

Summary of the Proposed West Virginia 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 cost² and assigned risk rate³ filing, which was submitted to the West Virginia Office of the Insurance Commissioner for its review and approval under separate cover on July 23, 2026.

The filing proposes a –1.6% decrease to the current loss costs for the voluntary market and a –0.5% decrease to the assigned risk market rates, effective January 1, 2027.

West Virginia Overview

The current filing is based on premium and loss experience as of year-end 2025 from Policy Years 2021, 2022, 2023, and 2024 and shows improved experience relative to the data underlying the prior filing. To improve stability in the experience underlying this filing, NCCI has extended the experience period from three policy years to four policy years. Policy Year 2024 had an unusually high loss ratio compared to other years. Using more years of data allows us to reflect the change in experience without placing too much weight on a single year's data.

The trends proposed in the filing reflect an increase in the indemnity loss ratio. The experience in Policy Year 2024 shows a significant increase in the indemnity loss ratio, relative to prior years, driven primarily by an increase in the amount of losses and increase in the cost of claims. While year-to-year volatility has been observed over the ten-year history, the Policy 2024 change in reported experience could be an outlier. The trends proposed in the filing reflect the continued decline in frequency and an increase in the indemnity severity. Despite the increase in indemnity loss ratio trend, the selection remains negative, meaning that it is anticipated for wages to increase faster than indemnity benefits going forward.

The proposed loss cost level change also includes an update to the loss-based expense component.

Assigned risk rates reflect updated assigned risk expenses, which exhibit upward pressure on the assigned risk rate level change, resulting in a less negative change than the voluntary indication.

Countrywide Overview for NCCI States

¹NCCI is a licensed advisory organization authorized to make recommended loss cost/rate/ and assigned risk rate filings on behalf of workers compensation insurance companies in West Virginia. 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 advisory 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 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%. 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 healthcare 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.