



# 2022 CAS Spring Meeting State of the Workers' Compensation Market

May 16, 2022





# Antitrust Notice

- **The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.**
- **Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.**
- **It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.**



# California Workers' Compensation Update

Dave Bellusci, FCAS, MAA  
WCIRB of California

# California Workers' Compensation Update

## Key Drivers

- COVID-19 Pandemic
- Rates
- Premiums
- Profitability

## 9/1/22 WCIRB Filing

- 2020 & 2021 Years
- COVID-19 Projection

## The "Watch List"



Economic Recovery



Claim Frequency



Cumulative Trauma



Medical Inflation



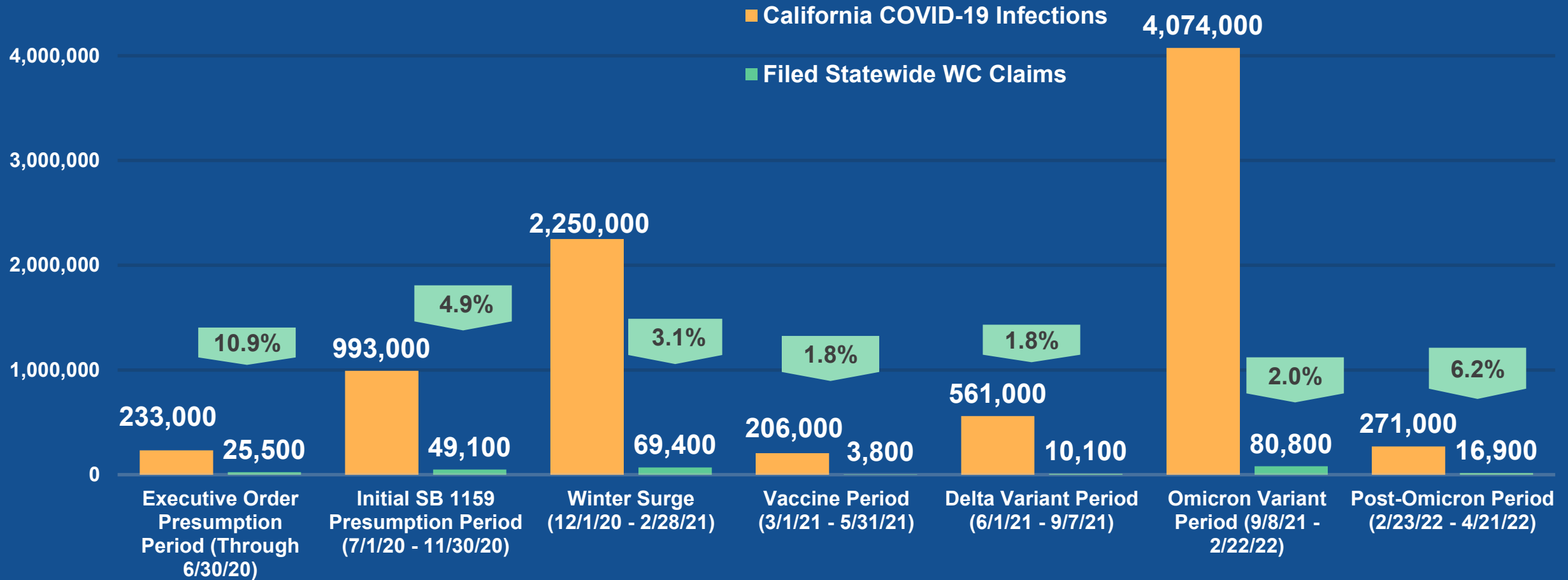
Frictional Costs



"Long COVID"

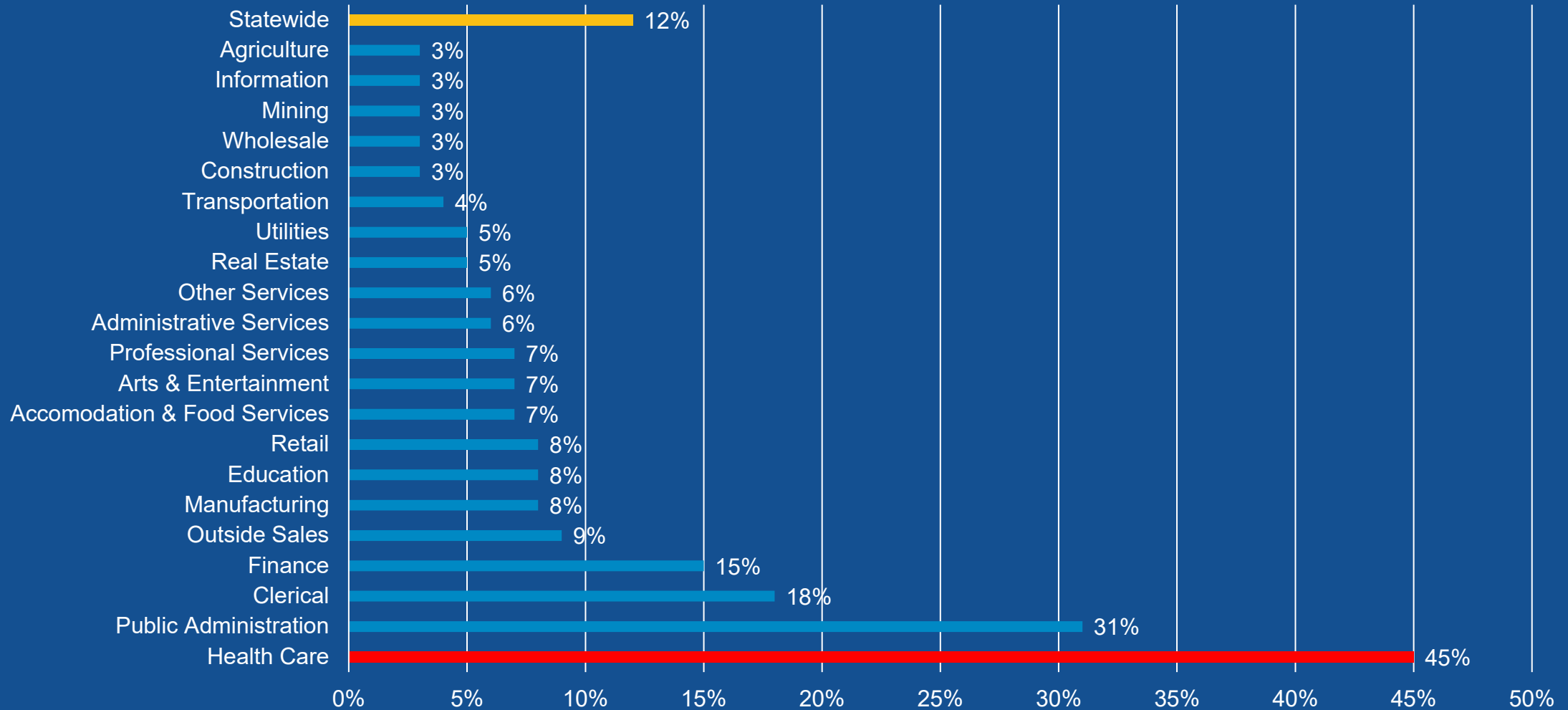


# COVID-19 California Workers' Compensation Claims Relative to Statewide Infections



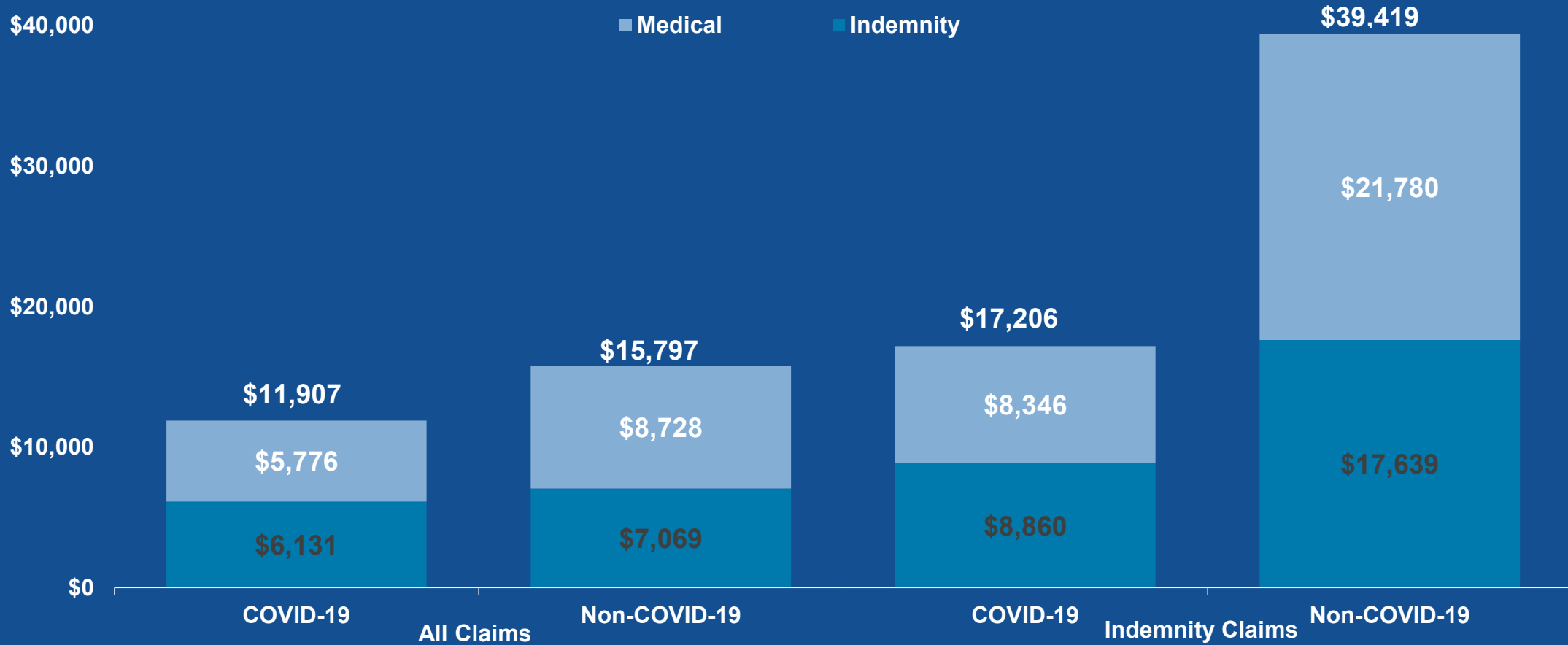
# COVID-19 Share of Indemnity Claims By Industry

As of February 14, 2022



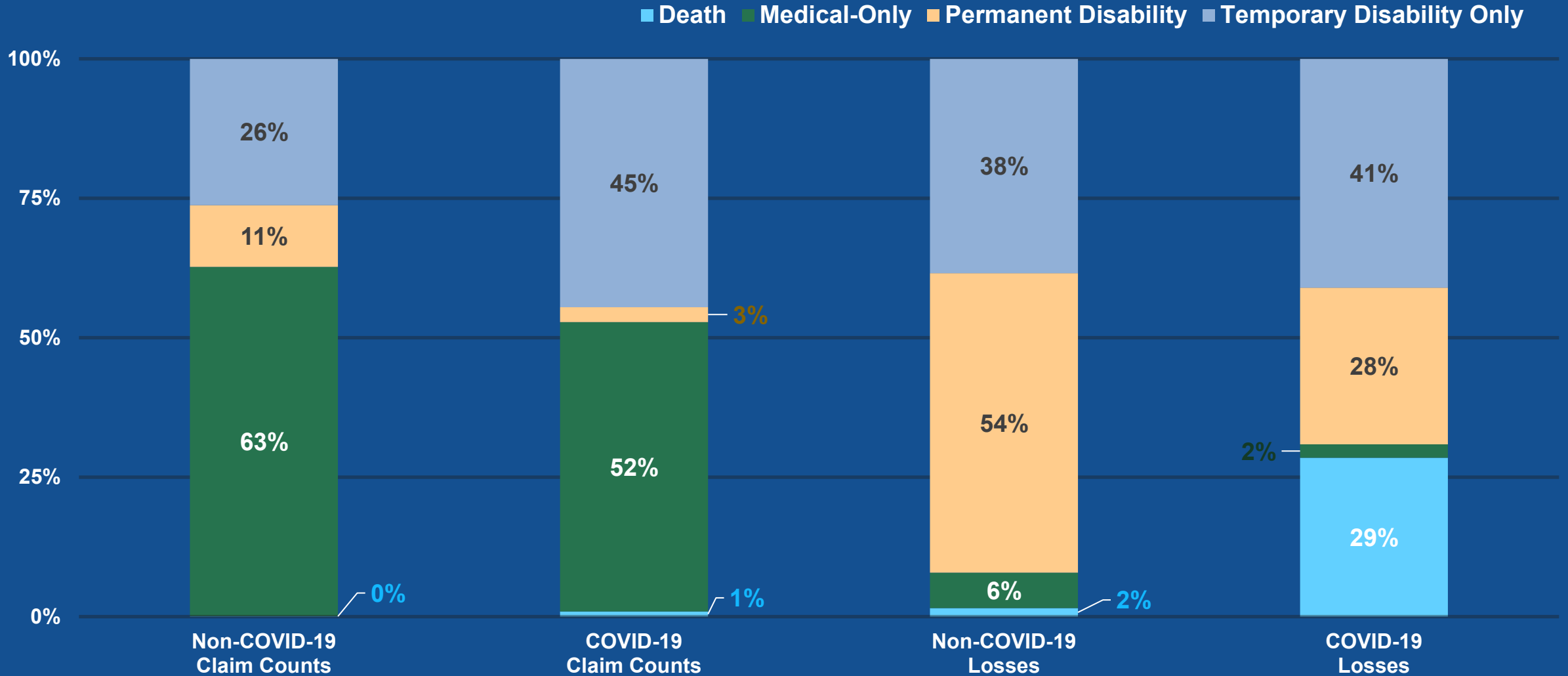
# Accident Year 2020 Average Incurred Claim Size

As of December 31, 2021



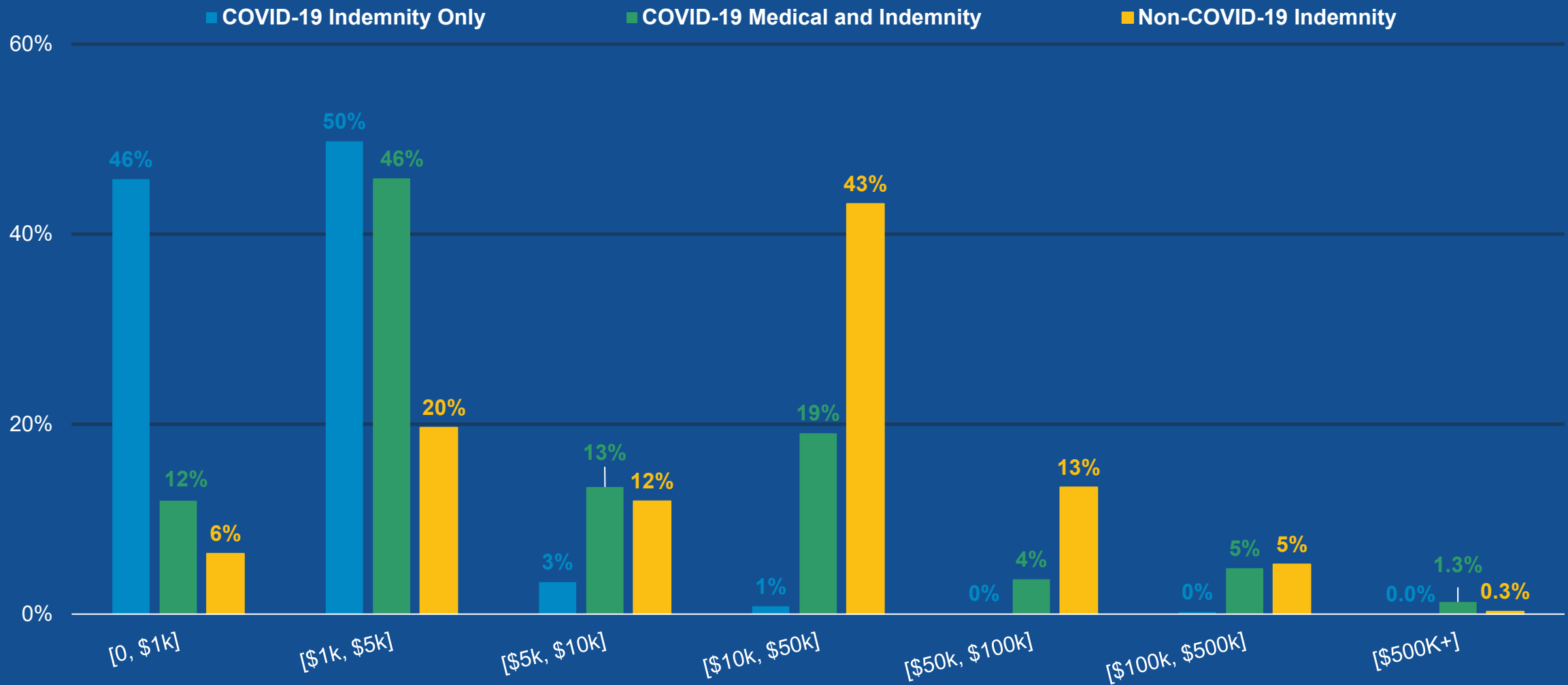
# Distribution of Claims and Incurred Losses by Claim Type

## Accident Year 2020



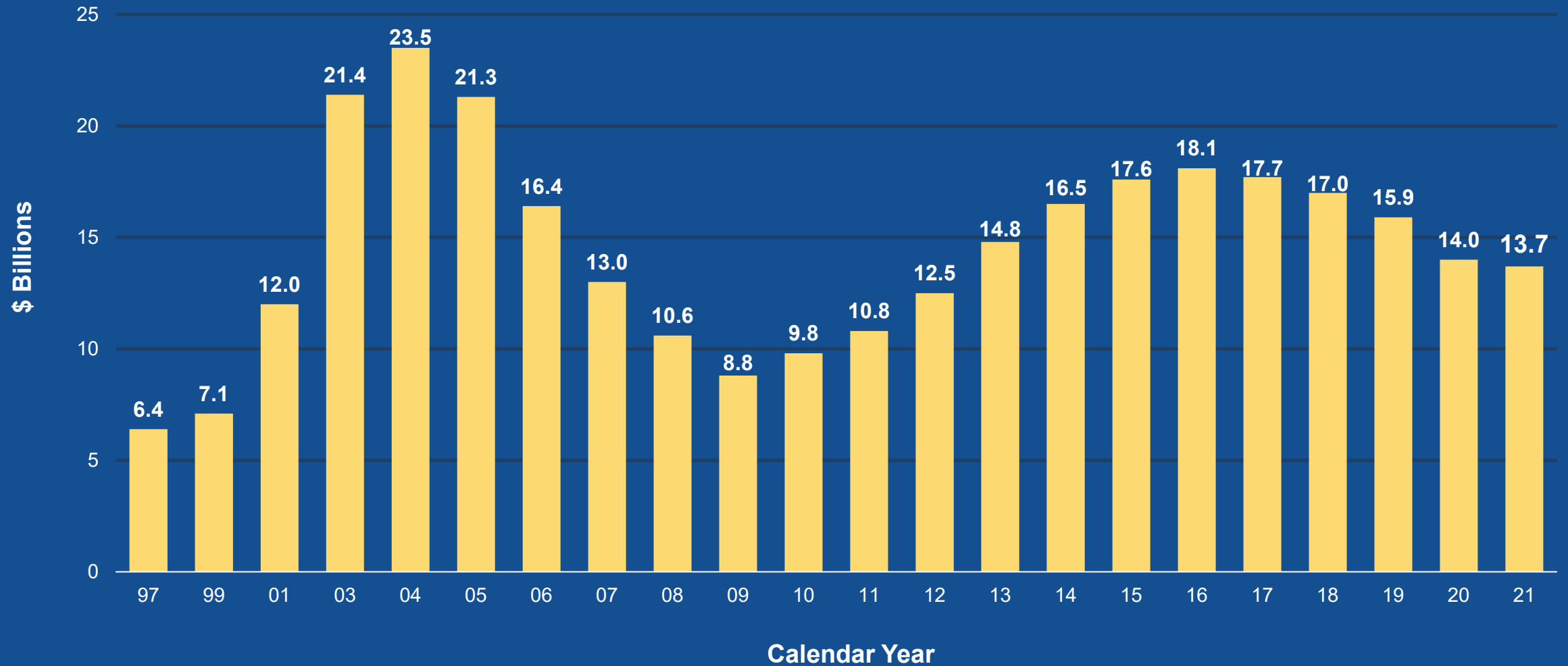


# Indemnity Claim Distribution by Incurred Loss Size Accident Year 2020



# Written Premium Gross of Deductible Credits

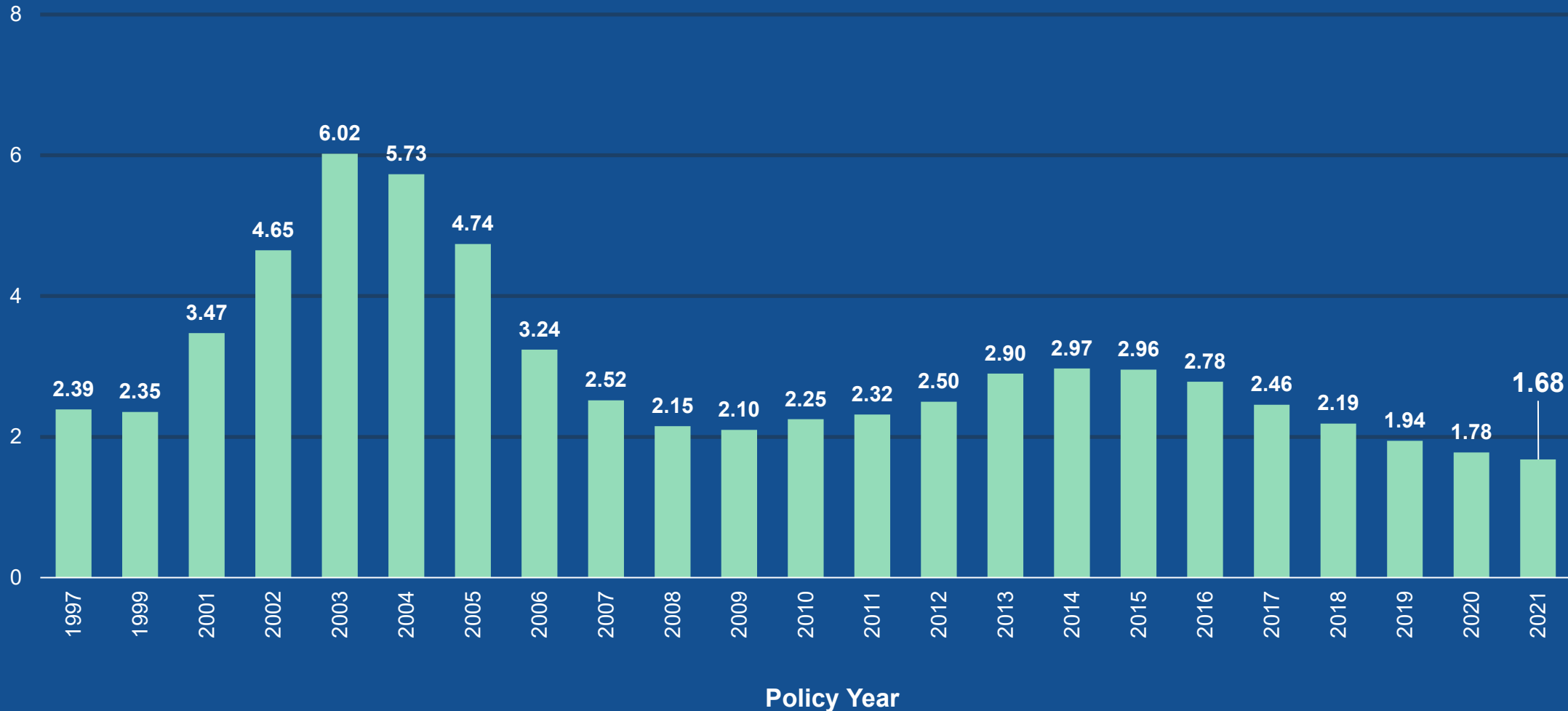
As of December 31, 2021



# Industry Average Charged Rates

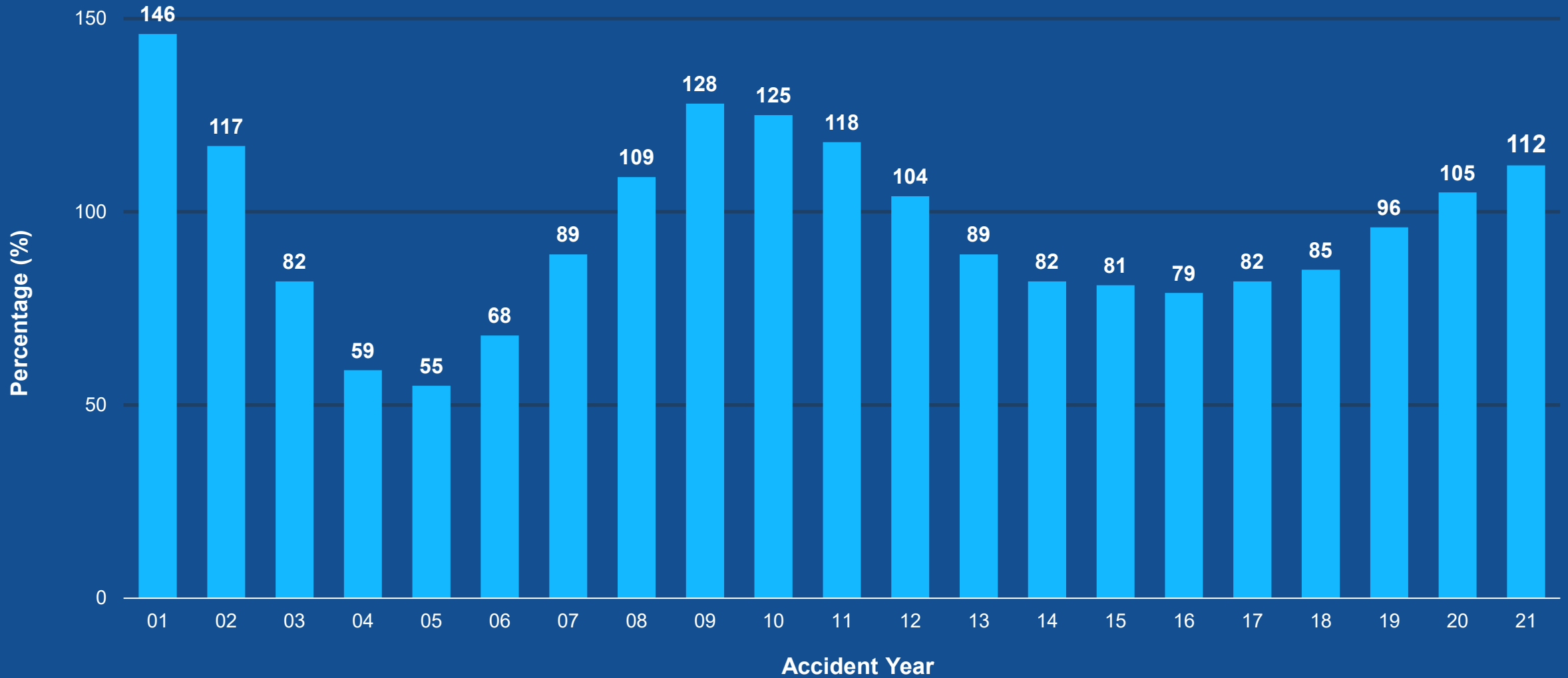
## Average Rate Per \$100 of Payroll

As of September 30, 2021

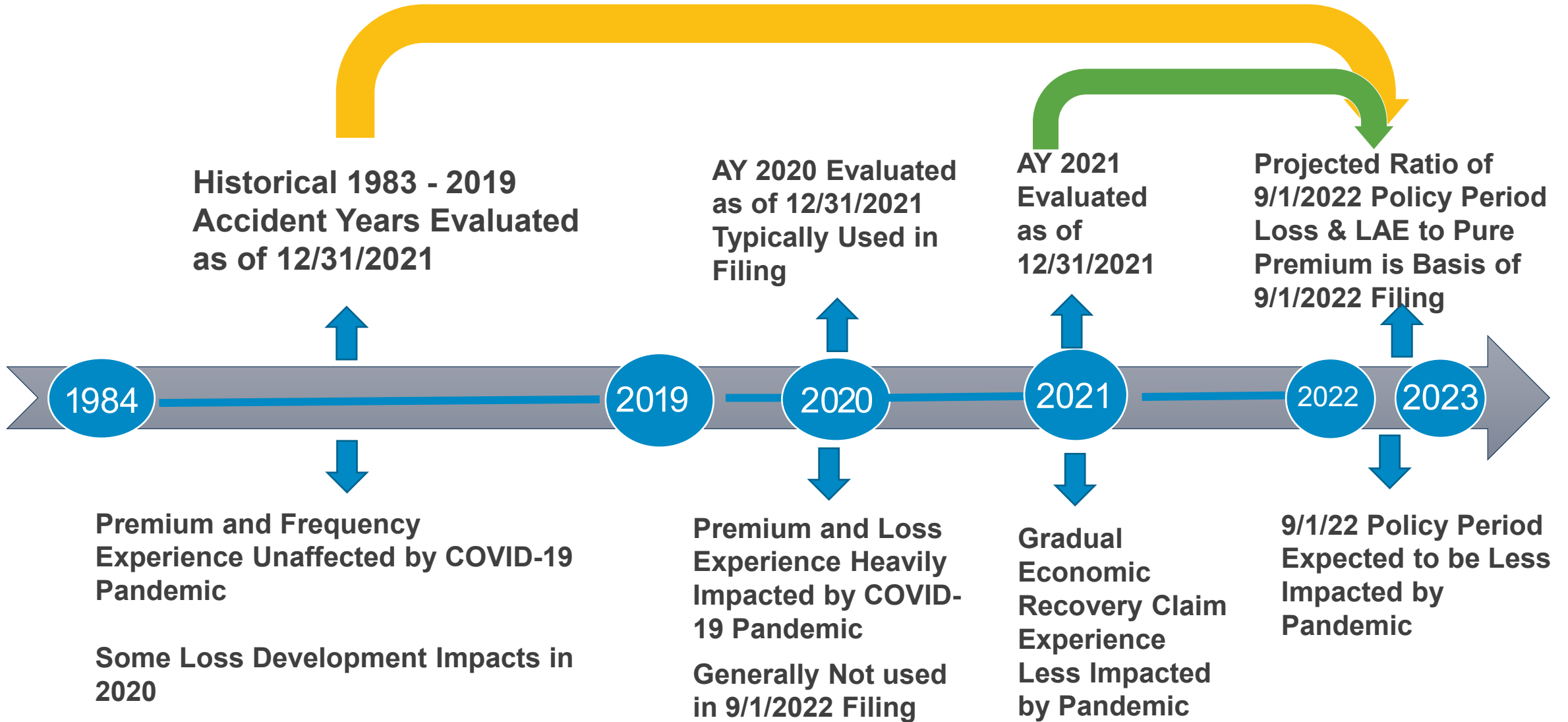


# Projected Accident Year Combined Ratio

As of December 31, 2021

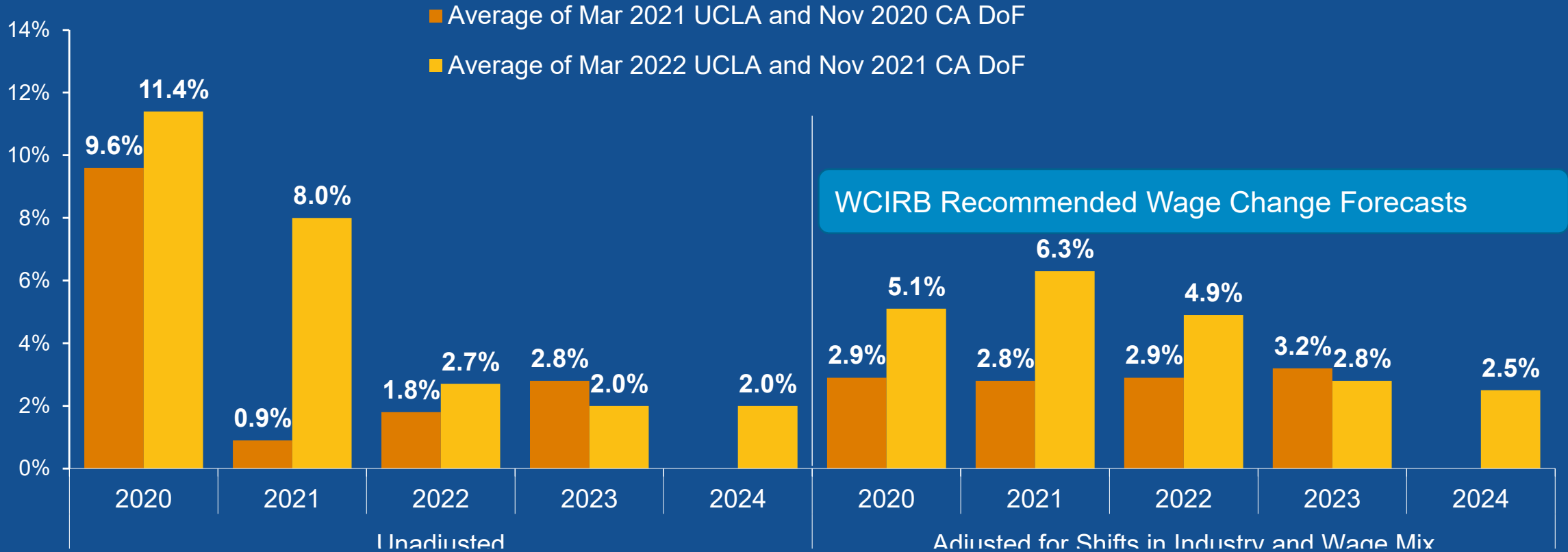


# September 1, 2022 Pure Premium Rate Filing - Process



# Average Wage Level Change Forecast

As of March 2022



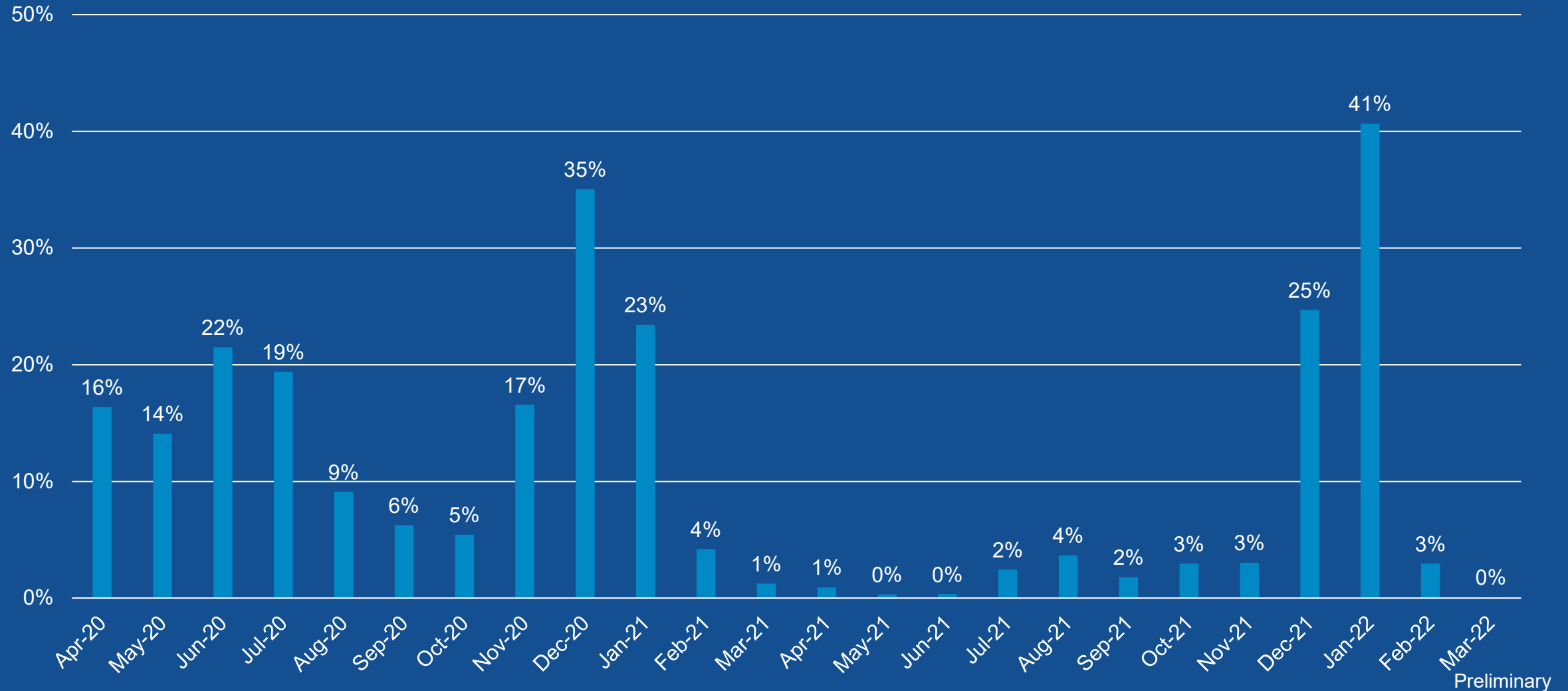
## Average Annual Adjusted Wage Change Projection from 2019:

9/1/2021 Filing: 2.9%

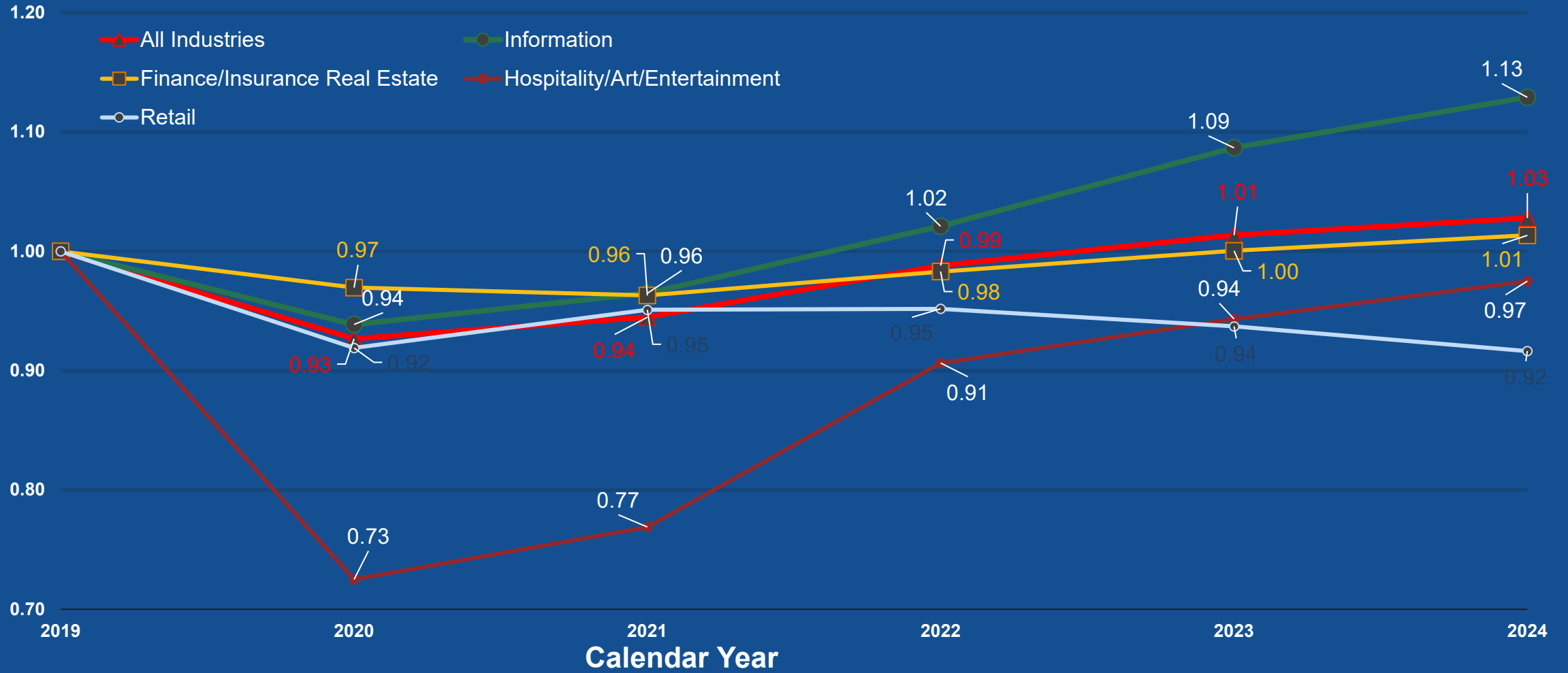
AC Recommended: 4.7%

# COVID-19 Share of Indemnity Claims

As of April 7, 2022

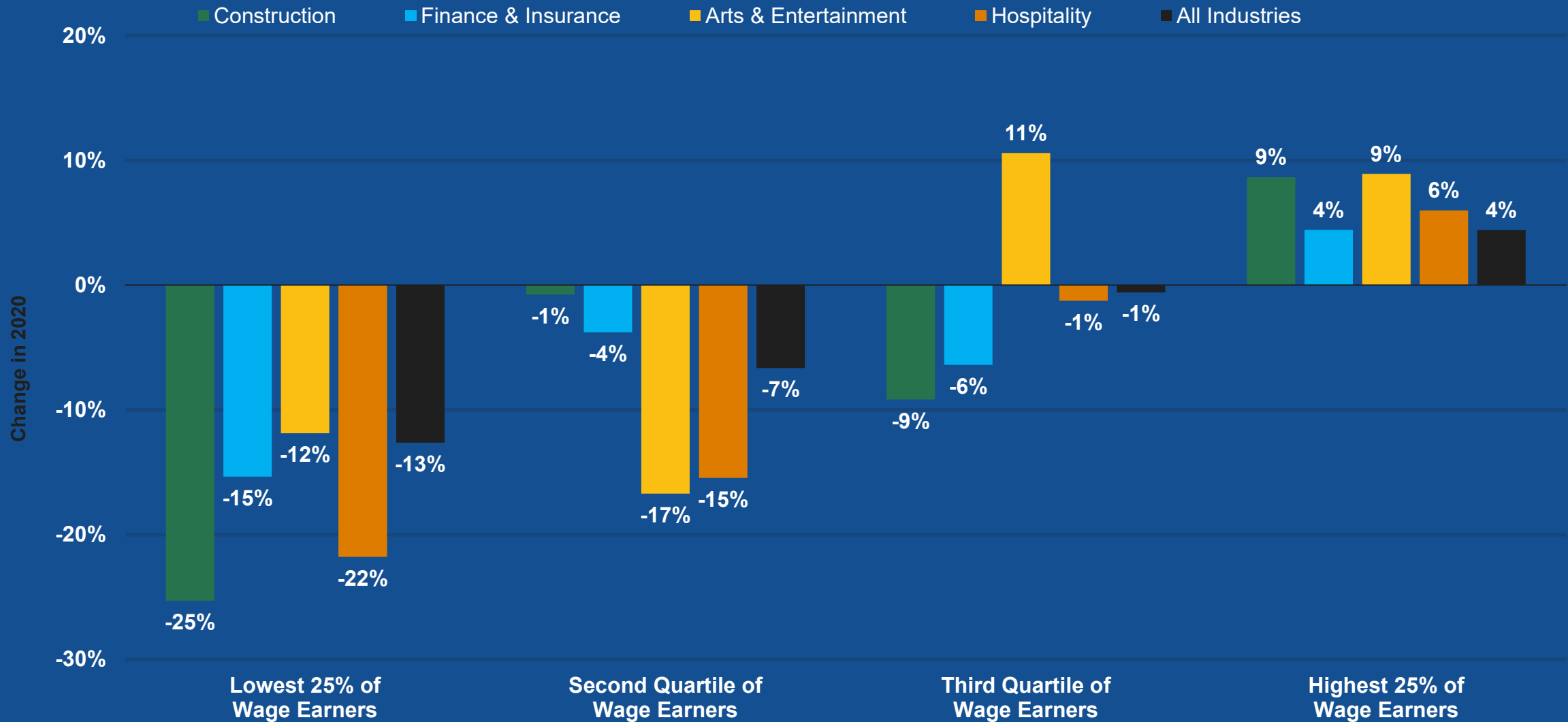


# California Industry Employment Forecasts Indexed to 2019

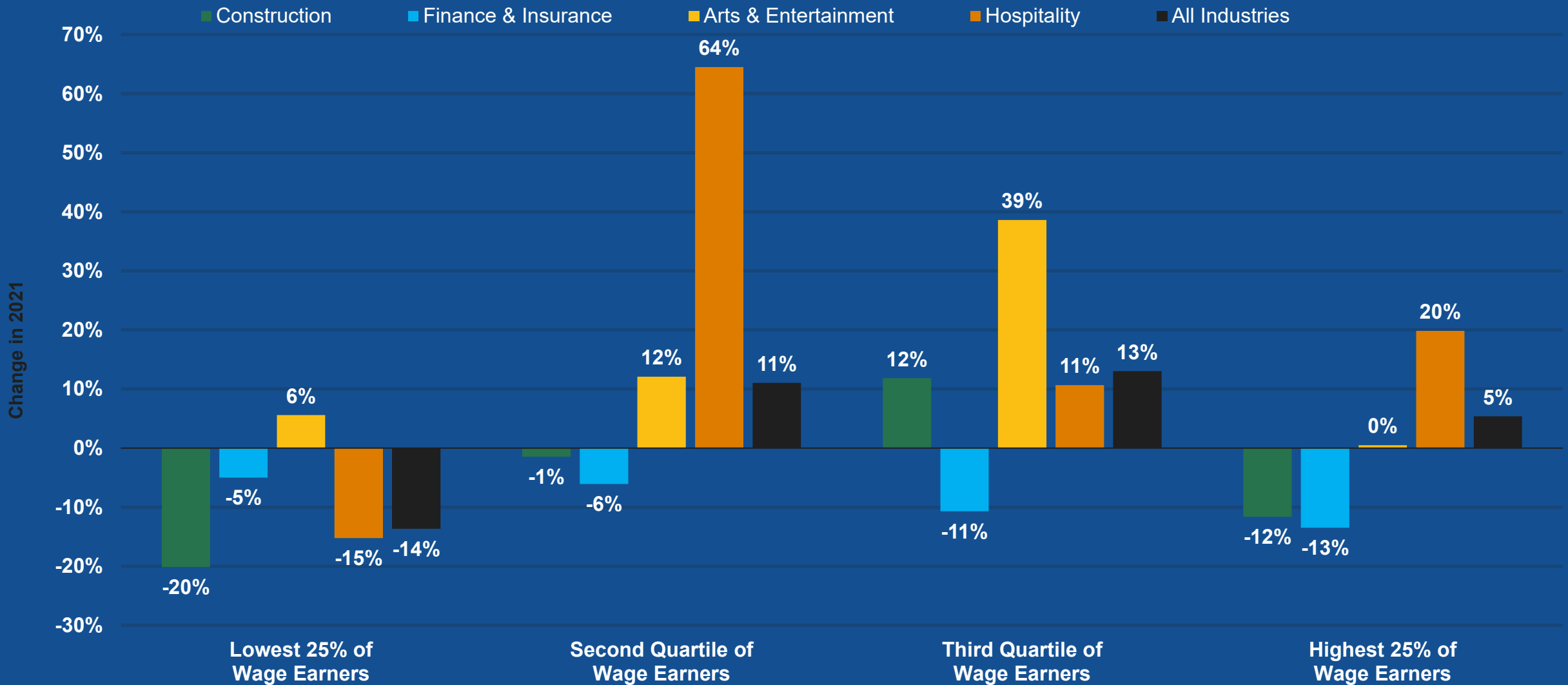




# California Employment Loss by Wage Level – 2019 to 2020

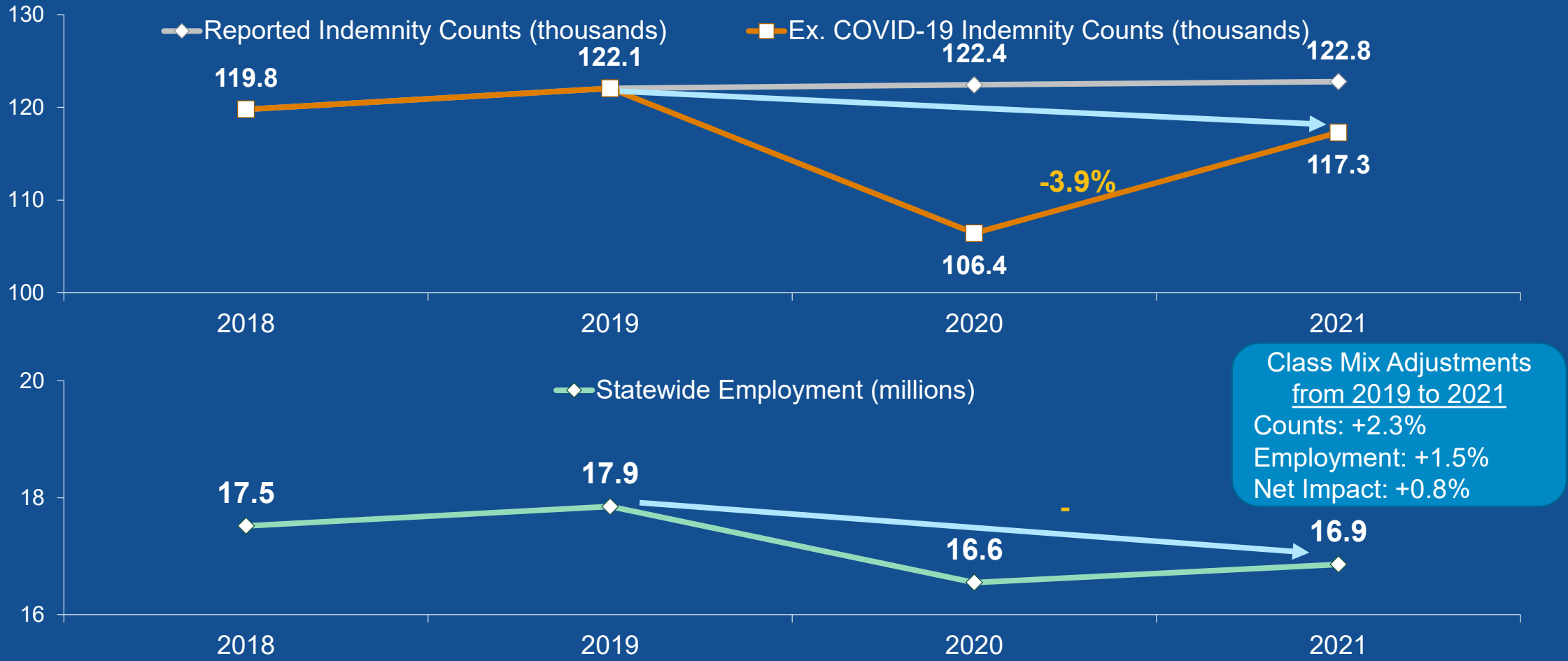


# California Employment Loss by Wage Level – 2020 to 2021

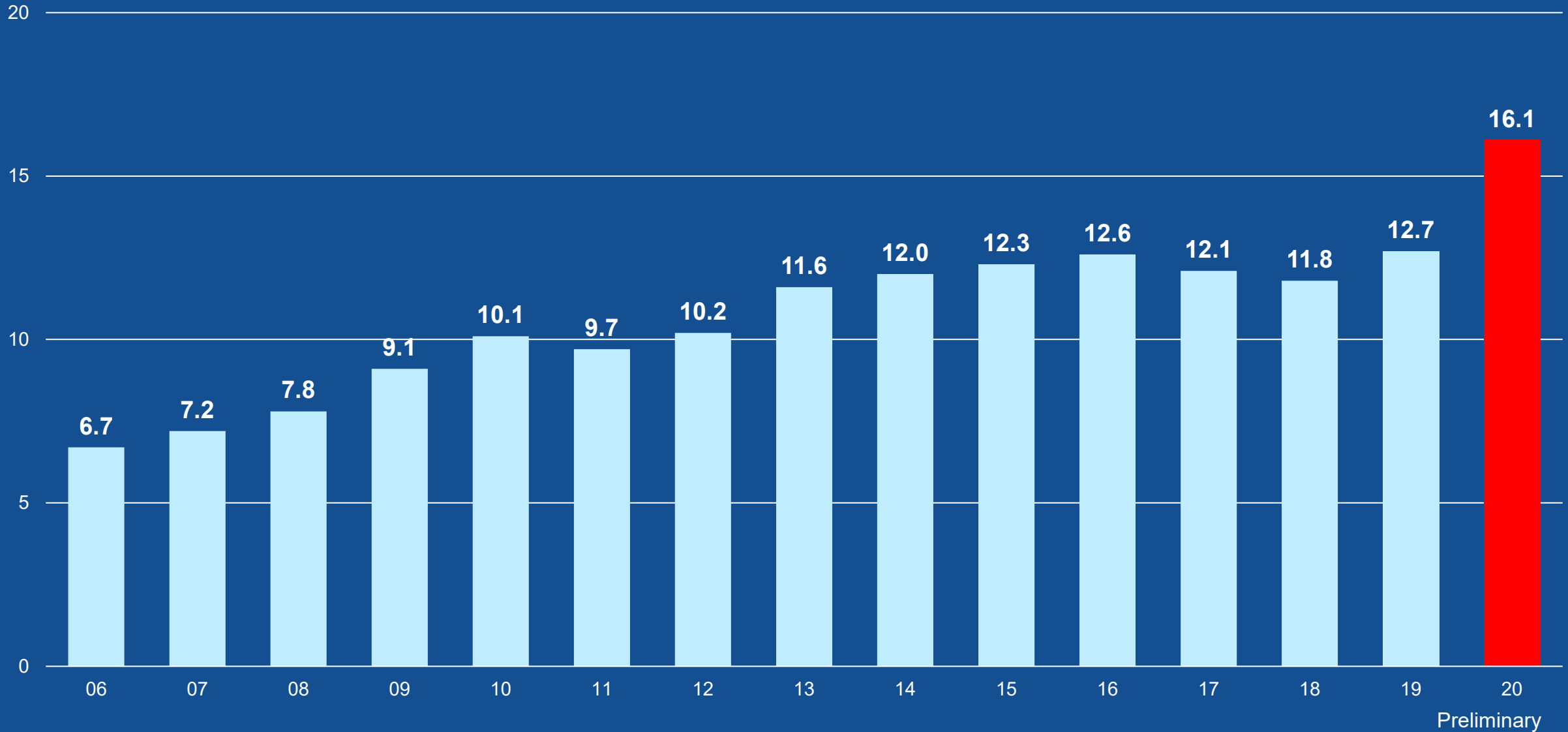


# Changes in 12-Month Indemnity Claim Counts and Employment Levels

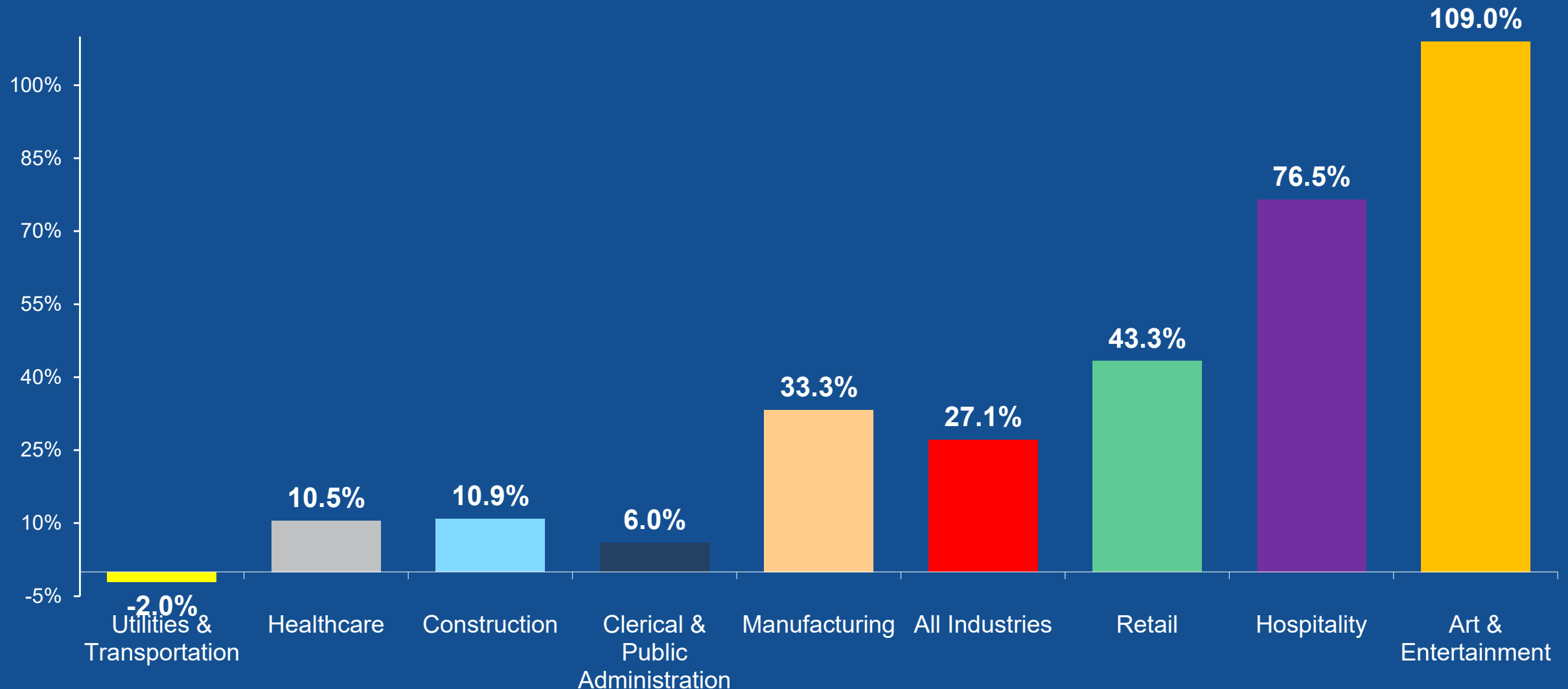
As of December 31, 2021



# Cumulative Trauma Claims per 100 Indemnity Claims

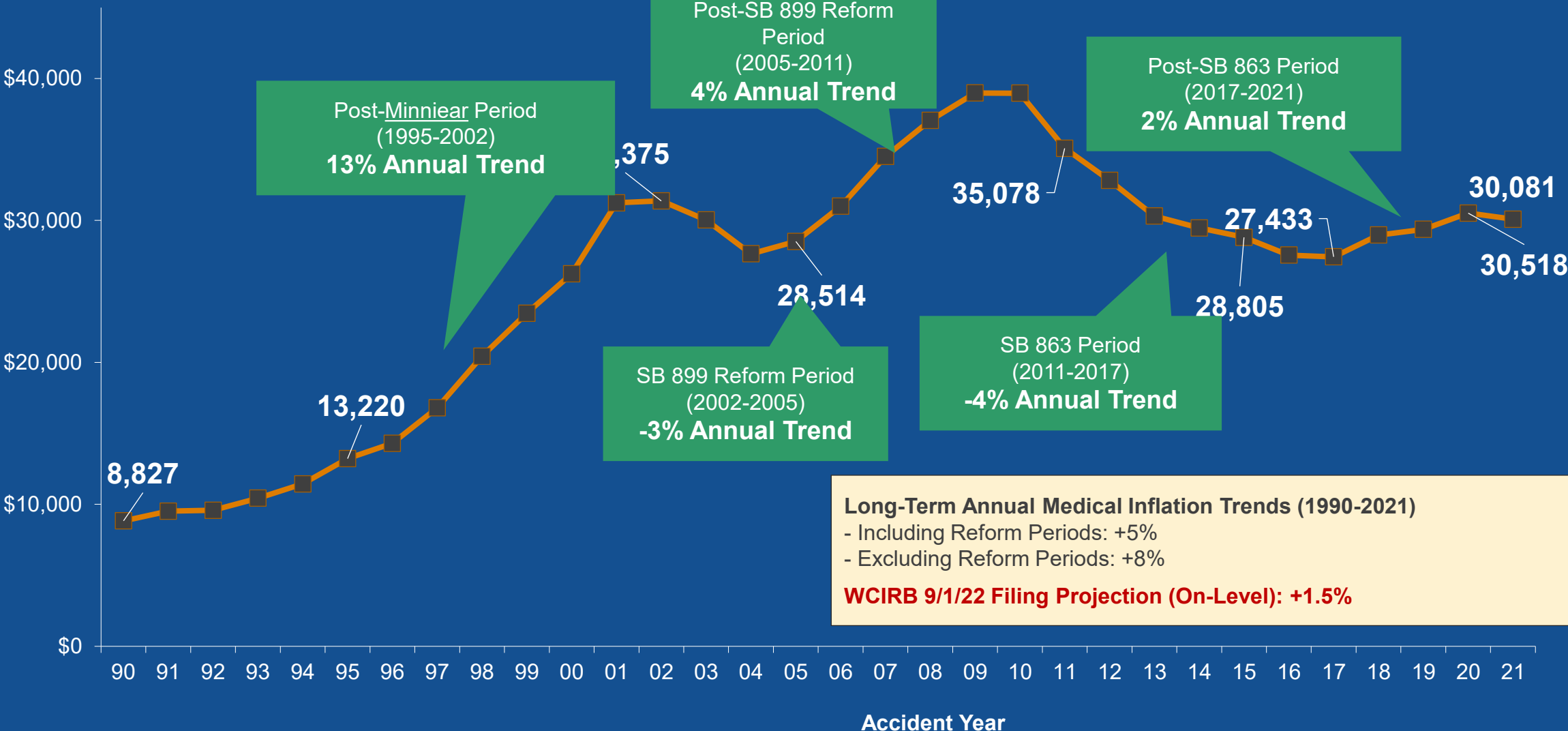


# Increase in AY 2020 CT Claims – By Select Industry (Ranked by 2020 Percent Employment Loss)



# Changes in Medical Severity

As of December 31, 2021



# Frictional Costs

Cost to Deliver \$1 in Benefits

Medicare



\$0.02

Private Group  
Health Insurance



\$0.18

Workers' Compensation  
Median State



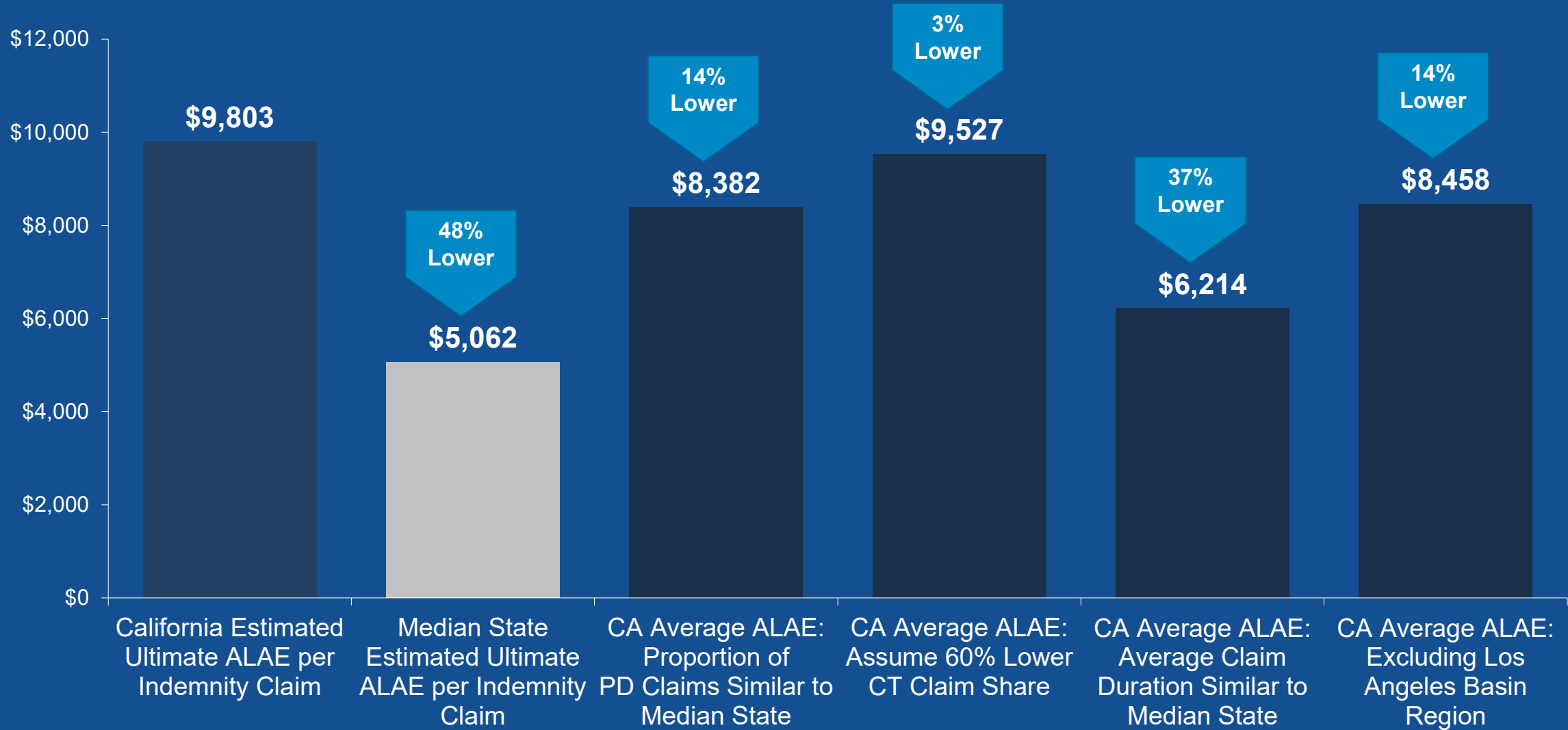
\$0.25

California Workers'  
Compensation



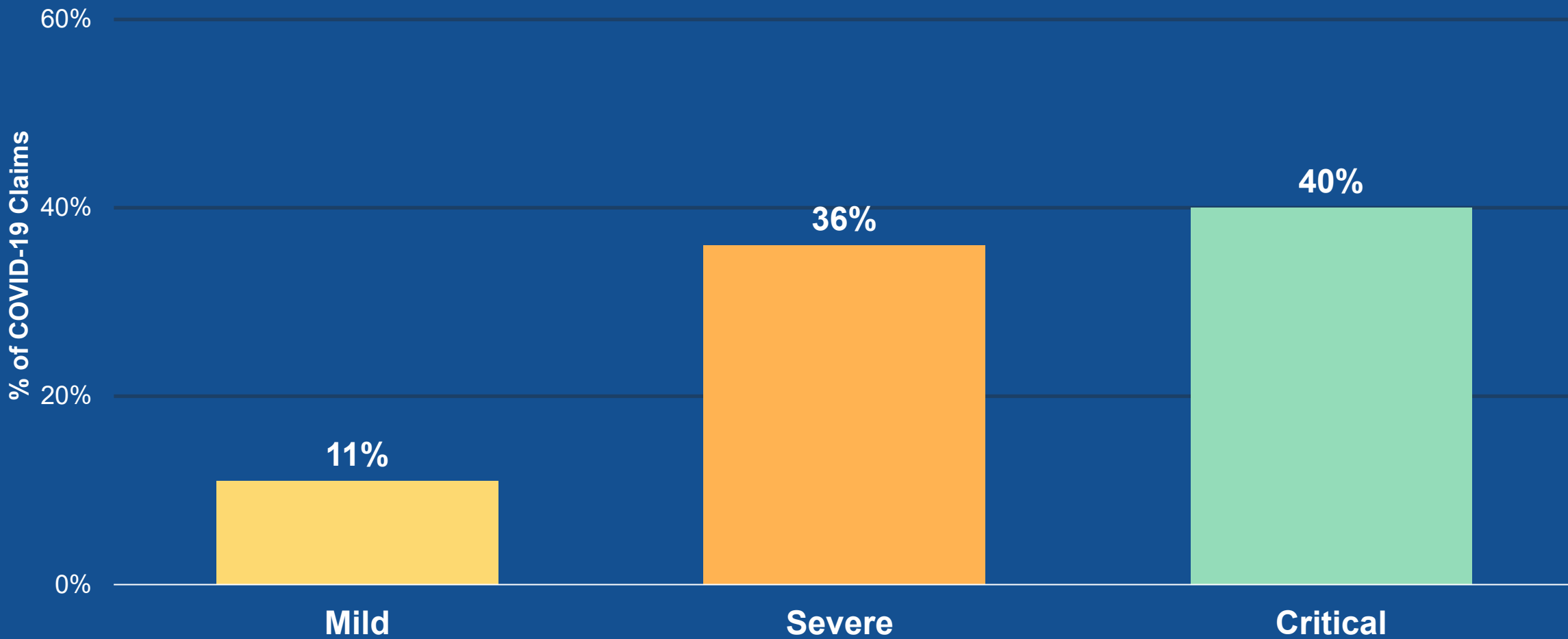
\$0.48

# Impact of the “Frictional Four”





# Share of COVID-19 Claims with Treatment for Long COVID Symptoms Four Months after Acute Care



Casualty Actuarial Society  
4350 North Fairfax Drive, Suite 250  
Arlington, Virginia 22203

[www.casact.org](http://www.casact.org)

