



Workers' Compensation Market Trends

Presenters

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DWC 16th Annual Educational Conference

Workers' Compensation Insurance Rating Bureau of California

California Workers' Compensation Insurance Market Update

Presented by:
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WCIRB of California

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Los Angeles February 26-27, 2009
Oakland March 9-10, 2009

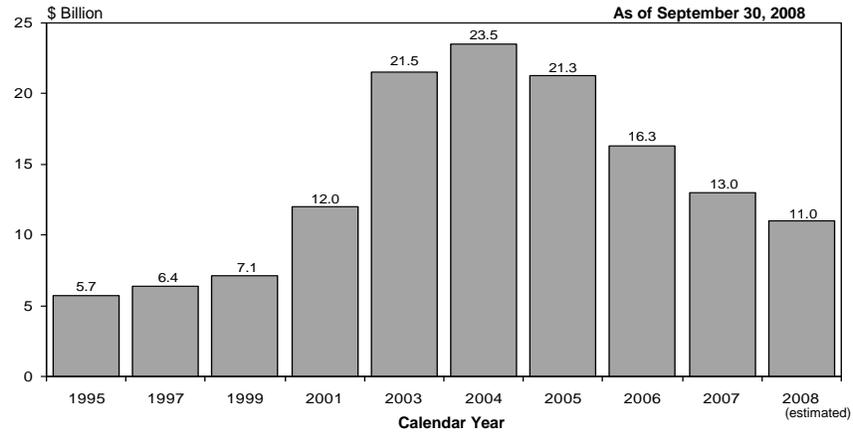
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California Workers' Compensation Insurance Market Update **Presentation Summary**

- Premiums & Rates
- Benefit Costs
- Insurer Results
- Current Issues

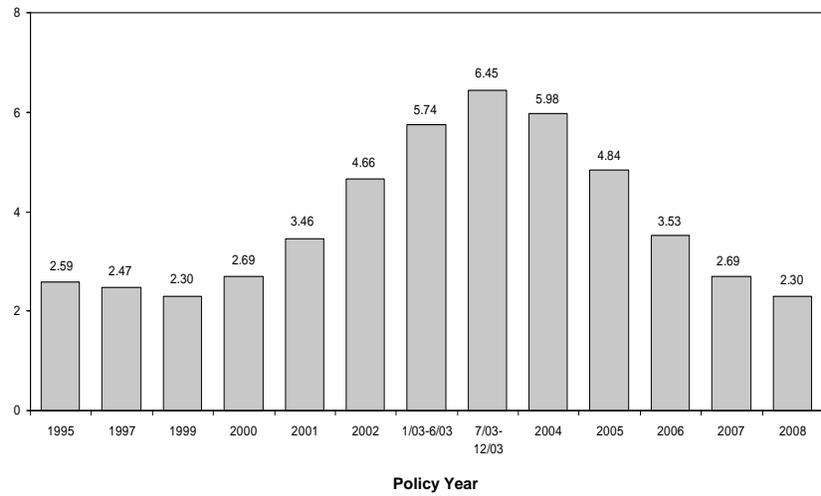
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California Workers' Compensation Insurance Market Update
Written Premium Gross of Deductibles



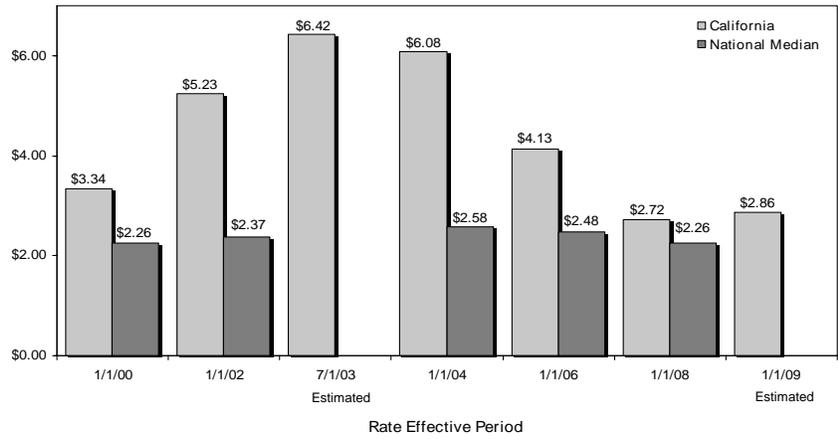
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California Workers' Compensation Insurance Market Update
Average Insurer Rate Per \$100 of Payroll



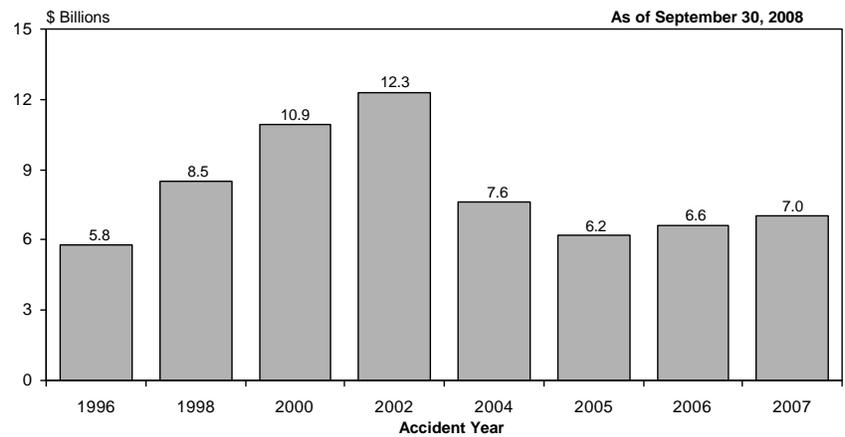
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California Workers' Compensation Insurance Market Update
Rate Comparison Based on Oregon Studies
California vs. National Median Average Rate



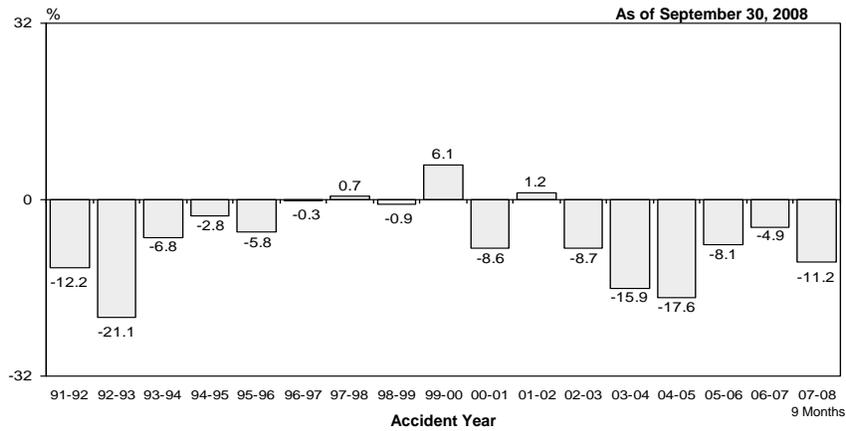
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California Workers' Compensation Insurance Market Update
Estimated Ultimate Losses by Accident Year



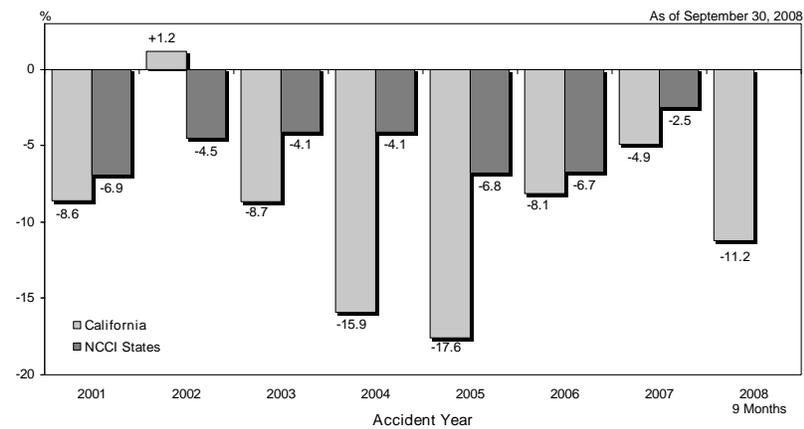
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California Workers' Compensation Insurance Market Update
Estimated Percentage Change in Indemnity Claim Frequency by Accident Year



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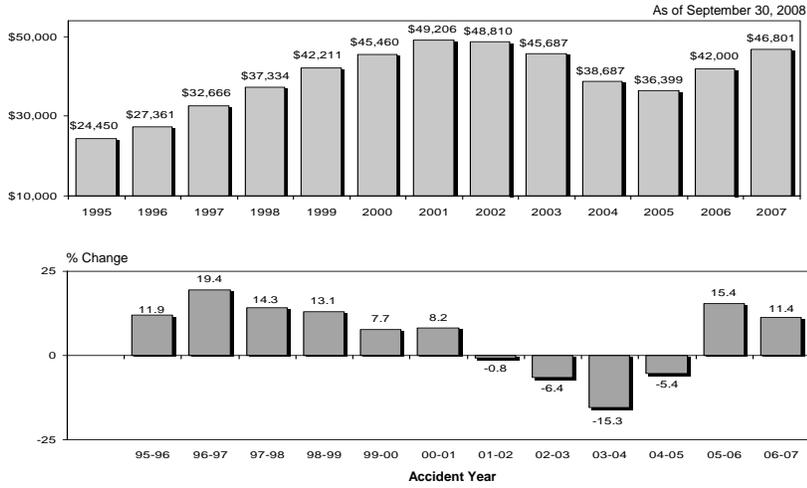
California Workers' Compensation Insurance Market Update
Change in Indemnity Claim Frequency California vs. NCCI States



NCCI estimates are based on May 8, 2008 State of the Line Presentation (2007 estimate is preliminary).

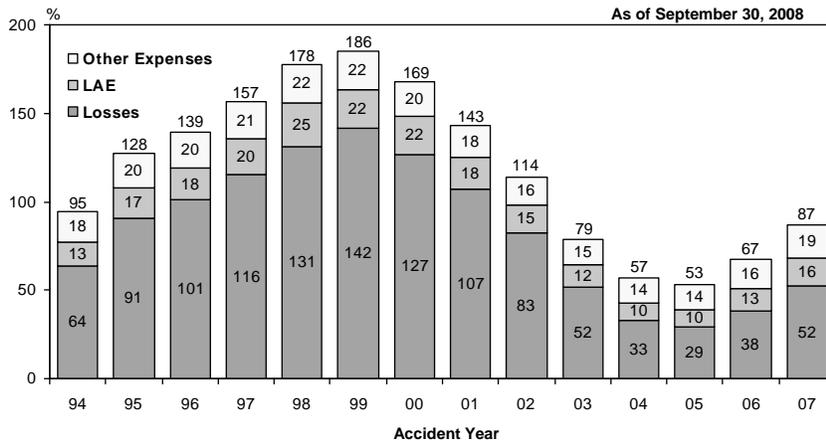
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California Workers' Compensation Insurance Market Update
Estimated Ultimate Loss per Indemnity Claim



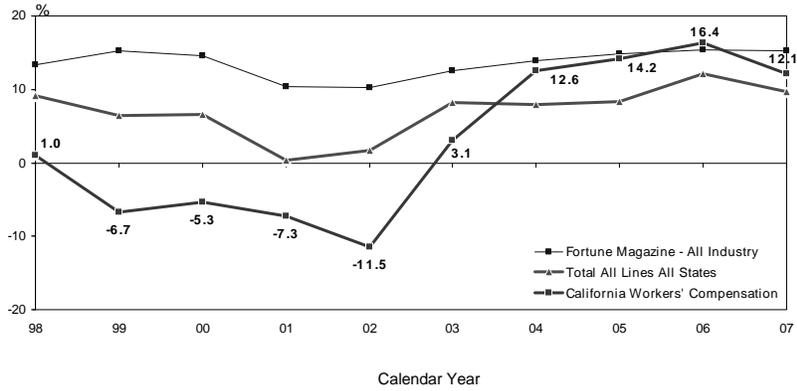
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California Workers' Compensation Insurance Market Update
Accident Year Combined Loss and Expense Ratios



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California Workers' Compensation Insurance Market Update
Return on Net Worth



Source: NAIC Report on Profitability By Line By State in 2007

10-Year Arithmetic Average Return	
California Workers' Compensation	2.9%
All Lines All States	7.1%
Fortune Magazine - All Industry	13.6%

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California Workers' Compensation Insurance Market Update
Current Topics
WCIRB Filings

- WCIRB 1/1/09 Filing
 - WCIRB Proposed: +16% increase in pure premium rates
 - CDI Staff Recommended Decision: +9.4%
 - Commissioner Approved: +5%
 - Key Difference: Projected Medical Inflation
- Mid-Year Filing Likely

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Current Topics

Impact of Recession

■ Premiums

- Declining workforce
- Lower average wage growth

■ Losses

- Generally believed to reduce frequency
- Severity impact uncertain