

State of the Line: At a Glance

2025 Key Values*



Profitability

91% | Reported Calendar Year Combined Ratio

97% | NCCI Selected Accident Year Combined Ratio



Premium

\$41.6B | Private Carrier Net Written Premium

-0.2% | Change in Private Carrier Net Written Premium

4.8% | Payroll Increase
0.5% Employment Gain
4.3% Wage Growth

-5% | 2026 Bureau Loss Cost Level Change



Loss

-2% | Wage-Adjusted Claim Frequency Change

4% | Indemnity Severity Change
4.1% Wage Growth

4% | Medical Severity Change
1.8% WCWMI Change

-3% | Accident Year Loss Ratio Change

*All changes reference year-over-year changes.



Premium has been generally flat over time

Premium declined slightly in the latest year. There are two contributing factors: payroll and rate on payroll, mostly represented by the loss cost. Payroll, the basis for premium, grew in the latest year, driven almost entirely by wage growth. Loss costs, on the other hand, continued its decline, but more moderately.



Rising combined ratio, although still profitable

The workers compensation (WC) combined ratio increased 5 points from 86% for CY 2024 to 91% for CY 2025. The change is due to increases in the loss and underwriting expense ratios. This marks the 12th consecutive year of underwriting gains.



Redundant reserve position

NCCI estimates a redundant industry reserve position of \$14B. That's a decrease from the \$16B estimated redundancy in 2024. This is the second consecutive year with a slight reduction in the estimated redundancy.



Claim frequency continues its long-term decline

The latest year's frequency decline is more moderate compared to the long-term average. This decrease is predominantly due to reduction in the number of claims.



Indemnity severity tracks wages and medical severity outpaces its price proxy

Indemnity severity grew at a similar rate to wages, and medical severity grew faster than the Workers Compensation Weighted Medical Price Index (WCWMI). For medical, price is only one part of the story; the other part is utilization. The variation in medical costs can be attributed to utilization and could signify the underlying claim mix is changing.

Scanning the horizon ...

NCCI remains vigilant for any indication of change in WC industry result metrics. We observe the transactional data closely and dig deeper to explain any variations within its historical context by state and industry.

