

# STATE ADVISORY RESOURCES

Arizona State Workers Compensation System  
September 2022

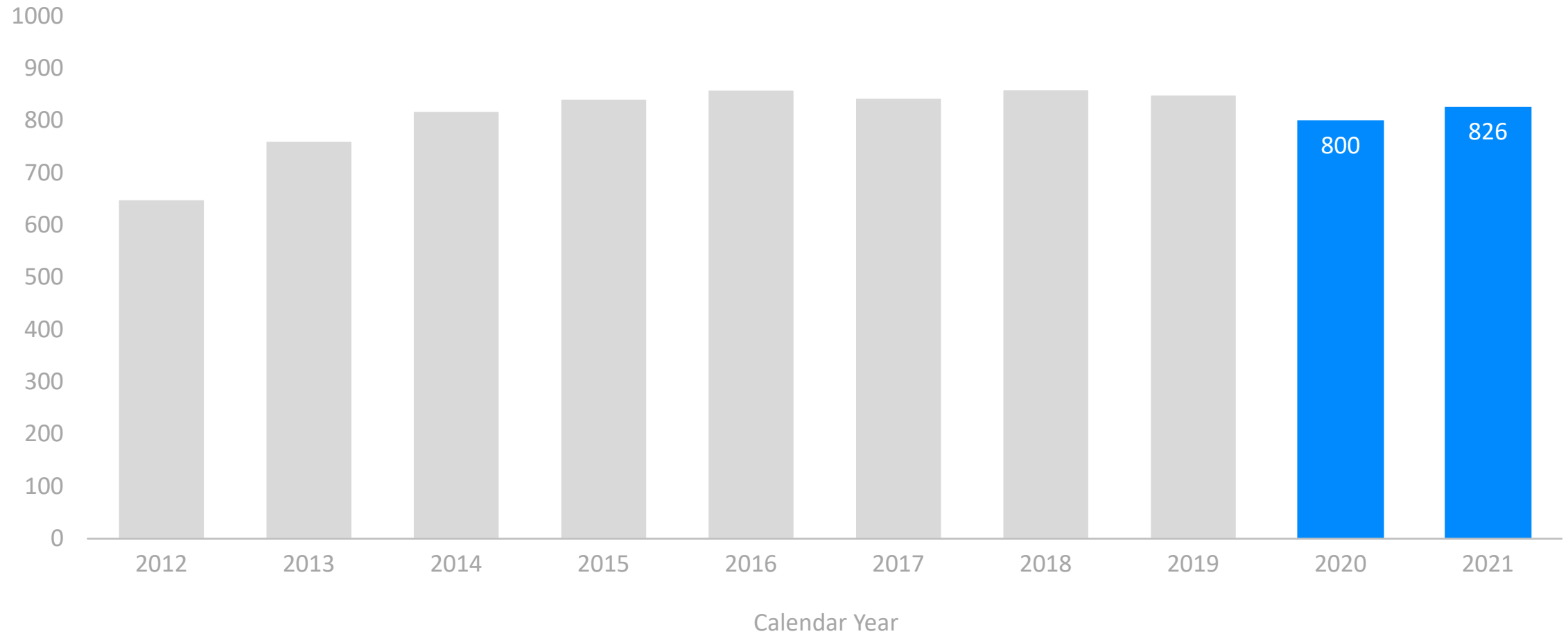


# Arizona Workers Compensation System—An Overview

- Written premium volume increased in the latest year, but remains below historical levels
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency continues a long-term pattern of decline
- Indemnity and medical severities declined in the latest year

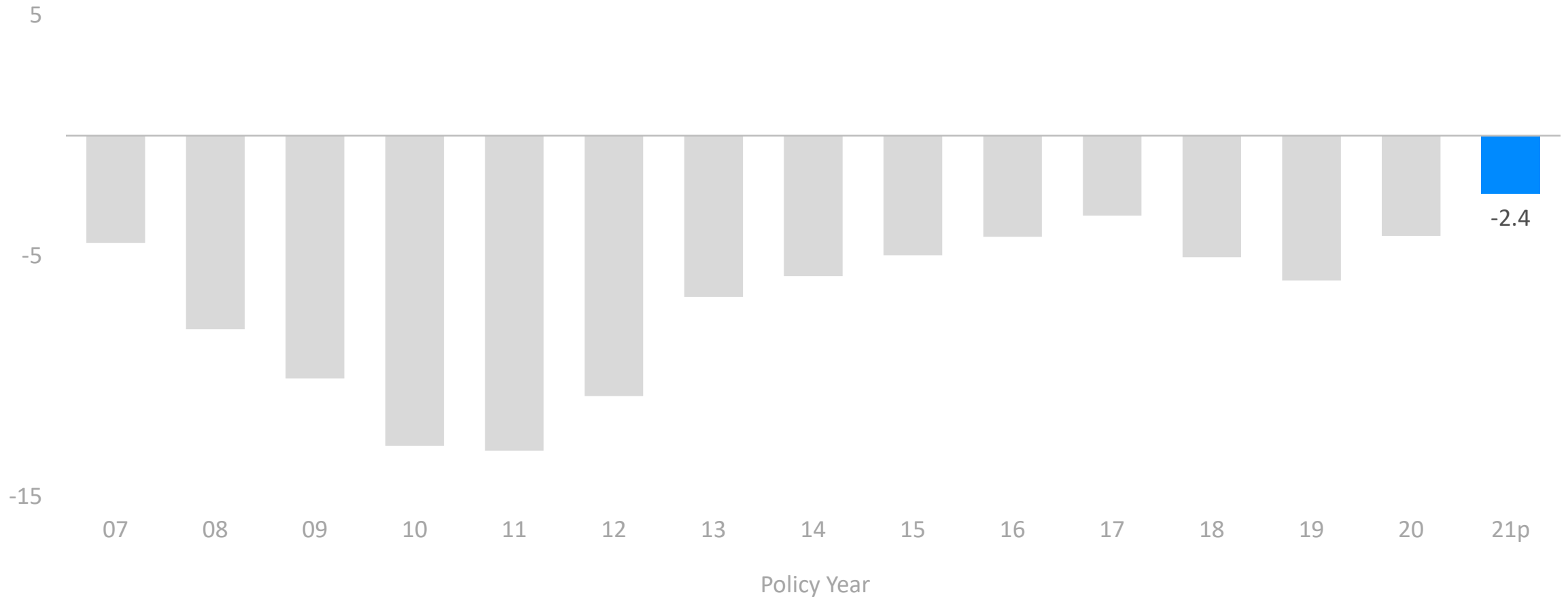
# Arizona Premium Volume

Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.

# Impact of Discounting on Workers Compensation Premium in Arizona

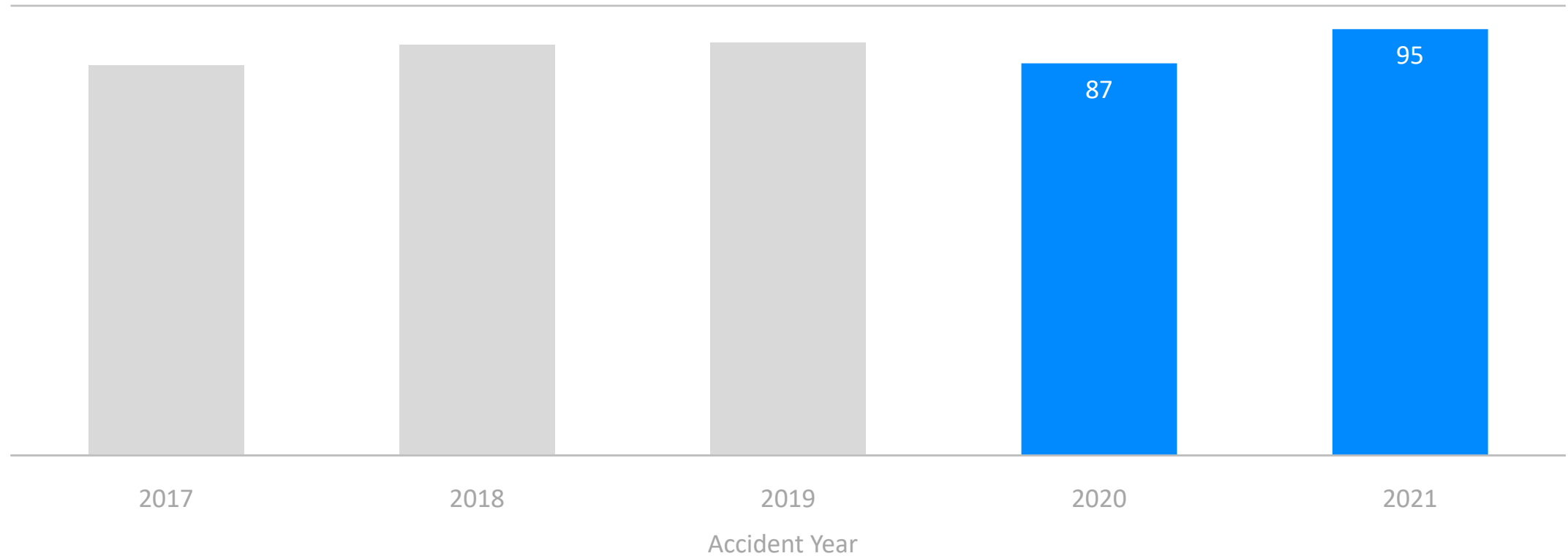


p Preliminary.  
Based on data through 12/31/2021.

# Arizona Combined Ratios

Percent

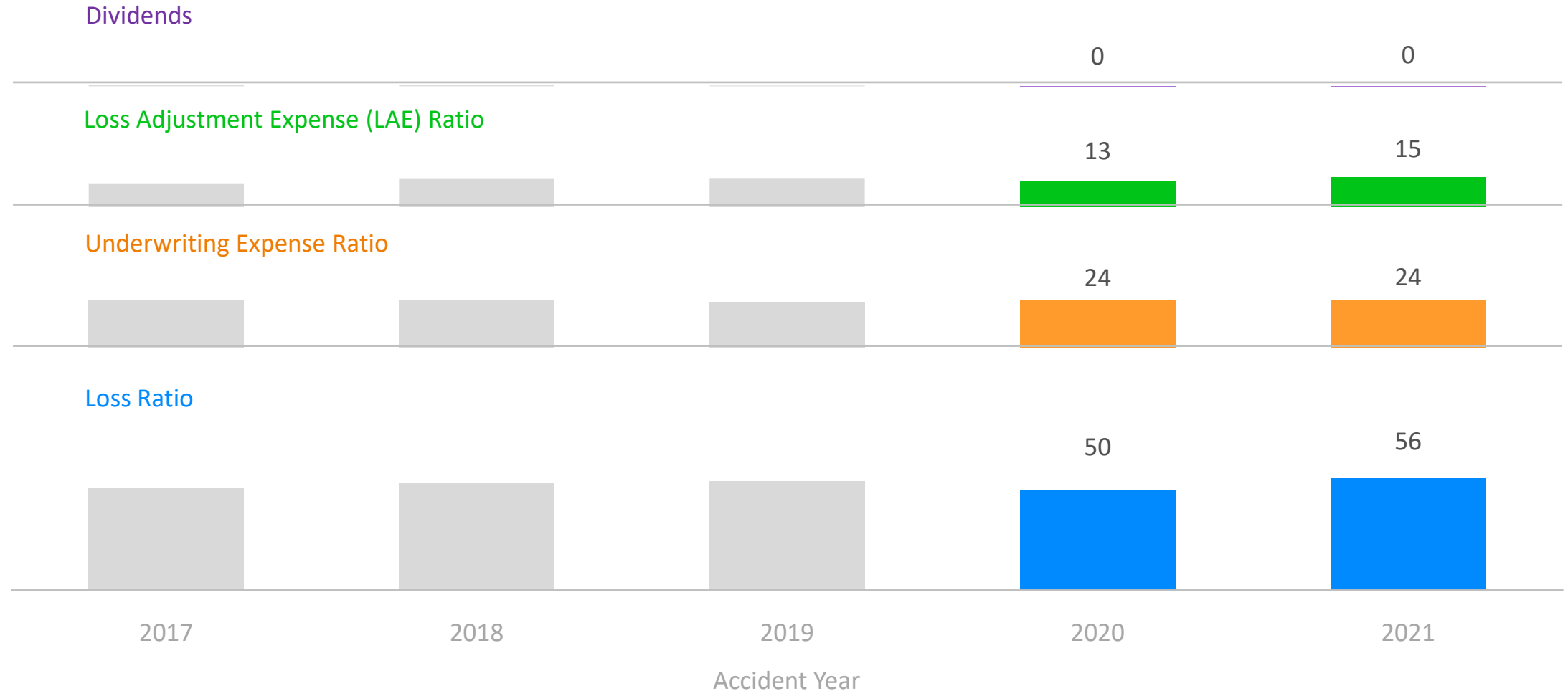
100



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

# Arizona Combined Ratios by Component

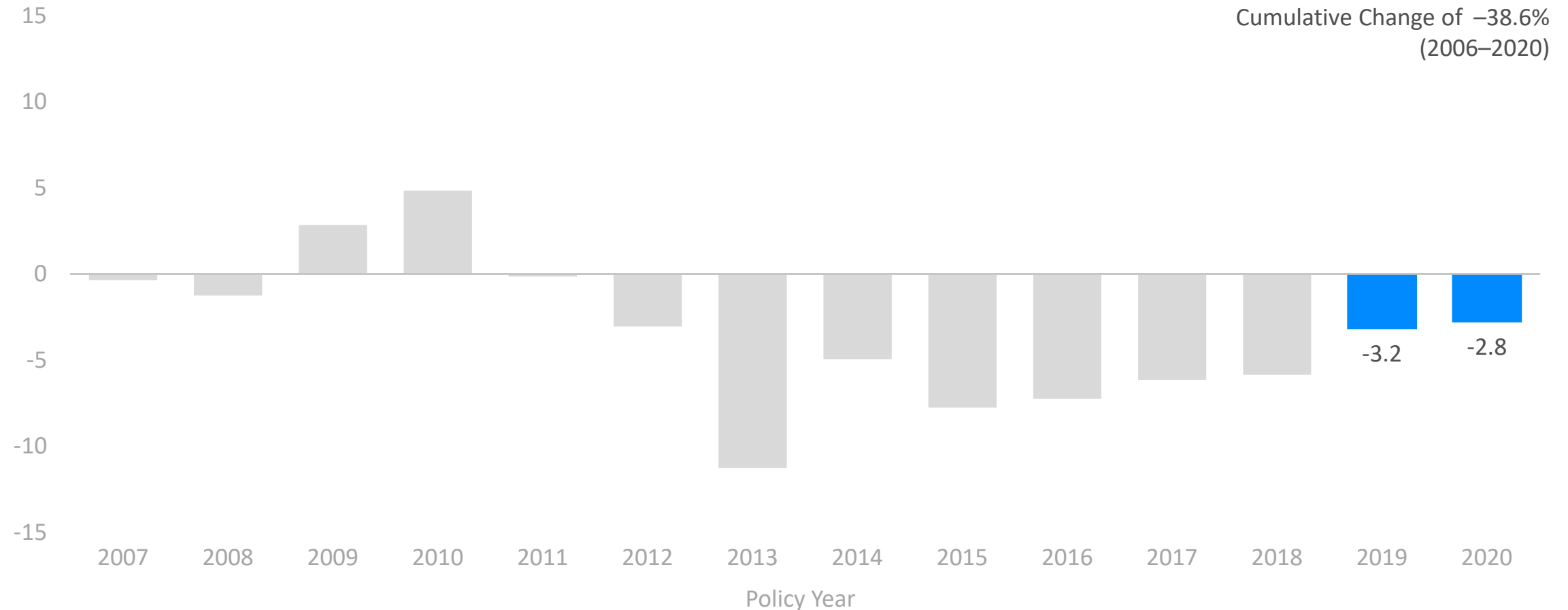
Percent



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

# Arizona Change in Claim Frequency

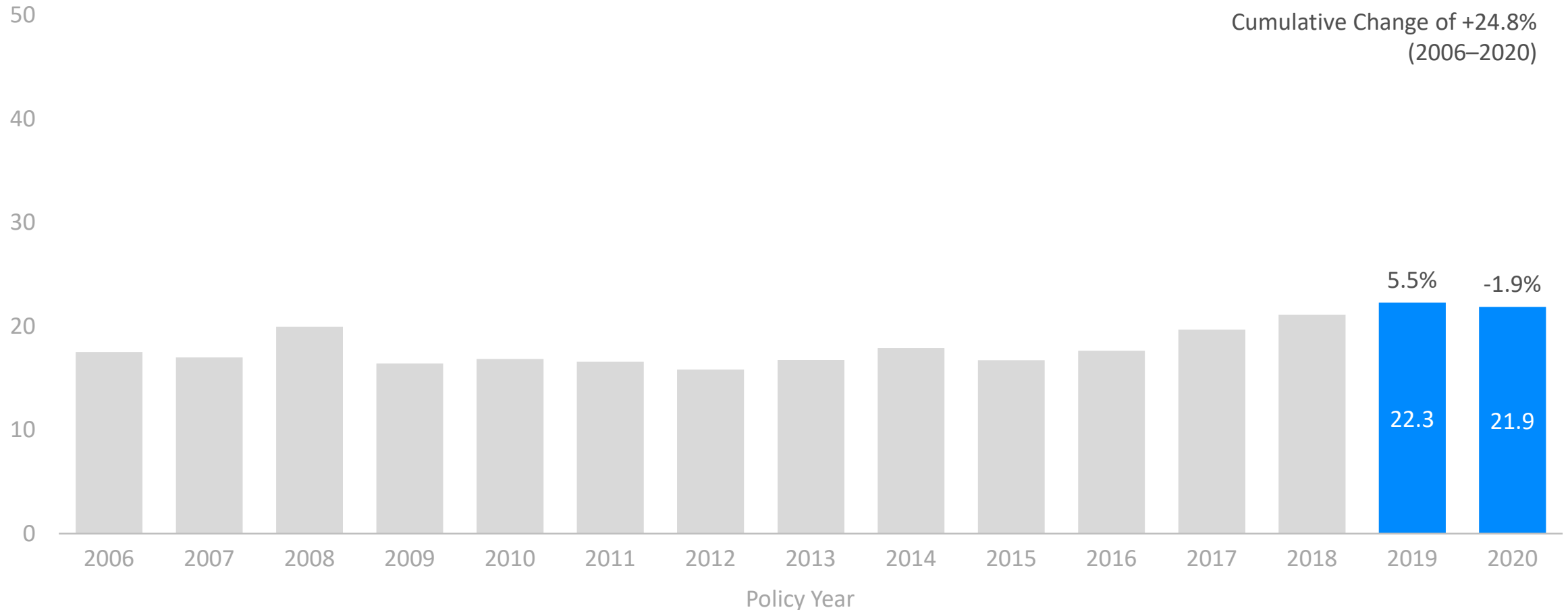
Percent Change in Lost-Time Claims, per \$ Million of On-Leveled Premium



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

# Arizona Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

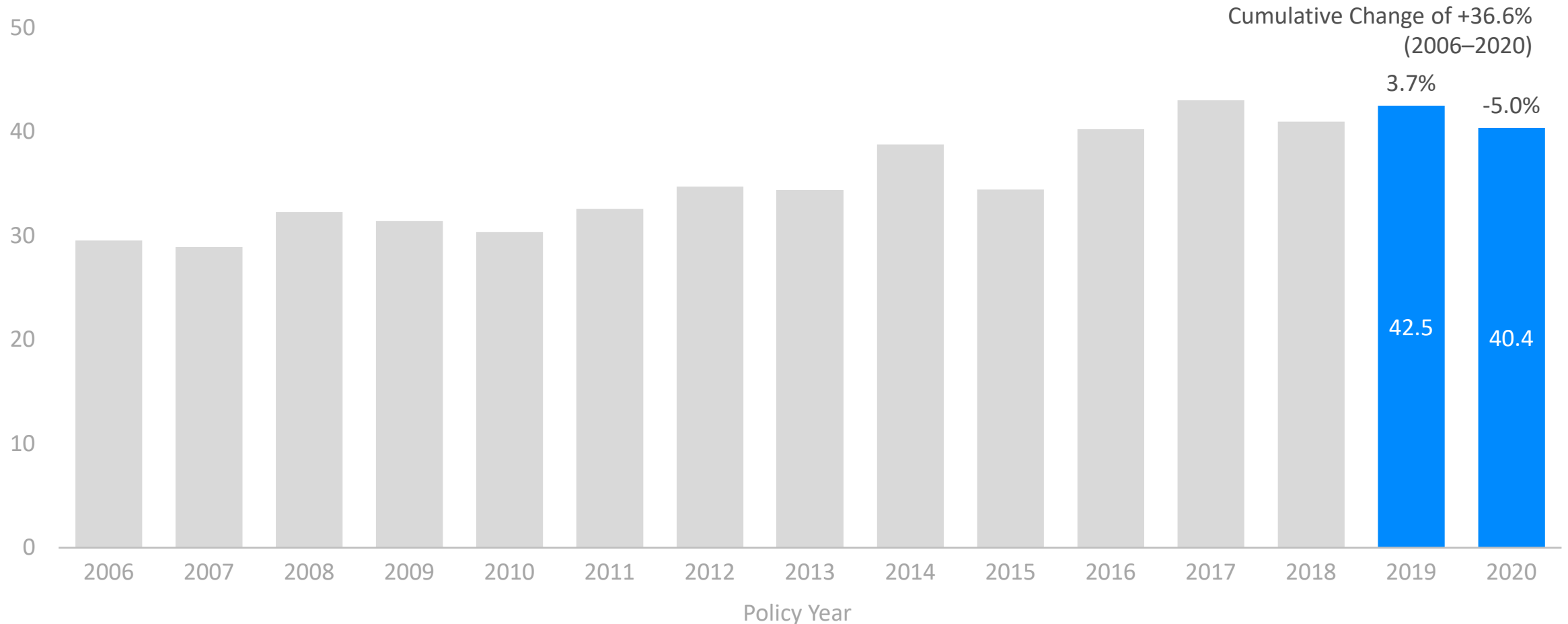


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



# Arizona Average Medical Claim Severity

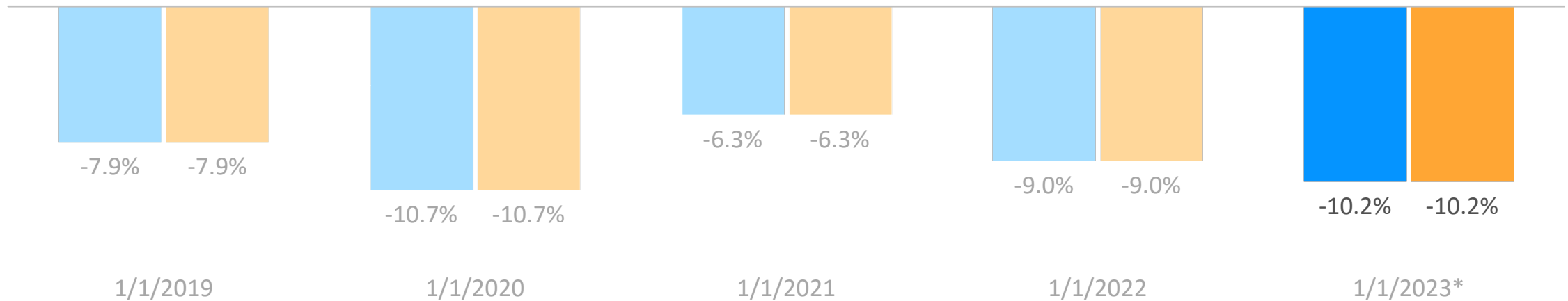
Lost-Time Claim Severity in \$ Thousands



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.

# Arizona Filing Activity

Voluntary Rate and Assigned Risk Rate Changes



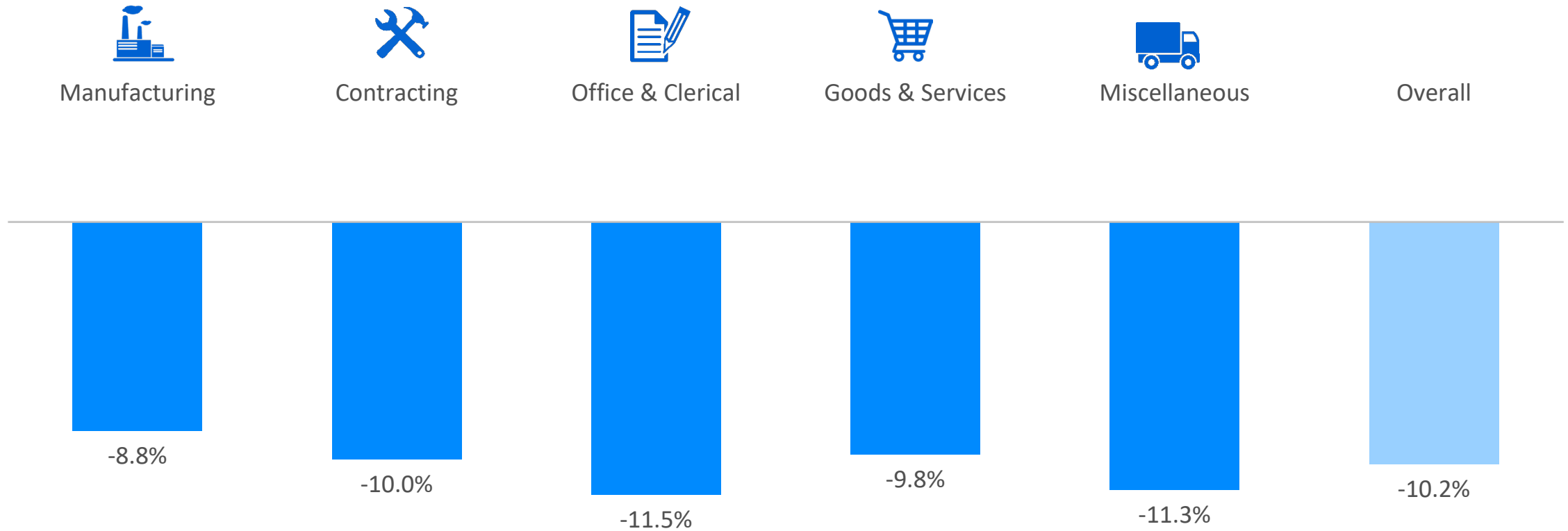
\*Pending.

# Arizona January 1, 2023 Rate Filing

Change in Experience:	−8.3%
Change in Trend:	−2.9%
Change in Benefits:	+0.5%
Change in All Other:	+0.3%
<hr/>	
Overall Rate Level Change:	−10.2%

# Arizona January 1, 2023 Rate Filing

## Average Changes by Industry Group



# Arizona Economic Drivers



Retirement



Finance



Tourism

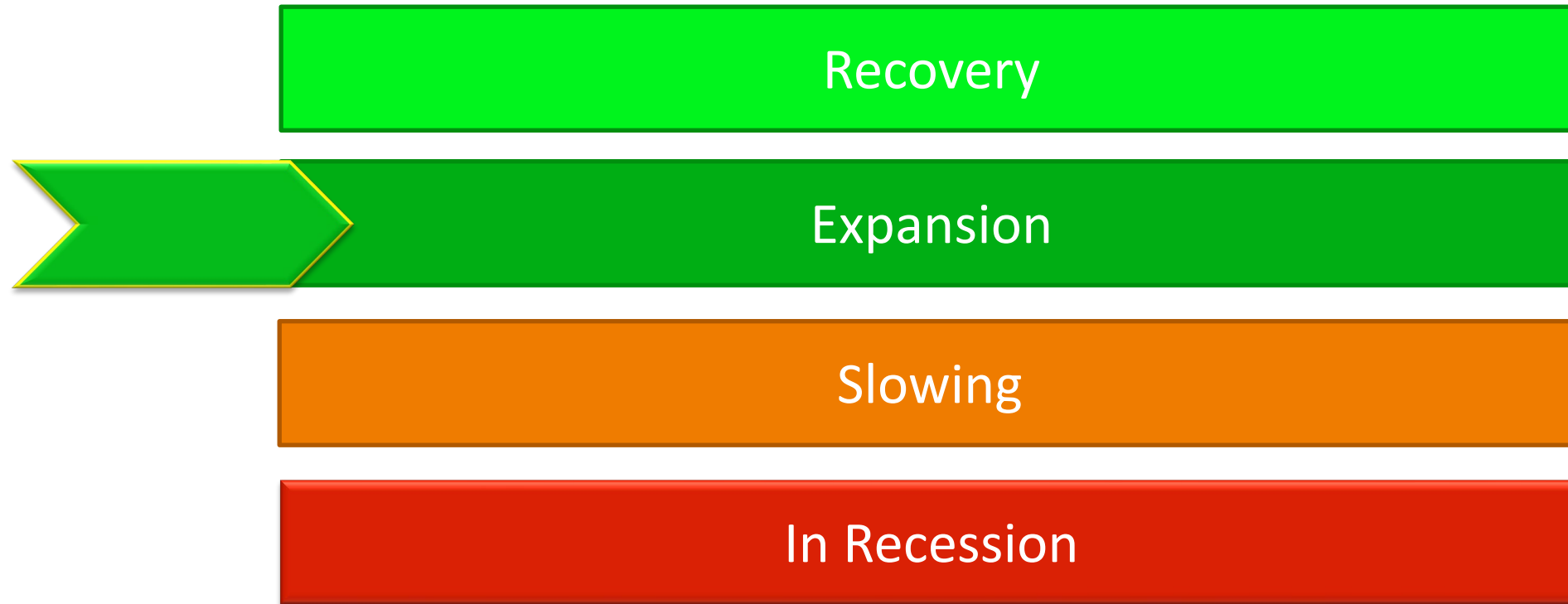
Source: Moody's Analytics.

# Arizona Economic Assets and Challenges

- Assets
  - Center for expansion and relocation of financial services companies
  - Lower business costs than in the region
  - Robust population growth
- Challenges
  - High cost of housing
  - Tight labor market

Source: Moody's Analytics.

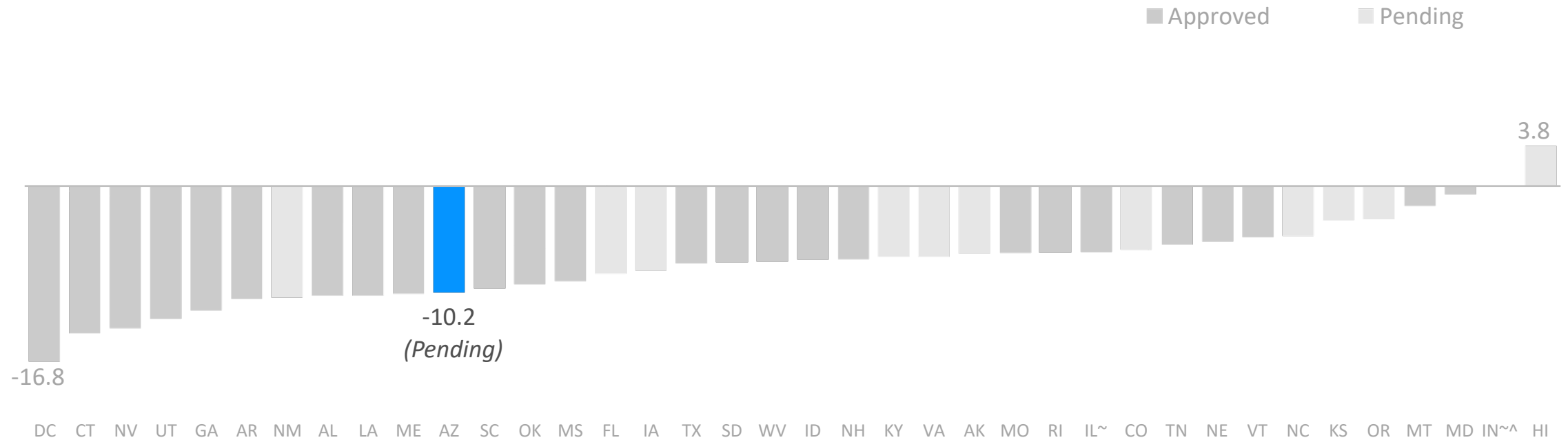
# Arizona Business Cycle Status



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 -2.7%, respectively.

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

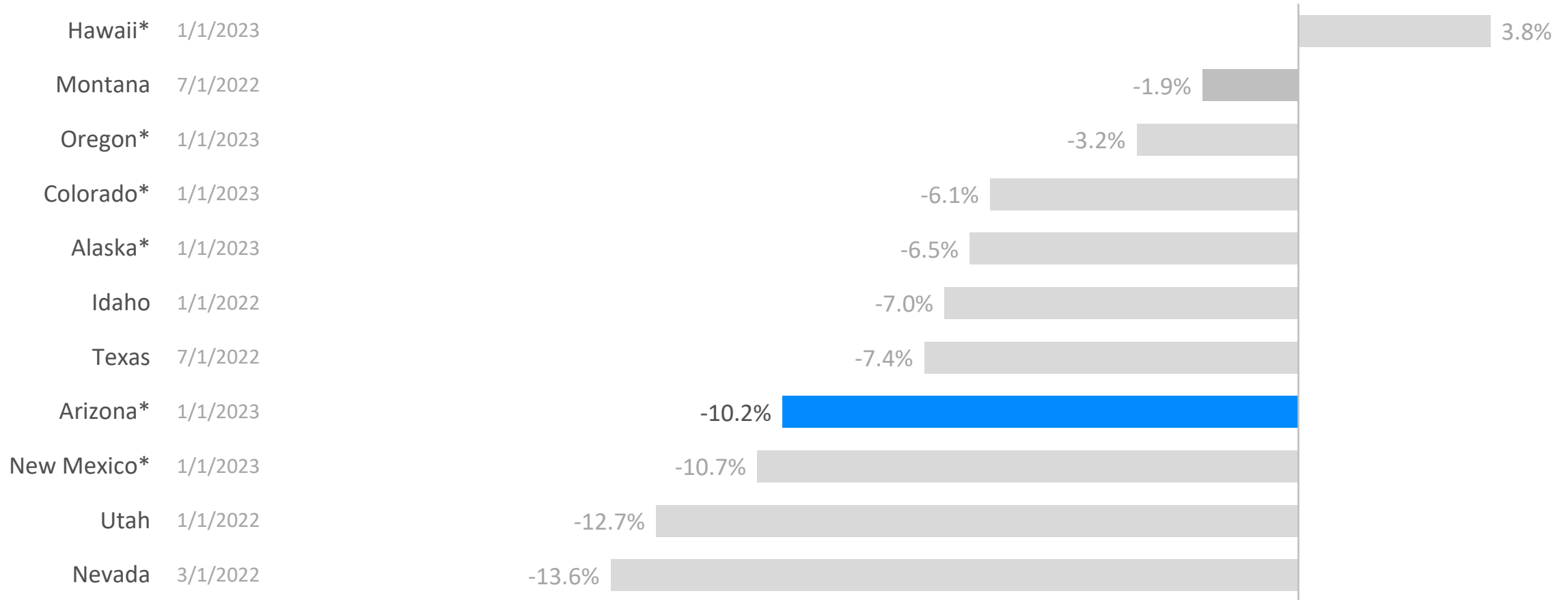
Reflects the most recent experience filing in each jurisdiction as of 9/2/2022.

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

## Western States



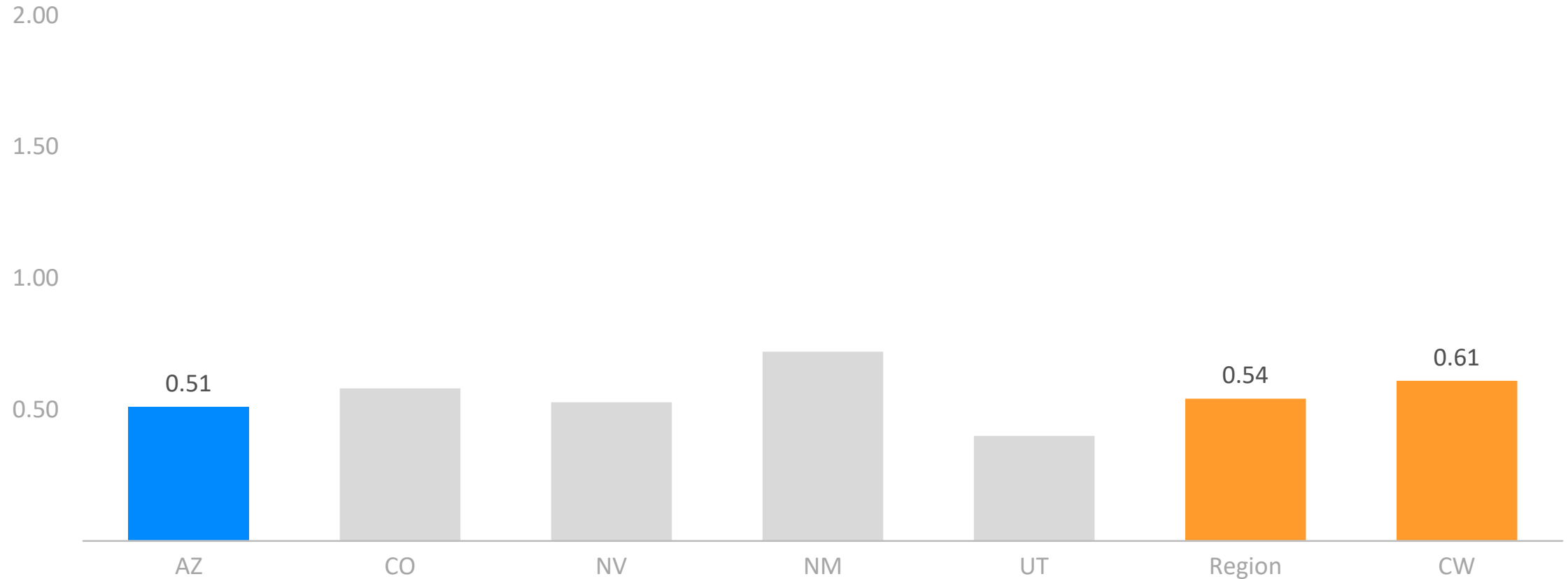
\*Pending.

Reflects the most recent experience filing in each jurisdiction as of 9/2/2022.

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 Arizona Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2020.

# CONTACT US



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