

ARKANSAS STATE ADVISORY RESOURCES

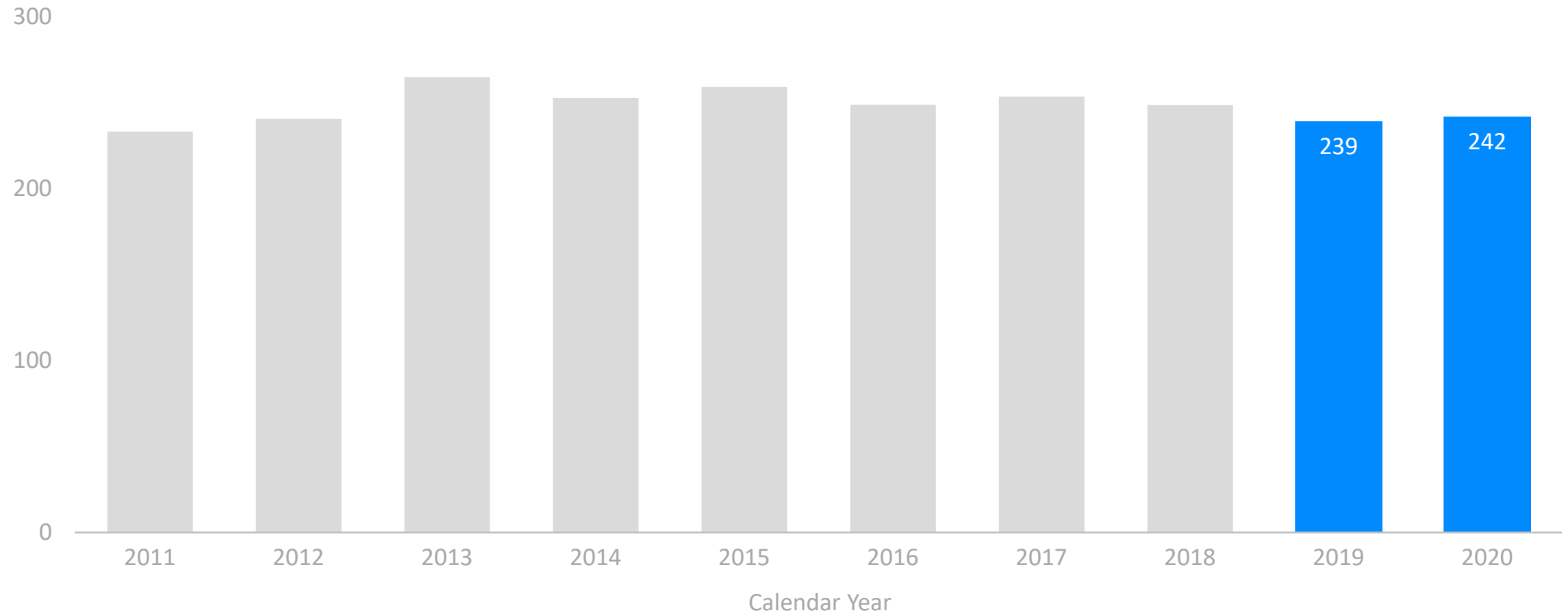
Arkansas Workers Compensation System Overview
March 2022

Arkansas Workers Compensation System—An Overview

- Direct written premium increased in the latest year
- The combined ratio continues to show favorable results
- Lost-time claim frequency decreased in the latest year

Arkansas Premium Volume

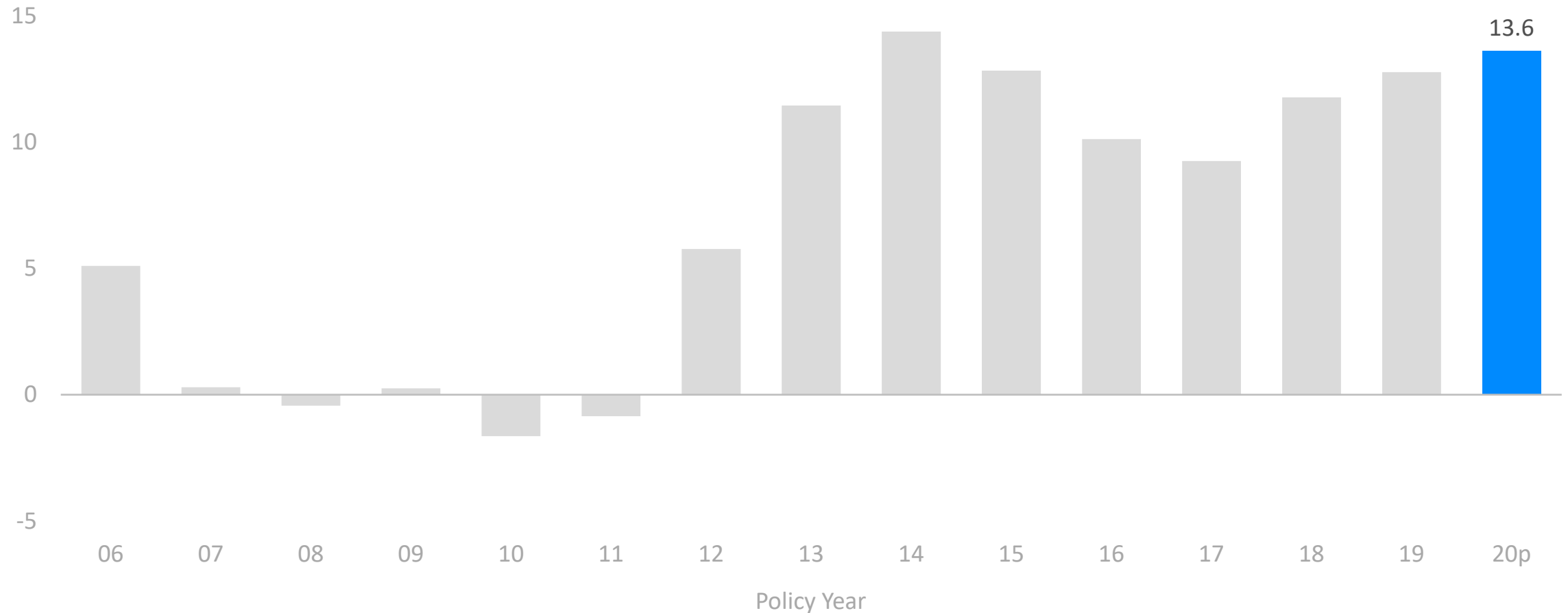
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



Impact of Discounting on Workers Compensation Premium in Arkansas

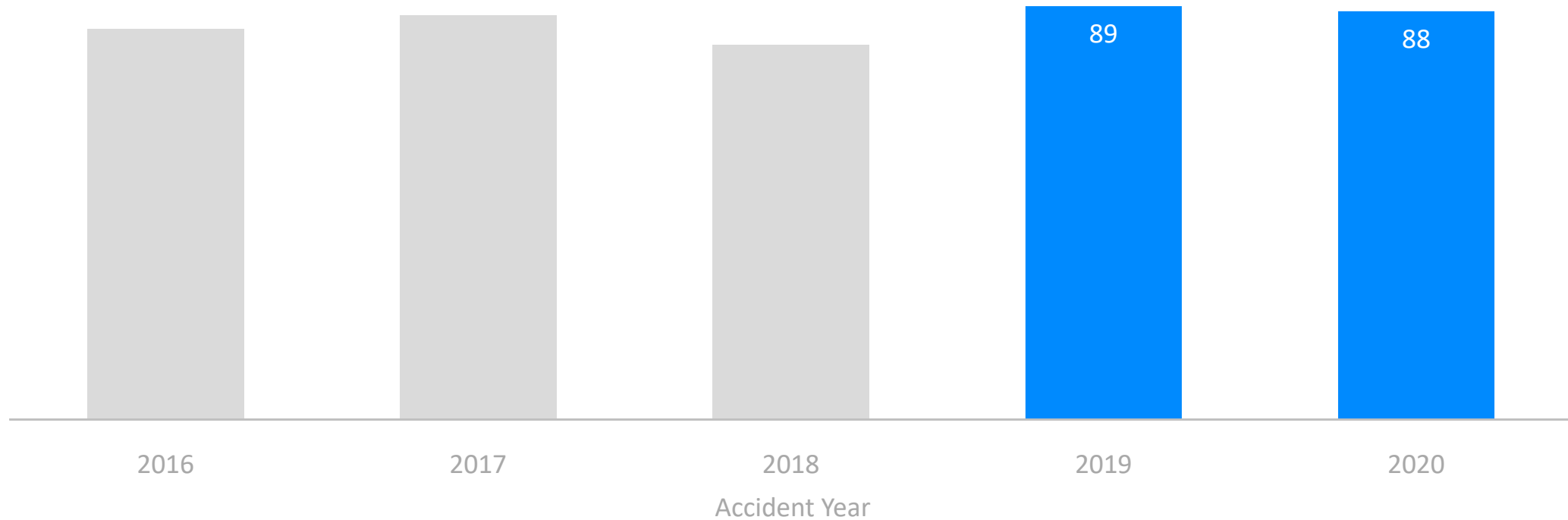


p Preliminary.
Based on data through 12/31/2020.

Arkansas Combined Ratios

Percent

100

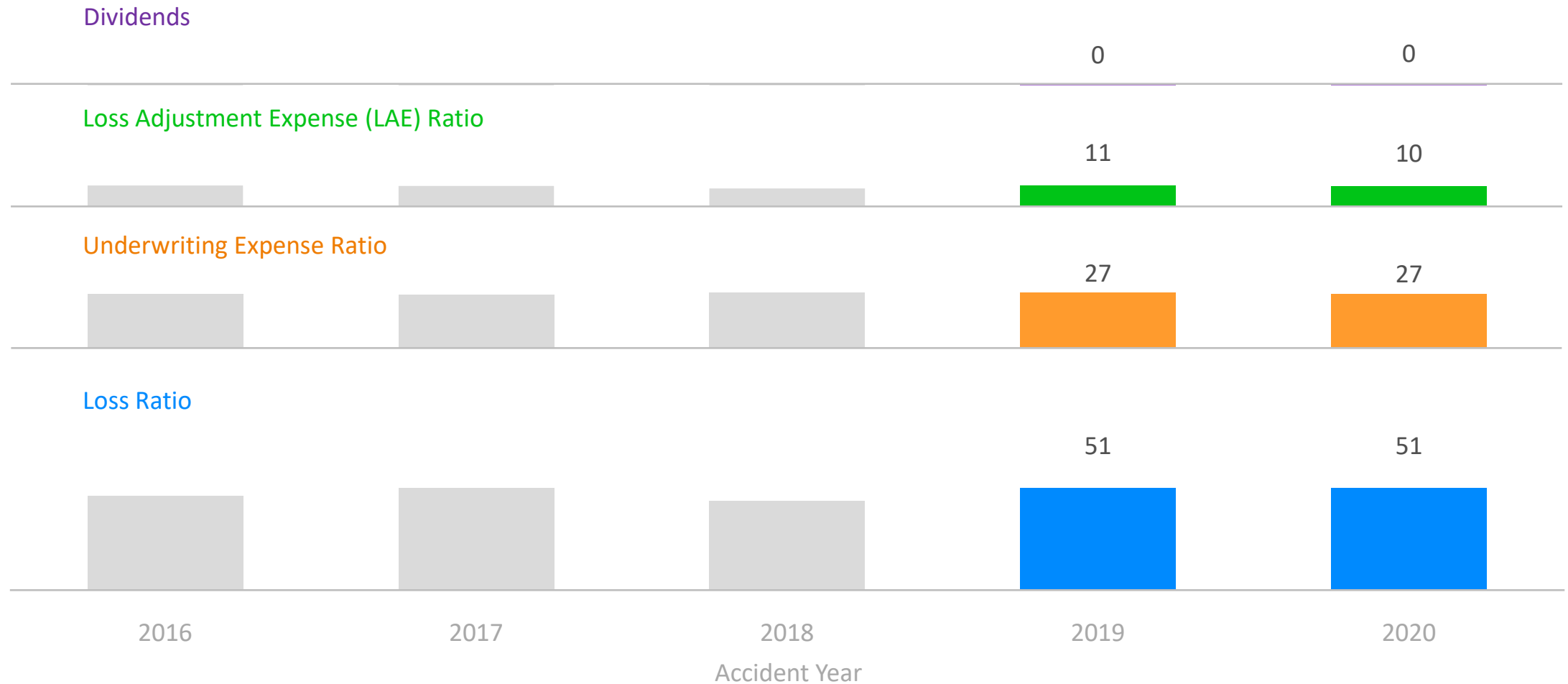


Sources: NCCI's financial data through 12/31/2020 and NAIC's Annual Statement data.



Arkansas Combined Ratios by Component

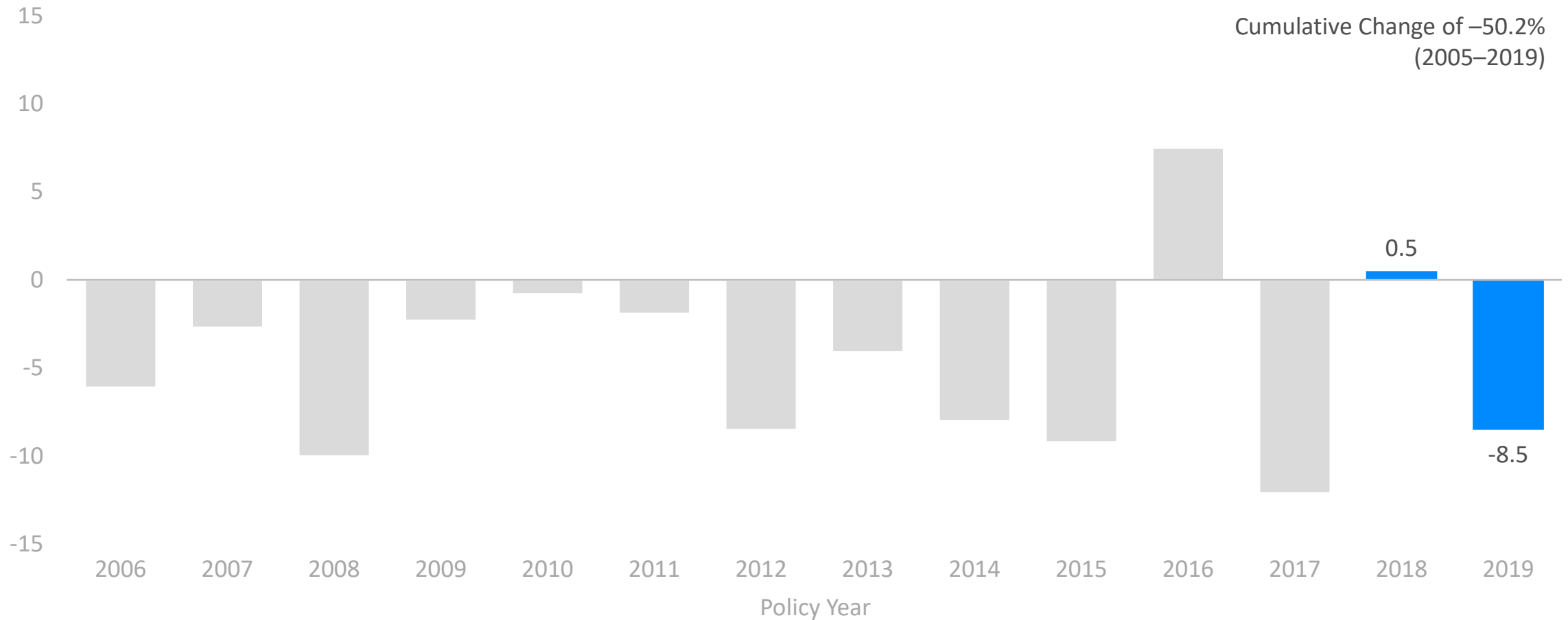
Percent



Sources: NCCI's financial data through 12/31/2020 and NAIC's Annual Statement data.

Arkansas Change in Claim Frequency

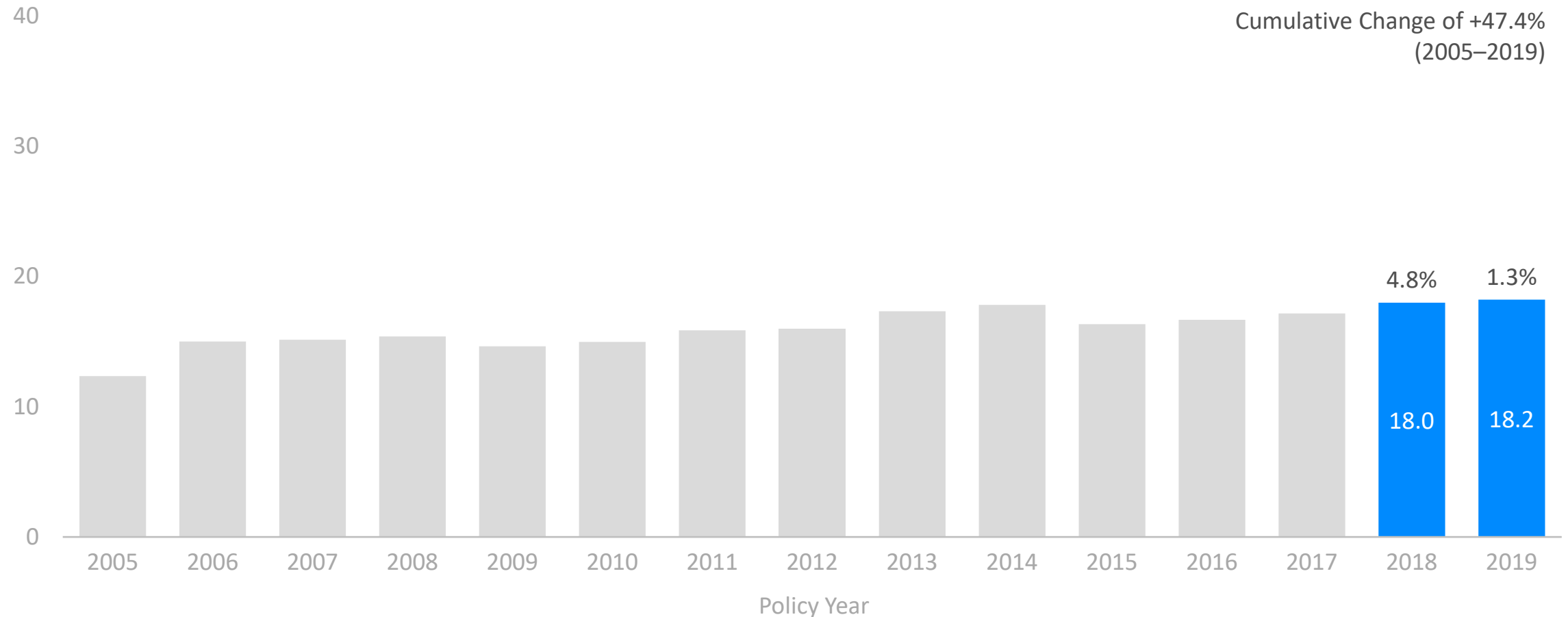
Percent Change in Lost-Time Claims, per \$ Million of On-Levelled Premium



Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate, with premium adjusted to common wage level.

Arkansas Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

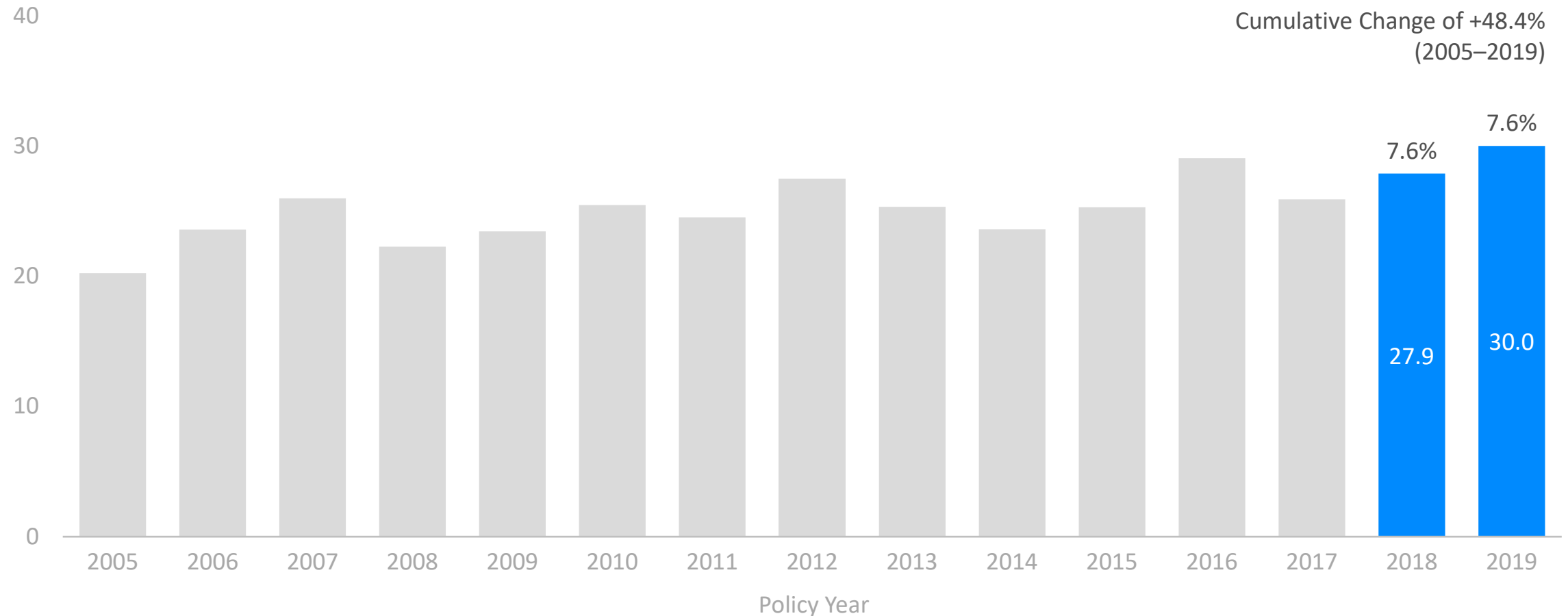


Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate.



Arkansas Average Medical Claim Severity

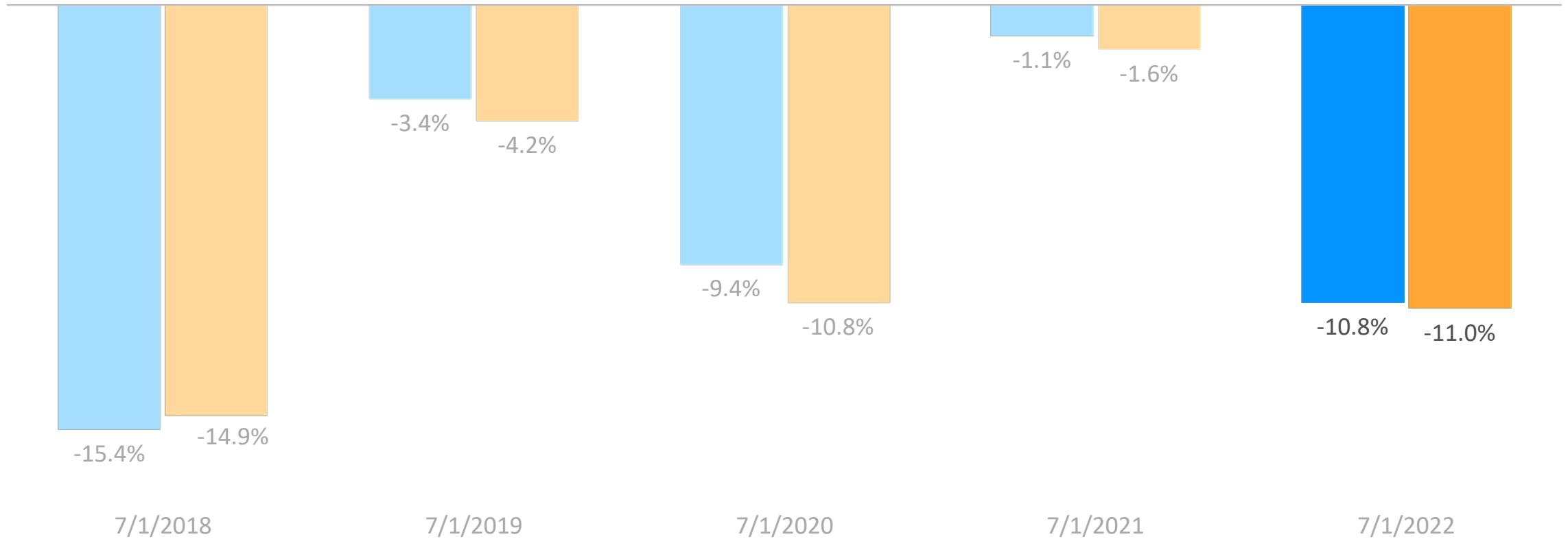
Lost-Time Claim Severity in \$ Thousands



Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.

Arkansas Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



Arkansas July 1, 2022 Loss Cost Filing

Change in Experience:	-10.3%
Change in Trend:	-0.9%
Change in Benefits:	+0.0%
Change in Loss-based Expenses:	+0.3%
<hr/>	
Overall Loss Cost Level Change:	-10.8%

Arkansas July 1, 2022 Loss Cost Filing

Average Changes by Industry Group



Arkansas Economic Drivers



Medical



Manufacturing



Logistics

Source: Moody's Analytics, Précis® U.S. State, Arkansas, January 2022.

Arkansas Economic Assets and Challenges

■ Assets

- Low cost of doing business
- Stable employment levels
- Strong manufacturing and logistics sectors

■ Challenges

- Below average educational attainment
- Few jobs in high paying industries
- Below average per capita income

Source: Moody's Analytics, Précis® U.S. State, Arkansas, January 2022.

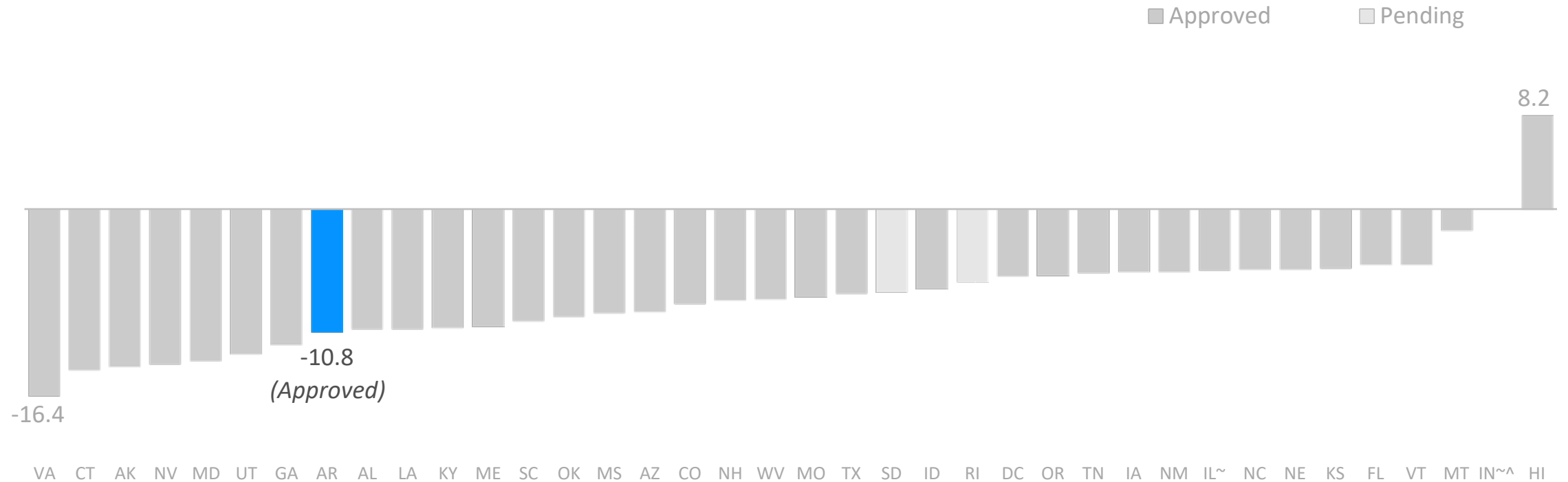
Arkansas Business Cycle Status



Source: Moody's Analytics, Précis® U.S. State, Arkansas, January 2022.

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 -7.4% and -2.7%, respectively.

^IN approved a flat (0.0%) rate level change.

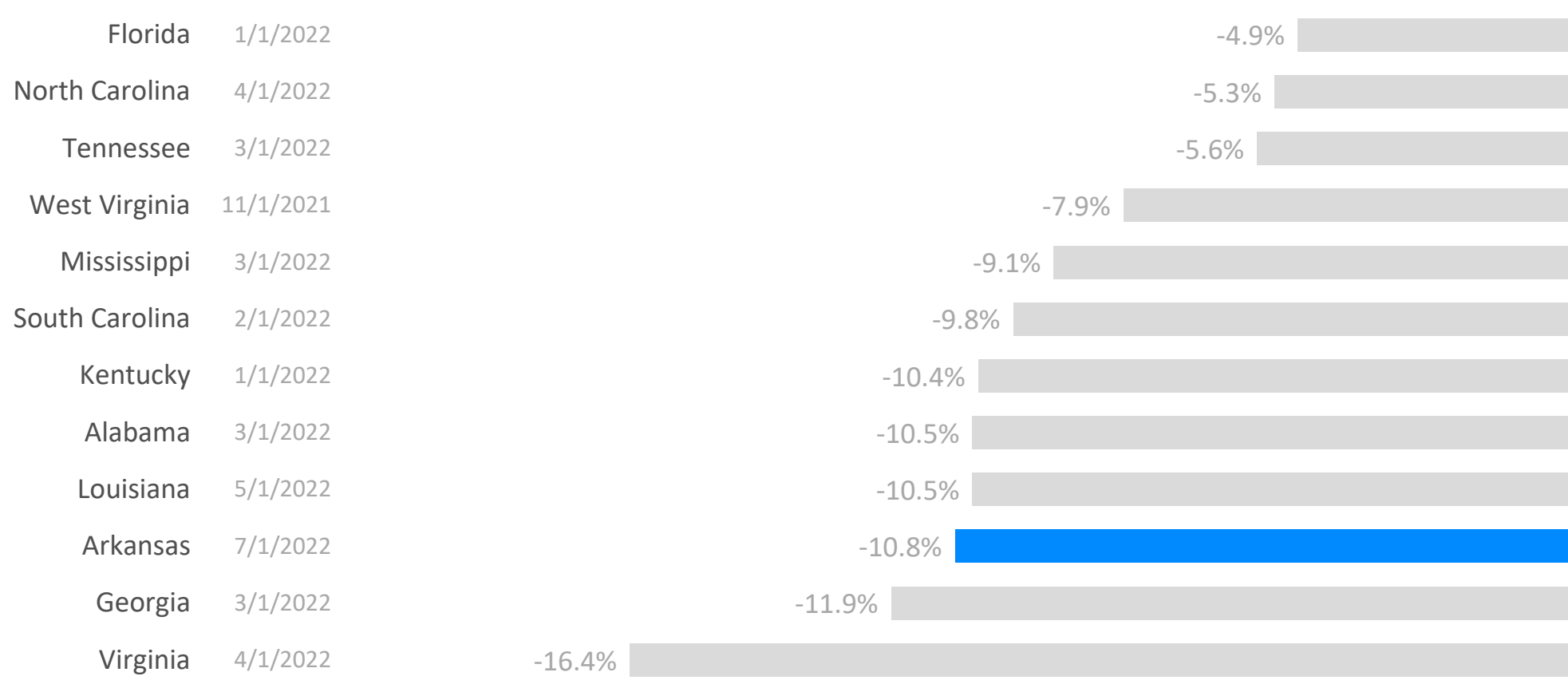
Reflects the most recent experience filing in each jurisdiction as of 3/25/2022.

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

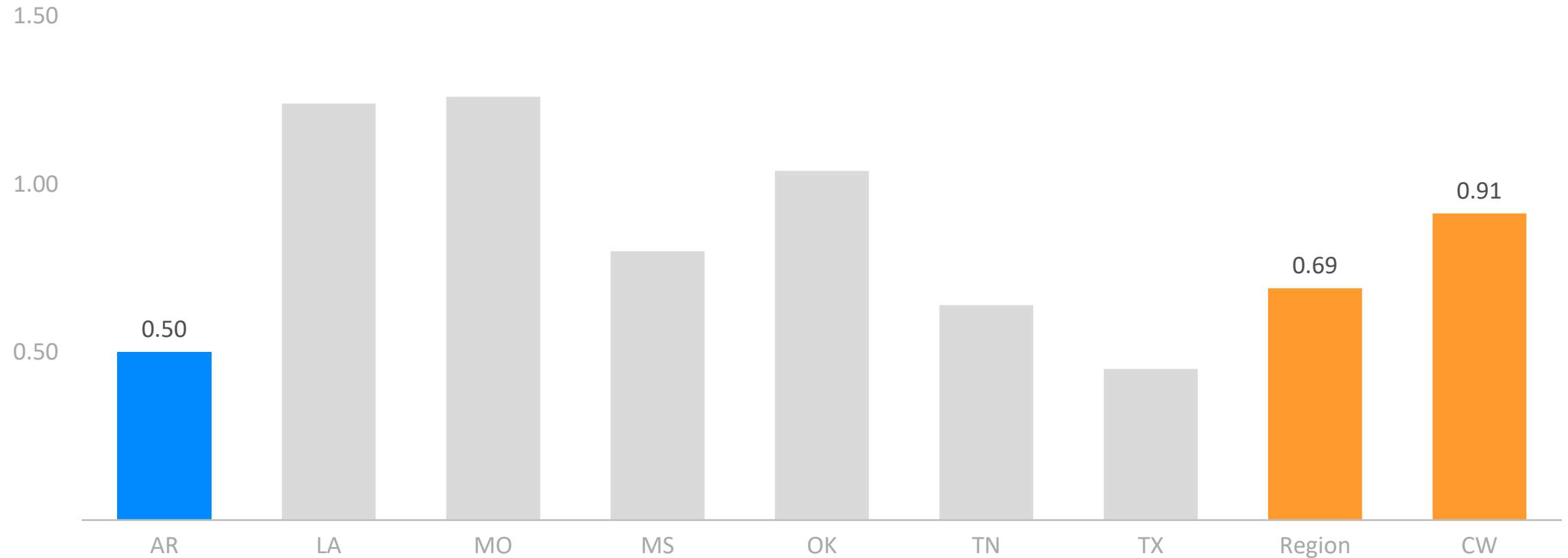


Reflects the most recent experience filing in each jurisdiction as of 3/25/2022.

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

Average Voluntary Pure Loss Costs

Using Arkansas Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2019.



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