

STATE ADVISORY RESOURCES

Hawaii Workers Compensation System
October 2022

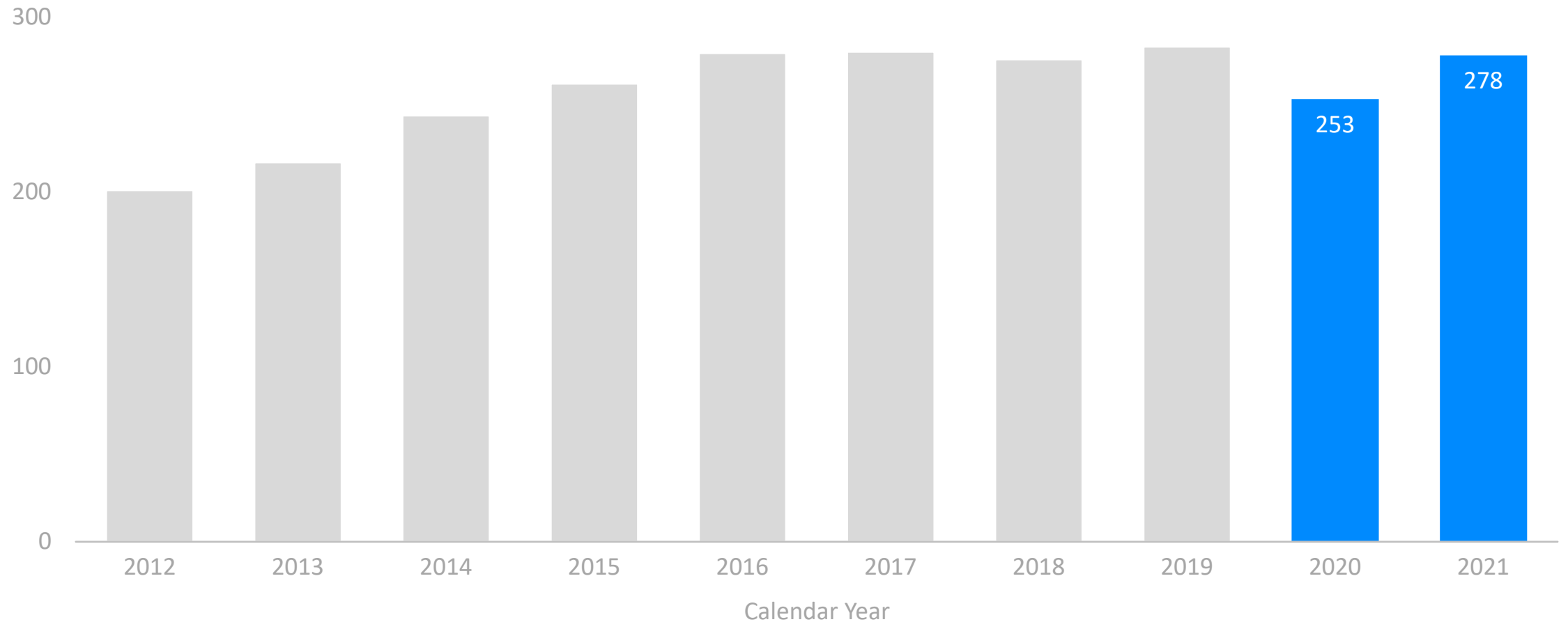


Hawaii Workers Compensation System—An Overview

- Written premium volume increased in 2021
- Accident year combined ratios have generally been above 100%
- Lost-time claim frequency shows a general long-term decline but increased in the latest year
- Indemnity and medical severities are generally increasing, though they decreased in the latest year

Hawaii Premium Volume

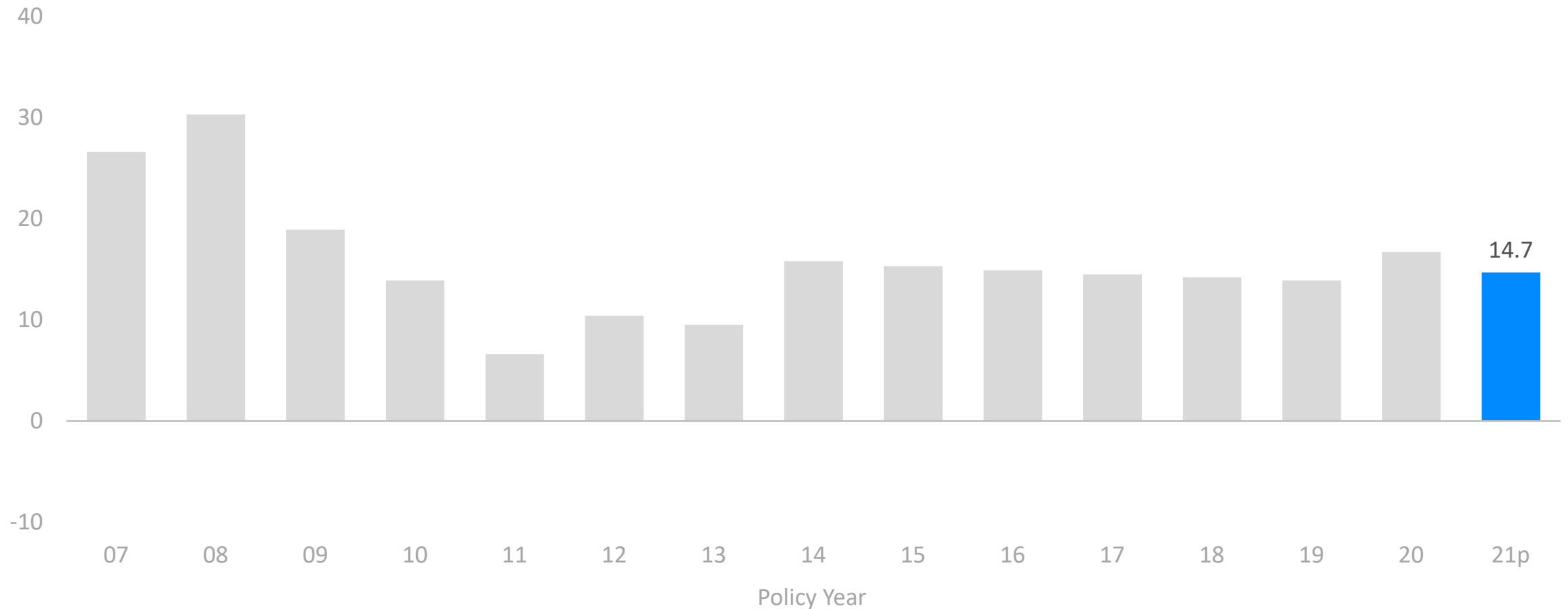
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



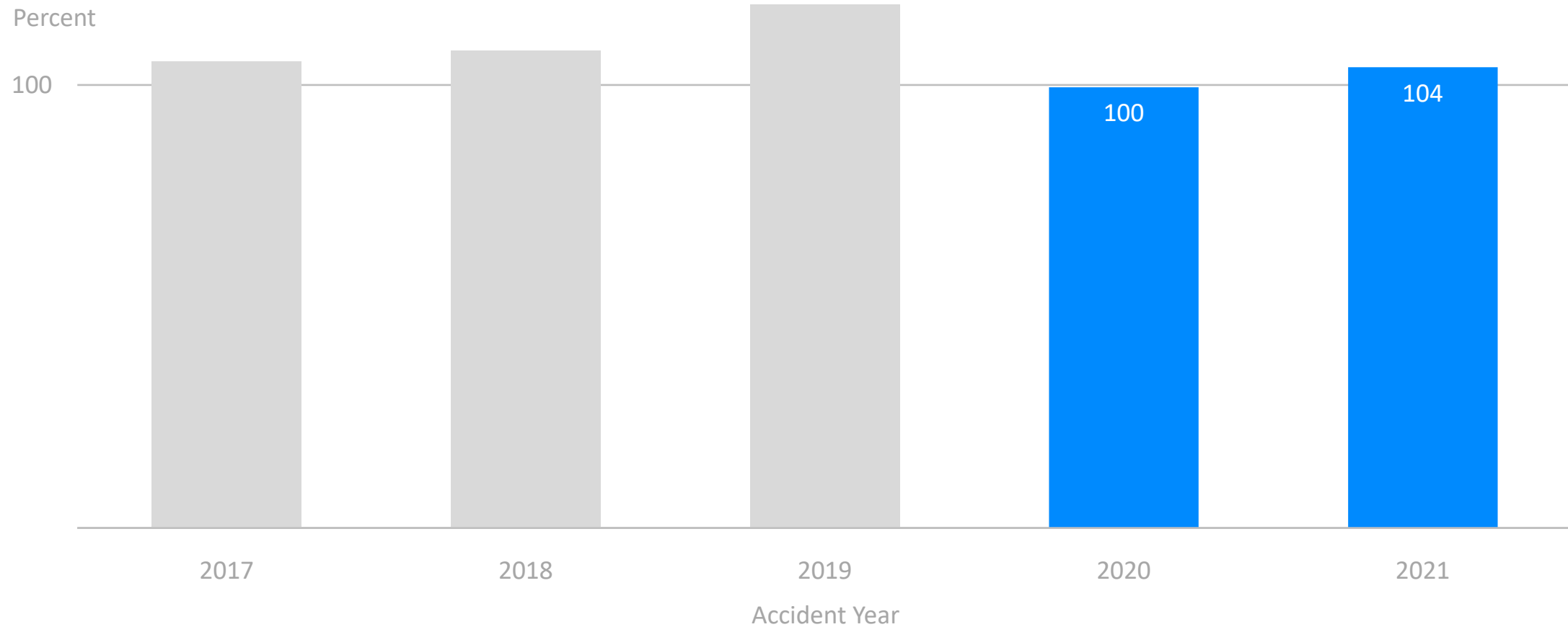
Impact of Discounting on Workers Compensation Premium in Hawaii



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



Hawaii Combined Ratios

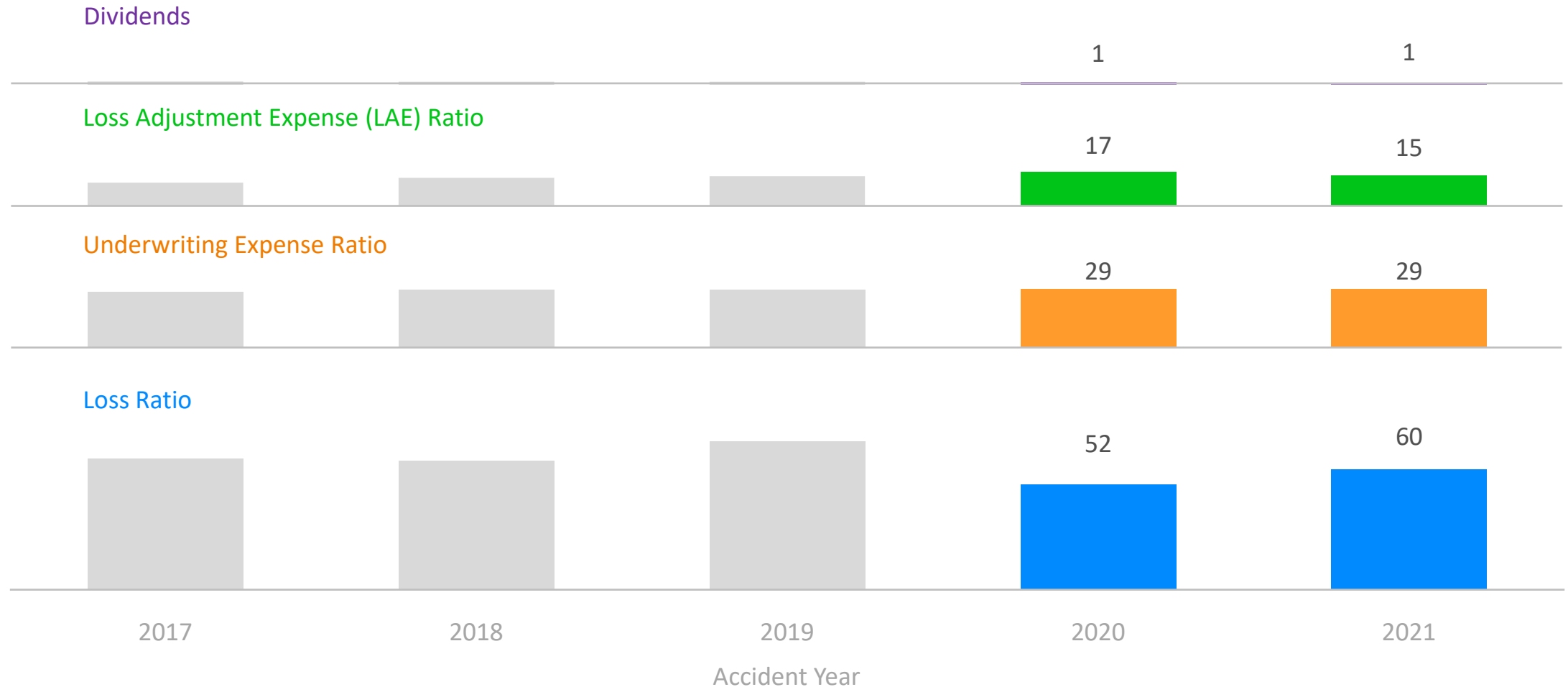


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



Hawaii Combined Ratios by Component

Percent

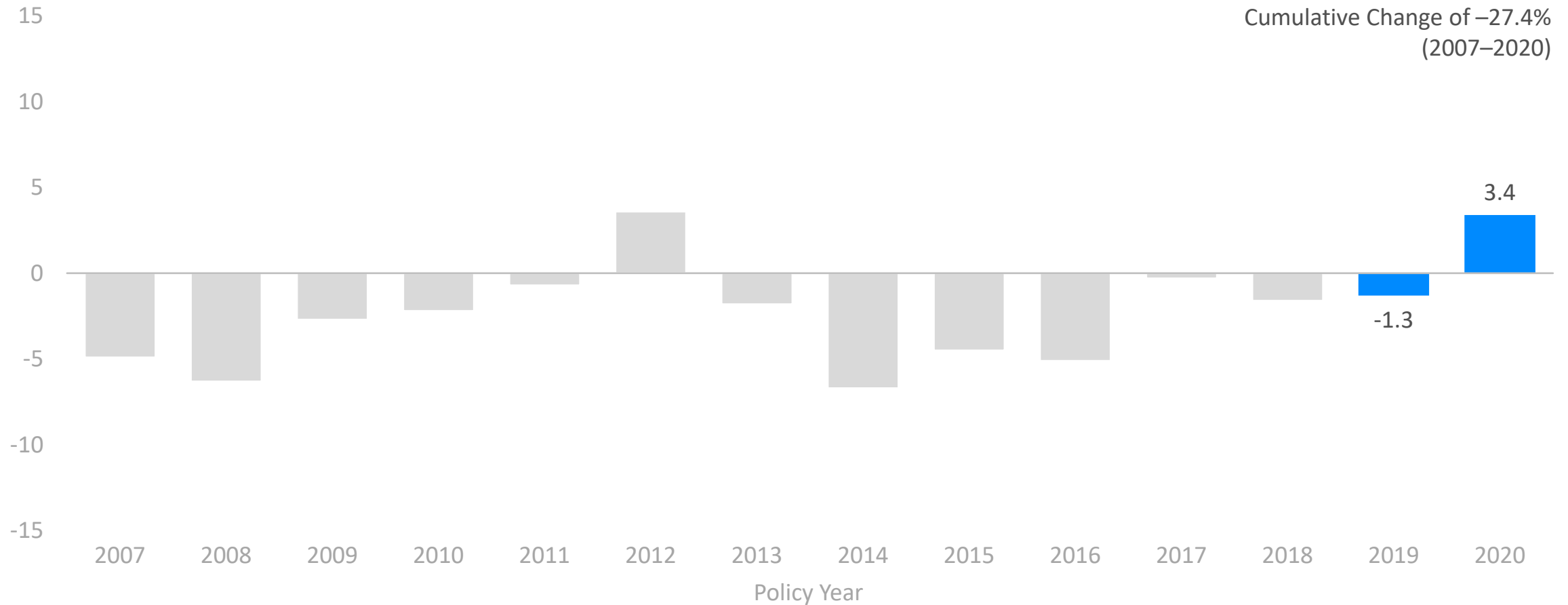


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



Hawaii Change in Claim Frequency

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

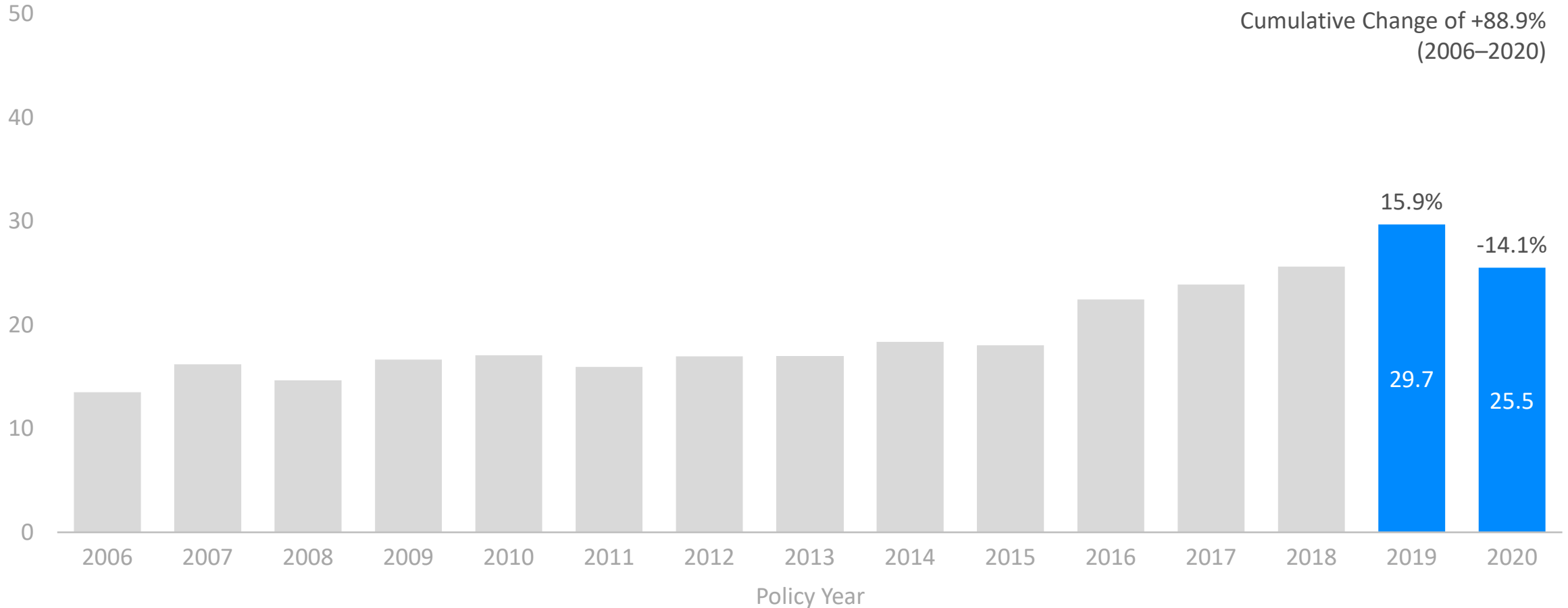


Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.



Hawaii Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

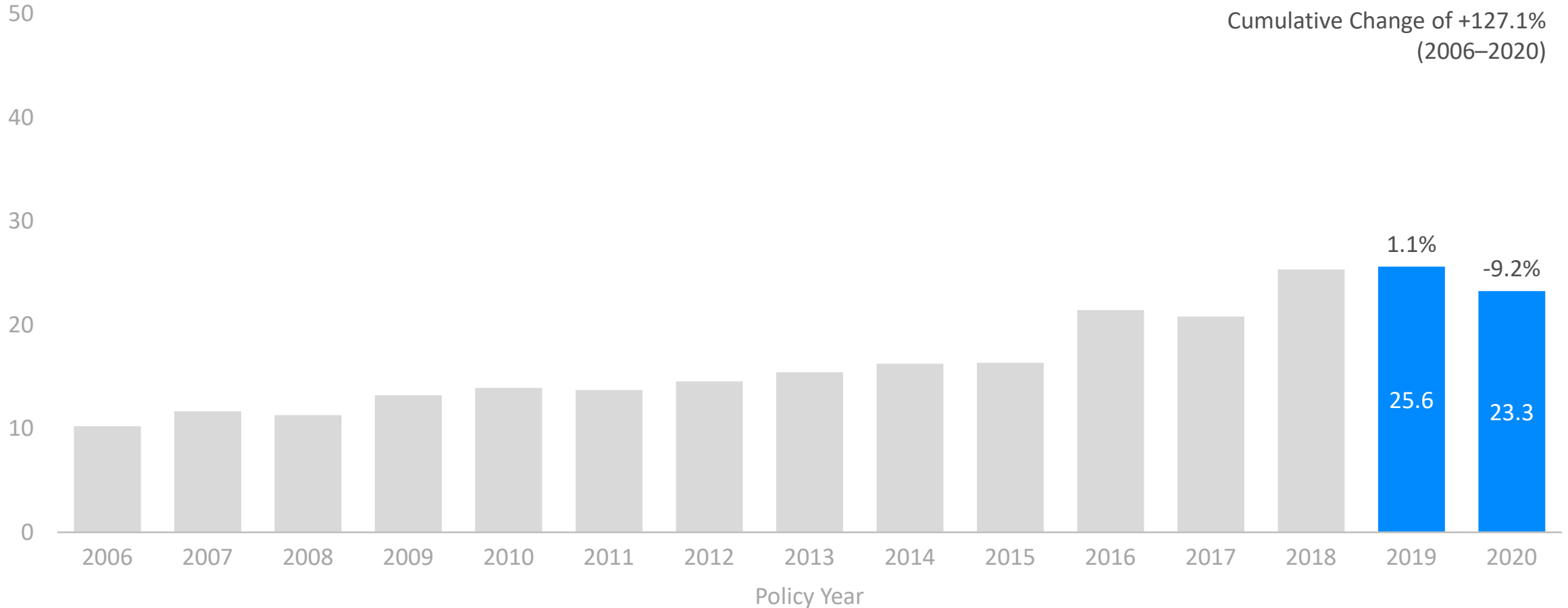


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



Hawaii Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

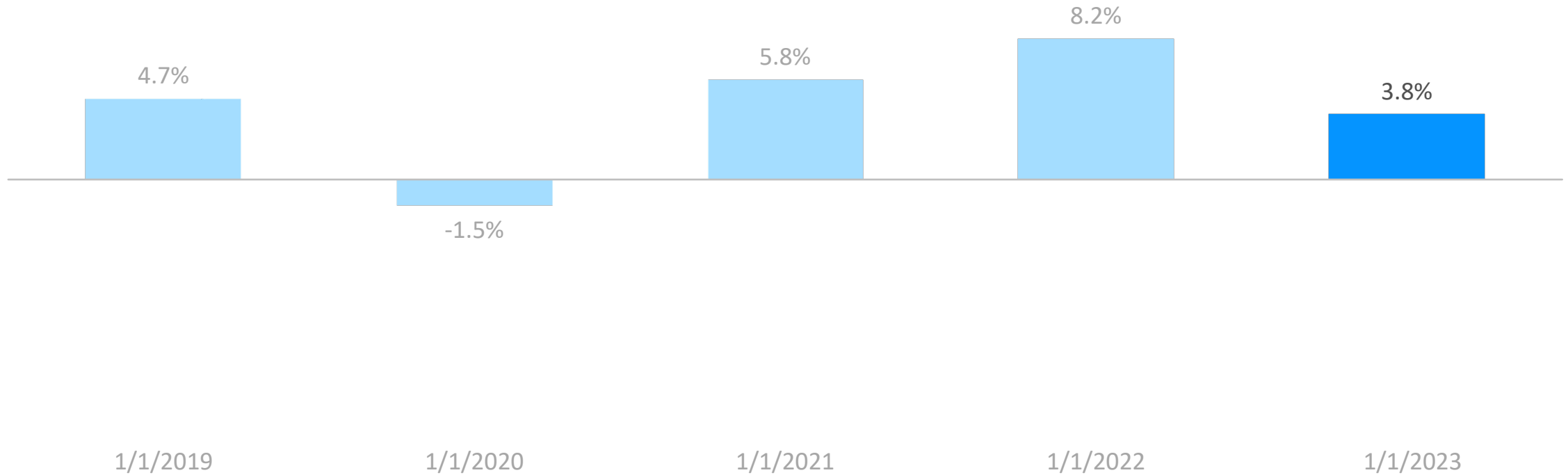


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.



Hawaii Filing Activity

Voluntary Loss Cost Changes

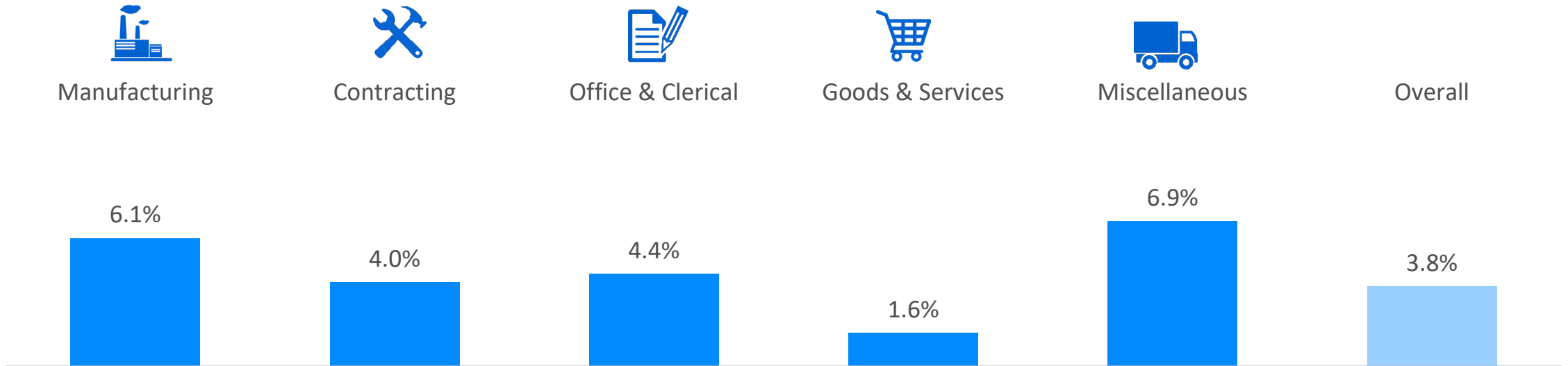


Hawaii January 1, 2023 Loss Cost Filing Components

Change in Experience:	+3.8%
Change in Trend:	-1.1%
Change in Benefits:	+0.0%
Change in All Other:	+1.1%
<hr/>	
Overall Loss Cost Level Change:	+3.8%

Hawaii January 1, 2023 Loss Cost Filing

Average Changes by Industry Group



Hawaii Economic Drivers



Tourism



Defense

Source: Moody's Analytics.

Hawaii Economic Assets and Challenges

■ Assets

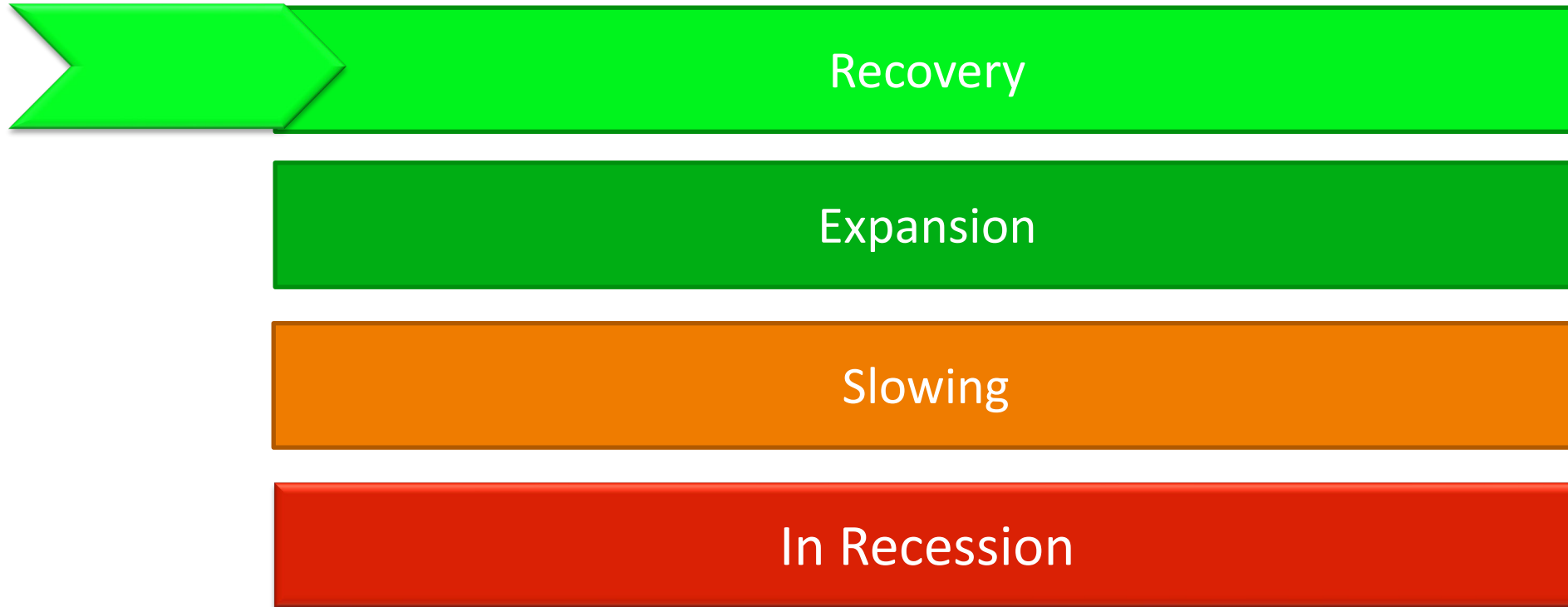
- Desirable tourist destination
- Higher-than-average education levels
- Significant military operations

■ Challenges

- Very high cost of living and business operations
- Relocation of talent out of Hawaii
- Undiversified economy, with heavy reliance on tourism

Source: Moody's Analytics.

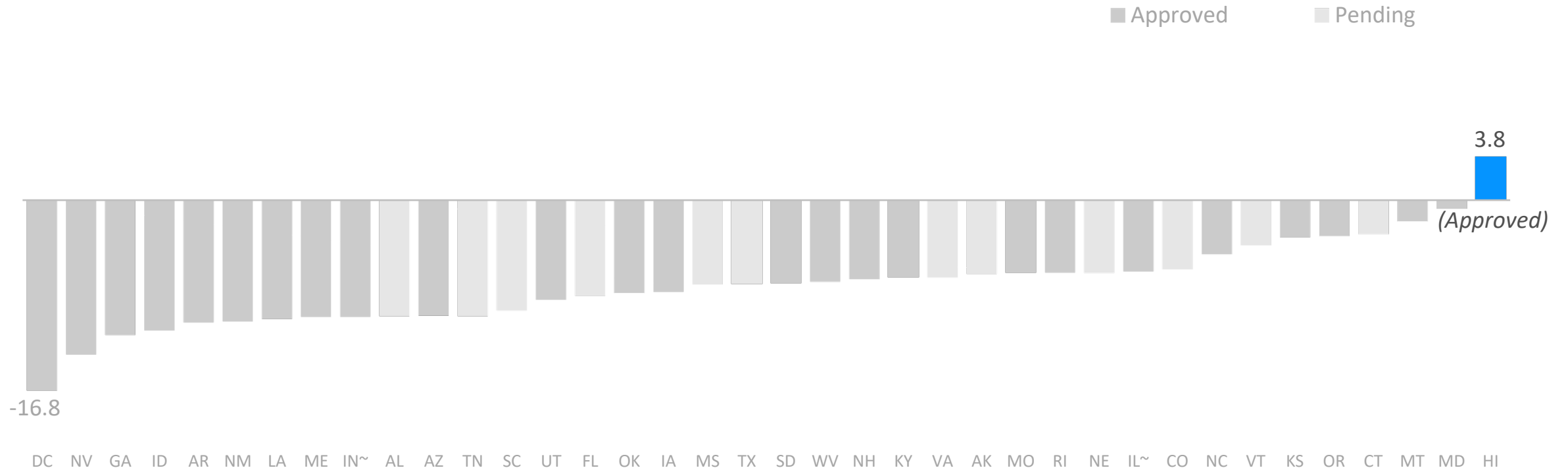
Hawaii Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

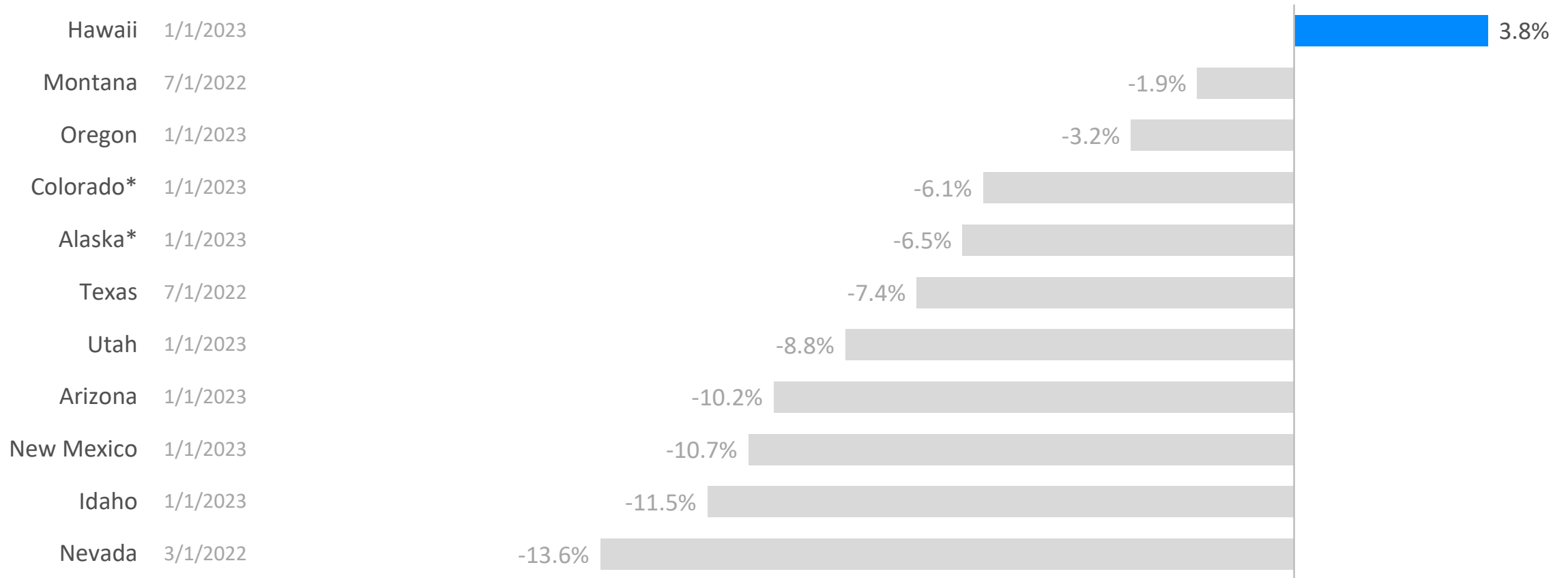


~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.
 Reflects the most recent experience filing in each jurisdiction as of 10/14/2022.
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



Current Voluntary Market Loss Cost/Rate Changes

Western States



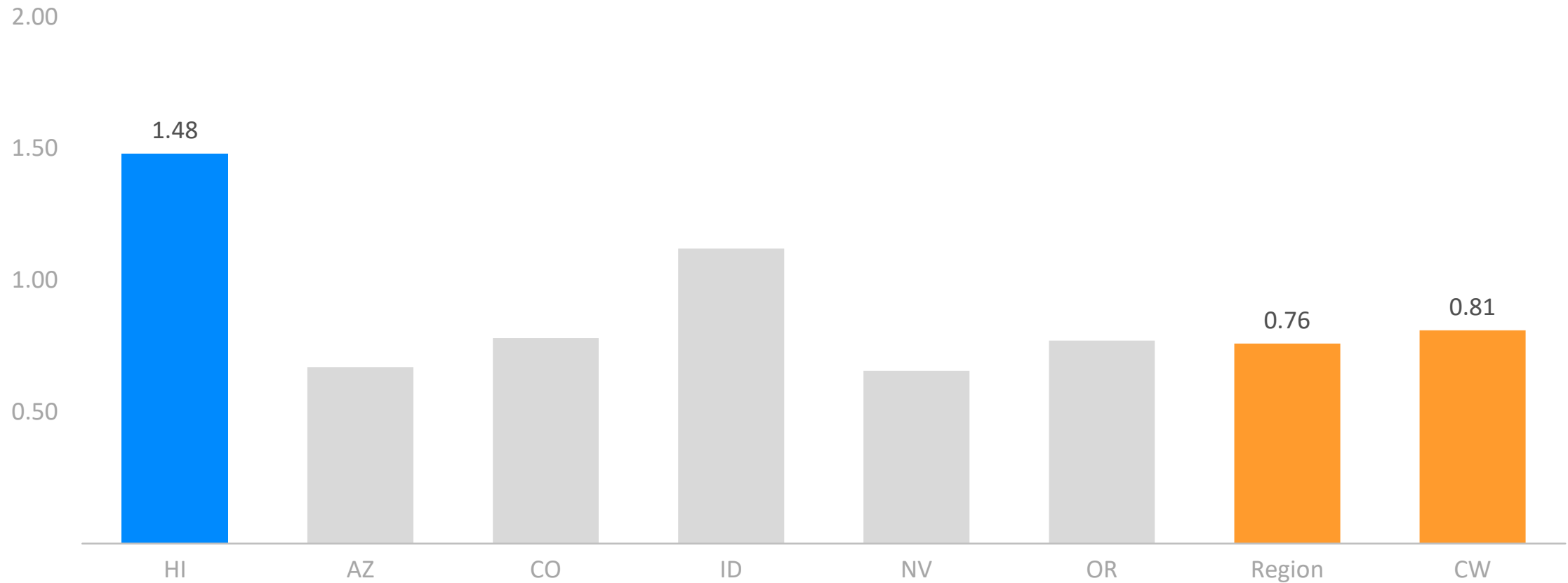
*Pending.

Reflects the most recent experience filing in each jurisdiction as of 10/14/2022.

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 Hawaii Payroll Distribution



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



CONTACT US



Brett Barratt
Senior State Relations Executive
brett_barratt@ncci.com



John Deacon
Executive Director & Actuary
john_deacon@ncci.com