

Ohio's Workers' Compensation System

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Workers' Compensation Environment in Ohio

- Monopolistic single provider (Ohio BWC)
 - State insurance fund covers 240,000 employers:
 - Private employers;
 - Local taxing districts;
 - State agencies.
 - Not subject to National Association of Insurance Commissioners or insurance department regulations
- Self insurance is option for many employers

Major Differences from Other Settings

- All loss reserves are carried at discounted value using 4% discount rate
- Neither operating or investment income is taxed
- No agency force
- No premium tax
- Cost of living adjustment of PTD claims in a separate fund and not pre-funded (pay-as-you-go funding)

Major Differences from Other Settings

- Case reserves set for current award (not total life of claims)
- Case reserves set by computer application not claims examiners
- Separate funds for:
 - Operating costs (pay-as-you-go funding);
 - Optional black lung coverage;
 - Optional Marine (USLHW) coverage;
 - Self-insured employer guaranty fund.

Levels of Workers' Compensation Reserve

- Employer Type
 - Private employers
 - Local taxing districts
 - State agencies
 - Defaulted self insured employers
- Benefit Type
 - Medical
 - Indemnity

Levels of Workers' Compensation Reserve

- Within medical benefit type
 - Medical Only
 - Medical with lost time
 - Hospitals
 - Pharmacy
 - Physicians
 - Rehabilitation
 - Chiropractors
 - Other Health Related

Levels of Workers' Compensation Reserve

- Within indemnity benefit type
 - Permanent total disability
 - Temporary total disability
 - Permanent partial disability
 - Survivor benefits (death claims)
 - Lump sum settlements
 - Living maintenance
 - Additional awards

Ohio BWC's Reserve Analysis

- Performed by consulting firm quarterly
- Reviewed by staff
- Only total discounted reserves carried on financial statements
 - No individual case reserve total or IBNR total
- Reviewed annually by external auditors and their actuaries

Average Remaining Costs Medical Claims

Months from the beginning of accident year

	12	24	36	48	60	72	84	96
Countrywide	68.4%	40.8%	32.2%	27.7%	24.8%	22.7%	20.9%	19.5%
Maximum	89.9%	74.8%	63.5%	54.5%	49.9%	47.1%	45.2%	43.0%
Minimum	51.1%	15.1%	8.2%	5.7%	1.5%	3.9%	3.5%	3.1%
Ohio	80.2%	67.9%	59.5%	53.6%	49.3%	45.4%	41.4%	39.2%

All data except Ohio was gathered from the 2016 NCCI Statistical Bulletin.
The percentages were derived from the 2002 to 2013 Paid Loss Development Factors.
Ohio's data is based on Oliver Wyman's 12/31/16 reserve analysis.

Average Remaining Costs Indemnity Claims

Months from the beginning of accident year

	12	24	36	48	60	72	84	96
Countrywide	86.5%	60.3%	40.8%	28.4%	20.8%	15.9%	12.7%	10.5%
Maximum	94.4%	82.7%	68.6%	57.5%	48.2%	40.8%	35.0%	30.2%
Minimum	72.1%	39.2%	23.8%	13.9%	8.3%	5.1%	3.7%	2.7%
Ohio	95.0%	88.2%	81.3%	75.5%	70.1%	63.7%	57.4%	53.3%

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Average Remaining Costs Medical and Indemnity Combined

	Months from the beginning of accident year							
	12	24	36	48	60	72	84	96
Countrywide	76.0%	48.8%	35.3%	27.4%	22.4%	19.0%	16.6%	14.8%
Maximum	90.9%	76.3%	63.4%	53.6%	45.8%	39.5%	35.1%	32.5%
Minimum	57.7%	22.5%	13.0%	8.7%	6.3%	4.8%	3.8%	3.2%
Ohio	88.8%	79.7%	72.2%	66.4%	61.4%	55.9%	50.4%	47.0%

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Questions?