

WCIRB Says 40% Workers' Comp Rate Increase Likely

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This is no April Fool's joke. The Workers' Compensation Insurance Rating Bureau (WCIRB) Actuarial Committee just completed its review of its interpretation of California industry experience. They conclude that California's workers' compensation advisory pure premium rates need to increase by nearly 40% -- 39.8% by one member's calculation.

This changes the game for Insurance Commissioner Dave Jones who has been successfully holding down health insurance rates. The Bureau's conclusions can be called into question by looking at reports done by Compline last year which proved that while the Bureau represented that the industry lost some \$1.5 Billion, the reality was that it made a profit of some \$600 Million. Last year's Compline report can be found [here](#).

WCIRB's actuarial committee itself doesn't make a recommendation on the actual number to be filed, just the methodology used to calculate the recommendation. WCIRB's governing committee is tasked with approving the final number and ordering a mid-year filing. Its members will consider the issue on Wednesday. Generally it closely agrees with the committee recommendation.

Just weeks ago key WCIRB officials were saying a mid-year filing was unlikely, but that was before the industry's experience through the end of 2010 had been analyzed. That analysis shows continued deterioration, primarily on the medical cost front.

Overall loss development accounts for about 4 points of the likely increase. Also on the rise is the allocated loss adjustment expense, which is the amount the industry spends adjusting claims and defending cases. The latest UCLA wage forecast adds another 3 points to the calculation, according to the Bureau.

The final number could still change if carriers file amended data. And the analysis currently covers only 99% of the market. WCIRB actuary Dave Bellusci notes that they have concerns about the premium and claims data for one carrier and are working to ameliorate those concerns. Until that time, however, WCIRB is excluding its data from the analysis.

While WCIRB's governing committee is expected to approve a mid-year filing on Wednesday, the actual filing likely won't happen until late April. WCIRB president Bob Mike noted that any filing has to include for the first time information on the rates that carriers have actually been filing.

Workers' Comp Executive notes the following members of the committee attending the meeting today include: Guy Avagliano - State Fund; Rose Barrett - American Home Assurance Company ; James Gebhard - [Farmers] Truck Insurance Exchange; Neal Leibowitz - Hartford Fire Insurance Company; Robert Meyer - Zenith Insurance Company; Jill Petker - Liberty Mutual Insurance Company; Mark Priven - Public Members' actuary; and Ron Dahlquist - California Department of Insurance.

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