

# Industry Drill Down— The Next Level

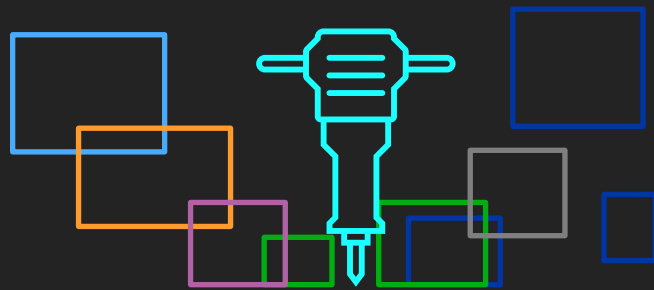
**Sandra Kipust, FCAS, MAAA**

Senior Practice Leader and Actuary  
NCCI

**Amanda Glish, FCAS, MAAA**

Director and Actuary  
NCCI





Why

**Drill**

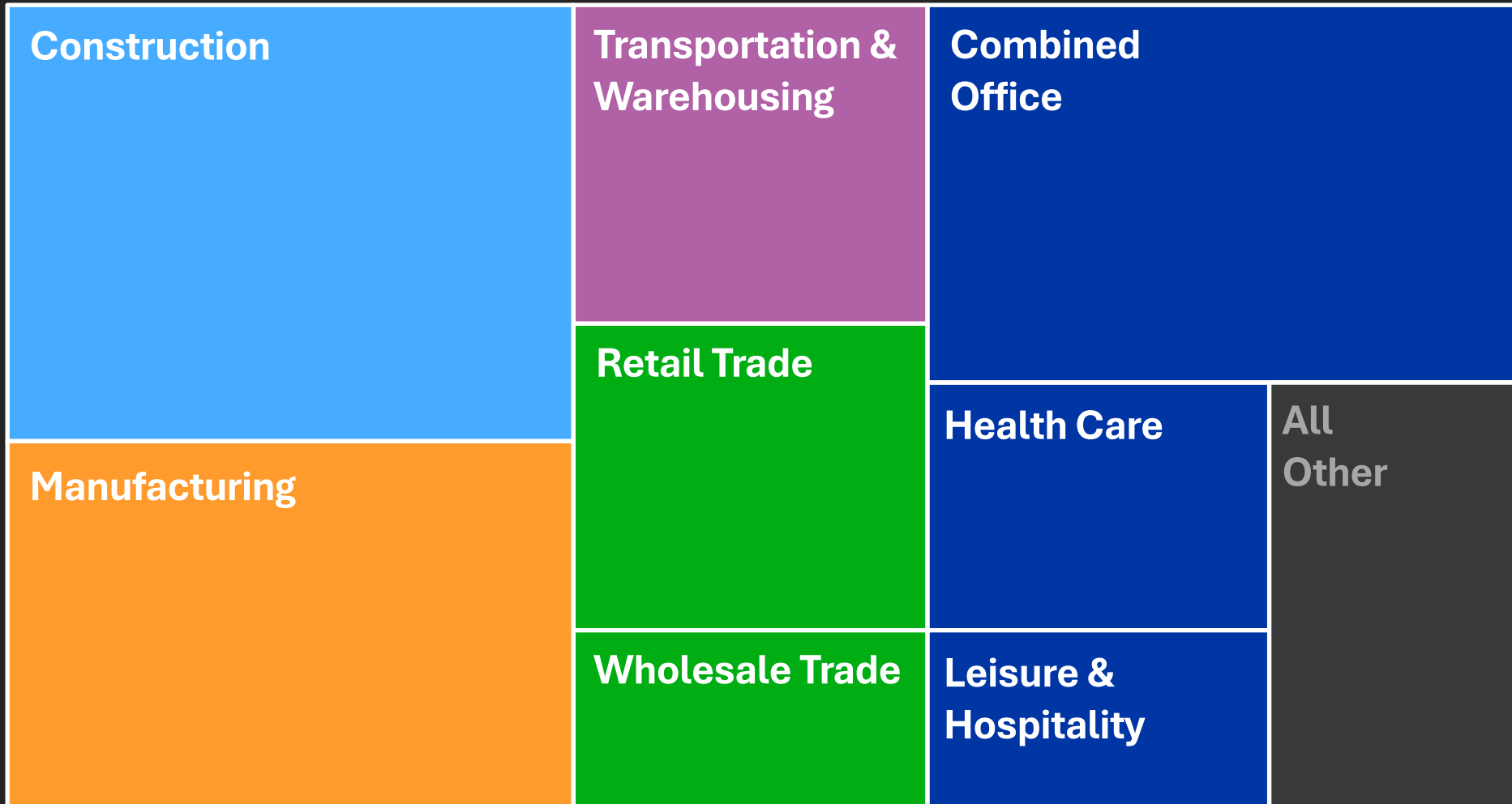
Into

Industry Trends?

Utilize NAICS  
codes reported in  
Policy Data

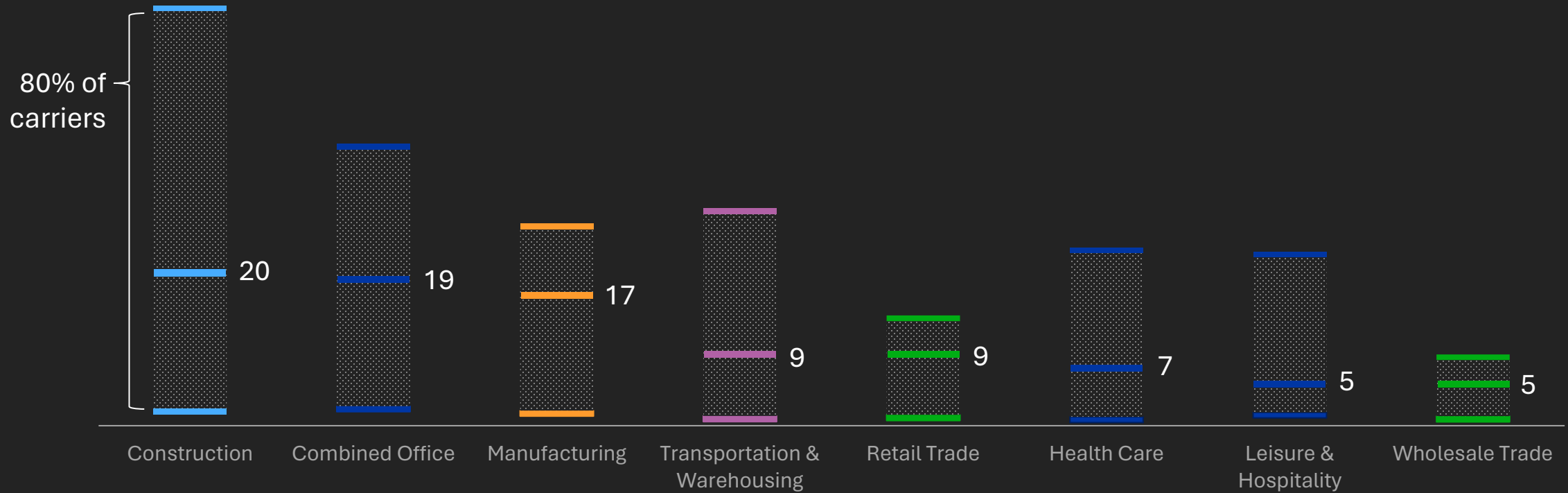
Understand trends at  
the level the industry  
writes business

# Workers Compensation Represents a Diverse Set of Industries

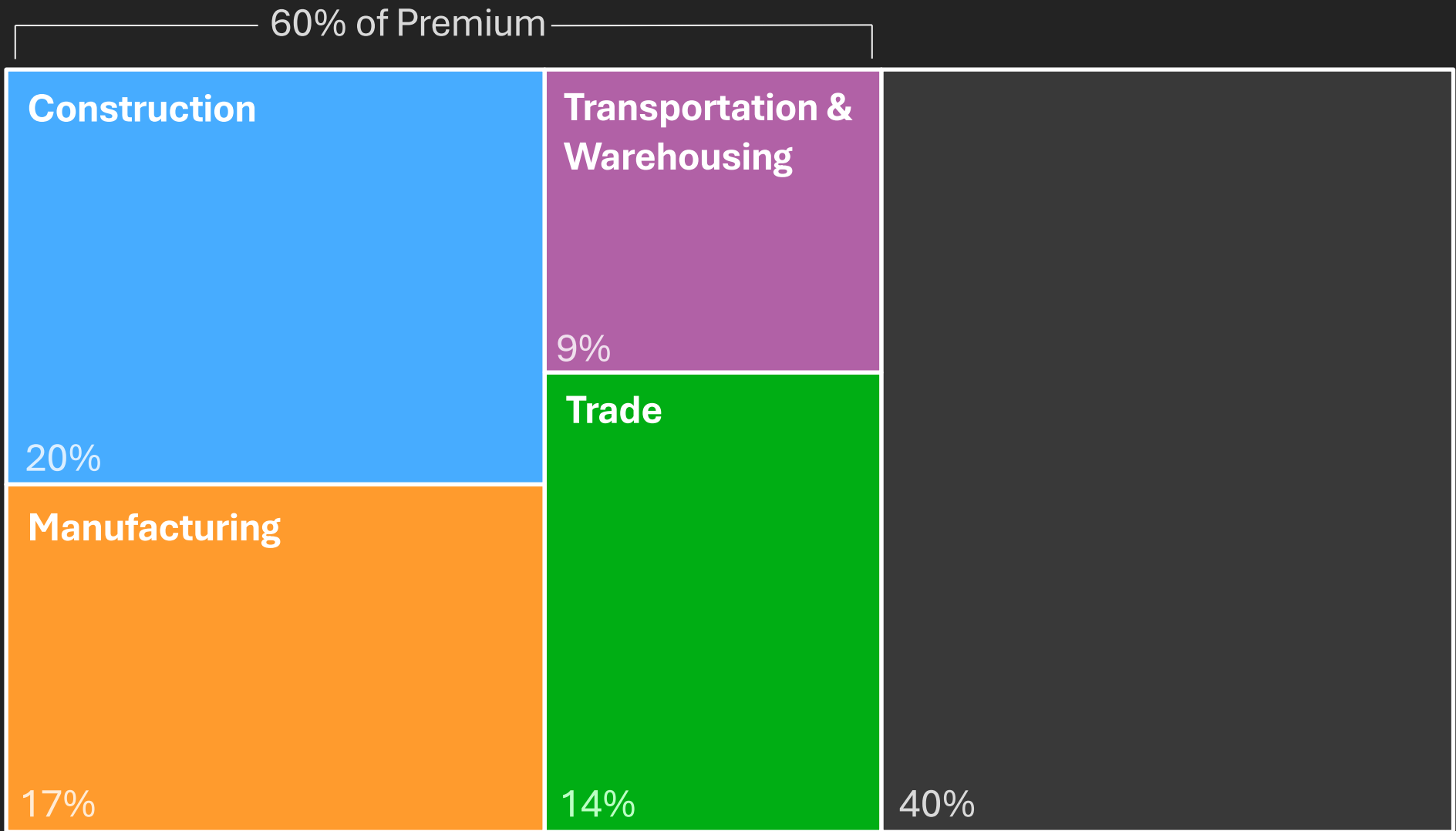


# Carrier Premium Shares Show More Variation by Industry

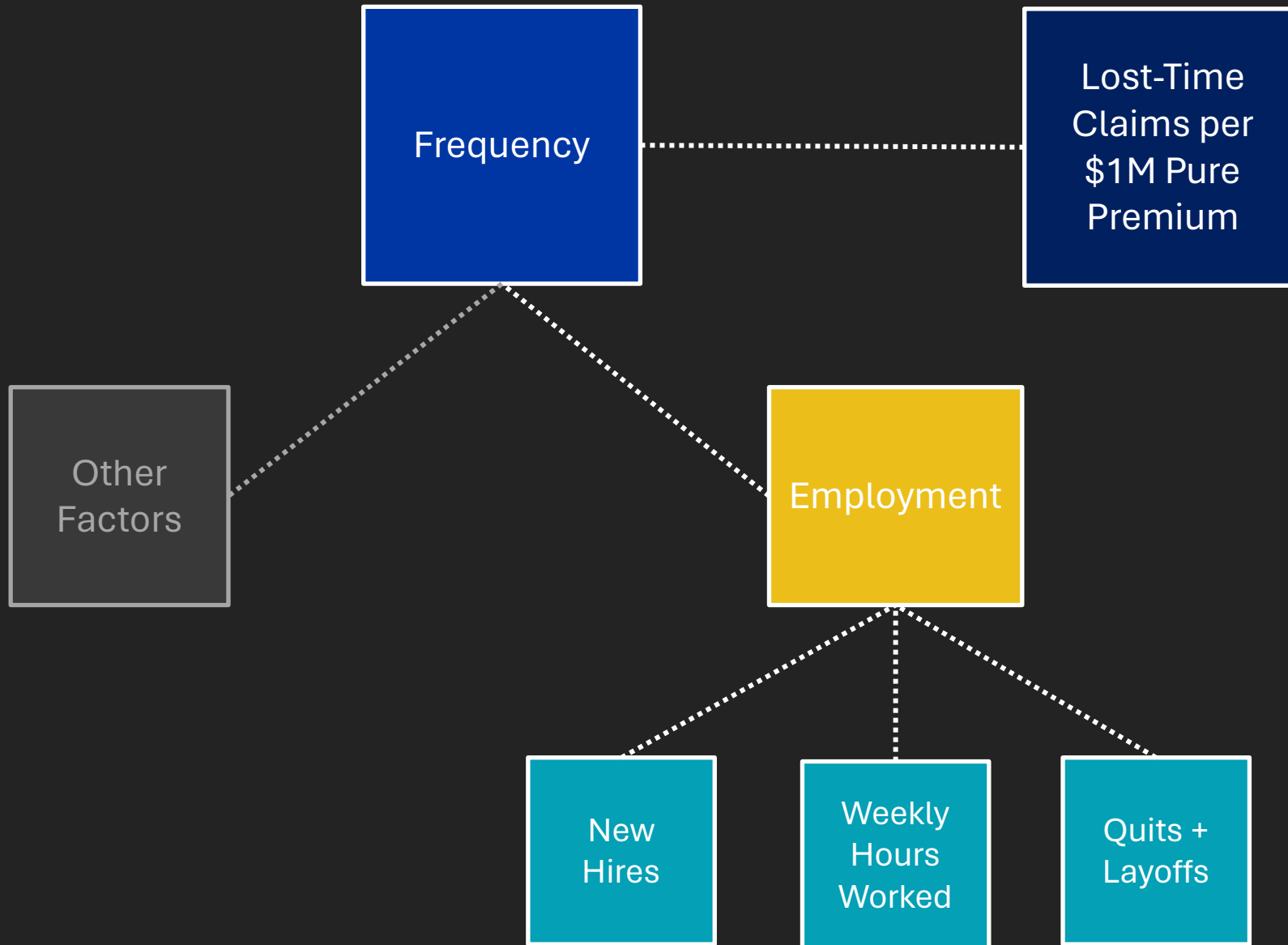
Calendar Year 2021—NCCI States; Percent Shares



Source: Based on manual premium as reported in NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data  
Includes all states where NCCI provides ratemaking services and high-deductible policies are included

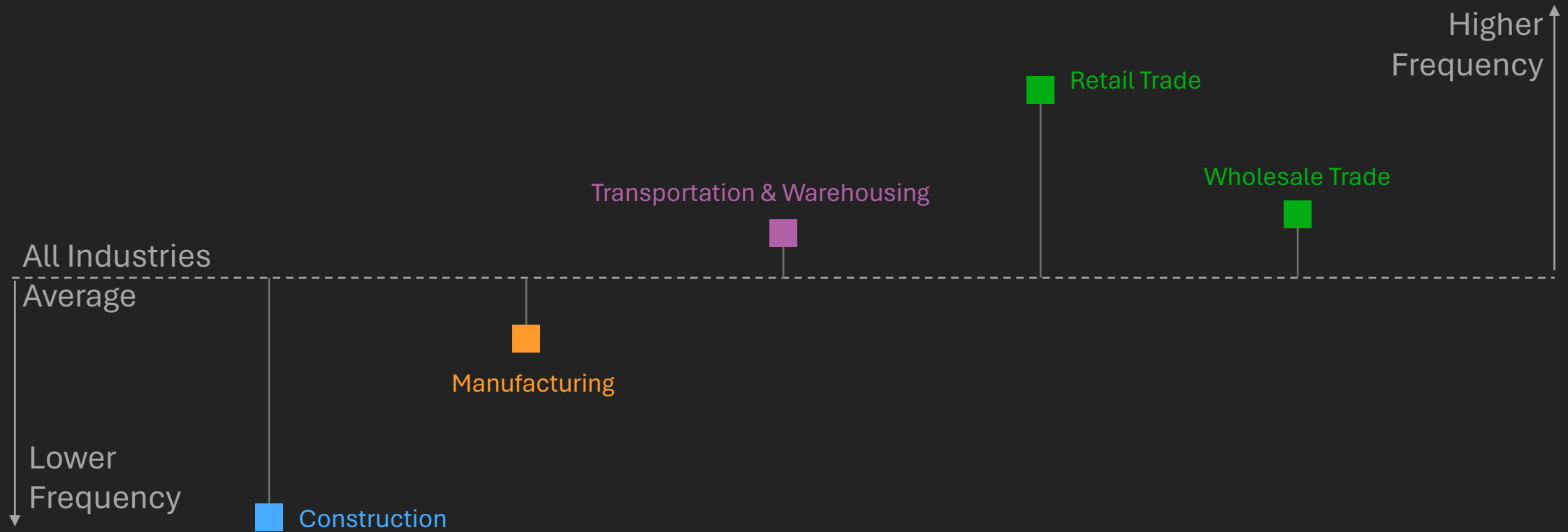


Source: Based on Calendar Year 2021 manual premium as reported in NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data Includes all states where NCCI provides ratemaking services and high-deductible policies are included



# Average Lost-Time Claim Frequency by Industry

Accident Years 2015–2022p



p Preliminary

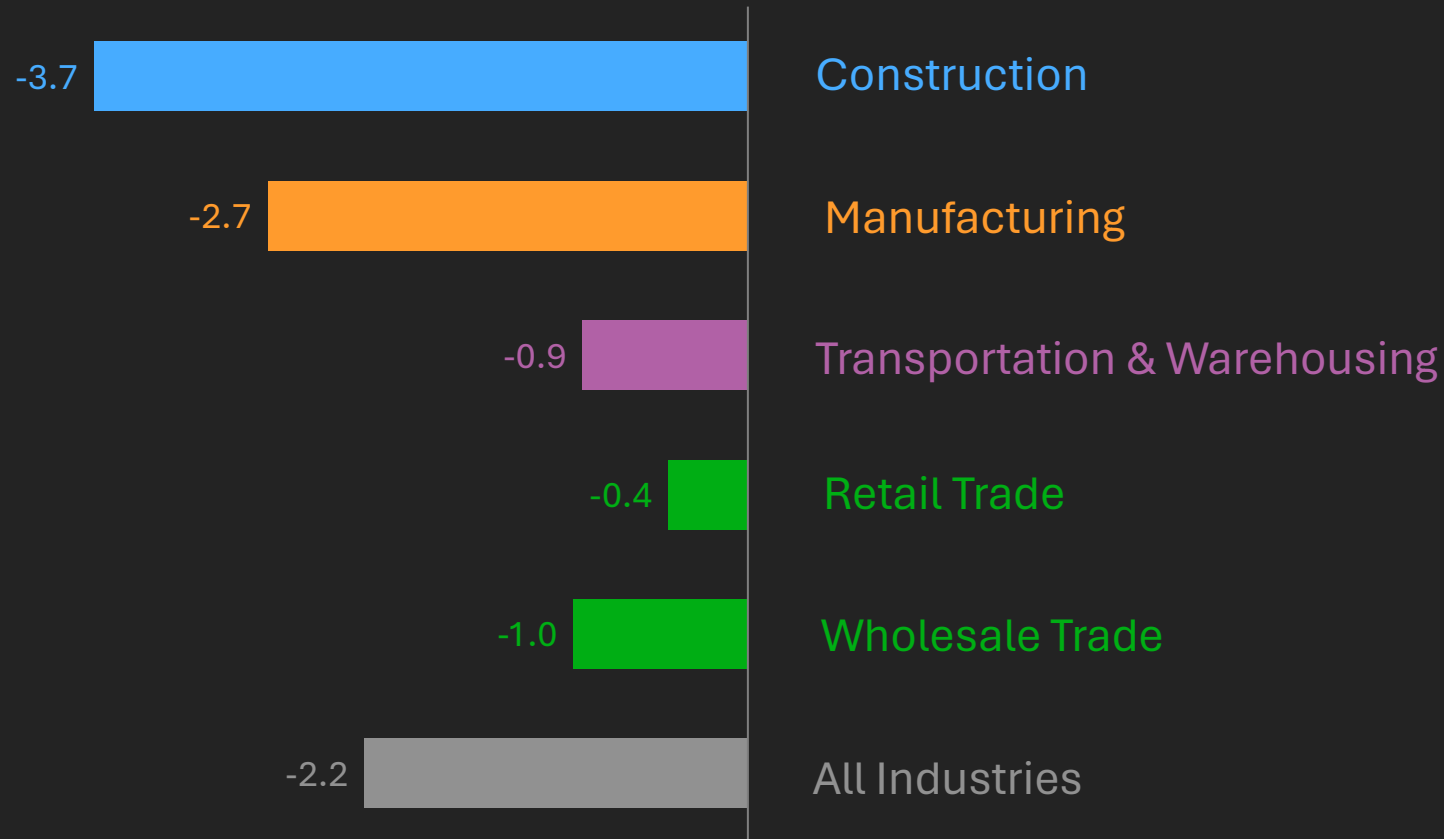
Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

# Frequency Is Declining Across All Industries

Average Annual Changes; Accident Years 2015–2022p



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

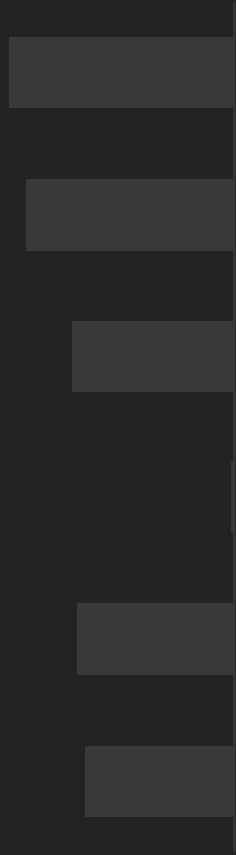
Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)



# Recent Frequency Changes by Industry Tell a Nuanced Story

Average Annual Changes; Accident Years 2015–2022p

Pre-COVID  
(2015–2019)



COVID and After  
(2019–2022p)

Construction

-4.3



Manufacturing

-2.0

Transportation & Warehousing

1.6

Retail Trade

-1.0

Wholesale Trade

1.3

All Industries

-2.0

p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

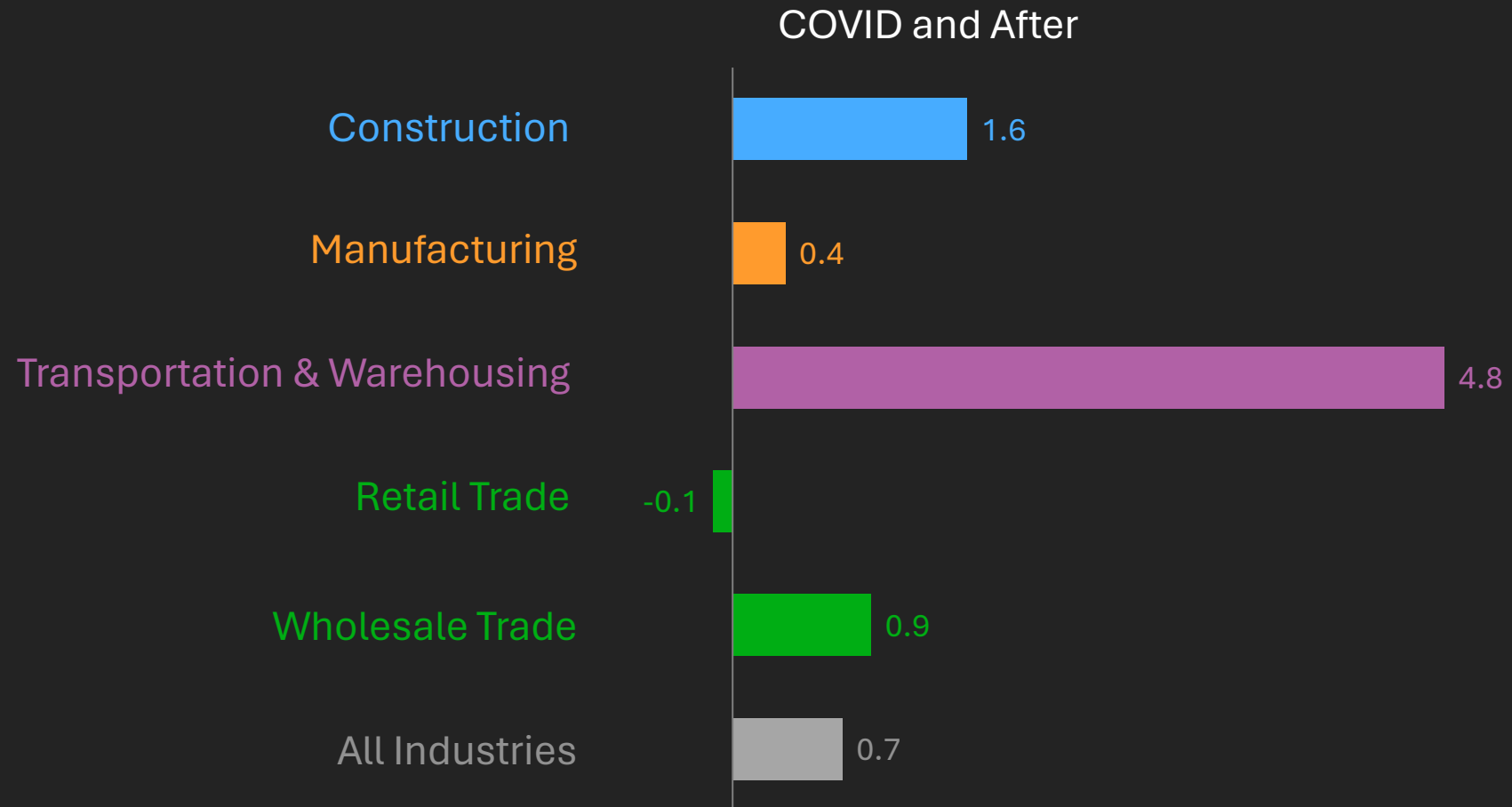
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Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Employment Changes May Explain Frequency Variation?

Average Annual Changes; Years 2019–2022



Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

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## Construction



20%

## Specialty Trade

69%

### Building Construction

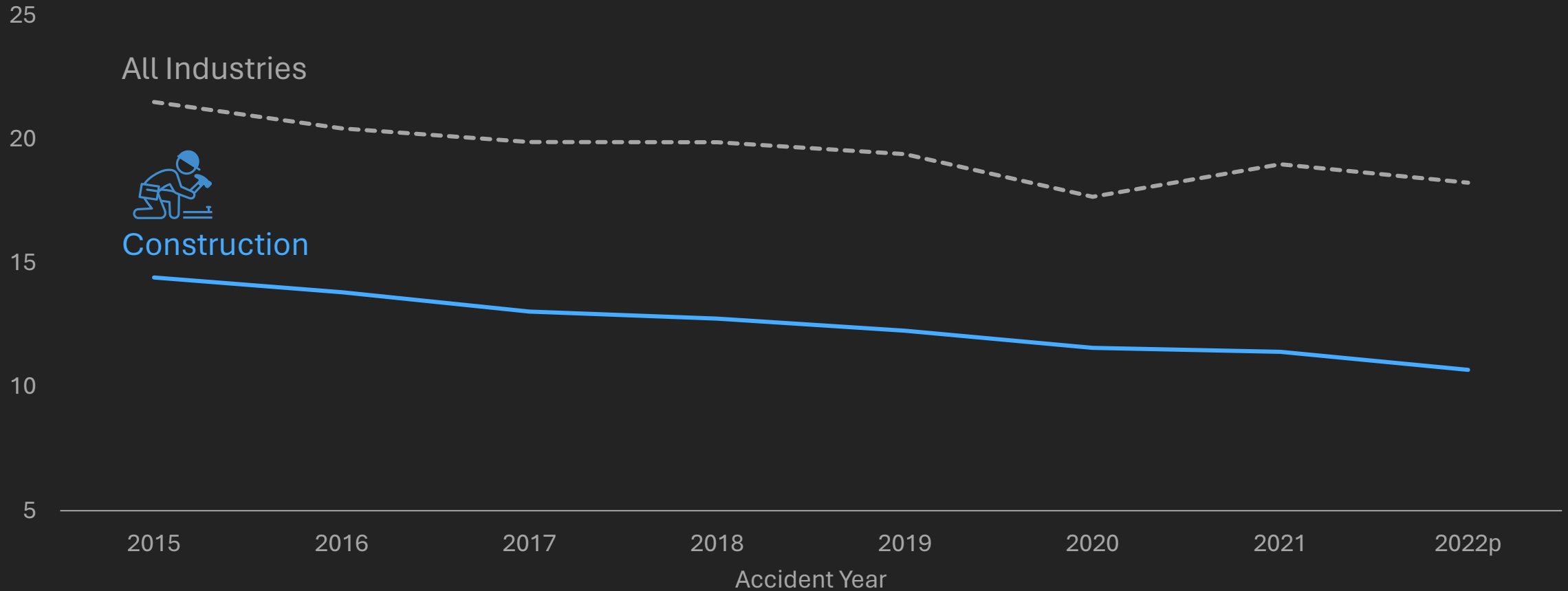
16%

### Heavy & Civil Engineering Construction

15%

# Construction Frequency Has Declined More Than All Industries

## Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

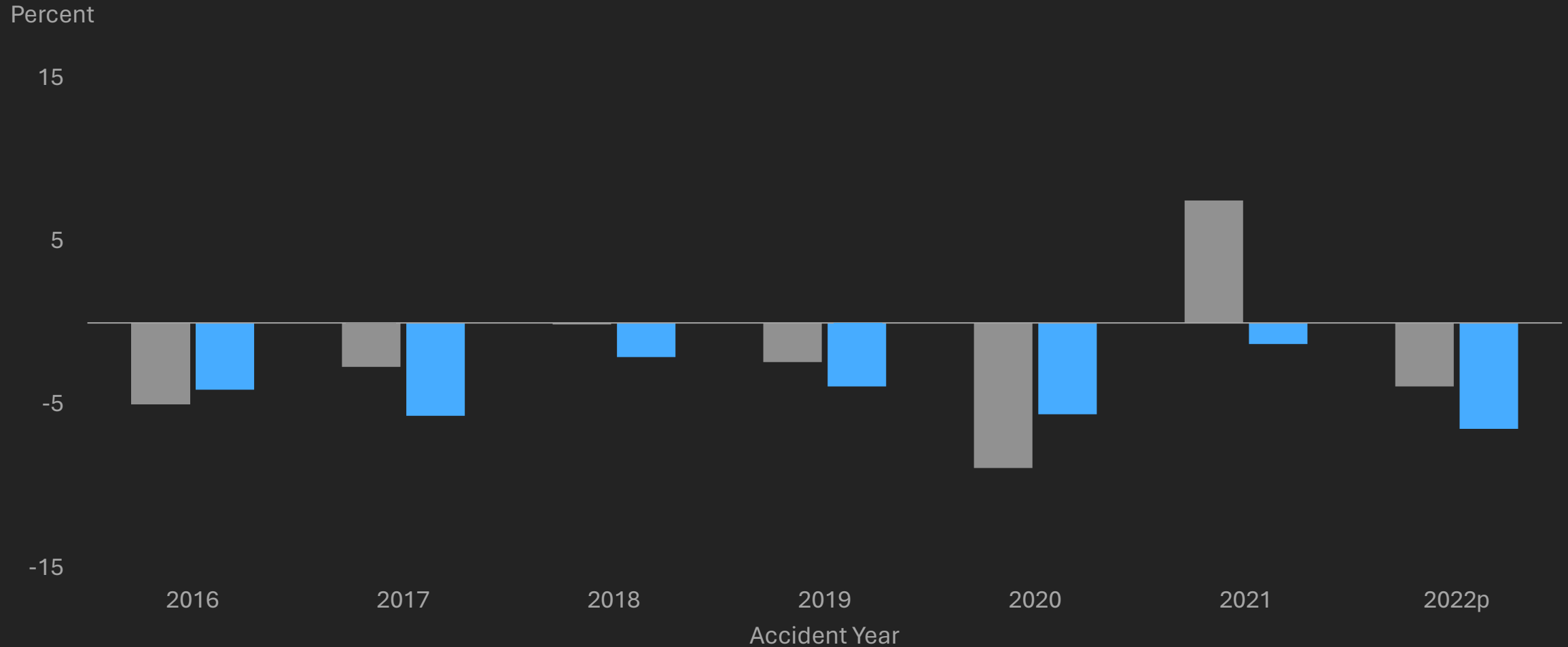
Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Construction Frequency Has Declined More Than All Industries

Annual Changes in Lost-Time Claim Frequency for All Industries and Construction



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

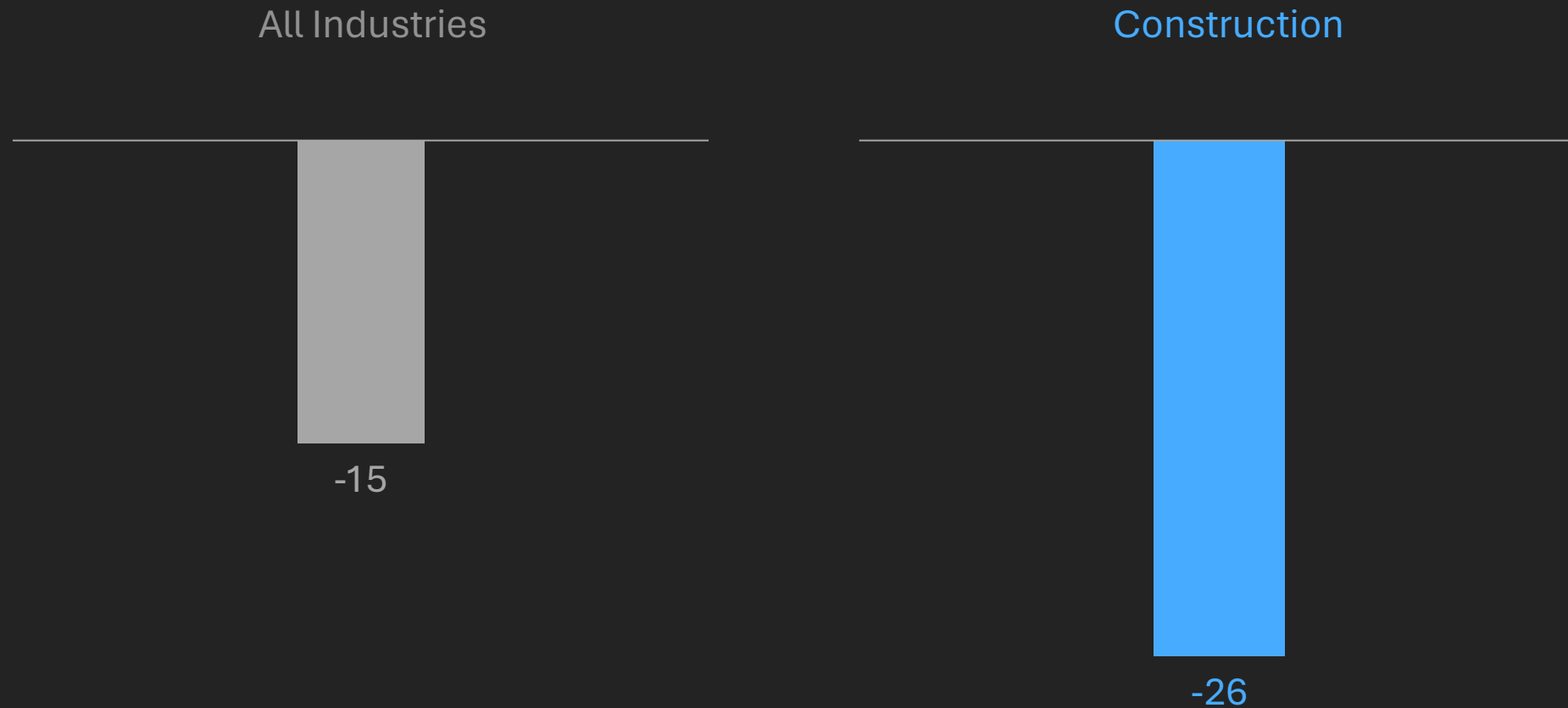
Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Construction Frequency Has Declined More Than All Industries

Cumulative Changes in Lost-Time Claim Frequency; Accident Years 2015–2022p



p Preliminary

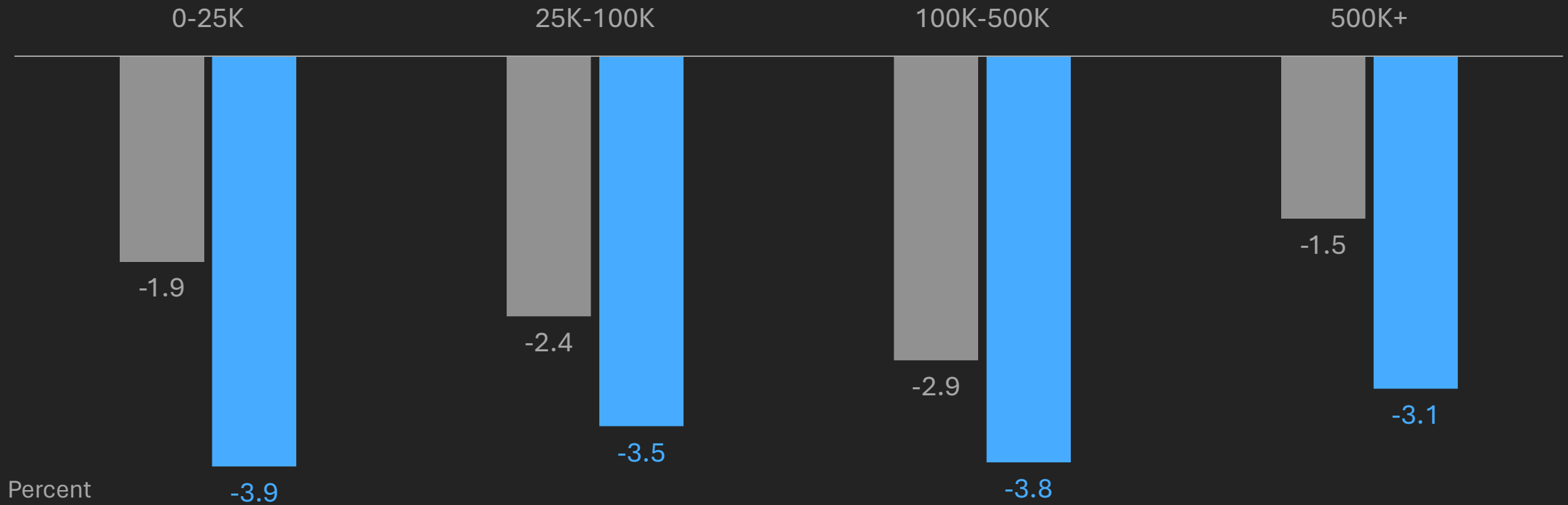
Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

# Construction Frequency Consistently Declines in All Claim Sizes

Average Annual Changes in Lost-Time Claim Frequency; Accident Years 2015–2022p  
All Industries and **Construction**



p Preliminary

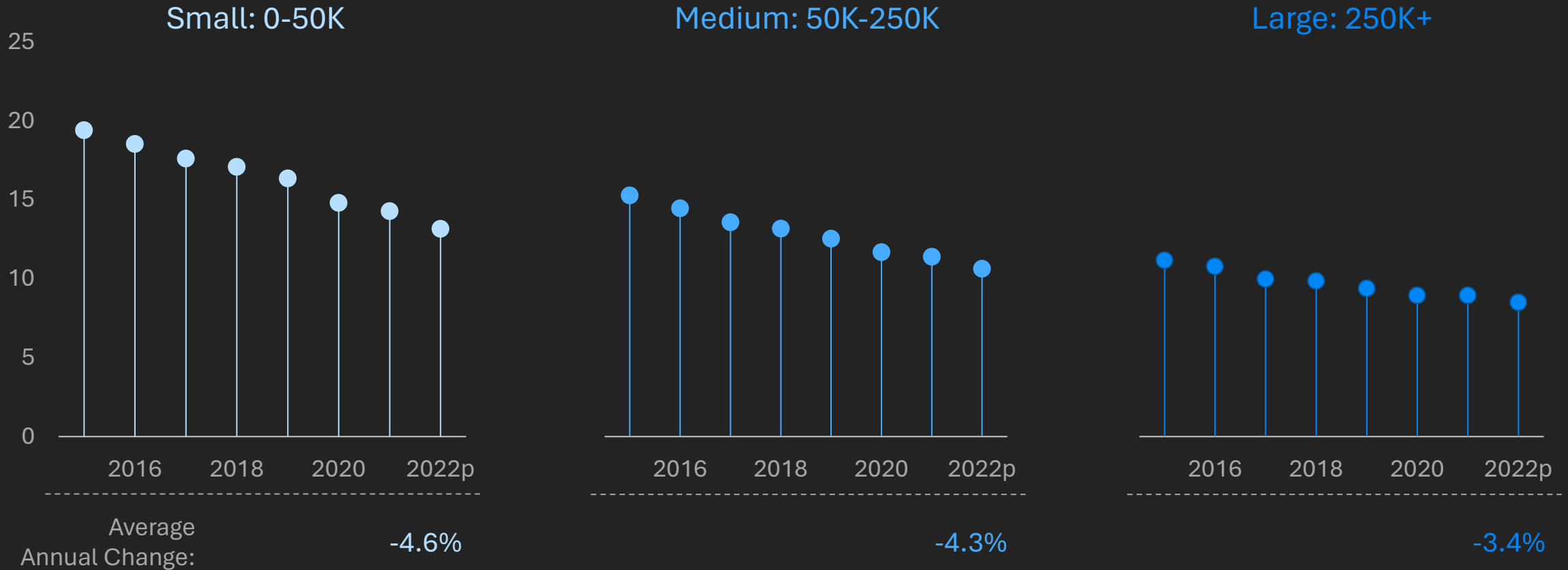
Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

# Frequency Patterns Vary Across Policies Sizes in Construction

Lost-Time Claim Frequency; Policies Grouped Based on Total Policy Manual Premium Size



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

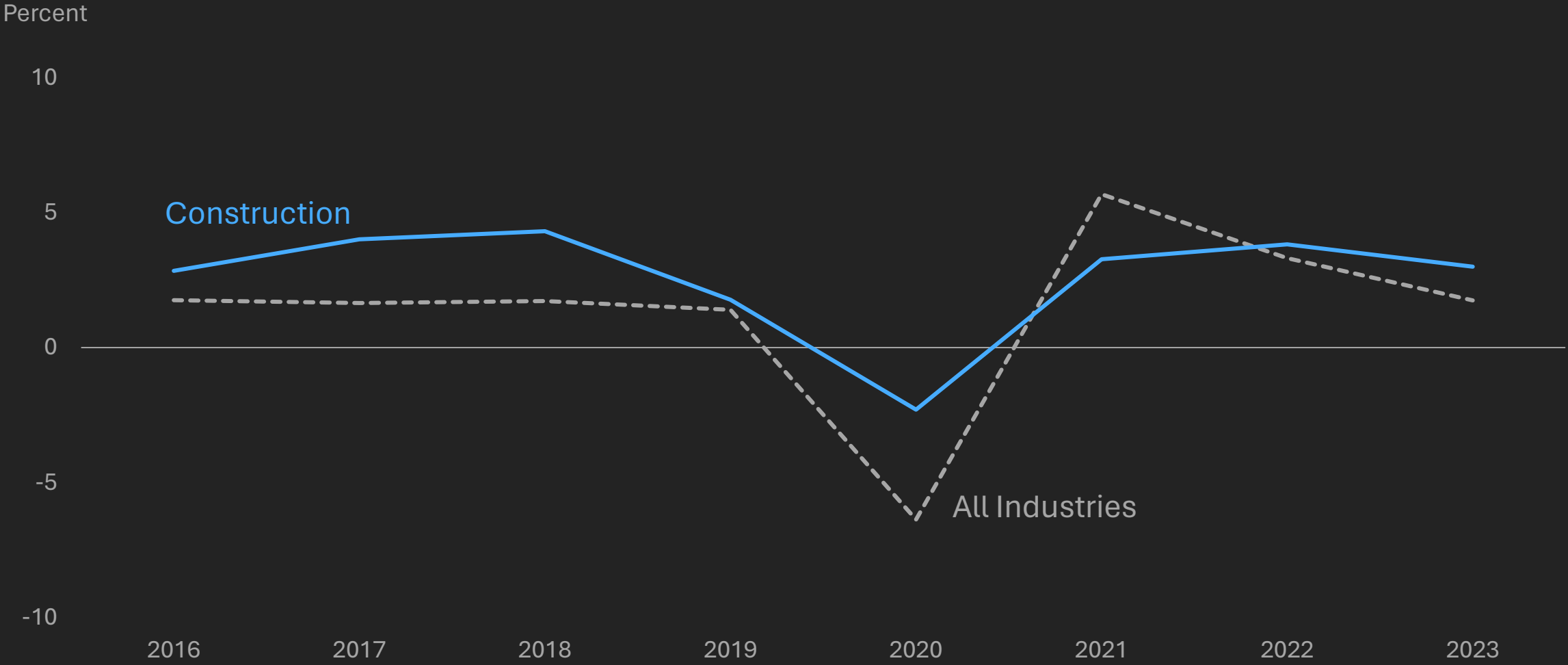
Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Strong Employment Growth in Construction

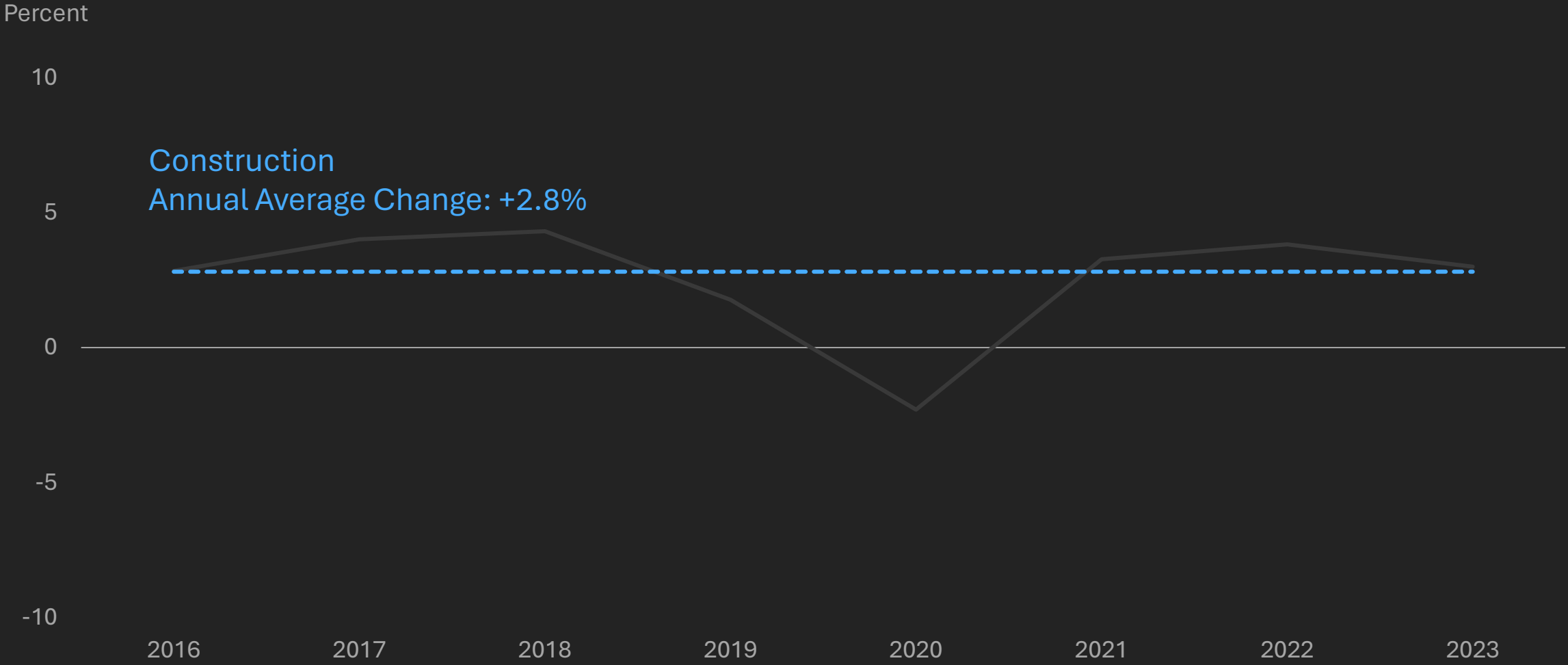
## Annual Employment Changes



Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

# Strong Employment Growth in Construction

## Annual Employment Changes

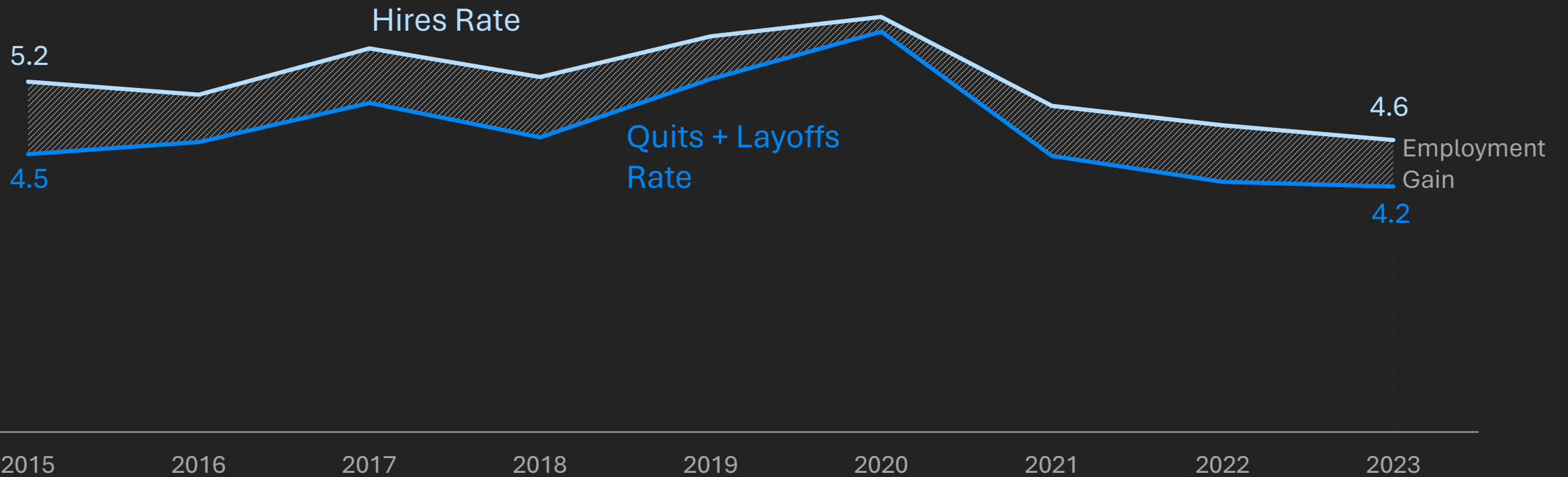


Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)



# Although Employment Grows, Tenure May Be Increasing

Average Rate of Hires, Quits, and Layoffs as a Percent of Employment in Construction



Source: US Bureau of Labor Statistics—Job Openings and Labor Turnover Survey (JOLTS)

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# Construction Claims Are Low Frequency, but High Severity

Lost-Time Claims; Average of Accident Years 2015–2022p



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

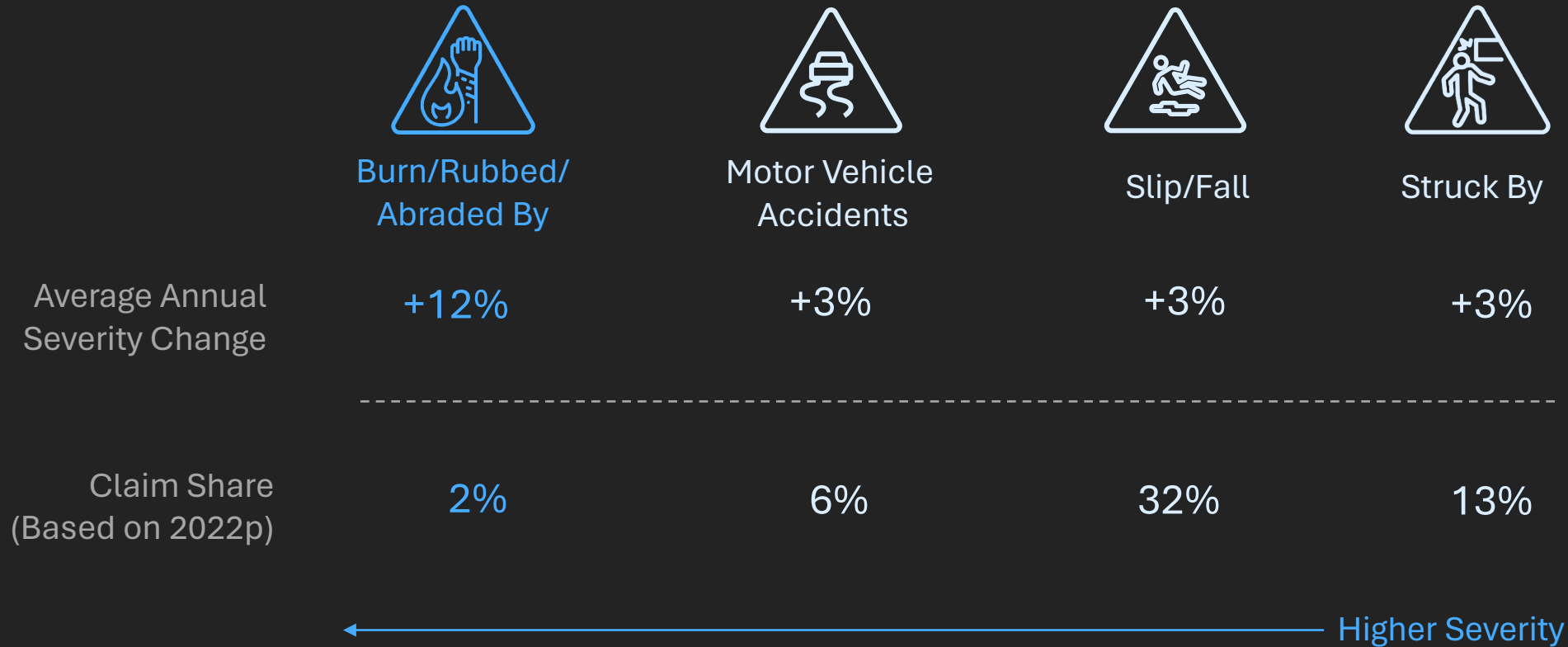
Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

Severity is valued at a first report and measured as total indemnity and medical paid plus case cost per lost-time claim

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# Highest Total Severity Claims by Injury Cause in Construction

Lost-Time Claims; Accident Years 2015–2022p



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

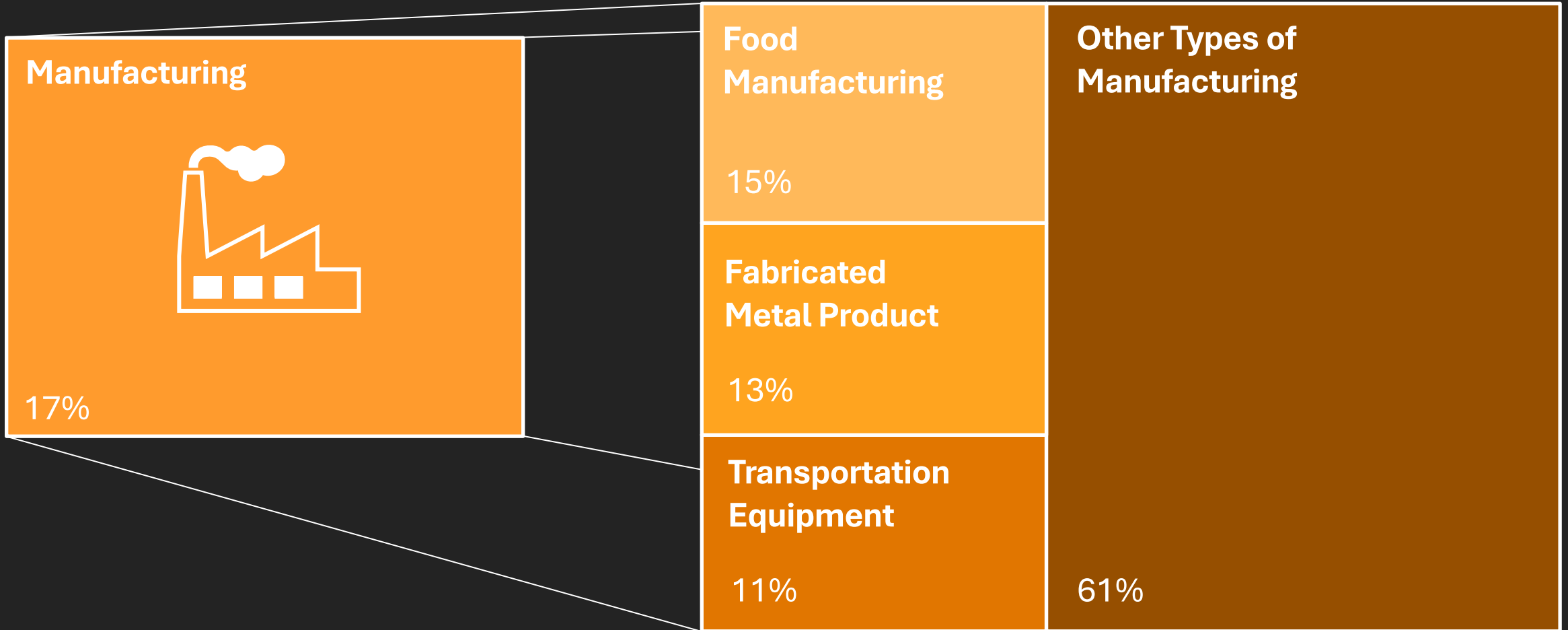
Severity is valued at a first report and measured as total indemnity and medical paid plus case cost per lost-time claim

## Construction



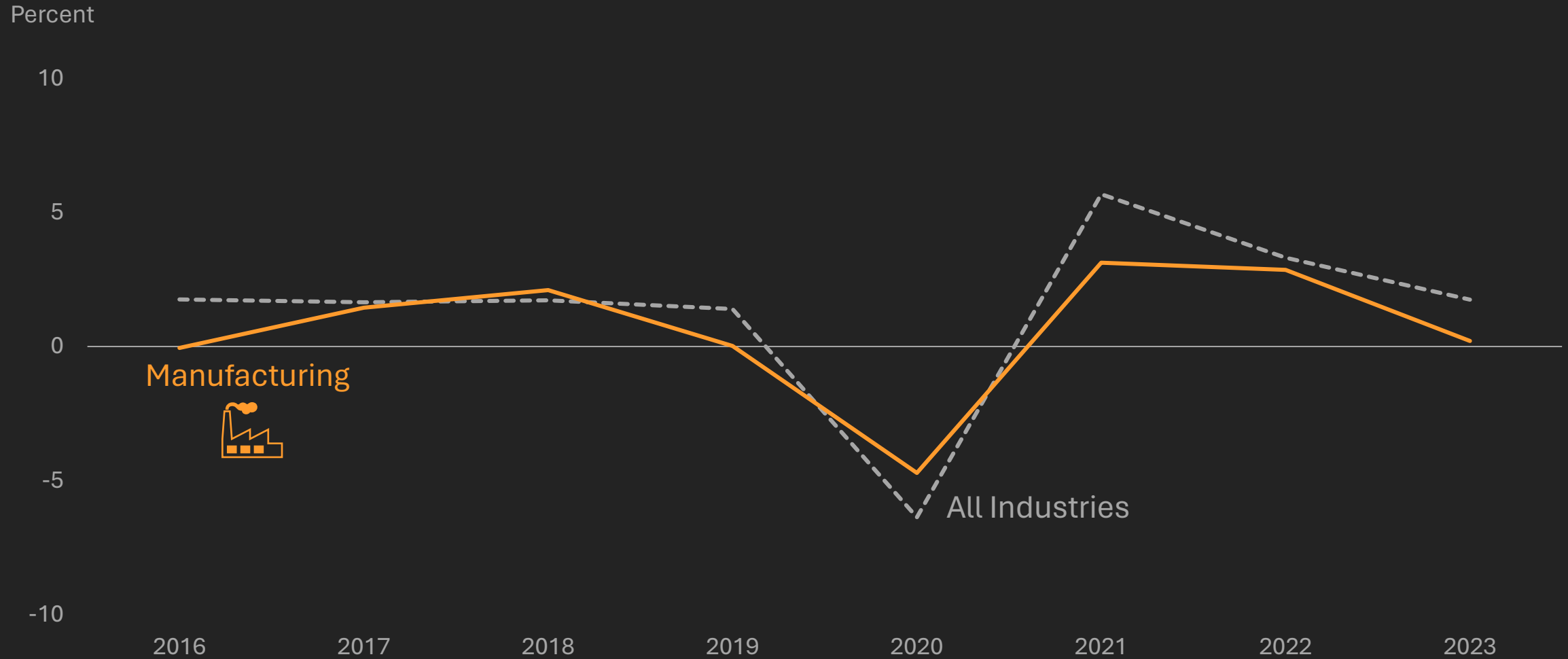
20%

**Construction** frequency  
decreasing nearly twice as  
fast as all industries



# Overall Manufacturing Employment Changes Are Moderate

## Annual Employment Changes

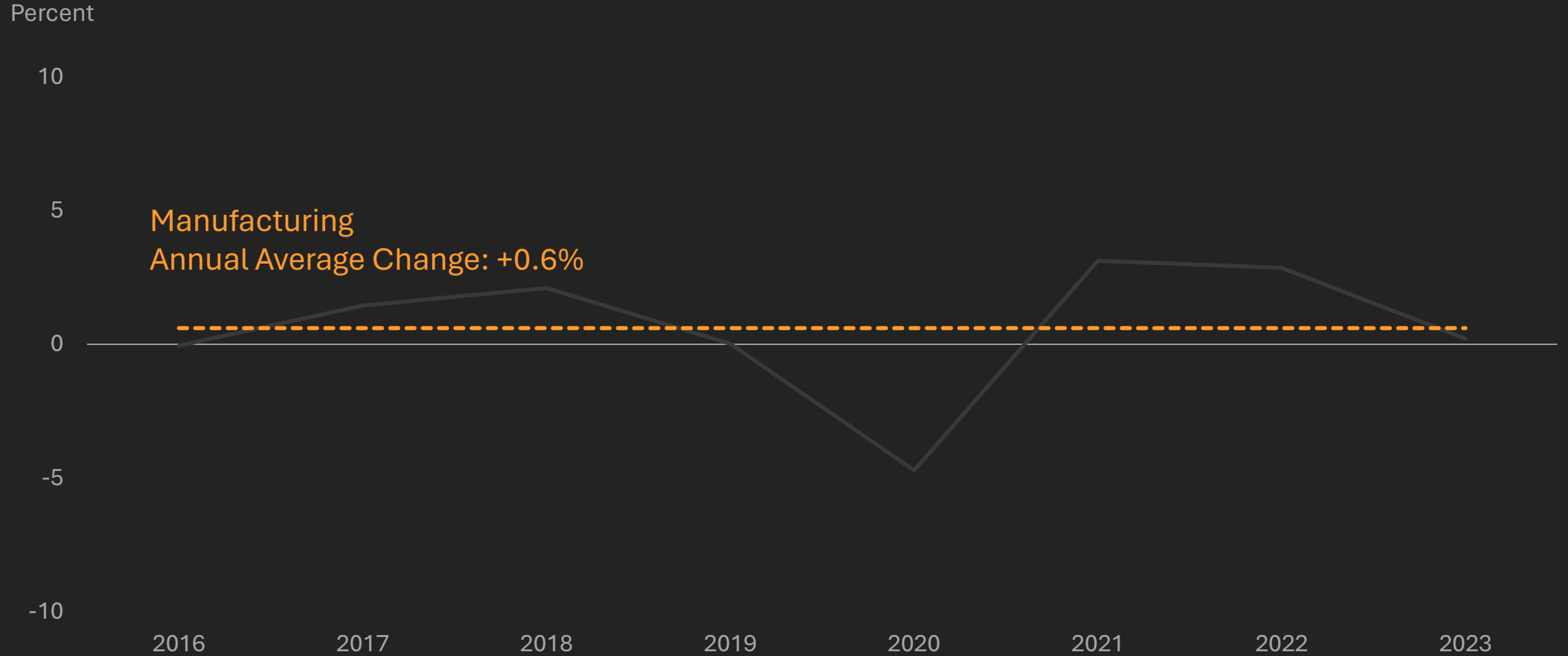


Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)



# Overall Manufacturing Employment Changes Are Moderate

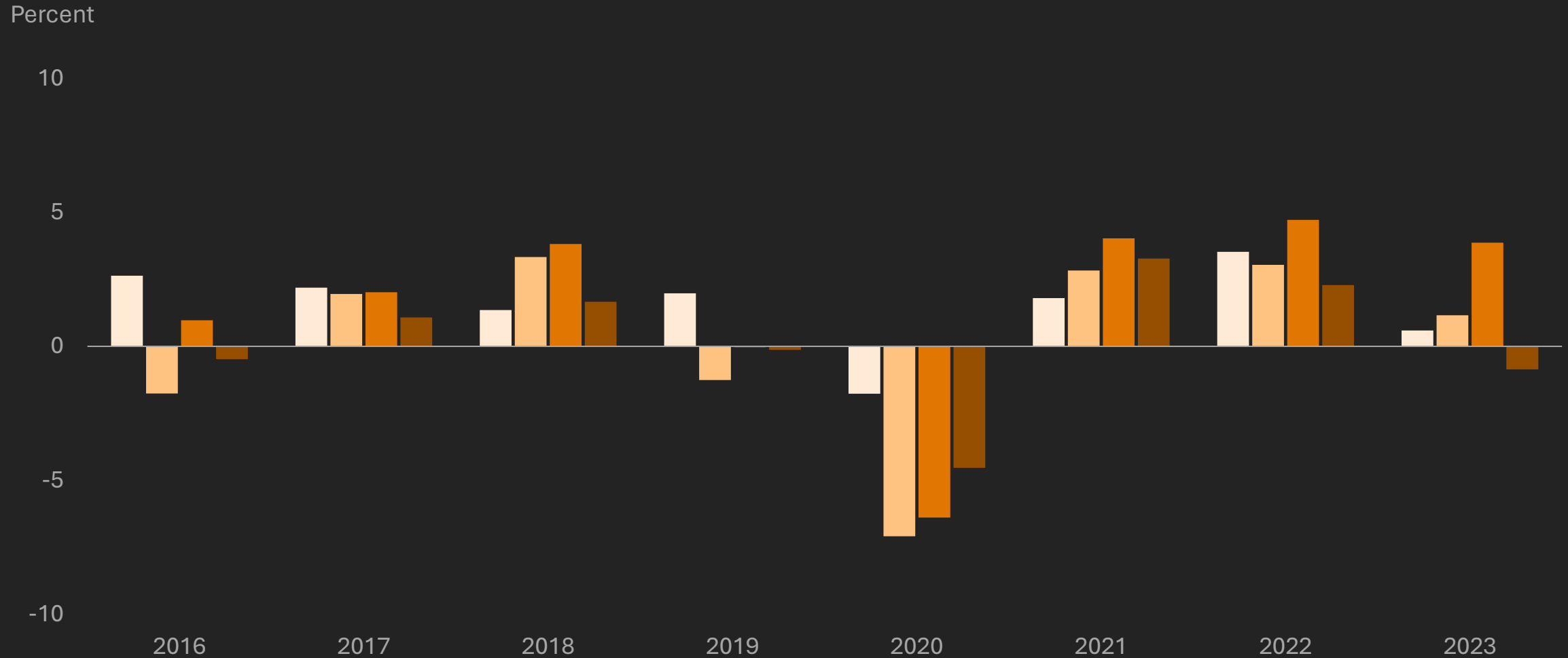
## Annual Employment Changes



Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

# More Variation in Employment Changes Across Subsectors

Annual Changes for Food Manufacturing, Fabricated Metal Product, Transportation Equipment, and All Other



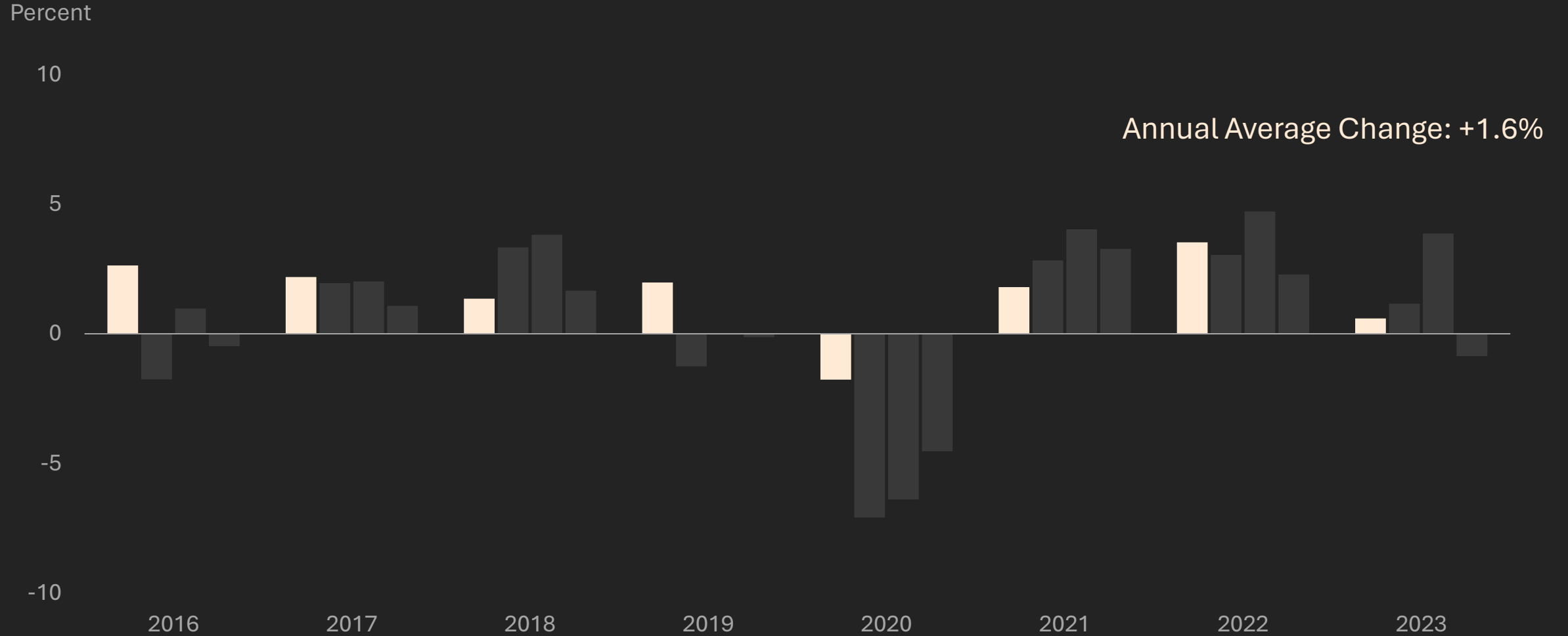
Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

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# Consistent Employment Growth in Food Manufacturing

## Annual Employment Changes



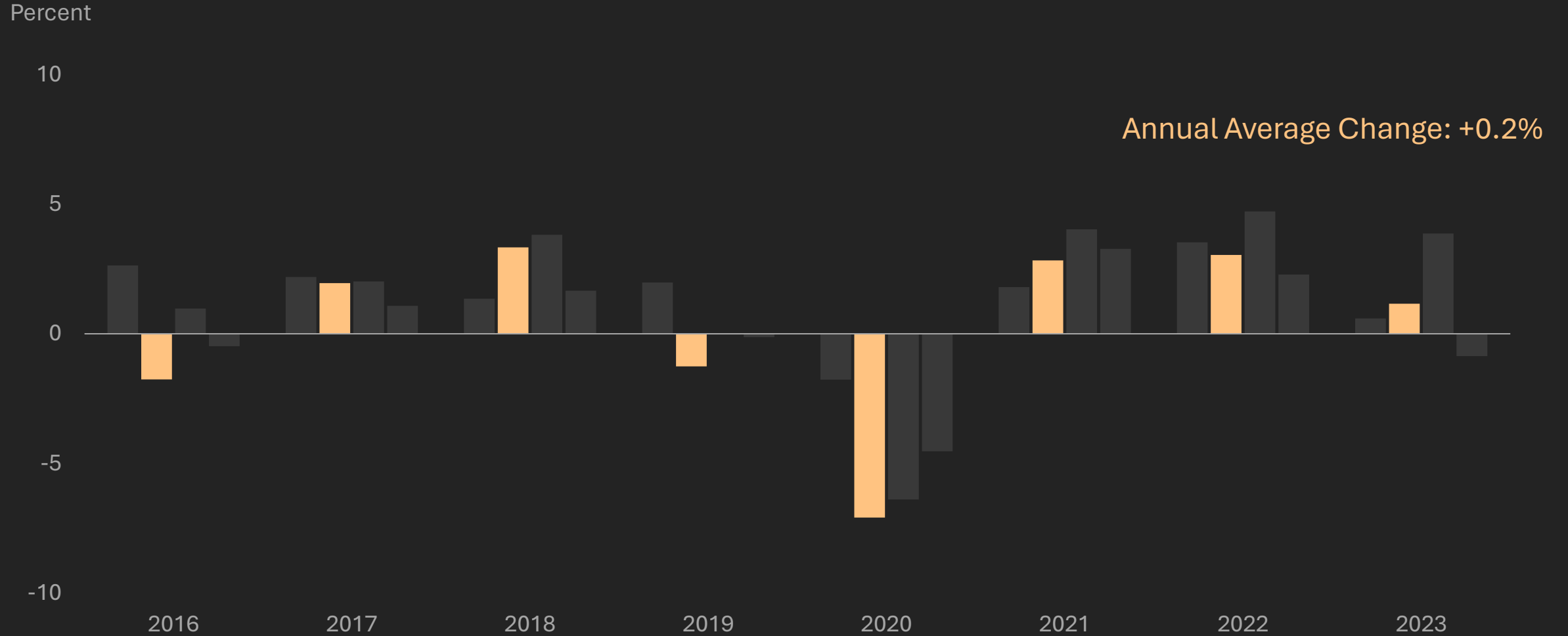
Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

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# Employment Is Flat in Fabricated Metal Product

## Annual Employment Changes



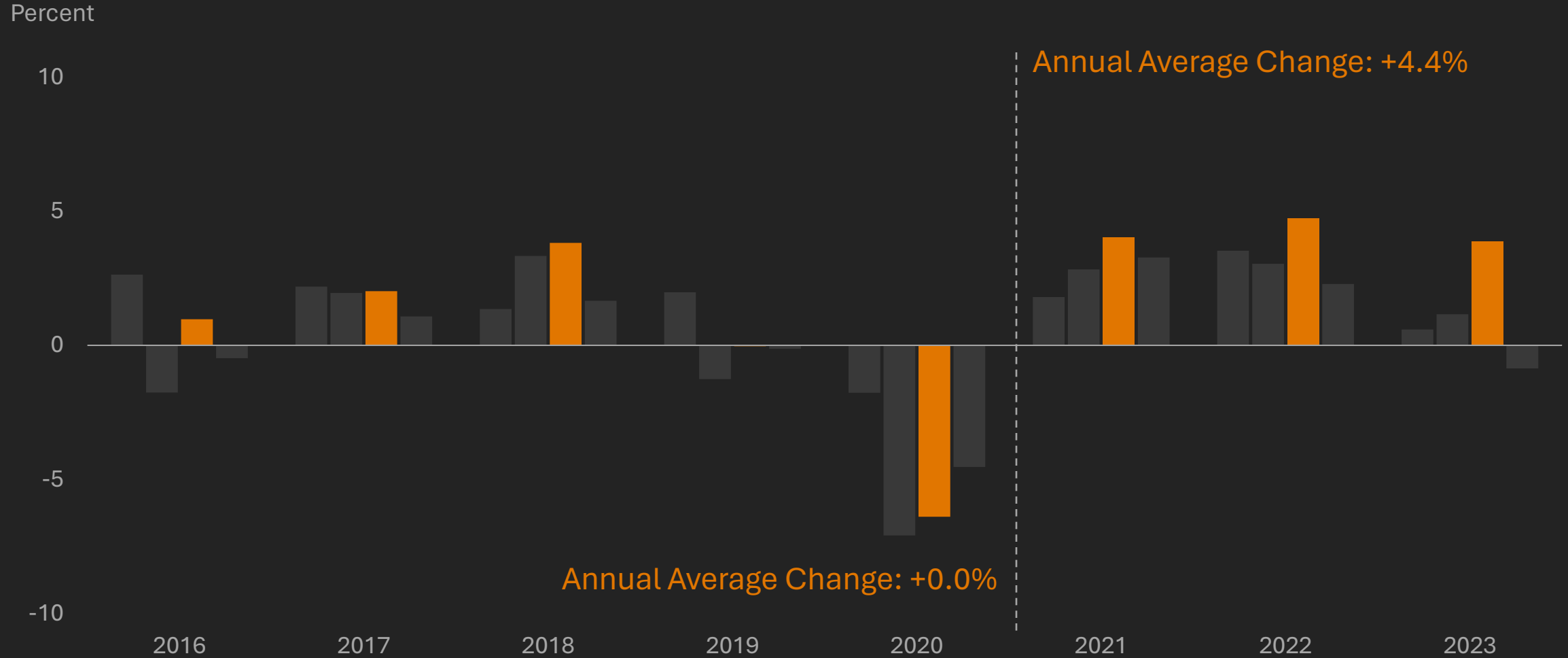
Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

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# Recent Employment Growth in Transportation Equipment

## Annual Employment Changes



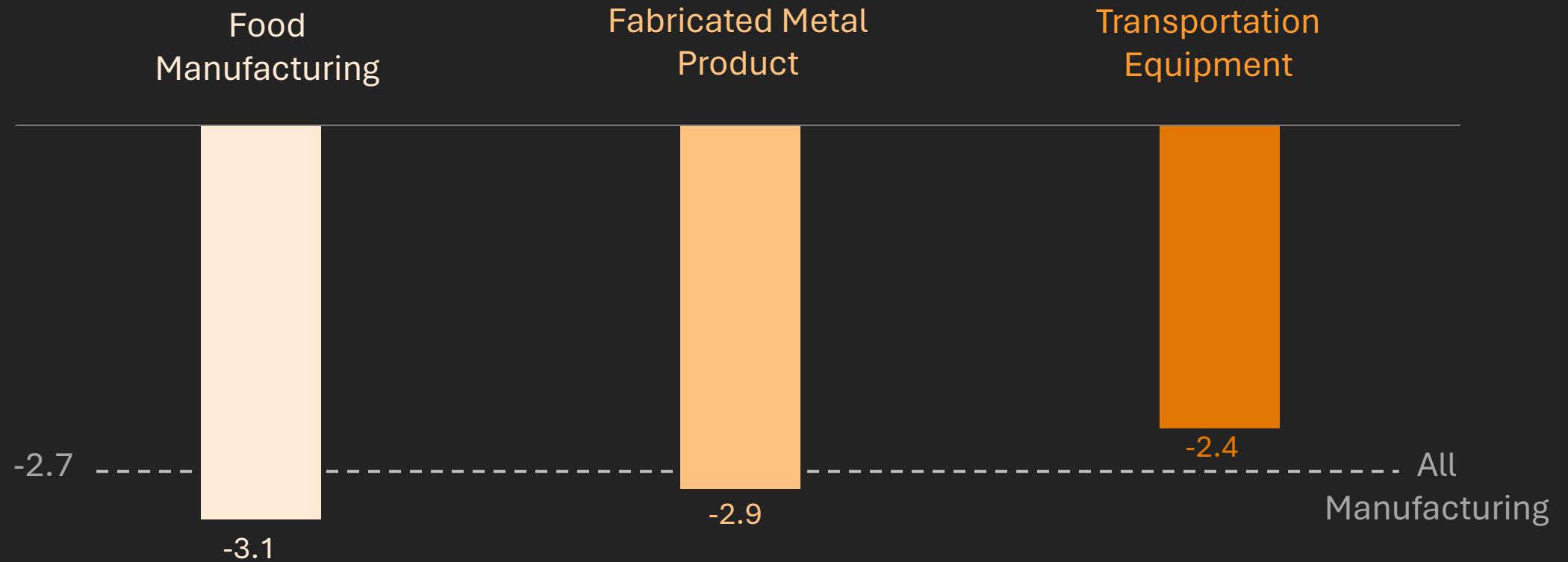
Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

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# Frequency Continues to Decrease Across All Manufacturing

Average Annual Changes in Lost-Time Claim Frequency; Accident Years 2015–2022p



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

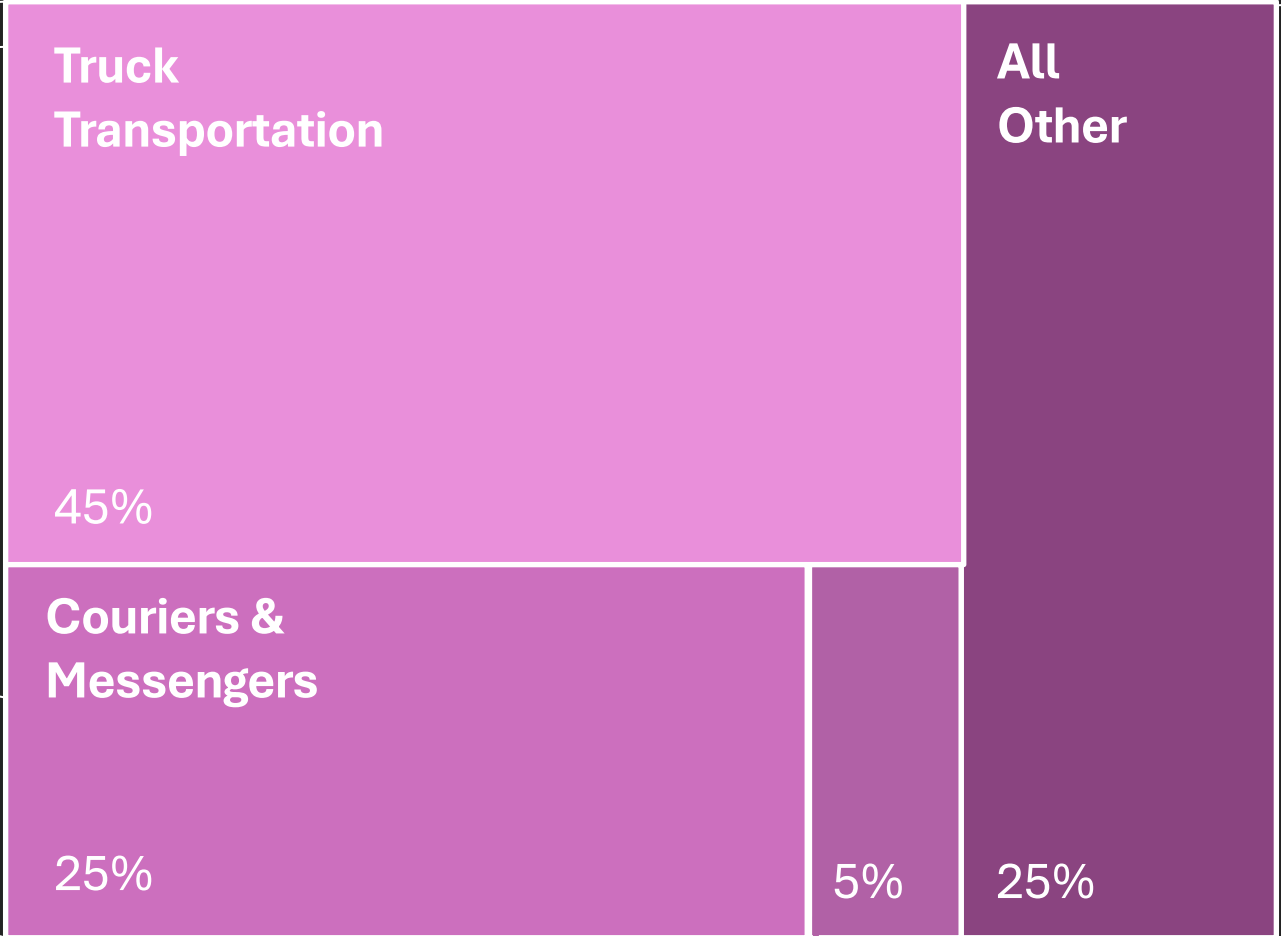
Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

## Manufacturing



17%

**Manufacturing** frequency  
resilient to employees  
switching types of  
manufacturing jobs

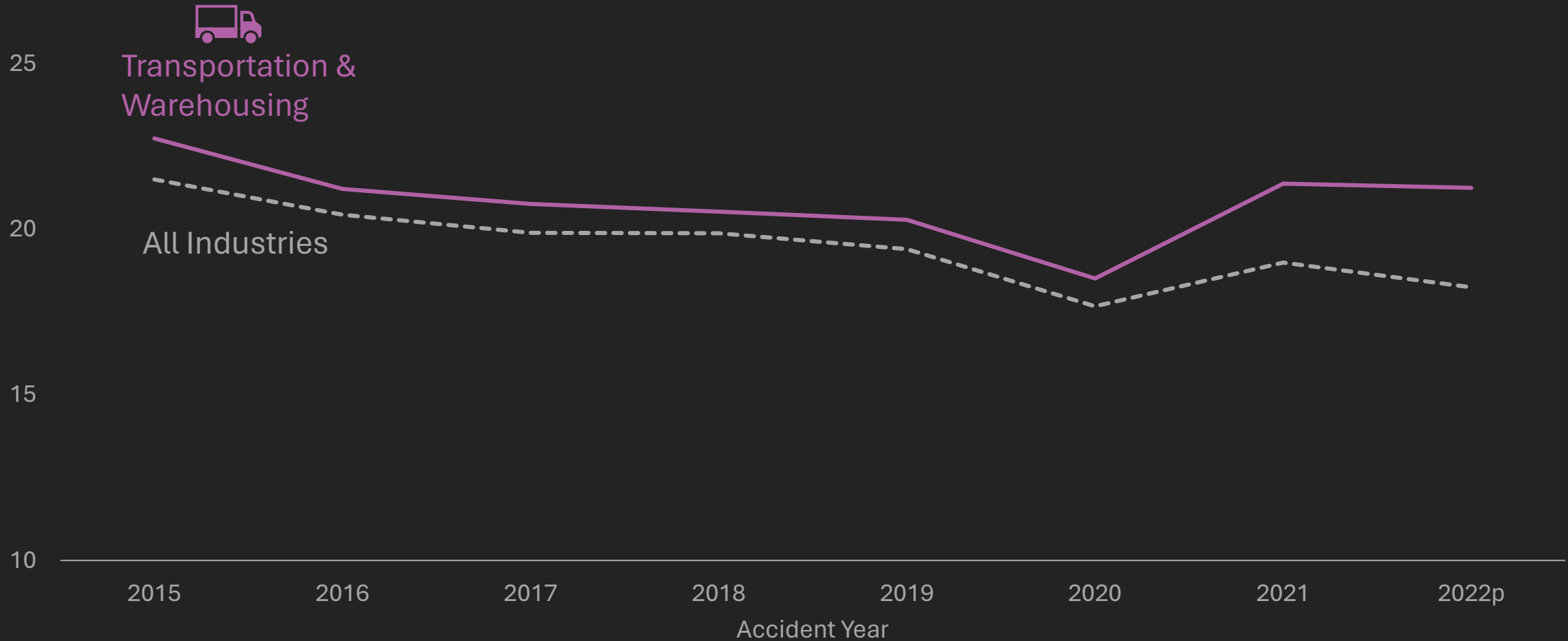


**Warehousing & Storage**



# Transportation & Warehousing Frequency Recently Increased

## Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

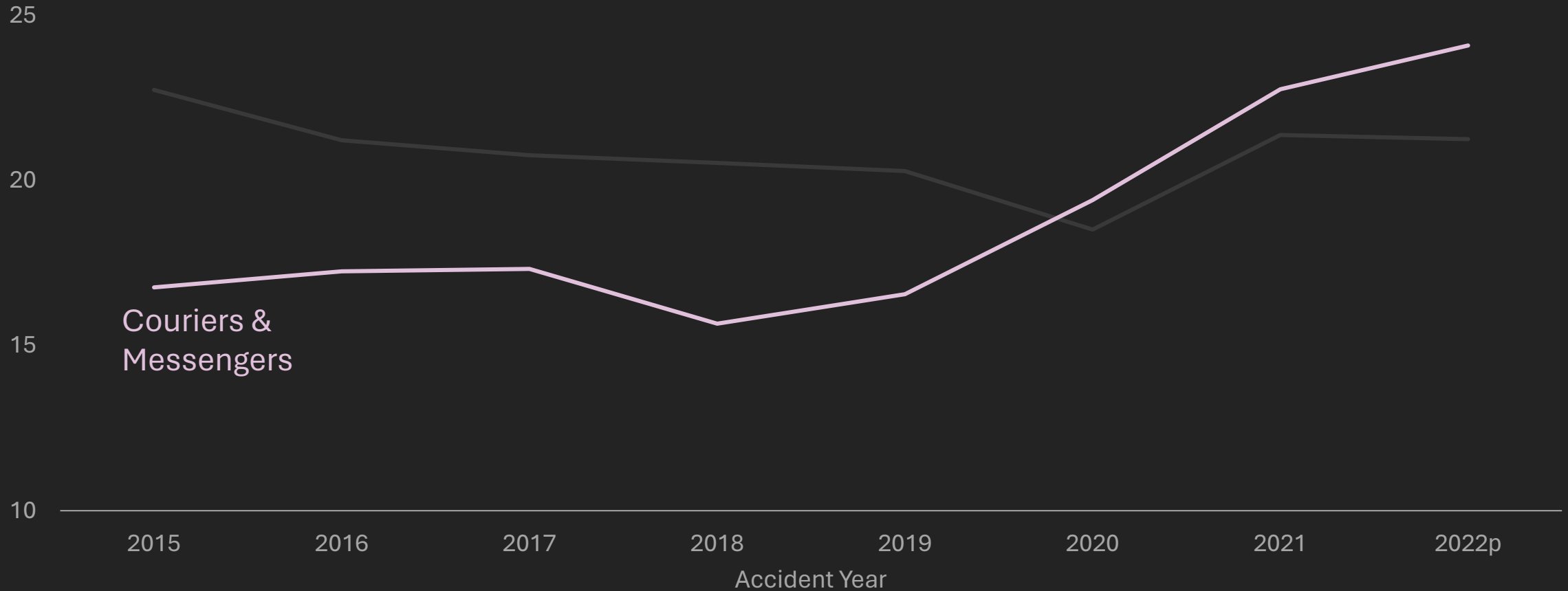
Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Couriers & Messengers Fully Driving Frequency Increase

## Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

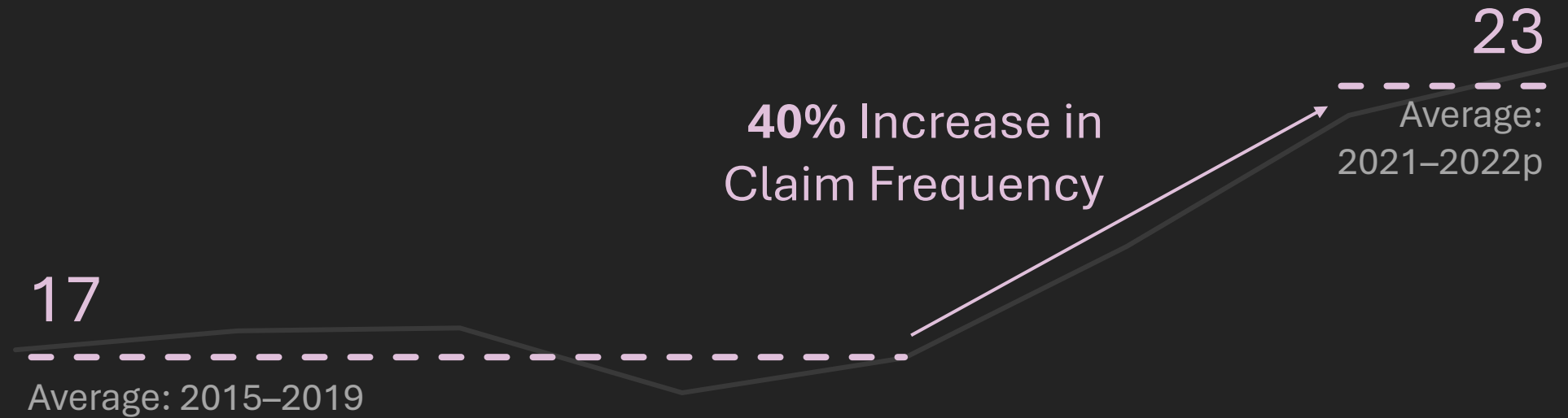
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# Couriers & Messengers Fully Driving Frequency Increase

Lost-Time Claim Frequency



p Preliminary

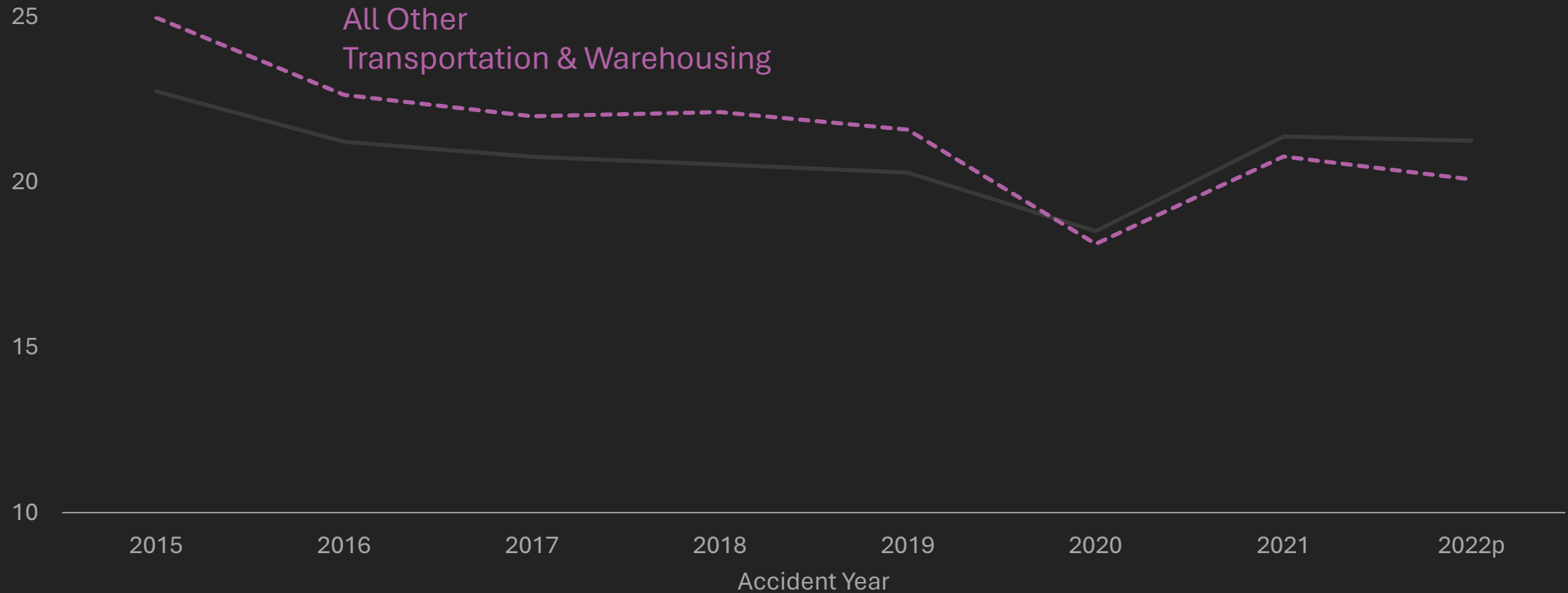
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Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

# All Other Transportation & Warehousing Is Still Decreasing

Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

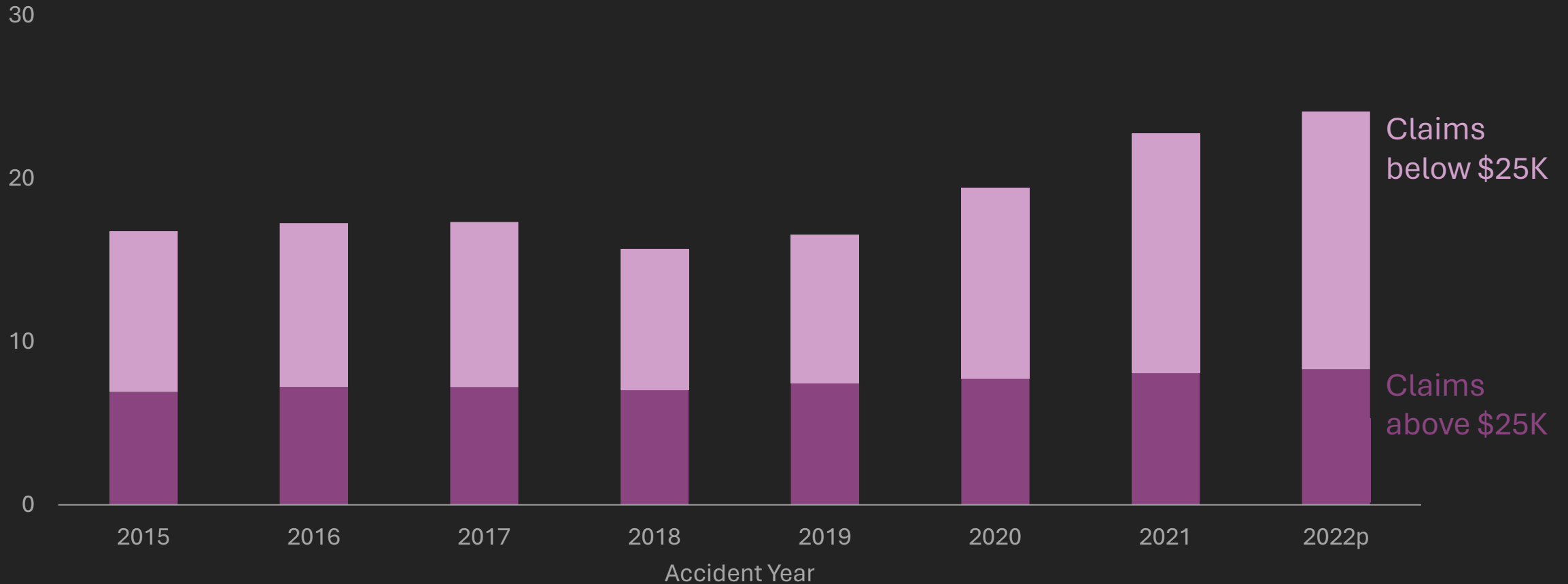
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# Couriers & Messengers Frequency Driven by Small Claims

## Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

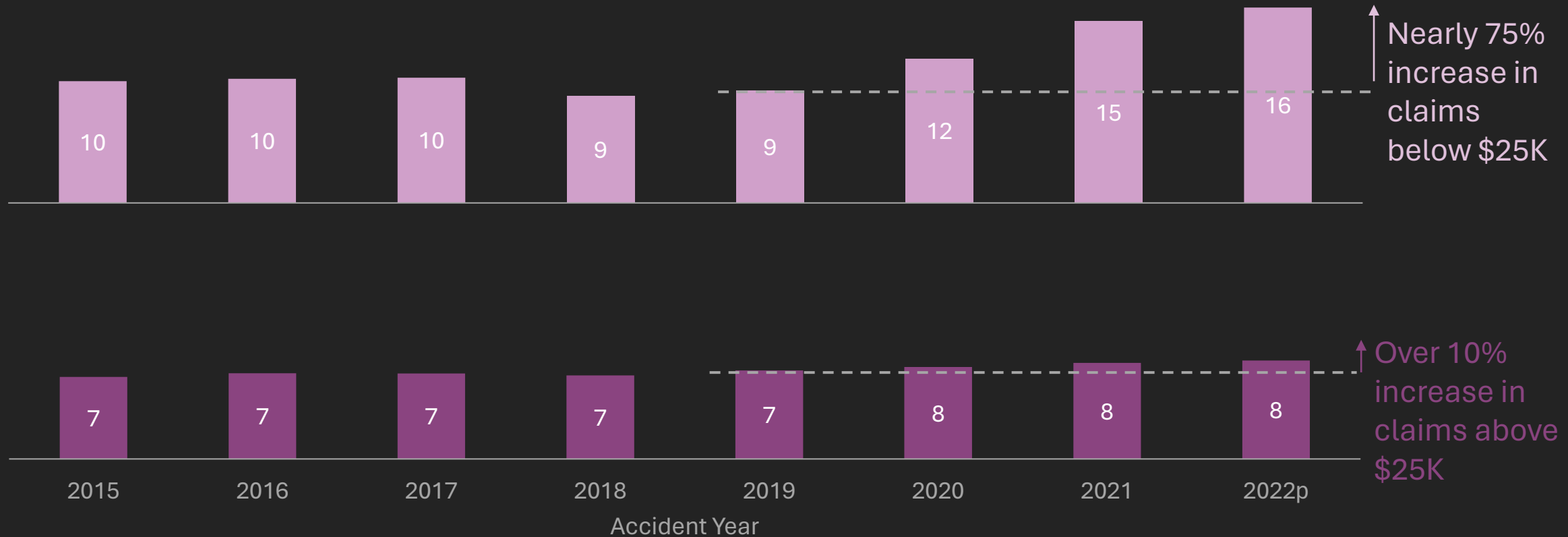
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# Couriers & Messengers Frequency Driven by Small Claims

## Lost-Time Claim Frequency



p Preliminary

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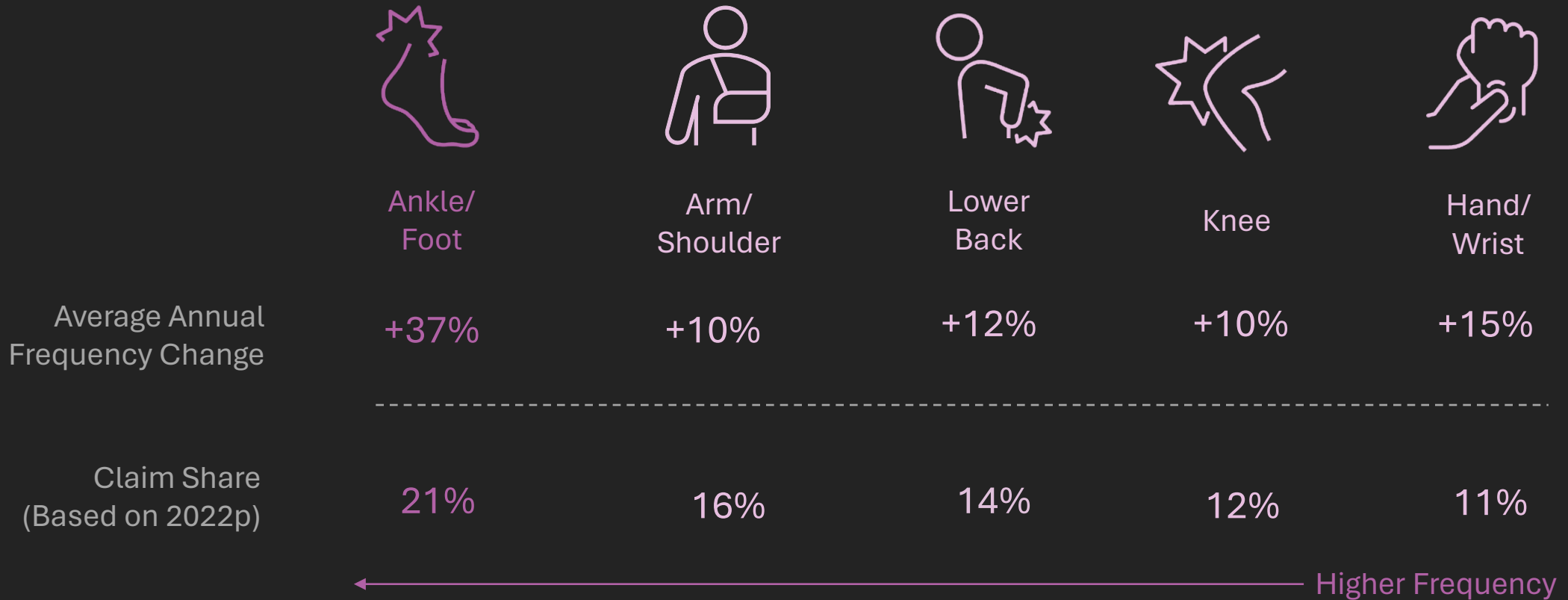
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Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Highest Frequency Injuries in Couriers & Messengers

Lost-Time Claims; Accident Years 2019–2022p



p Preliminary

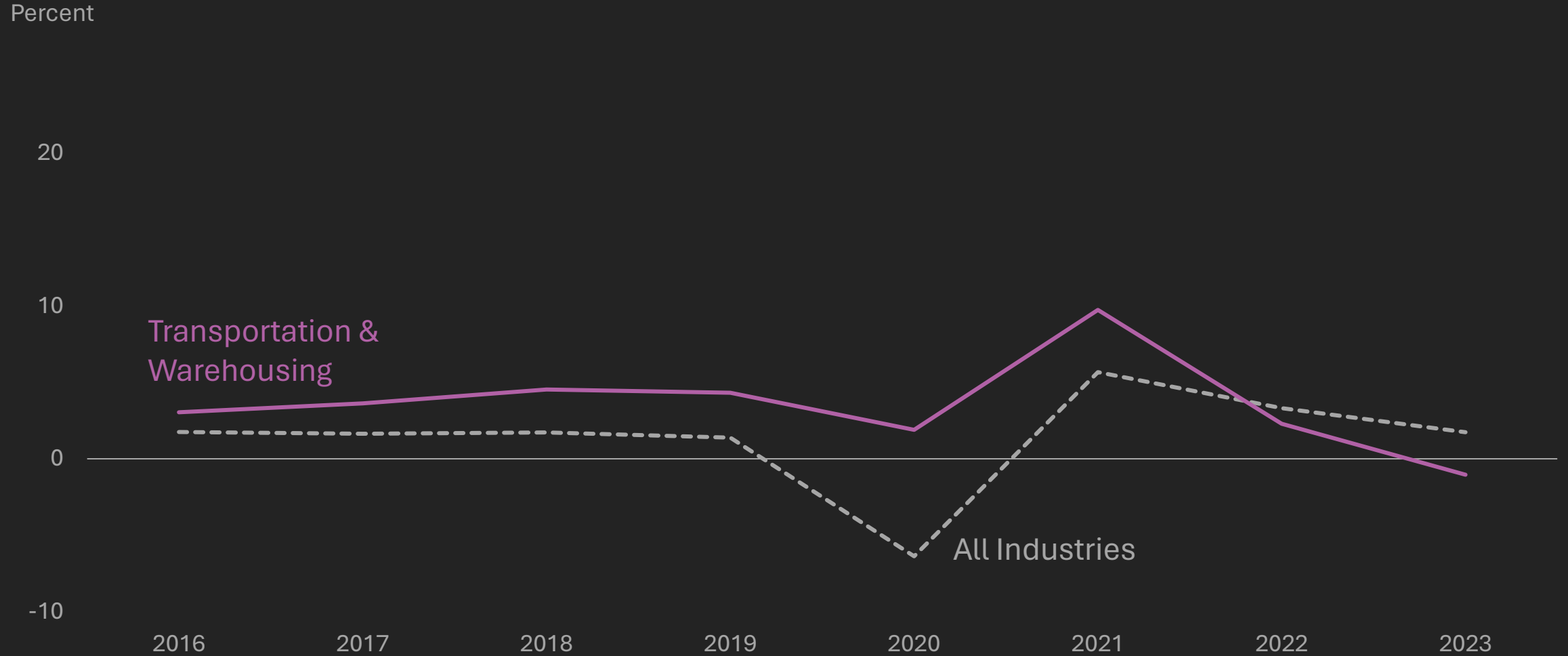
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# Large Employment Growth in Transportation & Warehousing

## Annual Employment Changes

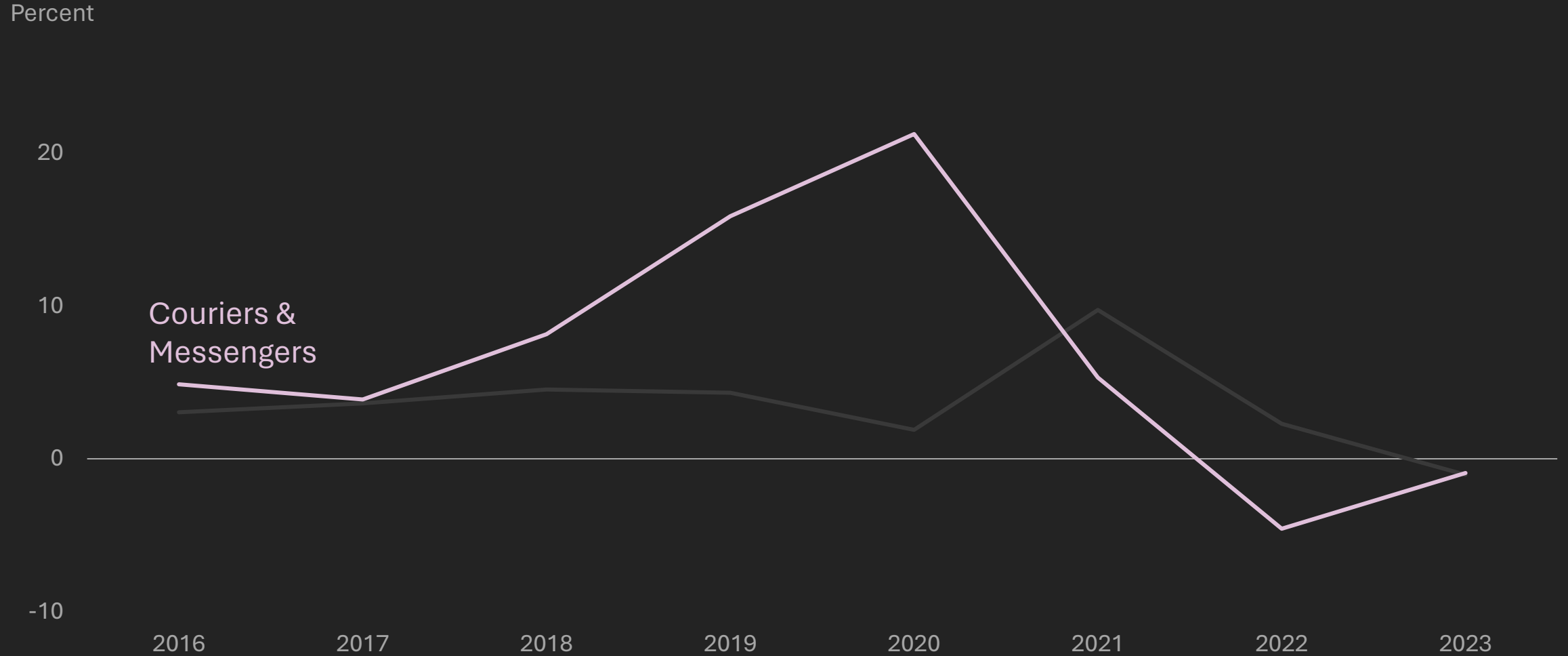


Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)



# Even Larger Employment Growth in Couriers & Messengers

## Annual Employment Changes



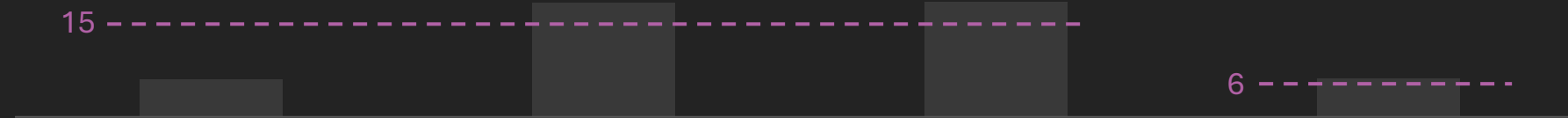
Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

# Is the Frequency Increase Temporary or a “New Normal”?

Couriers & Messengers; Annual Changes

## Lost-Time Claim Frequency

Percent



## Total Employees

Percent



2019

2020

2021

2022

2023

Sources: Frequency—Based on NCCI’s Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI’s Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level); 2022 is preliminary

Employment—US Bureau of Labor Statistics—Current Employment Statistics (CES)

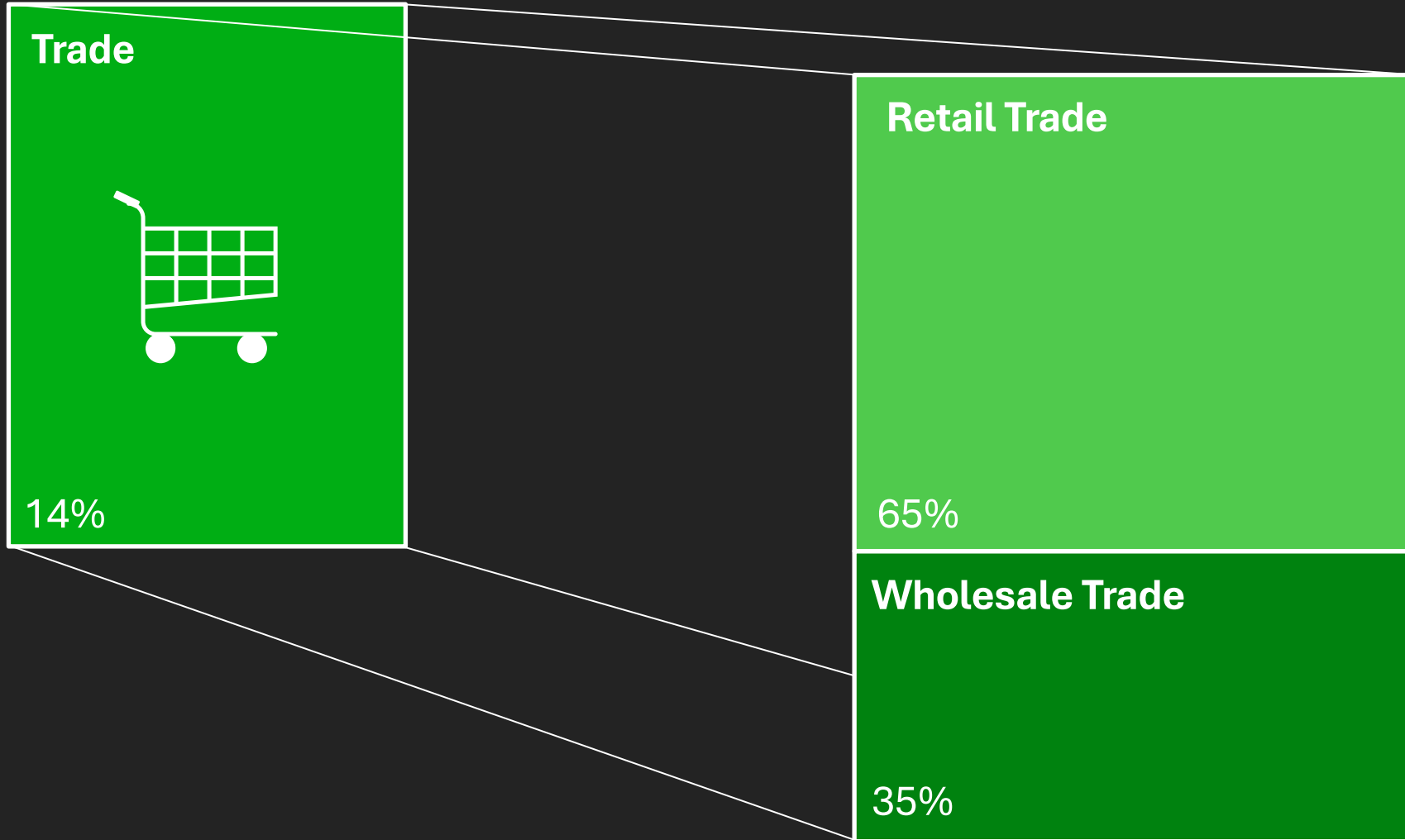
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**Transportation &  
Warehousing**



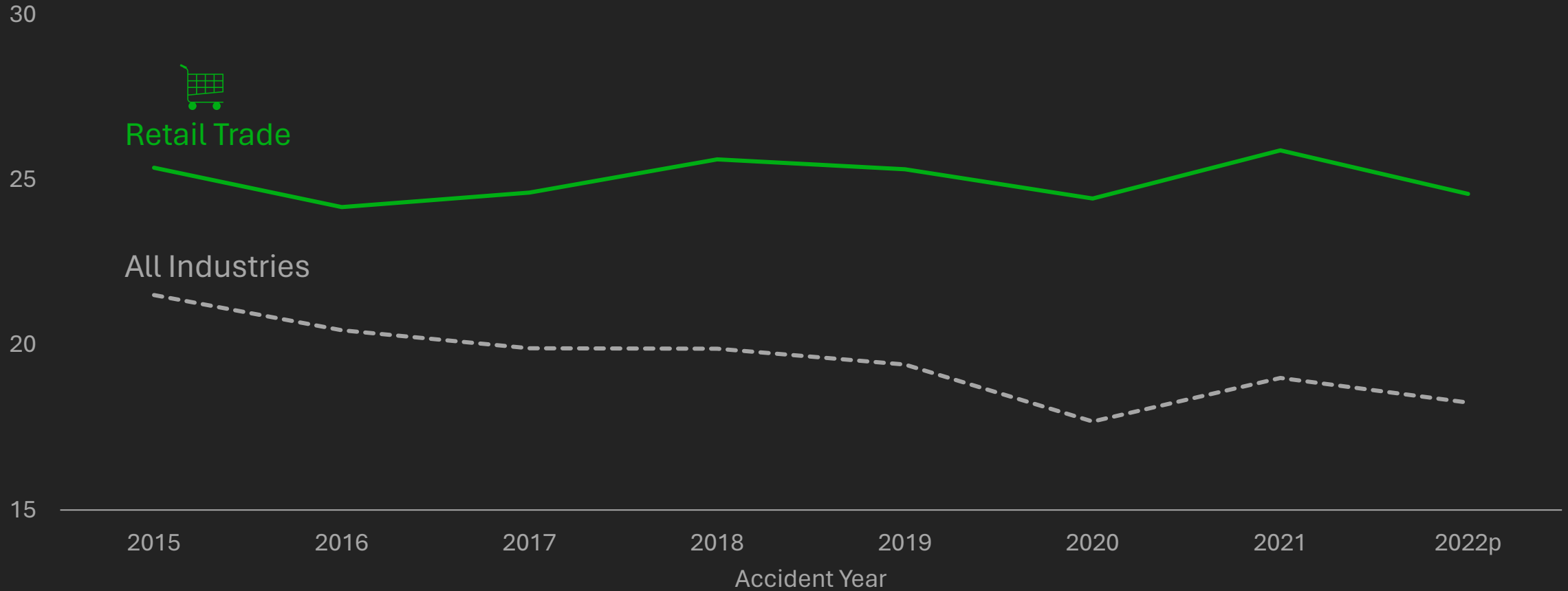
9%

**Transportation & Warehousing**  
frequency increase fully driven  
by Couriers & Messengers



# Frequency in Retail Trade Is Not Declining Like All Industries

## Lost-Time Claim Frequency



p Preliminary

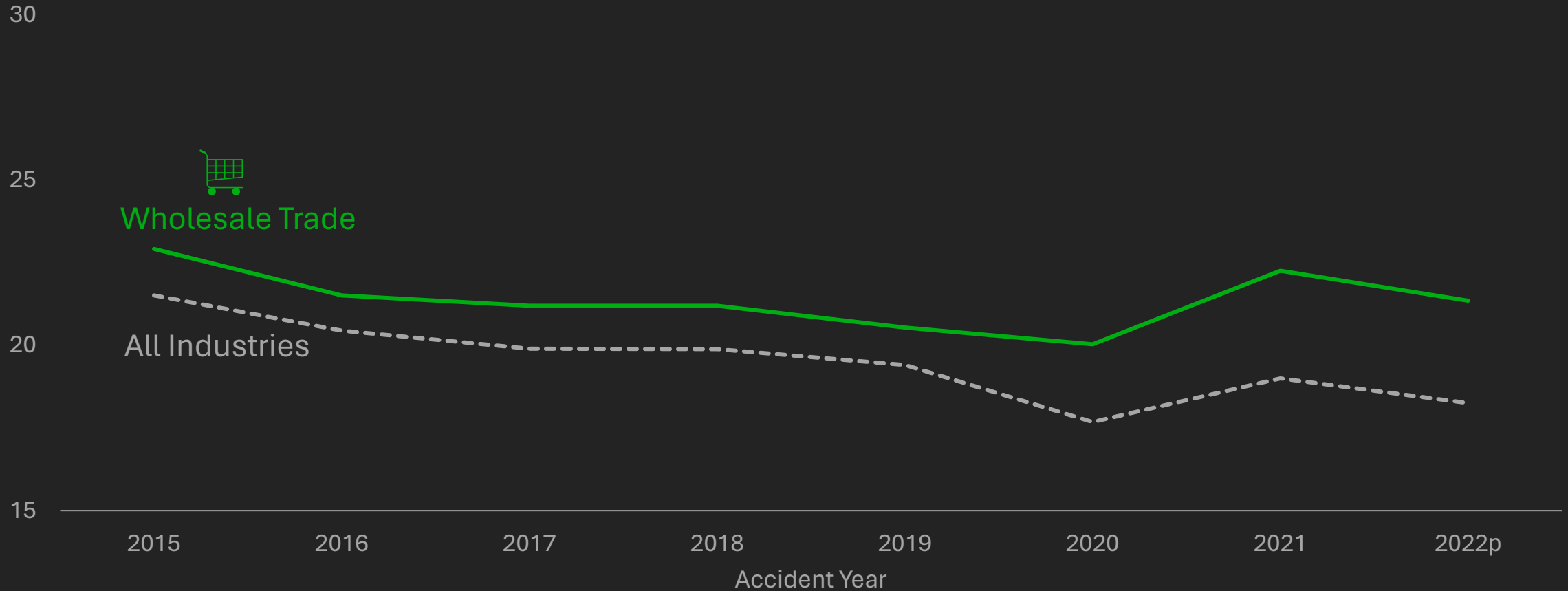
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Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

# Wholesale Trade Frequency Recently Increased

## Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

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# Trade Industries Have Relatively Higher Frequency of Strains

## Lost-Time Claim Frequency



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

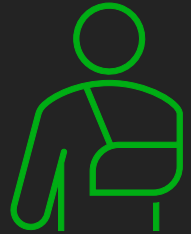
Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)

# Injuries in Trade Industries, Commonly Related to Strains

Lost-Time Claims; Accident Years 2015–2022p

## Arm/Shoulder



Annual  
Average Change

## Retail Trade

-0.4%

## Wholesale Trade

-1.2%

## All Industries

-2.1%

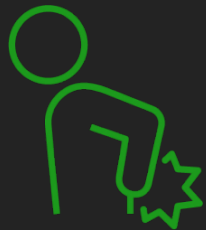
Average  
Frequency

4.9

4.1

3.6

## Lower Back



Annual  
Average Change

-3.6%

-2.8%

-4.5%

Average  
Frequency

3.2

3.2

2.4

p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

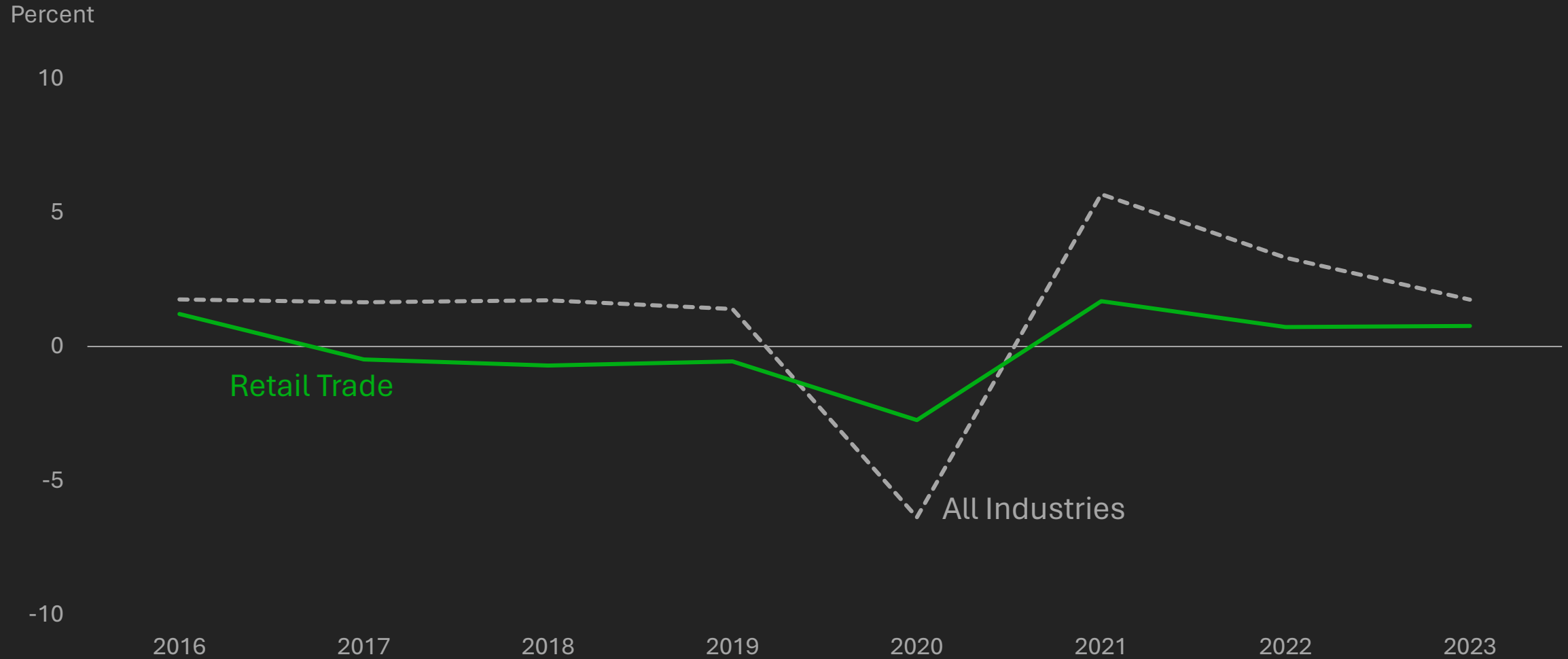
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Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level)



# Stagnant Employment in Retail—Not a “New Hire” Story

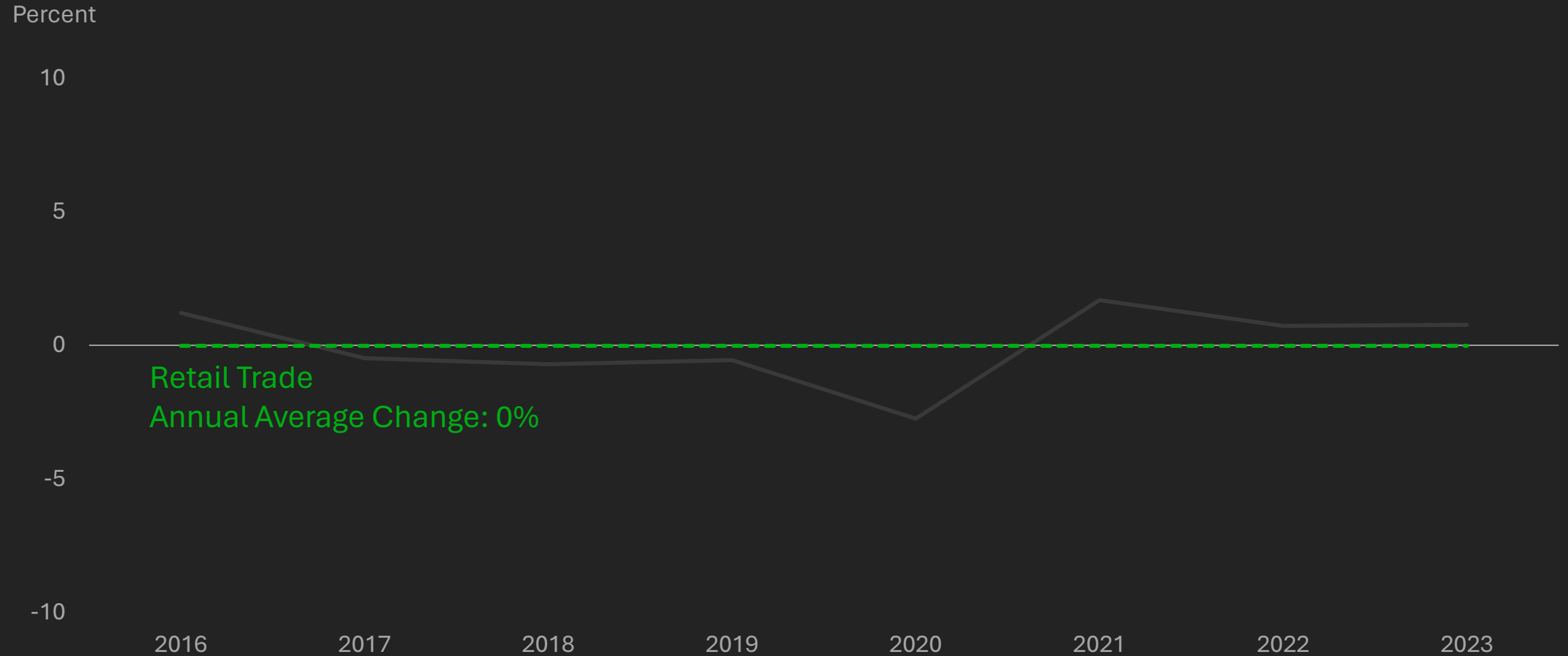
## Annual Employment Changes



Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

# Stagnant Employment in Retail—Not a “New Hire” Story

## Annual Employment Changes

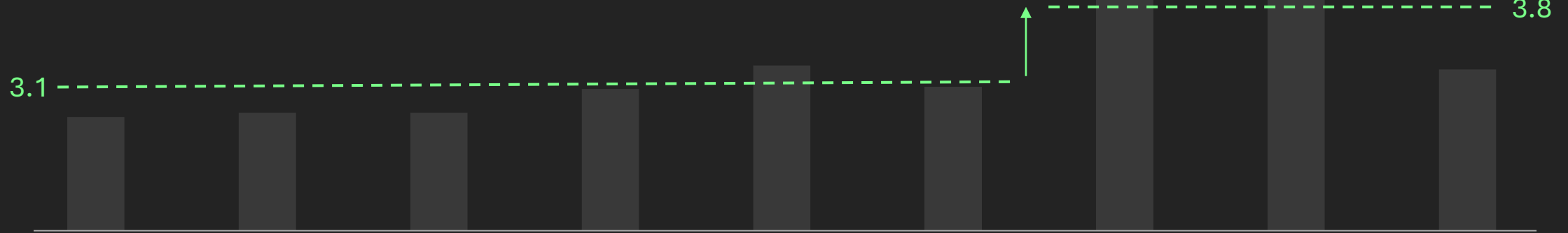


Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

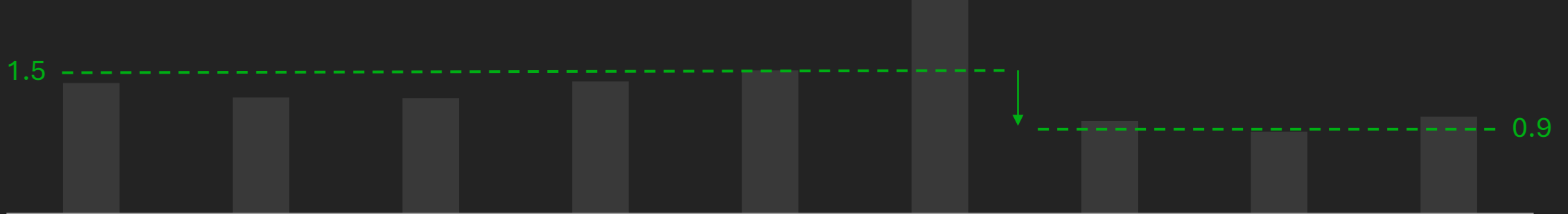
# Recently in Retail Trade, Quits Are Higher and Layoffs Lower

Average Rate of Quits and Layoffs as a Percent of Employment

## Quits Rate



## Layoffs Rate



2015

2016

2017

2018

2019

2020

2021

2022

2023

Source: US Bureau of Labor Statistics—Job Openings and Labor Turnover Survey (JOLTS)

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**AIS**  
2024

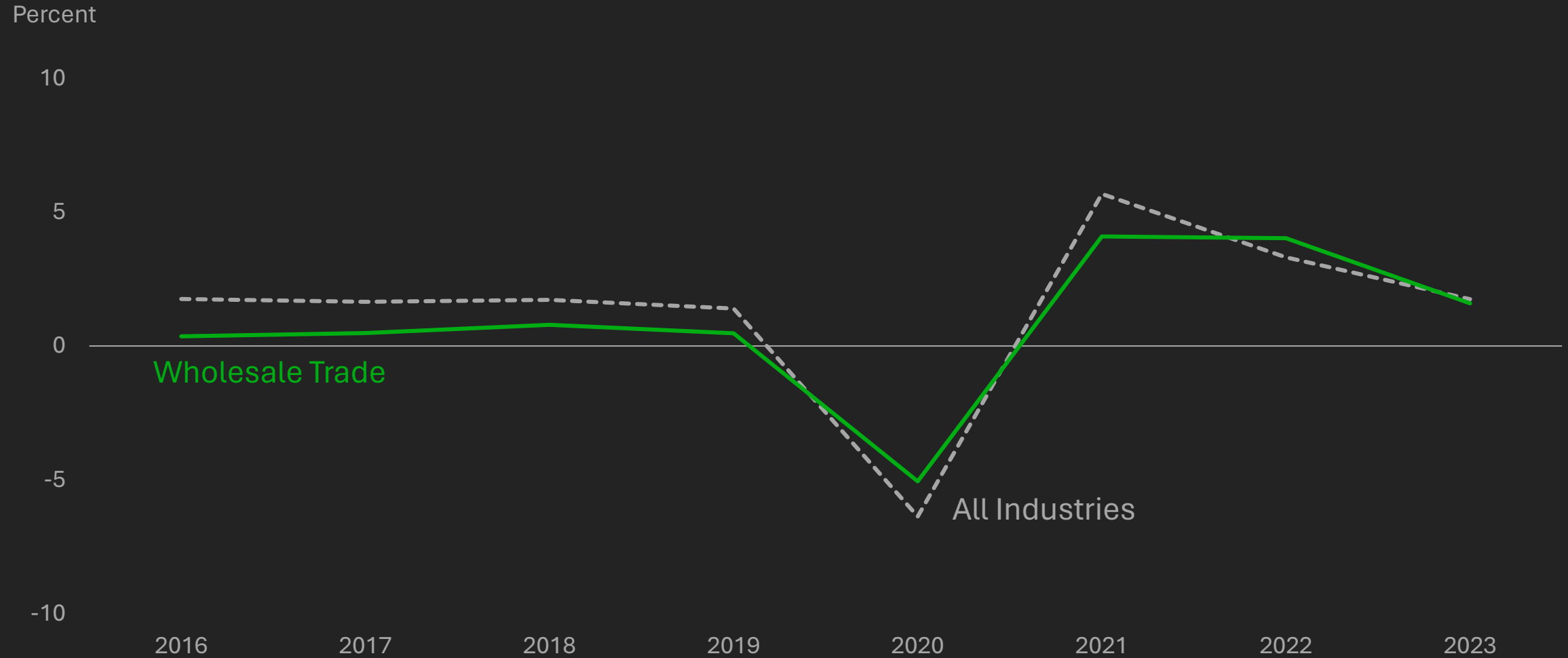


Why is claim frequency not decreasing in **Retail Trade**?

- 1) Are the “best” employees leaving?
- 2) Could the job risk be changing?

# Wholesale Trade Employment Growth Is Moderate

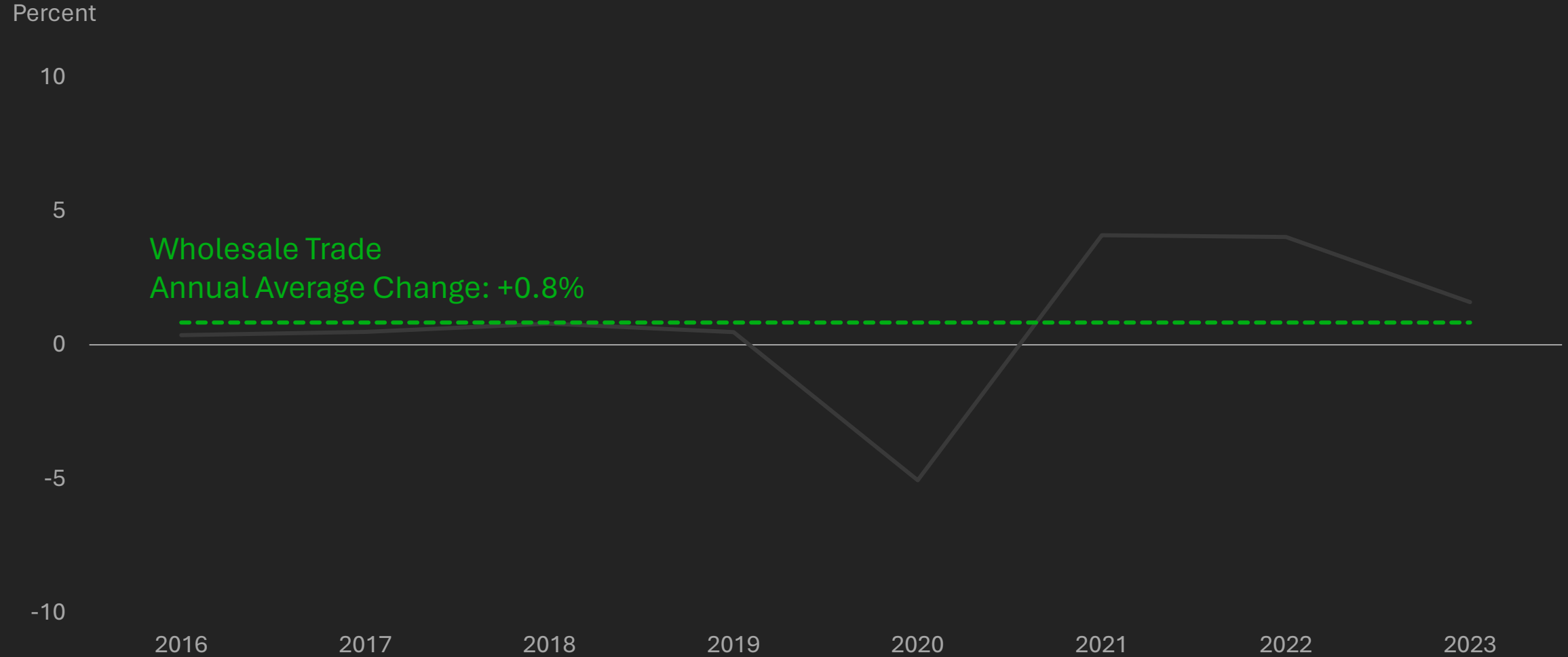
## Annual Employment Changes



Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

# Wholesale Trade Employment Growth Is Moderate

## Annual Employment Changes

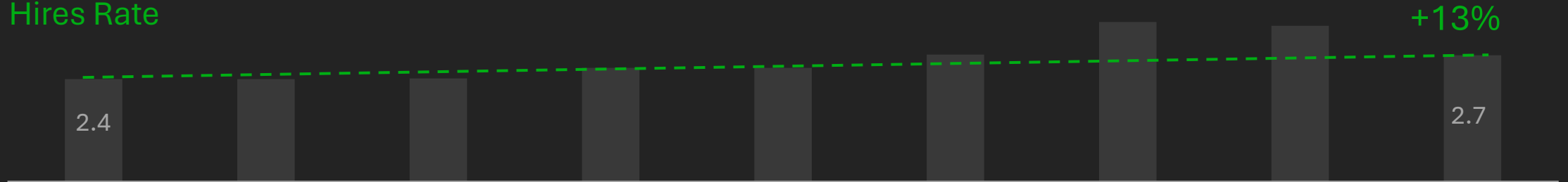


Source: US Bureau of Labor Statistics—Current Employment Statistics (CES)

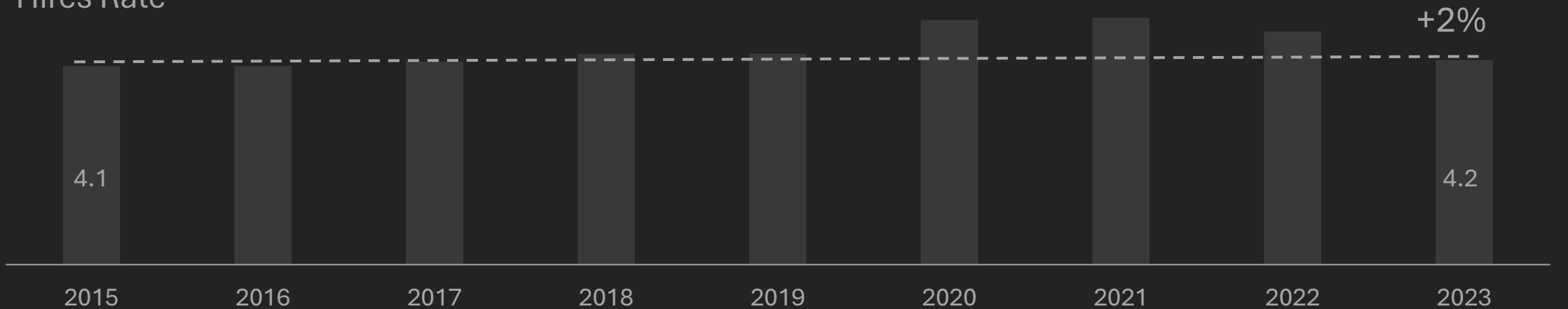
# Rate of Hires for Wholesale Remains Elevated in Latest Year

Average Rate of Hires as a Percent of Employment

Wholesale Trade  
Hires Rate



All Industries  
Hires Rate



Source: US Bureau of Labor Statistics—Job Openings and Labor Turnover Survey (JOLTS)

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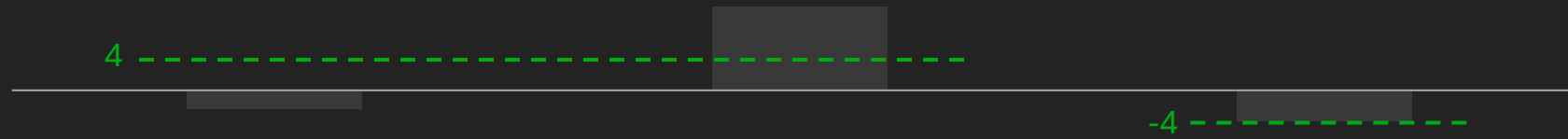
**AIS**  
2024

# Is the Frequency Increase Temporary or a “New Normal”?

Wholesale Trade; Annual Changes

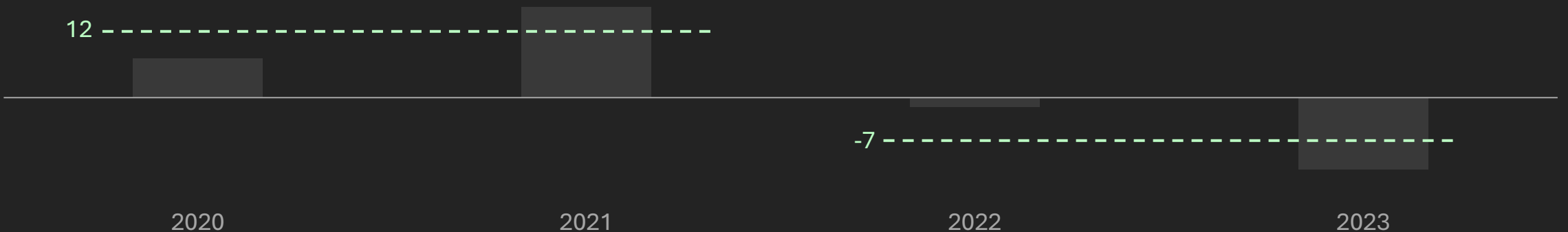
## Lost-Time Claim Frequency

Percent



## Hires Rate

Percent



Sources: Frequency—Based on NCCI’s Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI’s Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level); 2022 is preliminary

Hires Rate—US Bureau of Labor Statistics—Job Openings and Labor Turnover Survey (JOLTS)

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2024



## Trade

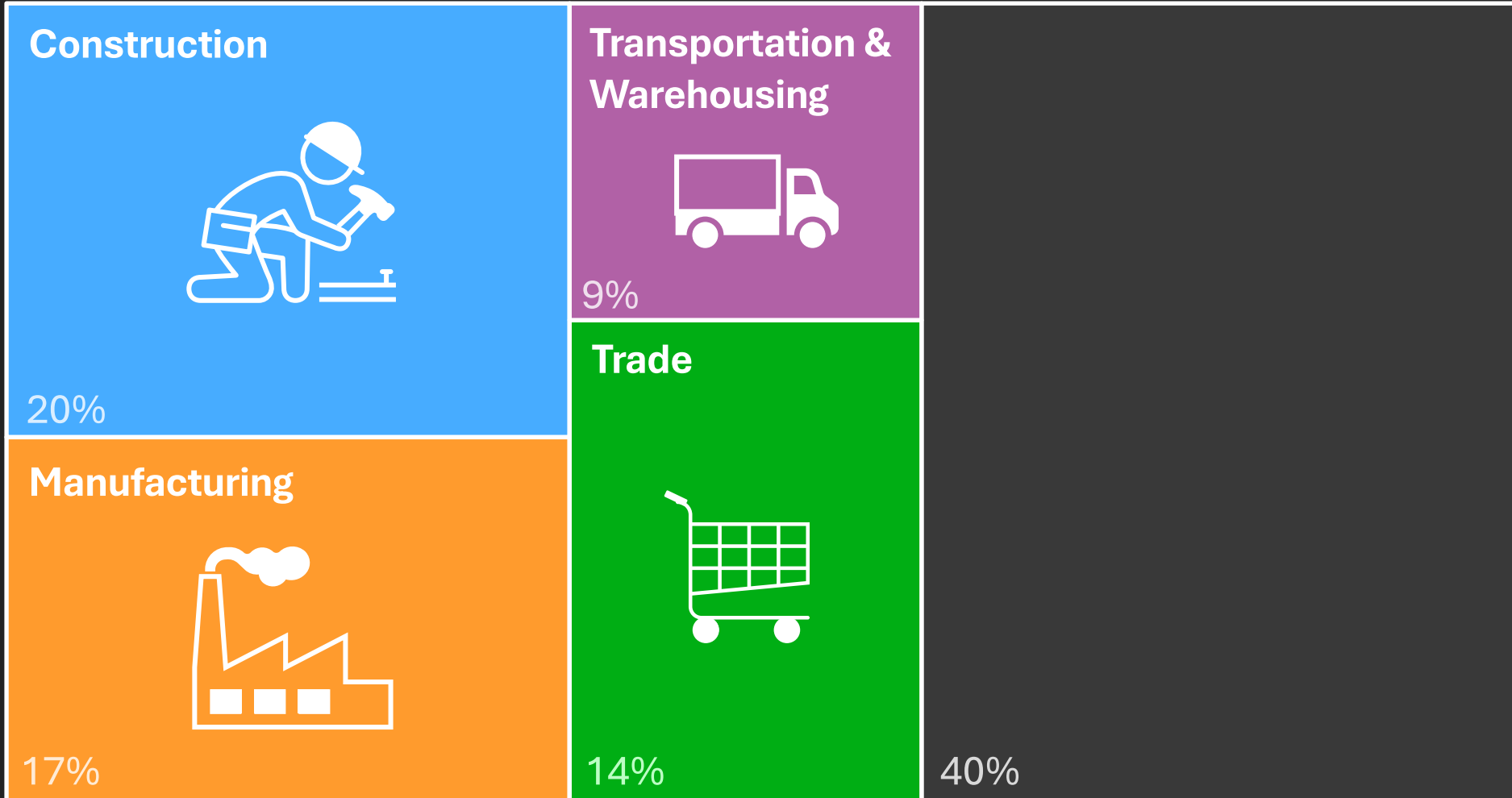


14%

**Retail Trade**  
frequency is not  
consistently declining

**Wholesale Trade**  
frequency increase  
correlated with more  
new hires

60% of Premium

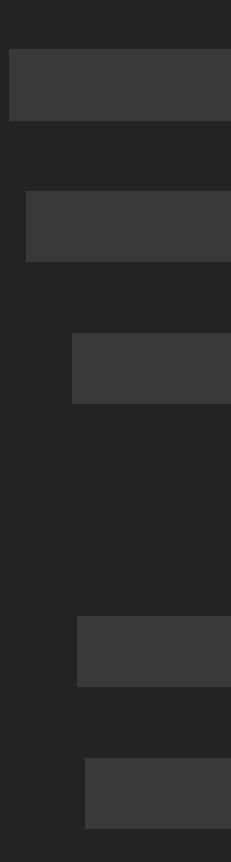


Source: Based on Calendar Year 2021 manual premium as reported in NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data  
Includes all states where NCCI provides ratemaking services and high-deductible policies are included

# Recent Frequency Changes by Industry Tell a Nuanced Story

Average Annual Changes; Accident Years 2015–2022p

Pre-COVID  
(2015–2019)



COVID and After  
(2019–2022p)

Construction

-4.3



Manufacturing

-2.0



Transportation & Warehousing

1.6



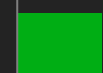
Retail Trade

-1.0



Wholesale Trade

1.3



All Industries

-2.0



p Preliminary

Source: Based on NCCI's Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI's Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

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**AIS**  
2024

# Changes in Employment May Explain Frequency Variation

Average Annual Changes; Years 2019–2022

Frequency

Employment



Sources: Frequency—Based on NCCI’s Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI’s Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

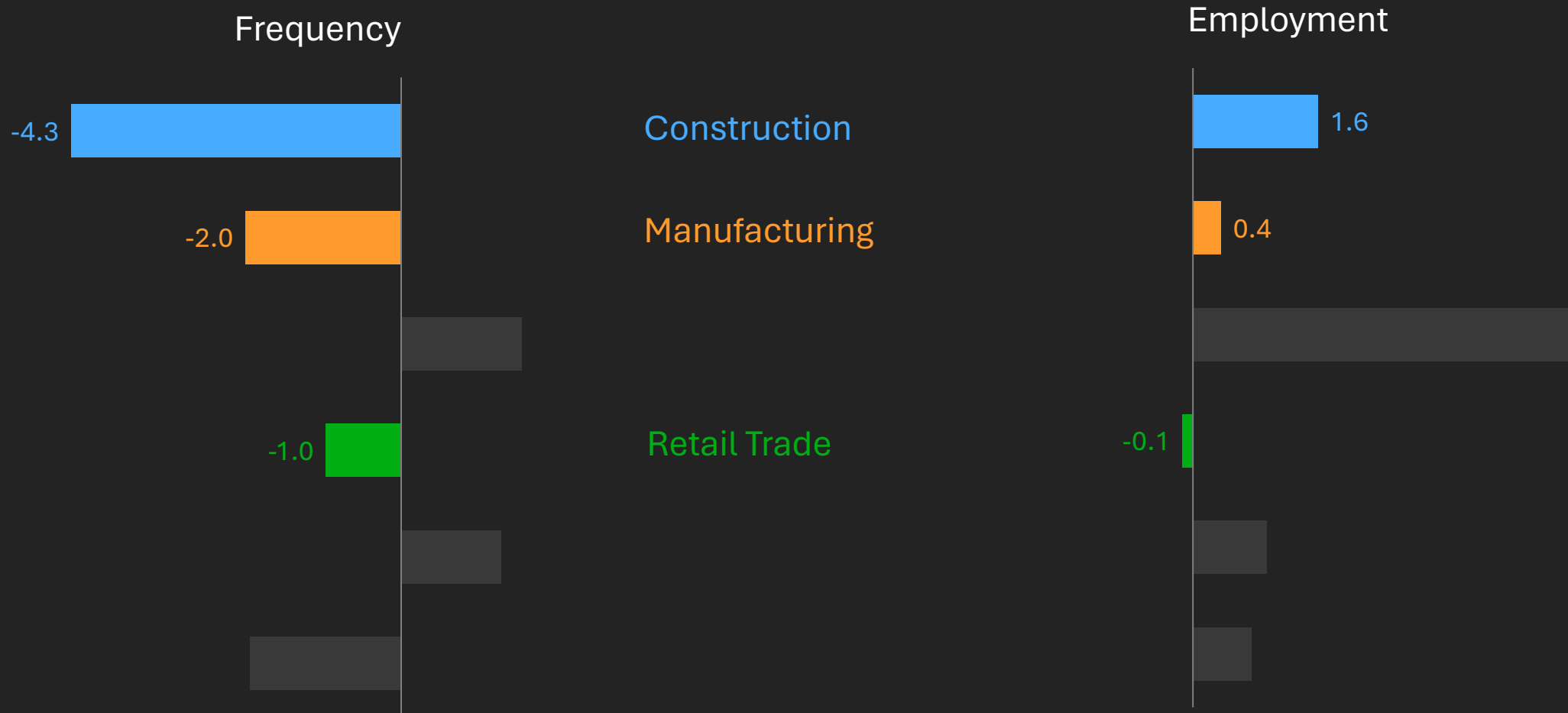
Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level); 2022 is preliminary

Employment—US Bureau of Labor Statistics—Current Employment Statistics (CES)

**AIS**  
2024

# However, Other Factors Also Affect Industry Frequency Trends

Average Annual Changes; Years 2019–2022



Sources: Frequency—Based on NCCI’s Statistical Plan data where industry sector is derived from NAICS codes reported in NCCI’s Policy Data

Includes all states where NCCI provides ratemaking services for private carriers and state funds; high-deductible policies are included and COVID-19 claims are excluded

Frequency is valued at a first report and measured as lost-time claims per \$1M pure premium (adjusted to current wage and voluntary pure premium level); 2022 is preliminary

Employment—US Bureau of Labor Statistics—Current Employment Statistics (CES)

# Key Takeaways by Sector

## Construction



20%

**Construction** frequency decreasing nearly twice as fast as all industries

# Key Takeaways by Sector

**Manufacturing** frequency  
resilient to employees  
switching types of  
manufacturing jobs

**Manufacturing**



17%

# Key Takeaways by Sector

Transportation &  
Warehousing



9%

**Transportation & Warehousing**  
frequency increase fully driven  
by Couriers & Messengers



# Key Takeaways by Sector

**Retail Trade**  
frequency is not  
consistently  
declining

Trade



14%

**Wholesale Trade**  
frequency  
increase  
correlated with  
more new hires

# What About the Other Industries?

