

STATE ADVISORY RESOURCES

New Mexico Workers Compensation System
November 2022

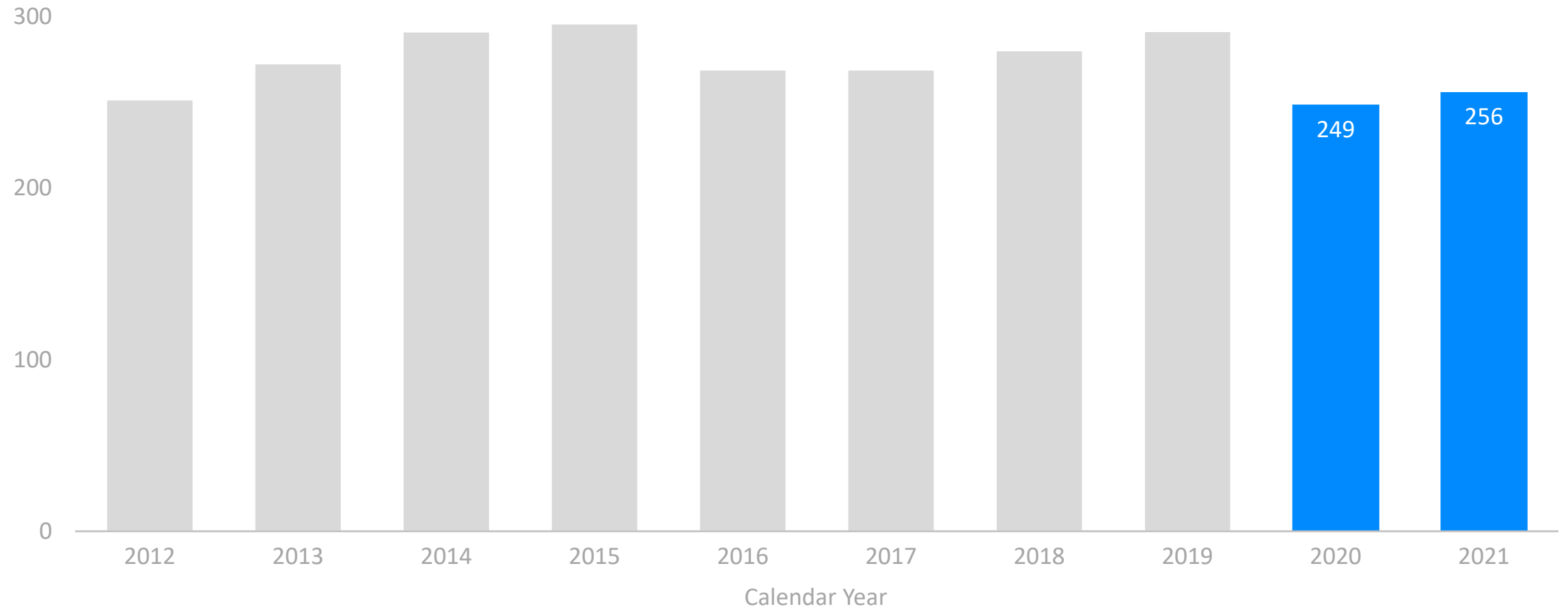


New Mexico Workers Compensation System— An Overview

- Written premium volume increased in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency continues to decline
- Indemnity and medical severities exhibit relatively stable long-term trends

New Mexico Premium Volume

Direct Written Premium in \$ Millions

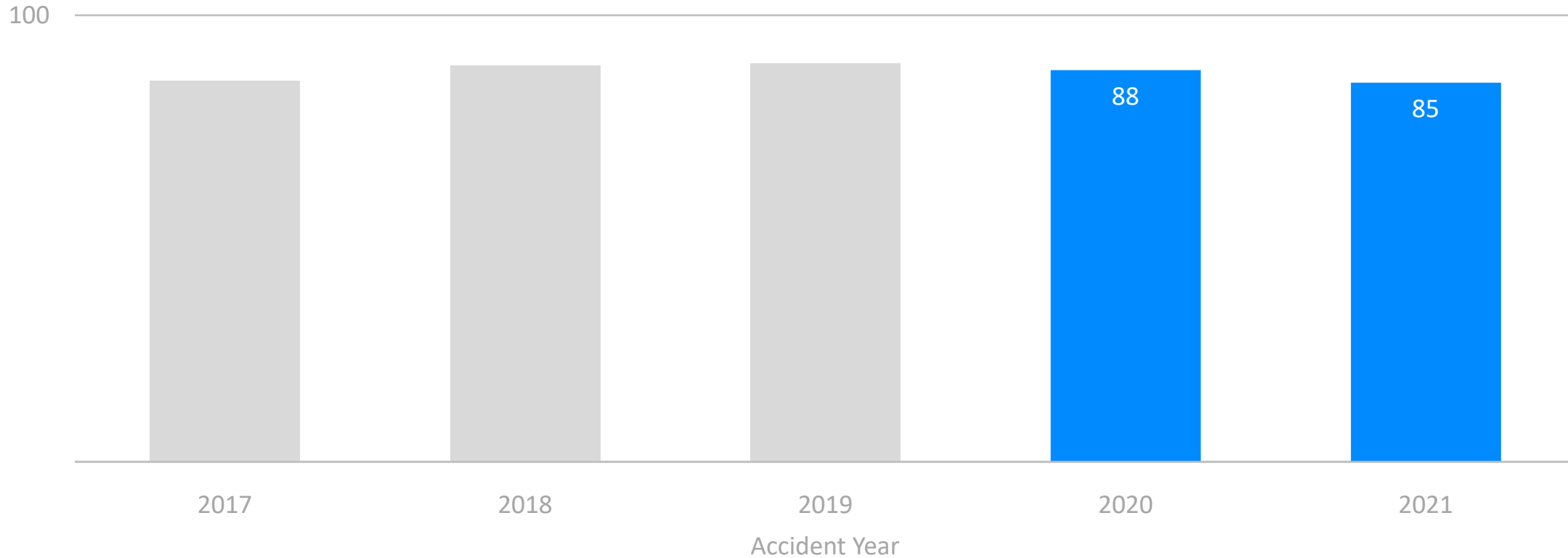


Source: NAIC's Annual Statement data.



New Mexico Combined Ratios

Percent



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



New Mexico Combined Ratios by Component

Percent

Dividends

0

0

Loss Adjustment Expense (LAE) Ratio

13

9

Underwriting Expense Ratio

26

25

Loss Ratio

49

51

2017

2018

2019

2020

2021

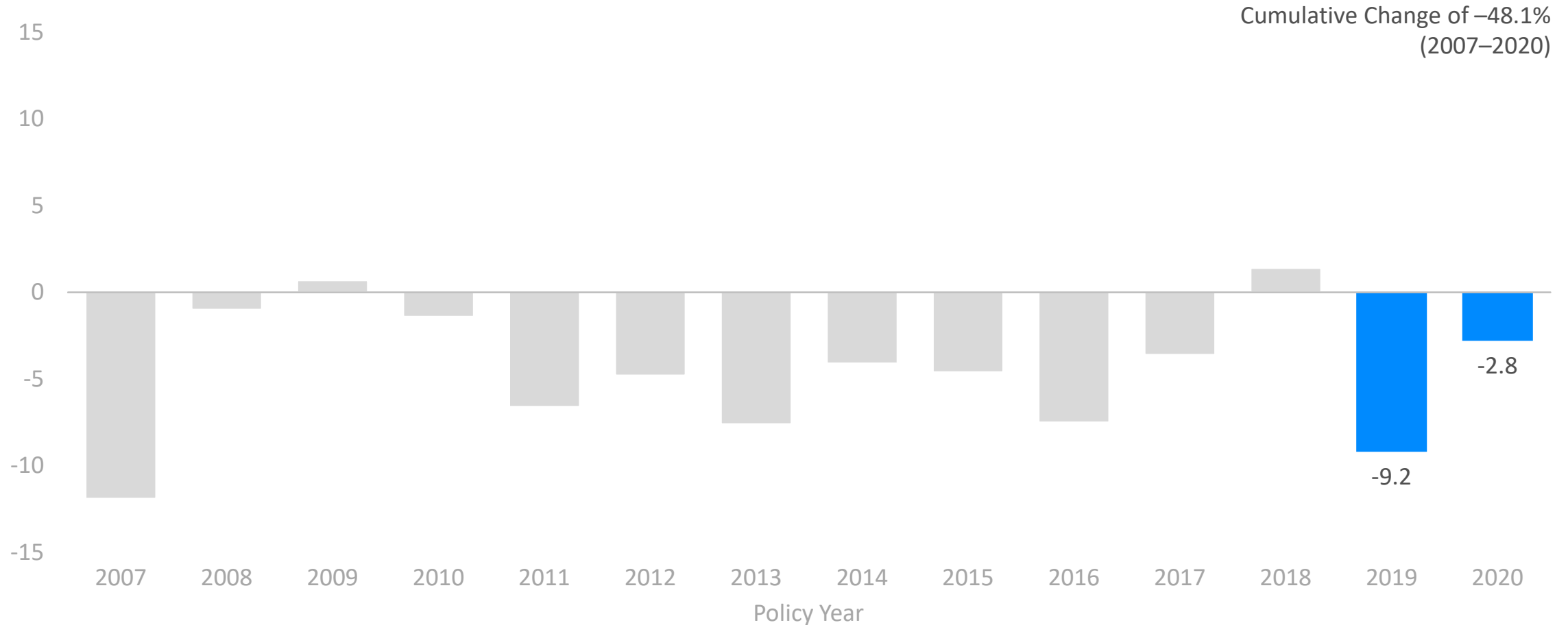
Accident Year

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



New Mexico Change in Claim Frequency

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

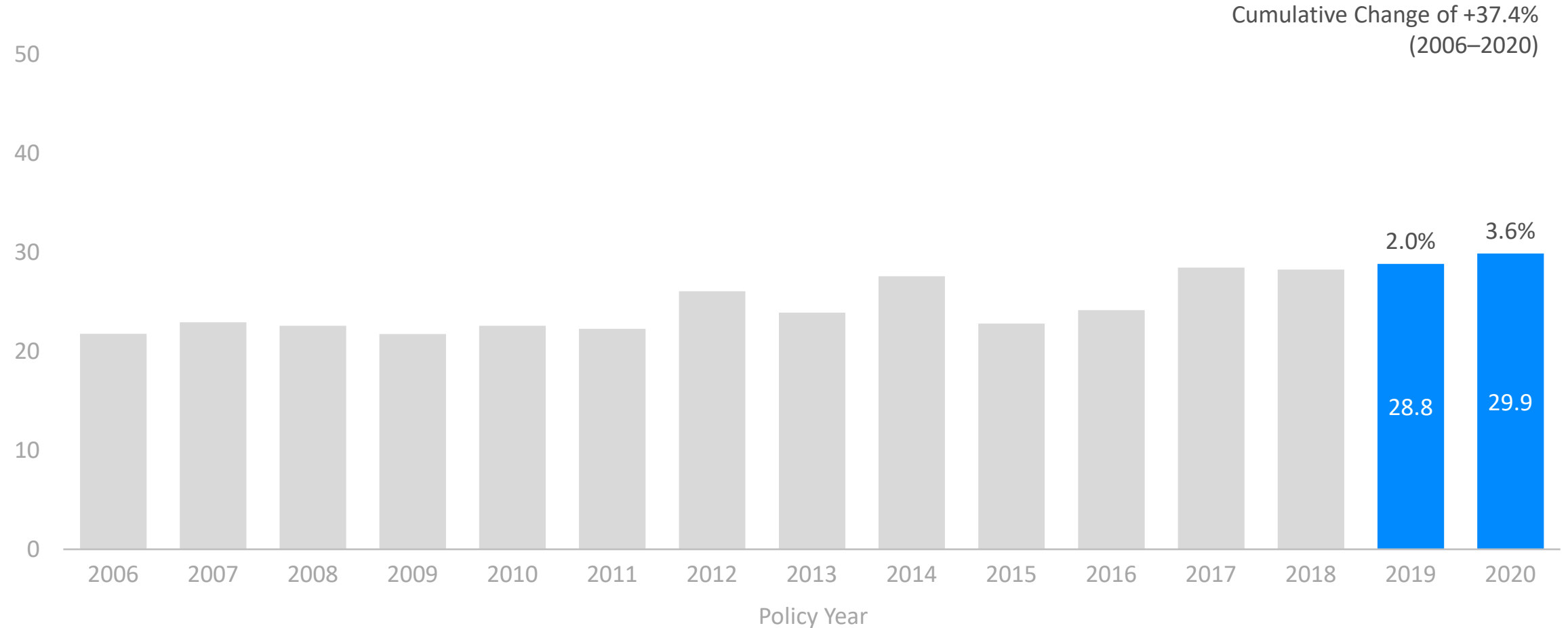


Based on NCCI's Financial data through 12/31/2021, on-levelled, and developed to ultimate, with premium adjusted to common wage level.



New Mexico Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

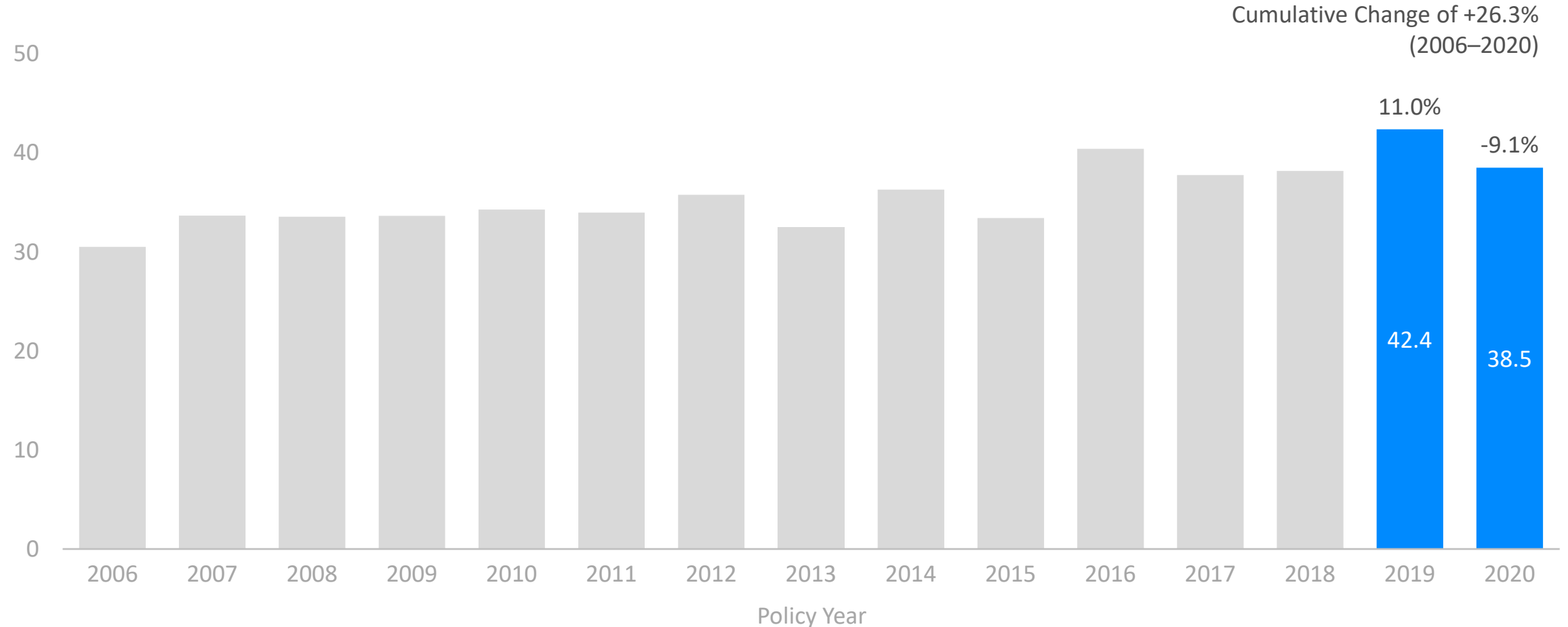


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



New Mexico Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

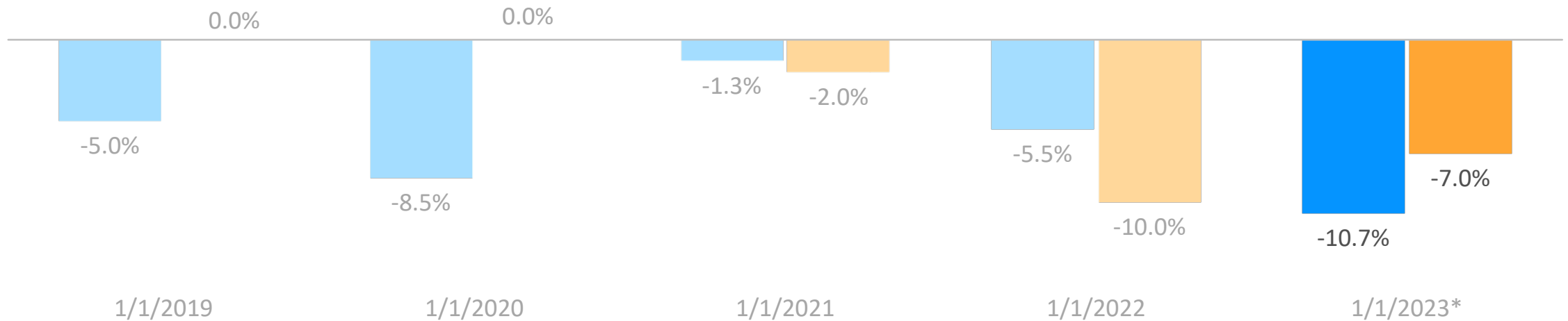


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.



New Mexico Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



*Voluntary loss cost change approved; assigned risk rate change filing pending.

Assigned risk rate change recommendation made by the Board of Governors of the New Mexico Workers' Compensation Assigned Risk Pool.

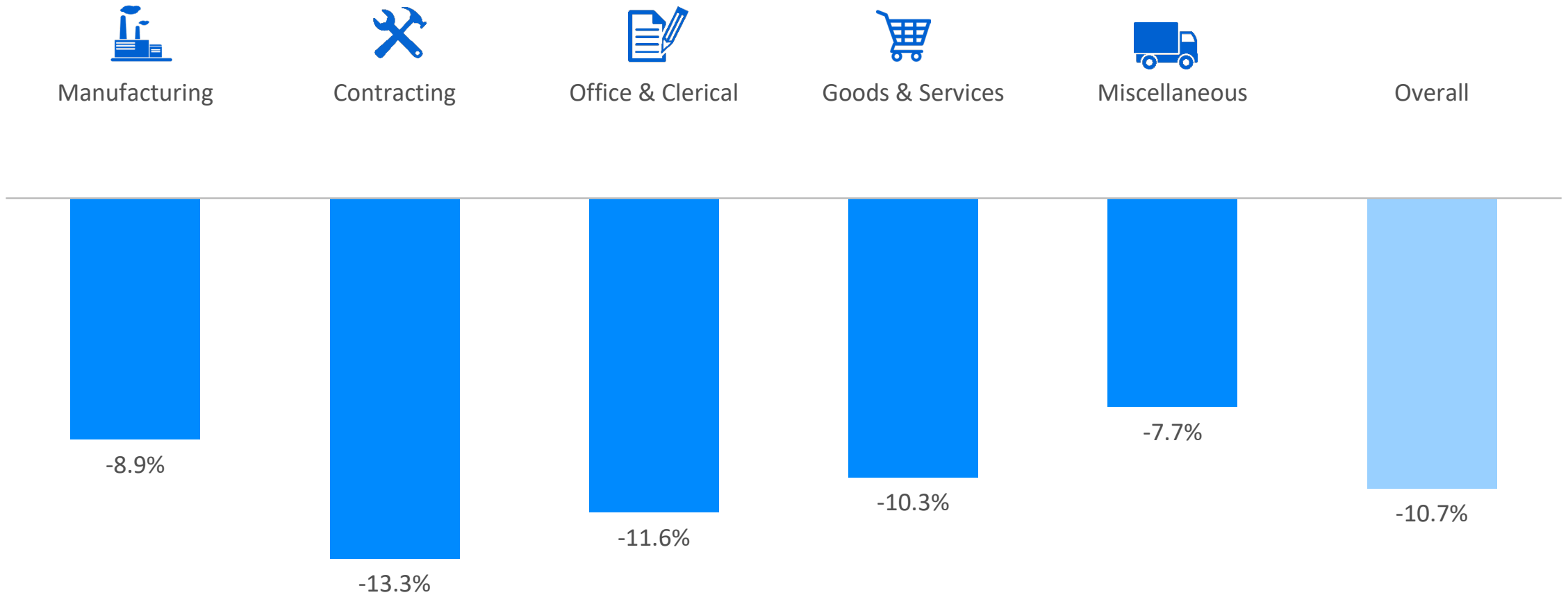


New Mexico January 1, 2023 Loss Cost Filing

Change in Experience & Trend:	-11.7%
Change in Benefits:	+1.0%
Change in All Other:	+0.1%
<hr/>	
Overall Loss Cost Level Change:	-10.7%

New Mexico January 1, 2023 Loss Cost Filing

Average Changes by Industry Group



New Mexico Economic Drivers



Government



Energy



Defense

Source: Moody's Analytics.

New Mexico Economic Assets and Challenges

■ Assets

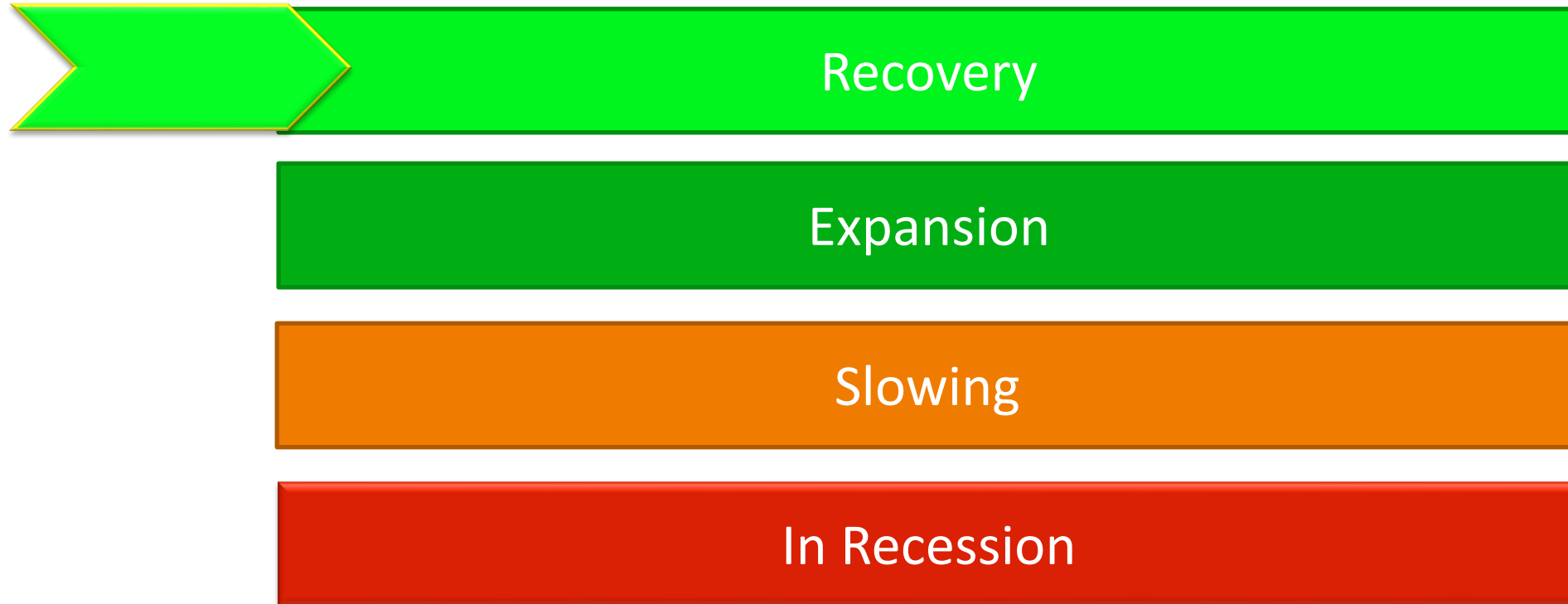
- Available renewable energy resources
- High-tech industries base in largest city
- Government presence with national labs and military

■ Challenges

- Many jobs are public sector concentrated
- Below national average income and high poverty rate
- Poorest rural areas in the country

Source: Moody's Analytics.

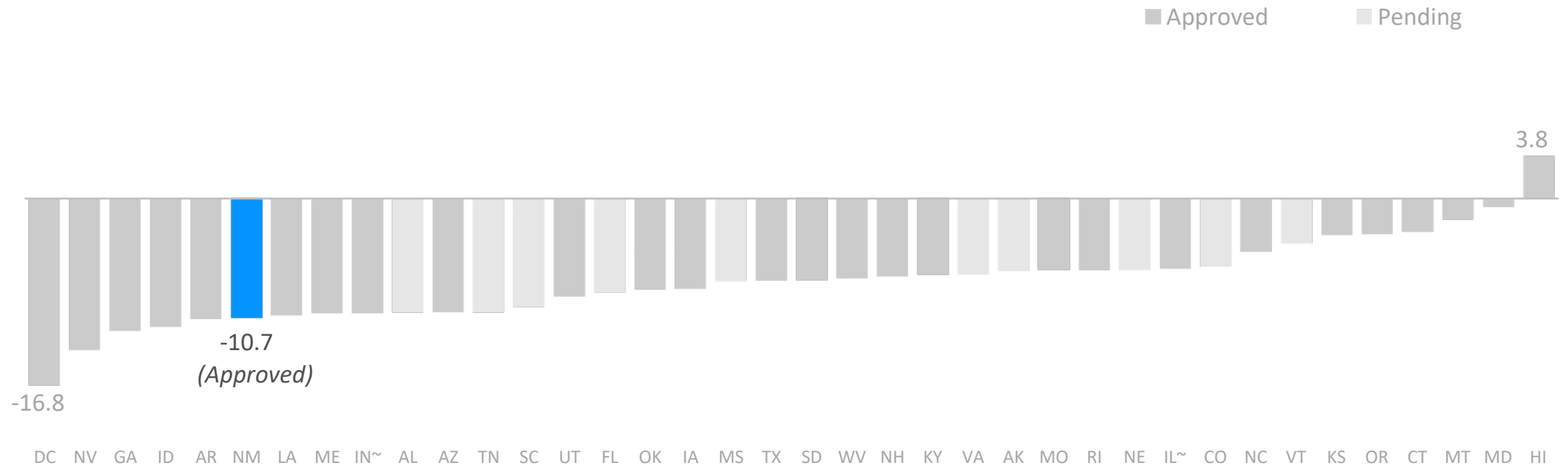
New Mexico Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

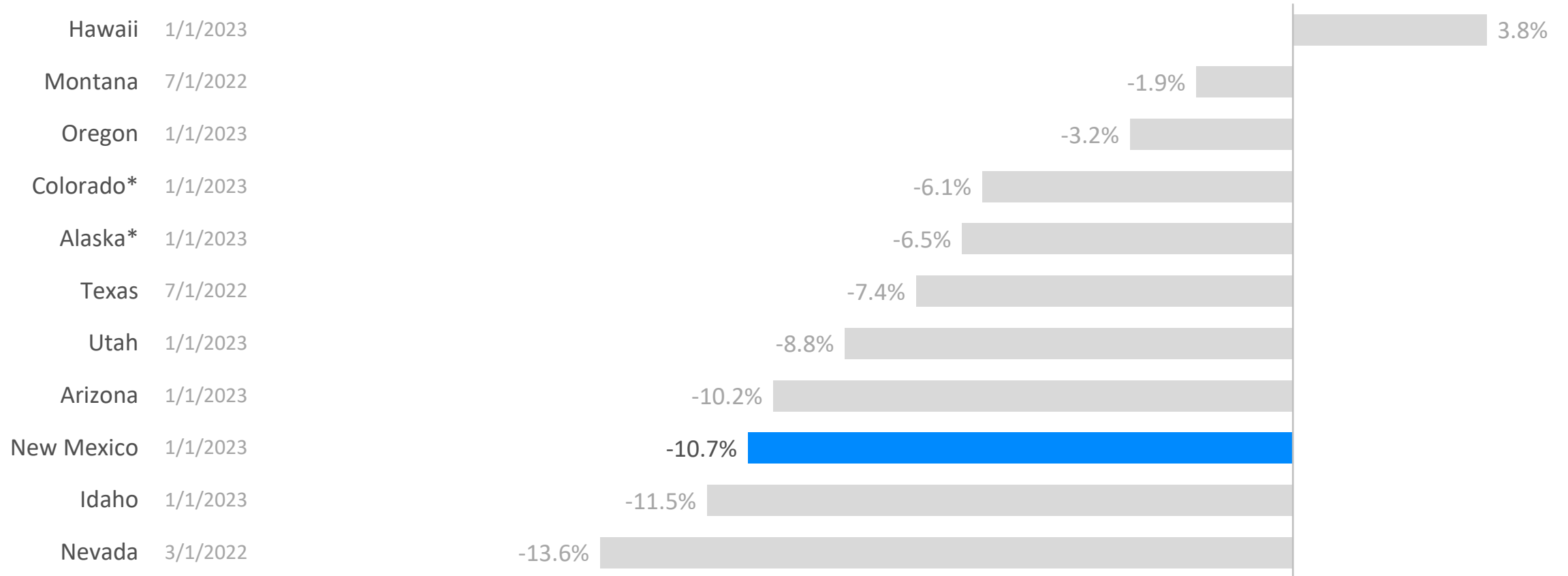


~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.
 Reflects the most recent experience filing in each jurisdiction as of 10/21/2022.
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



Current Voluntary Market Loss Cost/Rate Changes

Western States



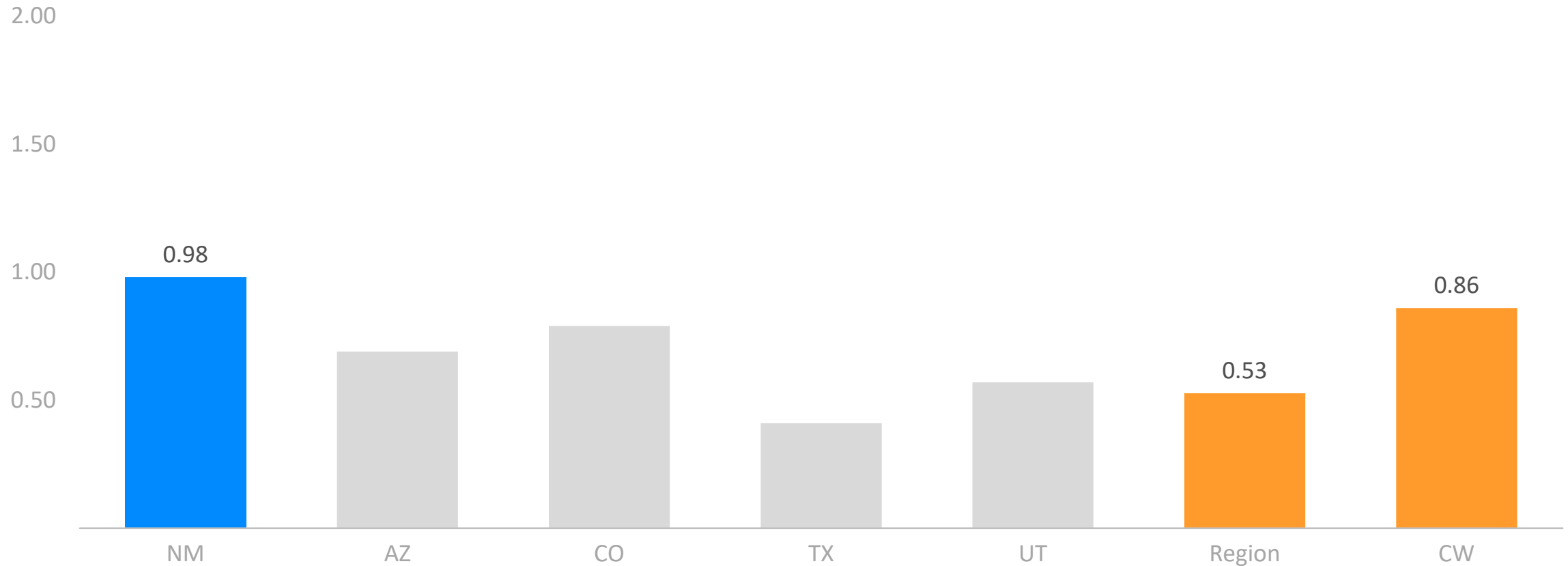
*Pending.

Reflects the most recent experience filing in each jurisdiction as of 10/21/2022.

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 New Mexico 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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