

State of the Line Dialogue With NCCI's Experts

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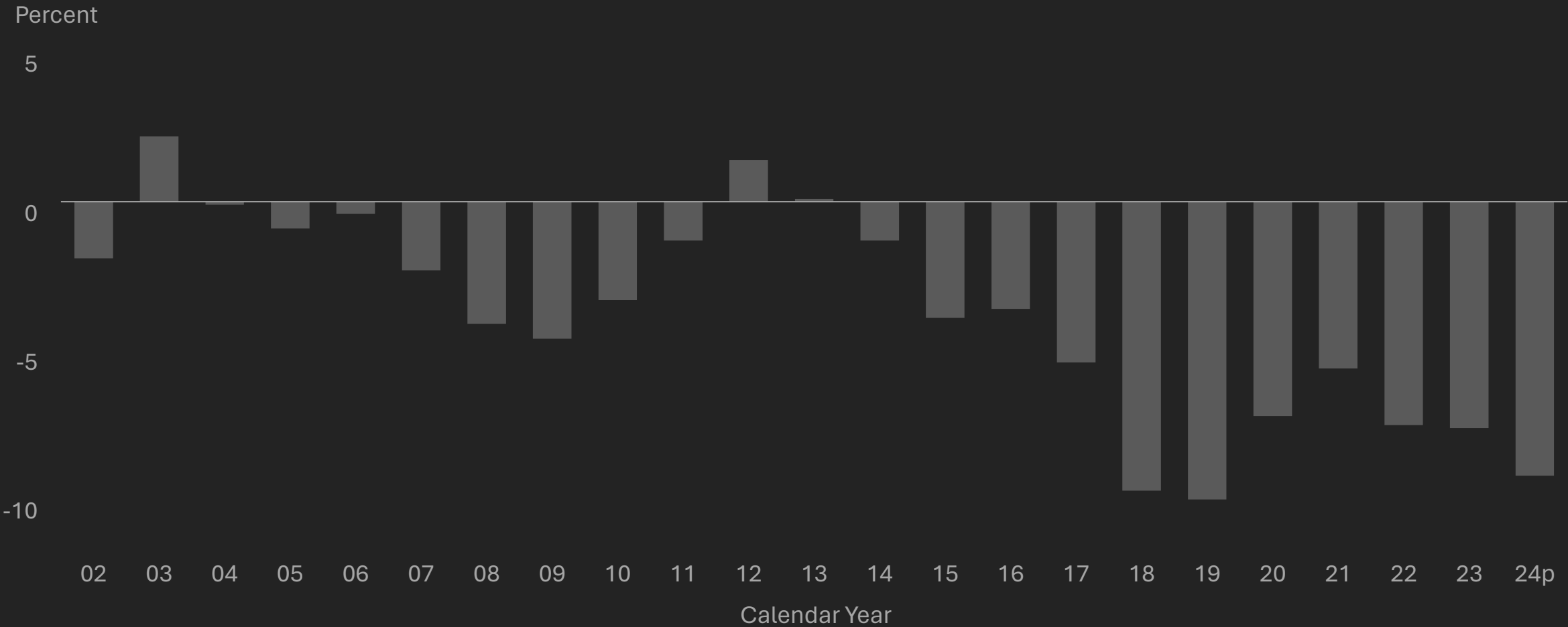
Nadege Bernard, FCAS, MAAA

Practice Leader and Senior Actuary
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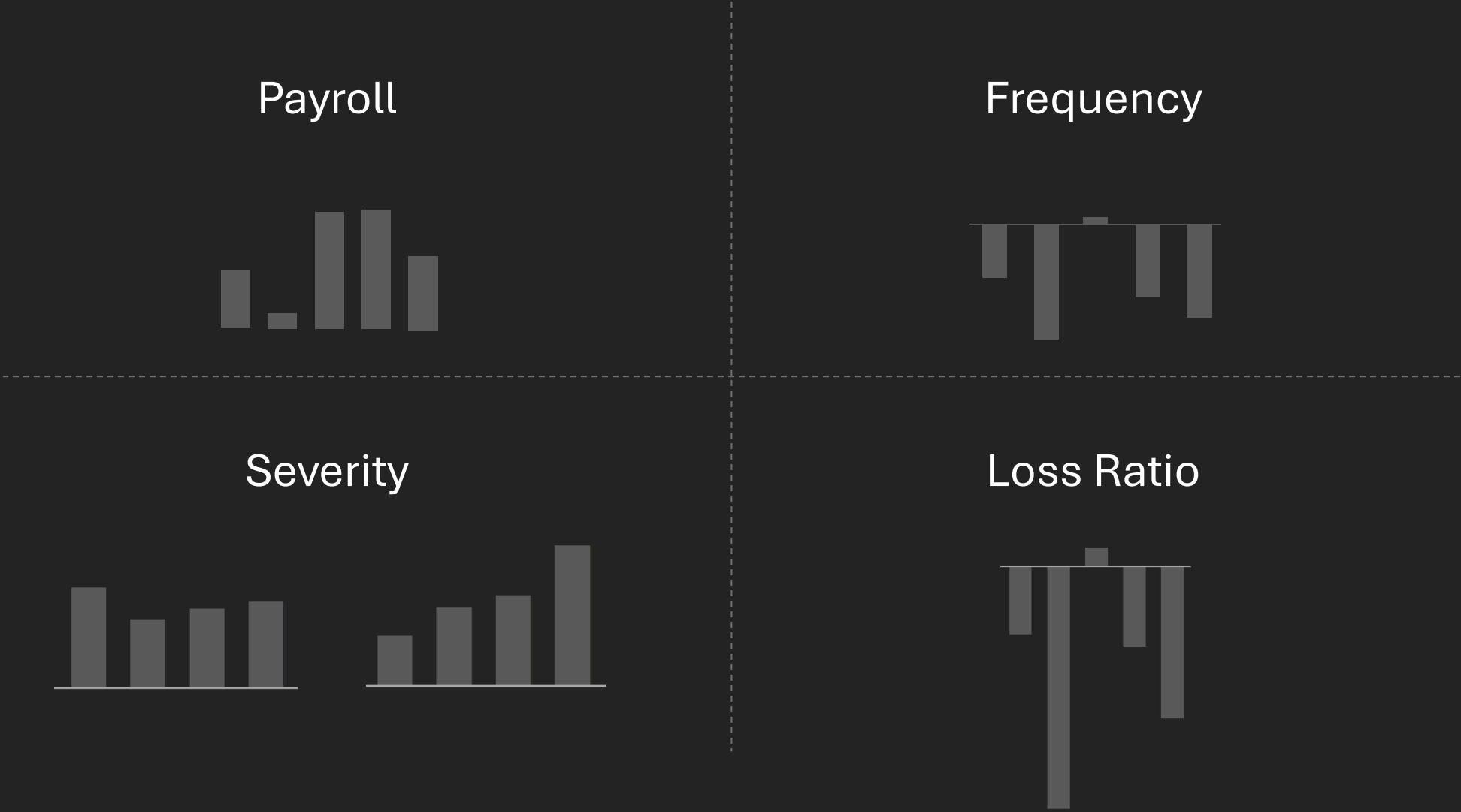
WC Approved Changes in Bureau Premium Level

Weighted by Effective Date—NCCI States



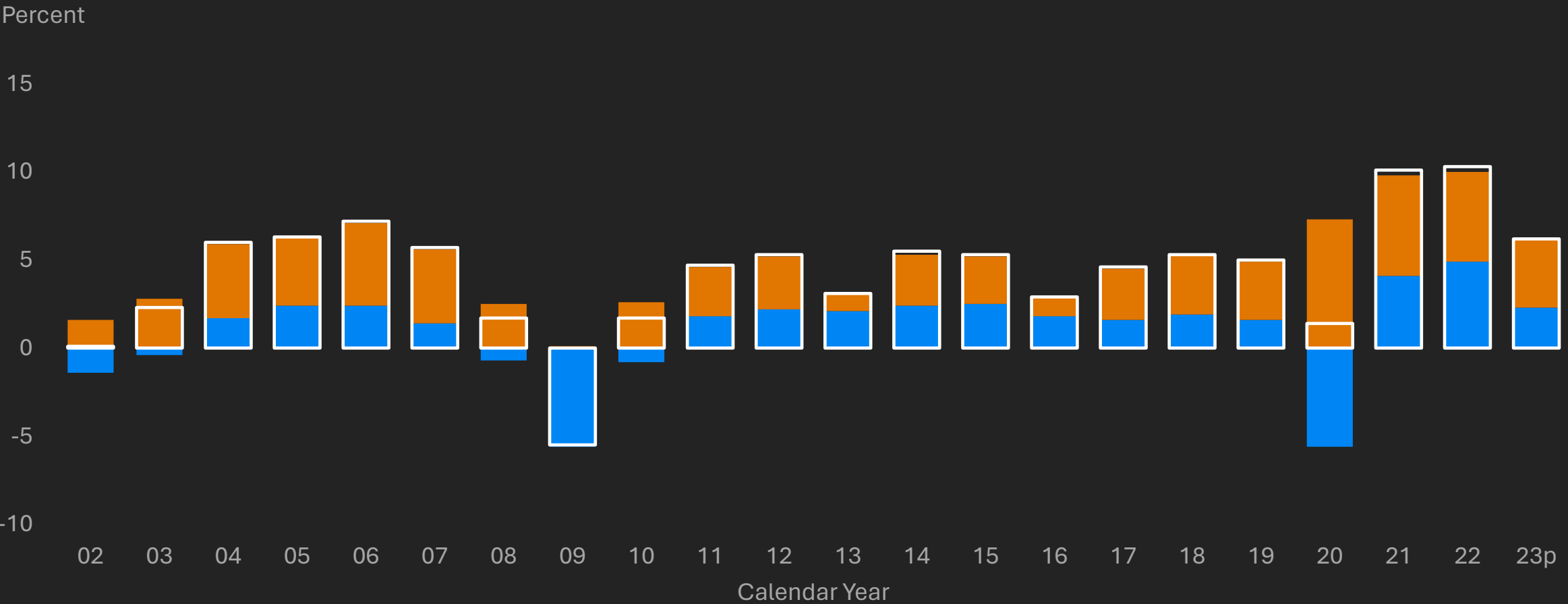
p Preliminary
Sources: NCCI; weights are based on NAIC's Annual Statement Statutory Page 14
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 5/10/2024
IN and NC are filed in cooperation with state rating bureaus

Contributors to Rate/Loss Cost Changes



Changes in Payroll, Employment, and Average Weekly Wage

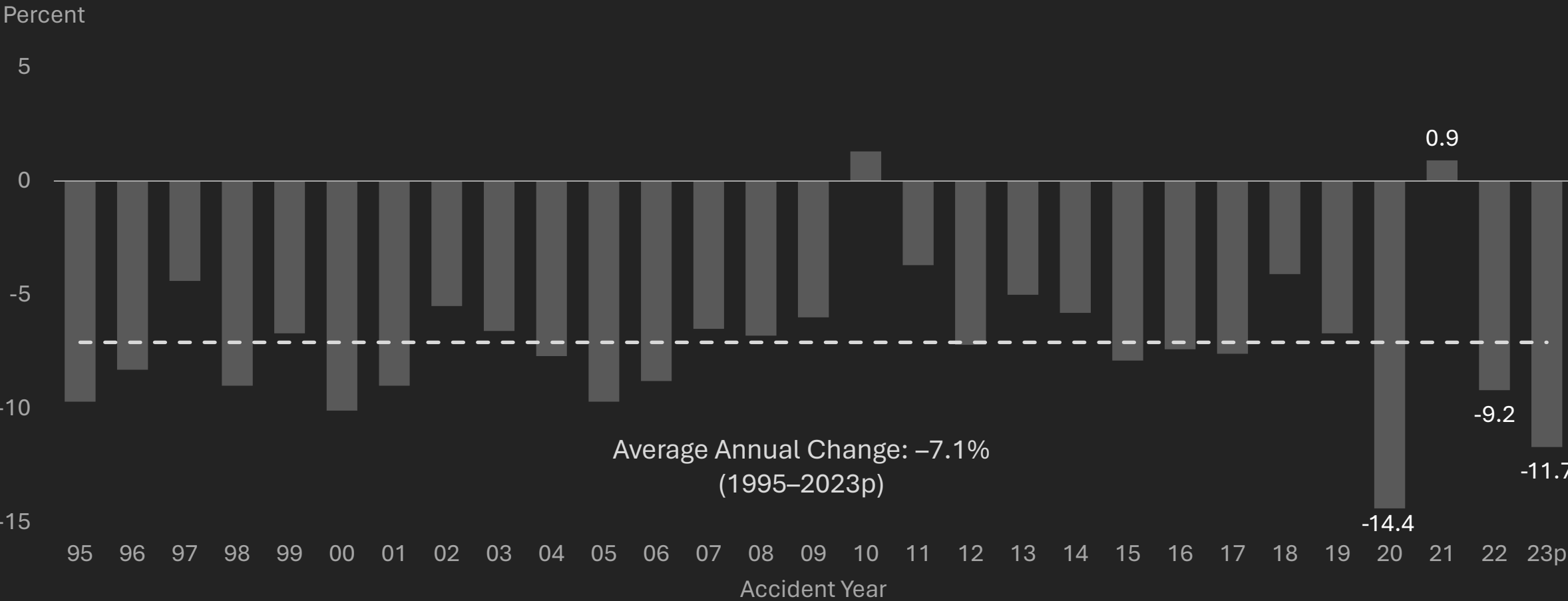
NCCI States



p Preliminary
Sources: US Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW) program; NCCI. Total Private Industry, 2001-2022; NCCI. Includes all states where NCCI provides ratemaking services.
BLS Current Employment Statistics (CES), US Bureau of Economic Analysis (BEA), 2023; includes all states

WC Lost-Time Claim Frequency - Unadjusted for Wages

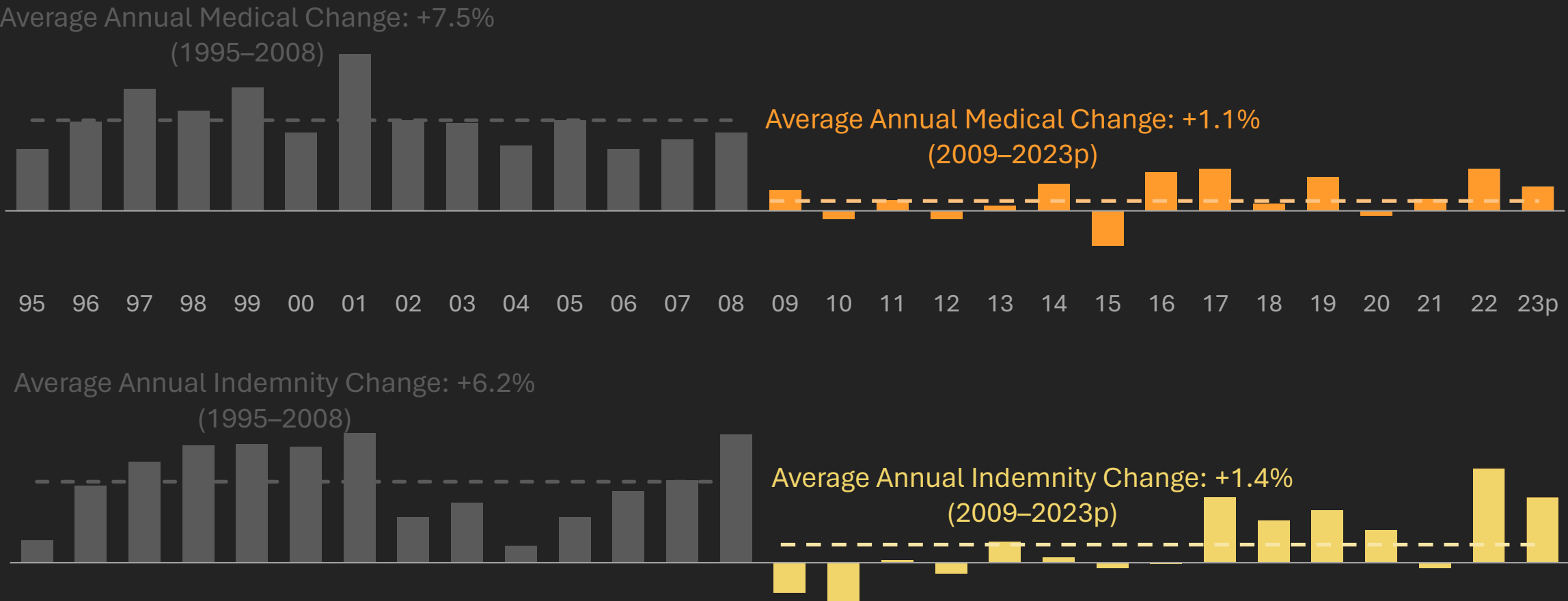
Change in Claims per \$1M Pure Premium, Private Carriers and State Funds—NCCI States



2010–2011 and 2019–2022 are adjusted to reflect the impact of changes in audit activity
p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023
Source: NCCI’s Financial Call data, developed to ultimate, premium adjusted to voluntary pure premium level, excludes high-deductible policies;
based on data through 12/31/2022; excludes COVID-19 claims
Includes all states where NCCI provides ratemaking services; NV is excluded through 2001, TX is excluded through 2006, and WV is excluded through 2011

WC Average Claim Severity – Unadjusted for Wages

Change in **Medical** and **Indemnity** Average Cost per Case, Private Carriers and State Funds—NCCI States

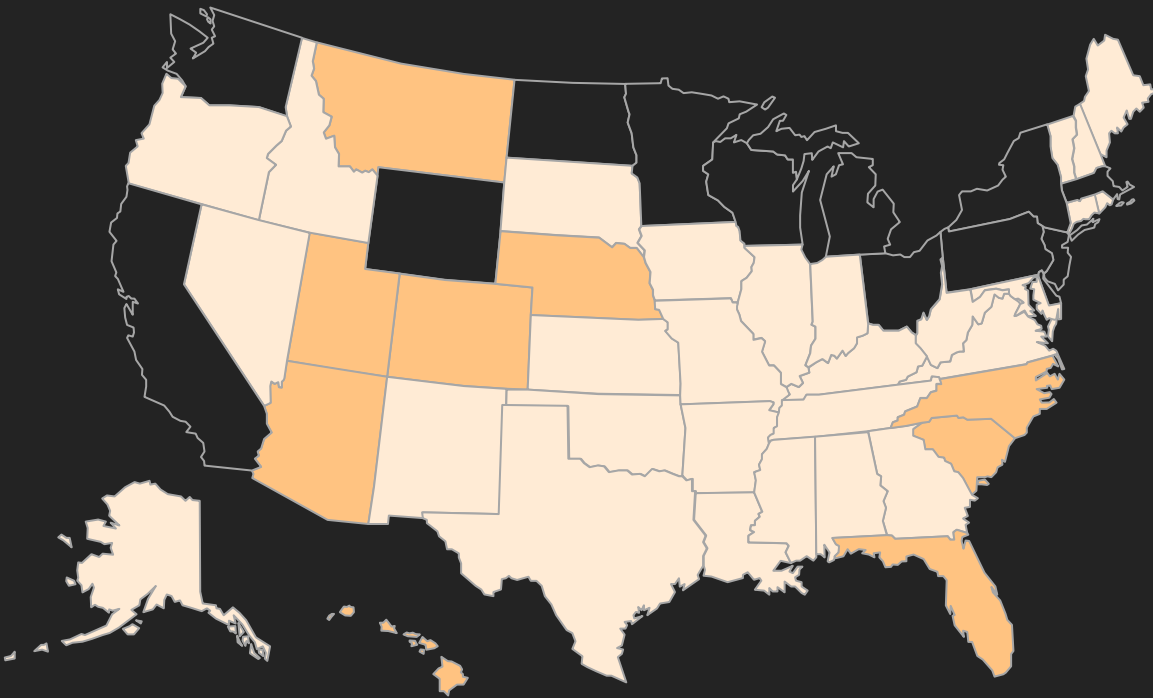


p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023
Source: NCCI’s Financial Call data, developed to ultimate, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012
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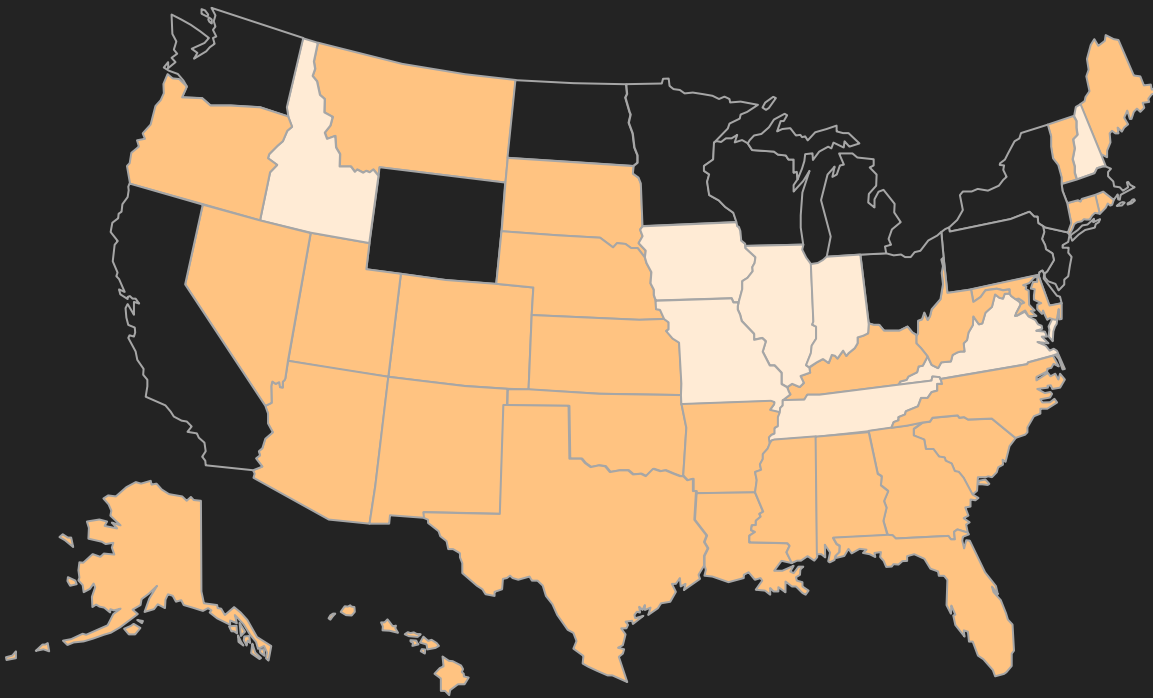
Physician Services Fee Schedules

Noncharge-Based—NCCI States

As of 1980



As of 2000

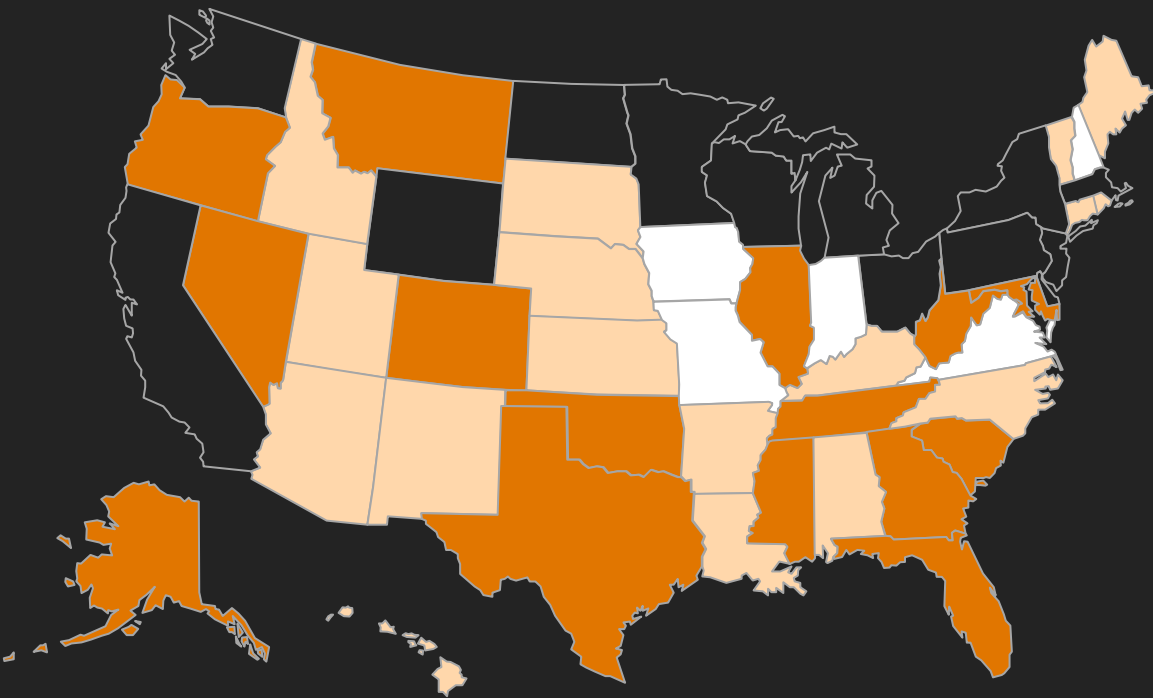


No Yes

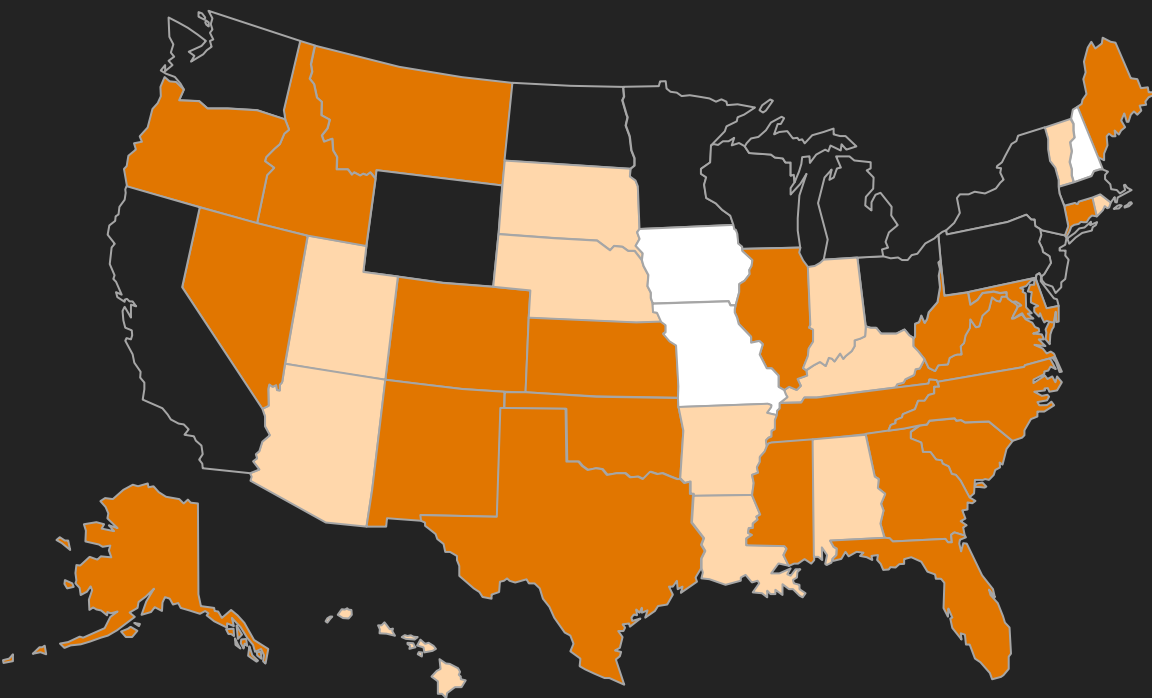
Major Medical Cost Category Fee Schedules

Noncharge-Based—NCCI States

As of 2010



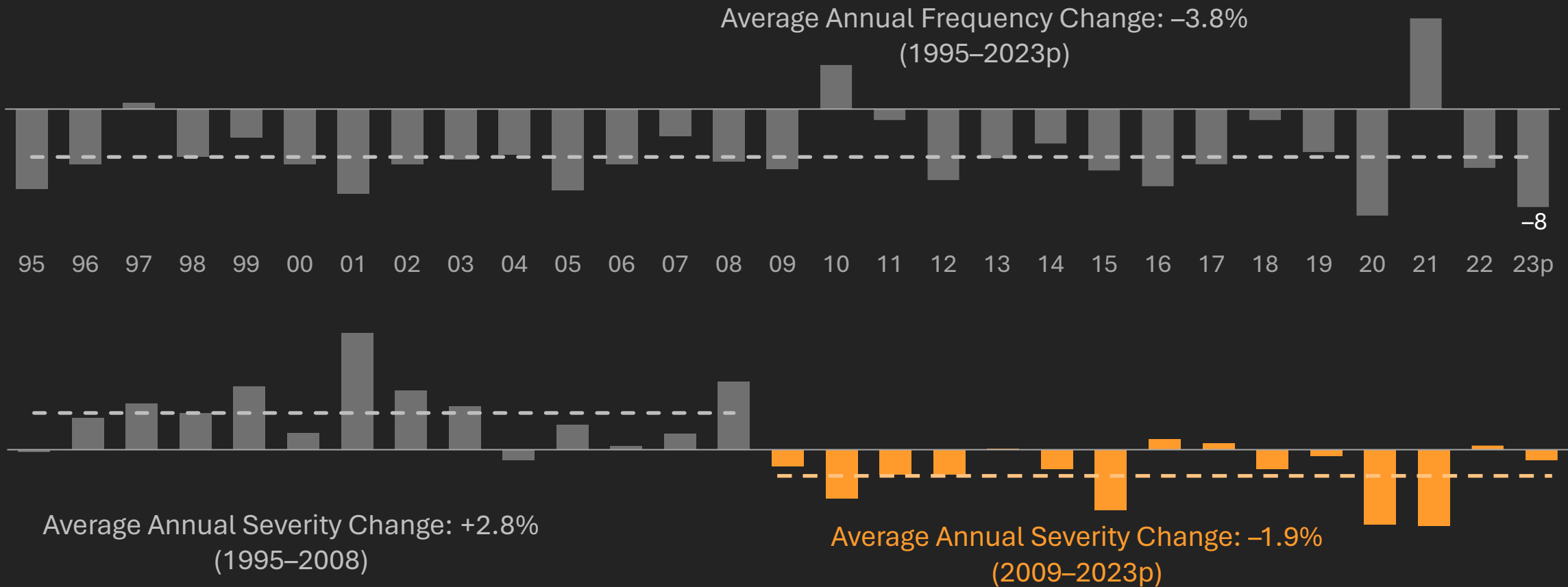
As of 2020



0 1-3 4-5

WC Frequency and Total Claim Severity—Wage-Adjusted

Change in **Frequency** and **Total Average Cost per Case**, Private Carriers and State Funds—NCCI States

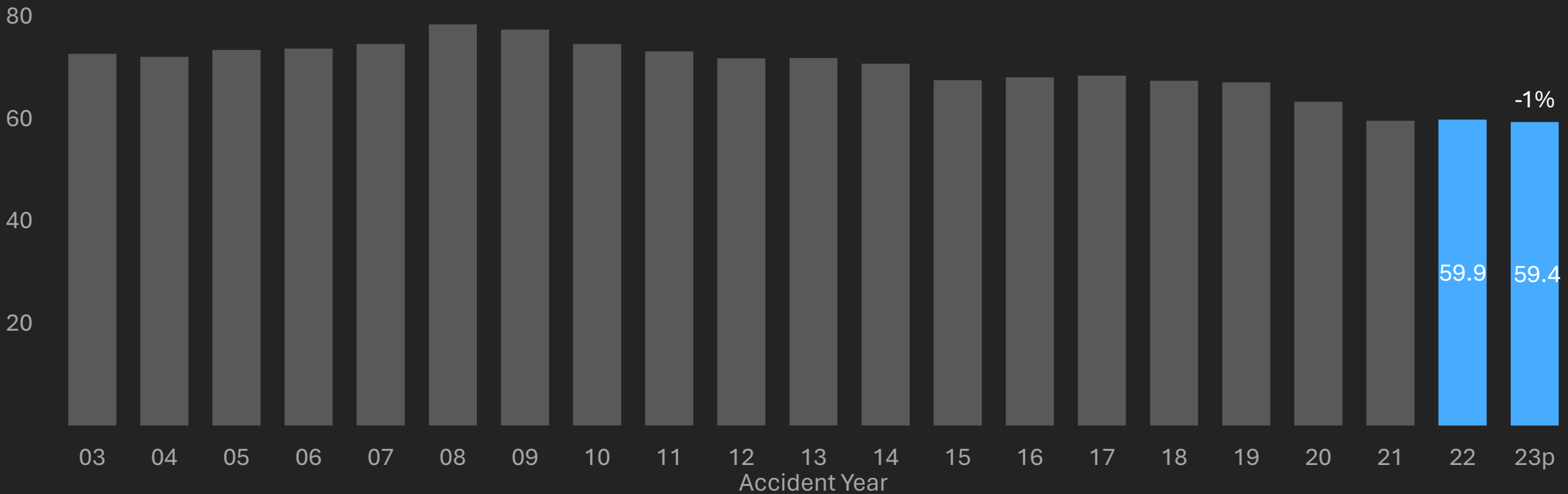


2010–2011 and 2019–2022 are adjusted to reflect the impact of changes in audit activity. p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023
Sources: US Average Weekly Wage: 1994–2007, 2012–2019, and 2022 Quarterly Census of Employment and Wages (QCEW) and US Bureau of Labor Statistics (BLS); 2008–2011 and 2020–2021 NCCI and QCEW; 2023p BLS, US Bureau of Economic Analysis (BEA), and NCCI
NCCI's Financial Call data, developed to ultimate, adjusted to current wage and voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims
Premium includes all states where NCCI provides ratemaking services; NV is excluded through 2001, TX is excluded through 2006, and WV is excluded through 2011; losses include all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012; values displayed reflect the methodology underlying the most recent rate/loss cost filing
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WC Average Total Wage-Adjusted Claim Severity

Private Carriers and State Funds—NCCI States

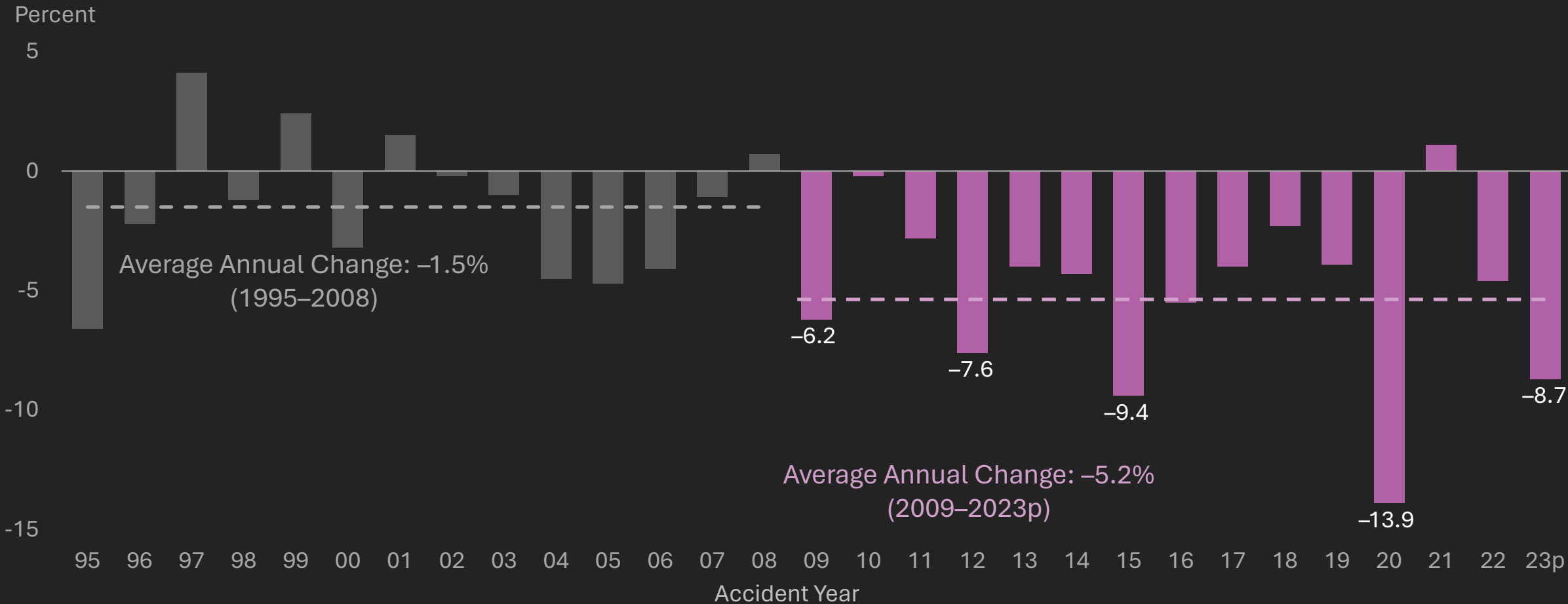
Severity
(\$ Thousands)



p Preliminary, based on data valued as of 12/31/2023; excludes COVID-19 claims through 7/1/2023
Sources: US Average Weekly Wage: 2003–2007, 2012–2019, and 2022 Quarterly Census of Employment and Wages (QCEW) and US Bureau of Labor Statistics (BLS);
2008–2011 and 2020–2021 NCCI and QCEW; 2023p BLS, US Bureau of Economic Analysis (BEA), and NCCI
Severity: NCCI’s Financial Call data, developed to ultimate, adjusted to current wage level, excludes high-deductible policies; based on data through 12/31/2022;
excludes COVID-19 claims
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012

WC Average Loss Ratio

Change in Loss to Premium, Private Carriers and State Funds—NCCI States



Premium in 2010–2011 and 2019–2022 is adjusted to reflect the impact of changes in audit activity
Source: NCCI's Financial Call data, developed to ultimate, premium adjusted to voluntary pure premium level, excludes high-deductible policies; based on data through 12/31/2022; excludes COVID-19 claims; values displayed reflect the methodology underlying the most recent rate/loss cost filing; premium includes all states where NCCI provides ratemaking services; NV is excluded through 2001, TX is excluded through 2006, and WV is excluded through 2011; losses include all states where NCCI provides ratemaking services; NV is excluded through 2003, TX is excluded through 2008, and WV is excluded through 2012

Factors Impacting WC Bureau Loss Costs

- Interaction between average weekly wage, claim frequency, and severity
 - Inflationary exposure base payroll puts upward pressure on premium and downward pressure on loss costs
 - Declines in claim frequency reduce costs
 - Recent claim severity changes have been moderate compared to wage growth
- WC experience continues to improve after the COVID pandemic
- NCCI is diligently monitoring the environment for signs of change