duration and average permanent disability rating partly driven by acceleration in the rate that claims were settling. Since 2017, on-level indemnity severities increased generally consistent with the modest long-term rate of growth. On-level indemnity severities declined modestly in 2021, but this may be in part related to shifts in the proportion of smaller indemnity claims caused by the pandemic. On-level indemnity severities have been generally flat since 2021.

Earlier this year, the WCIRB reviewed the impact of a recent shift in the mix of injury types towards a greater proportion of claims with only temporary disability benefits compared to those with permanent disability benefits. The WCIRB found that, as temporary disability-only claims cost less on average, this mix shift has dampened indemnity severity trends by about 2% to 3% per year since 2016.³¹ It is unclear how much of this shift towards more temporary disability-only claims will continue into the future. Without this shift, on-level indemnity severities would have grown by more than 2% per year on average since 2016 compared to the flat growth observed.

General growth in on-level indemnity severities since 2017 suggests that indemnity severities will continue to grow over the next few years. In addition, it is unclear if indemnity severity growth will continue to be dampened by a continued shift to a greater proportion of temporary disability-only claims. Based on these considerations, the WCIRB has selected a 1.0% average annual on-level indemnity severity trend, which is consistent with that reflected in the WCIRB's September 1, 2023 Pure Premium Rate Filing.

Section B, Exhibit 7.1 shows the projected indemnity loss ratio for policies incepting between September 1, 2024 and August 31, 2025 based on the accident year 2022 and 2023 on-level indemnity ratios adjusted by the WCIRB's selected frequency projections and the average annual on-level indemnity severity trend projection of 1% per year. The indemnity loss ratio projected using the WCIRB's recommended trending methodology is 0.354.

Medical Severity Projection and Trended Loss Ratio

As with indemnity severities, the WCIRB has, for a number of years, based projected on-level medical severity growth on a review of longer-term and more recent medical severity trends. For medical, losses will be paid over a very extended period as, for example, over one-half of policy year 2025 losses are estimated to be paid in 2028 or later and over one-quarter are estimated to be paid in 2033 or later. Medical cost levels are generally impacted by service date rather than accident date. As a result, it is particularly important to consider both long-term and short-term medical severity trends in the projection of medical severity growth.

Since 1990, on-level medical severity growth in California has averaged over 4% per year. This long-term average trend includes periods of reforms in which medical severities have been flat to declining and "post-reform" periods of sharp medical severity growth. Since 2005, on-level medical (excluding MCCP cost) severity growth has been at a more modest rate of 1.3% per year, as shown in Section B, Exhibit 6.4. This includes a period of very significant medical severity growth leading up to the SB 863 reforms followed by a flat-to-declining period following those reforms. Over the last five years, on-level medical severities have grown at an average rate of 1.4% per year. This period includes a modest increase in 2020 and a modest decrease in 2021, which the WCIRB believes is in part driven by pandemic-related shifts in the mix of smaller indemnity claims being filed. On-level medical severities increased modestly in both 2022 and 2023. Similar to indemnity, a recent WCIRB study estimated that changes in average

³¹ See Item AC24-03-03 of the March 21, 2024 WCIRB Actuarial Committee Agenda

medical severities in recent years have been deflated by about 2% to 3% per year due to the shift towards a smaller share of permanent disability claims.³²

The WCIRB believes consideration of both long-term and short-term trends should be given in selecting an average annual medical severity trend. Although the reforms of SB 863, SB 1160 and AB 1124 have resulted in significant decreases to average medical costs; these reforms were implemented a number of years ago. Absent reform, average medical costs have grown sharply in California in the past. In addition, the high levels of economic inflation experienced in 2021 and 2022 continue to work their way into workers' compensation medical costs due to the lag in reflecting these cost impacts in the Medicare-based fee schedules. Finally, it is unclear whether the reductions in medical utilization observed in the past and the shift toward fewer permanent disability indemnity claims will continue to offset increases in the average cost per medical service in the future. Given these considerations, the WCIRB selected an average annual medical severity trend of 2.0%.

Section B, Exhibit 7.3 shows the medical loss ratio for policies incepting between September 1, 2024 and August 31, 2025 based on the accident year 2022 and 2023 on-level medical ratios adjusted by the WCIRB's selected frequency projections and the average annual medical severity trend projection of 2.0% per year. As shown in Section B, Exhibit 7.3 the medical loss ratio projected using the WCIRB's selected methodology is 0.392.

Summary of Alternative Trending Projections

The WCIRB's selected loss trending methodology is based on an average of projections of the latest two years' on-level ratios adjusted for the selected forecasts of changes in indemnity claim frequency and indemnity and medical claim severities. For informational purposes, the WCIRB has computed alternative loss projections based on a number of alternative loss trending methodologies reflecting underlying assumptions that differ from those reflected in the WCIRB's selected trending methodology. These alternative trending projections are shown in Exhibits 4 through 9 and are discussed below.

Separate Frequency and Severity Projections Applied to the Latest Year

Exhibits 4.1 and 4.2 show an alternative trend projection based on applying the WCIRB's selected frequency and severity trends to the on-level loss ratio for the latest accident year (2023). Projections from the latest available accident year can be more responsive to recent trends. This methodology produces a projection somewhat lower than the WCIRB's recommended methodology of trending from the latest two accident years (2022 and 2023). As discussed above, given that accident year 2023 is based on information evaluated as of 12 months, the WCIRB believes averaging the projection based on the latest year with that based on a more mature year is appropriate.

Separate Frequency and Severity Projections Using Frequency Model with No Forecast in the CII and a Tempered Constant Term

Exhibits 5.1 and 5.2 show a trend projection based on applying the WCIRB's selected severity trends, and frequency trends using a model that does not forecast the CII and uses a tempered model constant term, to the on-level loss ratios for accident years 2022 and 2023. This frequency model was the basis for the WCIRB's September 1, 2023 Pure Premium Rate Filing. This methodology produces a projection generally consistent with those produced by the WCIRB's selected methodology, which reflects forecast changes in the CII and the full model constant term. As discussed above, the WCIRB's comprehensive review of the frequency model in 2021 showed that the model using the forecast values in the CII was more accurate than the other models tested.

Separate Frequency and Severity Projections Using Severity Trends Based on Long-Term Rates of Growth

Exhibits 6.1 and 6.2 show a trend projection based on applying the WCIRB's selected frequency changes and annual severity trend assumptions of 0.7% for indemnity and 4.5% for medical, based on the

³² See Item AC24-03-03 of the March 21, 2024 WCIRB Actuarial Committee Agenda.

approximate average long-term (1990 to 2023) annual rates of growth in on-level indemnity and medical claim severities, to the on-level loss ratios for 2022 and 2023. This methodology produces a medical projection higher than that produced by the WCIRB's selected methodology, which gives consideration to both the longer-term and more recent severity trends. To be responsive to recent severity trends, the WCIRB believes its selected severity trends, which give consideration to several factors including short-term and long-term severity trends, are appropriate.

Separate Frequency and Severity Projections Using Severity Trends Based on Short-Term Rates of Growth

Exhibits 7.1 and 7.2 show a trend projection based on applying the WCIRB's selected frequency changes and average annual severity trend assumptions of -0.2% for indemnity and 1.4% for medical, based on the approximate average short-term (2019 to 2023) annual rates of growth in on-level indemnity and medical claim severities, to the on-level loss ratios for 2022 and 2023. This methodology produces a projection somewhat lower than that produced by the WCIRB's selected methodology, which gives consideration to both the longer-term and more recent severity trends. Given the uncertainty surrounding severity trends in the post-pandemic inflationary period, the WCIRB believes its selected severity trends, which give consideration to several factors including short-term and long-term severity trends, are appropriate.

Trend Projections Based on On-Level Loss Ratios

Methods projecting future trends based on the historical on-level loss ratios may be appropriate when the historical ratios show a fairly stable trend or there is reason to believe that recent frequency and severity trends are highly correlated. They do not require knowledge or projection of separate frequency and severity components but rely more heavily on the accuracy of loss development and on-leveling adjustments. In the WCIRB's studies of trending methodologies, these methods performed well during the 2008 to 2011 recession period when historical on-level ratios were fairly stable and frequency and severity changes differed from projections but did not perform well during transition periods when loss ratios were more volatile.

Exhibits 8.1 and 8.2 show a trend projection based on applying an exponential trend based on the 1990 through 2023 on-level indemnity and medical loss ratios shown in Section B, Exhibits 7.1 and 7.3 to the on-level loss ratios for 2022 and 2023. This alternative trending methodology produces a projection above that based on the WCIRB's selected methodology. Exhibits 9.1 and 9.2 show a trend projection based on applying an exponential trend based on the 2019 through 2023 on-level indemnity and medical loss ratios shown in Section B, Exhibits 7.1 and 7.3 to the on-level loss ratios for 2022 and 2023. This alternative trending methodology produces a projection generally consistent with that based on the WCIRB's selected methodology. As discussed above, the WCIRB believes the approach of separately analyzing frequency and severity is appropriate in the current environment given the uncertainty in projecting costs post-pandemic for which the frequency and severity of claims are likely impacted by different forces. In addition, recent on-level loss ratios have been volatile and do not show the steady exponential growth consistent with the assumptions of this methodology.

The loss ratio projections for policies incepting between September 1, 2024 and August 31, 2025 derived based on the trending methodology recommended by the WCIRB as well as each of the alternative trending methodologies described above are shown in Table 1.

Table 1: Projected Loss Ratios Under Alternative Trending Methodologies

September 1, 2024 Filing Trending Methodology	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Separate Projections of Frequency and Severity, Using WCIRB’s Selected Frequency Changes and 1.0% Indemnity and 2.0% Medical Severity Trends, Applied to the Latest Two Years	0.354	0.392	0.746

Alternative Trending Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
Separate Projections of WCIRB’s Selected Frequency and Severity Trends Applied to the Latest Year	0.344	0.384	0.728
Separate Projections of Frequency Model with No Forecast CII and Tempered Constant and WCIRB’s Selected Severity Trends Applied to the Latest Two Years	0.356	0.394	0.750
Separate Projections of WCIRB’s Selected Frequency and Long-Term (1990 to 2023) Severity Trends Applied to the Latest Two Years	0.351	0.418	0.769
Separate Projections of WCIRB’s Selected Frequency and Short-Term (2019 to 2023) Severity Trends Applied to the Latest Two Years	0.343	0.385	0.728
1990 to 2023 On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.352	0.420	0.772
2019 to 2023 On-Level Loss Ratio Exponential Trend Applied to the Latest Two Years	0.353	0.391	0.744

Summary of COVID-19 Claim Information as of December 31, 2023

AY2020 @12/31/2023	COVID-19 Claims	4Q-2023 Data Call	COVID-19 Percentage	Average per Indemnity Claim			Average per Total Claim		
				COVID-19 Claims	All WC Claims	Without COVID-19 Claims	COVID-19 Claims	All WC Claims	Without COVID-19 Claims
Ind. Paid	150,429,710	2,720,558,277	5.5%	\$8,211	\$17,767	\$19,066	\$5,495	\$7,555	\$7,724
Ind. Reserves	60,803,440	662,238,491	9.2%	\$3,319	\$4,325	\$4,462	\$2,221	\$1,839	\$1,808
Ind. Incurred	211,233,150	3,382,796,768	6.2%	\$11,530	\$22,092	\$23,527	\$7,716	\$9,394	\$9,532
Med. Paid	109,893,667	2,846,556,373	3.9%	\$5,999	\$18,590	\$20,301	\$4,014	\$7,905	\$8,225
Med. Reserves	70,084,477	889,124,006	7.9%	\$3,826	\$5,807	\$6,076	\$2,560	\$2,469	\$2,462
Med. Incurred	179,978,144	3,735,680,379	4.8%	\$9,824	\$24,396	\$26,377	\$6,574	\$10,374	\$10,686
ALAE Paid	41,282,049	1,135,677,756	3.6%	\$2,253	\$7,417	\$8,118	\$1,508	\$3,154	\$3,289
MCCP	6,480,696	217,792,549	3.0%	\$354	\$1,422	\$1,568	\$237	\$605	\$635
Paid on Med-Only Claims	7,497,216	267,569,872	2.8%						
Ind. Paid on Open Ind. Claims	150,429,710	2,720,558,277	5.5%						
Med. Paid on Open Ind. Claims	60,803,440	662,238,491	9.2%						
AY2020 Claim Counts									
# of Open Indemnity Claims	1,000	28,586	3.5%						
# of Med-Only Claims	9,056	206,984	4.4%						
# of Indemnity Claims	18,320	153,125	12.0%						
Total Number of Claims	27,376	360,109	7.6%						

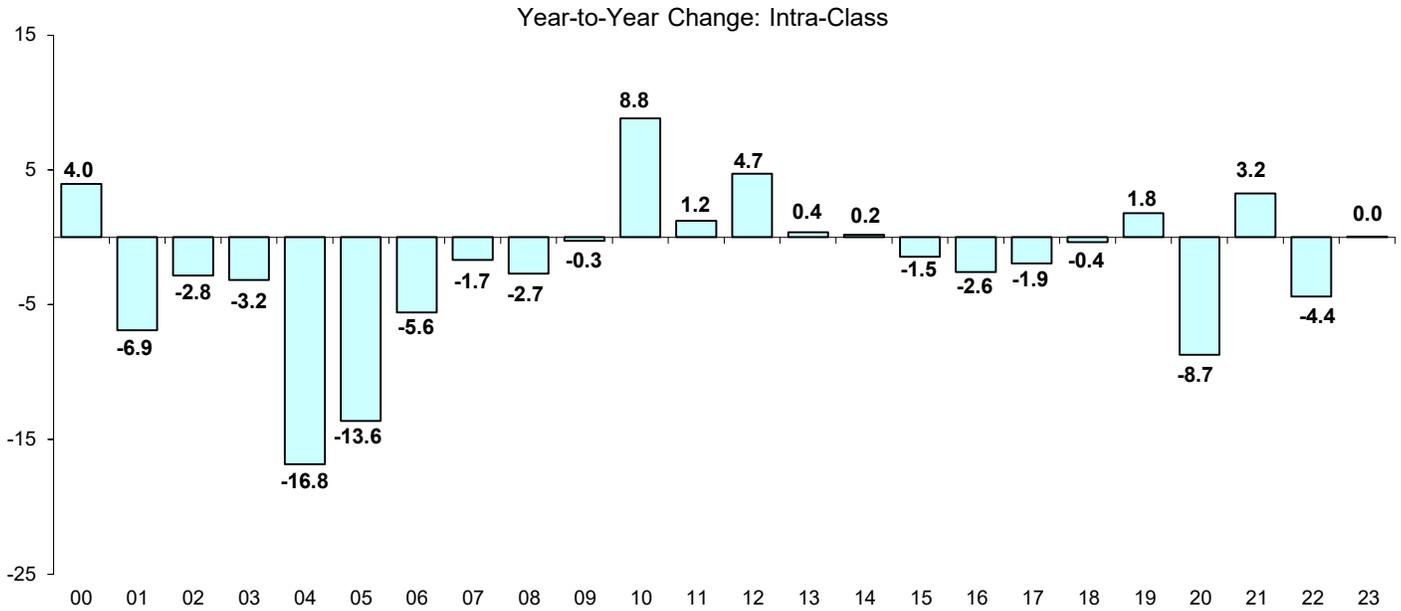
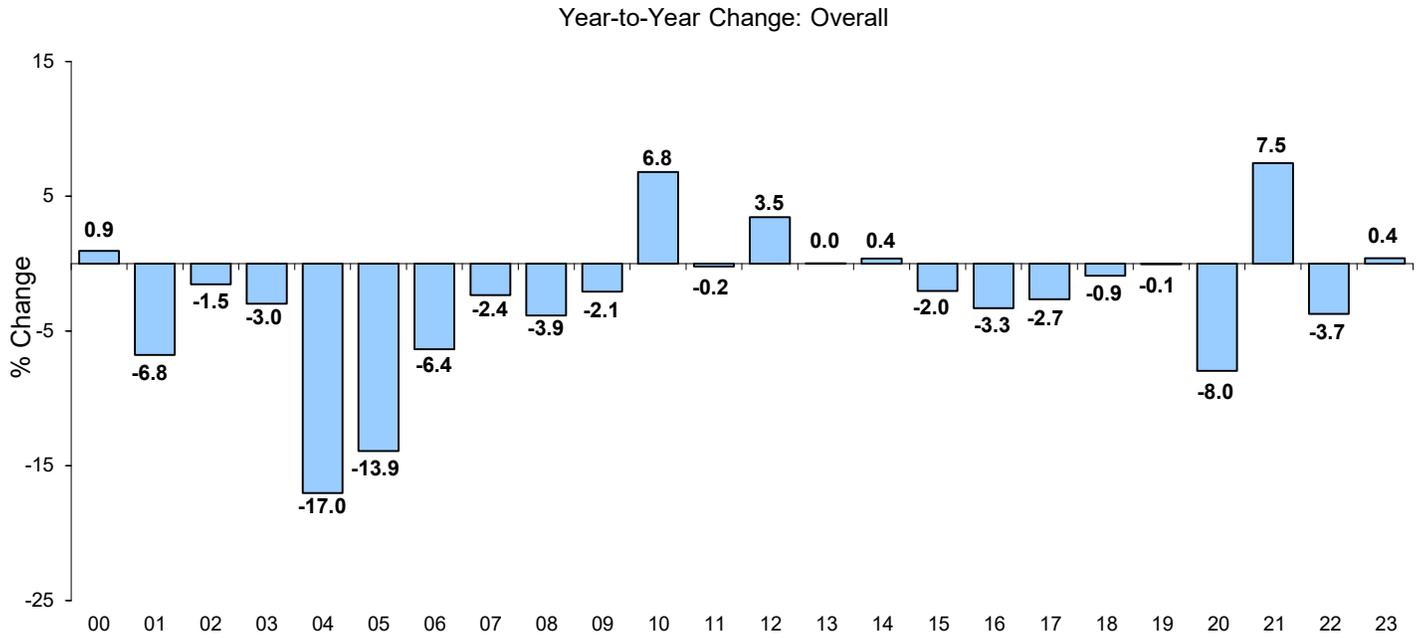
AY2021 @12/31/2023	COVID-19 Claims	4Q-2023 Data Call	COVID-19 Percentage	Average per Indemnity Claim			Average per Total Claim		
				COVID-19 Claims	All WC Claims	Without COVID-19 Claims	COVID-19 Claims	All WC Claims	Without COVID-19 Claims
Ind. Paid	40,663,811	2,353,839,091	1.7%	\$5,540	\$15,175	\$15,653	\$3,788	\$6,118	\$6,185
Ind. Reserves	21,907,472	879,552,423	2.5%	\$2,985	\$5,670	\$5,804	\$2,041	\$2,286	\$2,286
Ind. Incurred	62,571,283	3,233,391,514	1.9%	\$8,525	\$20,845	\$21,457	\$5,829	\$8,404	\$8,478
Med. Paid	28,958,253	2,493,167,160	1.2%	\$3,945	\$16,073	\$16,675	\$2,698	\$6,480	\$6,588
Med. Reserves	24,092,443	1,190,952,173	2.0%	\$3,282	\$7,678	\$7,896	\$2,244	\$3,095	\$3,120
Med. Incurred	53,050,696	3,684,119,333	1.4%	\$7,228	\$23,751	\$24,572	\$4,942	\$9,575	\$9,708
ALAE Paid	12,456,228	964,870,838	1.3%	\$1,697	\$6,220	\$6,445	\$1,160	\$2,508	\$2,546
MCCP	1,863,049	202,220,509	0.9%	\$254	\$1,304	\$1,356	\$174	\$526	\$536
Paid on Med-Only Claims	2,756,913	283,056,915	1.0%						
Ind. Paid on Open Ind. Claims	40,663,811	2,353,839,091	1.7%						
Med. Paid on Open Ind. Claims	21,907,472	879,552,423	2.5%						
AY2021 Claim Counts									
# of Open Indemnity Claims	502	44,879	1.1%						
# of Med-Only Claims	3,395	229,645	1.5%						
# of Indemnity Claims	7,340	155,115	4.7%						
Total Number of Claims	10,735	384,760	2.8%						

AY2022 @12/31/2023	COVID-19 Claims	4Q-2023 Data Call	COVID-19 Percentage	Average per Indemnity Claim			Average per Total Claim		
				COVID-19 Claims	All WC Claims	Without COVID-19 Claims	COVID-19 Claims	All WC Claims	Without COVID-19 Claims
Ind. Paid	10,233,685	1,716,830,999	0.6%	\$1,638	\$10,761	\$11,133	\$1,102	\$4,347	\$4,425
Ind. Reserves	6,455,067	1,113,403,229	0.6%	\$1,033	\$6,979	\$7,221	\$695	\$2,819	\$2,870
Ind. Incurred	16,688,752	2,830,234,228	0.6%	\$2,672	\$17,740	\$18,354	\$1,798	\$7,166	\$7,295
Med. Paid	5,103,634	1,859,612,275	0.3%	\$817	\$11,656	\$12,098	\$550	\$4,708	\$4,809
Med. Reserves	6,289,416	1,530,690,358	0.4%	\$1,007	\$9,595	\$9,944	\$677	\$3,876	\$3,953
Med. Incurred	11,393,050	3,390,302,633	0.3%	\$1,824	\$21,251	\$22,042	\$1,227	\$8,584	\$8,761
ALAE Paid	3,430,145	712,447,602	0.5%	\$549	\$4,466	\$4,625	\$369	\$1,804	\$1,838
MCCP	495,987	154,768,699	0.3%	\$79	\$970	\$1,006	\$53	\$392	\$400
Paid on Med-Only Claims	836,278	274,221,735	0.3%						
Ind. Paid on Open Ind. Claims	10,233,685	1,716,830,999	0.6%						
Med. Paid on Open Ind. Claims	6,455,067	1,113,403,229	0.6%						
AY2022 Claim Counts									
# of Open Indemnity Claims	294	68,724	0.4%						
# of Med-Only Claims	3,038	235,411	1.3%						
# of Indemnity Claims	6,246	159,538	3.9%						
Total Number of Claims	9,284	394,949	2.4%						

AY2023 @12/31/2023	COVID-19 Claims	4Q-2023 Data Call	COVID-19 Percentage	Average per Indemnity Claim			Average per Total Claim		
				COVID-19 Claims	All WC Claims	Without COVID-19 Claims	COVID-19 Claims	All WC Claims	Without COVID-19 Claims
Ind. Paid	2,309,835	607,192,287	0.4%	\$903	\$4,680	\$4,755	\$747	\$1,852	\$1,863
Ind. Reserves	1,226,861	884,962,558	0.1%	\$480	\$6,820	\$6,948	\$397	\$2,700	\$2,722
Ind. Incurred	3,536,696	1,492,154,845	0.2%	\$1,383	\$11,500	\$11,703	\$1,143	\$4,552	\$4,585
Med. Paid	356,000	744,675,330	0.0%	\$139	\$5,739	\$5,852	\$115	\$2,272	\$2,292
Med. Reserves	2,329,100	1,575,984,053	0.1%	\$911	\$12,146	\$12,372	\$753	\$4,808	\$4,847
Med. Incurred	2,685,100	2,320,659,383	0.1%	\$1,050	\$17,885	\$18,223	\$868	\$7,080	\$7,139
ALAE Paid	289,756	229,424,578	0.1%	\$113	\$1,768	\$1,801	\$94	\$700	\$706
MCCP	44,113	69,380,749	0.1%	\$17	\$535	\$545	\$14	\$212	\$214
Paid on Med-Only Claims	43,984	183,750,599	0.0%						
Ind. Paid on Open Ind. Claims	2,309,835	607,192,287	0.4%						
Med. Paid on Open Ind. Claims	1,226,861	884,962,558	0.1%						
AY2023 Claim Counts									
# of Open Indemnity Claims	302	86,692	0.3%						
# of Med-Only Claims	535	198,022	0.3%						
# of Indemnity Claims	2,558	129,755	2.0%						
Total Number of Claims	3,093	327,777	0.9%						

Source: WCIRB quarterly calls for experience.

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



Note:

The 2023 estimates are based on a comparison of claim counts based on WCIRB accident year experience as of December 31, 2023 relative to the estimated change in statewide employment. Prior years are based on unit statistical data. Experience excludes COVID-19 claims.

Average Incurred Indemnity Loss per Reported Indemnity Claim
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1998										21,043
1999									22,644	22,783
2000								23,531	23,716	23,831
2001							25,311	25,672	25,931	26,104
2002						23,524	23,957	24,248	24,502	24,758
2003					22,549	23,312	23,849	24,297	24,696	25,072
2004				17,317	18,025	18,798	19,301	19,850	20,212	20,520
2005			13,674	14,978	16,000	16,834	17,482	17,986	18,268	18,493
2006		12,054	14,847	16,422	17,700	18,608	19,249	19,652	19,928	20,104
2007	8,156	12,900	16,192	18,033	19,217	20,118	20,855	21,287	21,525	21,757
2008	8,575	13,914	17,737	19,938	21,324	22,212	22,810	23,220	23,472	23,688
2009	8,732	14,560	18,317	20,698	22,154	23,092	23,597	24,032	24,373	24,607
2010	8,746	14,277	18,213	20,368	21,603	22,484	23,016	23,377	23,674	23,926
2011	9,141	14,781	18,230	20,310	21,346	22,085	22,536	22,938	23,163	23,352
2012	9,181	14,689	17,990	19,697	20,856	21,649	22,137	22,440	22,730	22,877
2013	9,382	14,527	17,692	19,449	20,415	21,036	21,424	21,679	21,826	21,953
2014	9,282	14,673	18,277	20,169	21,294	21,861	22,198	22,448	22,567	22,758
2015	9,634	15,349	18,832	20,641	21,555	22,078	22,438	22,631	22,807	
2016	9,816	15,310	18,559	20,178	21,051	21,573	21,933	22,172		
2017	9,971	15,630	18,951	20,476	21,292	21,873	22,198			
2018	10,573	16,387	19,659	21,163	22,045	22,626				
2019	11,029	17,145	20,549	22,441	23,503					
2020	11,919	17,662	21,364	23,527						
2021	11,255	17,558	21,457							
2022	11,701	18,354								
2023	11,703									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
1999										8.3%
2000									4.7%	4.6%
2001								9.1%	9.3%	9.5%
2002							-5.4%	-5.5%	-5.5%	-5.2%
2003						-0.9%	-0.4%	0.2%	0.8%	1.3%
2004					-20.1%	-19.4%	-19.1%	-18.3%	-18.2%	-18.2%
2005				-13.5%	-11.2%	-10.4%	-9.4%	-9.4%	-9.6%	-9.9%
2006			8.6%	9.6%	10.6%	10.5%	10.1%	9.3%	9.1%	8.7%
2007		7.0%	9.1%	9.8%	8.6%	8.1%	8.3%	8.3%	8.0%	8.2%
2008	5.1%	7.9%	9.5%	10.6%	11.0%	10.4%	9.4%	9.1%	9.0%	8.9%
2009	1.8%	4.6%	3.3%	3.8%	3.9%	4.0%	3.4%	3.5%	3.8%	3.9%
2010	0.2%	-1.9%	-0.6%	-1.6%	-2.5%	-2.6%	-2.5%	-2.7%	-2.9%	-2.8%
2011	4.5%	3.5%	0.1%	-0.3%	-1.2%	-1.8%	-2.1%	-1.9%	-2.2%	-2.4%
2012	0.4%	-0.6%	-1.3%	-3.0%	-2.3%	-2.0%	-1.8%	-2.2%	-1.9%	-2.0%
2013	2.2%	-1.1%	-1.7%	-1.3%	-2.1%	-2.8%	-3.2%	-3.4%	-4.0%	-4.0%
2014	-1.1%	1.0%	3.3%	3.7%	4.3%	3.9%	3.6%	3.5%	3.4%	3.7%
2015	3.8%	4.6%	3.0%	2.3%	1.2%	1.0%	1.1%	0.8%	1.1%	
2016	1.9%	-0.3%	-1.4%	-2.2%	-2.3%	-2.3%	-2.2%	-2.0%		
2017	1.6%	2.1%	2.1%	1.5%	1.1%	1.4%	1.2%			
2018	6.0%	4.8%	3.7%	3.4%	3.5%	3.4%				
2019	4.3%	4.6%	4.5%	6.0%	6.6%					
2020	8.1%	3.0%	4.0%	4.8%						
2021	-5.6%	-0.6%	0.4%							
2022	4.0%	4.5%								
2023	0.0%									

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Incurred Medical Loss per Reported Claim
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2002										10,249
2003									9,860	10,133
2004								8,055	8,308	8,524
2005							7,393	7,722	7,971	8,124
2006						7,781	8,146	8,463	8,638	8,733
2007					8,340	8,904	9,346	9,628	9,791	9,831
2008				8,783	9,568	10,129	10,512	10,775	10,879	10,925
2009			8,864	10,041	10,874	11,465	11,776	11,952	12,032	12,093
2010		7,620	9,298	10,462	11,178	11,634	11,902	12,029	12,116	12,133
2011	5,575	7,854	9,342	10,348	10,988	11,313	11,460	11,562	11,575	11,579
2012	5,719	7,798	9,046	9,774	10,274	10,570	10,719	10,794	10,850	10,898
2013	5,826	7,741	8,721	9,389	9,722	9,910	9,982	10,035	10,040	10,097
2014	5,683	7,337	8,370	8,964	9,245	9,440	9,538	9,626	9,685	9,715
2015	5,801	7,445	8,407	8,901	9,107	9,254	9,309	9,350	9,414	
2016	5,910	7,498	8,306	8,604	8,847	8,988	9,086	9,125		
2017	5,890	7,307	8,045	8,415	8,629	8,816	8,892			
2018	6,111	7,636	8,399	8,827	9,070	9,320				
2019	6,129	7,715	8,569	9,067	9,434					
2020	6,960	8,719	9,926	10,686						
2021	6,732	8,402	9,708							
2022	6,780	8,761								
2023	7,139									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2003										-1.1%
2004									-15.7%	-15.9%
2005								-4.1%	-4.1%	-4.7%
2006							10.2%	9.6%	8.4%	7.5%
2007						14.4%	14.7%	13.8%	13.4%	12.6%
2008					14.7%	13.7%	12.5%	11.9%	11.1%	11.1%
2009				14.3%	13.7%	13.2%	12.0%	10.9%	10.6%	10.7%
2010			4.9%	4.2%	2.8%	1.5%	1.1%	0.6%	0.7%	0.3%
2011		3.1%	0.5%	-1.1%	-1.7%	-2.8%	-3.7%	-3.9%	-4.5%	-4.6%
2012	2.6%	-0.7%	-3.2%	-5.5%	-6.5%	-6.6%	-6.5%	-6.6%	-6.3%	-5.9%
2013	1.9%	-0.7%	-3.6%	-3.9%	-5.4%	-6.2%	-6.9%	-7.0%	-7.5%	-7.3%
2014	-2.4%	-5.2%	-4.0%	-4.5%	-4.9%	-4.7%	-4.5%	-4.1%	-3.5%	-3.8%
2015	2.1%	1.5%	0.4%	-0.7%	-1.5%	-2.0%	-2.4%	-2.9%	-2.8%	
2016	1.9%	0.7%	-1.2%	-3.3%	-2.9%	-2.9%	-2.4%	-2.4%		
2017	-0.3%	-2.5%	-3.1%	-2.2%	-2.5%	-1.9%	-2.1%			
2018	3.8%	4.5%	4.4%	4.9%	5.1%	5.7%				
2019	0.3%	1.0%	2.0%	2.7%	4.0%					
2020	13.6%	13.0%	15.8%	17.9%						
2021	-3.3%	-3.6%	-2.2%							
2022	0.7%	4.3%								
2023	5.3%									

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Paid Indemnity Loss per Reported Indemnity Claim
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1998										19,493
1999									20,877	21,249
2000								21,480	22,032	22,396
2001							22,736	23,513	24,079	24,493
2002						20,790	21,758	22,448	22,899	23,318
2003					19,073	20,468	21,390	22,057	22,657	23,191
2004				13,469	15,031	16,159	16,954	17,656	18,292	18,846
2005			9,584	11,799	13,227	14,260	15,098	15,816	16,484	16,965
2006		6,814	10,351	12,656	14,333	15,607	16,654	17,466	18,071	18,543
2007	2,836	7,324	11,160	13,801	15,678	17,081	18,201	19,012	19,625	20,151
2008	3,106	7,914	12,190	15,319	17,549	19,114	20,229	21,042	21,594	22,086
2009	3,109	7,997	12,535	15,862	18,236	19,854	21,027	21,922	22,590	23,116
2010	3,069	7,965	12,568	15,915	18,136	19,708	20,849	21,625	22,227	22,681
2011	3,117	8,111	12,662	15,817	17,921	19,422	20,481	21,317	21,843	22,200
2012	3,243	8,203	12,618	15,701	17,755	19,252	20,219	20,883	21,357	21,706
2013	3,186	8,128	12,695	15,826	17,782	19,039	19,833	20,379	20,774	21,057
2014	3,150	8,315	13,249	16,478	18,536	19,808	20,568	21,123	21,492	21,837
2015	3,279	8,701	13,709	16,967	18,927	19,976	20,802	21,348	21,730	
2016	3,417	8,884	13,716	16,758	18,422	19,517	20,345	20,899		
2017	3,474	9,078	13,920	16,714	18,492	19,668	20,450			
2018	3,732	9,463	14,110	17,143	19,021	20,322				
2019	3,890	9,749	14,703	18,084	20,200					
2020	4,266	10,301	15,495	19,066						
2021	4,367	10,487	15,653							
2022	4,664	11,133								
2023	4,755									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
1999										9.0%
2000									5.5%	5.4%
2001								9.5%	9.3%	9.4%
2002							-4.3%	-4.5%	-4.9%	-4.8%
2003						-1.5%	-1.7%	-1.7%	-1.1%	-0.5%
2004					-21.2%	-21.1%	-20.7%	-20.0%	-19.3%	-18.7%
2005				-12.4%	-12.0%	-11.8%	-10.9%	-10.4%	-9.9%	-10.0%
2006			8.0%	7.3%	8.4%	9.4%	10.3%	10.4%	9.6%	9.3%
2007		7.5%	7.8%	9.0%	9.4%	9.4%	9.3%	8.9%	8.6%	8.7%
2008	9.5%	8.1%	9.2%	11.0%	11.9%	11.9%	11.1%	10.7%	10.0%	9.6%
2009	0.1%	1.0%	2.8%	3.5%	3.9%	3.9%	3.9%	4.2%	4.6%	4.7%
2010	-1.3%	-0.4%	0.3%	0.3%	-0.5%	-0.7%	-0.8%	-1.4%	-1.6%	-1.9%
2011	1.6%	1.8%	0.8%	-0.6%	-1.2%	-1.5%	-1.8%	-1.4%	-1.7%	-2.1%
2012	4.0%	1.1%	-0.3%	-0.7%	-0.9%	-0.9%	-1.3%	-2.0%	-2.2%	-2.2%
2013	-1.7%	-0.9%	0.6%	0.8%	0.2%	-1.1%	-1.9%	-2.4%	-2.7%	-3.0%
2014	-1.1%	2.3%	4.4%	4.1%	4.2%	4.0%	3.7%	3.6%	3.5%	3.7%
2015	4.1%	4.7%	3.5%	3.0%	2.1%	0.9%	1.1%	1.1%	1.1%	
2016	4.2%	2.1%	0.1%	-1.2%	-2.7%	-2.3%	-2.2%	-2.1%		
2017	1.7%	2.2%	1.5%	-0.3%	0.4%	0.8%	0.5%			
2018	7.4%	4.3%	1.4%	2.6%	2.9%	3.3%				
2019	4.2%	3.0%	4.2%	5.5%	6.2%					
2020	9.7%	5.7%	5.4%	5.4%						
2021	2.4%	1.8%	1.0%							
2022	6.8%	6.2%								
2023	2.0%									

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Paid Medical Loss per Indemnity Claim
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2005										21,986
2006									23,412	24,259
2007								25,211	26,299	27,159
2008							26,286	27,689	28,689	29,507
2009						26,043	27,861	29,187	30,171	30,945
2010					23,540	25,892	27,667	28,857	29,760	30,477
2011				19,066	21,965	24,194	25,678	26,812	27,577	28,095
2012			14,377	18,061	20,709	22,556	23,875	24,799	25,403	25,906
2013		9,176	13,744	17,121	19,404	20,956	21,981	22,625	23,143	23,528
2014	3,808	8,994	13,472	16,666	18,791	20,278	21,205	21,940	22,441	22,835
2015	3,886	9,116	13,428	16,605	18,550	19,752	20,676	21,332	21,844	
2016	4,072	9,270	13,360	16,174	17,869	19,090	20,079	20,675		
2017	4,261	9,479	13,535	16,116	17,908	19,273	20,173			
2018	4,445	9,893	13,953	16,910	18,853	20,303				
2019	4,367	9,550	13,958	17,252	19,500					
2020	4,339	10,020	14,796	18,372						
2021	4,305	9,950	14,779							
2022	4,292	10,314								
2023	4,407									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2006										10.3%
2007									12.3%	12.0%
2008								9.8%	9.1%	8.6%
2009							6.0%	5.4%	5.2%	4.9%
2010						-0.6%	-0.7%	-1.1%	-1.4%	-1.5%
2011*					-6.7%	-6.6%	-7.2%	-7.1%	-7.3%	-7.8%
2012*				-5.3%	-5.7%	-6.8%	-7.0%	-7.5%	-7.9%	-7.8%
2013			-4.4%	-5.2%	-6.3%	-7.1%	-7.9%	-8.8%	-8.9%	-9.2%
2014		-2.0%	-2.0%	-2.7%	-3.2%	-3.2%	-3.5%	-3.0%	-3.0%	-2.9%
2015	2.0%	1.3%	-0.3%	-0.4%	-1.3%	-2.6%	-2.5%	-2.8%	-2.7%	
2016	4.8%	1.7%	-0.5%	-2.6%	-3.7%	-3.4%	-2.9%	-3.1%		
2017	4.6%	2.3%	1.3%	-0.4%	0.2%	1.0%	0.5%			
2018	4.3%	4.4%	3.1%	4.9%	5.3%	5.3%				
2019	-1.8%	-3.5%	0.0%	2.0%	3.4%					
2020	-0.6%	4.9%	6.0%	6.5%						
2021	-0.8%	-0.7%	-0.1%							
2022	-0.3%	3.7%								
2023	2.7%									

*Entries for accident years 2010 and 2011 only reflect the paid cost of medical cost containment programs attributable to policies with effective dates prior to July 1, 2010. Entries for accident years 2012 and subsequent exclude the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Paid Medical Loss per Claim*
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2002										8,839
2003									8,277	8,586
2004								6,564	6,900	7,206
2005							5,939	6,298	6,674	6,931
2006						6,152	6,606	7,026	7,320	7,567
2007					6,414	7,068	7,647	8,078	8,402	8,659
2008				6,401	7,388	8,174	8,752	9,189	9,506	9,760
2009			5,792	7,263	8,445	9,304	9,913	10,359	10,687	10,936
2010		4,201	6,099	7,703	8,847	9,669	10,295	10,715	11,028	11,202
2011	1,824	4,090	5,997	7,469	8,528	9,340	9,884	10,299	10,511	10,699
2012	1,846	4,046	5,834	7,211	8,201	8,891	9,377	9,665	9,885	10,074
2013	1,865	3,972	5,726	7,026	7,906	8,490	8,839	9,084	9,283	9,430
2014	1,820	3,900	5,617	6,834	7,631	8,158	8,502	8,777	8,964	9,100
2015	1,839	3,956	5,607	6,791	7,498	7,952	8,297	8,537	8,716	
2016	1,926	4,046	5,619	6,666	7,303	7,764	8,124	8,353		
2017	1,957	4,000	5,483	6,428	7,082	7,562	7,891			
2018	2,041	4,186	5,716	6,818	7,512	8,048				
2019	2,016	4,102	5,791	7,014	7,856					
2020	2,191	4,735	6,752	8,225						
2021	2,157	4,598	6,588							
2022	2,148	4,809								
2023	2,292									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2003										-2.9%
2004									-16.6%	-16.1%
2005								-4.0%	-3.3%	-3.8%
2006							11.2%	11.6%	9.7%	9.2%
2007						14.9%	15.8%	15.0%	14.8%	14.4%
2008					15.2%	15.6%	14.4%	13.8%	13.1%	12.7%
2009				13.5%	14.3%	13.8%	13.3%	12.7%	12.4%	12.1%
2010			5.3%	6.1%	4.8%	3.9%	3.9%	3.4%	3.2%	2.4%
2011		-2.6%	-1.7%	-3.0%	-3.6%	-3.4%	-4.0%	-3.9%	-4.7%	-4.5%
2012	1.2%	-1.1%	-2.7%	-3.5%	-3.8%	-4.8%	-5.1%	-6.2%	-6.0%	-5.8%
2013	1.1%	-1.8%	-1.9%	-2.6%	-3.6%	-4.5%	-5.7%	-6.0%	-6.1%	-6.4%
2014	-2.4%	-1.8%	-1.9%	-2.7%	-3.5%	-3.9%	-3.8%	-3.4%	-3.4%	-3.5%
2015	1.1%	1.4%	-0.2%	-0.6%	-1.7%	-2.5%	-2.4%	-2.7%	-2.8%	
2016	4.7%	2.3%	0.2%	-1.8%	-2.6%	-2.4%	-2.1%	-2.2%		
2017	1.6%	-1.1%	-2.4%	-3.6%	-3.0%	-2.6%	-2.9%			
2018	4.3%	4.6%	4.2%	6.1%	6.1%	6.4%				
2019	-1.2%	-2.0%	1.3%	2.9%	4.6%					
2020	8.7%	15.4%	16.6%	17.3%						
2021	-1.5%	-2.9%	-2.4%							
2022	-0.4%	4.6%								
2023	6.7%									

**All entries reflect the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Indemnity Case Outstanding per Open Indemnity Claim
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1998										33,695
1999									30,342	32,445
2000								25,255	25,954	27,103
2001							21,088	22,492	23,982	24,975
2002						17,586	18,584	19,461	21,051	22,828
2003					16,698	18,592	21,018	23,703	26,682	29,730
2004				14,158	15,511	17,891	19,932	23,275	25,183	29,193
2005			11,163	12,560	14,801	17,666	20,635	23,410	25,547	27,311
2006		10,422	12,572	14,647	17,688	20,210	22,066	24,699	26,491	27,397
2007	7,307	11,113	13,804	15,990	17,882	19,717	23,642	26,271	27,917	30,969
2008	7,549	11,559	14,508	16,509	18,031	20,570	22,937	25,584	29,573	32,578
2009	7,672	12,209	14,441	16,463	18,639	20,855	22,402	25,561	28,696	31,504
2010	7,760	11,853	14,319	16,125	17,732	19,664	21,840	24,454	27,223	31,315
2011	8,312	12,609	14,672	16,999	18,592	20,571	22,815	25,446	28,455	32,072
2012	8,188	12,444	14,592	15,929	18,157	20,642	24,011	27,847	32,521	35,434
2013	8,470	12,337	14,013	15,474	17,267	19,546	23,238	26,407	28,252	30,751
2014	8,337	12,517	14,748	16,899	19,852	22,088	24,958	28,010	29,808	32,017
2015	8,686	13,446	16,147	18,835	21,475	24,259	26,417	28,689	31,217	
2016	8,918	13,797	16,645	19,482	22,240	24,692	26,947	29,162		
2017	9,333	14,947	18,703	21,540	23,853	26,940	29,506			
2018	9,931	15,842	19,376	21,547	24,595	26,979				
2019	10,359	16,090	18,909	22,027	24,983					
2020	10,930	15,731	18,905	21,802						
2021	10,039	15,919	19,326							
2022	10,331	16,176								
2023	10,230									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
1999										-3.7%
2000									-14.5%	-16.5%
2001								-10.9%	-7.6%	-7.9%
2002							-11.9%	-13.5%	-12.2%	-8.6%
2003						5.7%	13.1%	21.8%	26.8%	30.2%
2004					-7.1%	-3.8%	-5.2%	-1.8%	-5.6%	-1.8%
2005				-11.3%	-4.6%	-1.3%	3.5%	0.6%	1.4%	-6.4%
2006			12.6%	16.6%	19.5%	14.4%	6.9%	5.5%	3.7%	0.3%
2007		6.6%	9.8%	9.2%	1.1%	-2.4%	7.1%	6.4%	5.4%	13.0%
2008	3.3%	4.0%	5.1%	3.2%	0.8%	4.3%	-3.0%	-2.6%	5.9%	5.2%
2009	1.6%	5.6%	-0.5%	-0.3%	3.4%	1.4%	-2.3%	-0.1%	-3.0%	-3.3%
2010	1.2%	-2.9%	-0.8%	-2.1%	-4.9%	-5.7%	-2.5%	-4.3%	-5.1%	-0.6%
2011	7.1%	6.4%	2.5%	5.4%	4.9%	4.6%	4.5%	4.1%	4.5%	2.4%
2012	-1.5%	-1.3%	-0.5%	-6.3%	-2.3%	0.3%	5.2%	9.4%	14.3%	10.5%
2013	3.4%	-0.9%	-4.0%	-2.9%	-4.9%	-5.3%	-3.2%	-5.2%	-13.1%	-13.2%
2014	-1.6%	1.5%	5.2%	9.2%	15.0%	13.0%	7.4%	6.1%	5.5%	4.1%
2015	4.2%	7.4%	9.5%	11.5%	8.2%	9.8%	5.8%	2.4%	4.7%	
2016	2.7%	2.6%	3.1%	3.4%	3.6%	1.8%	2.0%	1.7%		
2017	4.7%	8.3%	12.4%	10.6%	7.3%	9.1%	9.5%			
2018	6.4%	6.0%	3.6%	0.0%	3.1%	0.1%				
2019	4.3%	1.6%	-2.4%	2.2%	1.6%					
2020	5.5%	-2.2%	0.0%	-1.0%						
2021	-8.2%	1.2%	2.2%							
2022	2.9%	1.6%								
2023	-1.0%									

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Medical Case Outstanding per Open Indemnity Claim
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1998										75,451
1999									61,932	77,043
2000								47,768	56,855	65,067
2001							35,040	44,381	56,050	69,726
2002						26,882	33,897	42,990	52,003	63,265
2003					21,646	29,221	37,196	46,738	58,778	69,421
2004				19,020	25,121	31,338	40,296	49,957	58,410	72,769
2005			17,451	21,216	25,669	34,369	43,050	52,570	63,596	73,017
2006		15,583	20,276	24,655	30,732	37,902	45,267	56,155	64,957	70,785
2007	12,940	17,004	21,284	26,629	32,773	40,133	50,963	60,304	68,774	76,158
2008	13,775	17,741	22,143	27,639	33,739	42,044	50,655	60,345	70,025	76,697
2009	14,265	18,543	23,293	28,590	34,880	41,929	48,953	58,163	65,241	73,783
2010	14,616	18,850	23,496	28,817	34,295	40,054	46,600	52,748	58,936	67,958
2011	15,637	20,255	24,732	30,386	37,204	42,440	48,755	55,216	64,237	68,751
2012	15,934	20,173	24,048	28,050	33,260	39,601	46,012	55,623	62,946	68,635
2013	15,580	19,673	22,550	27,005	31,792	37,130	44,808	51,831	54,595	61,480
2014	14,976	18,539	21,854	26,293	31,331	37,317	42,943	48,610	54,165	58,076
2015	15,563	19,316	23,880	29,272	35,689	40,785	44,374	49,367	55,046	
2016	15,998	20,261	24,934	29,858	35,328	39,733	44,215	47,929		
2017	16,886	21,468	26,870	31,999	37,057	43,129	47,549			
2018	17,710	22,377	26,189	30,016	35,368	41,577				
2019	17,712	22,022	24,798	28,598	32,811					
2020	18,068	21,270	25,254	29,690						
2021	17,882	21,965	26,294							
2022	18,109	22,277								
2023	18,216									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
1999										2.1%
2000									-8.2%	-15.5%
2001								-7.1%	-1.4%	7.2%
2002							-3.3%	-3.1%	-7.2%	-9.3%
2003						8.7%	9.7%	8.7%	13.0%	9.7%
2004					16.1%	7.2%	8.3%	6.9%	-0.6%	4.8%
2005				11.5%	2.2%	9.7%	6.8%	5.2%	8.9%	0.3%
2006			16.2%	16.2%	19.7%	10.3%	5.1%	6.8%	2.1%	-3.1%
2007		9.1%	5.0%	8.0%	6.6%	5.9%	12.6%	7.4%	5.9%	7.6%
2008	6.5%	4.3%	4.0%	3.8%	2.9%	4.8%	-0.6%	0.1%	1.8%	0.7%
2009	3.6%	4.5%	5.2%	3.4%	3.4%	-0.3%	-3.4%	-3.6%	-6.8%	-3.8%
2010	2.5%	1.7%	0.9%	0.8%	-1.7%	-4.5%	-4.8%	-9.3%	-9.7%	-7.9%
2011	7.0%	7.5%	5.3%	5.4%	8.5%	6.0%	4.6%	4.7%	9.0%	1.2%
2012	1.9%	-0.4%	-2.8%	-7.7%	-10.6%	-6.7%	-5.6%	0.7%	-2.0%	-0.2%
2013	-2.2%	-2.5%	-6.2%	-3.7%	-4.4%	-6.2%	-2.6%	-6.8%	-13.3%	-10.4%
2014	-3.9%	-5.8%	-3.1%	-2.6%	-1.5%	0.5%	-4.2%	-6.2%	-0.8%	-5.5%
2015	3.9%	4.2%	9.3%	11.3%	13.9%	9.3%	3.3%	1.6%	1.6%	
2016	2.8%	4.9%	4.4%	2.0%	-1.0%	-2.6%	-0.4%	-2.9%		
2017	5.5%	6.0%	7.8%	7.2%	4.9%	8.5%	7.5%			
2018	4.9%	4.2%	-2.5%	-6.2%	-4.6%	-3.6%				
2019	0.0%	-1.6%	-5.3%	-4.7%	-7.2%					
2020	2.0%	-3.4%	1.8%	3.8%						
2021	-1.0%	3.3%	4.1%							
2022	1.3%	1.4%								
2023	0.6%									

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Paid Indemnity Loss per Closed Indemnity Claim*
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
1998										17,377
1999									18,517	19,048
2000								18,586	19,411	20,029
2001							18,857	19,909	20,703	21,290
2002						16,973	18,328	19,291	19,929	20,419
2003					15,113	16,894	18,012	18,786	19,431	20,053
2004				9,914	11,933	13,222	14,111	14,816	15,618	16,488
2005			5,712	8,395	10,276	11,432	12,323	13,180	14,225	14,916
2006		3,290	6,285	9,083	11,004	12,428	13,647	14,894	15,777	16,535
2007	1,393	3,510	6,773	9,647	11,758	13,480	15,068	16,251	17,195	18,063
2008	1,510	3,834	7,484	10,676	13,227	15,526	17,003	18,259	19,239	19,976
2009	1,591	4,088	7,852	11,258	14,274	16,389	18,101	19,443	20,404	21,212
2010	1,541	4,150	8,065	11,819	14,658	16,704	18,408	19,630	20,489	21,172
2011	1,656	4,478	8,611	12,229	14,928	16,890	18,413	19,545	20,376	20,933
2012	1,832	5,035	9,143	12,590	15,150	17,051	18,343	19,357	20,035	20,522
2013	2,112	5,357	9,540	12,975	15,437	17,104	18,224	19,047	19,588	20,023
2014	2,128	5,627	10,174	13,775	16,337	17,931	19,003	19,770	20,364	20,828
2015	2,340	6,177	10,888	14,496	16,893	18,274	19,267	19,997	20,628	
2016	2,493	6,545	11,038	14,481	16,449	17,824	18,853	19,676		
2017	2,591	6,648	11,144	14,345	16,462	17,861	18,936			
2018	2,875	7,039	11,390	14,635	16,866	18,489				
2019	3,160	7,062	11,451	15,386	17,984					
2020	3,309	7,670	12,539	16,545						
2021	3,174	7,274	11,994							
2022	3,499	8,007								
2023	3,890									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
1999										9.6%
2000									4.8%	5.2%
2001								7.1%	6.7%	6.3%
2002							-2.8%	-3.1%	-3.7%	-4.1%
2003						-0.5%	-1.7%	-2.6%	-2.5%	-1.8%
2004					-21.0%	-21.7%	-21.7%	-21.1%	-19.6%	-17.8%
2005				-15.3%	-13.9%	-13.5%	-12.7%	-11.0%	-8.9%	-9.5%
2006			10.0%	8.2%	7.1%	8.7%	10.7%	13.0%	10.9%	10.9%
2007		6.7%	7.8%	6.2%	6.8%	8.5%	10.4%	9.1%	9.0%	9.2%
2008	8.4%	9.3%	10.5%	10.7%	12.5%	15.2%	12.8%	12.4%	11.9%	10.6%
2009	5.3%	6.6%	4.9%	5.5%	7.9%	5.6%	6.5%	6.5%	6.1%	6.2%
2010	-3.1%	1.5%	2.7%	5.0%	2.7%	1.9%	1.7%	1.0%	0.4%	-0.2%
2011	7.5%	7.9%	6.8%	3.5%	1.8%	1.1%	0.0%	-0.4%	-0.6%	-1.1%
2012	10.6%	12.4%	6.2%	3.0%	1.5%	1.0%	-0.4%	-1.0%	-1.7%	-2.0%
2013	15.3%	6.4%	4.3%	3.1%	1.9%	0.3%	-0.6%	-1.6%	-2.2%	-2.4%
2014	0.7%	5.1%	6.6%	6.2%	5.8%	4.8%	4.3%	3.8%	4.0%	4.0%
2015	10.0%	9.8%	7.0%	5.2%	3.4%	1.9%	1.4%	1.2%	1.3%	
2016	6.5%	6.0%	1.4%	-0.1%	-2.6%	-2.5%	-2.2%	-1.6%		
2017	3.9%	1.6%	1.0%	-0.9%	0.1%	0.2%	0.4%			
2018	11.0%	5.9%	2.2%	2.0%	2.5%	3.5%				
2019	9.9%	0.3%	0.5%	5.1%	6.6%					
2020	4.7%	8.6%	9.5%	7.5%						
2021	-4.1%	-5.2%	-4.3%							
2022	10.3%	10.1%								
2023	11.2%									

*Paid indemnity losses used in the severity calculations above represent paid indemnity losses on closed claims only.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

Average Paid Medical Loss per Closed Indemnity Claim**
As of December 31, 2023

Accident Year	Evaluated as of (in months):									
	12	24	36	48	60	72	84	96	108	120
2005										17,965
2006									18,871	20,192
2007								19,994	21,648	23,144
2008							20,756	22,694	24,315	25,504
2009						20,202	22,704	24,762	26,154	27,615
2010					17,902	20,769	23,412	25,265	26,628	27,695
2011				13,864	17,235	20,202	22,398	24,047	25,202	25,952
2012			9,966	13,764	17,019	19,368	21,060	22,348	23,327	23,859
2013		5,721	9,970	13,584	16,474	18,509	19,882	20,822	21,515	22,066
2014	2,376	5,794	10,040	13,642	16,347	18,132	19,282	20,114	20,871	21,418
2015	2,503	6,243	10,431	13,856	16,234	17,712	18,709	19,624	20,284	
2016	2,709	6,471	10,501	13,518	15,520	16,817	17,977	18,850		
2017	2,835	6,662	10,654	13,477	15,474	16,899	18,188			
2018	2,982	6,974	11,110	14,021	16,186	17,895				
2019	3,426	6,742	10,818	14,291	16,818					
2020	2,907	6,947	11,491	15,381						
2021	2,862	6,536	11,117							
2022	2,787	7,209								
2023	3,632									

Accident Year	Annual Change									
	12	24	36	48	60	72	84	96	108	120
2006										12.4%
2007									14.7%	14.6%
2008								13.5%	12.3%	10.2%
2009							9.4%	9.1%	7.6%	8.3%
2010						2.8%	3.1%	2.0%	1.8%	0.3%
2011					-3.7%	-2.7%	-4.3%	-4.8%	-5.4%	-6.3%
2012				-0.7%	-1.3%	-4.1%	-6.0%	-7.1%	-7.4%	-8.1%
2013*			0.0%	-1.3%	-3.2%	-4.4%	-5.6%	-6.8%	-7.8%	-7.5%
2014*		1.3%	0.7%	0.4%	-0.8%	-2.0%	-3.0%	-3.4%	-3.0%	-2.9%
2015	5.3%	7.7%	3.9%	1.6%	-0.7%	-2.3%	-3.0%	-2.4%	-2.8%	
2016	8.2%	3.7%	0.7%	-2.4%	-4.4%	-5.1%	-3.9%	-3.9%		
2017	4.6%	2.9%	1.5%	-0.3%	-0.3%	0.5%	1.2%			
2018	5.2%	4.7%	4.3%	4.0%	4.6%	5.9%				
2019	14.9%	-3.3%	-2.6%	1.9%	3.9%					
2020	-15.2%	3.0%	6.2%	7.6%						
2021	-1.6%	-5.9%	-3.3%							
2022	-2.6%	10.3%								
2023	30.3%									

*Entries for accident years 2010 and 2011 only reflect the paid cost of medical cost containment programs attributable to policies with effective dates prior to July 1, 2010. Entries for accident years 2012 and subsequent exclude the paid cost of medical cost containment programs.

**Paid medical losses used in the severity calculations above represent paid medical losses on closed indemnity claims only.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims for accident years 2020 to 2023.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2023
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio
2011	0.294	1.516	0.977	0.456
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
				Projected (d)
2024				0.344
2025				0.345
9/1/2025				0.344

- (a) See Section B, Exhibit 3.2.
- (b) See Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from Section B, Exhibit 6.2, and projected frequency trends for accident years 2024 to 2026 from Section B, Exhibit 6.1; these trends were then separately applied to the 2023 on-level ratio.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2023
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio
2011	0.409	0.885	0.977	0.370
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.255	1.044	0.669	0.399
2016	0.243	1.047	0.690	0.368
2017	0.251	1.049	0.723	0.364
2018	0.272	1.055	0.761	0.377
2019	0.307	1.048	0.845	0.381
2020	0.320	1.038	0.894	0.372
2021	0.365	1.037	0.931	0.407
2022	0.353	1.013	0.918	0.389
2023	0.359	1.011	0.952	0.381
				Projected (d)
2024				0.379
2025				0.384
9/1/2025				0.384

- (a) See Section B, Exhibit 3.4.
- (b) See Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from Section B, Exhibit 6.4, and projected frequency trends for accident years 2024 to 2026 from Section B, Exhibit 6.1; these trends were then separately applied to the 2023 on-level ratio.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Using Frequency Model Projection Excluding CII Forecast and Using Tempered Model Constant
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio
2011	0.294	1.516	0.977	0.456
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
				Projected (d)
2024				0.354
2025				0.357
9/1/2025				0.356

- (a) See Section B, Exhibit 3.2.
- (b) See Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual indemnity severity trend from Section B, Exhibit 6.2, and projected frequency trends for accident years 2024 to 2026 based on the WCIRB's indemnity claim frequency model, including a tempered model constant term and excluding the Cumulative Injury Index forecast. These trends were then separately applied to the 2022 and 2023 on-level ratios.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Using Frequency Model Projection Excluding CII Forecast and Using Tempered Model Constant
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio
2011	0.409	0.885	0.977	0.370
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.255	1.044	0.669	0.399
2016	0.243	1.047	0.690	0.368
2017	0.251	1.049	0.723	0.364
2018	0.272	1.055	0.761	0.377
2019	0.307	1.048	0.845	0.381
2020	0.320	1.038	0.894	0.372
2021	0.365	1.037	0.931	0.407
2022	0.353	1.013	0.918	0.389
2023	0.359	1.011	0.952	0.381
				Projected (d)
2024				0.387
2025				0.394
9/1/2025				0.394

- (a) See Section B, Exhibit 3.4.
- (b) See Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) These on-level ratios were projected based on an estimated annual medical severity trend from Section B, Exhibit 6.4, and projected frequency trends for accident years 2024 to 2026 based on the WCIRB's indemnity claim frequency model, including a tempered model constant term and excluding the Cumulative Injury Index forecast. These trends were then separately applied to the 2022 and 2023 on-level ratios.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of December 31, 2023**

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) x (2) ÷ (3)
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
				Projected (d)
2024				0.352
2025				0.352
9/1/2025				0.351

(a) See Section B, Exhibit 3.2.

(b) See Section B, Exhibit 4.1.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from Appendix B, Exhibit 2, and frequency model projections for accident years 2024 through 2026 from Section B, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 1990-2023 annual indemnity severity trend of 0.7%.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.255	1.044	0.669	0.399
2016	0.243	1.047	0.690	0.368
2017	0.251	1.049	0.723	0.364
2018	0.272	1.055	0.761	0.377
2019	0.307	1.048	0.845	0.381
2020	0.320	1.038	0.894	0.372
2021	0.365	1.037	0.931	0.407
2022	0.353	1.013	0.918	0.389
2023	0.359	1.011	0.952	0.381
				Projected (d)
2024				0.402
2025				0.417
9/1/2025				0.418

(a) See Section B, Exhibit 3.4.

(b) See Section B, Exhibit 4.4.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from Appendix B, Exhibit 2, and frequency model projections for accident years 2024 through 2026 from Section B, Exhibit 6.1. The annual medical severity growth estimates are based on the 1990-2023 annual medical severity trend of 4.5%.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of December 31, 2023**

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) x (2) ÷ (3)
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
				Projected (d)
2024				0.348
2025				0.345
9/1/2025				0.343

(a) See Section B, Exhibit 3.2.

(b) See Section B, Exhibit 4.1.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from Appendix B, Exhibit 2, and frequency model projections for accident years 2024 through 2026 from Section B, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 2019-2023 annual indemnity severity trend of -0.2%.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.255	1.044	0.669	0.399
2016	0.243	1.047	0.690	0.368
2017	0.251	1.049	0.723	0.364
2018	0.272	1.055	0.761	0.377
2019	0.307	1.048	0.845	0.381
2020	0.320	1.038	0.894	0.372
2021	0.365	1.037	0.931	0.407
2022	0.353	1.013	0.918	0.389
2023	0.359	1.011	0.952	0.381
				Projected (d)
2024				0.384
2025				0.386
9/1/2025				0.385

(a) See Section B, Exhibit 3.4.

(b) See Section B, Exhibit 4.4.

(c) See Section B, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from Appendix B, Exhibit 2, and frequency model projections for accident years 2024 through 2026 from Section B, Exhibit 6.1. The annual medical severity growth estimates are based on the 2019-2023 annual medical severity trend of 1.4%.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

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) x (2) ÷ (3)
1990	0.401	1.390	1.296	0.430
1991	0.428	1.145	1.173	0.418
1992	0.352	1.208	1.067	0.399
1993	0.289	1.466	1.032	0.411
1994	0.329	1.532	1.165	0.432
1995	0.474	1.419	1.531	0.440
1996	0.533	1.326	1.571	0.450
1997	0.604	1.187	1.523	0.471
1998	0.655	1.095	1.543	0.465
1999	0.687	1.015	1.466	0.475
2000	0.595	0.947	1.160	0.486
2001	0.494	0.948	0.991	0.473
2002	0.369	0.971	0.763	0.470
2003	0.244	0.968	0.542	0.436
2004	0.145	1.325	0.494	0.390
2005	0.125	1.796	0.549	0.408
2006	0.161	1.765	0.706	0.404
2007	0.222	1.702	0.902	0.419
2008	0.281	1.598	1.089	0.412
2009	0.330	1.567	1.176	0.439
2010	0.317	1.537	1.070	0.455
2011	0.294	1.516	0.977	0.456
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
				Projected (d)
2024				0.354
2025				0.352
9/1/2025				0.352

- (a) See Section B, Exhibit 3.2.
- (b) See Section B, Exhibit 4.1.
- (c) See Section B, Exhibit 5.2.
- (d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.6% based on the 1990 to 2023 on-level indemnity to pure premium ratios to the 2022 and 2023 on-level indemnity to pure premium ratios.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

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 Pure Premium Ratio (e) (1) x (2) ÷ (3)	(5) On-Level Medical to Pure Premium Ratio
1990	0.340	0.648	1.296	0.170	0.170
1991	0.357	0.554	1.173	0.169	0.169
1992	0.296	0.584	1.067	0.162	0.162
1993	0.244	0.700	1.032	0.166	0.166
1994	0.282	0.733	1.165	0.177	0.177
1995	0.417	0.723	1.531	0.197	0.197
1996	0.448	0.713	1.571	0.203	0.203
1997	0.503	0.707	1.523	0.233	0.233
1998	0.607	0.623	1.543	0.245	0.245
1999	0.665	0.539	1.466	0.245	0.245
2000	0.602	0.496	1.160	0.257	0.257
2001	0.536	0.452	0.991	0.245	0.245
2002	0.417	0.469	0.763	0.256	0.256
2003	0.269	0.492	0.542	0.244	0.244
2004	0.183	0.744	0.494	0.275	0.275
2005	0.179	0.864	0.549	0.283	0.283
2006	0.232	0.908	0.706	0.299	0.299
2007	0.327	0.891	0.902	0.323	0.323
2008	0.408	0.885	1.089	0.332	0.332
2009	0.483	0.873	1.176	0.358	0.358
2010	0.475	0.870	1.070	0.386	0.386
2011	0.409	0.885	0.977	0.370	0.370
2012	0.355	0.924	0.869	0.377	0.377
2013	0.299	0.960	0.760	0.378	0.413
2014	0.273	1.005	0.700	0.391	0.427
2015	0.255	1.044	0.669	0.399	0.434
2016	0.243	1.047	0.690	0.368	0.399
2017	0.251	1.049	0.723	0.364	0.394
2018	0.272	1.055	0.761	0.377	0.408
2019	0.307	1.048	0.845	0.381	0.412
2020	0.320	1.038	0.894	0.372	0.401
2021	0.365	1.037	0.931	0.407	0.440
2022	0.353	1.013	0.918	0.389	0.422
2023	0.359	1.011	0.952	0.381	0.417
				Projected (d)	
2024				0.405	
2025				0.418	
9/1/2025				0.420	

- (a) See Section B, Exhibit 3.4.
- (b) See Section B, Exhibit 4.4.
- (c) See Section B, Exhibit 5.2.
- (d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.3% based on the 1990 to 2023 on-level medical to pure premium ratios (including M CCP costs) to the 2022 and 2023 on-level medical to pure premium ratios.
- (e) Medical costs include the M CCP cost for all accident years for selecting the loss ratio trend.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.497	0.869	0.454
2013	0.224	1.464	0.760	0.431
2014	0.213	1.341	0.700	0.408
2015	0.208	1.322	0.669	0.411
2016	0.198	1.305	0.690	0.374
2017	0.204	1.271	0.723	0.358
2018	0.217	1.238	0.761	0.354
2019	0.256	1.205	0.845	0.365
2020	0.269	1.170	0.894	0.352
2021	0.310	1.127	0.931	0.376
2022	0.308	1.090	0.918	0.366
2023	0.312	1.064	0.952	0.349
				Projected (d)
2024				0.355
2025				0.353
9/1/2025				0.353

(a) See Section B, Exhibit 3.2.

(b) See Section B, Exhibit 4.1.

(c) See Section B, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.5% based on the 2019 to 2023 on-level indemnity to pure premium ratios to the 2022 and 2023 on-level indemnity to pure premium ratios.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

	(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 Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.924	0.869	0.377
2013	0.299	0.960	0.760	0.378
2014	0.273	1.005	0.700	0.391
2015	0.255	1.044	0.669	0.399
2016	0.243	1.047	0.690	0.368
2017	0.251	1.049	0.723	0.364
2018	0.272	1.055	0.761	0.377
2019	0.307	1.048	0.845	0.381
2020	0.320	1.038	0.894	0.372
2021	0.365	1.037	0.931	0.407
2022	0.353	1.013	0.918	0.389
2023	0.359	1.011	0.952	0.381
				Projected (d)
2024				0.388
2025				0.390
9/1/2025				0.391

(a) See Section B, Exhibit 3.4.

(b) See Section B, Exhibit 4.4.

(c) See Section B, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 0.5% based on the 2019 to 2023 on-level medical to pure premium ratios to the 2022 and 2023 on-level medical to pure premium ratios.

Section B

Appendix C

Projected Loss Adjustment Expense Ratio

Section 11730 of the California Insurance Code provides that the advisory pure premium rates include a provision for loss adjustment expenses (LAE). As detailed in this Appendix, the WCIRB projects LAE on policies incepting between September 1, 2024 and August 31, 2025 at 34.0% of losses.

LAE is incurred by insurers in investigating, administering and settling workers' compensation claims. These expenses include the costs associated with handling claims that can be directly allocated to a particular claim (allocated loss adjustment expenses or ALAE) as well as costs associated with handling claims that cannot be directly allocated to a particular claim (unallocated loss adjustment expenses or ULAE).

Beginning with policies incepting on or after July 1, 2010, the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) requires that the cost of medical cost containment programs (MCCP) be reported as ALAE rather than as medical loss. As a result, projections of MCCP costs are included in the projection of ALAE rather than in the projected on-level medical loss ratio. The projections of MCCP costs as well as the cost of ULAE and ALAE excluding MCCP costs for policies incepting between September 1, 2024 and August 31, 2025 are discussed separately below.

Review of Historical LAE Ratios

Exhibit 1 shows ratios of calendar year paid ALAE and paid ULAE to paid losses on a statewide basis and by type of insurer through calendar year 2022.¹ There are significant differences in LAE ratios by type of insurer. Ratios of paid ULAE to paid losses for the State Compensation Insurance Fund (State Fund) have historically been much higher than those for the private insurers. Additionally, prior to calendar year 2013, the paid ULAE ratios of private insurers with workers' compensation business written primarily in California were more than double the ratios of insurers with significant writings in other states (national insurers), while ratios of paid ALAE to paid losses for California-focused private insurers had been much more comparable to those for national insurers.

As noted in prior pure premium rate filings, reported ULAE amounts for national insurers are typically based on apportioning countrywide ULAE amounts to California. In addition, national insurers more frequently write policies on a large deductible basis or make use of third-party administrators (TPA) to handle claims. As a result, the amount of ULAE costs apportioned to California by national insurers in prior years were not fully reflective of the complexity of the claims process in California and did not include all ULAE related to claims-handling costs on a first-dollar basis. However, national insurers tend to be larger in size and a 2014 WCIRB study showed that economies of scale is also a contributor to the lower ULAE ratios reported for national insurers.²

In 2015, the WCIRB studied the ULAE costs reported for California to better understand differences in ULAE ratios between insurers and to more appropriately project future ULAE cost levels in advisory pure premium rates.³ As a result of this analysis, the WCIRB modified its Data Call for Direct California Workers' Compensation Experience Expense Information (Expense Call) to collect additional information from insurers to more accurately reflect ULAE costs related to large deductible policies and TPA-handled claims. Countrywide information on this basis has been reported by insurers to the WCIRB beginning with

¹ Calendar year 2023 ULAE information is not yet available.

² See Item AC14-08-08 of the August 5, 2014 WCIRB Actuarial Committee Agenda.

³ See Item AC15-03-07 of the March 30, 2015, June 12, 2015 and August 6, 2015 WCIRB Actuarial Committee Agendas.

the 2015 Expense Call. The additional information reported on the WCIRB's Expense Call related to ULAE costs includes (a) negative "service fee" type adjustments that are sometimes reflected in reported countrywide ULAE but may not be appropriate to reflect when projecting advisory pure premium rates, (b) losses on claims on large deductible policies and/or handled by TPAs 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.

The approach used by the WCIRB to derive the ratios of California paid ULAE to paid losses for calendar years 2015 and subsequent shown in Exhibit 1 and the paid ULAE amounts used to project the ratio of ULAE to loss involves several components. First, the 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 paid 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 previously computed as described above to the computed adjusted countrywide paid losses. Fourth, the adjusted countrywide paid ULAE was derived by multiplying the adjusted countrywide paid ULAE ratio by the reported countrywide paid losses.⁴

In 2017, the WCIRB reviewed a number of alternative bases of apportioning countrywide ULAE to California and determined that open indemnity claim counts were more highly correlated with paid ULAE and more responsive to the longer duration of claims in California than the alternative bases reviewed.⁵ As a result, beginning with the WCIRB's 2017 Expense Call, the WCIRB collects information on countrywide indemnity claim counts open at the end of the previous calendar year. In addition, for a number of the larger national insurers, the WCIRB collected similar information in order to apportion calendar year 2016 adjusted countywide paid ULAE to California based on open indemnity claim counts. The ULAE amounts for calendar years 2016 and subsequent reflected in the ULAE ratios shown in Exhibit 1 and in the projected ULAE ratio were determined using open indemnity claim counts to apportion insurers' countrywide ULAE to California.

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 the WCIRB believes open indemnity claim counts is a reasonable basis to apportion countrywide ULAE to California, some insurers may have a more comprehensive method to derive the California ULAE. As a result, for these insurers, 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 calendar years 2015 and subsequent shown in Exhibit 1 and the paid ULAE amounts used to project the ratio of ULAE to loss in lieu of the formulaic approach discussed above.

ULAE Projection

Since the January 1, 2013 Pure Premium Rate Filing, the WCIRB has based its ULAE projection on reported calendar year paid ULAE amounts rather than incurred ULAE amounts. ULAE projections based on incurred ULAE amounts can be significantly distorted by changes in reserves related to older accident years and paid ULAE ratios have been relatively more stable than incurred ULAE ratios. In addition, it is unclear to what extent the adjustments to reported countrywide paid ULAE amounts discussed above affect ULAE reserves.

⁴ In addition, ULAE ratios for calendar years 2013 and 2014 have been partially adjusted for these issues based on information provided by several large national insurers for these calendar years.

⁵ See Item AC17-09-02 of the September 5, 2017 WCIRB Actuarial Committee Agenda.

As shown in Exhibit 1, there are significant differences in the historical LAE experience of State Fund compared to that of private insurers. Unlike many other insurers, State Fund makes extensive use of in-house defense counsel. Consistent with the requirements of the USRP, State Fund attempts to reassign the cost of in-house defense counsel to accident year and calendar year ALAE amounts. However, given State Fund's somewhat atypical ALAE and ULAE ratios, it is not clear if the reassigned in-house defense counsel costs are consistent with the reported defense costs of insurers that rely primarily on outside defense counsel. To address these concerns, the WCIRB has for several years based the projected ratio of ULAE to loss primarily on statewide experience but using average ULAE costs based only on private insurer experience.

As in the last several pure premium rate filings, the WCIRB is basing the projected ratio of ULAE to loss on a method that relates ULAE to the number of open indemnity claims averaged with a method that relates ULAE to paid losses. In 2020, the WCIRB conducted a study of these approaches and found that paid ULAE amounts continue to be well correlated with both open indemnity claim counts and paid loss amounts.⁶

Exhibit 2 shows the average calendar year paid ULAE per open indemnity claim for private insurers. Average paid ULAE per open indemnity claim for calendar years 2016 and subsequent have been adjusted as described above and, as a result, are not comparable to the ULAE severities for prior years. Given that ULAE paid on COVID-19 claims cannot be separated from other ULAE amounts, the indemnity claim counts shown in Exhibit 2 include COVID-19 indemnity claims from accident years 2020 through 2022.

Exhibits 3.1 through 3.5 show the projection of the ratio 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 using a methodology consistent with that used in the last several pure premium rate filings. Average calendar year paid ULAE is based on private insurer experience, while all other information was computed on a statewide basis. This methodology assumes that ULAE paid for a year is a function of the volume of claims handled by claims adjusters during that year and that the timing of the payment of ULAE costs on policies incepting between September 1, 2024 and August 31, 2025 will be consistent with the timing of loss payments on those policies.

Projected changes in open indemnity claim counts, as shown in Exhibits 3.1 through 3.4, are based on recent claim settlement patterns and the WCIRB's selected indemnity claim frequency changes (see Appendix B for a discussion of selected indemnity claim frequency changes). For consistency of comparison, COVID-19 claims are excluded from the indemnity claim counts used in Exhibits 3.1 through 3.4 given that COVID-19 claim reporting patterns have been volatile during different periods of the pandemic. The projections of open indemnity claim counts shown in Exhibit 3.3 are based on the prior number of open indemnity claims for the accident year multiplied by 1.0 minus the incremental claim settlement rate based on the latest-year claim settlement pattern as shown in column 7 of Exhibit 3.3. In the WCIRB's 2020 study of ULAE projection methodologies, the WCIRB found that this method was more accurate than the alternative methods reviewed.⁷ The projected number of ultimate indemnity claims for accident years 2024 and 2025 as shown in column 10 of Exhibit 3.3 are based on applying the WCIRB's projected frequency changes to the ultimate indemnity claim counts for the latest two available accident years (2022 and 2023). This trending approach is consistent with that utilized for losses as discussed in Appendix B.

⁶ See Item AC20-12-02 of the December 11, 2020 WCIRB Actuarial Committee Agenda.

⁷ See Item AC20-12-02 of the December 11, 2020 WCIRB Actuarial Committee Agenda.

The WCIRB is projecting growth in paid ULAE per open indemnity claim to the period underlying policies incepting between September 1, 2024 and August 31, 2025 based on the annual changes in average California wages. This trending approach assumes average ULAE costs, which are primarily for claims adjuster salaries, grow at a rate comparable to that of statewide average wages. The wage projections used are based on the average of those produced by the UCLA Anderson School of Business and California Department of Finance forecasts as shown in Section B, Exhibit 5.1. Consistent with prior pure premium rate filings, these projected growth rates are then applied to each of the paid ULAE severities for the latest two calendar years (2021 and 2022) and averaged to project average ULAE costs for calendar years 2024 through 2026.

As shown in column 3 of Exhibit 3.5, the projected number of open indemnity claims is multiplied by the projected average ULAE per open indemnity claim to produce the projected ULAE for calendar years 2024 through 2026. The projected ULAE for policies incepting between September 1, 2024 and August 31, 2025 is based on a weighted average of calendar years 2024 through 2026, trended an additional 2.9 years to reflect the approximate average loss payment date on policies incepting between September 1, 2024 and August 31, 2025.⁸ The projected ratio of ULAE to loss for policies incepting between September 1, 2024 and August 31, 2025 computed on this basis, as shown in line 9 of Exhibit 3.5, is 13.5%.⁹

The methodology presented in Exhibits 3.1 through 3.5 reflects only the relationship between ULAE paid amounts and the number of indemnity claims that were open in the beginning of the year and does not reflect potential differences in the cost of handling a serious claim relative to a less costly claim. Prior WCIRB studies have shown that paid ULAE is also correlated with paid loss amounts, which are reflective of differences in claim values. Consistent with prior pure premium rate filings, the WCIRB is using a paid loss-based methodology to project the ULAE to loss ratio for policies incepting between September 1, 2024 and August 31, 2025 based on the average of the latest two calendar year (2021 and 2022) paid ULAE to paid loss ratios shown in Exhibit 1. The projected ratio of ULAE to loss for policies incepting between September 1, 2024 and August 31, 2025 based on this approach is 14.3%.

The WCIRB's ULAE projection is based on an average of the projections based on (a) the relationship between average calendar year paid ULAE (for private insurers) and the number of open indemnity claims (see Exhibit 3.5) and (b) the average of the calendar year 2021 and 2022 paid ULAE to paid loss ratios for private insurers (see Exhibit 1). The WCIRB's projected ratio of ULAE to loss for policies incepting between September 1, 2024 and August 31, 2025 using this methodology is 13.9%.

Summary of Alternative ULAE Projections

For informational purposes, the WCIRB has computed alternative projections of ratios of ULAE to loss based on methodologies reflecting underlying assumptions that differ from those reflected in the WCIRB's selected methodology. These alternative projections of ratios of ULAE to loss are shown in Exhibits 1 and 4 and are discussed below.

Calendar Year Paid ULAE Projection Trended from a Single Year

Exhibit 4 shows a projection based on the relationship of ULAE paid to the number of open indemnity claims in which the projected ULAE is based on the WCIRB's projected trends applied to the latest calendar year (2022) only. The projection based on this methodology is modestly lower than that based on the analogous methodology recommended by the WCIRB, which applies the trend to the average of the latest two calendar years. In order to reduce volatility in year-to-year changes in average ULAE costs, the WCIRB recommends basing the ULAE projection on the average of the latest two calendar years.

⁸ The average loss payment date is estimated based on the projected loss development factors shown in Section B, Exhibits 2.5.1 and 2.6.1 at the point at which an estimated 50% of indemnity and medical losses have been paid.

⁹ Given that calendar years 2022 and 2023 excluding COVID-19 claims were used to project the future number of indemnity claims in Exhibit 3.3, the premium used to determine the projected losses shown in line 5 of Exhibit 3.5 is based on the average of the premium from calendar years 2022 and 2023 excluding COVID-19 premium charges.

Calendar Year Ratios of ULAE to Loss

In addition to the WCIRB’s recommended methodology that bases the ULAE projection in part on the average of the paid ULAE to paid loss ratios for the latest two calendar years, Table 1 shows an alternative ULAE projection based on the paid ULAE to paid loss ratio for the latest calendar year (2022) only. As discussed above, the WCIRB believes basing the ULAE projection on the average of the latest two calendar years is a more stable approach.

The ULAE to loss ratio projections for policies incepting between September 1, 2024 and August 31, 2025 derived using each of these alternative ULAE projection methodologies, as well as the WCIRB’s selected methodology are shown in Table 1.

Table 1: ULAE to Loss Ratio Projections

ULAE Projection Methodologies	Statewide with Private Insurer Average ULAE
September 1, 2024 Filing Methodology	
Paid ULAE Per Open Indemnity Claim Applied to 2021 and 2022	13.5%
Calendar Year 2021 and 2022 Paid ULAE to Loss Ratios	14.3%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	13.9%
Alternative Methodologies	
Paid ULAE Per Open Indemnity Claim Applied to 2022 Only	13.3%
Calendar Year 2022 Paid ULAE to Loss Ratio	13.9%

ALAE Projection – Excluding MCCP Costs

The WCIRB is projecting the ALAE to loss ratio for policies incepting between September 1, 2024 and August 31, 2025 using a methodology that separately projects the statewide number of indemnity claims and average private insurer ALAE per indemnity claim, which is consistent with the methodology reflected in the last several pure premium rate filings. The projections of ALAE discussed in this section are exclusive of MCCP costs, which are discussed separately below.¹⁰

As discussed in Section B, the WCIRB recommends including COVID-19 claims in the accident year 2023 losses used to project the loss ratio for policies incepting between September 1, 2024 and August 31, 2025 given that COVID-19 has reached an endemic state and the impact on the projected loss ratio is very small. However, in the WCIRB’s ALAE projection methodology, indemnity claim counts and the average paid ALAE per indemnity claim are projected directly. The historical number of reported COVID-19 claims continues to be volatile by accident year and the average cost of a COVID-19 indemnity claim continues to be much smaller than that for non-COVID-19 claims (see Appendix B, Exhibit 1). For the ALAE projection, including COVID-19 claims in accident year 2023 may distort the projected ALAE to loss ratio. As a result, the WCIRB has excluded COVID-19 claims from the accident year 2020 through 2023 information used to project the ALAE to loss ratio. This approach implicitly assumes the ALAE to loss ratio for COVID-19 claims is proportional to that for non-COVID-19 claims. Given that COVID-19 losses are very small, the WCIRB believes this assumption is reasonable.

Exhibit 5.1 shows average paid ALAE per reported indemnity claim by accident year for private insurers. The changes in average ALAE costs at the latest evaluation for each accident year have grown from the

¹⁰ Beginning January 1, 2016, the USRP required that the cost of independent medical review (IMR) and independent bill review (IBR) reports no longer be included in reported MCCP costs although such costs continue to be required to be reported as ALAE. For consistency of comparison, as in the last several pure premium rate filings, the WCIRB adjusted all pre-2016 payments of ALAE excluding MCCP costs to include the cost of IMR and IBR for all periods. A similar offsetting adjustment is made to MCCP costs.

prior evaluation but are generally modest through 2021. For accident years 2022 and 2023, average paid ALAE has increased significantly. Exhibit 5.2 shows ratios of paid ALAE to paid losses for private insurers. These ratios have also increased for accident years 2022 and 2023. Feedback from insurer claims experts suggest that the recent increases in ALAE are in part driven by claims remaining open longer, increased medical-legal services, increased activity at the Workers' Compensation Appeals Board in the post-pandemic period, and greater applicant attorney involvement on claims particularly in Northern California.

Exhibit 6 shows estimated ultimate ALAE per indemnity claim for private insurers based on reported private insurer ALAE amounts and indemnity claim counts by accident year as of December 31, 2023, the selected paid ALAE development for private insurers from Exhibit 8.1, and projected indemnity claim count development analogous to that shown in Exhibit 8.3 for private insurers. Exhibit 7 shows the ratio of accident year incremental paid ALAE to indemnity claims inventory by payment year for private insurers. Average ALAE costs have grown significantly over the last calendar year and the last two accident years.

Exhibits 8.1 through 8.4 show the projected ratio of ALAE to loss for policies incepting between September 1, 2024 and August 31, 2025 based on the projected changes in the frequency of indemnity claims and projected average ALAE cost per indemnity claim. Given State Fund's LAE characteristics discussed with respect to the projection of ULAE above, the WCIRB is projecting the ALAE provision based on a combination of statewide claim and loss experience and private insurer average ALAE costs, which is consistent with the approach used in the last several pure premium rate filings.

The historical age-to-age paid ALAE development factors for private insurers are shown in Exhibit 8.1. For paid ALAE development through 360 months, the WCIRB is using the paid ALAE age-to-age development factor from the most recent evaluation, which is consistent with the approach used in the September 1, 2023 Pure Premium Rate Filing. In 2023, the WCIRB reviewed paid ALAE development approaches and found that using the latest year's factor was more accurate and responsive to changing paid ALAE development patterns compared to using a multi-year average.¹¹ The long-term ALAE "tail" development factor applied after 360 months is based on fitting an inverse power curve to the historical paid ALAE development factors. Specifically, the inverse power curve was fit to the average of the latest three years' paid ALAE development factors for the 108-to-120-month through 384-to-396-month periods, with the ALAE tail development factor based on the fitted curve values through 65 development years. The paid ALAE development factors selected by the WCIRB are shown in Exhibit 8.1. (Exhibit 8.2 shows, for informational purposes, private insurer paid ALAE age-to-age factors on a quarterly basis.)

In the September 1, 2023 Pure Premium Rate Filing, the WCIRB included an adjustment to paid ALAE development for the impact of changes in claim settlement rates based on a 2019 WCIRB study.¹² The study showed that the adjustment improved the accuracy of the ALAE development projection during periods of significant changes in claim settlement rates (of 1.5 points or greater). However, as shown in Appendix A, Exhibit 2, recent changes in indemnity claim settlement rates have been modest. As a result, the WCIRB is not including this adjustment to paid ALAE development in this filing.

The estimated ultimate number of indemnity claims shown in Exhibit 8.4 is projected based on the number of indemnity claims reported as of December 31, 2023, the latest year historical claim reporting pattern (see Exhibit 8.3), and the projected growth in indemnity claims based on the WCIRB's projected growth in intra-class indemnity claim frequency (see Appendix B for a discussion of projected indemnity claim frequency changes). These projected claim frequency changes are applied to the ultimate

¹¹ See Item AC23-06-02 of the June 22, 2023 WCIRB Actuarial Committee Agenda.

¹² See Item AC19-08-04 of the August 1, 2019 and August 4, 2020 WCIRB Actuarial Committee Agendas.

indemnity claims projected for the latest two accident years (2022 and 2023), which is consistent with the approach used in the September 1, 2023 Pure Premium Rate Filing.¹³

The estimated ultimate ALAE per indemnity claim shown in Exhibit 8.4 is based on private insurer experience (see column 7 of Exhibit 6). As in the last several pure premium rate filings, the WCIRB has based the projected ALAE severity trend on the approximate average of the longer-term (since 2009) and shorter-term (2019 to 2023) average rates of growth in (a) estimated ultimate ALAE per indemnity claim for private insurers (Exhibit 6) and (b) incremental paid ALAE per open indemnity claim for private insurers (Exhibit 7). This approach results in an annual average ALAE severity growth projection of 2.0%. This projection is higher than that reflected in the September 1, 2023 Pure Premium Rate Filing (0.5%) but lower than the average growth in paid ALAE per indemnity claim over the last few accident years and, in particular, significantly below the growth for accident years 2022 and 2023. However, this projected ALAE severity trend is applied to the accident year 2022 and 2023 ultimate ALAE per indemnity claim to project the average ALAE for policies incepting between September 1, 2024 and August 31, 2025, which is already at a level much higher than that experienced in the recent past. As a result, the WCIRB believes its selected ALAE severity trend of 2.0% is appropriate.

The WCIRB believes the ALAE projections based on projected indemnity claim counts and estimated growth in ALAE per indemnity claim are reasonable bases upon which to project future ALAE inasmuch as (a) changes in ALAE have shown to be reasonably well-correlated with changes in indemnity claim counts, (b) the method is responsive to changes in ALAE costs per indemnity claim, and (c) the method is responsive to anticipated future changes in claim frequency. In addition, during a study of ALAE projection methodologies, the WCIRB found that ALAE projections based on this methodology continued to be more accurate than those based on other alternative methods tested.¹⁴ Exhibit 8.4 shows the projected ratio of ALAE (excluding MCCP costs) to loss on this basis, prior to the impact of Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244), of 17.2%.

SB 1160 and AB 1244 included a number of provisions related to lien filings that became effective in 2017. Liens incur significant ALAE costs in addition to the settlement costs paid to the lien claimant. The WCIRB estimates a 70% reduction in lien filings resulting from SB 1160 and AB 1244, which corresponds to an approximate 11.2% reduction in ALAE (excluding MCCP) costs. Given that liens are generally filed relatively late in the life of claims, accident year 2017 and forward paid ALAE costs as of December 31, 2023 are not yet fully affected by the SB 1160 and AB 1244 lien reform provisions. In order to only reflect the impact of the reforms that is not yet reflected in the emerging ALAE data, the WCIRB is reflecting a 1.3% reduction in ALAE costs in the projections of the ALAE ratio. This adjustment, which is consistent with the approach reflected in the last several pure premium rate filings and is shown on line (g) of Exhibit 8.4, is based on judgmentally tempering the full estimated impact of -11.2% by the estimated average proportion of ultimate ALAE costs for accident years 2017 and 2018 that have emerged as of December 31, 2023 (88%). As shown on line (h) of Exhibit 8.4, the projected ratio of ALAE (excluding MCCP costs) to loss after reflecting the impact of SB 1160 and AB 1244, is 17.0%.

Summary of Alternative ALAE (excluding MCCP Costs) Projections

For informational purposes, the WCIRB has computed alternative ALAE to loss ratio projections based on a number of methodologies reflecting underlying assumptions that differ from those reflected in the WCIRB's recommended methodology. These alternative ALAE to loss ratio projections are shown in Exhibits 9 to 12 and are discussed below.

¹³ Given that reported indemnity claims excluding COVID-19 claims for accident years 2022 and 2023 were used to project the future number of indemnity claims, the premium used to determine the projected losses shown in line (b) of Exhibit 8.4 is based on the average of the premium from calendar years 2022 and 2023 excluding COVID-19 premium charges.

¹⁴ See Item AC14-12-02 of the December 3, 2014 WCIRB Actuarial Committee Agenda.

Projected Ultimate ALAE Per Indemnity Claim and Future Number of Indemnity Claims Based on Three-Year Average Paid ALAE Development

Exhibits 9.1 and 9.2 show an ALAE to loss ratio projection based on changes in indemnity claim frequency and ALAE severities in which the paid ALAE is developed using the average of the latest three years' paid ALAE age-to-age factors. A three-year average development approach can mitigate volatility in the paid ALAE development factors. This projection is lower than the projection based on the WCIRB's selected ALAE projection methodology. The WCIRB recommends using the latest year paid ALAE development to be responsive to the latest paid ALAE development patterns in the current environment. The WCIRB's 2023 study of paid ALAE development showed that using the latest year was more responsive to shifting paid ALAE development patterns.

Projected Ultimate ALAE Per Indemnity Claim and Future Number of Indemnity Claims with Trend Applied to the Latest Year

Exhibit 10 shows an ALAE to loss ratio projection based on changes in indemnity claim frequency and ALAE severities, which applies the WCIRB's projected frequency and ALAE severity trends to the projected ultimate ALAE per indemnity claim and ultimate indemnity claim counts for the latest accident year (2023) only. This projection is higher than the projection based on the WCIRB's selected ALAE projection methodology, which bases the projection on the latest two accident years. Given the relative immaturity of the latest accident year, which is based on 12 months of experience and a very leveraged paid ALAE development factor, the WCIRB believes it is appropriate to incorporate a second, more mature year into the projection.

Projected Ultimate ALAE Per Indemnity Claim and Future Number of Indemnity Claims Using Alternative ALAE Severity Trends

Exhibit 11 shows an ALAE to loss ratio projection based on changes in indemnity claim frequency and ALAE severities, which applies the WCIRB's projected frequency and the longer-term average annual ALAE severity trend shown in Exhibit 6 (0.6%) to the projected ultimate ALAE per indemnity claim and ultimate indemnity claim counts for the latest two accident years. Exhibit 12 shows an ALAE to loss ratio projection based on changes in indemnity claim frequency and ALAE severities, which applies the WCIRB's projected frequency and the shorter-term average annual ALAE severity trend shown in Exhibit 6 (5.3%) to the projected ultimate ALAE per indemnity claim and ultimate indemnity claim counts for the latest two accident years. These projections differ slightly from the projection based on the WCIRB's selected ALAE projection methodology, which bases the projected ALAE severity trend on both long-term and short-term average rates of growth. Given some volatility in changes in average paid ALAE over time, the WCIRB balances both long-term and short-term trends in its selected ALAE severity trend.

The projected ALAE-to-loss ratios for policies incepting between September 1, 2024 and August 31, 2025 derived from each of these alternative ALAE projection methodologies (after reflecting the impact of SB 1160 and AB 1244), as well as the WCIRB's selected methodology, are shown in Table 2.

Table 2: ALAE (Excluding MCCP Costs) to Loss Ratio Projections

ALAE Projection Methodologies	Statewide with Private Insurer Average ALAE
September 1, 2024 Filing Methodology Projected Ultimate ALAE Per Indemnity Claim – Latest-Year Paid ALAE Development – Selected Trends Applied to 2022 and 2023	17.0%
Alternative Methodologies Projected Ultimate ALAE Per Indemnity Claim – Three-Year Average Paid ALAE Development – Selected Trends Applied to 2022 and 2023	16.2%
Projected Ultimate ALAE Per Indemnity Claim – Latest-Year Paid ALAE Development – Selected Trends Applied to 2023	17.5%
Projected Ultimate ALAE Per Indemnity Claim – Latest-Year Paid ALAE Development – Long-term Severity Trend Applied to 2022 and 2023	16.3%
Projected Ultimate ALAE Per Indemnity Claim – Latest-Year Paid ALAE Development – Short-term Severity Trend Applied to 2022 and 2023	18.4%

Projection of MCCP Costs

As discussed above, MCCP costs have been reported as ALAE costs rather than as medical loss since July 1, 2010. In that MCCP costs are fundamentally different than other ALAE costs, which are to a large extent litigation related, the WCIRB continues to project the provision for MCCP costs separately from other ALAE costs. As with ALAE excluding MCCP costs, COVID-19 claims have been excluded from the projection of MCCP costs for accident years 2020 through 2023.

Exhibit 13 shows average paid MCCP per reported indemnity claim by accident year. Exhibit 14 shows estimated ultimate accident year MCCP per indemnity claim. Exhibit 15 shows calendar year paid MCCP costs per indemnity claims inventory (measured as the sum of indemnity claims open at the beginning of the calendar year and indemnity claims opened during the calendar year). As shown on these exhibits, although average MCCP costs increased for accident year 2023, MCCP cost levels have generally been declining over the last several years.

Exhibits 16.1 through 16.3 show the projection of MCCP costs on a statewide basis based on reported paid MCCP costs through December 31, 2023. The methodology used to project MCCP costs is very similar to the WCIRB’s methodology used to project ALAE excluding MCCP costs in that selected frequency and severity trends are applied to the latest two accident year (2022 and 2023) projected ultimate indemnity claim counts and ultimate MCCP per indemnity claim. Reported accident year MCCP paid costs were developed to an ultimate basis using (a) latest-year paid MCCP age-to-age development factors through 144 months and (b) the cumulative medical loss development factors based on December 31, 2023 experience after 144 months.¹⁵

The projected MCCP cost severity trend was based on the approximate average of the annual rates of growth in longer-term (2012 to 2023) and shorter-term (2019 to 2023) ultimate accident year MCCP costs per indemnity claim shown in Exhibit 14 as well as longer-term (2012 to 2022) calendar year MCCP costs per open indemnity claim shown in Exhibit 15, which is generally consistent with the approach used in the last several pure premium rate filings. This approach results in an annual MCCP severity growth projection of -1.5%.

¹⁵ As discussed in prior pure premium rate filings, paid MCCP costs reported in medical losses cannot be completely separated from other paid medical costs prior to accident year 2012.

Inasmuch as the previously discussed factors impacting State Fund’s ULAE and ALAE excluding MCCP cost experience do not impact State Fund’s MCCP cost experience, the WCIRB’s MCCP cost projection reflects statewide MCCP experience. As shown in Exhibit 16.3, the WCIRB’s projected ratio of MCCP costs to loss for policies incepting between September 1, 2024 and August 31, 2025 based on this approach is 3.1%.

Summary of Alternative MCCP Cost Projections

For informational purposes, the WCIRB has computed alternative MCCP cost to loss ratio projections based on methodologies that reflect different assumptions than those reflected in the WCIRB’s recommended methodology. These alternative MCCP cost to loss ratio projections are shown in Exhibits 17 and 18 and are discussed below.

Projected Ultimate MCCP Cost Per Indemnity Claim and Future Number of Indemnity Claims Based on Three-Year Average Paid MCCP Cost Development

Exhibit 17 shows an MCCP cost to loss ratio projection based on changes in indemnity claim frequency and MCCP cost severities in which the paid MCCP costs are developed using the latest three-year average age-to-age factors. This projection is generally consistent with the projection based on the WCIRB’s selected methodology which projects paid MCCP cost development based on the latest year. The WCIRB recommends using the latest-year paid MCCP cost development to be responsive to the latest MCCP cost patterns.

Projected Ultimate MCCP Cost Per Indemnity Claim and Future Number of Indemnity Claims with Trend Applied to the Latest Year

Exhibit 18 shows an MCCP cost to loss ratio projection based on changes in indemnity claim frequency and MCCP cost severities which applies the WCIRB’s projected frequency and MCCP cost severity trends to the projected ultimate indemnity claim counts and ultimate MCCP costs per indemnity claim for the latest accident year (2023) only. This projection is generally consistent with that based on the WCIRB’s selected MCCP cost projection methodology which is based on projecting from the latest two accident years. As discussed with respect to the projection of ALAE excluding MCCP costs above, the WCIRB believes it is appropriate to incorporate a second, more mature year into the projection given the relative immaturity of the latest year.

The projections of the ratios of MCCP costs to loss derived from each of these alternative MCCP cost projection methodologies, as well as the WCIRB’s selected methodology, are shown in Table 3.

Table 3: MCCP Cost to Loss Ratio Projections

MCCP Cost Projection Method	Statewide
September 1, 2024 Filing Methodology Projected Ultimate MCCP Per Indemnity Claim – Latest-Year Paid MCCP Development – Selected Trends Applied to 2022 and 2023	3.1%
Alternative Methodologies Projected Ultimate MCCP Per Indemnity Claim – Three-Year Average Paid MCCP Development – Selected Trends Applied to 2022 and 2023	3.1%
Projected Ultimate MCCP Per Indemnity Claim – Latest-Year Paid MCCP Development – Selected Trends Applied to 2023	3.2%

Based on the methodologies discussed above, the WCIRB projects a total provision of LAE to loss of 34.0% for policies incepting between September 1, 2024 and August 31, 2025.

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>
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%	17.8%	23.4%	21.0%	22.5%
2021	11.7%	17.2%	21.9%	20.4%	21.7%
2022	13.5%	16.3%	21.1%	20.1%	20.9%
Excluding COVID-19					
2020	11.5%	17.8%	23.5%	21.0%	22.6%
2021	11.9%	17.2%	22.7%	20.4%	21.8%
2022	13.7%	16.3%	21.9%	20.1%	20.9%

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>
2013	^[1] 21.8%	16.3%	8.5%	11.7%	9.4%
2014	^[1] 28.8%	14.7%	7.7%	11.6%	8.6%
2015	^[2] 35.1%	14.8%	10.2%	13.9%	10.9%
2016	^[2] 37.6%	14.2%	12.8%	15.9%	13.0%
2017	^[2] 25.6%	16.1%	14.1%	15.8%	14.4%
2018	^[2] 24.8%	14.9%	14.8%	16.1%	14.8%
2019	^[2] 21.3%	14.4%	13.0%	14.2%	13.2%
2020	^[2] 17.6%	15.3%	15.7%	15.9%	15.7%
2021	^[2] 17.6%	14.1%	14.7%	15.0%	14.6%
2022	^[2] 18.5%	14.6%	13.8%	14.4%	13.9%

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>
2013	^[1] 27.7%	31.7%	28.5%	28.6%	28.9%
2014	^[1] 37.2%	32.5%	29.0%	30.6%	29.4%
2015	^[2] 45.2%	32.8%	32.8%	34.4%	32.8%
2016	^[2] 48.6%	32.1%	35.2%	36.3%	34.7%
2017	^[2] 36.4%	36.0%	36.9%	36.7%	36.7%
2018	^[2] 36.2%	34.4%	37.7%	37.1%	37.2%
2019	^[2] 34.2%	32.4%	35.7%	35.2%	35.4%
2020	^[2] 29.1%	33.2%	39.1%	36.9%	38.2%
2021	^[2] 29.4%	31.3%	36.5%	35.4%	36.3%
2022	^[2] 32.0%	30.9%	34.9%	34.5%	34.8%

Notes:

^[1] 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.

^[2] 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 2022 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 ^[1] (in Millions) (1)	Number of Open Indemnity Claims at Beginning of the Year ^[2] (2)	Number of Indemnity Claims Reported During Year ^[3] (3)	ULAE Paid per Open Indemnity Claim ^[4] (4)	Annual Change (5)
2013 ^[5]	644	294,011	131,749	2,192	---
2014 ^[5]	598	307,227	133,061	1,947	-11.2%
2015 ^[6]	774	311,158	140,302	2,486	---
2016 ^[6]	948	314,808	139,941	3,010	---
2017 ^[6]	1,045	311,196	145,909	3,359	11.6%
2018 ^[6]	1,076	304,634	146,120	3,531	5.1%
2019 ^[6]	964	294,351	149,143	3,219	-8.8%
2020 ^[6]	1,054	289,298	148,364	3,642	13.2%
2021 ^[6]	1,022	293,628	146,910	3,480	-4.5%
2022 ^[6]	1,025	294,544	156,830	3,479	0.0%

Notes:

^[1] 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.

^{[2],[3]} Based on WCIRB accident year experience calls. Column (3) is for information only.

^[4] Column (1) / Column (2) x 1,000,000.

^[5] 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.

^[6] 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 2022 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 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	156-168	168-180	180-192	192-204	204-216
1993																	1.000
1994																1.000	1.000
1995															1.001	1.000	1.000
1996														1.000	1.000	1.000	1.000
1997													1.000	1.000	1.000	1.000	1.000
1998												1.000	1.001	1.000	1.000	1.000	1.000
1999											1.000	1.000	1.000	1.000	1.001	1.000	1.000
2000										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
2003								0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2004						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					1.001	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				1.002	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			1.006	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	1.000
2008		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	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	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	1.000	1.000	1.000	1.000	1.000	1.000
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	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	1.001	1.000	1.001	1.000	1.001	1.001	1.001
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015	1.236	1.027	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016	1.244	1.029	1.007	1.003	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2017	1.220	1.023	1.007	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2018	1.226	1.024	1.006	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2019	1.222	1.027	1.007	1.004	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
2020	1.225	1.024	1.008	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
2021	1.223	1.025	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
2022	1.236	1.025	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

Age-to-Age Development Factors

@12/31/22	1.223	1.024	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
@12/31/23	1.236	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Ultimate

@12/31/22	1.269	1.037	1.013	1.007	1.005	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002
@12/31/23	1.295	1.048	1.022	1.014	1.010	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002

Estimated Percent of Ultimate Indemnity Claims Reported

@12/31/22	78.8%	96.4%	98.7%	99.4%	99.5%	99.6%	99.6%	99.6%	99.6%	99.6%	99.7%	99.7%	99.7%	99.7%	99.8%	99.8%	99.8%
@12/31/23	77.2%	95.4%	97.8%	98.6%	99.0%	99.2%	99.3%	99.4%	99.4%	99.5%	99.6%	99.7%	99.7%	99.7%	99.7%	99.8%	99.8%

Accident Year	Age-to-Age Development (in months):																
	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	408-420
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	1.001	1.000	1.000	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	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	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	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	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	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	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	1.000	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	1.000	1.000	1.000	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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	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	1.000
2001	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	1.000
2002	1.000	0.996	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
2003	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	1.000
2004	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	1.000
2005	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	1.000

Age-to-Age Development Factors

@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	1.000
@12/31/23	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	1.000

Age-to-Ultimate

@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
@12/31/23	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Estimated Percent of Ultimate Indemnity Claims Reported

@12/31/22	99.8%	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%
@12/31/23	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%

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

Reported Indemnity Claim Closing Rate - Statewide

Accident Year	Evaluated as of (in months):																
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
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%	98.7%
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%	98.4%	
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%	98.2%		
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%	98.2%			
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%	98.0%				
2012	27.7%	48.1%	63.3%	74.8%	82.8%	88.3%	92.1%	94.4%	95.8%	96.7%	97.3%	97.8%					
2013	26.9%	48.4%	64.4%	76.4%	84.7%	89.9%	93.2%	95.1%	96.3%	97.1%	97.6%						
2014	26.9%	49.5%	65.8%	78.1%	86.2%	90.8%	93.5%	95.3%	96.4%	97.1%							
2015	27.3%	50.5%	68.3%	80.6%	87.8%	91.3%	93.8%	95.5%	96.6%								
2016	28.2%	53.4%	71.0%	82.5%	88.2%	91.7%	94.1%	95.6%									
2017	30.4%	56.2%	73.1%	82.5%	88.3%	91.8%	94.1%										
2018	31.2%	56.3%	71.4%	81.3%	87.7%	91.5%											
2019	31.2%	54.0%	69.1%	80.2%	86.8%												
2020	30.0%	53.2%	69.0%	79.6%													
2021	31.4%	55.6%	70.1%														
2022	31.9%	55.5%															
2023	32.2%																

Reported Closing Rate

@12/31/22	31.9%	55.6%	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%
@12/31/23	32.2%	55.5%	70.1%	79.6%	86.8%	91.5%	94.1%	95.6%	96.6%	97.1%	97.6%	97.8%	98.0%	98.2%	98.2%	98.4%	98.7%

Estimated Percent Closed⁽¹⁾

@12/31/22	25.1%	53.6%	68.0%	79.7%	87.3%	91.4%	93.7%	95.1%	96.0%	96.8%	97.0%	97.4%	97.7%	97.7%	98.0%	98.3%	98.3%
@12/31/23	24.8%	52.9%	68.6%	78.5%	85.9%	90.7%	93.5%	95.1%	96.0%	96.7%	97.2%	97.5%	97.7%	97.9%	98.0%	98.2%	98.5%

Accident

Accident Year	Evaluated as of (in months):																
	216	228	240	252	264	276	288	300	312	324	336	348	360	372	384	396	408
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%	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%	99.3%	99.4%	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%	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%	99.3%	99.3%	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%	99.1%	99.1%	99.1%	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%	98.7%	98.7%	98.7%	98.7%	98.7%	98.7%
1996	97.4%	97.6%	97.7%	97.8%	97.8%	98.0%	98.1%	98.1%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%
1997	97.6%	97.7%	97.9%	98.0%	98.1%	98.3%	98.3%	98.4%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%
1998	97.9%	98.0%	98.2%	98.3%	98.5%	98.6%	98.7%	98.7%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%	98.8%
1999	98.1%	98.4%	98.5%	98.7%	98.8%	98.9%	98.9%	99.0%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
2000	98.1%	98.3%	98.6%	98.7%	98.8%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
2001	98.0%	98.3%	98.5%	98.7%	98.8%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
2002	98.4%	98.6%	98.5%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
2003	98.5%	98.8%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
2004	98.7%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
2005	98.8%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
2006	98.7%	98.9%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

Reported Closing Rate

@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%	99.5%
@12/31/23	98.7%	98.9%	99.0%	99.0%	99.0%	98.9%	99.0%	99.1%	98.8%	98.5%	98.2%	98.7%	99.1%	99.3%	99.3%	99.4%	99.5%

Estimated Percent Closed⁽¹⁾

@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%	99.5%
@12/31/23	98.5%	98.7%	98.8%	98.8%	98.8%	98.7%	98.9%	99.0%	98.7%	98.4%	98.2%	98.7%	99.1%	99.3%	99.3%	99.4%	99.5%

Note:⁽¹⁾ 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, excluding COVID-19 claims.

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

AY	Estimated Number of Reported Indemnity Claims ^[1]		Estimated Number of Open Indemnity Claims ^[2]	
	@12/31/24 (1)	@12/31/25 (2)	@12/31/24 (3)	@12/31/25 (4)
1989	222,104	222,104	617	602
1990	248,073	248,073	1,110	1,082
1991	248,373	248,394	1,478	1,442
1992	197,268	197,278	1,274	1,243
1993	155,335	155,344	1,068	1,036
1994	142,828	142,841	1,247	1,221
1995	134,051	134,065	1,699	1,662
1996	131,201	131,219	2,225	2,186
1997	137,040	137,049	1,991	1,928
1998	147,227	147,236	1,720	1,674
1999	148,275	148,324	1,296	1,255
2000	160,428	160,442	1,487	1,413
2001	185,018	185,047	1,949	1,799
2002	192,486	192,557	1,718	1,629
2003	182,584	182,643	1,620	1,491
2004	158,546	158,563	1,444	1,321
2005	139,539	139,556	1,381	1,237
2006	133,184	133,181	1,604	1,456
2007	130,215	130,218	1,563	1,421
2008	122,857	122,859	1,717	1,562
2009	113,609	113,625	1,784	1,568
2010	118,431	118,461	1,799	1,582
2011	120,907	120,957	2,051	1,754
2012	128,348	128,379	2,379	2,056
2013	136,582	136,611	2,678	2,280
2014	141,308	141,388	3,359	2,750
2015	145,274	145,414	3,986	3,319
2016	148,456	148,545	4,991	3,975
2017	149,149	149,223	6,527	5,030
2018	151,967	152,048	9,353	6,913
2019	155,237	155,435	14,184	10,239
2020	135,376	135,651	18,381	12,725
2021	148,914	149,545	29,228	19,475
2022	157,148	158,359	46,959	30,929
2023	157,250	161,206	68,586	47,067
<u>Projected</u>				
2024	122,518	151,466	83,212	66,063
2025		121,701		82,657
Total	5,547,106	5,705,009	329,666	329,044

Notes:

^{[1], [2]} Estimated based on the projected number of indemnity claims as of 12/31/2023 (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 2021 and 2022
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid (\$000) (3)
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	3,642	1,175,417
2021	316,313	3,480	1,100,745
2022	318,618	3,479	1,108,483
Projected			
2023	320,586	3,652	1,170,769
2024	329,193	3,836	1,262,913
2025	329,666	3,974	1,310,257
2026	329,044	4,122	1,356,172
(4) Projected ULAE Paid (\$000):			1,464,224
(5) Average of Calendar Years 2022 and 2023 Earned Premium (\$000):			15,493,908
(6) Projected Loss to Advisory Pure Premium Ratio:			0.746
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			0.935
(8) Projected Losses (\$000): (5) x (6) x (7)			10,811,976
(9) Projected Ratio of ULAE to Losses: (4)/(8)			13.5%

Notes:

- (1) Calendar years 2013 to 2023 are based on WCIRB accident year experience calls. 2024 to 2026 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 2013 to 2022 are from column (4) of Exhibit 2. Calendar years 2023 to 2026 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 2021 and 2022.
- (3) Column (1) x Column (2).
- (4) Weighted average of calendar years 2024 with 5.6%, 2025 with 72.2% and 2026 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2024 to August 31, 2025 policies, based on applying the average annual change of 3.7% from 2025 to 2027 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar year 2022 and 2023 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 2023 and 2024.
- (6) See Exhibit 8 of Section B.
- (7) See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Trend Applied to 2022
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid (\$000) (3)
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	3,642	1,175,417
2021	316,313	3,480	1,100,745
2022	318,618	3,479	1,108,483
Projected			
2023	320,586	3,583	1,148,790
2024	329,193	3,764	1,239,204
2025	329,666	3,900	1,285,659
2026	329,044	4,044	1,330,713
(4) Projected ULAE Paid (\$000):			1,436,736
(5) Average of Calendar Years 2022 and 2023 Earned Premium (\$000):			15,493,908
(6) Projected Loss to Advisory Pure Premium Ratio:			0.746
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			0.935
(8) Projected Losses (\$000): (5) x (6) x (7)			10,811,976
(9) Projected Ratio of ULAE to Losses: (4)/(8)			13.3%

Notes:

- (1) Calendar years 2013 to 2023 are based on WCIRB accident year experience calls. 2024 to 2026 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 2013 to 2022 are from column (4) of Exhibit 2. Calendar years 2023 to 2026 are projected based on applying the California average annual wage level changes selected by the WCIRB to the 2022 ULAE paid per open indemnity claim.
- (3) Column (1) x Column (2).
- (4) Weighted average of calendar years 2024 with 5.6%, 2025 with 72.2% and 2026 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2024 to August 31, 2025 policies, based on applying the average annual change of 3.7% from 2025 to 2027 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar year 2022 and 2023 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 2023 and 2024.
- (6) See Exhibit 8 of Section B.
- (7) See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.

Average Paid ALAE per Reported Indemnity Claim - Private Insurers

As of December 31, 2023

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>
2002								6,260	6,454	6,614
2003							6,315	6,597	6,809	7,003
2004						5,577	5,955	6,223	6,437	6,632
2005					4,698	5,219	5,591	5,899	6,162	6,330
2006				4,127	4,876	5,436	5,865	6,184	6,410	6,622
2007			3,323	4,419	5,230	5,864	6,378	6,697	6,978	7,190
2008		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	8,379
2014	879	2,992	4,769	6,056	6,864	7,432	7,781	8,005	8,159	8,273
2015	951	3,067	4,846	6,032	6,817	7,273	7,587	7,794	7,959	
2016	933	3,157	4,901	6,072	6,751	7,199	7,512	7,734		
2017	1,016	3,281	4,984	6,012	6,669	7,109	7,431			
2018	1,111	3,421	5,100	6,209	6,947	7,454				
2019	1,144	3,365	5,124	6,306	7,088					
2020	1,098	3,478	5,272	6,546						
2021	1,049	3,288	5,098							
2022	1,114	3,634								
2023	1,257									

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>	<u>108</u>	<u>120</u>
2003								5.4%	5.5%	5.9%
2004							-5.7%	-5.7%	-5.5%	-5.3%
2005						-6.4%	-6.1%	-5.2%	-4.3%	-4.6%
2006					3.8%	4.2%	4.9%	4.8%	4.0%	4.6%
2007				7.1%	7.3%	7.9%	8.7%	8.3%	8.8%	8.6%
2008			8.9%	9.9%	10.7%	10.9%	9.5%	10.3%	9.9%	9.7%
2009		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%	-2.4%
2014	13.2%	7.2%	4.1%	2.0%	0.2%	0.2%	-0.9%	-1.1%	-1.3%	-1.3%
2015	8.1%	2.5%	1.6%	-0.4%	-0.7%	-2.1%	-2.5%	-2.6%	-2.4%	
2016	-1.8%	2.9%	1.1%	0.7%	-1.0%	-1.0%	-1.0%	-0.8%		
2017	8.9%	3.9%	1.7%	-1.0%	-1.2%	-1.3%	-1.1%			
2018	9.3%	4.3%	2.3%	3.3%	4.2%	4.9%				
2019	3.0%	-1.6%	0.5%	1.6%	2.0%					
2020	-4.0%	3.4%	2.9%	3.8%						
2021	-4.5%	-5.5%	-3.3%							
2022	6.2%	10.6%								
2023	12.8%									

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

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of December 31, 2023

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>
2002								0.137	0.138	0.139
2003							0.146	0.147	0.148	0.149
2004						0.157	0.159	0.160	0.160	0.160
2005					0.148	0.152	0.154	0.155	0.155	0.155
2006				0.136	0.142	0.146	0.148	0.149	0.150	0.150
2007			0.123	0.134	0.140	0.145	0.147	0.147	0.148	0.149
2008		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	0.184
2015	0.112	0.158	0.170	0.174	0.178	0.180	0.181	0.181	0.181	
2016	0.106	0.160	0.172	0.179	0.182	0.183	0.183	0.184		
2017	0.111	0.163	0.174	0.178	0.180	0.180	0.181			
2018	0.115	0.164	0.175	0.178	0.180	0.180				
2019	0.118	0.163	0.173	0.176	0.177					
2020	0.107	0.154	0.163	0.166						
2021	0.103	0.149	0.161							
2022	0.108	0.160								
2023	0.119									

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>	<u>108</u>	<u>120</u>
2003								7.3%	6.9%	7.1%
2004							9.3%	8.7%	8.1%	7.7%
2005						-3.2%	-3.4%	-3.2%	-2.8%	-3.0%
2006					-4.3%	-4.3%	-4.0%	-3.6%	-3.7%	-3.1%
2007				-1.6%	-1.0%	-0.7%	-0.5%	-1.2%	-0.9%	-1.1%
2008			0.1%	0.3%	-0.1%	-0.4%	-1.3%	-0.4%	-0.1%	0.2%
2009		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%	-0.2%
2015	8.3%	-0.5%	0.1%	-1.2%	-0.5%	-0.9%	-1.4%	-1.5%	-1.5%	
2016	-5.7%	1.2%	1.6%	2.7%	2.1%	1.6%	1.3%	1.4%		
2017	4.8%	1.9%	0.7%	-0.1%	-0.9%	-1.6%	-1.2%			
2018	3.7%	0.7%	0.6%	-0.4%	-0.2%	0.0%				
2019	2.6%	-0.7%	-0.7%	-1.3%	-1.8%					
2020	-9.4%	-5.3%	-6.0%	-5.4%						
2021	-3.9%	-3.4%	-1.5%							
2022	5.5%	7.3%								
2023	10.0%									

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 quarterly calls for experience, excluding COVID-19 claims.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers

Based on Latest Year Paid ALAE Development

Acc. Year	Paid ALAE ^[1] @12/31/23 (in \$000) (1)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/23 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
1996	293,983	1.035	304,410	101,213	1.001	101,290	3,005	---
1997	369,784	1.039	384,032	104,437	1.001	104,525	3,674	22.3%
1998	506,166	1.042	527,174	112,157	1.001	112,299	4,694	27.8%
1999	556,250	1.044	580,825	115,970	1.001	116,128	5,002	6.5%
2000	669,924	1.046	701,068	116,864	1.002	117,047	5,990	19.8%
2001	790,968	1.049	829,876	113,279	1.002	113,510	7,311	22.1%
2002	820,924	1.052	864,005	110,796	1.003	111,086	7,778	6.4%
2003	834,665	1.056	881,090	106,820	1.003	107,138	8,224	5.7%
2004	725,607	1.059	768,142	99,101	1.003	99,424	7,726	-6.1%
2005	688,945	1.062	731,625	97,379	1.003	97,710	7,488	-3.1%
2006	753,472	1.067	803,591	104,281	1.004	104,654	7,679	2.5%
2007	835,307	1.071	894,502	107,386	1.004	107,783	8,299	8.1%
2008	891,993	1.076	959,797	105,499	1.004	105,909	9,062	9.2%
2009	929,789	1.083	1,006,536	100,821	1.004	101,241	9,942	9.7%
2010	986,484	1.089	1,074,751	108,734	1.005	109,244	9,838	-1.0%
2011	1,006,396	1.096	1,103,463	113,256	1.005	113,817	9,695	-1.5%
2012	1,070,874	1.105	1,183,824	121,998	1.005	122,631	9,654	-0.4%
2013	1,091,645	1.117	1,219,690	128,733	1.006	129,482	9,420	-2.4%
2014	1,085,476	1.131	1,227,993	131,171	1.007	132,081	9,297	-1.3%
2015	1,077,920	1.148	1,237,786	135,432	1.008	136,486	9,069	-2.5%
2016	1,086,775	1.174	1,275,469	140,526	1.009	141,730	8,999	-0.8%
2017	1,054,240	1.209	1,274,857	141,867	1.009	143,200	8,903	-1.1%
2018	1,080,495	1.266	1,367,774	144,948	1.011	146,538	9,334	4.8%
2019	1,048,938	1.362	1,428,168	147,986	1.013	149,973	9,523	2.0%
2020	835,100	1.538	1,284,563	127,042	1.019	129,406	9,927	4.2%
2021	708,382	1.928	1,365,773	138,829	1.028	142,757	9,567	-3.6%
2022	529,115	3.077	1,628,025	145,471	1.058	153,956	10,575	10.5%
2023	151,990	12.534	1,905,042	120,914	1.322	159,862	11,917	12.7%

Estimated Annual Exponential Trend Based on:

2009 to 2023	0.6%
2019 to 2023	5.3%
Average:	2.9%

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the latest year paid ALAE age-to-age development from Exhibit 8.1.
- [3] 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^[1] to Indemnity Claims Inventory^[2]
By Payment Year - Private Insurers**

Accident Year	Payment Year Ending December 31																
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
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	1,389	1,256	
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	2,028	
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	1,275	1,442	
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	1,833	
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	1,497	1,547	
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	1,405	1,258	
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	1,533	
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	1,879	
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	1,752	
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	1,773	1,701	
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	1,643	1,570	
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	1,700	
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	1,703	
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	2,100	
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	2,289	2,030	
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	2,054	
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	2,496	2,448	
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	2,104	1,963	
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	2,584	2,446	
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	2,856	2,764	
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	3,086	2,745	
2010			746	2,542	3,411	3,684	3,888	4,137	4,351	4,029	3,934	3,800	3,870	2,952	3,096	2,815	
2011				766	2,569	3,342	3,825	4,120	4,428	4,150	4,008	3,844	3,561	3,427	3,216	3,095	
2012					773	2,593	3,610	4,036	4,260	4,181	3,924	4,171	4,009	3,583	3,350	3,404	
2013						791	2,844	3,691	3,931	4,092	3,917	4,103	3,787	3,658	3,316	3,539	
2014							909	3,631	3,964	3,964	3,935	4,111	4,012	3,609	3,461	3,392	
2015								923	2,969	3,754	3,932	4,045	3,996	3,786	3,650	3,860	
2016								933		3,137	3,887	4,029	4,051	3,954	3,872	3,886	
2017										1,016		3,276	3,909	3,953	3,885	3,841	4,050
2018												1,111	3,334	3,944	3,945	4,011	4,180
2019												1,121	3,269	3,908	3,895	4,041	
2020													1,105	3,407	3,932	4,185	
2021														1,042	3,272	4,145	
2022															1,114	3,695	
2023																1,258	
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	3,005	2,937	2,892	3,116	
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%	0.4%	-2.3%	-1.5%	7.7%	

Estimated Annual Exponential Trend Based on Payment Year:

2008-2023	2.4%
<u>2019-2023</u>	<u>0.4%</u>
Average:	1.4%

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] 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, 2023

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	156-168	168-180	180-192	192-204	204-216
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	1.008
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	1.010
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	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	1.009
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	1.008
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	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	1.006
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	1.005
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	1.005
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	1.004
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	1.005	
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	1.006		
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	1.006			
2010	4.300	1.737	1.342	1.190	1.120	1.076	1.049	1.033	1.023	1.017	1.010	1.008	1.006				
2011	4.225	1.729	1.351	1.196	1.109	1.072	1.045	1.030	1.019	1.014	1.011	1.008					
2012	4.338	1.773	1.344	1.174	1.105	1.060	1.042	1.027	1.018	1.013	1.011						
2013	4.542	1.706	1.297	1.161	1.085	1.056	1.032	1.022	1.015	1.013							
2014	4.322	1.635	1.285	1.139	1.081	1.049	1.029	1.020	1.015								
2015	4.041	1.630	1.255	1.128	1.071	1.044	1.029	1.022									
2016	4.254	1.603	1.240	1.117	1.068	1.044	1.030										
2017	3.979	1.546	1.217	1.114	1.067	1.047											
2018	3.767	1.530	1.226	1.122	1.076												
2019	3.627	1.569	1.241	1.130													
2020	3.902	1.558	1.253														
2021	3.883	1.596															
2022	4.074																

	Latest Year																
Age-to-Age	4.074	1.596	1.253	1.130	1.076	1.047	1.030	1.022	1.015	1.013	1.011	1.008	1.006	1.006	1.006	1.005	1.004
Cumulative	12.534	3.077	1.928	1.538	1.362	1.266	1.209	1.174	1.148	1.131	1.117	1.105	1.096	1.089	1.083	1.076	1.071
	3-Year Arithmetic Average																
Age-to-Age	3.953	1.575	1.240	1.122	1.070	1.045	1.030	1.021	1.016	1.013	1.010	1.009	1.008	1.007	1.006	1.006	1.005
Cumulative	11.794	2.984	1.895	1.528	1.362	1.273	1.218	1.183	1.158	1.140	1.125	1.113	1.103	1.095	1.087	1.081	1.075

Accident Year	Age-to-Age Development (in months):																
	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	408-420
1989	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.005	1.002	1.001	1.001	1.001
1990	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	1.003	1.001	1.001	
1991	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001		
1992	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.002	1.001			
1993	1.006	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.003	1.003	1.002	1.002	1.002				
1994	1.007	1.006	1.006	1.005	1.005	1.004	1.005	1.003	1.003	1.003	1.002	1.002					
1995	1.009	1.008	1.008	1.008	1.006	1.008	1.005	1.004	1.003	1.003	1.003	1.003					
1996	1.008	1.007	1.007	1.006	1.007	1.005	1.004	1.003	1.003	1.003	1.003						
1997	1.008	1.007	1.007	1.006	1.005	1.004	1.004	1.003	1.003								
1998	1.010	1.008	1.006	1.005	1.004	1.003	1.003	1.003									
1999	1.008	1.006	1.005	1.004	1.003	1.003	1.002										
2000	1.007	1.006	1.004	1.004	1.003	1.003											
2001	1.007	1.005	1.004	1.003	1.003												
2002	1.005	1.004	1.003														
2003	1.004	1.003	1.003														
2004	1.004	1.003															
2005	1.004																
2006																	

	Latest Year																
Age-to-Age	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.003	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001
Cumulative ⁽¹⁾	1.067	1.062	1.059	1.056	1.052	1.049	1.046	1.044	1.042	1.039	1.035	1.033	1.031	1.029	1.028	1.027	
	3-Year Arithmetic Average																
Age-to-Age	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.002	1.001
Cumulative ⁽¹⁾	1.070	1.065	1.061	1.058	1.054	1.051	1.048	1.045	1.042	1.039	1.036	1.033	1.032	1.030	1.028	1.027	

Note:
⁽¹⁾ Factors in italics are based on inverse powerfit to a "3-Year Arithmetic Average" of the 108-to-120 through 384-to-396 factors and extrapolated to 65 development years.

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

Quarterly Paid ALAE Loss Development Factors - Private Insurers

Age in Months	Accident Year														
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3 - 6	5.434	9.136	8.769	8.693	8.584	6.234	9.857	8.970	8.932	8.255	7.884	---	9.251	8.756	8.727
6 - 9	2.630	3.023	3.176	3.213	3.058	3.163	3.169	3.155	3.050	3.134	3.137	---	3.169	3.062	3.061
9 - 12	2.034	2.077	2.165	2.115	2.133	2.158	2.103	2.100	2.130	2.076	2.133	---	2.065	2.126	2.194
12 - 15	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	1.717	
15 - 18	1.509	1.482	1.486	1.510	1.494	1.486	1.480	1.488	1.450	1.442	1.432	1.458	1.469	1.485	
18 - 21	1.326	1.334	1.343	1.338	1.349	1.328	1.309	1.307	1.309	1.289	1.261	1.309	1.314	1.312	
21 - 24	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	1.220	
24 - 27	1.197	1.189	1.186	1.205	1.187	1.176	1.183	1.167	1.150	1.150	1.157	1.152	1.165		
27 - 30	1.170	1.158	1.163	1.160	1.156	1.149	1.141	1.132	1.129	1.123	1.131	1.131	1.134		
30 - 33	1.138	1.133	1.131	1.130	1.122	1.116	1.110	1.109	1.099	1.101	1.109	1.105	1.113		
33 - 36	1.114	1.113	1.108	1.104	1.101	1.095	1.088	1.092	1.084	1.078	1.084	1.082	1.086		
36 - 39	1.094	1.091	1.095	1.093	1.085	1.085	1.073	1.068	1.061	1.063	1.068	1.071			
39 - 42	1.082	1.083	1.081	1.081	1.076	1.072	1.062	1.062	1.055	1.057	1.062	1.063			
42 - 45	1.074	1.069	1.068	1.070	1.061	1.057	1.054	1.049	1.047	1.050	1.052	1.055			
45 - 48	1.064	1.062	1.059	1.057	1.055	1.050	1.046	1.043	1.039	1.040	1.041	1.044			
48 - 51	1.053	1.053	1.051	1.049	1.047	1.041	1.036	1.034	1.031	1.035	1.036				
51 - 54	1.050	1.048	1.048	1.045	1.042	1.036	1.034	1.031	1.030	1.032	1.032				
54 - 57	1.043	1.040	1.043	1.038	1.035	1.031	1.027	1.025	1.027	1.027	1.032				
57 - 60	1.039	1.037	1.036	1.035	1.031	1.028	1.026	1.023	1.022	1.023	1.024				
60 - 63	1.034	1.032	1.031	1.031	1.025	1.023	1.021	1.018	1.018	1.020					
63 - 66	1.031	1.032	1.029	1.028	1.023	1.021	1.019	1.018	1.018	1.021					
66 - 69	1.028	1.028	1.024	1.024	1.021	1.017	1.015	1.017	1.015	1.020					
69 - 72	1.026	1.023	1.023	1.021	1.018	1.018	1.014	1.014	1.014	1.013					
72 - 75	1.022	1.021	1.020	1.019	1.017	1.015	1.012	1.012	1.012						
75 - 78	1.022	1.020	1.019	1.016	1.015	1.013	1.012	1.012	1.011						
78 - 81	1.020	1.017	1.017	1.015	1.011	1.010	1.011	1.010	1.013						
81 - 84	1.017	1.016	1.014	1.014	1.012	1.009	1.009	1.010	1.010						
84 - 87	1.015	1.014	1.014	1.013	1.011	1.008	1.008	1.009							
87 - 90	1.014	1.012	1.012	1.011	1.008	1.008	1.008	1.007							
90 - 93	1.012	1.012	1.011	1.009	1.005	1.007	1.005	1.008							
93 - 96	1.012	1.010	1.011	1.009	1.007	1.006	1.007	1.007							
96 - 99	1.010	1.010	1.008	1.010	1.006	1.006	1.005								
99 - 102	1.009	1.009	1.008	1.007	1.006	1.006	1.006								
102 - 105	1.009	1.008	1.007	1.004	1.005	1.005	1.005								
105 - 108	1.008	1.007	1.007	1.005	1.005	1.004	1.006								
108 - 111	1.008	1.006	1.005	1.005	1.004	1.004									
111 - 114	1.007	1.006	1.005	1.004	1.004	1.004									
114 - 117	1.007	1.006	1.004	1.005	1.003	1.004									
117 - 120	1.006	1.005	1.004	1.004	1.003	1.003									
120 - 123	1.005	1.005	1.004	1.003	1.003										

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

Reported Indemnity Claim Count Development - Statewide

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	156-168	168-180	180-192	192-204	204-216
1995												1.001	1.000	1.004	1.001	1.000	1.000
1996											1.001	1.001	1.001	1.000	1.000	1.000	1.000
1997										1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998									1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000
1999								1.001	1.002	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000
2000							1.000	0.998	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000
2001						0.999	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002					0.999	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003				0.999	1.008	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			1.001	1.000	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		1.007	1.004	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	1.115	1.013	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	1.125	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	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	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	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	1.000	1.000	1.000	1.000	1.000	1.000
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	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	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015	1.236	1.027	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016	1.244	1.029	1.007	1.003	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2017	1.220	1.023	1.007	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2018	1.226	1.024	1.006	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2019	1.222	1.027	1.007	1.004	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
2020	1.225	1.024	1.008	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
2021	1.223	1.025	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
2022	1.236	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
<u>I. Age-to-Age (Latest Year)</u>																	
	1.236	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
<u>II. Age-to-Ultimate</u>																	
	1.295	1.048	1.022	1.014	1.010	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002

Accident Year	Age-to-Age Development (in months):																
	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	408-420
1989	1.001	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
1990	0.999	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	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	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	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	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	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	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	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	1.000	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	1.000	1.000	1.000	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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	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	1.000
2001	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	1.000
2002	1.000	0.996	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
2003	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	1.000
2004	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	1.000
2005	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	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	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	1.001	1.000	1.000	1.000	1.000	1.000

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

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (5)=(3)x(4)
	(1)	(2)	(3)	(4)	(5)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,578	1,837,036
2025	157,601	11,810	1,861,272
9/1/2025	156,808	11,849	1,858,035

(a) Projected ALAE Incurred (\$000):	1,858,035
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.746
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ^[10] :	0.935
(e) Projected Losses (\$000): (b) x (c) x (d)	10,811,976
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	17.2%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	17.0%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Section B, Appendix B, Exhibit 2), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Section B, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates 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 2022 and 2023 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Section B.
- ^[10] See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% 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 Paid ALAE Development

Acc. Year	Paid ALAE ^[1] @12/31/23 (in \$000)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/2023 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
1996	293,983	1.036	304,502	101,213	1.001	101,290	3,006	---
1997	369,784	1.039	384,048	104,437	1.001	104,525	3,674	22.2%
1998	506,166	1.042	527,244	112,157	1.001	112,299	4,695	27.8%
1999	556,250	1.045	581,005	115,970	1.001	116,128	5,003	6.6%
2000	669,924	1.048	701,913	116,864	1.002	117,047	5,997	19.9%
2001	790,968	1.051	831,222	113,279	1.002	113,510	7,323	22.1%
2002	820,924	1.054	865,503	110,796	1.003	111,086	7,791	6.4%
2003	834,665	1.058	883,011	106,820	1.003	107,138	8,242	5.8%
2004	725,607	1.061	770,154	99,101	1.003	99,424	7,746	-6.0%
2005	688,945	1.065	733,764	97,379	1.003	97,710	7,510	-3.1%
2006	753,472	1.070	805,870	104,281	1.004	104,654	7,700	2.5%
2007	835,307	1.075	897,574	107,386	1.004	107,783	8,328	8.1%
2008	891,993	1.081	963,827	105,499	1.004	105,909	9,101	9.3%
2009	929,789	1.087	1,010,808	100,821	1.004	101,241	9,984	9.7%
2010	986,484	1.095	1,079,858	108,734	1.005	109,244	9,885	-1.0%
2011	1,006,396	1.103	1,110,332	113,256	1.005	113,817	9,755	-1.3%
2012	1,070,874	1.113	1,192,296	121,998	1.005	122,631	9,723	-0.3%
2013	1,091,645	1.125	1,228,129	128,733	1.006	129,482	9,485	-2.4%
2014	1,085,476	1.140	1,237,255	131,171	1.007	132,081	9,367	-1.2%
2015	1,077,920	1.158	1,248,116	135,432	1.008	136,486	9,145	-2.4%
2016	1,086,775	1.183	1,285,228	140,526	1.009	141,730	9,068	-0.8%
2017	1,054,240	1.218	1,283,837	141,867	1.009	143,200	8,965	-1.1%
2018	1,080,495	1.273	1,375,089	144,948	1.011	146,538	9,384	4.7%
2019	1,048,938	1.362	1,428,980	147,986	1.013	149,973	9,528	1.5%
2020	835,100	1.528	1,276,130	127,042	1.019	129,406	9,861	3.5%
2021	708,382	1.895	1,342,377	138,829	1.028	142,757	9,403	-4.6%
2022	529,115	2.984	1,578,740	145,471	1.058	153,956	10,254	9.1%
2023	151,990	11.794	1,792,567	120,914	1.322	159,862	11,213	9.3%

Estimated Annual Exponential Trend Based on:

2009 to 2023	0.3%
2019 to 2023	3.7%
Average:	2.0%

Notes:

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

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

Projected Ratio of ALAE^[1] to Losses - Statewide
Based on Private Insurers ALAE Severity using 3-Year Average Paid ALAE Development
Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)		(4)	
1996	131,193	1.000	131,253	3,006	394,580
1997	137,032	1.001	137,103	3,674	503,747
1998	147,179	1.001	147,304	4,695	691,592
1999	148,262	1.001	148,401	5,003	742,469
2000	160,403	1.001	160,578	5,997	962,965
2001	184,950	1.001	185,220	7,323	1,356,353
2002	192,424	1.002	192,768	7,791	1,501,906
2003	182,564	1.002	182,910	8,242	1,507,517
2004	158,527	1.002	158,847	7,746	1,230,446
2005	139,542	1.002	139,821	7,510	1,050,003
2006	133,181	1.002	133,450	7,700	1,027,604
2007	130,213	1.002	130,478	8,328	1,086,568
2008	122,839	1.002	123,107	9,101	1,120,340
2009	113,580	1.002	113,856	9,984	1,136,759
2010	118,382	1.003	118,719	9,885	1,173,522
2011	120,877	1.003	121,251	9,755	1,182,852
2012	128,320	1.003	128,745	9,723	1,251,741
2013	136,504	1.004	137,034	9,485	1,299,754
2014	141,172	1.005	141,856	9,367	1,328,819
2015	145,187	1.005	145,978	9,145	1,334,918
2016	148,382	1.006	149,265	9,068	1,353,557
2017	149,070	1.006	150,037	8,965	1,345,126
2018	151,773	1.008	152,952	9,384	1,435,283
2019	154,923	1.010	156,443	9,528	1,490,627
2020	134,679	1.014	136,577	9,861	1,346,852
2021	147,738	1.022	150,975	9,403	1,419,646
2022	153,259	1.048	160,556	10,254	1,646,423
2023	127,194	1.295	164,734	11,213	1,847,200

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,053	1,753,684
2025	157,601	11,274	1,776,820
9/1/2025	156,808	11,311	1,773,730
(a) Projected ALAE Incurred (\$000):			1,773,730
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):			15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :			0.746
(d) Premium Adjustment Factor for Calendar Year 2022 and 2023 ^[10] :			0.935
(e) Projected Losses (\$000): (b) x (c) x (d)			10,811,976
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)			16.4%
(g) Impact of SB 1160 and AB 1244 ^[11]			-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]			16.2%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 9.1.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Section B, Appendix B, Exhibit 2), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Section B, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates 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 2022 and 2023 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Section B.
- ^[10] See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development Trend Applied to 2023 Ultimate ALAE Severity for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)	(4)	(5)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	160,676	12,155	1,953,044
2025	159,604	12,398	1,978,810
9/1/2025	158,801	12,439	1,975,369

(a) Projected ALAE Incurred (\$000):	1,975,369
(b) Calendar Year 2023 Earned Premium ^[8] (\$000):	15,679,229
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.746
(d) Premium Adjustment Factor for Calendar Year 2023 ^[10] :	0.952
(e) Projected Losses (\$000): (b) x (c) x (d)	11,137,833
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	17.7%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	17.5%

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- [3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- [4] AY2020 to AY2023 data excludes COVID-19 claims.
- [5] Estimated based on projected frequency trends for accident years 2024 to 2026. The 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Section B, Exhibit 6.1). These frequency trends were then applied to the accident year 2023 ultimate indemnity claim counts.
- [6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates 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 2023 ultimate ALAE severity.
- [7] Column(3) x Column(4) / 1,000.
- [8] Based on the reported earned premium for calendar year 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- [9] See Exhibit 8 of Section B.
- [10] See Exhibit 5.2 of Section B.
- [11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Long-term Severity Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,345	1,800,007
2025	157,601	11,413	1,798,723
9/1/2025	156,808	11,425	1,791,463

- (a) Projected ALAE Incurred (\$000): 1,791,463
- (b) Average of Calendar Year 2022 and 2023 Earned Premium^[8] (\$000): 15,493,908
- (c) Projected Loss to Advisory Pure Premium Ratio^[9]: 0.746
- (d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ^[10]: 0.935
- (e) Projected Losses (\$000): (b) x (c) x (d) 10,811,976
- (f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e) 16.6%
- (g) Impact of SB 1160 and AB 1244^[11] -1.3%
- (h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)] 16.3%

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- [3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- [4] AY2020 to AY2023 data excludes COVID-19 claims.
- [5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Section B, Appendix B, Exhibit 2), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Section B, Exhibit 6.1).
- [6] Severities are projected by applying an annual growth rate of 0.6%, which is based on the approximate long-term average private insurer rate of growth in estimated ultimate accident year ALAE severities from Exhibit 6, to the average of 2022 and 2023 ultimate ALAE severity.
- [7] Column(3) x Column(4) / 1,000.
- [8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of
- [9] See Exhibit 8 of Section B.
- [10] See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.
- [11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Short-term Severity Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	12,137	1,925,620
2025	157,601	12,780	2,014,146
9/1/2025	156,808	12,891	2,021,341

(a) Projected ALAE Incurred (\$000):	2,021,341
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.746
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ^[10] :	0.935
(e) Projected Losses (\$000): (b) x (c) x (d)	10,811,976
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	18.7%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	18.4%

Notes:

- [1] All paid ALAE exclude the paid cost of medical cost containment programs.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- [3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- [4] AY2020 to AY2023 data excludes COVID-19 claims.
- [5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Section B, Appendix B, Exhibit 2), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Section B, Exhibit 6.1).
- [6] Severities are projected by applying an annual growth rate of 5.3%, which is based on the approximate short-term average private insurer rate of growth in estimated ultimate accident year ALAE severities from Exhibit 6, to the average of 2022 and 2023 ultimate ALAE severity.
- [7] Column(3) x Column(4) / 1,000.
- [8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of
- [9] See Exhibit 8 of Section B.
- [10] See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.
- [11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Average Paid MCCP per Reported Indemnity Claim - Statewide
As of December 31, 2023

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	657	1,282	1,638	1,821	1,962	2,080	2,103	2,143
2014	631	1,223	1,576	1,786	1,938	1,979	2,040	2,080
2015	617	1,209	1,538	1,751	1,823	1,888	1,942	1,989
2016	592	1,152	1,454	1,583	1,679	1,758	1,816	1,849
2017	585	1,126	1,390	1,558	1,671	1,751	1,799	
2018	639	1,141	1,414	1,599	1,720	1,801		
2019	588	1,104	1,416	1,611	1,731			
2020	558	1,084	1,383	1,569				
2021	544	1,043	1,356					
2022	519	1,005						
2023	546							

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	-4.0%	-4.6%	-3.8%	-1.9%	-1.2%	-4.9%	-3.0%	-2.9%
2015	-2.3%	-1.2%	-2.4%	-2.0%	-5.9%	-4.6%	-4.8%	-4.4%
2016	-4.1%	-4.7%	-5.4%	-9.6%	-7.9%	-6.9%	-6.5%	-7.0%
2017	-1.1%	-2.3%	-4.4%	-1.6%	-0.5%	-0.4%	-0.9%	
2018	9.2%	1.4%	1.8%	2.6%	3.0%	2.9%		
2019	-8.0%	-3.3%	0.1%	0.8%	0.6%			
2020	-5.1%	-1.8%	-2.3%	-2.6%				
2021	-2.5%	-3.8%	-2.0%					
2022	-4.6%	-3.6%						
2023	5.3%							

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

Estimated Ultimate MCCP per Indemnity Claim - Statewide
Based on Latest Year Paid MCCP Development

Accident Year	Paid MCCP @12/31/23 (in \$000)	Cumulative Development Factors ^[1]	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/23 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate MCCP per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2012	312,449	1.196	373,633	128,320	1.003	128,745	2,902	---
2013	303,957	1.208	367,214	136,504	1.004	137,034	2,680	-7.7%
2014	303,680	1.221	370,890	141,172	1.005	141,856	2,615	-2.4%
2015	292,455	1.239	362,300	145,187	1.005	145,978	2,482	-5.1%
2016	274,413	1.258	345,119	148,382	1.006	149,265	2,312	-6.8%
2017	268,149	1.285	344,502	149,070	1.006	150,037	2,296	-0.7%
2018	273,392	1.323	361,636	151,773	1.008	152,952	2,364	3.0%
2019	268,197	1.388	372,309	154,923	1.010	156,443	2,380	0.7%
2020	211,312	1.498	316,591	134,679	1.014	136,577	2,318	-2.6%
2021	200,357	1.711	342,860	147,738	1.022	150,975	2,271	-2.0%
2022	154,273	2.279	351,592	153,259	1.048	160,556	2,190	-3.6%
2023	69,337	5.465	378,917	127,194	1.295	164,734	2,300	5.0%

Estimated Annual Exponential Trend Based on:

2012 to 2023	-1.9%
2019 to 2023	-1.2%

Notes:

^[1] Based on latest year paid MCCP development through 144 months from Exhibit 16.2. 144-to-ultimate is based on selected paid medical development factors from Exhibit 2.6 of Section B.

^[2] 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^[1] 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	\$880	-5.7%
2021	\$867	-1.5%
2022	\$844	-2.6%

Estimated Annual Exponential Trend Based on:

2012-2022 -1.5%

^[1] 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 MCCP Development Factors - Statewide
Quarterly Development

Age in Months	Accident Year											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3 - 6	5.599	5.796	6.047	5.652	6.118	5.561	5.864	5.288	---	5.867	6.090	5.436
6 - 9	2.356	2.432	2.402	2.457	2.407	2.395	2.335	2.354	---	2.169	2.378	2.453
9 - 12	1.763	1.773	1.771	1.742	1.725	1.776	1.825	1.780	---	1.755	1.749	1.760
12 - 15	1.476	1.412	1.456	1.468	1.480	1.444	1.420	1.419	1.439	1.414	1.422	
15 - 18	1.277	1.253	1.299	1.282	1.244	1.254	1.242	1.239	1.265	1.261	1.251	
18 - 21	1.171	1.157	1.194	1.177	1.170	1.155	1.148	1.165	1.154	1.171	1.186	
21 - 24	1.128	1.121	1.128	1.120	1.125	1.122	1.117	1.121	1.121	1.125	1.137	
24 - 27	1.083	1.099	1.096	1.096	1.086	1.091	1.084	1.096	1.090	1.097		
27 - 30	1.077	1.081	1.073	1.073	1.076	1.071	1.065	1.082	1.076	1.078		
30 - 33	1.051	1.068	1.045	1.062	1.054	1.057	1.054	1.058	1.063	1.062		
33 - 36	1.045	1.054	1.036	1.047	1.053	1.052	1.042	1.047	1.048	1.060		
36 - 39	1.047	1.053	1.033	1.040	1.036	1.045	1.043	1.043	1.043			
39 - 42	1.036	1.043	1.026	1.039	1.032	1.030	1.034	1.038	1.033			
42 - 45	1.036	1.035	1.025	1.029	1.028	1.025	1.027	1.034	1.031			
45 - 48	1.031	1.027	1.019	1.028	1.026	1.023	1.026	1.024	1.028			
48 - 51	1.031	1.023	1.025	1.019	1.020	1.025	1.021	1.024				
51 - 54	1.025	1.023	1.025	1.020	1.016	1.019	1.019	1.019				
54 - 57	1.022	1.019	1.018	1.015	1.014	1.015	1.021	1.018				
57 - 60	1.017	1.016	1.016	1.014	1.013	1.014	1.014	1.016				
60 - 63	1.015	1.015	1.012	1.011	1.013	1.013	1.015					
63 - 66	1.016	1.016	1.013	1.010	1.012	1.013	1.012					
66 - 69	1.014	1.012	1.011	1.009	1.010	1.013	1.011					
69 - 72	1.011	1.012	1.009	1.007	1.013	1.008	1.010					
72 - 75	1.009	1.010	1.009	0.984	1.008	1.009						
75 - 78	1.010	1.009	1.007	1.009	1.008	1.008						
78 - 81	1.007	1.006	1.010	1.007	1.011	1.007						
81 - 84	1.009	1.006	1.005	1.005	1.003	1.006						
84 - 87	1.008	1.006	1.003	1.007	1.007							
87 - 90	1.006	1.005	1.005	1.006	1.006							
90 - 93	1.004	1.005	1.005	1.007	1.005							
93 - 96	1.005	1.004	1.004	1.003	1.004							

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

Paid MCCP Development Factors - Statewide
Annual Development

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>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	
2012	2.491	1.281	1.160	1.097	1.055	1.036	1.023	1.015	1.012	1.012	1.010	
2013	2.292	1.341	1.168	1.082	1.055	1.031	1.020	1.015	1.013	1.011		
2014	2.446	1.364	1.144	1.084	1.043	1.031	1.020	1.020	1.014			
2015	2.476	1.306	1.143	1.069	1.038	1.029	1.022	1.015				
2016	2.423	1.294	1.128	1.064	1.048	1.031	1.022					
2017	2.336	1.300	1.129	1.076	1.048	1.030						
2018	2.262	1.268	1.137	1.077	1.049							
2019	2.295	1.317	1.146	1.079								
2020	2.366	1.306	1.142									
2021	2.347	1.332										
2022	2.398											
	<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-Ult^[1]</u>
Latest Year	2.398	1.332	1.142	1.079	1.049	1.030	1.022	1.015	1.014	1.011	1.010	
Age-to-Ult	5.465	2.279	1.711	1.498	1.388	1.323	1.285	1.258	1.239	1.221	1.208	1.196
	<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-Ult^[1]</u>
3-Yr Average	2.370	1.318	1.142	1.077	1.048	1.030	1.021	1.017	1.013	1.012	1.010	
Age-to-Ult	5.333	2.250	1.707	1.495	1.388	1.324	1.286	1.259	1.238	1.222	1.208	1.196

Note: ^[1] 144-to-Ult. is based on selected paid medical 144-to-ultimate development factor on Exhibit 2.6.1 of Section B.

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 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Year	Paid MCCP @12/31/23 (in \$000)	Cumulative Development Factors ^[1]	Estimated Ultimate MCCP	Indemnity Claim Counts @12/31/23	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts	Estimated Ultimate MCCP per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	312,449	1.196	373,633	128,320	1.003	128,745	2,902
2013	303,957	1.208	367,214	136,504	1.004	137,034	2,680
2014	303,680	1.221	370,890	141,172	1.005	141,856	2,615
2015	292,455	1.239	362,300	145,187	1.005	145,978	2,482
2016	274,413	1.258	345,119	148,382	1.006	149,265	2,312
2017	268,149	1.285	344,502	149,070	1.006	150,037	2,296
2018	273,392	1.323	361,636	151,773	1.008	152,952	2,364
2019	268,197	1.388	372,309	154,923	1.010	156,443	2,380
2020	211,312	1.498	316,591	134,679	1.014	136,577	2,318
2021	200,357	1.711	342,860	147,738	1.022	150,975	2,271
2022	154,273	2.279	351,592	153,259	1.048	160,556	2,190
2023	69,337	5.465	378,917	127,194	1.295	164,734	2,300

Projected Based on 2-Year Average of 2022 and 2023:

	Ultimate MCCP ^[5]	Ult. Ind. Counts ^[3]	Ult.MCCP per Ind. Counts ^[4]
2024	348,281	158,659	2,195
2025	340,768	157,601	2,162
9/1/2025	338,201	156,808	2,157
(a) Projected MCCP (\$000):			338,201
(b) Calendar Year 2022 and 2023 Earned Premium ^[6] (\$000):			15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[7] :			0.746
(d) Premium Adjustment Factor for Calendar Year 2022 and 2023 ^[8] :			0.935
(e) Projected Losses (\$000): (b) x (c) x (d)			10,811,976
(f) Projected Ratio of MCCP to Losses: (a)/(e)			3.1%

Notes:

- [1] Based on latest year paid MCCP development through 144 months from Exhibit 16.2. 144-to-ultimate development factor is based on selected paid medical development factors from Exhibit 2.6.1 of Section B.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- [3] Estimated based on projected frequency trends for accident years 2023 to 2026. Frequency trend for 2023 is the actual "intra-class" changes from Appendix B, Exhibit 2. Frequency trends for accident years 2024 through 2026 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Section B. These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- [4] Severity is projected by applying an annual growth rate of -1.5% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 14 and calendar year MCCP paid per open claim from Exhibit 15 to the ultimate MCCP severity estimated from averaging 2022 and 2023.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2022 and 2023 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, 2023.
- [7] See Exhibit 8 of Section B.
- [8] See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.

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 3-Year Average Year Paid MCCP Development Trend Applied to 2022 and 2023 for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Year	Paid MCCP @12/31/23 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/23 (4)	Cumulative Count Development Factors ^[2] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate MCCP per Indemnity Claim (7)=(3)/(6) x 1000
2012	312,449	1.208	377,473	128,320	1.003	128,745	2,932
2013	303,957	1.208	367,214	136,504	1.004	137,034	2,680
2014	303,680	1.222	371,109	141,172	1.005	141,856	2,616
2015	292,455	1.238	362,106	145,187	1.005	145,978	2,481
2016	274,413	1.259	345,489	148,382	1.006	149,265	2,315
2017	268,149	1.286	344,712	149,070	1.006	150,037	2,298
2018	273,392	1.324	361,878	151,773	1.008	152,952	2,366
2019	268,197	1.388	372,195	154,923	1.010	156,443	2,379
2020	211,312	1.495	315,952	134,679	1.014	136,577	2,313
2021	200,357	1.707	341,973	147,738	1.022	150,975	2,265
2022	154,273	2.250	347,130	153,259	1.048	160,556	2,162
2023	69,337	5.333	369,776	127,194	1.295	164,734	2,245

Projected Based on 2-Year Average of 2022 and 2023:

	Ultimate MCCP ^[5]	Ult. Ind. Counts ^[3]	Ult.MCCP per Ind. Counts ^[4]
2024	341,807	158,659	2,154
2025	334,433	157,601	2,122
9/1/2025	331,914	156,808	2,117

- (a) Projected MCCP (\$000): 331,914
- (b) Average of Calendar Years 2022 and 2023 Earned Premium^[6] (\$000): 15,493,908
- (c) Projected Loss to Advisory Pure Premium Ratio^[7]: 0.746
- (d) Premium Adjustment Factor^[8]: 0.935
- (e) Projected Losses (\$000): (b) x (c) x (d) 10,811,976
- (f) Projected Ratio of MCCP to Losses: (a)/(e) 3.1%

Notes:

- [1] Based on 3-year average paid MCCP development through 144 months from Exhibit 16.2. 144-to-ultimate development factor is based on selected paid medical development factors from Exhibit 2.6.1 of Section B.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- [3] Estimated based on projected frequency trends for accident years 2023 to 2026. Frequency trend for 2023 is the actual "intra-class" changes from Appendix B, Exhibit 2. Frequency trends for accident years 2024 through 2026 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Section B. These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts. Severity
- [4] is projected by applying an annual growth rate of -1.5% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 14 and calendar year MCCP paid per open claim from Exhibit 15 to the ultimate MCCP severity estimated from averaging 2022 and 2023.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2022 and 2023 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, 2023.
- [7] See Exhibit 8 of Section B.
- [8] See Exhibit 5.2 of Section B. Based on a weighting of calendar years 2022 and 2023.

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 2023 for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Accident Year	Paid MCCP @12/31/23 (in \$000)	Cumulative Development Factors ^[1]	Estimated Ultimate MCCP	Indemnity Claim Counts @12/31/23	Cumulative Development Factors ^[2]	Estimated Ultimate Ind. Counts	Estimated Ultimate MCCP per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	312,449	1.196	373,633	128,320	1.003	128,745	2,902
2013	303,957	1.208	367,214	136,504	1.004	137,034	2,680
2014	303,680	1.221	370,890	141,172	1.005	141,856	2,615
2015	292,455	1.239	362,300	145,187	1.005	145,978	2,482
2016	274,413	1.258	345,119	148,382	1.006	149,265	2,312
2017	268,149	1.285	344,502	149,070	1.006	150,037	2,296
2018	273,392	1.323	361,636	151,773	1.008	152,952	2,364
2019	268,197	1.388	372,309	154,923	1.010	156,443	2,380
2020	211,312	1.498	316,591	134,679	1.014	136,577	2,318
2021	200,357	1.711	342,860	147,738	1.022	150,975	2,271
2022	154,273	2.279	351,592	153,259	1.048	160,556	2,190
2023	69,337	5.465	378,917	127,194	1.295	164,734	2,300

Projected Based on 2023:

	Ultimate MCCP ^[5]	Ult. Ind. Counts ^[3]	Ult. MCCP per Ind. Counts ^[4]
2024	364,040	160,676	2,266
2025	356,186	159,604	2,232
9/1/2025	353,503	158,801	2,226

(a) Projected MCCP (\$000):	353,503
(b) Calendar Year 2023 Earned Premium ^[6] (\$000):	15,679,229
(c) Projected Loss to Advisory Pure Premium Ratio ^[7] :	0.746
(d) Premium Adjustment Factor for Calendar Year 2023 ^[8] :	0.952
(e) Projected Losses (\$000): (b) x (c) x (d)	11,137,833
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.2%

Notes:

- [1] Based on latest year paid MCCP development through 144 months from Exhibit 16.2. 144-to-ultimate development factor is based on selected paid medical development factors from Exhibit 2.6.1 of Section B.
- [2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- [3] Estimated based on projected frequency trends for accident years 2024 to 2026. Frequency trends for accident years 2024 through 2026 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Section B. These frequency trends were then applied to the accident year 2023 ultimate indemnity claim counts.
- [4] Severity is projected by applying an annual growth rate of -1.5% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 14 and calendar year MCCP paid per open claim from Exhibit 15 to the 2023 ultimate MCCP severity.
- [5] Column(6) x Column(7) / 1,000.
- [6] Based on the reported earned premium for calendar year 2023 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, 2023.
- [7] See Exhibit 8 of Section B.
- [8] See Exhibit 5.2 of Section B.

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