State of the Line
PROPERTY/CASUALTY (P/C) RESULTS
# P/C Industry Net Written Premium Growth

## Private Carriers

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>2016 ($B)</th>
<th>2017p ($B)</th>
<th>% Change From 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Auto</td>
<td>207.4</td>
<td>221.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Homeowners</td>
<td>80.6</td>
<td>82.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Other Liability (Incl. Product Liability)</td>
<td>47.9</td>
<td>50.1</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Workers Compensation</strong></td>
<td>40.1</td>
<td>39.8</td>
<td>-0.7</td>
</tr>
<tr>
<td>Commercial Multiple Peril</td>
<td>33.8</td>
<td>34.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Fire &amp; Allied Lines (Incl. EQ)</td>
<td>26.3</td>
<td>26.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Commercial Auto</td>
<td>28.3</td>
<td>30.6</td>
<td>8.1</td>
</tr>
<tr>
<td>All Other Lines</td>
<td>63.7</td>
<td>67.0</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Total P/C Industry</strong></td>
<td>528.0</td>
<td>552.1</td>
<td>4.6</td>
</tr>
</tbody>
</table>

*Source: NAIC's Annual Statement data for individual carriers prior to consolidation of affiliated carriers*

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## P/C Industry Net Combined Ratio

**Private Carriers**

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>2016 (%)</th>
<th>2017p (%)</th>
<th>Difference From 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Auto</td>
<td>106</td>
<td>103</td>
<td>-3</td>
</tr>
<tr>
<td>Homeowners</td>
<td>93</td>
<td>107</td>
<td>-10</td>
</tr>
<tr>
<td>Other Liability (Incl. Product Liability)</td>
<td>111</td>
<td>101</td>
<td>-10</td>
</tr>
<tr>
<td><strong>Workers Compensation</strong></td>
<td><strong>94</strong></td>
<td><strong>89</strong></td>
<td><strong>-5</strong></td>
</tr>
<tr>
<td>Commercial Multiple Peril</td>
<td>102</td>
<td>108</td>
<td>-6</td>
</tr>
<tr>
<td>Fire &amp; Allied Lines (Incl. EQ)</td>
<td>90</td>
<td>124</td>
<td>34</td>
</tr>
<tr>
<td>Commercial Auto</td>
<td>111</td>
<td>111</td>
<td>0</td>
</tr>
<tr>
<td>All Other Lines</td>
<td>87</td>
<td>98</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total P/C Industry</strong></td>
<td><strong>101</strong></td>
<td><strong>104</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

**P/C Industry Net Combined Ratio**

### Source
- NAIC’s Annual Statement data for individual carriers prior to consolidation of affiliated carriers

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Impact of Catastrophes on P/C Losses

Wildfires destroyed structures, homes, and buildings, resulting in over $11B in losses.

Major hurricanes had a combined impact on insured losses of $56B.

Several tornado, hail, wind, and flood events produced up to $11B in insured losses.

Source: Willis Re Summary of Natural Cat Events 2017
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P/C Industry Net Combined Ratio

Private Carriers

Calendar Year

Percent

Average (1997–2016): 102

p Preliminary

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P/C Industry Investment Gain Ratio

Private Carriers

Percent

Calendar Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>97</td>
<td>19.0</td>
</tr>
<tr>
<td>98</td>
<td>20.0</td>
</tr>
<tr>
<td>99</td>
<td>18.0</td>
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<tr>
<td>00</td>
<td>17.0</td>
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<tr>
<td>01</td>
<td>18.0</td>
</tr>
<tr>
<td>02</td>
<td>16.0</td>
</tr>
<tr>
<td>03</td>
<td>17.0</td>
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<td>04</td>
<td>16.0</td>
</tr>
<tr>
<td>05</td>
<td>20.0</td>
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<td>06</td>
<td>19.0</td>
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<tr>
<td>07</td>
<td>17.0</td>
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<td>08</td>
<td>9.0</td>
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<td>09</td>
<td>10.0</td>
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<td>10</td>
<td>11.0</td>
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<tr>
<td>15</td>
<td>16.0</td>
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<tr>
<td>16</td>
<td>10.4</td>
</tr>
<tr>
<td>17p</td>
<td>12.0</td>
</tr>
</tbody>
</table>

4% lower


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P/C Industry Bond Embedded Yield and New Money Yield

Sources: NCCI, A.M. Best’s Aggregates & Averages, Federal Reserve Bank, Value Line, TreasuryDirect.gov, Barron’s, and Bloomberg

Embedded Yield is the reported investment income for bond instruments divided by the asset value of those instruments
New Money Yield is the pretax yield on bonds

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P/C Industry After-Tax Return on Surplus

Private Carriers

After-tax return on average surplus, excluding unrealized capital gains

Average (1997–2016): 7.6%

Calendar Year

Percent

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p Preliminary
After-tax return on average surplus, excluding unrealized capital gains
P/C Industry Premium-to-Surplus Ratio

Private Carriers

$ Billions

Net Written Premium
Surplus

Premium-to-Surplus Ratio


p Preliminary

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WORKERS COMPENSATION (WC) PREMIUM
WC Net Written Premium
Private Carriers and State Funds

$ Billions

Calendar Year

97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17p

State Funds
Private Carriers

37.8
47.8

45.6
45.0

40.1
39.8

Source: NAIC’s Annual Statement data; includes state insurance fund data for the following states: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT

Each calendar year total for state funds includes all funds operating as a state fund in that year

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Proportion of Total WC Premium Ceded

Average Annual Growth

Source: NAIC’s Annual Statement data
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WC Residual Market Premium

NCCI-Serviced WC Residual Market Pools

Preliminary, incomplete policy year projected to ultimate
Includes Pool data for all NCCI-serviced WC Residual Market Pool states, valued as of 12/31/2017
Tennessee Reinsurance Mechanism premium is not included
Source: NCCI's Residual Market Quarterly Results
WC Residual Market—Changes in Premium vs. Average Policy Size

NCCI-Administered WC Residual Market Plan States

Percent

0

1

0 0.5 1 1.5 2 2.5 3 3.5 4 4.5 5 5.5 6 6.5 7 7.5 8 8.5 9 9.5 10 11 12 13 14 15 16 17

Policy Year

Premium

Average Policy Size

Total estimated annual premium
Includes Pool and direct assignment data for all NCCI-administered WC Residual Market Plan states

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### WC Residual Market Premium by Size of Risk

**NCCI-Administered WC Residual Market Plan States**

<table>
<thead>
<tr>
<th>Size of Risk</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
<th>% Change From 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0 – 2,499</td>
<td>36.1</td>
<td>39.3</td>
<td>9</td>
</tr>
<tr>
<td>$ 2,500 – 4,999</td>
<td>20.0</td>
<td>19.4</td>
<td>-3</td>
</tr>
<tr>
<td>$ 5,000 – 9,999</td>
<td>26.5</td>
<td>25.3</td>
<td>-5</td>
</tr>
<tr>
<td>$ 10,000 – 49,999</td>
<td>68.5</td>
<td>61.4</td>
<td>-10</td>
</tr>
<tr>
<td>$ 50,000 – 99,999</td>
<td>21.2</td>
<td>19.5</td>
<td>-8</td>
</tr>
<tr>
<td>$ 100,000 and Over</td>
<td>26.6</td>
<td>20.2</td>
<td>-24</td>
</tr>
</tbody>
</table>

**Total**

|         | 198.9  | 185.1  | -7                  |

Total estimated annual premium
Includes Pool and direct assignment data for all NCCI-administered WC Residual Market Plan states
WC Residual Market Share

NCCI-Serviced WC Residual Market Pools

Percent

Calendar Year

97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17p

Includes Pool and direct assignment data for all NCCI-serviced WC Residual Market Pool states

Source: NCCI's Residual Market Management Summary

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Top Five Residual Market Class Codes

Based on Residual Market Plan Total Written Premium for 2017

<table>
<thead>
<tr>
<th>Classification</th>
<th>Premium Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpentry - 5645</td>
<td>8.5%</td>
</tr>
<tr>
<td>Roofing - 5551</td>
<td>6.1%</td>
</tr>
<tr>
<td>Local Trucking - 7228</td>
<td>3.6%</td>
</tr>
<tr>
<td>Painting - 5474</td>
<td>3.3%</td>
</tr>
<tr>
<td>Long-Haul Trucking - 7229</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Top classification codes excluding the Standard Exception classifications
Results are based on manual premium volume for both intrastate policies and the state-specific portion of interstate policies
Source: NCCI’s Policy data

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WC Direct Written Premium Change by Component

Private Carriers—NCCI States

Change in Direct Written Premium: 0.0%

2017 vs. 2016

- Payroll: +4.4%
- Loss Cost and Mix: -4.2%
- Carrier Discounting: +0.4%
- Other Factors: -0.4%

Sources: Direct Written Premium Change: NAIC’s Annual Statement Statutory Page 14 for all states where NCCI provides ratemaking services
Components: NCCI’s Policy data

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Increases in Payroll Continue to Drive Changes in Premium

Forecast Change 2016–2017

Wage Rate
+1.6%

Payroll
+3.4%

Employment
+1.8%

Sources: Moody’s Analytics and NCCI
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WC Approved Changes in Bureau Premium Level
Weighted by Effective Date—NCCI States

Percent

Calendar Year

p Preliminary
Source: NAIC’s Annual Statement Statutory Page 14
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 5/10/2018
IN and NC are filed in cooperation with state rating bureaus

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Most Recent Changes in Bureau Premium Level

Voluntary Market, Excludes Law-Only Filings

Percent

0

-10

-20

OK NM AR CT OR AL TX NH MD IN CO TN ME NC IL MT WV FL UT GA IA AK KS NE SC SD AZ MS ID RI KY VT DC MO NV HI VA LA

Premium level changes in advisory rates, loss costs, and rating values, as of 5/10/2018, as filed by the applicable rating organization, relative to those previously approved
IN and NC are filed in cooperation with state rating bureaus

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WC Impact of Discounting on Premium
Private Carriers—NCCI States

Percent

Policy Year

Sources: NAIC’s Annual Statement Statutory Page 14 and NCCI’s Financial Call data
Rate/loss cost departure reflects carrier departure from NCCI rate level, which excludes a profit and contingency provision and expense constant
Based on data for all states where NCCI provides ratemaking services, excluding TX

Preliminary

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WC Impact of Discounting on Premium by Component

Private Carriers—NCCI States

Dividends

Schedule Rating

Rate/Loss Cost Departure

97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17p

Policy Year

p Preliminary
Sources: NAIC’s Annual Statement Statutory Page 14 and NCCI’s Financial Call data
Dividend ratios are based on calendar year statistics
Rate/loss cost departure reflects carrier departure from NCCI rate level, which excludes a profit and contingency provision and expense constant
Based on data for all states where NCCI provides ratemaking services, excluding TX
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WC Pricing—Market Index Survey
Percentage of Respondents

<table>
<thead>
<tr>
<th></th>
<th>4Q 14</th>
<th>4Q 15</th>
<th>4Q 16</th>
<th>4Q 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td></td>
<td></td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>No Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: The Council of Insurance Agents & Brokers: Q4 P/C Market Index Surveys (2014–2017); results for “All Regions”

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WC Pricing—Market Index Survey
Percentage of Respondents, Based on 4Q Results

Sources: The Council of Insurance Agents & Brokers: Q4 P/C Market Index Surveys (2000–2017); results for “All Regions”

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WORKERS COMPENSATION RESULTS
WC Combined Ratio—Underwriting Gain Achieved

Private Carriers

Percent

Calendar Year


97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17

- 122
- 93
- 115
- 89

p Preliminary
Source: NAIC’s Annual Statement data

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WC Combined Ratio by Component

Private Carriers

- **Dividends**: 1, 2
- **Underwriting Expense Ratio**: 25, 26
- **Loss Adjustment Expense (LAE) Ratio**: 14, 13
- **Loss Ratio**: 53, 49

Calendar Year:
- 97, 98, 99, 00, 01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17

*p Preliminary
Source: NAIC’s Annual Statement data
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WC LAE-to-Loss Ratio—Net Incurred LAE to Incurred Losses

Private Carriers

Percent

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td></td>
</tr>
<tr>
<td>1998</td>
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</tr>
<tr>
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<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>26.6</td>
</tr>
<tr>
<td>2017p</td>
<td>27.0</td>
</tr>
</tbody>
</table>

p Preliminary
Source: NAIC's Annual Statement data
LAE includes Defense and Cost Containment Expense plus Adjusting and Other Expense

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WC Residual Market Combined Ratio

NCCI-Serviced WC Residual Market Pools

- Preliminary, incomplete policy year projected to ultimate
- Includes Pool data and Plan expenses for pool members for all NCCI-serviced WC Residual Market Pool states, valued as of 12/31/2017
- Tennessee Reinsurance Mechanism experience is not included in the combined ratios

Source: NCCI's *Residual Market Quarterly Results*

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WC Investment Gain on Insurance Transactions
Ratio to Net Earned Premium, Private Carriers

Average (1997–2016): 13.2%

Source: NAIC’s Annual Statement data

Investment Gain on Insurance Transactions includes Other Income

2013 is adjusted to exclude a material realized gain resulting from a single company transaction that involved corporate restructuring; unadjusted value is 19.4

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WC Pretax Operating Gain

Private Carriers

Average (1997–2016): 6.9%

p Preliminary
Source: NAIC’s Annual Statement data
Operating Gain equals 1.00 minus (Combined Ratio less Investment Gain on Insurance Transactions and Other Income)
2013 is adjusted to exclude a material realized gain resulting from a single company transaction that involved corporate restructuring; unadjusted value is 17.7

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The idea of a “race to the bottom” is not borne out by the facts.

Interaction of Coverages

Most states did not reduce WC benefits in the last 15 years.

In states that did lower WC benefits, SSDI applications typically decreased following these reforms.

Observed increases in SSDI applications were impacted much more by the Great Recession than by WC benefit levels.

Dual Recipients

SSDI and WC work together to provide benefits to dual recipients. While workers receive dual benefits, WC generally shoulders the majority of the cost.

Cost shifting may serve to realign practices and/or to bring costs back in line with the original intent of a program, whether that program is WC, SSDI, or Medicare.

Sources: “Social Security Disability Insurance and Workers Compensation Cost Shifting” and “Social Security Disability Insurance and Workers Compensation” on ncci.com
WORKERS COMPENSATION
ACCIDENT YEAR RESULTS AND
RESERVE ESTIMATES
WC Net Combined Ratios—Calendar Year vs. Accident Year As Reported

Private Carriers

Percent

Calendar Year | Accident Year
---|---
2008 | 94
2009 | 95
2010 |
2011 |
2012 |
2013 |
2014 |
2015 |
2016 | 89
2017p | 99

p Preliminary
Source: NAIC’s Annual Statement data
Accident Year information is reported as of 12/31/2017
Includes dividends to policyholders

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WC Net Combined Ratios—
NCCI’s Accident Year Selections vs. As Reported

Private Carriers

Percent

<table>
<thead>
<tr>
<th>Year</th>
<th>NCCI Selections</th>
<th>As Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2009</td>
<td>100</td>
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</tr>
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<tr>
<td>2016</td>
<td>89</td>
<td>95</td>
</tr>
<tr>
<td>2017</td>
<td>91</td>
<td>99</td>
</tr>
</tbody>
</table>

Sources:
- As Reported: NAIC’s Annual Statement Schedule P—Part 1D data as of 12/31/2017
- NCCI Selections: NCCI’s analysis based on NAIC’s Annual Statement data

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WC Net Loss and LAE Ratios—
NCCI’s Accident Year Selections vs. As Reported

Private Carriers

Sources: As Reported: NAIC’s Annual Statement Schedule P—Part 1D data as of 12/31/2017
NCCI Selections: NCCI’s analysis based on NAIC’s Annual Statement data
As Reported Loss and LAE ratios are net of tabular reserve discounts and gross of nontabular reserve discounts

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WC Net Loss and LAE Reserve Deficiencies

Private Carriers

2017 Tabular Discount Is $4.3 Billion

(33% of CY Total Reserves)

$ Billions

Year-End Valuation

Source: NCCI’s analysis based on NAIC’s Annual Statement Schedule P—Part 1D data at year-end valuations
Considers all reserve discounts as deficiencies

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Emergence of Reported WC Net Loss and LAE Ratios

Private Carriers

Percent

Years with **deficiencies** have developed **upward** over time

Years with **redundancies** have developed **downward** over time

Source: NAIC’s Annual Statement Schedule P—Part 1D data at year-end valuations

As Reported Loss and LAE ratios are net of tabular reserve discounts and gross of nontabular reserve discounts

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WORKERS COMPENSATION
LOSS DRIVERS
WC Lost-Time Claim Frequency
Claims per $1M Pure Premium, Private Carriers and State Funds—NCCI States

Average Annual Change: -3.7%
(1997–2016)

2010 and 2011 adjusted primarily for significant changes in audit activity
p Preliminary, based on data valued as of 12/31/2017
Source: NCCI’s Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies;
   based on data through 12/31/2016
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; WV is excluded through 2011

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WC Lost-Time Claim Frequency

Average Annual Change 1992–1996

Average Annual Change 2012–2016

Source: NCCI’s Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2016

Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services

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**NCCI and BLS Measures of Lost-Time Claim Frequency**

Index 1981 = 100

Sources: US Bureau of Labor Statistics (BLS); incidence rate for total private industry; injury and illness cases involving days away from work
NCCI’s Frequency and Severity Analyses; lost-time claims based on the states where NCCI provides ratemaking services, including state funds; excludes high-deductible policies

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Distribution of Lost-Time Claims by Size

Claims less than the average size account for 75% of counts, but contribute 25% to losses.

Claims over $1M account for less than 0.5% of counts, but contribute 7% to losses.

Source: NCCI’s Unit Statistical Plan data; includes data for policies expiring between 2010 and 2015
Includes all states where NCCI provides ratemaking services
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Over the last 15 years, the number of claims under $1M has continued to decline, while the observed changes in larger claim sizes have been relatively more volatile.

Source: NCCI’s Financial Call data at 2nd report by Accident Year
Includes all states where NCCI provides ratemaking services, excluding TX and WV

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Indemnity Data Call (IDC)

Implementation Timeline

- **2018**: Approved by NCCI’s Board of Directors
- **2019**: Updates available on ncci.com
- **2020**: Start of IDC Collection

**Data Educational Program** to include IDC classes

Source: NCCI Circular IND-2018-02 “Indemnity Data Call—New Indemnity Data Call Resources—Available on ncci.com”

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WC Average Indemnity Claim Severity

Private Carriers and State Funds—NCCI States

Severity
($ Thousands)

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<th>Accident Year</th>
<th>WC Average Indemnity Claim Severity</th>
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<td>17p</td>
<td>$24.4</td>
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p Preliminary, based on data valued as of 12/31/2017
Sources: Severity: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; WV is excluded through 2007

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WC Average Indemnity Claim Severity
Private Carriers and State Funds—NCCI States

Cumulative Change in Indemnity Claim Severity (1997–2017p): +112%
Cumulative Change in Wage Inflation (1997–2017p): +81%

Accident Year

97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17p

p Preliminary, based on data valued as of 12/31/2017
Sources: Severity: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
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Changes in **indemnity claim severity** **outpaced** changes in **wage inflation** by **1.9% per year**, on average.

Indemnity claim severity and wages grew at a **similar rate**.

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**Relative Growth Rates—Indemnity Severity vs. Wage Inflation**

**Private Carriers and State Funds—NCCI States**

- Sources: Severity: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016.
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WC Average Indemnity Claim Severity

Average Annual Change 2012–2016, Private Carriers and State Funds—NCCI States

Source: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
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Includes all states where NCCI provides ratemaking services
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WC Average Medical Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States

Severity ($ Thousands)

Accident Year

97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17p

6.0% 4%

$28.8 $29.9

p Preliminary, based on data valued as of 12/31/2017
Source: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
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WC Average Medical Lost-Time Claim Severity
Private Carriers and State Funds—NCCI States

Cumulative Change in Medical Lost-Time Claim Severity (1997–2017p): +175%

Cumulative Change in the Personal Health Care Chain-Weighted Price Index (1997–2017p): +61%

p Preliminary, based on data valued as of 12/31/2017
Sources: Severity: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; WV is excluded through 2007
Personal Health Care (PHC) Chain-Weighted Price Index: Centers for Medicare & Medicaid Services
Medical lost-time claim severity grew approximately 4.5% per year faster than medical care prices.

Change in Medical lost-time claim severity and medical care prices tracked one another.

Sources:
- Severity: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
- Values displayed reflect the methodology underlying the most recent rate/loss cost filing
- Includes all states where NCCI provides ratemaking services; WV is excluded through 2007
- Personal Health Care (PHC) Chain-Weighted Price Index: Centers for Medicare & Medicaid Services

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Source: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2016
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Utilization of Opioids
The Decline in Prescribed Opioids in Workers Compensation

In **2012**, approximately **55%** of WC claimants with a prescription were prescribed an **opioid**

By **2016**, that share **decreased** to about **45%**

Source: NCCI’s Medical Data Call, Service Years 2012 and 2016
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Workers Compensation Summary

On One Hand

- **Investment income** remained **below** the long-term average
- **Loss costs** continued to **decrease**
- **Net written premium** for private carriers **declined** slightly
- **Lost-time claim frequency** **fell** again

On the Other Hand

- **Combined ratio** **improved** to the lowest level in over half a century
- **Payroll** continued to **increase**
- **Reserve position** continued to **strengthen**
- **Severity increases** remained moderate
WHAT’S NEXT?

RESEARCH

Opioids—Killer Pain Relief
Marijuana—The Move to Schedule II
Impact of Provider Networks on Workers Compensation Medical Costs

ncci.com

Indemnity Data Call Implementation
Aggregate Loss Factors (ALF) on Demand
WC Motor Vehicle Accident Research
QUESTIONS AND MORE INFORMATION

MEET THE EXPERTS
Immediately following this session

RESOURCES FOR THE STATE OF THE LINE PRESENTATION

Full presentation on ncci.com
State of the Line Guide on ncci.com
stateoftheline@ncci.com