Summary of the Proposed West Virginia Workers Compensation Loss Cost and Assigned Risk Rate Filing Effective January 1, 2026

The National Council on Compensation Insurance (NCCI)[1] is pleased to provide this summary of the accompanying proposed workers compensation insurance loss cost[2] and assigned risk rate[3] filing that was filed under separate cover on July 29, 2025, with the West Virginia Office of the Insurance Commissioner for its review and approval.

The filing proposes a –13.5% decrease to the current loss costs for the voluntary market and a –13.9% decrease to the assigned risk market rates, effective January 1, 2026.

West Virginia Overview

The current filing is based on premium and loss experience as of year-end 2024 from Policy Years 2021, 2022, and 2023 and shows improved experience relative to the data underlying the prior filing. The three-policy year approach has been used for many years in West Virginia to provide a balance between stability and responsiveness and best reflects the conditions likely to prevail in the proposed effective period. Continued anticipated frequency decline is the main driver of the trends proposed in the filing, which includes a decrease to the indemnity loss ratio selection. The proposed loss cost level change also includes an update to the loss-based expense component.

Assigned risk rates reflect updated assigned risk expenses and an increase to the profit and contingency provision, which results in downward pressure on the assigned risk rate level change.

Multistate Overview

The Calendar Year 2024 combined ratio for workers compensation was under 100% (the break-even point) at 86%, a measure of underwriting profitability for the overall system. The net written premium in the voluntary market decreased slightly and the residual market premium in states serviced by NCCI remained approximately the same as last year.

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[1] NCCI is a rating organization authorized to make recommended loss cost and assigned risk rate filings on behalf of workers compensation insurance companies in West Virginia. NCCI's filings are objectively prepared, utilizing 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 number of claims occurring, as measured by frequency, and the cost of claims, as measured by severity, continue to be key metrics for the health of the WC system. The frequency of WC lost-time claims continues its long-term decline across all NCCI states. In fact, claim frequency declined at a faster pace in 2024 than the long-term average rate of decline, an indication of safer workplaces and fewer injured workers.

Claim Severity increased for both the medical and wage replacement components in 2024. Medical cost increases were driven in part by some inflationary pressures. However, the primary driver of the increase in medical costs was a greater amount of utilization of medical services by injured workers. Physician services account for over 40% of all WC medical services, although the cost of these services only increased by 1.5% over the past three years. The increase in indemnity benefits is primarily driven by an increase in wages.

Decimal Extension of Loss Costs, Rates, and Expected Loss Rates

In this year's filing, NCCI proposes the application of an additional digit to its published rating values from two to three decimal places known as "decimal extension." This change allows for more precise adjustments to loss costs, rates, and Expected Loss Rates (ELRs). It will be particularly beneficial for classification codes with lower loss costs or rates as it will minimize rounding limitations that are currently more likely to impact these class codes. Currently, the smallest change in one of these values has to be at least 0.01, but after decimal extension, changes can be as small as 0.001. The methodology for determining the filed loss costs, rates, and ELRs is unchanged. The proposed decimal extension is premium-neutral on both a statewide and industry group basis.

For more information on decimal extension, visit https://www.ncci.com/Articles/Pages/II_Decimal-Extension-Loss-Costs-Rates-Expected-Loss-Rates.aspx.

Conclusion

The workers compensation system remains healthy. For the last decade, the system has broadly benefited from a steady drop in claim frequency, rising wages, and moderate severity. The changing workforce and evolving economy also continue to impact workers compensation. Overall payroll growth persists, driven by an increase in employment and wage rates year over year. Preliminary data indicates a decrease in workers compensation net written premium in 2024, notwithstanding the growth in payroll. The combination of frequency declines and moderate benefit costs have contributed to reductions in overall WC system costs.