

STATE ADVISORY RESOURCES

Arkansas Workers Compensation System
March 2023

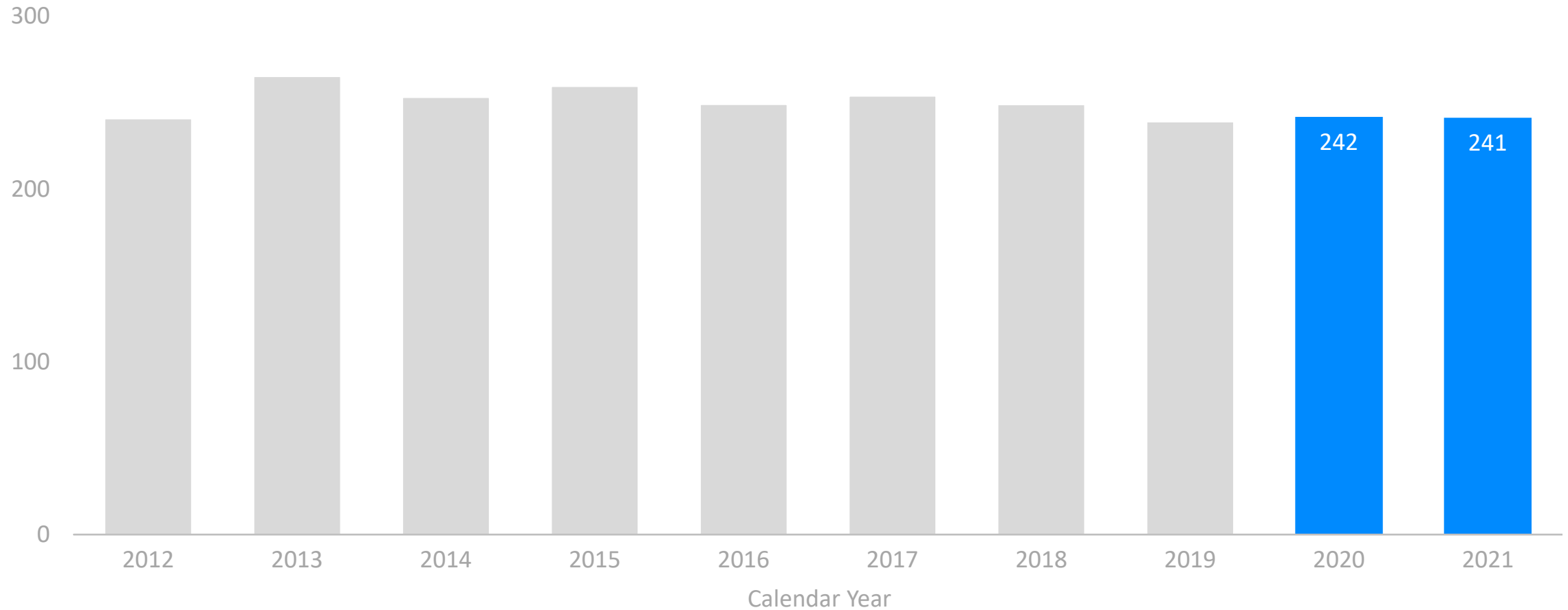


Arkansas Workers Compensation System—An Overview

- Written premium volume was stable in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency continues to exhibit a long-term pattern of decline, despite increasing in the most recent year
- Both indemnity and medical severity increased in the latest policy year

Arkansas Premium Volume

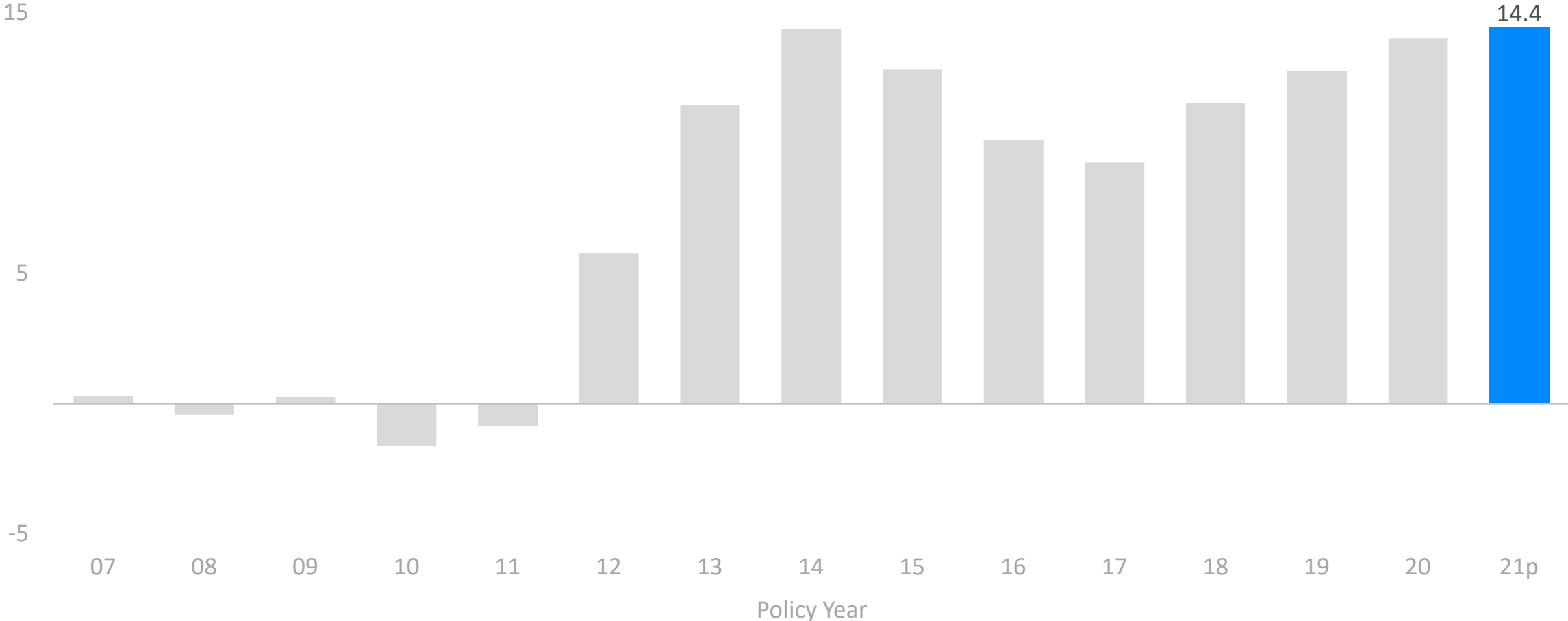
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



Impact of Discounting on Workers Compensation Premium in Arkansas



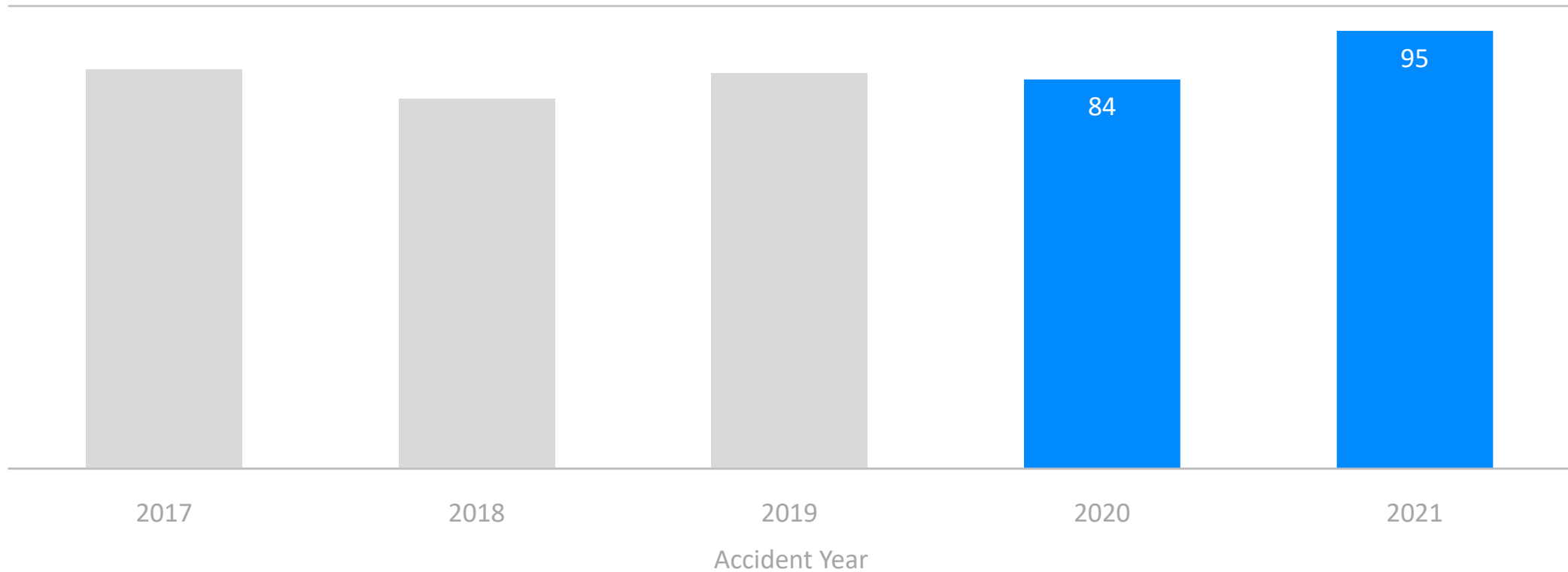
p Preliminary.
Based on data through 12/31/2021.



Arkansas Combined Ratios

Percent

100

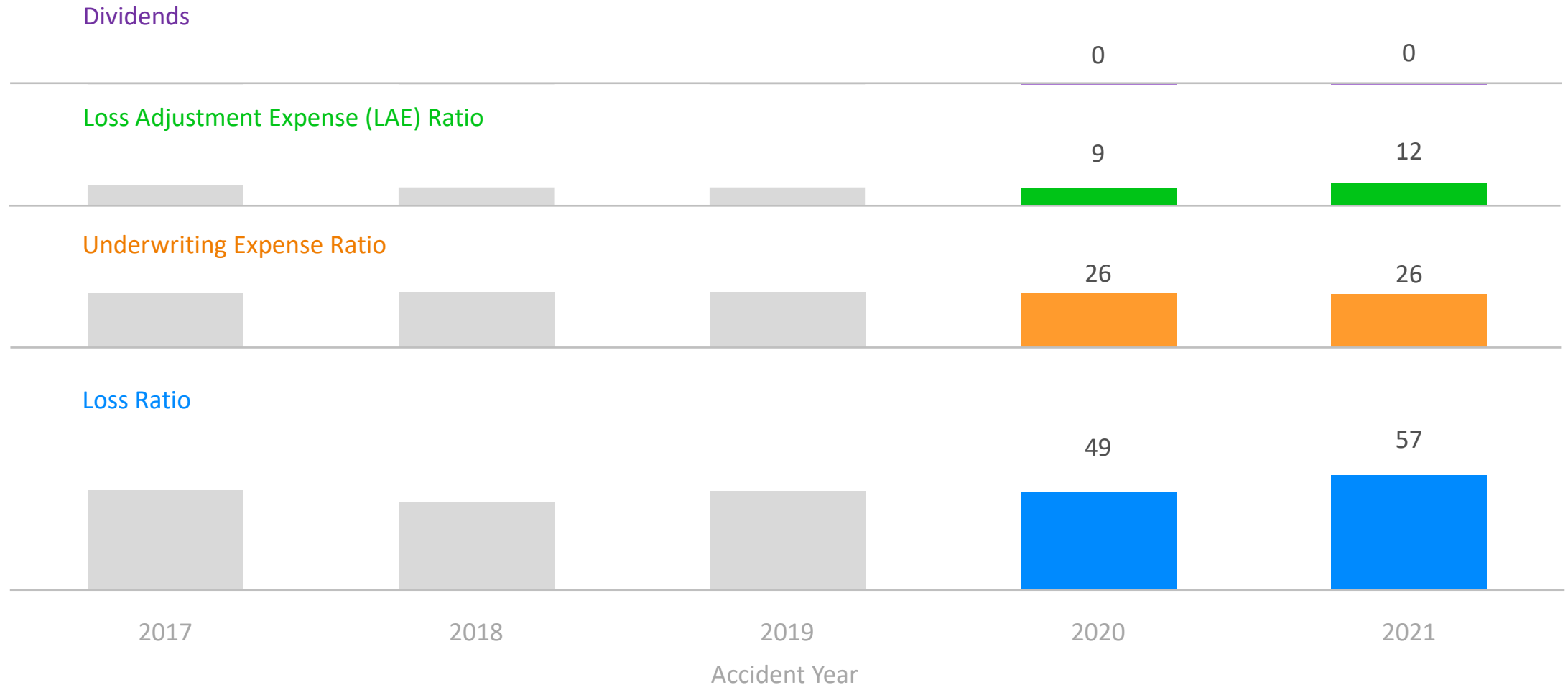


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



Arkansas Combined Ratios by Component

Percent

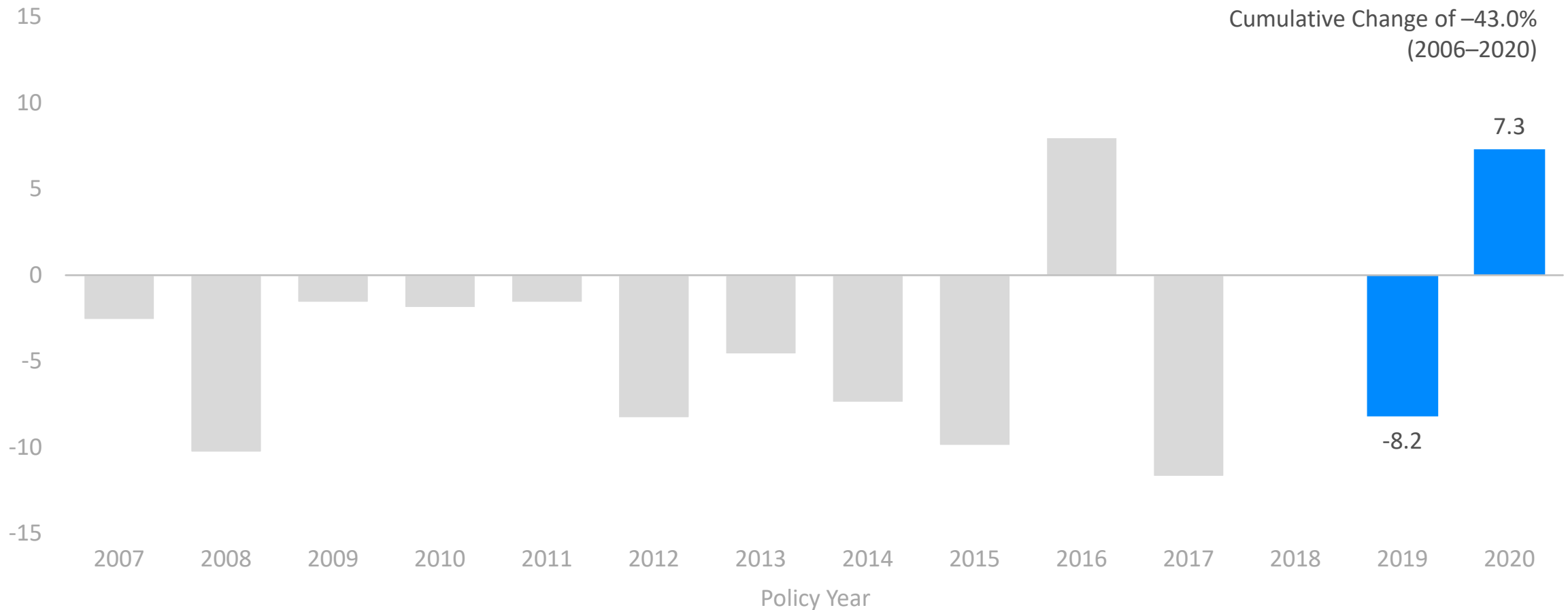


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



Arkansas Change in Claim Frequency

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

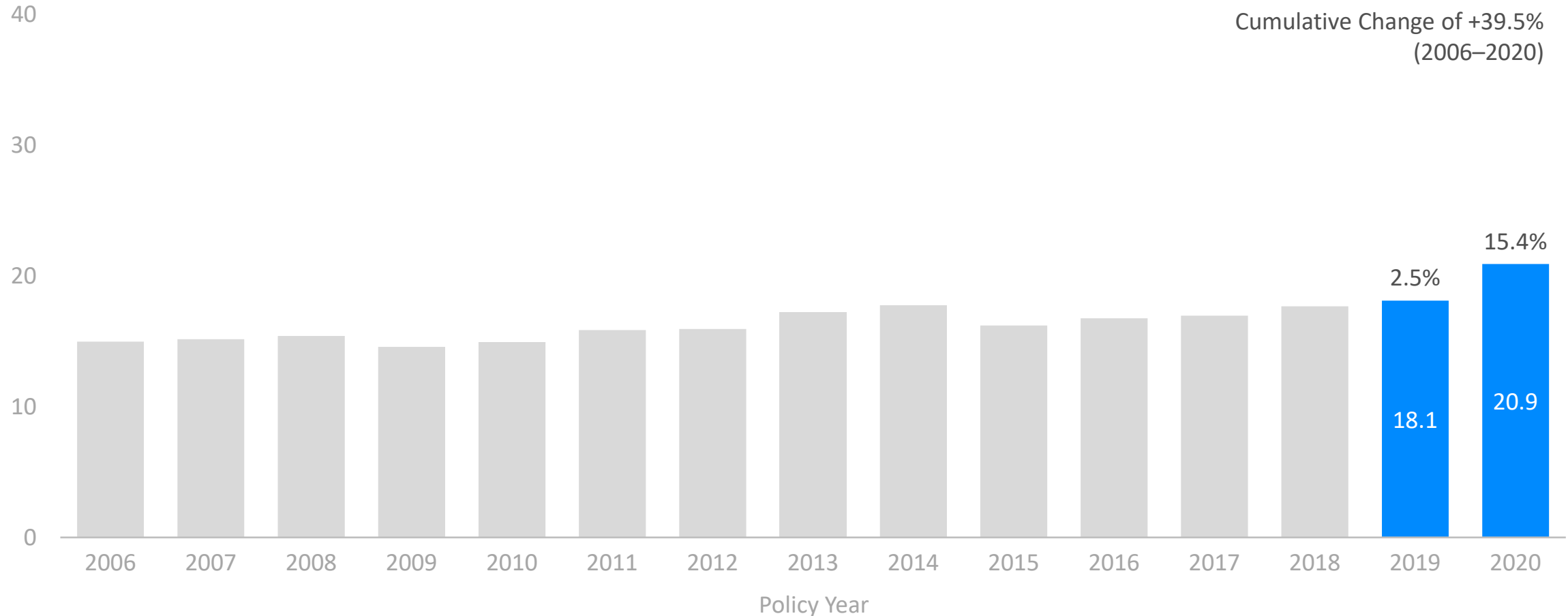


Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.



Arkansas Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

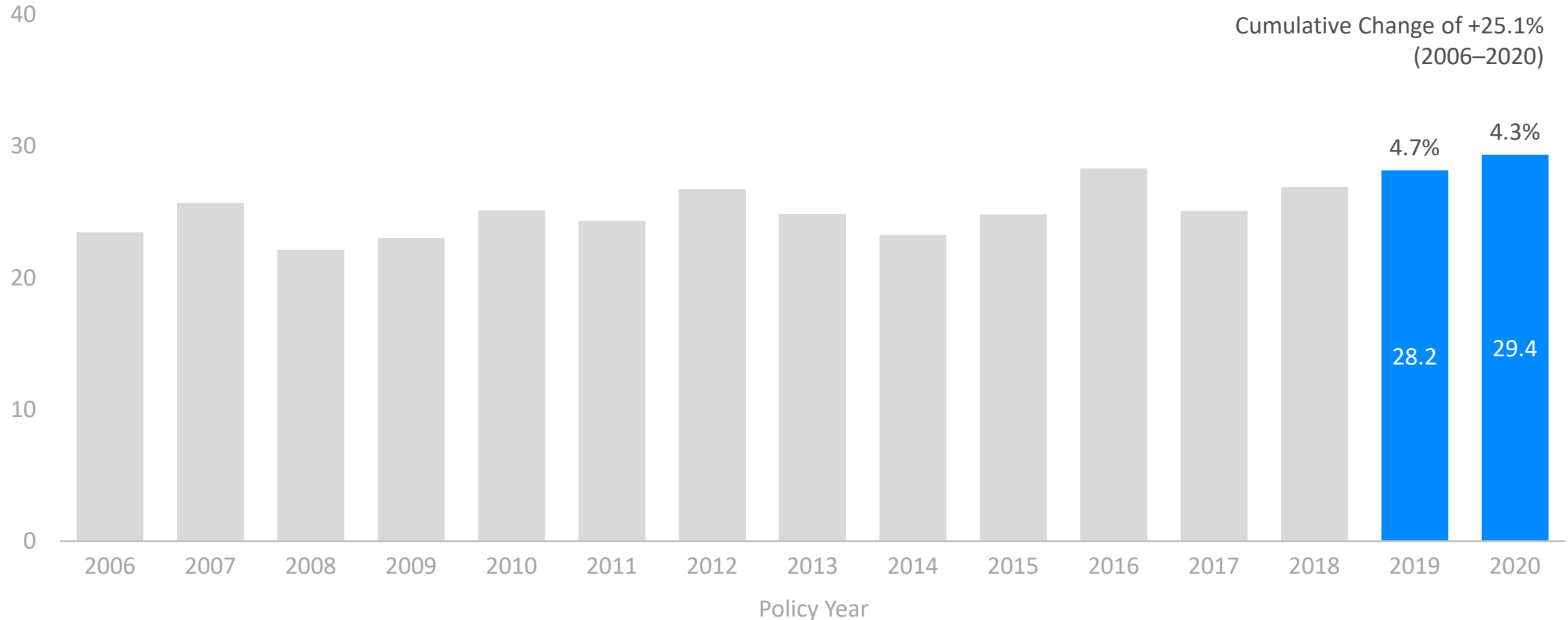


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



Arkansas Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

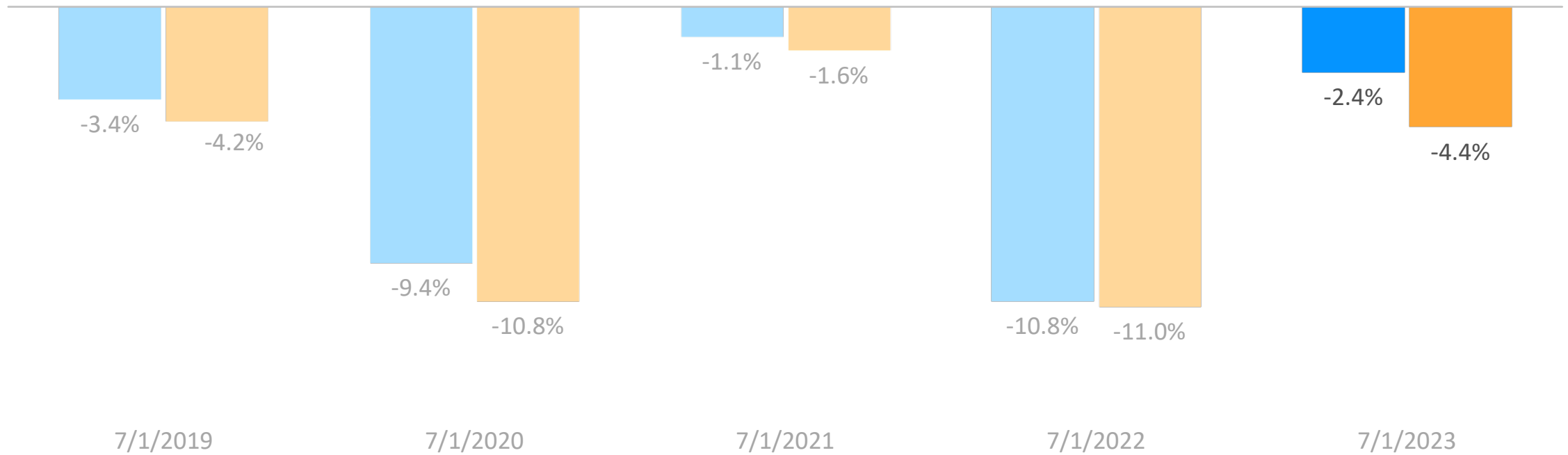


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.



Arkansas Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes

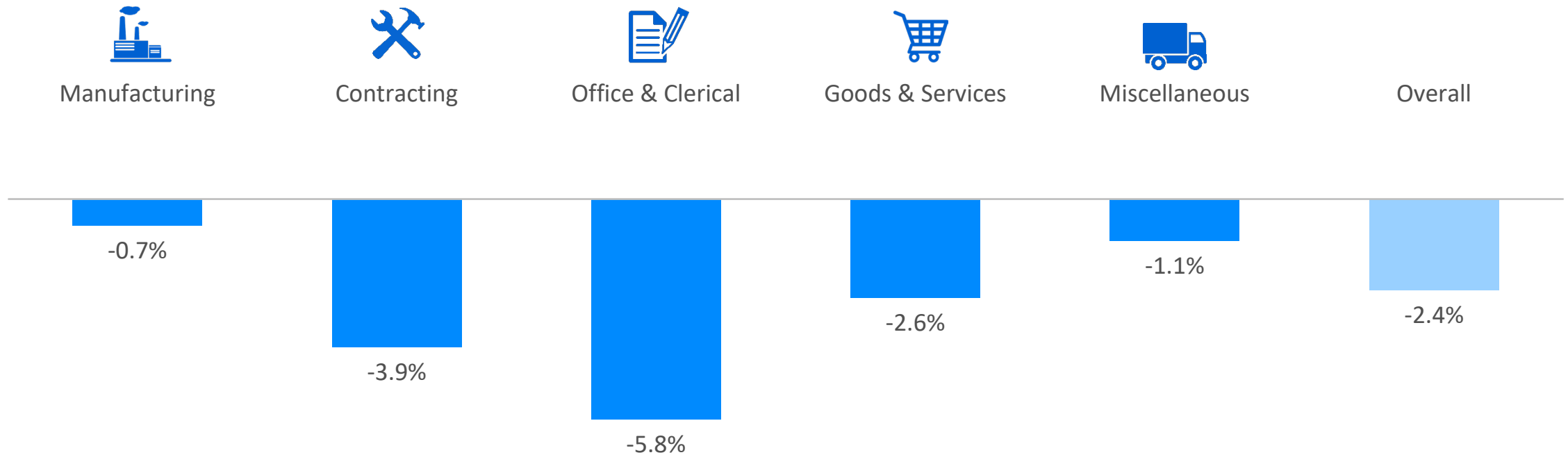


Arkansas July 1, 2023 Loss Cost Filing

Change in Experience:	-2.0%
Change in Trend:	+0.0%
Change in Benefits:	+0.2%
Change in All Other:	-0.6%
<hr/>	
Overall Loss Cost Level Change:	-2.4%

Arkansas July 1, 2023 Loss Cost Filing

Average Changes by Industry Group



Arkansas Economic Drivers



Manufacturing



Medical



Logistics

Source: Moody's Analytics.

Arkansas Economic Assets and Challenges

■ Assets

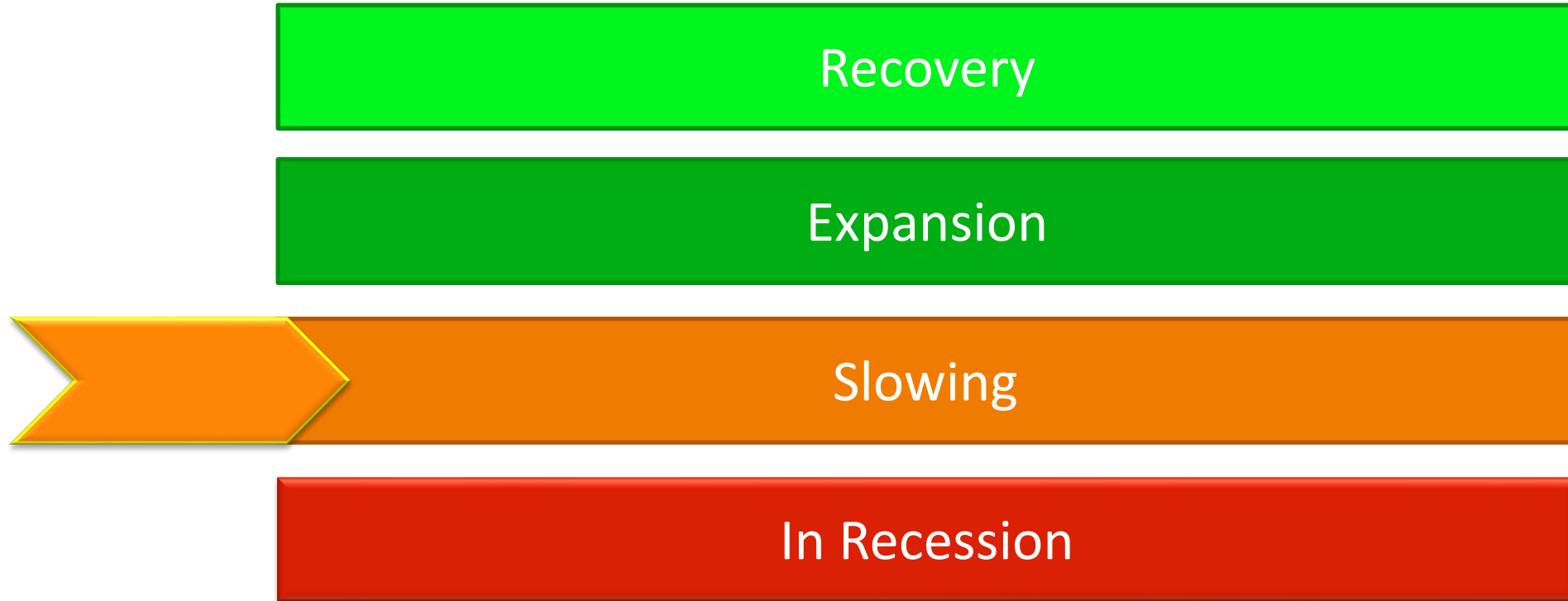
- Low cost of doing business
- Population growth
- Stable employment levels

■ Challenges

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

Source: Moody's Analytics.

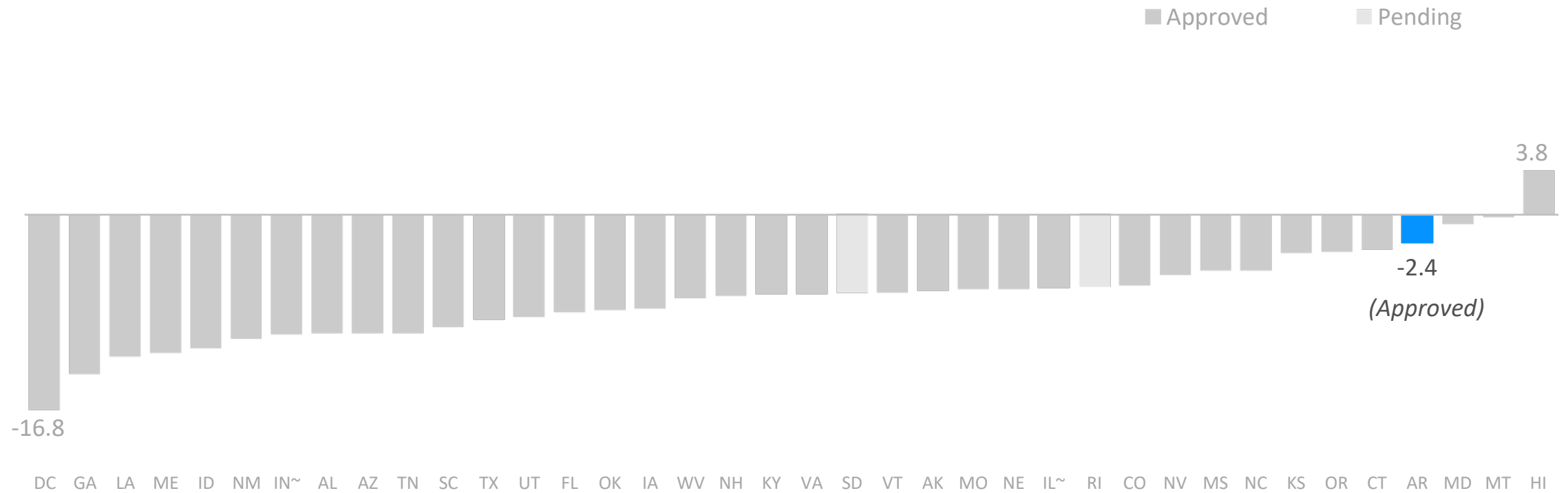
Arkansas Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

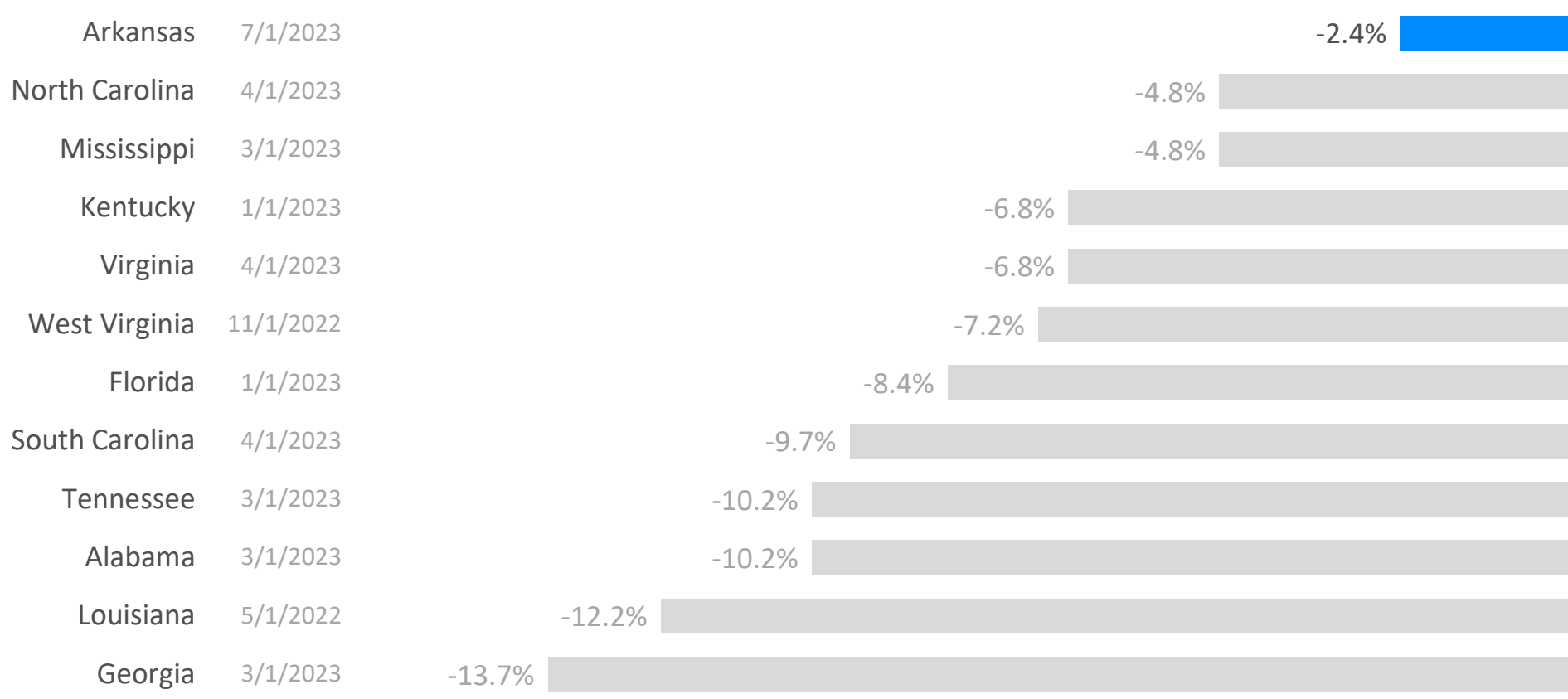


~Value shown is a rate level change; the IN and IL loss cost level changes are -6.2% and -10.3%, respectively.
 Reflects the most recent experience filing in each jurisdiction as of 3/17/2023.
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



Current Voluntary Market Loss Cost/Rate Changes

Southeastern States

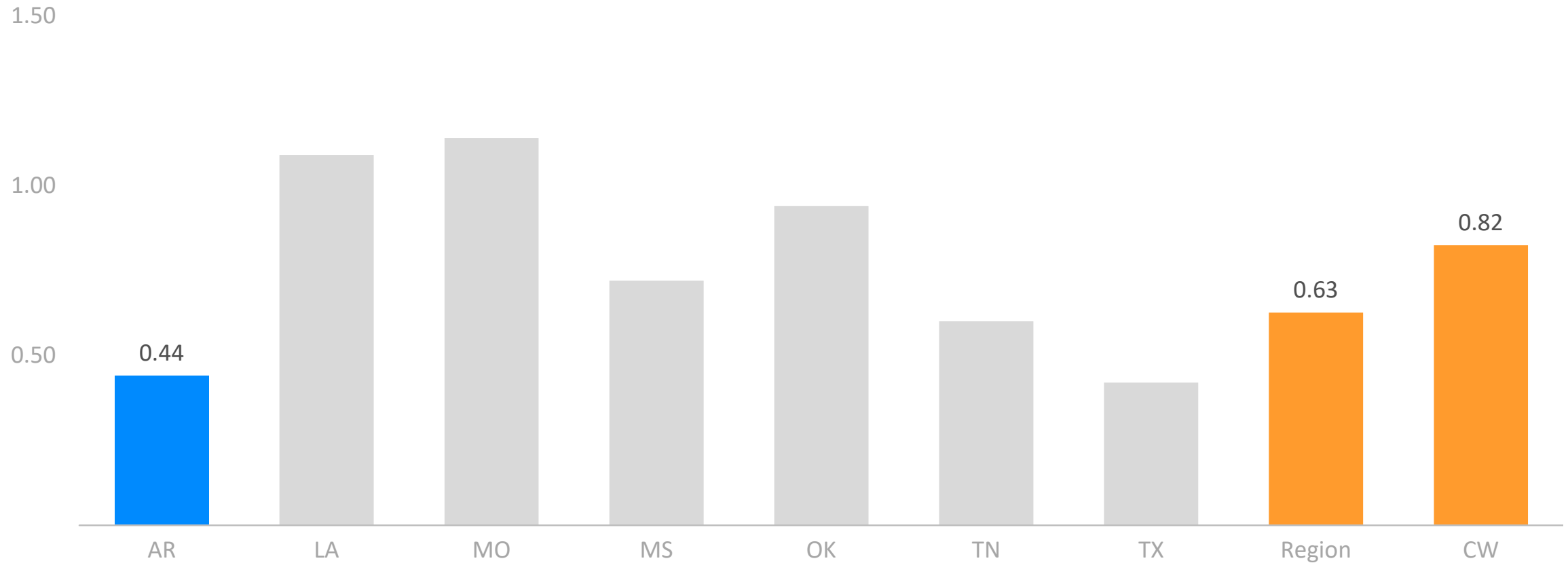


Reflects the most recent experience filing in each jurisdiction as of 3/17/2023.

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 12/31/2020.



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