Summary of the Proposed Utah Workers Compensation Loss Cost Filing Effective February 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] filing, which was submitted to the Utah Insurance Department for its review and approval under separate cover on August 25, 2026.

The filing proposes a –5.6% decrease to the current loss costs for the voluntary market effective February 1, 2027.

Utah Overview

The current proposed filing is based on premium and loss experience for Policy Years 2022, 2023, and 2024, evaluated as of year-end 2025. The proposed loss cost decrease is primarily driven by improved experience relative to the experience underlying the February 1, 2026 filing. NCCI continues to rely on a three-year experience period to balance stability and responsiveness, with each year's loss experience emerging similarly to one another.

For several previous loss cost filings, the loss projections in Utah had utilized only paid loss data. However, following a period of volatility, the paid plus case loss experience (paid losses plus outstanding case reserves) has been utilized and has demonstrated stability in recent periods providing reliable loss projections to support its inclusion in the loss base. In last year's filing, 25% weight was given to paid plus case losses as they were introduced into the experience. In this year's filing, an equal weighting of 50% is proposed for both paid and paid plus case losses.

Utah's lost-time claim frequency decreased in the latest policy year, continuing its long-term decline. However, the rate of decline has moderated in recent years. Average indemnity claim costs have remained flat and continue to track with wage growth. Therefore, considering changes in claim frequency, NCCI is proposing to increase the indemnity trend factor. Conversely, average medical claim costs continue to decrease, offsetting moderate changes in claim frequency. Consequently, no change is proposed to the medical trend factor. Overall, the trends in claim frequency and severity indicate decreasing workers compensation costs in Utah.

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.

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[1] NCCI is a licensed rate service organization authorized to make recommended loss cost filings on behalf of workers compensation insurance companies in Utah. 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 rate service 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.

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%. A significant portion of payroll growth appears to have come from higher wages, which were up an average of 4.3% in 2025. Employment growth was largely driven by the health care sector.

Claim frequency and severity reflect both the incidence of workplace injuries and the cost of those injuries when they occur. 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 pay levels. This decline is more moderate than the long-term average and the experience in recent years.

Lost-time medical claim severity in 2025 grew by 4%. 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 also estimated to be 4% higher than in 2024 because indemnity benefits largely reflect wage growth.

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.