Summary of the Proposed Oregon Workers Compensation Loss Cost and Assigned Risk Rate Filing Effective January 1, 2027

The National Council on Compensation Insurance (NCCI)[1] is pleased to provide this summary of the proposed workers compensation insurance loss cost[2] and assigned risk rate[3] filing, which was submitted to the Oregon Division of Financial Regulation for its review and approval under separate cover on August 3, 2026.

The filing proposes a +2.1% increase to the current loss costs for the voluntary market and a +2.3% increase to the assigned risk market rates, effective January 1, 2027.

Oregon Overview

This proposed Oregon filing is based on premium and loss experience for Policy Years 2023 and 2024, evaluated as of December 31, 2025. NCCI continues to use a two-year experience period. The loss ratios for the two years are consistent with one another.

The primary driver of the proposed loss cost change is Senate Bill 1519 (2026), effective January 1, 2027. SB 1519 modifies weekly lost-time wage compensation benefits. Under current law, benefits are paid at 66 2/3% of the State Average Weekly Wage (SAWW). Effective January 1, 2027, the weekly compensation rate for wages up to 75% of the SAWW will increase to 75%, while the compensation rate for wages exceeding 75% of the SAWW will decrease to 65%. NCCI's analysis indicates this change contributes to a +3.5% impact on the proposed overall loss cost and assigned risk rate level changes for Oregon.

Without this legislative impact, the proposed loss cost level change would be a –1.4% decrease and the proposed assigned risk rate level change would be a –1.2% decrease.

Historically, average medical claim costs have generally increased more slowly than wages. However, medical claim costs in Oregon have increased more quickly during the most recent three policy years. Therefore, for the period covered by the proposed filing, NCCI increased its projection of future medical costs, using medical trend, compared with the medical trend level in the previous filing.

Despite this increase, medical benefit costs are still expected to grow at a rate below wage inflation. The historical indemnity average cost per claim values have been growing more slowly than wages at a consistent pace thus there is no change in the indemnity projection from the previous filing.

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[1] NCCI is a licensed rating organization authorized to make recommended loss cost and assigned risk rate filings on behalf of workers compensation insurance companies in Oregon. NCCI's filings are objectively prepared, using widely accepted actuarial ratemaking methodologies.

[2] "Loss cost" refers to the portion of workers compensation rates that are filed by the rating organization and are allocated to pay losses but not carrier expenses. Some states include certain carrier expenses and assessments in the definition of "advisory loss costs." Carriers can use the approved loss costs as the basis for their rates, typically adjusting them for expenses with a loss cost multiplier.

[3] The assigned risk rate is filed for use on policies written through the Assigned Risk Plan, a program established by state insurance regulatory authorities that sets the rules and procedures for providing insurance coverage to parties that are unable to obtain coverage in the voluntary market. For the assigned risk market, NCCI files a full rate that includes the Servicing Carriers' expenses.

The proposed assigned risk rate level change reflects the proposed voluntary loss cost change and minor adjustments to certain assigned risk rate components. Increases in the administrative expense provision and uncollectible premium provision are partially offset by a decrease in the profit and contingency provision.

NCCI's proposed assigned risk differential, which measures the residual market loss experience relative to statewide loss experience, remains unchanged from the value approved in the previous filling as improving loss experience in recent policy years offset less favorable experience in other policy years.

Countrywide Overview for NCCI States

The Calendar Year 2025 combined ratio (a measure of overall underwriting profitability) for workers compensation was 91%, a change from 86% for Calendar Year 2024. The change is primarily due to an increase in the loss and underwriting expense ratios.

In 2025, voluntary market net written premium decreased by 1.5% from 2024. Residual market premium in states where NCCI serves as Plan Administrator also continued to decline, a trend that has persisted since 2014.

Payroll, as the exposure base, is a key component of workers compensation premium. From 2024 to 2025, payroll increased 4.8%, while employment rose just 0.5%. The smaller than typical employment growth was largely driven by the healthcare sector. A significant portion of payroll growth has come from higher wages, which were up 4.3% in 2025.

Claim frequency and severity reflect both a measure of the incidence of workplace injuries and the average cost of those injuries. Lost-time claim frequency (claims with days away from work) continues its long-term decline across all NCCI states, decreasing by 2% from 2024 to 2025, after accounting for changes in wage levels. This decline is more moderate than both the long-term average and the experience in recent years.

Lost-time medical claim severity in 2025 grew more slowly than wages. Increased utilization of medical services remains the primary driver, though results vary by state based on the mix of services used and applicable medical fee schedules. Lost-time indemnity claim severity in 2025 is grew more slowly than wages compared to 2024, although the changes in average indemnity benefit costs is largely impacted by wage growth. Total claim severity grew 1% slower than wages.

Conclusion

Overall, the workers compensation system remained healthy in 2025. Long-term declines in lost-time claim frequency continued to help offset upward pressure on system costs from higher medical and indemnity claim severity. Payroll growth and a combined ratio below 100% are further indicators of the system's overall financial soundness. Collectively, these trends point to a well-functioning workers compensation system, recognizing that results can vary based on industry composition, carrier experience, and state-specific factors.