

STATE ADVISORY RESOURCES

Maryland Workers Compensation System
October 2022



Maryland Workers Compensation System—An Overview

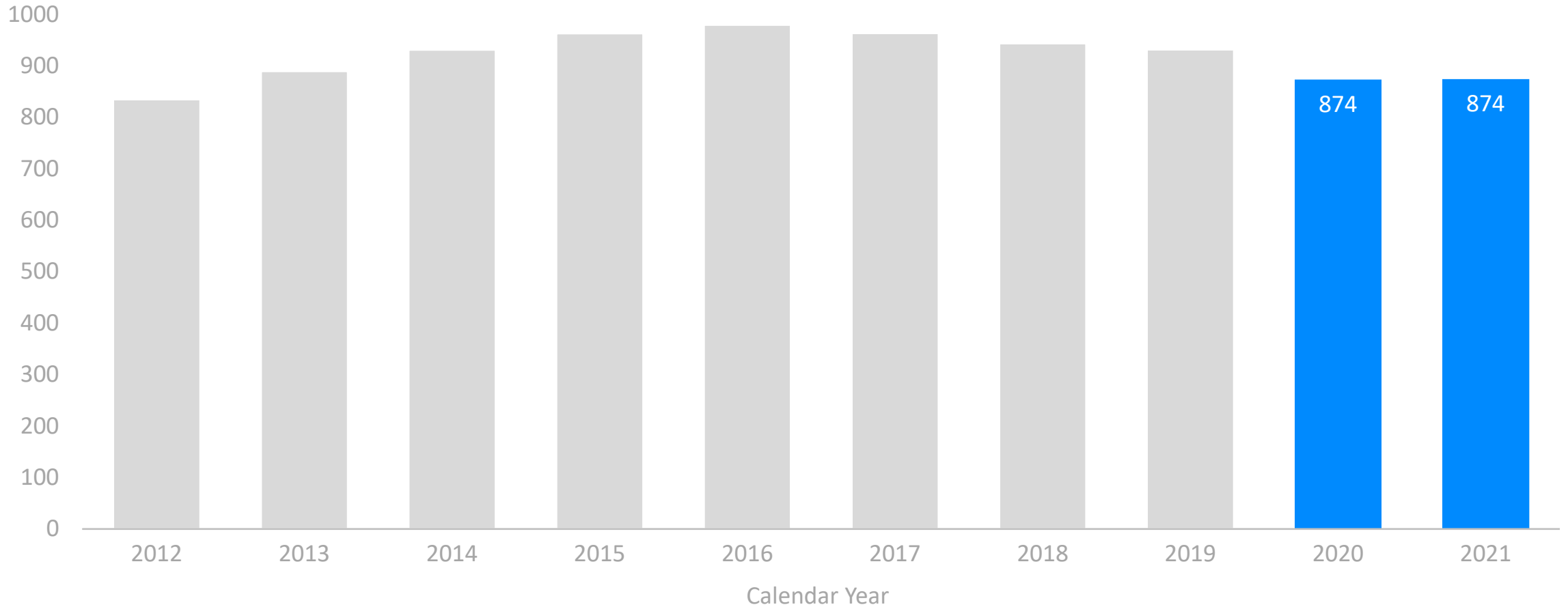
- Written premium volume was stable in the latest year
- Accident year combined ratios continue to be favorable
- Despite recent uptick, lost-time claim frequency* exhibits long-term declines
- Indemnity and medical severities* are relatively stable
- The January 1, 2023 loss cost filing includes Chesapeake Employers' Insurance Company (Maryland's largest writer of workers compensation insurance and the market of last resort) data for the first time.

*Based on private-carrier data only.



Maryland Premium Volume

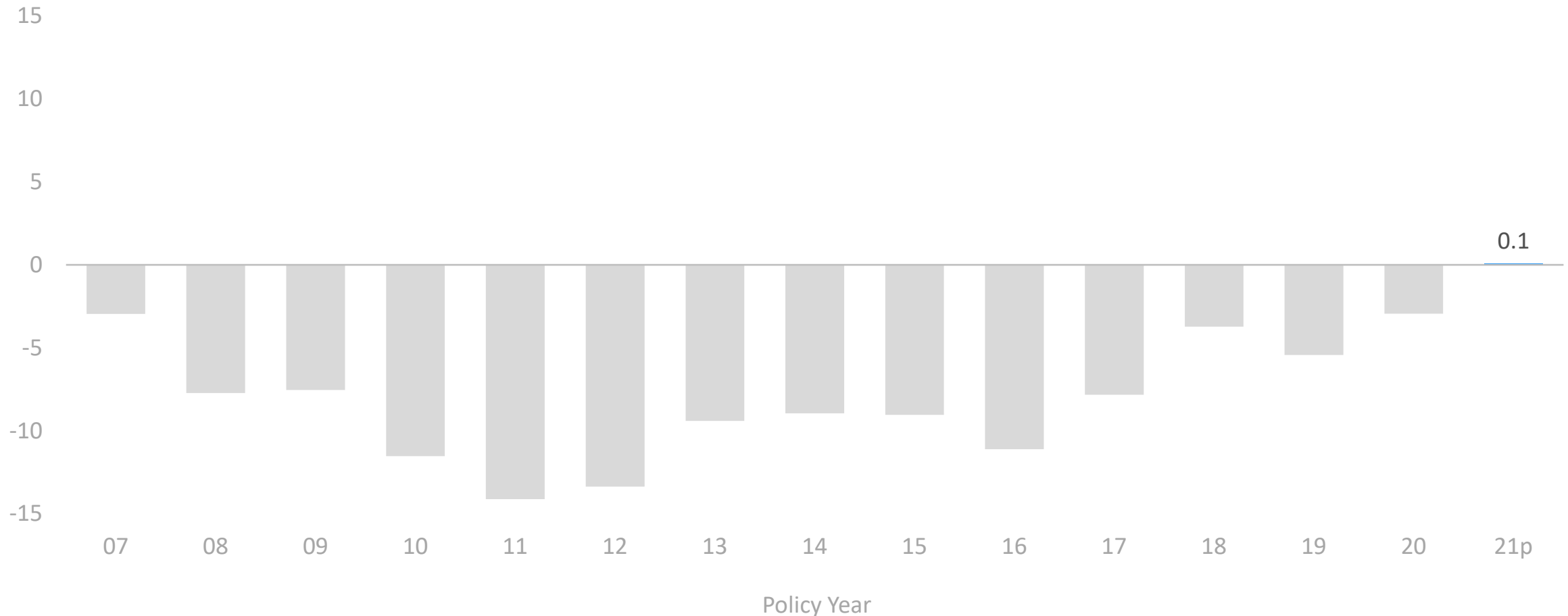
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



Impact of Discounting on Workers Compensation Premium in Maryland



p Preliminary

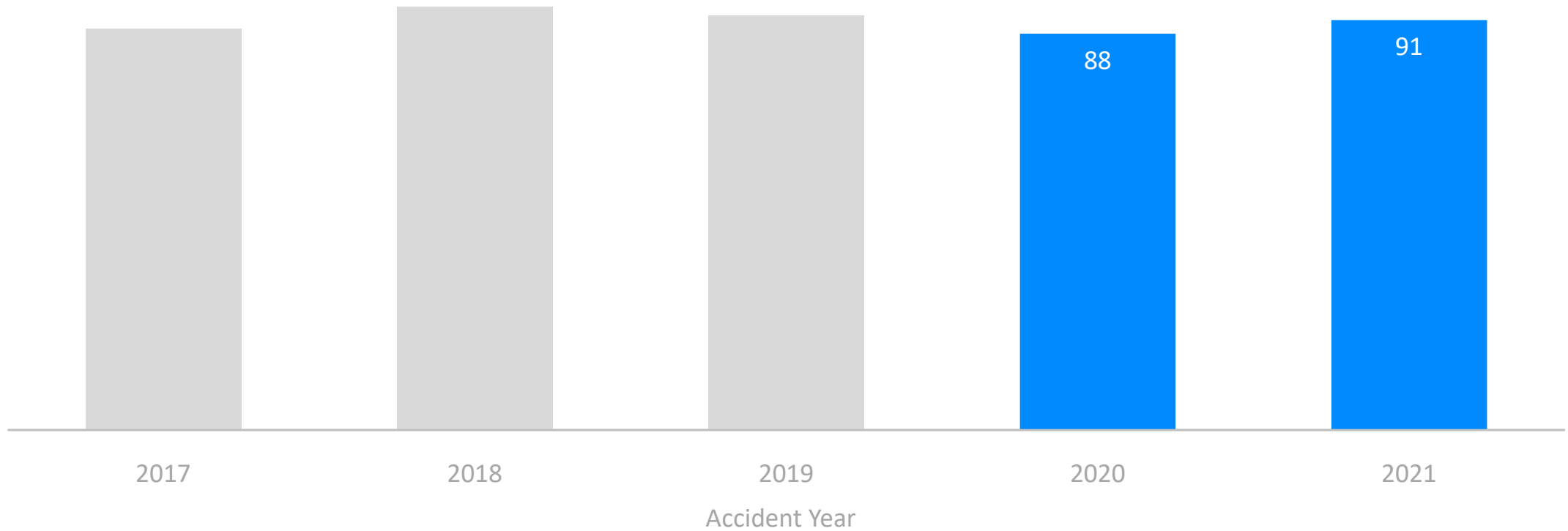
Based on data through 12/31/2021; private-carrier data only is included.



Maryland Combined Ratios

Percent

100

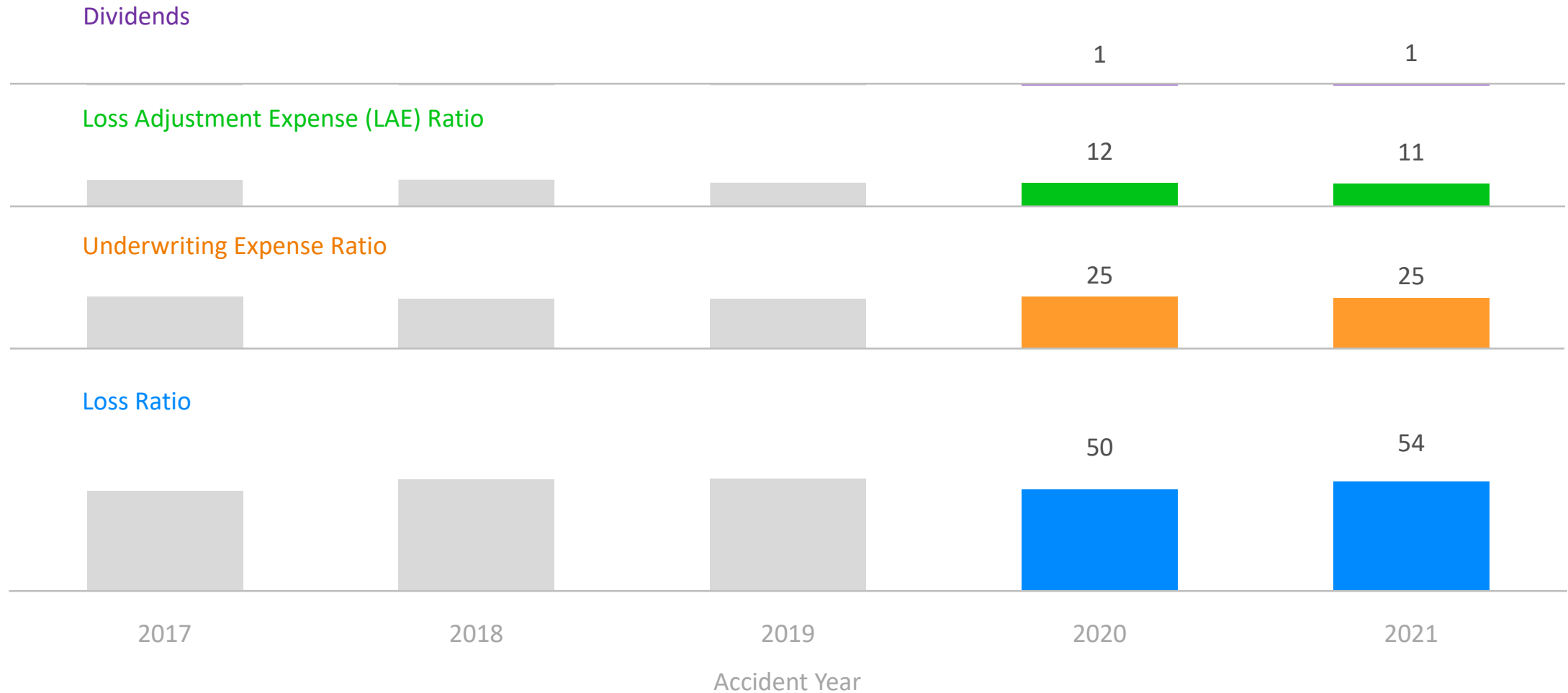


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.
Private-carrier data only is included.



Maryland Combined Ratios by Component

Percent

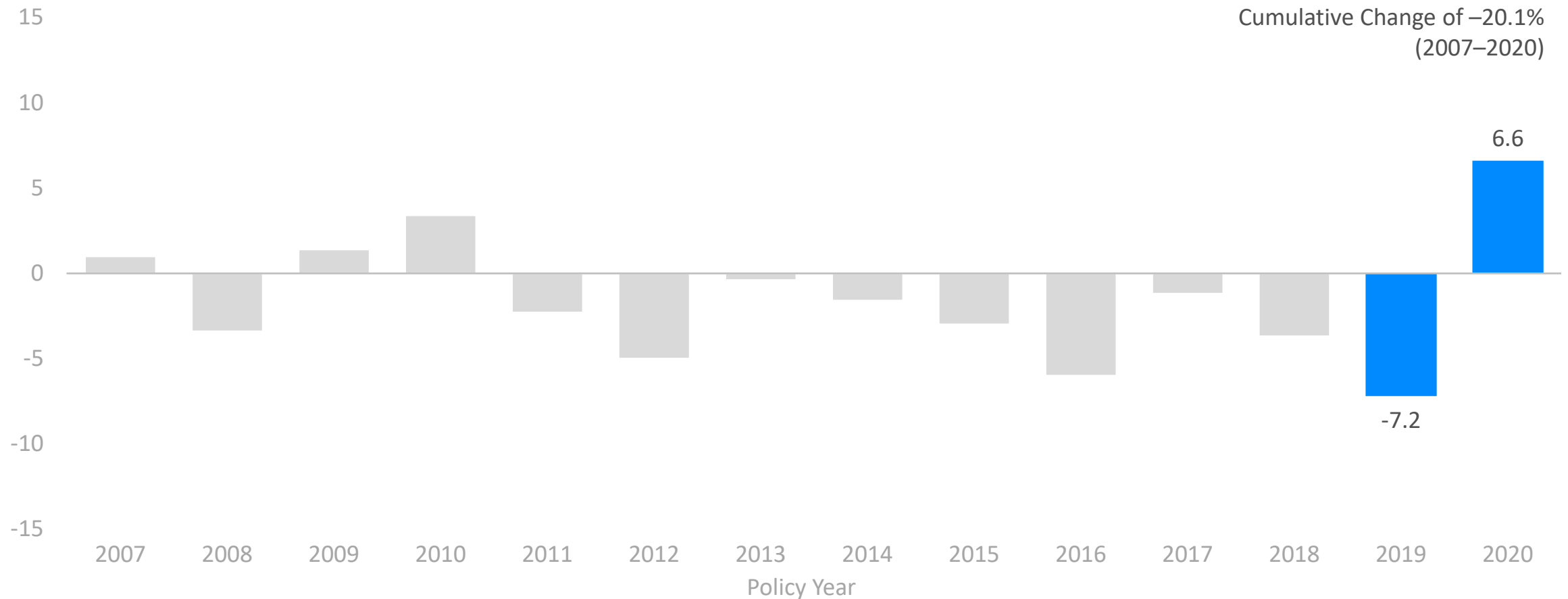


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.
Private-carrier data only is included.



Maryland Change in Claim Frequency

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

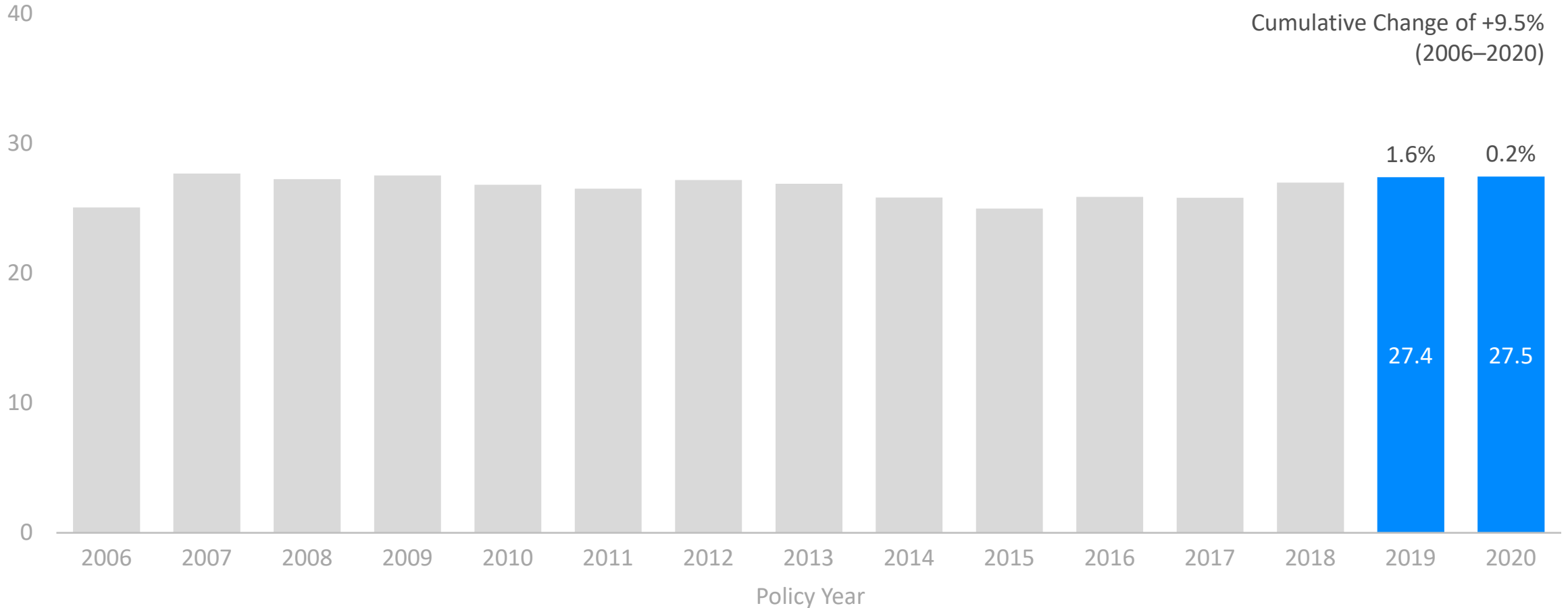


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate, with premium adjusted to common wage level. Private-carrier data only is included.



Maryland Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

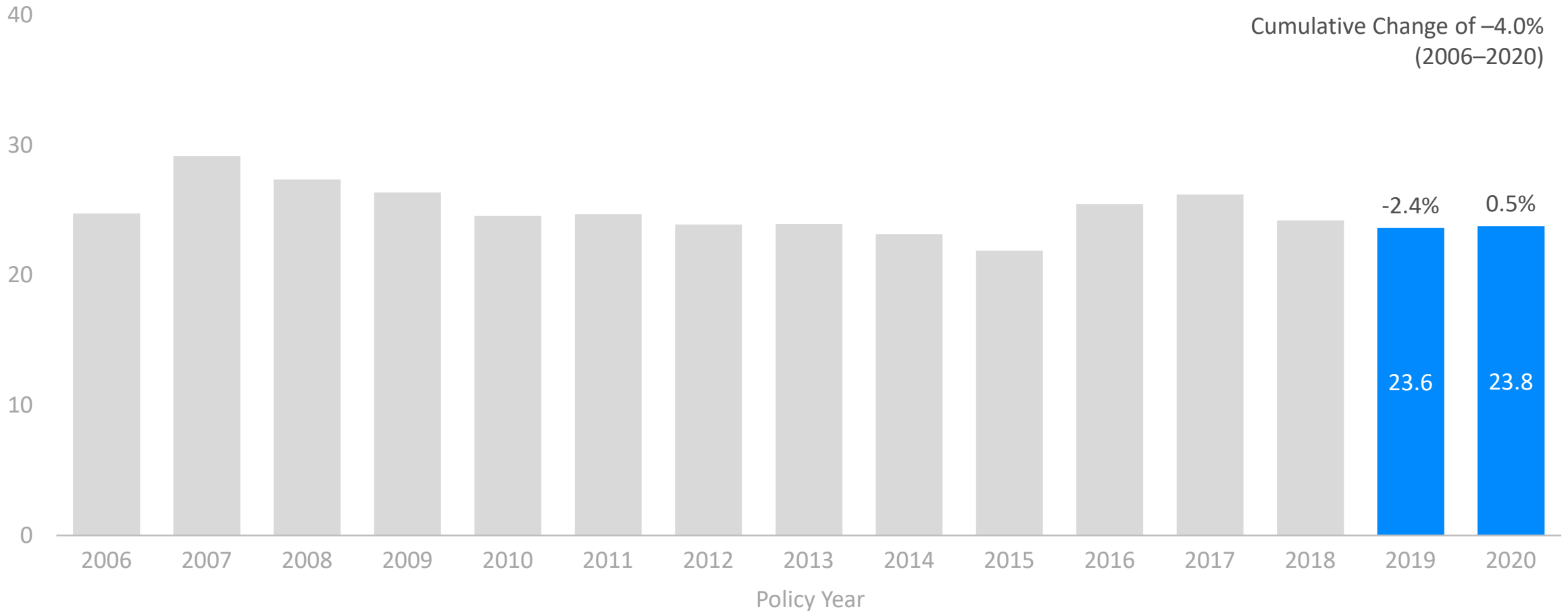


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Private-carrier data only is included.



Maryland Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

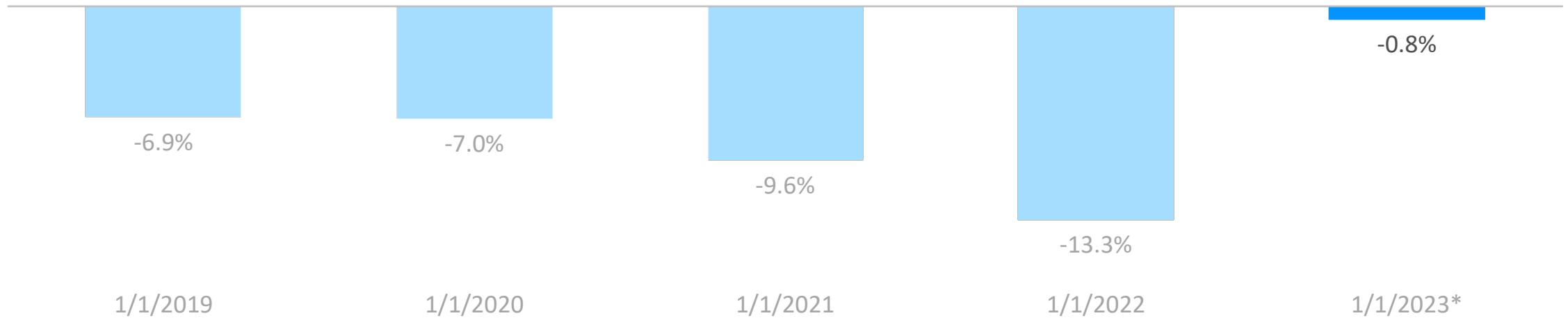


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.
Private-carrier data only is included.



Maryland Filing Activity

Loss Cost Changes



* 1/1/2023 loss cost filing includes Chesapeake Employers' Insurance Company

Maryland January 1, 2023 Loss Cost Filing

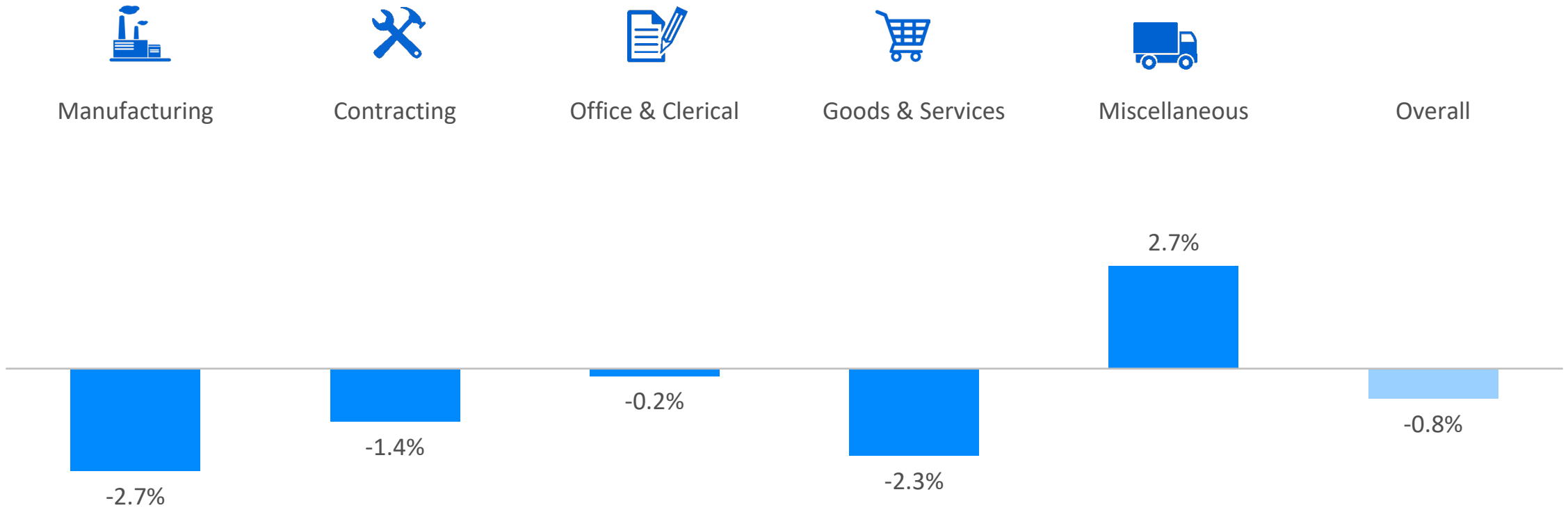
| | |
|----------------------------------|-------|
| Change in Experience: | -2.1% |
| Change in Trend: | +1.1% |
| Change in Benefits: | +0.2% |
| <hr/> | |
| Overall Loss Cost Level Change*: | -0.8% |

*Includes Chesapeake Employers' Insurance Company.



Maryland January 1, 2023 Loss Cost Filing

Average Changes by Industry Group*



*Includes Chesapeake Employers' Insurance Company; for this filing, class code changes are limited to +/-15% around the industry group change.

Maryland Economic Drivers



Medical



Government



Defense

Source: Moody's Analytics.

Maryland Economic Assets and Challenges

■ Assets

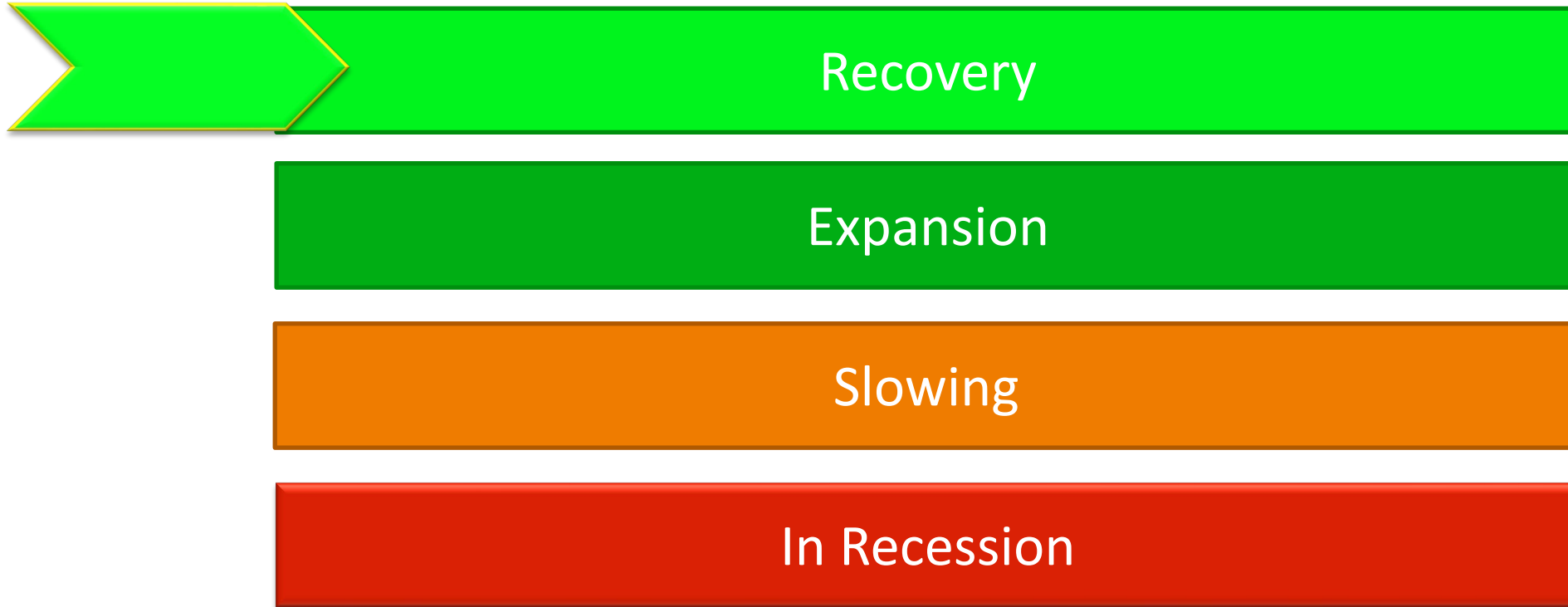
- Industries paying significantly higher wages are driving employment
- Workforce is characterized by highly educated employees
- Home to many biomedical research facilities
- An outsized number of federal government jobs maintains long-term stability

■ Challenges

- Expensive business costs
- Fewer mid-wage jobs
- Demographic trends show a small net loss of population

Source: Moody's Analytics.

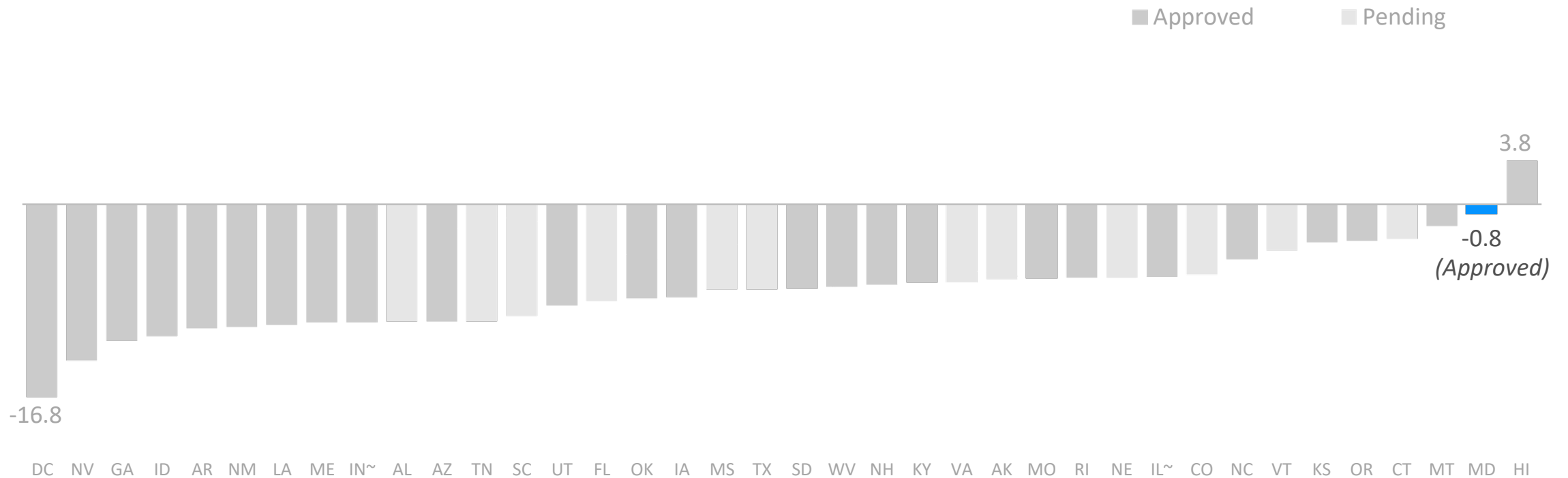
Maryland Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

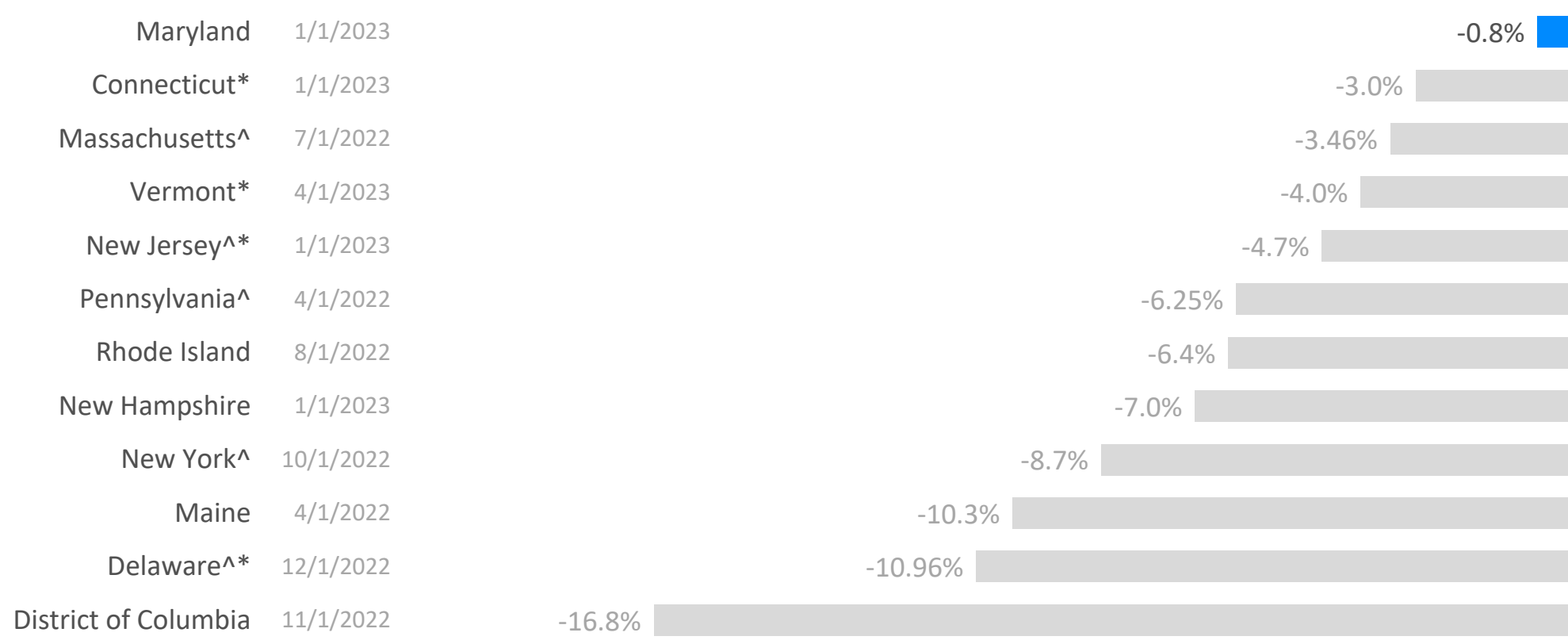


~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.
 Reflects the most recent experience filing in each jurisdiction as of 10/14/2022.
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior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



Current Voluntary Market Loss Cost/Rate Changes

Northeastern States



^An independent bureau state.

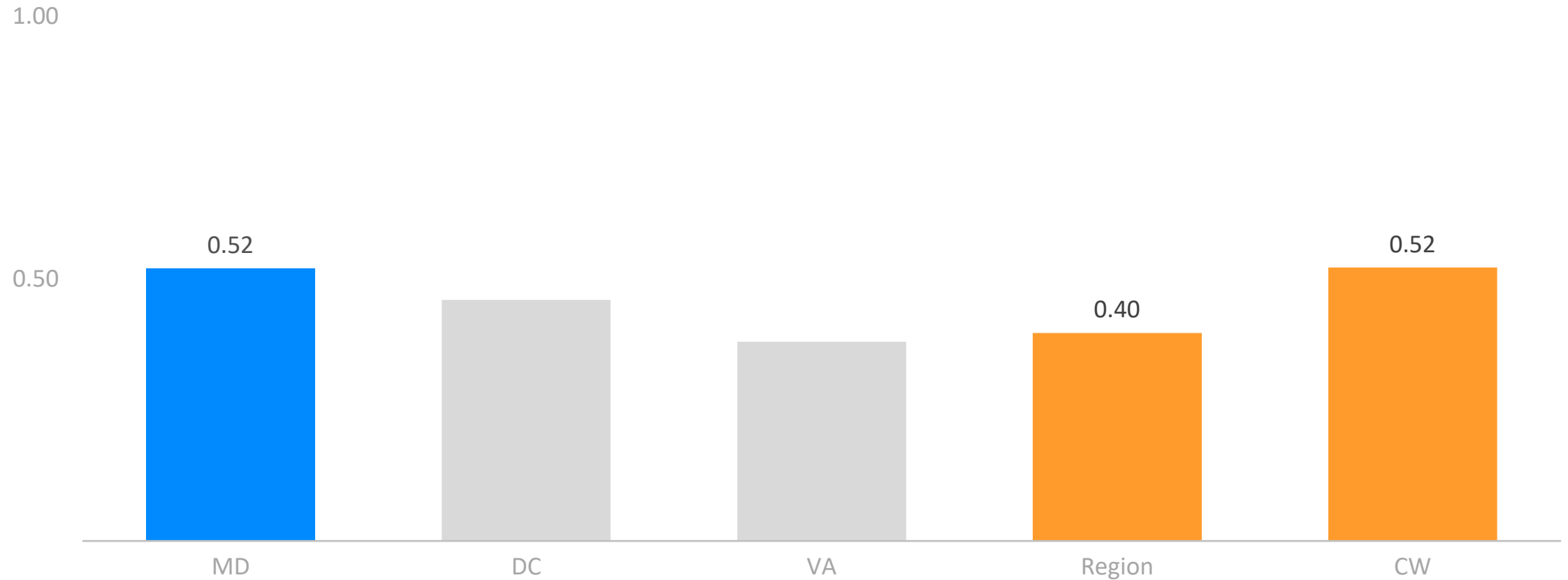
*Pending.

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 Pure Loss Costs

Using Maryland 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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