

State of the Line Report

Donna Glenn, FCAS, MAAA

Chief Actuary
NCCI





P/C Industry



Workers Comp



Loss Drivers



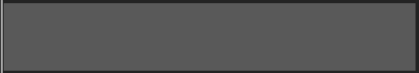
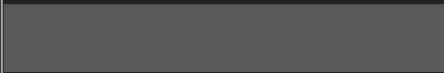



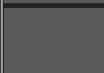



Premium



Results

Property/Casualty (P/C) Industry Net Written Premium Growth

Private Carriers

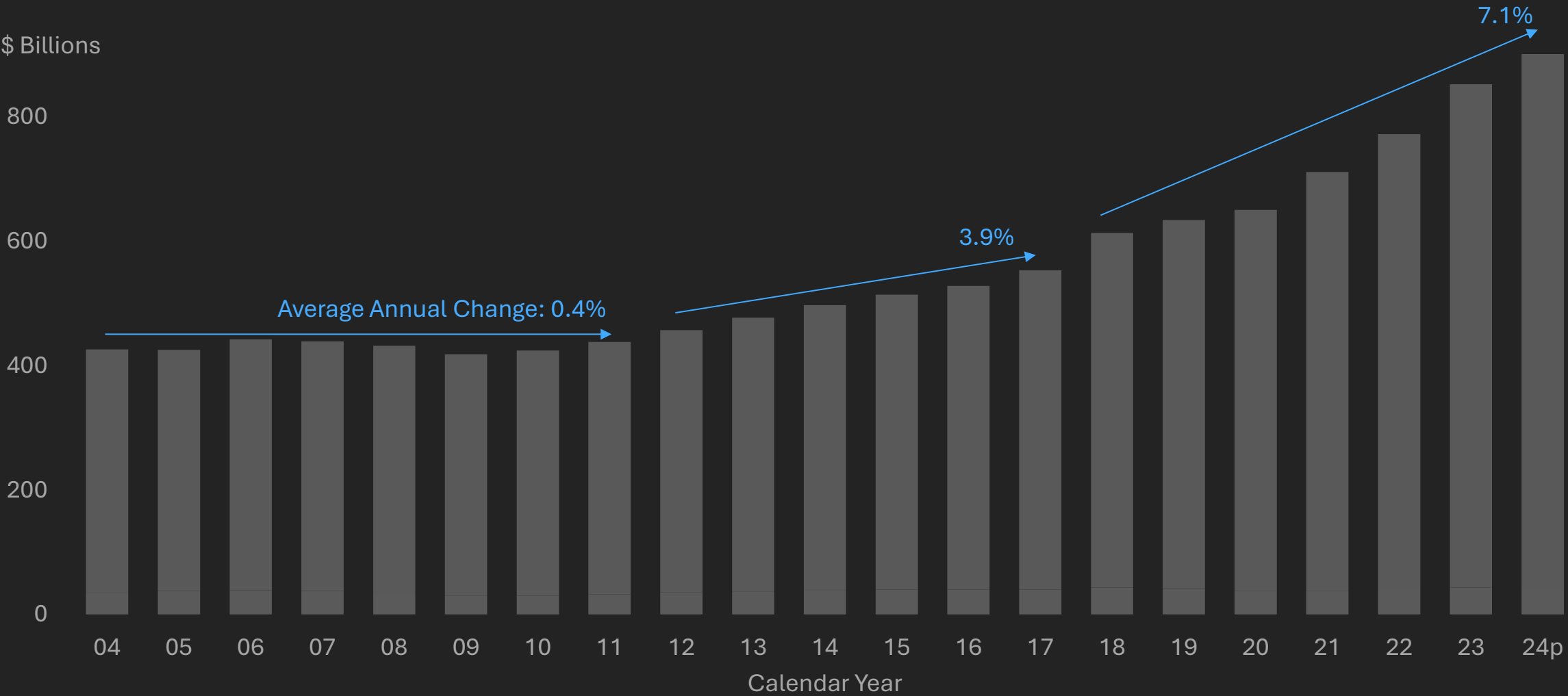
Line of Business	2023 (\$B)	2024p (\$B)	% Change From 2023	
Personal Auto	306.6	345.8		
Homeowners	128.0	145.7		
Other Liability (Incl. Product Liability)	101.0	104.0		
Commercial Auto	55.8	61.6		
Commercial Multi-Peril	54.6	58.2		
Fire & Allied Lines (Incl. Earthquake)	56.1	58.0		
Workers Compensation (WC)	43.0	41.6	-3.2	
All Other Lines	107.2	112.1		
Total P/C Industry	852.3	927.1	 8.8	

p Preliminary

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

Total P/C Industry Net Written Premium

Private Carriers



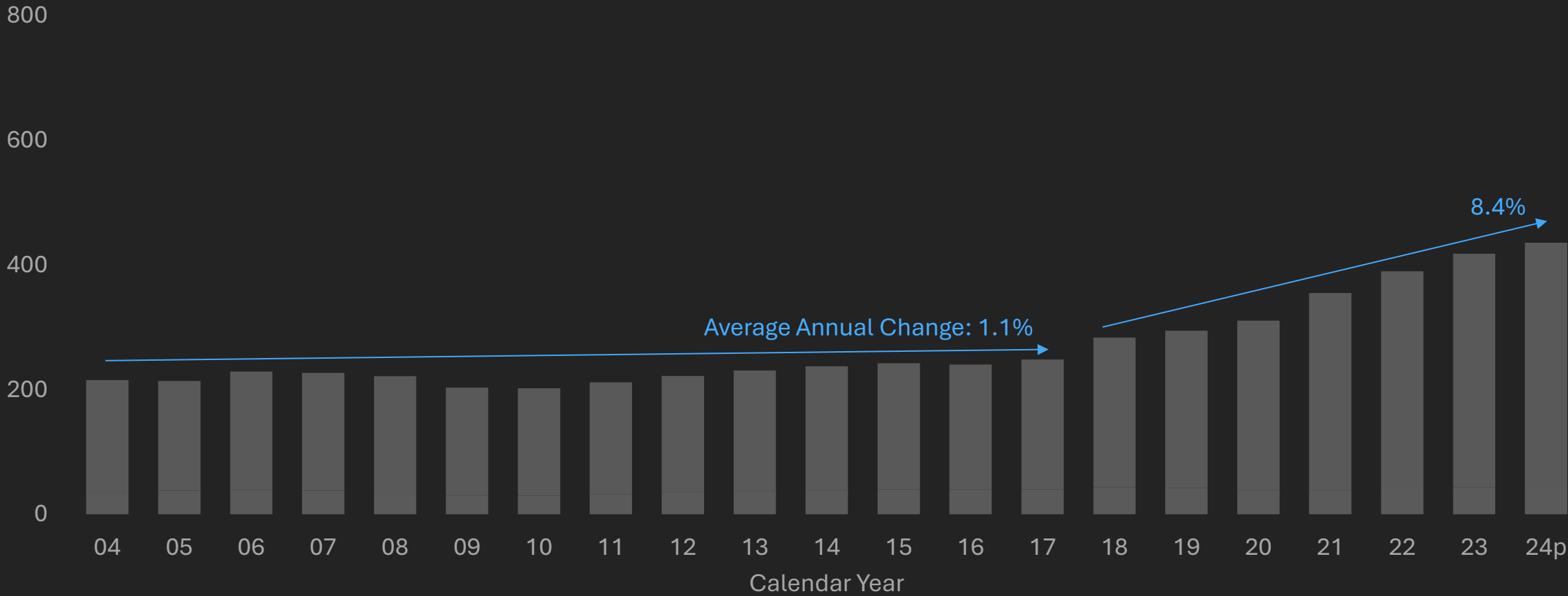
p Preliminary

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

Total Commercial Lines Net Written Premium

Private Carriers

\$ Billions



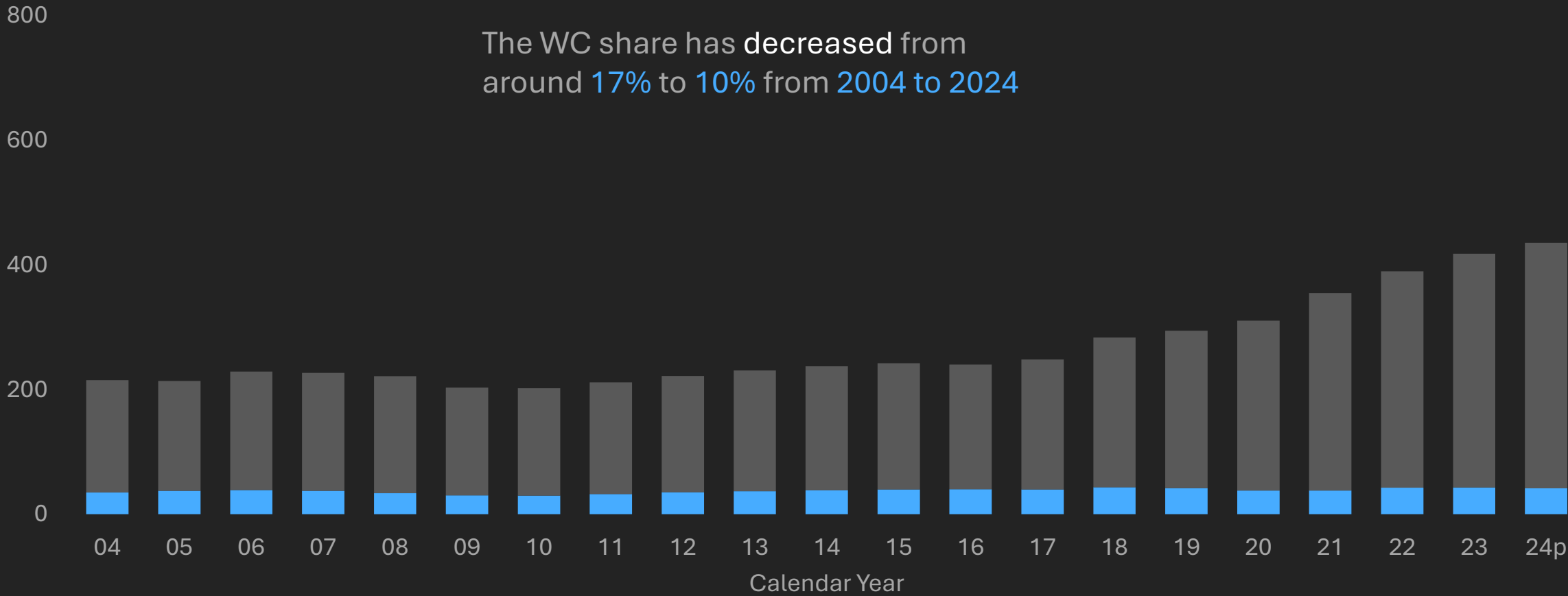
p Preliminary
Source: NAIC's Annual Statement data for individual carriers prior to consolidation of affiliated carriers

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WC Share of Total Commercial Lines Net Written Premium

Private Carriers

\$ Billions

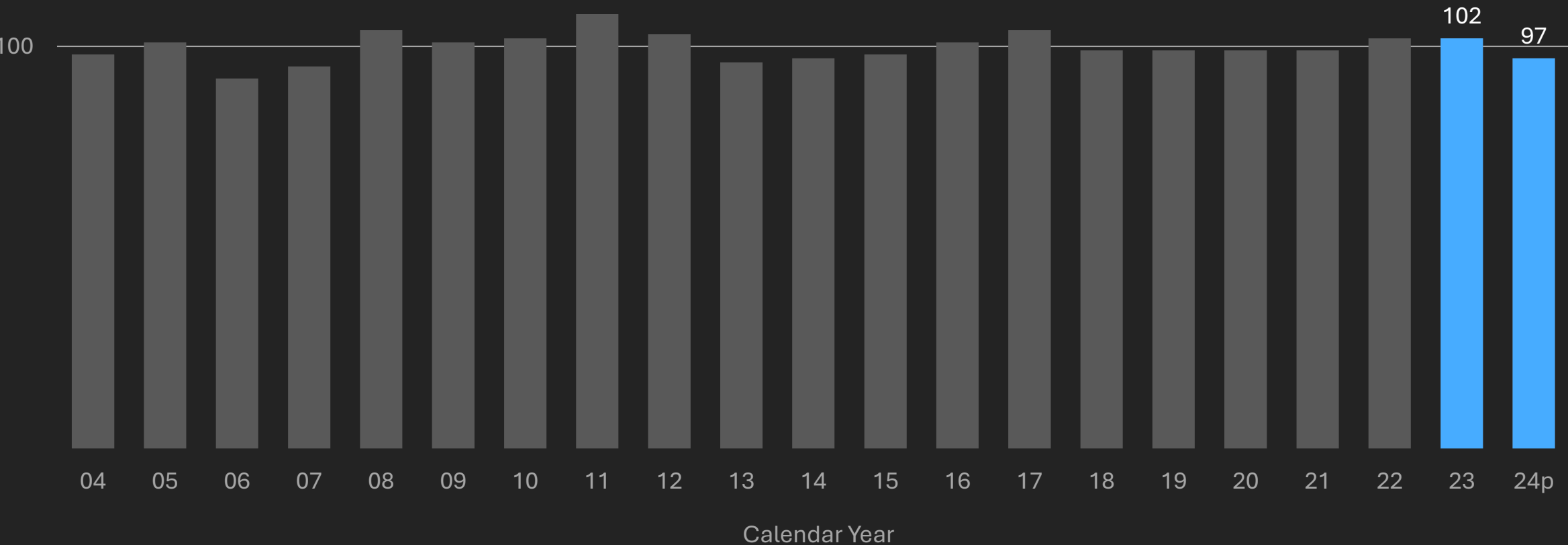


p Preliminary
Source: NAIC's Annual Statement data for individual carriers prior to consolidation of affiliated carriers

P/C Industry Net Combined Ratio

Private Carriers

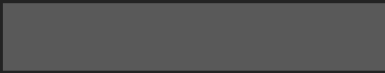



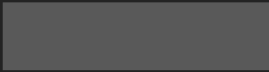
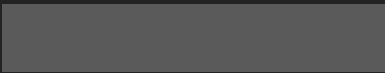

Percent



p Preliminary
Sources: 2004–2008 and 2013–2024p NAIC’s Annual Statement data; 2009–2012 Insurance Services Office (ISO)

P/C Industry Net Combined Ratio

Private Carriers

Line of Business	2023 (%)	2024p (%)	Difference From 2023	
Personal Auto	105	95		
Homeowners	111	100		
Other Liability (Incl. Product Liability)	100	109		
Commercial Auto	109	107		
Commercial Multi-Peril	107	100		
Fire & Allied Lines (Incl. Earthquake)	93	83		
Workers Compensation	86	86	0	
All Other Lines	88	88		
Total P/C Industry	102	97	-5	

p Preliminary

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



Workers Comp



P/C Industry

- P/C Industry grew substantially
- P/C results were profitable in 2024
- WC profitability is flat despite the premium decline



P/C Industry



Premium



Workers Comp



Loss Drivers

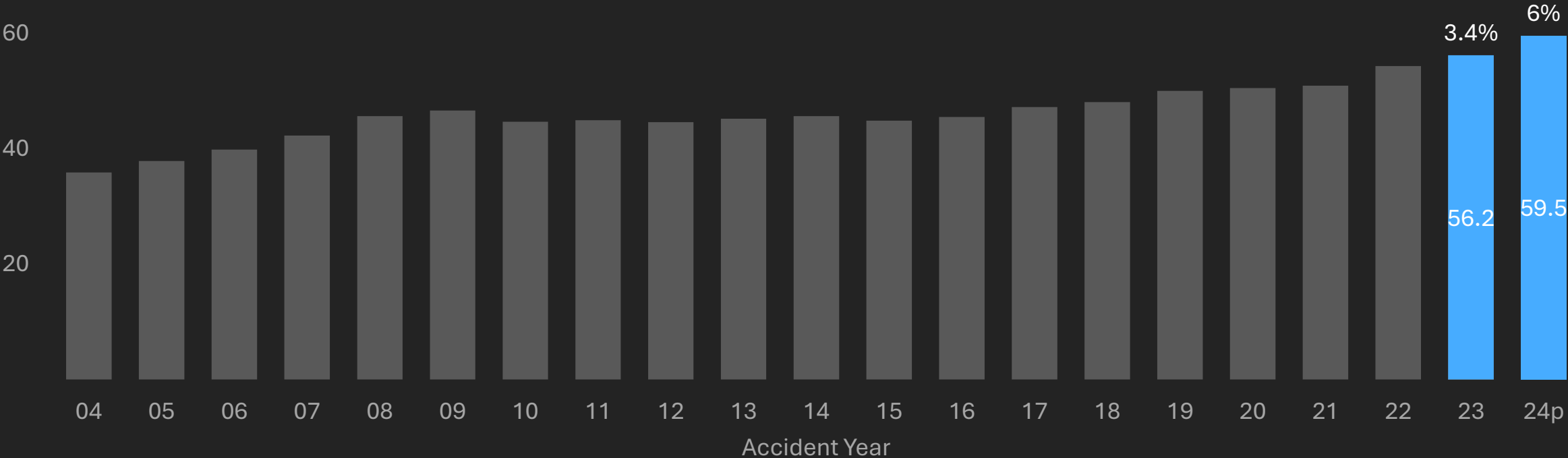


Results

WC Average Total Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States

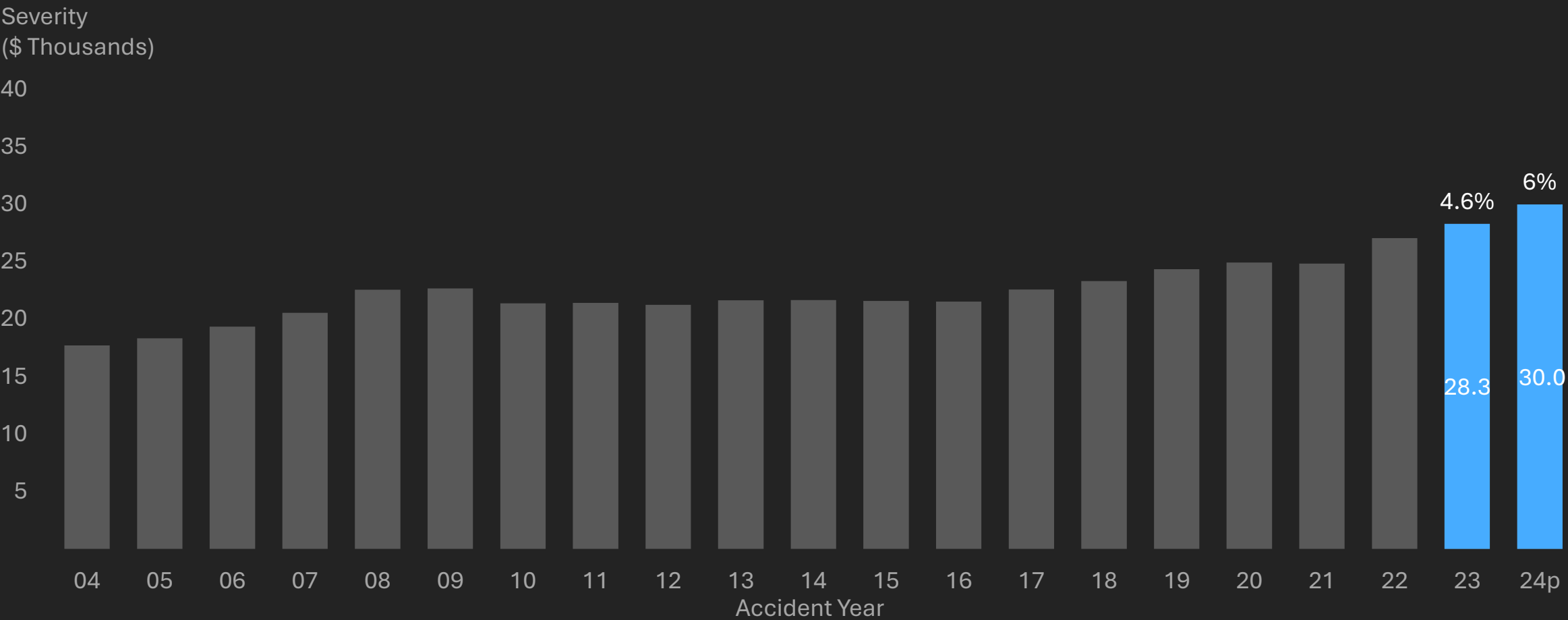
Severity
(\$ Thousands)
80



p Preliminary, based on data valued as of 12/31/2024
Source: NCCI's Financial Call data, developed to ultimate, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023
Values displayed reflect the methodology underlying the most recent rate/loss cost filing
Includes all states where NCCI provides ratemaking services; TX is excluded through 2009 and WV is excluded through 2013

WC Average Lost-Time Indemnity Claim Severity

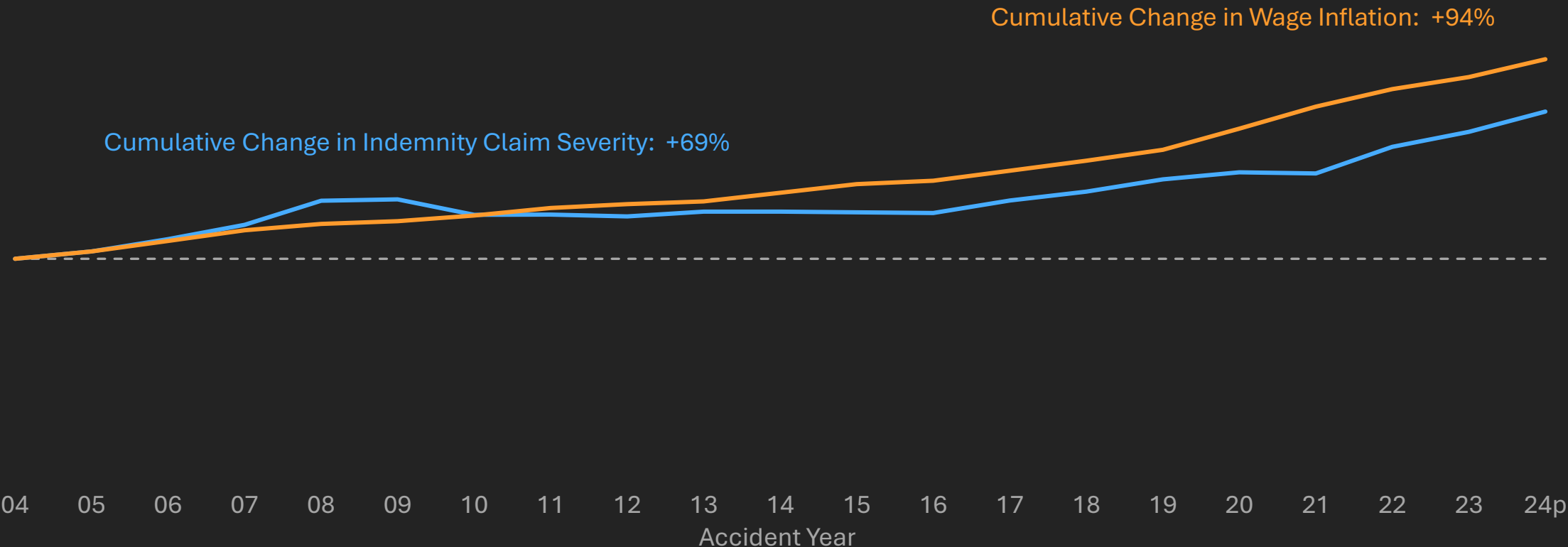
Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024
Source: NCCI's Financial Call data, developed to ultimate, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023
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WC Average Lost-Time Indemnity Claim Severity

Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024

Sources: US Average Weekly Wage: 2004–2007, 2012–2019, and 2022–2023 Quarterly Census of Employment and Wages (QCEW) and US Bureau of Labor Statistics (BLS); 2008–2011 and 2020–2021 NCCI and QCEW; 2024p BLS, US Bureau of Economic Analysis (BEA), and NCCI

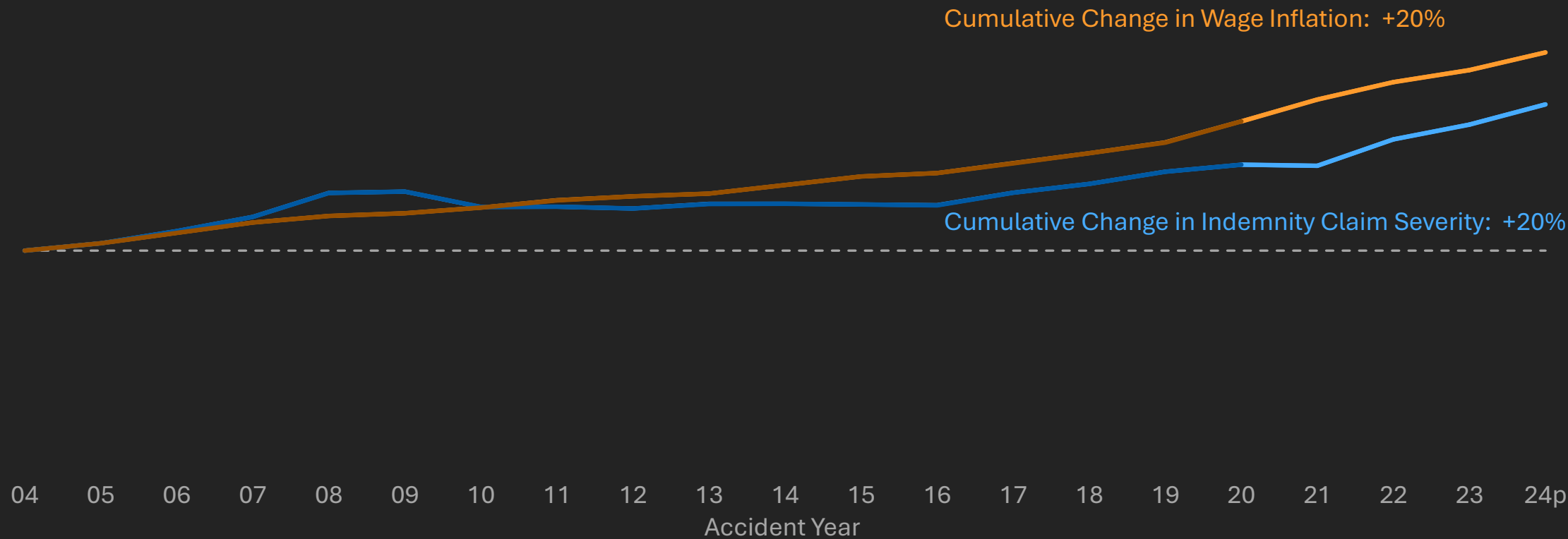
Severity: NCCI’s Financial Call data, developed to ultimate, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023

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WC Average Lost-Time Indemnity Claim Severity

Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024

Sources: US Average Weekly Wage: 2004–2007, 2012–2019, and 2022–2023 Quarterly Census of Employment and Wages (QCEW) and US Bureau of Labor Statistics (BLS); 2008–2011 and 2020–2021 NCCI and QCEW; 2024p BLS, US Bureau of Economic Analysis (BEA), and NCCI

Severity: NCCI's Financial Call data, developed to ultimate, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023

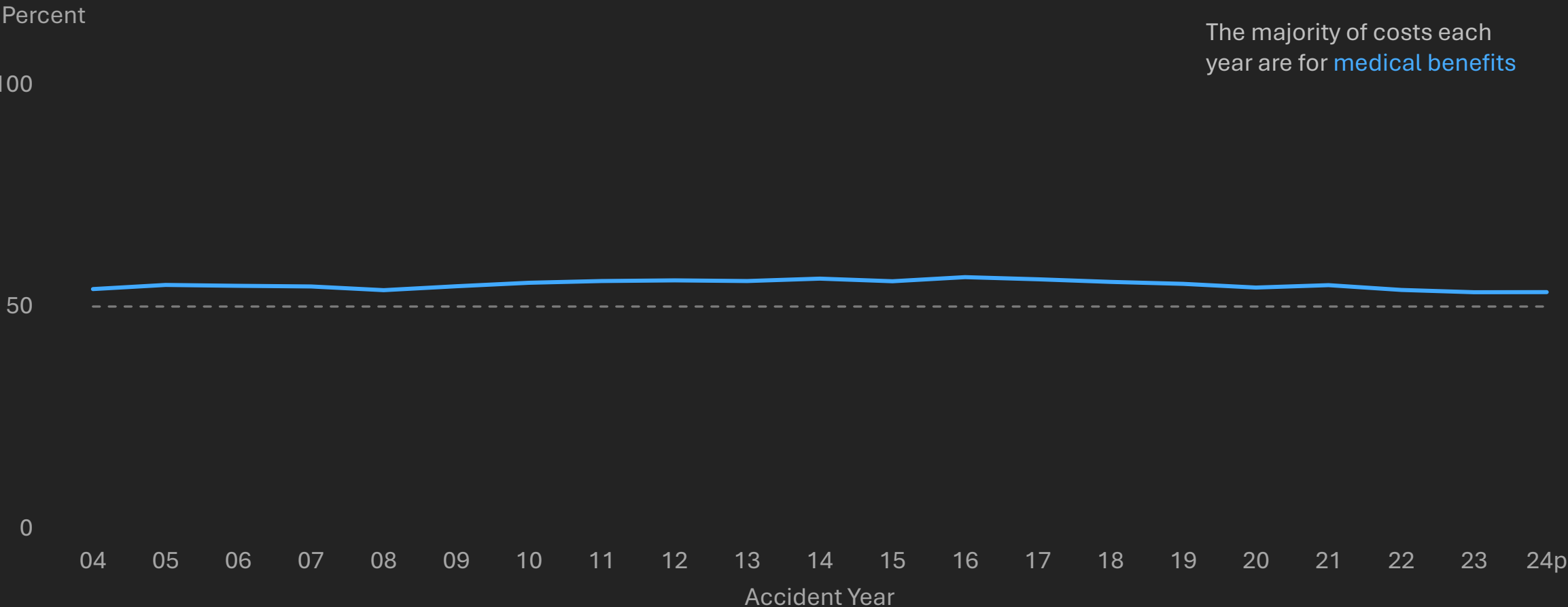
Values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; TX is excluded through 2009 and WV is excluded through 2013

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WC Medical Share of Losses Over Time

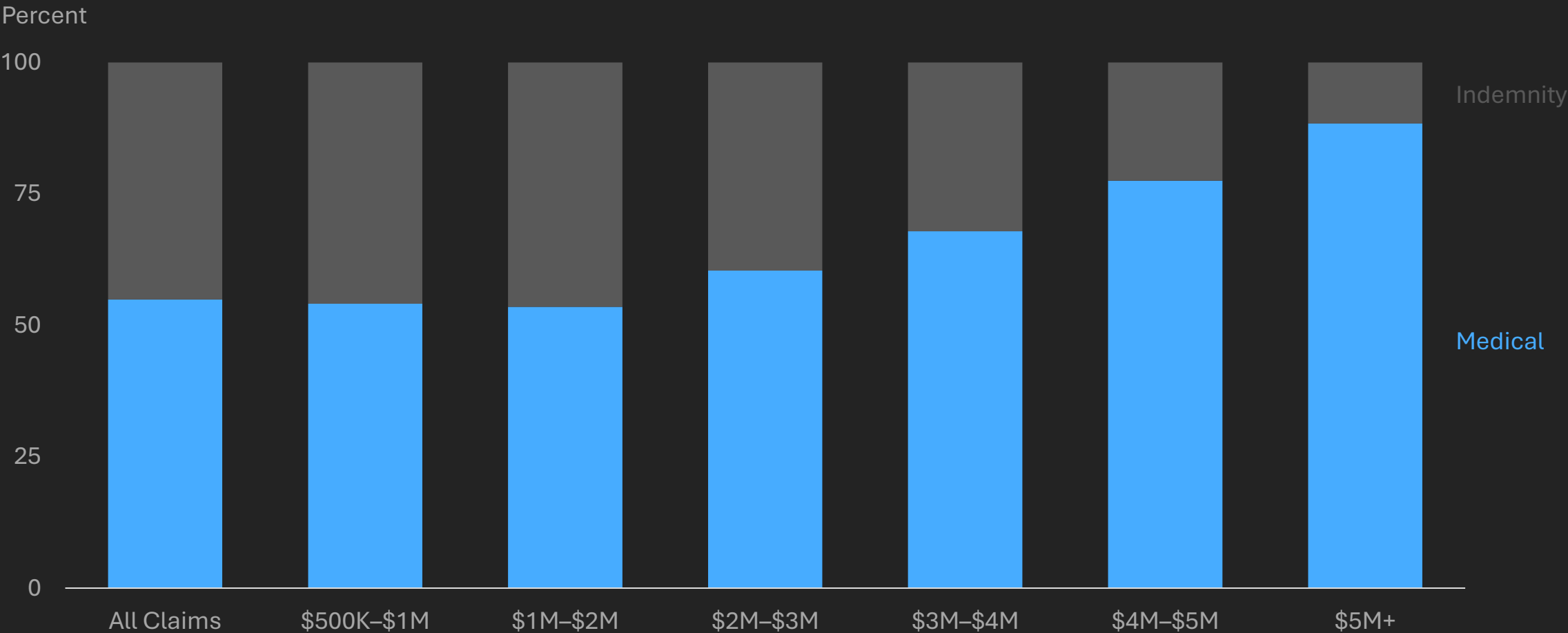
Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024
Source: NCCI's Financial Call data, developed to ultimate, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023
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WC Medical Share of Losses by Threshold

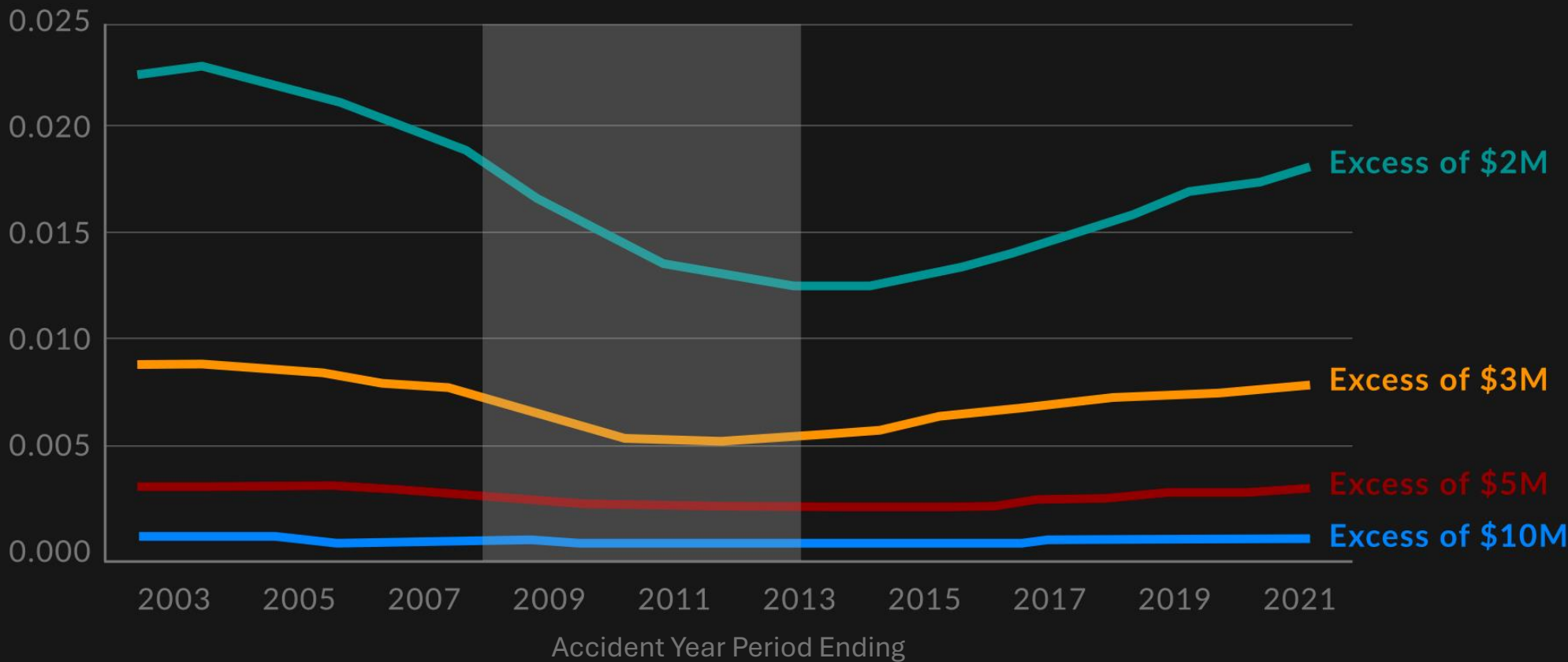
Average of Accident Years 2004–2024p, Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024
Source: NCCI’s Financial Call data, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023
Includes all states where NCCI provides ratemaking services; TX is excluded through 2009 and WV is excluded through 2013

Mega Claims Collaboration

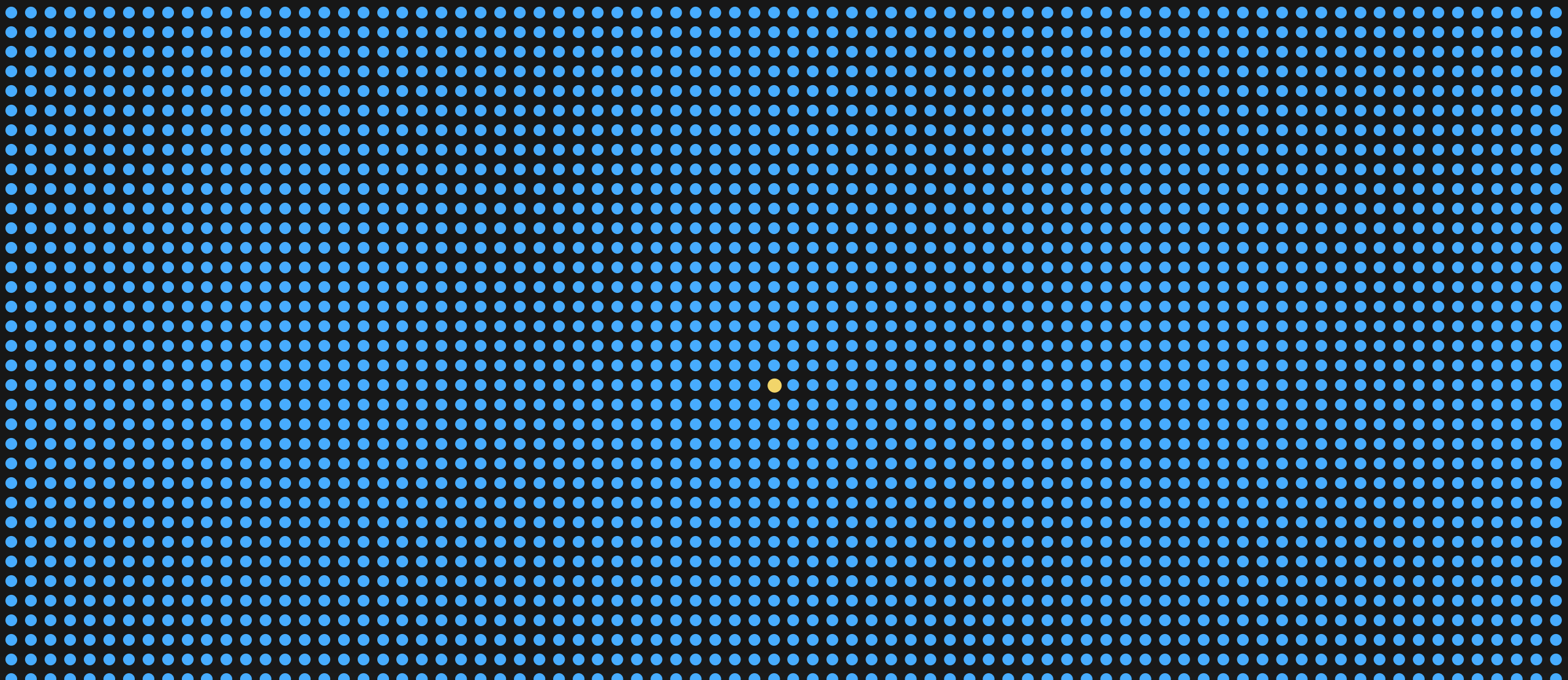
Estimated Frequency of Mega Claims Per \$1 Million of Premium by Threshold
(3-Year Moving Average)



Source: Based on the Countrywide Mega Claims Accident Years 2001–2021 Report produced by multiple WC rating bureaus

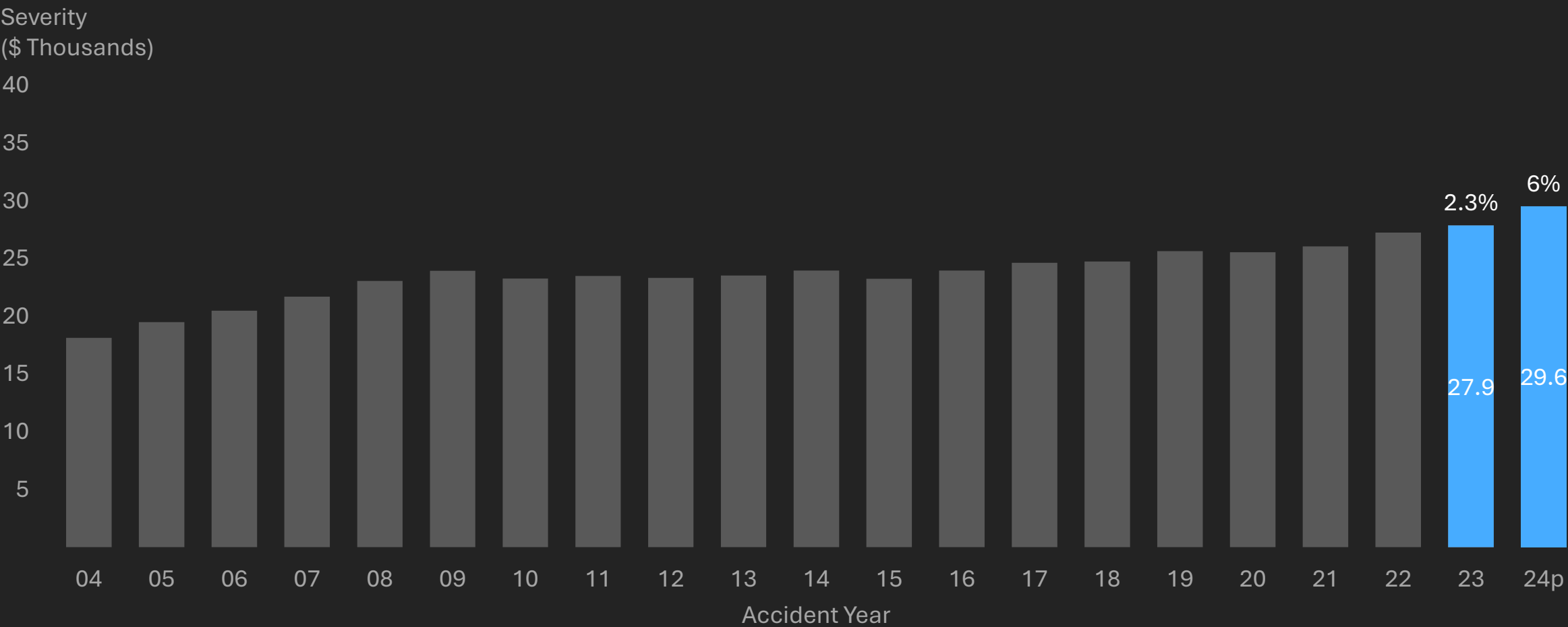
Mega Claims Collaboration

1 in every **28,900** claims is greater than \$10M



WC Average Medical Lost-Time Claim Severity

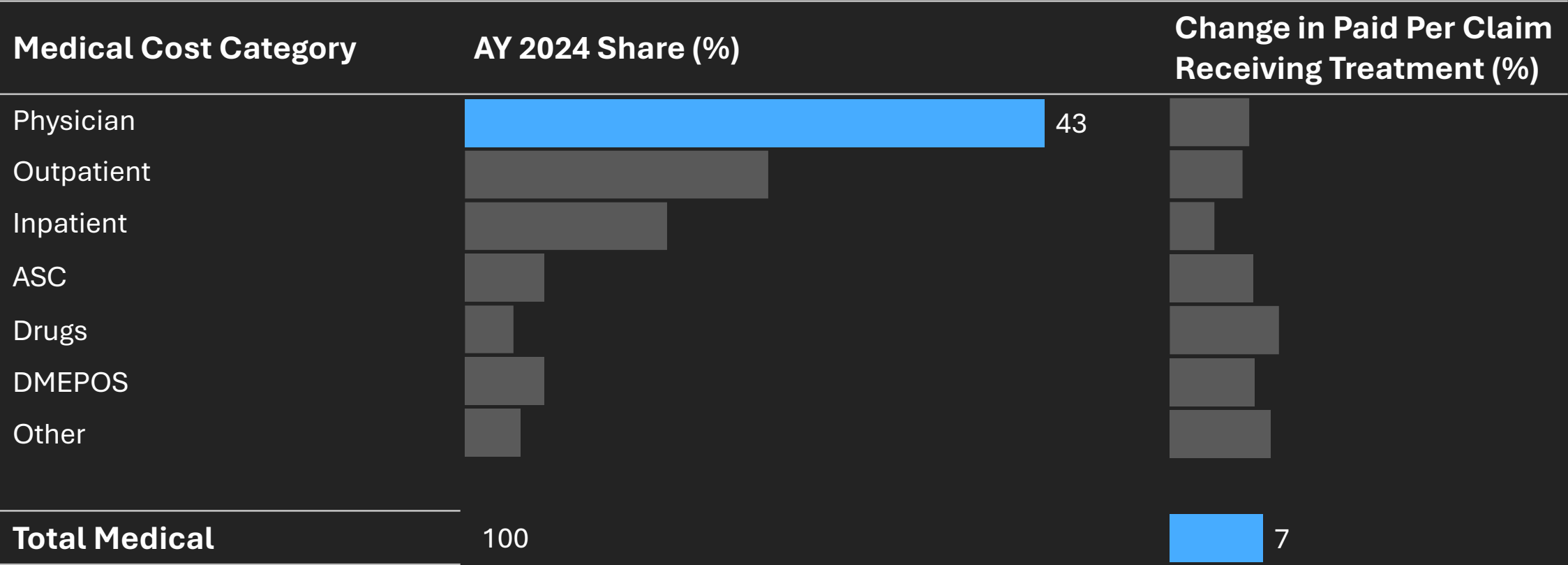
Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024
Source: NCCI's Financial Call data, developed to ultimate, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023
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Medical Paid Per Claim Receiving Treatment

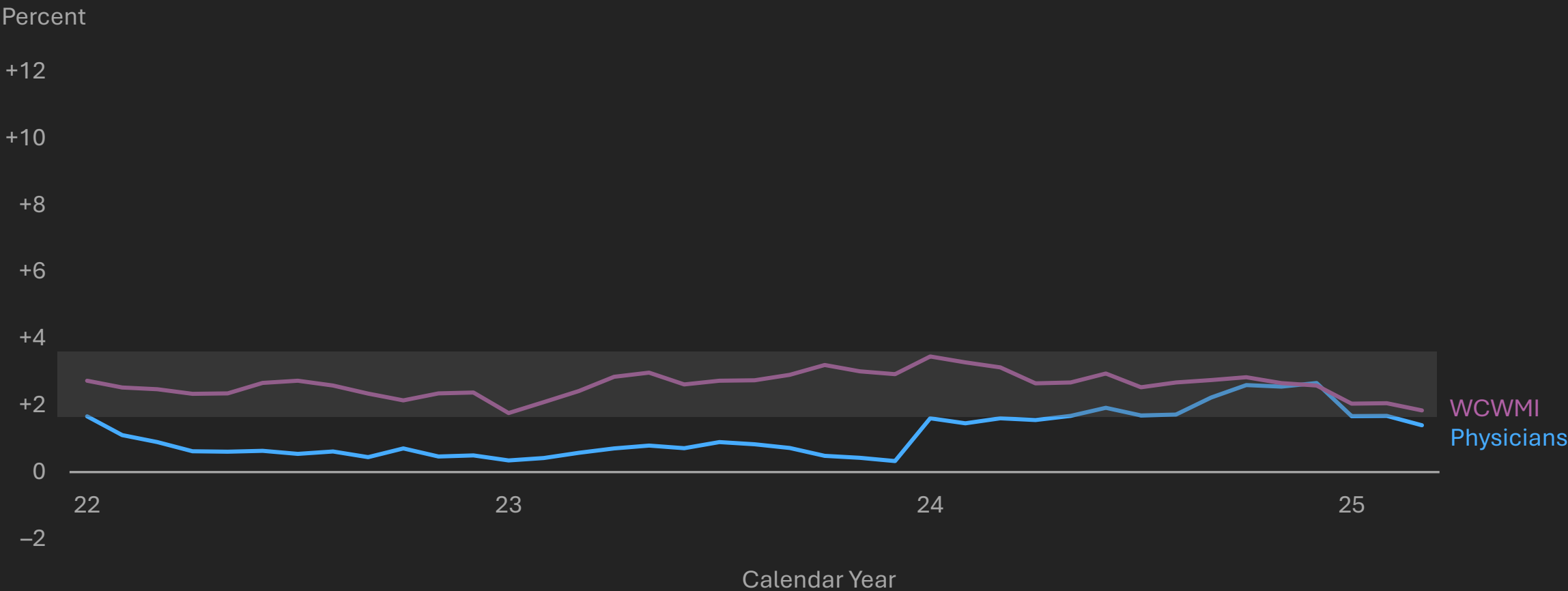
Year-Over-Year Change 2023–2024p, Early Look



p Preliminary, based on medical payments made in the same year in which the accident occurred and was reported to NCCI prior to 4/1 in the subsequent year
Source: Based on NCCI’s Medical Data Call
Includes all states where NCCI provides ratemaking services

Workers Compensation Weighted Medical Price Index (WCWMI) by Medical Cost Category

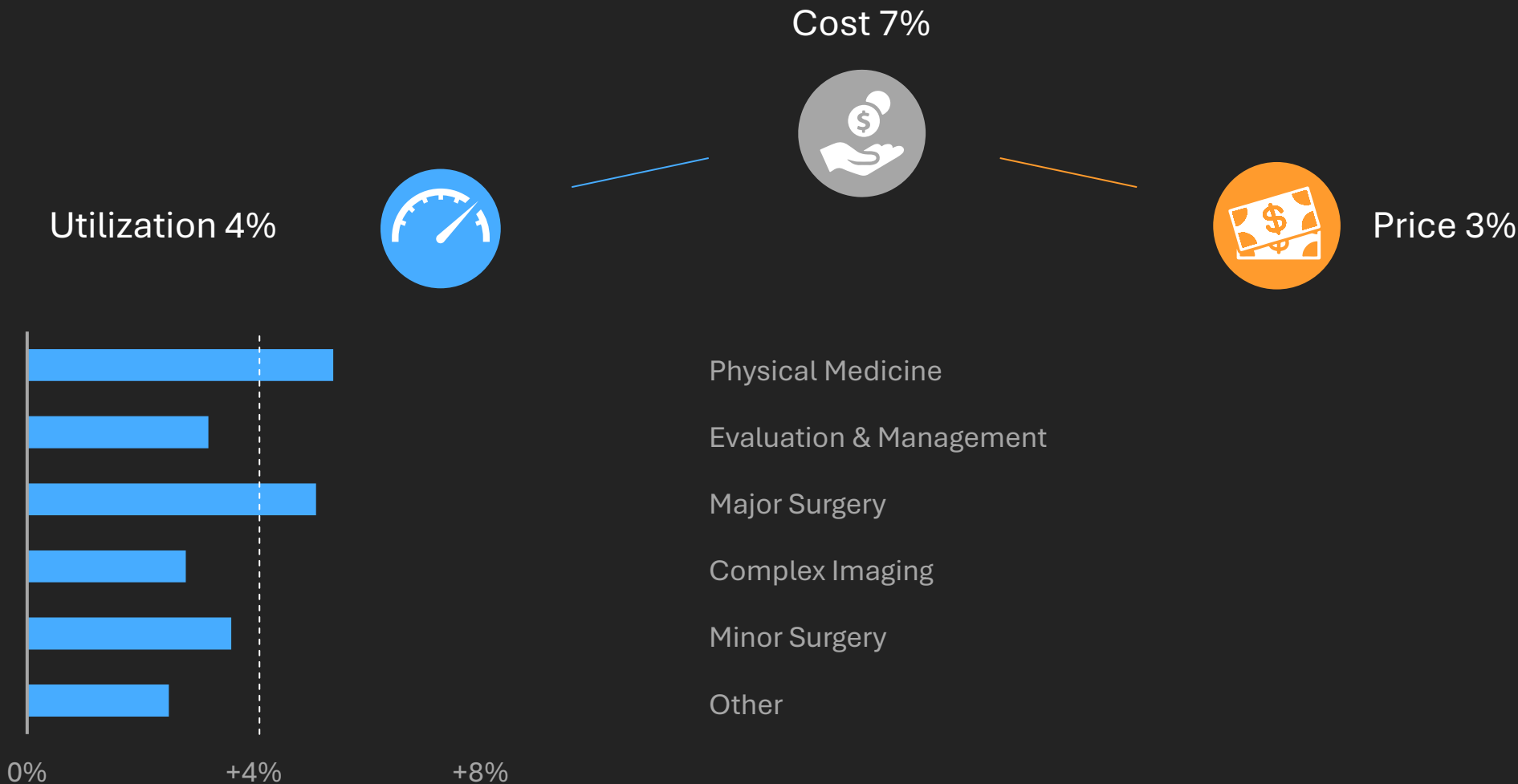
Year-Over-Year Percentage Change



Sources: WC Weighted Medical Price Index: 2022–2025 US Bureau of Labor Statistics (BLS) and NCCI
Medical Cost Categories: US Bureau of Labor Statistics (BLS)
Component Weights: NCCI's Medical Data Call

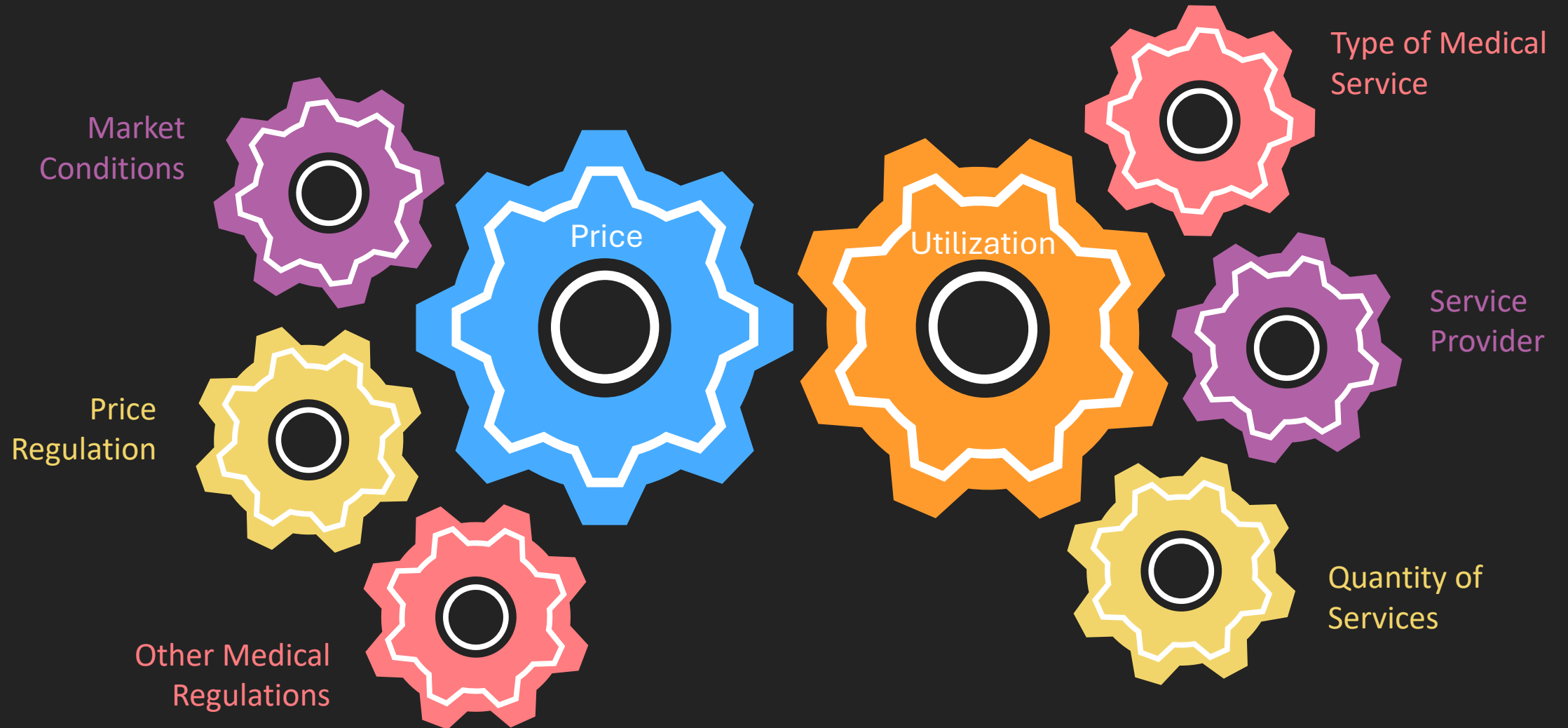
Physician Paid Per Claim by Component

Year-Over-Year Change 2023–2024p, Early Look



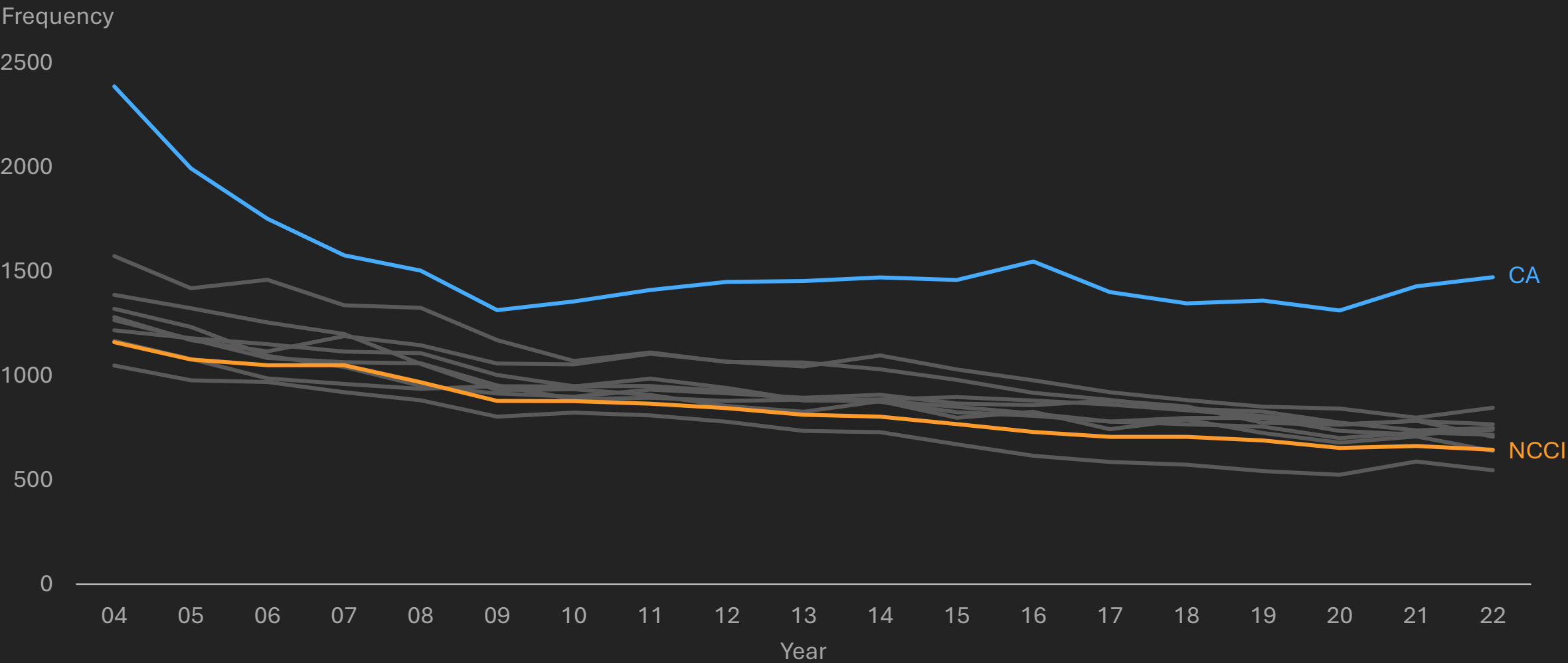
p Preliminary, based on medical payments made in the same year in which the accident occurred and was reported to NCCI prior to 4/1 in the subsequent year
Source: Based on NCCI's Medical Data Call
Includes all states where NCCI provides ratemaking services

Factors Impacting Costs for Medical Services



WC Lost-Time Claim Frequency

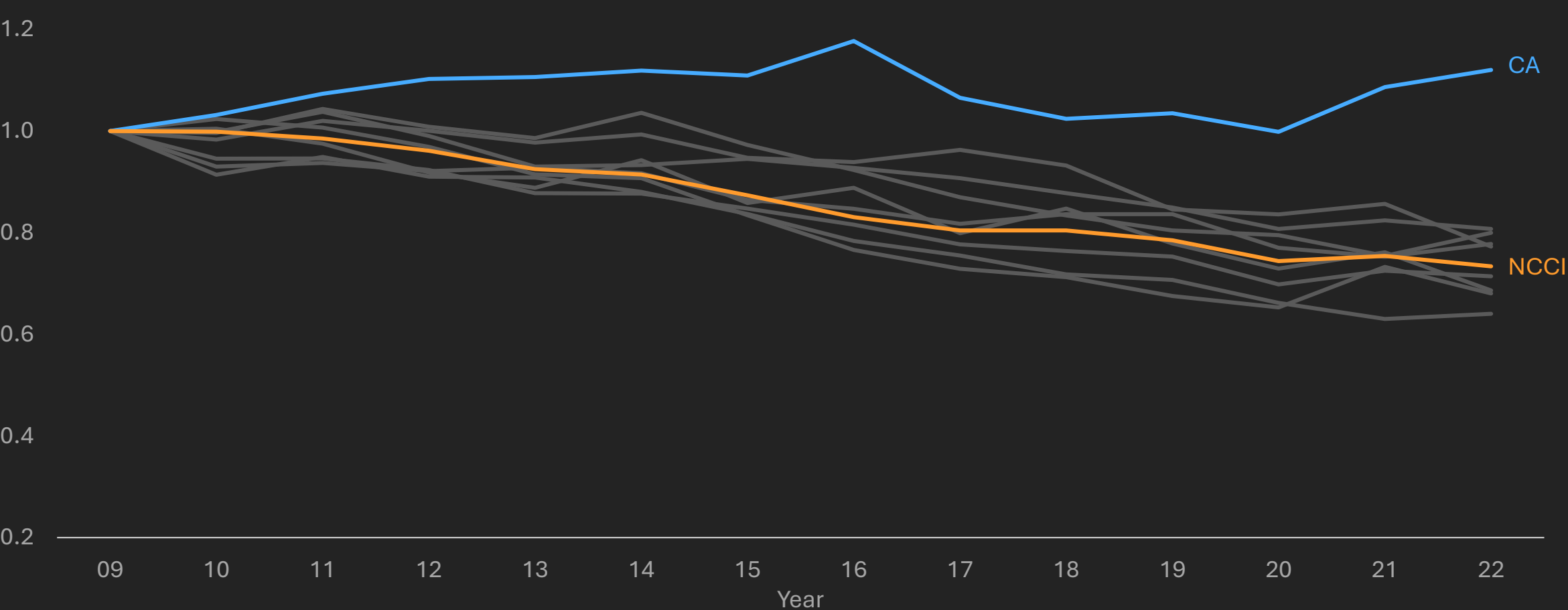
Lost-Time Claims Per 100K Workers, Private Carriers and State Funds—Bureau States



Source: **Annual Statistical Bulletin (ASB)** Exhibit 12; lost-time claims at 1st Report Per 100,000 Workers; NCCI line includes all states where NCCI provides ratemaking services; TX is excluded through 2007 and WV is excluded through 2012

WC Lost-Time Claim Frequency

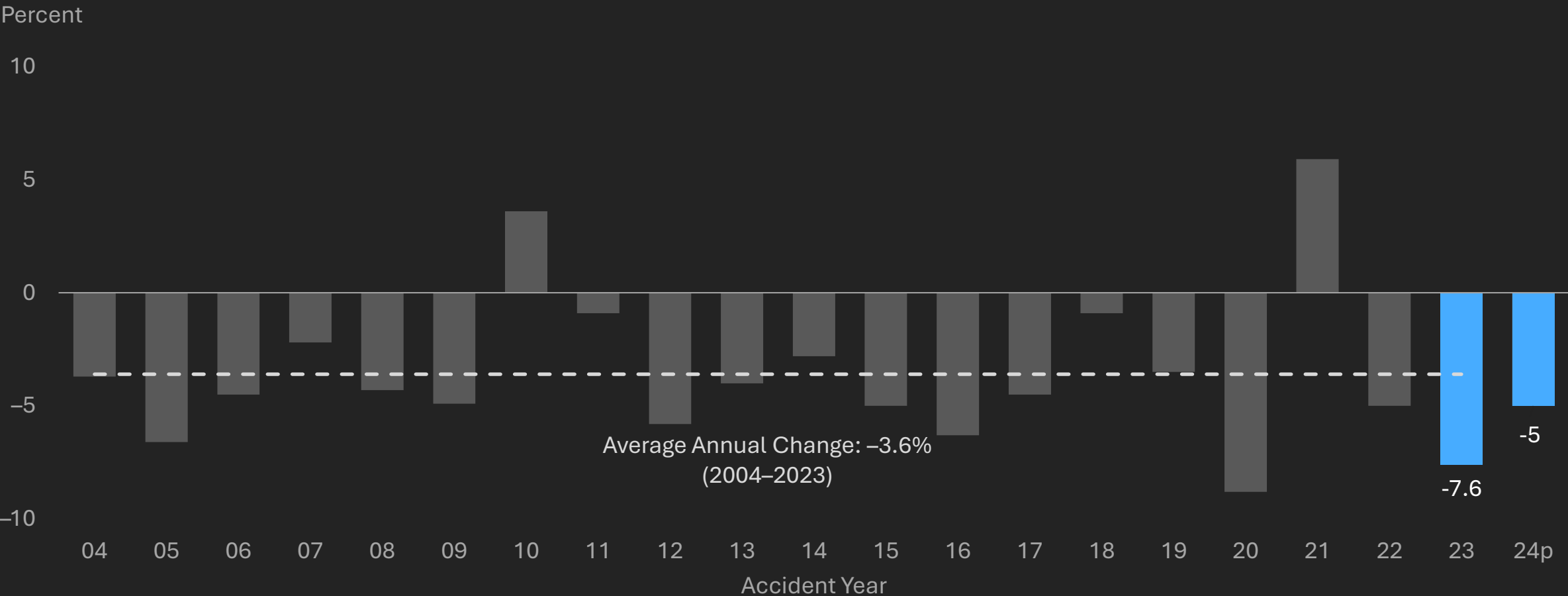
Cumulative Change in Lost-Time Claims Per 100K Workers, Private Carriers and State Funds—Bureau States



Source: **Annual Statistical Bulletin (ASB)** Exhibit 12; lost-time claims at 1st Report Per 100,000 Workers; NCCI line includes all states where NCCI provides ratemaking services; WV is excluded through 2012

WC Lost-Time Claim Frequency

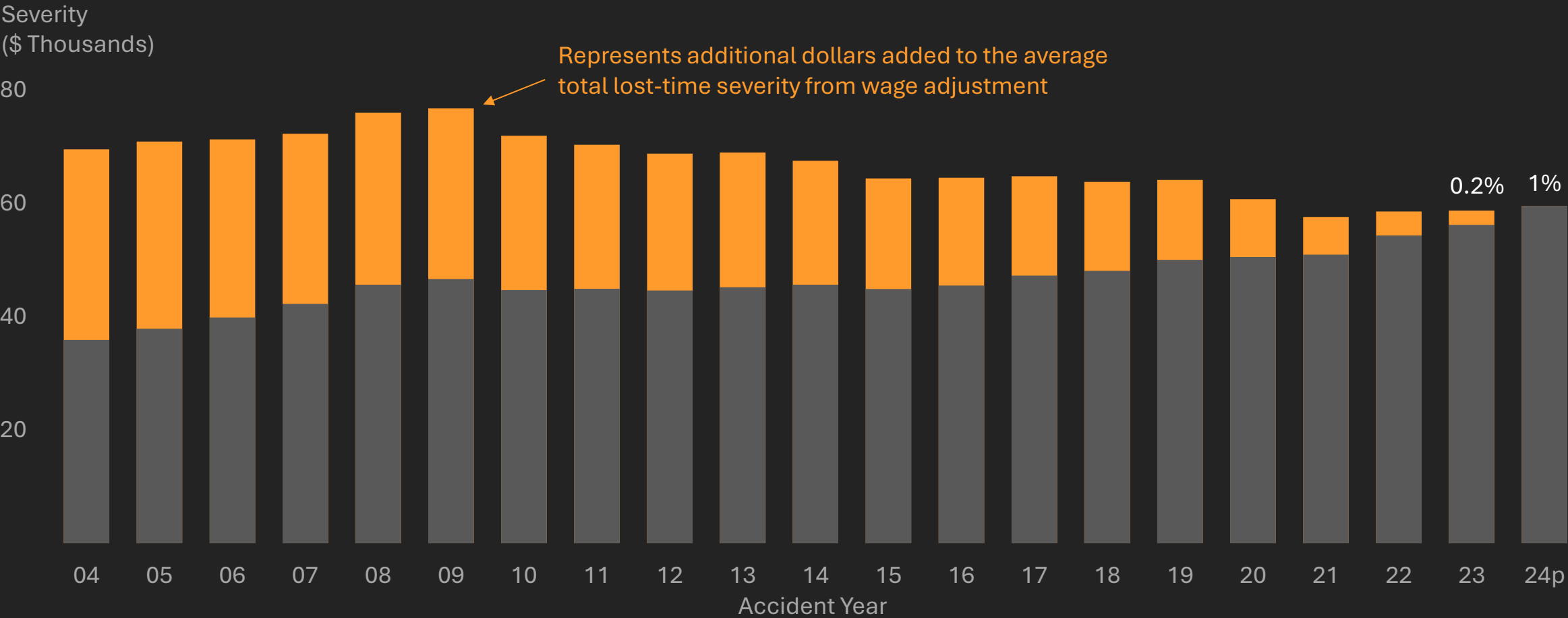
Change in Claims Per \$1M Pure Premium, Private Carriers and State Funds—NCCI States



2010–2011 and 2019–2023 are adjusted to reflect the impact of changes in audit activity
p Preliminary, based on data valued as of 12/31/2024
Source: NCCI’s Financial Call data, developed to ultimate, premium adjusted to current wage and voluntary pure premium level, excludes large-deductible policies;
based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023
Includes all states where NCCI provides ratemaking services; TX is excluded through 2006 and WV is excluded through 2011

WC Average Wage-Adjusted Total Lost-Time Claim Severity

Private Carriers and State Funds—NCCI States



p Preliminary, based on data valued as of 12/31/2024

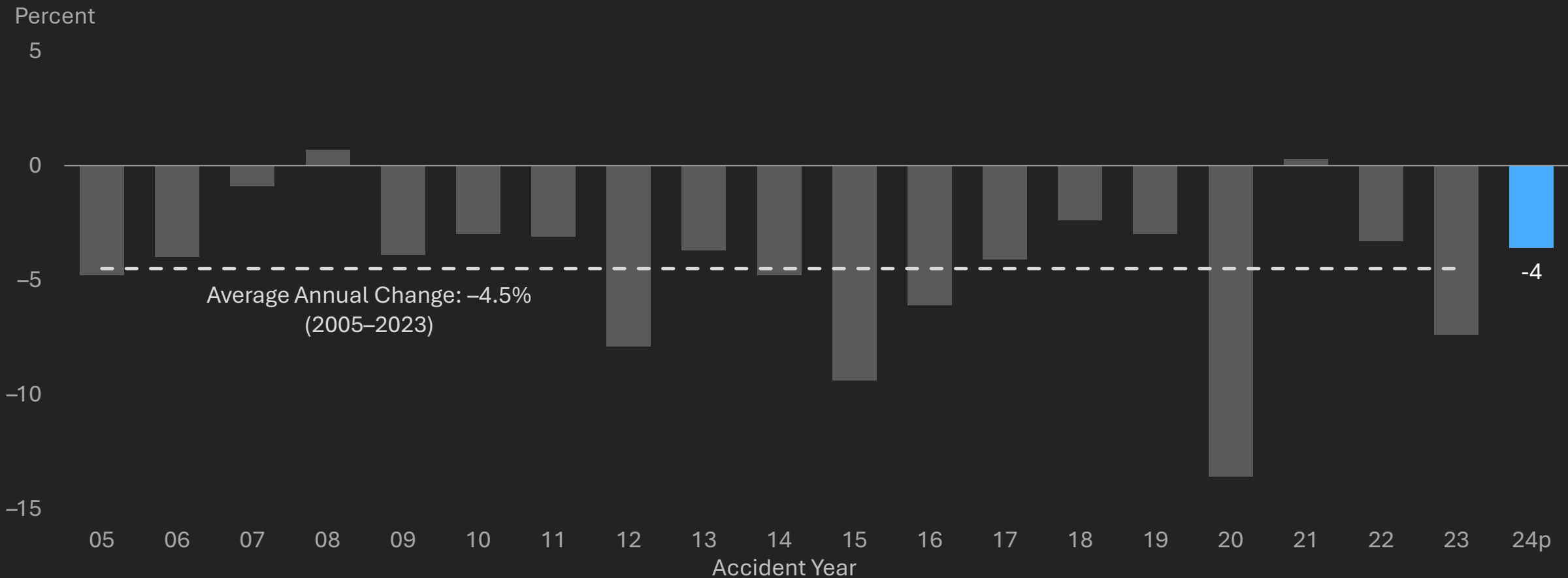
Sources: US Average Weekly Wage: 2004–2007, 2012–2019, and 2022–2023 Quarterly Census of Employment and Wages (QCEW) and US Bureau of Labor Statistics (BLS); 2008–2011 and 2020–2021 NCCI and QCEW; 2024p BLS, US Bureau of Economic Analysis (BEA), and NCCI

Severity: NCCI’s Financial Call data, developed to ultimate, adjusted to current wage level, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023; values displayed reflect the methodology underlying the most recent rate/loss cost filing

Includes all states where NCCI provides ratemaking services; TX is excluded through 2009 and WV is excluded through 2013

WC Average Lost-Time Loss Ratio

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



Premium in 2010–2011 and 2019–2023 is adjusted to reflect the impact of changes in audit activity
p Preliminary, based on data valued as of 12/31/2024
Source: NCCI’s Financial Call data, developed to ultimate, premium adjusted to voluntary pure premium level, excludes large-deductible policies; based on data through 12/31/2023; excludes COVID-19 claims through 7/1/2023; values displayed reflect the methodology underlying the most recent rate/loss cost filing
Premium includes all states where NCCI provides ratemaking services; TX is excluded through 2006 and WV is excluded through 2011
Losses include all states where NCCI provides ratemaking services; TX is excluded through 2009 and WV is excluded through 2013



Workers Comp



Loss Drivers

- Indemnity severity is generally aligned with wage increases
- Changes in utilization are putting upward pressure on medical severity
- Frequency follows the long-term trend



P/C Industry



Premium



Workers Comp



Loss Drivers

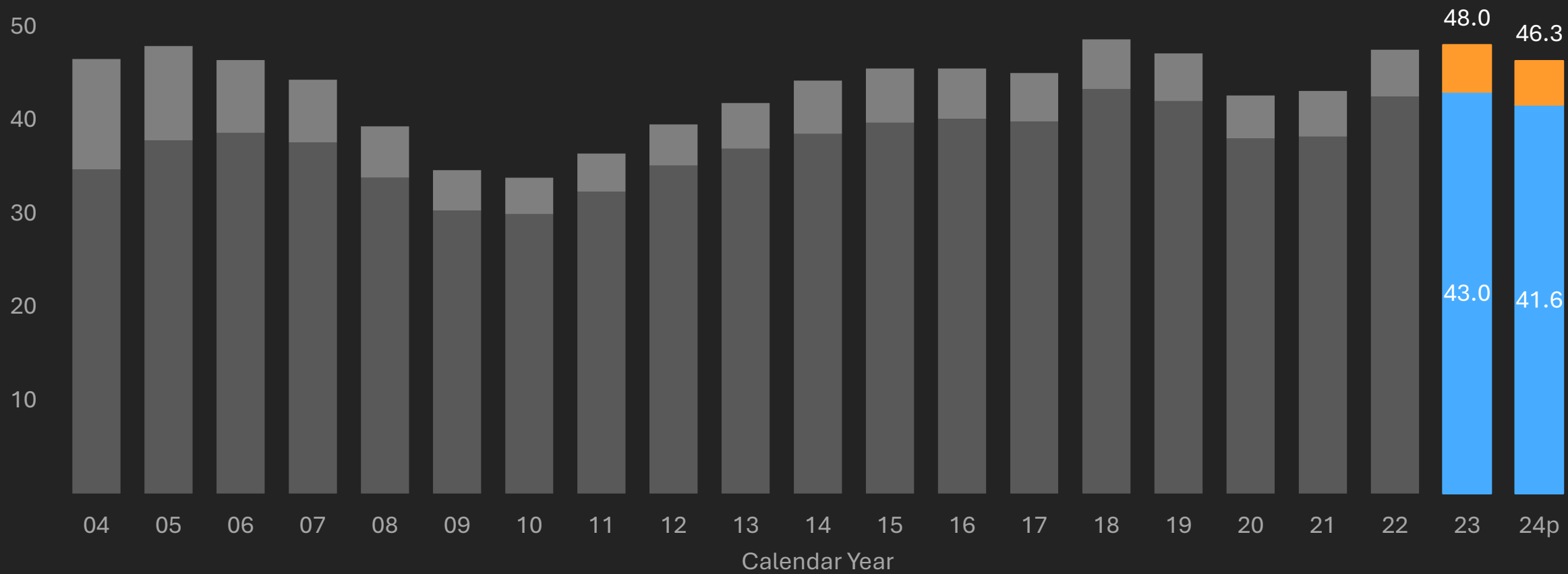


Results

WC Net Written Premium

Private Carriers and State Funds

\$ Billions



p Preliminary

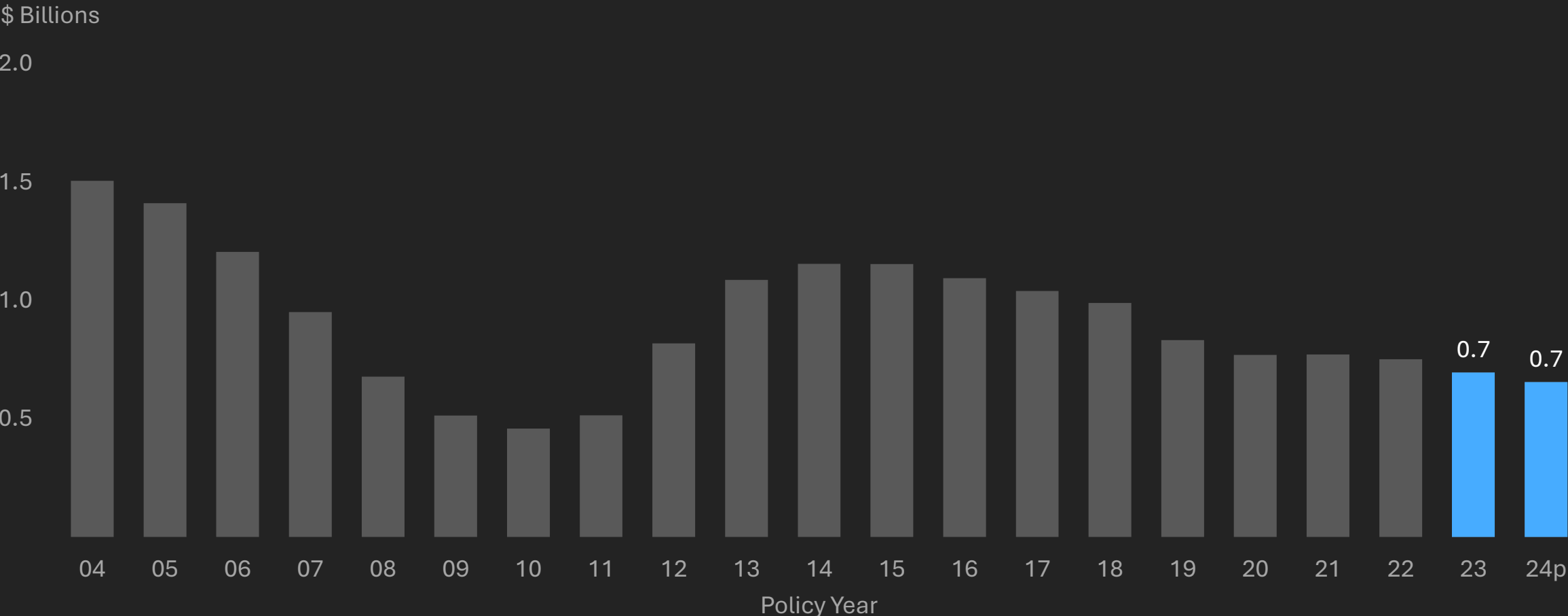
Source: NAIC's Annual Statement data

The following states are included in the respective calendar years in which they operate as state funds: AZ, CA, CO, HI, ID, KY, LA, MD, MO, MT, NM, OK, OR, RI, TX, and UT

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WC Residual Market Premium

NCCI-Serviced WC Residual Market Pools



p Preliminary, incomplete policy year projected to ultimate
Source: NCCI's **Residual Market Quarterly Results**
Includes Pool Data for all NCCI-serviced WC Residual Market Pool states, valued as of 12/31/2024
Tennessee Reinsurance Mechanism premium is not included

WC Residual Market Share

NCCI-Serviced WC Residual Market Pools

Percent

20

15

10

5

04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24p

Calendar Year

5.3

5

p Preliminary

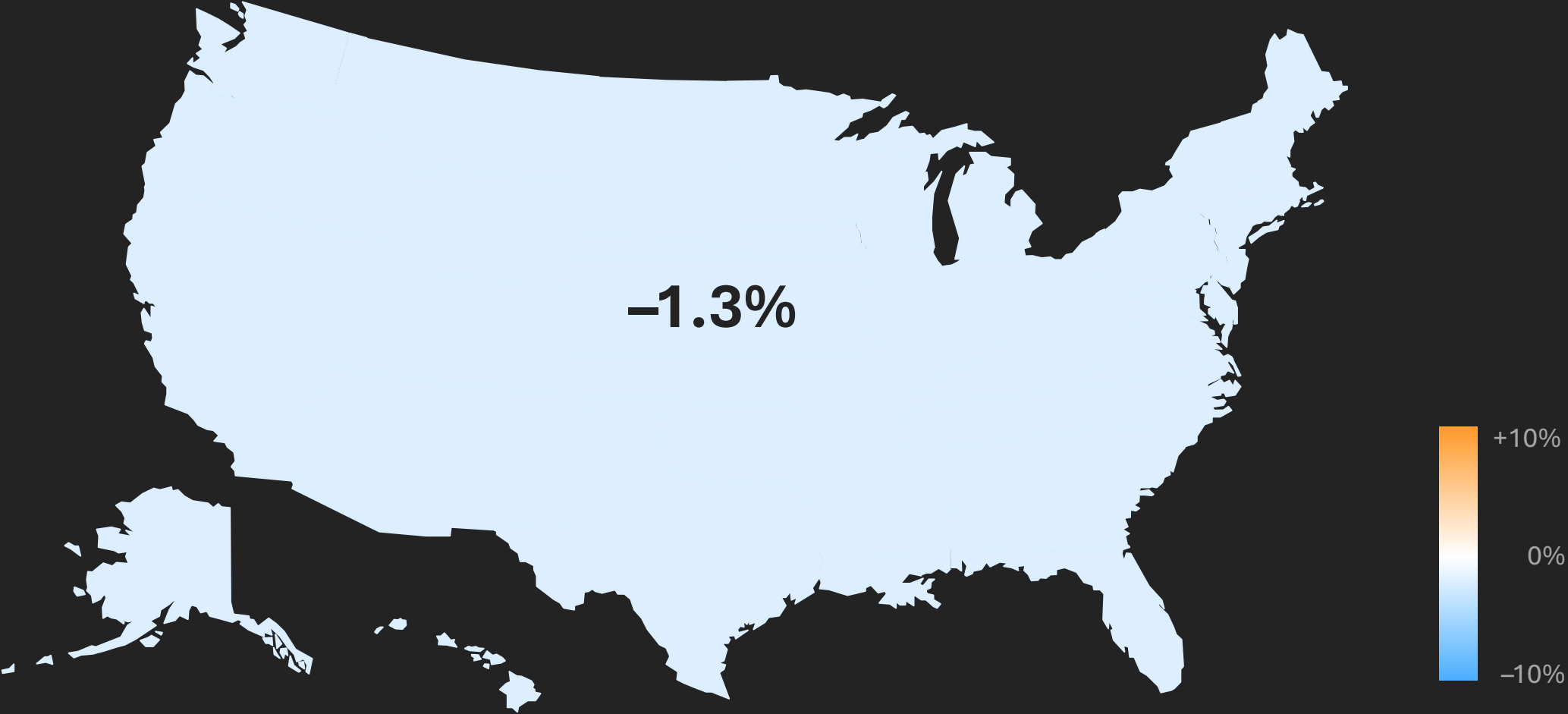
Source: NCCI's **Residual Market Management Summary**

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

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WC Direct Written Premium Change—2023 to 2024

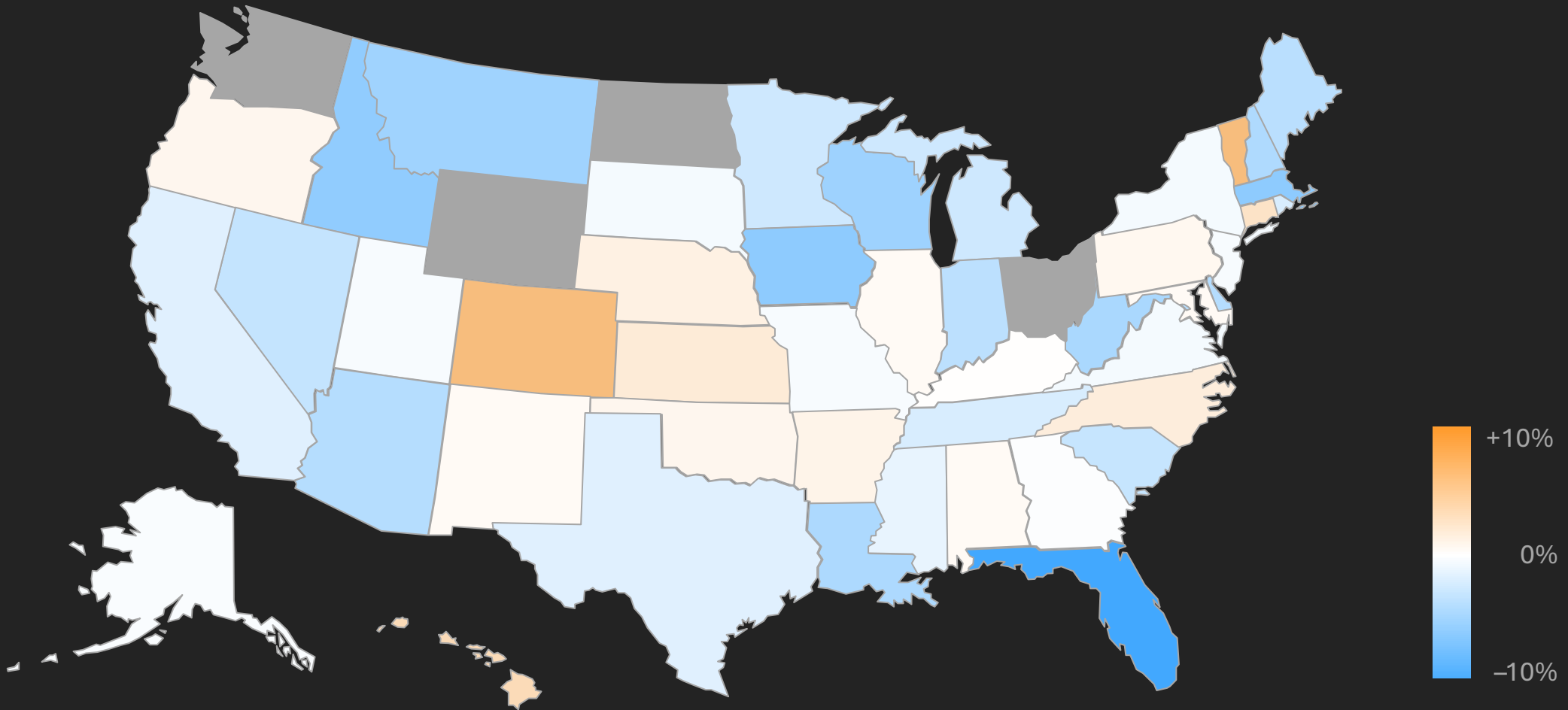
Private Carriers



Sources: 2023 and 2024 NAIC’s Annual Statement Statutory Page 14

WC Direct Written Premium Change—2023 to 2024

Private Carriers



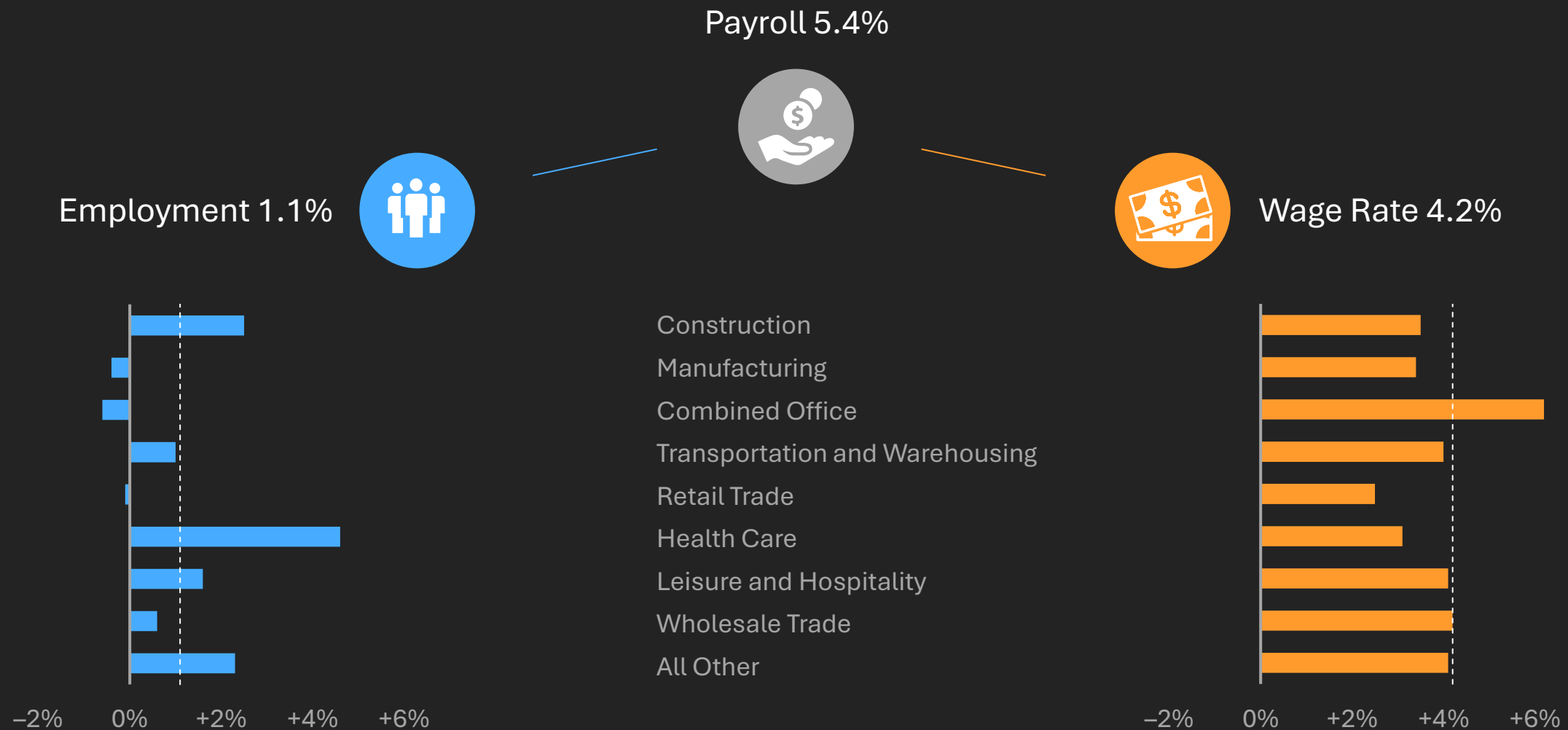
Sources: 2023 and 2024 NAIC's Annual Statement Statutory Page 14

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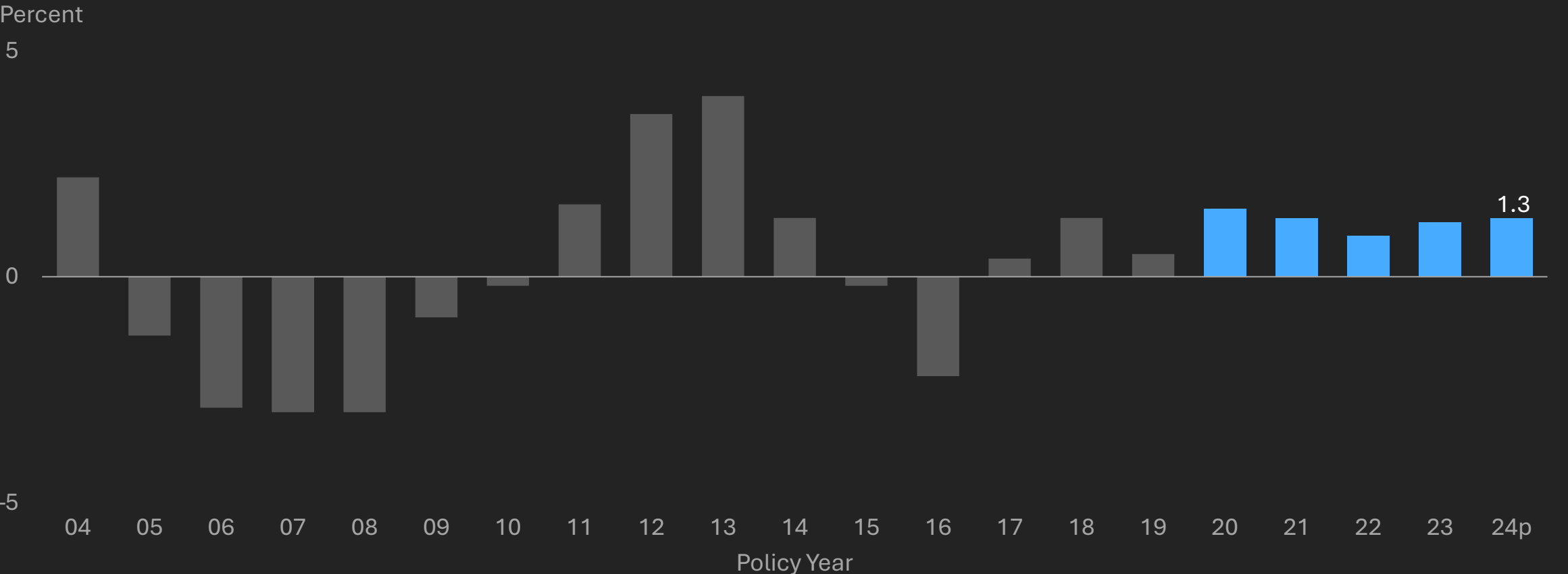
Changes in Payroll by Component—2023 to 2024



Sources: US Bureau of Labor Statistics (BLS); US Bureau of Economic Analysis (BEA); NCCI

Change in Combined Impact of Schedule Rating, Dividends, and Rate/Loss Cost Departure

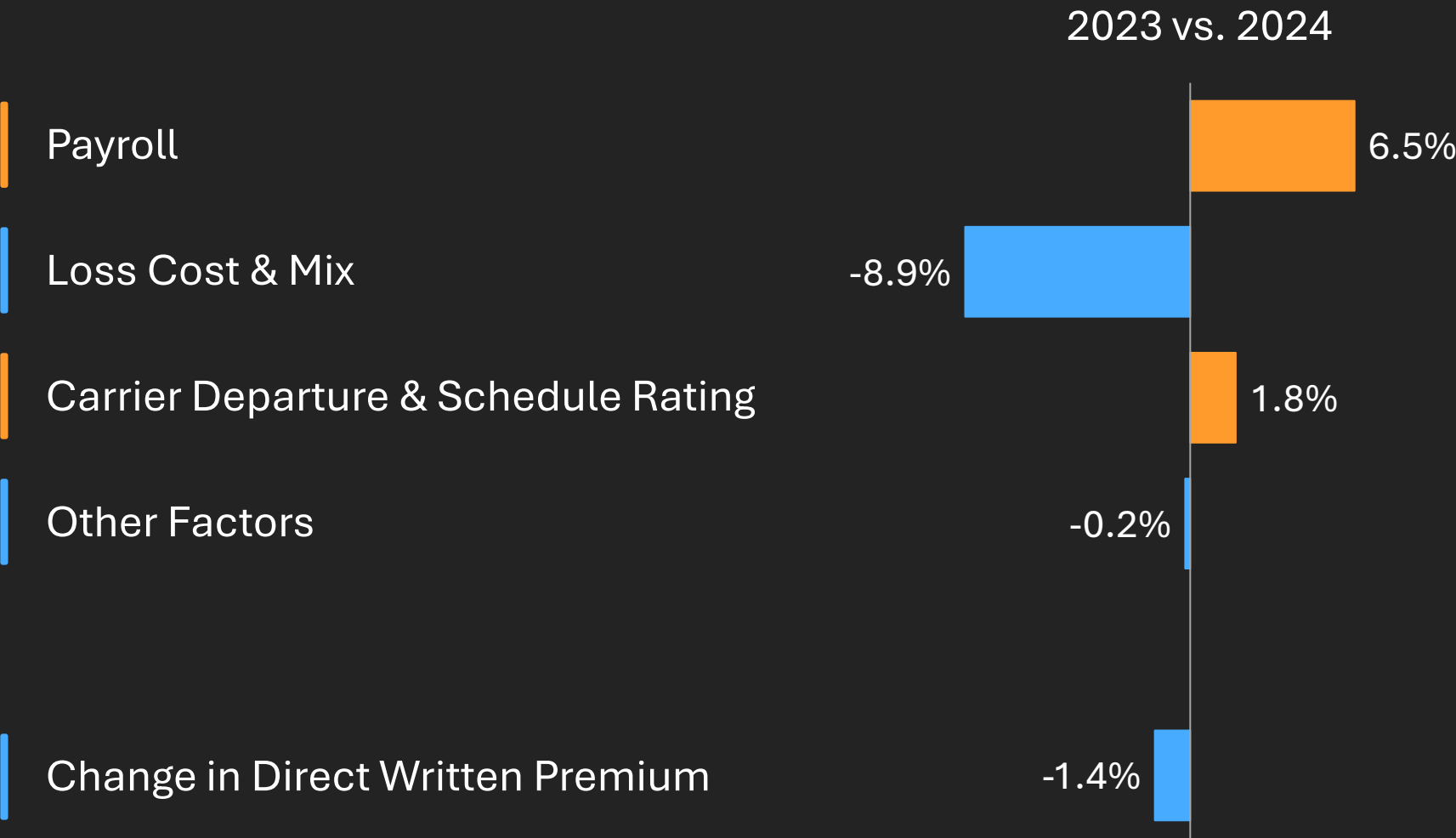
Private Carriers—NCCI States



p Preliminary
Sources: NAIC's Annual Statement Statutory Page 14 and NCCI's Financial Call data
Reflects the impact of carrier dividends, schedule rating, and departure from NCCI rates/loss costs
Includes all states where NCCI provides ratemaking services

WC Direct Written Premium Change by Component

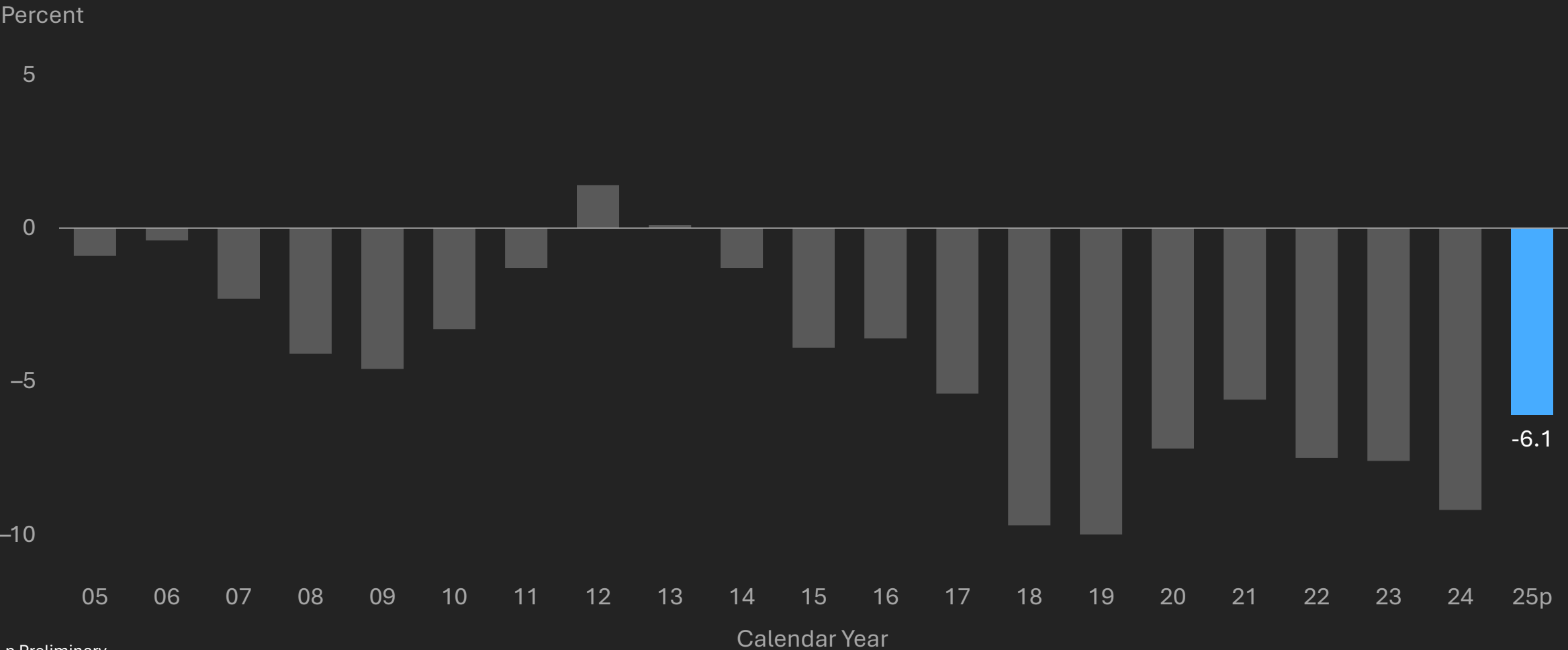
Private Carriers—NCCI States



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

WC Approved Changes in Bureau Loss Cost Level

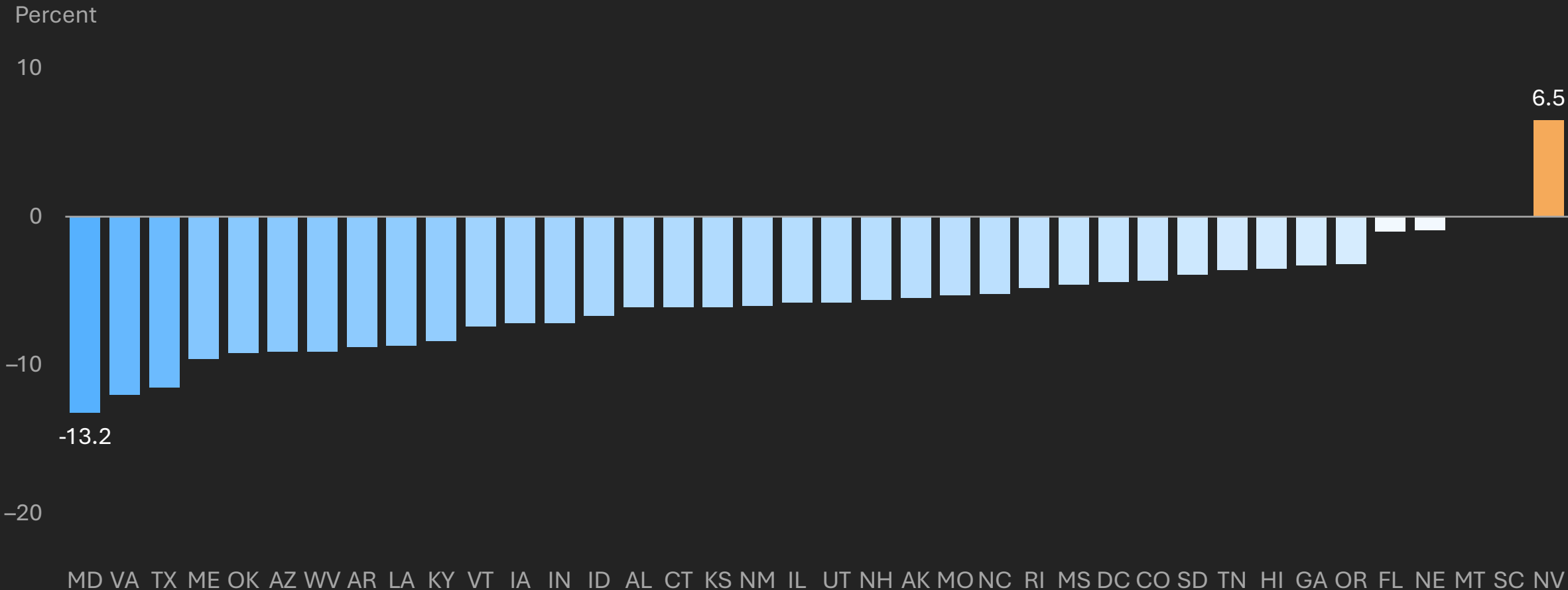
Weighted by Effective Date and Premium—NCCI States



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 4/25/2025
IN and NC are filed in cooperation with state rating bureaus

Most Recent Changes in Bureau Loss Cost Level

Voluntary Market, Excludes Law-Only Filings



Premium level changes in advisory rates, loss costs, and rating values, as of 4/25/2025, as filed by the applicable rating organization, relative to those previously approved
IN and NC are filed in cooperation with state rating bureaus

Payroll Growth—Employment and Wages

Annual Payroll Growth, Percent

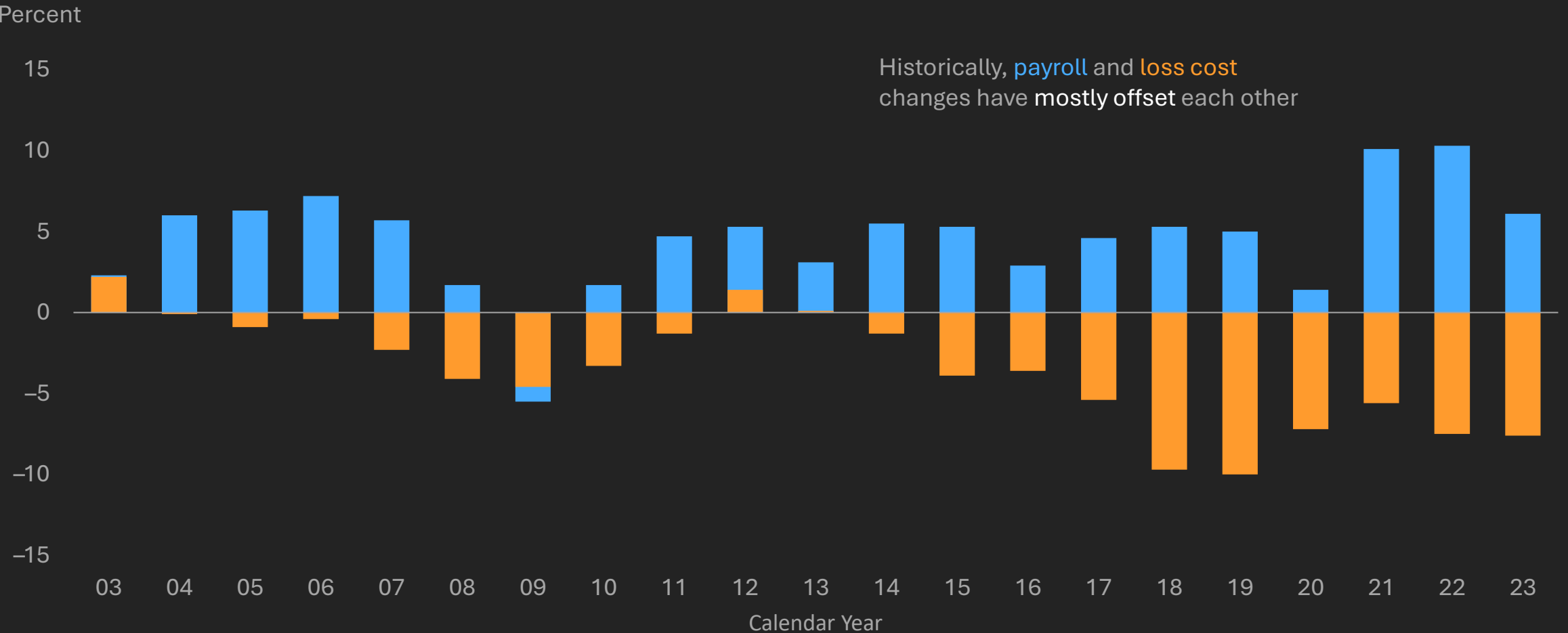


p Preliminary

Sources: US Bureau of Labor Statistics (BLS); US Bureau of Economic Analysis (BEA); NCCI

Payroll and Loss Cost Changes

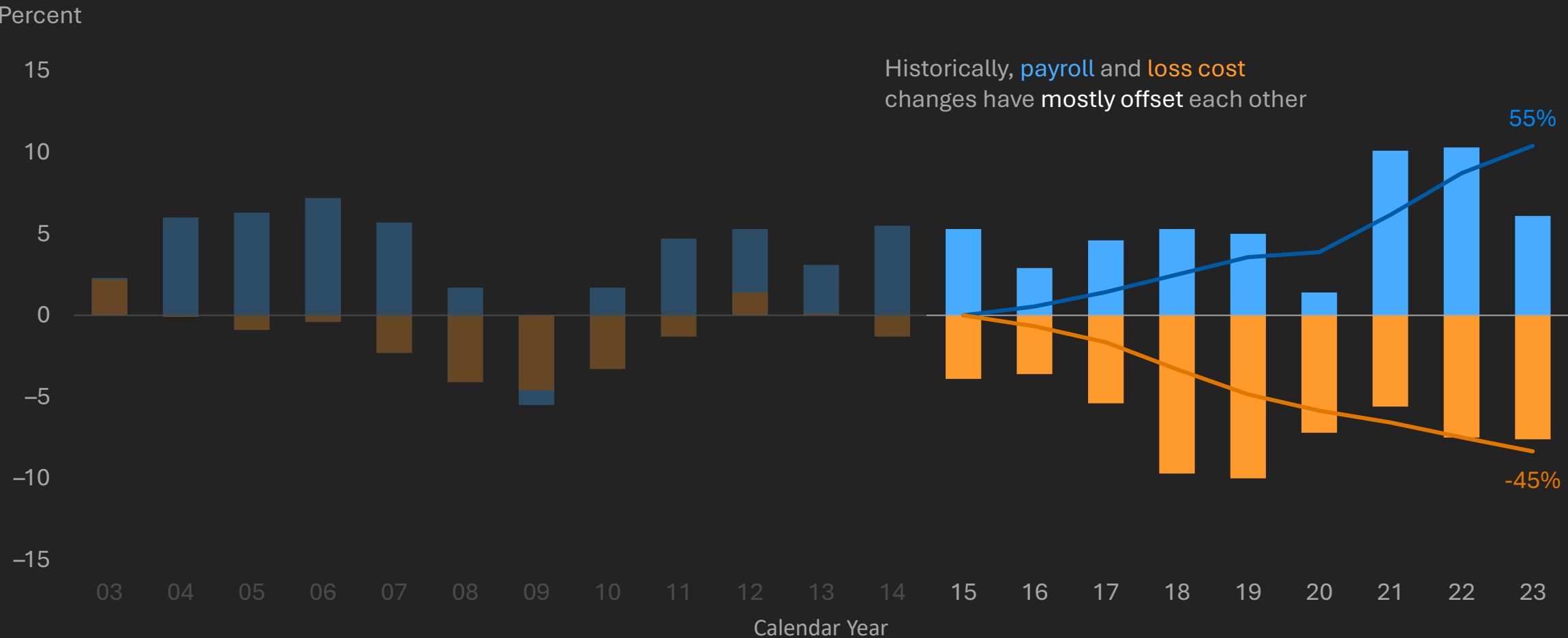
Private Carriers—NCCI States



Sources: Payroll: US Bureau of Labor Statistics (BLS)
Bureau Loss Cost Level: 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

Payroll and Loss Cost Changes

Private Carriers—NCCI States

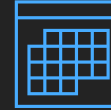


Sources: Payroll: US Bureau of Labor Statistics (BLS)
Bureau Loss Cost Level: NCCI; weights are based on NAIC's Annual Statement Statutory Page 14
Values reflect changes in average premium levels between years, based on approved changes in advisory rates, loss costs, assigned risk rates, and rating values, as of 5/10/2024; IN and NC are filed in cooperation with state rating bureaus

Decimal Extension Project and Class Revitalization



Loss costs, rates, and ELRs will be extended to three decimal places



Begins with annual filings effective January 1, 2026, and subsequent

Decimal Extension

←.00

.000



Total premium remains neutral overall, with individual classes equally likely to increase or decrease



More precise classification changes

Decimal Extension Project and Class Revitalization

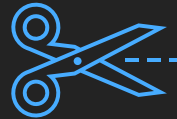


Split the standard exception
Class Code 8810 and Code 8742



Decimal extension allows for
more differentiation

Standard Exception
Classes



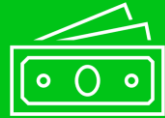
The split of these codes is backed by
the data volume and the differing
experience within the two groups



Anticipated to occur after the decimal
extension changes are implemented



Workers Comp



Premium

- WC premium has been consistent over the last decade
- Payroll increased, albeit at a slower rate
- Loss cost decreases moderated in 2025



P/C Industry



Premium



Workers Comp



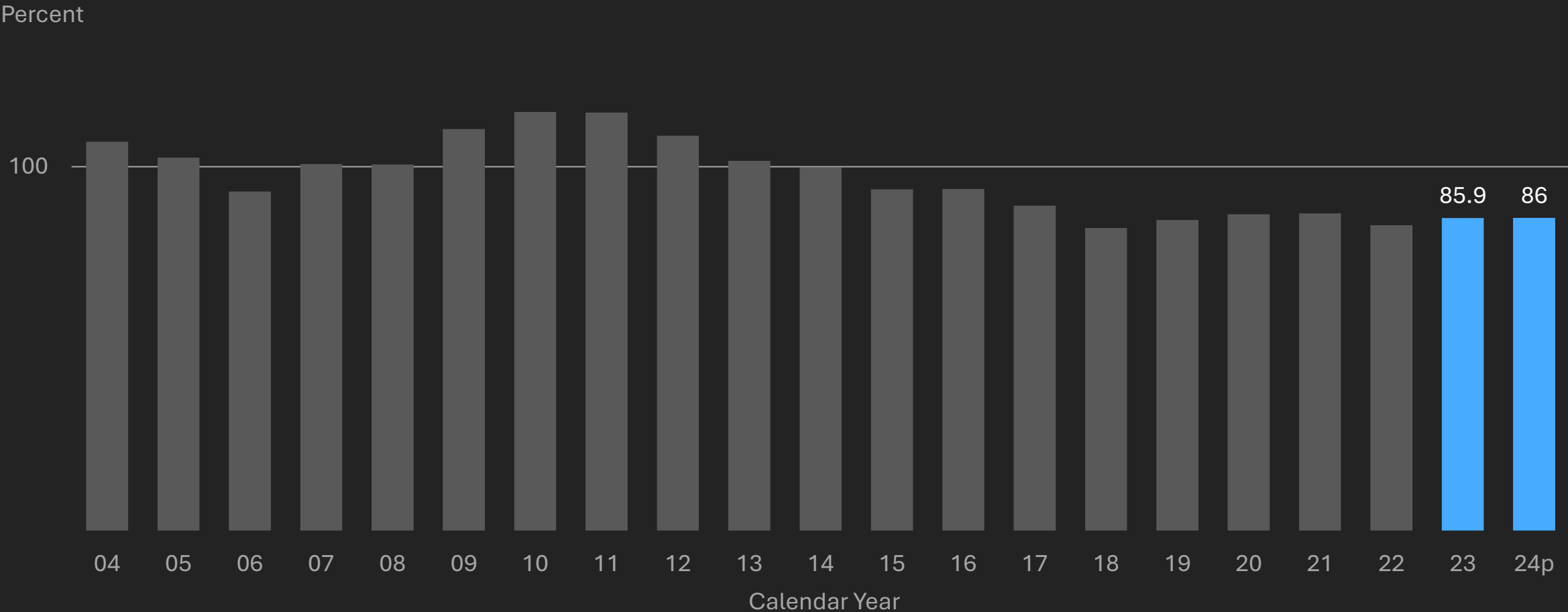
Loss Drivers



Results

WC Net Combined Ratio

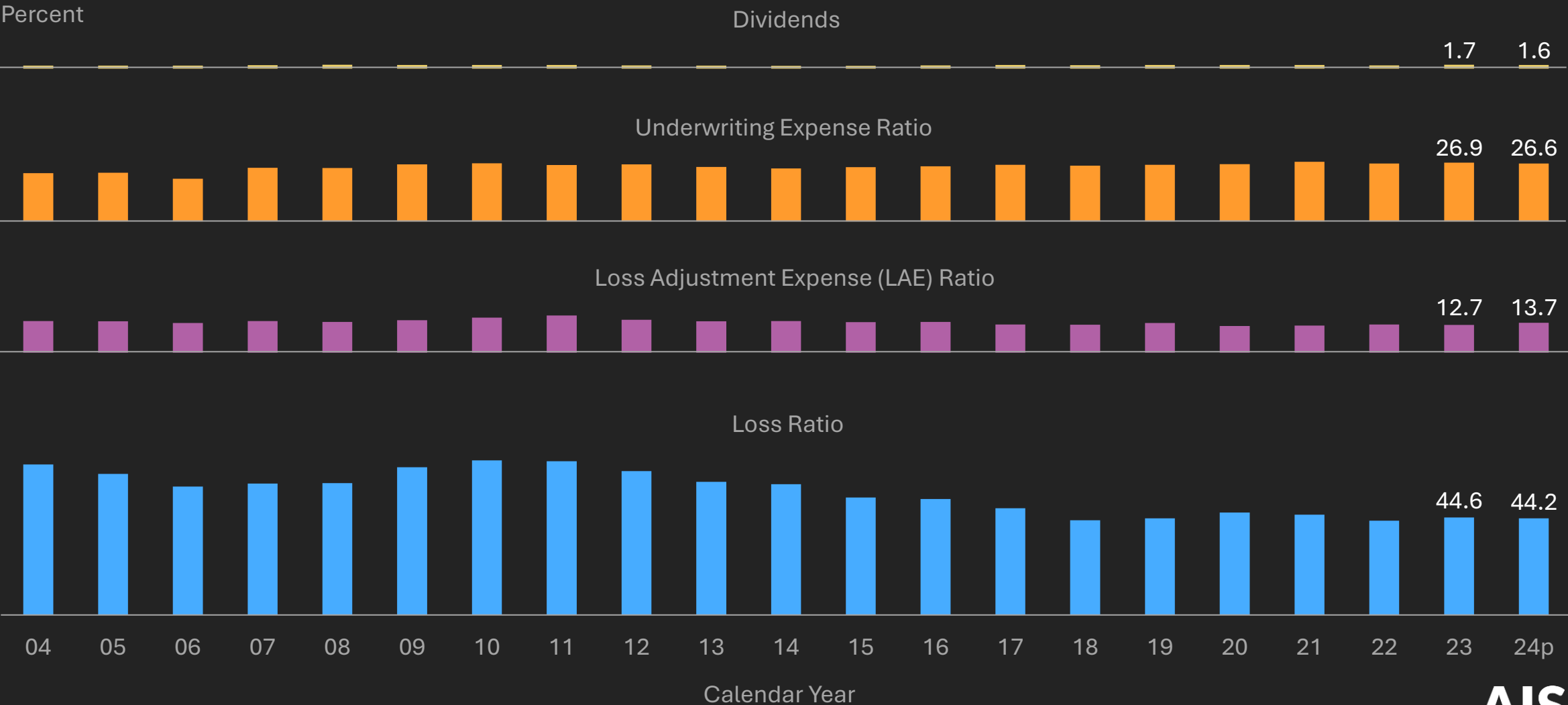
Private Carriers



p Preliminary
Source: NAIC's Annual Statement data

WC Net Combined Ratio by Component

Private Carriers

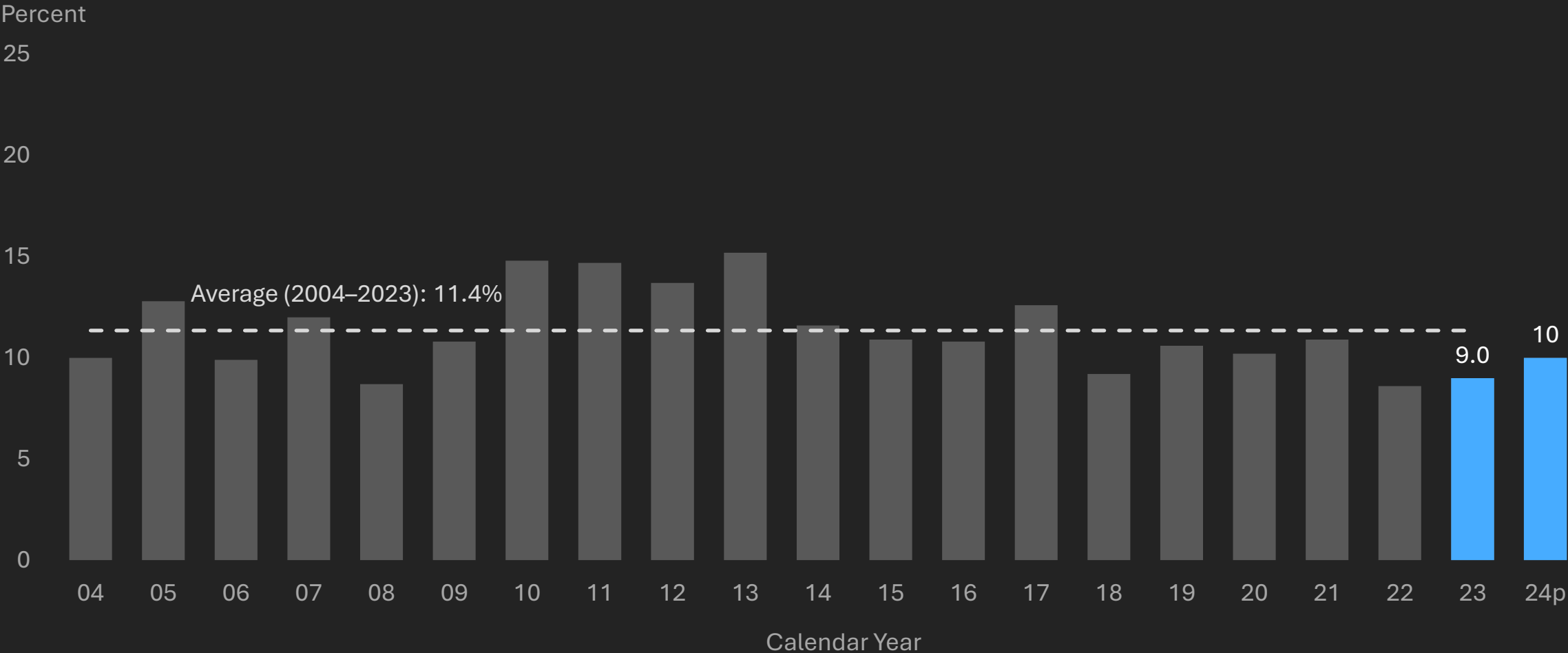


p Preliminary
Source: NAIC's Annual Statement data

AI
2025

WC Investment Gain on Insurance Transactions

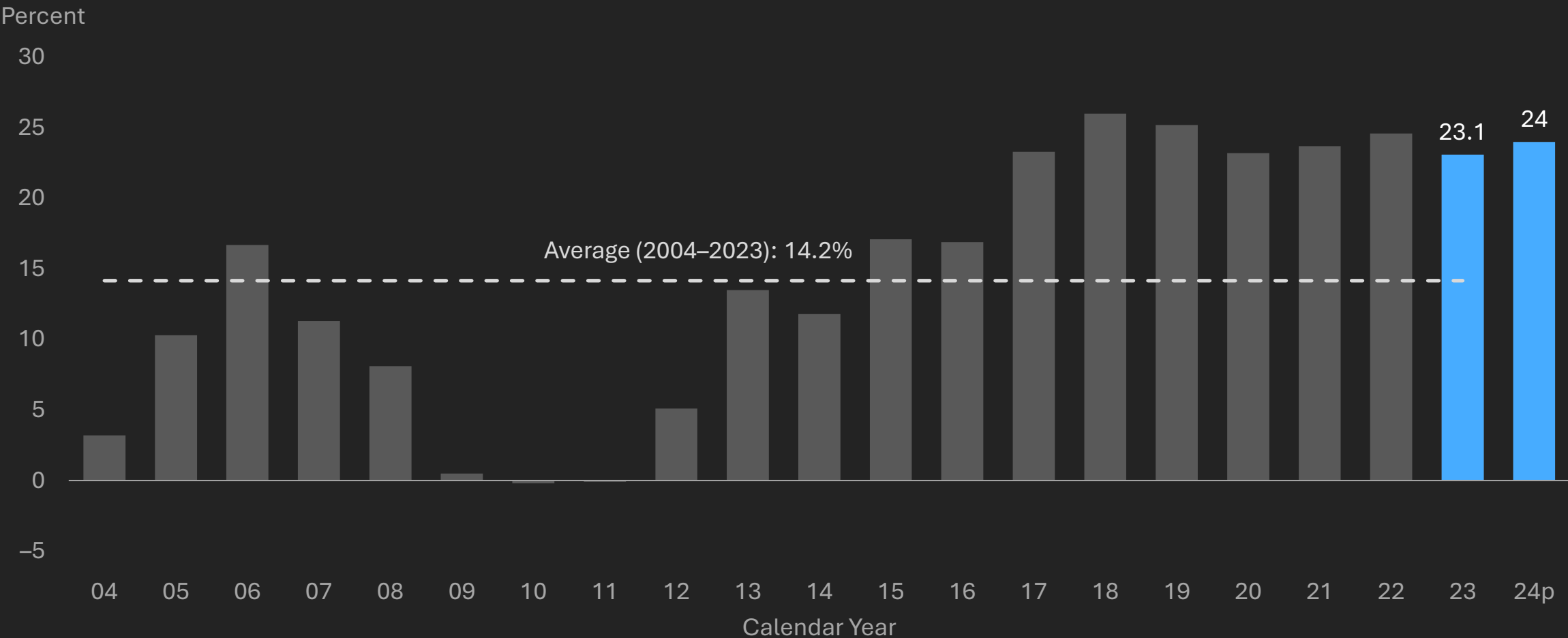
Ratio to Net Earned Premium, Private Carriers



p Preliminary
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

WC Pretax Operating Gain

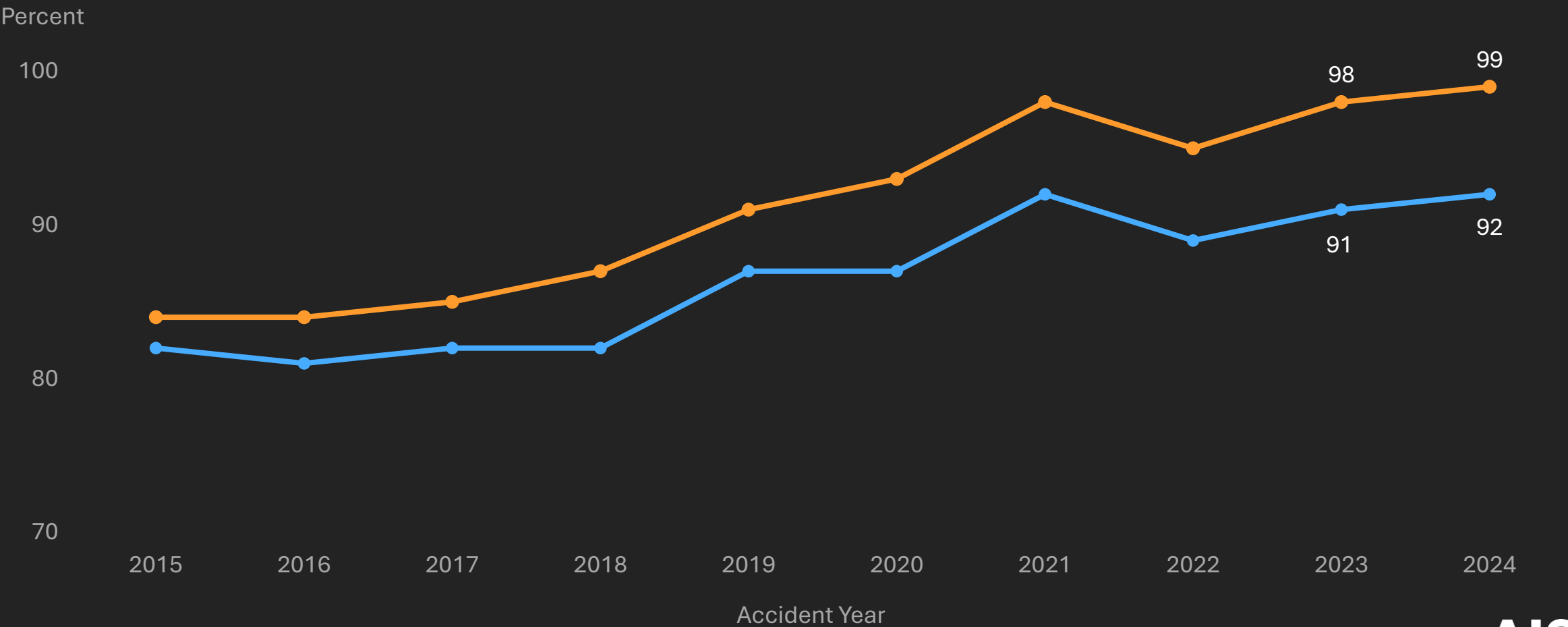
Private Carriers



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

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

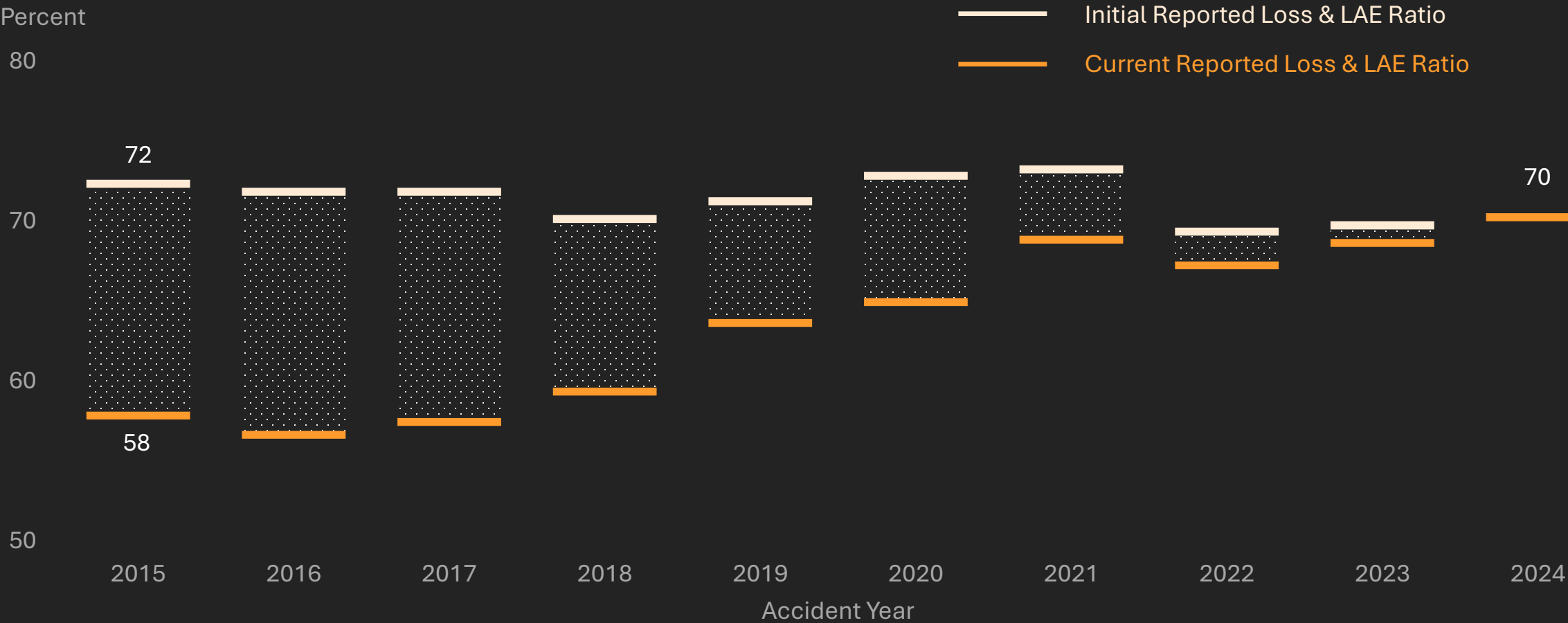
Private Carriers



Sources: As Reported: NAIC's Annual Statement Schedule P—Part 1D data as of 12/31/2024
NCCI Selections: NCCI's analysis based on NAIC's Annual Statement data

Emergence of Reported WC Net Loss and LAE Ratios

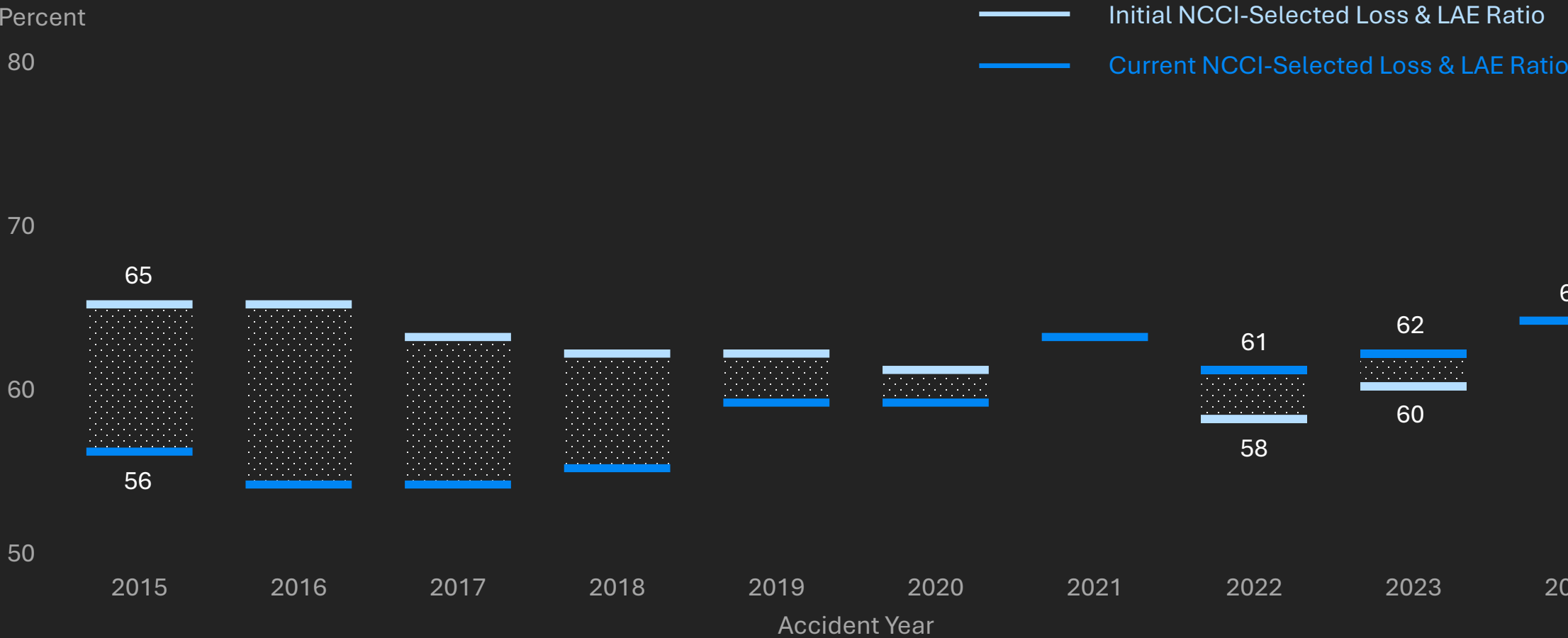
Private Carriers



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

Emergence of NCCI-Selected WC Net Loss and LAE Ratios

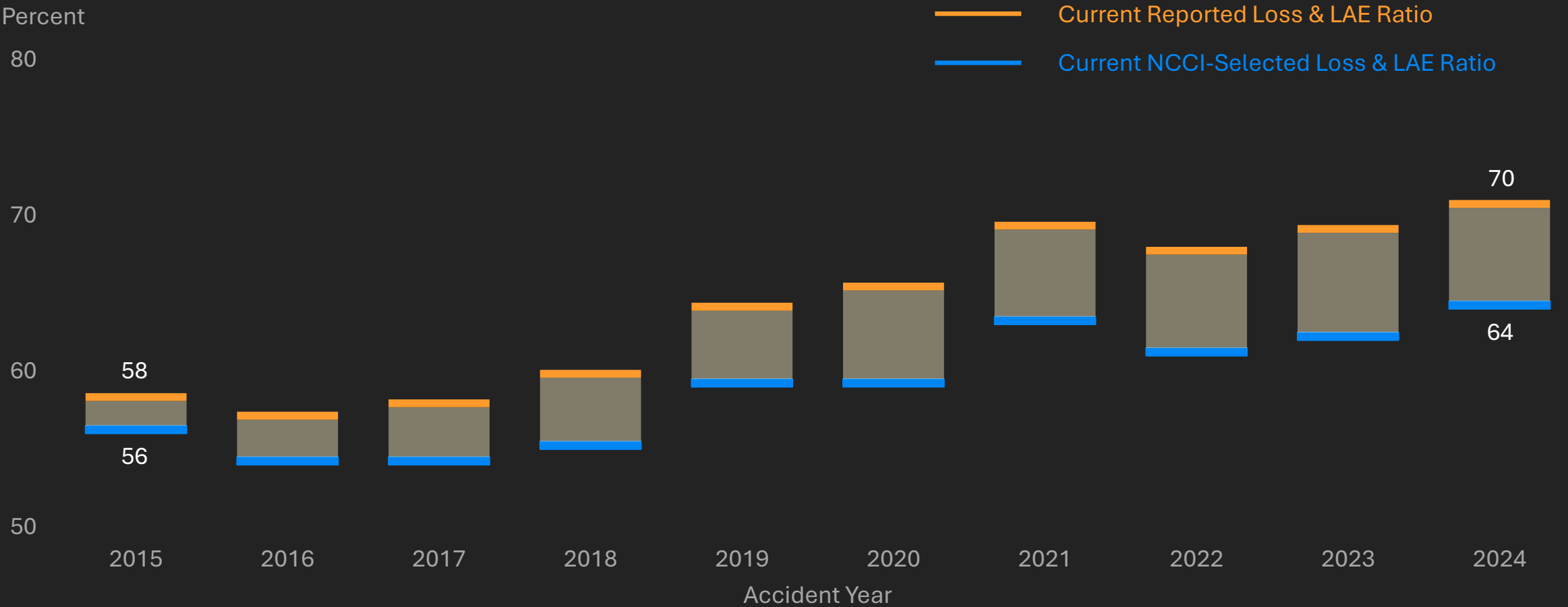
Private Carriers



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

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

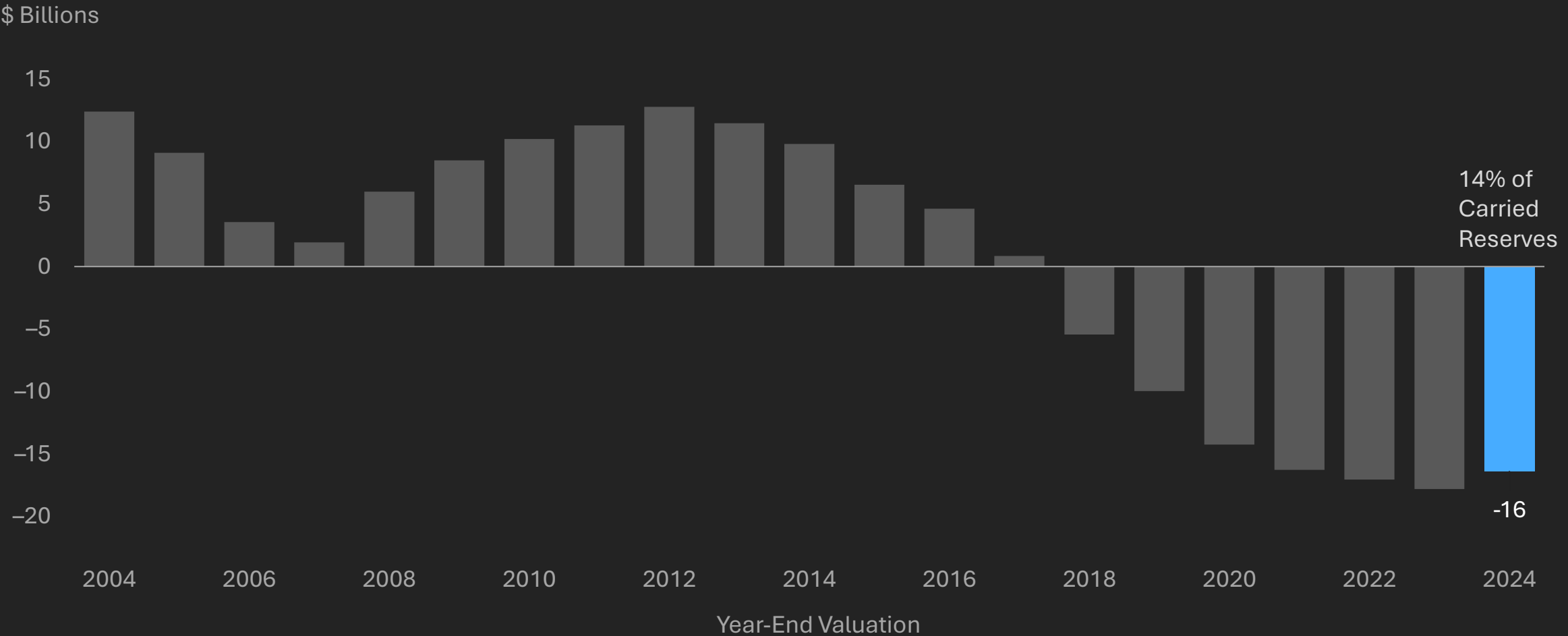
Private Carriers



Sources: As Reported: NAIC's Annual Statement Schedule P—Part 1D data as of 12/31/2024
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

WC Net Loss and LAE Reserve Adequacy

Private Carriers



Source: NCCI's analysis based on NAIC's Annual Statement data
Adequacy values above consider all reserve discounts as deficiencies



Workers Comp

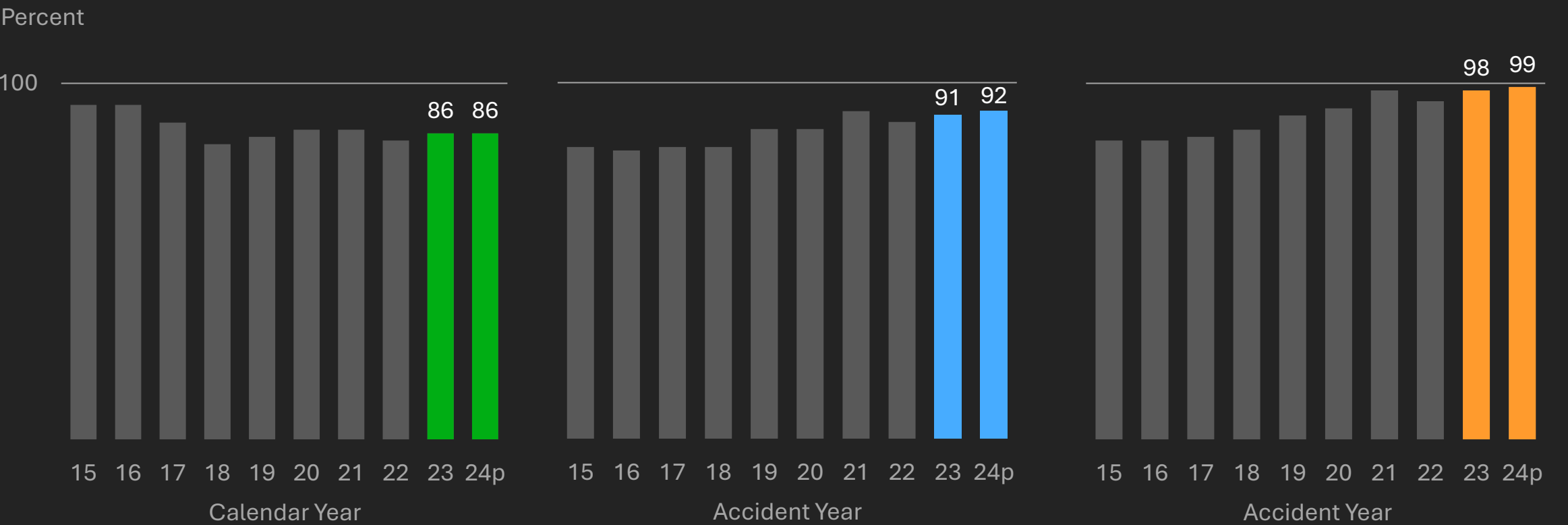


Results

- Another year of combined ratios below 90
- Reserve adequacy remains strong

WC Net Combined Ratios— Calendar Year (CY), NCCI AY Selections, and Accident Year (AY) As Reported

Private Carriers



p Preliminary
Source: NAIC's Annual Statement data
Accident Year information is reported as of 12/31/2024
Includes dividends to policyholders

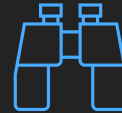
What Is NCCI Watching?



Interplay of economic factors



Disruptive legislative actions



Systemic healthcare changes



Reversal of declining frequency trend



2024 Workers Compensation Insights



P/C Industry

10%

share of the commercial lines
net written premium

86%

one of the **lowest combined ratios** compared to other lines



Loss Drivers

Wage-adjusted changes:

-5% Claim frequency

1% Total severity

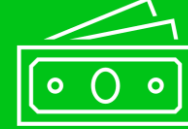
Unadjusted severity changes:

6%

Medical

6%

Indemnity



Premium

-3.2%

change in
net written premium

-6.1%

2025 bureau
loss cost level
change

Payroll change components:

1.1%

Employment

4.2%

Wage Rate



Results

2024 reported combined ratios:

CY

86%

AY

99%

\$16 billion

reserve redundancy

Meet NCCI's Experts

During the networking breaks

Contact Us

stateoftheline@ncci.com

Resources in the *A/S* App

State of the Line Report

State of the Line: At a Glance