

Seminar on Reinsurance

June 5-6, 2023

Westin Philadelphia

Philadelphia, PA

Workers Compensation Large Losses

Presented by:

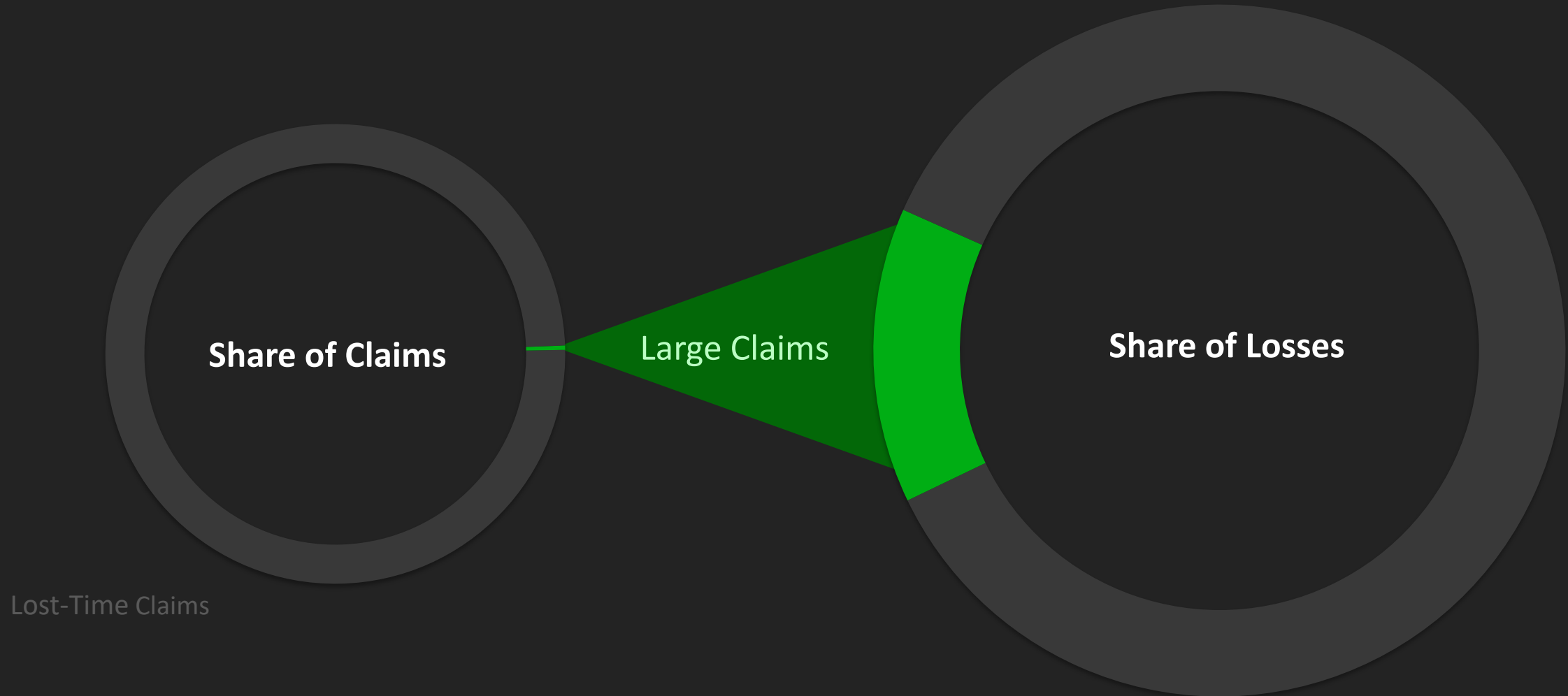
Sandra Kipust, FCAS
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NCCI



Expertise. Insight.
Solutions.

LARGE CLAIMS DECONSTRUCTED

A **large claim** is defined as exceeding \$1M in incurred loss



Development types for **Large Claims**



FAST_{ELC}

Exceed \$1M **within** 2 years of injury

SLOW_{ELC}

Exceed \$1M 2 years or more **after** injury

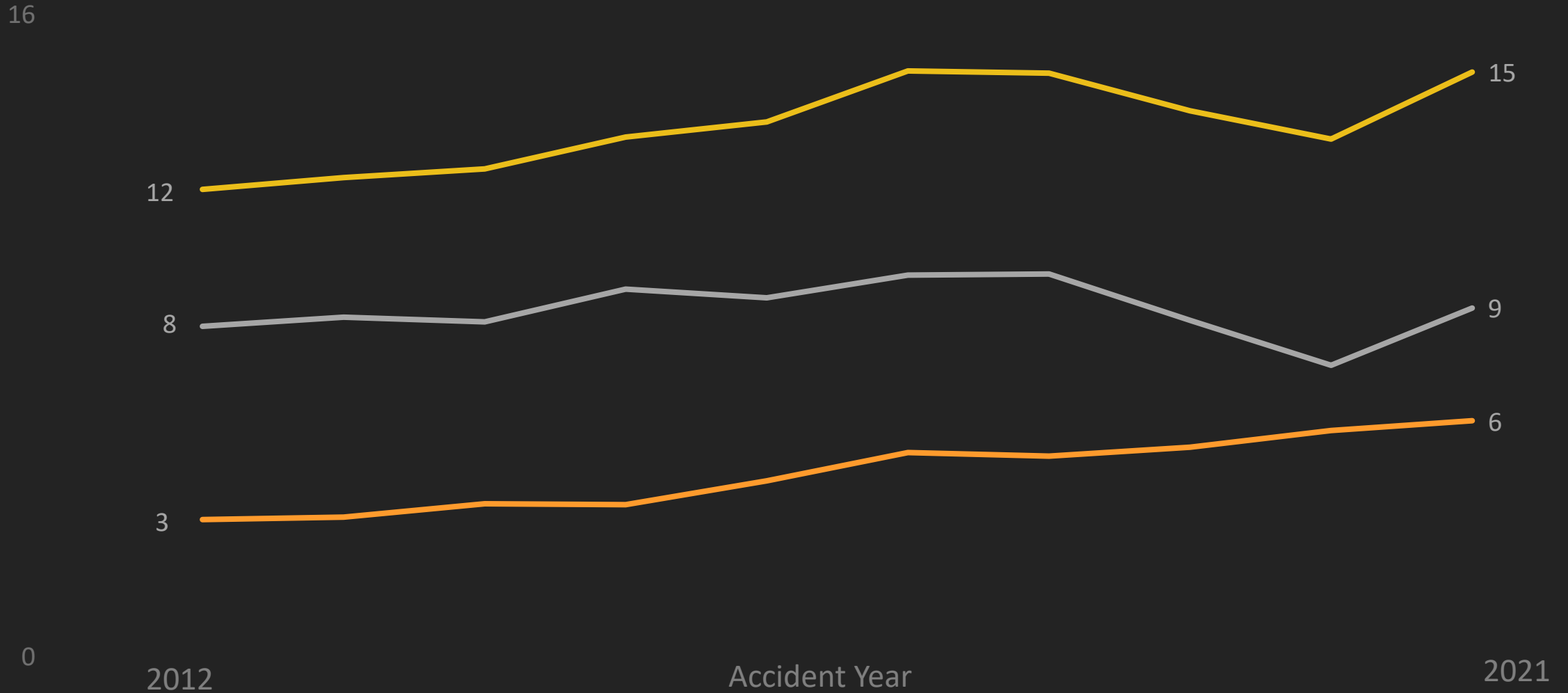


Frequency of Large Claims per 10K Lost-Time Claims



Deconstructing Frequency of **FAST_{ELC}** per 10K Lost-Time Claims

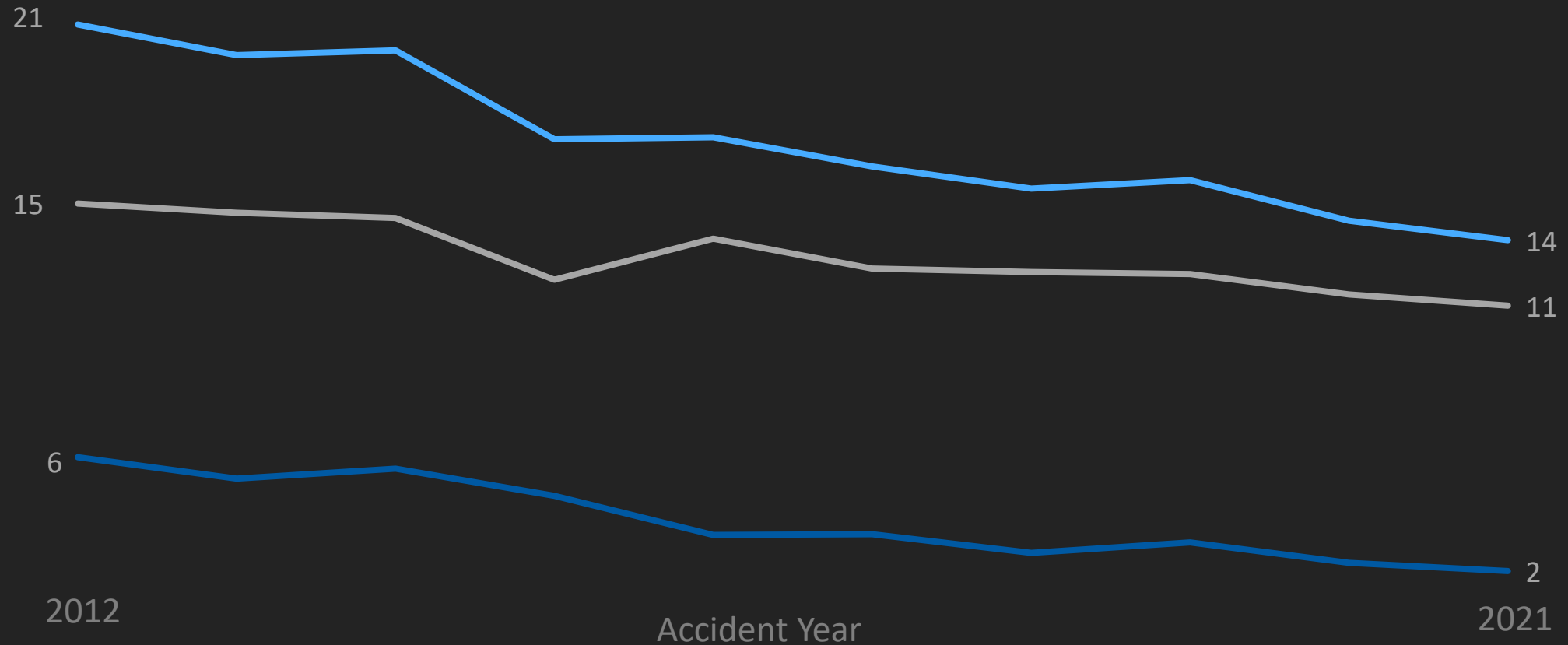
Burns, Spinal Cord Injuries, and Traumatic Brain Injuries (B, SCI, TBI) and Other



Deconstructing Frequency of **SLOW**_{ELC} per 10K Lost-Time Claims

Degenerative Disc Disorders, Pain and Other

25



Top Causes and Injuries for workers with large claims



FAST_{ELC}

Caused by **Fall or Slip from Elevation** and **Motor Vehicle Accidents**



Resulting in **Fractures**

Primarily injuring **Multiple Body Parts**



SLOW_{ELC}

Caused by **Strain or Injury by Lifting**



Resulting in **Strains**

Primarily injuring **Lower Back**

Occupations of injured workers with large claims



Construction-Related



Operation of Motor Vehicles



Installation of Machines and Equipment



25–31% of **FAST**_{ELC} are construction-related

8-11%

4-5%

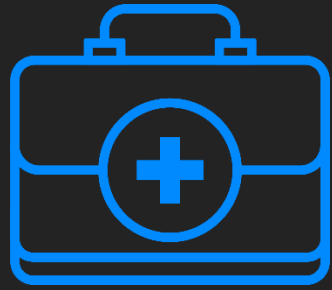


20–24% of **SLOW**_{ELC} are construction-related

8-10%

4-6%

Occupations of injured workers with large claims



Instructional
and Medical
Professionals

5-7%



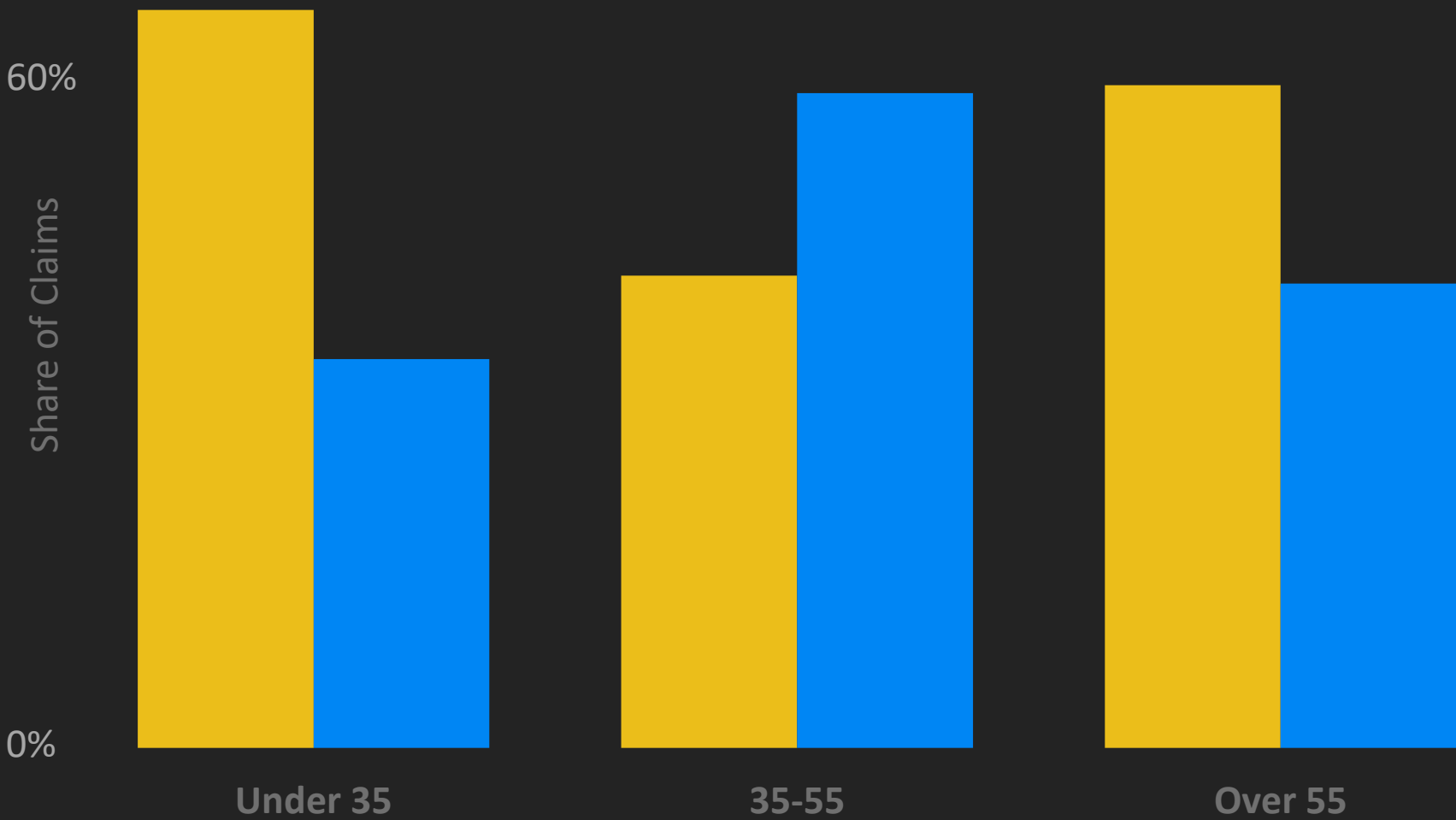
Clerical

4-6%



SLOW_{ELC}

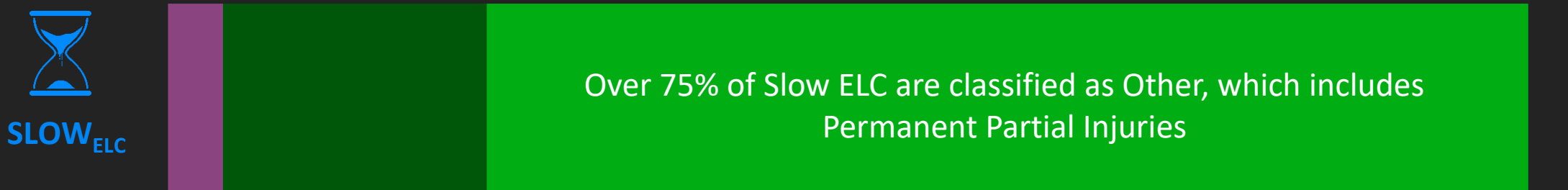
Age at injury for a worker with **FAST**_{ELCs} and **SLOW**_{ELCs}



Injury Types for injured workers with large claims



How are these differences reflected in severity?



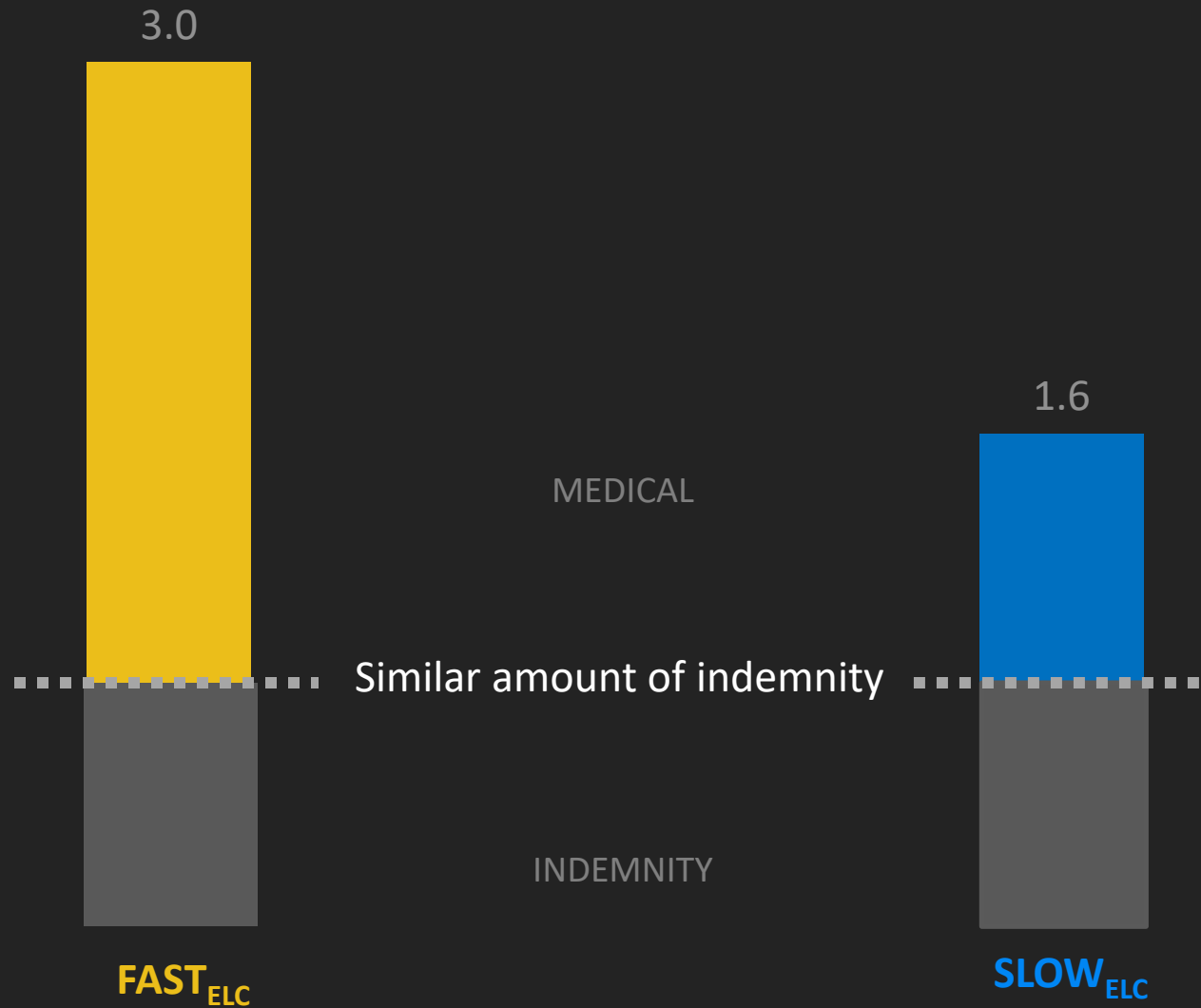
0%

Results are at 5 years after injury

100%

Deconstructing Large Claim Severity

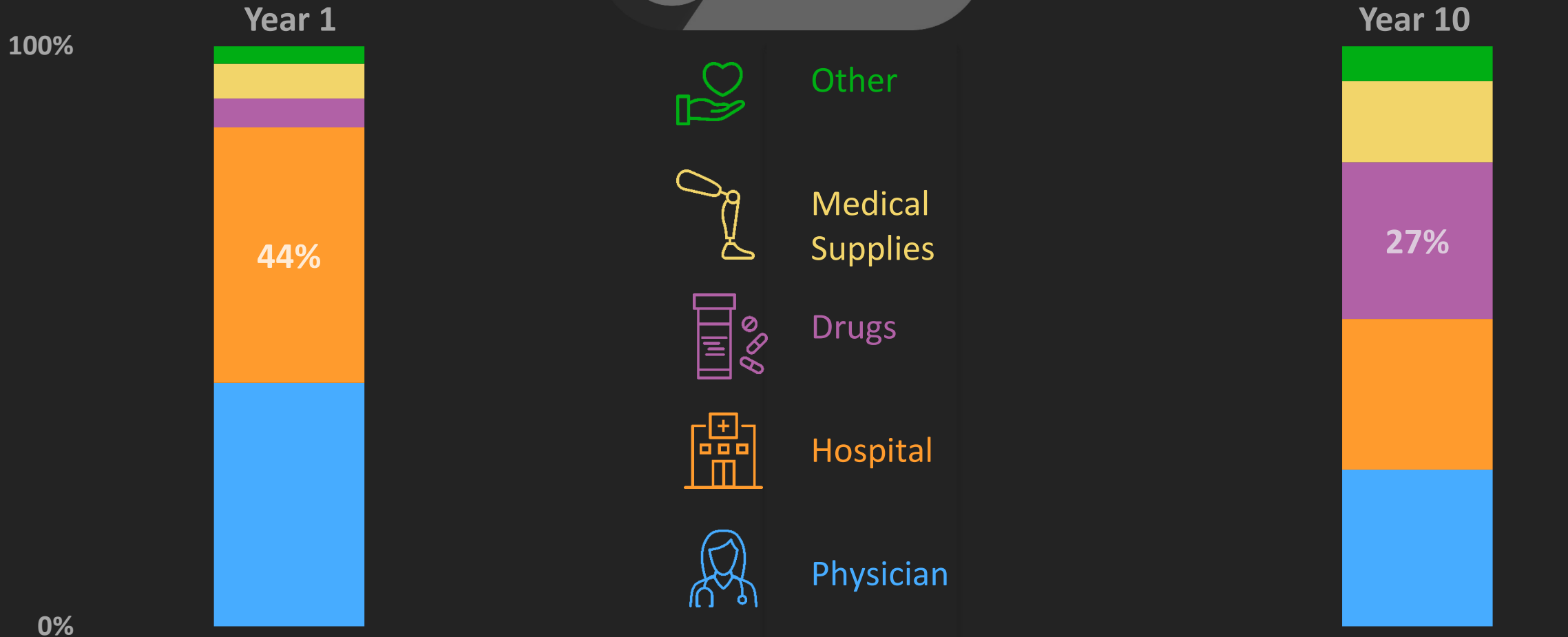
Average Claim Cost (\$ in Millions)



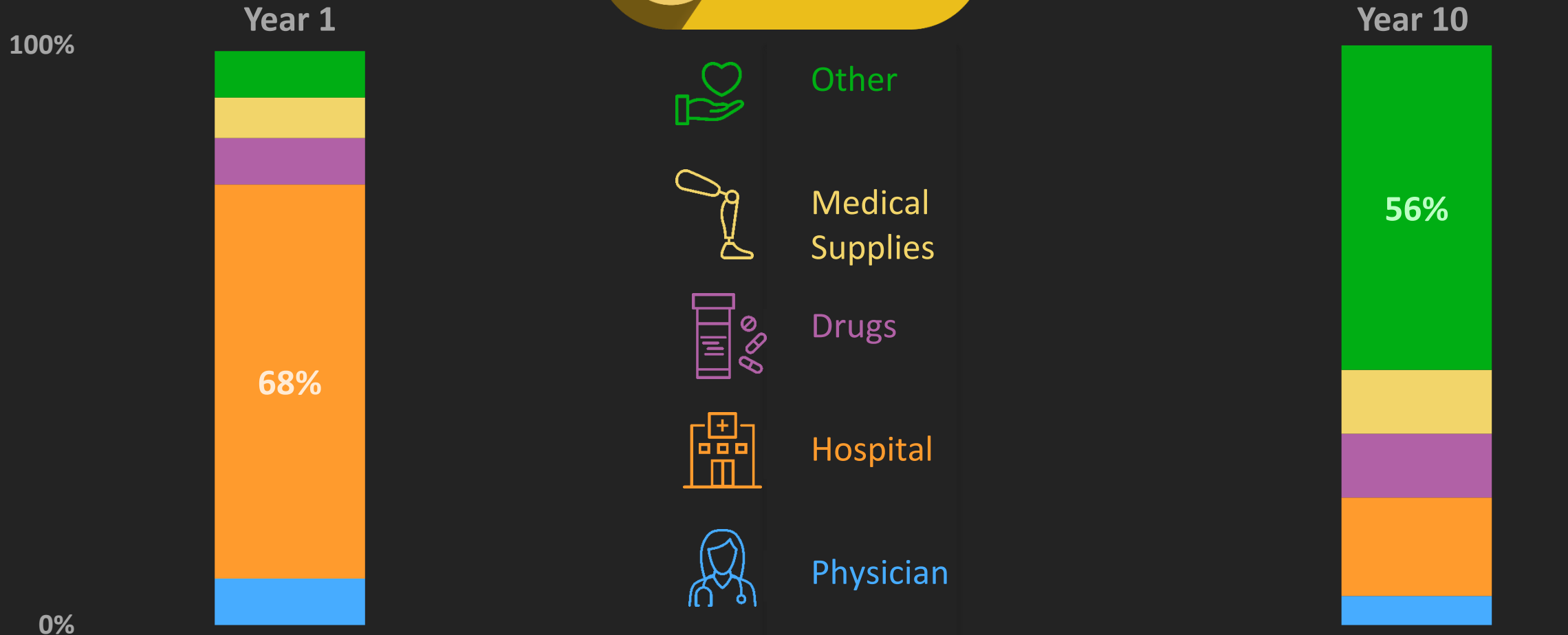
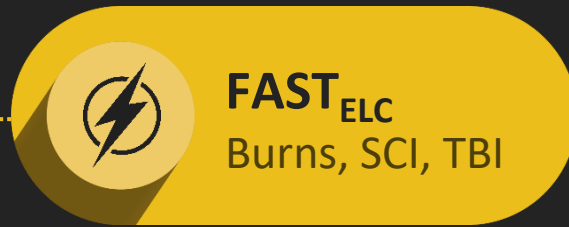
Deconstructing Medical Service Costs



Non-Large Claims



Deconstructing Medical Service Costs



Deconstructing Medical Service Costs



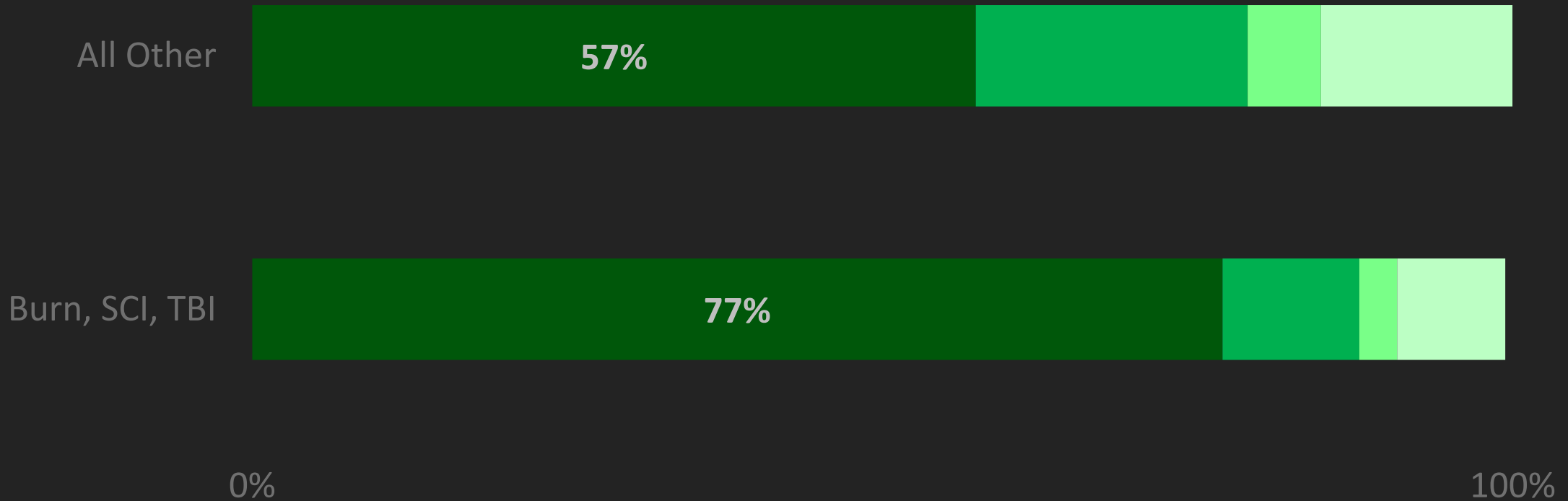
FAST_{ELC}
for All Other



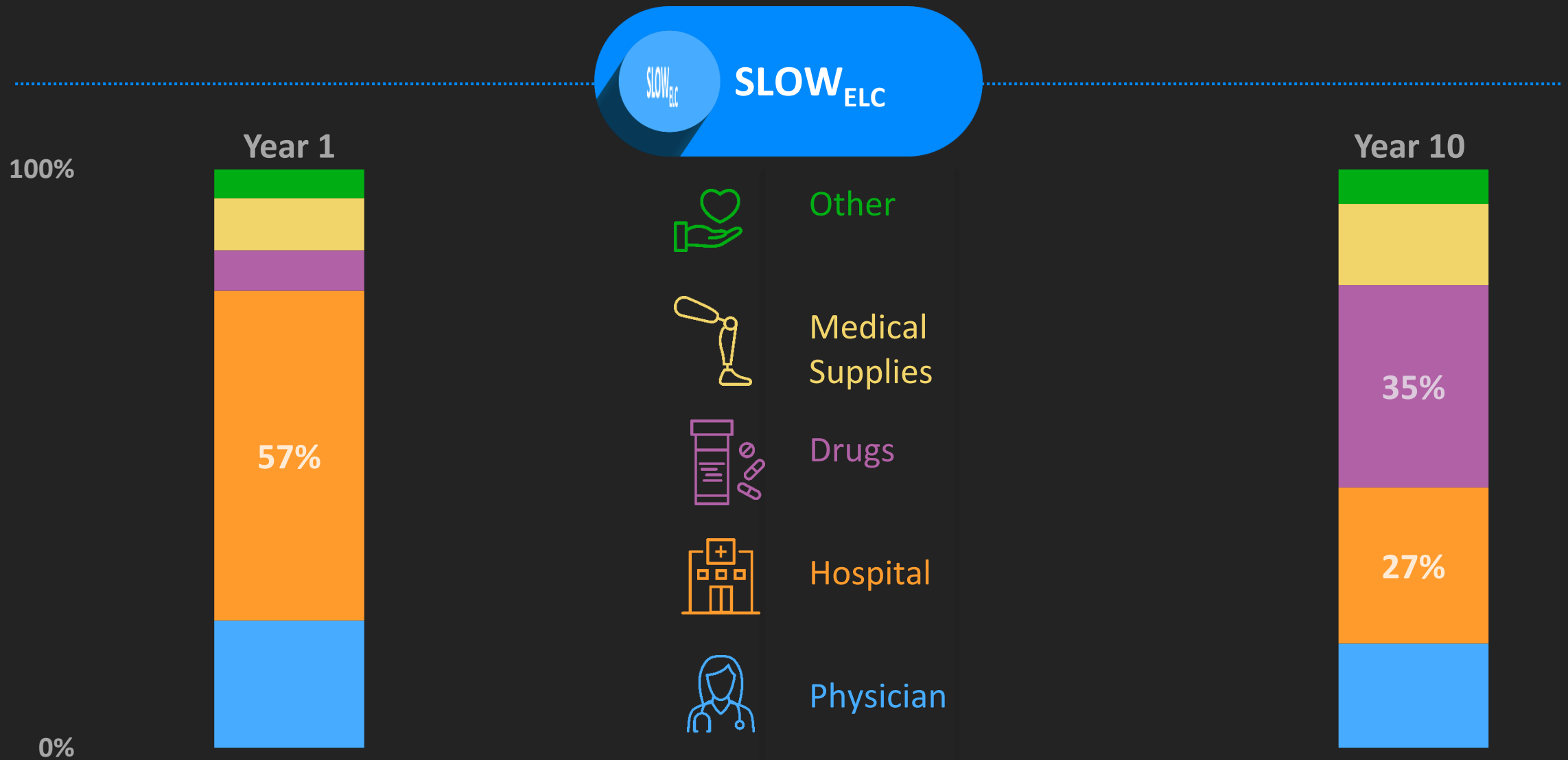
Distribution of **Other** Medical Cost Category



■ Home Health ■ Skilled Nursing ■ Transportation ■ Miscellaneous

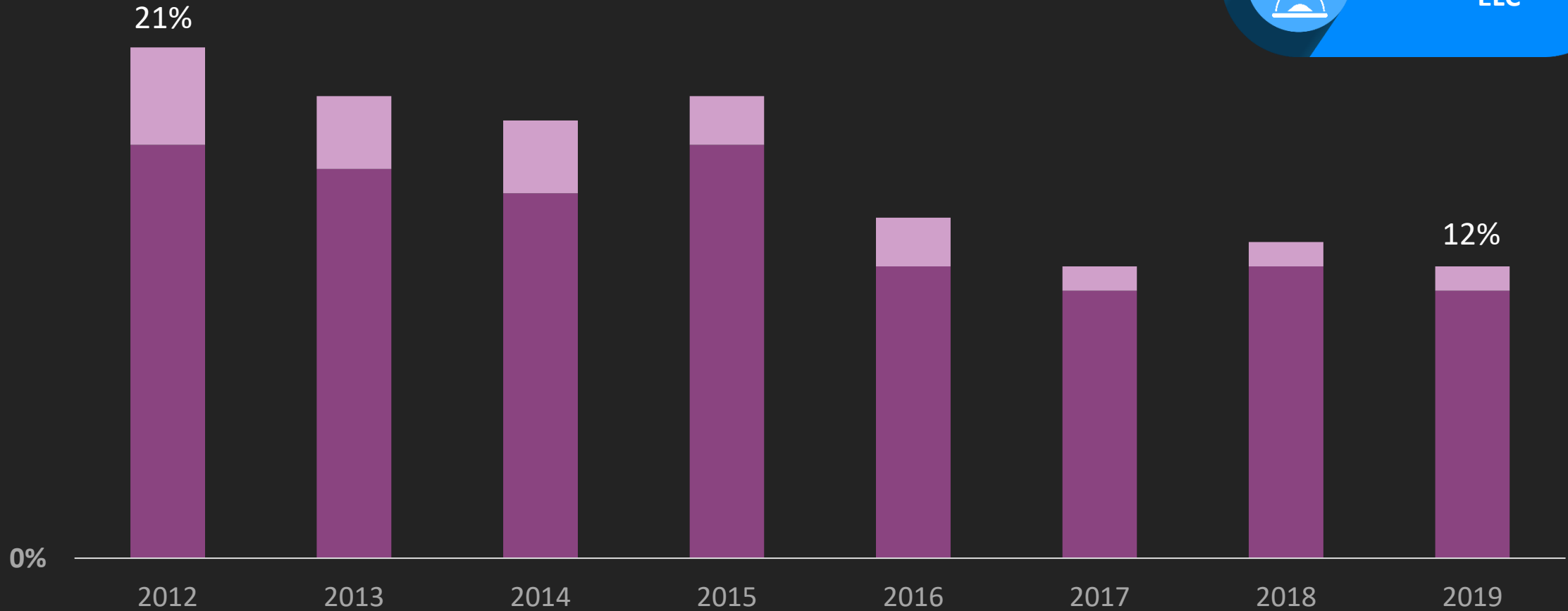


Deconstructing Medical Service Costs











Both **Non-Opioid** and **Opioid** Share of Prescription Drugs Have Been Steadily Decreasing

25%



Price pressure on the costs for large claims

Medical Service Category	Inflation Rate as of March
 Physician care	1.0%
 Hospital <i>inpatient</i> care	3.5%
 Hospital <i>outpatient</i> care	1.7%
 Prescription drugs	2.4%
 Medical supplies	7.7%
 Home health and hospice care	7.6%
 Nursing home care	5.7%
 Transportation services	14.6%



Summarizing Large Claims

1

Relative frequency trends indicate long-term declines

Burns, Spinal Cord Injuries, Traumatic Brain Injuries



Degenerative Disc Disorders and Pain



2

Identifying leading causes of injury

Fall or Slip from Elevation
Motor Vehicle Accidents



Strain or Injury by Lifting



3

Medical services exhibit varying inflation and utilization

Home Health Care



Prescription Drugs



Increases in
FAST_{ELC}



Declines in
SLOW_{ELC}

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COVID-19 and Workers Compensation - Phase II of the Multibureau Collaboration

2022 Regulatory and Legislative Trends

Court Case Update, Arizona - December 2022

Quarterly Economics Briefing (QEB) - Q3 2022

An Interactive View of Workers Compensation Frequency and Severity

Topic

- AIS
- Automation
- COVID-19
- Court Cases
- Economics
- Financial
- Indemnity
- Industry
- Labor Market
- Marijuana
- Medical
- Opioids
- Prescription Drugs
- QEB
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An Interactive View of Workers Compensation Frequency and Severity
By Carolyn Wise and Kevin Ferns
December 15, 2022
The COVID-19 pandemic and its economic impacts have had both direct and indirect effects on the workers compensation industry. This article provides an overview of countrywide changes in lost-time claim frequency and severity.

Annual Insights Symposium 2023
By NCCI Insights
December 13, 2022
AIS 2023 will take place May 8-10, 2023, at the JW Marriott Grande Lakes in Orlando. Join us as we mark our 100th anniversary and our role as The Source You Trust. For more details on the program agenda, scheduled speakers, and FAQs, check out ncci.com.

Familiar Challenges With New Wrinkles: Workers Compensation Executives Share Their Top Concerns
By NCCI Insights
December 12, 2022
Heading into its centennial year, NCCI reveals the results of its annual survey of top insurance executives. See what concerns are top of mind as we approach 2023.

Court Case Update, Arizona - December 2022
By NCCI Insights
December 01, 2022
The Supreme Court of Arizona upheld the constitutionality of a WC statute that limits WC claims for mental illnesses.

COVID-19 and Workers Compensation RESOURCE CENTER
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Join several independent bureaus and NCCI to discuss the recently completed Phase II Multibureau Evaluation of #COVID19 and the

Workers Compensation Large Losses

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