

STATE ADVISORY RESOURCES

Tennessee Workers Compensation System
October 2022

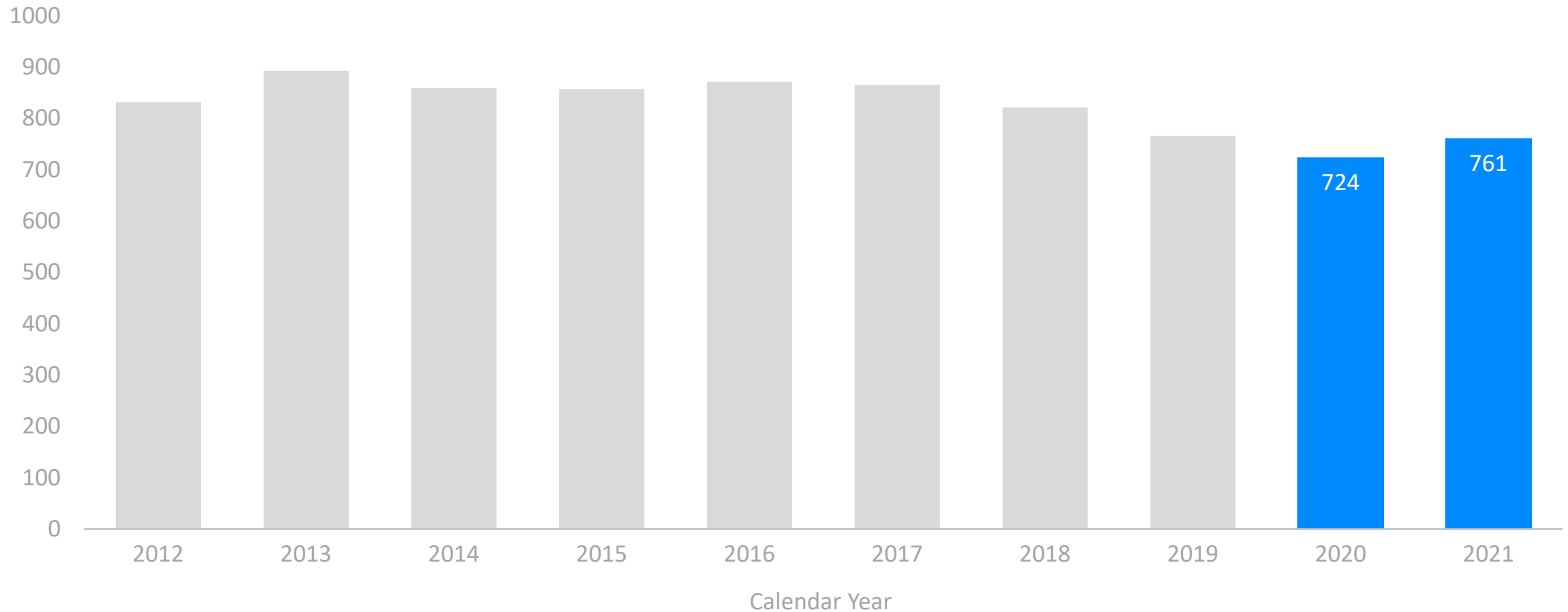


Tennessee Workers Compensation System—An Overview

- Written premium volume increased slightly in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency increased in the latest policy year
- Indemnity and medical severities decreased in the latest policy year

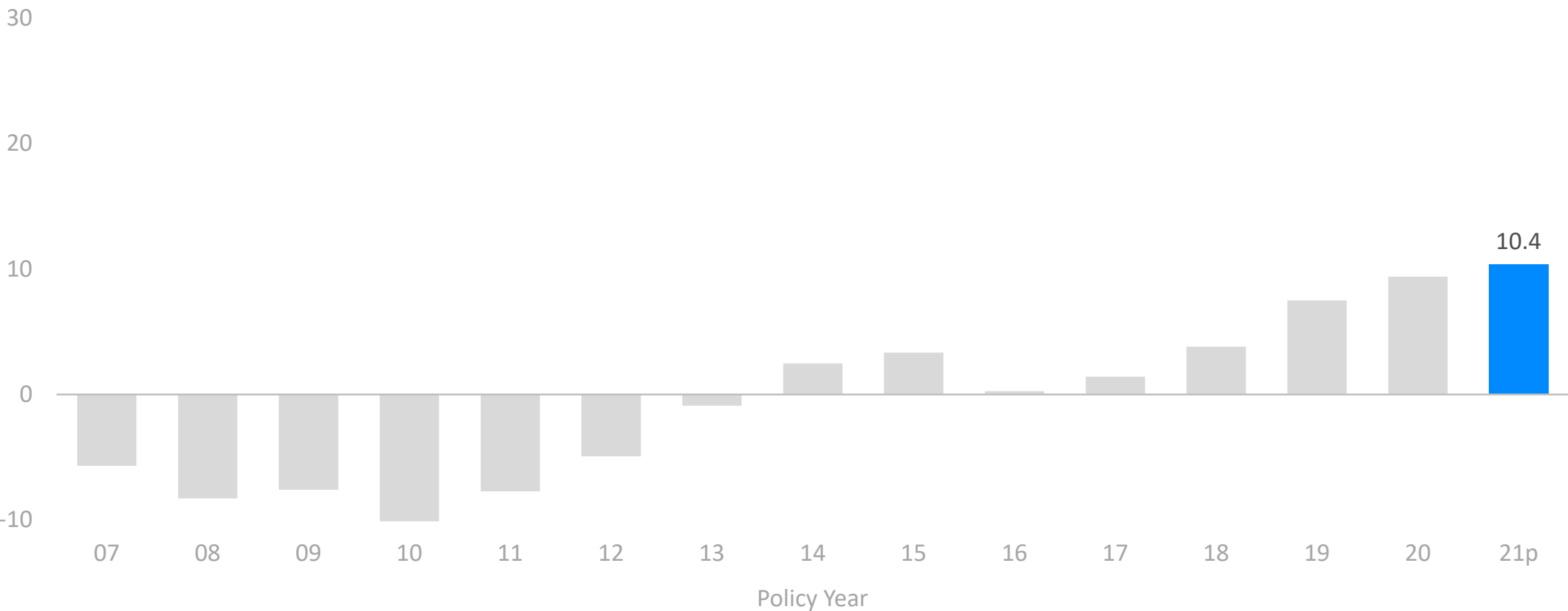
Tennessee Premium Volume

Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.

Impact of Discounting on Workers Compensation Premium in Tennessee

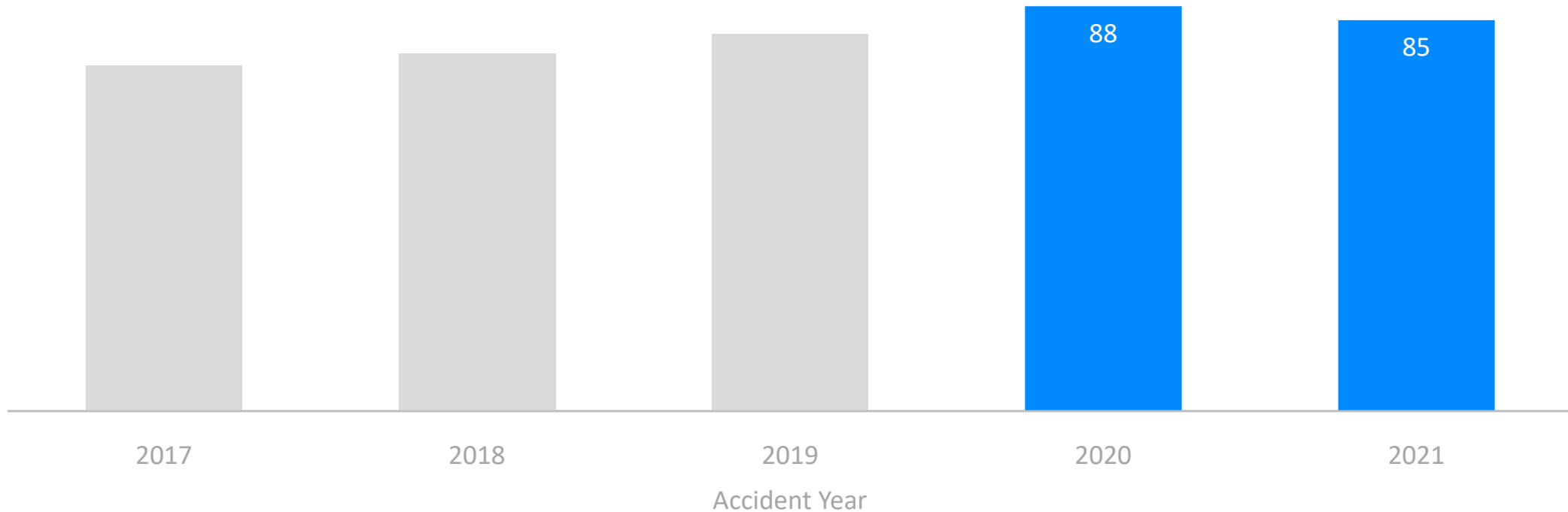


p Preliminary.
Based on data through 12/31/2021.

Tennessee Combined Ratios

Percent

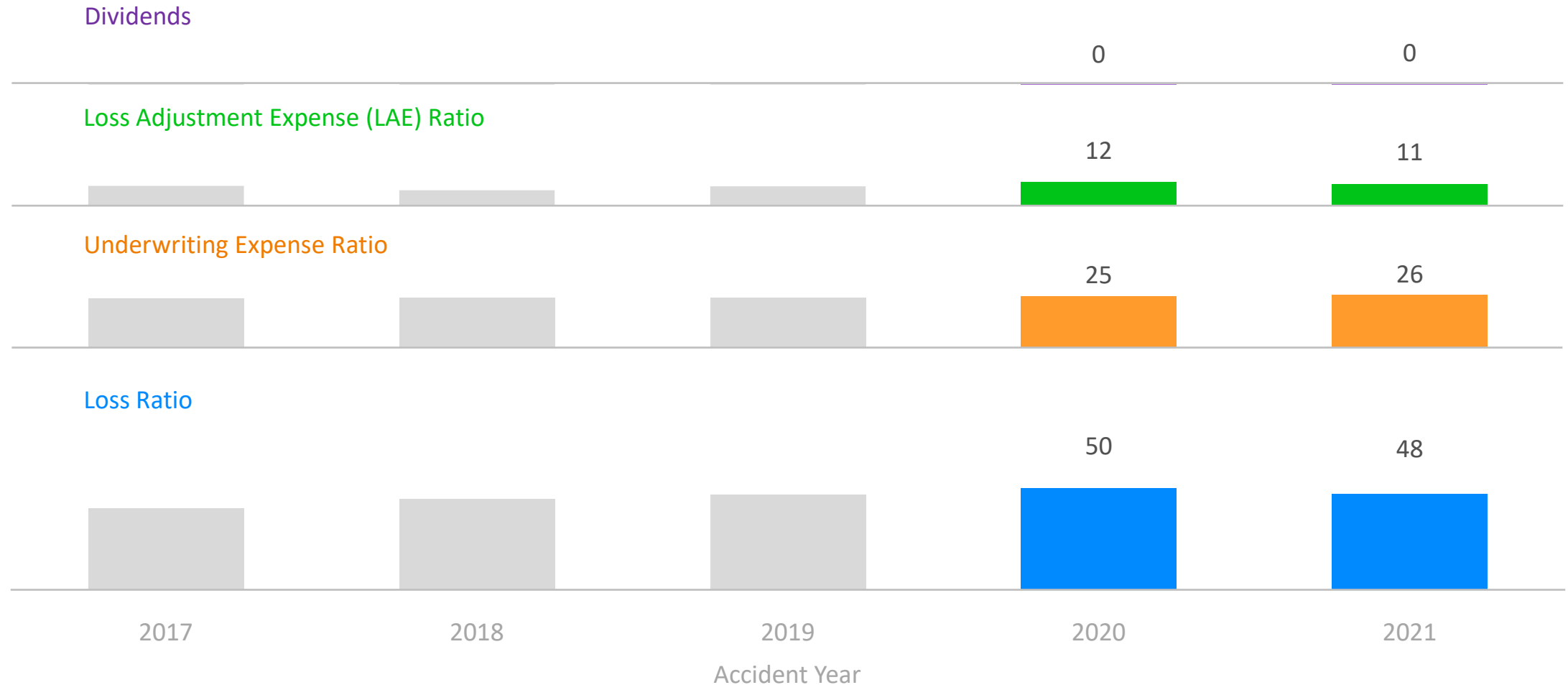
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Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.

Tennessee Combined Ratios by Component

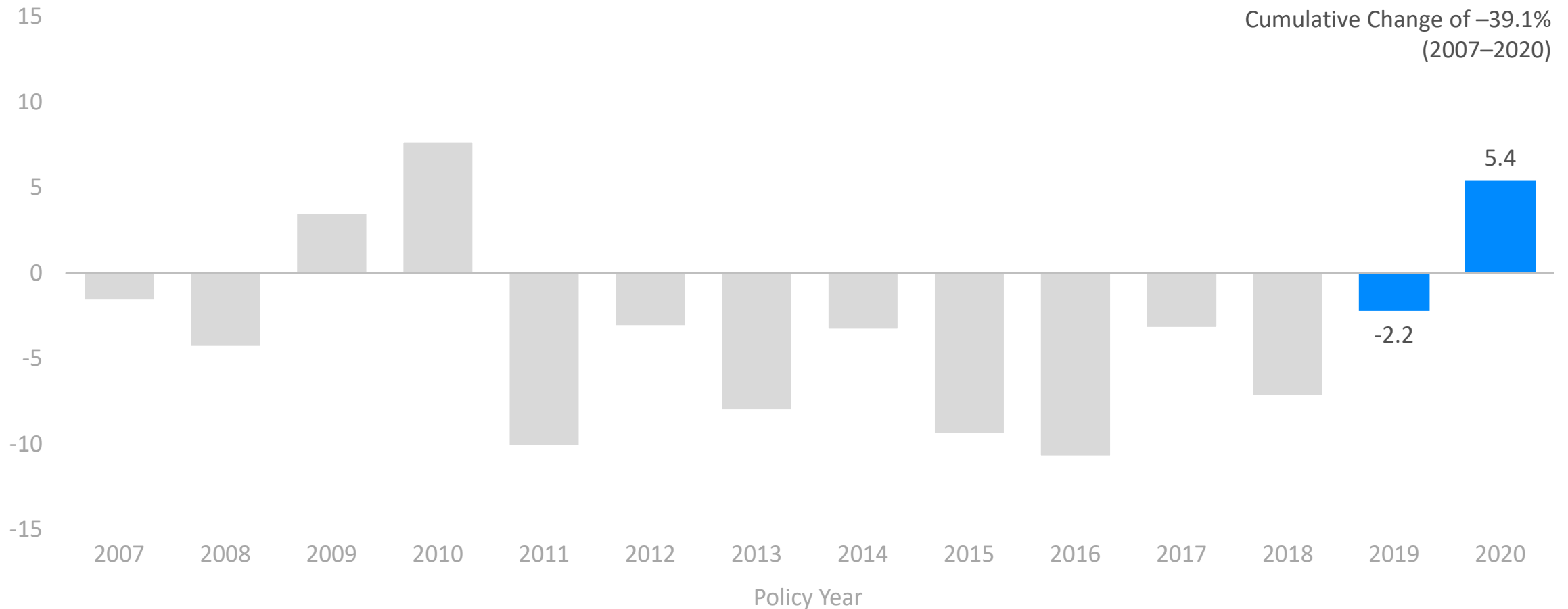
Percent



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

Tennessee Change in Claim Frequency

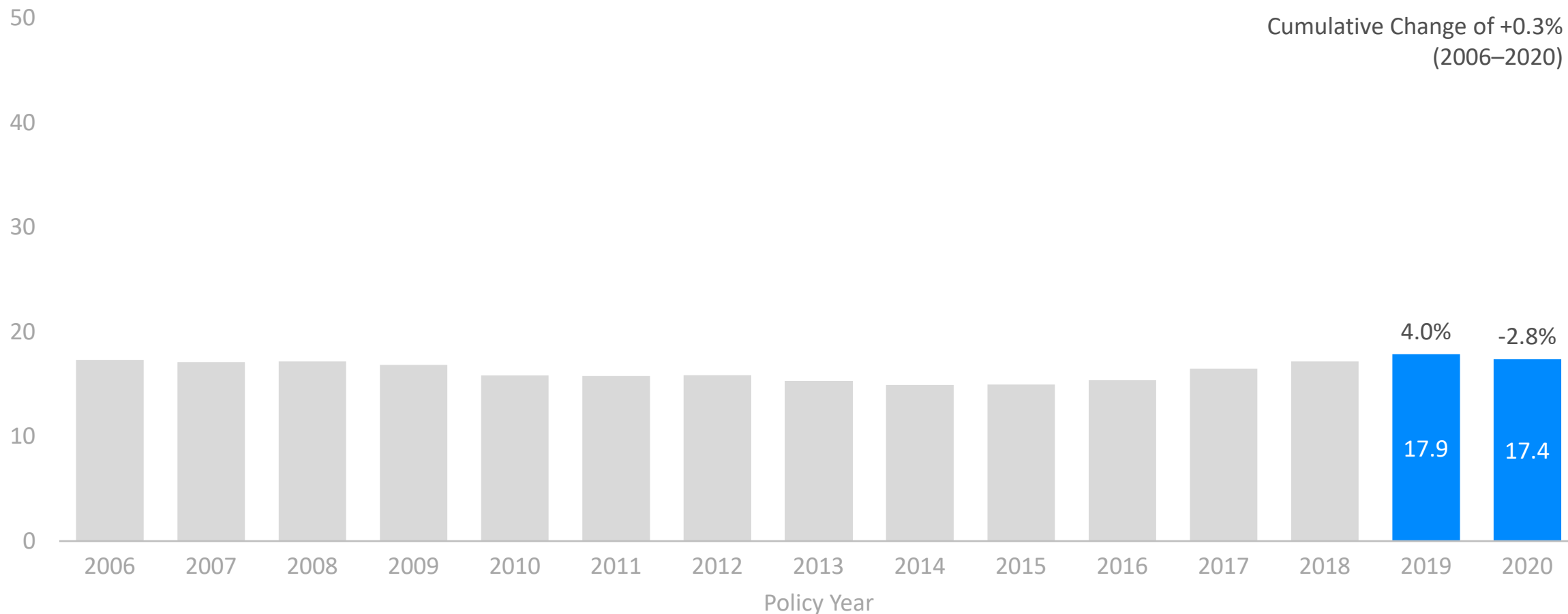
Percent Change in Lost-Time Claims, per \$ Million of On-Leveled Premium



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

Tennessee Average Indemnity Claim Severity

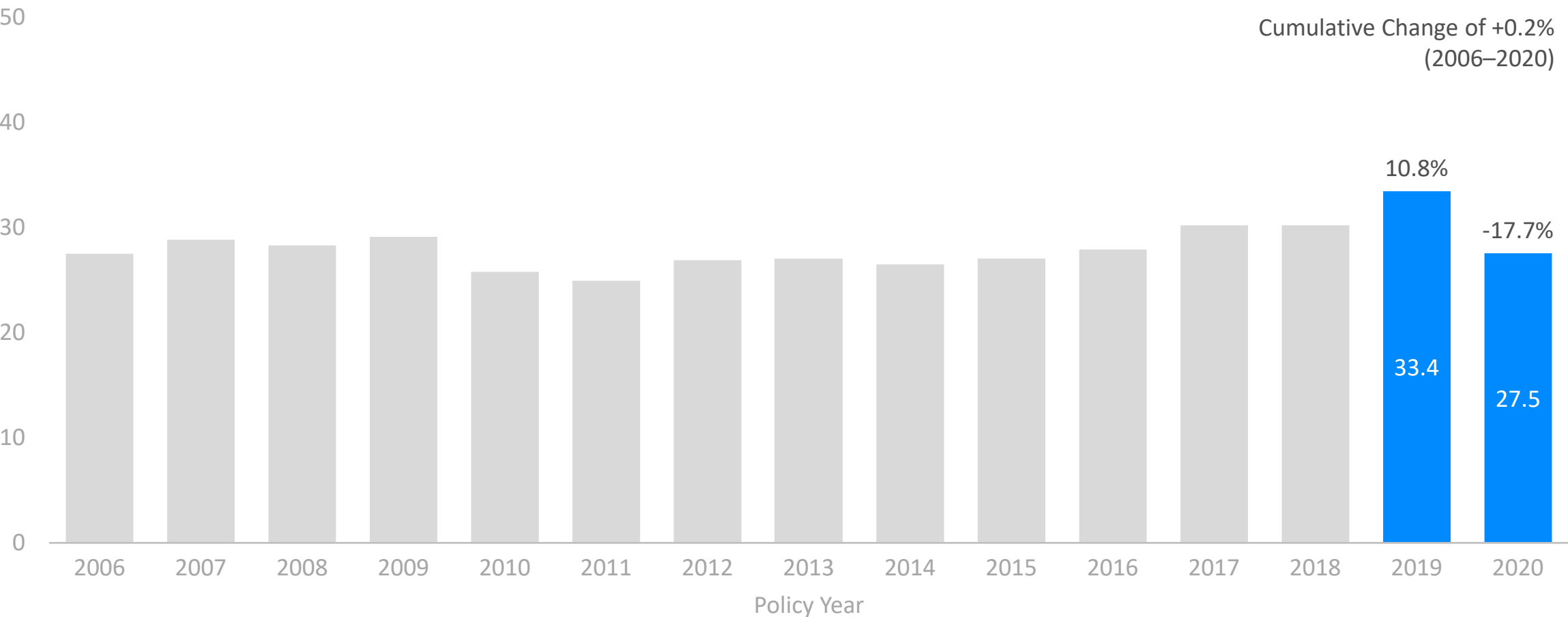
Lost-Time Claim Severity in \$ Thousands



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

Tennessee Average Medical Claim Severity

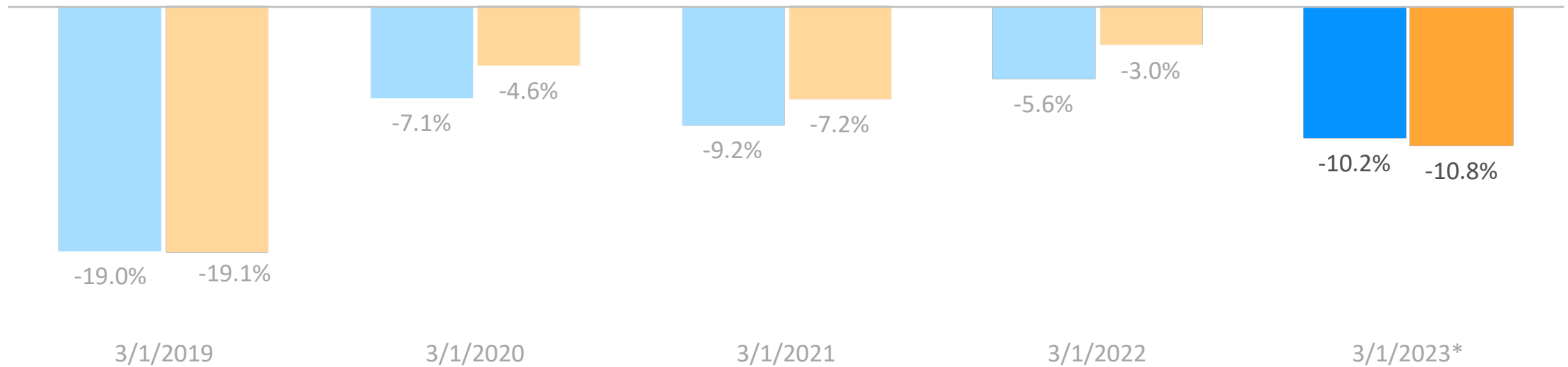
Lost-Time Claim Severity in \$ Thousands



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.

Tennessee Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



*Pending.

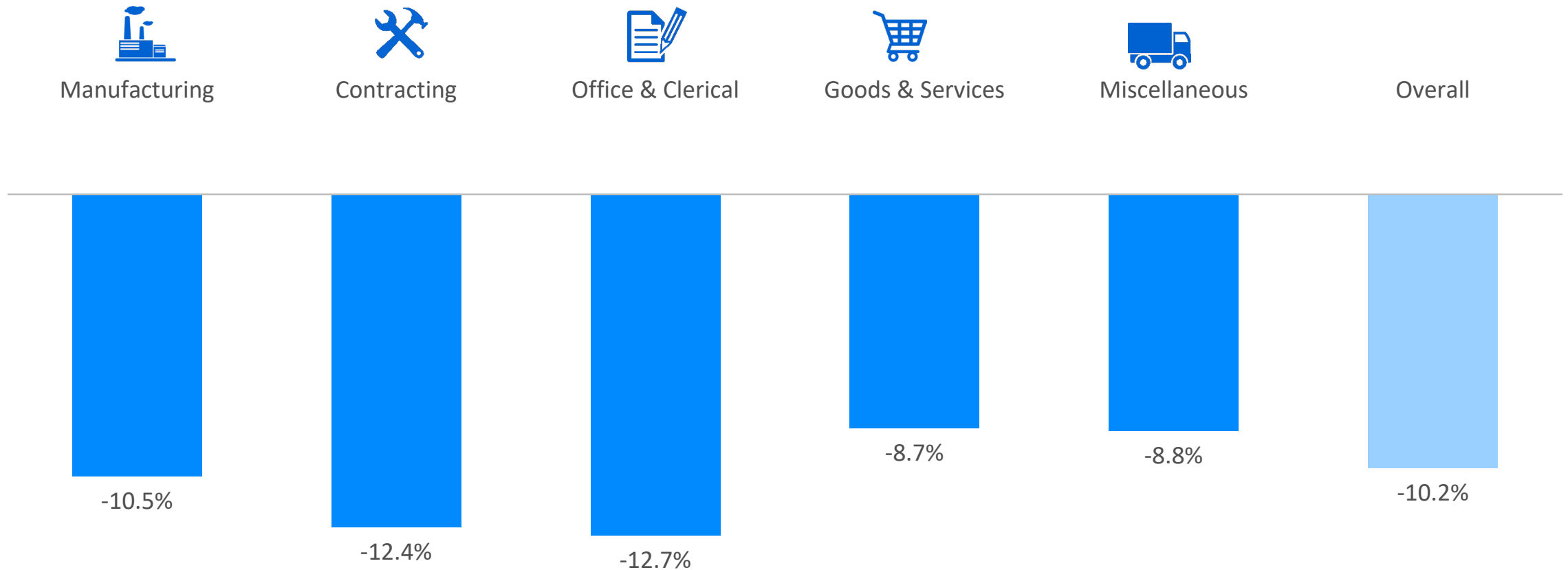
Tennessee March 1, 2023 Loss Cost Filing

Change in Experience:	−7.7%
Change in Trend:	−2.5%
Change in Benefits:	+0.1%
Change in All Other:	−0.3%

Overall Loss Cost Level Change: −10.2%

Tennessee March 1, 2023 Loss Cost Filing

Average Changes by Industry Group



Tennessee Economic Drivers



Manufacturing



Logistics



Agriculture

Source: Moody's Analytics.

Tennessee Economic Assets and Challenges

■ Assets

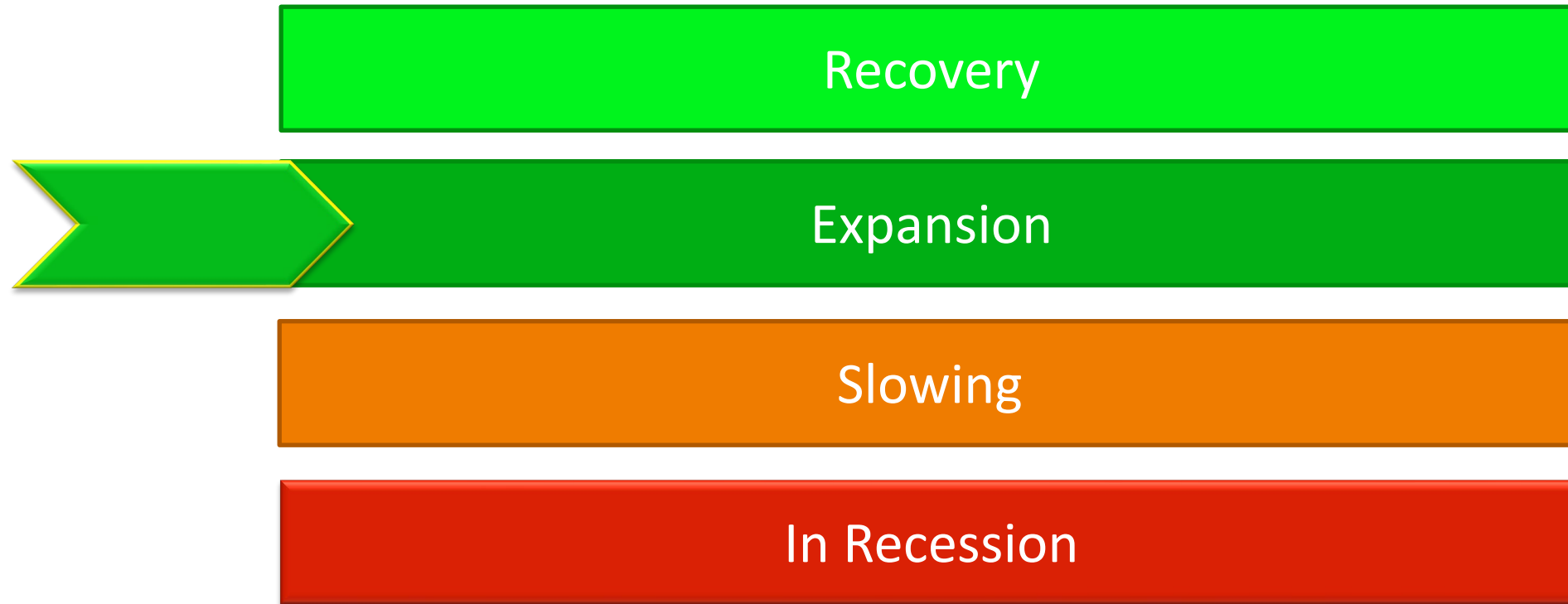
- Attractive state and local taxes
- Rapidly growing population and net migration
- Strengthening auto manufacturing sector
- Transportation connections

■ Challenges

- Limited global trade exposure
- At risk for housing bubble
- Lower per capita income

Source: Moody's Analytics.

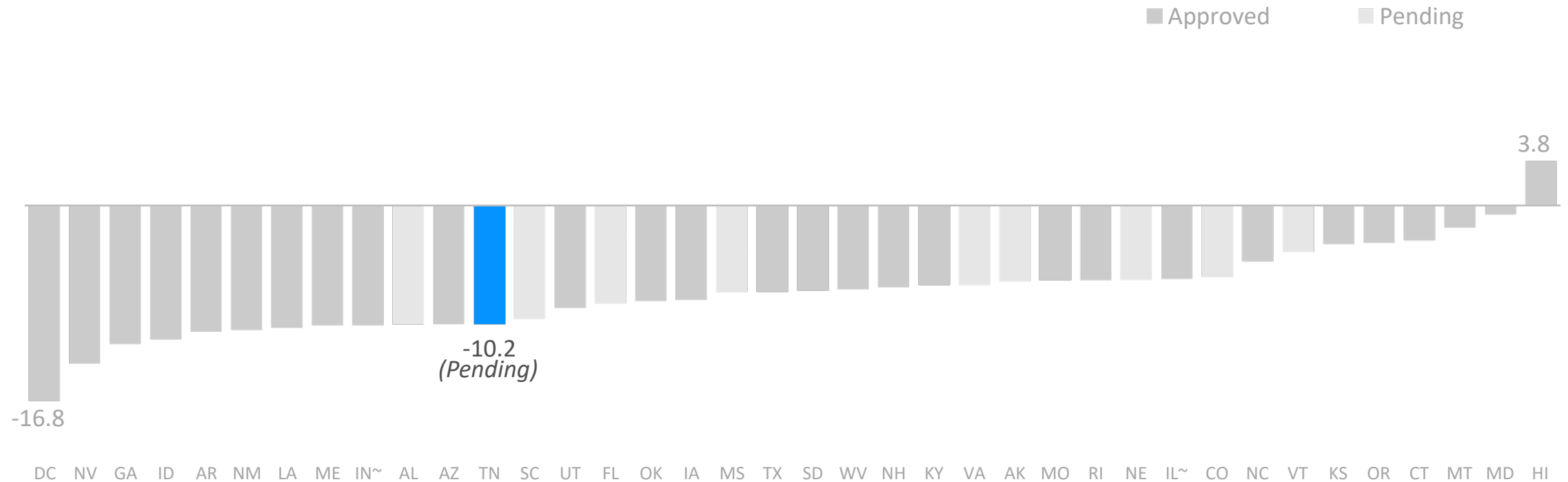
Tennessee Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings



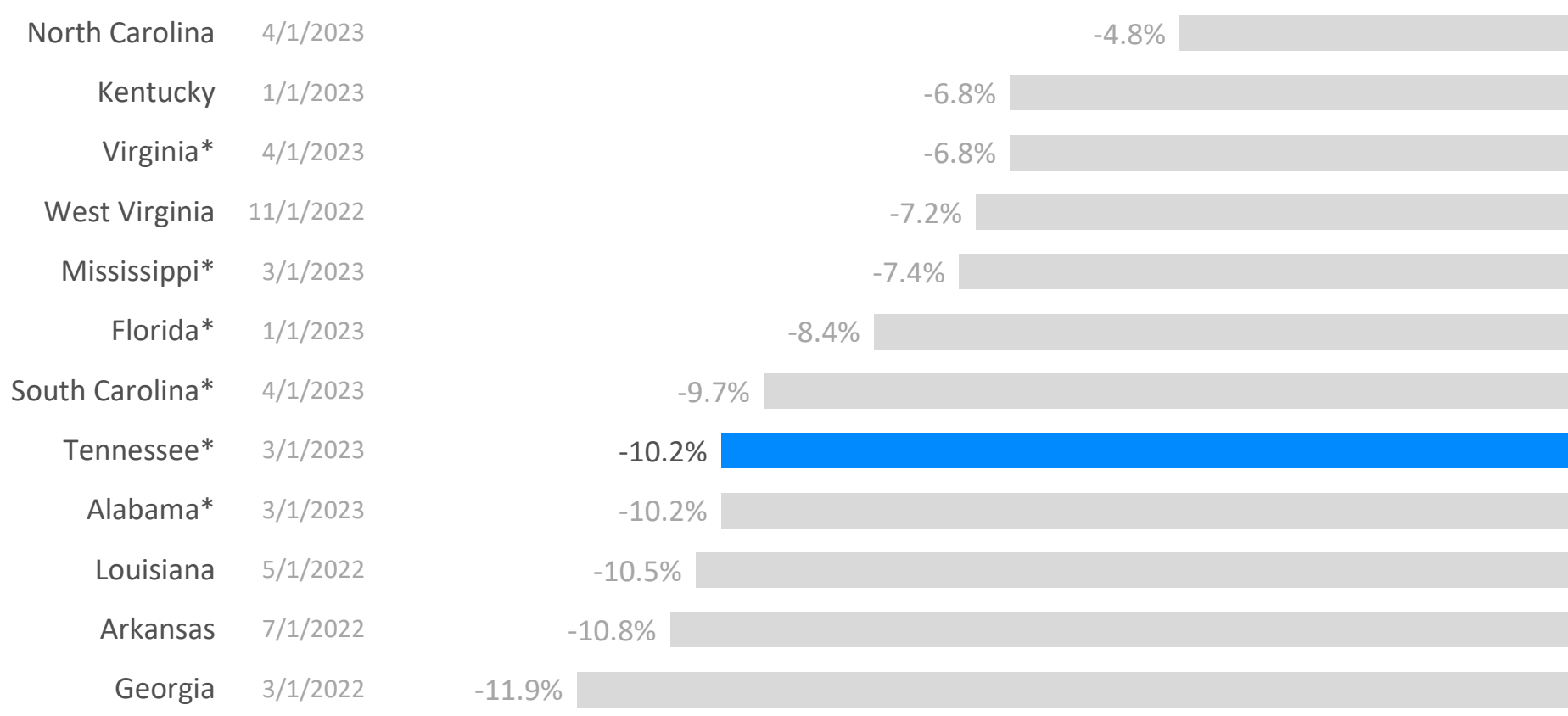
~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.

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

Southeastern States



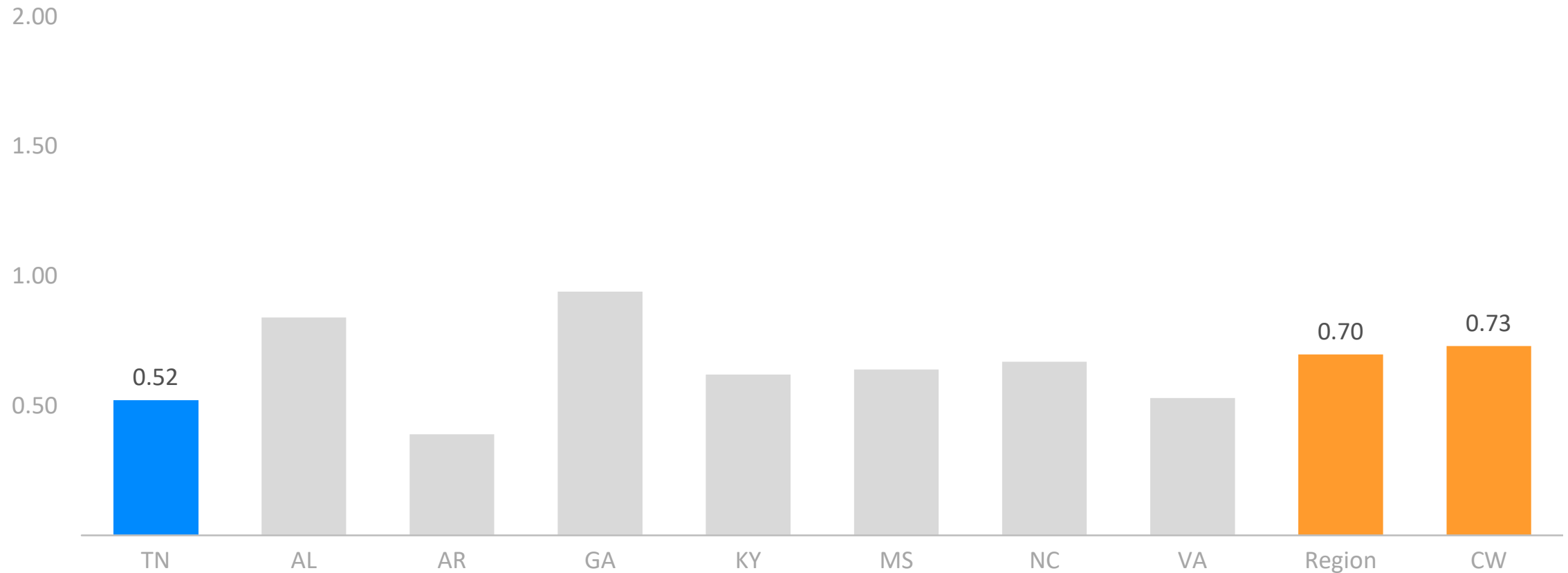
*Pending.

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 Tennessee 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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