

California Workers Compensation - What's Now? What's Next?

WCIRB's Perspective of the System in 2018 & Beyond

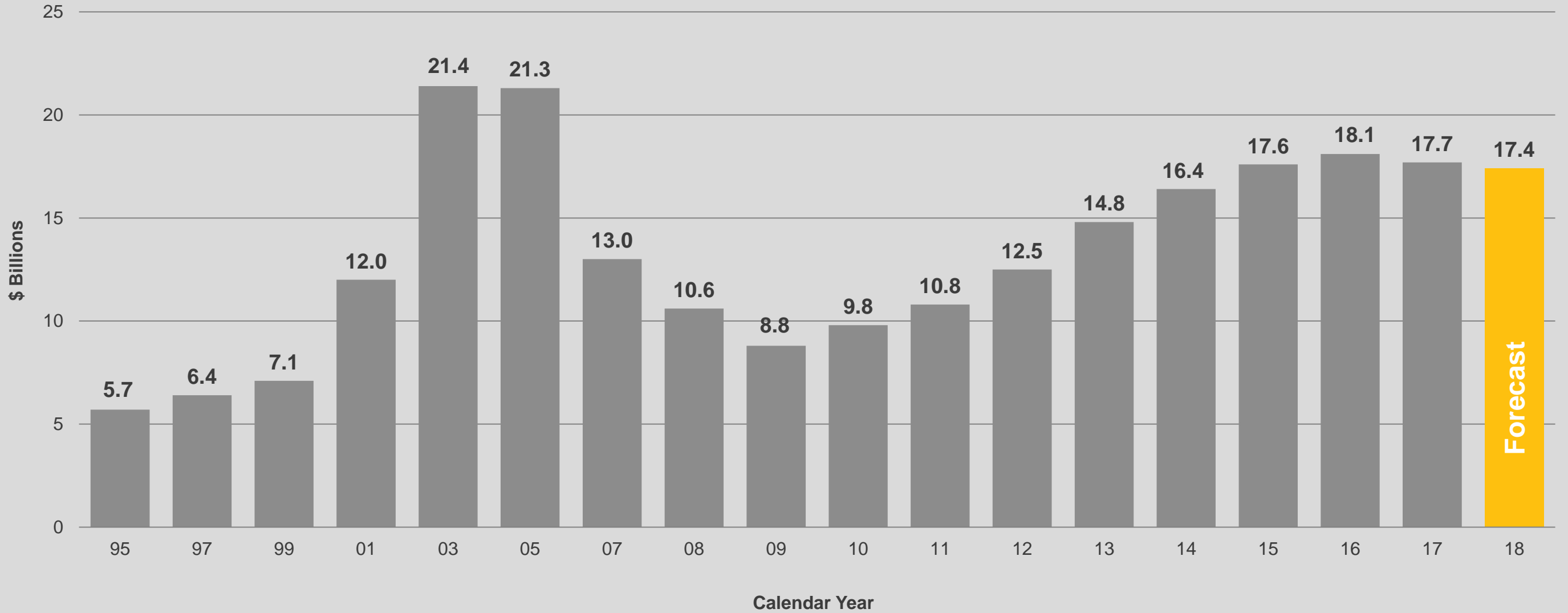
CAS 2018 CLRS
September 5-7, 2018
Anaheim, California

Dave Bellusci, FCAS, MAAA
EVP & Chief Actuary
WCIRB of California

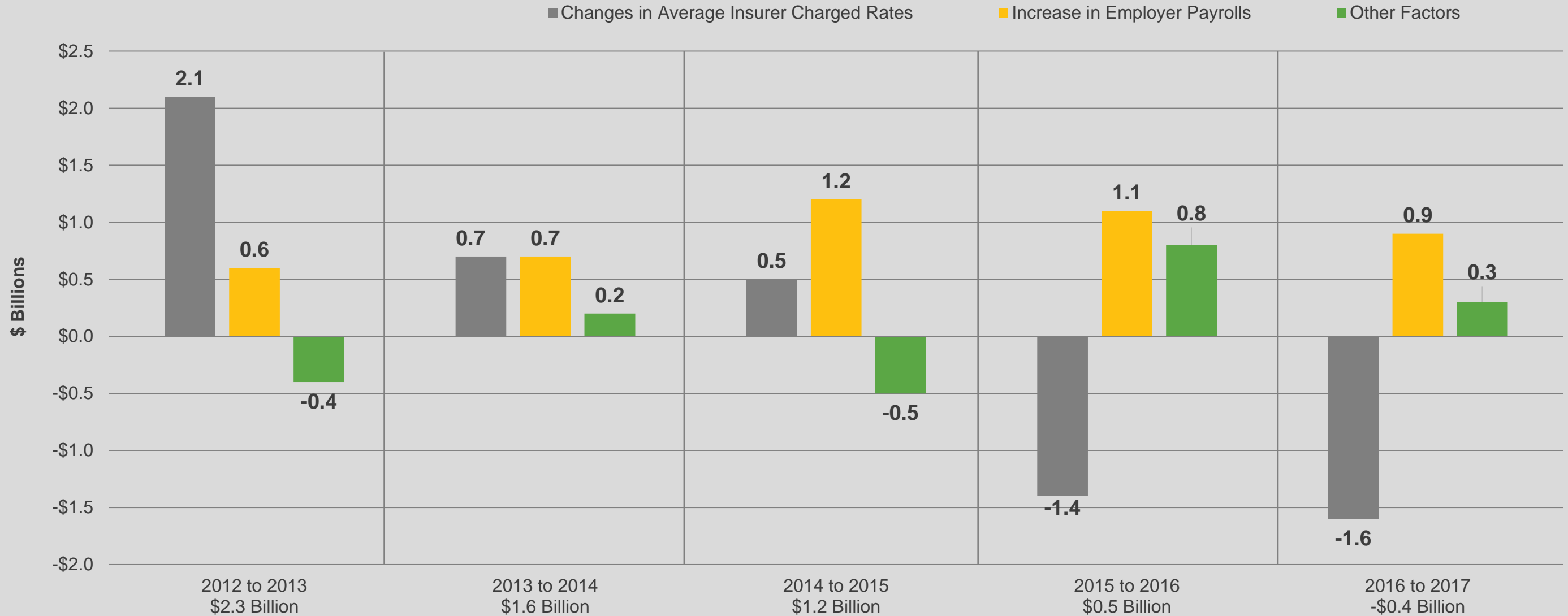
Overview

1. Employer Costs
2. Cost Distributions
3. Claim Frequency
4. Claim Severity
5. Claims Duration
6. Recent Reforms
7. Industry Results

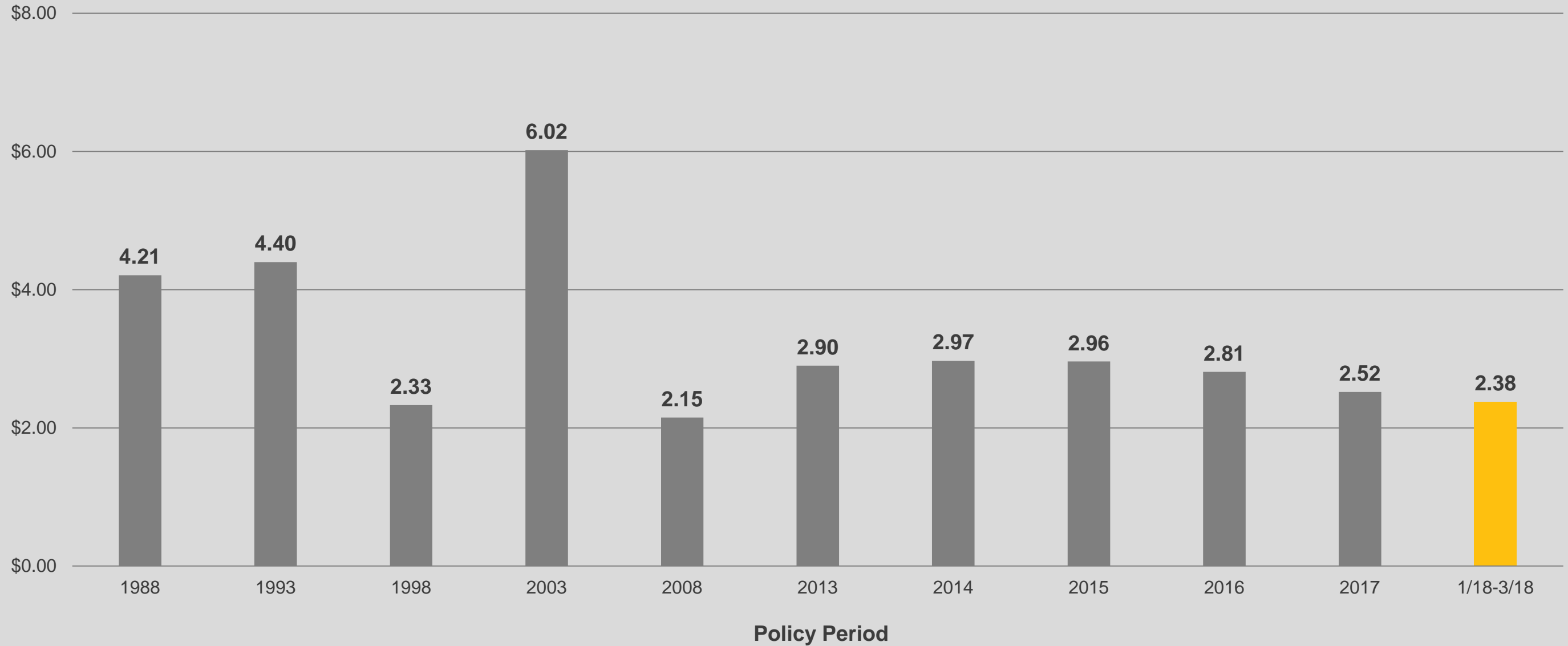
Reported Written Premium



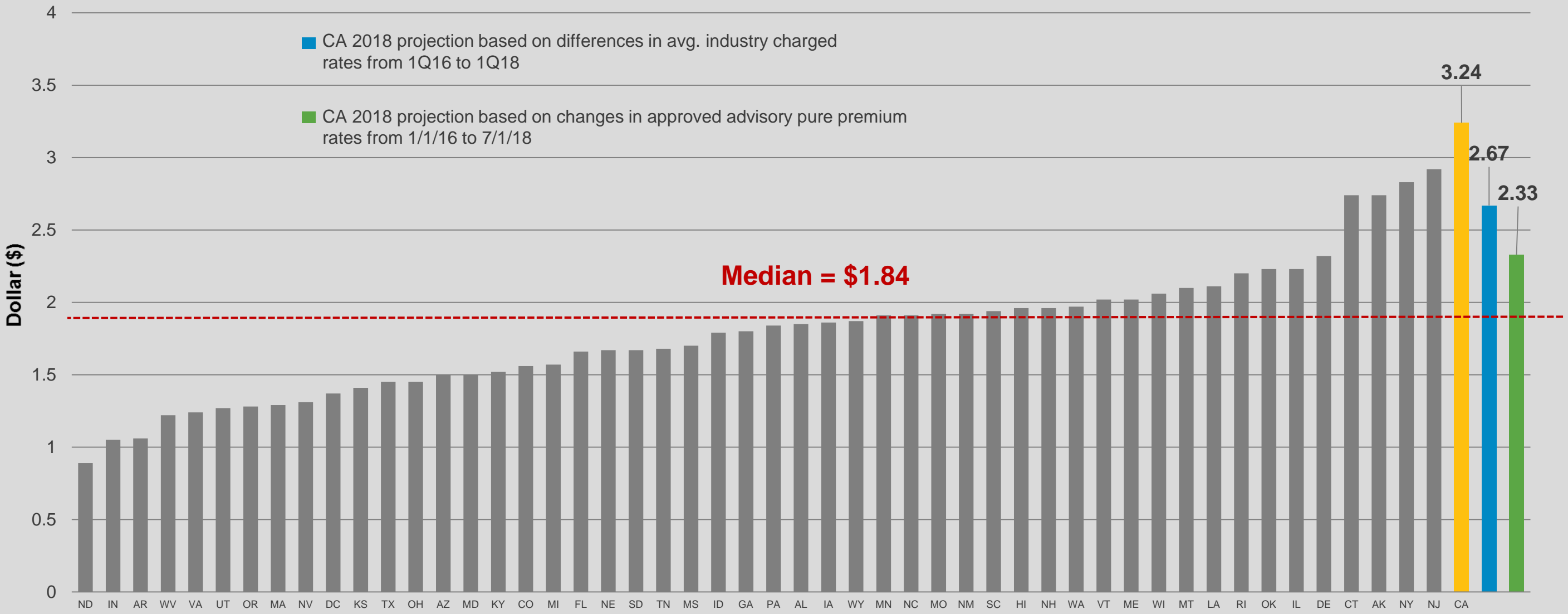
Drivers of Written Premium Changes



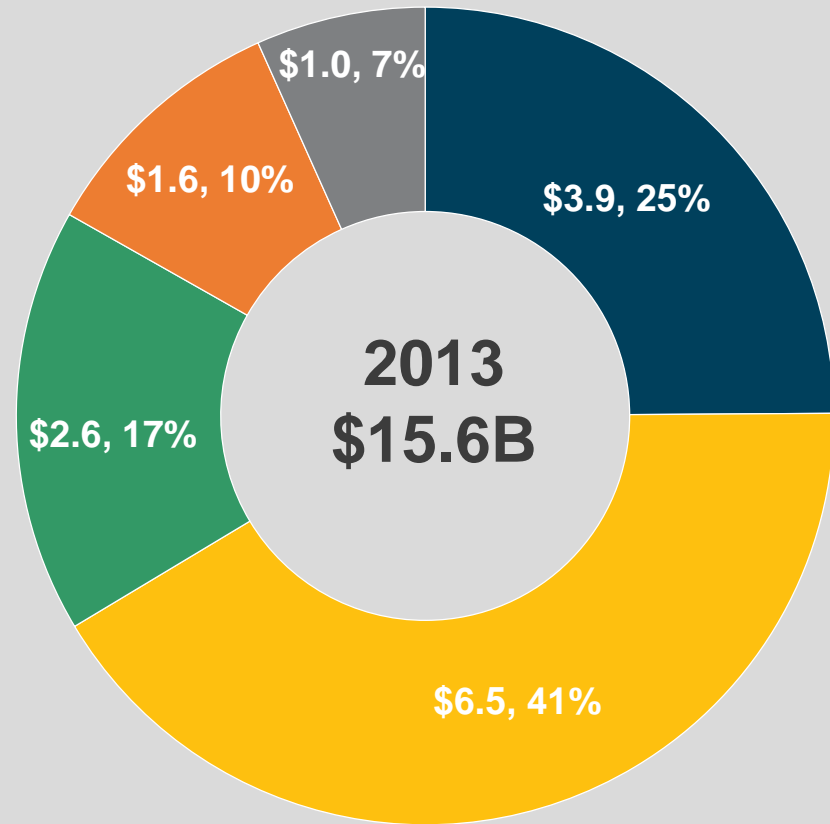
Average Charged Rate per \$100 of Payroll



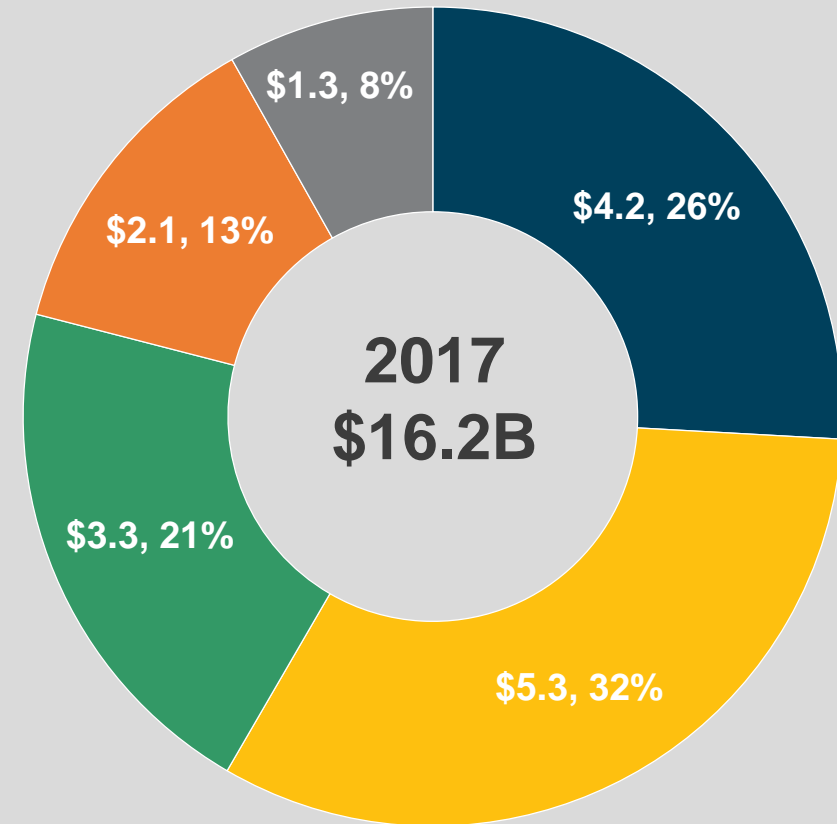
Rate Comparison by State Based on Oregon Study



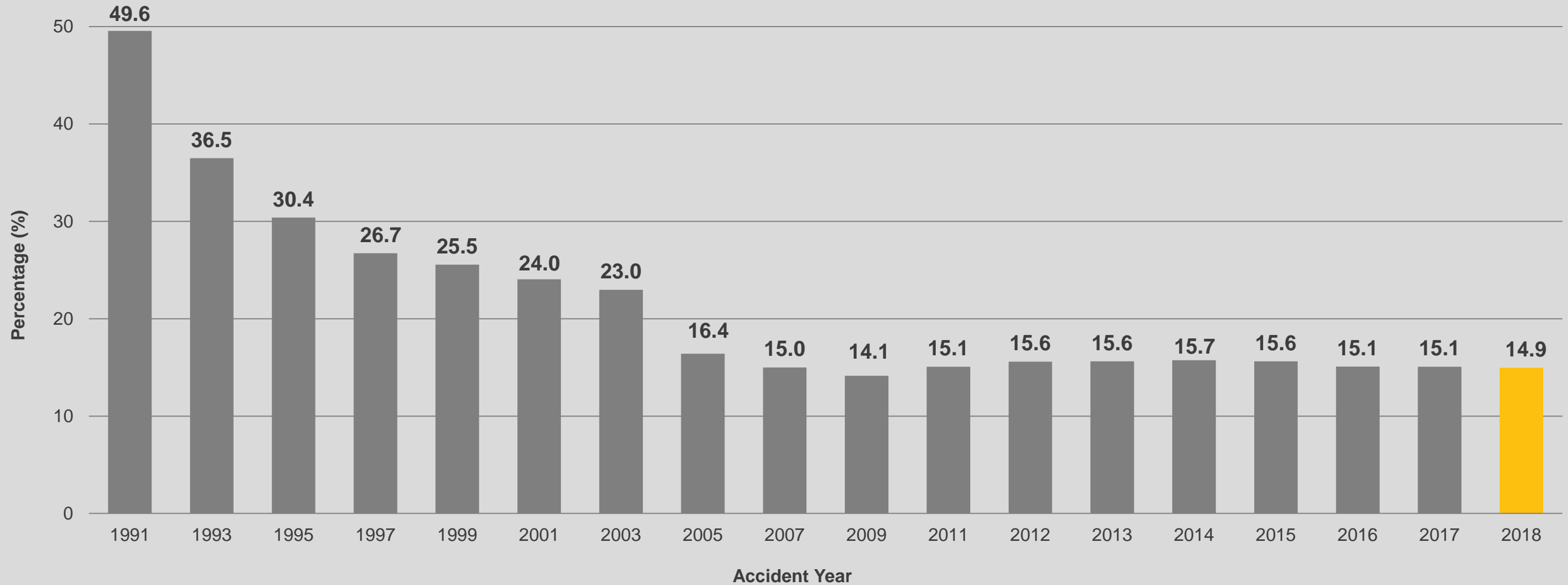
Distribution of Insured System Costs



- Incurred Indemnity Benefits
- Incurred Medical Benefits
- Loss Adjustment Expenses
- Commissions & Other Acquisition Expenses
- General Expenses & Premium Taxes



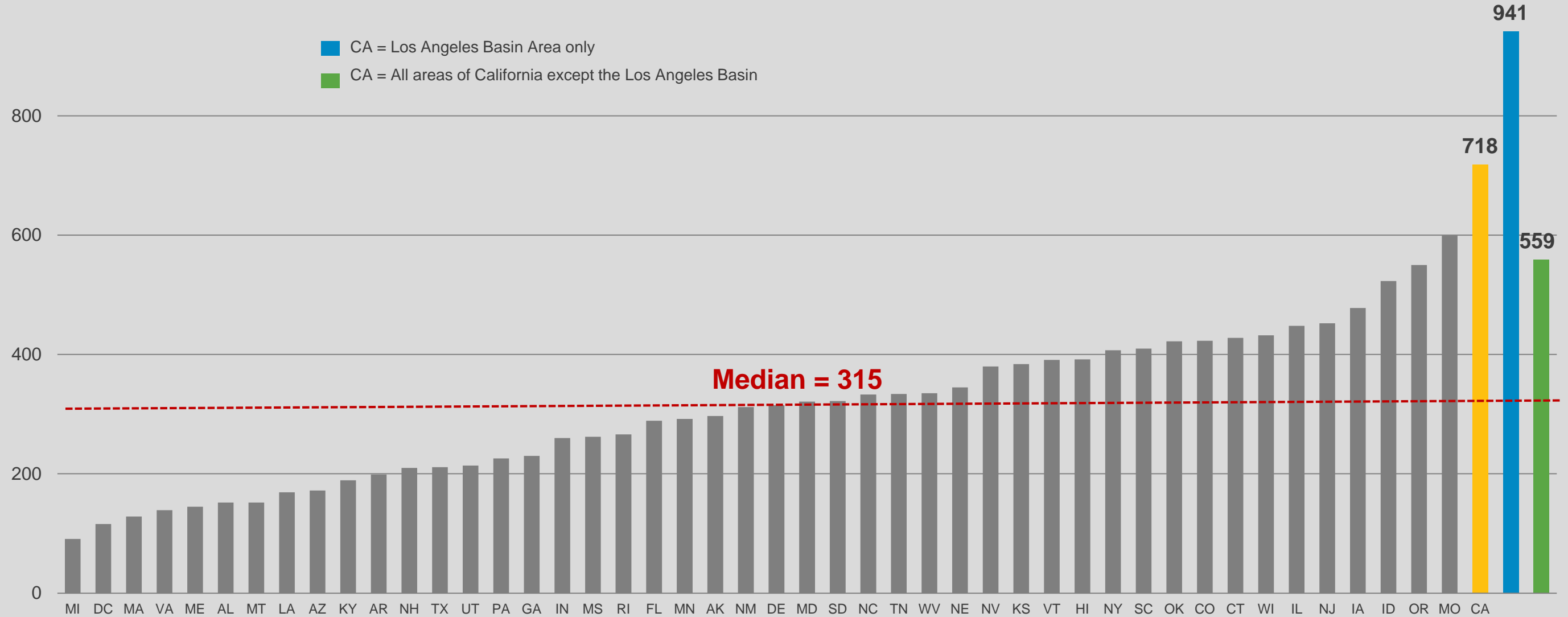
Indemnity Claims per 1,000 Employees



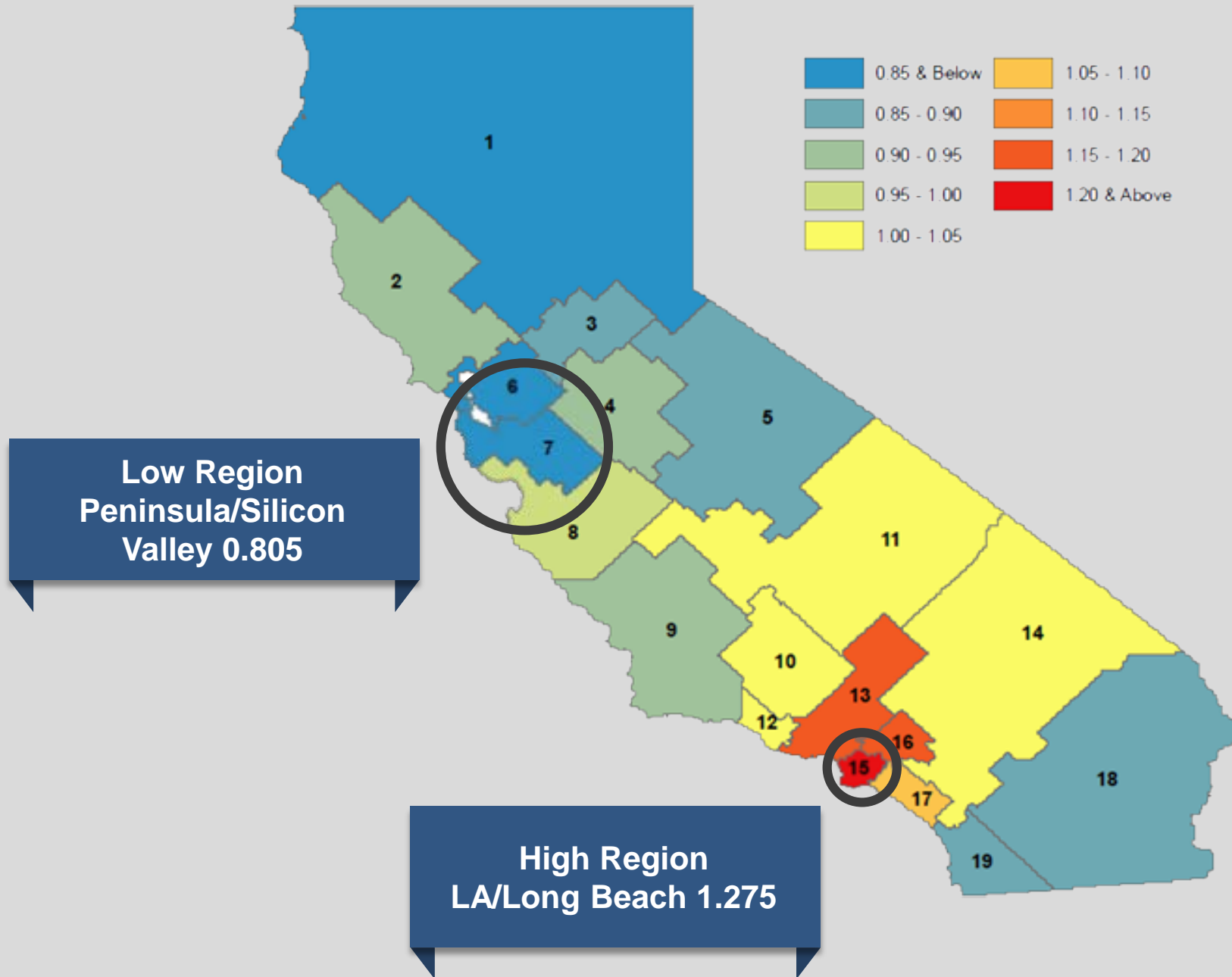
Change in Indemnity Claim Frequency



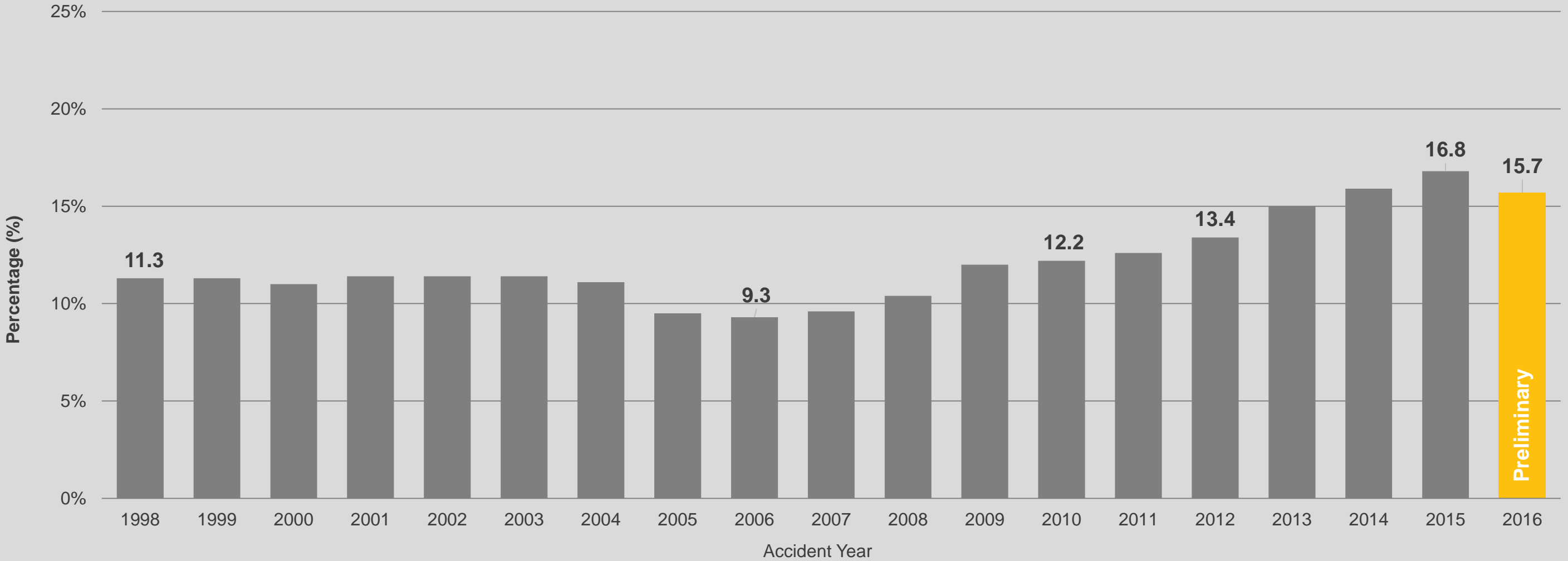
Permanent Disability Claims per 100,000 Employees



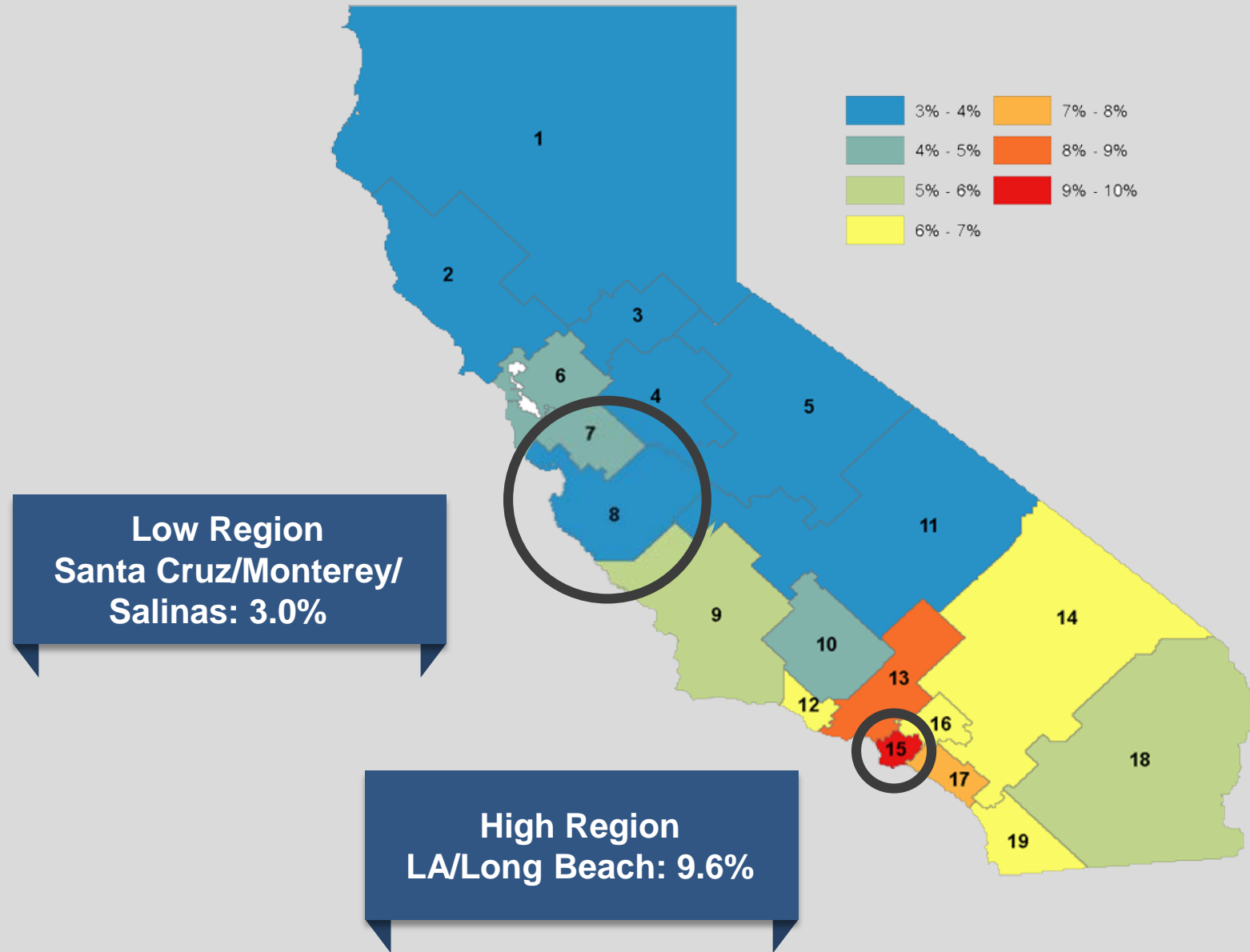
Regional Differences in Indemnity Claim Frequency



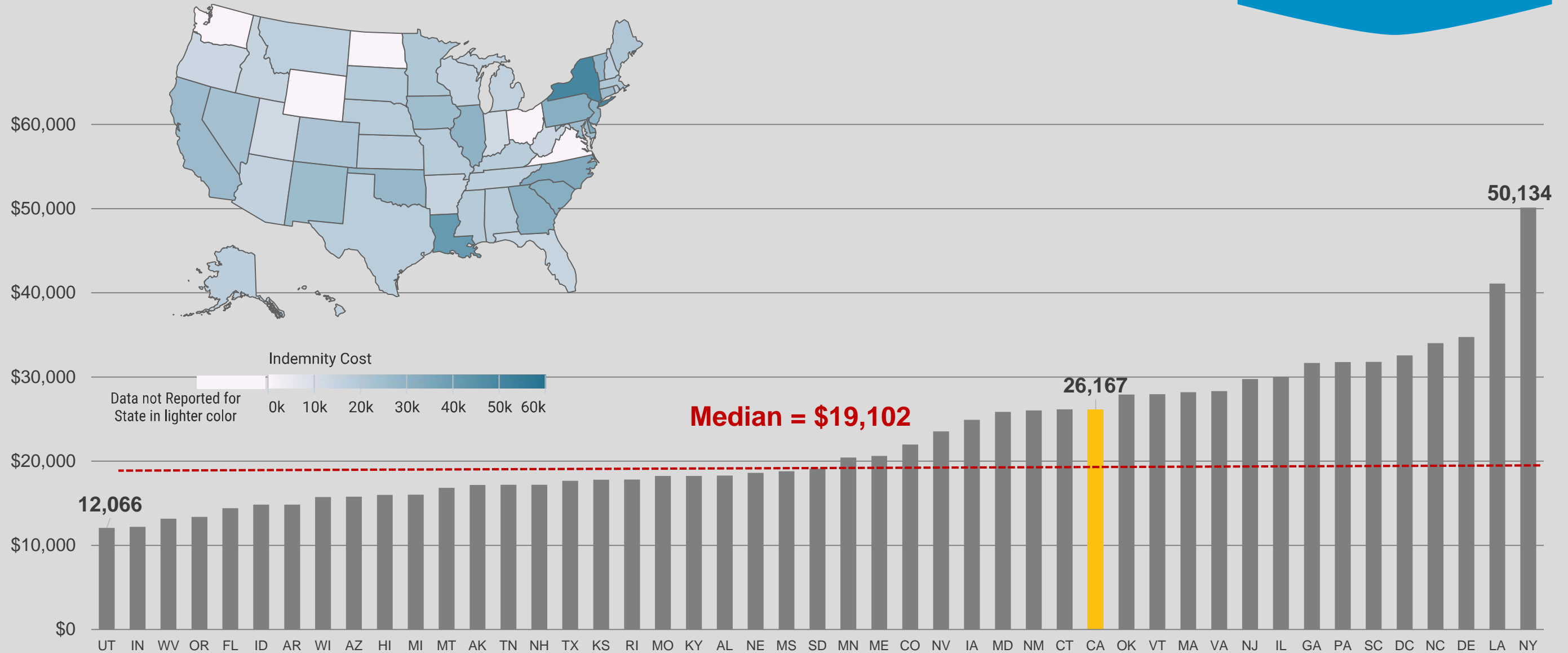
Percent of Indemnity Claims Involving Cumulative Trauma



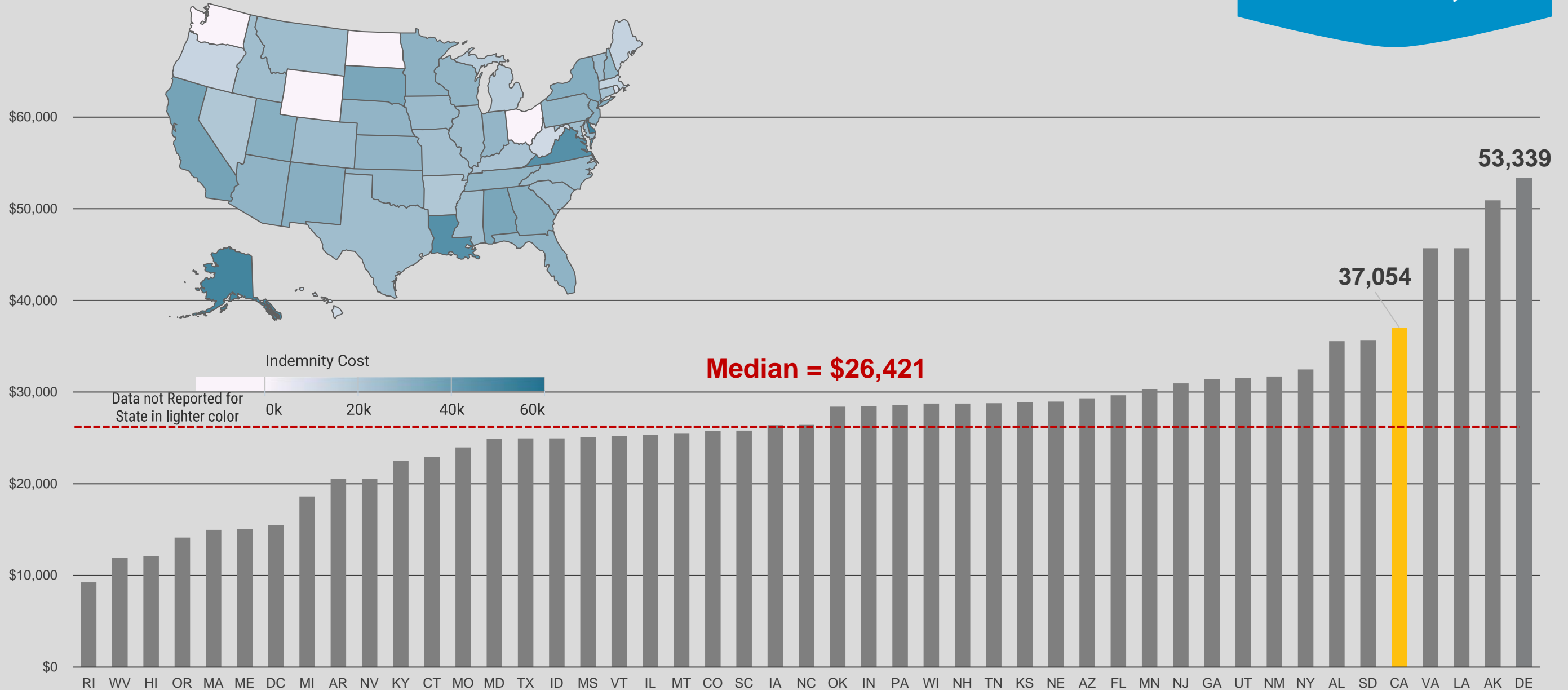
Regional Differences in Proportion of Cumulative Trauma Claims



Indemnity Cost per Indemnity Claim by State

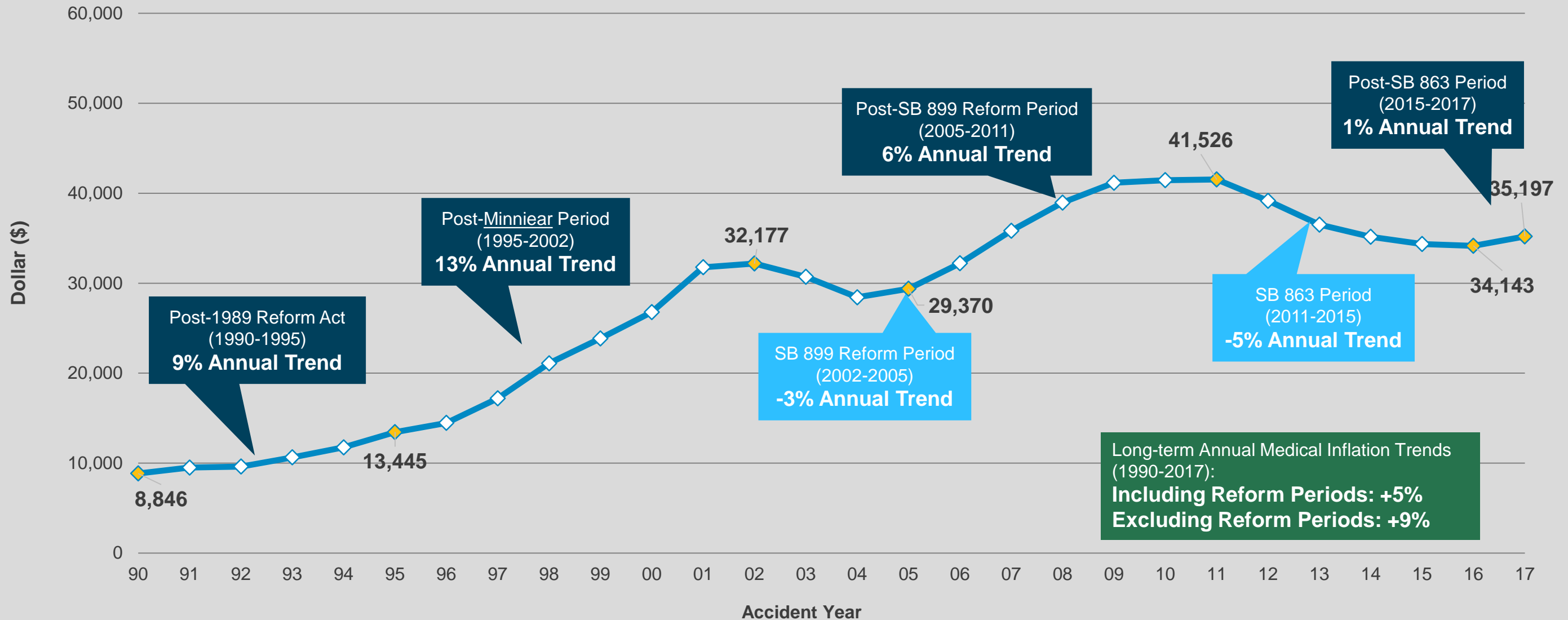


Medical Cost per Indemnity Claim by State

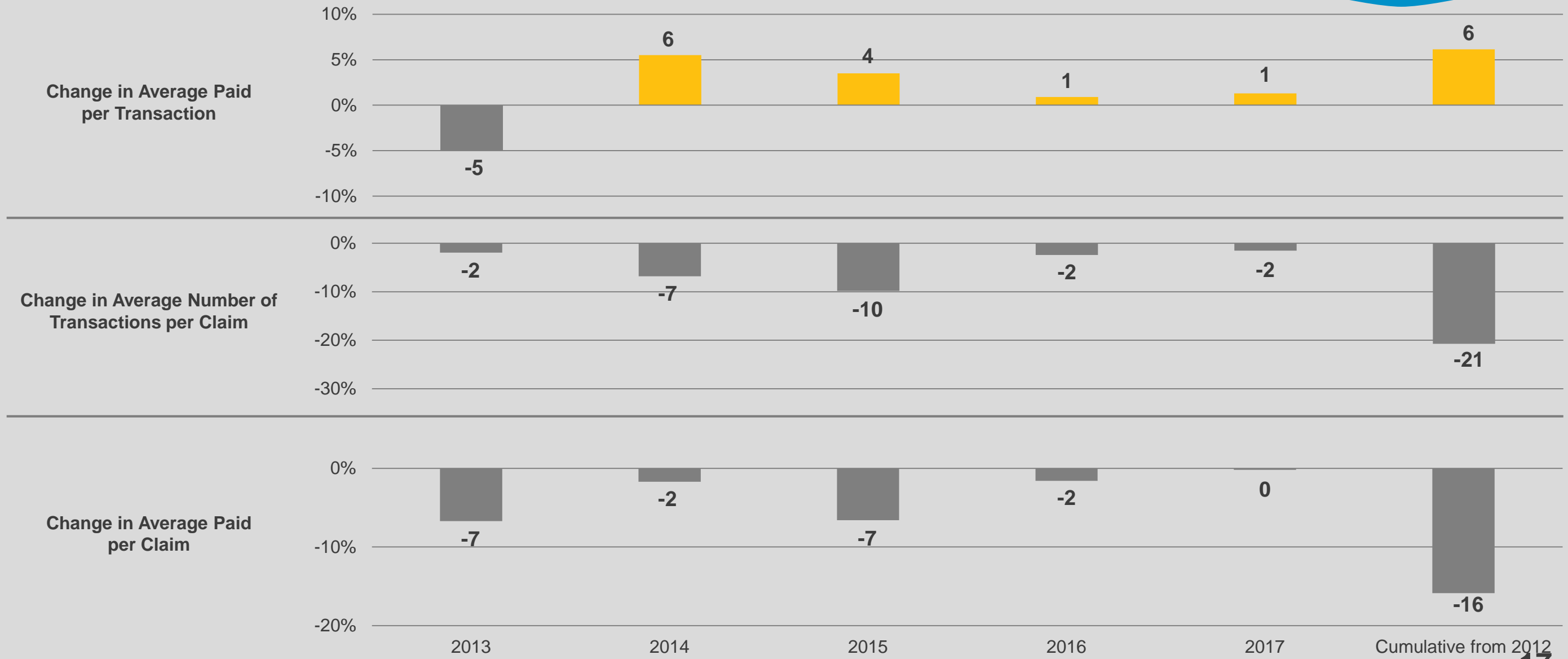


Average Medical Cost per Indemnity Claim

04
Claim Severity

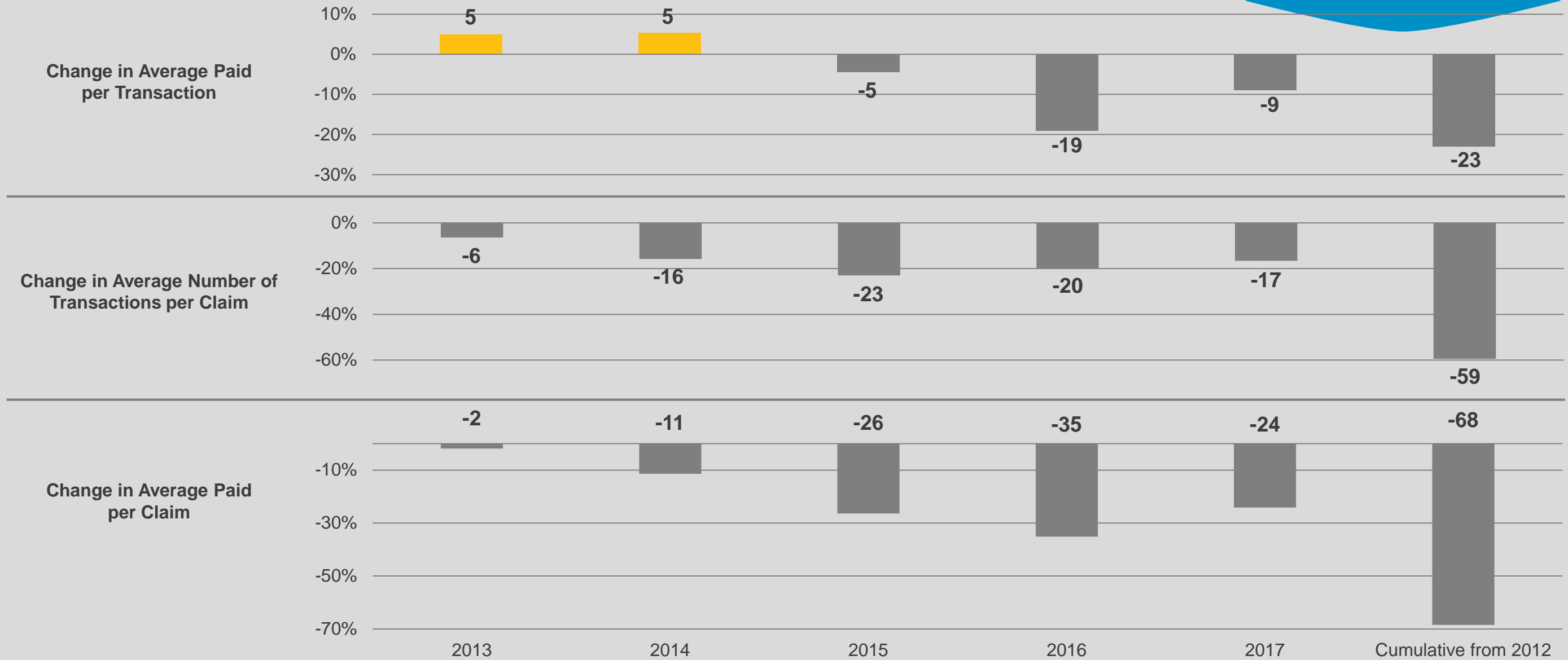


Change in Medical Service Cost Levels



Change in Pharmaceutical Cost Levels

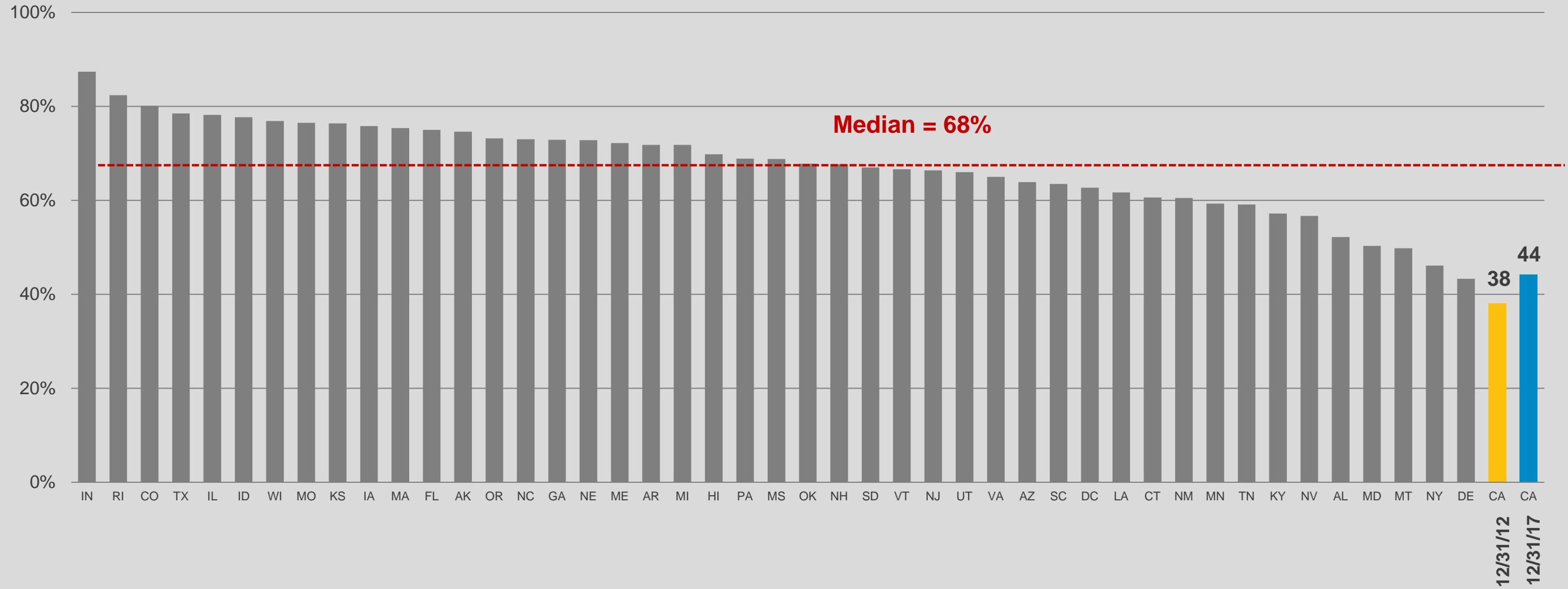
04
Claim Severity



Opioid Costs per 100 Claims



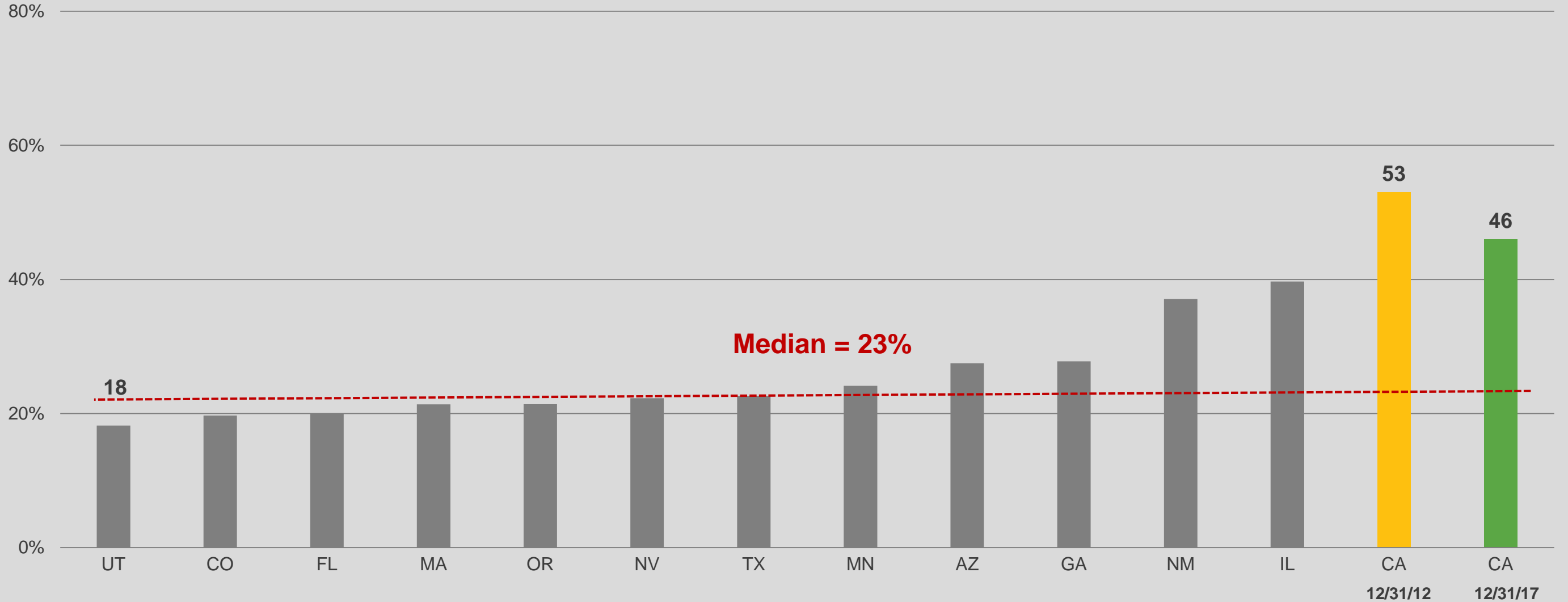
Percent of Ultimate Medical Cost Paid at 3 Years



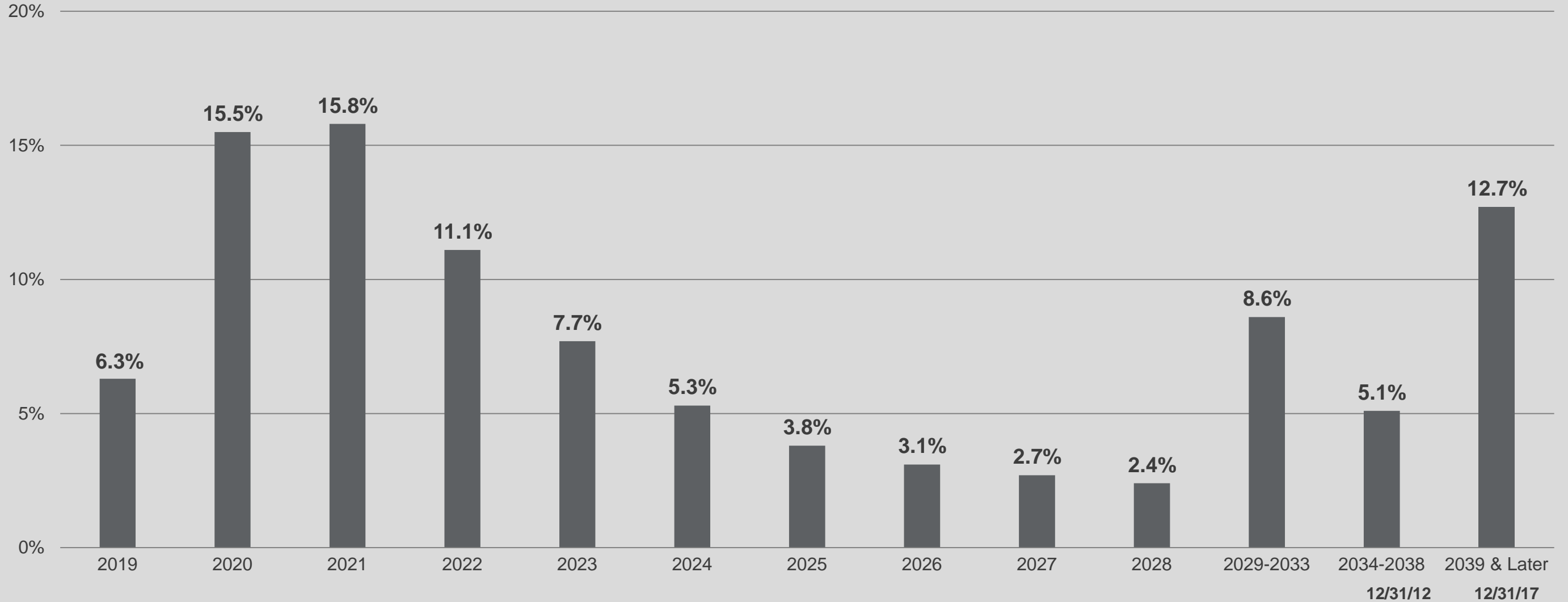
12/31/12
12/31/17

05
Claim Duration

Percent of Indemnity Claims Open at 24 Months



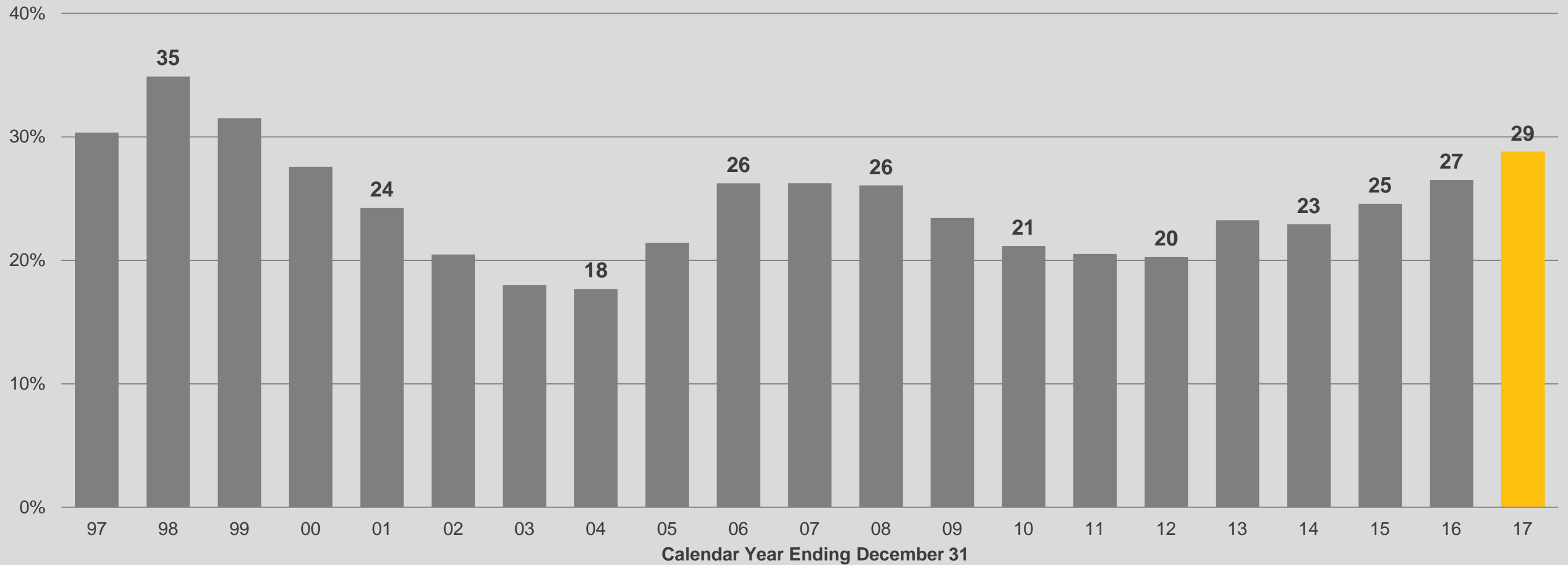
Policy Year 2019 Medical Costs Paid by Year



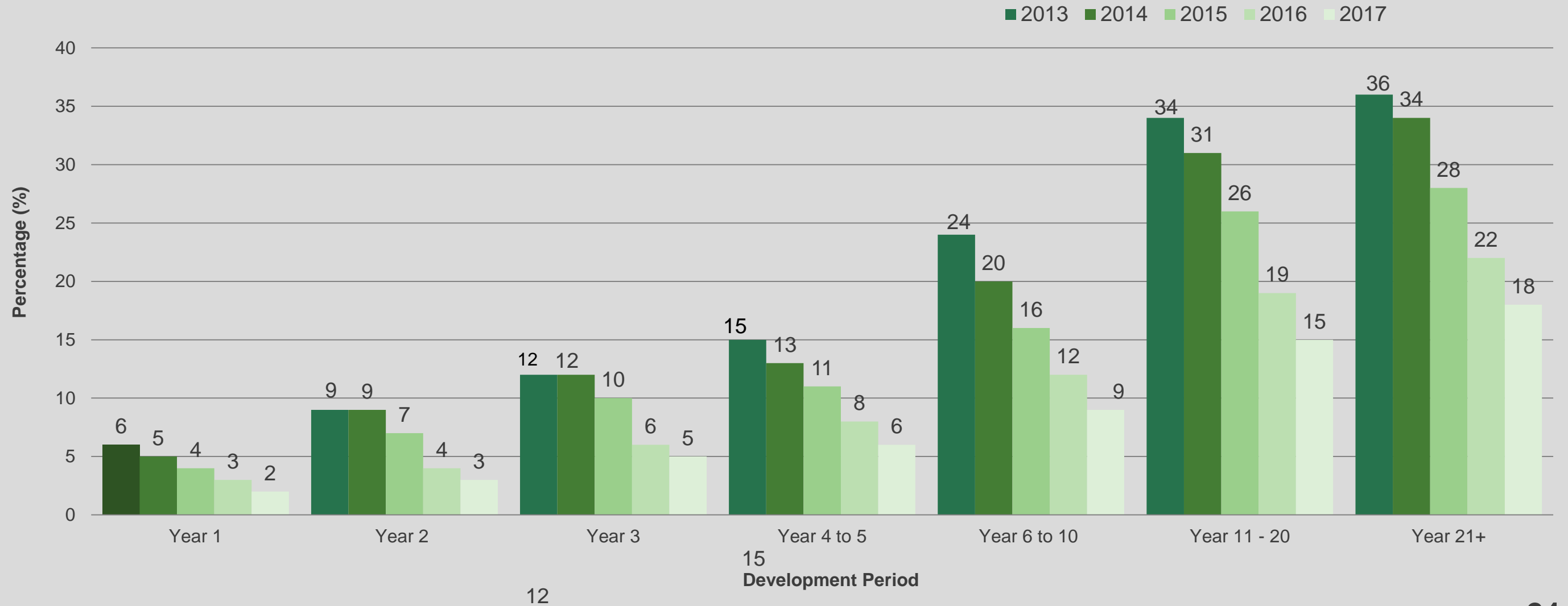
12/31/12 12/31/17

05
Claim Duration

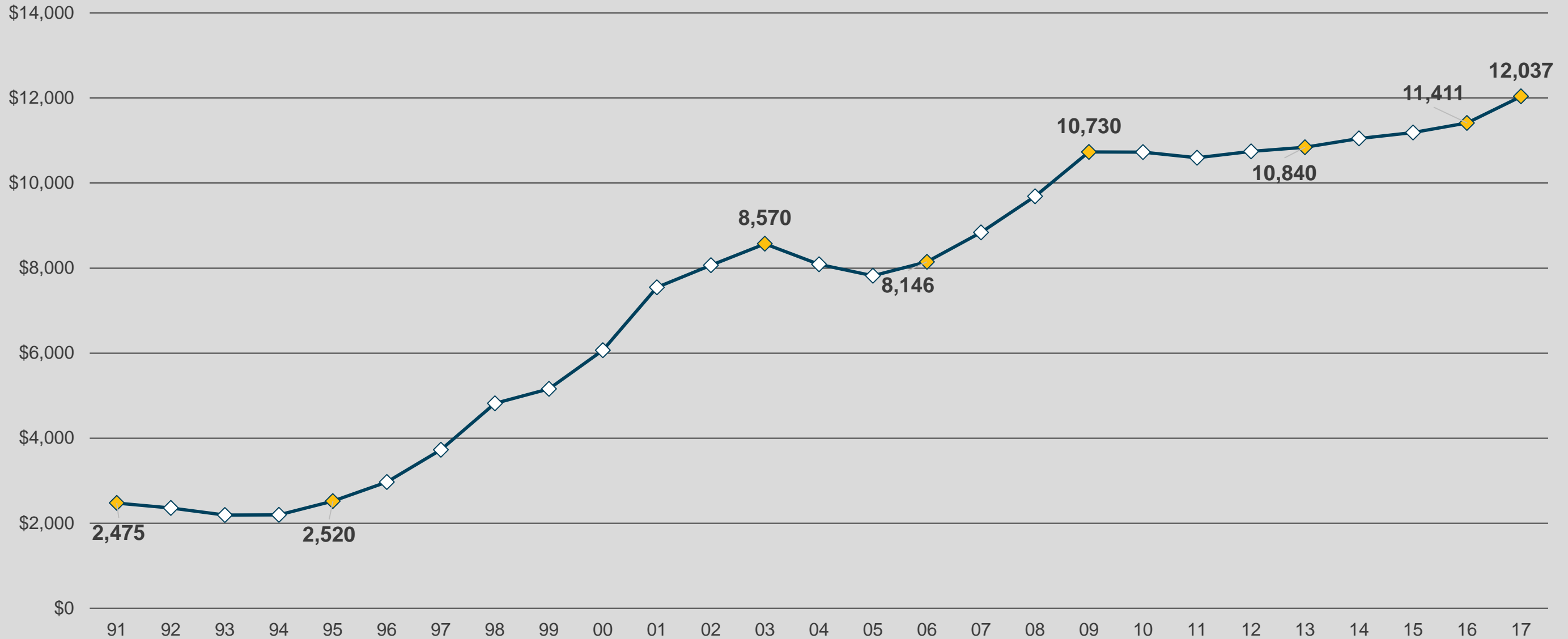
Percent of Open Indemnity Claims Closed During Next Year



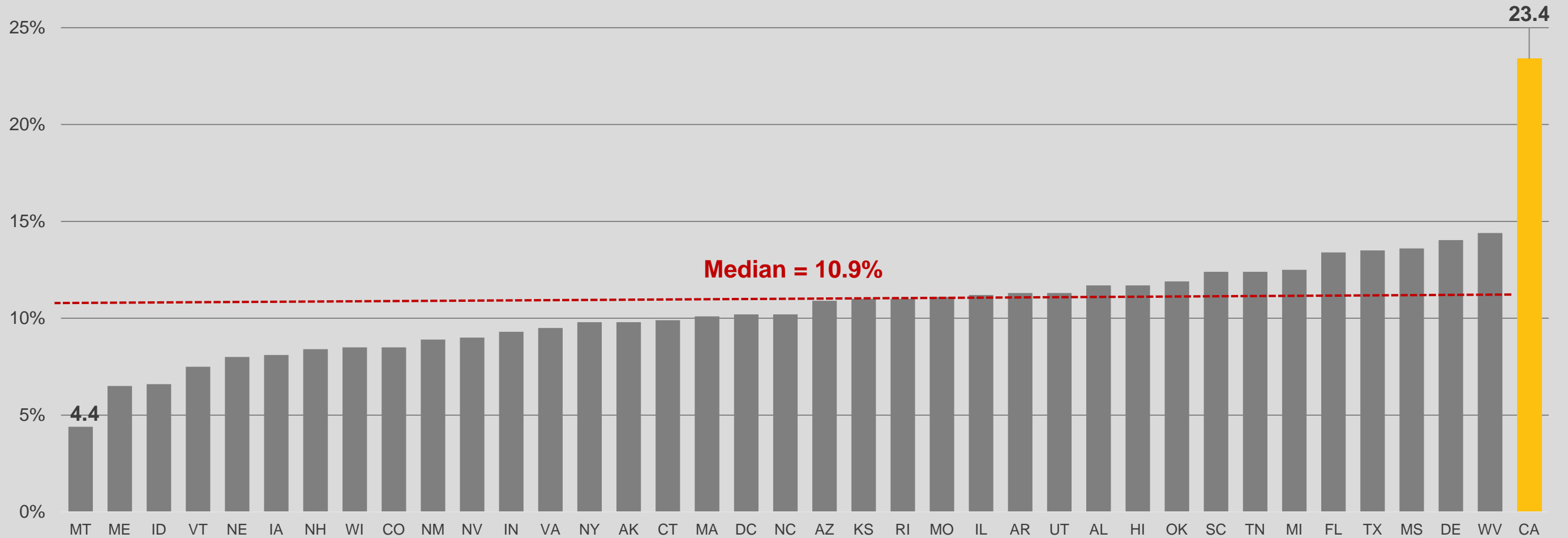
Pharmaceutical Cost Share of Total Medical Development



Average Allocated Loss Adjustment Expenses per Indemnity Claim



Ratios of Allocated Loss Adjustment Expenses to Losses



Cost to Deliver \$1 of Benefits

Medicare



\$0.02

Private Group
Health Insurance



\$0.18

Workers' Compensation
Median State



\$0.23

California Workers'
Compensation

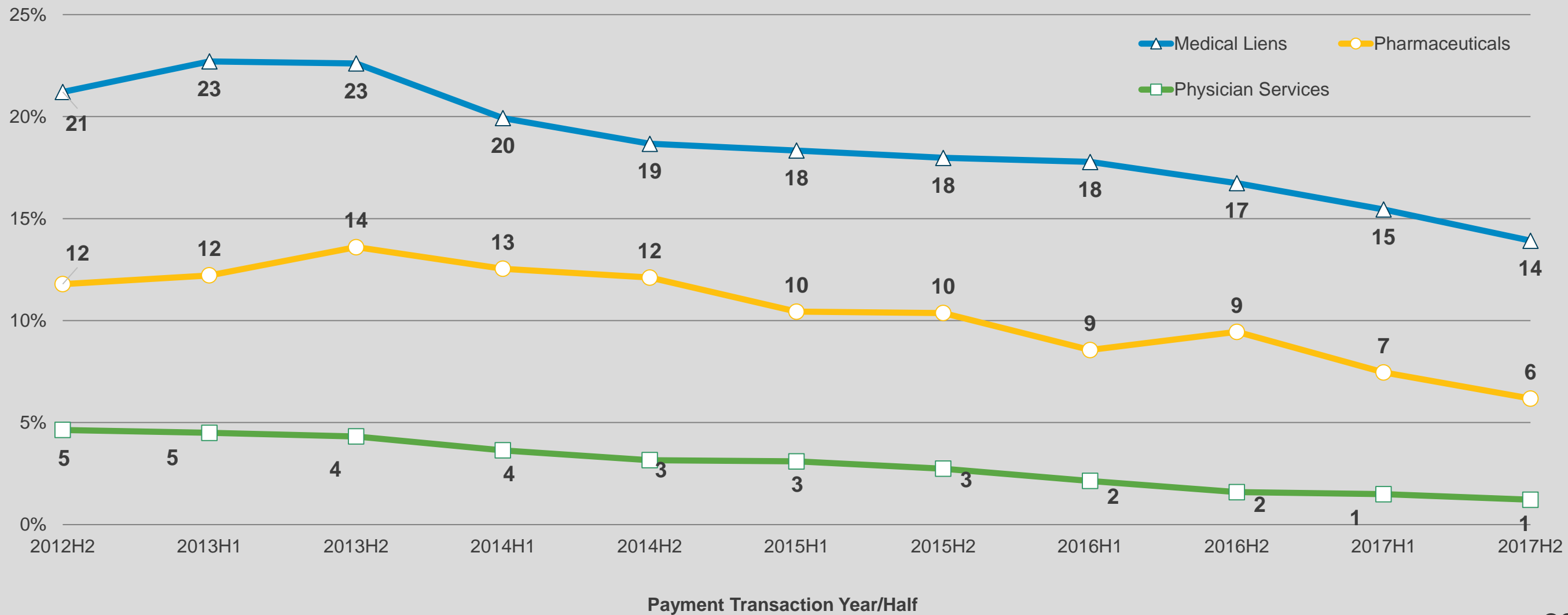


\$0.53

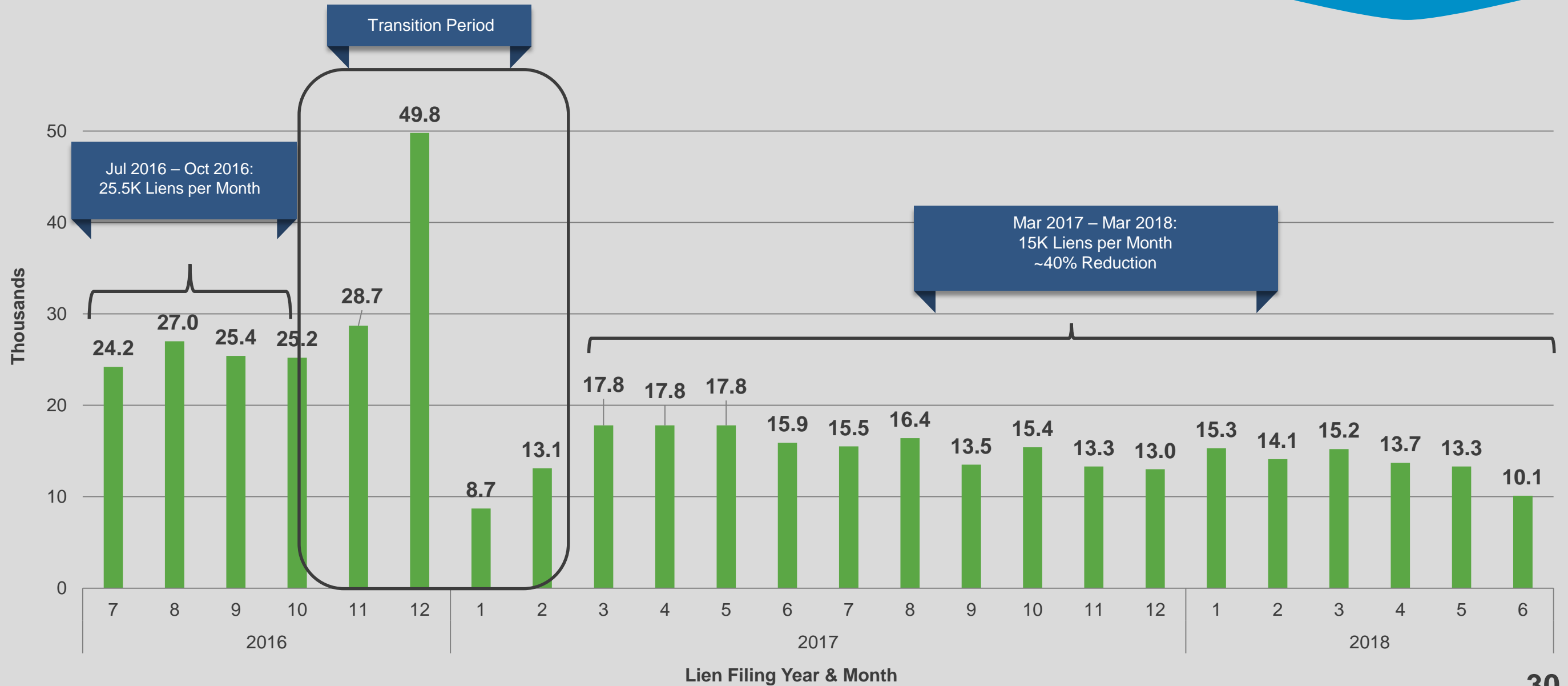
WCIRB Cost Evaluation of SB 863



Share of Total Medical Payments by Indicted/Suspended Providers

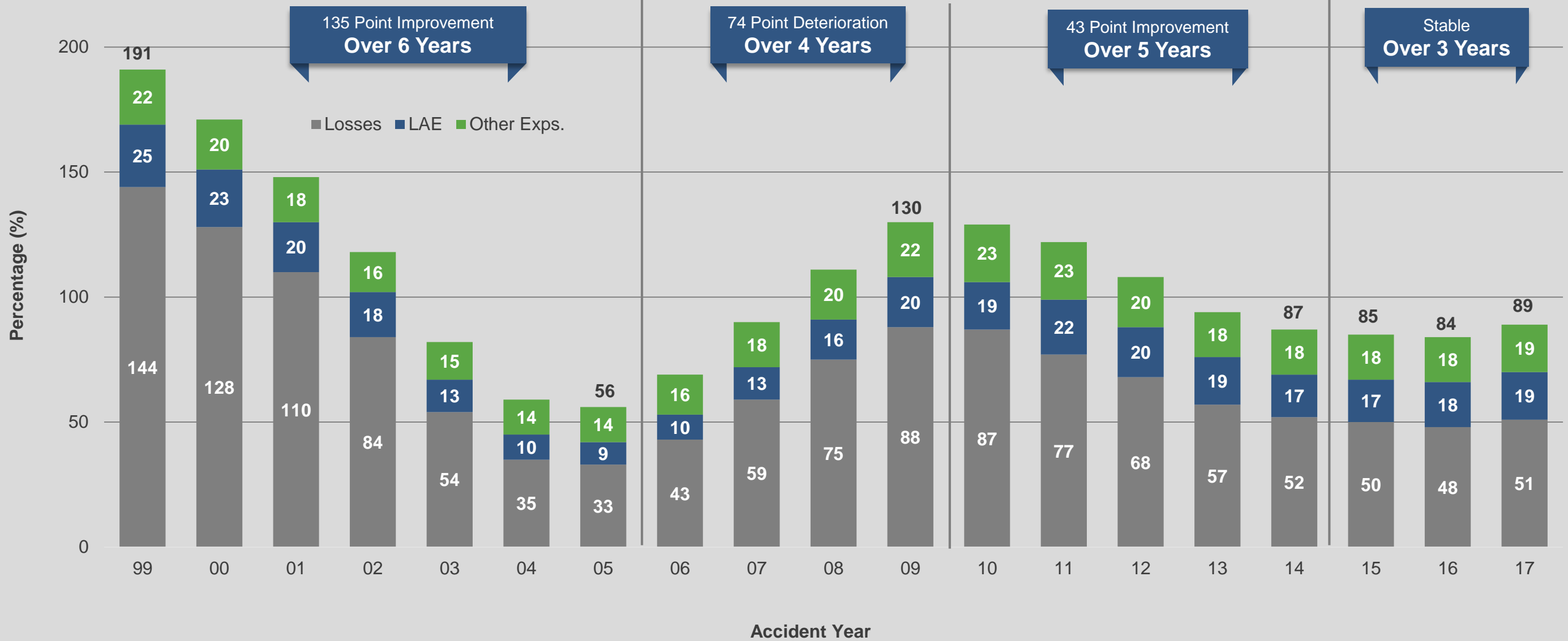


Recent Lien Filings by Month



Projected Combined Loss and Expense Ratios

08
Industry Results



Questions?

Datasources: https://www.wcirb.com/sites/default/files/documents/2018_state_of_the_system_report_0.pdf

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