

# STATE ADVISORY RESOURCES

Montana Workers Compensation System  
March 2023

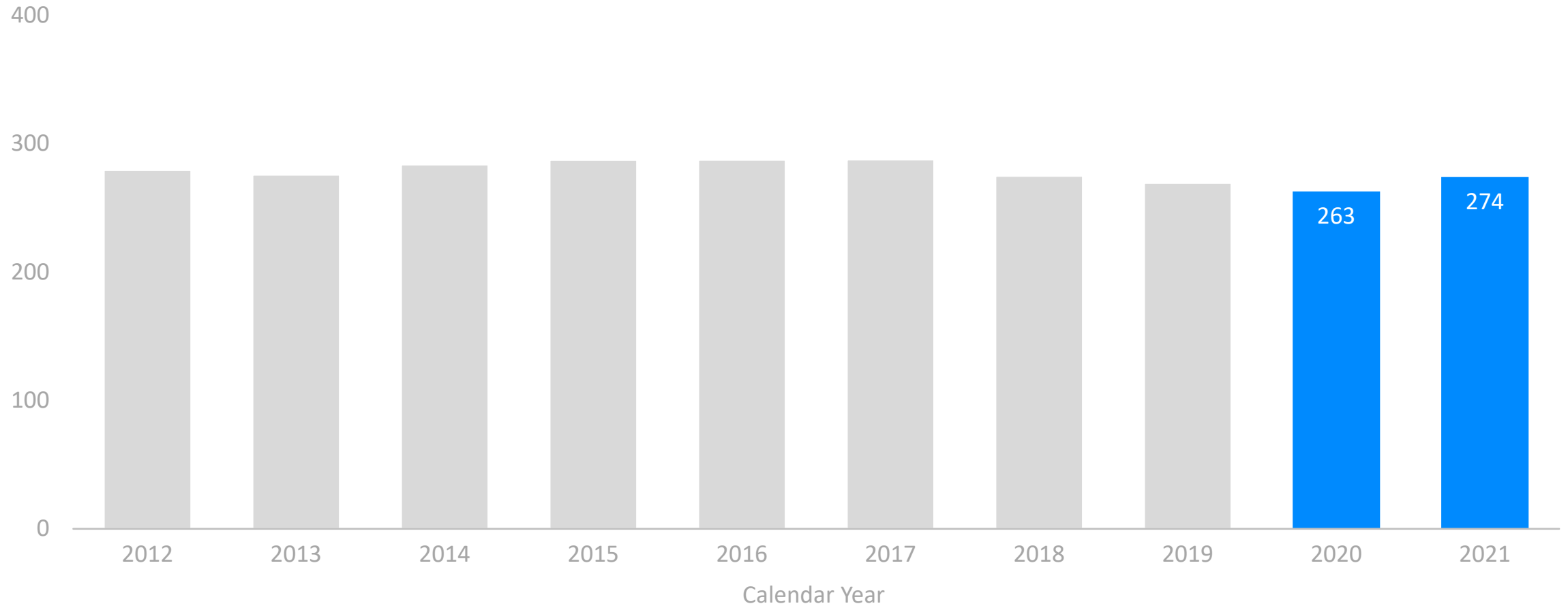


# Montana Workers Compensation System—An Overview

- Written premium volume increased slightly in the latest calendar year
- Accident year combined ratios have been near 100 except for the latest year
- Lost-time claim frequency increased in the latest year, after several years of decline
- Indemnity and medical severities exhibit some volatility

# Montana Premium Volume

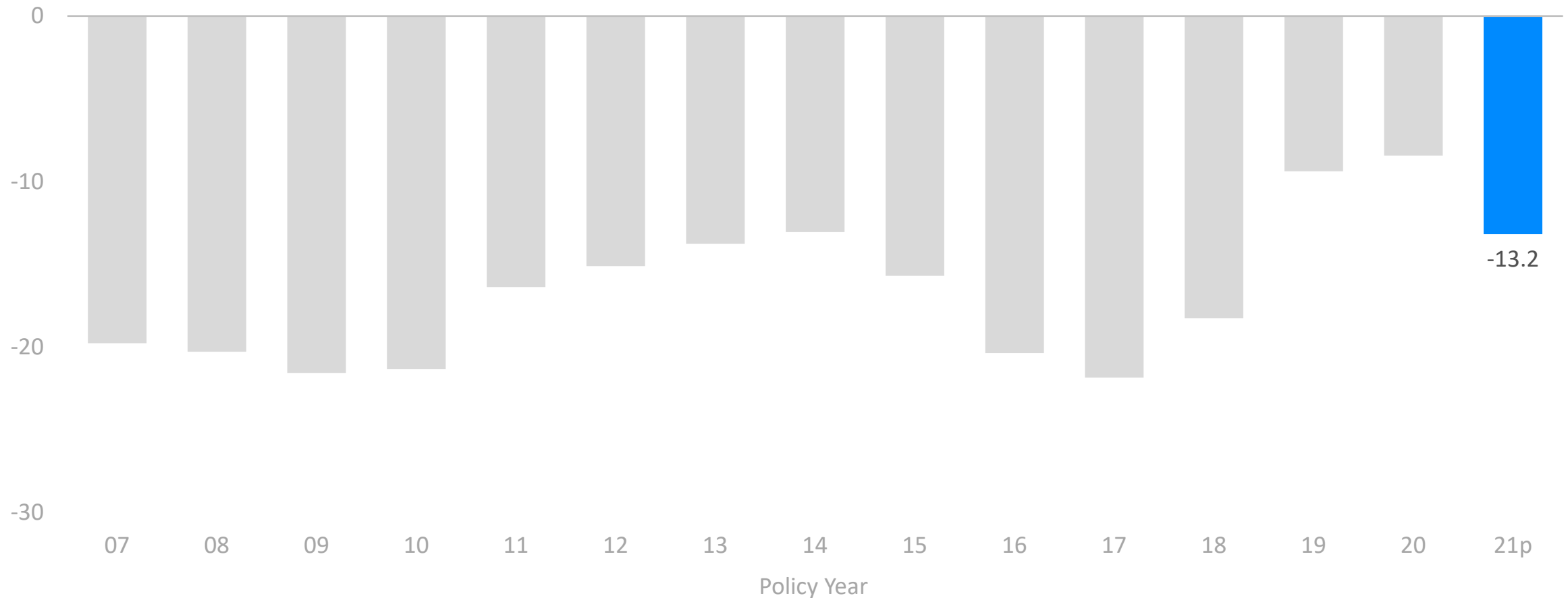
Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.



# Impact of Discounting on Workers Compensation Premium in Montana

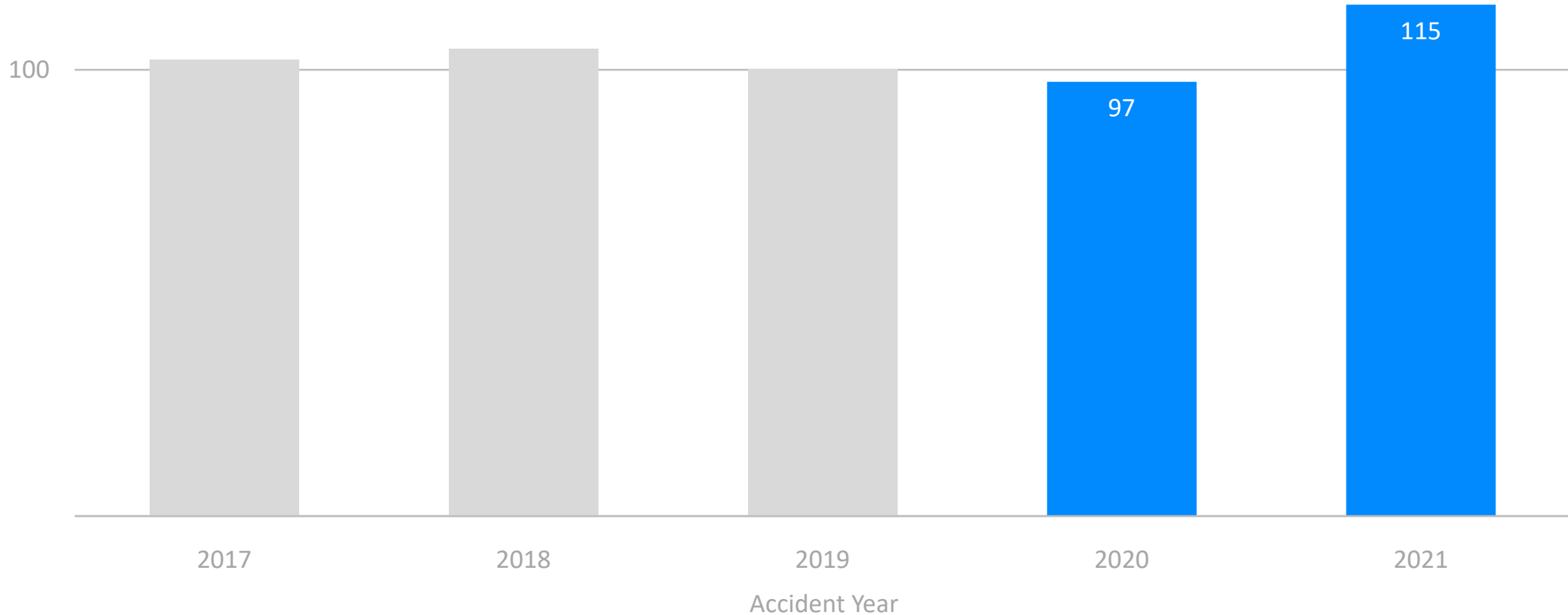


p Preliminary.  
Based on data through 12/31/2021.



# Montana Combined Ratios

Percent

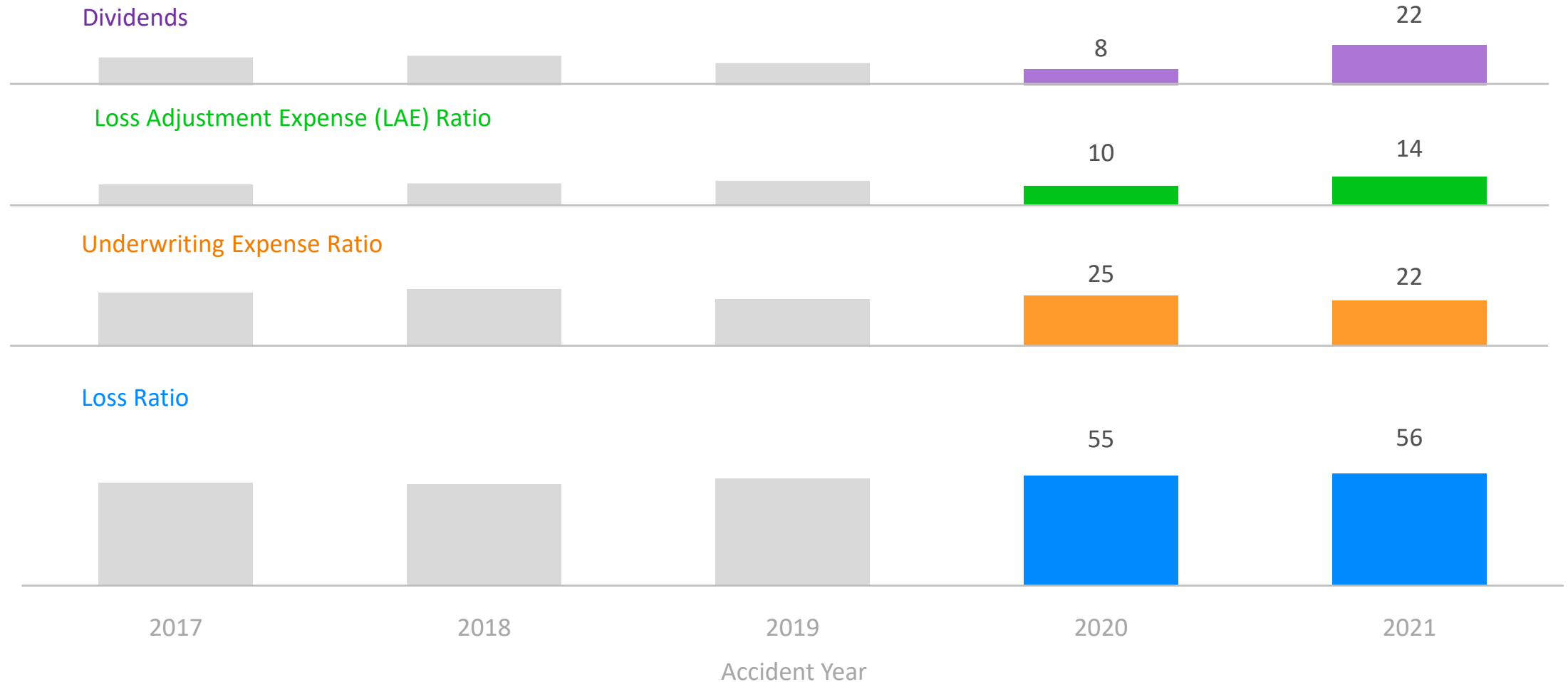


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# Montana Combined Ratios by Component

Percent

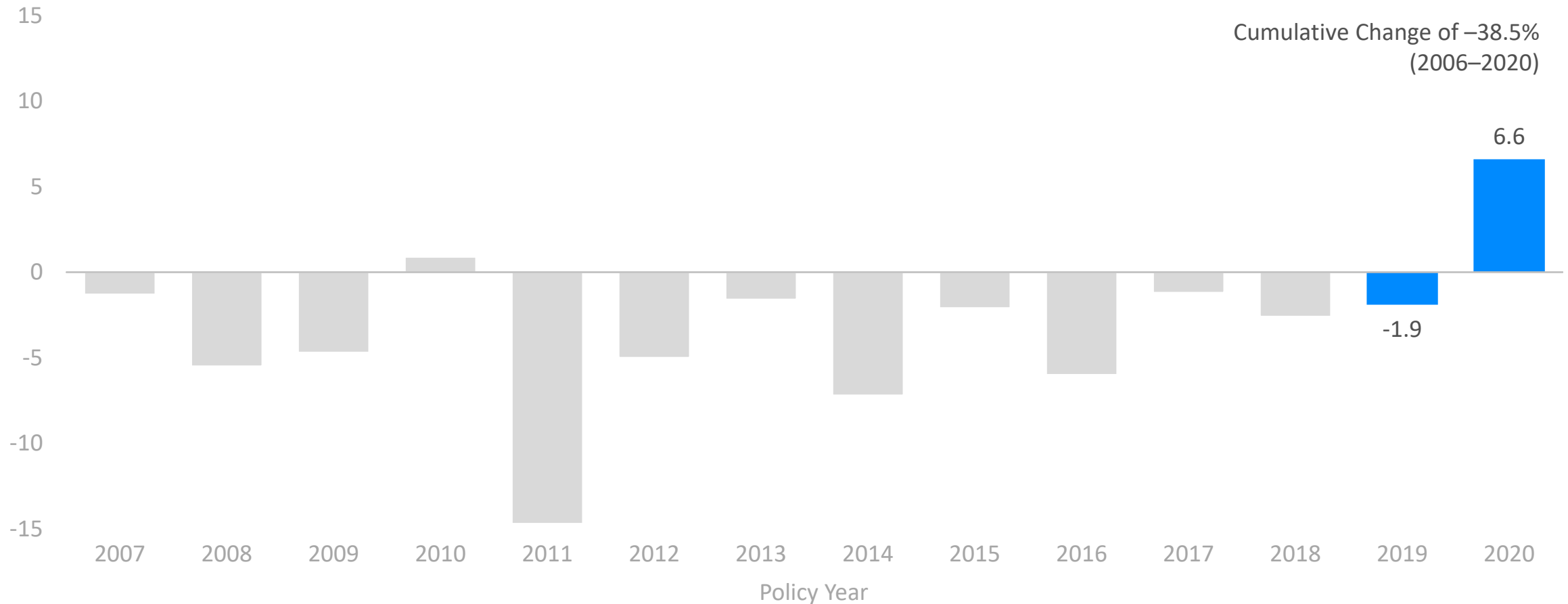


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



# Montana Change in Claim Frequency

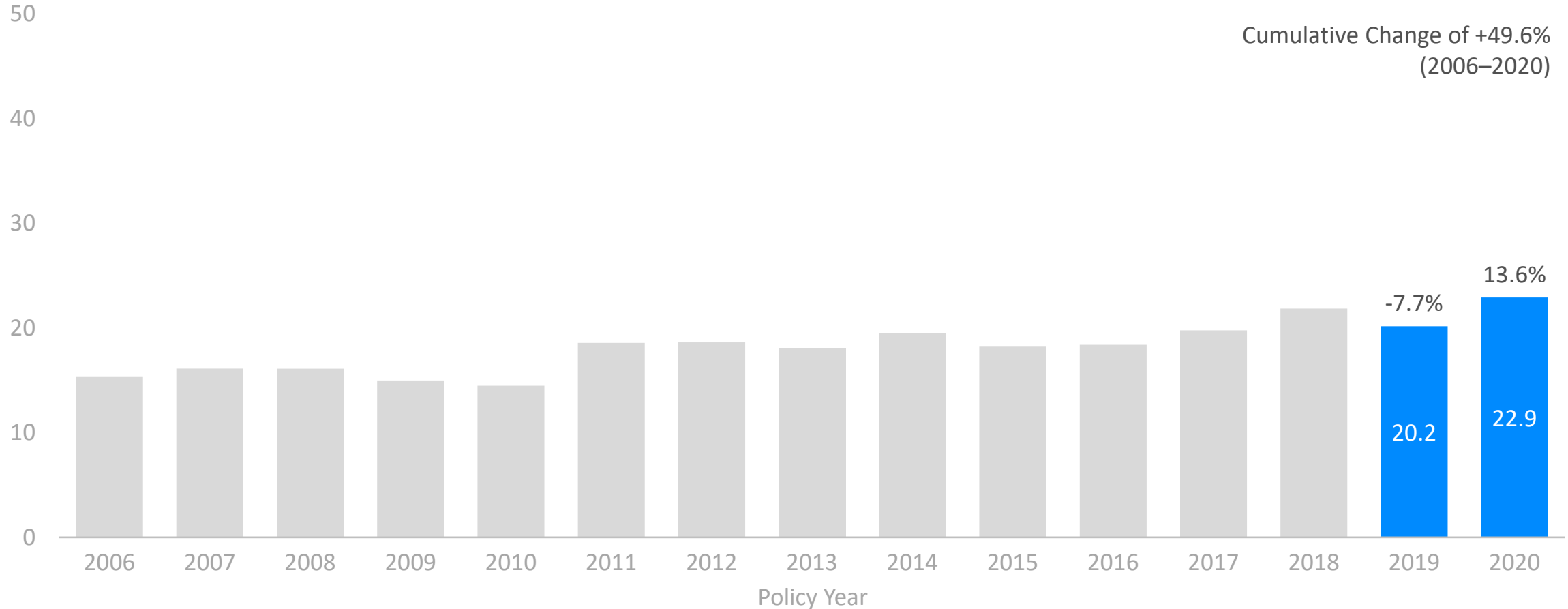
Percent Change in Lost-Time Claims, per \$ Million of On-Levelled Premium



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

# Montana Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands



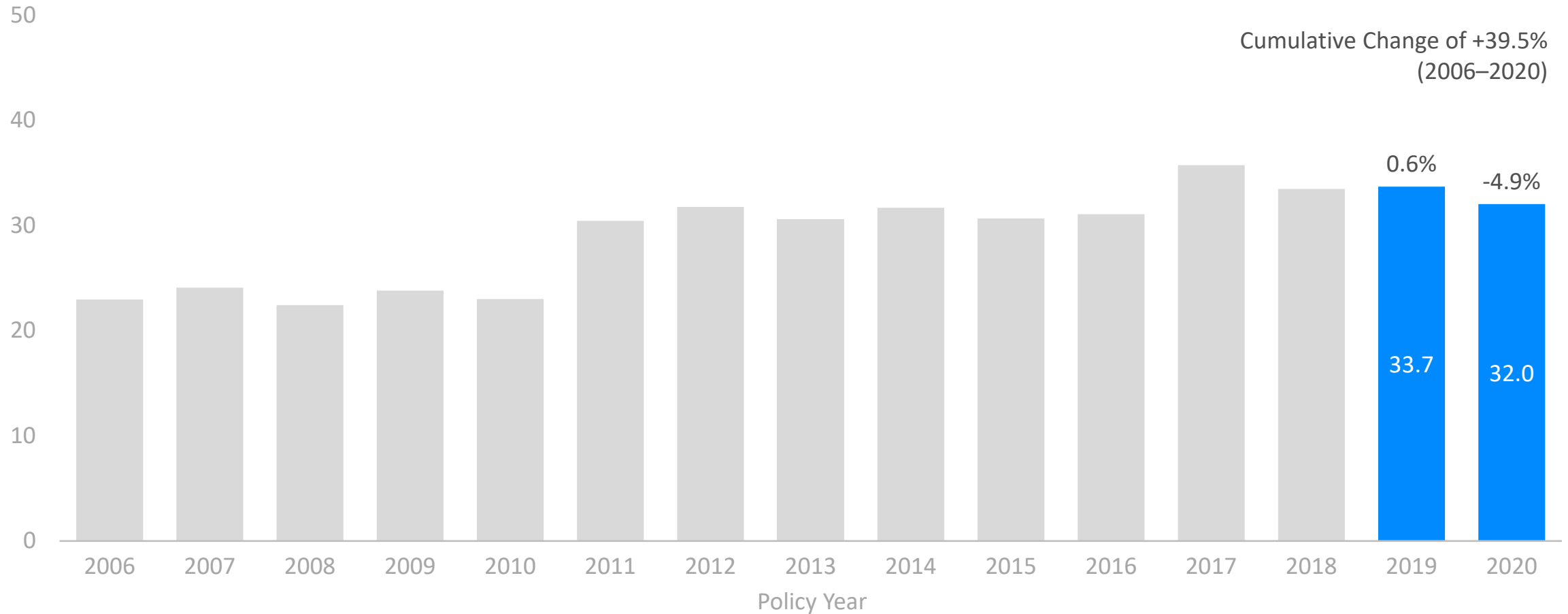
Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.





# Montana Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

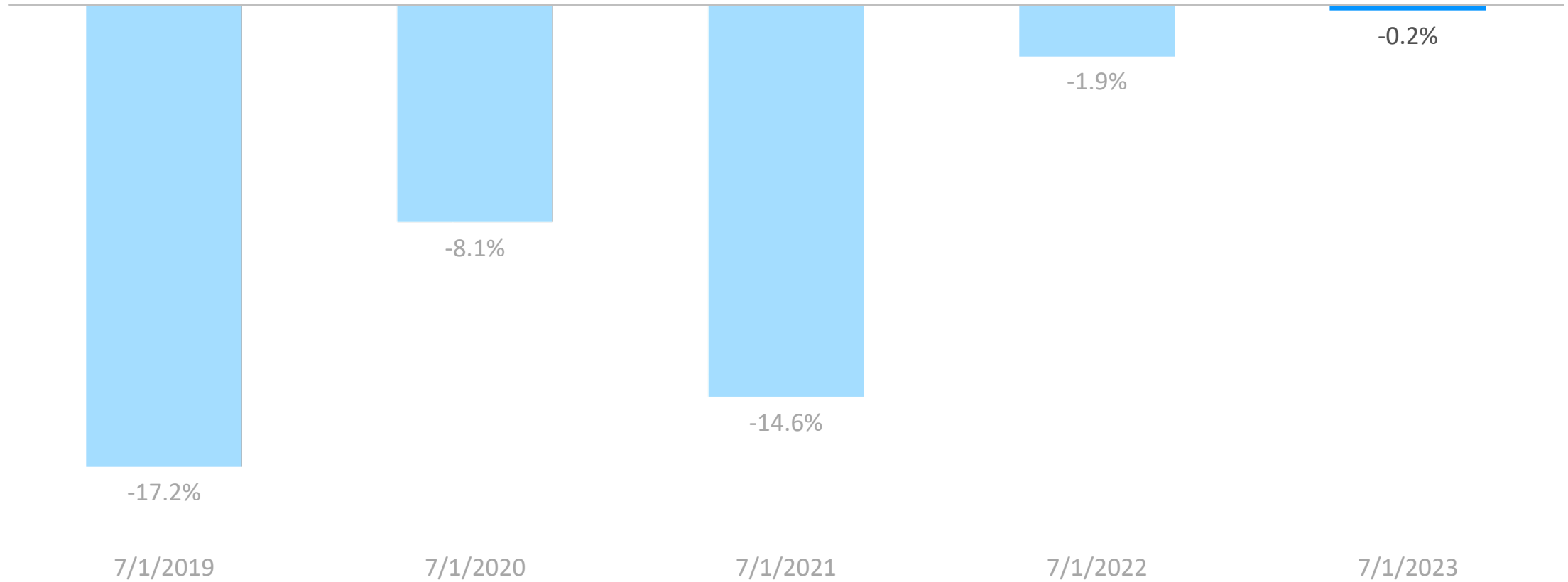


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.  
Note that medical-only losses are included in the numerator.



# Montana Filing Activity

## Voluntary Loss Cost Changes

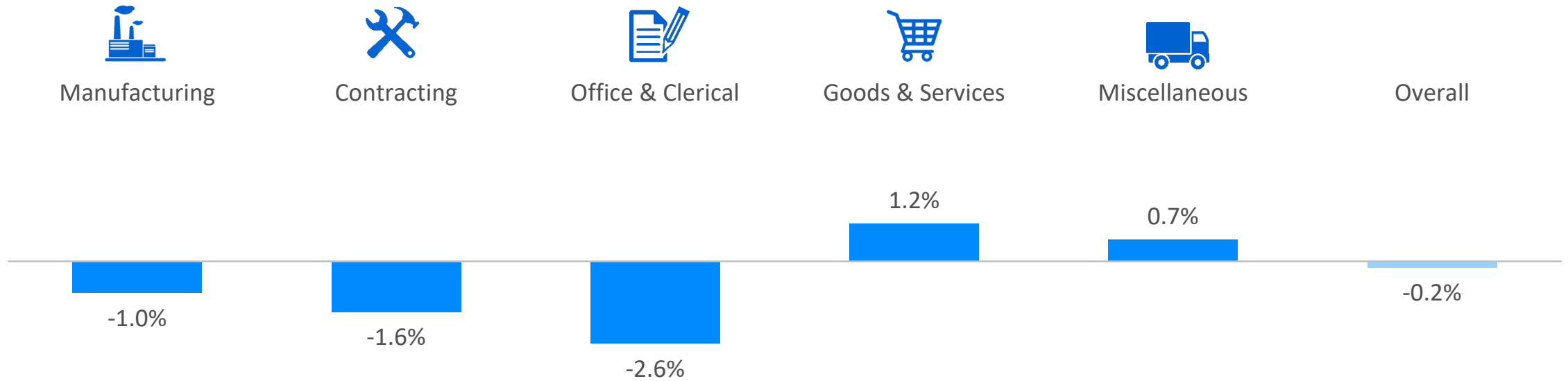


# Montana July 1, 2023 Loss Cost Filing

Change in Experience:	-2.9%
Change in Trend:	+2.8%
Change in Benefits:	+0.1%
Change in All Other:	-0.1%
<hr/>	
Overall Loss Cost Level Change:	-0.2%

# Montana July 1, 2023 Loss Cost Filing

## Average Changes by Industry Group



# Montana Economic Drivers



Agriculture



Energy & Resources



Tourism

Source: Moody's Analytics.

# Montana Economic Assets and Challenges

## ■ Assets

- Consistently strong tourism industry primarily supported by national parks
- Improved outlook for agriculture industry driven by lower severe drought risk but tempered by elevated diesel, seed, and fertilizer costs
- Robust consumer industries led by positive migration trends

## ■ Challenges

- Housing affordability inhibits hiring of low-wage workers in key industries
- Real output per worker trails western states productivity
- Lower income and wage growth as compared to US

Source: Moody's Analytics.

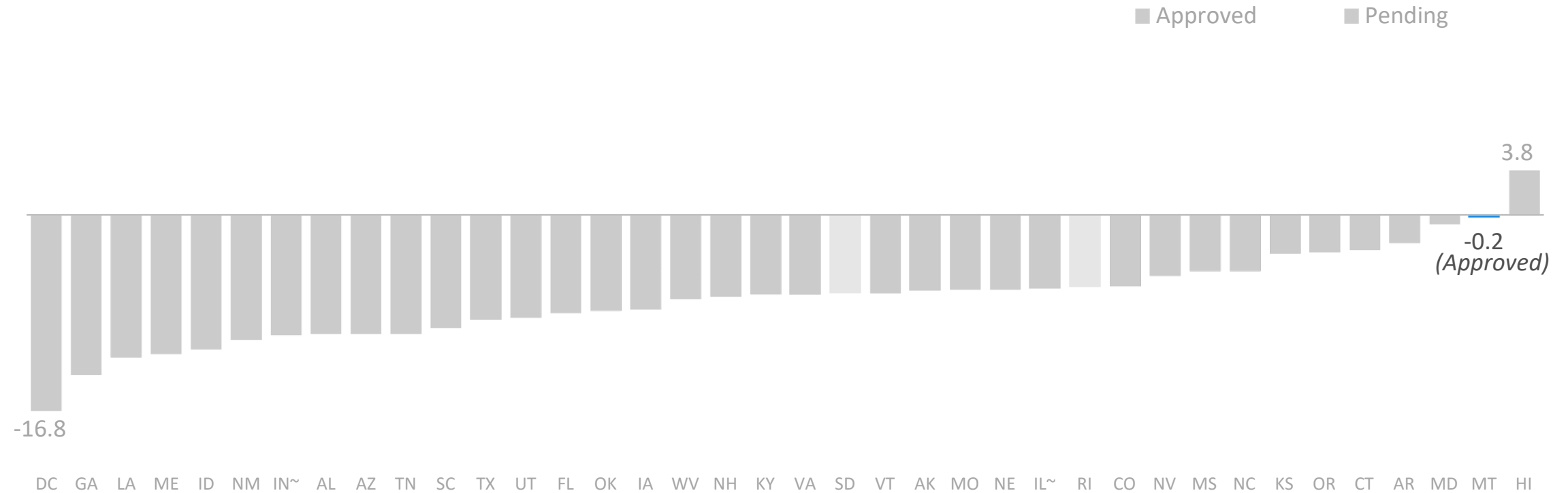
# Montana Business Cycle Status



Source: Moody's Analytics.

# Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings



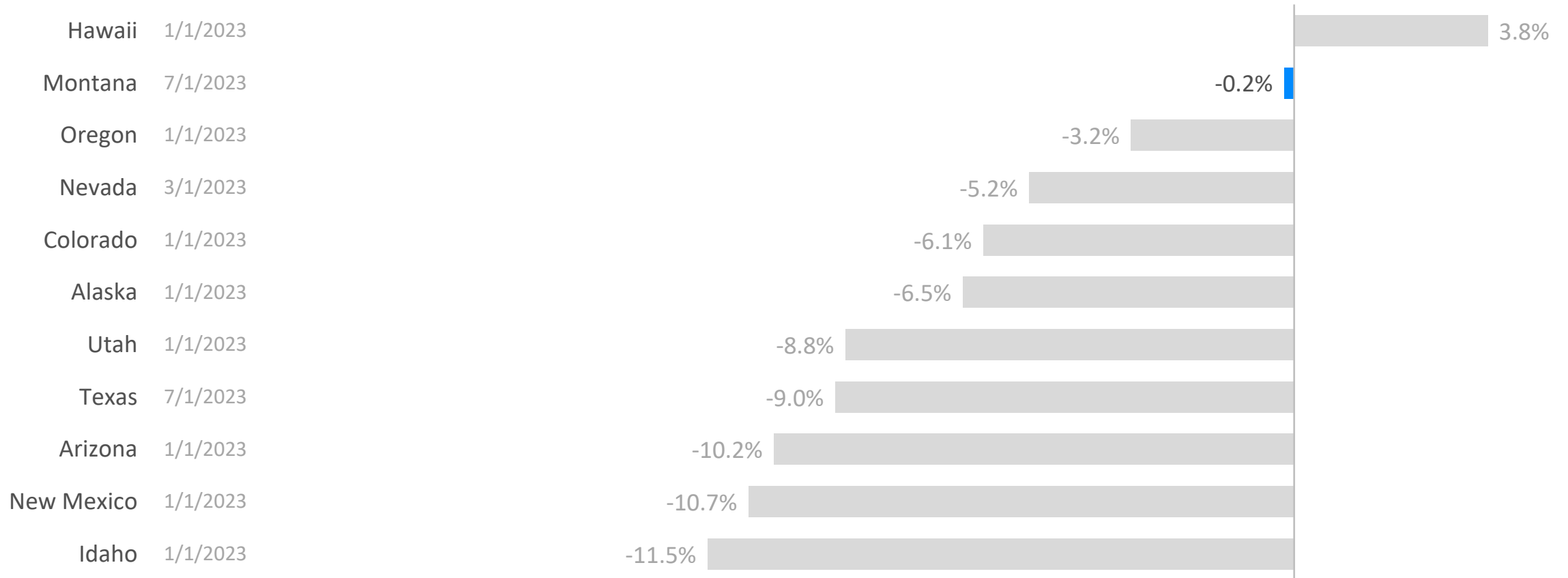
~Value shown is a rate level change; the IN and IL loss cost level changes are -6.2% and -10.3%, respectively.  
 Reflects the most recent experience filing in each jurisdiction as of 3/10/2023.  
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.





# Current Voluntary Market Loss Cost/Rate Changes

## Western States

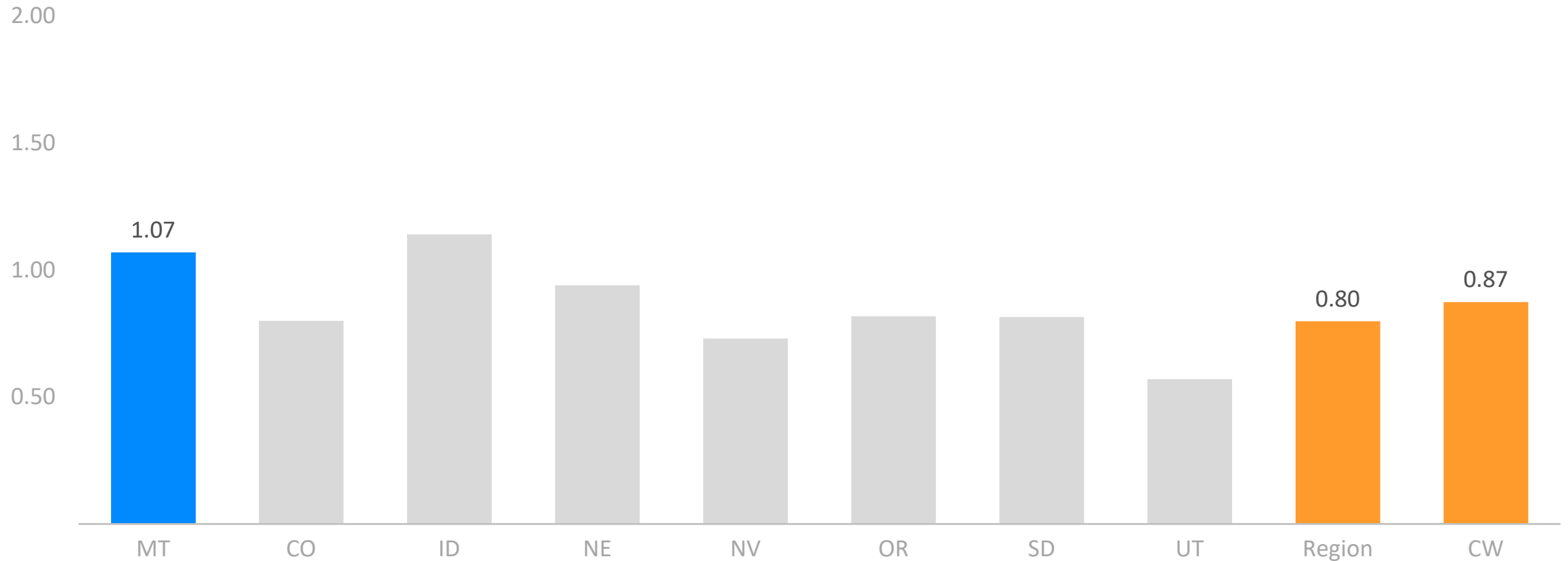


Reflects the most recent experience filing in each jurisdiction as of 3/10/2023.

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 Montana 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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