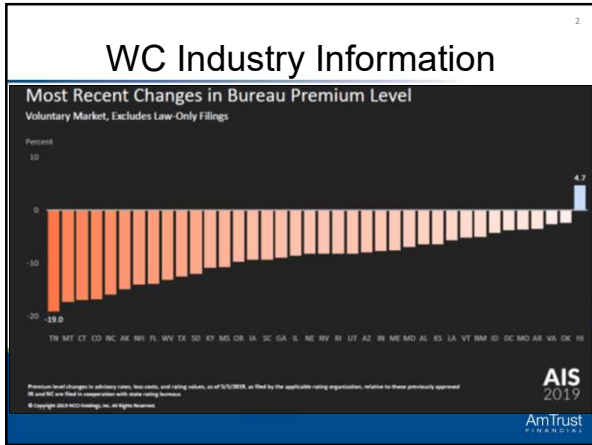


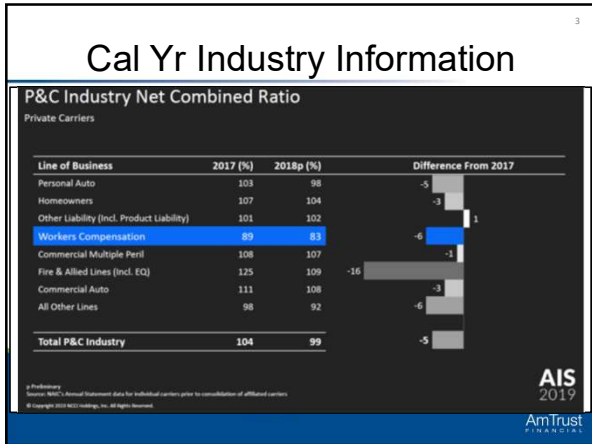


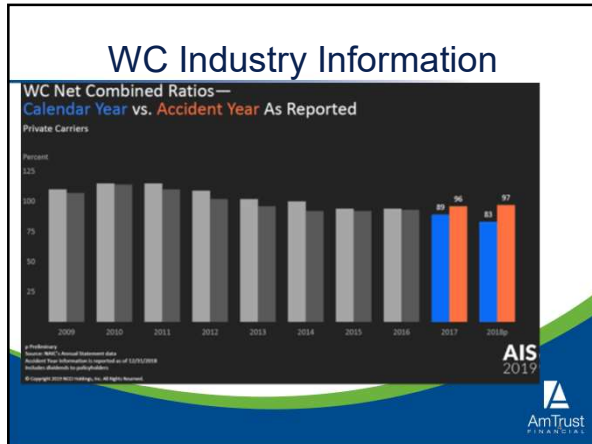
Workers' Compensation Primary Market
Casualty Actuaries in Reinsurance
June 4, 2019

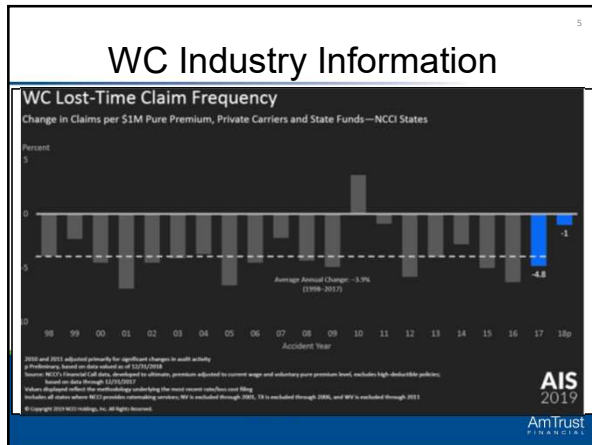


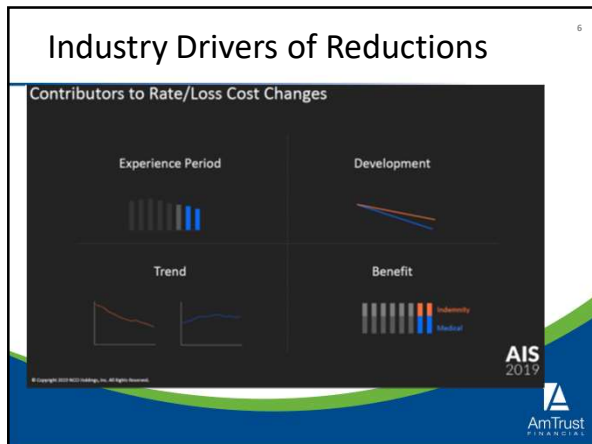
CONSISTENT VISION DIFFERENTIATED MODEL SUSTAINABLE GROWTH












Industry Factors

- Loss Development
- Trend
- Drivers
 - Claim settlement
 - Macroeconomic
 - Employment & wage levels
 - Low medical inflation
 - Process improvements
 - Opioid reductions
 - Other network savings (Pharma, Med provider)

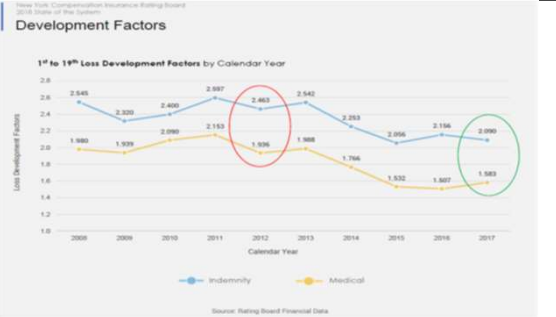


New York Industry Factors

State Risk Underwriting Performance Rating Board
2018 Claims of New York


Development Factors

1st to 10th Loss Development Factors by Calendar Year



Calendar Year	Indemnity	Medical
2008	2,545	1,980
2009	2,320	1,925
2010	2,400	2,080
2011	2,507	2,155
2012	2,483	1,936
2013	2,542	1,988
2014	2,353	1,756
2015	2,056	1,832
2016	2,196	1,807
2017	2,196	1,983

Source: Rating Board Financial Data

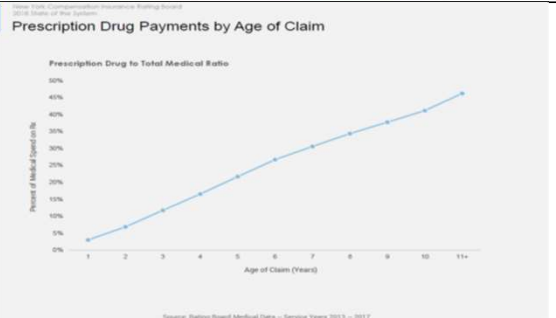


New York Industry Factors

State Risk Underwriting Performance Rating Board
2018 Claims of New York


Prescription Drug Payments by Age of Claim

Prescription Drug to Total Medical Ratio




Age of Claim (Years)	Percent of Medical Spent on Rx
1	~5%
2	~10%
3	~15%
4	~20%
5	~25%
6	~30%
7	~35%
8	~40%
9	~45%
10	~50%
11+	~55%

Source: Rating Board Medical Data - Service Years 2013 - 2017



California Industry Factors

- Loss severity trend may be changing. Has been very flat, but appears to be going up
- Loss Development reductions are flattening
- No mid-year rate change
- Frequency of LT claims
 - Cumulative Trauma frequency still going up in LA and San Diego
 - Other injury frequency up in San Diego, fairly flat in LA and down elsewhere



Example


Example : Before Change

	12	24	36	48	60		Current Ultimate	Current Claim Count	Current Average Severity
2013	100	150	180	198	198		198	10	19.8
2014	100	150	180	198	198		198	10	19.8
2015	100	150	180	198	198		198	10	19.8
2016	100	150					198	10	19.8
2017	100						198	10	19.8

	12 - 24	24 - 36	36 - 48	48 - 60	60 - Ult	
2013	1.50	1.20	1.10	1.00		
2014	1.50	1.20	1.10			
2015	1.50	1.20				
2016	1.50					

	12 - 24	24 - 36	36 - 48	48 - 60	60 - Ult	
Selected	1.50	1.30	1.10	1.00	1.00	
Cumulative	1.98	1.32	1.10	1.00	1.00	

	Exponential Trend	All Years	Current Average Severity
2019 Projected		0.0%	19.8
Trend Last Five		0.0%	



Example

Example : During Change

	12	24	36	48	60	72		Current Ultimate	Current Claim Count	Current Average Severity
2013	100	150	180	198	198	198		198	10	19.8
2014	100	150	180	198	198	198		198	10	19.8
2015	100	150	180	180				180	10	18
2016	100	150	157.5					157.5	10	15.75
2017	100	120						126	10	12.6
2018	100							126	10	12.6

	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - Ult	
2013	1.50	1.20	1.10	1.00	1.00		
2014	1.50	1.20	1.10	1.00			
2015	1.50	1.20	1.00				
2016	1.50	1.05					
2017	1.20						

	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - Ult	
Latest Diag	1.20	1.05	1.00	1.00	1.00	1.00	
Cumulative	1.26	1.05	1.00	1.00	1.00	1.00	

	Exponential Trend	All Years	Current Average Severity
2020 Projected		-10.2%	9.8
Trend Last Five		-11.8%	

