

Governing Committee

Meeting Agenda

Date	Time	Location	Staff Contact
April 17, 2024	9:30 AM	Microsoft Teams	Kristen Marsh
1901 Harrison Street, 17 th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: April 10, 2024

To Members of the Governing Committee, WCIRB Members and All Interested Parties:

This meeting is Open to the Public.

Please use this [link](#) to register for the meeting webinar. After registering, you will receive a confirmation email containing information about the meeting.

I. Approval of Minutes

Meeting held February 8, 2024

II. Additions to the Agenda

III. Ratification of Actions of WCIRB Committees

A. Actuarial Committee Meetings Held December 5, 2023 and February 13, 2024

IV. Unfinished Business

A. September 1, 2024 Regulatory Filing (Oral Report)

V. New Business

A. September 1, 2024 Pure Premium Rate Filing

VI. Next Meeting Date: September 25, 2024

VII. Adjournment

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Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
December 5, 2023	9:30 AM	WCIRB California 1901 Harrison Street, 17 th Floor Oakland, CA	Sean Cooper
1901 Harrison Street, 17 th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: January 11, 2024

Members

Mauro Garcia*
Ika Irsan
Matt Jahnke*
Joel Clark
Neal Leibowitz
Joanne Ottone
Mark Priven*
Kate Smith
Bryan Ware
Chris Westermeyer

Representing

Zurich North America
Republic Indemnity Company of America
CopperPoint Insurance Companies
Accident Fund Group, Inc.
Liberty Mutual Group
Berkshire Hathaway Homestate Companies
Public Members of Governing Committee
State Compensation Insurance Fund
AmTrust
Travelers

California Department of Insurance

Giovanni Muzzarelli
Mitra Sanandajifar
Garen Sargsyan
Serina Wu
Sarah Ye

WCIRB

Bill Mudge
Sean Cooper
Lucy Chen
Laura Carstensen
Jonathan Co Ting Keh
Jacob Kingsley
Ziyan Li
Kristen Marsh
Tony Milano
Noah Reiner
Shane Steele*
YiChen Yu
Julia Zhang

* Participated via teleconference

After a reminder of the antitrust restrictions, the meeting of the Actuarial Committee was called to order at 9:30 AM with Mr. Sean Cooper, Executive Vice President and Chief Actuary, presiding.

* * * * *

Approval of Minutes

The Minutes of the meeting held on September 12, 2023, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item II

Working Group Meeting Summaries

The summaries of the Claims Working Group meeting held on September 7, 2023, the Medical Analytics Working Group meeting held November 3, 2023, and the Actuarial Research Working Group meeting held on November 9, 2023 were included in the Agenda for the Committee's review and were accepted by the Committee.

Item AC02-03-03

Experience of Large Deductible Policies

The Agenda included a summary of the experience of large deductible workers' compensation policies in California through December 31, 2022. Staff presented a summary of the analysis and noted that (a) the proportion of statewide business written on a large deductible basis has been consistent in recent years; (b) while differences exist in average reserve levels, indemnity claim reporting patterns, and incurred development patterns, the paid loss development patterns for large deductible business are similar to those of non-large deductible business and (c) the difference in the indicated pure premium rate level after excluding large deductible experience through December 31, 2022 was modest.

Following the discussion, the Committee agreed that there was no need to implement any special ratemaking procedures for large deductible experience at this time and the information should continue to be reviewed on an annual basis. It was also suggested having this item presented earlier in the year going forward, such as in the second or third quarter, as the data is already close to a year old in December.

Item AC22-09-03

Pandemic Impact on Classification Relativities

The Committee was reminded that, in the September 1, 2023 Regulatory Filing, the classification relativities included one additional year of experience for each classification in order to mitigate the impact of the pandemic-period data. Staff noted that the refined approach resulted in less dispersion in the September 1, 2023 classification relativity changes as expected. Given that the September 1, 2024 classification relativities will also include pandemic-period data in the latest two available policy years (2020 and 2021), staff recommended to continue to include an additional year of pre-pandemic data for the September 1, 2024 Regulatory Filing.

The Committee was reminded that COVID-19 claims have been excluded from the data underlying the classification relativities since the pandemic began as the relative differences in COVID-19 claim experience by classification from earlier periods in the pandemic are not necessarily indicative of the future. Given that the latest available policy year of experience for the September 1, 2024 classification relativities includes data from late 2020 and 2021, which continue to be impacted by earlier periods of the pandemic, staff recommended to exclude COVID-19 claim experience from the data underlying the September 1, 2024 classification relativities.

After discussion, the consensus of the Committee was that staff's recommendations were appropriate.

Item AC23-12-05

Study of Paid and Incurred Loss Development

Staff presented an update to the study of paid and incurred loss development that was reviewed by the Committee at the April 13, 2023 meeting. The April study showed that the adjusted paid development method continues to be a reliable basis to project future loss development. It was also shown that the latest year unadjusted incurred method was of comparable accuracy to the adjusted paid method at projecting age-to-age development at earlier maturities but that the later period incurred development shows an extreme amount of volatility due in part to system changes impacting later age loss development.

Staff presented a blended methodology that uses incurred development at early development ages and paid development at later development ages. Staff considered potential development age “break points” where later period loss development is more appropriately projected using paid loss development rather than incurred loss development. At each “break point”, staff used a three-year average of the reported ratio of paid losses to incurred losses at that age to convert the developed incurred loss ratio to a developed paid loss ratio.

Staff reviewed historical paid and incurred loss development patterns and indemnity claim settlement rates to determine the appropriate “break point”. Staff noted that the historical paid loss development factors were considerably more stable than historical incurred loss development factors after around 120- to-132 months of development, with a more prominent difference in medical versus indemnity loss development factors.

The Committee next reviewed ultimate indemnity claim settlement ratios. Staff noted that while the post-Senate Bill No. 863 speedup in claim settlement rates impacted all development ages, the speedup was much less dramatic starting around 120 to 132 months.

Staff finally presented ultimate loss ratios for accident year 2022 using different methodologies. Staff compared a selection of “break points” using the blended incurred/paid development approach and noted that ultimate loss ratios tend to stabilize after about 120 months of development.

Staff suggested that while several different “break points” could be justified by the historical data, a “break point” at 120 months of development appears to be a reasonable choice for this methodology. The Committee agreed that this approach was reasonable. The Committee inquired into the next steps following this study update. In response, staff proposed and the Committee agreed that this blended methodology be included in the review of loss development methodologies in consideration for the next filing.

Item AC22-12-06 Retrospective Rating Plan Updates

The Committee was reminded that, as part of a multi-year comprehensive review of the California Retrospective Rating Plan (Plan), the WCIRB has finalized the simulation methodology and database. The last decision to be finalized before the Plan can be updated in its entirety is to update the classification Retro Hazard Groups (RHGs).

Staff reminded the Committee that the RHGs are used for purposes beyond their use in WCIRB Advisory Plans, including classification ratemaking and experience rating.

Staff presented an update of the prior RHG selection methodology, which serves as the primary basis for this update. It was noted that the selection is based on cluster analysis, with simulated classification loss elimination ratios (LERs) at \$500,000 as the variable to be clustered. Staff noted that in the classification LER calculation, all simulated classification data below \$500,000 was used. Simulated classification frequency excess \$500,000 was used as well, with simulated severities replaced with the excess severity of the class's current RHG. This classification LER was then credibility weighted, using the LER of the class's current RHG as the complement of credibility.

Staff noted that the credibility used in the classification LER calculation relies on the idea of a "reasonable" number of simulated excess claims. Staff noted that first the classification size was determined by claim volume, such that all classifications with at least that claim volume had an excess claim simulation in all 100 simulations. Simulated excess claim count shares from these classifications served as the bounds for what constituted reasonable. Staff noted that each class's share of simulations with a reasonable share served as an empirical credibility value. These values were then smoothed using logistic regression to determine the credibility used in the classification LER calculation. A Committee member asked if the credibility methodology was placing too much confidence on classification experience, given the change in some classifications' assignments. Staff noted that was a concern that would be addressed by a methodological enhancement yet to be presented.

Staff explained the clustering algorithms that were tested and how they differed. Staff then presented the criteria used to choose an algorithm and noted that the Ward's linkage algorithm was selected. Staff further noted that no additional changes were made to classification RHGs past this point in the prior update.

Staff noted a few potential issues that were under further investigation including the lowest credibility classifications essentially being bound to their current RHG, volatile experience underlying the indications for small classifications and large indicated RHG changes. Staff explained an attempt to use cluster analysis iteratively so that small classifications would have further opportunities to change hazard groups once the data from the other classifications had been regrouped. Staff noted that since this approach effectively removed the impact of credibility weighting for most classifications, which resulted in many more extreme changes in RHG and is the reason that staff did not select this approach.

Staff presented a summary of its investigation into classifications with an indicated RHG change of 3 groups. Staff noted that in all 15 such cases, the large change was driven by the complete absence of excess claims in either the prior or current starting database that underlies the claim simulations. To vet the reasonableness of large indicated changes, staff presented a potential alternative RHG selection methodology that relies on USR data over a longer time period. Staff used USR data at a classification level for consecutive pro-forma starting databases consisting of USR data at report levels 5, 4, and 3. Staff noted that the most recent of these is the starting database used in the current update. Staff also noted that a second grouping of data using USR data from three policy years all at report level 5 was compiled, however this produced nearly identical results and was not used.

Staff noted that many severity and excess share metrics were considered for the USR-based approach with a focus on using measures that did not rely on credibility-weighting and were less sensitive to thin data volume. Staff noted the measures selected were claim count excess shares at \$250,000 and \$500,000 along with the 95th and 99th percentiles of incurred loss. Staff explained that for each year and each measure, a classification could be assigned to the RHG with results closest to the class. Staff noted that the average RHG indication from these four measures over the most recent five databases served as a potential alternative RHG.

Staff noted that the indicated RHG from the cluster analysis would provide the most differentiation in the simulation database and that the intent was to use the alternative only when long-term data showed that the indicated change from the cluster analysis was inappropriate. Staff noted that a RHG move of one was considered normal movement for a classification, as a RHG move of one might happen when a class's experience was stable if the RHG centers had changed from the prior update. Staff noted that the alternative was only considered when the indicated RHG move using the cluster analysis was 2 or more. Finally, staff noted that the alternative was only used when it served to temper the change in a class's RHG.

Staff noted that LERs at the RHG level had changed significantly since the prior update and that there was minimal difference between LERs using the RHGs indicated by the primary method and the final proposed RHGs.

Finally, staff noted that WCIRB operational and classification experts reviewed the proposed RHG assignments and recommended additional analysis for some of the classifications. Based on their recommendations, staff conducted a secondary review of the classifications identified by the classification experts, along with all dual wage classification pairs in which the high wage classification had a more severe indicated RHG. Staff noted that the dual wage issue had been identified by both the classification experts and a member of the Actuarial Research Working Group. Staff explained that this additional review led to the change in RHG for only one class with very low credibility. Staff noted that the secondary review also served to vet the reasonableness of the enhanced methodology.

The Committee was generally supportive of staff's recommendations.

Item AC22-12-07

Long COVID Study

Staff summarized the preliminary findings of the updated analysis on long COVID, including estimates of prevalence over the two-year post-acute care period, impact on permanent disability, medical treatment patterns and an estimate of long COVID cost for Accident Years 2020 and 2021 within the insured system. A Committee member asked why the share of adults ever experiencing long COVID from the CDC household pulse survey on long COVID is not increasing over time and staff responded that the survey does not have the same cohort of respondents at different survey times. Given the adults with COVID-19 infections in California are changing over time, the denominator of the percentage calculation also changes over time.

A Committee member asked how a COVID-19 claim can have permanent disability if it is not a long COVID claim. Staff clarified that long COVID claims were defined as COVID-19 claims involving medical treatment for leading long COVID symptoms based on medical diagnosis information, and other COVID-19 claims may still involve COVID-related impairment without a medical diagnosis code for one of the leading long COVID symptoms. A follow-up question was raised regarding whether medical services performed on other COVID-19 claims could be for other types of injuries. Staff responded that the claims were identified as COVID-19 claims based on reported Cause of Injury code 83, so all medical transactions on the claim should be related to the original COVID-19 infection.

Staff summarized the estimate of the long COVID cost within the insured market and the potential higher estimated cost within the self-insured market. The Committee was advised of the challenges in estimating the long COVID cost within the self-insured market, mostly due to the limited insured data available for the public administration sector, which constitutes about 7% of the entire system. This sector includes first responders, and staff was concerned about extrapolating the long COVID prevalence estimate based on the insured data for the self-insured segment. Additionally, a Committee member shared that the COVID-19 presumptions for the first responders may add complexity to the cost estimation. In general, the Committee supported the long COVID cost estimate in the insured market and acknowledged the limitations of extrapolating these costs to the self-insured system.

Item AC23-12-01

9/30/2023 Experience Review

Staff presented a summary of the analysis of statewide accident year experience evaluated as of September 30, 2023, which was included in the Agenda. It was noted that the projected loss ratio for policies incepting between September 1, 2023 and August 31, 2024 based on September 30, 2023 experience and the methodologies reflected in the Agenda was modestly higher than the projection included in the September 1, 2023 Pure Premium Rate Filing (Filing), primarily driven by increasing loss development.

During the discussion, the Committee noted the following:

- The impact of including COVID-19 premium charges and claims in the accident year 2023 loss ratio (discussed at the September 12, 2023 meeting) was immaterial. Staff recommended continuing to exclude COVID-19 claims from the estimated accident year 2023 indemnity claim frequency change given the sharp decrease in COVID-19 claim counts between 2022 and 2023. Given that COVID-19 claims are on average smaller than the typical claim, including COVID-19 claims in the accident year 2023 claim severity results in a modest decrease.
- Early period paid and incurred loss development emerging through the third quarter of 2023 continued to be moderately higher than projected, particularly for medical. This resulted in projected ultimate medical loss ratios modestly higher than those projected in the Filing. A review of WCIRB medical transaction data showed increases in paid medical development across multiple medical fee schedule categories, with the largest increases from durable medical equipment (DME). A Committee member noted that DME services may be more commodity-based in nature and therefore more susceptible to the inflationary effects experienced in the last couple of years.
- The impact of removing the claim settlement rate adjustment from the loss development projection resulted in a modest decrease in the projected loss ratio. The quarterly change in the projected loss ratio for the reform and claim settlement rate-adjusted method was larger than for the reform-adjusted method, suggesting the reform-adjusted method was more stable.
- Indemnity claim count development increased for accident year 2022 compared to 2021. Prior periods of claim count development increases have corresponded with increases in the ratio of cumulative trauma claims.
- Average wage changes forecast by the UCLA Anderson School of Business as of September 2023 were modestly lower than those forecast at the time of the Filing and forecasts from earlier in the year.
- The estimated indemnity claim frequency change for accident year 2023 at nine months based on aggregate indemnity claim counts (excluding COVID-19 claims) and statewide employment was a modest decrease consistent with that forecast by the WCIRB indemnity claim frequency model.
- The higher emerging loss development in the third quarter resulted in slightly higher indemnity and medical claim severity changes compared to those reviewed in prior quarters. The projected indemnity and medical severity trends reflected in the Filing continued to appear appropriate given the emerging experience. A Committee member suggested staff review the impact of the recent shifts in the distribution of injury types on the claim severity trends.

- Indemnity claim severities for accident year 2023 through nine months were generally flat. Medical claim severities for accident year 2023 through nine months showed a modest increase.
- Paid ALAE development continued to increase in the third quarter of 2023, corresponding with the increase in paid medical loss development. A Committee member suggested asking the Claims Working Group for feedback on the recent increases in paid ALAE development and the paid ALAE severity for accident year 2023 (through nine months).

Item AC23-12-02

Class Ratemaking for Loss Limitation

The Committee was reminded that the WCIRB is in the middle of a comprehensive multi-year review of the classification ratemaking process. This review has included:

- Approval of a new loss development methodology which incorporates limited loss development and updated loss development groups.¹
- Approval of a change to the methodology used to adjust classification relativities for differences in relative wage changes.²
- Support for an exploration of ways to improve the performance of the loss limitation methodology such as applying lower loss limitations for classifications with a smaller volume of experience.³

The Committee was advised that the current phase of this review was an exploration of varying loss limitations by the size of the classification.

Staff presented analysis of varying loss limitations by size of classification in terms of accuracy and stability in order to select a single option to test. Staff shared that pure premium was selected as the size metric due to its stability, ease of calculation and its intuitive connection with the size of a classification for ratemaking process. A five-year average pure premium of \$10 million or larger was selected as the threshold for a large classification and a limit of \$100,000 to be applied to losses in the classifications with five-year average pure premium below this threshold. Staff showed the Committee that three factors would be produced at each limit to incorporate varying loss limitation: detrended loss limits, loss development factors and a factor to bring losses limited at \$100,000 to a limit of \$500,000.

Staff shared that, while the proposed methodology improves the stability and accuracy of classification relativities for smaller classifications, the improvement is small relative to the complexity added to the ratemaking process. Staff shared analysis of the potential impact of movements in retro hazard group (RHG) assignment and of retro simulation database updates for smaller and larger classifications. With a lower loss limitation, loss elimination ratios would have a larger impact on the final classification relativity. In a changing claims environment, this could introduce additional potential for error in the ratemaking process. Staff recommended no change to the existing process at this time and to explore potential enhancements to the current credibility methodology in 2024.

A Committee member noted that the mean squared errors for larger classifications are significantly lower than for smaller classifications. Staff noted that this informed the decision to test a smaller loss limitation than currently used but not a larger limitation. Another Committee member suggested that this topic should be revisited in the future due to the significant differences in the accuracy of classification ratemaking for smaller and larger classifications. The Committee was supportive of the staff recommendations.

¹ See AC20-12-03 of the December 11, 2020 WCIRB Actuarial Committee Agenda.

² See AC21-12-09 of the December 9, 2021 WCIRB Actuarial Committee Agenda.

³ See AC22-12-02 of the December 6, 2022 WCIRB Actuarial Committee Agenda.

Item AC23-12-03 Employee Tenure Study

Staff summarized the preliminary findings of the ongoing study of employee tenure in the California workers' compensation system. A Committee member asked whether employee tenure was defined as tenure in the industry or tenure on the job, and staff clarified that due to data availability, employee tenure in the study represents how long the employee had been with their current employer. Staff also summarized the method for calculating claim frequency by tenure group, and the Committee was supportive of the methodology.

Staff noted that workers with shorter tenure are more likely to have higher indemnity claim frequency relative to the statewide average. Specifically, workers with less than one year of tenure are twice as likely to have an indemnity claim. The large differential is largely driven by workers in physical labor and service providing industries, exhibiting much higher relative indemnity frequency. Conversely, those in health, education and in office-based industries have frequency lower than the statewide average. A Committee member shared that workers with less than one year of tenure in service-providing and physical labor industries may be more likely to be involved in work-related injuries due to their newness to industry, while those in health and education or office-based industries may be more likely to switch jobs within the same industry and therefore more familiar with the work environment safety hazards. In addition, staff noted that the relative indemnity frequency increased between 2020 and 2022 for all tenure groups and is more pronounced for those with less than one year of tenure and those with between five and nine years of tenure. The Committee was advised that staff has been working with the Division of Workers' Compensation to obtain additional tenure information to analyze the frequency trend by tenure and by industry group from the pre-pandemic period through 2022.

Staff also summarized characteristics of indemnity claims in different tenure groups. Staff noted that injured workers with longer tenure are more likely to have cumulative trauma, strain injuries, open indemnity claims and claims involving permanent disability. These injured workers also tend to have higher average incurred claim costs for both indemnity and medical benefits. The Committee suggested these patterns might be highly correlated with worker age and recommended examining the patterns after controlling for age. Staff agreed to explore the relationship between claim frequency and tenure adjusting for age and include the analysis in the study report.

Item AC23-12-04

Workplace Violence Study

Staff summarized the preliminary findings of the study on workplace violence (WPV) injuries in the California workers' compensation system. Below are questions and feedback from the Committee, along with context:

- Regarding the definition of claims involving WPV injuries, a Committee member asked whether workers experiencing “a struck injury by fellow employee(s)” were included. Staff responded that these workers are included in the analysis if they also received medical treatment for PTSD. A follow-up question was raised on the “intent” requirement of the WPV definition and staff responded that the intent is not necessarily required when it comes to WPV as published research and relevant legislation on preventing WPV against healthcare workers include violent acts initiated by patients regardless of the intent. Therefore, for the purpose of the study, staff applies the same definition of WPV injuries to all industries without restricting it to intentional injuries. The Committee was advised that staff plans to further refine the definition of WPV claims by reviewing additional data elements, such as the accident description in the indemnity transaction data. A Committee member asked if workers experiencing gunshot wounds at shooting ranges were included in the analysis. Staff responded that a very small portion of WPV claims involved gunshot wounds and will further explore classification or occupation description to consider excluding these claims. A Committee member asked if there is data support for considering workers experiencing PTSD after witnessing a violence act in a workplace part of WPV claims. Staff confirmed the data support based on available accident description in the indemnity transaction data.
- Regarding the demographics, a Committee member asked if there was any information on the gender or other demographic characteristics of aggressors in WPV incidents. Staff responded that the information is not available in the data and therefore not included in the analysis, but a further review of published studies may shed light on the question. A Committee member also suggested controlling for industry to understand the gender distribution of WPV in different industries. Staff agreed to further explore this topic.
- Staff described the industries with the greatest shares of WPV claims, including Healthcare, Retail, Hospitality and Administrative and the segments within the industry that drive the WPV injuries. A Committee member asked if staff had explored the Education industry given that shooting incidents in schools are more frequently covered in the news. Staff responded that analysis was conducted on the Education sector, but this sector was not one of the leading sectors with the highest shares of WPV injuries, possibly due to a large portion of the Education sector being self-insured.
- Staff also described the medical characteristics and costs of WPV claims, including claims with physical injuries and/or psychiatric conditions. A Committee member asked whether workers with only psychiatric conditions could have a PD rating. Staff responded that workers could have a PD rating specifically related to the psychiatric conditions as SB 863 allows PD ratings for a compensable psychiatric disorder if certain conditions are met. A Committee member suggested exploring denial rates of WPV claims involving psychiatric conditions and staff agreed to explore this issue further using the indemnity transaction data.

- The Committee further discussed whether workplace violence injuries in general should be compensated in the WC system as employers may not always be able to control actions of the aggressors. Staff responded that some risk factors for WPV injuries can be addressed by employers as shown in published research by NIOSH and in legislation that aims to prevent WPV injuries in the healthcare industry; however, staff recognized the concern and shared that the criteria and considerations for compensating workers experiencing WPV injuries differ by jurisdictions.

Item AC23-12-05

Potential 2024 Actuarial and Research Projects

The Committee reviewed the list of potential actuarial and research studies included in the Agenda that are under consideration for 2024. It was noted that many of the listed studies were either requested by the California Department of Insurance (CDI), developed in response to issues raised in recent CDI Decisions, required by legislation, or related to the COVID-19 pandemic.

It was also noted that the WCIRB will propose a strategy for addressing the projected cost of COVID-19 claims as part of the pure premium rate filing process and will continue its Long-COVID research but that other pandemic-related research will be diminished over time.

The consensus of the Committee was that the schedule of projects outlined in the Agenda to be undertaken in 2024 was appropriate.

Item AC23-12-06

2024 Schedule of Meetings

The following schedule of Actuarial Committee meetings for 2024 was approved by the Committee:

Tuesday, February 13, 2024 (September 1, 2024 Regulatory Filing)

Thursday, March 21, 2024

Thursday, April 11, 2024 (September 1, 2024 Pure Premium Rate Filing)

Thursday, June 27, 2024

Tuesday, September 17, 2024

Tuesday, December 10, 2024

It was noted that the WCIRB intends to hold hybrid meetings in 2024 so that Committee members and California Department of Insurance staff may attend either in person or virtually and all members of the public could attend virtually.

It was also agreed that all 2024 meetings will begin at 9:30 AM Pacific Time.

The meeting was adjourned at 3:15 PM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for February 13, 2024 for approval and/or modification.

Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
February 13, 2024	9:30 AM	WCIRB California 1901 Harrison Street, 17 th Floor Oakland, CA	Sean Cooper
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Released: March 11, 2024

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Joel Clark
Neal Leibowitz
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Mark Priven
Bryan Ware
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Giovanni Muzzarelli
Mitra Sanandajifar
Garen Sargsyan
Serina Wu
Sarah Ye

WCIRB

Bill Mudge*
Sean Cooper*
Laura Carstensen*
Tony Milano*
Hester Nguyen*
YiChen Yu
Julia Zhang
Claudia Zhou*

* Attended in Person

After a reminder of the antitrust restrictions, the meeting of the Actuarial Committee was called to order at 9:30 AM with Mr. Sean Cooper, Executive Vice President and Chief Actuary, presiding.

* * * * *

Approval of Minutes

The Minutes of the meeting held on December 5, 2023, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item AC23-02-02

Clerical Telecommuting Employees Classification

The Committee was reminded that Classification 8871, *Clerical Telecommuter Employees – N.O.C.*, was established effective January 1, 2021 as a new Standard Exception classification applicable to clerical employees who work more than 50% of their time at their home or other office space away from any location of their employers. The Committee was also reminded that Classification 8871 was established with the same advisory pure premium rate (PPR) as Classification 8810. At the February 14, 2023 meeting, after discussing the initial unit statistical loss and payroll experience and claim characteristics reported thus far in Classification 8871 on 2021 policies, the Committee recommended a lower PPR for Classification 8871 using a tempered approach consistent with the WCIRB's standard practice of limiting the relativity change to 25% in the classification relativities for the September 1, 2023 Regulatory Filing. As of September 1, 2023, the approved PPRs for Classification 8810 and Classification 8871 are \$0.20 and \$0.16, respectively, per \$100 of payroll.

Staff summarized the unit statistical loss and payroll experience and claim characteristics in Classification 8871 on 2021 policies and those reported thus far on 2022 policies:

- The Committee was advised that Classification 8871 has a 63% lower loss to payroll ratio than Classification 8810, driven mainly by lower claim frequency. The differential remains consistent across both the 2021 policy experience and the preliminary 2022 policy experience. Therefore, the review findings validate the difference in the PPRs between Classifications 8810 and 8871. A Committee member asked the potential impact of any future volatility in the loss to payroll differential due to the volume of claims. Staff responded that the differential is likely to persist for a couple of reasons. First, while 2022 policies are preliminary, the payroll and claim count reported in Classification 8871 represent a significant share (55%) of the class experience from the 2021 policies. The consistency in the loss and payroll differential between the two policy years suggests that the differentiation will likely remain as more 2022 policy experience becomes available. Second, staff shared that a review of the 2021 policy experience at the second report level suggests that the loss ratio of Classification 8871 is lower than that of Classification 8810 by a similar magnitude, at 64%. It should be further noted that the recommended differential is already credibility-adjusted to account for the volume of claims.
- For claim characteristics, staff noted that Classification 8871 has higher median weekly wage among injured workers and lower frequency of cumulative trauma indemnity claims than those for Classification 8810. For leading causes of injuries, staff noted that claims of Classification 8871 are more likely to involve strain injuries, while those of Classification 8810 are more likely to involve fall injuries. However, Classifications 8871 and 8810 have a similar share of indemnity claims.
- The Committee was advised that a preliminary estimation of the classification relativity change for Classification 8871 using the WCIRB's standard actuarial approach indicates a further decrease of 28% in addition to the 25% decrease reflected in the September 1, 2023 Regulatory Filing.

The Committee was advised of staff's recommendation to continue with the distinct advisory pure premium rate for Classification 8871 using a tempered approach consistent with the WCIRB's standard practice of limiting the relativity change to 25%.

After the discussion, the consensus of the Committee was to reflect staff's recommended change to the classification relativities for the September 1, 2024 Regulatory Filing.

Item AC24-02-01

9/1/2024 Regulatory Filing – Experience Rating Plan Values

Staff presented a draft analysis of the indicated September 1, 2024 experience rating off-balance correction factor. Staff noted that the methodology used to compute the indicated off-balance factor for policies incepting between September 1, 2024 and August 31, 2025 was generally consistent with the methodology reflected in the September 1, 2023 Regulatory Filing. The Committee was advised that the preliminary indicated September 1, 2024 off-balance factor using this approach is 0.7% above the factor reflected in the September 1, 2023 Regulatory Filing (1.039). Staff noted that, although the indicated off-balance factor is higher than in recent filings, it is reasonably within the longer-term range of indicated off-balance factors. The consensus of the Committee was that this methodology was appropriate and should be used to compute the final September 1, 2024 off-balance factor.

Staff then presented the methodology to compute the factors used to generate the proposed September 1, 2024 expected loss rates. Staff noted that the overall methodology to compute the expected loss rate factors was consistent with that reflected in the September 1, 2023 Regulatory Filing. The consensus of the Committee was that the proposed September 1, 2024 expected loss rates should reflect the methodologies summarized at the meeting.

During the discussion, a Committee member requested the list of classifications subject to the maximum payroll limitation. The list is provided in Table 1 below.

Table 1 – Classifications with Maximum Payroll Limitations

Classification	Effective Date
7607	1/1/2020
8743	1/1/2020
8803	1/1/2020
8820	1/1/2020
8859	1/1/2020
8601	9/1/2022
8741	9/1/2022
8749	9/1/2022
8801	9/1/2022
8808	9/1/2022
8822	9/1/2022
8874	9/1/2022
4297	9/1/2024
4512	9/1/2024
8807	9/1/2024
8834	9/1/2024
8839	9/1/2024
9043	9/1/2024

Item AC24-02-02

Review of Expected Loss Rate Projection Methodology

Staff presented the first phase of a multi-year retrospective study of the expected loss rate (ELR) projection methodology. Staff highlighted the data used in the retrospective study and its assumptions. This phase included a review of the appropriate groupings to use for projecting the factors to adjust the indicated limited loss to payroll ratios from the classification relativities analysis to the ELR level. The current groupings of North American Industrial Classification System (NAICS) sectors, as well as groupings based on NAICS sectors with loss development group (LDG), retrospective rating hazard group (RHG), statistical clustering of classifications, and groups based on Kruskal-Wallis bifurcation were reviewed.

Staff noted that the results were grouped by NAICS sector and by classification deciles. Staff summarized the results of the retrospective tests and noted that, based on this review, none of the alternative methods tested performed significantly or consistently better than the current approach of using the NAICS sector groupings. After discussion, the Committee accepted staff's analysis.

Staff noted some concerns with the current use of these groupings given that there is a significant number of groups and some of them are small and volatile. Staff plans to continue reviewing the NAICS groupings to determine if any can be further combined for this analysis. Staff plans to review other parts of the ELR methodology, such as the statewide adjustments, the years of data used and input adjustment factors, the swing limit for a classification's ELR relativity, the impact of reforms or large system changes, and the off-balance factor methodology. The Committee agreed that staff should continue to review the ELR projection methodology as outlined by staff.

The meeting was adjourned at approximately 10:55 AM.

* * * * *

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for March 21, 2024 for approval and/or modification.

Item VI-A

September 1, 2024 Pure Premium Rate Filing

The WCIRB's September 1, 2024 Pure Premium Rate Filing will include proposed changes to the September 1, 2023 advisory pure premium rates. In preparation for the September 1, 2024 Pure Premium Rate Filing, staff has compiled statewide premium, loss and loss adjustment expense experience as of December 31, 2023 for presentation to the Actuarial Committee at the April 11, 2024 meeting. The Agenda for the April 11, 2024 Actuarial Committee meeting is attached.

The actuarial methodologies presented to the Actuarial Committee are generally consistent with those reflected in the September 1, 2023 Pure Premium Rate Filing. A summary of the development of the indicated average September 1, 2024 pure premium rate based on the Actuarial Committee's recommendations made at the April 11, 2024 meeting will be presented at the meeting.

Actuarial Committee

Meeting Agenda

Date	Time	Location	Staff Contact
April 11, 2024	9:30 AM	Microsoft Teams Webinar	Sean Cooper
1901 Harrison Street, 17 th Floor • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: April 4, 2024

To Members of the Actuarial Committee, WCIRB Members and All Interested Parties:

This meeting is Open to the Public.

Please use this [link](#) to register for the meeting webinar. After registering, you will receive a confirmation email containing information about the meeting.

I. Approval of Minutes

None

II. Working Group Meeting Summaries

None

III. Unfinished Business

- A. AC16-06-05: Update on Medical Severity Trends by Component
- B. AC20-08-04: Impact of Economic Downturn on Pure Premium Rate Indications
- C. AC22-04-04: Retrospective Evaluation of 2021 Fee Schedule Changes
- D. AC24-03-01: First Quarter 2024 Review of Diagnostics
- E. AC24-03-02: 12/31/2023 Experience Review

IV. New Business

- A. AC24-04-01: 9/1/2024 Filing – Loss Adjustment Expense Experience Review
- B. AC24-04-02: 9/1/2024 Filing – Review of Alternative Loss Projection Methodologies

V. Matters Arising at Time of Meeting

VI. Next Meeting Date: June 27, 2024

VII. Adjournment

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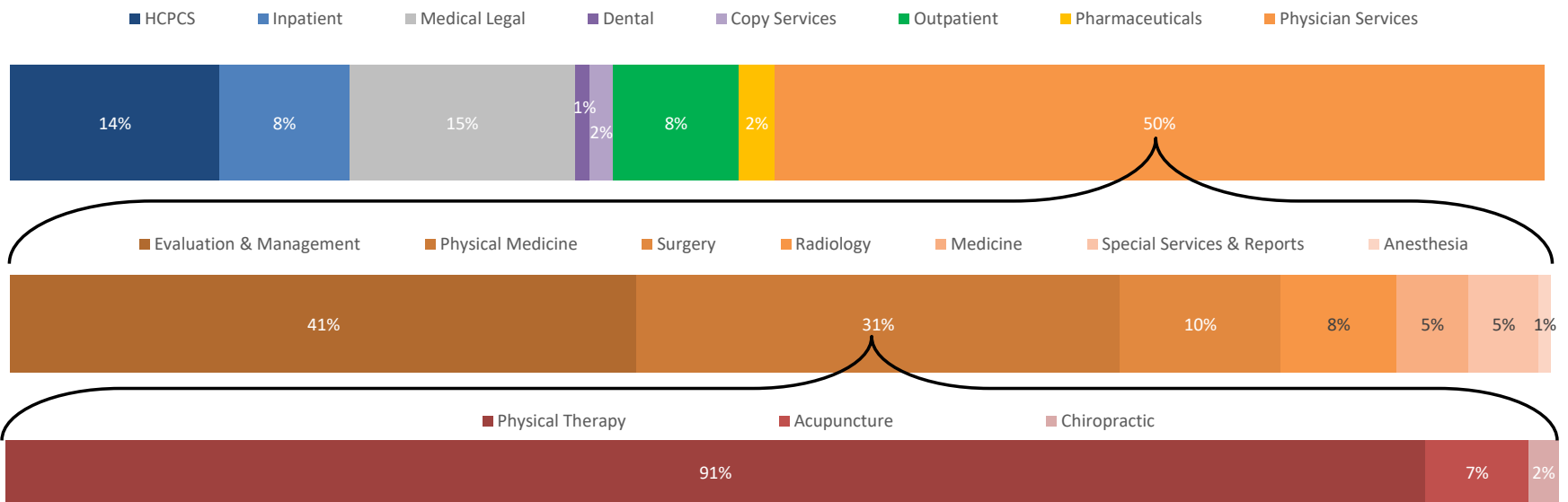
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Item AC16-06-05
Update on Medical Severity Trends by Component

The WCIRB regularly monitors changes in paid per transaction and paid transactions per claim by medical component and discusses the patterns with the Actuarial Committee. A brief update to that analysis with medical transaction data through December 31, 2023 will be presented at the meeting. Slides on the updated medical severity trends are attached.

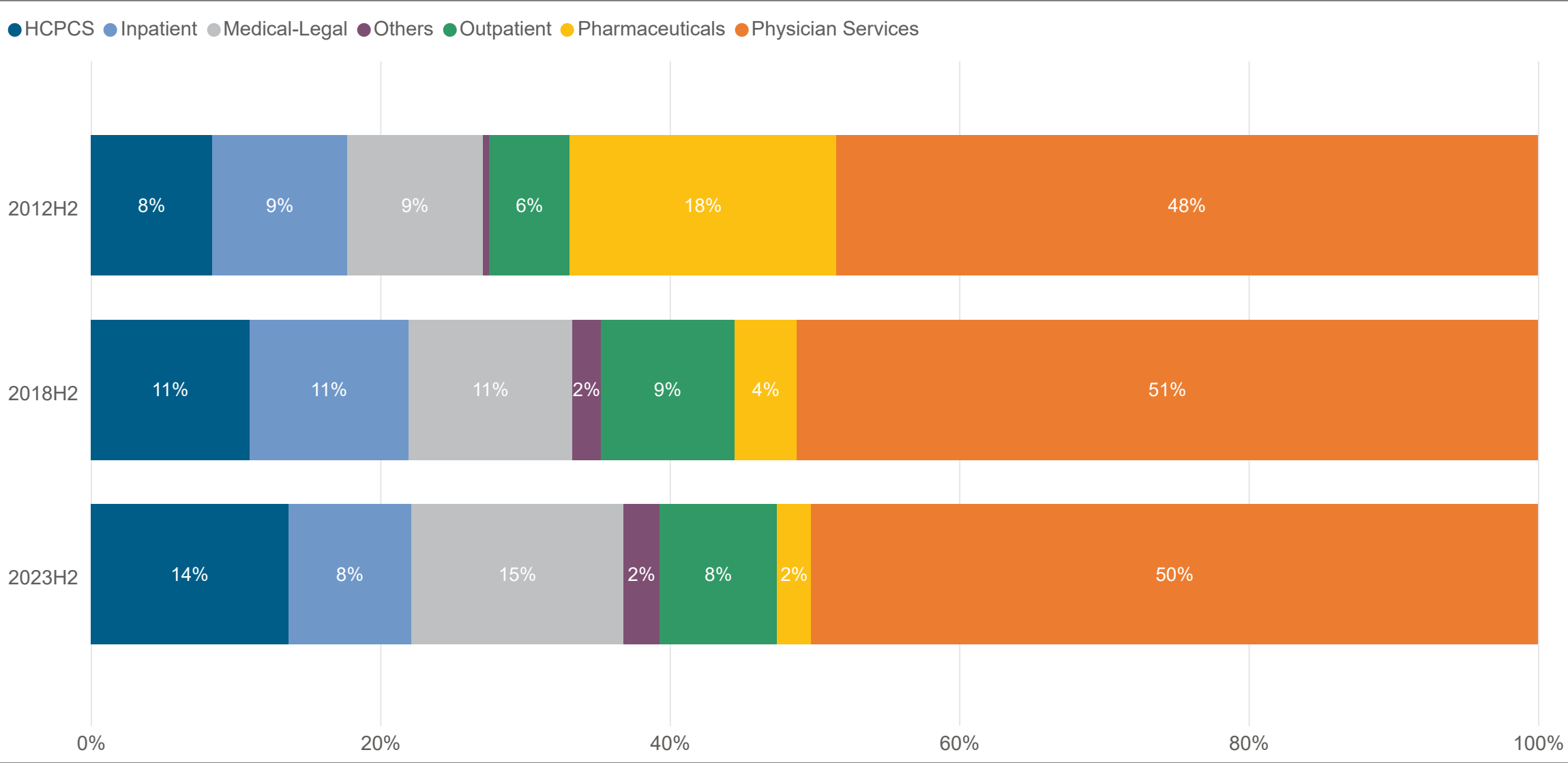
Share of Total Medical Payments in 2023H2 by Service Type



Note: HCPCS stands for Healthcare Common Procedure Coding System and includes the Level II codes. HCPCS Level II codes primarily include ambulance services, durable medical equipment, prosthetics, orthotics, and supplies used outside a physician's office, home health services, and interpreter services. Medicine services include the physician services not in any other subcategories, such as psychiatric care.
Source: WCIRB medical transaction data.

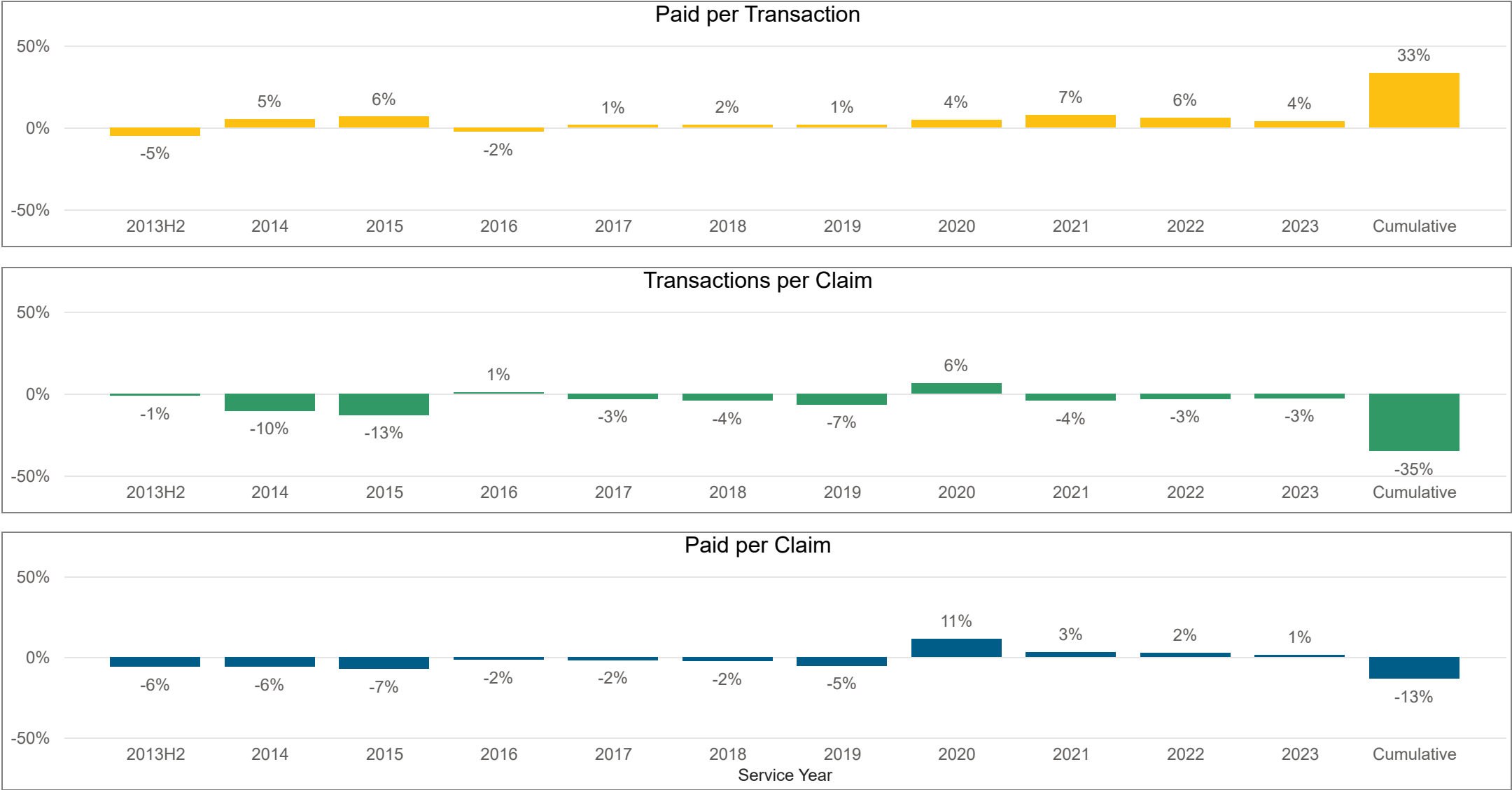
Share of Total Medical Payments by Service Type

As of February 7, 2024



% Change in *All Medical Services* Cost per Claim

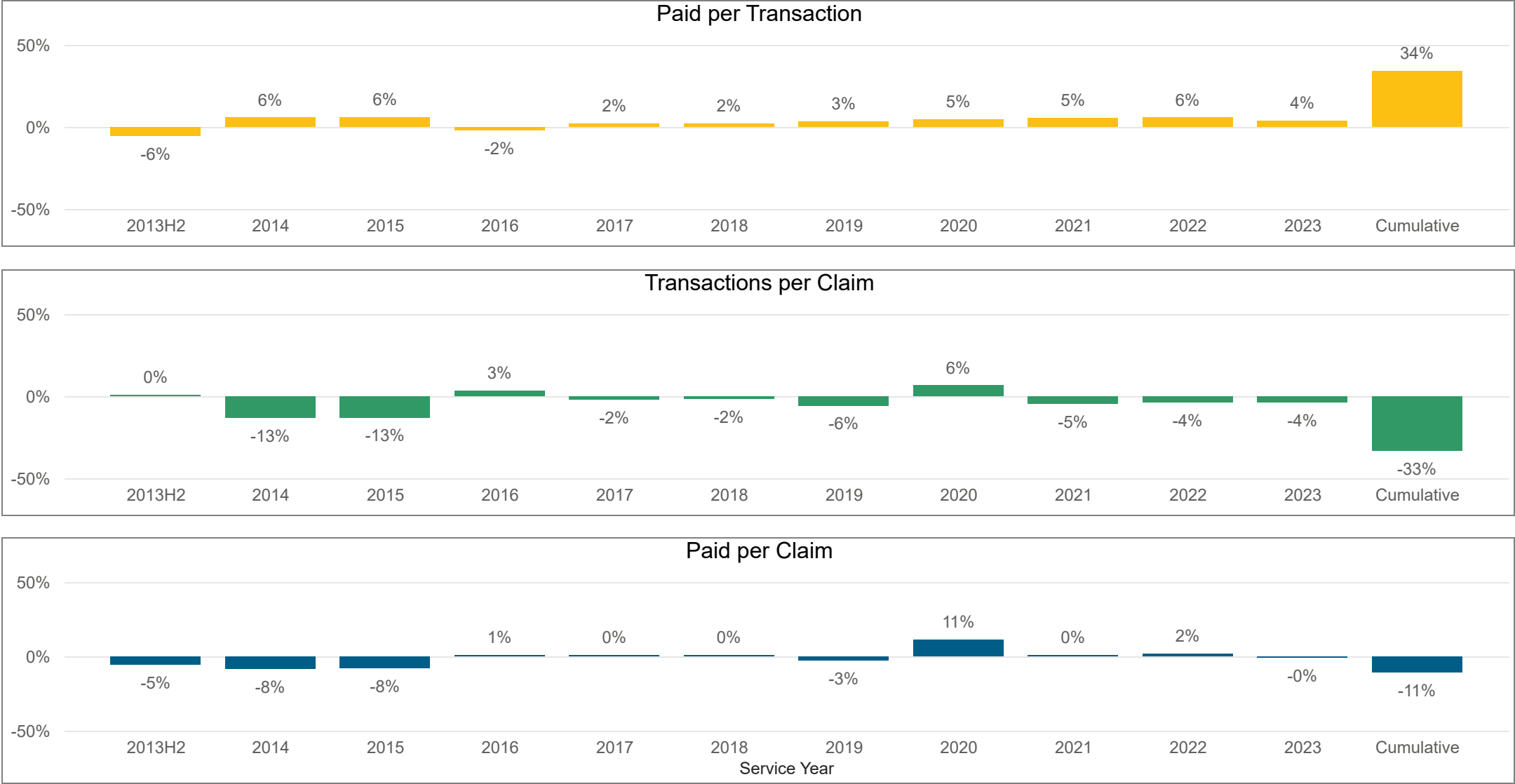
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012. COVID-19 claims were excluded from the analysis and the exclusion applies to all subsequent slides.

% Change in *Physician Services* Cost per Claim (49% of All Medical Payments*)

As of February 7, 2024

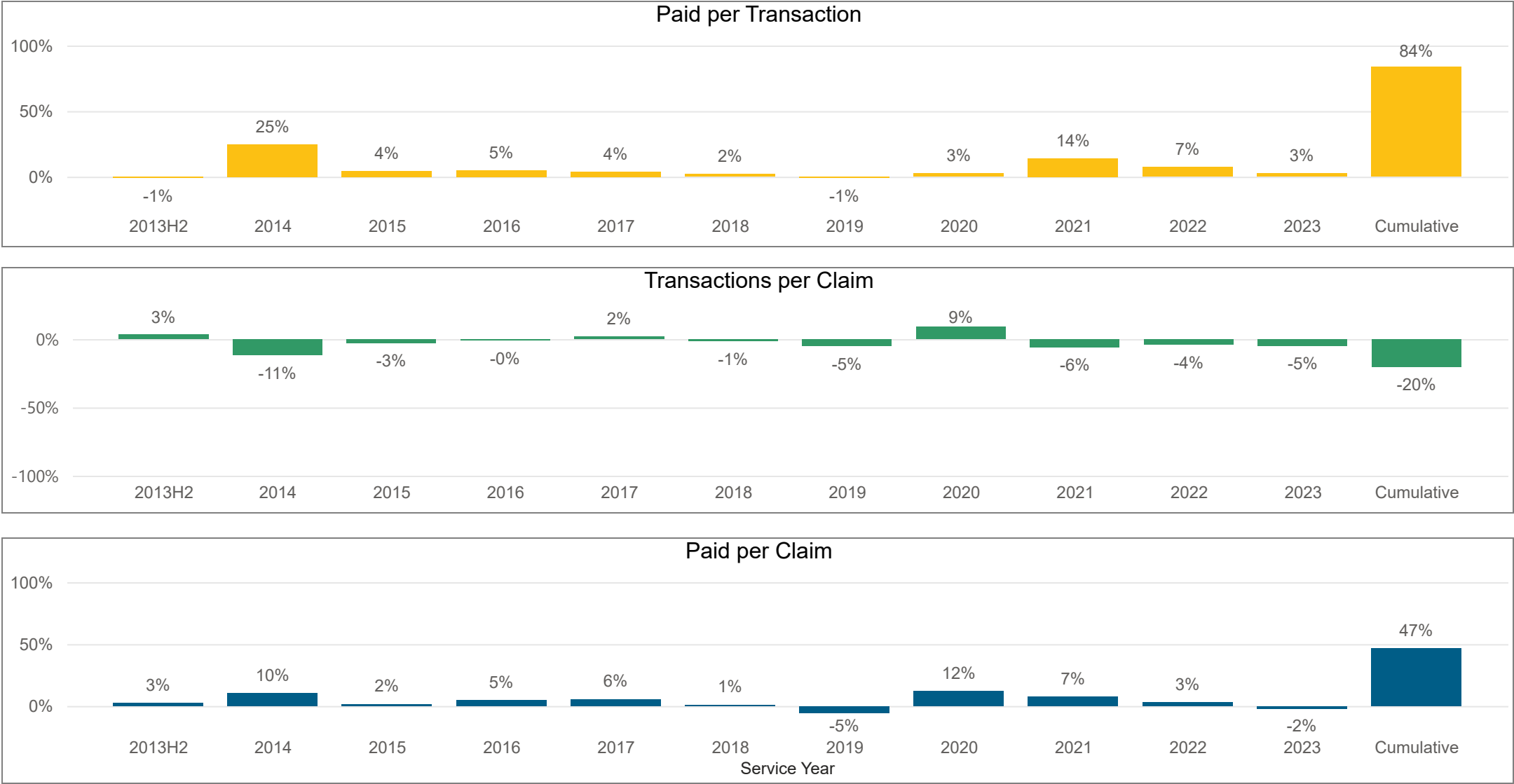


* All medical payments are defined as the total Paid Amount (excluding Liens) in Service Year 2023 in the WCIRB medical transaction data. This definition applies to all subsequent slides.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Evaluation & Management* Cost per Claim (Subcategory of *Physician Services*, 20% of All Medical Payments)

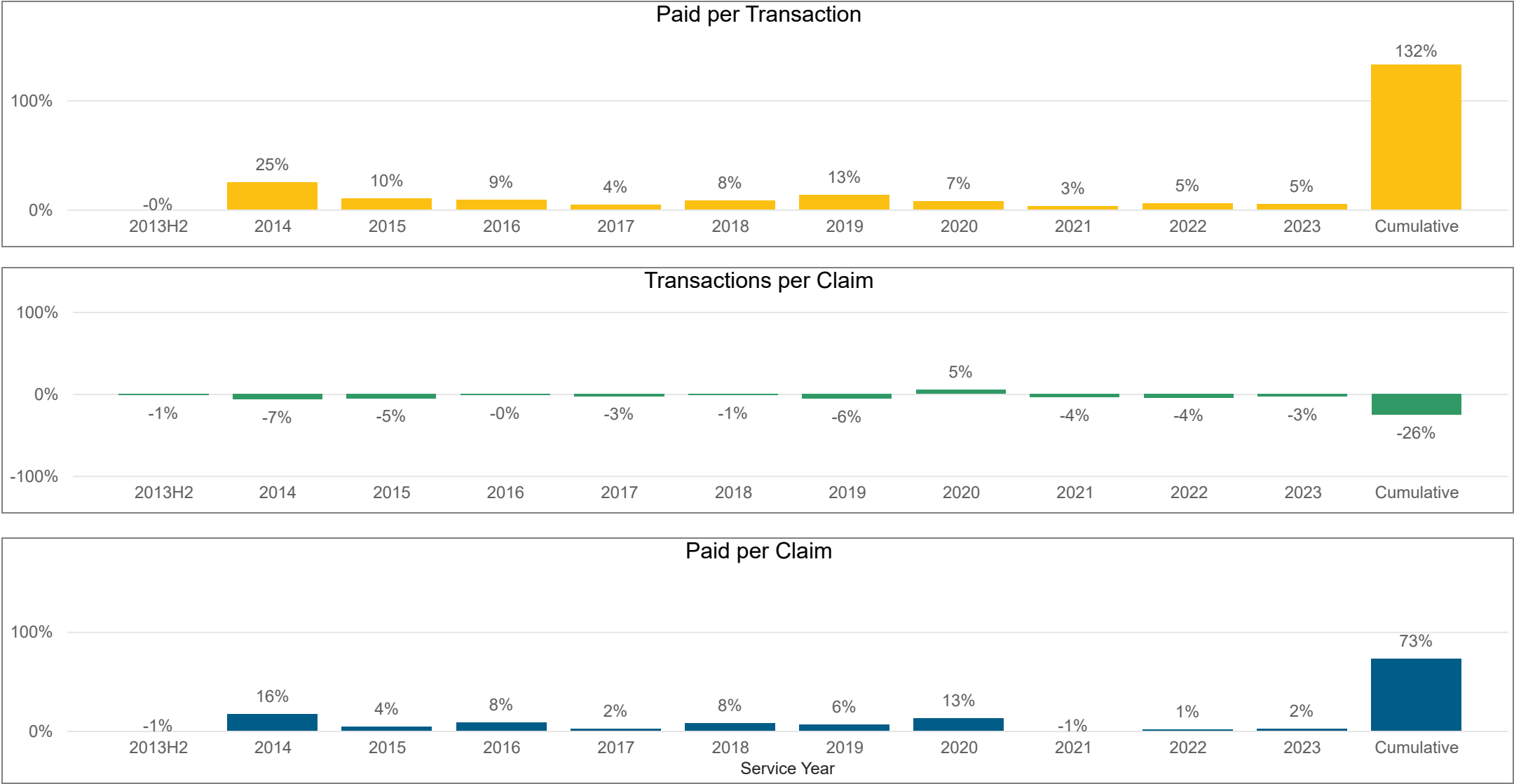
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Physical Medicine* Cost per Claim (Subcategory of *Physician Services*, 15% of All Medical Payments)

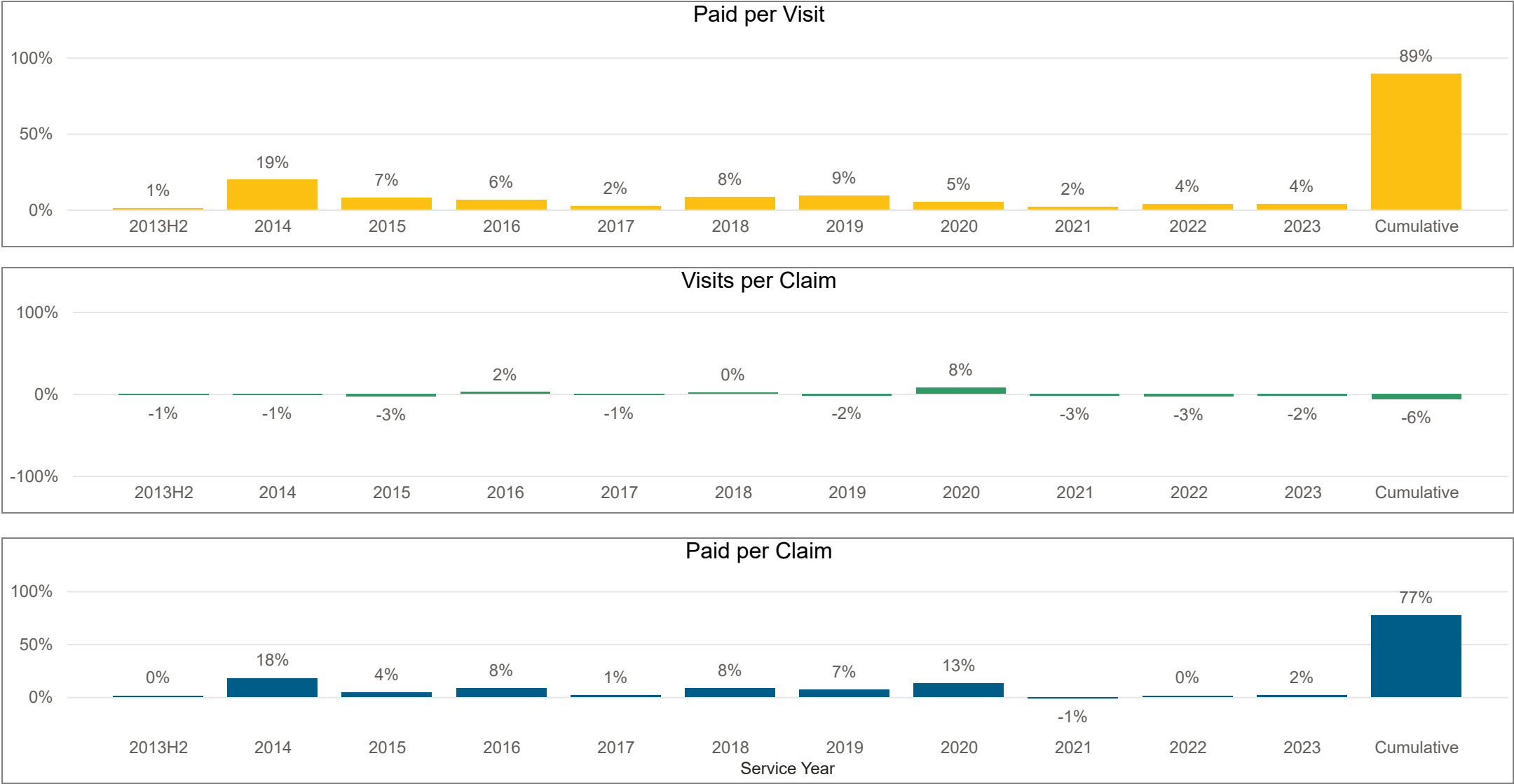
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Physical Therapy* Cost per Claim (visit-based) (Subcategory of *Physical Medicine*, 13% of All Medical Payments)

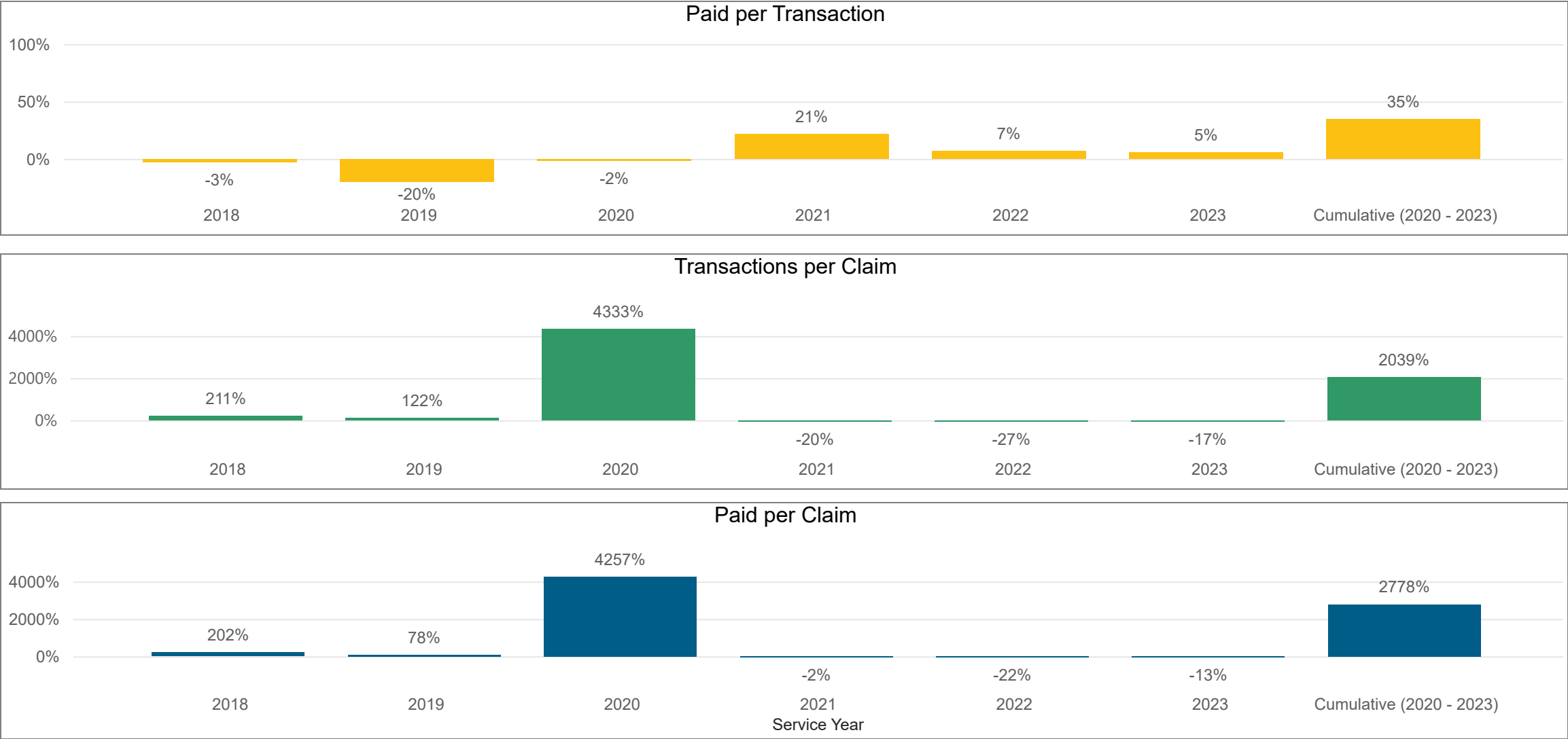
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Telemedicine* Cost per Claim

As of February 7, 2024

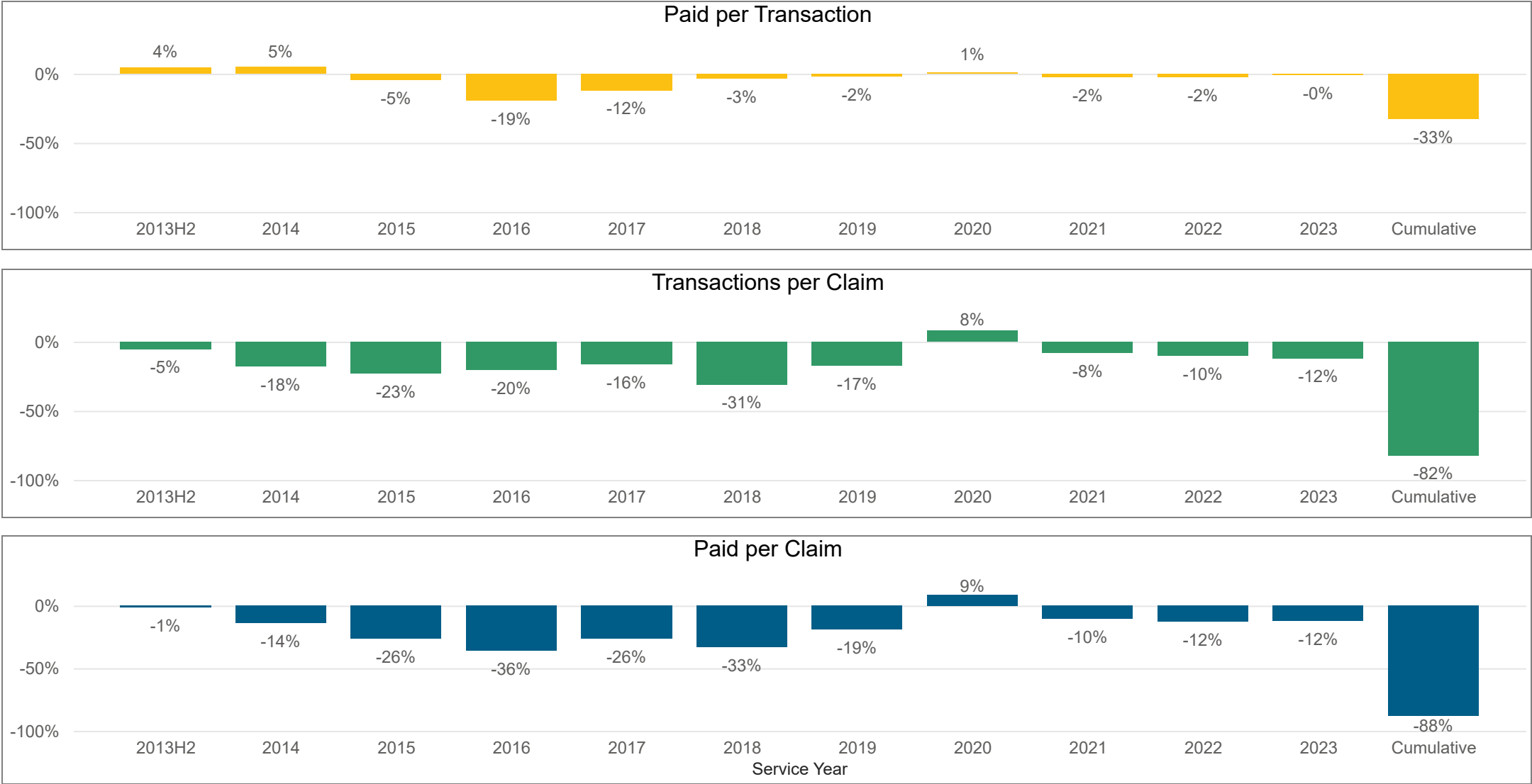


Note: Pre-COVID telemedicine services are defined as any procedures with Place of Service 02 or modifier 95 (excluding Special Services & Reports, Medical Legal, Copy Services, and Interpreter Services). For telemedicine services after March 1, 2020, only services from CMS list of telehealth services are included pursuant to the DWC rules.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Pharmaceutical* Cost per Claim (2.3% of All Medical Payments)

As of February 7, 2024



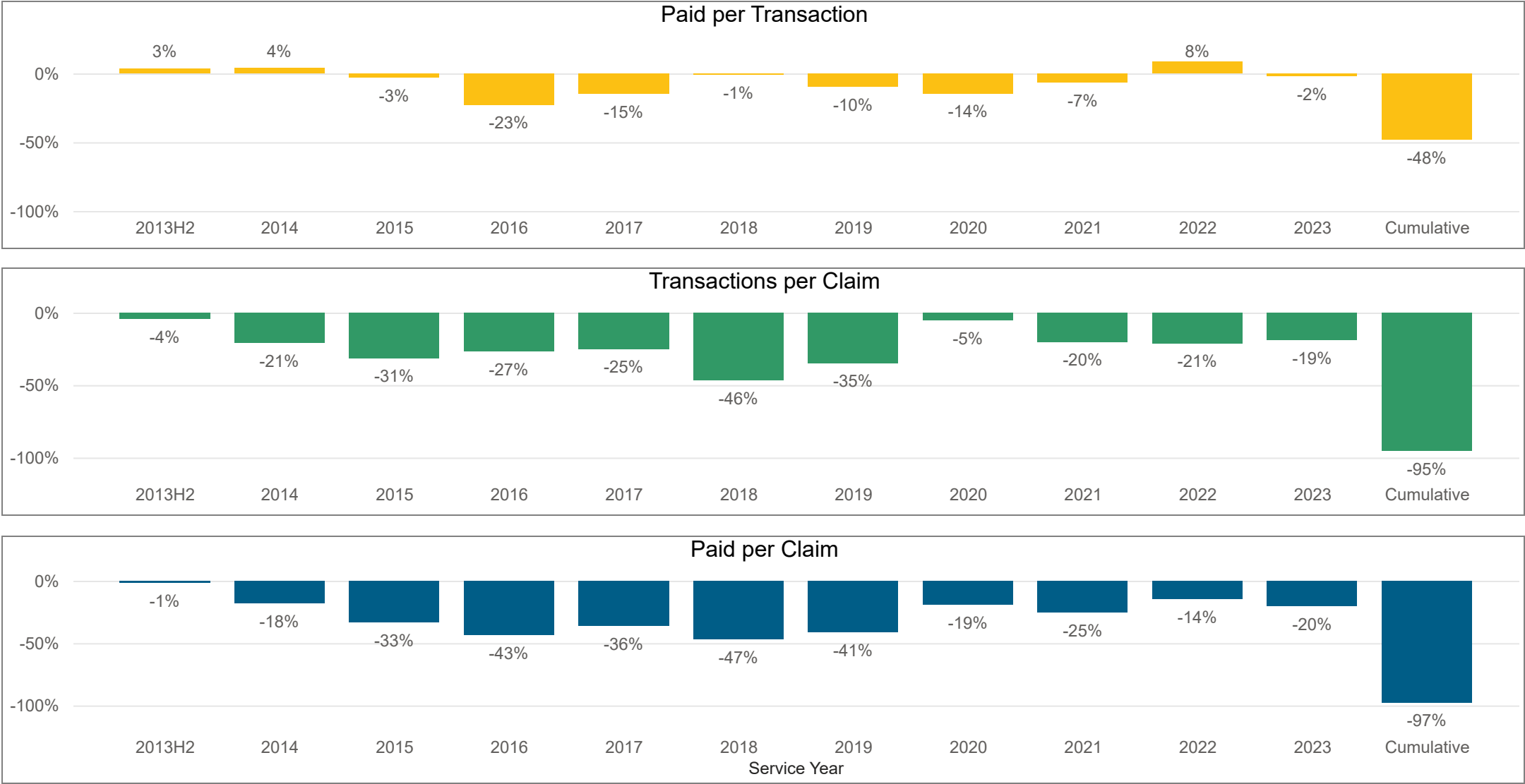
In 2012H2,
Pharmaceutical
represented 18%
of all medical
payments.

In 2023H2,
Pharmaceutical
represented 2%
of all medical
payments.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

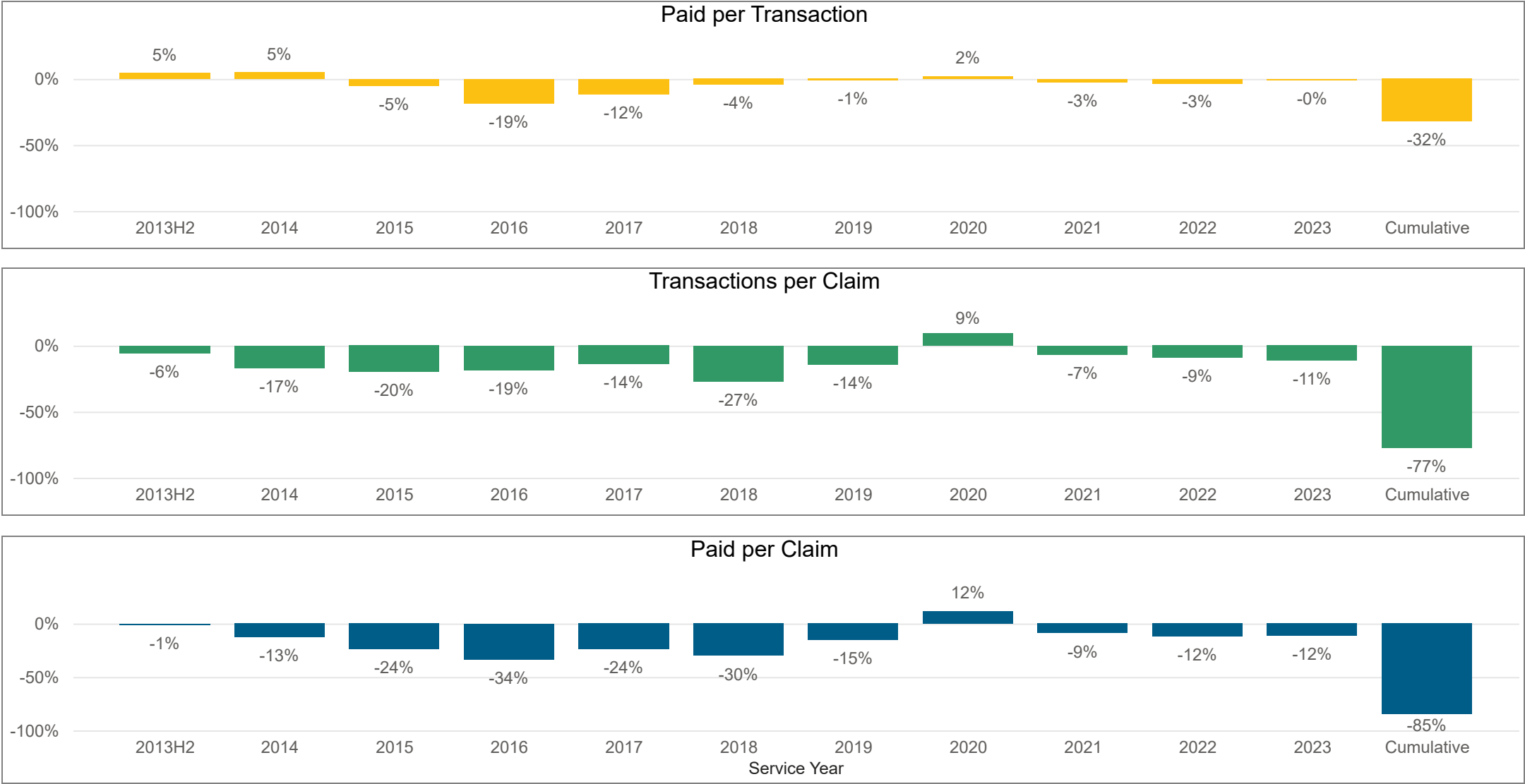
% Change in *Opioid* Cost per Claim (0.1% of All Medical Payments)

As of February 7, 2024



% Change in Non-Opioid Cost per Claim (2.2% of All Medical Payments)

As of February 7, 2024



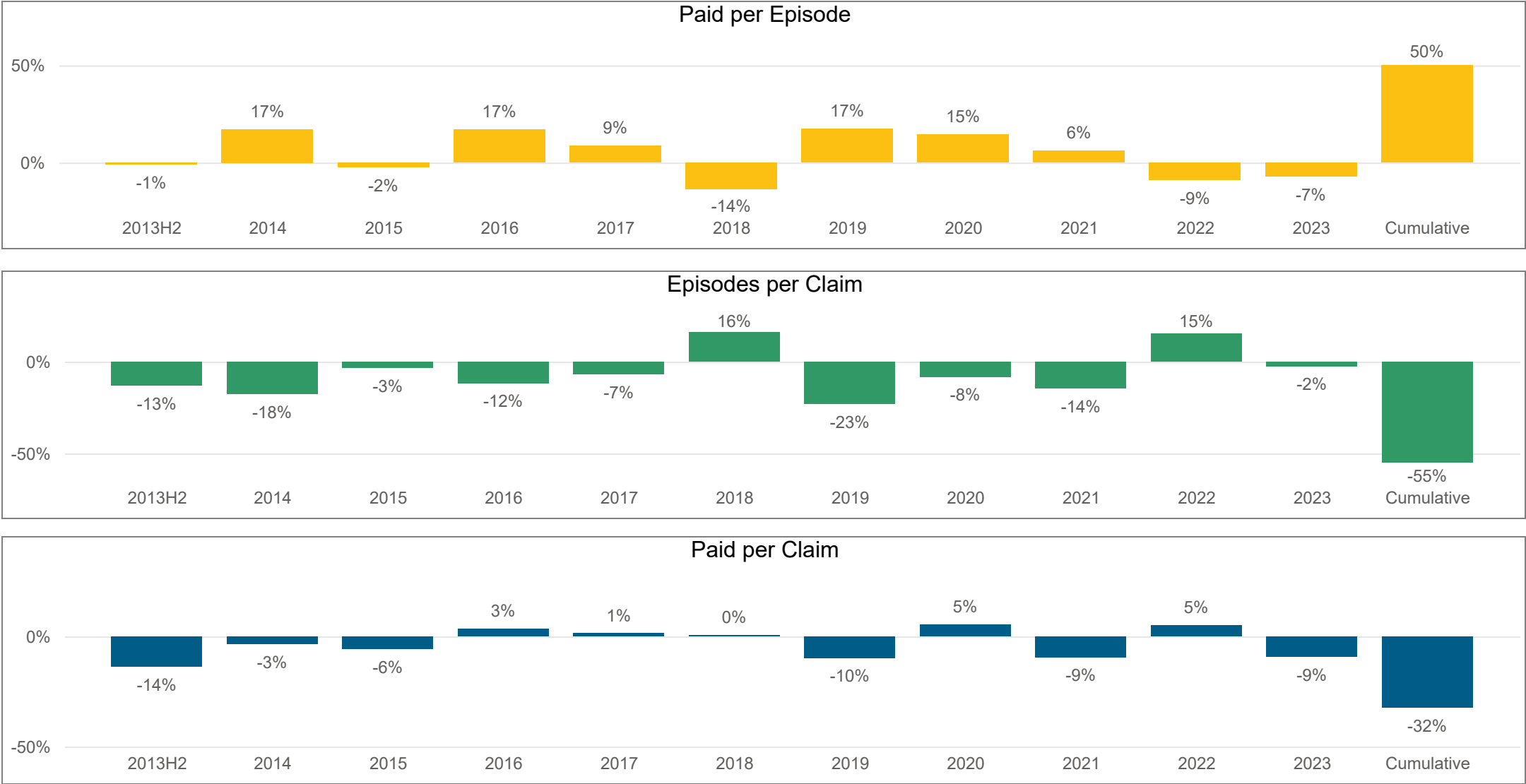
In 2012H2, Non-Opioids represented 13.1% of all medical payments.

In 2023H2, Non-Opioids represented 2.2% of all medical payments.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Inpatient* Cost per Claim (episode-based) (9% of All Medical Payments)

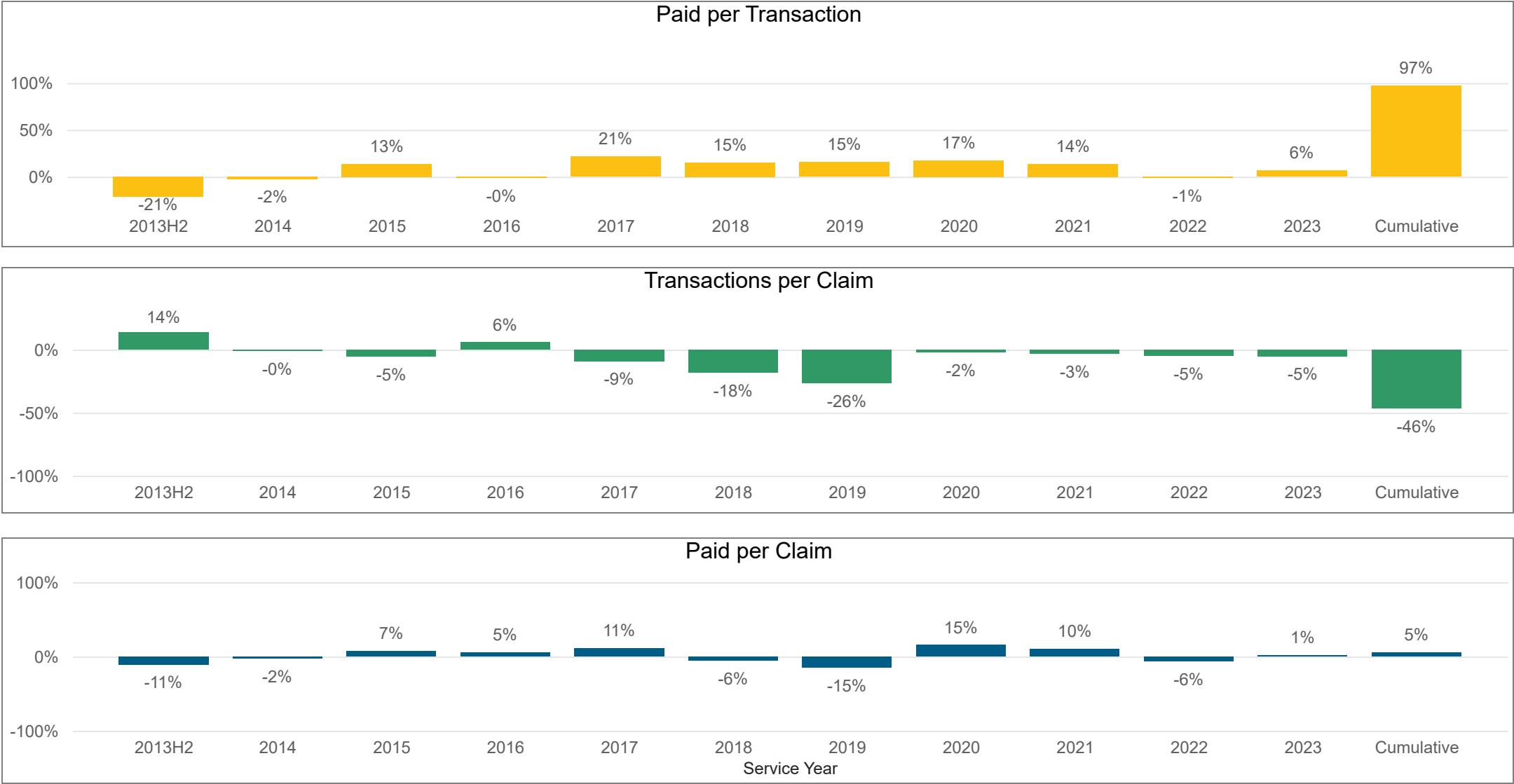
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Outpatient* Cost per Claim (9% of All Medical Payments)

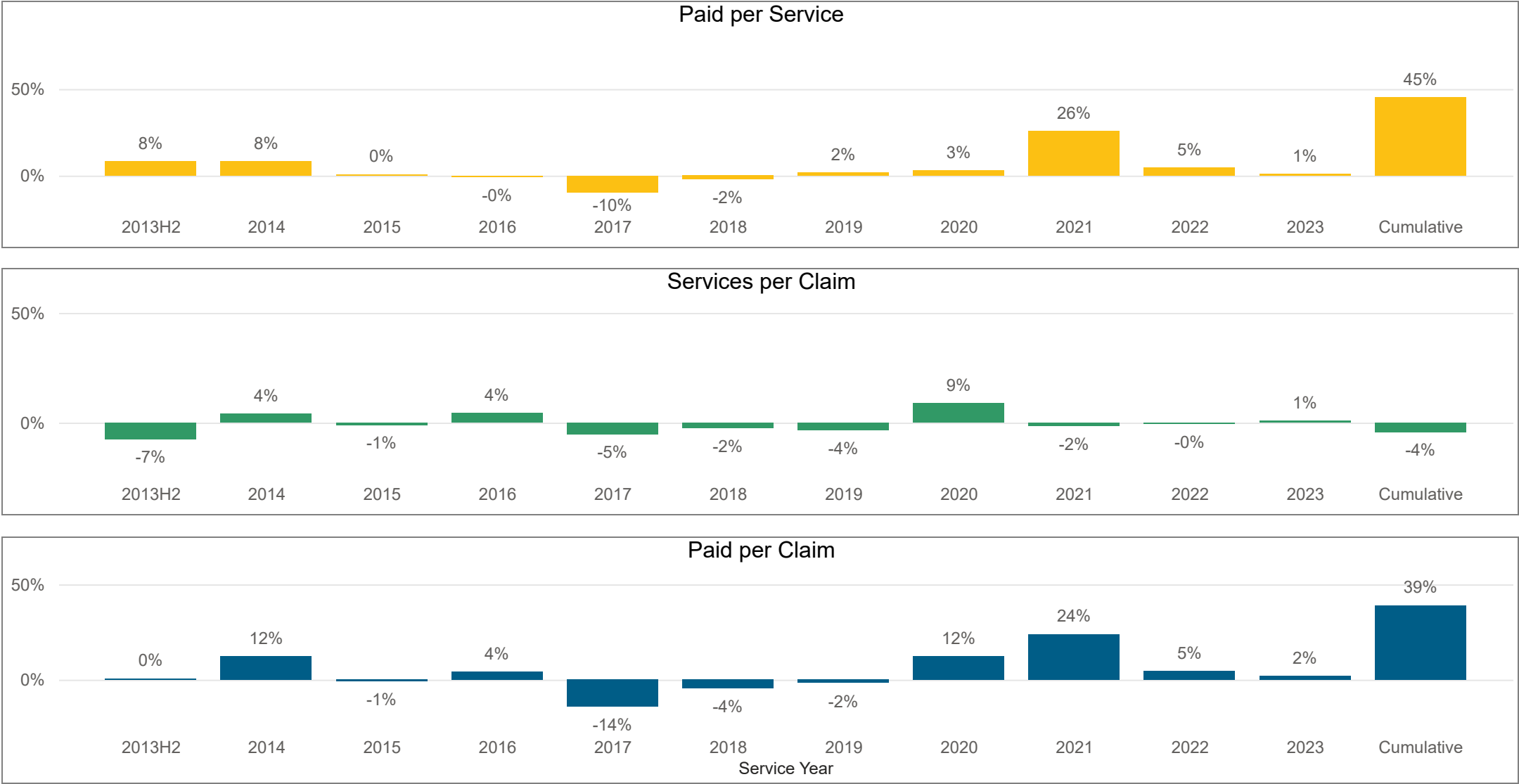
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *Medical-Legal* Cost per Claim (15% of All Medical Payments)

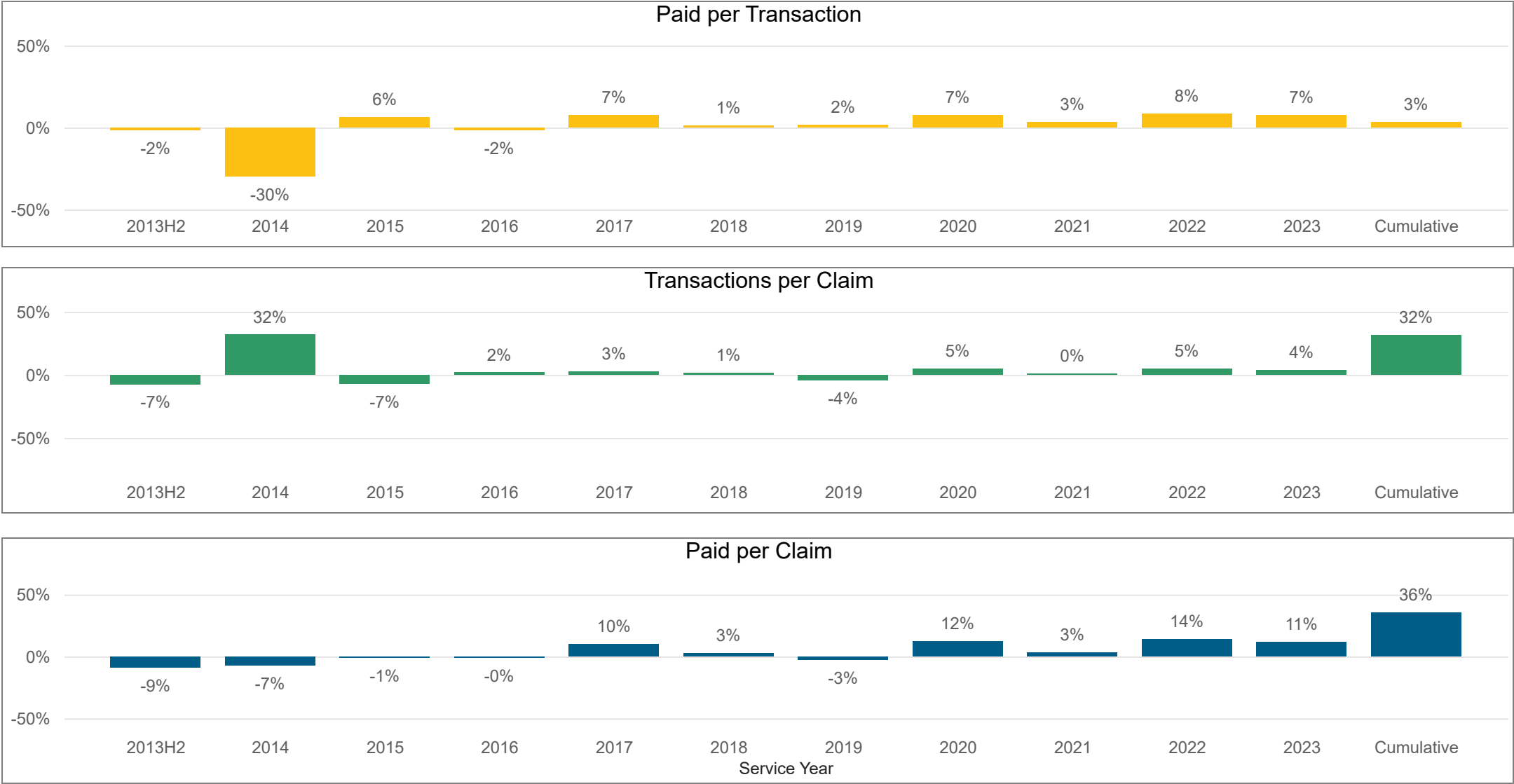
As of February 7, 2024



Note: Payments for record review are included in the paid per service and paid per claim. Record review transactions are part of the Medical-Legal services, and therefore are not separately counted in the services per claim.
Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in *HCPCS* Cost per Claim (13% of All Medical Payments)

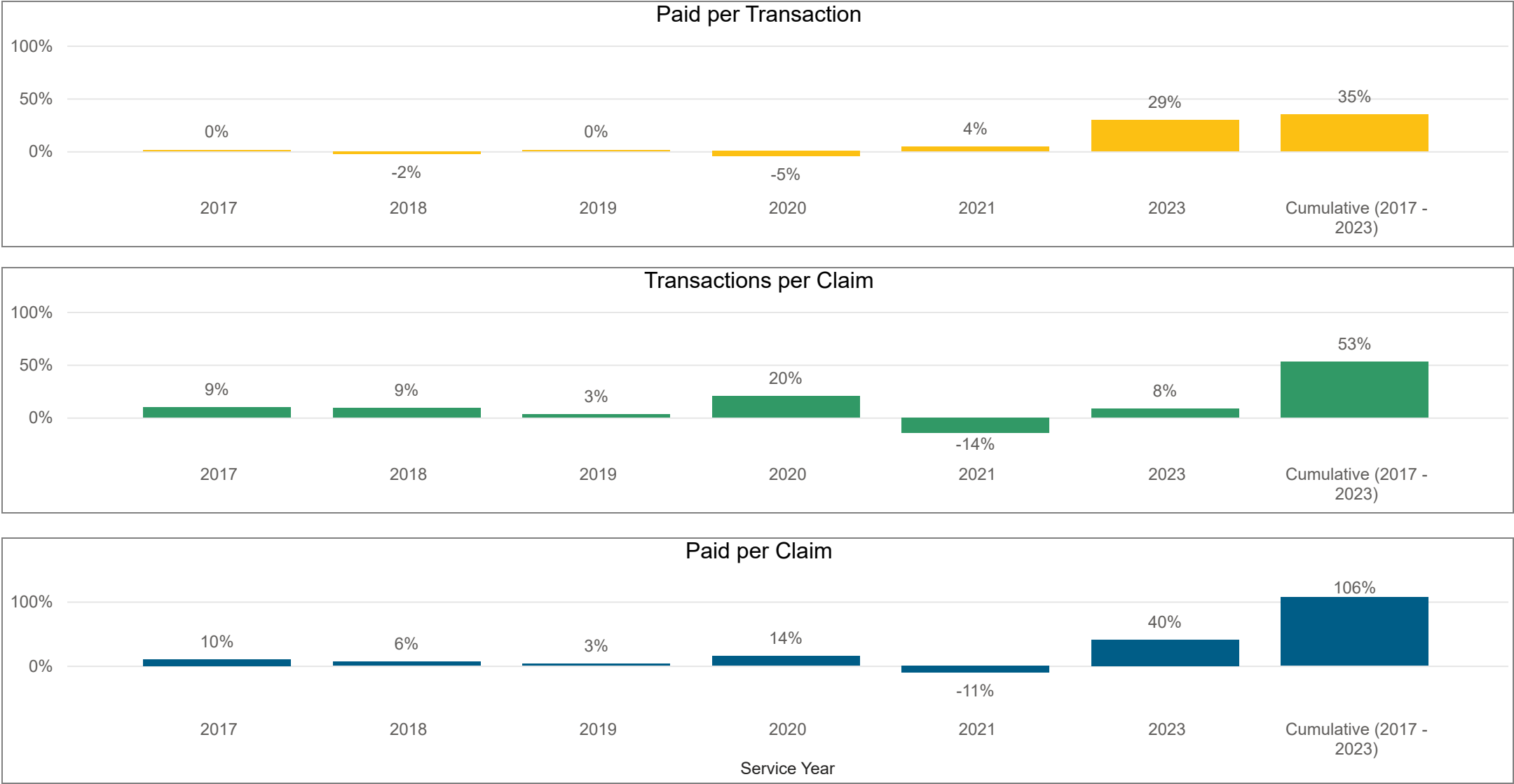
As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

% Change in Copy Services Cost per Claim (1% of All Medical Payments)

As of February 7, 2024

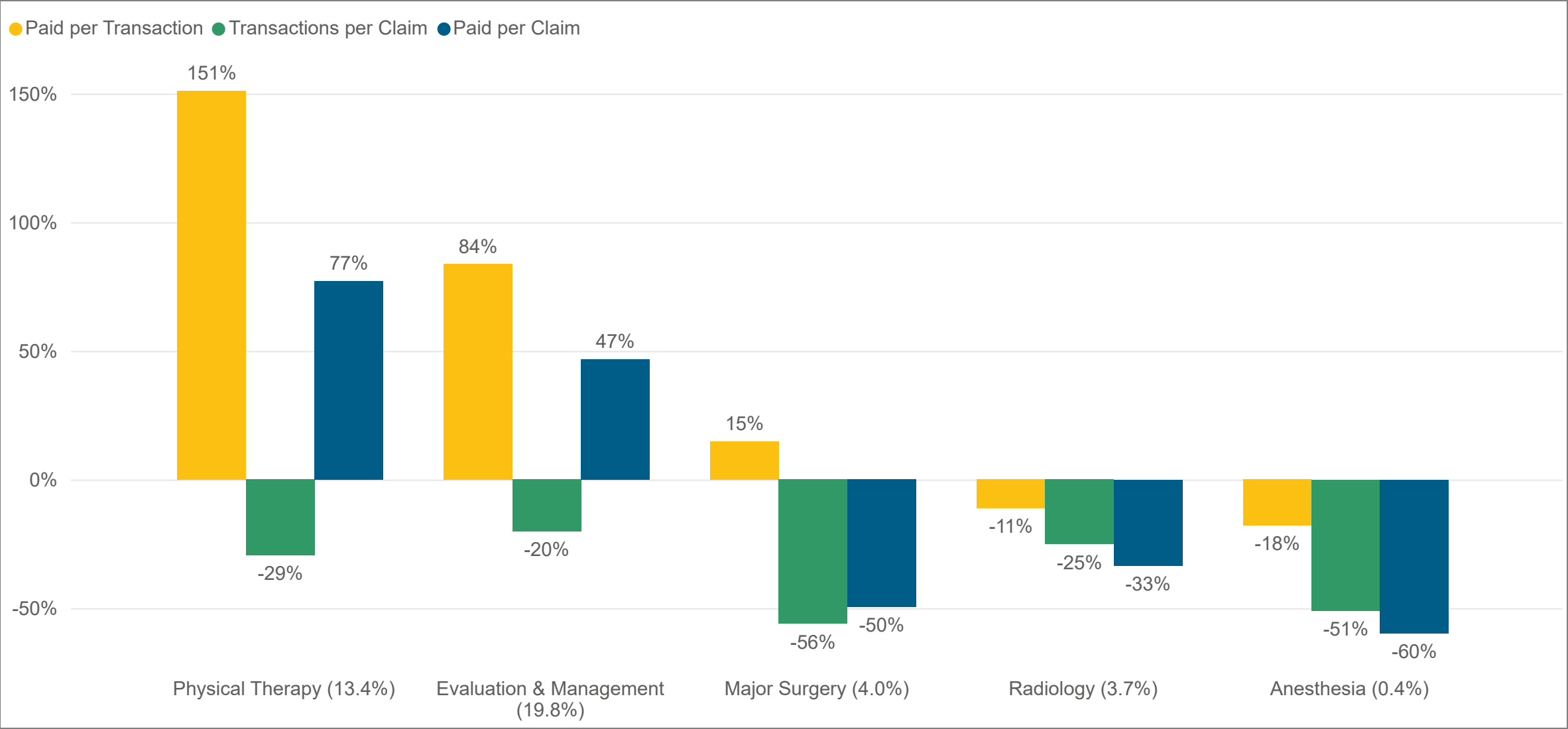


Note: Copy Service transactions of Service Year 2022 and the first quarter of Service Year 2023 are not included due to reporting issues. The percentage change for Service Year 2023 is based on the comparison of the second quarter through fourth quarter of Service Year 2023 and the second quarter through fourth quarter of Service Year 2021 at the same maturity level.

Source: WCIRB medical transaction data collected beginning in the third quarter of 2012.

Cumulative % Change in Selected Components of Physician Services 2012H2 through 2023H2

As of February 7, 2024



Source: WCIRB medical transaction data collected beginning in the third quarter of 2012. Percentage in the parentheses represents the share of total medical payments for respective physician service categories.

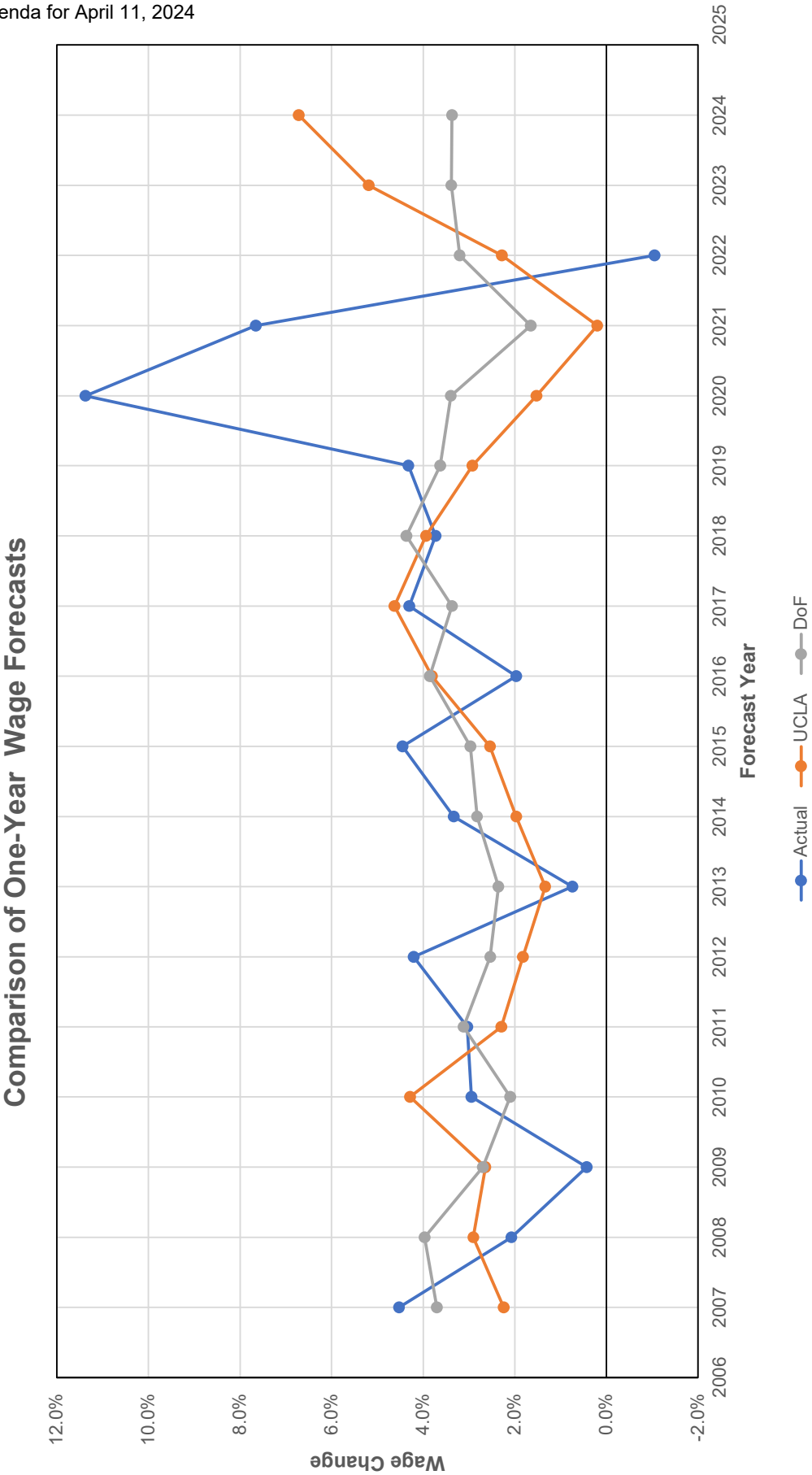
Item AC20-08-04

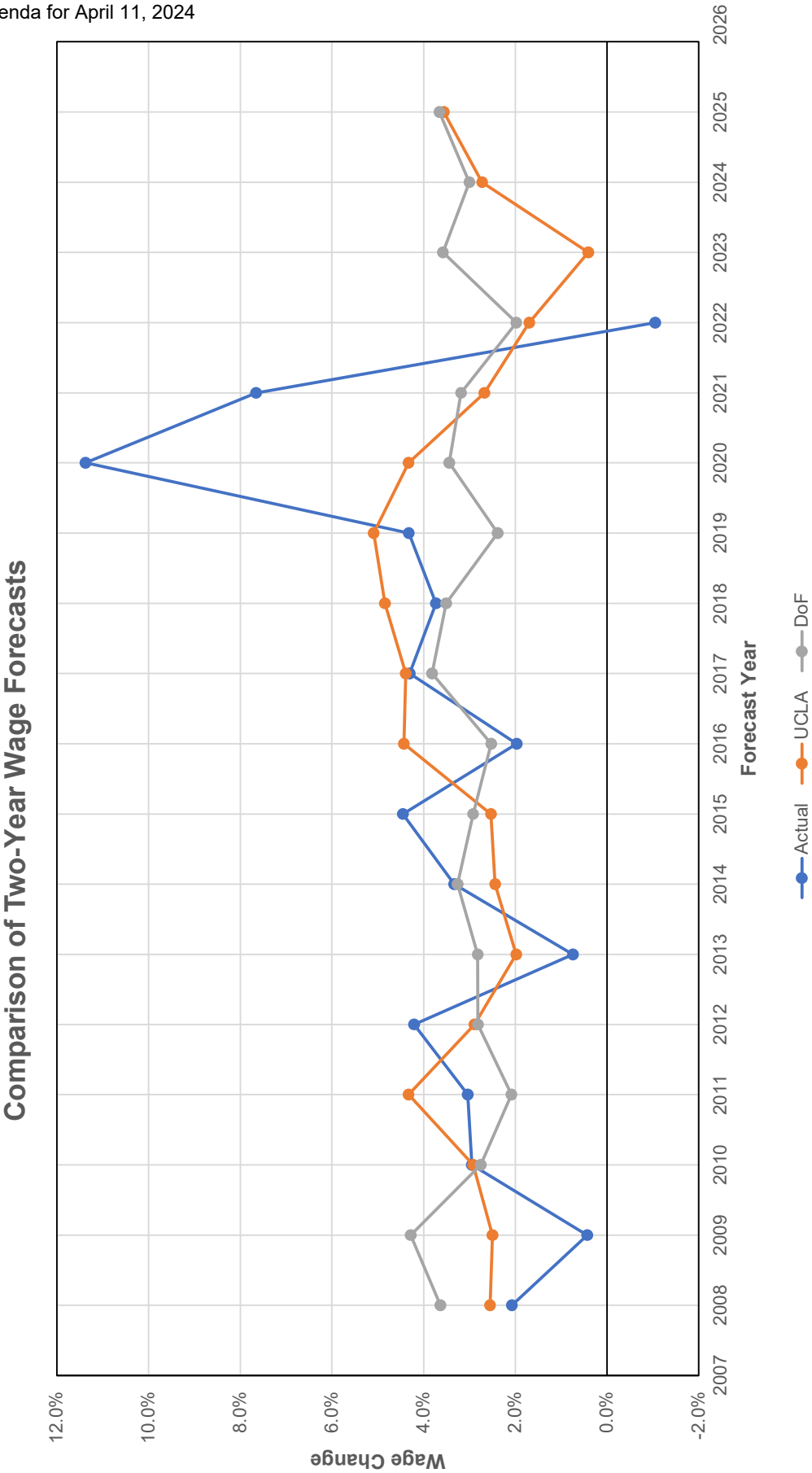
Impact of Economic Downturn on Pure Premium Rate Indications

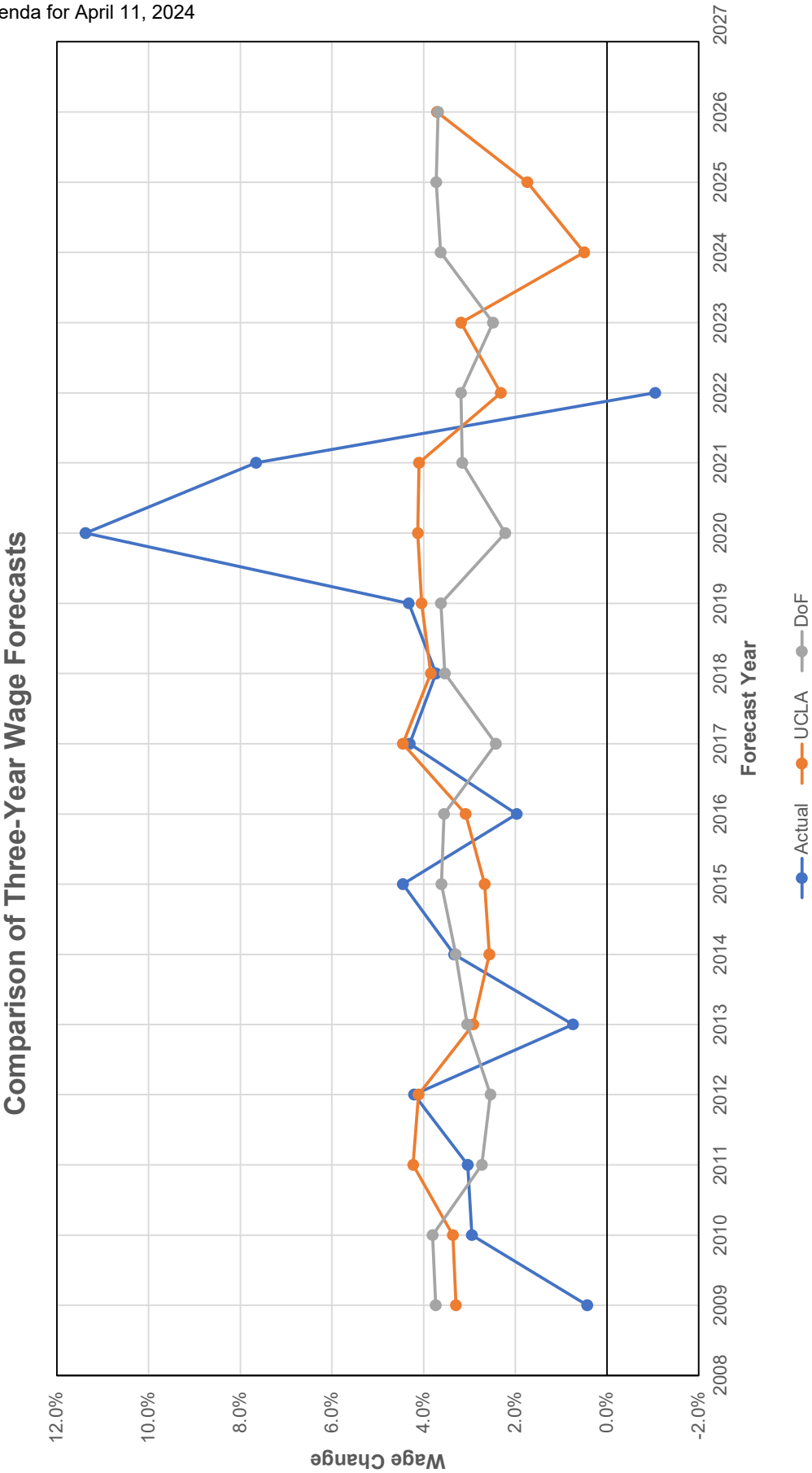
Since the onset of the COVID-19 pandemic, the Committee has reviewed analyses of economic changes related to the COVID-19 pandemic and their impacts on the indicated pure premium rates. At the March 21, 2024 meeting, staff presented an update of the analysis as it pertains to the WCIRB's upcoming September 1, 2024 Pure Premium Rate Filing. During that presentation, there was discussion about the historical performance of the UCLA and Department of Finance wage forecasts.

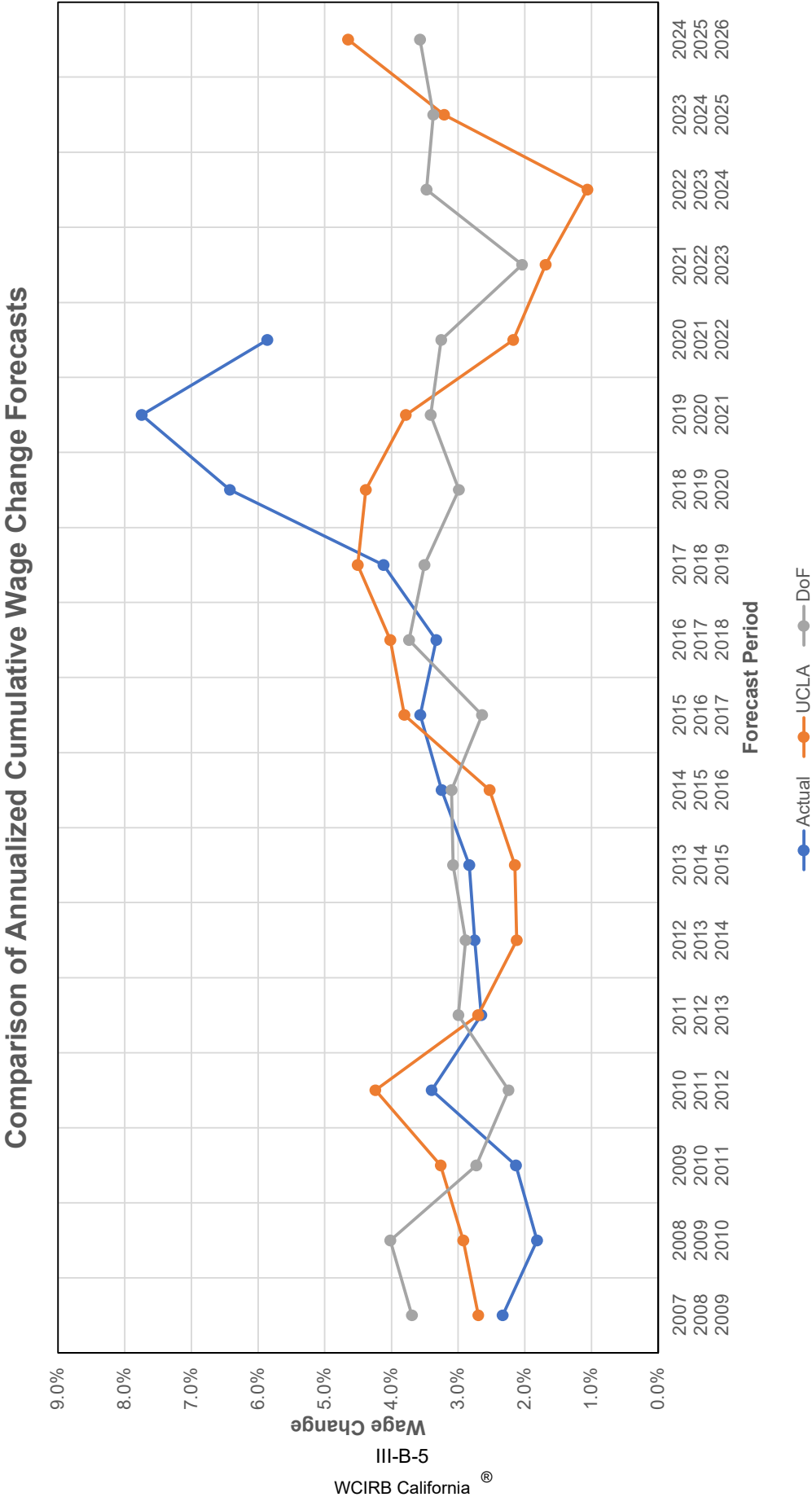
Exhibits 1, 2 and 3, respectively, compare the performance of the one-year, two-year and three-year wage forecasts. Exhibit 4 compares the annualized cumulative performance for the three forecast years. Exhibit 5 summarizes the historical errors for the alternative forecast methods.

This retrospective analysis supports the continued use of the average of the UCLA and Department of Finance forecasts to project wage inflation for pure premium ratemaking.









Performance of Alternative Wage Change Forecasts

One Year Out Performance

	AY 2007 - 2022			AY 2007 - 2019		
	UCLA	DoF	Avg	UCLA	DoF	Avg
Mean Error	-1.0%	-0.5%	-0.8%	-0.2%	0.1%	-0.1%
Mean Absolute Error	2.4%	2.1%	2.2%	1.3%	1.2%	1.2%
Root Mean Squared Error	3.5%	3.0%	3.2%	1.5%	1.3%	1.3%
Best Estimate	6	8	2	5	6	2
Worst Estimate	9	7	0	7	6	0

Two Years Out Performance

	AY 2008 - 2022			AY 2008 - 2019		
	UCLA	DoF	Avg	UCLA	DoF	Avg
Mean Error	-0.3%	-0.5%	-0.4%	0.4%	0.1%	0.3%
Mean Absolute Error	1.9%	2.0%	1.8%	1.1%	1.2%	1.0%
Root Mean Squared Error	2.6%	2.9%	2.7%	1.3%	1.6%	1.3%
Best Estimate	8	5	2	6	4	2
Worst Estimate	6	9	0	5	7	0

Three Years Out Performance

	AY 2009 - 2022			AY 2009 - 2019		
	UCLA	DoF	Avg	UCLA	DoF	Avg
Mean Error	-0.2%	-0.5%	-0.3%	0.5%	0.2%	0.3%
Mean Absolute Error	1.8%	2.3%	2.0%	1.0%	1.2%	1.1%
Root Mean Squared Error	2.6%	3.3%	2.9%	1.3%	1.6%	1.4%
Best Estimate	10	3	1	7	3	1
Worst Estimate	3	11	0	3	8	0

Annualized Cumulative Performance

	AY 2007 - 2022			AY 2007 - 2019		
	UCLA	DoF	Avg	UCLA	DoF	Avg
Mean Error	-0.5%	-0.6%	-0.5%	0.3%	0.2%	0.2%
Mean Absolute Error	1.2%	1.3%	1.1%	0.6%	0.7%	0.5%
Root Mean Squared Error	1.7%	1.8%	1.7%	0.7%	1.0%	0.7%
Best Estimate	6	5	3	4	4	3
Worst Estimate	6	8	0	5	6	0

Item AC22-04-04

Retrospective Evaluation of 2021 Fee Schedule Changes

The Division of Workers' Compensation (DWC) adopted the new Medical-Legal Fee Schedule (MLFS) effective April 1, 2021. Since the new fee schedule became effective, the WCIRB has conducted a number of evaluations of the cost impact of the new MLFS including:

- In April 2021, the WCIRB conducted a prospective evaluation of the new fee schedule and estimated an overall increase of 22% to the cost of medical-legal services. The cost impacts of the new MLFS were reflected in the September 1, 2021 Advisory Pure Premium Rate Filing.
- In April 2022, the WCIRB analyzed the actual payments in 2021 and observed that the new MLFS led to a 39% increase in the average ML payment per claim in 2021 compared to 2019, mostly driven by higher-than-projected costs for reviewing additional pages of records. The updated cost impact was reflected in the September 1, 2022 Advisory Pure Premium Rate Filing.
- In April 2023, the WCIRB analyzed the actual payments in 2021 and 2022 and observed that the new MLFS led to a 50% increase in the average ML payment per claim in 2022 compared to 2019, mostly driven by higher-than-projected costs for reviewing additional pages of records and a higher number of ML evaluations per claim. The updated cost impact was reflected in the September 1, 2023 Advisory Pure Premium Rate Filing.

Staff has conducted a retrospective evaluation of the new MLFS based on actual payments in 2021 through 2023 reported in the WCIRB medical transaction data and will present the preliminary evaluation results at the meeting. Slides summarizing staff's preliminary retrospective evaluation are attached.

Background on New Medical-Legal Fee Schedule

- The Division of Workers' Compensation (DWC) adopted significant changes to the Medical-Legal (ML) Fee Schedule effective April 1, 2021.
- The new ML Fee Schedule is intended to increase the reimbursement allowance for medical-legal reports while eliminating complexity factor overlays onto reimbursement allowances.
- The WCIRB has conducted several cost impact evaluations of the new ML fee schedule since April 2021 (see below).
- Staff has reviewed available data of 2021 through 2023 to update the retrospective evaluation of the cost impact of the new ML Fee Schedule.

Time and Type of Evaluation	Key Findings	Inclusion in the Filing
April 2021, Prospective	Estimated +22% to the medical-legal costs	September 1, 2021 Pure Premium Rate Filing
April 2022, Retrospective	+39% in the average ML payment per claim in 2021 compared to 2019, driven by record review	September 1, 2022 Pure Premium Rate Filing
April 2023, Retrospective	+50% in the average ML payment per claim in 2022 compared to 2019, driven by record review and a higher number of ML services per claim	September 1, 2023 Pure Premium Rate Filing

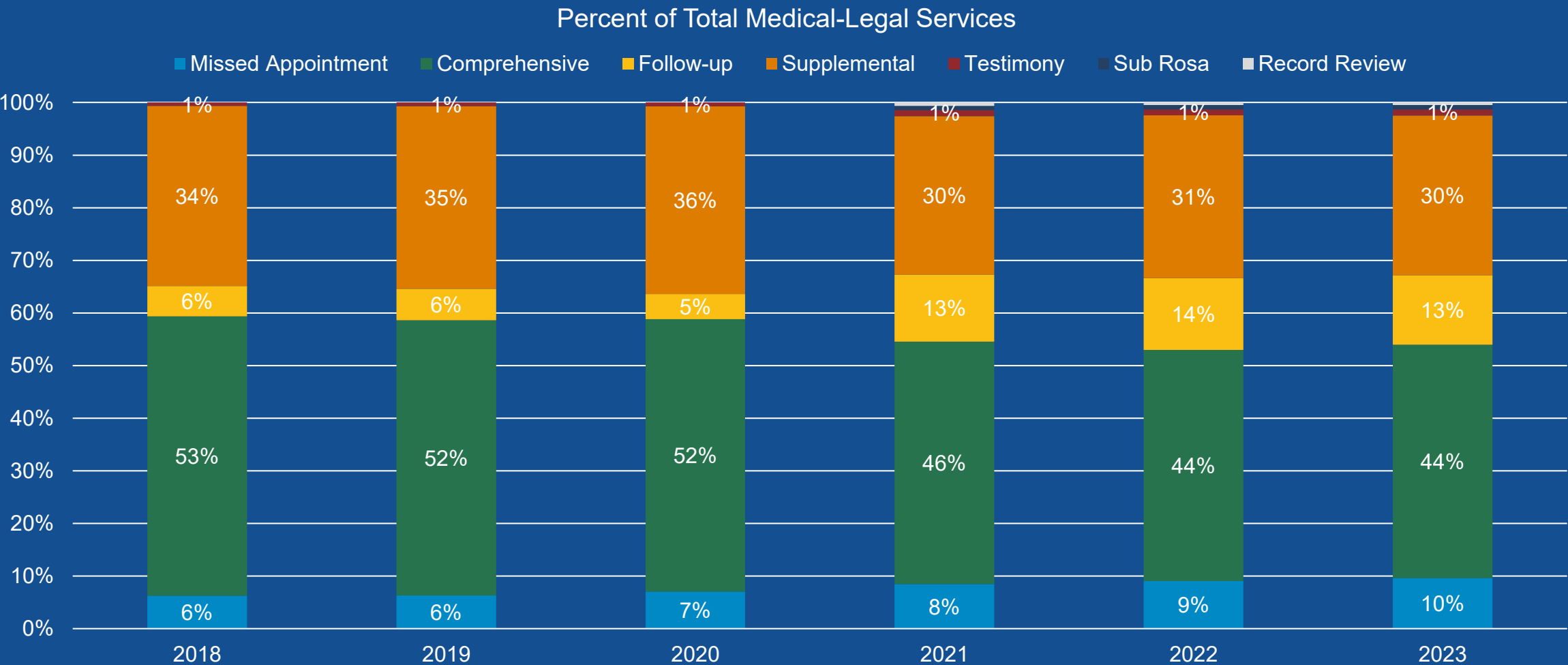
April 1, 2021 ML Fee Schedule – Summary of Key Changes

- Increases relative value (RV) used to calculate reimbursement allowance from \$12.50 to \$16.25
- Adds a reimbursement allowance for missed appointments
- Allows increased reimbursement for:
 - Agreed Medical Evaluator (AME) (from 25% to 35%)
 - Interpreter in all face-to-face examinations (110%)
 - Specialist examiners in Psychology/Psychiatry (200%), Toxicology (150%) and Oncology (150%)
- Eliminates time-based complexity factor component in the old fee schedule
- Adds a separate record review procedure code for records in excess of included quantity in ML code billed
- Adds a ML code for sub rosa film review

Pre-4/1/21 ML Code	New ML Code	Procedure Description
ML100	ML200	Missed Appointment for a Comprehensive or Follow-Up Medical-Legal Evaluation
ML102	ML201	Comprehensive Medical-Legal Evaluation
ML103		
ML104		
ML101	ML202	Follow-up Medical-Legal Evaluation
ML106	ML203	Fees for Supplemental Medical-legal Evaluations
ML105	ML204	Fees for Medical-Legal Testimony
	ML205	Fees for Review of Sub Rosa Recordings
	MLPRR	Record Review (applicable to ML200-ML203)

Distribution of Medical-Legal (ML) Services (Q2 through Q4)

As of February 7, 2024



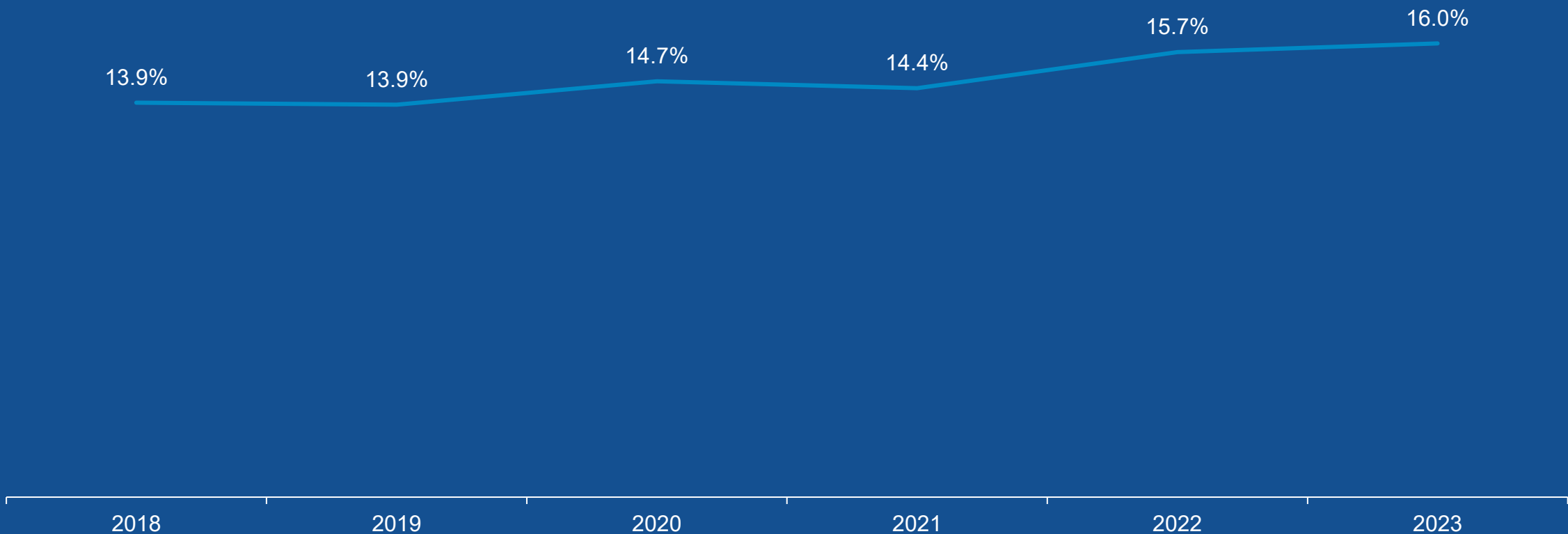
Service Year

New Fee
Schedule
Effective
4/1/2021

Share of Claims with ML Services

As of February 7, 2024

Share of Claims with ML Services



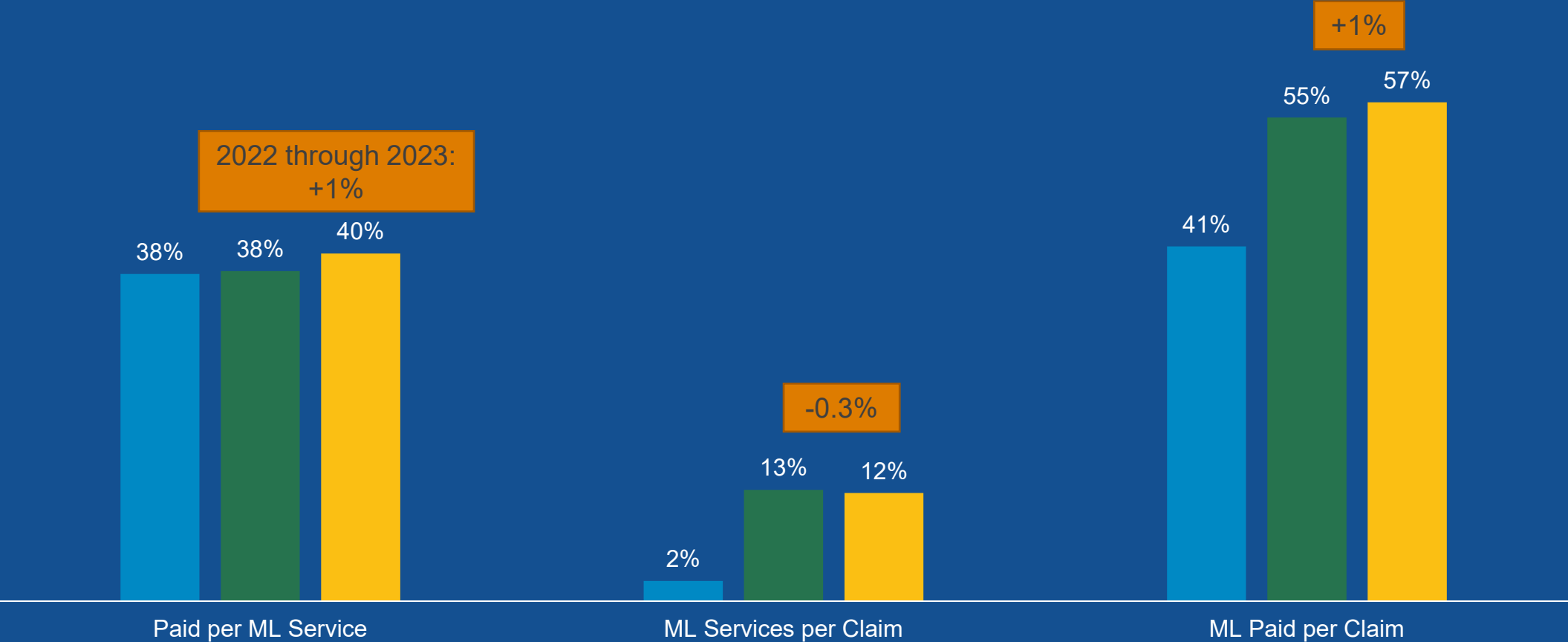
New Fee
Schedule
Effective
4/1/2021

Changes in Payments and Utilization of Medical-Legal (ML) Services (Q2 through Q4)

As of February 7, 2024

Percent Change in ML Services

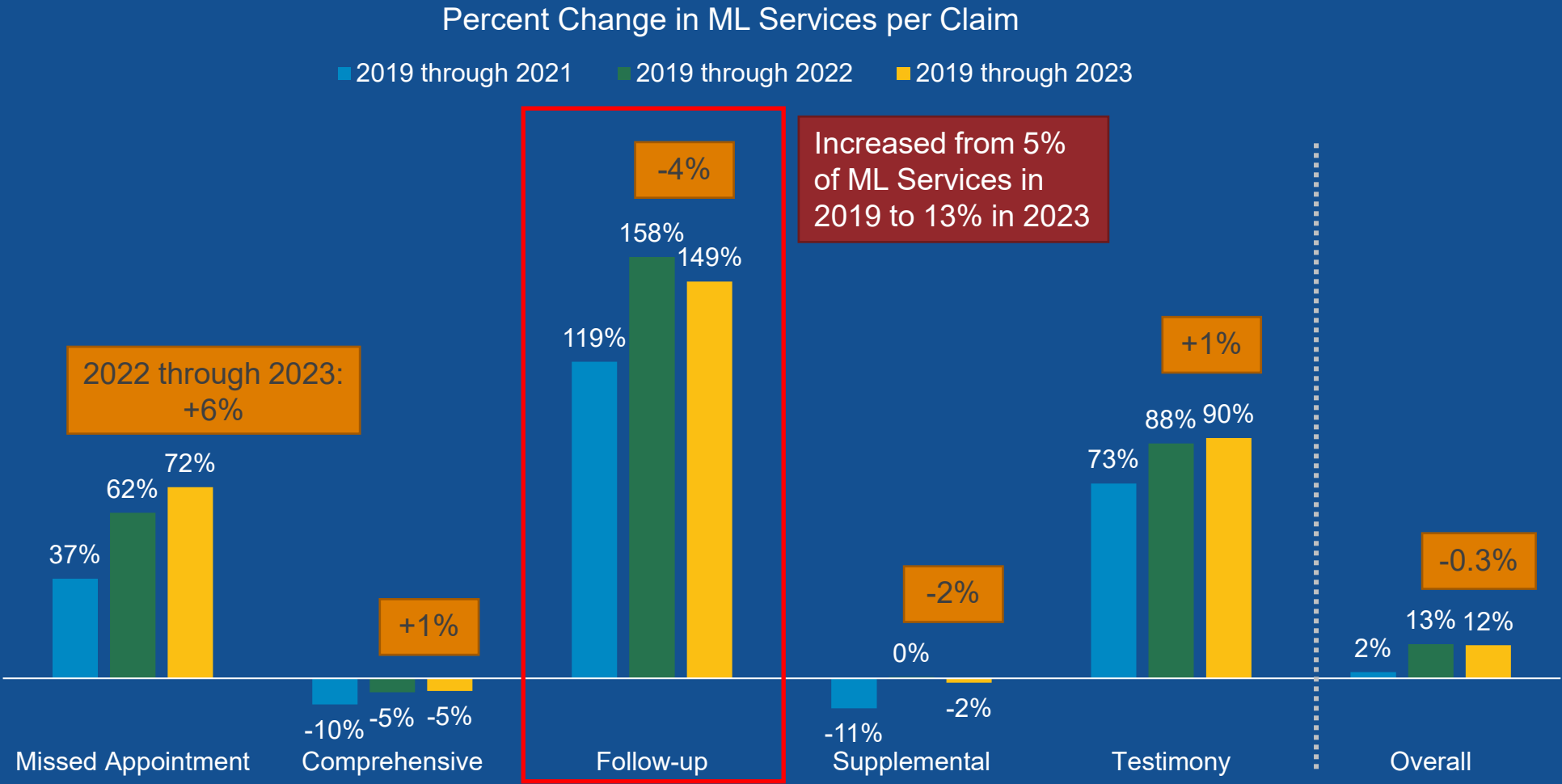
■ 2019 through 2021 ■ 2019 through 2022 ■ 2019 through 2023



III-C-6

Percent Change in Number of ML Services per Claim by Types of ML Service (2019 through 2023)

As of February 7, 2024

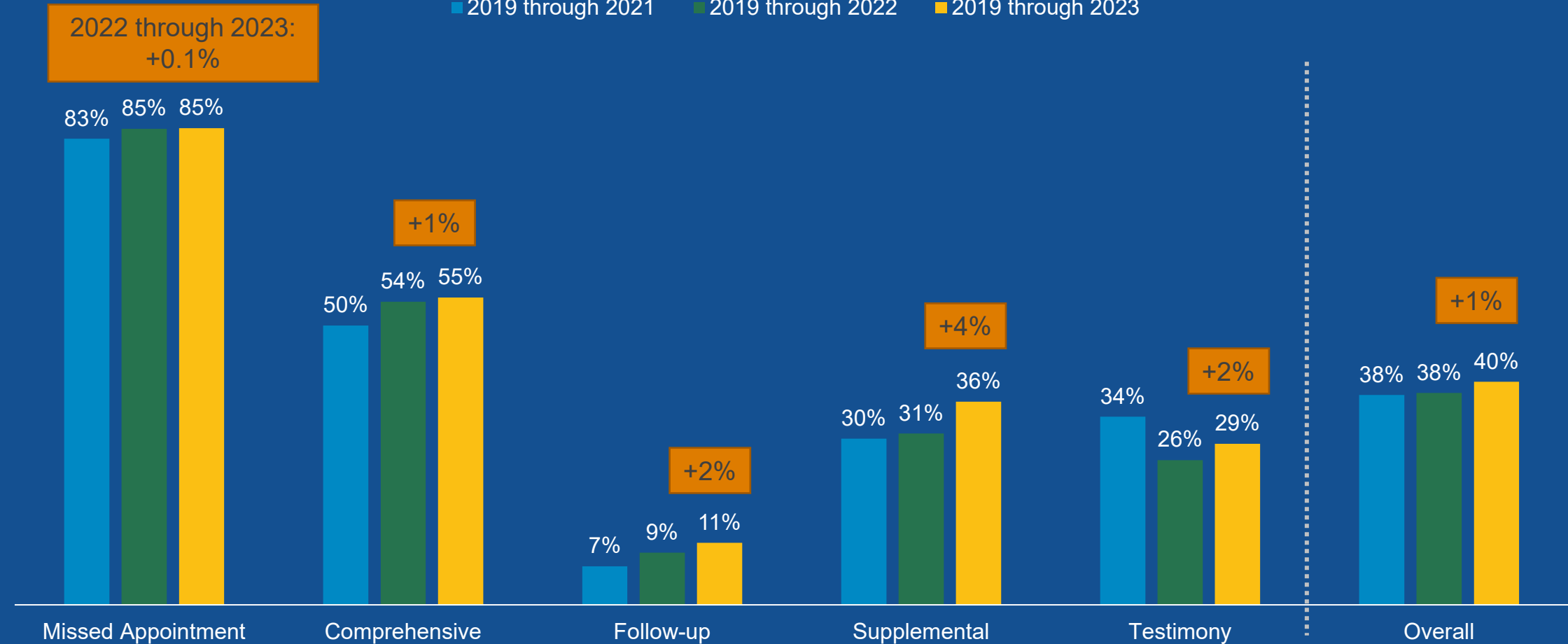


Changes in Paid per ML Service by Types of ML Service (2019 through 2023)

As of February 7, 2024

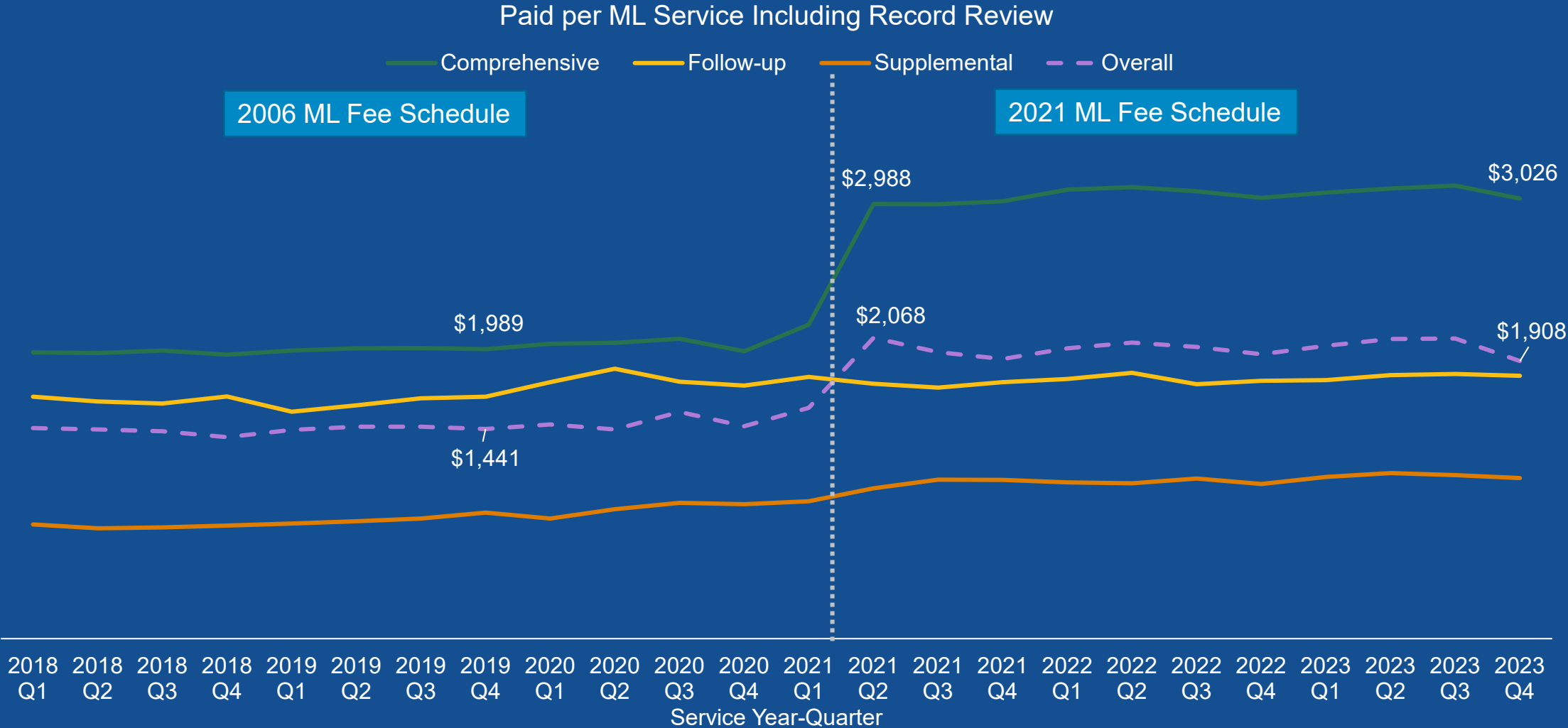
Percent Change in Paid per ML Service

■ 2019 through 2021 ■ 2019 through 2022 ■ 2019 through 2023



Quarterly Trend of Average Payment for Leading ML Services including Record Review

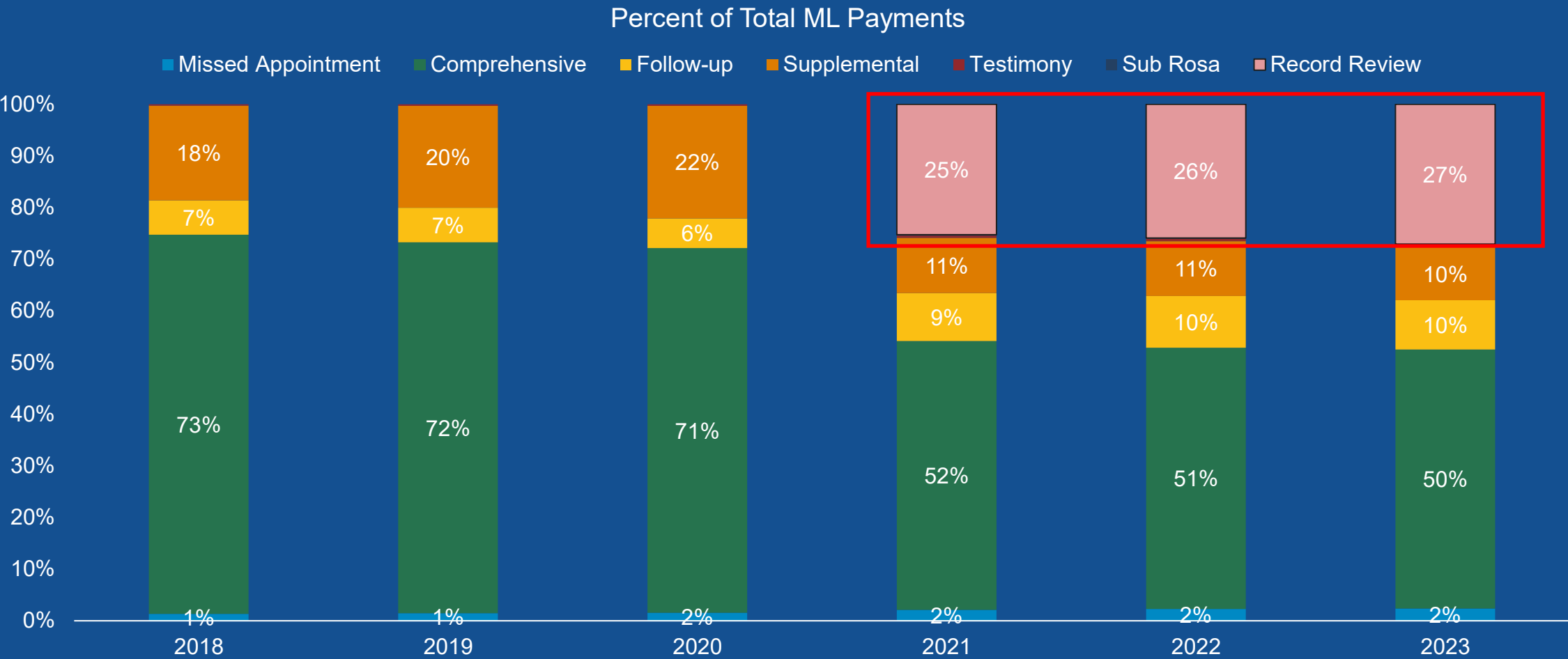
As of February 7, 2024



Distribution of Payments for ML Services (Q2 through Q4)

(8.3% of payments for all 2022 medical services)

As of February 7, 2024

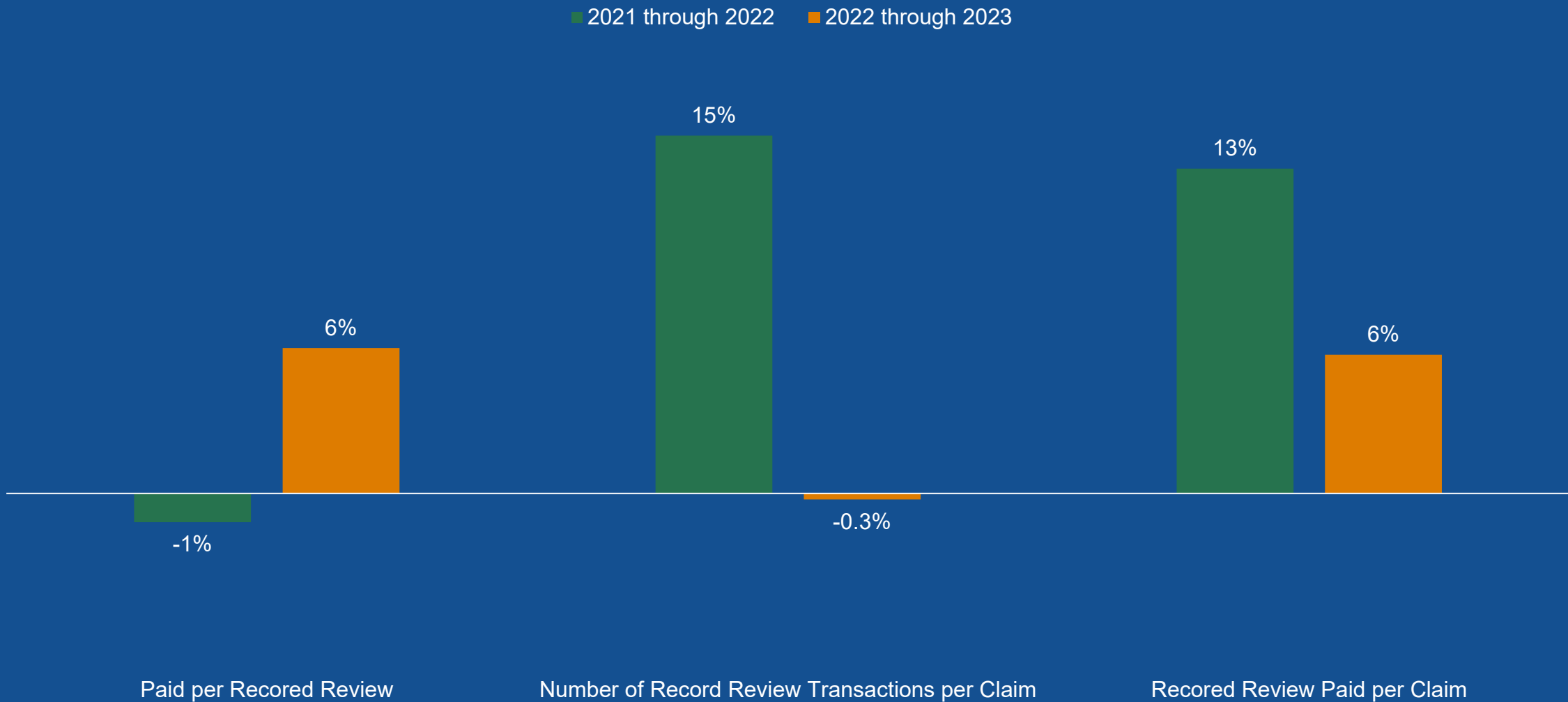


Service Year

New Fee
Schedule
Effective
4/1/2021

Cost of Record Review of Additional Pages

As of February 7, 2024



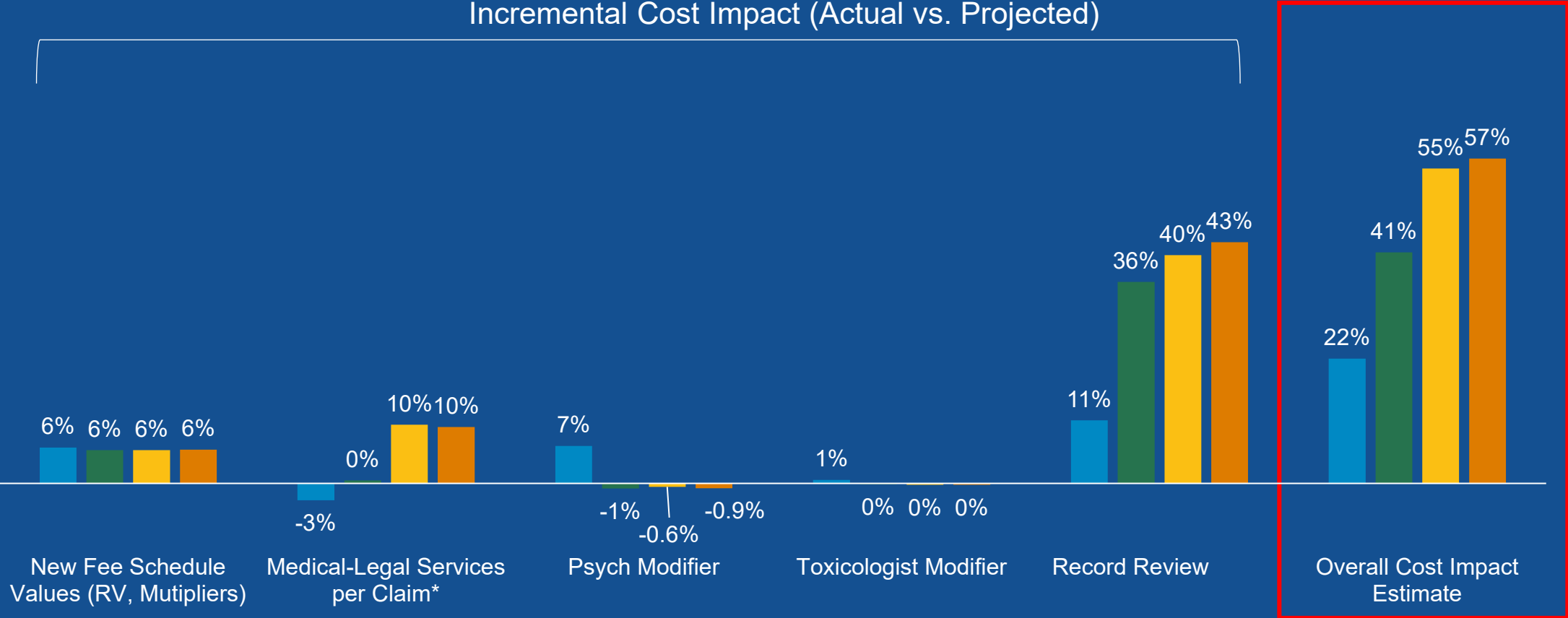
Comparison of Actual and Projected Cost Impact of New Medical-Legal Fee Schedule – Preliminary Findings

As of February 7, 2024

Comparison of Percentage Change in Actual Paid per Claim and in Estimated Paid per Claim

■ Projected 2021 to Actual 2019 ■ Actual 2021 to Actual 2019 ■ Actual 2022 to Actual 2019 ■ Actual 2023 to Actual 2019

Incremental Cost Impact (Actual vs. Projected)



*The 2021 projection has an assumption of a lower frequency for supplemental ML evaluations.
Source: WCIRB medical transaction data (COVID-19 claims excluded)

Summary of Key Preliminary Findings

- During the third year (2023) of the new ML Fee Schedule, ML payment per claim remained consistent with 2022:
 - 1% higher than 2022, 57% higher than 2019
- Record review continued to be a key cost driver
 - 27% of all ML payments in 2023, similar to 2021 and 2022
 - Paid per record review increased by 6% in 2023 compared to 2022
- Including record review, paid per ML service in 2023 remained at a high level similar to 2022
 - 1% higher than 2022, 40% higher than 2019
- Number of ML services per claim started to increase in 2022 and remained consistent in 2023
 - 0.3% lower than 2022, 12% higher than 2019
 - The increase is concentrated in follow-up evaluations

Item AC24-03-01
First Quarter 2024 Review of Diagnostics

At the March 21, 2024 meeting, the Committee reviewed the first quarter 2024 diagnostics. Those diagnostics were also reviewed by the Claims Working Group at the March 26, 2024 meeting. The information and feedback provided by the Claims Working Group on selected diagnostics will be provided at the meeting.

Item AC24-03-02

12/31/2023 Experience Review

At the March 21, 2024 meeting, the Committee reviewed an initial analysis of statewide experience through December 31, 2023. Exhibits 1 through 8 include an updated analysis of December 31, 2023 experience. In total, approximately 100% of the market is included. Wage and loss levels are projected to September 1, 2025—the approximate midpoint of experience on policies incepting between September 1, 2024 and August 31, 2025, and premiums were adjusted to the September 1, 2023 advisory pure premium rate level. The loss and premium information shown in Exhibits 1 through 8 excludes COVID-19 claims for calendar/accident years 2020 through 2022 but includes COVID-19 claims for 2023. For the claim frequency and severity information shown in Exhibits 6.1 to 6.4, COVID-19 claims are excluded from accident year 2023.

The loss development, on-leveling and trending methodologies reflected in Exhibits 1 through 8 are generally consistent with those reflected in the September 1, 2023 Pure Premium Rate Filing and the initial analysis of December 31, 2023 experience reviewed at the March 21, 2024 meeting, with the following updates made in part based on the discussion at the March 21, 2024 meeting:

- Adjustments to indemnity benefit levels for the impact of wage inflation in indemnity benefits have been updated to reflect actual values for 2021 and 2022 based on WCIRB unit statistical data. Projected adjustments to indemnity benefit levels for estimated wage inflation and the annual cost of living adjustments to weekly maximum temporary disability and permanent total disability benefits have been updated to reflect the latest available unit statistical data. (Exhibit 4.1)
- The projected changes in average wage levels for 2023 to 2026 are updated with the March 2024 UCLA Anderson School of Business forecast. Adjustments to the 2022 and 2023 average wage changes for the pandemic are based on those reviewed at the March 21, 2024 meeting. (Exhibit 5.1)
- The projected claim frequency trends for accident years 2024 to 2026 based on the WCIRB's indemnity claim frequency model have been updated to reflect the March 2024 UCLA forecast. The frequency model parameters are based on those reviewed by the Committee at the March 21, 2024 meeting and reflect the forecast change in the cumulative injury index and full model constant term. (Exhibit 6.1)
- The projected annual on-level medical severity trend is updated to 2.0%. (Exhibits 6.3 and 6.4)
- The underlying aggregate financial data has been updated to reflect several additional insurer data submissions and corrections.

As shown in Exhibit 8, the preliminary projected loss ratio for policies incepting between September 1, 2024 and August 31, 2025 based on December 31, 2023 insurer experience and the methodologies reflected in Exhibits 1 to 8 is 0.752. (The projected loss ratio reviewed at the March 21, 2024 meeting was 0.756.)

Additional supplemental information is included in Exhibits 9 through 12.

California Workers' Compensation
Accident Year Experience as of December 31, 2023

<u>Year</u>	<u>Earned Premium</u>	<u>Paid Indemnity</u>	<u>Indemnity Reserves</u>	<u>Paid Medical**</u>	<u>Medical Reserves</u>	<u>IBNR*</u>	<u>Total Incurred**</u>	<u>Loss Ratio*</u>
1987	4,373,802,923	1,509,783,963	5,592,395	1,347,173,629	36,404,858	14,493,524	2,913,448,369	0.666
1988	5,172,689,663	1,707,469,549	4,547,176	1,556,564,284	18,759,780	28,145,272	3,315,486,061	0.641
1989	5,675,354,099	1,943,971,133	4,702,094	1,817,165,282	29,541,531	36,406,012	3,831,786,052	0.675
1990	5,704,833,514	2,267,226,508	4,329,062	2,062,895,664	25,718,489	49,044,281	4,409,214,004	0.773
1991	5,866,830,467	2,488,103,067	10,815,405	2,220,055,589	27,711,666	47,657,500	4,794,343,227	0.817
1992	5,685,646,721	1,985,997,254	9,014,450	1,782,330,539	28,859,732	39,258,656	3,845,460,631	0.676
1993	5,935,051,898	1,699,903,018	7,889,079	1,529,938,509	40,452,590	90,198,736	3,368,381,932	0.568
1994	5,031,286,773	1,637,130,910	13,137,820	1,489,927,745	52,059,724	35,184,358	3,227,440,557	0.641
1995	3,789,372,110	1,776,526,063	17,748,345	1,654,731,751	70,377,737	37,719,421	3,557,103,317	0.939
1996	3,746,680,214	1,970,666,406	22,399,107	1,752,007,771	63,595,440	43,784,410	3,852,453,134	1.028
1997	3,926,898,608	2,337,837,413	23,658,005	2,054,834,629	68,037,305	84,509,373	4,568,876,725	1.163
1998	4,332,127,034	2,794,331,101	31,161,991	2,717,651,572	134,686,354	172,525,654	5,850,356,672	1.350
1999	4,550,437,880	3,071,348,974	31,111,703	3,106,457,459	98,422,429	211,943,685	6,519,284,250	1.433
2000	5,920,961,162	3,457,431,182	44,440,039	3,640,459,477	133,238,642	340,205,136	7,615,774,476	1.286
2001	10,108,322,683	4,889,977,757	59,063,964	5,484,008,965	198,305,705	575,154,702	11,206,511,093	1.109
2002	13,309,435,814	4,795,468,254	57,404,986	5,567,435,748	190,206,173	798,842,832	11,409,357,993	0.857
2003	19,280,128,929	4,590,519,223	95,525,376	5,155,879,794	201,764,185	1,164,331,705	11,208,020,283	0.581
2004	23,014,791,568	3,253,459,848	86,767,261	4,149,774,175	182,618,305	1,272,891,122	8,945,510,711	0.389
2005	21,384,360,071	2,586,308,753	72,504,803	3,759,547,802	148,529,764	1,030,297,595	7,597,188,717	0.355
2006	17,221,780,296	2,683,302,967	73,595,238	3,883,411,127	180,296,755	673,737,210	7,494,343,297	0.435
2007	13,260,139,026	2,832,428,040	82,144,217	4,157,500,184	186,211,668	640,983,389	7,899,267,498	0.596
2008	10,744,447,308	2,889,109,746	98,789,034	4,152,974,886	208,860,658	343,606,973	7,693,341,297	0.716
2009	8,873,155,994	2,779,686,260	91,874,360	3,991,283,033	220,186,025	301,722,072	7,384,751,750	0.832
2010	9,374,814,819	2,801,868,172	78,464,314	4,085,508,174	152,249,060	379,795,115	7,497,884,835	0.800
2011	10,120,427,050	2,780,185,288	93,912,213	3,720,429,247	193,390,242	655,830,227	7,443,747,217	0.736
2012	11,699,330,284	2,855,701,715	109,788,266	3,659,005,098	199,864,933	576,798,960	7,401,158,972	0.633
2013	14,161,005,539	2,899,813,074	106,154,597	3,503,182,733	207,202,785	1,032,647,338	7,749,000,527	0.547
2014	15,986,106,452	3,075,283,400	128,875,839	3,484,874,971	233,775,373	1,405,362,734	8,328,172,317	0.521
2015	17,060,021,462	3,154,189,727	156,239,655	3,440,487,580	275,504,054	1,691,952,552	8,718,373,568	0.511
2016	17,949,045,779	3,100,498,849	188,882,546	3,357,343,176	310,427,644	1,665,127,336	8,622,279,551	0.480
2017	17,671,411,530	3,048,179,320	260,565,788	3,310,042,543	419,903,390	1,718,326,592	8,757,017,633	0.496
2018	17,426,671,333	3,084,254,256	349,564,223	3,408,022,353	538,707,556	1,721,103,168	9,101,651,556	0.522
2019	16,116,850,562	3,129,324,460	511,819,064	3,346,956,924	672,192,827	2,770,338,382	10,430,631,657	0.647
2020	14,095,940,927	2,570,075,689	601,363,594	2,736,519,368	818,981,341	1,947,463,126	8,674,403,118	0.615
2021	13,597,391,304	2,312,662,935	857,605,734	2,463,537,851	1,166,711,751	2,403,133,359	9,203,651,630	0.677
2022	15,309,332,883	1,702,818,185	1,105,367,832	1,851,950,037	1,522,429,057	3,596,197,406	9,778,762,517	0.639
2023	15,735,363,716	607,192,287	884,962,558	744,675,330	1,575,984,053	5,789,763,662	9,602,577,890	0.610

* Shown for informational purposes only.

** Paid medical for accident years 2011 and subsequent exclude the paid cost of medical cost containment programs (MCCP). Paid medical for accident years 2010 and prior include paid MCCP costs.

Source: WCIRB quarterly experience calls. COVID-19 claims and COVID-19 premium charges are excluded from 2020 to 2022.

Incurred Indemnity Loss Development Factors

Accident Year	<u>24/12</u>	<u>36/24</u>	<u>48/36</u>	<u>60/48</u>	<u>72/60</u>	<u>84/72</u>	<u>96/84</u>	Age-to-Age (in months)										<u>120/108</u>	<u>132/120</u>	<u>144/132</u>	<u>156/144</u>	<u>168/156</u>	<u>180/168</u>	<u>192/180</u>	<u>204/192</u>
1996																									
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2009	1.983	1.293	1.142	1.076	1.048	1.024	1.019	1.014	1.009	1.010	1.007	1.006	1.005	1.004	1.003	1.002	1.001	1.001	1.002	1.003	1.001	1.002			
2010	1.994	1.315	1.131	1.069	1.045	1.026	1.016	1.012	1.012	1.012	1.006	1.006	1.005	1.004	1.003	1.002	1.001	1.001	1.004	1.004	1.001	1.002			
2011	1.997	1.277	1.133	1.061	1.037	1.022	1.019	1.011	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.002	1.001	1.001	1.003	1.003	1.001	1.001			
2012	1.992	1.279	1.113	1.063	1.041	1.023	1.016	1.013	1.007	1.007	1.007	1.006	1.006	1.005	1.006	1.005	1.006	1.005	1.002	1.003	1.003	1.003			
2013	1.931	1.259	1.111	1.055	1.032	1.020	1.013	1.007	1.006	1.006	1.006	1.006	1.005	1.005	1.008	1.007	1.008	1.005	1.007	1.001					
2014	1.960	1.278	1.115	1.059	1.029	1.016	1.011	1.006	1.009																
2015	1.969	1.260	1.101	1.047	1.027	1.017	1.008	1.008																	
2016	1.941	1.246	1.095	1.046	1.026	1.017	1.011																		
2017	1.911	1.241	1.088	1.043	1.028	1.016																			
2018	1.901	1.228	1.083	1.043	1.028																				
2019	1.900	1.231	1.100	1.052	1.028																				
2020	1.815	1.238	1.110																						
2021	1.908	1.253																							
2022	1.940																								
Selected (a)	1.940	1.253	1.110	1.052	1.028	1.016	1.011	1.008	1.009	1.007	1.005	1.006	1.004	1.003	1.003	1.002	1.001	1.001	1.003	1.002	1.002	1.002			
Cumulative	3.185	1.642	1.310	1.180	1.122	1.091	1.074	1.062	1.054	1.045	1.038	1.032	1.026	1.022	1.019	1.022	1.026	1.022	1.022	1.019	1.016	1.016			

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and six-year average for the subsequent age-to-age factors.

Incurred Indemnity Loss Development Factors (Continued)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468inc (b)
1983											1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.000	
1984										1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.000	
1985										1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.000	
1986								1.000	1.001	1.002	1.001	1.000	0.999	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.000	1.000	
1987						1.001	1.002	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	
1988					1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.001	1.000	1.001	
1989				0.999	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	
1990			1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
1991			1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
1992		0.999	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
1993		1.001	1.001	1.002	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
1994		1.003	1.001	0.998	1.001	1.000	1.000	1.001	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
1995		1.003	1.000	1.000	1.001	1.001	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
1996		1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
1997		1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
1998		1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
1999		1.000	1.000	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
2000		1.002	1.001	1.001	1.002	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
2001		1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
2002		1.001	1.003	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
2003		1.002	1.002	1.003	1.000	1.000	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
2004		1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
2005		1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
2006		1.003	1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
Selected (a)	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.001	1.000	
Cumulative	1.014	1.012	1.010	1.009	1.008	1.008	1.007	1.006	1.006	1.005	1.005	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.001	1.001

(b) The ULT/468inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 108-to-120 through 348-to-360 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Incurred Medical Loss Development Factors

Accident Year	<u>24/12</u>	<u>36/24</u>	<u>48/36</u>	<u>60/48</u>	<u>72/60</u>	<u>84/72</u>	<u>96/84</u>	<u>108/96</u>	<u>120/108</u>	<u>132/120</u>	<u>144/132</u>	<u>156/144</u>	<u>168/156</u>	<u>180/168</u>	<u>192/180</u>	<u>204/192</u>
1996																
1997																
1998																
1999																
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2019																
2020																
2021																
2022																
Selected (a)	1.511	1.169	1.084	1.043	1.029	1.009	1.005	1.009	1.006	1.004	1.002	1.003	0.999	1.001	1.001	1.001
Cumulative	2.126	1.407	1.204	1.110	1.065	1.035	1.025	1.020	1.011	1.005	1.002	0.999	0.997	0.997	0.996	0.996

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and six-year average for the subsequent age-to-age factors.

(b) Incurred medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.

Incurred Medical Loss Development Factors (Continued)

Accident Year	Age-to-Age (in months)															
	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384
1983																
1984																
1985																
1986																
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2004																
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2006																
Selected (a)	1.000	1.000	1.000	1.000	1.000	0.999	0.999	0.999	1.000	0.999	0.999	0.999	0.999	1.001	1.000	0.998
Cumulative	0.995	0.995	0.995	0.994	0.995	0.995	0.996	0.998	0.998	0.999	1.000	1.001	1.001	1.000	1.000	0.999

(c) The ULT/468Inc tail factor was calculated based on an inverse power curve fit to a six-year average of the 108-to-120 through 348-to-360 factors, excluding the 2016, 2017, and 2018 evaluations, and extrapolated to 80 development years.

Paid Indemnity Loss Development Factors

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	Age-to-Age (in months)					144/132	156/144	168/156	180/168	192/180	204/192
1996																		
1997																		
1998																		
1999																		
2000																		
2001																		
2002																		
2003																		
2004																		
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2013																		
2014																		
2015																		
2016																		
2017																		
2018																		
2019																		
2020																		
2021																		
2022																		
Selected (a)	2.952	1.530	1.240	1.122	1.071	1.041	1.028	1.018	1.016	1.014	1.011	1.009	1.007	1.006	1.005	1.005	1.006	1.005
Cumulative	8.276	2.804	1.832	1.478	1.317	1.230	1.181	1.149	1.129	1.111	1.096	1.072	1.063	1.055	1.049	1.049	1.055	1.049

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors.

Paid Indemnity Loss Development Factors (Continued)

Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (b)
1983											1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1984										1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1985									1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	
1986								1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	
1987							1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	
1988						1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1989						1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1990				1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	
1991			1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1992			1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1993		1.002	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1994		1.004	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1995		1.005	1.005	1.003	1.002	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1996		1.005	1.004	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1997		1.004	1.003	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1998		1.006	1.004	1.003	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
1999		1.004	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2000		1.004	1.004	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2001		1.005	1.005	1.004	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2002		1.004	1.004	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2003		1.007	1.005	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2004		1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
2005		1.005	1.004																			
2006		1.005																				

Selected (a)
Cumulative

1.005
1.043

1.004
1.038

1.003
1.034

1.003
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(b) The ULT/468Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

Paid Medical Loss Development Factors

Unadjusted (a) Accident Year	Age-to-Age (in months)															
	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
1996																
1997																
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2022																

Adjusted (b) Accident Year	Age-to-Age (in months)															
	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192
2005																
2006																1.008
2007															1.011	1.009
2008														1.010	1.008	1.007
2009													1.010	1.009	1.007	
2010												1.015	1.010	1.012		
2011											1.014	1.009	1.009			
2012										1.016	1.011	1.010				
2013								1.023	1.020	1.013	1.014					
2014								1.021	1.016	1.015						
2015								1.022	1.017							
2016																
2017					1.063	1.044	1.033									
2018				1.101	1.068	1.047	1.028									
2019			1.192	1.101	1.070	1.042										
2020		1.420	1.211	1.120												
2021	2.468	1.436	1.224													
2022	2.490	1.450														
																2.618

Selected (c)	2,618	1,450	1,224	1,120	1,070	1,042	1,028	1,022	1,018	1,015	1,013	1,011	1,010	1,010	1,009	1,008
Cumulative	7,766	2,966	2,046	1,671	1,492	1,395	1,338	1,302	1,274	1,252	1,234	1,218	1,204	1,193	1,181	1,170

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.
 (b) These factors are adjusted for the impact of pharmaceutical cost reductions through 2018 and the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule in order to bring the historical payments to the current pharmaceutical and medical service cost level.
 (c) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors.

Paid Medical Loss Development Factors (Continued)

Unadjusted (a)	Age-to-Age (in months)																						
Accident Year	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (d)
1983											1.004	1.004	1.003	1.004	1.003	1.002	1.004	1.003	1.003	1.002	1.002	1.002	1.002
1984										1.003	1.004	1.004	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001
1985									1.003	1.004	1.004	1.004	1.003	1.002	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.002	1.002
1986								1.005	1.005	1.005	1.005	1.005	1.004	1.006	1.004	1.004	1.003	1.003	1.001	1.002	1.002	1.002	1.002
1987							1.005	1.005	1.005	1.005	1.005	1.003	1.003	1.003	1.003	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.002
1988						1.005	1.006	1.005	1.005	1.004	1.003	1.003	1.003	1.004	1.003	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.002
1989					1.006	1.008	1.006	1.007	1.006	1.003	1.003	1.003	1.003	1.003	1.004	1.002	1.002	1.003	1.002	1.002	1.002	1.002	1.002
1990				1.005	1.005	1.006	1.004	1.004	1.003	1.002	1.003	1.002	1.003	1.002	1.003	1.001	1.002	1.002	1.002	1.002	1.002	1.002	1.002
1991			1.006	1.005	1.006	1.005	1.006	1.003	1.003	1.003	1.003	1.004	1.003	1.002	1.002	1.001	1.002	1.002	1.002	1.002	1.002	1.002	1.002
1992		1.007	1.002	1.006	1.008	1.006	1.005	1.005	1.005	1.004	1.006	1.003	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
1993	1.011	1.011	1.010	1.013	1.011	1.007	1.006	1.006	1.005	1.008	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
1994	1.013	1.009	1.010	1.010	1.009	1.008	1.007	1.004	1.004	1.005	1.004	1.004	1.003	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
1995	1.011	1.016	1.013	1.012	1.009	1.012	1.007	1.008	1.007	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
1996	1.014	1.013	1.011	1.009	1.007	1.009	1.008	1.006	1.004	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
1997	1.014	1.011	1.006	1.006	1.007	1.007	1.006	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
1998	1.013	1.010	1.009	1.008	1.009	1.007	1.006	1.005	1.006	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
1999	1.012	1.009	1.009	1.009	1.006	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2000	1.009	1.008	1.007	1.006	1.005	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2001	1.010	1.010	1.009	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2002	1.009	1.008	1.006	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2003	1.010	1.008	1.004	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2004	1.008	1.005	1.005	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2005	1.006	1.005	1.005	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004
2006	1.006	1.005	1.005	1.005	1.005	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.004

Adjusted (b)	Age-to-Age (in months)																						
	216/204	228/216	240/228	252/240	264/252	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (d)
1983																						1.002	
1984																					1.001	1.001	
1985																				1.001	1.002	1.003	
1986																				1.002	1.002		
1987																							
1988																							
1989																							
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2005																							
2006																							

Selected (c) 1.007 1.007 1.006 1.006 1.005 1.005 1.005 1.005 1.005 1.005 1.005 1.004 1.004 1.003 1.002 1.003 1.002 1.003 1.002 1.002 1.002 1.002 1.002 1.066

Cumulative 1.161 1.153 1.145 1.138 1.132 1.132 1.127 1.121 1.116 1.110 1.104 1.098 1.094 1.090 1.087 1.085 1.081 1.080 1.077 1.074 1.072 1.070 1.068 1.066

(d) The ULT/468Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 adjusted factors and extrapolated to 80 development years.

Selected Indemnity Development Factors - Paid to Ultimate

Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
1996																					
1997																					
1998																					
1999																					
2000																					
2001																					
2002																					
2003																					
2004																					
2005																					
2006																					
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2009																					
2010																					
2011																					
2012																					
2013																					
2014																					
2015																					
2016																					
2017																					
2018																					
2019																					
2020																					
2021																					
2022																					
Selected (a)	2.952	1.530	1.240	1.122	1.071	1.041	1.028	1.018	1.016	1.014	1.011	1.011	1.009	1.007	1.006	1.005	1.005	1.004	1.003	1.002	1.002
Cumulative	8.252	2.795	1.827	1.473	1.313	1.226	1.178	1.146	1.125	1.108	1.093	1.081	1.069	1.060	1.052	1.046	1.040	1.035	1.031	1.028	1.025

(a) Selections are latest year for the 12-to-24 month through 96-to-108 month factors and three-year averages for the subsequent paid age-to-age factors.

Selected Indemnity Development Factors - Paid to Ultimate (Continued)

Accident Year	Age-to-Age (in months)																	
	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (c)
1983						1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	
1984					1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.001	1.001	1.000	1.001	1.000	
1985				1.001	1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.000	1.000	
1986			1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.001	1.000	1.000	1.000		
1987		1.001	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000			
1988	1.001	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001			
1989	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000				
1990	1.001	1.001	1.001	1.001	1.000	1.000	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.001	1.000		
1991	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	
1992	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	
1993	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	
1994	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.001	
1995	1.002	1.002	1.003	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.000	
1996	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.000	
1997	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.000	
1998	1.003	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.001	1.000	1.000	
1999	1.002	1.002	1.001															
2000	1.002	1.002																
2001	1.002																	
Unadjusted (a)	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.009
Selected (b)	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.007
Cumulative	1.023	1.021	1.019	1.017	1.016	1.014	1.013	1.012	1.011	1.010	1.009	1.009	1.009	1.008	1.008	1.007	1.007	1.007

(b) Adjusted for the impact of changes in claim settlement rates on later period development for 312 months and later. See Exhibits 2.5.3 through 2.5.6.

(c) The ULT/468Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

1. Reported Closed Indemnity Claim Counts

Accident	Evaluated as of (in months)									
Year	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>	<u>408</u>	<u>420</u>
1989							210,991	211,046	211,039	211,073
1990						230,974	231,050	231,101	231,122	
1991					231,397	231,477	231,519	231,570		
1992				182,246	182,323	182,381	182,412			
1993			142,787	142,863	142,905	142,922				
1994		130,048	130,156	130,206	130,240					
1995	120,898	120,987	121,056	121,110						
1996	115,312	115,380	115,437							
1997	121,580	121,683								
1998	131,865									
1999										

2. Ult. Claim Counts (a)

Accident Year	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
	132,924	122,475	116,063	121,667	130,698	143,303	182,773	231,965	231,400	211,398

3. Ultimate Indemnity Claim Settlement Ratio (b)

Accident	Evaluated as of (in months)									
Year	<u>312</u>	<u>324</u>	<u>336</u>	<u>348</u>	<u>360</u>	<u>372</u>	<u>384</u>	<u>396</u>	<u>408</u>	<u>420</u>
1989							99.8%	99.8%	99.8%	99.8%
1990						99.8%	99.8%	99.9%	99.9%	
1991					99.8%	99.8%	99.8%	99.8%		
1992				99.7%	99.8%	99.8%	99.8%			
1993			99.6%	99.7%	99.7%	99.7%				
1994		99.5%	99.6%	99.6%	99.6%					
1995	99.4%	99.4%	99.5%	99.5%						
1996	99.4%	99.4%	99.5%							
1997	99.3%	99.4%								
1998	99.2%									

(a) Based on the latest year age-to-age development in indemnity claim counts. See Exhibit 2.5.3.

(b) Ratio of closed indemnity claim counts (Item 1) to the estimated ultimate indemnity claim counts (Item 2) for that accident year.

Source: Accident year experience of insurers with available claim count data

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

4. Ratio of Incremental Closed Indemnity Claims to Estimated Prior Open Indemnity Claims (c)

Accident	Evaluated as of (in months)									
Year	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-420
1989								13.5%	-2.0%	9.5%
1990							17.8%	14.6%	7.0%	
1991						14.1%	8.6%	11.4%		
1992					14.6%	12.9%	7.9%			
1993				14.7%	9.5%	4.3%				
1994			16.6%	9.2%	6.9%					
1995		11.6%	10.1%	8.8%						
1996	14.6%	9.0%	8.3%							
1997	10.0%	11.5%								
1998	7.5%									
1999										
3-Year Average	10.7%	10.7%	11.7%	10.9%	10.4%	10.4%	11.4%	13.2%	2.5%	
Share of Open on Prior (d)	89.3%	89.3%	88.3%	89.1%	89.6%	89.6%	88.6%	86.8%	97.5%	

5. Projected Open + IBNR Indemnity Claim Counts (e)

Accident	Evaluated as of (in months)								
Year	312	324	336	348	360	372	384	396	408
1989									
1990									278
1991								395	385
1992							361	314	306
1993						381	337	293	286
1994					458	410	363	316	308
1995				557	499	447	396	344	335
1996			626	557	499	447	396	344	335
1997		792	699	623	558	500	443	385	375
1998	1,059	946	835	744	667	598	529	459	448
1999	1,003	896	791	705	632	566	501	435	424
...									
2022	664	593	523	466	418	374	332	288	281
2023	686	612	541	482	432	387	343	297	290

- (c) Equal to [the difference in ultimate indemnity claim settlement ratios from the prior evaluation (Item 3)] divided by [1.0 less the ultimate indemnity claim settlement ratio from the prior evaluation].
- (d) Equal to 1.0 minus the selected ratio of incremental closed indemnity claims to prior open indemnity claims from Item 4.
- (e) The italicized diagonal is equal to the Ultimate Indemnity Claim Counts (Item 2) less the Reported Closed Indemnity Claim Counts (Item 1) as of the latest evaluation. The remaining figures are projected based on the italicized diagonal and the Share of Open on Prior from Item 4.

Source: Accident year experience of insurers with available claim count data

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

6. Ratio of Projected Open Claim Counts to Ultimate Claim Counts (f)

Accident	Evaluated as of (in months)								
Year	312	324	336	348	360	372	384	396	408
1989								0.2%	0.2%
1990							0.2%	0.1%	0.1%
1991						0.2%	0.2%	0.2%	0.2%
1992					0.2%	0.2%	0.2%	0.2%	0.2%
1993				0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
1994			0.4%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%
1995		0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%
1996	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%
1997	0.7%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%
1998	0.8%	0.7%	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%
1999	0.7%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%
...									
2022	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
2023	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
3-Year Historical Avg.	0.7%	0.6%	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%

7. Ratio of Projected Percent Open to Historical Percent Open (g)

Accident	Evaluated as of (in months)								
Year	312	324	336	348	360	372	384	396	408
1989									
1990									
1991									1.15
1992								1.11	1.15
1993							1.30	1.32	1.37
1994						1.36	1.54	1.55	1.62
1995					1.41	1.60	1.80	1.82	1.90
1996				1.26	1.48	1.67	1.89	1.91	1.99
1997			1.18	1.34	1.56	1.77	2.00	2.02	2.11
1998		1.19	1.29	1.47	1.72	1.95	2.21	2.22	2.32
1999	1.03	1.11	1.21	1.38	1.61	1.83	2.06	2.08	2.17
...									
2022	0.57	0.62	0.67	0.76	0.89	1.01	1.14	1.15	1.21
2023	0.57	0.62	0.67	0.77	0.90	1.02	1.15	1.16	1.21

(f) Equal to the Projected Open + IBNR Indemnity Claim Counts (Item 5) divided by the Ultimate Indemnity Claim Counts (Item 2).
The italicized diagonals are based on historical data while the remaining figures are projections.

(g) Equal to the Ratio of Projected Open Claim Counts to Ultimate Claim Counts (Item 6) divided by the three-year historical average.

Source: Accident year experience of insurers with available claim count data

Paid Loss Development Factors
Adjusted for the Impact of Claim Settlement Rate
Changes on Later Period Development

Age-to-Age Paid Development (in months):									
Age	<u>312-324</u>	<u>324-336</u>	<u>336-348</u>	<u>348-360</u>	<u>360-372</u>	<u>372-384</u>	<u>384-396</u>	<u>396-408</u>	<u>408-420</u>

8. 3-Year Average (h)

Indemnity	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000
Medical	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.003	1.003

9. Adjustment Ratio (i)

Accident Year 2022	0.83	0.85	0.87	0.91	0.96	1.00	1.06	1.06	1.08
Accident Year 2023	0.83	0.85	0.87	0.91	0.96	1.01	1.06	1.06	1.08

10. Adjusted Factors (j)

Indemnity									
Accident Year 2022	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000
Accident Year 2023	1.002	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000
Medical									
Accident Year 2022	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.003
Accident Year 2023	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.003

- (h) Indemnity development factors are from Exhibit 2.3.2. Medical development factors are from Exhibit 2.4.2 and include adjustments for changes in pharmaceutical costs and the 2021 medical fee schedule updates.
- (i) Equal to the Ratio of Projected Percent Open to Historical Percent Open (Item 7) for the given accident year, with the difference from 1.0 adjusted by 40% to reflect the estimated impact of claim settlement rate changes on later period development.
- (j) Equal to the [three year average factors (Item 8) - 1.0] multiplied by the Adjustment Ratio (Item 9), and adding 1.0.

Source: Accident year experience of insurers with available claim count data

Selected Medical Development Factors - Paid to Ultimate

Unadjusted (a) Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
1996														1.018	1.016	1.013	1.014	1.013	1.011	1.009	1.007
1997														1.018	1.016	1.014	1.014	1.011	1.006	1.006	1.007
1998														1.019	1.019	1.015	1.017	1.010	1.009	1.008	1.009
1999												1.021		1.016	1.018	1.015	1.012	1.009	1.009	1.008	1.006
2000												1.025		1.020	1.017	1.013	1.010	1.008	1.007	1.006	1.005
2001												1.027		1.022	1.017	1.012	1.010	1.010	1.009	1.009	1.004
2002												1.034		1.032	1.024	1.021	1.010	1.009	1.008	1.006	1.004
2003												1.034		1.030	1.026	1.018	1.010	1.008	1.006	1.004	1.004
2004												1.036		1.034	1.024	1.015	1.008	1.005	1.005	1.005	
2005												1.038		1.034	1.025	1.014	1.008	1.006	1.005	1.005	
2006												1.041		1.036	1.027	1.018	1.012	1.008	1.005	1.005	
2007												1.041		1.036	1.027	1.018	1.012	1.007	1.006	1.005	
2008												1.048		1.041	1.035	1.027	1.012	1.009	1.008	1.006	
2009												1.055		1.048	1.041	1.032	1.024	1.019	1.014	1.009	
2010												1.057		1.051	1.043	1.034	1.024	1.017	1.013	1.009	
2011												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2012												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2013												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2014												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2015												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2016												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2017												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2018												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2019												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2020												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2021												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	
2022												1.066		1.058	1.048	1.038	1.028	1.019	1.014	1.008	

Adjusted (a)(b) Accident Year	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120	144/132	156/144	168/156	180/168	192/180	204/192	216/204	228/216	240/228	252/240	264/252
2000																					
2001																					
2002																					
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2015																					
2016																					
2017																					
2018																					
2019																					
2020																					
2021																					
2022																					
Selected (c)	2.618	1.450	1.224	1.120	1.070	1.042	1.028	1.022	1.018	1.015	1.013	1.011	1.010	1.010	1.009	1.008	1.007	1.007	1.006	1.006	1.005
Cumulative	7.630	2.914	2.010	1.642	1.466	1.370	1.315	1.279	1.252	1.230	1.212	1.197	1.183	1.172	1.160	1.150	1.141	1.133	1.125	1.118	1.112

- (a) Paid medical loss development factors include the paid cost of medical cost containment programs for accident years 2011 and prior.
 (b) These factors are adjusted for the impact of pharmaceutical cost reductions through 2018 and the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule in order to bring the historical payments to the current pharmaceutical and medical service cost level.
 (c) Selections are latest year for the 12-to-24 month factors and three-year averages for the subsequent paid age-to-age factors.

Selected Medical Development Factors - Paid to Ultimate (Continued)

Accident Year	Age-to-Age (in months)																ULT/468Pd (e)	
	276/264	288/276	300/288	312/300	324/312	336/324	348/336	360/348	372/360	384/372	396/384	408/396	420/408	432/420	444/432	456/444	468/456	ULT/468Pd (e)
1983																	1.002	
1984																1.001	1.001	
1985															1.001	1.002	1.003	
1986														1.001	1.002	1.002		
1987													1.003	1.003	1.002			
1988												1.003	1.003	1.002				
1989											1.002	1.002	1.002					
1990										1.003	1.001	1.003						
1991									1.002	1.003	1.002							
1992								1.003	1.002	1.003								
1993							1.003	1.002	1.002									
1994						1.004	1.005	1.003										
1995					1.006	1.004	1.004											
1996				1.005	1.006													
1997			1.005	1.004	1.004													
1998		1.006	1.006	1.007														
1999	1.006	1.004	1.004															
2000	1.004	1.004																
2001	1.005																	
Unadjusted (c)	1.005	1.005	1.005	1.005	1.005	1.004	1.004	1.003	1.002	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.002	1.066
Selected (d)	1.005	1.005	1.005	1.005	1.004	1.003	1.003	1.002	1.002	1.003	1.002	1.003	1.003	1.003	1.002	1.002	1.002	1.047
Cumulative	1.107	1.101	1.096	1.091	1.085	1.080	1.077	1.073	1.070	1.068	1.065	1.063	1.060	1.057	1.054	1.052	1.049	1.047

(d) Adjusted for the impact of changes in claim settlement rates on later period development for 312 months and later. See Exhibits 2.5.3 through 2.5.6.

(e) The ULT/468Pd tail factor was calculated based on an inverse power curve fit to a four-year average of the 108-to-120 through 348-to-360 factors and extrapolated to 80 development years.

**Developed Indemnity Loss Ratios Using Selected Loss Development Factors
Based on Experience as of December 31, 2023**

Accident Year	<u>Development Factors</u>			
	(1)	(2)	(3)	(4)
	<u>Paid Loss Ratio (a)</u>	<u>Annual (b)</u>	<u>Cumulative</u>	<u>Projected Ultimate Loss Ratio</u> (4) = (1) x (3)
1987	0.345	1.000	1.007	0.348
1988	0.330	1.001	1.008	0.333
1989	0.343	1.000	1.008	0.345
1990	0.397	1.000	1.009	0.401
1991	0.424	1.000	1.009	0.428
1992	0.349	1.000	1.009	0.352
1993	0.286	1.001	1.010	0.289
1994	0.325	1.001	1.011	0.329
1995	0.469	1.001	1.012	0.474
1996	0.526	1.001	1.013	0.533
1997	0.595	1.001	1.014	0.604
1998	0.645	1.002	1.016	0.655
1999	0.675	1.002	1.017	0.687
2000	0.584	1.002	1.019	0.595
2001	0.484	1.002	1.021	0.494
2002	0.360	1.002	1.023	0.369
2003	0.238	1.002	1.025	0.244
2004	0.141	1.003	1.028	0.145
2005	0.121	1.003	1.031	0.125
2006	0.156	1.004	1.035	0.161
2007	0.214	1.005	1.040	0.222
2008	0.269	1.005	1.046	0.281
2009	0.313	1.006	1.052	0.330
2010	0.299	1.007	1.060	0.317
2011	0.275	1.009	1.069	0.294
2012	0.244	1.011	1.081	0.264
2013	0.205	1.011	1.093	0.224
2014	0.192	1.014	1.108	0.213
2015	0.185	1.016	1.125	0.208
2016	0.173	1.018	1.146	0.198
2017	0.172	1.028	1.178	0.203
2018	0.177	1.041	1.226	0.217
2019	0.194	1.071	1.313	0.255
2020	0.182	1.122	1.473	0.269
2021	0.170	1.240	1.827	0.311
2022	0.111	1.530	2.795	0.311
2023	0.039	2.952	8.252	0.318

- (a) Based on Exhibit 1.
(b) See Exhibits 2.5.1 and 2.5.2.

**Developed Medical Loss Ratios Using Selected Loss Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)
			Reform Adjusted			
			<u>Development Factors</u>			
Accident Year	<u>Paid Loss Ratio (a)</u>	<u>Adjusted Paid Loss Ratio (b)</u>	<u>Annual (c)</u>	<u>Cumulative (c)</u>	<u>Adjusted Developed Loss Ratio (d)</u> (2) x (4)	<u>Projected Ultimate Loss Ratio</u> (1) + ((5) - (2))
1987	0.308	0.273	1.002	1.052	0.287	0.322
1988	0.301	0.267	1.002	1.054	0.281	0.315
1989	0.320	0.284	1.003	1.057	0.300	0.336
1990	0.362	0.321	1.003	1.060	0.340	0.381
1991	0.378	0.336	1.003	1.063	0.357	0.400
1992	0.313	0.278	1.002	1.065	0.297	0.332
1993	0.258	0.229	1.003	1.068	0.245	0.273
1994	0.296	0.263	1.002	1.070	0.282	0.315
1995	0.437	0.389	1.002	1.073	0.417	0.465
1996	0.468	0.416	1.003	1.077	0.448	0.499
1997	0.523	0.466	1.003	1.080	0.503	0.561
1998	0.627	0.560	1.004	1.085	0.608	0.675
1999	0.683	0.610	1.005	1.091	0.665	0.738
2000	0.615	0.550	1.005	1.096	0.603	0.668
2001	0.543	0.487	1.005	1.101	0.537	0.592
2002	0.418	0.377	1.005	1.107	0.417	0.459
2003	0.267	0.242	1.005	1.112	0.269	0.294
2004	0.180	0.163	1.006	1.118	0.183	0.200
2005	0.176	0.160	1.006	1.125	0.179	0.196
2006	0.225	0.205	1.007	1.133	0.233	0.253
2007	0.314	0.287	1.007	1.141	0.327	0.354
2008	0.387	0.355	1.008	1.150	0.408	0.440
2009	0.450	0.416	1.009	1.160	0.483	0.516
2010	0.436	0.405	1.010	1.172	0.475	0.505
2011	0.368	0.346	1.010	1.183	0.409	0.431
2012	0.313	0.297	1.011	1.197	0.355	0.371
2013	0.247	0.247	1.013	1.212	0.300	0.300
2014	0.218	0.222	1.015	1.230	0.273	0.269
2015	0.202	0.208	1.018	1.252	0.260	0.254
2016	0.187	0.194	1.022	1.279	0.248	0.241
2017	0.187	0.194	1.028	1.315	0.256	0.249
2018	0.196	0.202	1.042	1.370	0.277	0.270
2019	0.208	0.212	1.070	1.466	0.311	0.307
2020	0.194	0.196	1.120	1.642	0.322	0.320
2021	0.181	0.181	1.224	2.010	0.365	0.364
2022	0.121	0.121	1.450	2.914	0.353	0.353
2023	0.047	0.047	2.618	7.630	0.361	0.361

- (a) Based on Exhibit 1. Paid MCCP costs are excluded from accident years 2011 and subsequent.
- (b) Based on experience evaluated as of December 31, 2023. Reflects adjustments for the pharmaceutical cost reductions through 2018 and 2021 changes to the Official Medical Fee Schedule (OMFS) and Medical-Legal Fee Schedule (MLFS), restating the historical medical paid-to-date ratios at a 2018 pharmaceutical cost level and a 2021 OMFS and MLFS level.
- (c) See Exhibits 2.6.1 and 2.6.2.
- (d) The developed medical loss ratios shown were derived based on an adjustment for pharmaceutical cost reductions and 2021 medical fee schedule changes. They are only for purposes of projecting future medical loss ratios and do not reflect true estimates of ultimate loss ratios for those accident years.

Indemnity Benefit Level Factors

Accident Year	(1) Annual Benefit Change Prior to Frequency Adjustments (a)	(2) Frequency Adjustments (a)	(3) Annual Impact on Indemnity Benefits Due to Wage Inflation (b)	(4) Annual Cost Impact on Indemnity (c)	(5) Composite Indemnity Adjustment Factor (d)	
1987	0.0	0.0	1.9	1.9	1.785	
1988	0.0	0.0	1.5	1.5	1.759	
1989	0.0	0.0	1.5	1.5	1.733	
1990	2.3	19.9	1.7	24.7	1.389	
1991	4.9	14.8	0.8	21.4	1.144	
1992	1.8	-8.3	1.6	-5.2	1.206	
1993	0.2	-18.1	0.4	-17.6	1.464	
1994	-5.1	0.2	0.6	-4.3	1.531	
1995	6.3	0.6	1.0	8.0	1.417	
1996	5.3	0.4	1.2	7.0	1.325	
1997	9.7	0.2	1.6	11.7	1.186	
1998	6.5	0.0	1.8	8.4	1.094	
1999	5.7	0.0	2.1	7.9	1.014	
2000	3.9	0.0	3.1	7.1	0.946	
2001	-0.3	0.0	0.2	-0.1	0.947	
2002	-0.7	0.0	0.4	-0.3	0.970	(e)
2003	7.3	0.0	1.2	8.6	0.967	(e)
2004	-6.0	-13.7	2.1	-17.2	1.324	(e)
2005	-31.6	-15.3	1.6	-41.2	1.795	
2006	5.6	-5.7	2.2	1.8	1.763	
2007	1.6	0.0	2.1	3.7	1.700	
2008	4.8	0.6	1.0	6.5	1.596	
2009	0.4	1.4	0.2	2.0	1.565	
2010	0.4	0.0	1.5	1.9	1.536	
2011	0.0	0.0	1.4	1.4	1.515	
2012	-0.8	0.0	2.1	1.3	1.496	
2013	1.4	0.2	0.6	2.3	1.463	
2014	5.8	1.5	1.7	9.2	1.340	
2015	-0.8	0.0	2.3	1.4	1.320	
2016	0.3	0.0	1.0	1.3	1.304	
2017	0.5	0.0	2.2	2.7	1.270	
2018	0.4	0.0	2.2	2.6	1.237	
2019	0.4	0.0	2.4	2.8	1.204	
2020	0.4	0.0	2.5	3.0	1.169	
2021	0.5	0.0	3.3	3.8	1.126	
2022	1.2	0.0	2.1	3.4	1.089	
2023	0.5	0.0	1.9	2.4	1.064	
2024	0.0	0.0	3.2	3.2	1.031	
2025	0.3	0.0	2.3	2.6	1.004	
9/1/2025	0.1 (Annual 0.4)	0.0	0.4 (Annual 2.3)	0.4		

- (a) Based on WCIRB evaluations of the average impact of legislative changes on the cost of indemnity benefits. These annual changes in benefits reflect the WCIRB's retrospective estimates of the cost impact of recent legislation as reflected in emerging post-reform costs. The annual cost impacts have been segregated between claim severity and claim frequency impacts.
- (b) These impacts are based on the weekly wages (see Exhibit 5.1) of injured workers and the legislatively scheduled benefits for that year.
- (c) $\{ [\text{Column (1)} / 100 + 1.0] \times [\text{Column (2)} / 100 + 1.0] \times [\text{Column (3)} / 100 + 1.0] - 1.0 \} \times 100$.
- (d) These factors represent the combined impact of the annual benefit changes on claim severity shown in Column (1), claim frequencies shown in Column (2) and wage inflation impact on benefits shown in Column (3), adjusted to the 9/1/2025 level.
- (e) On-level factors for accident years 2002, 2003 and 2004 adjust the portion of permanent disability claims that are estimated to not be subject to the January 1, 2005 PDRS (95% for accident year 2002, 75% for accident year 2003 and 40% for accident year 2004) to the January 1, 2005 PDRS level, and adjust for the corresponding utilization impacts on all 2002, 2003 and 2004 indemnity claims.

Annual Medical Cost Level Change - Non-Legislative

Accident	(1) Proportion of Medical Subject to	(2) Proportion of Medical Not Subject to	(3) Impact of Fee Schedule Change on	(4) Change in Medical	(5) Impact of CPI Change on Total	(6) Annual Non-Legislative Cost Impact on
<u>Year</u>	<u>Fee Schedule (a)</u>	<u>Fee Schedule (a)</u>	<u>Total Medical (b)</u>	<u>CPI (c)</u>	<u>Medical (d)</u>	<u>Total Medical (e)</u>
1987	0.610	0.390	0.9%	7.4%	2.9%	3.8%
1988	0.649	0.351	0.8%	7.7%	3.0%	3.8%
1989	0.647	0.353	0.0%	8.6%	3.0%	3.0%
1990	0.661	0.339	0.0%	10.4%	3.7%	3.7%
1991	0.631	0.369	0.0%	10.6%	3.6%	3.6%
1992	0.628	0.372	0.0%	8.1%	3.0%	3.0%
1993	0.565	0.435	0.0%	7.3%	2.7%	2.7%
1994	0.691	0.309	-3.6%	4.3%	1.3% (i)	-2.3%
1995	0.681	0.319	0.0%	3.0%	0.9%	0.9%
1996	0.663	0.337	0.0%	3.0%	1.0%	1.0%
1997	0.643	0.357	0.0%	2.2%	0.7%	0.7%
1998	0.658	0.342	0.0%	2.2%	0.8%	0.8%
1999	0.728	0.272	1.6%	3.3%	0.9% (ii)	2.5%
2000	0.715	0.285	0.5%	4.3%	1.2%	1.7%
2001	0.722	0.278	1.5%	4.8%	1.4%	2.9%
2002	0.635	0.365	0.6%	5.1%	1.4%	2.0%
2003	0.786	0.214	0.0%	4.8%	1.4% (iii)	1.4%
2004	0.952	0.048	0.0%	5.0%	0.0% (iv),(v)	0.0%
2005	0.936	0.064	0.0%	4.8%	0.0% (v)	0.0%
2006	0.926	0.074	0.0%	4.1%	0.3%	0.3%
2007	0.923	0.077	1.4%	5.3%	0.4%	1.8%
2008	0.896	0.104	-0.1%	4.2%	0.3%	0.2%
2009	0.894	0.106	0.0%	3.6%	0.4%	0.4%
2010	0.895	0.105	0.0%	2.8%	0.3%	0.3%
2011	0.969	0.031	0.0%	3.2%	0.3%	0.3%
2012	0.969	0.031	0.0%	2.7%	0.1%	0.1%
2013	0.938	0.062	0.0%	2.6%	0.1%	4.9% (f)
2014	0.928	0.072	0.0%	4.2%	0.3%	0.3%
2015	0.933	0.067	0.0%	3.1%	0.2%	0.2%
2016	0.918	0.082	0.0%	5.4%	0.4%	0.4%
2017	0.906	0.094	0.0%	2.2%	0.2%	0.2%
2018	0.887	0.113	0.0%	2.5%	0.2%	0.2%
2019	0.872	0.128	0.0%	3.6%	0.4%	0.4%
2020	0.866	0.134	0.0%	2.9%	0.4%	0.4%
2021	0.865	0.135	4.8%	1.3%	0.2%	0.2% (f)
2022	0.859	0.141	0.0%	5.7%	0.8%	0.8%
2023	0.859	0.141	0.0%	1.6%	0.2%	0.2%
2024	0.859	0.141	0.0%	3.1%	0.4%	0.4%
2025	0.859	0.141	0.0%	4.1%	0.6%	0.6%
9/1/2025	0.859	0.141	0.0% (Annual 0.0%)	0.7% (Annual 4.2%)	0.1%	0.1%

- (a) From a Special Carrier Study through 1990. Based on WCIRB's Aggregate Indemnity and Medical Costs Calls for years 1991 through 2012. Based on WCIRB medical transaction data from 2013 onwards. Accident years 2011 and subsequent do not include MCCP costs.
- (b) Based on the WCIRB's evaluation of the cost impact of changes in the medical fee schedules. Does not include the impact of the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule, which are reflected in the medical loss development projections for accident years 2013 and later.
- (c) Based on a component of the Consumer Price Index. Projections furnished by the California Department of Finance.
- (d) Adjusted CPI on workers' compensation medical costs that are not subject to fee schedules. The current year impact is the weighted average of 0% and Column (4), with Columns (1) and (2) from prior years as weights. (i) 1993's non-fee proportion is reduced by 13.8% due to the new medical-legal fee schedule enacted in 1994. (ii) 1998's non-fee proportion is reduced by 7.7% due to the Inpatient Hospital Fee Schedule (IHFS) effective 4/1/1999. (iii) 2002's non-fee proportion is reduced by 7.6% due to the new pharmaceutical fee schedule effective 1/1/2003. (iv) 2003's non-fee proportion is reduced by 17.2% due to the outpatient fee schedule effective 1/1/2004. (v) Given the anticipated impact of legislative reform, a 0% inflation rate has been assumed for 2004 and 2005.
- (e) Column (6) = Column (3) + Column (5).
- (f) The impact of the 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule is applied to accident years 2012 and prior, which are not reflected in the medical loss development projections.

Annual Medical Cost Level Change - Legislative

Accident Year	(1) Annual Legislative Cost Impact on Medical Severity (a)	(2) Annual Legislative Cost Impact on Medical Due to Frequency Changes (b)	(3) Annual Total Legislative Cost Impact on Medical (c)
1987	0.0%	0.0%	0.0%
1988	0.0%	0.0%	0.0%
1989	0.0%	0.0%	0.0%
1990	-0.7%	19.9%	19.1%
1991	-1.6%	14.7%	12.9%
1992	0.5%	-8.4%	-7.9%
1993	-0.7%	-18.1%	-18.7%
1994	-2.6%	0.3%	-2.3%
1995	0.0%	0.5%	0.5%
1996	0.0%	0.4%	0.4%
1997	0.0%	0.2%	0.2%
1998	12.6%	0.0%	12.6%
1999	12.6%	0.0%	12.6%
2000	7.0%	0.0%	7.0%
2001	6.6%	0.0%	6.6%
2002	-5.6%	0.0%	-5.6%
2003	-6.0%	0.0%	-6.0%
2004	-24.4%	-12.5%	-33.9%
2005	0.0%	-13.9%	-13.9%
2006	0.1%	-5.2%	-5.1%
2007	0.1%	0.0%	0.1%
2008	0.2%	0.3%	0.5%
2009	0.0%	1.0%	1.0%
2010	0.0%	0.0%	0.0%
2011	-2.0%	0.0%	-2.0%
2012	-3.7%	0.0%	-3.7%
2013	-8.6%	0.2%	-8.4%
2014	-6.1%	1.3%	-4.9%
2015	-2.2%	0.0%	-2.2%
2016	-0.8%	0.0%	-0.8%
2017	-0.5%	0.0%	-0.5%
2018	-0.3%	0.0%	-0.3%
2019	0.0%	0.0%	0.0%
2020	0.0%	0.0%	0.0%
2021	0.0%	0.0%	0.0%
2022	0.0%	0.0%	0.0%
2023	0.0%	0.0%	0.0%
2024	0.0%	0.0%	0.0%
2025	0.0%	0.0%	0.0%
9/1/2025	0.0%	0.0%	0.0%

- (a) Reflects the WCIRB's most recent estimates of the cost impact of legislation. Does not include the impact of the SB 1160 lien provisions on future medical costs as well as the estimated reductions to pharmaceutical costs attributable to SB 863, which are reflected in the medical loss development projections.
- (b) This reflects the annual percentage impact on medical costs due to changes in the frequency of indemnity claims as a result of benefit changes.
- (c) $[\text{Column (1)} + 1.0] \times [\text{Column (2)} + 1.0] - 1.0$

Total Medical Cost Level Factors

Accident Year	(1) Annual Non-Legislative Cost Impact on Medical (a)	(2) Annual Legislative Cost Impact on Medical (b)	(3) Total Annual Cost Impact on Medical (c)	(4) Composite Medical On-level Factor (d)
1987	3.8%	0.0%	3.8%	0.856
1988	3.8%	0.0%	3.8%	0.825
1989	3.0%	0.0%	3.0%	0.801
1990	3.7%	19.1%	23.5%	0.649
1991	3.6%	12.9%	16.9%	0.555
1992	3.0%	-7.9%	-5.2%	0.585
1993	2.7%	-18.7%	-16.5%	0.700
1994	-2.3%	-2.3%	-4.6%	0.734
1995	0.9%	0.5%	1.4%	0.724
1996	1.0%	0.4%	1.4%	0.714
1997	0.7%	0.2%	0.9%	0.707
1998	0.8%	12.6%	13.5%	0.623
1999	2.5%	12.6%	15.4%	0.540
2000	1.7%	7.0%	8.8%	0.496
2001	2.9%	6.6%	9.7%	0.452
2002	2.0%	-5.6%	-3.7%	0.470
2003	1.4%	-6.0%	-4.7%	0.493
2004	0.0%	-33.9%	-33.9%	0.745
2005	0.0%	-13.9%	-13.9%	0.865
2006	0.3%	-5.1%	-4.8%	0.909
2007	1.8%	0.1%	1.9%	0.892
2008	0.2%	0.5%	0.7%	0.886
2009	0.4%	1.0%	1.4%	0.874
2010	0.3%	0.0%	0.3%	0.871
2011	0.3%	-2.0%	-1.7%	0.886
2012	0.1%	-3.7%	-3.6%	0.919
2013	4.9%	-8.4%	-3.9%	0.957
2014	0.3%	-4.9%	-4.6%	1.003
2015	0.2%	-2.2%	-2.0%	1.023
2016	0.4%	-0.8%	-0.4%	1.027
2017	0.2%	-0.5%	-0.3%	1.030
2018	0.2%	-0.3%	-0.1%	1.031
2019	0.4%	0.0%	0.4%	1.027
2020	0.4%	0.0%	0.4%	1.023
2021	0.2%	0.0%	0.2%	1.021
2022	0.8%	0.0%	0.8%	1.013
2023	0.2%	0.0%	0.2%	1.011
2024	0.4%	0.0%	0.4%	1.007
2025	0.6%	0.0%	0.6%	
9/1/2025	0.1%	0.0%	0.1%	

(a) See Exhibit 4.2, Column (6).

(b) See Exhibit 4.3, Column (3).

(c) Column (3) = [1.0 + Column (1)] x [1.0 + Column (2)] - 1.0.

(d) These factors adjust the annual impact shown in Column (3) to the 9/1/2025 level.

Annual Wage Level Changes

	(1)	(2)	(3)
<u>Year</u>	<u>Annual Wage Level Change (a)</u>	<u>Adjusted Annual Wage Level Change (b)</u>	<u>Factor to a 9/1/2025 Wage Level (c)</u>
1987	5.6		3.909
1988	4.4		3.744
1989	4.3		3.590
1990	5.0		3.419
1991	2.3		3.342
1992	4.7		3.192
1993	1.2		3.154
1994	1.9		3.095
1995	2.9		3.008
1996	3.4		2.909
1997	4.7		2.779
1998	5.2		2.641
1999	6.2		2.487
2000	9.0		2.282
2001	0.6		2.268
2002	0.5		2.257
2003	3.3		2.185
2004	4.7		2.087
2005	3.1		2.024
2006	4.6		1.935
2007	4.5		1.852
2008	2.1		1.814
2009	0.4		1.806
2010	3.0		1.754
2011	3.0		1.703
2012	4.2		1.634
2013	0.7		1.623
2014	3.3		1.571
2015	4.5		1.503
2016	2.0		1.474
2017	4.3		1.413
2018	3.7		1.363
2019	4.3		1.306
2020	11.4	5.1	1.243
2021	7.7	6.3	1.170
2022	3.4	3.8	1.127
2023	3.0		1.095
Projected:			
2024	5.0		
2025	3.6		
9/1/2025	0.6	(Annual = 3.7)	

- (a) Historical wage changes through 2021 are based on Bureau of Labor Statistics (BLS) data. The 2022 wage change is based on the average of the BLS Current Employment Statistics hourly and weekly wage estimates. Forecasts for 2023 and forward are based on the average of wage level projections made by the UCLA Anderson School of Business as of March 2024 and those made by the California Department of Finance as of November 2023.
- (b) Wage level changes for 2020 to 2022 were adjusted for estimated shifts in industrial mix and shifts in the wage level mix within industries impacting average wages in order to more appropriately project changes in average wages for the typical worker.
- (c) Based on Column (2) for 2020 through 2022 and Column (1) for all other years.

Premium Adjustment Factors

	(1)	(2a)	(2b)	(2c)	(3)	(4)	(5)	(6)	(7)
	Factor to a	Ratio of Industry Average Charged Rates to Advisory Pure Premium	Factor to Approved Pure Premium Rate Level as of	Factor to Adjust Insurer Premium to Approved Pure Premium Rate Level as of	Adjustment to Remove Surcharge	Average Experience	Off-Balance Correction in Advisory Sept. 1, 2023 Pure Premium	Factor to Adjust for Impact of Premium Resulting from	Composite Premium Adjustment
Calendar Year	<u>Wage Level (a)</u>	<u>Rates (b)</u>	<u>Sept. 1, 2023 (c)</u>	<u>Sept. 1, 2023 (d)</u>	<u>Premium (e)</u>	<u>Modification (f)</u>	<u>Rates</u>	<u>Audits (g)</u>	<u>Factor (h)</u>
1987	3.909	---	---	0.435	0.992	0.983	1.039	---	1.650
1988	3.744	---	---	0.389	0.993	0.963	1.039	---	1.446
1989	3.590	---	---	0.383	0.993	0.945	1.039	---	1.391
1990	3.419	---	---	0.373	0.991	0.942	1.039	---	1.293
1991	3.342	---	---	0.346	0.987	0.939	1.039	---	1.170
1992	3.192	---	---	0.332	0.982	0.940	1.039	---	1.064
1993	3.154	---	---	0.328	0.981	0.949	1.039	---	1.029
1994	3.095	---	---	0.375	0.986	0.948	1.039	---	1.163
1995	3.008	---	---	0.508	0.995	0.958	1.039	---	1.527
1996	2.909	1.031	0.539	0.523	1.000	0.935	1.039	---	1.567
1997	2.779	0.998	0.538	0.539	1.000	0.949	1.039	---	1.519
1998	2.641	0.965	0.561	0.581	1.000	0.959	1.039	---	1.540
1999	2.487	0.972	0.567	0.583	1.000	0.954	1.039	---	1.463
2000	2.282	1.005	0.514	0.511	1.000	0.970	1.039	---	1.158
2001	2.268	1.031	0.452	0.439	1.000	0.969	1.039	---	0.988
2002	2.257	1.167	0.405	0.347	1.000	0.991	1.039	---	0.761
2003	2.185	1.282	0.331	0.258	1.000	1.005	1.039	---	0.541
2004	2.087	1.400	0.337	0.241	1.000	0.981	1.039	---	0.493
2005	2.024	1.470	0.406	0.276	1.000	0.982	1.039	---	0.547
2006	1.935	1.447	0.523	0.361	1.000	0.956	1.039	---	0.704
2007	1.852	1.493	0.712	0.477	1.000	0.931	1.039	0.985	0.900
2008	1.814	1.426	0.848	0.594	1.000	0.946	1.039	0.991	1.087
2009	1.806	1.366	0.835	0.612	1.000	0.937	1.039	1.034	1.174
2010	1.754	1.383	0.819	0.592	1.000	0.941	1.039	1.005	1.067
2011	1.703	1.401	0.818	0.584	1.000	0.982	1.039	---	0.974
2012	1.634	1.223	0.674	0.551	1.000	1.000	1.039	---	0.867
2013	1.623	1.138	0.543	0.477	1.000	0.983	1.039	---	0.758
2014	1.571	1.127	0.500	0.444	1.000	0.961	1.039	---	0.698
2015	1.503	1.109	0.486	0.438	1.000	0.951	1.039	---	0.667
2016	1.474	1.148	0.529	0.461	1.000	0.949	1.039	---	0.688
2017	1.413	1.156	0.586	0.507	1.000	0.955	1.039	---	0.721
2018	1.363	1.196	0.662	0.554	1.000	0.956	1.039	---	0.759
2019	1.306	1.214	0.769	0.634	1.000	0.945	1.039	---	0.843
2020	1.243	1.207	0.858	0.711	1.000	0.943	1.039	0.990	0.892
2021	1.170	1.224	0.924	0.755	1.000	0.946	1.039	1.033	0.928
2022	1.127	1.188	0.965	0.812	1.000	0.955	1.039	0.993	0.916
2023	1.095	1.112	0.973	0.875	1.000	0.970	1.039	---	0.951

- (a) See Exhibit 5.1.
- (b) Based on WCIRB calendar year experience calls. The industry average charged rates reflect most rating plan adjustments but do not reflect the application of deductible credits or retrospective rating plan adjustments.
- (c) Reflects approved advisory pure premium rate level changes to bring premium to the advisory September 1, 2023 pure premium rate level.
- (d) $(2b) \div (2a)$. This column adjusts premiums at the industry average charged rate level to the approved advisory pure premium rate level as of September 1, 2023.
- (e) Based on unit statistical data.
- (f) Based on average promulgated experience modifications. Calendar years 1996 through 2000 include adjustments for the impacts of AB 1913 and SB 1217 (1998).
- (g) Based on a comparison of premium reported on a calendar year basis to premium reported on an estimated ultimate policy year basis over the course of two accident years. The factor is applied only for calendar years 2007 to 2010 and 2020 to 2022, during which reported premiums were impacted by recessionary economic forces.
- (h) $(1) \times (2c) \times (3) \times (6) \div [(4) \times (5)]$ for calendar years 2007 to 2010 and 2020 to 2022. $(1) \times (2c) \times (3) \div [(4) \times (5)]$ for all other calendar years.

2023 Accident Year Indemnity Claim Frequency Model
As of PY 2021 Preliminary 1st Set & March 2024 UCLA

AY	Annual %	Annual Log Differences					Economic Variables (1st Prin. Comp.)
	Changes Intra- Class Ind Freq	Intra-Class Indemnity Frequency per \$M Exposure at PY 2021 Level			AY+1 Indemnity	Cumulative Injury Index	
	Total	Total	Cumulative	Non-cum.	Benefit Level		
1962	----	----	----	----	----	----	----
1963	2.0%	0.020	----	----	0.000	----	-0.030
1964	0.3%	0.003	----	----	0.000	----	0.003
1965	-0.3%	-0.003	----	----	0.000	----	0.020
1966	1.7%	0.017	----	----	0.000	----	0.190
1967	1.8%	0.017	----	----	0.000	----	-0.147
1968	1.4%	0.014	----	----	0.000	----	0.058
1969	2.7%	0.026	----	----	0.049	----	0.042
1970	1.8%	0.018	----	----	0.000	----	-0.338
1971	1.5%	0.015	----	----	0.000	----	-0.188
1972	-4.3%	-0.044	----	----	0.162	----	0.158
1973	7.0%	0.067	----	----	0.048	----	0.088
1974	19.2%	0.176	----	----	0.041	----	-0.036
1975	12.5%	0.118	----	----	0.058	----	-0.300
1976	0.8%	0.008	----	----	0.000	----	0.083
1977	4.3%	0.042	----	----	0.063	----	0.111
1978	-8.7%	-0.091	----	----	0.001	----	0.167
1979	0.5%	0.005	-0.053	0.007	0.000	-0.060	0.133
1980	-6.5%	-0.068	-0.132	-0.066	0.000	-0.066	-0.082
1981	-3.5%	-0.036	-0.028	-0.036	0.033	0.008	-0.079
1982	-1.6%	-0.016	0.153	-0.022	0.000	0.175	-0.294
1983	6.2%	0.060	0.214	0.054	0.352	0.160	0.029
1984	9.5%	0.091	0.235	0.084	0.081	0.151	0.221
1985	2.0%	0.020	0.138	0.014	0.000	0.124	0.080
1986	-2.4%	-0.024	0.039	-0.028	0.000	0.067	0.077
1987	1.5%	0.015	0.053	0.013	0.000	0.041	0.150
1988	0.7%	0.007	0.104	0.000	0.000	0.104	0.087
1989	2.5%	0.024	0.212	0.009	0.000	0.203	0.044
1990	9.0%	0.087	0.337	0.061	0.046	0.276	-0.121
1991	0.3%	0.003	0.166	-0.018	0.071	0.184	-0.293
1992	-10.3%	-0.108	-0.263	-0.089	0.023	-0.174	-0.186
1993	-9.2%	-0.097	-0.175	-0.088	0.013	-0.088	-0.022
1994	-10.5%	-0.111	-0.167	-0.105	-0.057	-0.061	0.106
1995	-0.3%	-0.003	0.009	-0.004	0.061	0.013	0.092
1996	-6.8%	-0.070	-0.165	-0.061	0.053	-0.104	0.074
1997	-3.3%	-0.033	-0.026	-0.034	0.096	0.008	0.137
1998	-3.7%	-0.038	-0.020	-0.040	0.066	0.019	0.078
1999	1.5%	0.015	0.010	0.015	0.058	-0.005	0.127
2000	4.0%	0.039	0.101	0.033	0.040	0.068	0.065
2001	-6.9%	-0.072	0.106	-0.091	-0.003	0.197	-0.104
2002	-2.8%	-0.029	0.196	-0.061	-0.007	0.257	-0.212
2003	-3.2%	-0.032	0.025	-0.042	0.060	0.067	-0.019
2004	-16.8%	-0.184	-0.321	-0.163	-0.065	-0.158	0.103
2005	-13.6%	-0.147	-0.343	-0.121	-0.398	-0.222	0.147
2006	-5.6%	-0.058	-0.204	-0.042	0.051	-0.163	0.094
2007	-1.7%	-0.017	-0.042	-0.015	0.016	-0.027	-0.080
2008	-2.7%	-0.027	-0.012	-0.029	0.049	0.017	-0.316
2009	-0.3%	-0.003	0.133	-0.017	0.069	0.150	-0.461
2010	8.8%	0.085	0.115	0.081	0.016	0.034	-0.077
2011	1.2%	0.012	0.028	0.010	0.000	0.017	0.047
2012	4.7%	0.046	0.115	0.037	0.003	0.077	0.125
2013	0.4%	0.004	0.131	-0.014	0.019	0.145	0.153
2014	0.2%	0.002	0.046	-0.005	0.070	0.051	0.179
2015	-1.5%	-0.015	0.008	-0.018	0.000	0.026	0.194
2016	-2.6%	-0.026	0.033	-0.036	0.000	0.069	0.127
2017	-1.9%	-0.020	-0.073	-0.011	0.000	-0.062	0.130
2018	-0.4%	-0.004	-0.061	0.005	0.000	-0.066	0.127
2019	1.8%	0.018	0.038	0.015	0.000	0.024	0.070
2020	-8.7%	-0.091	0.067	-0.118	0.000	0.186	-0.932
2021	3.2%	0.032	-0.225	0.074	0.000	-0.299	0.332
2022*	-4.4%	-0.010	0.101	-0.028	0.000	0.129	0.636
2023	-1.6%	-0.017	0.047	-0.027	0.000	0.074	-0.096
2024	-2.5%	-0.025	0.008	-0.031	0.000	0.039	-0.058
2025	-0.7%	-0.007	0.011	-0.010	0.000	0.021	0.182
2026	-3.0%	-0.030	-0.019	-0.032	0.000	0.014	-0.023

Y = Hazardousness-Adjusted Noncumulative Indemnity Claim Frequency

Constant	-0.033
Std Err of Y Est	0.041
R Squared	0.437
No. of Observations	41
Degrees of Freedom	37

X Coefficient(s)	0.188	0.210	0.103
Std Err of Coef.	0.077	0.062	0.043

Notes:

The Indemnity Benefit Level variable is concurrent. The AY 2004 benefit level change is related to the AY 2004 change in non-cumulative frequency.
The Indemnity Benefit Level variable excludes indemnity benefit utilization, cost-of-living adjustments, and changes in the death and permanent total benefits.
The Indemnity Benefit Level variable has been revised due to on-leveling reassessments. See Actuarial Committee item AC09-03-03.
For 1993 on, cumulative claims include both cumulative trauma and occupational disease claims. See Actuarial Committee item AC14-03-19.
The definition of cumulative claims has been further amended to include claims coded with certain nature of injury codes in USR. See Actuarial Committee item AC21-12-09.
Economic variables are historical through 2022; December 2023 UCLA Anderson Forecasts for 2023 on.
The indicator variable for Cal-OSHA inspections has been moved into an on-level adjustment. See Actuarial Committee item AC21-12-09.
Regression is over AY 1979 through AY 2022, excluding 2020, 2021, and 2022. AY 2023 through AY 2026 are projections.
The constant term, -0.020, consists of measured offsets that recognize annual changes in real benefit levels relative to nominal benefit levels and long-term economic growth.
Without these offsets, the indemnity benefit level and economic variables would project frequency to increase without bound.
*AY 2022 is preliminary and change is based on a comparison of 2022 accidents on 2021 policies to 2021 accidents on 2020 policies.

**Projection of Indemnity Severity Trends by Accident Year
Based on Experience as of December 31, 2023**

Accident Year	(1) Estimated Ultimate Severity	(2) Annual % Change	(3) Indemnity Adjustment Factor (a)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	10,017	---	2.222	22,255	---
1991	10,940	9.2%	2.101	22,985	3.3%
1992	11,018	0.7%	2.031	22,382	-2.6%
1993	11,973	8.7%	2.019	24,177	8.0%
1994	12,972	8.3%	2.115	27,438	13.5%
1995	14,568	12.3%	1.970	28,700	4.6%
1996	16,504	13.3%	1.849	30,511	6.3%
1997	19,393	17.5%	1.659	32,168	5.4%
1998	21,273	9.7%	1.530	32,546	1.2%
1999	23,129	8.7%	1.418	32,789	0.7%
2000	24,821	7.3%	1.323	32,849	0.2%
2001	27,175	9.5%	1.325	36,000	9.6%
2002	26,220	-3.5%	1.357	35,578	-1.2%
2003	25,976	-0.9%	1.353	35,138	-1.2%
2004	21,096	-18.8%	1.598	33,713	-4.1%
2005	19,129	-9.3%	1.834	35,091	4.1%
2006	20,829	8.9%	1.700	35,405	0.9%
2007	22,586	8.4%	1.639	37,009	4.5%
2008	24,576	8.8%	1.548	38,046	2.8%
2009	25,764	4.8%	1.539	39,646	4.2%
2010	25,052	-2.8%	1.510	37,830	-4.6%
2011	24,519	-2.1%	1.489	36,514	-3.5%
2012	23,978	-2.2%	1.471	35,265	-3.4%
2013	23,153	-3.4%	1.441	33,366	-5.4%
2014	24,050	3.9%	1.340	32,216	-3.4%
2015	24,320	1.1%	1.320	32,114	-0.3%
2016	23,803	-2.1%	1.304	31,037	-3.4%
2017	23,929	0.5%	1.270	30,386	-2.1%
2018	24,723	3.3%	1.237	30,585	0.7%
2019	26,264	6.2%	1.204	31,612	3.4%
2020	27,698	5.5%	1.169	32,376	2.4%
2021	27,982	1.0%	1.126	31,506	-2.7%
2022	29,707	6.2%	1.089	32,362	2.7%
2023	30,301	2.0%	1.064	32,243	-0.4%
(6) Estimated Annual Exponential Trend Based on 1990 to 2023:					0.7%
(7) Estimated Annual Exponential Trend Based on 2005 to 2023:					-1.1%
(8) Estimated Annual Exponential Trend Based on 2019 to 2023:					0.4%
Selected Indemnity Severity Trend:					1.0%

(a) These adjustment factors are based on Exhibit 4.1, excluding the impact of frequency.

Source: WCIRB quarterly experience calls, excluding COVID-19 claims for accident years 2020 to 2023.

**Projection of Medical Severity Trends by Accident Year
Based on Experience as of December 31, 2023**

Accident Year	(1) Estimated Ultimate Severity (a)	(2) Annual % Change	(3) Medical Adjustment Factor (b)	(4) Ultimate On-level Severity (1) x (3)	(5) Annual % Change
1990	8,863	---	0.969	8,589	---
1991	9,529	7.5%	0.951	9,059	5.5%
1992	9,580	0.5%	0.918	8,798	-2.9%
1993	10,445	9.0%	0.901	9,406	6.9%
1994	11,505	10.1%	0.946	10,888	15.8%
1995	13,274	15.4%	0.938	12,450	14.3%
1996	14,413	8.6%	0.929	13,383	7.5%
1997	16,933	17.5%	0.922	15,614	16.7%
1998	20,726	22.4%	0.812	16,839	7.8%
1999	23,544	13.6%	0.704	16,573	-1.6%
2000	26,449	12.3%	0.647	17,110	3.2%
2001	31,199	18.0%	0.590	18,399	7.5%
2002	31,260	0.2%	0.612	19,146	4.1%
2003	29,866	-4.5%	0.643	19,191	0.2%
2004	27,334	-8.5%	0.850	23,233	21.1%
2005	28,097	2.8%	0.850	23,881	2.8%
2006	30,555	8.7%	0.847	25,866	8.3%
2007	33,763	10.5%	0.831	28,049	8.4%
2008	36,137	7.0%	0.827	29,901	6.6%
2009	38,081	5.4%	0.824	31,385	5.0%
2010	37,765	-0.8%	0.822	31,032	-1.1%
2011	33,897 (c)	---	0.845	28,629 (c)	---
2012	31,714	-6.4%	0.885	28,077	-1.9%
2013	29,060	-8.4%	0.969	28,151	0.3%
2014	28,333	-2.5%	1.033	29,268	4.0%
2015	27,637	-2.5%	1.058	29,252	-0.1%
2016	26,845	-2.9%	1.061	28,471	-2.7%
2017	27,007	0.6%	1.061	28,644	0.6%
2018	28,398	5.2%	1.057	30,029	4.8%
2019	29,198	2.8%	1.046	30,537	1.7%
2020	30,761	5.4%	1.032	31,758	4.0%
2021	30,575	-0.6%	1.022	31,253	-1.6%
2022	31,508	3.1%	1.013	31,919	2.1%
2023	32,157	2.1%	1.011	32,511	1.9%

Selected Medical Severity Trend: 2.0%

- (a) Estimated ultimate severities for all accident years are derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts. The estimated ultimate medical severities were derived from the projected ultimate loss ratios shown in Exhibit 3.2, column (6).
- (b) These adjustment factors are based on Exhibit 4.4, excluding the impact of frequency, and including the impact of 2021 changes to the Official Medical Fee Schedule and Medical-Legal Fee Schedule, applicable to outstanding medical losses.
- (c) Severities for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Severities for accident years 2010 and prior do reflect MCCP costs.

Source: WCIRB quarterly experience calls, excluding COVID-19 claims for accident years 2020 to 2023.

**Projection of Medical Severity Trends by Accident Year
Adjusted to Remove the Cost of Medical Cost Containment Programs (MCCP)
Based on Experience as of December 31, 2023**

(1) Accident Year	MCCP Included				MCCP Removed Based on WCIRB Aggregate Calendar Year Data Calls (b)			
	(2) Estimated Ultimate Severity (a)	(3) Annual % Change	(4) Ultimate On-Level Severity (c)	(5) Annual % Change	(6) Estimated Ultimate Severity (a)	(7) Annual % Change	(8) Ultimate On-Level Severity (c)	(9) Annual % Change
2005	28,097	---	23,881	---	26,656	---	22,656	---
2006	30,555	8.7%	25,866	8.3%	28,682	7.6%	24,282	7.2%
2007	33,763	10.5%	28,049	8.4%	31,559	10.0%	26,218	8.0%
2008	36,137	7.0%	29,901	6.6%	33,020	4.6%	27,323	4.2%
2009	38,081	5.4%	31,385	5.0%	34,949	5.8%	28,804	5.4%
2010	37,765	-0.8%	31,032	-1.1%	34,625	-0.9%	28,451	-1.2%
2011	37,096	-1.8%	31,331	1.0%	33,897	-2.1%	28,629	0.6%
2012	34,591	-6.8%	30,624	-2.3%	31,714	-6.4%	28,077	-1.9%
2013	31,756	-8.2%	30,763	0.5%	29,060	-8.4%	28,151	0.3%
2014	30,903	-2.7%	31,922	3.8%	28,333	-2.5%	29,268	4.0%
2015	30,005	-2.9%	31,759	-0.5%	27,637	-2.5%	29,252	-0.1%
2016	29,038	-3.2%	30,797	-3.0%	26,845	-2.9%	28,471	-2.7%
2017	29,195	0.5%	30,964	0.5%	27,007	0.6%	28,644	0.6%
2018	30,677	5.1%	32,438	4.8%	28,398	5.2%	30,029	4.8%
2019	31,537	2.8%	32,984	1.7%	29,198	2.8%	30,537	1.7%
2020	33,136	5.1%	34,210	3.7%	30,761	5.4%	31,758	4.0%
2021	33,062	-0.2%	33,795	-1.2%	30,575	-0.6%	31,253	-1.6%
2022	34,128	3.2%	34,574	2.3%	31,508	3.1%	31,919	2.1%
2023	35,153	3.0%	35,540	2.8%	32,157	2.1%	32,511	1.9%
Estimated Annual Exponential Trend								
Trend Based on 1990 to 2023:				4.5%	N/A			
Trend Based on 2005 to 2023:				1.5%	1.4%			
Trend Based on 2019 to 2023:				1.6%	1.3%			
Selected Medical Severity Trend:								2.0%

- (a) Estimated ultimate severities for all accident years were derived by dividing ultimate medical losses on indemnity claims by ultimate indemnity claim counts.
(b) Adjustments to accident years 2005 through 2010 based on WCIRB's Annual Calls for Direct California Workers' Compensation Aggregate Indemnity and Medical Costs.
(c) Ultimate severities are on-leveled based on adjustment factors shown on Exhibit 6.3.

Source: WCIRB quarterly experience calls, excluding COVID-19 claims for accident years 2020 to 2023.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Based on Experience as of December 31, 2023**

Accident Year	(1) Developed Indemnity Loss Ratio (a)	(2) Composite Indemnity Adjustment Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Indemnity to Pure Premium Ratio (1)×(2)÷(3)
1987	0.348	1.785	1.650	0.376
1988	0.333	1.759	1.446	0.405
1989	0.345	1.733	1.391	0.430
1990	0.401	1.389	1.293	0.431
1991	0.428	1.144	1.170	0.418
1992	0.352	1.206	1.064	0.400
1993	0.289	1.464	1.029	0.412
1994	0.329	1.531	1.163	0.433
1995	0.474	1.417	1.527	0.440
1996	0.533	1.325	1.567	0.450
1997	0.604	1.186	1.519	0.471
1998	0.655	1.094	1.540	0.466
1999	0.687	1.014	1.463	0.476
2000	0.595	0.946	1.158	0.486
2001	0.494	0.947	0.988	0.473
2002	0.369	0.970	0.761	0.470
2003	0.244	0.967	0.541	0.437
2004	0.145	1.324	0.493	0.390
2005	0.125	1.795	0.547	0.409
2006	0.161	1.763	0.704	0.404
2007	0.222	1.700	0.900	0.420
2008	0.281	1.596	1.087	0.413
2009	0.330	1.565	1.174	0.440
2010	0.317	1.536	1.067	0.456
2011	0.294	1.515	0.974	0.456
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projections (d)
2024				0.359
2025				0.361
9/1/2025				0.359

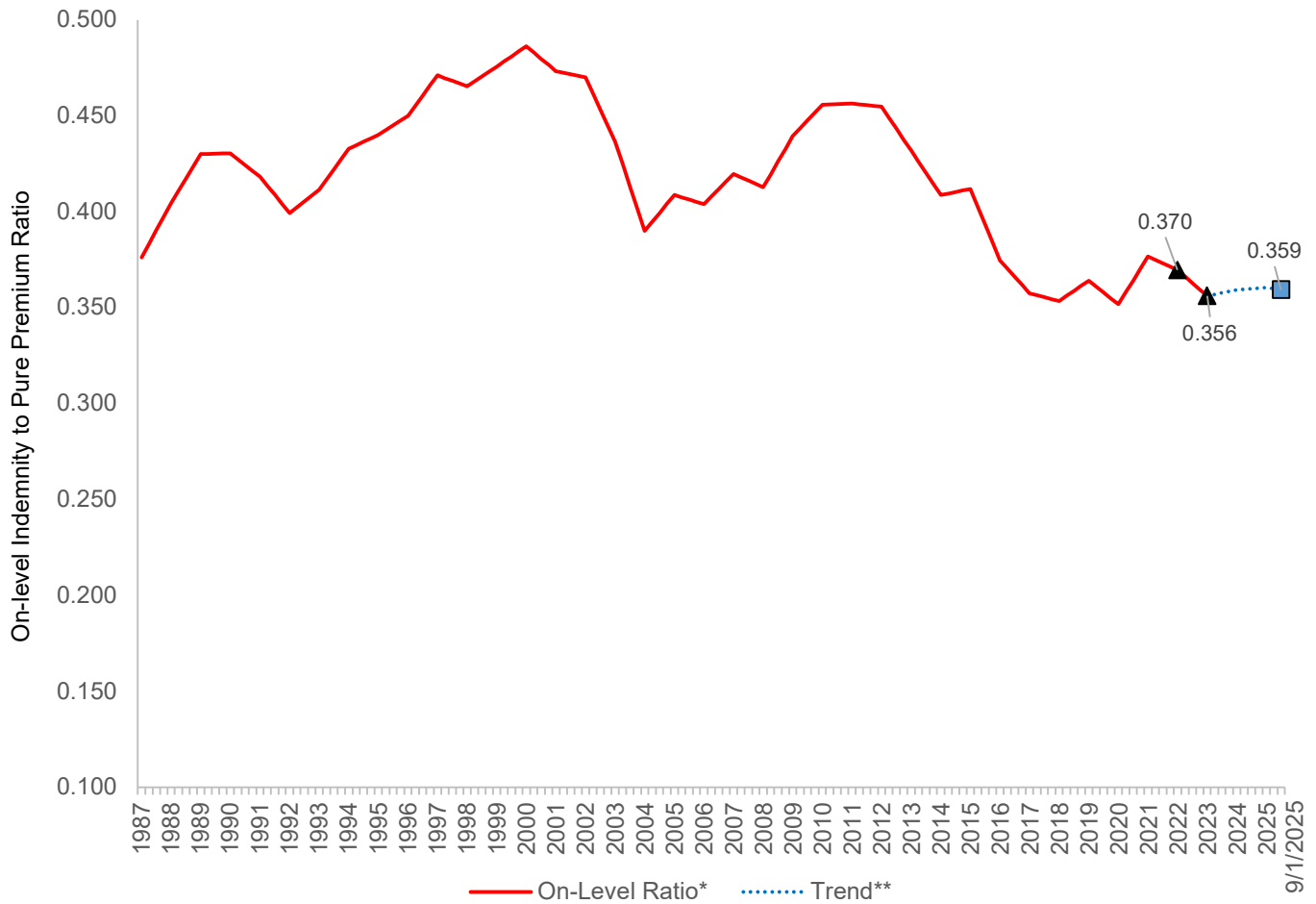
(a) See Exhibit 3.1.

(b) See Exhibit 4.1.

(c) See Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the intra-class frequency changes for accident year 2023 from Exhibit 12 and frequency model projections for accident years 2024 to 2026 from Exhibit 6.1. The annual indemnity severity growth estimates are from Exhibit 6.2.

**On-Level Indemnity Loss to Pure Premium Ratios
Based on Experience as of December 31, 2023**



* On-level indemnity to pure premium ratios (see Exhibit 7.1)

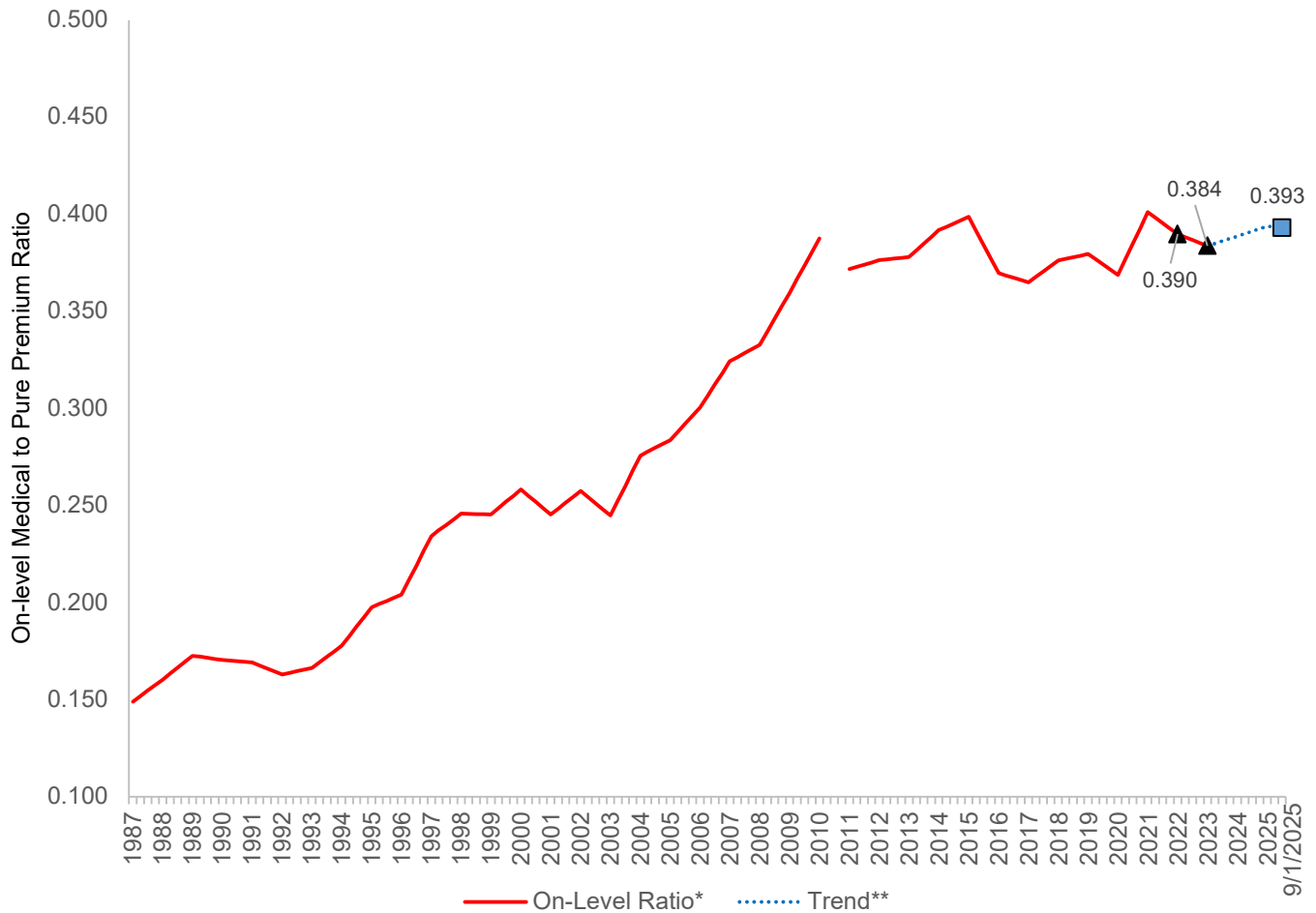
** The 9/1/2025 indemnity to pure premium ratio was calculated based on separate frequency and severity trends applied to the 2022 and 2023 years.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Based on Experience as of December 31, 2023**

Accident Year	(1) Developed Medical Loss Ratio (a)	(2) Composite Medical On-Level Factor (b)	(3) Composite Premium Adjustment Factor (c)	(4) On-Level Medical to Pure Premium Ratio (e) (1)×(2)÷(3)
1987	0.287	0.856	1.650	0.149
1988	0.281	0.825	1.446	0.160
1989	0.300	0.801	1.391	0.173
1990	0.340	0.649	1.293	0.171
1991	0.357	0.555	1.170	0.169
1992	0.297	0.585	1.064	0.163
1993	0.245	0.700	1.029	0.166
1994	0.282	0.734	1.163	0.178
1995	0.417	0.724	1.527	0.198
1996	0.448	0.714	1.567	0.204
1997	0.503	0.707	1.519	0.234
1998	0.608	0.623	1.540	0.246
1999	0.665	0.540	1.463	0.246
2000	0.603	0.496	1.158	0.258
2001	0.537	0.452	0.988	0.246
2002	0.417	0.470	0.761	0.257
2003	0.269	0.493	0.541	0.245
2004	0.183	0.745	0.493	0.276
2005	0.179	0.865	0.547	0.284
2006	0.233	0.909	0.704	0.300
2007	0.327	0.892	0.900	0.324
2008	0.408	0.886	1.087	0.333
2009	0.483	0.874	1.174	0.360
2010	0.475	0.871	1.067	0.388
2011	0.409	0.886	0.974	0.372
2012	0.355	0.919	0.867	0.376
2013	0.300	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.256	1.030	0.721	0.365
2018	0.277	1.031	0.759	0.376
2019	0.311	1.027	0.843	0.380
2020	0.322	1.023	0.892	0.369
2021	0.365	1.021	0.928	0.401
2022	0.353	1.013	0.916	0.390
2023	0.361	1.011	0.951	0.384
				Projections (d)
2024				0.389
2025				0.394
9/1/2025				0.393

- (a) See Exhibit 3.2. Medical loss ratios for accident years 2011 and subsequent do not reflect the cost of medical cost containment programs (MCCP). Ratios for accident years 2010 and prior do reflect MCCP costs.
- (b) See Exhibit 4.4.
- (c) See Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the intra-class frequency changes for accident year 2023 from Exhibit 12 and frequency model projections for accident years 2024 to 2026 from Exhibit 6.1. The annual medical severity growth estimates are from Exhibit 6.4.
- (e) Accident years 2011 and subsequent do not reflect the paid MCCP costs. Accident years 2010 and prior do reflect paid MCCP costs.

**On-Level Medical Loss to Pure Premium Ratios
Based on Experience as of December 31, 2023**



* On-level medical to pure premium ratios (see Exhibit 7.3)

** The 9/1/2025 medical to pure premium ratio was calculated based on separate frequency and severity trends applied to the 2022 and 2023 years.

**Indicated Loss to Pure Premium Ratios
For Policies with Effective Dates between September 1, 2024 and August 31, 2025
Based on Experience as of December 31, 2023**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Projected Loss to Advisory Pure Premium Ratio (See Exhibits 7.1 and 7.3)	0.359	0.393	0.752

Quarterly Incurred Indemnity Loss Development Factors
Through December 31, 2023

Age in	Accident Year																					
Months	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
6/3	2.834	2.736	2.463	2.417	2.724	2.785	3.031	3.116	3.052	3.238	3.344	3.303	3.209	3.201	3.372	3.200	3.228	--	3.161	3.187	3.266	
9/6	1.808	1.776	1.618	1.656	1.776	1.820	1.848	1.904	2.001	1.966	1.940	1.960	1.948	1.945	1.874	1.998	2.017	--	1.968	1.912	1.976	
12/9	1.473	1.460	1.355	1.448	1.511	1.510	1.530	1.564	1.632	1.587	1.585	1.570	1.578	1.578	1.580	1.578	1.596	--	1.561	1.563	1.569	
15/12	1.238	1.180	1.149	1.189	1.234	1.248	1.293	1.306	1.306	1.303	1.301	1.301	1.313	1.309	1.298	1.298	1.295	1.261	1.293	1.298		
18/15	1.167	1.101	1.103	1.140	1.158	1.182	1.194	1.197	1.195	1.206	1.178	1.190	1.187	1.189	1.177	1.183	1.189	1.169	1.183	1.191		
21/18	1.127	1.066	1.096	1.117	1.128	1.139	1.153	1.140	1.146	1.141	1.141	1.132	1.137	1.134	1.138	1.123	1.128	1.122	1.134	1.137		
24/21	1.094	1.045	1.082	1.098	1.106	1.106	1.114	1.119	1.117	1.111	1.104	1.114	1.111	1.104	1.100	1.102	1.094	1.097	1.100	1.104		
27/24	1.073	1.045	1.070	1.082	1.081	1.088	1.089	1.091	1.085	1.087	1.081	1.082	1.087	1.079	1.078	1.071	1.073	1.079	1.078			
30/27	1.051	1.040	1.054	1.057	1.072	1.075	1.075	1.080	1.071	1.068	1.067	1.074	1.066	1.064	1.059	1.066	1.062	1.058	1.065			
33/30	1.032	1.036	1.042	1.049	1.053	1.059	1.052	1.064	1.053	1.060	1.047	1.055	1.050	1.047	1.047	1.045	1.045	1.046	1.051			
36/33	1.020	1.029	1.033	1.039	1.043	1.051	1.049	1.049	1.043	1.041	1.043	1.042	1.036	1.037	1.038	1.029	1.034	1.038	1.039			
39/36	1.017	1.027	1.029	1.031	1.033	1.040	1.039	1.039	1.041	1.035	1.031	1.036	1.030	1.028	1.028	1.027	1.029	1.029				
42/39	1.018	1.020	1.020	1.031	1.033	1.036	1.038	1.035	1.032	1.028	1.031	1.030	1.027	1.026	1.028	1.023	1.027	1.031				
45/42	1.019	1.018	1.024	1.026	1.028	1.030	1.035	1.027	1.033	1.022	1.024	1.024	1.024	1.021	1.016	1.015	1.022	1.026				
48/45	1.013	1.013	1.021	1.019	1.021	1.024	1.024	1.026	1.023	1.024	1.020	1.020	1.016	1.017	1.014	1.015	1.018	1.019				
51/48	1.016	1.010	1.018	1.021	1.018	1.022	1.023	1.021	1.018	1.017	1.015	1.019	1.015	1.014	1.013	1.014	1.016					
54/51	1.017	1.009	1.017	1.021	1.020	1.021	1.020	1.020	1.016	1.019	1.015	1.014	1.013	1.015	1.011	1.011	1.013					
57/54	1.011	1.011	1.018	1.017	1.014	1.018	1.017	1.015	1.014	1.013	1.011	1.014	1.011	1.009	1.009	1.009	1.012					
60/57	1.009	1.011	1.013	1.019	1.016	1.013	1.015	1.012	1.014	1.012	1.012	1.011	1.007	1.007	1.009	1.009	1.009					
63/60	1.008	1.010	1.014	1.013	1.015	1.011	1.014	1.014	1.009	1.012	1.008	1.010	1.007	1.007	1.008	1.008						
66/63	1.008	1.010	1.013	1.016	1.014	1.015	1.013	1.013	1.009	1.010	1.009	1.008	1.007	1.007	1.008	1.006						
69/66	1.007	1.011	1.012	1.011	1.010	1.009	1.012	1.007	1.010	1.010	1.007	1.006	1.007	1.005	1.006	1.008						
72/69	1.009	1.009	1.013	1.011	1.009	1.009	1.009	1.010	1.008	1.007	1.007	1.005	1.005	1.007	1.007	1.006						
75/72	1.005	1.007	1.010	1.011	1.010	1.010	1.008	1.007	1.004	1.006	1.007	1.004	1.006	1.005	1.004							
78/75	1.006	1.006	1.012	1.009	1.010	1.006	1.006	1.006	1.007	1.005	1.006	1.005	1.006	1.003	1.004							
81/78	1.005	1.006	1.010	1.009	1.007	1.007	1.006	1.006	1.007	1.005	1.005	1.003	1.003	1.003	1.004							
84/81	1.006	1.007	1.008	1.005	1.009	1.006	1.004	1.007	1.004	1.007	1.003	1.004	1.002	1.005	1.003							
87/84	1.002	1.007	1.010	1.007	1.004	1.005	1.006	1.004	1.006	1.004	1.003	1.002	1.001	1.003								
90/87	1.004	1.008	1.008	1.008	1.008	1.004	1.005	1.005	1.005	1.004	1.004	1.003	1.004	1.002								
93/90	1.005	1.006	1.008	1.006	1.007	1.006	1.003	1.004	1.005	1.004	1.003	1.004	1.002	1.003								
96/93	1.006	1.006	1.003	1.002	1.003	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.003								

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

Quarterly Incurred Medical Loss Development Factors *
Through December 31, 2023

Age in	Accident Year																					
Months	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
6/3	2.805	2.671	2.530	2.584	2.662	2.782	2.892	2.992	2.757	2.853	2.843	2.921	2.863	3.019	3.209	2.891	2.830	--	2.871	2.928	2.907	
9/6	1.762	1.703	1.670	1.650	1.744	1.717	1.807	1.800	1.827	1.833	1.819	1.840	1.884	1.755	1.740	1.821	1.845	--	1.746	1.763	1.839	
12/9	1.425	1.400	1.375	1.453	1.443	1.466	1.454	1.488	1.521	1.484	1.500	1.482	1.451	1.487	1.448	1.459	1.470	--	1.429	1.455	1.469	
15/12	1.197	1.132	1.145	1.138	1.182	1.167	1.199	1.206	1.228	1.211	1.207	1.199	1.206	1.215	1.184	1.191	1.183	1.166	1.172	1.179		
18/15	1.126	1.086	1.087	1.103	1.106	1.126	1.135	1.129	1.141	1.136	1.117	1.114	1.094	1.095	1.087	1.096	1.100	1.092	1.103	1.112		
21/18	1.093	1.055	1.061	1.073	1.081	1.090	1.097	1.101	1.103	1.085	1.088	1.077	1.082	1.069	1.069	1.063	1.060	1.077	1.067	1.079		
24/21	1.060	1.040	1.052	1.070	1.074	1.067	1.074	1.080	1.080	1.067	1.064	1.055	1.059	1.057	1.046	1.044	1.052	1.054	1.058	1.068		
27/24	1.042	1.034	1.048	1.055	1.058	1.053	1.071	1.066	1.072	1.058	1.048	1.046	1.048	1.040	1.036	1.030	1.034	1.049	1.051			
30/27	1.038	1.039	1.049	1.046	1.054	1.057	1.048	1.063	1.052	1.046	1.037	1.044	1.037	1.032	1.028	1.036	1.037	1.041	1.042			
33/30	1.018	1.032	1.030	1.041	1.045	1.045	1.051	1.055	1.045	1.046	1.031	1.033	1.033	1.026	1.029	1.024	1.028	1.031	1.037			
36/33	1.016	1.024	1.034	1.042	1.033	1.042	1.040	1.041	1.037	1.028	1.026	1.027	1.021	1.021	1.020	1.016	1.021	1.024	1.030			
39/36	1.012	1.028	1.025	1.027	1.029	1.033	1.031	1.040	1.039	1.027	1.021	1.023	1.022	1.011	1.018	1.016	1.019	1.021				
42/39	1.013	1.017	1.020	1.025	1.035	1.036	1.037	1.037	1.031	1.022	1.026	1.022	1.017	1.010	1.015	1.014	1.017	1.024				
45/42	1.019	1.033	1.021	1.025	1.029	1.026	1.030	1.028	1.027	1.021	1.018	1.017	1.015	1.011	1.009	1.013	1.014	1.021				
48/45	1.013	1.025	1.018	1.022	1.025	1.029	1.034	1.022	1.023	1.020	1.018	1.014	1.008	1.012	1.008	1.011	1.013	1.015				
51/48	1.013	1.018	1.015	1.020	1.021	1.021	1.026	1.024	1.019	1.014	1.013	1.010	1.008	1.008	1.009	1.007	1.013					
54/51	1.012	1.021	1.019	1.022	1.022	1.027	1.023	1.019	1.018	1.015	1.011	1.009	1.009	1.012	1.005	1.009	1.012					
57/54	1.017	1.020	1.018	1.019	1.019	1.023	1.020	1.017	1.018	1.013	1.007	1.009	1.007	1.006	1.007	1.005	1.008					
60/57	1.014	1.020	1.019	1.018	1.017	1.019	1.016	1.015	1.014	1.012	1.007	1.007	1.005	1.005	1.007	1.009	1.008					
63/60	1.016	1.015	1.021	1.015	1.018	1.016	1.020	1.015	1.009	1.009	1.005	1.008	1.005	1.004	1.004	1.007						
66/63	1.013	1.015	1.022	1.019	1.018	1.017	1.015	1.010	1.008	1.008	1.006	1.010	1.006	1.005	1.009	1.006						
69/66	1.018	1.015	1.023	1.017	1.017	1.015	1.014	1.010	1.008	1.008	1.005	1.008	1.003	1.002	1.008	1.009						
72/69	1.010	1.014	1.015	1.013	1.014	1.012	1.011	1.010	1.007	1.005	1.005	1.002	1.003	1.005	1.003	1.007						
75/72	1.009	1.012	1.012	1.011	1.018	1.013	1.008	1.006	1.001	1.003	1.006	1.003	1.002	1.004	1.002							
78/75	1.011	1.018	1.013	1.012	1.012	1.010	1.008	1.008	1.006	1.005	1.003	1.005	1.003	1.003	1.002							
81/78	1.014	1.018	1.017	1.016	1.009	1.009	1.005	1.006	1.006	1.005	1.004	1.002	1.002	1.006	1.002							
84/81	1.007	1.012	1.011	1.008	1.010	1.008	1.007	1.005	1.001	1.003	1.002	1.002	0.999	1.000	1.003							
87/84	1.010	1.012	1.014	1.012	1.008	1.007	1.004	1.003	1.001	1.002	1.002	1.001	1.001	1.002								
90/87	1.012	1.009	1.009	1.013	1.008	1.006	1.006	1.003	1.006	1.006	1.001	1.004	1.001	1.000								
93/90	1.010	1.011	1.012	1.009	1.009	1.007	1.002	1.003	1.002	1.004	1.000	1.003	1.002	1.002								
96/93	1.010	1.011	1.009	1.005	1.006	1.005	1.003	1.002	1.001	1.003	1.002	1.002	1.001	1.001								

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

* Incurred medical loss development factors include the paid cost of medical cost containment programs (MCCP) for accident years 2011 and prior.

Quarterly Paid Indemnity Loss Development Factors
Through December 31, 2023

Age in	Accident Year																					
Months	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
6/3	4.908	4.745	4.512	4.376	4.495	4.553	4.807	4.911	4.722	4.854	5.099	5.076	5.056	5.087	5.272	4.987	5.083	--	5.102	5.241	4.929	
9/6	2.424	2.399	2.303	2.259	2.375	2.377	2.398	2.452	2.432	2.484	2.462	2.462	2.484	2.456	2.446	2.538	2.505	--	2.440	2.433	2.415	
12/9	1.876	1.841	1.774	1.812	1.834	1.810	1.825	1.861	1.869	1.877	1.866	1.879	1.910	1.882	1.892	1.891	1.902	--	1.847	1.817	1.844	
15/12	1.516	1.491	1.456	1.482	1.488	1.481	1.507	1.532	1.539	1.506	1.539	1.540	1.559	1.571	1.544	1.527	1.522	1.509	1.503	1.505		
18/15	1.379	1.331	1.306	1.306	1.327	1.332	1.343	1.355	1.361	1.361	1.353	1.364	1.372	1.366	1.358	1.353	1.341	1.331	1.333	1.337		
21/18	1.297	1.241	1.217	1.233	1.235	1.243	1.259	1.257	1.261	1.261	1.263	1.267	1.264	1.256	1.260	1.248	1.258	1.239	1.236	1.239		
24/21	1.244	1.183	1.181	1.195	1.191	1.194	1.206	1.209	1.215	1.213	1.204	1.216	1.211	1.206	1.205	1.206	1.193	1.189	1.186	1.185		
27/24	1.186	1.140	1.142	1.151	1.149	1.153	1.162	1.165	1.168	1.164	1.159	1.170	1.176	1.161	1.159	1.152	1.154	1.148	1.142			
30/27	1.161	1.122	1.117	1.126	1.129	1.130	1.141	1.141	1.137	1.134	1.141	1.147	1.142	1.137	1.131	1.116	1.126	1.126	1.123			
33/30	1.123	1.097	1.096	1.100	1.101	1.108	1.114	1.116	1.112	1.111	1.111	1.115	1.107	1.104	1.105	1.103	1.101	1.101	1.102			
36/33	1.097	1.085	1.081	1.080	1.084	1.092	1.094	1.098	1.091	1.091	1.096	1.092	1.089	1.088	1.083	1.077	1.083	1.082	1.083			
39/36	1.072	1.070	1.066	1.064	1.067	1.074	1.078	1.077	1.073	1.075	1.074	1.075	1.071	1.068	1.064	1.066	1.066	1.067				
42/39	1.063	1.059	1.058	1.058	1.062	1.067	1.067	1.071	1.070	1.065	1.064	1.066	1.062	1.059	1.050	1.057	1.061	1.061				
45/42	1.049	1.047	1.049	1.047	1.051	1.058	1.059	1.057	1.055	1.054	1.052	1.050	1.050	1.045	1.044	1.045	1.050	1.050				
48/45	1.044	1.041	1.044	1.043	1.047	1.049	1.051	1.050	1.048	1.048	1.048	1.045	1.041	1.040	1.037	1.039	1.042	1.043				
51/48	1.035	1.033	1.036	1.036	1.037	1.042	1.042	1.043	1.039	1.038	1.038	1.039	1.035	1.031	1.031	1.031	1.033					
54/51	1.035	1.030	1.028	1.035	1.036	1.038	1.041	1.038	1.036	1.036	1.033	1.032	1.031	1.024	1.030	1.029	1.032					
57/54	1.026	1.025	1.028	1.030	1.032	1.033	1.033	1.032	1.033	1.028	1.027	1.028	1.025	1.024	1.024	1.025	1.026					
60/57	1.024	1.024	1.024	1.028	1.029	1.029	1.032	1.027	1.030	1.028	1.025	1.025	1.023	1.020	1.021	1.022	1.025					
63/60	1.019	1.019	1.021	1.023	1.025	1.025	1.024	1.026	1.025	1.025	1.021	1.021	1.018	1.016	1.017	1.019						
66/63	1.019	1.019	1.020	1.025	1.025	1.025	1.025	1.023	1.022	1.022	1.018	1.018	1.014	1.016	1.017	1.018						
69/66	1.017	1.016	1.021	1.020	1.020	1.020	1.022	1.020	1.019	1.022	1.017	1.014	1.013	1.015	1.015	1.016						
72/69	1.015	1.017	1.015	1.020	1.019	1.019	1.019	1.019	1.019	1.016	1.014	1.016	1.012	1.011	1.013	1.015						
75/72	1.012	1.013	1.015	1.019	1.018	1.016	1.016	1.017	1.015	1.014	1.012	1.012	1.011	1.012	1.011							
78/75	1.011	1.012	1.015	1.017	1.016	1.015	1.016	1.016	1.015	1.013	1.011	1.009	1.012	1.012	1.011							
81/78	1.010	1.012	1.015	1.015	1.016	1.015	1.015	1.013	1.012	1.011	1.010	1.008	1.009	1.009	1.010							
84/81	1.009	1.011	1.013	1.015	1.014	1.013	1.012	1.013	1.013	1.011	1.010	1.009	1.009	1.010	1.009							
87/84	1.008	1.009	1.012	1.014	1.013	1.010	1.012	1.010	1.011	1.010	1.007	1.006	1.008	1.008								
90/87	1.008	1.011	1.012	1.013	1.012	1.011	1.010	1.010	1.010	1.009	1.007	1.007	1.007	1.006								
93/90	1.008	1.012	1.011	1.011	1.012	1.010	1.010	1.009	1.009	1.008	1.007	1.006	1.006	1.008								
96/93	1.007	1.008	1.011	1.011	1.008	1.010	1.010	1.009	1.010	1.007	1.007	1.007	1.005	1.005								

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

Quarterly Paid Medical Loss Development Factors *
Through December 31, 2023

Age in	Accident Year																						
Months	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
6/3	7.127	7.617	5.563	5.308	5.615	6.579	6.101	6.048	5.854	5.989	6.284	5.604	5.720	5.897	5.433	5.460	4.982	--	6.124	6.026	5.205		
9/6	2.577	2.483	2.236	2.348	2.381	2.348	2.375	2.361	2.327	2.398	2.498	2.428	2.287	2.326	2.248	2.351	2.287	--	2.232	2.354	2.322		
12/9	1.825	1.759	1.666	1.716	1.765	1.731	1.723	1.756	1.746	1.763	1.736	1.750	1.705	1.752	1.737	1.719	1.796	--	1.719	1.753	1.776		
15/12	1.510	1.437	1.423	1.429	1.444	1.413	1.429	1.445	1.472	1.446	1.443	1.460	1.454	1.479	1.434	1.426	1.433	1.436	1.437	1.455			
18/15	1.295	1.243	1.230	1.227	1.259	1.243	1.259	1.268	1.282	1.284	1.263	1.265	1.278	1.263	1.250	1.245	1.231	1.270	1.272	1.293			
21/18	1.179	1.153	1.151	1.163	1.173	1.170	1.178	1.182	1.187	1.192	1.193	1.192	1.189	1.173	1.170	1.173	1.170	1.190	1.192	1.204			
24/21	1.125	1.115	1.118	1.127	1.133	1.132	1.137	1.144	1.153	1.154	1.148	1.146	1.146	1.141	1.131	1.143	1.138	1.149	1.145	1.156			
27/24	1.093	1.090	1.093	1.106	1.107	1.110	1.112	1.119	1.120	1.123	1.122	1.122	1.124	1.111	1.111	1.108	1.114	1.117	1.117				
30/27	1.077	1.084	1.087	1.097	1.100	1.100	1.106	1.107	1.111	1.109	1.111	1.111	1.105	1.100	1.092	1.083	1.101	1.107	1.106				
33/30	1.063	1.071	1.065	1.081	1.083	1.086	1.092	1.094	1.093	1.094	1.090	1.089	1.082	1.082	1.077	1.078	1.084	1.088	1.092				
36/33	1.055	1.062	1.062	1.071	1.072	1.072	1.077	1.083	1.082	1.078	1.080	1.076	1.071	1.067	1.065	1.066	1.074	1.073	1.075				
39/36	1.044	1.053	1.056	1.057	1.059	1.061	1.066	1.071	1.066	1.069	1.065	1.064	1.061	1.055	1.054	1.054	1.061	1.065					
42/39	1.044	1.049	1.054	1.055	1.058	1.059	1.061	1.068	1.063	1.062	1.057	1.059	1.057	1.048	1.040	1.048	1.053	1.058					
45/42	1.037	1.040	1.047	1.048	1.049	1.054	1.053	1.056	1.056	1.053	1.051	1.045	1.044	1.042	1.039	1.043	1.049	1.048					
48/45	1.035	1.037	1.043	1.043	1.046	1.047	1.050	1.051	1.046	1.045	1.046	1.041	1.040	1.038	1.033	1.039	1.039	1.039					
51/48	1.030	1.033	1.037	1.036	1.036	1.039	1.041	1.043	1.040	1.039	1.038	1.037	1.032	1.031	1.027	1.027	1.033						
54/51	1.029	1.034	1.034	1.035	1.035	1.036	1.042	1.038	1.035	1.035	1.034	1.032	1.029	1.023	1.029	1.029	1.032						
57/54	1.024	1.029	1.031	1.034	1.031	1.033	1.038	1.034	1.034	1.031	1.028	1.026	1.025	1.023	1.023	1.025	1.026						
60/57	1.026	1.028	1.029	1.028	1.032	1.032	1.035	1.030	1.030	1.030	1.023	1.022	1.021	1.019	1.021	1.021	1.025						
63/60	1.020	1.024	1.024	1.024	1.024	1.027	1.027	1.026	1.027	1.025	1.021	1.022	1.019	1.018	1.017	1.018							
66/63	1.021	1.023	1.024	1.026	1.026	1.029	1.029	1.024	1.028	1.023	1.021	1.018	1.015	1.016	1.017	1.018							
69/66	1.019	1.021	1.023	1.023	1.021	1.024	1.024	1.022	1.020	1.020	1.017	1.016	1.014	1.016	1.020	1.018							
72/69	1.016	1.021	1.021	1.022	1.022	1.023	1.021	1.020	1.019	1.016	1.015	1.017	1.014	1.013	1.014	1.017							
75/72	1.014	1.018	1.020	1.019	1.019	1.018	1.018	1.018	1.015	1.015	1.013	1.014	1.011	1.012	1.011								
78/75	1.015	1.016	1.018	1.017	1.022	1.019	1.018	1.017	1.017	1.015	1.013	1.011	1.012	1.015	1.012								
81/78	1.014	1.018	1.018	1.015	1.019	1.018	1.015	1.015	1.013	1.012	1.011	1.009	1.010	1.010	1.011								
84/81	1.013	1.016	1.016	1.015	1.018	1.015	1.015	1.015	1.013	1.013	1.010	1.009	1.010	1.010	1.010								
87/84	1.012	1.014	1.013	1.015	1.017	1.013	1.013	1.011	1.012	1.010	1.008	1.008	1.008	1.009									
90/87	1.013	1.015	1.013	1.015	1.013	1.013	1.012	1.011	1.012	1.009	1.008	1.009	1.007	1.006									
93/90	1.013	1.013	1.012	1.014	1.014	1.013	1.011	1.010	1.009	1.010	1.006	1.007	1.007	1.008									
96/93	1.009	1.013	1.015	1.016	1.011	1.012	1.010	1.009	1.009	1.009	1.006	1.007	1.007	1.006									

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2022.

* Paid medical loss development factors include the paid cost of medical cost containment programs (MCCP) for accident years 2011 and prior.

Reported Indemnity Claim Count Development

Accident Year	Development															
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-156</u>	<u>156-168</u>	<u>168-180</u>	<u>180-192</u>	<u>192-204</u>
1998																1.000
1999															1.000	1.000
2000														1.000	1.000	1.000
2001													1.000	1.000	1.000	1.000
2002												1.000	1.000	1.000	1.000	1.000
2003											1.000	1.000	1.000	1.000	1.000	1.000
2004										1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006								1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007							1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008						1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009					1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2010				1.006	1.002	1.002	1.001	1.000	1.001	1.000	1.000	1.000	1.000			
2011			1.013	1.005	1.002	1.001	1.000	1.001	1.000	1.000	1.000	1.000				
2012		1.034	1.010	1.005	1.003	1.001	1.002	1.000	1.001	1.000	1.001					
2013	1.248	1.026	1.010	1.005	1.001	1.002	1.001	1.000	1.000	1.001						
2014	1.216	1.027	1.010	1.003	1.002	1.000	1.000	1.000	1.001							
2015	1.236	1.027	1.005	1.003	1.002	1.001	1.000	1.000								
2016	1.244	1.028	1.007	1.003	1.001	1.000	1.001									
2017	1.219	1.023	1.007	1.003	1.001	1.001										
2018	1.226	1.024	1.006	1.002	1.002											
2019	1.222	1.027	1.007	1.004												
2020	1.225	1.024	1.008													
2021	1.223	1.025														
2022	1.239															
Latest Year																
<u>Age-to-Age</u>	1.239	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000
<u>Age-to-Ultimate</u>	1.298	1.048	1.022	1.014	1.010	1.008	1.007	1.006	1.005	1.005	1.004	1.003	1.003	1.003	1.002	1.002

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2023.

Quarterly Reported Indemnity Claim Count Development Factors

Accident Year	Development														
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2011	2.688	1.708	1.407	1.124	1.037	1.021	1.015	1.011	1.008	1.005	1.005	1.003	1.004	1.003	1.001
2012	2.691	1.738	1.424	1.123	1.041	1.026	1.018	1.010	1.010	1.006	1.005	1.004	1.004	1.003	1.002
2013	2.749	1.727	1.420	1.123	1.050	1.028	1.018	1.012	1.010	1.007	1.004	1.004	1.003	1.007	1.001
2014	2.821	1.739	1.421	1.138	1.045	1.027	1.016	1.010	1.009	1.013	1.003	1.003	1.003	1.001	1.002
2015	2.778	1.723	1.421	1.130	1.045	1.037	1.015	1.010	1.008	1.004	1.003	1.003	1.003	1.002	1.002
2016	2.817	1.781	1.414	1.135	1.045	1.023	1.014	1.014	1.008	1.005	1.003	1.003	1.002	1.002	1.002
2017	2.733	1.717	1.410	1.149	1.047	1.027	1.018	1.012	1.010	1.006	1.004	1.002	1.003	1.002	1.002
2018	2.892	1.696	1.423	1.139	1.045	1.023	1.018	1.010	1.008	1.006	1.003	1.002	1.002	1.002	1.001
2019	2.780	1.750	1.424	1.138	1.034	1.023	1.015	1.010	1.009	1.005	1.003	1.003	1.002	1.001	1.001
2020	--	--	--	1.131	1.042	1.025	1.014	1.009	1.008	1.004	1.003	1.003	1.002	1.002	1.000
2021	2.802	1.740	1.409	1.129	1.043	1.024	1.015	1.009	1.007	1.005	1.003				
2022	2.845	1.715	1.418	1.138	1.045	1.026	1.016								
2023	2.778	1.719	1.424												

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2023.

Reported Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1998																	98.2%
1999																97.9%	98.1%
2000															97.5%	97.8%	98.0%
2001														96.5%	97.0%	97.4%	97.7%
2002													96.4%	96.9%	97.3%	97.7%	98.0%
2003												95.9%	96.4%	97.0%	97.5%	97.9%	98.2%
2004										95.3%	96.0%	96.8%	97.3%	97.8%	98.2%	98.4%	
2005									94.4%	95.4%	96.4%	97.0%	97.6%	98.0%	98.4%	98.6%	
2006									93.0%	94.3%	95.5%	96.4%	97.1%	97.6%	98.0%	98.3%	98.5%
2007								91.3%	93.2%	94.8%	96.0%	96.7%	97.4%	97.9%	98.2%	98.5%	98.7%
2008							88.7%	91.5%	93.7%	95.1%	96.2%	97.0%	97.6%	97.9%	98.2%	98.4%	
2009						84.5%	88.5%	91.7%	93.8%	95.3%	96.4%	97.1%	97.6%	97.9%	98.2%		
2010					80.4%	85.9%	90.1%	92.8%	94.7%	96.0%	96.9%	97.5%	97.9%	98.2%			
2011				73.6%	81.6%	87.1%	91.0%	93.6%	95.4%	96.4%	97.1%	97.7%	98.0%				
2012			63.2%	74.9%	82.9%	88.4%	92.0%	94.4%	95.8%	96.7%	97.3%	97.8%					
2013		48.1%	64.3%	76.6%	84.7%	89.8%	93.2%	95.1%	96.3%	97.1%	97.6%						
2014	26.5%	49.2%	65.9%	78.2%	86.1%	90.7%	93.5%	95.3%	96.4%	97.1%							
2015	26.8%	50.6%	68.3%	80.5%	87.8%	91.3%	93.8%	95.5%	96.6%								
2016	28.2%	53.4%	70.9%	82.4%	88.2%	91.7%	94.1%	95.6%									
2017	30.4%	56.2%	73.1%	82.5%	88.3%	91.8%	94.1%										
2018	31.1%	56.3%	71.4%	81.3%	87.7%	91.5%											
2019	31.1%	54.0%	69.1%	80.2%	86.8%												
2020	30.0%	53.2%	69.0%	79.5%													
2021	31.4%	55.6%	70.0%														
2022	31.9%	55.4%															
2023	32.1%																

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2023.

Estimated Ultimate Indemnity Claim Settlement Ratios

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1998																	98.1%
1999																97.9%	98.1%
2000															98.1%	98.3%	98.6%
2001														96.4%	96.8%	97.2%	97.6%
2002													96.2%	96.7%	97.2%	97.5%	97.9%
2003												95.7%	96.2%	96.8%	97.3%	97.7%	98.0%
2004										95.1%	95.8%	96.6%	97.1%	97.6%	98.0%	98.3%	
2005									94.3%	95.3%	96.2%	96.9%	97.4%	97.8%	98.2%	98.4%	
2006									92.8%	94.2%	95.4%	96.3%	96.9%	97.4%	97.8%	98.1%	98.3%
2007								91.1%	92.9%	94.6%	95.7%	96.5%	97.2%	97.7%	98.0%	98.3%	98.5%
2008							88.3%	91.1%	93.4%	94.8%	95.9%	96.7%	97.3%	97.7%	98.0%	98.2%	
2009						84.0%	88.1%	91.4%	93.5%	95.0%	96.1%	96.8%	97.3%	97.6%	98.0%		
2010					79.8%	85.3%	89.6%	92.5%	94.3%	95.7%	96.6%	97.2%	97.6%	97.9%			
2011				72.6%	80.8%	86.5%	90.5%	93.1%	95.0%	96.0%	96.8%	97.3%	97.7%				
2012			61.6%	73.8%	82.1%	87.7%	91.4%	93.9%	95.3%	96.3%	96.9%	97.5%					
2013		45.8%	62.8%	75.5%	83.9%	89.0%	92.6%	94.6%	95.8%	96.6%	97.2%						
2014	20.7%	46.9%	64.5%	77.2%	85.4%	90.1%	92.9%	94.7%	95.9%	96.6%							
2015	20.8%	48.4%	67.2%	79.5%	87.0%	90.8%	93.3%	95.0%	96.0%								
2016	21.7%	51.1%	69.7%	81.6%	87.5%	91.1%	93.5%	95.1%									
2017	23.9%	53.9%	71.8%	81.6%	87.5%	91.1%	93.5%										
2018	24.4%	54.1%	70.1%	80.4%	86.8%	90.8%											
2019	24.2%	51.5%	67.7%	79.1%	85.9%												
2020	23.4%	50.9%	67.5%	78.4%													
2021	24.5%	53.1%	68.5%														
2022	24.6%	52.8%															
2023	24.7%																

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2023.

Quarterly Ultimate Settlement Ratios

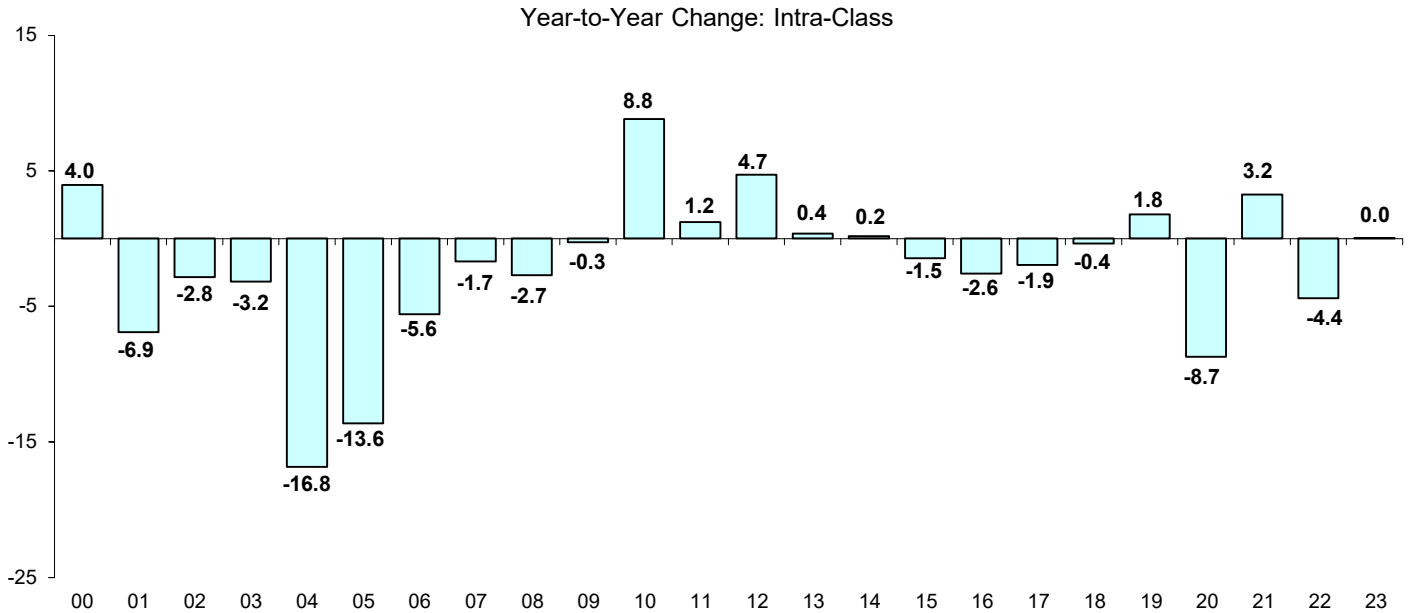
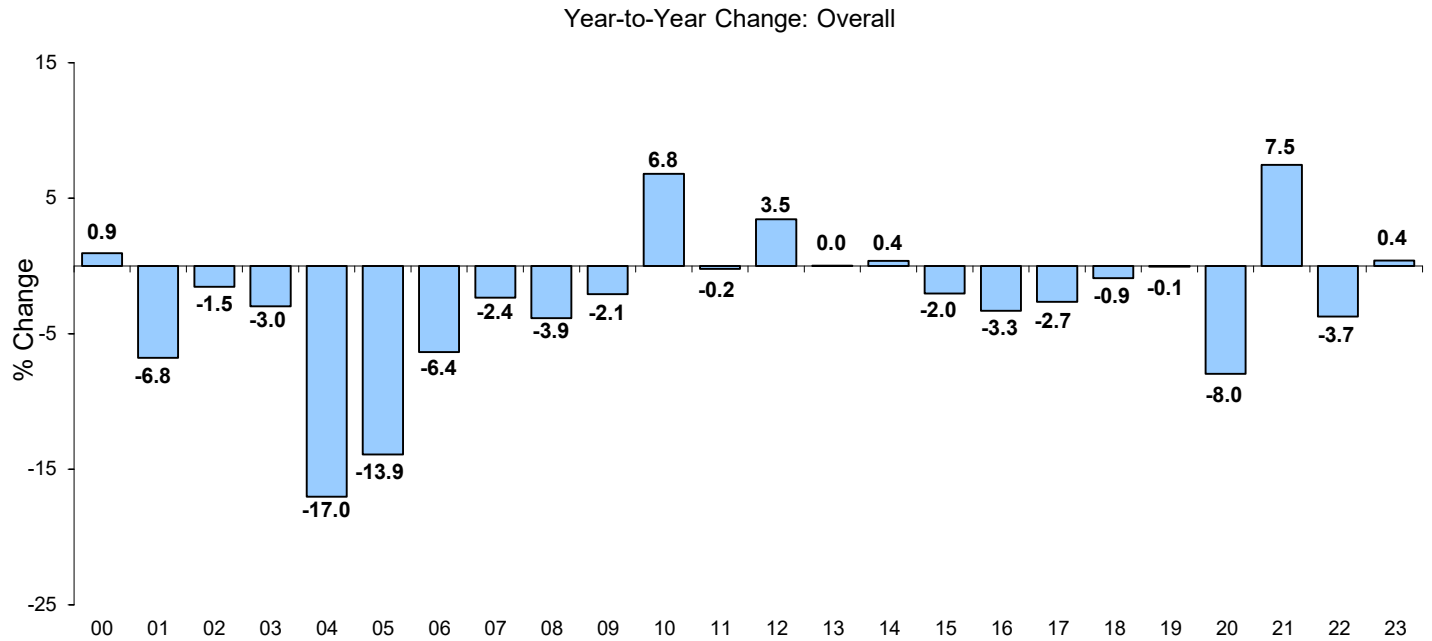
Accident	Evaluated as of (in months):															
Year	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>	<u>27</u>	<u>30</u>	<u>33</u>	<u>36</u>	<u>39</u>	<u>42</u>	<u>45</u>	<u>48</u>
2014	0.7%	4.7%	11.6%	20.7%	29.2%	36.0%	41.8%	46.9%	51.6%	56.1%	60.6%	64.5%	67.9%	71.5%	74.6%	77.2%
2015	0.8%	4.7%	11.9%	20.8%	30.0%	37.3%	43.1%	48.4%	53.6%	58.7%	63.2%	67.2%	70.6%	73.9%	77.1%	79.5%
2016	0.8%	5.0%	12.2%	21.7%	31.4%	39.3%	45.4%	51.1%	56.0%	61.1%	65.6%	69.7%	73.2%	76.5%	79.3%	81.6%
2017	0.8%	5.5%	13.3%	23.9%	33.8%	41.7%	48.1%	53.9%	58.8%	63.7%	68.1%	71.8%	74.9%	77.3%	79.8%	81.6%
2018	0.9%	5.8%	13.8%	24.4%	34.4%	42.2%	48.5%	54.1%	59.1%	63.0%	66.8%	70.1%	73.2%	75.9%	78.4%	80.4%
2019	1.0%	5.6%	13.6%	24.2%	34.5%	41.0%	46.6%	51.5%	56.1%	60.3%	64.2%	67.7%	71.1%	74.0%	76.8%	79.1%
2020	--	--	--	--	32.8%	40.4%	45.8%	50.9%	55.1%	59.7%	63.8%	67.5%	71.0%	73.5%	76.2%	78.4%
2021	0.7%	6.0%	14.1%	24.5%	34.8%	42.7%	48.3%	53.1%	57.7%	61.4%	65.2%	68.5%				
2022	0.8%	5.8%	14.2%	24.6%	35.3%	42.4%	48.1%	52.8%								
2023	1.1%	6.1%	14.3%	24.7%												

Accident	Quarterly Incremental Change														
Year	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-27</u>	<u>27-30</u>	<u>30-33</u>	<u>33-36</u>	<u>36-39</u>	<u>39-42</u>	<u>42-45</u>	<u>45-48</u>
2014	4.0%	6.9%	9.1%	8.5%	6.8%	5.8%	5.0%	4.7%	4.5%	4.4%	3.9%	3.4%	3.5%	3.1%	2.7%
2015	3.9%	7.2%	8.9%	9.2%	7.4%	5.8%	5.3%	5.1%	5.1%	4.5%	3.9%	3.4%	3.4%	3.2%	2.5%
2016	4.2%	7.2%	9.5%	9.7%	7.9%	6.1%	5.7%	4.9%	5.2%	4.5%	4.1%	3.6%	3.3%	2.8%	2.3%
2017	4.7%	7.8%	10.6%	9.9%	7.9%	6.3%	5.8%	5.0%	4.8%	4.4%	3.7%	3.2%	2.4%	2.5%	1.8%
2018	4.8%	8.0%	10.6%	10.1%	7.8%	6.3%	5.5%	5.0%	3.9%	3.8%	3.3%	3.0%	2.7%	2.5%	2.0%
2019	4.7%	7.9%	10.7%	10.3%	6.5%	5.6%	4.9%	4.5%	4.2%	3.9%	3.5%	3.4%	2.9%	2.8%	2.3%
2020	--	--	--		7.6%	5.5%	5.0%	4.3%	4.6%	4.1%	3.6%	3.5%	2.6%	2.7%	2.2%
2021	5.3%	8.2%	10.3%	10.3%	7.9%	5.6%	4.7%	4.6%	3.8%	3.7%	3.3%				
2022	5.0%	8.4%	10.4%	10.7%	7.1%	5.7%	4.7%								
2023	5.0%	8.2%	10.4%												

Notes All figures in each accident year contain information from the same combination of insurers, all of whom submitted complete data for all evaluations for that accident year. Therefore, each accident year may contain a different mix of insurers (ranging from 93% to 100% of the total California workers' compensation insured market measured using 2023 earned premium levels).

Source: WCIRB accident year experience calls, excluding COVID-19 claims for Accident Years 2020 through 2023.

California Workers' Compensation Estimated Indemnity Claim Frequency by Accident Year



Note:

The 2023 estimates are based on a comparison of claim counts based on WCIRB accident year experience as of December 31, 2023 relative to the estimated change in statewide employment. Experience excludes COVID-19 claims. Prior years are based on unit statistical data.

Item AC24-04-01

9/1/2024 Filing – Loss Adjustment Expense Experience Review

Staff has developed the preliminary indicated ratio of loss adjustment expense (LAE) to loss for policies incepting between September 1, 2024 and August 31, 2025 based on calendar year unallocated loss adjustment expense (ULAE) experience through calendar year 2022 and accident year allocated loss adjustment expense (ALAE) experience as of December 31, 2023, which reflects the latest LAE information available. The projection methodologies are generally consistent with those reflected in the WCIRB's September 1, 2023 Pure Premium Rate Filing. The indicated ULAE and ALAE projections, including projections for the cost of medical cost containment programs (MCCP), are summarized separately below.

ULAE Projection

Beginning with the WCIRB's 2015 Expense Call, the WCIRB has collected information related to (a) negative "service fee" type adjustments that are sometimes reflected in reported countrywide ULAE, (b) losses on claims on large deductible policies and/or handled by third-party administrators (TPA) for which the associated claims handling costs are not reported in countrywide ULAE amounts, and (c) various countrywide loss and ULAE amounts consistent with what is reported by insurers on the Insurance Expense exhibit.¹ This information is used to more accurately reflect the cost of handling claims in California primarily for insurers that make use of TPAs or make other adjustments to countrywide reported ULAE costs that ultimately are apportioned to California. Beginning with the WCIRB's 2017 Expense Call, the WCIRB has also collected information related to countrywide open indemnity claim counts in order to more accurately estimate California's share of countrywide paid ULAE.²

The approach to derive the adjusted calendar year California paid ULAE for ratemaking purposes, as reflected in the last several pure premium rate filings, involves several steps. First, reported negative "service fee" type adjustments to ULAE were added back into the reported countrywide paid ULAE amount. Second, countrywide paid losses on large deductible policies and/or claims handled by TPAs for which the associated claims handling costs were not reported in countrywide ULAE were subtracted from the countrywide paid losses. This adjustment was applied to losses gross or net of deductible amounts depending on whether the insurer reported ULAE costs on a gross or net basis. Third, the adjusted countrywide paid ULAE ratio was derived based on the ratio of adjusted countrywide paid ULAE computed in the first step described above to adjusted countrywide paid losses computed in the second step. Fourth, the adjusted countrywide paid ULAE was derived by multiplying the adjusted countrywide paid ULAE ratio by the reported countrywide paid losses. Finally, the adjusted countrywide paid ULAE was apportioned to California based on California's share of the insurer's countrywide indemnity claim counts open at the end of the previous calendar year.

For a number of insurers, the negative "service fee" type adjustments to ULAE do not apply and the reported countrywide ULAE reflects all claims handling costs on large deductible policies or related to claims handled by TPAs. In these instances, the approach described above simplifies to apportioning the reported countrywide ULAE to California based on California's share of the insurer's countrywide open indemnity claim counts. Although staff believes open indemnity claim counts is a reasonable measure to apportion countrywide ULAE to California, some insurers may use a more detailed and accurate method to derive the California ULAE. Given that these insurers do not require special adjustments to the reported paid ULAE amounts, the California paid ULAE as reported on the WCIRB's Expense Call was used in deriving the ratios of California paid ULAE to paid losses for these insurers in lieu of the formulaic approach discussed above.

¹ See Item AC15-03-07 of the June 12, 2015 and August 6, 2015 Actuarial Committee Agendas.

² See Item AC17-09-02 of the September 5, 2017 Actuarial Committee Agenda.

Exhibit 1 shows calendar year paid ALAE and ULAE as ratios to paid losses by type of insurer. Calendar years 2016 through 2022 ULAE have been computed as described above and include an apportionment of countrywide ULAE to California based on open indemnity claim counts. As ULAE payments related to handling COVID-19 claims cannot be segregated from other ULAE payments, the paid losses for calendar years 2020 to 2022 underlying the ULAE ratios shown in Exhibit 1 include losses paid on COVID-19 claims. Calendar year 2015 ULAE is adjusted as described above but reflects an apportionment of countrywide ULAE to California based on paid losses. The ULAE for calendar years 2013 and 2014 reflect partial adjustments for the issues addressed by the changes to the Expense Call for several large national insurers. As a result of these adjustments and enhancements, the ULAE ratios, adjusted as described above shown on Exhibit 1 for “national” insurers have become comparable to those for other private insurers. As discussed at prior meetings, ULAE ratios for State Compensation Insurance Fund (State Fund) are higher than those of other insurers, although differences have narrowed in recent years.

Exhibit 2 shows the average calendar year paid ULAE per open indemnity claim for private insurers. The ULAE severities for calendar years 2016 through 2022 shown on Exhibit 2 were computed based on the approach described above and, as a result, are not comparable to the ULAE severities for prior years, which for 2013 through 2015 only partially reflect the adjustments discussed above and, for prior to 2013, are based solely on the California ULAE reported by insurers. The amounts shown for calendar years 2020 to 2022 include the cost of COVID-19 claims.³

Exhibits 3.1 through 3.5 show the preliminary projection of ULAE to loss based on the relationship of calendar year paid ULAE to the number of indemnity claims open at the beginning of the calendar year based on claim count information reported as of December 31, 2023. COVID-19 claims continue to be excluded from this “calendar year” approach given that several COVID-19 claims from earlier periods of the pandemic remain open and, if included, may distort projections of future calendar years. Projections of ultimate indemnity claim counts for accident years 2024 and 2025 shown in Exhibit 3.3 are based on the intra-class indemnity claim frequency changes reflected in the analysis of projected losses (Item AC24-03-02) applied to accident years 2022 and 2023.⁴ The projections of open claim counts shown in Exhibit 3.3 are based on incremental indemnity claim closing rates. The ULAE projection shown in Exhibit 3.5 is based on statewide claim count and loss projections but using the estimated paid ULAE per open indemnity claim based on the experience of private insurers only.⁵

The projected ULAE severity trends are based on projected annual growth rates in California wage levels as reflected in the analysis of projected losses (Item AC24-03-02). The ULAE severity is projected based on trending from the average paid ULAE per open indemnity claim for the latest two available calendar years (2021 and 2022). As shown in Exhibit 3.5, the projected ratio of ULAE to loss for policies incepting between September 1, 2024 and August 31, 2025 using this approach is 13.5%.

As in the last several pure premium rate filings, the preliminary projected ratio of ULAE to losses is based on the average of the projections resulting from the open indemnity claim count-based method and from the recent paid ULAE to paid loss ratios. As shown in Exhibit 1, the average of the latest two calendar years’ (2021 and 2022) paid ULAE to paid loss ratios for private insurers is 14.3%. The preliminary ULAE projection for policies incepting between September 1, 2024 and August 31, 2025 based on the average of the claim count-based and paid loss-based projections is 13.9%. (For comparison purposes, the projected ULAE to loss ratio reflected in the September 1, 2023 Pure Premium Rate Filing was 14.4%.)

³ Given that ULAE cannot be allocated to a particular claim, the ULAE on COVID-19 claims cannot be separately reported.

⁴ This is based on the trending approach used in the analysis of projected losses in Item AC24-03-02. Given that accident years 2022 and 2023 are used in the projection of open indemnity claims in this approach, the premium used to determine the losses in the projected ULAE to loss ratio shown in line 5 of Exhibit 3.5 is based on the average of calendar years 2022 and 2023. As COVID-19 claims are excluded from the indemnity claim counts in this approach, the premium used excludes COVID-19 premium charges.

⁵ The ULAE experience of State Fund has been excluded for reasons that have been discussed at prior Committee meetings and in prior pure premium rate filings and California Department of Insurance decisions.

Table 1 shows the projected ratio of ULAE to losses based on the methodology described above. Table 1 also shows alternative ULAE projections based on the open claim count-based methodology projected based on calendar year 2022 only as shown in Exhibit 4 and projections based on recent calendar year ratios of paid ULAE to paid losses for private insurers based on Exhibit 1.

Table 1: Projections of ULAE to Loss

ULAE Projection Method	Statewide with Private Insurer Average ULAE
April 11, 2024 Agenda Methodology	
Paid ULAE per Open Indemnity Claim Applied to 2021 and 2022	13.5%
Average of Calendar Year 2021 and 2022 Paid ULAE to Paid Loss Ratios	14.3%
Average of Open Indemnity Claim-Based and Paid Loss-Based Projections	13.9%
Alternative Methodologies	
Paid ULAE per Open Indemnity Claim Applied to 2022	13.2%
Calendar Year 2022 Paid ULAE to Loss Ratio	13.9%

ALAE Projection – Excluding MCCP Costs

For a number of years, the WCIRB has based the ALAE projection on a methodology that projects future ALAE as a function of the anticipated future number of indemnity claims and private insurer average ALAE per indemnity claim. (The ALAE projection excludes MCCP costs, which are discussed separately below.) As discussed in Item AC24-03-02, COVID-19 losses are included in the projected loss ratio for accident year 2023. However, given that the methodology to project the ALAE to loss ratio involves trending indemnity claim counts and ALAE severities separately, which can still be distorted by COVID-19 claim trends, staff recommends continuing to exclude COVID-19 claims from the projection of the ALAE to loss ratio. As a result, all information for the ALAE projection shown in Exhibits 5 through 12 exclude COVID-19 claims from accident years 2020 through 2023.

Exhibit 5.1 shows private insurer average paid ALAE per reported indemnity claim by accident year. Exhibit 5.2 shows private insurer ratios of paid ALAE to paid losses. Exhibit 6 shows private insurer annual ALAE severity growth percentages based on the estimated ultimate ALAE per indemnity claim. Exhibit 7 shows private insurer annual ALAE growth percentages based on ratios of incremental calendar year paid ALAE per indemnity claims inventory. After many years of fairly modest trends, average paid ALAE has increased significantly over the most recent evaluation.

Exhibits 8.1 through 8.4 show the preliminary ALAE projection excluding MCCP costs using the September 1, 2023 Pure Premium Rate Filing methodology, which is based on statewide claim and loss projections and private insurer average ALAE per indemnity claim. The projected ALAE development shown in Exhibit 8.1 is based on the latest year paid ALAE age-to-age development factor. In the last several pure premium rate filings, the projected paid ALAE development included adjustments to paid ALAE age-to-age development for the impact of changes in claim settlement rates when the estimated claim settlement rate change for the accident year is greater than 1.5 points in absolute value.⁶ However, as shown in Exhibit 11.2 of Item AC24-03-02, changes in indemnity claim settlement rates over the most recent evaluation have been modest. As a result, no adjustment to the paid ALAE age-to-age development factors for changes in claim settlement rates is applied in Exhibit 8.1.

The projection shown in Exhibit 8.4 was computed using the intra-class indemnity claim frequency projections included in Item AC24-03-02 and a 2.0% ALAE severity trend selected based on the approximate average of the private insurer longer-term (2009 to 2023) and shorter-term (2019 to 2023)

⁶ See Item AC19-08-04 of the August 4, 2020 Actuarial Committee Agenda.

growth rates of (a) estimated ultimate accident year ALAE per indemnity claim (Exhibit 6) and (b) incremental paid calendar year ALAE per open indemnity claim (Exhibit 7). (The projected ALAE severity trend reflected in the September 1, 2023 Premium Rate Filing based on this approach was 0.5%.) These trends were applied to the latest two accident years (2022 and 2023) in this approach.

Effective in 2017, Senate Bill No. 1160 (SB 1160) and Assembly Bill No. 1244 (AB 1244) included several provisions related to lien filings. As discussed at prior meetings and in prior pure premium rate filings, liens incur significant LAE costs in addition to the settlement costs paid to the lien claimant. Liens are typically not filed and paid on claims until later in the claims process. As a result, while some of the impact of the reforms is already reflected in the emerging paid ALAE for accident years 2017 and later and in the ALAE development factors, a significant portion is not yet reflected. To reflect the full impact of these reforms, consistent with the September 1, 2023 Pure Premium Rate Filing, staff recommends including a separate adjustment to the projected ALAE ratio. This adjustment, which is shown in line (g) of Exhibit 8.4, is based on the estimated full impact of a 11.2% reduction in ALAE costs⁷ judgmentally tempered by 88% based on the estimated average percentage of 168-month ALAE costs paid as of December 31, 2023 for accident years 2017 and 2018.⁸

As shown in line (h) of Exhibit 8.4, the preliminary projected ratio of ALAE (excluding M CCP) to loss based on statewide data and private insurer average ALAE costs and after reflecting the impact of SB 1160 and AB 1244 based on this methodology is 16.8%. (For comparison purposes, the projected ALAE excluding M CCP costs to loss ratio reflected in the September 1, 2023 Pure Premium Rate Filing was 14.0%.)

The significant increase in the projected ALAE to loss ratio based on methodologies consistent with the September 1, 2023 Pure Premium Rate Filing is driven by (a) a significant increase in the reported average paid ALAE per indemnity claim for accident year 2023 at 12 months (see Exhibit 5.1), (b) increases in paid ALAE development through 84 months in the most recent year (see Exhibit 8.1). Staff reviewed the paid ALAE information reported to the WCIRB and confirmed that these increases were consistent across insurer groups. Also, as discussed above, there does not appear to be a significant increase in the rate of claim settlements that may be driving an increase in ALAE costs related to the faster settling of claims. However, staff has some concern with giving half weight to the accident year 2023 average paid ALAE given its magnitude and that until recently, ALAE trends have been very modest.

For the Committee's review, the WCIRB has computed additional ALAE projections (excluding M CCP) based on alternative methodologies with underlying assumptions that differ from those reflected in Exhibits 8.1 through 8.4. Some of these alternative methods trend the average ALAE severity based on different periods to mitigate the impact of accident year 2023 as discussed above. Specifically, ALAE projections based on the following methodologies and using statewide data with private insurer ALAE have been included:

1. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Unadjusted 3-Year Average Paid ALAE Development – Exhibits 9.1 and 9.2
2. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on Accident Years 2022 – Exhibit 10
3. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on Accident Year 2023 – Exhibit 11

⁷ As reflected in the September 1, 2021 Pure Premium Rate Filing.

⁸ This approach resulted in an 84% tempering in the September 1, 2023 Pure Premium Rate Filing based on December 31, 2022 ALAE experience.

4. Projected Ultimate ALAE per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on Accident Years 2021 to 2023 Average ALAE – Exhibit 12

The ALAE projections for policies incepting between September 1, 2024 and August 31, 2025 derived based on the methodology presented in Exhibits 8.1 to 8.4 and each of the alternative ALAE projection methodologies are shown in Table 2.⁹

Table 2: Projections of ALAE (Excluding MCCP) to Loss

ALAE Projection Method	Statewide with Private Insurer Average ALAE
April 11, 2024 Agenda Methodology	
Projected Ultimate ALAE per Indemnity Claim – Latest Year Paid ALAE Development – Trend Applied to 2022 and 2023	16.8%
Alternative Methodologies	
Projected Ultimate ALAE per Indemnity Claim – 3-Year Average Paid ALAE Development	16.1%
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to 2022 Average ALAE	16.0%
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to 2023	17.4%
Projected Ultimate ALAE per Indemnity Claim – Trend Applied to 2021 to 2023 Average ALAE	16.2%

ALAE Projection – MCCP Costs

As in the last several pure premium rate filings, the projection of MCCP costs is based on a methodology analogous to that used for ALAE excluding MCCP costs and using statewide claim and MCCP cost data. As with ALAE excluding MCCP costs, all information for the MCCP cost projection shown in Exhibits 13 through 18 exclude COVID-19 claims from accident years 2020 through 2023.

Exhibit 13 shows statewide average paid MCCP per reported indemnity claim by accident year. Exhibit 14 shows statewide annual MCCP severity growth percentages based on estimated accident year ultimate MCCP costs per indemnity claim. Exhibit 15 shows statewide annual MCCP severity growth percentages based on ratios of calendar year paid MCCP costs per indemnity claims inventory.

Exhibits 16.1 and 16.3 show the preliminary projection of MCCP costs based on statewide data. Projected MCCP development through 144 months shown in Exhibit 16.1 is based on the latest year paid MCCP age-to-age factors while projected MCCP development after 144 months is based on the selected paid medical 144-to-ultimate development factor.¹⁰ Similar to the projection of ALAE excluding MCCP costs, Exhibit 16.3 shows the projected ratio of MCCP to loss based on applying separate frequency and severity trends to the accident year 2022 and 2023 projected ultimate indemnity claim counts and ultimate MCCP per indemnity claim. A -1.5% MCCP severity trend was selected based on the approximate average rates of growth in (a) estimated ultimate accident year MCCP costs per indemnity claim from 2012 through 2023 (Exhibit 14) and (b) calendar year MCCP per indemnity claims inventory from 2012 through 2022 (Exhibit 15). (The projected MCCP severity trend reflected in the September 1, 2023 Premium Rate Filing based on this approach was -1.5%.) The preliminary projected ratio of MCCP to loss based on this methodology is 3.1%. (For comparison purposes, the projected MCCP to loss ratio reflected in the September 1, 2023 Pure Premium Rate Filing was 3.3%.)

⁹ All projections shown in Table 2 also reflect the impact of SB 1160 and AB 1244 on ALAE costs.

¹⁰ See Exhibit 2.6.1 of Item AC24-03-02.

For informational purposes, the WCIRB has computed additional MCCP cost projections based on alternative methodologies with underlying assumptions that differ from those reflected in the MCCP projection methodology described above. Specifically, MCCP cost projections based on the following methodologies have been included:

1. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – 3-Year Average Paid MCCP Development – Exhibit 17
2. Projected Ultimate MCCP per Indemnity Claim and Future Number of Indemnity Claims – Projection Based on 2023 – Exhibit 18

The MCCP cost projections for policies incepting between September 1, 2024 and August 31, 2025 derived based on the methodology presented in Exhibit 16.3 and each of the alternative MCCP projection methodologies are shown in Table 3.

Table 3: Projections of MCCP to Loss

MCCP Projection Method	Statewide MCCP Ratio
April 11, 2024 Agenda Methodology Projected Ultimate MCCP per Indemnity Claim – Latest Year Paid MCCP Development – Trend Applied to 2022 and 2023	3.1%
Alternative Methodologies Projected Ultimate MCCP per Indemnity Claim – 3-Year Average Paid MCCP Development	3.1%
Projected Ultimate MCCP per Indemnity Claim – Trend Applied to 2023	3.2%

Summary of Paid LAE Ratios by Insurer Type

Paid ALAE to Paid Loss Ratios

<u>CY</u>	<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2013	5.9%	15.4%	20.0%	17.0%	19.5%
2014	8.4%	17.8%	21.3%	19.0%	20.8%
2015	10.1%	18.0%	22.6%	20.5%	22.0%
2016	11.0%	17.9%	22.4%	20.4%	21.6%
2017	10.8%	19.8%	22.7%	20.9%	22.3%
2018	11.4%	19.5%	22.9%	21.1%	22.4%
2019	12.9%	18.0%	22.8%	21.0%	22.2%
2020	11.5%	17.8%	23.4%	21.0%	22.5%
2021	11.7%	17.2%	21.9%	20.4%	21.7%
2022	13.5%	16.3%	21.1%	20.1%	20.9%

Excluding COVID-19

2020	11.5%	17.8%	23.5%	21.0%	22.6%
2021	11.9%	17.2%	22.7%	20.4%	21.8%
2022	13.7%	16.3%	21.9%	20.1%	20.9%

Paid ULAE to Paid Loss Ratios

<u>CY</u>		<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2013	[1]	21.8%	16.3%	8.5%	11.7%	9.4%
2014	[1]	28.8%	14.7%	7.7%	11.6%	8.6%
2015	[2]	35.1%	14.8%	10.2%	13.9%	10.9%
2016	[2]	37.6%	14.2%	12.8%	15.9%	13.0%
2017	[2]	25.6%	16.1%	14.1%	15.8%	14.4%
2018	[2]	24.8%	14.9%	14.8%	16.1%	14.8%
2019	[2]	21.3%	14.4%	13.0%	14.2%	13.2%
2020	[2]	17.6%	15.3%	15.7%	15.9%	15.7%
2021	[2]	17.6%	14.1%	14.7%	15.0%	14.6%
2022	[2]	18.5%	14.6%	13.8%	14.4%	13.9%

Paid LAE to Paid Loss Ratios

<u>CY</u>		<u>State Fund</u>	<u>CA Private Insurers</u>	<u>National</u>	<u>Statewide</u>	<u>Private Insurers</u>
2013	[1]	27.7%	31.7%	28.5%	28.6%	28.9%
2014	[1]	37.2%	32.5%	29.0%	30.6%	29.4%
2015	[2]	45.2%	32.8%	32.8%	34.4%	32.8%
2016	[2]	48.6%	32.1%	35.2%	36.3%	34.7%
2017	[2]	36.4%	36.0%	36.9%	36.7%	36.7%
2018	[2]	36.2%	34.4%	37.7%	37.1%	37.2%
2019	[2]	34.2%	32.4%	35.7%	35.2%	35.4%
2020	[2]	29.1%	33.2%	39.1%	36.9%	38.2%
2021	[2]	29.4%	31.3%	36.5%	35.4%	36.3%
2022	[2]	32.0%	30.9%	34.9%	34.5%	34.8%

Notes:

- [1] 2013 and 2014 ratios included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third-party administrators.
- [2] Reflects adjustments based on the Expense Call for ULAE costs related to deductible policies and third-party administrators. 2015 adjusted ratio is based on apportioning adjusted countrywide paid ULAE to California using paid losses. 2016 to 2022 adjusted ratios are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience.

Calendar Year ULAE Paid per Open Indemnity Claim - Private Insurers

Calendar Year	ULAE Paid ^[1] (in Millions)	Number of Open Indemnity Claims at Beginning of the Year ^[2]	Number of Indemnity Claims Reported During Year ^[3]	ULAE Paid per Open Indemnity Claim ^[4]	Annual Change (5)
	(1)	(2)	(3)	(4)	(5)
2013 ^[5]	644	294,011	131,749	2,192	---
2014 ^[5]	598	307,227	133,061	1,947	-11.2%
2015 ^[6]	774	311,158	140,302	2,486	---
2016 ^[6]	948	314,808	139,941	3,010	---
2017 ^[6]	1,045	311,196	145,909	3,359	11.6%
2018 ^[6]	1,076	304,634	146,120	3,531	5.1%
2019 ^[6]	964	294,351	149,143	3,219	-8.8%
2020 ^[6]	1,054	289,298	148,364	3,642	13.2%
2021 ^[6]	1,022	293,628	146,910	3,480	-4.5%
2022 ^[6]	1,025	294,544	156,830	3,479	0.0%

Notes:

^[1] Calendar year ULAE paid is based on WCIRB expense calls. All figures in each calendar year contain information from the same combination of private insurers that submitted both the ULAE and claim count data for that calendar year. Therefore, each calendar year may contain a different mix of private insurers.

^{[2],[3]} Based on WCIRB accident year experience calls. Column (3) is for information only.

^[4] Column (1) / Column (2) x 1,000,000.

^[5] 2013 and 2014 paid ULAE included information submitted by several large national insurers to more appropriately reflect ULAE costs related to deductible policies and third party administrators.

^[6] Reflects adjustments for ULAE costs related to deductible policies and third-party administrators based on the Expense Call. 2015 paid ULAE is based on apportioning adjusted countrywide paid ULAE to California using paid losses. 2016 to 2022 paid ULAE are based on apportioning adjusted countrywide paid ULAE to California using open indemnity claim counts.

Source: WCIRB expense calls and quarterly calls for experience. COVID-19 claims are included given that ULAE on COVID-19 claims cannot be separated from other ULAE.

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):																
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216
1993																	1.000
1994																1.000	1.000
1995															1.001	1.000	1.000
1996														1.000	1.000	1.000	1.000
1997													1.000	1.000	1.000	1.000	1.000
1998												1.000	1.001	1.000	1.000	1.000	1.000
1999											1.000	1.000	1.000	1.000	1.001	1.000	1.000
2000										1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
2001									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002								1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003							0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004						1.000	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005					1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006				1.002	1.001	1.000	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007			1.006	1.004	1.002	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008		1.023	1.011	1.005	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012	1.241	1.035	1.013	1.005	1.003	1.001	1.001	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015	1.236	1.027	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016	1.244	1.029	1.007	1.003	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2017	1.220	1.023	1.007	1.003	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2018	1.226	1.024	1.006	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2019	1.222	1.027	1.007	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2020	1.225	1.024	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2021	1.223	1.025	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2022	1.236	1.025	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Age Development Factors

@12/31/22	1.223	1.024	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
@12/31/23	1.236	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Age-to-Ultimate

@12/31/22	1.269	1.037	1.013	1.007	1.005	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002
@12/31/23	1.295	1.048	1.022	1.014	1.010	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002

Estimated Percent of Ultimate Indemnity Claims Reported

@12/31/22	78.8%	96.4%	98.7%	99.4%	99.5%	99.6%	99.6%	99.6%	99.6%	99.6%	99.7%	99.7%	99.7%	99.7%	99.8%	99.8%	99.8%
@12/31/23	77.2%	95.4%	97.8%	98.6%	99.0%	99.2%	99.3%	99.4%	99.4%	99.5%	99.6%	99.7%	99.7%	99.7%	99.7%	99.8%	99.8%

Accident	Age-to-Age Development (in months):																
Year	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-420
1989				1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990			1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1991		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.000	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Age Development Factors

@12/31/22	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
@12/31/23	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Age-to-Ultimate

@12/31/22	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
@12/31/23	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Estimated Percent of Ultimate Indemnity Claims Reported

@12/31/22	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
@12/31/23	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Reported Indemnity Claim Closing Rate - Statewide

Accident	Evaluated as of (in months):																
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
1995													96.9%	97.2%	97.5%	97.6%	97.8%
1996												95.9%	96.3%	96.7%	96.9%	97.1%	97.3%
1997											95.6%	96.0%	96.5%	96.8%	97.0%	97.2%	97.5%
1998										95.0%	95.6%	96.3%	96.7%	97.0%	97.3%	97.6%	97.7%
1999									93.9%	94.8%	95.7%	96.3%	96.7%	97.1%	97.5%	97.7%	97.9%
2000								91.7%	93.1%	94.4%	95.3%	96.0%	96.4%	97.0%	97.3%	97.6%	97.9%
2001							87.9%	90.4%	92.3%	93.6%	94.6%	95.4%	96.1%	96.6%	97.0%	97.4%	97.7%
2002						84.6%	88.3%	90.9%	92.5%	93.8%	94.8%	95.9%	96.4%	96.9%	97.4%	97.7%	98.1%
2003					79.4%	84.8%	88.4%	90.7%	92.5%	93.8%	95.2%	95.9%	96.4%	97.0%	97.5%	97.9%	98.3%
2004				73.0%	80.7%	85.4%	88.3%	90.7%	92.5%	94.4%	95.4%	96.1%	96.8%	97.3%	97.8%	98.2%	98.4%
2005			63.5%	74.7%	81.3%	85.5%	88.5%	90.9%	93.2%	94.5%	95.5%	96.4%	97.0%	97.6%	98.1%	98.4%	98.6%
2006		50.3%	64.5%	74.7%	81.5%	85.7%	88.8%	91.3%	93.0%	94.3%	95.5%	96.4%	97.1%	97.7%	98.0%	98.3%	98.5%
2007	27.1%	49.8%	63.6%	73.6%	80.3%	84.7%	88.9%	91.4%	93.2%	94.8%	96.0%	96.8%	97.5%	97.9%	98.2%	98.5%	98.7%
2008	27.6%	48.1%	61.8%	72.2%	79.3%	85.1%	88.9%	91.5%	93.7%	95.1%	96.2%	97.0%	97.6%	97.9%	98.2%	98.4%	
2009	26.7%	46.3%	60.1%	70.8%	79.2%	84.6%	88.6%	91.8%	93.8%	95.3%	96.4%	97.1%	97.6%	97.9%	98.2%		
2010	27.0%	46.9%	60.7%	72.5%	80.5%	85.8%	90.1%	92.8%	94.7%	96.1%	96.9%	97.5%	97.9%	98.2%			
2011	27.5%	47.2%	62.0%	73.4%	81.4%	86.9%	90.9%	93.6%	95.3%	96.4%	97.1%	97.7%	98.0%				
2012	27.7%	48.1%	63.3%	74.8%	82.8%	88.3%	92.1%	94.4%	95.8%	96.7%	97.3%	97.8%					
2013	26.9%	48.4%	64.4%	76.4%	84.7%	89.9%	93.2%	95.1%	96.3%	97.1%	97.6%						
2014	26.9%	49.5%	65.8%	78.1%	86.2%	90.8%	93.5%	95.3%	96.4%	97.1%							
2015	27.3%	50.5%	68.3%	80.6%	87.8%	91.3%	93.8%	95.5%	96.6%								
2016	28.2%	53.4%	71.0%	82.5%	88.2%	91.7%	94.1%	95.6%									
2017	30.4%	56.2%	73.1%	82.5%	88.3%	91.8%	94.1%										
2018	31.2%	56.3%	71.4%	81.3%	87.7%	91.5%											
2019	31.2%	54.0%	69.1%	80.2%	86.8%												
2020	30.0%	53.2%	69.0%	79.6%													
2021	31.4%	55.6%	70.1%														
2022	31.9%	55.5%															
2023	32.2%																

Reported Closing Rate

@12/31/22	31.9%	55.6%	69.0%	80.2%	87.7%	91.8%	94.1%	95.5%	96.4%	97.1%	97.3%	97.7%	97.9%	97.9%	98.2%	98.5%	98.5%
@12/31/23	32.2%	55.5%	70.1%	79.6%	86.8%	91.5%	94.1%	95.6%	96.6%	97.1%	97.6%	97.8%	98.0%	98.2%	98.2%	98.4%	98.7%

Estimated Percent Closed^[1]

@12/31/22	25.1%	53.6%	68.0%	79.7%	87.3%	91.4%	93.7%	95.1%	96.0%	96.8%	97.0%	97.4%	97.7%	97.7%	98.0%	98.3%	98.3%
@12/31/23	24.8%	52.9%	68.6%	78.5%	85.9%	90.7%	93.5%	95.1%	96.0%	96.7%	97.2%	97.5%	97.7%	97.9%	98.0%	98.2%	98.5%

Accident	Evaluated as of (in months):																
Year	216	228	240	252	264	276	288	300	312	324	336	348	360	372	384	396	408
1990			99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.4%	99.4%	99.4%	99.4%	99.5%	99.5%	99.5%	99.5%	99.5%
1991		98.9%	99.0%	99.0%	99.1%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.4%	99.4%	99.4%	
1992	98.8%	98.9%	98.9%	99.0%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.2%	99.3%	99.3%	99.3%	99.3%		
1993	98.6%	98.8%	98.8%	98.9%	98.9%	99.0%	99.0%	99.1%	99.1%	99.2%	99.2%	99.3%	99.3%	99.3%			
1994	98.4%	98.5%	98.6%	98.6%	98.7%	98.8%	98.8%	98.9%	98.9%	99.0%	99.1%	99.1%	99.1%				
1995	97.9%	98.0%	98.1%	98.2%	98.3%	98.4%	98.4%	98.5%	98.6%	98.6%	98.7%	98.7%					
1996	97.4%	97.6%	97.7%	97.8%	97.8%	98.0%	98.1%	98.1%	98.2%	98.2%	98.2%						
1997	97.6%	97.7%	97.9%	98.0%	98.1%	98.3%	98.3%	98.4%	98.5%	98.5%							
1998	97.9%	98.0%	98.2%	98.3%	98.5%	98.6%	98.7%	98.7%	98.8%								
1999	98.1%	98.4%	98.5%	98.7%	98.8%	98.9%	99.0%	99.1%									
2000	98.1%	98.3%	98.6%	98.7%	98.8%	98.9%	99.0%										
2001	98.0%	98.3%	98.5%	98.7%	98.8%	98.9%											
2002	98.4%	98.6%	96.5%	98.9%	99.0%												
2003	98.5%	98.8%	98.9%	99.0%													
2004	98.7%	98.9%	99.0%														
2005	98.8%	98.9%															
2006	98.7%																

Reported Closing Rate

@12/31/22	98.8%	98.9%	98.9%	98.9%	98.8%	98.9%	99.0%	98.7%	98.5%	98.2%	98.7%	99.1%	99.3%	99.3%	99.4%	99.5%	
@12/31/23	98.7%	98.9%	99.0%	99.0%	99.0%	98.9%	99.0%	99.1%	98.8%	98.5%	98.2%	98.7%	99.1%	99.3%	99.3%	99.4%	99.5%

Estimated Percent Closed^[1]

@12/31/22	98.6%	98.7%	98.7%	98.7%	98.6%	98.8%	98.9%	98.6%	98.4%	98.1%	98.6%	99.1%	99.3%	99.3%	99.4%	99.5%	
@12/31/23	98.5%	98.7%	98.8%	98.8%	98.8%	98.7%	98.9%	99.0%	98.7%	98.4%	98.2%	98.7%	99.1%	99.3%	99.3%	99.4%	99.5%

Note:^[1] Estimated percent closed is the product of (a) the Estimated Percent of Ultimate Indemnity Claims Reported (Exhibit 3.1) and (b) the Reported Closing Rate.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Selected Ultimate Indemnity Claim Reporting and Closure Patterns - Statewide

Selected Indemnity Claim Reporting and Closure Patterns as of								Cumulative Indemnity Claim Counts				
December 31 of								as of December 31, 2023				
	2022	2023	2022	2023	2022	2023	Incremental					
Year	Percent Reported ^[1]		Percent Closed ^[2]		Opening Rate ^[3]		Closing Rate ^[4]	AY	Reported	Open	Estimated Ultimate ^[5]	Annual Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)	(9)	(10)	
1	78.8%	77.2%	25.1%	24.8%	53.7%	52.4%	47.6%	1989	222,085	633	222,104	
2	96.4%	95.4%	53.6%	52.8%	42.8%	42.6%	20.6%	1990	248,052	1,138	248,073	
3	98.7%	97.8%	68.0%	68.5%	30.6%	29.4%	31.4%	1991	248,360	1,515	248,394	
4	99.4%	98.6%	79.7%	78.4%	19.7%	20.2%	34.1%	1992	197,256	1,313	197,295	
5	99.5%	99.0%	87.3%	85.9%	12.2%	13.1%	33.4%	1993	155,320	1,091	155,366	
6	99.6%	99.2%	91.4%	90.7%	8.2%	8.5%	30.8%	1994	142,813	1,275	142,870	
7	99.6%	99.3%	93.7%	93.5%	5.9%	5.9%	27.8%	1995	134,032	1,730	134,104	
8	99.6%	99.4%	95.1%	95.1%	4.4%	4.3%	26.1%	1996	131,193	2,299	131,271	
9	99.6%	99.4%	96.0%	96.0%	3.6%	3.4%	22.9%	1997	137,032	2,047	137,122	
10	99.6%	99.5%	96.8%	96.7%	2.9%	2.8%	20.4%	1998	147,179	1,777	147,324	
11	99.7%	99.6%	97.0%	97.2%	2.7%	2.4%	16.7%	1999	148,262	1,363	148,421	
12	99.7%	99.7%	97.4%	97.5%	2.3%	2.2%	18.1%	2000	160,403	1,610	160,600	
13	99.7%	99.7%	97.7%	97.7%	2.1%	2.0%	14.9%	2001	184,950	2,054	185,246	
14	99.7%	99.7%	97.7%	97.9%	2.1%	1.8%	13.6%	2002	192,424	1,866	192,794	
15	99.8%	99.7%	98.0%	98.0%	1.8%	1.8%	14.5%	2003	182,564	1,770	182,935	
16	99.8%	99.8%	98.3%	98.2%	1.5%	1.6%	12.0%	2004	158,527	1,612	158,869	
17	99.8%	99.8%	98.3%	98.5%	1.5%	1.3%	12.1%	2005	139,542	1,521	139,840	
18	99.8%	99.8%	98.6%	98.5%	1.2%	1.3%	9.0%	2006	133,181	1,763	133,468	
19	99.8%	99.8%	98.7%	98.7%	1.1%	1.1%	9.0%	2007	130,213	1,718	130,496	
20	99.8%	99.8%	98.7%	98.8%	1.1%	1.0%	9.2%	2008	122,839	1,953	123,124	
21	99.8%	99.8%	98.7%	98.8%	1.1%	1.0%	10.4%	2009	113,580	2,028	113,872	
22	99.8%	99.8%	98.6%	98.8%	1.2%	1.0%	8.5%	2010	118,382	2,104	118,736	
23	99.8%	99.8%	98.8%	98.7%	1.1%	1.1%	8.0%	2011	120,877	2,374	121,268	
24	99.9%	99.9%	98.9%	98.9%	1.0%	1.0%	5.1%	2012	128,320	2,794	128,762	
25	99.9%	99.9%	98.6%	99.0%	1.3%	0.9%	7.7%	2013	136,504	3,270	137,053	
26	99.9%	99.9%	98.4%	98.7%	1.5%	1.2%	4.9%	2014	141,172	4,034	141,876	
27	99.9%	99.9%	98.1%	98.4%	1.8%	1.5%	3.2%	2015	145,187	5,005	145,998	
28	100.0%	99.9%	98.6%	98.2%	1.3%	1.8%	2.7%	2016	148,382	6,477	149,285	
29	100.0%	99.9%	99.1%	98.7%	0.9%	1.3%	3.2%	2017	149,070	8,831	150,057	
30	100.0%	100.0%	99.3%	99.1%	0.7%	0.9%	1.8%	2018	151,773	12,957	152,973	
31	100.0%	100.0%	99.3%	99.3%	0.7%	0.7%	2.2%	2019	154,923	20,488	156,465	
32	100.0%	100.0%	99.4%	99.3%	0.6%	0.7%	2.1%	2020	134,805	27,586	136,724	
33	100.0%	100.0%	99.5%	99.4%	0.5%	0.6%	3.0%	2021	147,775	44,377	151,033	
34	100.0%	100.0%	99.7%	99.5%	0.3%	0.5%	2.4%	2022	153,292	68,430	160,613	
35		100.0%		99.7%		0.3%	2.5%	2023	127,197	86,390	164,761	0.0%
									Projected ^[6]			
									2024		158,700	-2.5%
									2025		157,641	-0.7%
Total									5,387,466	329,193		

Notes:

[1] See Exhibit 3.1.

[2] See Exhibit 3.2.

[3] Column (1) - Column (3) for 12/31/2022 and Column (2) - Column (4) for 12/31/2023.

[4] 1.0 minus ratio of Column (6) claim opening rate for accident year YYYY at 12/31/2023 to Column (5) claim opening rate for accident year YYYY at 12/31/2022.

[5] Estimated based on number of reported indemnity claims (excluding COVID-19 claims) as of December 31, 2023 (Column (8)) and selected reporting pattern on Column (2).

[6] Estimated based on applying projected frequency trends to accident years 2022 and 2023 estimated ultimate indemnity claim counts. Frequency trend for 2023 is the actual trends adjusted for class mix and wage level, accident years 2024 and 2025 projected frequency trends are based on the projected growth in intra-class indemnity claim frequency from Item AC24-03-02, Exhibit 7.1.

Estimated Number of Open Indemnity Claims - Statewide
Based on Selected Reporting and Incremental Closing Rates

AY	Estimated Number of Reported Indemnity Claims ^[1]		Estimated Number of Open Indemnity Claims ^[2]	
	@12/31/24 (1)	@12/31/25 (2)	@12/31/24 (3)	@12/31/25 (4)
1989	222,104	222,104	617	602
1990	248,073	248,073	1,110	1,082
1991	248,373	248,394	1,478	1,442
1992	197,268	197,278	1,274	1,243
1993	155,335	155,344	1,068	1,036
1994	142,828	142,841	1,247	1,221
1995	134,051	134,065	1,699	1,662
1996	131,201	131,219	2,225	2,186
1997	137,040	137,049	1,991	1,928
1998	147,227	147,236	1,720	1,674
1999	148,275	148,324	1,296	1,255
2000	160,428	160,442	1,487	1,413
2001	185,018	185,047	1,949	1,799
2002	192,486	192,557	1,718	1,629
2003	182,584	182,643	1,620	1,491
2004	158,546	158,563	1,444	1,321
2005	139,539	139,556	1,381	1,237
2006	133,184	133,181	1,604	1,456
2007	130,215	130,218	1,563	1,421
2008	122,857	122,859	1,717	1,562
2009	113,609	113,625	1,784	1,568
2010	118,431	118,461	1,799	1,582
2011	120,907	120,957	2,051	1,754
2012	128,348	128,379	2,379	2,056
2013	136,582	136,611	2,678	2,280
2014	141,308	141,388	3,359	2,750
2015	145,274	145,414	3,986	3,319
2016	148,456	148,545	4,991	3,975
2017	149,149	149,223	6,527	5,030
2018	151,967	152,048	9,353	6,913
2019	155,237	155,435	14,184	10,239
2020	135,376	135,651	18,381	12,725
2021	148,914	149,545	29,228	19,475
2022	157,148	158,359	46,959	30,929
2023	157,250	161,206	68,586	47,067
<u>Projected</u>				
2024	122,518	151,466	83,212	66,063
2025		121,701		82,657
Total	5,547,106	5,705,009	329,666	329,044

Notes:

[1], [2] Estimated based on the projected number of indemnity claims as of 12/31/2023 (Columns 9 and 10 of Exhibit 3.3) and selected reporting and incremental closing rate (Column 2 and Column 7 of Exhibit 3.3).

Projected Ratio of ULAE to Loss - Statewide
Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Trend Average ULAE from 2021 and 2022
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year	ULAE Paid per Open Indemnity Claim	ULAE Paid (\$000)
	(1)	(2)	(3)
2013	365,706	2,192	801,569
2014	366,420	1,947	713,493
2015	367,925	2,486	914,731
2016	370,782	3,010	1,116,097
2017	362,328	3,359	1,217,236
2018	350,417	3,531	1,237,191
2019	334,060	3,228	1,078,484
2020	322,708	3,642	1,175,417
2021	316,313	3,480	1,100,745
2022	318,618	3,479	1,108,483
Projected			
2023	320,586	3,652	1,170,769
2024	329,193	3,836	1,262,913
2025	329,666	3,974	1,310,257
2026	329,044	4,122	1,356,172
(4) Projected ULAE Paid (\$000):			1,464,224
(5) Average of Calendar Years 2022 and 2023 Earned Premium (\$000):			15,493,908
(6) Projected Loss to Advisory Pure Premium Ratio:			0.752
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			0.934
(8) Projected Losses (\$000): (5) x (6) x (7)			10,879,843
(9) Projected Ratio of ULAE to Losses: (4)/(8)			13.5%

Notes:

- (1) Calendar years 2013 to 2023 are based on WCIRB accident year experience calls. 2024 to 2026 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns 3 to 4 of Exhibit 3.4).
- (2) Calendar years 2013 to 2022 are from column (4) of Exhibit 2. Calendar years 2023 to 2026 are projected based on applying the California average annual wage level changes selected by the WCIRB, to the ULAE paid per open indemnity claim from averaging 2021 and 2022.
- (3) Column (1) x Column (2).
- (4) Weighted average of calendar years 2024 with 5.6%, 2025 with 72.2% and 2026 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2024 to August 31, 2025 policies, based on applying the average annual change of 3.7% from 2025 to 2027 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar year 2022 and 2023 earned premium excluding COVID-19 premium charges from the same group of insurers that reported the number of open indemnity claims at beginning of calendar years 2023 and 2024.
- (6) See Exhibit 8 of Item AC24-03-02.
- (7) See Exhibit 5.2 of Item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.

Projected Ratio of ULAE to Loss - Statewide

Based on Estimated Calendar Year ULAE Paid per Open Indemnity Claim for Private Insurers
Trend Applied to 2022
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Calendar Year	Number of Open Indemnity Claims at Beginning of the Year (1)	ULAE Paid per Open Indemnity Claim (2)	ULAE Paid (\$000) (3)
2013	365,706	2,192	801,569
2014	366,420	1,947	713,493
2015	367,925	2,486	914,731
2016	370,782	3,010	1,116,097
2017	362,328	3,359	1,217,236
2018	350,417	3,531	1,237,191
2019	334,060	3,228	1,078,484
2020	322,708	3,642	1,175,417
2021	316,313	3,480	1,100,745
2022	318,618	3,479	1,108,483
Projected			
2023	320,586	3,583	1,148,790
2024	329,193	3,764	1,239,204
2025	329,666	3,900	1,285,659
2026	329,044	4,044	1,330,713
(4) Projected ULAE Paid (\$000):			1,436,736
(5) Average of Calendar Years 2022 and 2023 Earned Premium (\$000):			15,493,908
(6) Projected Loss to Advisory Pure Premium Ratio:			0.752
(7) Weighted Premium Adjustment Factor for Earned Premium on Line (5):			0.934
(8) Projected Losses (\$000): (5) x (6) x (7)			10,879,843
(9) Projected Ratio of ULAE to Losses: (4)/(8)			13.2%

Notes:

- (1) Calendar years 2013 to 2023 are based on WCIRB accident year experience calls. 2024 to 2026 open claim counts are based on incremental indemnity claim closing rates (see Total of Columns 3 to 4 of Exhibit 3.4).
- (2) Calendar years 2013 to 2022 are from column (4) of Exhibit 2. Calendar years 2023 to 2026 are projected based on applying the California average annual wage level changes selected by the WCIRB to the 2022 ULAE paid per open indemnity claim.
- (3) Column (1) x Column (2).
- (4) Weighted average of calendar years 2024 with 5.6%, 2025 with 72.2% and 2026 with 22.2%, projected 2.9 years to the approximate average midpoint of ultimate ULAE payments on September 1, 2024 to August 31, 2025 policies, based on applying the average annual change of 3.7% from 2025 to 2027 derived from the information published by the UCLA Anderson School of Business and the California Department of Finance.
- (5) Based on the reported calendar year 2022 and 2023 earned premium excluding COVID-19 premium charges from the same group of insurers that reported the number of open indemnity claims at beginning of calendar years 2023 and 2024.
- (6) See Exhibit 8 of Item AC24-03-02.
- (7) See Exhibit 5.2 of Item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.

Average Paid ALAE per Reported Indemnity Claim - Private Insurers

As of December 31, 2023

Accident	Evaluated as of (in months):									
Year	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>
2002								6,260	6,454	6,614
2003							6,315	6,597	6,809	7,003
2004						5,577	5,955	6,223	6,437	6,632
2005					4,698	5,219	5,591	5,899	6,162	6,330
2006				4,127	4,876	5,436	5,865	6,184	6,410	6,622
2007			3,323	4,419	5,230	5,864	6,378	6,697	6,978	7,190
2008		2,118	3,620	4,859	5,789	6,501	6,986	7,387	7,671	7,884
2009	675	2,406	4,083	5,460	6,484	7,203	7,783	8,196	8,490	8,718
2010	745	2,541	4,279	5,593	6,547	7,290	7,870	8,243	8,515	8,700
2011	753	2,563	4,188	5,522	6,537	7,325	7,837	8,186	8,435	8,592
2012	758	2,555	4,332	5,728	6,766	7,451	7,887	8,226	8,441	8,581
2013	777	2,790	4,582	5,936	6,851	7,418	7,853	8,096	8,265	8,379
2014	879	2,992	4,769	6,056	6,864	7,432	7,781	8,005	8,159	8,273
2015	951	3,067	4,846	6,032	6,817	7,273	7,587	7,794	7,959	
2016	933	3,157	4,901	6,072	6,751	7,199	7,512	7,734		
2017	1,016	3,281	4,984	6,012	6,669	7,109	7,431			
2018	1,111	3,421	5,100	6,209	6,947	7,454				
2019	1,144	3,365	5,124	6,306	7,088					
2020	1,098	3,478	5,272	6,546						
2021	1,049	3,288	5,098							
2022	1,114	3,634								
2023	1,257									

	Annual Change									
Year	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>
2003								5.4%	5.5%	5.9%
2004							-5.7%	-5.7%	-5.5%	-5.3%
2005						-6.4%	-6.1%	-5.2%	-4.3%	-4.6%
2006					3.8%	4.2%	4.9%	4.8%	4.0%	4.6%
2007				7.1%	7.3%	7.9%	8.7%	8.3%	8.8%	8.6%
2008			8.9%	9.9%	10.7%	10.9%	9.5%	10.3%	9.9%	9.7%
2009		13.6%	12.8%	12.4%	12.0%	10.8%	11.4%	11.0%	10.7%	10.6%
2010	10.4%	5.6%	4.8%	2.4%	1.0%	1.2%	1.1%	0.6%	0.3%	-0.2%
2011	1.1%	0.9%	-2.1%	-1.3%	-0.1%	0.5%	-0.4%	-0.7%	-0.9%	-1.2%
2012	0.7%	-0.3%	3.4%	3.7%	3.5%	1.7%	0.6%	0.5%	0.1%	-0.1%
2013	2.5%	9.2%	5.8%	3.6%	1.3%	-0.4%	-0.4%	-1.6%	-2.1%	-2.4%
2014	13.2%	7.2%	4.1%	2.0%	0.2%	0.2%	-0.9%	-1.1%	-1.3%	-1.3%
2015	8.1%	2.5%	1.6%	-0.4%	-0.7%	-2.1%	-2.5%	-2.6%	-2.4%	
2016	-1.8%	2.9%	1.1%	0.7%	-1.0%	-1.0%	-1.0%	-0.8%		
2017	8.9%	3.9%	1.7%	-1.0%	-1.2%	-1.3%	-1.1%			
2018	9.3%	4.3%	2.3%	3.3%	4.2%	4.9%				
2019	3.0%	-1.6%	0.5%	1.6%	2.0%					
2020	-4.0%	3.4%	2.9%	3.8%						
2021	-4.5%	-5.5%	-3.3%							
2022	6.2%	10.6%								
2023	12.8%									

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Ratio of Paid ALAE to Paid Loss - Private Insurers

As of December 31, 2023

Accident	Evaluated as of (in months):									
Year	12	24	36	48	60	72	84	96	108	120
2002								0.137	0.138	0.139
2003							0.146	0.147	0.148	0.149
2004						0.157	0.159	0.160	0.160	0.160
2005					0.148	0.152	0.154	0.155	0.155	0.155
2006				0.136	0.142	0.146	0.148	0.149	0.150	0.150
2007			0.123	0.134	0.140	0.145	0.147	0.147	0.148	0.149
2008		0.104	0.123	0.134	0.140	0.144	0.145	0.147	0.148	0.149
2009	0.072	0.117	0.135	0.145	0.150	0.152	0.155	0.156	0.157	0.158
2010	0.080	0.125	0.142	0.148	0.151	0.155	0.158	0.159	0.160	0.160
2011	0.087	0.131	0.144	0.153	0.159	0.164	0.166	0.167	0.168	0.168
2012	0.086	0.131	0.151	0.163	0.170	0.173	0.174	0.175	0.176	0.176
2013	0.091	0.147	0.164	0.173	0.178	0.180	0.183	0.184	0.184	0.184
2014	0.104	0.159	0.170	0.176	0.179	0.182	0.184	0.184	0.184	0.184
2015	0.112	0.158	0.170	0.174	0.178	0.180	0.181	0.181	0.181	
2016	0.106	0.160	0.172	0.179	0.182	0.183	0.183	0.184		
2017	0.111	0.163	0.174	0.178	0.180	0.180	0.181			
2018	0.115	0.164	0.175	0.178	0.180	0.180				
2019	0.118	0.163	0.173	0.176	0.177					
2020	0.107	0.154	0.163	0.166						
2021	0.103	0.149	0.161							
2022	0.108	0.160								
2023	0.119									

Accident	Annual Change									
Year	12	24	36	48	60	72	84	96	108	120
2003								7.3%	6.9%	7.1%
2004							9.3%	8.7%	8.1%	7.7%
2005						-3.2%	-3.4%	-3.2%	-2.8%	-3.0%
2006					-4.3%	-4.3%	-4.0%	-3.6%	-3.7%	-3.1%
2007				-1.6%	-1.0%	-0.7%	-0.5%	-1.2%	-0.9%	-1.1%
2008			0.1%	0.3%	-0.1%	-0.4%	-1.3%	-0.4%	-0.1%	0.2%
2009		12.1%	9.5%	8.2%	7.1%	5.7%	6.8%	6.4%	6.2%	6.1%
2010	12.1%	6.4%	5.0%	2.0%	0.9%	1.9%	1.7%	1.8%	1.6%	1.4%
2011	8.0%	4.8%	1.6%	3.0%	5.0%	5.6%	5.6%	5.1%	5.1%	5.0%
2012	-0.5%	0.7%	5.2%	6.7%	6.7%	5.4%	4.5%	5.0%	4.9%	4.9%
2013	5.6%	12.2%	8.6%	6.2%	4.8%	4.5%	5.2%	4.9%	4.6%	4.4%
2014	14.1%	7.8%	3.1%	1.9%	0.6%	0.9%	0.4%	0.0%	0.0%	-0.2%
2015	8.3%	-0.5%	0.1%	-1.2%	-0.5%	-0.9%	-1.4%	-1.5%	-1.5%	
2016	-5.7%	1.2%	1.6%	2.7%	2.1%	1.6%	1.3%	1.4%		
2017	4.8%	1.9%	0.7%	-0.1%	-0.9%	-1.6%	-1.2%			
2018	3.7%	0.7%	0.6%	-0.4%	-0.2%	0.0%				
2019	2.6%	-0.7%	-0.7%	-1.3%	-1.8%					
2020	-9.4%	-5.3%	-6.0%	-5.4%						
2021	-3.9%	-3.4%	-1.5%							
2022	5.5%	7.3%								
2023	10.0%									

Note: All paid ALAE exclude the paid cost of medical cost containment programs. Accident years 2010 and prior paid loss include the paid cost of medical cost containment programs.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers

Based on Latest Year Paid ALAE Development Adjusted for Changes in Claim Settlement Rates

Acc. Year	Paid ALAE ^[1] @12/31/23 (in \$000)	Cumulative Development Factors ^[2]	Estimated Ultimate ALAE (in \$000)	Indemnity Claim Counts @12/31/23	Cumulative Count Development Factors ^[3]	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6)x1000	(8)
1996	293,983	1.035	304,410	101,213	1.001	101,290	3,005	---
1997	369,784	1.039	384,032	104,437	1.001	104,525	3,674	22.3%
1998	506,166	1.042	527,174	112,157	1.001	112,299	4,694	27.8%
1999	556,250	1.044	580,825	115,970	1.001	116,128	5,002	6.5%
2000	669,924	1.046	701,068	116,864	1.002	117,047	5,990	19.8%
2001	790,968	1.049	829,876	113,279	1.002	113,510	7,311	22.1%
2002	820,924	1.052	864,005	110,796	1.003	111,086	7,778	6.4%
2003	834,665	1.056	881,090	106,820	1.003	107,138	8,224	5.7%
2004	725,607	1.059	768,142	99,101	1.003	99,424	7,726	-6.1%
2005	688,945	1.062	731,625	97,379	1.003	97,710	7,488	-3.1%
2006	753,472	1.067	803,591	104,281	1.004	104,654	7,679	2.5%
2007	835,307	1.071	894,502	107,386	1.004	107,783	8,299	8.1%
2008	891,993	1.076	959,797	105,499	1.004	105,909	9,062	9.2%
2009	929,789	1.083	1,006,536	100,821	1.004	101,241	9,942	9.7%
2010	986,484	1.089	1,074,751	108,734	1.005	109,244	9,838	-1.0%
2011	1,006,396	1.096	1,103,463	113,256	1.005	113,817	9,695	-1.5%
2012	1,070,874	1.105	1,183,824	121,998	1.005	122,631	9,654	-0.4%
2013	1,091,645	1.117	1,219,690	128,733	1.006	129,482	9,420	-2.4%
2014	1,085,476	1.131	1,227,993	131,171	1.007	132,081	9,297	-1.3%
2015	1,077,920	1.148	1,237,786	135,432	1.008	136,486	9,069	-2.5%
2016	1,086,775	1.174	1,275,469	140,526	1.009	141,730	8,999	-0.8%
2017	1,054,240	1.209	1,274,857	141,867	1.009	143,200	8,903	-1.1%
2018	1,080,495	1.266	1,367,774	144,948	1.011	146,538	9,334	4.8%
2019	1,048,938	1.362	1,428,168	147,986	1.013	149,973	9,523	2.0%
2020	835,100	1.538	1,284,563	127,042	1.019	129,406	9,927	4.2%
2021	708,382	1.928	1,365,773	138,829	1.028	142,757	9,567	-3.6%
2022	529,115	3.077	1,628,025	145,471	1.058	153,956	10,575	10.5%
2023	151,990	12.534	1,905,042	120,914	1.322	159,862	11,917	12.7%

Estimated Annual Exponential Trend Based on:

2009 to 2023	0.6%
2019 to 2023	5.3%
Average:	2.9%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year paid ALAE age-to-age development from Exhibit 8.1.
- ^[3] Based on analogous Exhibit 8.3, applicable to private insurers only.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

**Ratio of Accident Year Incremental Paid ALAE^[1] to Indemnity Claims Inventory^[2]
By Payment Year - Private Insurers**

Accident Year	Payment Year Ending December 31															
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1989	1,167	1,027	1,221	1,236	1,525	1,530	1,368	1,669	1,784	1,517	1,655	3,290	1,703	1,520	1,389	1,256
1990	1,406	1,138	1,341	1,386	1,584	1,777	1,496	1,551	1,906	1,680	1,736	1,932	1,733	1,799	1,661	2,028
1991	1,481	1,384	1,577	1,308	1,678	1,541	1,714	1,431	2,136	2,035	1,944	1,997	1,739	2,058	1,275	1,442
1992	1,647	1,477	1,718	1,434	1,579	1,633	1,501	1,925	1,596	1,738	1,977	1,997	1,914	1,526	1,876	1,833
1993	1,945	1,450	1,732	1,788	1,932	1,934	1,802	2,095	2,240	2,053	2,206	2,157	1,890	1,665	1,497	1,547
1994	1,864	1,389	1,514	1,774	1,830	1,812	1,804	1,775	1,862	1,587	1,781	1,518	1,624	1,437	1,405	1,258
1995	1,866	1,682	2,022	1,602	1,996	2,144	1,998	2,179	2,434	1,956	2,105	2,076	1,867	1,541	1,402	1,533
1996	2,040	1,938	1,755	1,868	2,035	2,244	2,008	2,174	2,144	1,921	2,174	2,188	1,688	1,471	1,663	1,879
1997	2,343	2,268	2,196	2,281	2,489	2,350	1,951	2,303	2,173	2,355	2,420	2,244	1,807	2,143	1,738	1,752
1998	2,426	2,374	2,398	2,338	2,401	2,362	2,306	2,324	2,453	2,509	2,536	1,976	2,008	1,903	1,773	1,701
1999	2,468	2,806	2,659	2,600	2,662	2,452	2,130	2,322	2,433	2,199	2,138	2,037	1,689	1,500	1,643	1,570
2000	2,699	2,806	2,773	2,781	2,841	2,670	2,530	2,798	2,669	2,449	2,382	2,074	2,144	1,834	1,769	1,700
2001	2,644	2,756	2,707	2,730	2,841	3,113	3,290	3,044	2,801	2,592	2,591	2,588	2,248	1,928	1,702	1,703
2002	2,881	2,976	2,949	3,029	2,959	3,285	3,428	3,193	3,171	3,024	2,962	2,974	2,704	2,241	2,165	2,100
2003	3,014	3,007	3,226	3,208	3,518	3,604	3,687	3,582	3,229	2,942	2,858	2,871	3,100	2,365	2,289	2,030
2004	3,062	3,170	3,256	3,156	3,084	3,462	3,556	3,487	3,113	2,948	2,971	2,852	2,507	2,457	2,407	2,054
2005	2,877	3,084	3,227	3,286	3,267	3,580	3,568	3,562	3,669	3,387	3,501	3,187	3,165	3,033	2,496	2,448
2006	2,675	2,969	3,220	3,478	3,468	3,489	3,511	3,566	3,193	3,184	3,068	2,765	2,509	2,346	2,104	1,963
2007	1,987	2,752	3,155	3,398	3,572	3,756	3,671	3,745	3,518	3,478	3,545	3,240	2,968	2,750	2,584	2,446
2008	620	2,095	2,976	3,480	3,559	3,716	3,840	3,952	3,698	3,708	3,654	3,761	3,314	3,093	2,856	2,764
2009		674	2,380	3,307	3,620	3,797	3,964	4,048	3,871	3,843	3,809	3,627	3,555	3,385	3,086	2,745
2010			746	2,542	3,411	3,684	3,888	4,137	4,351	4,029	3,934	3,800	3,870	2,952	3,096	2,815
2011				766	2,569	3,342	3,825	4,120	4,428	4,150	4,008	3,844	3,561	3,427	3,216	3,095
2012					773	2,593	3,610	4,036	4,260	4,181	3,924	4,171	4,009	3,583	3,350	3,404
2013						791	2,844	3,691	3,931	4,092	3,917	4,103	3,787	3,658	3,316	3,539
2014							909	3,031	3,631	3,964	3,935	4,111	4,012	3,609	3,461	3,392
2015								923	2,969	3,754	3,932	4,045	3,996	3,786	3,650	3,860
2016									933	3,137	3,887	4,029	4,051	3,954	3,872	3,886
2017										1,016	3,276	3,909	3,953	3,885	3,841	4,050
2018											1,111	3,334	3,944	3,945	4,011	4,180
2019												1,121	3,269	3,908	3,895	4,041
2020													1,105	3,407	3,932	4,185
2021														1,042	3,272	4,145
2022															1,114	3,695
2023																1,258
ALAE per Claim	2,047	2,160	2,318	2,480	2,563	2,639	2,797	2,906	2,918	2,946	2,974	2,992	3,005	2,937	2,892	3,116
Annual Change	3.4%	5.5%	7.3%	7.0%	3.4%	3.0%	6.0%	3.9%	0.4%	1.0%	0.9%	0.6%	0.4%	-2.3%	-1.5%	7.7%

Estimated Annual Exponential Trend Based on Payment Year:

2008-2023	2.4%
<u>2019-2023</u>	<u>0.4%</u>
Average:	1.4%

^[1] All paid ALAE exclude the paid cost of medical cost containment programs.

^[2] Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N-1 and newly-reported indemnity claims between January 1 of year N-1 and December 31 of year N.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Paid Allocated Loss Adjustment Expense Development - Private Insurers
As of December 31, 2023

Accident	Age-to-Age Development (in months):																
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216
1997	2.994	1.675	1.231	1.132	1.092	1.067	1.052	1.042	1.035	1.027	1.021	1.017	1.013	1.012	1.012	1.010	1.008
1998	3.591	1.608	1.248	1.163	1.105	1.076	1.071	1.045	1.032	1.024	1.021	1.017	1.014	1.014	1.012	1.012	1.010
1999	3.351	1.720	1.319	1.158	1.116	1.086	1.064	1.042	1.034	1.029	1.021	1.018	1.016	1.013	1.013	1.010	1.010
2000	4.051	1.752	1.315	1.183	1.121	1.090	1.053	1.042	1.033	1.025	1.021	1.019	1.015	1.014	1.012	1.011	1.009
2001	3.939	1.768	1.357	1.182	1.118	1.078	1.054	1.039	1.028	1.024	1.020	1.017	1.017	1.014	1.011	1.009	1.008
2002	3.927	1.784	1.315	1.171	1.101	1.074	1.046	1.032	1.026	1.021	1.018	1.017	1.013	1.012	1.009	1.007	1.007
2003	4.109	1.707	1.324	1.159	1.107	1.062	1.045	1.034	1.029	1.023	1.020	1.017	1.013	1.010	1.008	1.007	1.006
2004	4.040	1.713	1.319	1.169	1.101	1.069	1.048	1.036	1.030	1.025	1.020	1.015	1.012	1.010	1.008	1.006	1.005
2005	3.840	1.698	1.336	1.181	1.113	1.079	1.056	1.044	1.035	1.027	1.022	1.016	1.014	1.010	1.009	1.007	1.005
2006	3.750	1.736	1.330	1.186	1.120	1.081	1.060	1.046	1.035	1.025	1.019	1.014	1.011	1.008	1.006	1.005	1.004
2007	4.027	1.716	1.340	1.194	1.126	1.088	1.060	1.044	1.032	1.023	1.018	1.013	1.010	1.007	1.006	1.005	
2008	4.015	1.758	1.367	1.199	1.126	1.085	1.060	1.040	1.029	1.021	1.017	1.012	1.009	1.007	1.006		
2009	4.322	1.775	1.354	1.199	1.126	1.083	1.054	1.037	1.027	1.019	1.014	1.011	1.008	1.006			
2010	4.300	1.737	1.342	1.190	1.120	1.076	1.049	1.033	1.023	1.017	1.010	1.008	1.006				
2011	4.225	1.729	1.351	1.196	1.109	1.072	1.045	1.030	1.019	1.014	1.011	1.008					
2012	4.338	1.773	1.344	1.174	1.105	1.060	1.042	1.027	1.018	1.013	1.011						
2013	4.542	1.706	1.297	1.161	1.085	1.056	1.032	1.022	1.015	1.013							
2014	4.322	1.635	1.285	1.139	1.081	1.049	1.029	1.020	1.015								
2015	4.041	1.630	1.255	1.128	1.071	1.044	1.029	1.022									
2016	4.254	1.603	1.240	1.117	1.068	1.044	1.030										
2017	3.979	1.546	1.217	1.114	1.067	1.047											
2018	3.767	1.530	1.226	1.122	1.076												
2019	3.627	1.569	1.241	1.130													
2020	3.902	1.558	1.253														
2021	3.883	1.596															
2022	4.074																
	<u>Latest Year</u>																
Age-to-Age	4.074	1.596	1.253	1.130	1.076	1.047	1.030	1.022	1.015	1.013	1.011	1.008	1.006	1.006	1.006	1.005	1.004
Cumulative	12.534	3.077	1.928	1.538	1.362	1.266	1.209	1.174	1.148	1.131	1.117	1.105	1.096	1.089	1.083	1.076	1.071
	<u>3-Year Arithmetic Average</u>																
Age-to-Age	3.953	1.575	1.240	1.122	1.070	1.045	1.030	1.021	1.016	1.013	1.010	1.009	1.008	1.007	1.006	1.006	1.005
Cumulative	11.794	2.984	1.895	1.528	1.362	1.273	1.218	1.183	1.158	1.140	1.125	1.113	1.103	1.095	1.087	1.081	1.075

Accident	Age-to-Age Development (in months):																
Year	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-420
1989	1.004	1.004	1.003	1.004	1.004	1.004	1.004	1.004	1.004	1.004	1.003	1.003	1.005	1.002	1.002	1.001	1.001
1990	1.004	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.002	1.002	1.002	1.002	1.003	1.001	1.001	
1991	1.002	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.003	1.002	1.002	1.002	1.001	1.001	1.001		
1992	1.005	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.002	1.001			
1993	1.006	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.003	1.003	1.002	1.002	1.002				
1994	1.007	1.006	1.006	1.005	1.005	1.004	1.005	1.003	1.003	1.003	1.002	1.002					
1995	1.009	1.008	1.008	1.008	1.006	1.008	1.005	1.004	1.003	1.003	1.003						
1996	1.008	1.007	1.007	1.006	1.007	1.005	1.004	1.003	1.003	1.003							
1997	1.008	1.007	1.007	1.006	1.005	1.004	1.004	1.003	1.003								
1998	1.010	1.008	1.006	1.005	1.004	1.003	1.003	1.003									
1999	1.008	1.006	1.005	1.004	1.003	1.003	1.002										
2000	1.007	1.006	1.004	1.004	1.003	1.003											
2001	1.007	1.005	1.004	1.003	1.003												
2002	1.005	1.004	1.003	1.003													
2003	1.004	1.003	1.003														
2004	1.004	1.003															
2005	1.004																
2006																	
	<u>Latest Year</u>																
Age-to-Age	1.004	1.003	1.003	1.003	1.003	1.003	1.002	1.003	1.003	1.003	1.003	1.002	1.002	1.001	1.001	1.001	1.001
Cumulative ⁽¹⁾	1.067	1.062	1.059	1.056	1.052	1.049	1.046	1.044	1.042	1.039	1.035	1.033	1.031	1.029	1.028	1.027	
	<u>3-Year Arithmetic Average</u>																
Age-to-Age	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.002	1.001	1.002	1.001
Cumulative ⁽¹⁾	1.070	1.065	1.061	1.058	1.054	1.051	1.048	1.045	1.042	1.039	1.036	1.033	1.032	1.030	1.028	1.027	

Note:

⁽¹⁾ Factors in italics are based on inverse powerfit to a "3-Year Arithmetic Average" of the 108-to-120 through 384-to-396 factors.

Source: WCIRB quarterly calls for experience, excluding MCCP costs and COVID-19 claims.

Quarterly Paid ALAE Loss Development Factors - Private Insurers

Age in Months	Accident Year														
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3 - 6	5.434	9.136	8.769	8.693	8.584	6.234	9.857	8.970	8.932	8.255	7.884	---	9.251	8.756	8.727
6 - 9	2.630	3.023	3.176	3.213	3.058	3.163	3.169	3.155	3.050	3.134	3.137	---	3.169	3.062	3.061
9 - 12	2.034	2.077	2.165	2.115	2.133	2.158	2.103	2.100	2.130	2.076	2.133	---	2.065	2.126	2.194
12 - 15	1.724	1.737	1.701	1.713	1.784	1.744	1.730	1.771	1.699	1.672	1.662	1.639	1.667	1.717	
15 - 18	1.509	1.482	1.486	1.510	1.494	1.486	1.480	1.488	1.450	1.442	1.432	1.458	1.469	1.485	
18 - 21	1.326	1.334	1.343	1.338	1.349	1.328	1.309	1.307	1.309	1.289	1.261	1.309	1.314	1.312	
21 - 24	1.255	1.253	1.248	1.249	1.237	1.237	1.225	1.226	1.226	1.213	1.218	1.209	1.207	1.220	
24 - 27	1.197	1.189	1.186	1.205	1.187	1.176	1.183	1.167	1.150	1.150	1.157	1.152	1.165		
27 - 30	1.170	1.158	1.163	1.160	1.156	1.149	1.141	1.132	1.129	1.123	1.131	1.131	1.134		
30 - 33	1.138	1.133	1.131	1.130	1.122	1.116	1.110	1.109	1.099	1.101	1.109	1.105	1.113		
33 - 36	1.114	1.113	1.108	1.104	1.101	1.095	1.088	1.092	1.084	1.078	1.084	1.082	1.086		
36 - 39	1.094	1.091	1.095	1.093	1.085	1.085	1.073	1.068	1.061	1.063	1.068	1.071			
39 - 42	1.082	1.083	1.081	1.081	1.076	1.072	1.062	1.062	1.055	1.057	1.062	1.063			
42 - 45	1.074	1.069	1.068	1.070	1.061	1.057	1.054	1.049	1.047	1.050	1.052	1.055			
45 - 48	1.064	1.062	1.059	1.057	1.055	1.050	1.046	1.043	1.039	1.040	1.041	1.044			
48 - 51	1.053	1.053	1.051	1.049	1.047	1.041	1.036	1.034	1.031	1.035	1.036				
51 - 54	1.050	1.048	1.048	1.045	1.042	1.036	1.034	1.031	1.030	1.032	1.032				
54 - 57	1.043	1.040	1.043	1.038	1.035	1.031	1.027	1.025	1.027	1.027	1.032				
57 - 60	1.039	1.037	1.036	1.035	1.031	1.028	1.026	1.023	1.022	1.023	1.024				
60 - 63	1.034	1.032	1.031	1.031	1.025	1.023	1.021	1.018	1.018	1.020					
63 - 66	1.031	1.032	1.029	1.028	1.023	1.021	1.019	1.018	1.018	1.021					
66 - 69	1.028	1.028	1.024	1.024	1.021	1.017	1.015	1.017	1.015	1.020					
69 - 72	1.026	1.023	1.023	1.021	1.018	1.018	1.014	1.014	1.014	1.013					
72 - 75	1.022	1.021	1.020	1.019	1.017	1.015	1.012	1.012	1.012						
75 - 78	1.022	1.020	1.019	1.016	1.015	1.013	1.012	1.012	1.011						
78 - 81	1.020	1.017	1.017	1.015	1.011	1.010	1.011	1.010	1.013						
81 - 84	1.017	1.016	1.014	1.014	1.012	1.009	1.009	1.010	1.010						
84 - 87	1.015	1.014	1.014	1.013	1.011	1.008	1.008	1.009							
87 - 90	1.014	1.012	1.012	1.011	1.008	1.008	1.008	1.007							
90 - 93	1.012	1.012	1.011	1.009	1.005	1.007	1.005	1.008							
93 - 96	1.012	1.010	1.011	1.009	1.007	1.006	1.007	1.007							
96 - 99	1.010	1.010	1.008	1.010	1.006	1.006	1.005								
99 - 102	1.009	1.009	1.008	1.007	1.006	1.006	1.006								
102 - 105	1.009	1.008	1.007	1.004	1.005	1.005	1.005								
105 - 108	1.008	1.007	1.007	1.005	1.005	1.004	1.006								
108 - 111	1.008	1.006	1.005	1.005	1.004	1.004									
111 - 114	1.007	1.006	1.005	1.004	1.004	1.004									
114 - 117	1.007	1.006	1.004	1.005	1.003	1.004									
117 - 120	1.006	1.005	1.004	1.004	1.003	1.003									
120 - 123	1.005	1.005	1.004	1.003	1.003										

Source: WCIRB quarterly calls for experience, excluding MCCP costs and COVID claims from Accident Years 2020-2023

Reported Indemnity Claim Count Development - Statewide

Accident	Age-to-Age Development (in months):																
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216
1995												1.001	1.000	1.004	1.001	1.000	1.000
1996											1.001	1.001	1.001	1.000	1.000	1.000	1.000
1997										1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998									1.001	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000
1999								1.001	1.002	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000
2000							1.000	0.998	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
2001						0.999	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002					0.999	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003				0.999	1.008	0.998	0.999	0.999	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004			1.001	1.000	0.999	1.000	0.999	0.999	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005		1.007	1.004	1.000	1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.115	1.013	1.005	1.002	1.001	1.000	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	1.125	1.015	1.006	1.004	1.002	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	1.153	1.023	1.011	1.005	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	1.194	1.029	1.011	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010	1.220	1.030	1.011	1.006	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011	1.230	1.033	1.014	1.007	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012	1.241	1.035	1.013	1.005	1.003	1.001	1.001	1.000	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2013	1.240	1.031	1.010	1.004	1.002	1.001	1.001	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2014	1.239	1.027	1.010	1.004	1.002	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015	1.236	1.027	1.006	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016	1.244	1.029	1.007	1.003	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2017	1.220	1.023	1.007	1.003	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2018	1.226	1.024	1.006	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2019	1.222	1.027	1.007	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2020	1.225	1.024	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2021	1.223	1.025	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2022	1.236	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
I. Age-to-Age (Latest Year)																	
	1.236	1.025	1.008	1.004	1.002	1.001	1.001	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
II. Age-to-Ultimate																	
	1.295	1.048	1.022	1.014	1.010	1.008	1.007	1.006	1.006	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002

Accident	Age-to-Age Development (in months):																
Year	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-420
1989	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990	0.999	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
1998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
1999	1.000	1.000	1.000	1.000	1.000	1.000	1.000										
2000	1.000	1.000	1.000	1.000	1.000	1.000											
2001	1.000	1.000	1.000	1.000	1.000												
2002	1.000	0.996	1.000	1.000													
2003	1.000	1.000	1.000														
2004	1.000	1.000															
2005	1.000																
I. Age-to-Age (Latest Year)																	
	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
II. Age-to-Ultimate																	
	1.002	1.002	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,578	1,837,036
2025	157,601	11,810	1,861,272
9/1/2025	156,808	11,849	1,858,035

(a) Projected ALAE Incurred (\$000):	1,858,035
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.752
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ^[10] :	0.934
(e) Projected Losses (\$000): (b) x (c) x (d)	10,879,843
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	17.1%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	16.8%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Agenda Item AC24-03-02, Exhibit 12), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Agenda Item AC24-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2022 and 2023 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[10] See Exhibit 5.2 of Agenda item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Estimated Ultimate ALAE per Indemnity Claim - Private Insurers
Based on 3-Year Average Unadjusted Paid ALAE Development

Acc. Year	Paid ALAE ^[1] @12/31/23 (in \$000) (1)	Cumulative Development Factors ^[2] (2)	Estimated Ultimate ALAE (in \$000) (3)=(1)x(2)	Indemnity Claim Counts @12/31/23 (4)	Cumulative Count Development Factors ^[3] (5)	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate ALAE per Indemnity Claim (7)=(3)/(6)x1000	Annual Change (8)
1996	293,983	1.036	304,502	101,213	1.001	101,290	3,006	---
1997	369,784	1.039	384,048	104,437	1.001	104,525	3,674	22.2%
1998	506,166	1.042	527,244	112,157	1.001	112,299	4,695	27.8%
1999	556,250	1.045	581,005	115,970	1.001	116,128	5,003	6.6%
2000	669,924	1.048	701,913	116,864	1.002	117,047	5,997	19.9%
2001	790,968	1.051	831,222	113,279	1.002	113,510	7,323	22.1%
2002	820,924	1.054	865,503	110,796	1.003	111,086	7,791	6.4%
2003	834,665	1.058	883,011	106,820	1.003	107,138	8,242	5.8%
2004	725,607	1.061	770,154	99,101	1.003	99,424	7,746	-6.0%
2005	688,945	1.065	733,764	97,379	1.003	97,710	7,510	-3.1%
2006	753,472	1.070	805,870	104,281	1.004	104,654	7,700	2.5%
2007	835,307	1.075	897,574	107,386	1.004	107,783	8,328	8.1%
2008	891,993	1.081	963,827	105,499	1.004	105,909	9,101	9.3%
2009	929,789	1.087	1,010,808	100,821	1.004	101,241	9,984	9.7%
2010	986,484	1.095	1,079,858	108,734	1.005	109,244	9,885	-1.0%
2011	1,006,396	1.103	1,110,332	113,256	1.005	113,817	9,755	-1.3%
2012	1,070,874	1.113	1,192,296	121,998	1.005	122,631	9,723	-0.3%
2013	1,091,645	1.125	1,228,129	128,733	1.006	129,482	9,485	-2.4%
2014	1,085,476	1.140	1,237,255	131,171	1.007	132,081	9,367	-1.2%
2015	1,077,920	1.158	1,248,116	135,432	1.008	136,486	9,145	-2.4%
2016	1,086,775	1.183	1,285,228	140,526	1.009	141,730	9,068	-0.8%
2017	1,054,240	1.218	1,283,837	141,867	1.009	143,200	8,965	-1.1%
2018	1,080,495	1.273	1,375,089	144,948	1.011	146,538	9,384	4.7%
2019	1,048,938	1.362	1,428,980	147,986	1.013	149,973	9,528	1.5%
2020	835,100	1.528	1,276,130	127,042	1.019	129,406	9,861	3.5%
2021	708,382	1.895	1,342,377	138,829	1.028	142,757	9,403	-4.6%
2022	529,115	2.984	1,578,740	145,471	1.058	153,956	10,254	9.1%
2023	151,990	11.794	1,792,567	120,914	1.322	159,862	11,213	9.3%

Estimated Annual Exponential Trend Based on:

2009 to 2023	0.3%
2019 to 2023	3.7%
Average:	2.0%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
^[2] Based on the 3-year average paid ALAE age-to-age development from Exhibit 8.1.
^[3] Based on analogous Exhibit 8.3, applicable to private insurers only.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using 3-Year Average Unadjusted Paid ALAE Development
Trend Applied to 2022 and 2023

for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1996	131,193	1.000	131,253	3,006	394,580
1997	137,032	1.001	137,103	3,674	503,747
1998	147,179	1.001	147,304	4,695	691,592
1999	148,262	1.001	148,401	5,003	742,469
2000	160,403	1.001	160,578	5,997	962,965
2001	184,950	1.001	185,220	7,323	1,356,353
2002	192,424	1.002	192,768	7,791	1,501,906
2003	182,564	1.002	182,910	8,242	1,507,517
2004	158,527	1.002	158,847	7,746	1,230,446
2005	139,542	1.002	139,821	7,510	1,050,003
2006	133,181	1.002	133,450	7,700	1,027,604
2007	130,213	1.002	130,478	8,328	1,086,568
2008	122,839	1.002	123,107	9,101	1,120,340
2009	113,580	1.002	113,856	9,984	1,136,759
2010	118,382	1.003	118,719	9,885	1,173,522
2011	120,877	1.003	121,251	9,755	1,182,852
2012	128,320	1.003	128,745	9,723	1,251,741
2013	136,504	1.004	137,034	9,485	1,299,754
2014	141,172	1.005	141,856	9,367	1,328,819
2015	145,187	1.005	145,978	9,145	1,334,918
2016	148,382	1.006	149,265	9,068	1,353,557
2017	149,070	1.006	150,037	8,965	1,345,126
2018	151,773	1.008	152,952	9,384	1,435,283
2019	154,923	1.010	156,443	9,528	1,490,627
2020	134,679	1.014	136,577	9,861	1,346,852
2021	147,738	1.022	150,975	9,403	1,419,646
2022	153,259	1.048	160,556	10,254	1,646,423
2023	127,194	1.295	164,734	11,213	1,847,200

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,053	1,753,684
2025	157,601	11,274	1,776,820
9/1/2025	156,808	11,311	1,773,730

(a) Projected ALAE Incurred (\$000):	1,773,730
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.752
(d) Premium Adjustment Factor for Calendar Year 2022 and 2023 ^[10] :	0.934
(e) Projected Losses (\$000): (b) x (c) x (d)	10,879,843
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.3%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	16.1%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 9.1.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Agenda Item AC24-03-02, Exhibit 12), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Agenda Item AC24-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2022 and 2023 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[10] See Exhibit 5.2 of Agenda item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Trend Applied to 2022 Ultimate ALAE Severity
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,002	1,745,543
2025	157,601	11,222	1,768,572
9/1/2025	156,808	11,259	1,765,496

(a) Projected ALAE Incurred (\$000):	1,765,496
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.752
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ^[10] :	0.934
(e) Projected Losses (\$000): (b) x (c) x (d)	10,879,843
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.2%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	16.0%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Agenda Item AC24-03-02, Exhibit 12), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Agenda Item AC24-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the 2022 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[10] See Exhibit 5.2 of Agenda item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Trend Applied to 2023 Ultimate ALAE Severity
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)		(4)	
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	160,676	12,155	1,953,044
2025	159,604	12,398	1,978,810
9/1/2025	158,801	12,439	1,975,369

(a) Projected ALAE Incurred (\$000):	1,975,369
(b) Calendar Year 2023 Earned Premium ^[8] (\$000):	15,679,229
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.752
(d) Premium Adjustment Factor for Calendar Year 2023 ^[10] :	0.951
(e) Projected Losses (\$000): (b) x (c) x (d)	11,213,809
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	17.6%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	17.4%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2024 to 2026. The 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Item AC24-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the 2023 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[10] See Exhibit 5.2 of Agenda item AC24-03-02.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Projected Ratio of ALAE^[1] to Losses - Statewide

Based on Private Insurers ALAE Severity using Latest Year Paid ALAE Development
Trend Applied to 2021 to 2023 Ultimate ALAE Severities
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Acc. Year	Indemnity Claim Counts @12/31/2023 ^[4]	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (3)=(1)x(2)	Estimated Ult. ALAE per Indemnity Claim ^[3]	Estimated Ult. ALAE (in \$000) (5)=(3)x(4)
	(1)	(2)	(3)=(1)x(2)	(4)	(5)=(3)x(4)
1996	131,193	1.000	131,253	3,005	394,462
1997	137,032	1.001	137,103	3,674	503,725
1998	147,179	1.001	147,304	4,694	691,500
1999	148,262	1.001	148,401	5,002	742,239
2000	160,403	1.001	160,578	5,990	961,807
2001	184,950	1.001	185,220	7,311	1,354,158
2002	192,424	1.002	192,768	7,778	1,499,307
2003	182,564	1.002	182,910	8,224	1,504,237
2004	158,527	1.002	158,847	7,726	1,227,232
2005	139,542	1.002	139,821	7,488	1,046,942
2006	133,181	1.002	133,450	7,679	1,024,697
2007	130,213	1.002	130,478	8,299	1,082,849
2008	122,839	1.002	123,107	9,062	1,115,655
2009	113,580	1.002	113,856	9,942	1,131,954
2010	118,382	1.003	118,719	9,838	1,167,972
2011	120,877	1.003	121,251	9,695	1,175,534
2012	128,320	1.003	128,745	9,654	1,242,847
2013	136,504	1.004	137,034	9,420	1,290,823
2014	141,172	1.005	141,856	9,297	1,318,872
2015	145,187	1.005	145,978	9,069	1,323,870
2016	148,382	1.006	149,265	8,999	1,343,279
2017	149,070	1.006	150,037	8,903	1,335,717
2018	151,773	1.008	152,952	9,334	1,427,647
2019	154,923	1.010	156,443	9,523	1,489,780
2020	134,679	1.014	136,577	9,927	1,355,752
2021	147,738	1.022	150,975	9,567	1,444,390
2022	153,259	1.048	160,556	10,575	1,697,821
2023	127,194	1.295	164,734	11,917	1,963,103

Projected Based on 2022 and 2023:

	Ult. Ind. Counts ^[5]	Ult. ALAE per Ind. Counts ^[6]	Ultimate ALAE ^[7]
2024	158,659	11,103	1,761,630
2025	157,601	11,325	1,784,871
9/1/2025	156,808	11,363	1,781,767

(a) Projected ALAE Incurred (\$000):	1,781,767
(b) Average of Calendar Year 2022 and 2023 Earned Premium ^[8] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[9] :	0.752
(d) Weighted Premium Adjustment Factor for Earned Premium on Line (b) ^[10] :	0.934
(e) Projected Losses (\$000): (b) x (c) x (d)	10,879,843
(f) Ratio of ALAE to Losses Prior to Impact of SB 1160 and AB 1244: (a)/(e)	16.4%
(g) Impact of SB 1160 and AB 1244 ^[11]	-1.3%
(h) Projected Ratio of ALAE to Losses after Impact of SB 1160 and AB 1244: (f) x [1.0 + (g)]	16.2%

Notes:

- ^[1] All paid ALAE exclude the paid cost of medical cost containment programs.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Based on estimated ultimate ALAE per indemnity claim for private insurers from Exhibit 6.
- ^[4] AY2020 to AY2023 data excludes COVID-19 claims.
- ^[5] Estimated based on projected frequency trends for accident years 2023 to 2026. The 2023 frequency trend is the actual trend adjusted for class mix (see Agenda Item AC24-03-02, Exhibit 12), and 2024 to 2026 estimated frequency trends are based on the projected growth in intra-class indemnity claim frequency (see Agenda Item AC24-03-02, Exhibit 6.1). These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[6] Severities are projected by applying an annual growth rate of 2.0%, which is based on the approximate average of the private insurers' rates of growth in (i) estimated ultimate accident year ALAE severities from Exhibit 6 and (ii) paid ALAE per open indemnity claim from Exhibit 7, to the average of 2021, 2022 and 2023 ultimate ALAE severity.
- ^[7] Column(3) x Column(4) / 1,000.
- ^[8] Based on the reported earned premium for calendar year 2022 and 2023 from the same group of insurers that reported the paid ALAE in column (1) and the indemnity claim counts in column (3) by accident year as of December 31, 2023. Premium excludes COVID-19 premium charges to be consistent with the reported indemnity claim counts in column (1).
- ^[9] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[10] See Exhibit 5.2 of Agenda item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.
- ^[11] Based on the WCIRB's most recent evaluation of SB 1160 and AB 1244 reflecting a 70% reduction in lien filings, offset by 88% to reflect the impact of the reforms in the emerging ALAE data.

Average Paid MCCP per Reported Indemnity Claim - Statewide
As of December 31, 2023

Accident Year	Evaluated as of (in months):							
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>
2013	657	1,282	1,638	1,821	1,962	2,080	2,103	2,143
2014	631	1,223	1,576	1,786	1,938	1,979	2,040	2,080
2015	617	1,209	1,538	1,751	1,823	1,888	1,942	1,989
2016	592	1,152	1,454	1,583	1,679	1,758	1,816	1,849
2017	585	1,126	1,390	1,558	1,671	1,751	1,799	
2018	639	1,141	1,414	1,599	1,720	1,801		
2019	588	1,104	1,416	1,611	1,731			
2020	558	1,084	1,383	1,569				
2021	544	1,043	1,356					
2022	519	1,005						
2023	546							

Accident Year	Annual Change							
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>
2014	-4.0%	-4.6%	-3.8%	-1.9%	-1.2%	-4.9%	-3.0%	-2.9%
2015	-2.3%	-1.2%	-2.4%	-2.0%	-5.9%	-4.6%	-4.8%	-4.4%
2016	-4.1%	-4.7%	-5.4%	-9.6%	-7.9%	-6.9%	-6.5%	-7.0%
2017	-1.1%	-2.3%	-4.4%	-1.6%	-0.5%	-0.4%	-0.9%	
2018	9.2%	1.4%	1.8%	2.6%	3.0%	2.9%		
2019	-8.0%	-3.3%	0.1%	0.8%	0.6%			
2020	-5.1%	-1.8%	-2.3%	-2.6%				
2021	-2.5%	-3.8%	-2.0%					
2022	-4.6%	-3.6%						
2023	5.3%							

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Estimated Ultimate MCCP per Indemnity Claim - Statewide
Based on Latest Year Paid MCCP Development

Accident Year	Paid MCCP @12/31/23 (in \$000)	Cumulative Development Factors ^[1]	Estimated Ultimate MCCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/23 (4)	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate MCCP per Indemnity Claim (7)=(3)/(6) x 1000	Annual change
2012	312,449	1.197	373,885	128,320	1.003	128,762	2,904	---
2013	303,957	1.209	367,462	136,504	1.004	137,053	2,681	-7.7%
2014	303,680	1.222	371,140	141,172	1.005	141,876	2,616	-2.4%
2015	292,455	1.240	362,544	145,187	1.006	145,998	2,483	-5.1%
2016	274,413	1.259	345,352	148,382	1.006	149,285	2,313	-6.8%
2017	268,149	1.286	344,734	149,070	1.007	150,057	2,297	-0.7%
2018	273,392	1.324	361,880	151,773	1.008	152,973	2,366	3.0%
2019	268,197	1.389	372,560	154,923	1.010	156,465	2,381	0.7%
2020	211,312	1.499	316,804	134,679	1.014	136,596	2,319	-2.6%
2021	200,357	1.712	343,092	147,738	1.022	150,996	2,272	-2.0%
2022	154,273	2.281	351,829	153,259	1.048	160,579	2,191	-3.6%
2023	69,337	5.469	379,172	127,194	1.295	164,757	2,301	5.0%

Estimated Annual Exponential Trend Based on:

2012 to 2023	-1.9%
2019 to 2023	-1.2%

Notes:

^[1] Based on latest year paid MCCP development through 144 months from Exhibit 15.2. 144-to-ultimate is based on selected paid medical development factors from Exhibit 2.6 of Agenda Item AC24-03-02.

^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Paid MCCP per Indemnity Claims Inventory^[1] by Calendar Year - Statewide

Calendar Year	Paid MCCP per Indemnity Claim Adjusted to Remove IMR/IBR Fees	Year-to-Year Change
2008	\$848	---
2009	\$808	-4.7%
2010	\$872	7.9%
2011	\$914	4.8%
2012	\$942	3.0%
2013	\$984	4.5%
2014	\$964	-2.1%
2015	\$1,034	7.3%
2016	\$1,032	-0.2%
2017	\$944	-8.6%
2018	\$949	0.6%
2019	\$933	-1.7%
2020	\$880	-5.7%
2021	\$867	-1.5%
2022	\$844	-2.6%

Estimated Annual Exponential Trend Based on:

2012-2022	-1.5%
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^[1] Indemnity claims inventory is the sum of indemnity claims open as of January 1 of Year N and newly-reported indemnity claims between January 1 of Year N and December 31 of Year N.

Source: WCIRB expense calls, aggregate indemnity and medical cost calls, and quarterly calls for experience, excluding COVID-19 claims.

Paid M CCP Development Factors - Statewide
Quarterly Development

Age in Months	Accident Year											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3 - 6	5.599	5.796	6.047	5.652	6.118	5.561	5.864	5.288	---	5.867	6.090	5.436
6 - 9	2.356	2.432	2.402	2.457	2.407	2.395	2.335	2.354	---	2.169	2.378	2.453
9 - 12	1.763	1.773	1.771	1.742	1.725	1.776	1.825	1.780	---	1.755	1.749	1.760
12 - 15	1.476	1.412	1.456	1.468	1.480	1.444	1.420	1.419	1.439	1.414	1.422	
15 - 18	1.277	1.253	1.299	1.282	1.244	1.254	1.242	1.239	1.265	1.261	1.251	
18 - 21	1.171	1.157	1.194	1.177	1.170	1.155	1.148	1.165	1.154	1.171	1.186	
21 - 24	1.128	1.121	1.128	1.120	1.125	1.122	1.117	1.121	1.121	1.125	1.137	
24 - 27	1.083	1.099	1.096	1.096	1.086	1.091	1.084	1.096	1.090	1.097		
27 - 30	1.077	1.081	1.073	1.073	1.076	1.071	1.065	1.082	1.076	1.078		
30 - 33	1.051	1.068	1.045	1.062	1.054	1.057	1.054	1.058	1.063	1.062		
33 - 36	1.045	1.054	1.036	1.047	1.053	1.052	1.042	1.047	1.048	1.060		
36 - 39	1.047	1.053	1.033	1.040	1.036	1.045	1.043	1.043	1.043			
39 - 42	1.036	1.043	1.026	1.039	1.032	1.030	1.034	1.038	1.033			
42 - 45	1.036	1.035	1.025	1.029	1.028	1.025	1.027	1.034	1.031			
45 - 48	1.031	1.027	1.019	1.028	1.026	1.023	1.026	1.024	1.028			
48 - 51	1.031	1.023	1.025	1.019	1.020	1.025	1.021	1.024				
51 - 54	1.025	1.023	1.025	1.020	1.016	1.019	1.019	1.019				
54 - 57	1.022	1.019	1.018	1.015	1.014	1.015	1.021	1.018				
57 - 60	1.017	1.016	1.016	1.014	1.013	1.014	1.014	1.016				
60 - 63	1.015	1.015	1.012	1.011	1.013	1.013	1.015					
63 - 66	1.016	1.016	1.013	1.010	1.012	1.013	1.012					
66 - 69	1.014	1.012	1.011	1.009	1.010	1.013	1.011					
69 - 72	1.011	1.012	1.009	1.007	1.013	1.008	1.010					
72 - 75	1.009	1.010	1.009	0.984	1.008	1.009						
75 - 78	1.010	1.009	1.007	1.009	1.008	1.008						
78 - 81	1.007	1.006	1.010	1.007	1.011	1.007						
81 - 84	1.009	1.006	1.005	1.005	1.003	1.006						
84 - 87	1.008	1.006	1.003	1.007	1.007							
87 - 90	1.006	1.005	1.005	1.006	1.006							
90 - 93	1.004	1.005	1.005	1.007	1.005							
93 - 96	1.005	1.004	1.004	1.003	1.004							

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Paid MCCP Development Factors - Statewide
Annual Development

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	
2012	2.491	1.281	1.160	1.097	1.055	1.036	1.023	1.015	1.012	1.012	1.010	
2013	2.292	1.341	1.168	1.082	1.055	1.031	1.020	1.015	1.013	1.011		
2014	2.446	1.364	1.144	1.084	1.043	1.031	1.020	1.020	1.014			
2015	2.476	1.306	1.143	1.069	1.038	1.029	1.022	1.015				
2016	2.423	1.294	1.128	1.064	1.048	1.031	1.022					
2017	2.336	1.300	1.129	1.076	1.048	1.030						
2018	2.262	1.268	1.137	1.077	1.049							
2019	2.295	1.317	1.146	1.079								
2020	2.366	1.306	1.142									
2021	2.347	1.332										
2022	2.398											
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-Ult^[1]</u>
Latest Year	2.398	1.332	1.142	1.079	1.049	1.030	1.022	1.015	1.014	1.011	1.010	
Age-to-Ult	5.469	2.281	1.712	1.499	1.389	1.324	1.286	1.259	1.240	1.222	1.209	1.197
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-120</u>	<u>120-132</u>	<u>132-144</u>	<u>144-Ult^[1]</u>
3-Yr Average	2.370	1.318	1.142	1.077	1.048	1.030	1.021	1.017	1.013	1.012	1.010	
Age-to-Ult	5.337	2.252	1.708	1.496	1.389	1.325	1.286	1.260	1.239	1.223	1.209	1.197

Note: ^[1] 144-to-Ult. is based on selected paid medical 144-to-ultimate development factor on Exhibit 3.2 of Agenda Item AC24-03-02.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Projected Ratio of M CCP to Losses - Statewide

Projected Ultimate M CCP per Indemnity Claim based on Latest Year Paid M CCP Development
Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Year	Paid M CCP @12/31/23 (in \$000) (1)	Cumulative Development Factors ^[1] (2)	Estimated Ultimate M CCP (3)=(1)x(2) (4)	Indemnity Claim Counts @12/31/23 (5)	Cumulative Count Development Factors ^[2] (6)=(4)x(5) (7)=(3)/(6) x 1000	Estimated Ultimate M CCP per Indemnity Claim (8)
2012	312,449	1.197	373,885	128,320	1.003	2,904
2013	303,957	1.209	367,462	136,504	1.004	2,681
2014	303,680	1.222	371,140	141,172	1.005	2,616
2015	292,455	1.240	362,544	145,187	1.006	2,483
2016	274,413	1.259	345,352	148,382	1.006	2,313
2017	268,149	1.286	344,734	149,070	1.007	2,297
2018	273,392	1.324	361,880	151,773	1.008	2,366
2019	268,197	1.389	372,560	154,923	1.010	2,381
2020	211,312	1.499	316,804	134,679	1.014	2,319
2021	200,357	1.712	343,092	147,738	1.022	2,272
2022	154,273	2.281	351,829	153,259	1.048	2,191
2023	69,337	5.469	379,172	127,194	1.295	2,301

Projected Based on 2-Year Average of 2022 and 2023:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2024	348,516	158,681	2,196
2025	340,998	157,622	2,163
9/1/2025	338,429	156,830	2,158
(a) Projected M CCP (\$000):			338,429
(b) Calendar Year 2022 and 2023 Earned Premium ^[6] (\$000):			15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[7] :			0.752
(d) Premium Adjustment Factor for Calendar Year 2022 and 2023 ^[8] :			0.934
(e) Projected Losses (\$000): (b) x (c) x (d)			10,879,843
(f) Projected Ratio of M CCP to Losses: (a)/(e)			3.1%

Notes:

- ^[1] Based on latest year paid M CCP development through 144 months from Exhibit 16.2. 144-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC24-03-02.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Estimated based on projected frequency trends for accident years 2023 to 2026. Frequency trends for 2023 is the actual "intra-class" changes from Agenda item AC24-03-02, Exhibit 12. Frequency trends for accident years 2024 through 2026 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Agenda Item AC24-03-02. These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[4] Severity is projected by applying an annual growth rate of -1.5% based on the average of the longer-term average rates of growth in ultimate M CCP per indemnity claim from Exhibit 14 and calendar year M CCP paid per open claim from Exhibit 15 to the ultimate M CCP severity estimated from averaging 2022 and 2023.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2022 and 2023 excluding COVID-19 premium charges from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2023.
- ^[7] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[8] See Exhibit 5.2 of Agenda Item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Projected Ratio of M CCP to Losses - Statewide

Projected Ultimate M CCP per Indemnity Claim based on 3-Year Average Year Paid M CCP Development
Trend Applied to 2022 and 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Year	Paid M CCP @12/31/23 (in \$000)	Cumulative Development Factors ^[1]	Estimated Ultimate M CCP (3)=(1)x(2)	Indemnity Claim Counts @12/31/23 (4)	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts (6)=(4)x(5)	Estimated Ultimate M CCP per Indemnity Claim (7)=(3)/(6) x 1000
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	312,449	1.209	377,728	128,320	1.003	128,762	2,934
2013	303,957	1.209	367,462	136,504	1.004	137,053	2,681
2014	303,680	1.223	371,360	141,172	1.005	141,876	2,618
2015	292,455	1.239	362,350	145,187	1.006	145,998	2,482
2016	274,413	1.260	345,722	148,382	1.006	149,285	2,316
2017	268,149	1.286	344,945	149,070	1.007	150,057	2,299
2018	273,392	1.325	362,122	151,773	1.008	152,973	2,367
2019	268,197	1.389	372,446	154,923	1.010	156,465	2,380
2020	211,312	1.496	316,165	134,679	1.014	136,596	2,315
2021	200,357	1.708	342,204	147,738	1.022	150,996	2,266
2022	154,273	2.252	347,364	153,259	1.048	160,579	2,163
2023	69,337	5.337	370,025	127,194	1.295	164,757	2,246

Projected Based on 2-Year Average of 2022 and 2023:

	Ultimate M CCP ^[5]	Ult. Ind. Counts ^[3]	Ult. M CCP per Ind. Counts ^[4]
2024	342,037	158,681	2,155
2025	334,658	157,622	2,123
9/1/2025	332,138	156,830	2,118

(a) Projected M CCP (\$000):	332,138
(b) Average of Calendar Years 2022 and 2023 Earned Premium ^[6] (\$000):	15,493,908
(c) Projected Loss to Advisory Pure Premium Ratio ^[7] :	0.752
(d) Premium Adjustment Factor ^[8] :	0.934
(e) Projected Losses (\$000): (b) x (c) x (d)	10,879,843
(f) Projected Ratio of M CCP to Losses: (a)/(e)	3.1%

Notes:

- ^[1] Based on 3-year average paid M CCP development through 144 months from Exhibit 16.2. 144-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC24-03-02.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Estimated based on projected frequency trends for accident years 2023 to 2026. Frequency trends for 2023 is the actual "intra-class" changes from Agenda item AC24-03-02, Exhibit 12. Frequency trends for accident years 2024 through 2026 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Agenda Item AC24-03-02. These frequency trends were then applied to the accident year 2022 and 2023 ultimate indemnity claim counts.
- ^[4] Severity is projected by applying an annual growth rate of -1.5% based on the average of the longer-term average rates of growth in ultimate M CCP per indemnity claim from Exhibit 14 and calendar year M CCP paid per open claim from Exhibit 15 to the ultimate M CCP severity estimated from averaging 2022 and 2023.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2022 and 2023 excluding COVID-19 premium charges from the same group of insurers that reported the paid M CCP in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2023.
- ^[7] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[8] See Exhibit 5.2 of Agenda Item AC24-03-02. Based on a weighting of calendar years 2022 and 2023.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Projected Ratio of MCCP to Losses - Statewide

Projected Ultimate MCCP per Indemnity Claim based on Latest Year Paid MCCP Development
Trend Applied to 2023
for Policies with Effective Dates between September 1, 2024 and August 31, 2025

Accident Year	Paid MCCP @12/31/23 (in \$000)	Cumulative Development Factors ^[1]	Estimated Ultimate MCCP	Indemnity Claim Counts @12/31/23	Cumulative Count Development Factors ^[2]	Estimated Ultimate Ind. Counts	Estimated Ultimate MCCP per Indemnity Claim
	(1)	(2)	(3)=(1)x(2)	(4)	(5)	(6)=(4)x(5)	(7)=(3)/(6) x 1000
2012	312,449	1.197	373,885	128,320	1.003	128,762	2,904
2013	303,957	1.209	367,462	136,504	1.004	137,053	2,681
2014	303,680	1.222	371,140	141,172	1.005	141,876	2,616
2015	292,455	1.240	362,544	145,187	1.006	145,998	2,483
2016	274,413	1.259	345,352	148,382	1.006	149,285	2,313
2017	268,149	1.286	344,734	149,070	1.007	150,057	2,297
2018	273,392	1.324	361,880	151,773	1.008	152,973	2,366
2019	268,197	1.389	372,560	154,923	1.010	156,465	2,381
2020	211,312	1.499	316,804	134,679	1.014	136,596	2,319
2021	200,357	1.712	343,092	147,738	1.022	150,996	2,272
2022	154,273	2.281	351,829	153,259	1.048	160,579	2,191
2023	69,337	5.469	379,172	127,194	1.295	164,757	2,301

Projected Based on 2023:

	Ultimate MCCP ^[5]	Ult. Ind. Counts ^[3]	Ult. MCCP per Ind. Counts ^[4]
2024	364,285	160,698	2,267
2025	356,426	159,626	2,233
9/1/2025	353,742	158,823	2,227

(a) Projected MCCP (\$000):	353,742
(b) Calendar Year 2023 Earned Premium ^[6] (\$000):	15,679,229
(c) Projected Loss to Advisory Pure Premium Ratio ^[7] :	0.752
(d) Premium Adjustment Factor for Calendar Year 2023 ^[8] :	0.951
(e) Projected Losses (\$000): (b) x (c) x (d)	11,213,809
(f) Projected Ratio of MCCP to Losses: (a)/(e)	3.2%

Notes:

- ^[1] Based on latest year paid MCCP development through 144 months from Exhibit 16.2. 144-to-ultimate development factor is based on selected paid medical development factors from Exhibit 3.2 of Agenda Item AC24-03-02.
- ^[2] Based on the latest year indemnity claim count age-to-age development from Exhibit 8.3.
- ^[3] Estimated based on projected frequency trends for accident years 2023 to 2026. Frequency trends for accident years 2024 through 2026 are based on the projected growth in intra-class indemnity claim frequency from Exhibit 6.1 of Agenda Item AC24-03-02. These frequency trends were then applied to the accident year 2023 ultimate indemnity claim counts.
- ^[4] Severity is projected by applying an annual growth rate of -1.5% based on the average of the longer-term average rates of growth in ultimate MCCP per indemnity claim from Exhibit 14 and calendar year MCCP paid per open claim from Exhibit 15 to the 2023 ultimate MCCP severity.
- ^[5] Column(6) x Column(7) / 1,000.
- ^[6] Based on the reported earned premium for calendar year 2023 from the same group of insurers that reported the paid MCCP in column (1) and the indemnity claim counts in column (4) by accident year as of December 31, 2023.
- ^[7] See Exhibit 8 of Agenda Item AC24-03-02.
- ^[8] See Exhibit 5.2 of Agenda Item AC24-03-02.

Source: WCIRB quarterly calls for experience, excluding COVID-19 claims.

Item AC24-04-02

9/1/2024 Filing – Review of Alternative Loss Projection Methodologies

For several years, the WCIRB has included alternative loss development and trending methodology projections in its pure premium rate filing submissions.

Loss Development Methodologies

The loss development projections based on the methodology reflected in the summary analysis of December 31, 2023 experience, included in Item AC24-03-02, includes a combination of latest year reform-adjusted¹ paid loss development factors through 108 months and three-year average reform-adjusted paid loss development factors after 108 months with adjustments for the impact of long-term changes in claim settlement rates on the loss development tail. Included for the Committee's review are several alternative loss development projections based on methodologies that have been included, for informational purposes, in prior pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on December 31, 2023 experience, derived using the following loss development methodologies and the trending methodology reflected in the analysis included in Item AC24-03-02 are included:²

1. Three-Year Average Unadjusted Incurred Loss Development – Exhibits 1.1 through 1.3
2. Latest Year Unadjusted Incurred Loss Development – Exhibits 2.1 through 2.3
3. Latest Year Hybrid Incurred Development with Paid Development Tail³ – Exhibits 3.1 through 3.3
4. Three-Year Average Incurred Loss Development Adjusted for Changes in Case Reserve Levels – Exhibits 4.1 through 4.11
5. Three-Year Average Unadjusted Paid Loss Development – Exhibits 5.1 through 5.3
6. Latest Year Unadjusted Paid Loss Development – Exhibits 6.1 through 6.3
7. Latest Year Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 7.1 through 7.15
8. Three-Year Average Paid Loss Development Adjusted for Changes in Claim Settlement Rates and Reforms – Exhibits 8.1 through 8.3

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2024 and August 31, 2025 based on the alternative loss development methodologies described above is shown in Table 1.

¹ These include adjustments for the decreases in pharmaceutical costs through 2018 and adjustments for the changes to medical fee schedules in 2021.

² All paid loss development methodologies reflect three-year average loss development factors applied after 108 months and adjustments for the acceleration in claim settlement rates on the loss development tail. All incurred loss development methodologies reflect six-year average incurred loss development factors applied after 108 months.

³ Hybrid of the latest year unadjusted incurred development method through 120 months and the latest year reform-adjusted paid development method after 120 months. See Item AC22-12-05 of the December 5, 2023 Actuarial Committee Agenda for more information.

Table 1: Projected Loss Ratios Based on Alternative Loss Development Methodologies

Loss Development Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
April 11, 2024 Agenda Methodology			
Latest Year Paid Adjusted for Reforms	0.359	0.393	0.752
Alternative Methodologies			
<u>Incurred Methodologies</u>			
Three-Year Average (Unadjusted)	0.330	0.323	0.653
Latest Year (Unadjusted)	0.345	0.344	0.689
Latest Year Hybrid with Reform-Adjusted Paid After 120 Months	0.351	0.396	0.747
Three-Year Average Adjusted for Changes in Case Reserve Levels	0.356	0.360	0.716
<u>Paid Methodologies</u>			
Three-Year Average (Unadjusted)	0.355	0.376	0.731
Latest Year (Unadjusted)	0.359	0.393	0.752
Latest Year Adjusted for Changes in Claim Settlement Rates and Reforms	0.363	0.395	0.758
Three-Year Average Adjusted for Changes in Claim Settlement Rates and Reforms	0.360	0.377	0.737

Trending Methodologies

The trending projections reflected in the summary analysis of December 31, 2023 experience, included in Item AC24-03-02, are based on separate projections of claim frequency and claim severity growth applied to the 2022 and 2023 on-level loss ratios. The claim frequency growth estimates are based on the preliminary actual 12-month frequency change for accident year 2023 and the WCIRB's indemnity claim frequency model projections for accident years 2024 through 2026. The average annual severity growth estimates are 1.0% for indemnity and 1.5% for medical, which are based on a review of short-term and long-term growth in claim severities.

Attached for the Committee's review are several alternative trending projections based on methodologies that have been included, for informational purposes, in prior advisory pure premium rate filing materials or have been discussed at prior meetings. Specifically, alternative loss ratio projections, based on December 31, 2023 experience, derived using the loss development methodologies reflected in the analysis included in Item AC24-03-02 and the following trending methodologies have been included:⁴

1. Separate Projections of Frequency and Severity Growth Applied to the Latest Year (2023) – Exhibits 9.1 and 9.2
2. Separate Projections of Frequency and the Long-Term (1990 to 2023) Average Annual Severity Growth Applied to 2022 and 2023 – Exhibits 10.1 and 10.2

⁴ All frequency and severity projections are based on those included in Item AC24-03-02 and described above unless otherwise specified.

3. Separate Projections of Frequency and the Short-Term (2019 to 2023) Average Annual Severity Growth Applied to 2022 and 2023 – Exhibits 11.1 and 11.2
4. Long-Term (1990 to 2023) On-Level Loss Ratio Exponential Trend Applied to 2022 and 2023 – Exhibits 12.1 and 12.2
5. Short-Term (2019 to 2023) On-Level Loss Ratio Exponential Trend Applied to 2022 and 2023 – Exhibits 13.1 and 13.2

A summary of the preliminary loss ratios projected for policies incepting between September 1, 2024 to August 31, 2025 based on the alternative trending methodologies is shown in Table 2.

Table 2: Projected Loss Ratios Based on Alternative Trending Methodologies

Trending Methodologies	Indemnity Loss Ratio	Medical Loss Ratio	Total Loss Ratio
April 11, 2024 Agenda Methodology			
Separate Projections of Frequency and Severity (1.0% Indemnity; 2.0% Medical) Applied to 2022 and 2023	0.359	0.393	0.752
Alternative Methodologies			
Separate Projections of Frequency and Severity Applied to 2023	0.351	0.386	0.737
Separate Projections of Frequency and Long-Term (1990 to 2023) Severity Applied to 2022 and 2023	0.357	0.419	0.776
Separate Projections of Frequency and Short-Term (2019 to 2023) Severity Applied to 2022 and 2023	0.354	0.386	0.740
Long-Term (1990 to 2023) On-Level Loss Ratio Exponential Trend Applied to 2022 and 2023	0.356	0.421	0.777
Short-Term (2019 to 2023) On-Level Loss Ratio Exponential Trend Applied to 2022 and 2023	0.364	0.395	0.759

**Developed Loss Ratio Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2012	0.253	1.006	1.032	0.262	0.330	1.003	0.999	0.330	0.591
2013	0.212	1.005	1.038	0.220	0.262	1.002	1.002	0.262	0.483
2014	0.200	1.007	1.045	0.209	0.233	1.004	1.005	0.234	0.443
2015	0.194	1.009	1.054	0.205	0.218	1.006	1.011	0.220	0.425
2016	0.183	1.007	1.061	0.195	0.204	1.006	1.017	0.208	0.402
2017	0.187	1.010	1.072	0.201	0.211	1.007	1.024	0.216	0.417
2018	0.197	1.017	1.090	0.215	0.226	1.010	1.034	0.234	0.449
2019	0.226	1.027	1.120	0.253	0.249	1.023	1.058	0.264	0.517
2020	0.225	1.046	1.171	0.264	0.252	1.034	1.093	0.276	0.539
2021	0.233	1.098	1.286	0.300	0.267	1.067	1.167	0.312	0.611
2022	0.183	1.241	1.595	0.293	0.220	1.148	1.340	0.295	0.588
2023	0.095	1.888	3.011	0.286	0.147	1.472	1.972	0.291	0.576

- (a) Based on AC24-03-02, Exhibit 1.
(b) Based on AC24-03-02, Exhibit 2.1.
(c) Based on AC24-03-02, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.262	1.496	0.867	0.451
2013	0.220	1.463	0.758	0.425
2014	0.209	1.340	0.698	0.402
2015	0.205	1.320	0.667	0.405
2016	0.195	1.304	0.688	0.368
2017	0.201	1.270	0.721	0.353
2018	0.215	1.237	0.759	0.350
2019	0.253	1.204	0.843	0.361
2020	0.264	1.169	0.892	0.345
2021	0.300	1.126	0.928	0.364
2022	0.293	1.089	0.916	0.348
2023	0.286	1.064	0.951	0.319
				Projected (d)
2024				0.330
2025				0.332
9/1/2025				0.330

(a) See Exhibit 1.1.

(b) Based on AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Incurred Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.330	0.890	0.867	0.338
2013	0.262	0.980	0.758	0.340
2014	0.234	1.036	0.698	0.347
2015	0.220	1.063	0.667	0.351
2016	0.208	1.066	0.688	0.322
2017	0.216	1.067	0.721	0.320
2018	0.234	1.079	0.759	0.332
2019	0.264	1.069	0.843	0.334
2020	0.276	1.052	0.892	0.325
2021	0.312	1.052	0.928	0.353
2022	0.295	1.013	0.916	0.327
2023	0.291	1.011	0.951	0.309
				Projected (d)
2024				0.320
2025				0.324
9/1/2025				0.323

(a) See Exhibit 1.1.

(b) Based on AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Developed Loss Ratio Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2012	0.253	1.006	1.032	0.262	0.330	1.003	0.999	0.330	0.591
2013	0.212	1.005	1.038	0.220	0.262	1.002	1.002	0.262	0.483
2014	0.200	1.007	1.045	0.209	0.233	1.004	1.005	0.234	0.443
2015	0.194	1.009	1.054	0.205	0.218	1.006	1.011	0.220	0.425
2016	0.183	1.008	1.062	0.195	0.204	1.009	1.020	0.208	0.403
2017	0.187	1.011	1.074	0.201	0.211	1.005	1.025	0.216	0.418
2018	0.197	1.016	1.091	0.215	0.226	1.009	1.035	0.234	0.449
2019	0.226	1.028	1.122	0.253	0.249	1.029	1.065	0.265	0.519
2020	0.225	1.052	1.180	0.266	0.252	1.043	1.110	0.280	0.546
2021	0.233	1.110	1.310	0.305	0.267	1.084	1.204	0.321	0.627
2022	0.183	1.253	1.642	0.301	0.220	1.169	1.407	0.310	0.611
2023	0.095	1.940	3.185	0.302	0.147	1.511	2.126	0.314	0.616

- (a) Based on AC24-03-02, Exhibit 1.
(b) Based on AC24-03-02, Exhibit 2.1.
(c) Based on AC24-03-02, Exhibit 2.2.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.262	1.496	0.867	0.451
2013	0.220	1.463	0.758	0.425
2014	0.209	1.340	0.698	0.402
2015	0.205	1.320	0.667	0.405
2016	0.195	1.304	0.688	0.369
2017	0.201	1.270	0.721	0.354
2018	0.215	1.237	0.759	0.350
2019	0.253	1.204	0.843	0.362
2020	0.266	1.169	0.892	0.348
2021	0.305	1.126	0.928	0.370
2022	0.301	1.089	0.916	0.358
2023	0.302	1.064	0.951	0.338
				Projected (d)
2024				0.345
2025				0.346
9/1/2025				0.345

(a) See Exhibit 2.1.

(b) Based on AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted Latest Year Incurred Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.330	0.890	0.867	0.338
2013	0.262	0.980	0.758	0.340
2014	0.234	1.036	0.698	0.347
2015	0.220	1.063	0.667	0.351
2016	0.208	1.066	0.688	0.323
2017	0.216	1.067	0.721	0.320
2018	0.234	1.079	0.759	0.333
2019	0.265	1.069	0.843	0.337
2020	0.280	1.052	0.892	0.330
2021	0.321	1.052	0.928	0.364
2022	0.310	1.013	0.916	0.343
2023	0.314	1.011	0.951	0.333
				Projected (d)
2024				0.340
2025				0.344
9/1/2025				0.344

(a) See Exhibit 2.1.

(b) Based on AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Developed Loss Ratio Latest Year Hybrid Incurred Development with Paid Development After 120 Months
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Incurred or Paid	Development	Development	Loss Ratio	Incurred or Paid	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2012	0.244	1.011	1.081	0.264	0.297	1.011	1.197	0.355	0.619
2013	0.205	1.011	1.093	0.224	0.247	1.013	1.212	0.300	0.523
2014	0.192	1.014	1.108	0.213	0.222	1.015	1.230	0.273	0.486
2015	0.194	1.009	1.073	0.208	0.218	1.006	1.164	0.253	0.462
2016	0.183	1.008	1.081	0.198	0.204	1.009	1.174	0.240	0.438
2017	0.187	1.011	1.093	0.205	0.211	1.005	1.180	0.249	0.454
2018	0.197	1.016	1.111	0.219	0.226	1.009	1.191	0.270	0.489
2019	0.226	1.028	1.142	0.258	0.249	1.029	1.225	0.306	0.564
2020	0.225	1.052	1.201	0.270	0.252	1.043	1.278	0.322	0.593
2021	0.233	1.110	1.333	0.311	0.267	1.084	1.385	0.370	0.681
2022	0.183	1.253	1.671	0.306	0.220	1.169	1.619	0.357	0.663
2023	0.095	1.940	3.241	0.307	0.147	1.511	2.447	0.361	0.668

- (a) Based on AC24-03-02, Exhibit 1. Paid loss ratios are shown for accident years 2014 and prior while incurred loss ratios are shown for accident years 2015 and subsequent.
- (b) Based on AC24-03-02, Exhibit 2.1 through 120 months and AC24-03-02, Exhibit 2.5 after 120 months. Incurred development is converted to paid development at 120 months by using a three-year average of the reported ratio of paid indemnity losses to incurred indemnity losses at 120 months.
- (c) Based on AC24-03-02, Exhibit 2.2 through 120 months and AC24-03-02, Exhibit 2.6 after 120 months. Incurred development is converted to paid development at 120 months by using a three-year average of the reported ratio of paid medical losses to incurred medical losses at 120 months.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Latest Year Hybrid Incurred Development with Paid Development After 120 Months
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.205	1.270	0.721	0.360
2018	0.219	1.237	0.759	0.357
2019	0.258	1.204	0.843	0.368
2020	0.270	1.169	0.892	0.354
2021	0.311	1.126	0.928	0.377
2022	0.306	1.089	0.916	0.364
2023	0.307	1.064	0.951	0.344
				Projected (d)
2024				0.351
2025				0.352
9/1/2025				0.351

- (a) See Exhibit 3.1.
- (b) Based on AC24-03-02, Exhibit 4.1.
- (c) See AC24-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Latest Year Hybrid Incurred Development with Paid Development After 120 Months
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.377
2013	0.300	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.253	1.023	0.667	0.389
2016	0.240	1.027	0.688	0.358
2017	0.249	1.030	0.721	0.356
2018	0.270	1.031	0.759	0.366
2019	0.306	1.027	0.843	0.372
2020	0.322	1.023	0.892	0.370
2021	0.370	1.021	0.928	0.407
2022	0.357	1.013	0.916	0.395
2023	0.361	1.011	0.951	0.384
				Projected (d)
2024				0.391
2025				0.396
9/1/2025				0.396

- (a) See Exhibit 3.1.
- (b) Based on AC24-03-02, Exhibit 4.4.
- (c) See AC24-03-02, Exhibit 5.2.
- (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

A. Indemnity Case Reserves Per Open Claim

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													34,575
2007												34,776	41,963
2008											35,161	39,185	44,543
2009										31,504	35,810	39,956	43,419
2010									27,223	31,315	35,170	36,944	35,644
2011								25,446	28,455	32,072	33,116	35,979	39,463
2012							24,011	27,847	32,521	35,434	37,953	39,348	
2013						19,546	23,238	26,407	28,252	30,751	32,537		
2014					19,852	22,088	24,958	28,010	29,808	32,017			
2015				18,835	21,475	24,259	26,417	28,689	31,217				
2016			16,645	19,482	22,240	24,692	26,947	29,162					
2017		14,947	18,703	21,540	23,853	26,940	29,506						
2018	9,931	15,842	19,376	21,547	24,595	26,979							
2019	10,359	16,090	18,909	22,027	24,983								
2020	10,930	15,731	18,905	21,802									
2021	10,039	15,919	19,326										
2022	10,331	16,176											
2023	10,230												

B. Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													18,146
2007												19,221	19,694
2008											20,640	21,167	21,639
2009										21,212	21,897	22,324	22,720
2010									20,489	21,172	21,645	22,120	22,470
2011								19,545	20,376	20,933	21,375	21,686	21,929
2012							18,343	19,357	20,035	20,522	20,890	21,296	
2013						17,104	18,224	19,047	19,588	20,023	20,295		
2014					16,337	17,931	19,003	19,770	20,364	20,828			
2015				14,496	16,893	18,274	19,267	19,997	20,628				
2016			11,038	14,481	16,449	17,824	18,853	19,676					
2017		6,648	11,144	14,345	16,462	17,861	18,936						
2018	2,875	7,039	11,390	14,635	16,866	18,489							
2019	3,160	7,062	11,451	15,386	17,984								
2020	3,309	7,670	12,539	16,545									
2021	3,174	7,274	11,994										
2022	3,499	8,007											
2023	3,890												

C. Annual Change of Average Paid Indemnity per Closed Claim

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2006													
2007													8.5%
2008												10.1%	9.9%
2009											6.1%	5.5%	5.0%
2010										-0.2%	-1.1%	-0.9%	-1.1%
2011									-0.6%	-1.1%	-1.2%	-2.0%	-2.4%
2012								-1.0%	-1.7%	-2.0%	-2.3%	-1.8%	
2013							-0.6%	-1.6%	-2.2%	-2.4%	-2.8%		
2014						4.8%	4.3%	3.8%	4.0%	4.0%			
2015					3.4%	1.9%	1.4%	1.2%	1.3%				
2016				-0.1%	-2.6%	-2.5%	-2.2%	-1.6%					
2017			1.0%	-0.9%	0.1%	0.2%	0.4%						
2018		5.9%	2.2%	2.0%	2.5%	3.5%							
2019	9.9%	0.3%	0.5%	5.1%	6.6%								
2020	4.7%	8.6%	9.5%	7.5%									
2021	-4.1%	-5.2%	-4.3%										
2022	10.3%	10.1%											
2023	11.2%												

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

D. Indemnity Case Reserves per Open Claim Adjusted by Paid Indemnity Severity Trend (a)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													32,656
2007												35,514	35,441
2008											33,091	39,110	38,941
2009										32,607	35,105	41,248	40,886
2010									31,007	32,547	34,701	40,872	40,437
2011								28,969	30,836	32,178	34,269	40,069	39,463
2012							28,583	28,689	30,320	31,548	33,491	39,348	
2013						24,958	28,397	28,231	29,644	30,780	32,537		
2014					22,694	26,165	29,612	29,302	30,817	32,017			
2015				19,102	23,467	26,665	30,023	29,639	31,217				
2016			17,786	19,083	22,851	26,009	29,377	29,162					
2017		13,431	17,958	18,904	22,868	26,063	29,506						
2018	7,561	14,222	18,353	19,285	23,430	26,979							
2019	8,310	14,267	18,452	20,275	24,983								
2020	8,703	15,497	20,204	21,802									
2021	8,346	14,696	19,326										
2022	9,202	16,176											
2023	10,230												

E. Indemnity Open Claim Counts

Accident Year	Evaluated as of (in months)												
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>
2005													
2006													3,874
2007												4,243	3,360
2008											4,695	3,716	2,990
2009										5,369	4,066	3,270	2,725
2010									6,240	4,670	3,634	2,908	2,431
2011								7,539	5,497	4,255	3,426	2,768	2,362
2012							10,017	7,025	5,304	4,156	3,401	2,791	
2013						13,662	9,175	6,599	4,995	3,910	3,261		
2014					19,377	12,999	9,134	6,618	5,047	4,027			
2015				28,129	17,699	12,560	8,982	6,483	5,005				
2016			42,680	25,929	17,512	12,349	8,741	6,477					
2017		63,082	39,619	25,915	17,459	12,188	8,831						
2018	82,505	64,190	43,051	28,212	18,622	12,957							
2019	84,109	68,553	47,366	30,516	20,488								
2020	74,707	61,153	41,533	27,586									
2021	80,848	64,024	44,377										
2022	84,257	68,430											
2023	86,390												

F. Total Indemnity Case Reserves Adjusted by Paid Indemnity Severity Trend (in \$000) (b)

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													126,508
2007												150,687	119,083
2008											155,361	145,334	116,433
2009										175,070	142,737	134,882	111,415
2010									193,472	151,979	126,105	118,855	98,302
2011								218,402	169,496	136,919	117,405	110,910	93,212
2012							286,306	201,536	160,817	131,112	113,903	109,821	
2013						340,981	260,554	186,293	148,069	120,350	106,105		
2014					439,746	340,107	270,472	193,918	155,533	128,932			
2015				537,336	415,344	334,910	269,665	192,147	156,240				
2016			759,124	494,791	400,161	321,188	256,783	188,883					
2017		847,258	711,459	489,890	399,257	317,659	260,569						
2018	623,825	912,881	790,122	544,070	436,320	349,569							
2019	698,928	978,057	874,007	618,709	511,845								
2020	650,138	947,674	839,151	601,435									
2021	674,771	940,888	857,645										
2022	775,323	1,106,948											
2023	883,736												

- (a) Latest evaluation of each accident year is unadjusted. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average indemnity case reserves by a different annual change applied at each individual accident year and maturity based on the change in paid losses per closed claim for that age and maturity (Item C)
- (b) Each amount is derived as the product of the indemnity open claim counts (Item E) and the adjusted average indemnity case reserves per open claim (Item D).

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

G. Paid Indemnity Loss on All Claims

[illegible][illegible]

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												1.001
2008											1.010	1.000
2009										1.006	1.008	1.004
2010									1.005	1.003	1.009	1.004
2011								1.006	1.004	1.008	1.007	1.001
2012							1.001	1.007	1.006	1.007	1.011	
2013						1.011	1.000	1.005	1.004	1.006		
2014					1.028	1.012	1.000	1.005	1.007			
2015				1.057	1.025	1.017	1.000	1.006				
2016			1.072	1.054	1.027	1.018	1.005					
2017		1.282	1.075	1.061	1.030	1.020						
2018	2.151	1.264	1.077	1.058	1.035							
2019	2.072	1.286	1.090	1.068								
2020	2.075	1.269	1.089									
2021	2.062	1.293										
2022	2.081											
Latest Year	2.081	1.293	1.089	1.068	1.035	1.020	1.005	1.006	1.007	1.006	1.011	1.001
Yr Average	2.073	1.283	1.085	1.062	1.031	1.018	1.002	1.005	1.006	1.007	1.009	1.003

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Indemnity Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

J. Indemnity Incurred Loss Development Factors (d)

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												1.010
2008											1.007	1.006
2009										1.010	1.005	1.008
2010									1.012	1.006	1.004	1.004
2011								1.011	1.008	1.007	1.005	1.005
2012							1.015	1.013	1.007	1.007	1.005	
2013						1.021	1.013	1.007	1.006	1.006		
2014					1.029	1.016	1.011	1.006	1.009			
2015				1.047	1.027	1.017	1.008	1.008				
2016			1.095	1.046	1.026	1.017	1.011					
2017		1.241	1.088	1.043	1.028	1.016						
2018	1.901	1.228	1.083	1.043	1.028							
2019	1.900	1.231	1.100	1.052								
2020	1.815	1.238	1.110									
2021	1.908	1.253										
2022	1.944											

K. Impact of Adjustments to Common Case Reserve Level (e)

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												-0.87%
2008											0.32%	-0.56%
2009										-0.31%	0.25%	-0.39%
2010									-0.64%	-0.26%	0.46%	0.01%
2011								-0.50%	-0.46%	0.13%	0.26%	-0.40%
2012							-1.42%	-0.62%	-0.15%	0.04%	0.53%	
2013						-0.95%	-1.22%	-0.18%	-0.23%	0.00%		
2014					-0.12%	-0.36%	-1.08%	-0.11%	-0.16%			
2015				0.88%	-0.19%	0.05%	-0.80%	-0.19%				
2016			-2.10%	0.69%	0.17%	0.14%	-0.65%					
2017		3.34%	-1.20%	1.75%	0.22%	0.33%						
2018	13.15%	2.96%	-0.51%	1.37%	0.65%							
2019	9.08%	4.42%	-0.86%	1.57%								
2020	14.34%	2.52%	-1.85%									
2021	8.06%	3.19%										
2022	7.03%											

L. Indemnity Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (f)

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												1.001
2008											1.010	1.000
2009										1.007	1.008	1.004
2010									1.006	1.003	1.009	1.004
2011								1.006	1.003	1.008	1.007	1.001
2012							1.002	1.007	1.005	1.007	1.010	
2013						1.010	1.001	1.005	1.004	1.006		
2014					1.028	1.012	1.000	1.005	1.007			
2015				1.056	1.025	1.018	1.000	1.006				
2016			1.072	1.053	1.028	1.018	1.004					
2017		1.282	1.075	1.061	1.030	1.019						
2018	2.151	1.264	1.077	1.057	1.035							
2019	2.073	1.285	1.091	1.069								
2020	2.075	1.269	1.089									
2021	2.062	1.293										
2022	2.076											
3-Year Average	2.071	1.283	1.086	1.062	1.031	1.018	1.001	1.005	1.005	1.007	1.009	1.003

- (d) Development factors are from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item I.
- (e) Each factor represents the change in age-to-age development factors from Item J to those in Item I.
- (f) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item K)] and [the incurred indemnity age-to-age development factors from AC24-03-02, Exhibit 2.1.1].

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

M. Medical Case Reserves Per Open Indemnity Claim

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													90,133
2007												92,947	105,261
2008											85,653	96,408	101,169
2009										73,783	88,124	96,335	99,477
2010									58,936	67,958	73,974	73,719	76,845
2011								55,216	64,237	68,751	72,928	78,590	81,735
2012							46,012	55,623	62,946	68,635	67,892	71,610	
2013						37,130	44,808	51,831	54,595	61,480	64,076		
2014					31,331	37,317	42,943	48,610	54,165	58,076			
2015				29,272	35,689	40,785	44,374	49,367	55,046				
2016			24,934	29,858	35,328	39,733	44,215	47,929					
2017		21,468	26,870	31,999	37,057	43,129	47,549						
2018	17,710	22,377	26,189	30,016	35,368	41,577							
2019	17,712	22,022	24,798	28,598	32,811								
2020	18,068	21,270	25,254	29,690									
2021	17,882	21,965	26,294										
2022	18,109	22,277											
2023	18,216												

N. Average Paid Medical Loss Per Closed Indemnity Claim (g)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													23,043
2007												25,138	25,912
2008											26,591	27,566	28,295
2009										27,615	28,672	29,252	29,829
2010									26,628	27,695	28,571	29,290	29,849
2011								24,047	25,202	25,952	26,638	27,084	27,414
2012							21,060	22,348	23,327	23,859	24,533	25,043	
2013						18,509	19,882	20,822	21,515	22,066	22,418		
2014					16,347	18,132	19,282	20,114	20,871	21,418			
2015				13,856	16,234	17,712	18,709	19,624	20,284				
2016			10,501	13,518	15,520	16,817	17,977	18,850					
2017		6,662	10,654	13,477	15,474	16,899	18,188						
2018	2,982	6,974	11,110	14,021	16,186	17,895							
2019	3,426	6,742	10,818	14,291	16,818								
2020	2,907	6,947	11,491	15,381									
2021	2,862	6,536	11,117										
2022	2,787	7,209											
2023	3,632												

O. Annual Change of Average Paid Medical per Closed Claim (h)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2006													
2007													12.4%
2008												9.7%	9.2%
2009											7.8%	6.1%	5.4%
2010										2.4%	2.4%	2.4%	1.8%
2011									3.2%	3.4%	3.1%	3.0%	3.0%
2012								-5.3%	-5.1%	-5.0%	-5.1%	-4.9%	
2013							-5.6%	-6.8%	-7.8%	-7.5%	-8.6%		
2014						-2.0%	-3.0%	-3.4%	-3.0%	-2.9%			
2015					-0.7%	-2.3%	-3.0%	-2.4%	-2.8%				
2016				-2.4%	-4.4%	-5.1%	-3.9%	-3.9%					
2017			1.5%	-0.3%	-0.3%	0.5%	1.2%						
2018		4.7%	4.3%	4.0%	4.6%	5.9%							
2019	14.9%	-3.3%	-2.6%	1.9%	3.9%								
2020	-15.2%	3.0%	6.2%	7.6%									
2021	-1.6%	-5.9%	-3.3%										
2022	-2.6%	10.3%											
2023	30.3%												

(g) Paid medical per closed claim severities for accident year 2010 and 2011 only reflect the paid cost of medical cost containment programs (MCCP) attributable to policies with effective dates prior to July 1, 2010.

(h) The annual changes for accident year 2010, 2011 and 2012 are based on paid medical per total claim for consistency and do not compare to the severities in item N.

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

P. Medical Case Reserves per Open Claim Adjusted by Paid Medical Severity Trend (i)

Accident Year	Evaluated as of (in months)												
	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>	<u>120</u>	<u>132</u>	<u>144</u>	<u>156</u>
2005													
2006													60,188
2007												61,357	67,681
2008											64,896	67,282	73,908
2009										64,322	69,975	71,398	77,914
2010									64,642	65,882	71,665	73,097	79,346
2011								60,032	66,713	68,103	73,900	75,271	81,735
2012							55,056	56,824	63,305	64,694	70,121	71,610	
2013						43,002	51,976	52,942	58,389	59,833	64,076		
2014					31,893	42,128	50,409	51,143	56,641	58,076			
2015				26,746	31,671	41,152	48,911	49,897	55,046				
2016			24,836	26,093	30,279	39,072	46,997	47,929					
2017		20,588	25,198	26,014	30,188	39,263	47,549						
2018	14,959	21,550	26,278	27,065	31,579	41,577							
2019	17,185	20,834	25,586	27,585	32,811								
2020	14,581	21,469		29,690									
2021	14,353	20,199	26,294										
2022	13,978	22,277											
2023	18,216												

Q. Total Medical Case Reserves Adjusted by Paid Medical Severity Trend (in \$000) (i)

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													233,170
2007												260,336	227,410
2008											304,688	250,018	220,985
2009										345,344	284,517	233,471	212,315
2010									403,339	307,636	260,429	212,566	192,891
2011								452,592	366,701	289,779	253,181	208,350	193,058
2012							551,483	399,172	335,772	268,870	238,482	199,864	
2013						587,496	476,897	349,363	291,653	233,947	208,953		
2014					617,987	547,606	460,438	338,465	285,867	233,870			
2015				752,349	560,546	516,868	439,317	323,481	275,506				
2016			1,060,007	676,563	530,250	482,498	410,798	310,437					
2017		1,298,712	998,338	674,162	527,055	478,540	419,906						
2018	1,234,160	1,383,326	1,131,286	763,554	588,056	538,714							
2019	1,445,455	1,428,213	1,211,928	841,781	672,224								
2020	1,089,329	1,312,893	1,128,798	819,040									
2021	1,160,446	1,293,238	1,166,860										
2022	1,177,716	1,524,401											
2023	1,573,655												

R. Paid Medical Loss on All Claims

Accident	Evaluated as of (in months)												
Year	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													3,700,119
2007												3,957,933	4,016,015
2008										3,950,354	4,016,206	4,065,478	
2009										3,744,829	3,816,220	3,864,135	3,918,706
2010									3,726,187	3,814,829	3,880,856	3,928,222	3,962,732
2011								3,394,371	3,490,651	3,553,842	3,608,245	3,647,961	3,680,768
2012							3,221,046	3,344,545	3,421,807	3,488,910	3,537,834	3,586,688	
2013						3,033,163	3,178,834	3,269,942	3,343,224	3,397,430	3,443,392		
2014					2,870,875	3,087,335	3,219,962	3,325,871	3,398,521	3,456,654			
2015				2,650,576	2,944,688	3,128,763	3,266,874	3,362,837	3,439,613				
2016			2,225,857	2,663,169	2,926,338	3,114,460	3,264,927	3,357,951					
2017		1,637,864	2,278,816	2,683,336	2,961,518	3,170,395	3,310,157						
2018	732,760	1,742,681	2,401,729	2,873,906	3,176,682	3,408,137							
2019	730,337	1,714,300	2,447,846	2,981,424	3,346,993								
2020	619,954	1,545,716	2,231,255	2,736,663									
2021	681,563	1,699,341	2,464,209										
2022	707,504	1,854,509											
2023	744,319												

- (i) Latest evaluation of each accident year is unadjusted. Evaluations prior to the latest evaluation are determined by adjusting the latest accident year average medical case reserves by a different annual change applied at each individual accident year and maturity based on the change in paid losses per closed claim for that age and maturity (Item O)
- (j) Each amount is derived as the product of the indemnity open claim counts (Exhibit 4.2, Item E) and the adjusted average medical case reserves per open claim (Item P).
- Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

S. Adjusted Total Medical Incurred (in \$000) (k)

Accident Year	Evaluated as of (in months)												
	12	24	36	48	60	72	84	96	108	120	132	144	156
2005													
2006													3,933,288
2007												4,218,269	4,243,425
2008										4,255,043	4,266,224	4,286,463	
2009									4,090,173	4,100,737	4,097,605	4,131,021	
2010								4,129,526	4,122,465	4,141,285	4,140,789	4,155,622	
2011							3,846,962	3,857,352	3,843,620	3,861,426	3,856,311	3,873,826	
2012						3,772,529	3,743,717	3,757,579	3,757,780	3,776,317	3,786,551		
2013					3,620,658	3,655,731	3,619,306	3,634,876	3,631,377	3,652,345			
2014				3,488,862	3,634,941	3,680,400	3,664,336	3,684,388	3,690,524				
2015			3,402,926	3,505,234	3,645,630	3,706,191	3,686,318	3,715,120					
2016		3,285,863	3,339,731	3,456,588	3,596,958	3,675,725	3,668,388						
2017	2,936,577	3,277,154	3,357,498	3,488,574	3,648,936	3,730,063							
2018	1,966,920	3,126,007	3,533,015	3,637,460	3,764,738	3,946,851							
2019	2,175,792	3,142,513	3,659,774	3,823,205	4,019,217								
2020	1,709,284	2,858,609	3,360,053	3,555,702									
2021	1,842,009	2,992,579	3,631,069										
2022	1,885,220	3,378,910											
2023	2,317,974												

T. Medical Incurred Loss Development Factors Based on Adjusted Total Medical Incurred

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												1.006
2008											1.003	1.005
2009										1.003	0.999	1.008
2010									0.998	1.005	1.000	1.004
2011								1.003	0.996	1.005	0.999	1.005
2012							0.992	1.004	1.000	1.005	1.003	
2013						1.010	0.990	1.004	0.999	1.006		
2014					1.042	1.013	0.996	1.005	1.002			
2015				1.030	1.040	1.017	0.995	1.008				
2016			1.016	1.035	1.041	1.022	0.998					
2017		1.116	1.025	1.039	1.046	1.022						
2018	1.589	1.130	1.030	1.035	1.048							
2019	1.444	1.165	1.045	1.051								
2020	1.672	1.175	1.058									
2021	1.625	1.213										
2022	1.792											
Latest Year	1.792	1.213	1.058	1.051	1.048	1.022	0.998	1.008	1.002	1.006	1.003	1.005
3-Yr Average	1.696	1.184	1.044	1.042	1.045	1.020	0.996	1.006	1.000	1.005	1.000	1.005

U. Medical Incurred Loss Development Factors (l)

Accident Year	Age-to-Age Development (in months):											
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												1.004
2008											1.005	0.999
2009										1.008	1.001	1.003
2010									1.009	1.004	0.998	1.002
2011								1.009	1.001	1.003	1.002	1.002
2012							1.014	1.005	1.005	0.999	1.005	
2013						1.014	1.006	1.001	1.006	1.004		
2014					1.027	1.011	1.010	1.007	1.005			
2015				1.029	1.018	1.007	1.005	1.009				
2016			1.045	1.031	1.017	1.013	1.005					
2017		1.117	1.051	1.027	1.024	1.009						
2018	1.449	1.110	1.054	1.031	1.029							
2019	1.452	1.124	1.064	1.043								
2020	1.445	1.152	1.084									
2021	1.460	1.169										
2022	1.513											

(k) Each amount is the sum of the adjusted total medical case reserves (Item Q) and the total medical paid losses (Item R).

(l) Development factors are from the same insurer mix as those which have been adjusted for case reserve level adequacy and applied in the calculation of the development factors in Item T.

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Incurred Medical Loss Development Factors
Adjusted for Changes in Case Reserve Adequacy**

V. Impact of Adjustments to Common Case Reserve Level (m)

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												0.20%
2008											-0.24%	0.62%
2009										-0.55%	-0.19%	0.56%
2010									-1.09%	0.03%	0.16%	0.19%
2011								-0.59%	-0.42%	0.16%	-0.32%	0.24%
2012							-2.18%	-0.17%	-0.48%	0.64%	-0.20%	
2013						-0.42%	-1.60%	0.32%	-0.70%	0.18%		
2014					1.43%	0.13%	-1.40%	-0.12%	-0.34%			
2015				0.06%	2.16%	0.98%	-1.01%	-0.09%				
2016			-2.72%	0.36%	2.33%	0.89%	-0.66%					
2017		-0.13%	-2.48%	1.14%	2.12%	1.29%						
2018	9.68%	1.81%	-2.34%	0.41%	1.87%							
2019	-0.54%	3.65%	-1.81%	0.81%								
2020	15.73%	2.00%	-2.38%									
2021	11.28%	3.78%										
2022	18.46%											

W. Medical Incurred Loss Development Factors Adjusted for Changes in Case Reserve Adequacy (n)

Accident	Age-to-Age Development (in months):											
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156
2006												
2007												1.006
2008											1.003	1.005
2009										1.002	0.999	1.009
2010									0.999	1.005	1.001	1.004
2011								1.004	0.998	1.006	1.000	1.005
2012							0.993	1.004	1.000	1.005	1.003	
2013						1.010	0.990	1.004	0.999	1.006		
2014					1.042	1.012	0.996	1.006	1.002			
2015				1.031	1.040	1.017	0.995	1.008				
2016			1.017	1.035	1.041	1.022	0.998					
2017		1.116	1.025	1.039	1.046	1.022						
2018	1.589	1.130	1.029	1.035	1.048							
2019	1.444	1.165	1.045	1.051								
2020	1.672	1.175	1.058									
2021	1.625	1.213										
2022	1.790											
3-Year Average	1.696	1.184	1.044	1.042	1.045	1.020	0.996	1.006	1.000	1.006	1.001	1.006

(m) Each factor represents the change in age-to-age development factors from Item U to those in Item T.

(n) Each factor is the product of [1.0 + the impact of adjustments to common case reserve level (Item V)] and [the incurred Medical age-to-age development factors from AC24-03-02, Exhibit 2.2.1].

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Developed Loss Ratio 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Loss Ratio	Development	Development	Loss Ratio	Loss Ratio	Development	Development	Loss Ratio	Developed
	<u>Ex IBNR (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Ex IBNR (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2012	0.253	1.003	1.029	0.261	0.330	1.006	1.003	0.331	0.591
2013	0.212	1.009	1.038	0.220	0.262	1.001	1.004	0.263	0.483
2014	0.200	1.007	1.045	0.209	0.233	1.006	1.009	0.235	0.444
2015	0.194	1.006	1.051	0.204	0.218	1.000	1.009	0.220	0.424
2016	0.183	1.005	1.057	0.194	0.204	1.006	1.016	0.208	0.401
2017	0.187	1.002	1.059	0.198	0.211	0.996	1.012	0.214	0.412
2018	0.197	1.018	1.078	0.212	0.226	1.020	1.032	0.234	0.446
2019	0.226	1.031	1.112	0.251	0.249	1.045	1.079	0.269	0.520
2020	0.225	1.062	1.181	0.266	0.252	1.042	1.124	0.283	0.549
2021	0.233	1.085	1.282	0.299	0.267	1.044	1.173	0.313	0.612
2022	0.183	1.283	1.644	0.302	0.220	1.184	1.390	0.306	0.608
2023	0.095	2.073	3.408	0.323	0.147	1.696	2.357	0.348	0.671

- (a) Based on AC24-03-02, Exhibit 1.
- (b) Age-to-age factors for developing accident years 2012 to 2023 were adjusted for changes in indemnity case reserve levels based on 3-year average selections (see Exhibit 4.4, Item L).
- (c) Age-to-age factors for developing accident years 2012 to 2023 were adjusted for changes in medical case reserve levels based on 3-year average selections (see Exhibit 4.8, Item W).

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.261	1.496	0.867	0.450
2013	0.220	1.463	0.758	0.425
2014	0.209	1.340	0.698	0.402
2015	0.204	1.320	0.667	0.404
2016	0.194	1.304	0.688	0.367
2017	0.198	1.270	0.721	0.349
2018	0.212	1.237	0.759	0.346
2019	0.251	1.204	0.843	0.359
2020	0.266	1.169	0.892	0.348
2021	0.299	1.126	0.928	0.362
2022	0.302	1.089	0.916	0.359
2023	0.323	1.064	0.951	0.362
				Projected (d)
2024				0.357
2025				0.358
9/1/2025				0.356

(a) See Exhibit 4.9.

(b) Based on AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using 3-Year Average Incurred Development Factors
Adjusted for Changes in Average Case Reserve Levels
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.331	0.890	0.867	0.339
2013	0.263	0.980	0.758	0.340
2014	0.235	1.036	0.698	0.348
2015	0.220	1.063	0.667	0.350
2016	0.208	1.066	0.688	0.321
2017	0.214	1.067	0.721	0.316
2018	0.234	1.079	0.759	0.332
2019	0.269	1.069	0.843	0.341
2020	0.283	1.052	0.892	0.334
2021	0.313	1.052	0.928	0.355
2022	0.306	1.013	0.916	0.339
2023	0.348	1.011	0.951	0.369
				Projected (d)
2024				0.356
2025				0.360
9/1/2025				0.360

(a) See Exhibit 4.9.

(b) Based on AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Developed Loss Ratio Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Paid	Development	Development	Loss Ratio	Paid	Development	Development	Loss Ratio	Developed
	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2012	0.244	1.011	1.081	0.264	0.313	1.011	1.184	0.370	0.634
2013	0.205	1.011	1.093	0.224	0.247	1.013	1.199	0.297	0.520
2014	0.192	1.014	1.108	0.213	0.218	1.014	1.216	0.265	0.478
2015	0.185	1.016	1.125	0.208	0.202	1.017	1.237	0.250	0.458
2016	0.173	1.019	1.146	0.198	0.187	1.022	1.265	0.237	0.435
2017	0.172	1.027	1.177	0.203	0.187	1.030	1.303	0.244	0.447
2018	0.177	1.042	1.227	0.217	0.196	1.045	1.362	0.266	0.483
2019	0.194	1.065	1.307	0.254	0.208	1.069	1.456	0.302	0.556
2020	0.182	1.114	1.456	0.265	0.194	1.111	1.618	0.314	0.579
2021	0.170	1.233	1.795	0.305	0.181	1.214	1.964	0.356	0.661
2022	0.111	1.540	2.764	0.307	0.121	1.441	2.829	0.342	0.650
2023	0.039	2.949	8.151	0.315	0.047	2.534	7.170	0.339	0.654

- (a) Based on AC24-03-02, Exhibit 1.
 (b) Age-to-age factors are selected as three-year averages based on AC24-03-02, Exhibit 2.5.
 (c) Age-to-age factors are selected as three-year averages based on AC24-03-02, Exhibit 2.6. These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.254	1.204	0.843	0.362
2020	0.265	1.169	0.892	0.348
2021	0.305	1.126	0.928	0.370
2022	0.307	1.089	0.916	0.366
2023	0.315	1.064	0.951	0.352
				Projected (d)
2024				0.355
2025				0.356
9/1/2025				0.355

- (a) See Exhibit 5.1.
(b) Based on AC24-03-02, Exhibit 4.1.
(c) See AC24-03-02, Exhibit 5.2.
(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted 3-Year Average Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.370	0.890	0.867	0.380
2013	0.297	0.980	0.758	0.384
2014	0.265	1.036	0.698	0.394
2015	0.250	1.063	0.667	0.398
2016	0.237	1.066	0.688	0.366
2017	0.244	1.067	0.721	0.361
2018	0.266	1.079	0.759	0.378
2019	0.302	1.069	0.843	0.383
2020	0.314	1.052	0.892	0.370
2021	0.356	1.052	0.928	0.403
2022	0.342	1.013	0.916	0.378
2023	0.339	1.011	0.951	0.361
				Projected (d)
2024				0.371
2025				0.376
9/1/2025				0.376

(a) See Exhibit 5.1.

(b) Based on AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Developed Loss Ratio Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Indemnity				Medical				
Accident	Reported	Annual	Cumulative	Developed	Reported	Annual	Cumulative	Developed	Total
Year	Paid	Development	Development	Loss Ratio	Paid	Development	Development	Loss Ratio	Developed
	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Factor (c)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)				(5) x (7)	(4) + (8)
2012	0.244	1.011	1.081	0.264	0.313	1.011	1.184	0.370	0.634
2013	0.205	1.011	1.093	0.224	0.247	1.013	1.199	0.297	0.520
2014	0.192	1.014	1.108	0.213	0.218	1.014	1.216	0.265	0.478
2015	0.185	1.016	1.125	0.208	0.202	1.017	1.237	0.250	0.458
2016	0.173	1.018	1.146	0.198	0.187	1.023	1.266	0.237	0.435
2017	0.172	1.028	1.178	0.203	0.187	1.028	1.301	0.244	0.447
2018	0.177	1.041	1.226	0.217	0.196	1.044	1.358	0.266	0.483
2019	0.194	1.071	1.313	0.255	0.208	1.073	1.458	0.303	0.558
2020	0.182	1.122	1.473	0.269	0.194	1.123	1.637	0.318	0.586
2021	0.170	1.240	1.827	0.311	0.181	1.227	2.008	0.364	0.675
2022	0.111	1.530	2.795	0.311	0.121	1.450	2.912	0.352	0.663
2023	0.039	2.952	8.252	0.318	0.047	2.618	7.624	0.361	0.679

- (a) Based on AC24-03-02, Exhibit 1.
- (b) Age-to-age factors are selected as latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC24-03-02, Exhibit 2.5.
- (c) Age-to-age factors are selected as latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC24-03-02, Exhibit 2.6.
These factors have not been adjusted for any reforms.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projected (d)
2024				0.359
2025				0.361
9/1/2025				0.359

- (a) See Exhibit 6.1.
(b) Based on AC24-03-02, Exhibit 4.1.
(c) See AC24-03-02, Exhibit 5.2.
(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Using Unadjusted Latest Year Paid Development Factors
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.370	0.890	0.867	0.380
2013	0.297	0.980	0.758	0.384
2014	0.265	1.036	0.698	0.394
2015	0.250	1.063	0.667	0.398
2016	0.237	1.066	0.688	0.367
2017	0.244	1.067	0.721	0.361
2018	0.266	1.079	0.759	0.377
2019	0.303	1.069	0.843	0.384
2020	0.318	1.052	0.892	0.375
2021	0.364	1.052	0.928	0.413
2022	0.352	1.013	0.916	0.390
2023	0.361	1.011	0.951	0.384
				Projected (d)
2024				0.389
2025				0.394
9/1/2025				0.393

(a) See Exhibit 6.1.

(b) Based on AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

A. Total Reported Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							139,876
2015						145,012	145,094
2016					148,146	148,290	148,303
2017				148,369	148,769	148,880	149,070
2018			150,343	151,222	151,466	151,773	
2019		149,149	153,213	154,269	154,923		
2020	106,689	130,684	133,774	134,805			
2021	117,830	144,149	147,775				
2022	123,691	153,292					
2023	127,197						

B. Development of Total Reported Indemnity Claim Counts

Accident Year	Age-to-Age Development (in months):						
	12-24	24-36	36-48	48-60	60-72	72-84	84-Ult
2015						1.001	
2016					1.001	1.000	
2017				1.003	1.001	1.001	
2018			1.006	1.002	1.002		
2019		1.027	1.007	1.004			
2020	1.225	1.024	1.008				
2021	1.223	1.025					
2022	1.239						
Latest Year	1.239	1.025	1.008	1.004	1.002	1.001	
Cumulative	1.298	1.048	1.022	1.014	1.010	1.008	1.007

Acc. Year	2023	2022	2021	2020	2019	2018	2017
Ult. Claim Counts	165,150	160,597	151,019	136,710	156,450	152,958	150,043

C. Closed Indemnity Claim Counts

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							130,742
2015						132,452	136,112
2016					130,634	135,941	139,562
2017				122,454	131,310	136,692	140,239
2018			107,292	123,010	132,844	138,816	
2019		80,596	105,847	123,753	134,435		
2020	31,982	69,531	92,241	107,219			
2021	36,982	80,125	103,398				
2022	39,434	84,862					
2023	40,807						

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

D. Ultimate Indemnity Claim Settlement Ratio (a)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							92.9%
2015						90.8%	93.3%
2016					87.5%	91.1%	93.5%
2017				81.6%	87.5%	91.1%	93.5%
2018			70.1%	80.4%	86.8%	90.8%	
2019		51.5%	67.7%	79.1%	85.9%		
2020	23.4%	50.9%	67.5%	78.4%			
2021	24.5%	53.1%	68.5%				
2022	24.6%	52.8%					
2023	24.7%						

E. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (b)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							131,504
2015						132,437	136,395
2016					128,266	135,469	139,517
2017				117,675	128,930	136,170	140,239
2018			104,726	119,962	131,435	138,816	
2019		82,670	107,116	122,700	134,435		
2020	33,780	72,240	93,602	107,219			
2021	37,315	79,800	103,398				
2022	39,682	84,862					
2023	40,807						

F. Average Paid Indemnity per Closed Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							19,003
2015						18,274	19,267
2016					16,449	17,824	18,853
2017				14,345	16,462	17,861	18,936
2018			11,390	14,635	16,866	18,489	
2019		7,062	11,451	15,386	17,984		
2020	3,309	7,670	12,539	16,545			
2021	3,174	7,274	11,994				
2022	3,499	8,007					
2023	3,890						

(a) Ratio of closed indemnity claim counts (Item C) to the estimated ultimate indemnity claim counts (Item B) for that accident year.

(b) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item D) and the ultimate indemnity claim counts (Item B) for that accident year.

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

G. Adjusted Average Paid Indemnity per Closed Claim (c)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							19,232
2015						18,270	19,350
2016					15,899	17,698	18,840
2017				13,222	15,864	17,721	18,936
2018			10,832	13,941	16,527	18,489	
2019		7,348	11,694	15,121	17,984		
2020	3,445	8,134	12,859	16,545			
2021	3,194	7,229	11,994				
2022	3,515	8,007					
2023	3,890						

H. Adjusted Paid Indemnity on Closed Claims (in \$000) (d)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							2,529,133
2015						2,419,633	2,639,214
2016					2,039,293	2,397,517	2,628,496
2017				1,555,922	2,045,382	2,413,042	2,655,505
2018			1,134,437	1,672,346	2,172,250	2,566,569	
2019		607,463	1,252,601	1,855,379	2,417,654		
2020	116,382	587,576	1,203,605	1,773,934			
2021	119,195	576,872	1,240,144				
2022	139,488	679,478					
2023	158,742						

I. Paid Indemnity on Open Claims (in \$000)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							392,484
2015						476,436	395,794
2016					580,403	471,117	386,114
2017				723,137	589,492	486,624	393,049
2018			899,338	792,142	640,435	517,832	
2019		884,919	1,040,631	885,687	711,722		
2020	349,261	812,870	916,233	796,195			
2021	397,204	928,874	1,073,031				
2022	438,908	1,027,119					
2023	446,141						

(c) Adjusted based on ultimate indemnity claim settlement ratios (Item D) and assuming a log-linear relationship between maturities.

(d) Each amount is the product of the adjusted closed indemnity claim counts (Item E) and the adjusted average paid indemnity per closed claim (Item G), and divided by \$1,000.

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

J. Average Paid Indemnity per Open Claim for Indemnity Claims in Transition (e)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							42,970
2015						40,223	44,065
2016					34,314	39,772	44,509
2017				28,616	34,880	40,517	44,508
2018			18,880	27,853	35,098	39,965	
2019		12,909	21,970	29,293	34,738		
2020	4,675	13,292	22,060	28,862			
2021	4,913	9,826	24,180				
2022	5,209	15,010					
2023	5,164						

K. Changes in Paid Indemnity on Open Claims Resulting from the Impact of Changes in
Claim Settlement Rates (in \$000) (f)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							-32,743
2015						603	-12,470
2016					81,256	18,772	2,003
2017				136,757	83,015	21,150	
2018			48,446	84,897	49,453		
2019		-26,772	-27,880	30,846			
2020	-8,406	-36,009	-30,024				
2021	-1,636	3,193					
2022	-1,292						

L. Adjusted Paid Indemnity on Open Claims (in \$000) (g)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							359,741
2015						477,039	383,323
2016					661,659	489,889	388,116
2017				859,894	672,507	507,774	393,049
2018			947,784	877,039	689,888	517,832	
2019		858,147	1,012,751	916,533	711,722		
2020	340,855	776,861	886,209	796,195			
2021	395,568	932,067	1,073,031				
2022	437,616	1,027,119					
2023	446,141						

(e) Each amount is equal to the product of [the average monthly indemnity payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly indemnity payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly indemnity payment per open indemnity claim at the same evaluation is used.

(f) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items C and E)] multiplied by the corresponding [average paid indemnity per open claim for indemnity claims in transition (Item J)].

(g) Each amount is the sum of [paid indemnity on open claims (Item I)] and the corresponding [incremental changes in paid indemnity on open claims resulting from the impact of changes in claim settlement rates (Item K)].

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

M. Adjusted Total Paid Indemnity (in \$000) (h)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							2,888,874
2015						2,896,673	3,022,537
2016					2,700,952	2,887,406	3,016,612
2017				2,415,816	2,717,889	2,920,816	3,048,554
2018			2,082,221	2,549,385	2,862,138	3,084,401	
2019		1,465,610	2,265,352	2,771,912	3,129,376		
2020	457,237	1,364,437	2,089,814	2,570,129			
2021	514,763	1,508,939	2,313,175				
2022	577,104	1,706,597					
2023	604,882						

N. Paid Indemnity Loss Development Factors Based on Adjusted Total Paid Indemnity

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2014						
2015						1.043
2016					1.069	1.045
2017				1.125	1.075	1.044
2018			1.224	1.123	1.078	
2019		1.546	1.224	1.129		
2020	2.984	1.532	1.230			
2021	2.931	1.533				
2022	2.957					
Latest Year	2.957	1.533	1.230	1.129	1.078	1.044
3-Year Average	2.958	1.537	1.226	1.126	1.074	1.044

O. Paid Indemnity Loss Development Factors (i)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						1.042
2016					1.060	1.043
2017				1.109	1.064	1.041
2018			1.222	1.111	1.071	
2019		1.549	1.238	1.122		
2020	2.958	1.540	1.240			
2021	2.938	1.530				
2022	2.958					

- (h) Each amount is the sum of the adjusted paid indemnity on closed claims (Item H) and the adjusted paid indemnity on open claims (Item L).
- (i) Development factors are based on paid indemnity losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item N.

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Paid Indemnity Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

P. Impact of Adjustment for Changes in Claim Settlement Rates (j)

Accident Year	Evaluated as of (in months)					
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>
2015						0.15%
2016					0.81%	0.21%
2017				1.41%	0.97%	0.25%
2018			0.19%	1.02%	0.66%	
2019		-0.23%	-1.19%	0.64%		
2020	0.88%	-0.53%	-0.81%			
2021	-0.22%	0.18%				
2022	-0.04%					

Q. Paid Indemnity Loss Development Factors Adjusted for Changes in
Indemnity Claim Settlement Rates (k)

Accident Year	Evaluated as of (in months)					
	<u>12-24</u>	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>
2015						1.044
2016					1.069	1.045
2017				1.125	1.074	1.044
2018			1.224	1.122	1.078	
2019		1.545	1.223	1.129		
2020	2.984	1.532	1.230			
2021	2.931	1.533				
2022	2.951					
Latest Year	2.951	1.533	1.230	1.129	1.078	1.044
2-Year Average	2.941	1.532	1.227	1.126	1.076	1.044
3-Year Average	2.955	1.537	1.226	1.125	1.074	1.044

- (j) Each factor represents the change in age-to-age development factors from Item O to those in Item N.
(k) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item P)] and [the paid indemnity age-to-age development factor from Exhibit 2.5.1].

Source: Accident year experience of insurers with available claim count data, excluding COVID-19 claims.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

R. Total Reported Indemnity Claim Counts

Accident	Evaluated as of (in months)						
Year	12	24	36	48	60	72	84
2014							139,876
2015						145,012	145,094
2016					148,146	148,290	148,303
2017				148,369	148,769	148,880	149,070
2018			150,343	151,222	151,466	151,773	
2019		149,149	153,213	154,269	154,923		
2020	106,689	130,684	133,774	134,805			
2021	117,830	144,149	147,775				
2022	123,691	153,292					
2023	127,197						

S. Development of Total Reported Indemnity Claim Counts

Accident	Age-to-Age Development (in months):						
Year	12-24	24-36	36-48	48-60	60-72	72-84	84-Ult
2015						1.001	
2016					1.001	1.000	
2017				1.003	1.001	1.001	
2018			1.006	1.002	1.002		
2019		1.027	1.007	1.004			
2020	1.225	1.024	1.008				
2021	1.223	1.025					
2022	1.239						
Latest Year	1.239	1.025	1.008	1.004	1.002	1.001	
Cumulative	1.298	1.048	1.022	1.014	1.010	1.008	1.007

Acc. Year	2023	2022	2021	2020	2019	2018	2017
Ult. Claim Counts	165,150	160,597	151,019	136,710	156,450	152,958	150,043

T. Closed Indemnity Claim Counts

Accident	Evaluated as of (in months)						
Year	12	24	36	48	60	72	84
2014							130,742
2015						132,452	136,112
2016					130,634	135,941	139,562
2017				122,454	131,310	136,692	140,239
2018			107,292	123,010	132,844	138,816	
2019		80,596	105,847	123,753	134,435		
2020	31,982	69,531	92,241	107,219			
2021	36,982	80,125	103,398				
2022	39,434	84,862					
2023	40,807						

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

U. Ultimate Indemnity Claim Settlement Ratio (l)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							92.9%
2015						90.8%	93.3%
2016					87.5%	91.1%	93.5%
2017				81.6%	87.5%	91.1%	93.5%
2018			70.1%	80.4%	86.8%	90.8%	
2019		51.5%	67.7%	79.1%	85.9%		
2020	23.4%	50.9%	67.5%	78.4%			
2021	24.5%	53.1%	68.5%				
2022	24.6%	52.8%					
2023	24.7%						

V. Adjusted Closed Indemnity Claim Counts at Equal Percentiles of Ultimate Claim Counts (m)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							131,504
2015						132,437	136,395
2016					128,266	135,469	139,517
2017				117,675	128,930	136,170	140,239
2018			104,726	119,962	131,435	138,816	
2019		82,670	107,116	122,700	134,435		
2020	33,780	72,240	93,602	107,219			
2021	37,315	79,800	103,398				
2022	39,682	84,862					
2023	40,807						

W. Average Paid Medical per Closed Indemnity Claim

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							19,282
2015						17,712	18,709
2016					15,520	16,817	17,977
2017				13,477	15,474	16,899	18,188
2018			11,110	14,021	16,186	17,895	
2019		6,742	10,818	14,291	16,818		
2020	2,907	6,947	11,491	15,381			
2021	2,862	6,536	11,117				
2022	2,787	7,209					
2023	3,632						

(l) Ratio of closed indemnity claim counts (Item T) to the estimated ultimate indemnity claim counts (Item S) for that accident year.

(m) The claim counts for the latest evaluation of each accident year are equal to the reported number of closed indemnity claims. All prior evaluations shown are the product of the latest ultimate indemnity claim settlement ratio (Item U) and the ultimate indemnity claim counts (Item S) for that accident year.

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

X. Adjusted Average Paid Medical per Closed Indemnity Claim (n)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							19,531
2015						17,708	18,812
2016					14,958	16,698	17,963
2017				12,492	14,910	16,756	18,188
2018			10,583	13,403	15,857	17,895	
2019		7,009	11,034	14,059	16,818		
2020	3,031	7,377	11,800	15,381			
2021	2,880	6,496	11,117				
2022	2,801	7,209					
2023	3,632						

Y. Adjusted Paid Medical (in \$000) on Closed Indemnity Claims (o)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							2,568,378
2015						2,345,250	2,565,923
2016					1,918,647	2,262,024	2,506,118
2017				1,469,986	1,922,325	2,281,631	2,550,721
2018			1,108,364	1,607,824	2,084,161	2,484,140	
2019		579,416	1,181,885	1,725,015	2,260,900		
2020	102,391	532,919	1,104,460	1,649,185			
2021	107,475	518,380	1,149,492				
2022	111,167	611,737					
2023	148,207						

Z. Paid Medical on Open Indemnity Claims (in \$000)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							444,985
2015						518,249	453,376
2016					619,733	544,718	468,931
2017				740,866	632,281	559,380	456,416
2018			905,732	832,461	705,333	597,258	
2019		881,019	993,530	892,919	760,065		
2020	369,909	826,432	919,334	827,406			
2021	401,418	910,556	1,034,417				
2022	421,036	969,386					
2023	412,406						

- (n) Adjusted based on ultimate indemnity claim settlement ratios (Item U) and assuming a log-linear relationship between maturities.
- (o) Each amount is equal to the product of [adjusted closed indemnity claim counts (Item V)] and [adjusted average paid medical per closed indemnity claim (Item X)], and divided by \$1,000.

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

AA. Average Paid Medical per Open Indemnity Claim for Indemnity Claims in Transition (p)

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2014							48,717
2015						41,262	50,476
2016					35,389	44,110	53,647
2017				28,588	36,215	45,896	51,683
2018			21,039	29,507	37,876	46,095	
2019		12,852	20,976	29,261	37,098		
2020	4,951	13,514	22,135	29,994			
2021	4,965	14,222	23,310				
2022	4,997	14,166					
2023	4,774						

AB. Changes in Paid Medical on Open Indemnity Claims Resulting from the Impact of Changes in Indemnity Claim Settlement Rates (in \$000) (q)

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2014							-37,123
2015						633	-14,285
2016					84,802	20,044	2,316
2017				136,143	85,050	22,685	
2018			52,557	85,501	51,970		
2019		-26,654	-26,618	29,450			
2020	-8,903	-36,610	-30,126				
2021	-1,653	3,227					
2022	-1,239						

AC. Adjusted Paid Medical on Open Indemnity Claims (in \$000) (r)

Accident	Evaluated as of (in months)						
<u>Year</u>	<u>12</u>	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>
2014							407,863
2015						518,882	439,091
2016					704,535	564,763	471,247
2017				877,009	717,332	582,066	456,416
2018			958,288	917,962	757,303	597,258	
2019		854,365	966,912	922,369	760,065		
2020	361,006	789,822	889,208	827,406			
2021	399,764	913,783	1,034,417				
2022	419,796	969,386					
2023	412,406						

(p) Each amount is equal to the product of [the average monthly medical payment per open indemnity claim] and [the number of months for the current evaluation]. For evaluations indicating claim settlement rate decreases, the average monthly medical payment per open indemnity claim at the prior evaluation is used. For evaluations indicating claim settlement rate increases, the average monthly medical payment per open indemnity claim at the same evaluation is used.

(q) Each amount is equal to [the difference between unadjusted and adjusted closed indemnity claim counts (Items T and V)] multiplied by [the corresponding average paid medical per open indemnity claim for indemnity claims in transition (Item AA)].

(r) Each amount is the sum of [paid medical on open indemnity claims (Item Z)] and the corresponding [incremental changes in paid medical on open indemnity claims resulting from the impact of changes in indemnity claim settlement rates (Item AB)].

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

AD. Paid Medical on Medical-Only Claims (in \$000)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							253,952
2015						264,499	266,942
2016					279,127	283,633	287,077
2017				292,154	297,398	301,015	303,020
2018			303,961	316,687	321,097	326,739	
2019		289,932	309,273	319,992	326,027		
2020	157,065	236,238	251,984	260,073			
2021	174,309	265,061	280,300				
2022	176,570	273,385					
2023	183,707						

AE. Adjusted Total Paid Medical (in \$000) (s)

Accident Year	Evaluated as of (in months)						
	12	24	36	48	60	72	84
2014							3,230,192
2015						3,128,631	3,271,957
2016					2,902,309	3,110,420	3,264,442
2017				2,639,149	2,937,054	3,164,712	3,310,157
2018			2,370,614	2,842,474	3,162,561	3,408,137	
2019		1,723,713	2,458,070	2,967,376	3,346,993		
2020	620,463	1,558,979	2,245,652	2,736,663			
2021	681,548	1,697,224	2,464,209				
2022	707,533	1,854,509					
2023	744,319						

AF. Paid Medical Loss Development Factors Based on Adjusted Total Paid Medical

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						1.046
2016					1.072	1.050
2017				1.113	1.078	1.046
2018			1.199	1.113	1.078	
2019		1.426	1.207	1.128		
2020	2.513	1.440	1.219			
2021	2.490	1.452				
2022	2.621					
Latest Year	2.621	1.452	1.219	1.128	1.078	1.046

(s) Each amount is the sum of [adjusted paid medical on closed indemnity claims (Item Y)], [adjusted paid medical on open indemnity claims (Item AC)] and [paid medical on medical-only claims (Item AD)]. The effect of the paid cost of medical cost containment programs are only present for accident years 2011 and prior.

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

**Paid Medical Loss Development Factors
With Separate Adjustments on Open and Closed Claims
for Changes in Claim Settlement Rates**

AG. Paid Medical Loss Development Factors (t)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						1.044
2016					1.064	1.048
2017				1.104	1.071	1.044
2018			1.197	1.105	1.073	
2019		1.428	1.218	1.123		
2020	2.493	1.444	1.227			
2021	2.493	1.450				
2022	2.621					

AH. Impact of Adjustment for Changes in Indemnity Claim Settlement Rates (u)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						0.16%
2016					0.70%	0.12%
2017				0.83%	0.65%	0.18%
2018			0.20%	0.66%	0.45%	
2019		-0.13%	-0.89%	0.47%		
2020	0.78%	-0.21%	-0.64%			
2021	-0.12%	0.12%				
2022	0.00%					

AI. Paid Medical Loss Development Factors Adjusted for Changes in Indemnity
Claim Settlement Rates (v)

Accident Year	Evaluated as of (in months)					
	12-24	24-36	36-48	48-60	60-72	72-84
2015						1.046
2016					1.070	1.048
2017				1.110	1.075	1.044
2018			1.194	1.108	1.075	
2019		1.418	1.200	1.125		
2020	2.487	1.433	1.216			
2021	2.487	1.452				
2022	2.618					
Latest Year	2.618	1.452	1.216	1.125	1.075	1.044
2-Year Average	2.552	1.442	1.208	1.117	1.075	1.046
3-Year Average	2.531	1.434	1.204	1.115	1.073	1.046

- (t) Development factors are based on paid medical losses from the same insurer mix as that used in the adjustment for changes in claim settlement rates and applied in the calculation of the development factors in Item AF.
- (u) Each factor represents the change in age-to-age development factors from Item AG to those in Item AF.
- (v) Each factor is the product of [1.0 + the impact of adjustment for changes in claim settlement rates (Item AH)] and [the adjusted paid medical age-to-age development factor from Exhibit 2.6.1].

Source: Accident year experience of insurers with available claim count and paid loss data, excluding COVID-19 claims.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
					Adjusted					
Accident	Reported	Annual	Cumulative	Developed	Paid	Paid	Annual	Cumulative	Developed	Total
Year	Loss Ratio (a)	Factor (b)	Factor	Loss Ratio	Loss Ratio (a)	Loss Ratio (c)	Factor (d)	Factor	Loss Ratio	Loss Ratio
				(1) x (3)					(6) x (8)	(4) + (9)
2012	0.244	1.011	1.081	0.264	0.313	0.297	1.011	1.197	0.355	0.619
2013	0.205	1.011	1.093	0.224	0.247	0.247	1.013	1.212	0.300	0.523
2014	0.192	1.014	1.108	0.213	0.218	0.222	1.015	1.230	0.273	0.486
2015	0.185	1.016	1.125	0.208	0.202	0.208	1.018	1.252	0.260	0.468
2016	0.173	1.018	1.146	0.198	0.187	0.194	1.022	1.279	0.248	0.446
2017	0.172	1.028	1.178	0.203	0.187	0.194	1.028	1.315	0.256	0.459
2018	0.177	1.044	1.229	0.218	0.196	0.202	1.043	1.372	0.277	0.495
2019	0.194	1.078	1.325	0.257	0.208	0.212	1.075	1.474	0.313	0.570
2020	0.182	1.129	1.496	0.273	0.194	0.196	1.125	1.659	0.325	0.598
2021	0.170	1.230	1.840	0.313	0.181	0.181	1.216	2.018	0.366	0.679
2022	0.111	1.533	2.821	0.314	0.121	0.121	1.452	2.929	0.354	0.668
2023	0.039	2.951	8.325	0.321	0.047	0.047	2.618	7.669	0.363	0.684

- (a) Based on AC24-03-02, Exhibit 1.
- (b) Age-to-age factors are selected as latest year for the 12-to-24 month through 96-to-108 month factors and three-year average for the subsequent age-to-age factors based on AC24-03-02, Exhibit 2.5. Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on latest year selections (see AC24-03-02, Exhibit 7.6, Item Q).
- (c) See AC24-03-02, Exhibit 3.2, Column (2).
- (d) Based on AC24-03-02, Exhibits 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines. Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on latest year selections (see AC24-03-02, Exhibit 7.12, Item AI).

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.218	1.237	0.759	0.354
2019	0.257	1.204	0.843	0.367
2020	0.273	1.169	0.892	0.357
2021	0.313	1.126	0.928	0.380
2022	0.314	1.089	0.916	0.373
2023	0.321	1.064	0.951	0.359
				Projected (d)
2024				0.363
2025				0.364
9/1/2025				0.363

(a) See Exhibit 7.13.

(b) Based on AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on Paid Latest Year Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.377
2013	0.300	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.256	1.030	0.721	0.365
2018	0.277	1.031	0.759	0.377
2019	0.313	1.027	0.843	0.382
2020	0.325	1.023	0.892	0.373
2021	0.366	1.021	0.928	0.403
2022	0.354	1.013	0.916	0.392
2023	0.363	1.011	0.951	0.386
				Projected (d)
2024				0.391
2025				0.396
9/1/2025				0.395

(a) See Exhibit 7.13.

(b) Based on AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Developed Loss Ratios Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Indemnity				Medical					
	Reported	Annual	Cumulative		Adjusted					Total
Accident	Paid	Development	Development	Developed	Paid	Paid	Annual	Cumulative	Developed	Developed
Year	<u>Loss Ratio (a)</u>	<u>Factor (b)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio (a)</u>	<u>Loss Ratio (c)</u>	<u>Factor (d)</u>	<u>Factor</u>	<u>Loss Ratio</u>	<u>Loss Ratio</u>
				(1) x (3)					(6) x (8)	(4) + (9)
2012	0.244	1.011	1.081	0.264	0.313	0.297	1.011	1.196	0.355	0.619
2013	0.205	1.011	1.093	0.224	0.247	0.247	1.013	1.211	0.299	0.523
2014	0.192	1.014	1.108	0.213	0.218	0.222	1.015	1.229	0.273	0.486
2015	0.185	1.016	1.125	0.208	0.202	0.208	1.018	1.251	0.260	0.468
2016	0.173	1.019	1.146	0.198	0.187	0.194	1.022	1.278	0.248	0.446
2017	0.172	1.027	1.177	0.203	0.187	0.194	1.030	1.316	0.256	0.459
2018	0.177	1.044	1.229	0.218	0.196	0.202	1.046	1.377	0.278	0.496
2019	0.194	1.074	1.320	0.256	0.208	0.212	1.073	1.478	0.314	0.570
2020	0.182	1.125	1.485	0.271	0.194	0.196	1.115	1.647	0.323	0.594
2021	0.170	1.226	1.821	0.310	0.181	0.181	1.204	1.982	0.360	0.669
2022	0.111	1.537	2.798	0.311	0.121	0.121	1.434	2.843	0.344	0.655
2023	0.039	2.955	8.269	0.319	0.047	0.047	2.531	7.196	0.341	0.660

- (a) Based on AC24-03-02, Exhibit 1.
 (b) Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC24-03-02, Exhibit 7.6, Item Q).
 (c) See AC24-03-02, Exhibit 3.2, Column (2).
 (d) Based on AC24-03-02, Exhibit 2.6.1 and includes adjustments for SB 1160 and recent pharmaceutical cost declines. Age-to-age factors for developing accident years 2018 to 2023 were adjusted for changes in claim settlement rates based on 3-year average selections (see AC24-03-02, Exhibit 7.12, Item AI).

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.218	1.237	0.759	0.355
2019	0.256	1.204	0.843	0.366
2020	0.271	1.169	0.892	0.355
2021	0.310	1.126	0.928	0.376
2022	0.311	1.089	0.916	0.370
2023	0.319	1.064	0.951	0.357
				Projected (d)
2024				0.360
2025				0.361
9/1/2025				0.360

- (a) See Exhibit 8.1.
 (b) Based on AC24-03-02, Exhibit 4.1.
 (c) See AC24-03-02, Exhibit 5.2.
 (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are from AC24-03-02, Exhibit 6.2.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Adjusted for the Impact of Reforms and Changes in Claim Settlement Rates
Based on 3-Year Average Selections
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.376
2013	0.299	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.256	1.030	0.721	0.365
2018	0.278	1.031	0.759	0.378
2019	0.314	1.027	0.843	0.383
2020	0.323	1.023	0.892	0.370
2021	0.360	1.021	0.928	0.396
2022	0.344	1.013	0.916	0.380
2023	0.341	1.011	0.951	0.362
				Projected (d)
2024				0.373
2025				0.378
9/1/2025				0.377

- (a) See Exhibit 8.1.
 (b) Based on AC24-03-02, Exhibit 4.4.
 (c) See AC24-03-02, Exhibit 5.2.
 (d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the actual frequency change for accident year 2023 and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are from AC24-03-02, Exhibit 6.4.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2023
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projected (d)
2024				0.351
2025				0.352
9/1/2025				0.351

(a) See AC24-03-02, Exhibit 3.1.

(b) See AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual indemnity severity trend from AC24-03-02, Exhibit 6.2, and projected frequency trends for accident years 2024 to 2026 from AC24-03-02, Exhibit 6.1; these trends were then separately applied to the 2023 on-level ratio.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Severity Trends
Applied to Accident Year 2023
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.376
2013	0.299	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.255	1.030	0.721	0.365
2018	0.277	1.031	0.759	0.376
2019	0.311	1.027	0.843	0.379
2020	0.322	1.023	0.892	0.369
2021	0.364	1.021	0.928	0.401
2022	0.352	1.013	0.916	0.390
2023	0.361	1.011	0.951	0.384
				Projected (d)
2024				0.382
2025				0.387
9/1/2025				0.386

(a) See AC24-03-02, Exhibit 3.2.

(b) See AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) These on-level ratios were projected based on an estimated annual medical severity trend from AC24-03-02, Exhibit 6.2, and projected frequency trends for accident years 2024 to 2026 from AC24-03-02, Exhibit 6.1; these trends were then separately applied to the 2023 on-level ratio.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projected (d)
2024				0.358
2025				0.358
9/1/2025				0.357

(a) See AC24-03-02, Exhibit 3.1.

(b) See AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from AC24-03-02, Exhibit 12, and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 1990-2023 annual indemnity severity trend of 0.7%.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Long-Term Severity Trends
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.376
2013	0.299	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.255	1.030	0.721	0.365
2018	0.277	1.031	0.759	0.376
2019	0.311	1.027	0.843	0.379
2020	0.322	1.023	0.892	0.369
2021	0.364	1.021	0.928	0.401
2022	0.352	1.013	0.916	0.390
2023	0.361	1.011	0.951	0.384
				Projected (d)
2024				0.403
2025				0.418
9/1/2025				0.419

(a) See AC24-03-02, Exhibit 3.2.

(b) See AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from AC24-03-02, Exhibit 12, and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are based on the 1990-2023 annual medical severity trend of 4.5%.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projected (d)
2024				0.356
2025				0.355
9/1/2025				0.354

(a) See AC24-03-02, Exhibit 3.1.

(b) See AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from AC24-03-02, Exhibit 12, and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual indemnity severity growth estimates are based on the 2019-2023 annual indemnity severity trend of 0.4%.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Separate Applications of Frequency and Short-Term Severity Trends
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.376
2013	0.299	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.255	1.030	0.721	0.365
2018	0.277	1.031	0.759	0.376
2019	0.311	1.027	0.843	0.379
2020	0.322	1.023	0.892	0.369
2021	0.364	1.021	0.928	0.401
2022	0.352	1.013	0.916	0.390
2023	0.361	1.011	0.951	0.384
				Projected (d)
2024				0.385
2025				0.387
9/1/2025				0.386

(a) See AC24-03-02, Exhibit 3.2.

(b) See AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) The trending projection is based on frequency and severity growth separately applied to the 2022 and 2023 on-level ratios. The frequency growth estimates are based on the average of the actual 12-month frequency change for accident year 2023 from AC24-03-02, Exhibit 12, and frequency model projections for accident years 2024 through 2026 from Item AC24-03-02, Exhibit 6.1. The annual medical severity growth estimates are based on the 2019-2023 annual medical severity trend of 1.3%.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
1992	0.352	1.206	1.064	0.400
1993	0.289	1.464	1.029	0.412
1994	0.329	1.531	1.163	0.433
1995	0.474	1.417	1.527	0.440
1996	0.533	1.325	1.567	0.450
1997	0.604	1.186	1.519	0.471
1998	0.655	1.094	1.540	0.466
1999	0.687	1.014	1.463	0.476
2000	0.595	0.946	1.158	0.486
2001	0.494	0.947	0.988	0.473
2002	0.369	0.970	0.761	0.470
2003	0.244	0.967	0.541	0.437
2004	0.145	1.324	0.493	0.390
2005	0.125	1.795	0.547	0.409
2006	0.161	1.763	0.704	0.404
2007	0.222	1.700	0.900	0.420
2008	0.281	1.596	1.087	0.413
2009	0.330	1.565	1.174	0.440
2010	0.317	1.536	1.067	0.456
2011	0.294	1.515	0.974	0.456
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projected (d)
2024				0.359
2025				0.357
9/1/2025				0.356

(a) See AC24-03-02, Exhibit 3.1.

(b) See AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately -0.7% based on the 1990 to 2023 on-level indemnity to pure premium ratios to the 2022 and 2023 on-level indemnity to pure premium ratios.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Long-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)	(5)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (e) (1) x (2) ÷ (3)	On-Level Medical to Pure Premium Ratio
1992	0.296	0.585	1.064	0.163	0.163
1993	0.244	0.700	1.029	0.166	0.166
1994	0.282	0.734	1.163	0.178	0.178
1995	0.417	0.724	1.527	0.198	0.198
1996	0.448	0.714	1.567	0.204	0.204
1997	0.503	0.707	1.519	0.234	0.234
1998	0.607	0.623	1.540	0.246	0.246
1999	0.665	0.540	1.463	0.245	0.245
2000	0.602	0.496	1.158	0.258	0.258
2001	0.536	0.452	0.988	0.245	0.245
2002	0.417	0.470	0.761	0.257	0.257
2003	0.269	0.493	0.541	0.245	0.245
2004	0.183	0.745	0.493	0.276	0.276
2005	0.179	0.865	0.547	0.284	0.284
2006	0.232	0.909	0.704	0.300	0.300
2007	0.327	0.892	0.900	0.324	0.324
2008	0.408	0.886	1.087	0.333	0.333
2009	0.483	0.874	1.174	0.359	0.359
2010	0.475	0.871	1.067	0.387	0.387
2011	0.409	0.886	0.974	0.372	0.372
2012	0.355	0.919	0.867	0.376	0.376
2013	0.299	0.957	0.758	0.378	0.378
2014	0.273	1.003	0.698	0.392	0.427
2015	0.260	1.023	0.667	0.399	0.433
2016	0.248	1.027	0.688	0.370	0.400
2017	0.255	1.030	0.721	0.365	0.394
2018	0.277	1.031	0.759	0.376	0.406
2019	0.311	1.027	0.843	0.379	0.410
2020	0.322	1.023	0.892	0.369	0.397
2021	0.364	1.021	0.928	0.401	0.434
2022	0.352	1.013	0.916	0.390	0.422
2023	0.361	1.011	0.951	0.384	0.419
Projected (d)					
2024				0.405	
2025				0.418	
9/1/2025				0.421	

- (a) See AC24-03-02, Exhibit 3.2.
- (b) See AC24-03-02, Exhibit 4.4.
- (c) See AC24-03-02, Exhibit 5.2.
- (d) These on-level ratios were projected by separately applying an exponential trend of approximately 3.2% based on the 1990 to 2023 on-level medical to pure premium ratios (including M CCP costs) to the 2022 and 2023 on-level medical to pure premium ratios.
- (e) Medical costs include the M CCP cost for all accident years for selecting the loss ratio trend.

**Projected On-Level Accident Year
Indemnity Loss to Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Indemnity Loss Ratio (a)	Composite Indemnity Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Indemnity to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.264	1.496	0.867	0.455
2013	0.224	1.463	0.758	0.432
2014	0.213	1.340	0.698	0.409
2015	0.208	1.320	0.667	0.412
2016	0.198	1.304	0.688	0.375
2017	0.203	1.270	0.721	0.358
2018	0.217	1.237	0.759	0.354
2019	0.255	1.204	0.843	0.364
2020	0.269	1.169	0.892	0.352
2021	0.311	1.126	0.928	0.377
2022	0.311	1.089	0.916	0.370
2023	0.318	1.064	0.951	0.356
				Projected (d)
2024				0.364
2025				0.364
9/1/2025				0.364

(a) See AC24-03-02, Exhibit 3.1.

(b) See AC24-03-02, Exhibit 4.1.

(c) See AC24-03-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 0.1% based on the 2019 to 2023 on-level indemnity to pure premium ratios to the 2022 and 2023 on-level indemnity to pure premium ratios.

**Projected On-Level Accident Year
Medical Loss to Pure Premium Ratios
Short-Term Exponential Loss Ratio Trend
Based on Experience as of December 31, 2023**

	(1)	(2)	(3)	(4)
Accident Year	Developed Medical Loss Ratio (a)	Composite Medical Adjustment Factor (b)	Composite Premium Adjustment Factor (c)	On-Level Medical to Pure Premium Ratio (1) x (2) ÷ (3)
2012	0.355	0.919	0.867	0.376
2013	0.299	0.957	0.758	0.378
2014	0.273	1.003	0.698	0.392
2015	0.260	1.023	0.667	0.399
2016	0.248	1.027	0.688	0.370
2017	0.255	1.030	0.721	0.365
2018	0.277	1.031	0.759	0.376
2019	0.311	1.027	0.843	0.379
2020	0.322	1.023	0.892	0.369
2021	0.364	1.021	0.928	0.401
2022	0.352	1.013	0.916	0.390
2023	0.361	1.011	0.951	0.384
				Projected (d)
2024				0.391
2025				0.394
9/1/2025				0.395

(a) See AC24-03-02, Exhibit 3.2.

(b) See AC24-03-02, Exhibit 4.4.

(c) See AC24-03-02, Exhibit 5.2.

(d) These on-level ratios were projected by separately applying an exponential trend of approximately 0.8% based on the 2019 to 2023 on-level medical to pure premium ratios to the 2022 and 2023 on-level medical to pure premium ratios.