

STATE ADVISORY RESOURCES

Texas Workers Compensation System Overview
February 2023

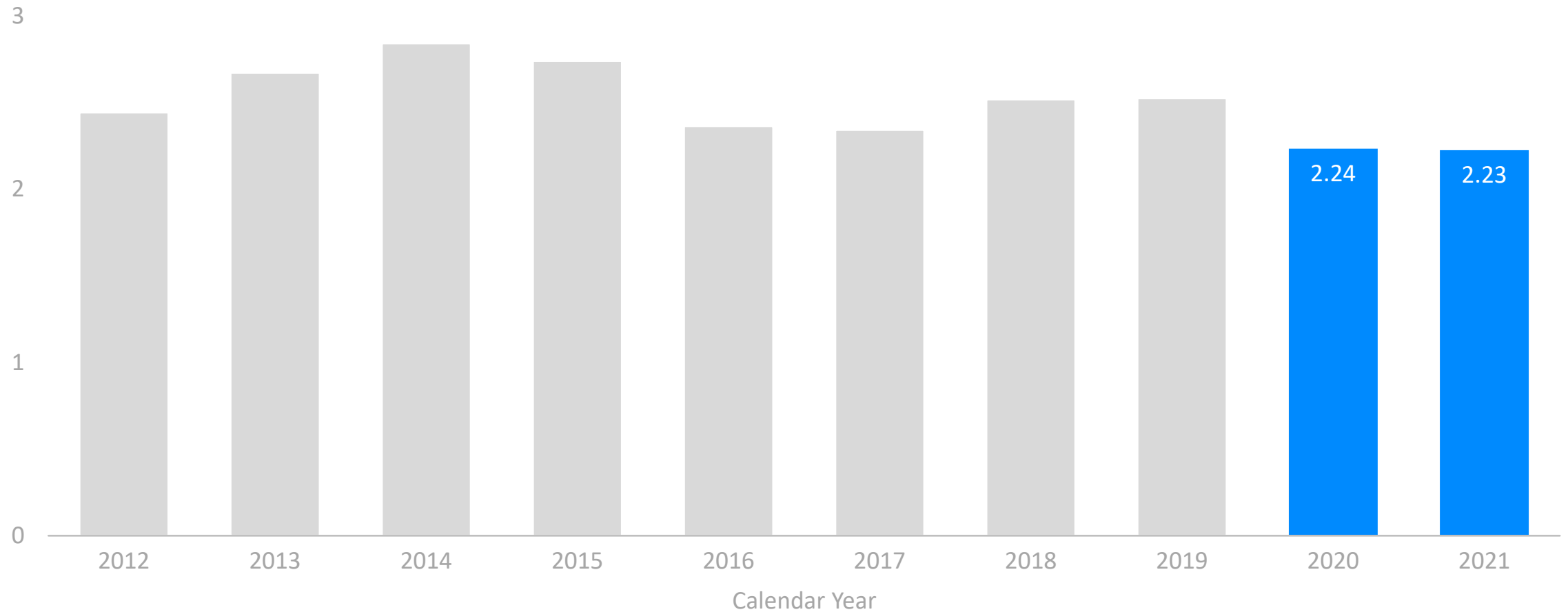


Texas Workers Compensation System—An Overview

- Written premium remains stable in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency increased slightly in the latest year, 2020, after a sizeable decrease in 2019
- Indemnity and medical costs remain stable

Texas Premium Volume

Direct Written Premium in \$ Billions



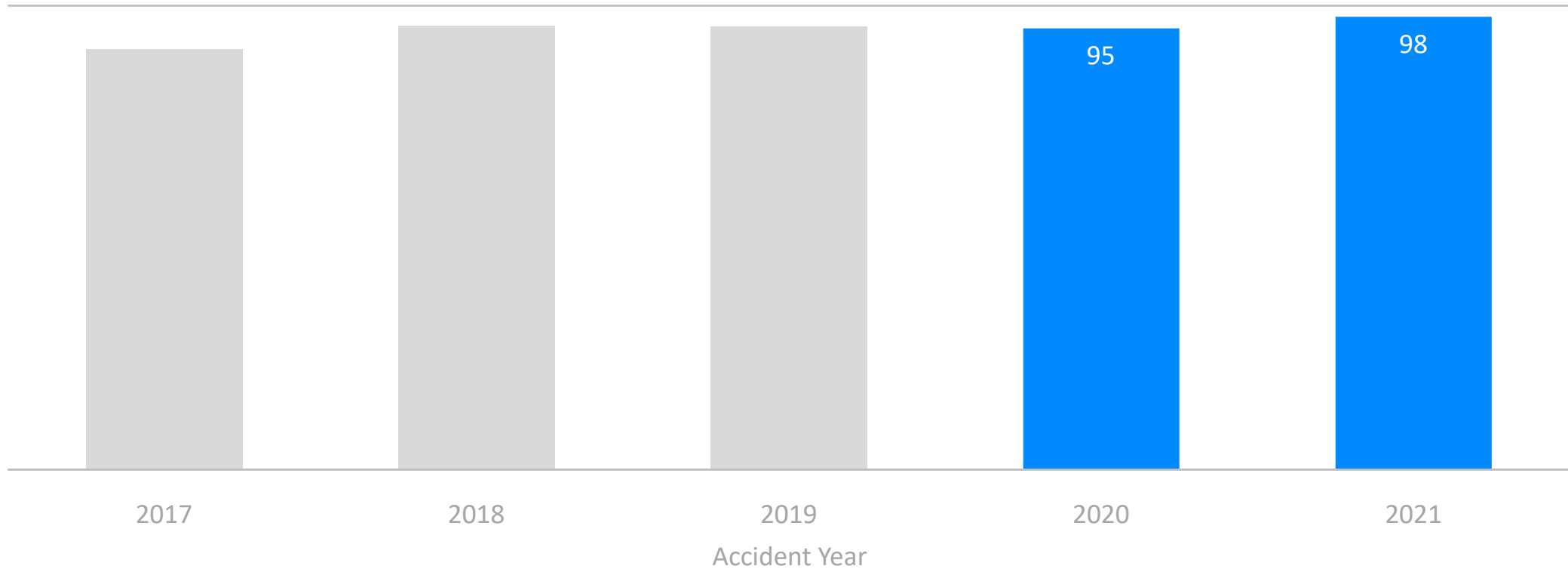
Source: NAIC's Annual Statement data.



Texas Combined Ratios

Percent

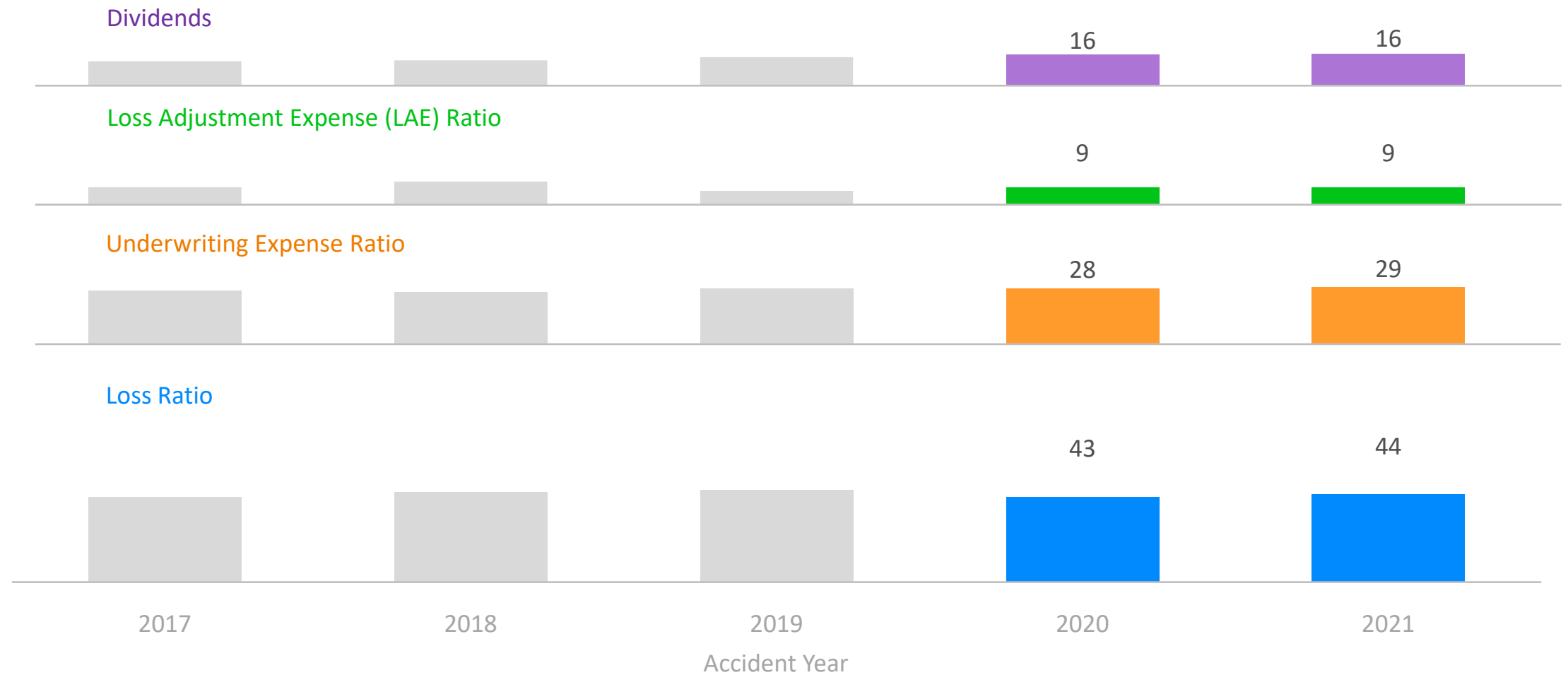
100



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

Texas Combined Ratios by Component

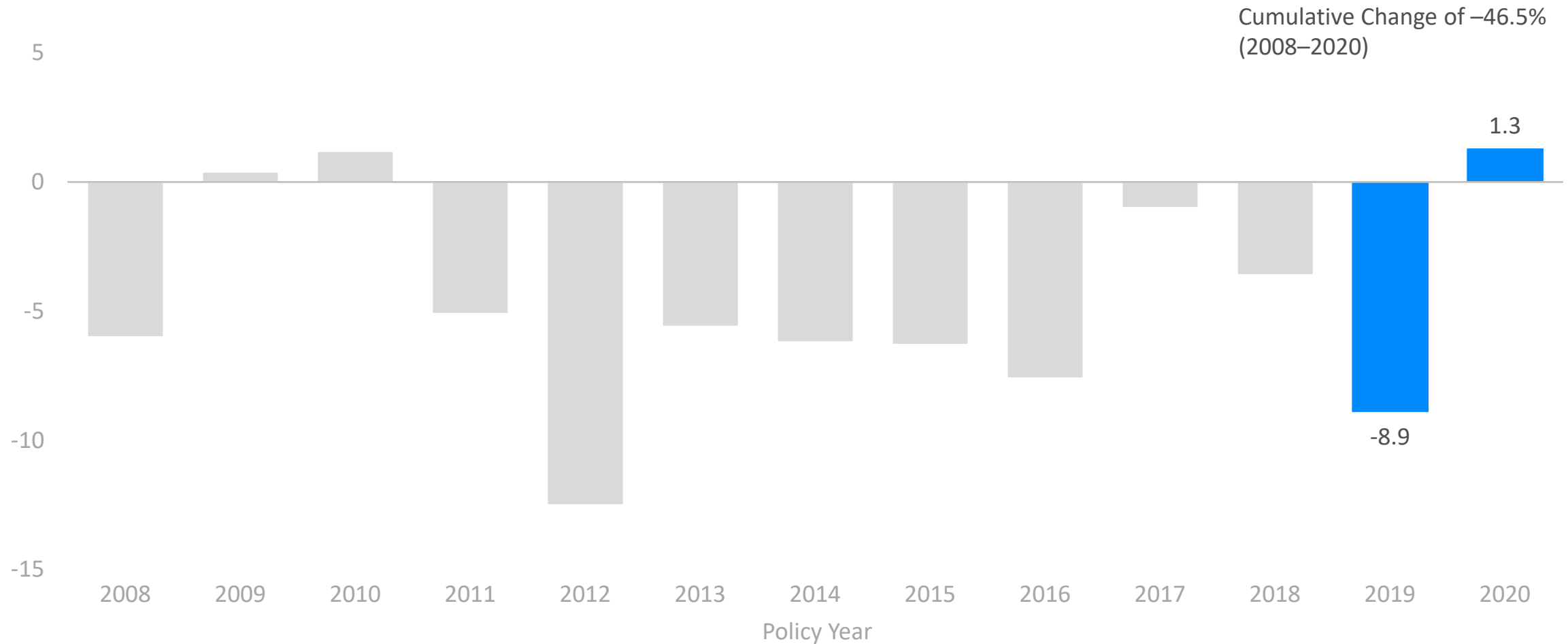
Percent



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

Texas Change in Claim Frequency

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

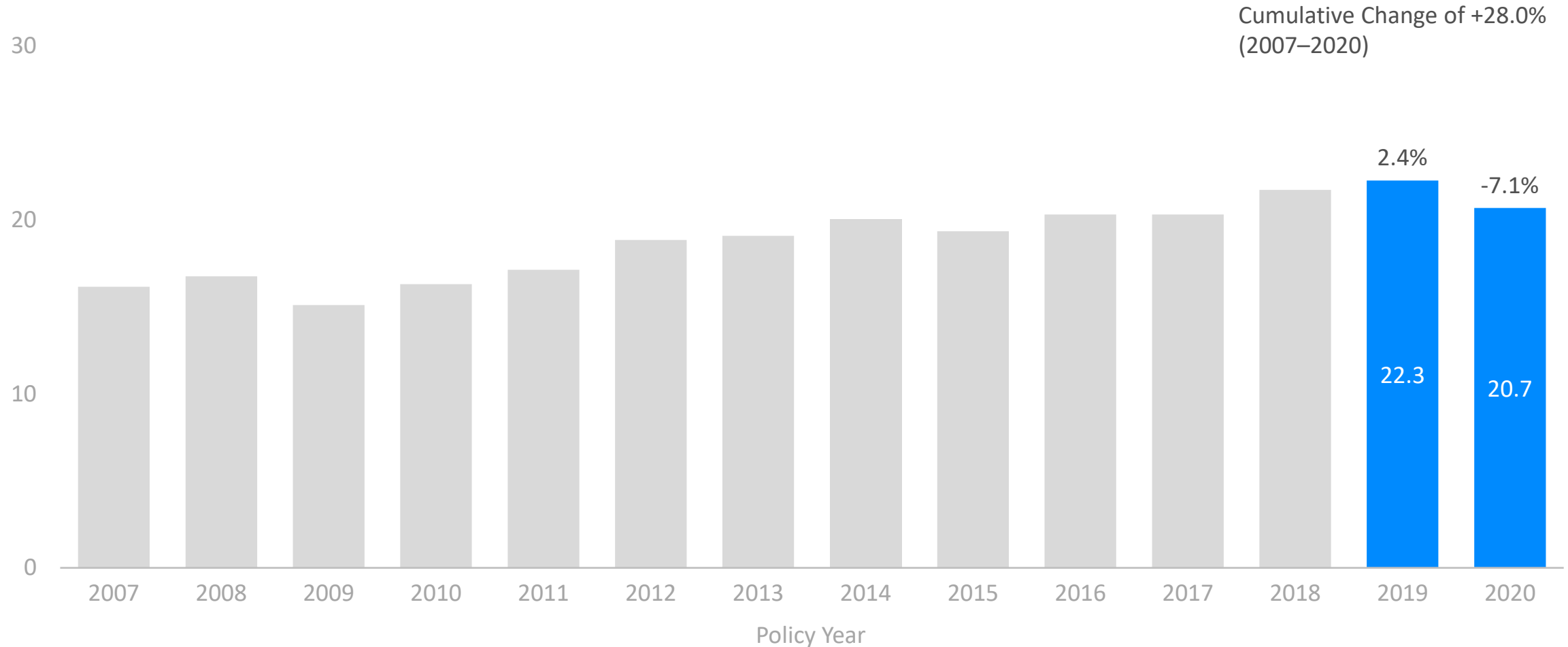


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate, with premium adjusted to common wage level.



Texas Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

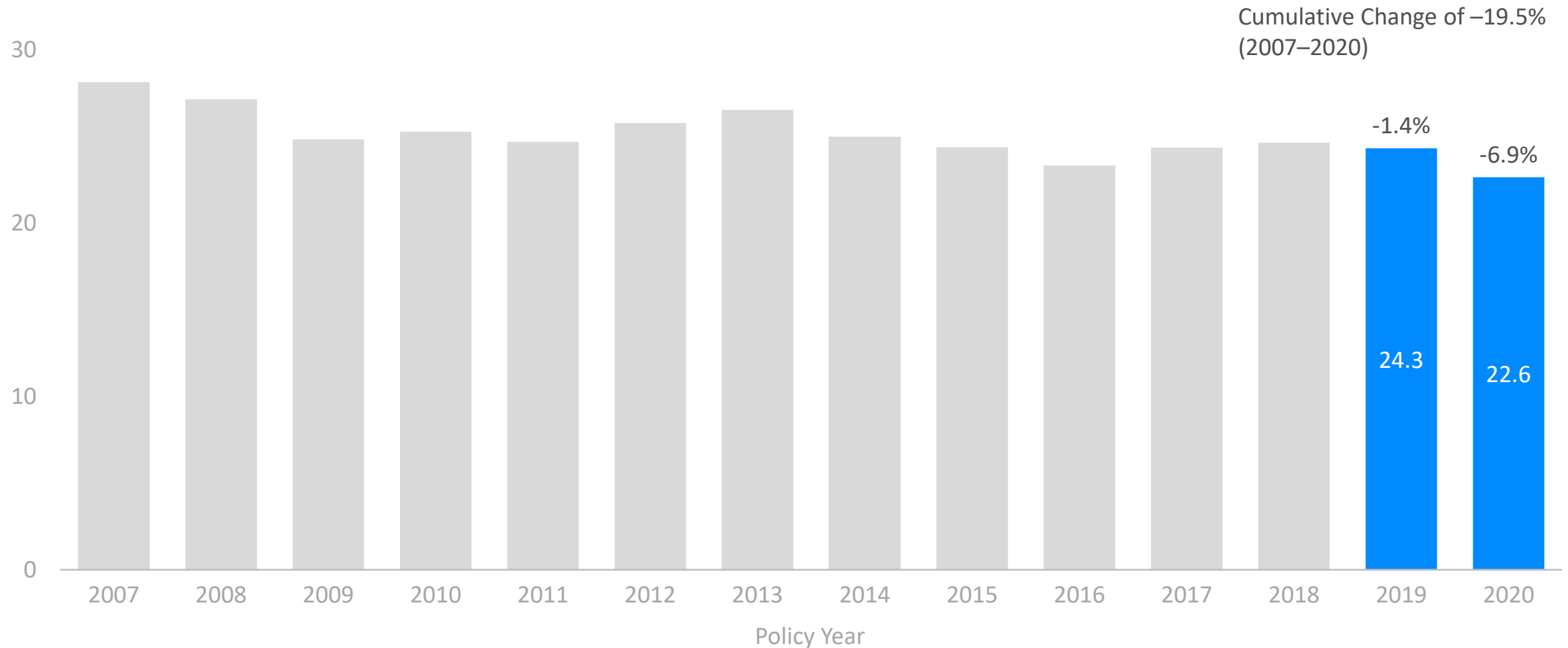


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.



Texas Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

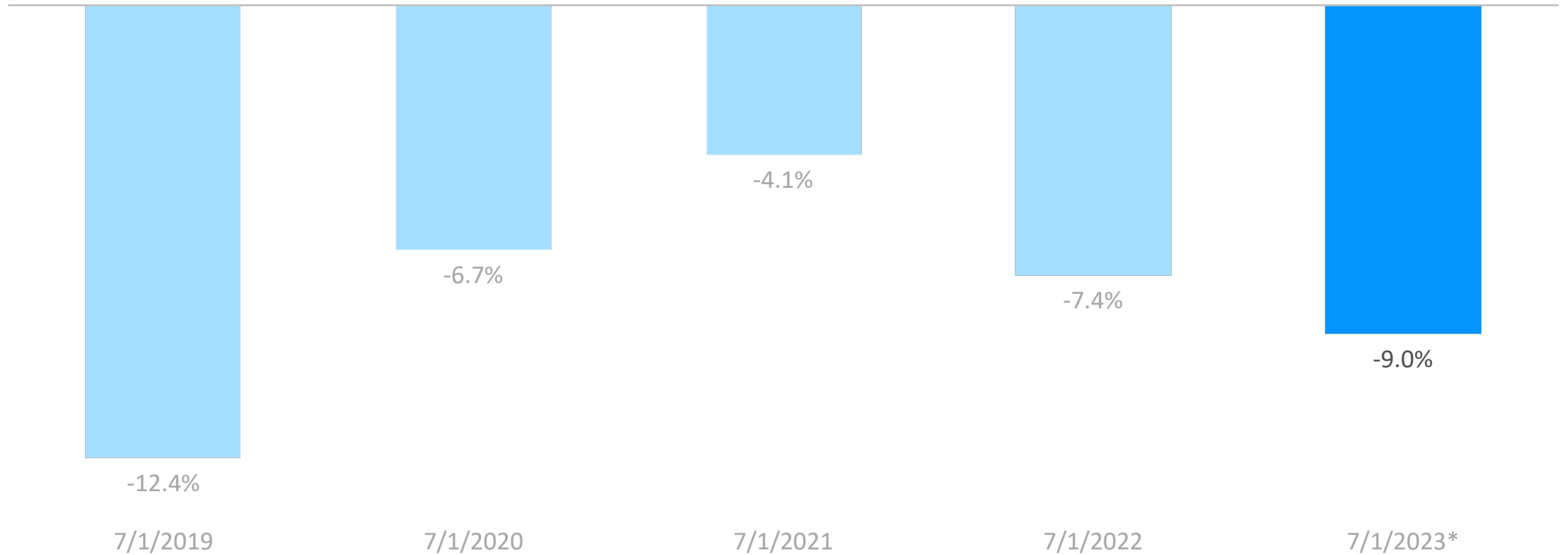


Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.



Texas Filing Activity

Voluntary Loss Cost Changes



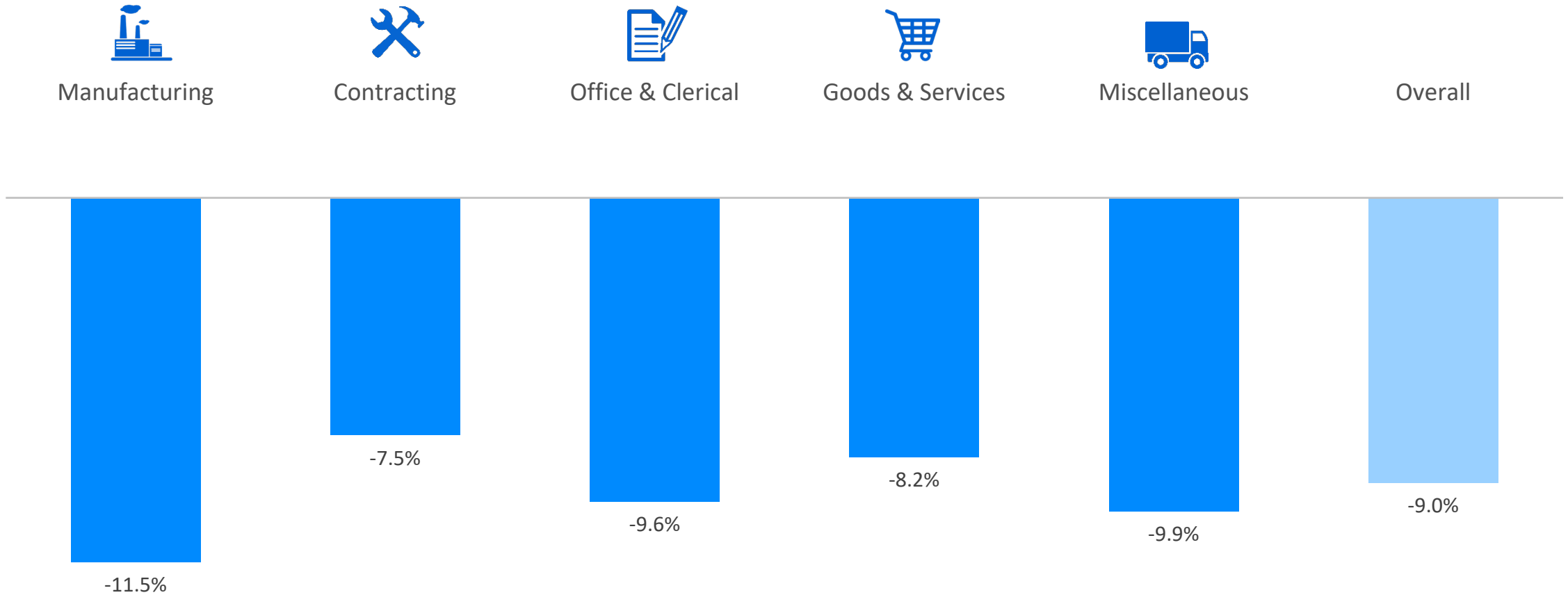
*Pending.

Texas July 1, 2023 Loss Cost Filing

Change in Experience & Trend:	-9.3%
Change in Benefits:	+0.5%
Change in All Other:	-0.2%
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Overall Loss Cost Level Change:	-9.0%

Texas July 1, 2023 Loss Cost Filing

Average Changes by Industry Group



Texas Economic Drivers



Manufacturing



Energy



Logistics

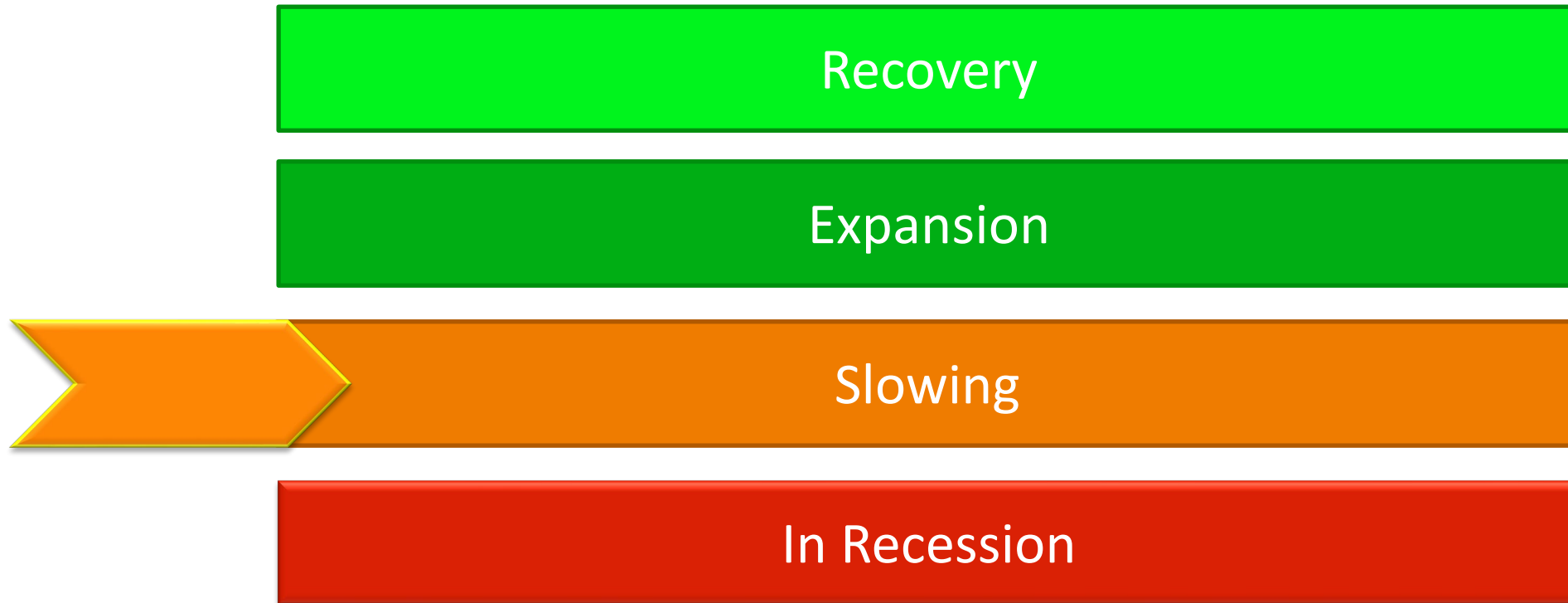
Source: Moody's Analytics.

Texas Economic Assets and Challenges

- Assets
 - Strong job and population growth
 - Centrally located with robust infrastructure
- Challenges
 - Exposure to Mexico's economic problems
 - Energy industry volatility

Source: Moody's Analytics.

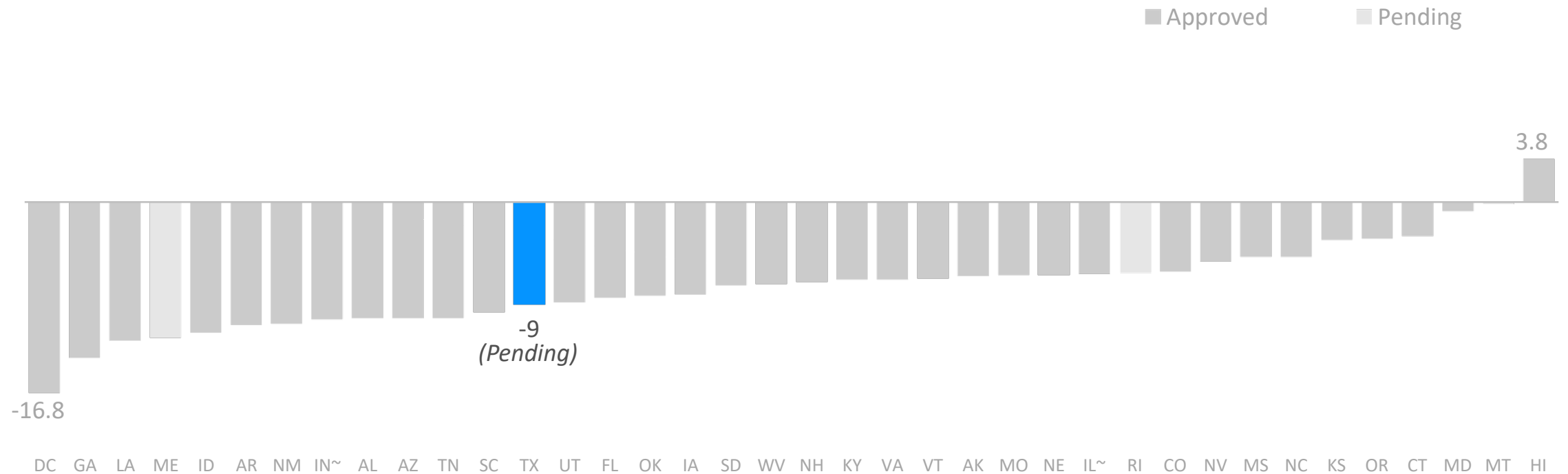
Texas Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings

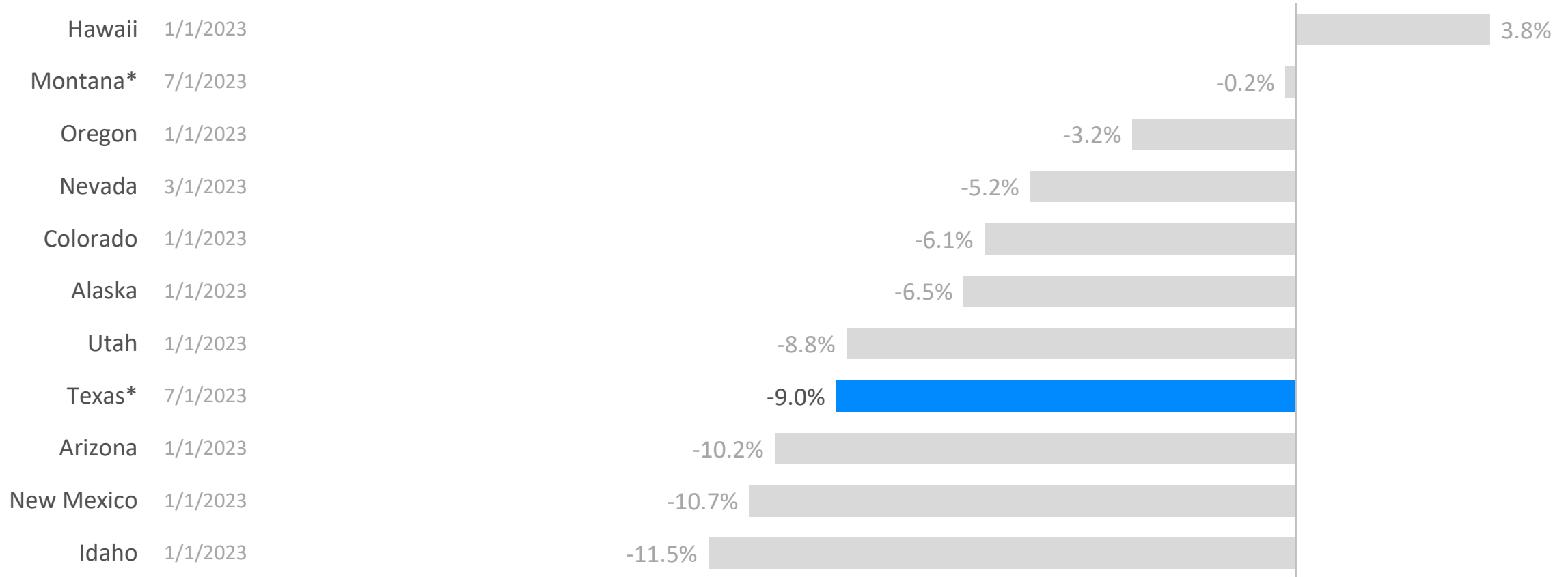


~Value shown is a rate level change; the IL and IN loss cost level changes are -6.2% and -10.3%, respectively.
 Reflects the most recent experience filing in each jurisdiction as of 2/3/2023.
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.



Current Voluntary Market Loss Cost/Rate Changes

Western States



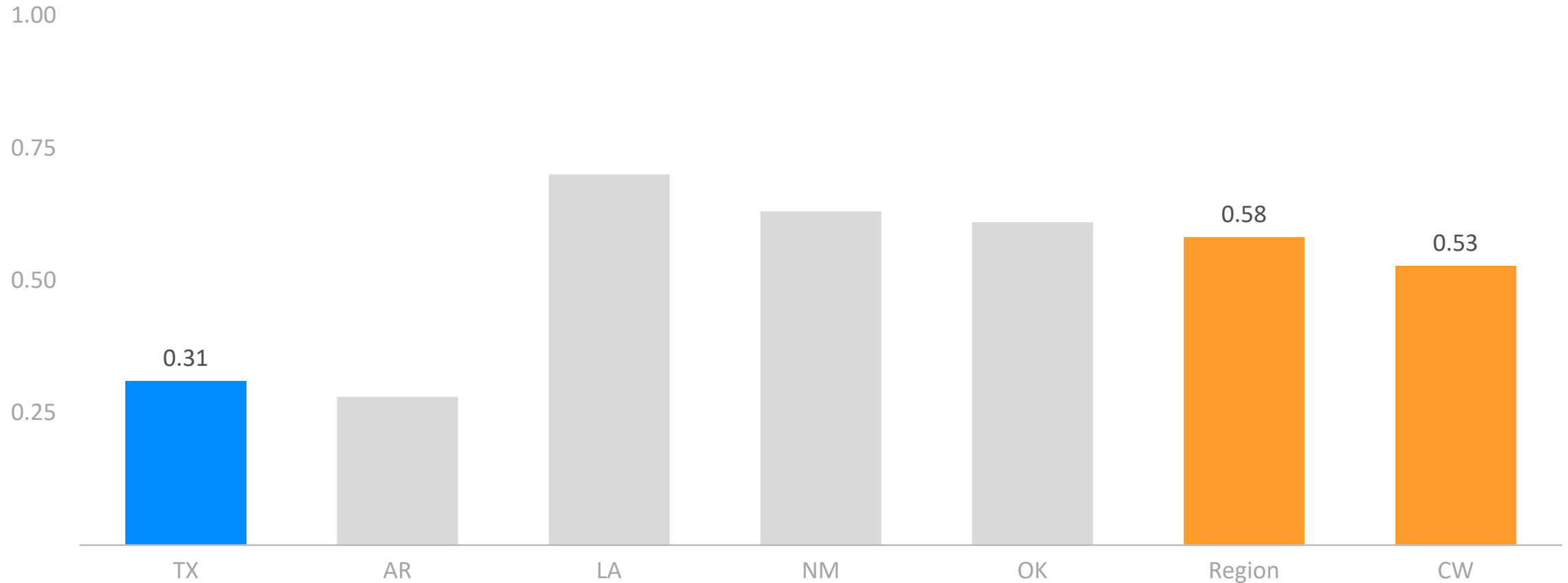
*Pending.

Reflects the most recent experience filing in each jurisdiction as of 2/3/2023.

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 Texas 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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