

STATE ADVISORY RESOURCES

Kentucky Workers Compensation System
October 2022

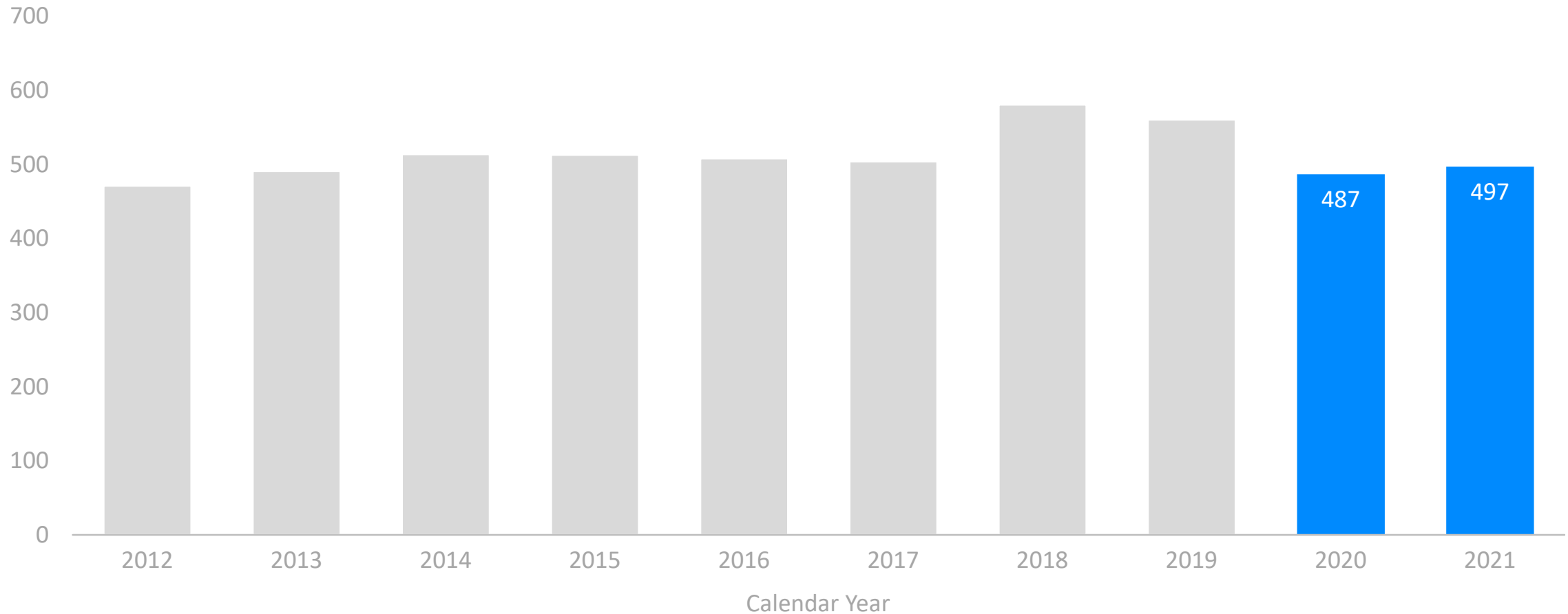


Kentucky Workers Compensation System—An Overview

- Written premium volume increased slightly in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency was flat in the latest year
- Indemnity and medical severities exhibit some volatility with decreases in the latest policy year

Kentucky Premium Volume

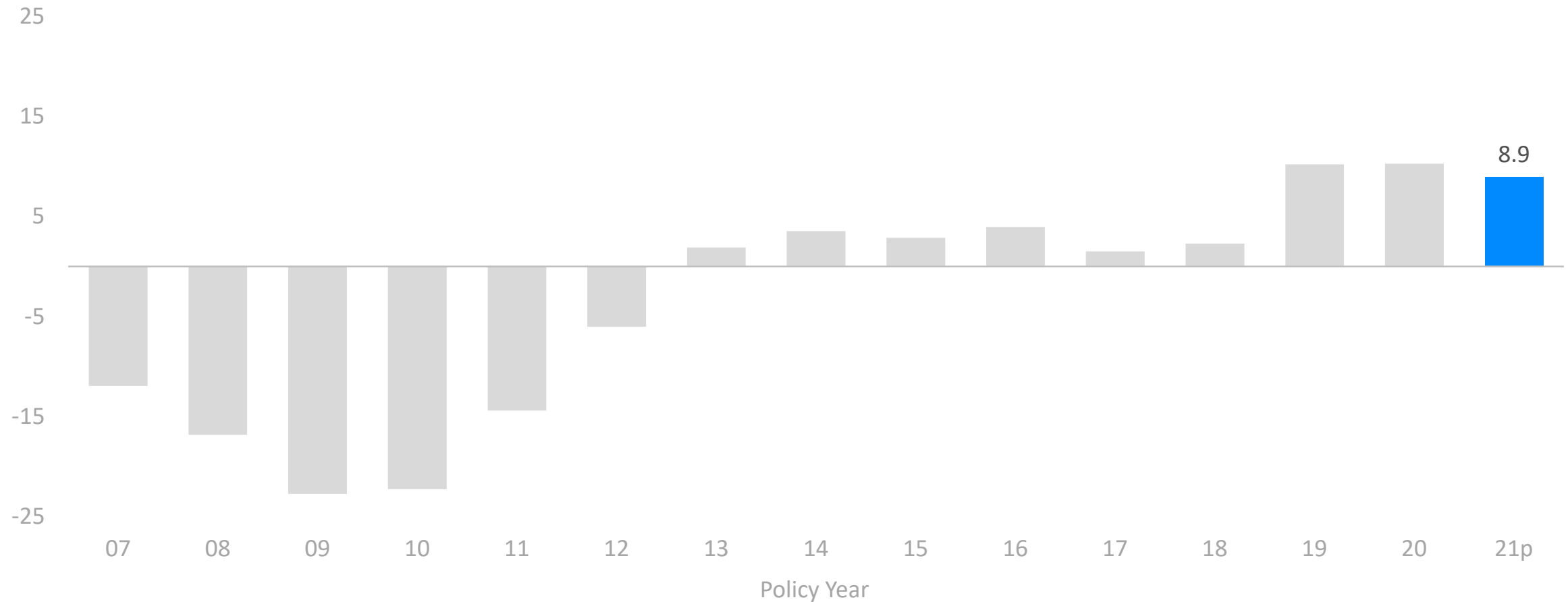
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.

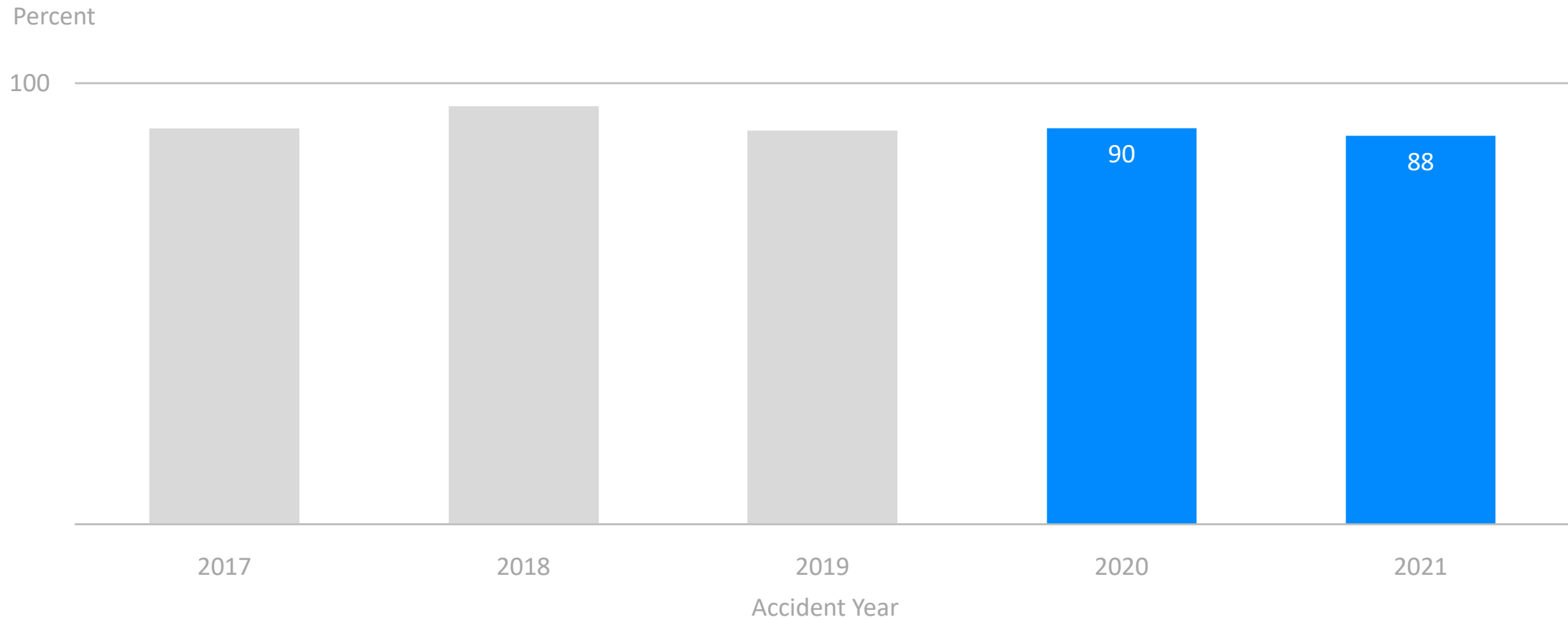


Impact of Discounting on Workers Compensation Premium in Kentucky



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

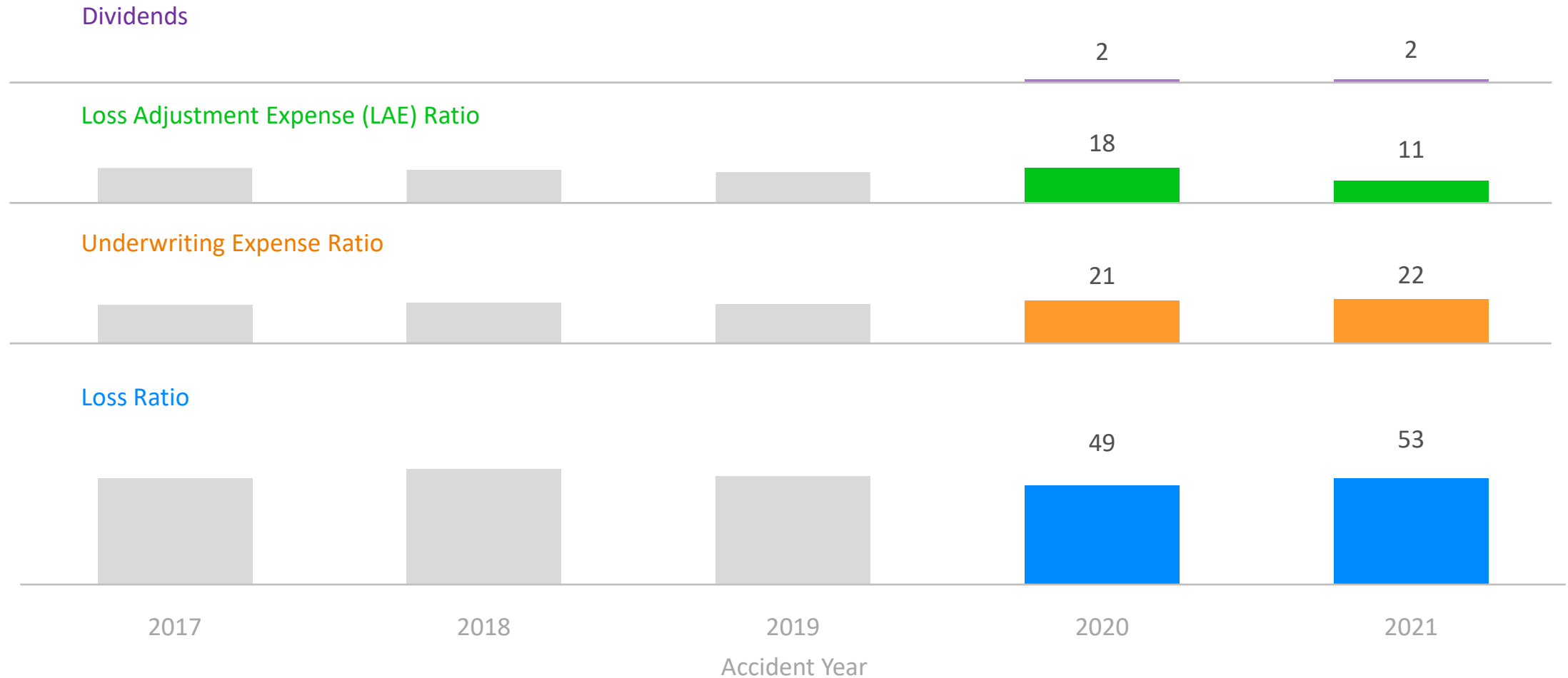
Kentucky Combined Ratios



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

Kentucky Combined Ratios by Component

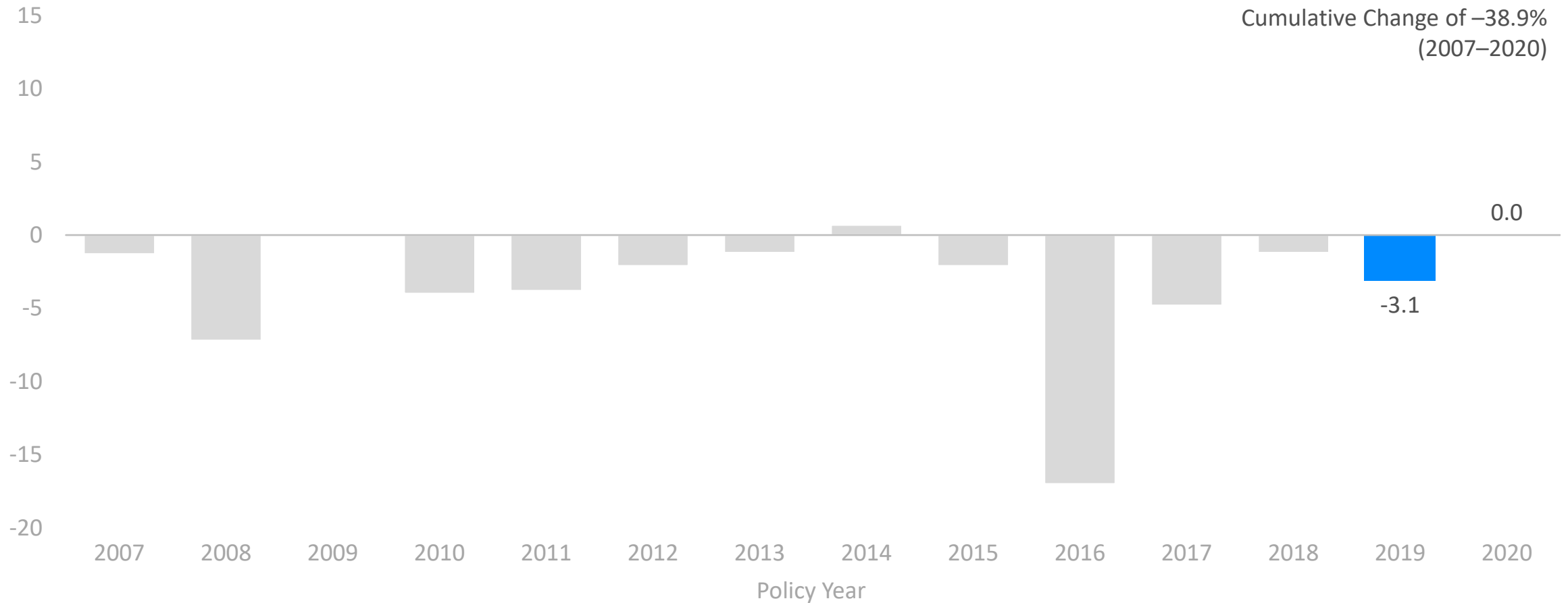
Percent



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

Kentucky Change in Claim Frequency

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

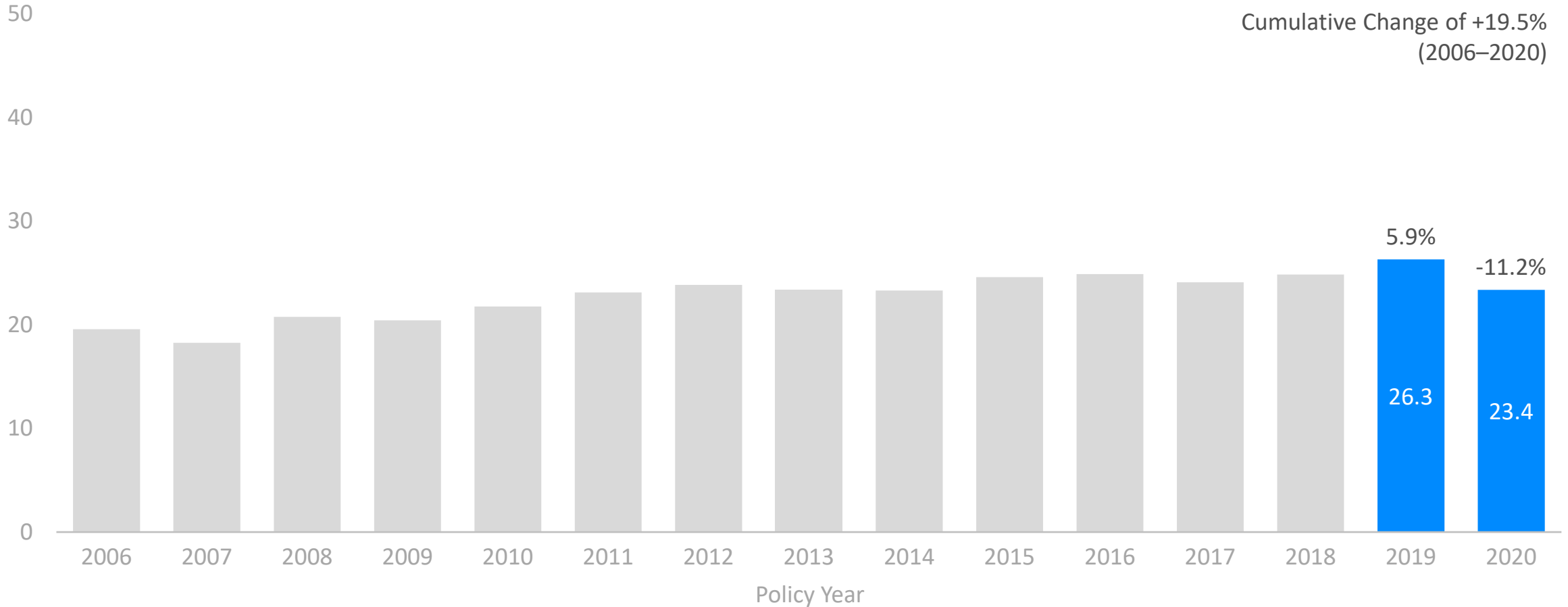


Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.



Kentucky Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

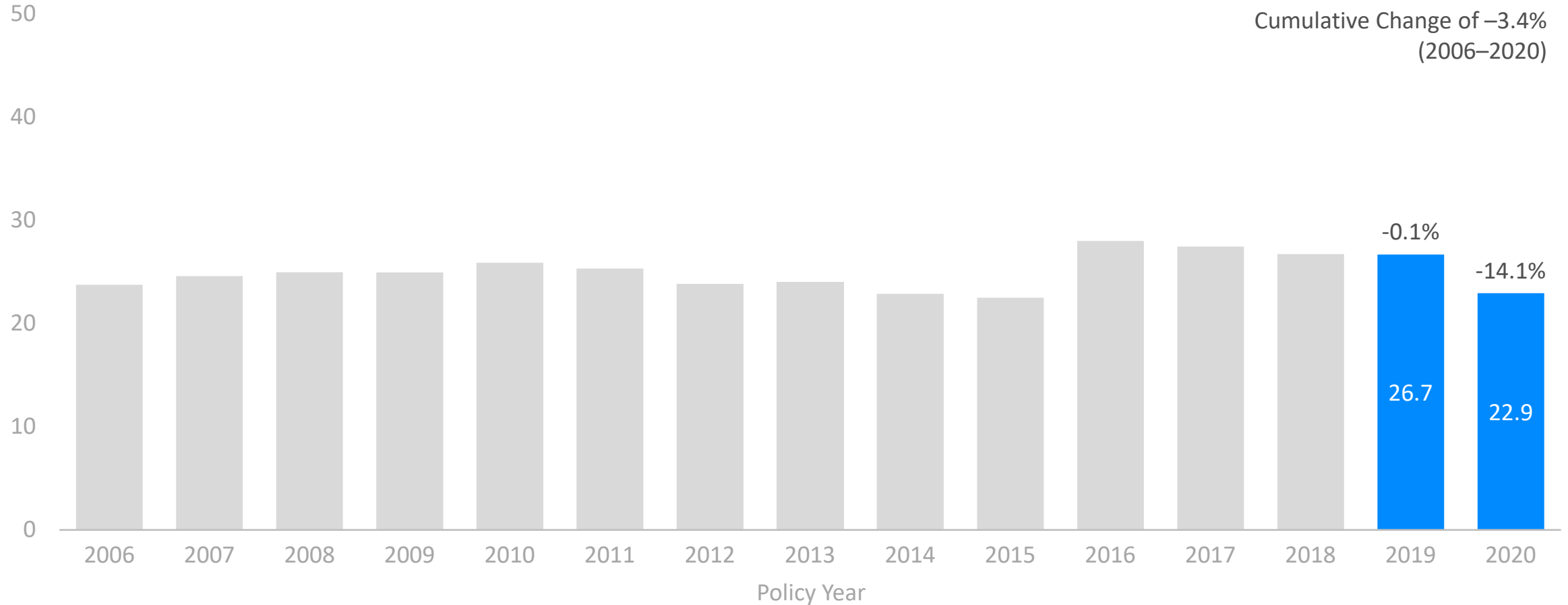


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



Kentucky Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

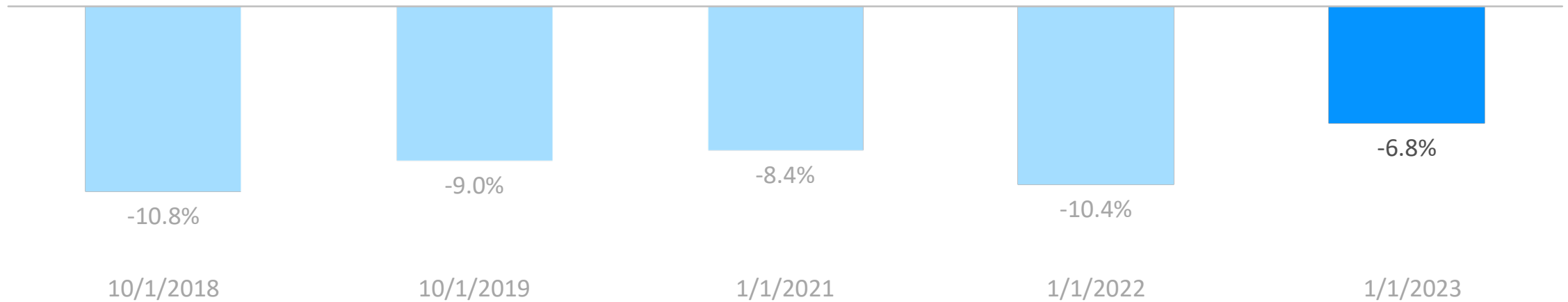


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.



Kentucky Filing Activity

Voluntary Loss Cost Changes



Kentucky January 1, 2023 Loss Cost Filing

Change in Experience & Trend:	-6.8%
Change in Benefits:	+0.0%
Change in All Other:	+0.0%
<hr/>	
Overall Loss Cost Level Change:	-6.8%

Kentucky January 1, 2023 Loss Cost Filing

Average Changes by Industry Group



Manufacturing

-4.3%



Contracting

-10.9%



Office & Clerical

-6.7%



Goods & Services

-7.4%



Miscellaneous

-6.1%

Overall

-6.8%

Kentucky Economic Drivers



Manufacturing



Defense



Logistics

Source: Moody's Analytics.

Kentucky Economic Assets and Challenges

■ Assets

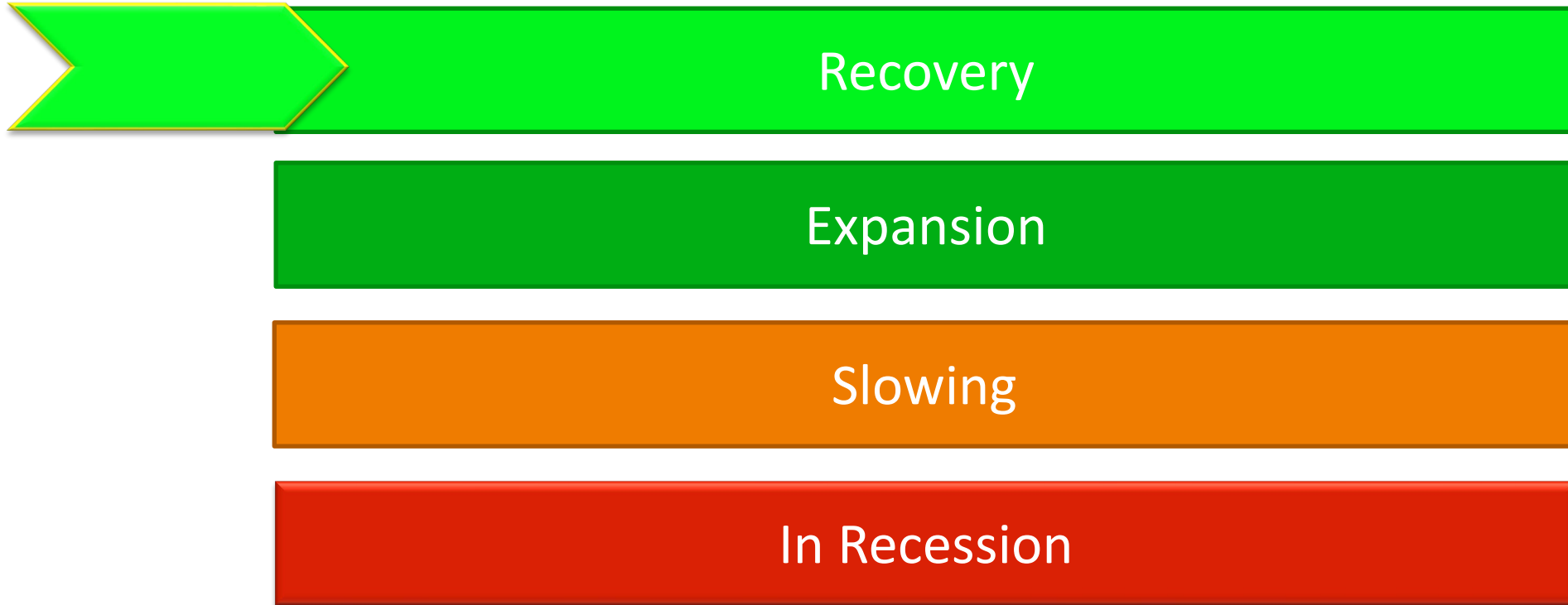
- Good location for distribution hubs
- Business costs are low
- Highly skilled workforce for manufacturing

■ Challenges

- High levels of rural unemployment
- Low educational attainment
- Lower-than-average worker output

Source: Moody's Analytics.

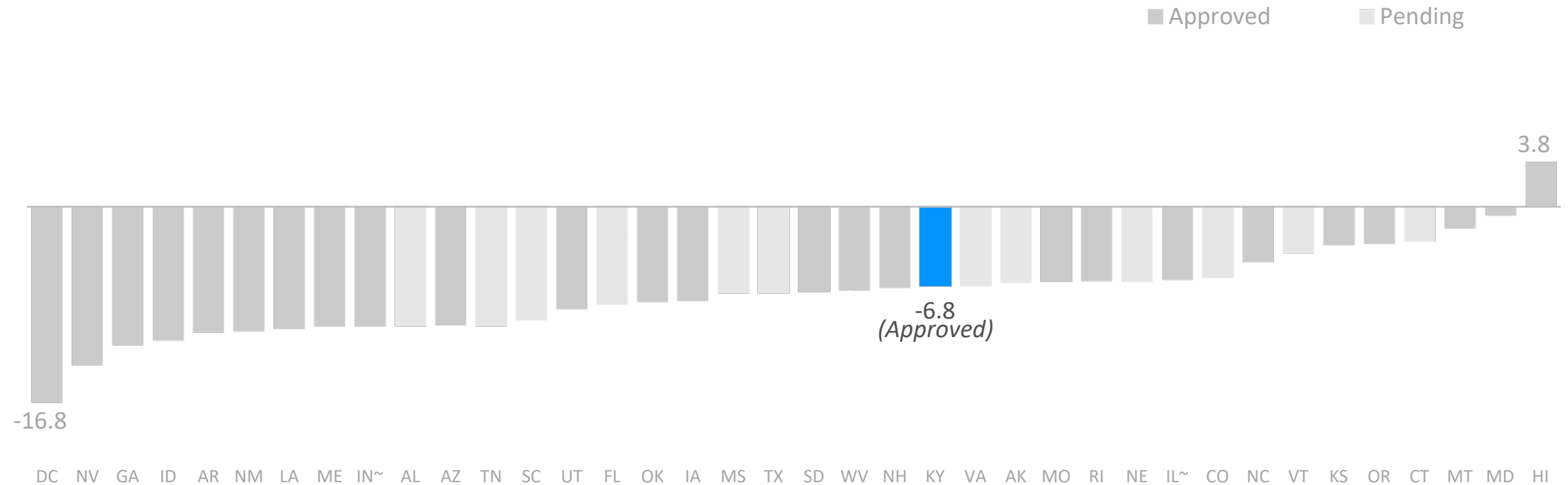
Kentucky Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

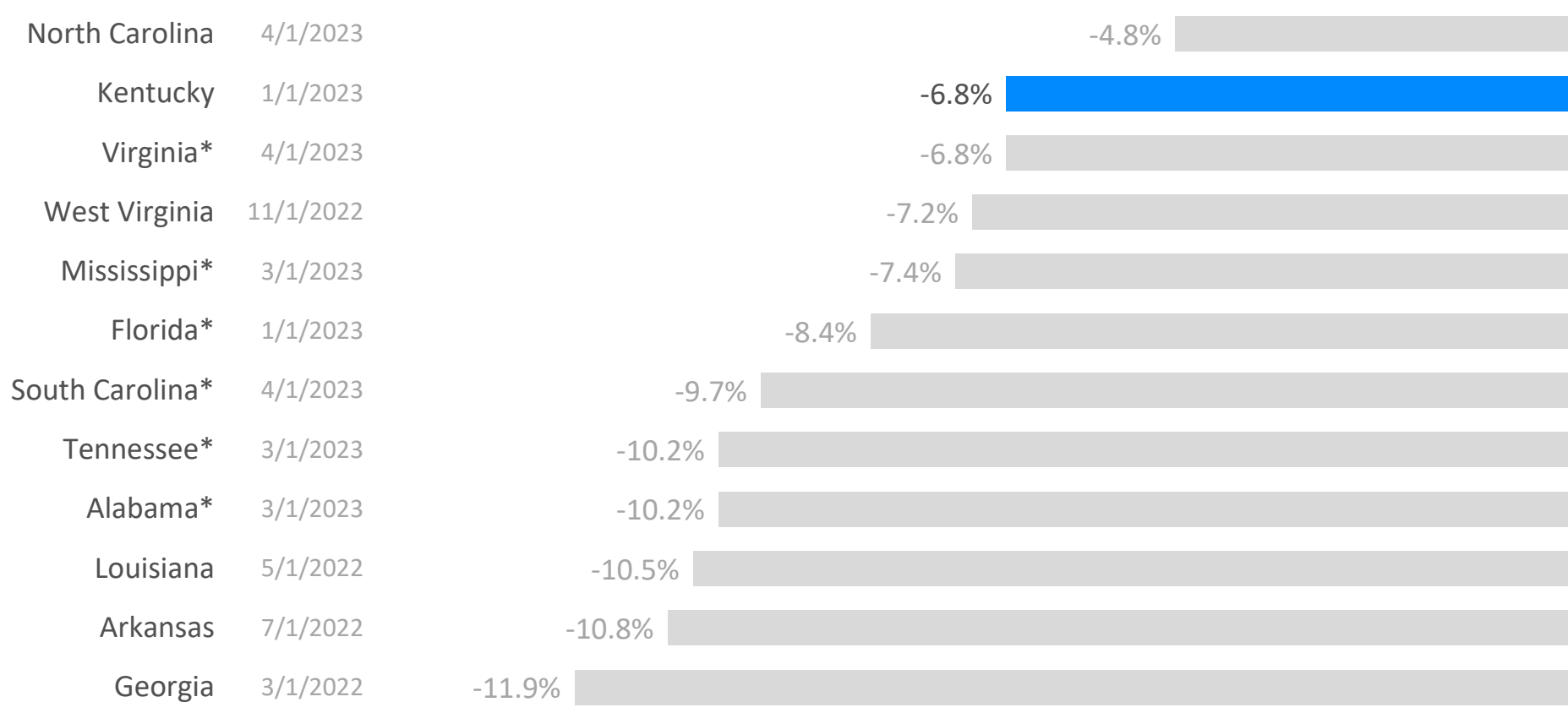


~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.
 Reflects the most recent experience filing in each jurisdiction as of 10/14/2022.
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior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



Current Voluntary Market Loss Cost/Rate Changes

Southeastern States



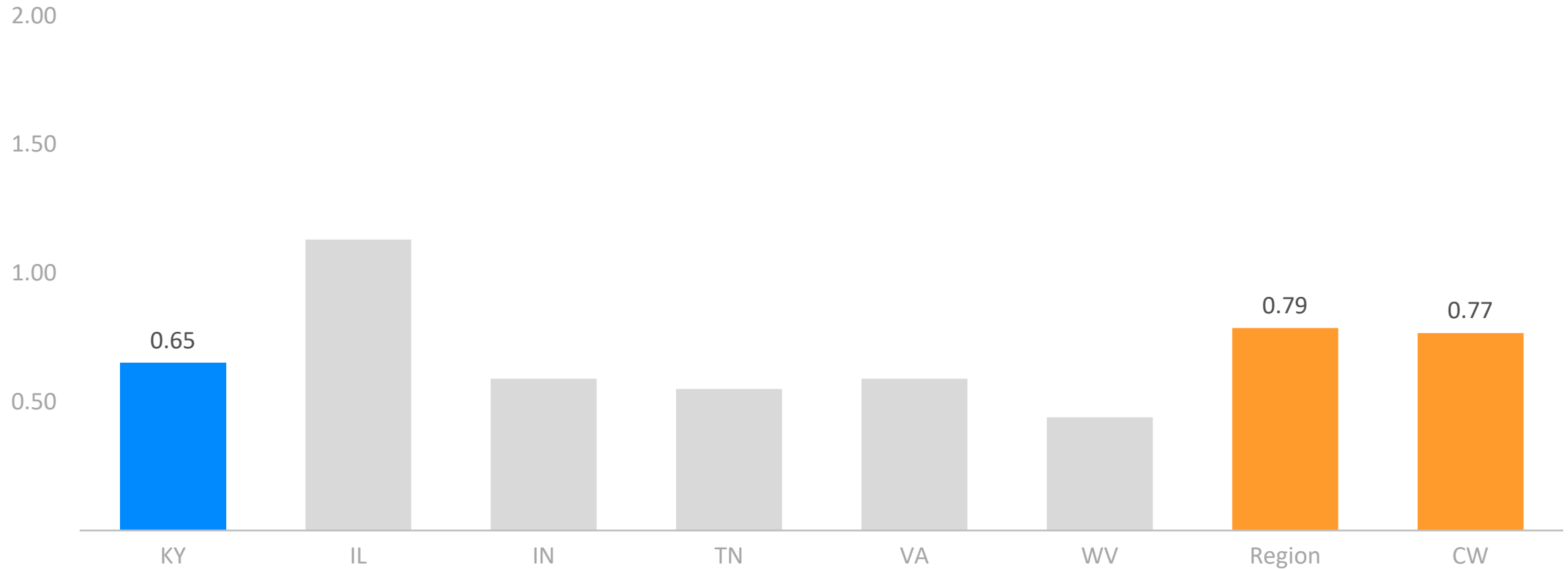
*Pending.

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 Kentucky 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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