

# STATE ADVISORY RESOURCES

Alabama Workers Compensation System  
November 2022

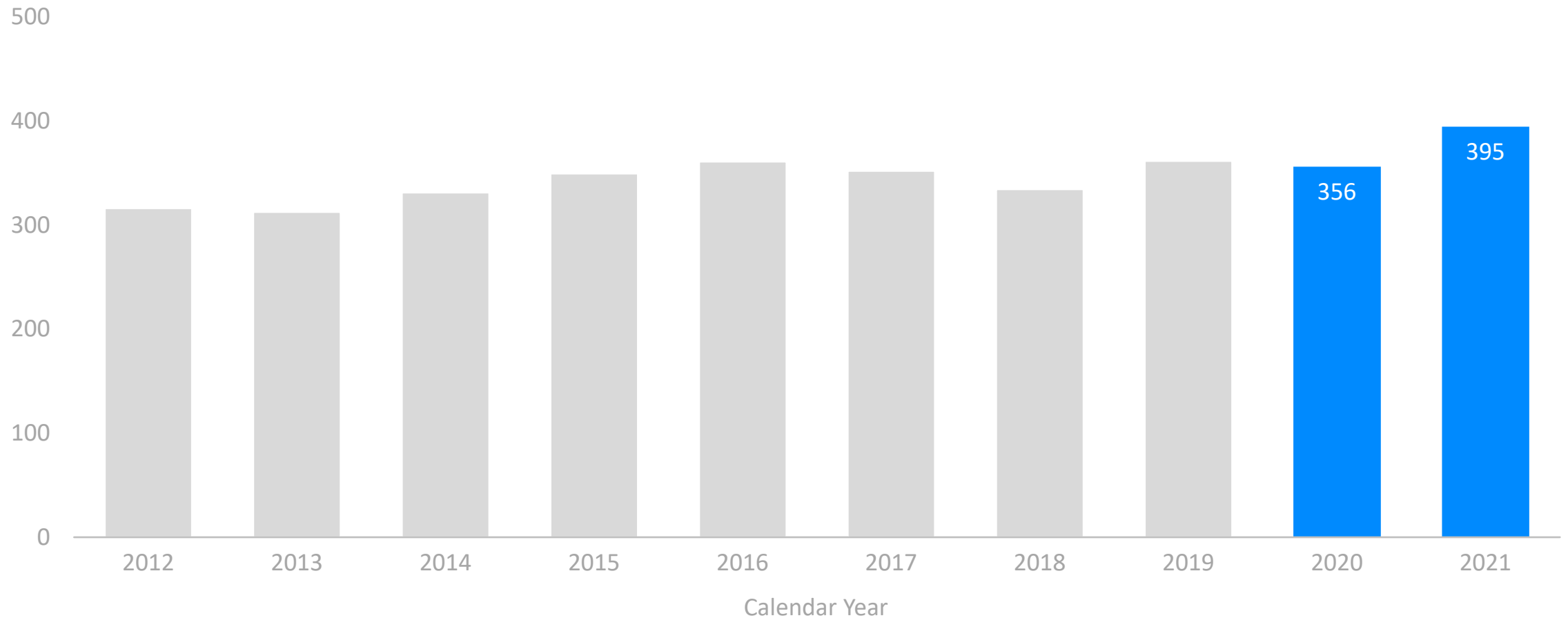


# Alabama Workers Compensation System—An Overview

- Written premium increased in 2021
- Combined ratios have been favorable over the recent past
- Alabama's indemnity average cost per case figures have been relatively more consistent from year to year when compared with those for medical

# Alabama Premium Volume

Direct Written Premium in \$ Millions



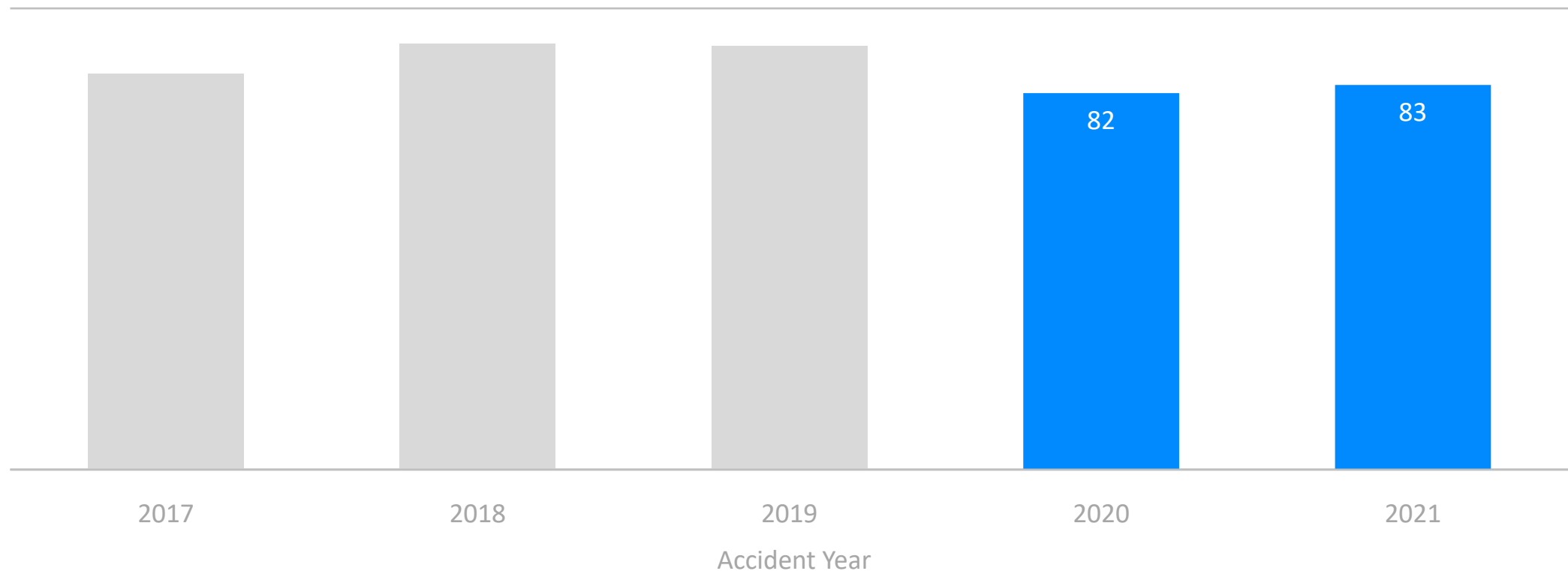
Source: NAIC's Annual Statement data.



# Alabama Combined Ratios

Percent

100

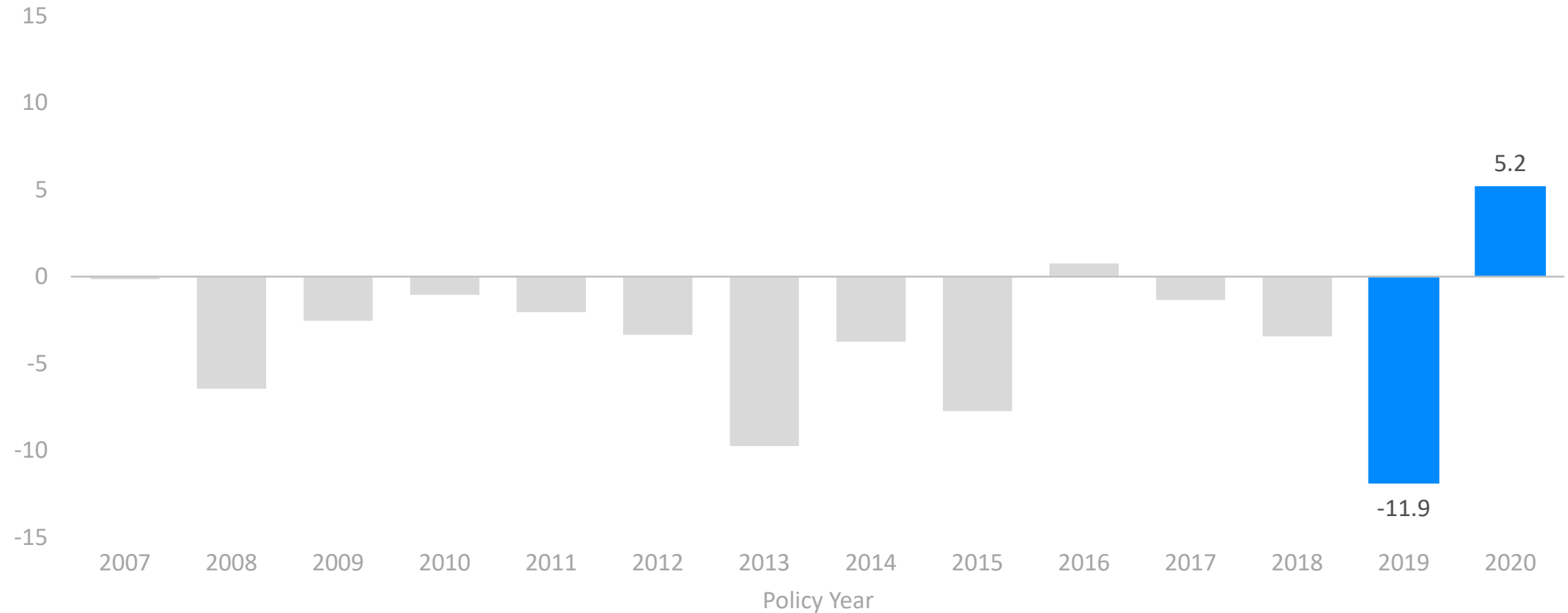


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# Alabama Change in Claim Frequency

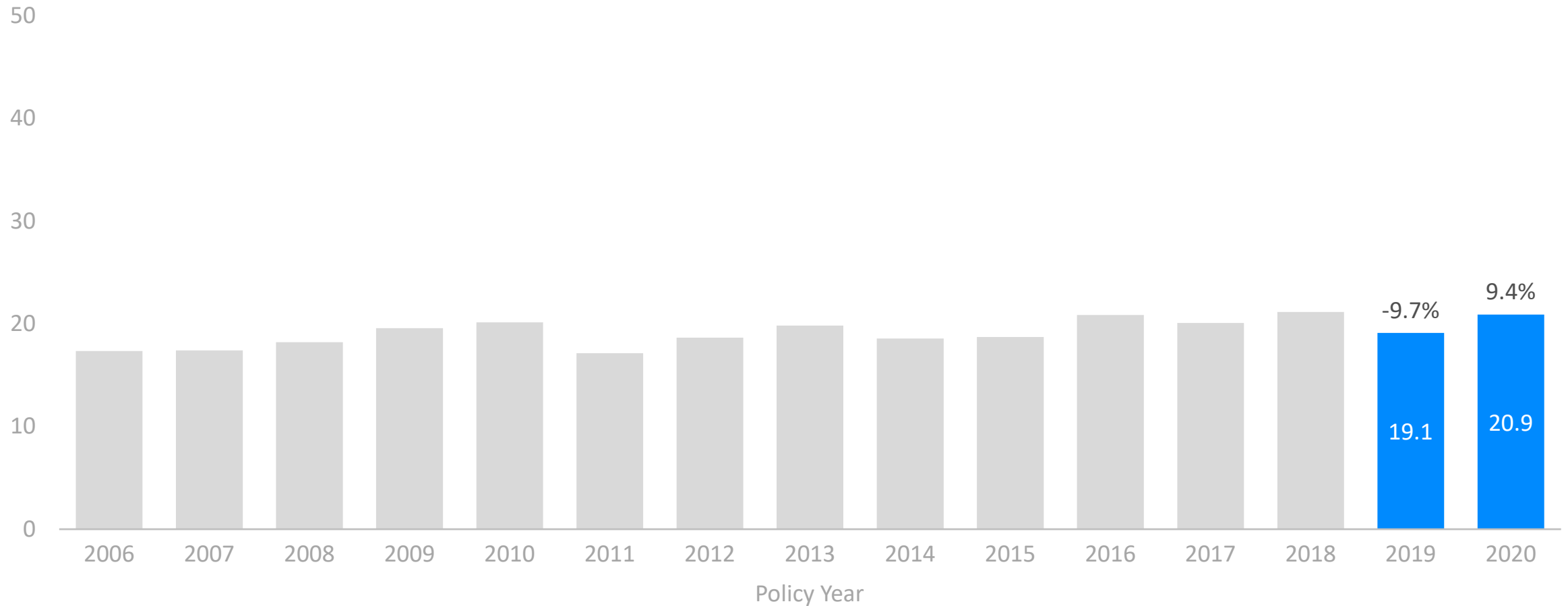
Percent Change in Lost-Time Claims, per \$ Million of On-Levelled Premium



Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.

# Alabama Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

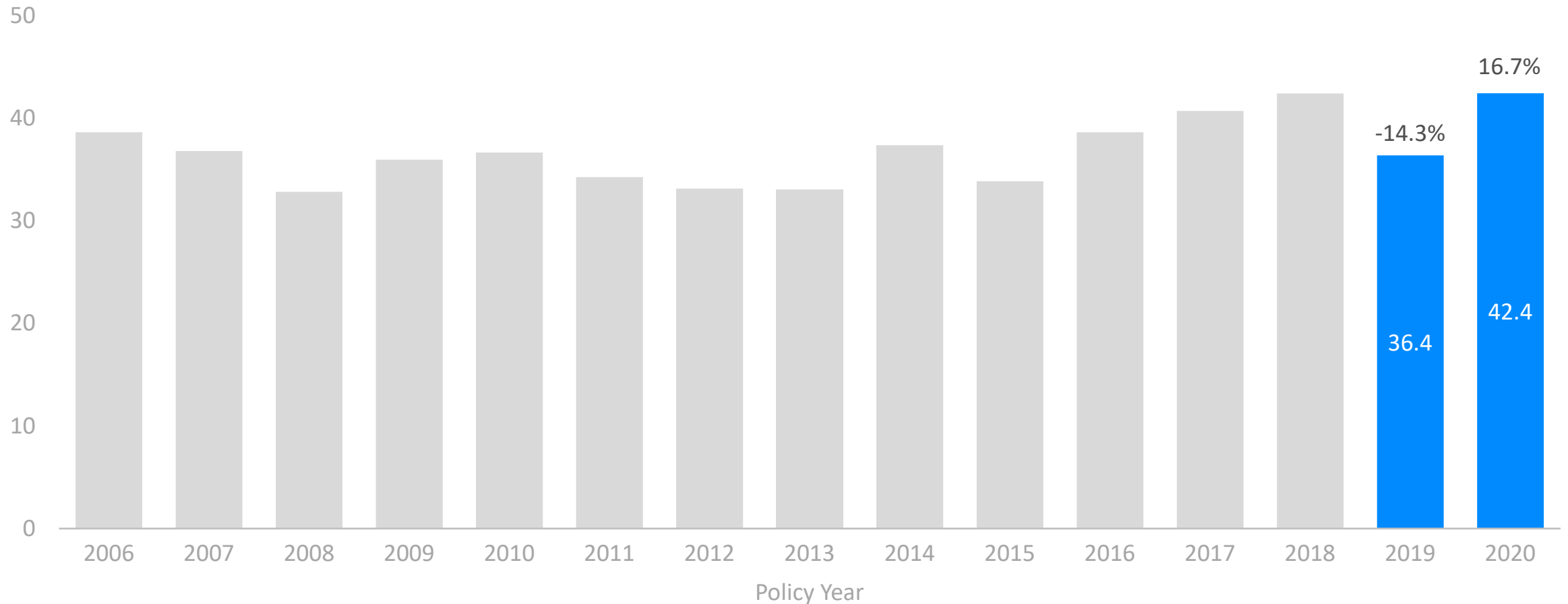


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



# Alabama Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

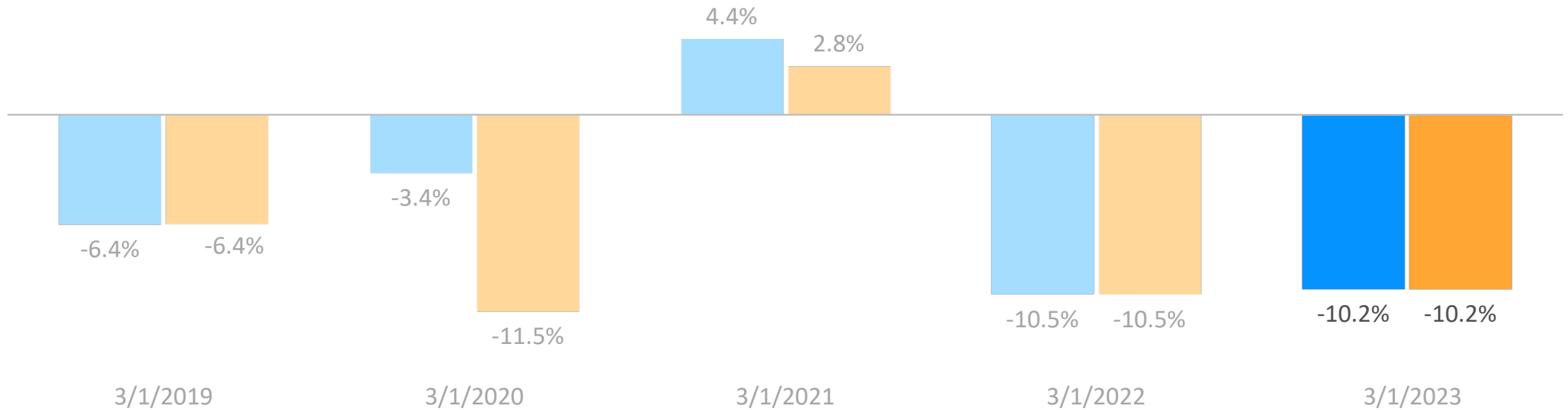


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.  
Note that medical-only losses are included in the numerator.



# Alabama Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



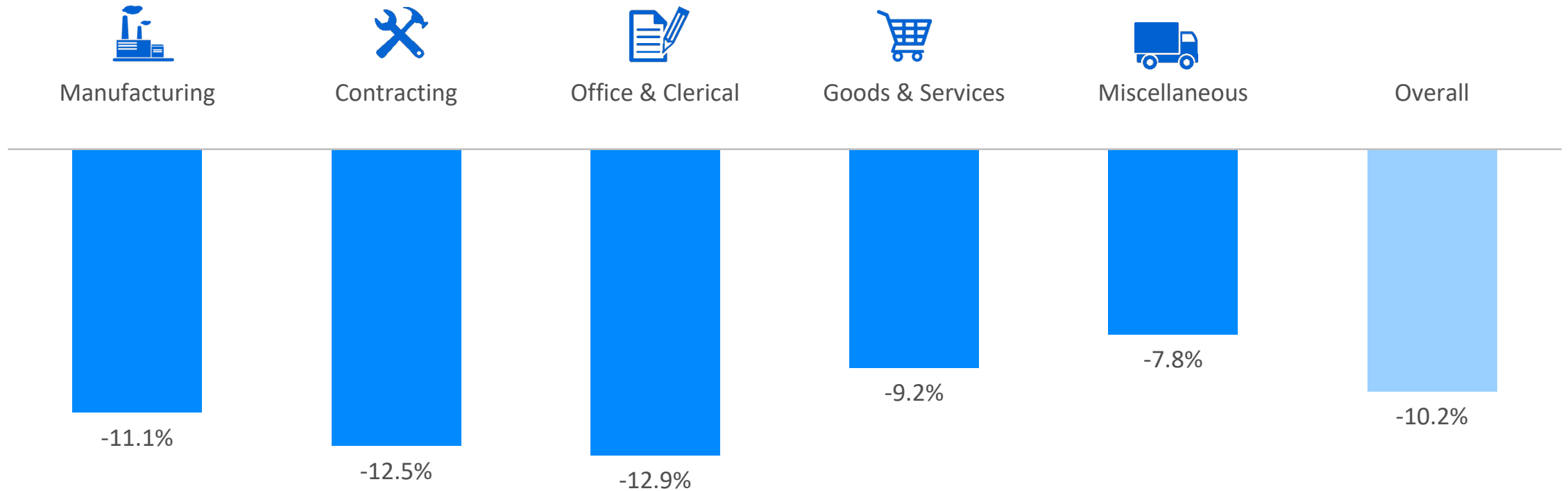


# Alabama March 1, 2023 Loss Cost Filing

Change in Experience and Trend	-10.8%
Change in Benefits	+0.7%
Change in Loss Based-Expenses	0.0%
<hr/>	
Overall Loss Cost Level Change	-10.2%

# Alabama March 1, 2023 Loss Cost Filing

Average Changes by Industry Group



# Alabama Economic Drivers



Manufacturing



Agriculture



Defense

Source: Moody's Analytics.

# Alabama Economic Assets and Challenges

## ■ Assets

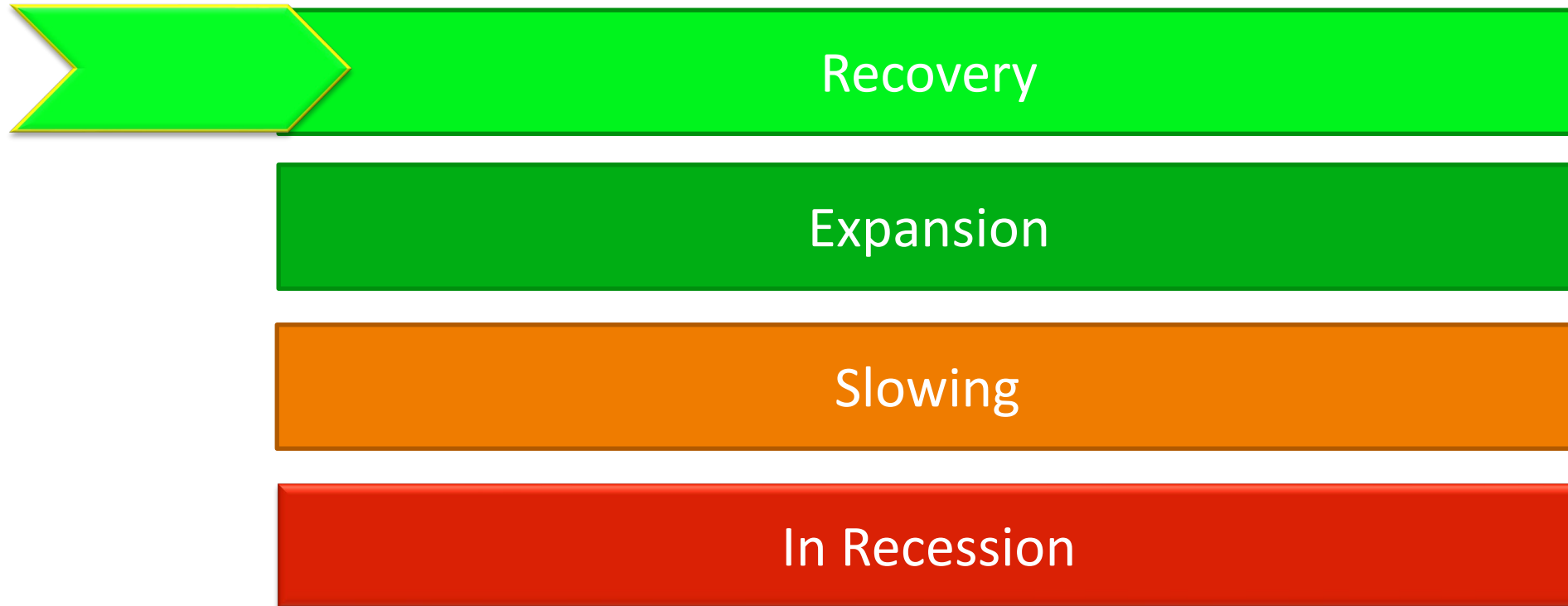
- Good transportation connections and major port/shipping capacity
- History of manufacturing investment
- Sizable auto sector

## ■ Challenges

- Below-average per capita income with higher poverty rate
- Low-skilled workforce
- Unfavorable population growth trends

Source: Moody's Analytics.

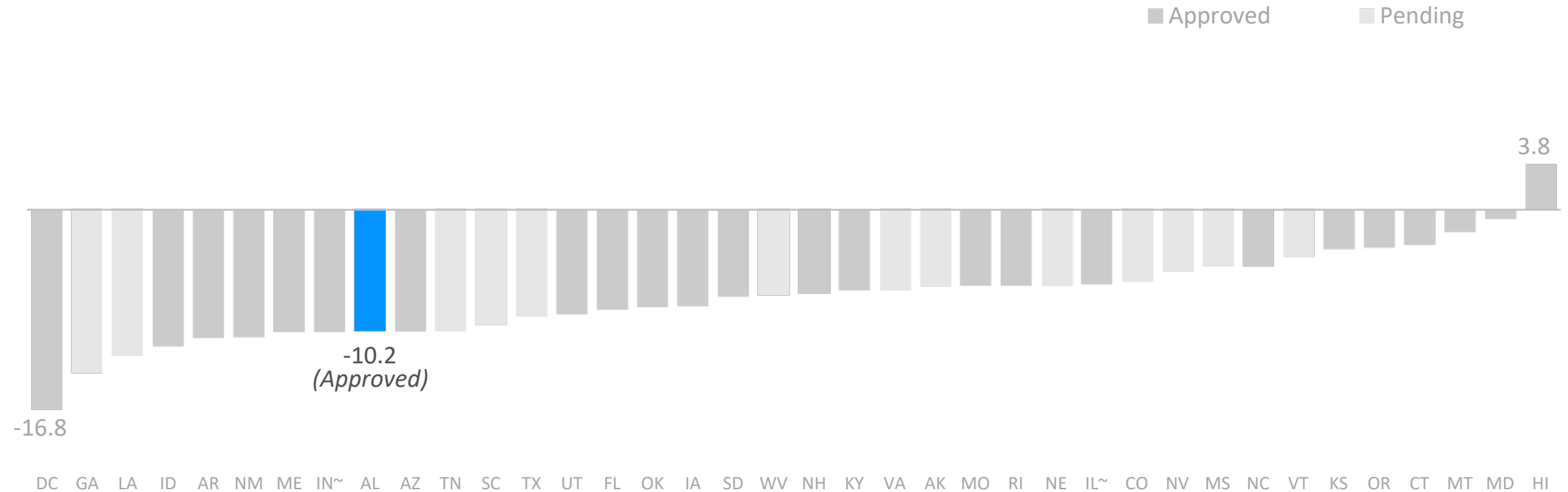
# Alabama Business Cycle Status



Source: Moody's Analytics.

# Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

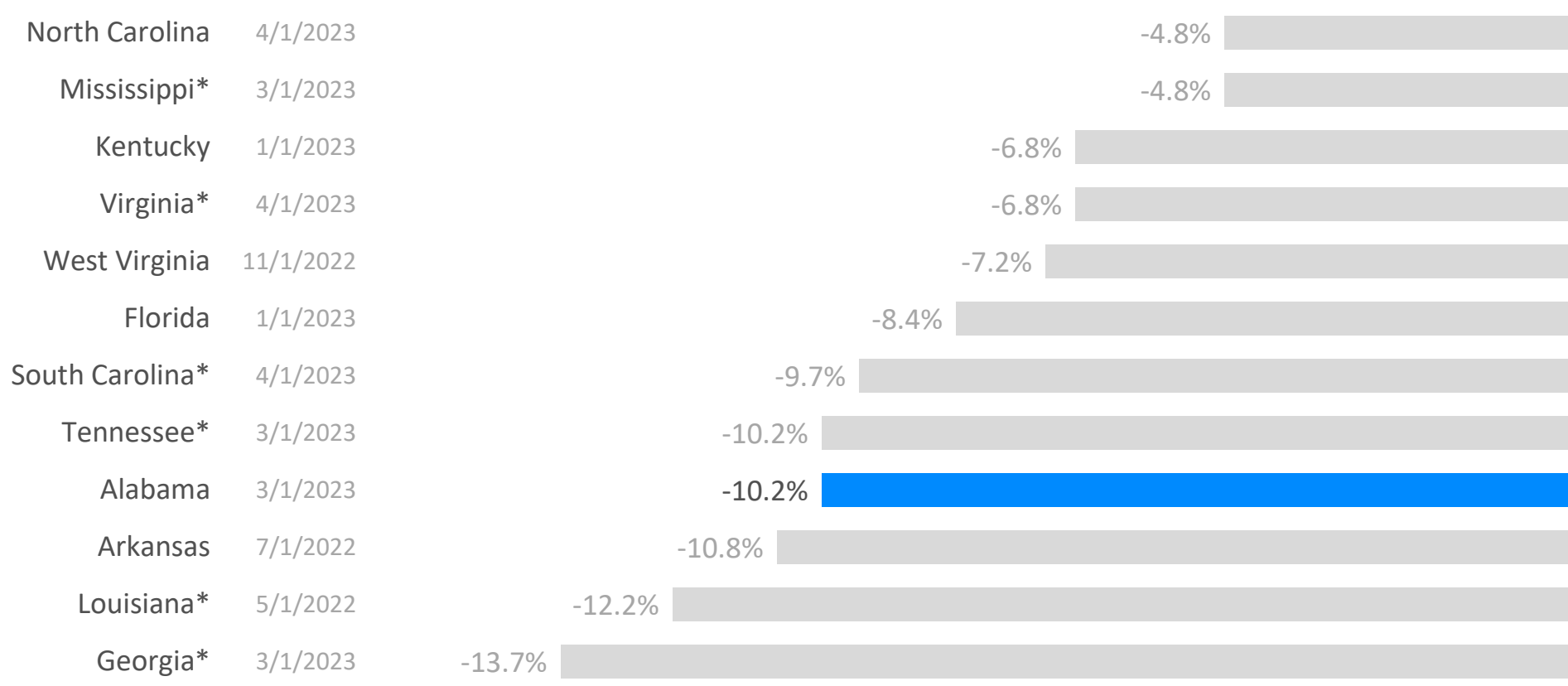


~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.  
 Reflects the most recent experience filing in each jurisdiction as of 11/18/2022.  
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



# Current Voluntary Market Loss Cost/Rate Changes

## Southeastern States



\*Pending.

Reflects the most recent experience filing in each jurisdiction as of 11/18/2022.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

# CONTACT US



**Clarissa Preston**  
State Relations Executive  
[clarissa\\_preston@ncci.com](mailto:clarissa_preston@ncci.com)



**Jay Rosen**  
Practice Leader and Senior Actuary  
[jay\\_rosen@ncci.com](mailto:jay_rosen@ncci.com)