

STATE OF THE SYSTEM

2022



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Introduction

It has been two and a half years since the start of the pandemic and our workplaces are continuing to change at a rapid pace. As organizations seek to strike the right balance in how and where we work, we strive to gain insights into what the future may bring through thoughtful research and study.

Through this State of the System report and our 2022 research studies, we seek to deepen our understanding of the workers' compensation system and make it more transparent for all participants.

Thank you for your continued support.

Jeremy Attie
President | CEO

THINK

EDUCATE

CHANGE

Key Figures

-8.7%

Approved loss cost level change effective October 1, 2022

91.5%

Combined ratio in calendar year 2021

\$4.9 Billion

Direct written premium in calendar year 2021

539,546

Insured employers

283

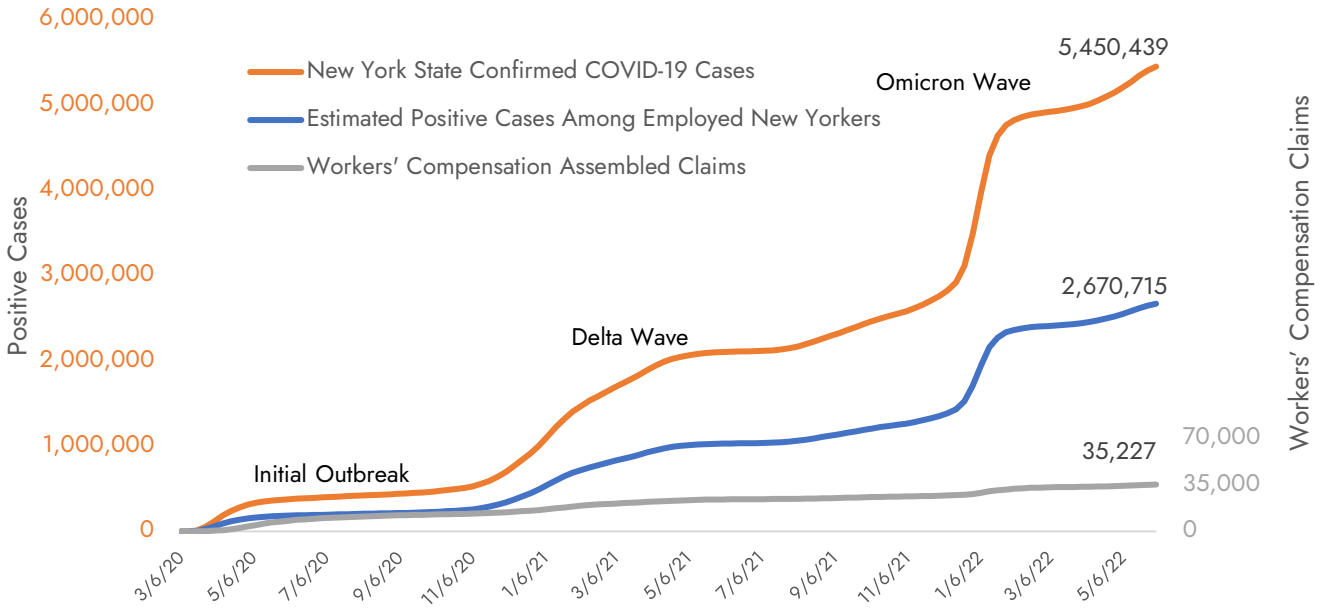
Number of carriers writing policies in 2021

554

Classifications

COVID-19 Update

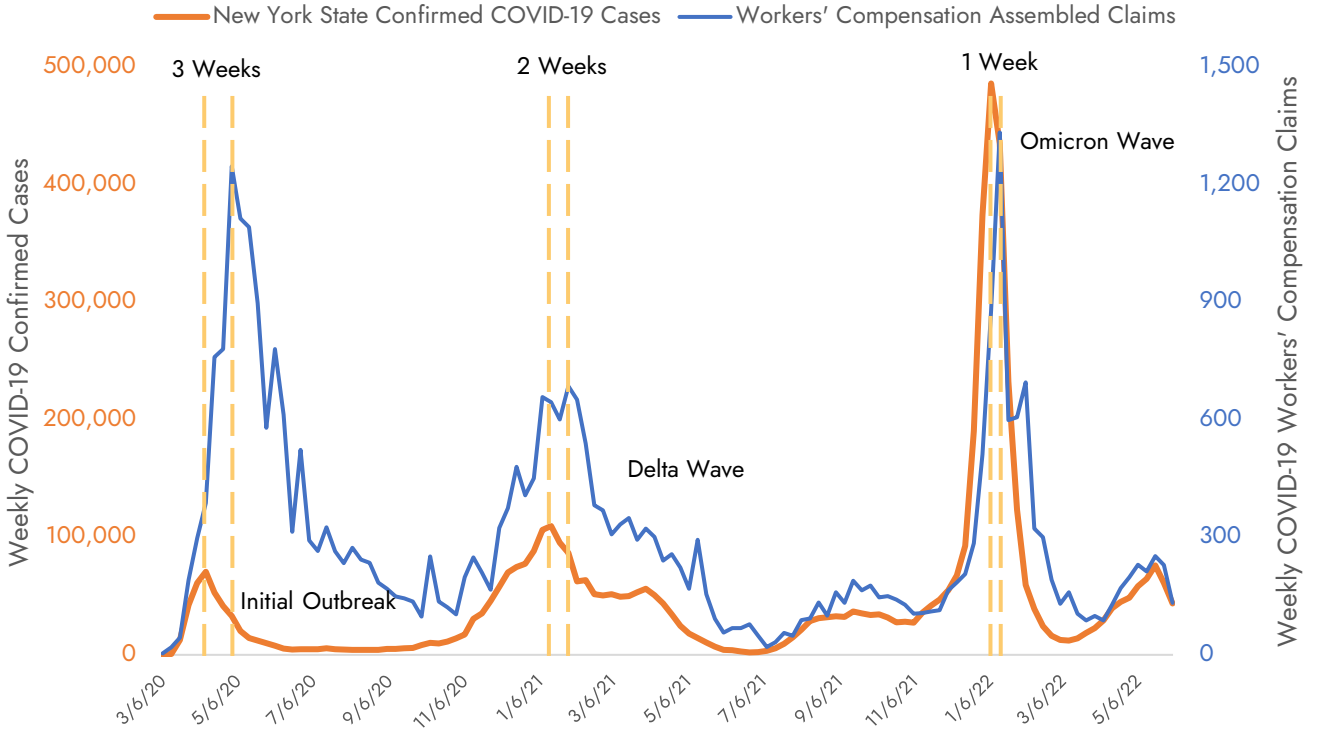
1 Positive Cases vs. Assembled Claims: Cumulative



INSIGHT

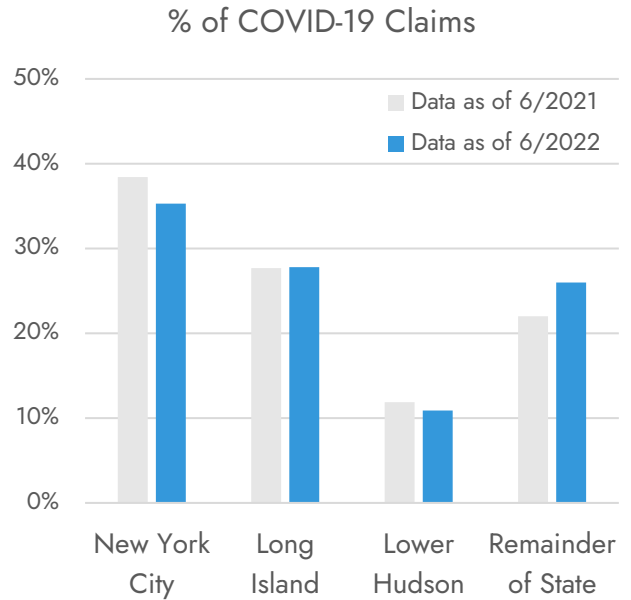
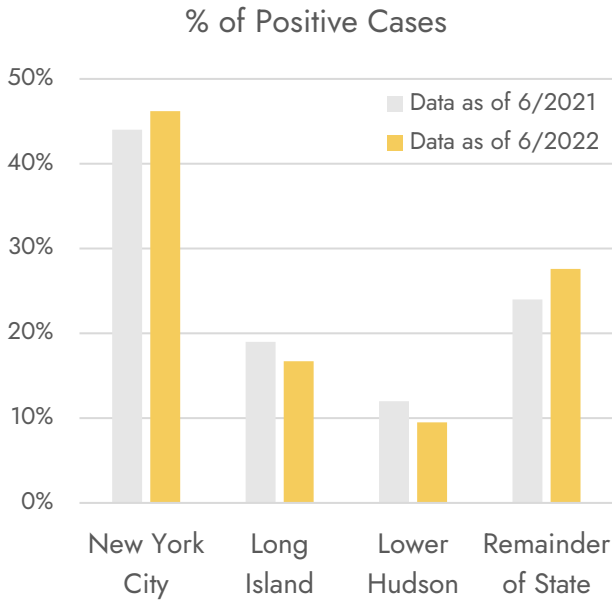
Omicron is highly contagious and contributed to a sharp increase in the number of positive cases as well as in the number of COVID-19 claims. The lag between the infection peak and the corresponding peak in COVID-19 claims has shortened from three weeks at the onset of the pandemic to one week during the recent Omicron surge.

2 Positive Cases vs. Assembled Claims by Week



COVID-19 Update

3 Distribution by Region

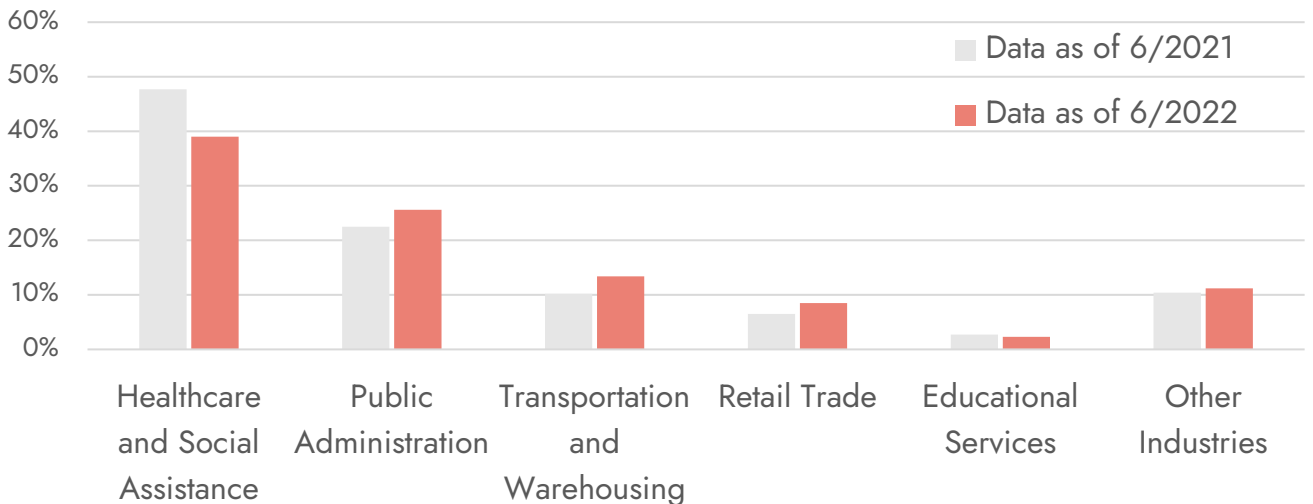


INSIGHT

Compared to the data reviewed last year, the Remainder of State region now has a larger share of positive cases as well as a larger share of COVID-19 claims. The share of COVID-19 claims has also grown in the Public Administration, Transportation and Warehousing, and Retail Trade sectors.

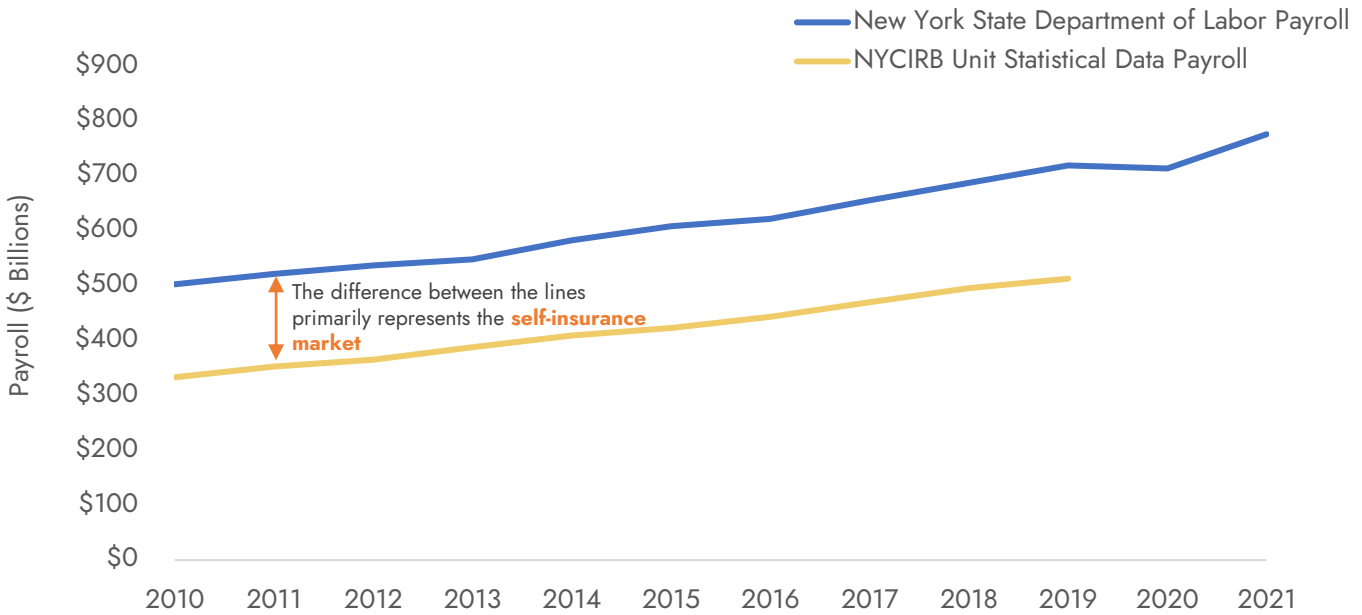
4 Distribution by Economic Sector

% of COVID-19 Claims



Payroll and Premium Data

5 Payroll Data

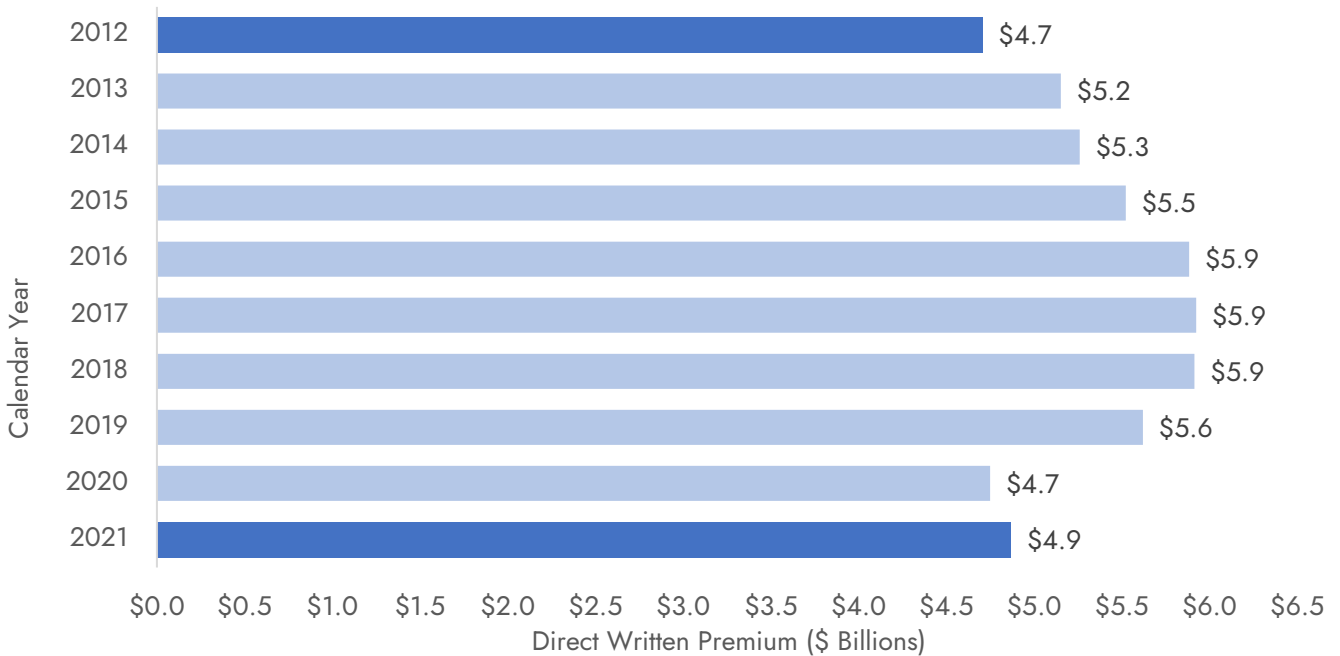


INSIGHT

Statewide payroll rebounded in 2021, primarily due to economic recovery and inflation.

6 New York Direct Written Premium

A



INSIGHT

New York direct written premiums increased in calendar year 2021 despite recent decreases in the loss cost level.

Market Share

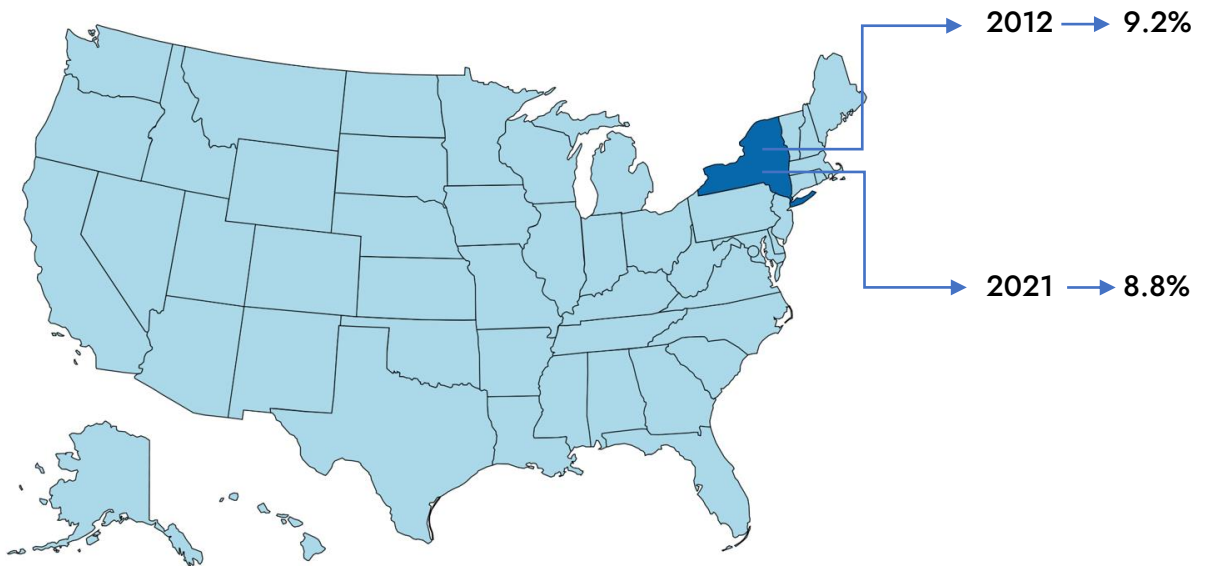
7 Top Ten Carrier Groups in 2021

Carrier Group	Direct Written Premium (\$ Millions)	Market Share	% Change from 2020
State Insurance Fund	1,733	35.6%	+1.7%
The Hartford	365	7.5%	+0.3%
Travelers	364	7.5%	-0.8%
AmTrust	352	7.2%	+1.1%
Chubb	251	5.2%	+0.1%
Zurich	173	3.5%	-0.9%
Old Republic	159	3.3%	+0.1%
Berkshire Hathaway	155	3.2%	-0.6%
Liberty Mutual	116	2.4%	-0.5%
Utica	106	2.2%	-0.1%

INSIGHT

The top 10 carrier groups by premium volume wrote more than 77% of the workers' compensation premium in the insured marketplace in 2021.

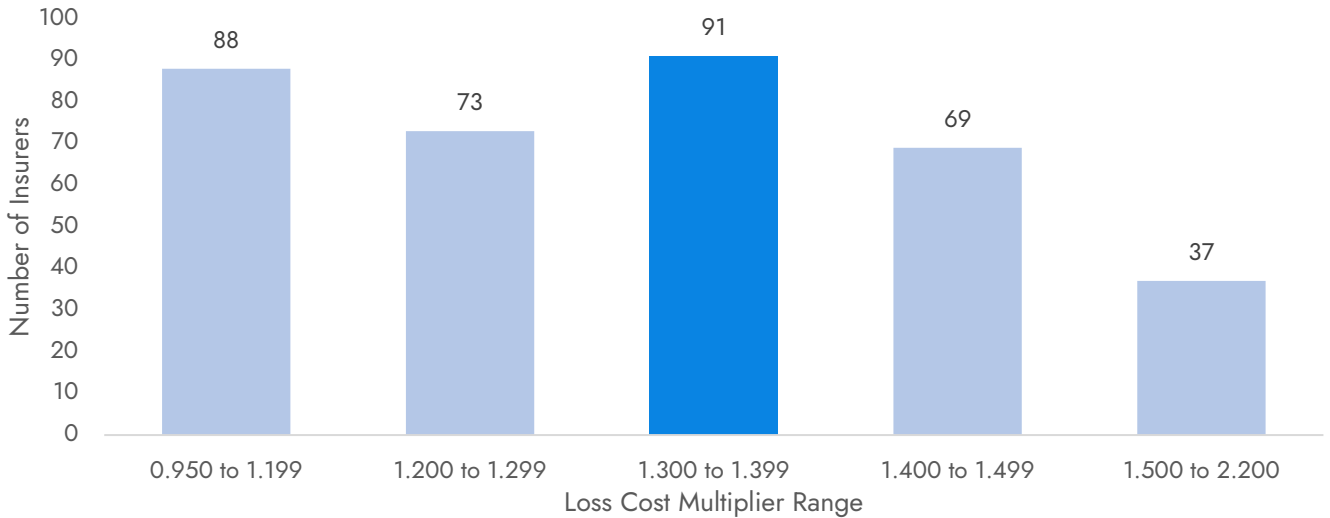
8 New York Share of Countrywide Premium



Market Pricing Variation

9

Distribution of Private Carriers' Approved Loss Cost Multipliers

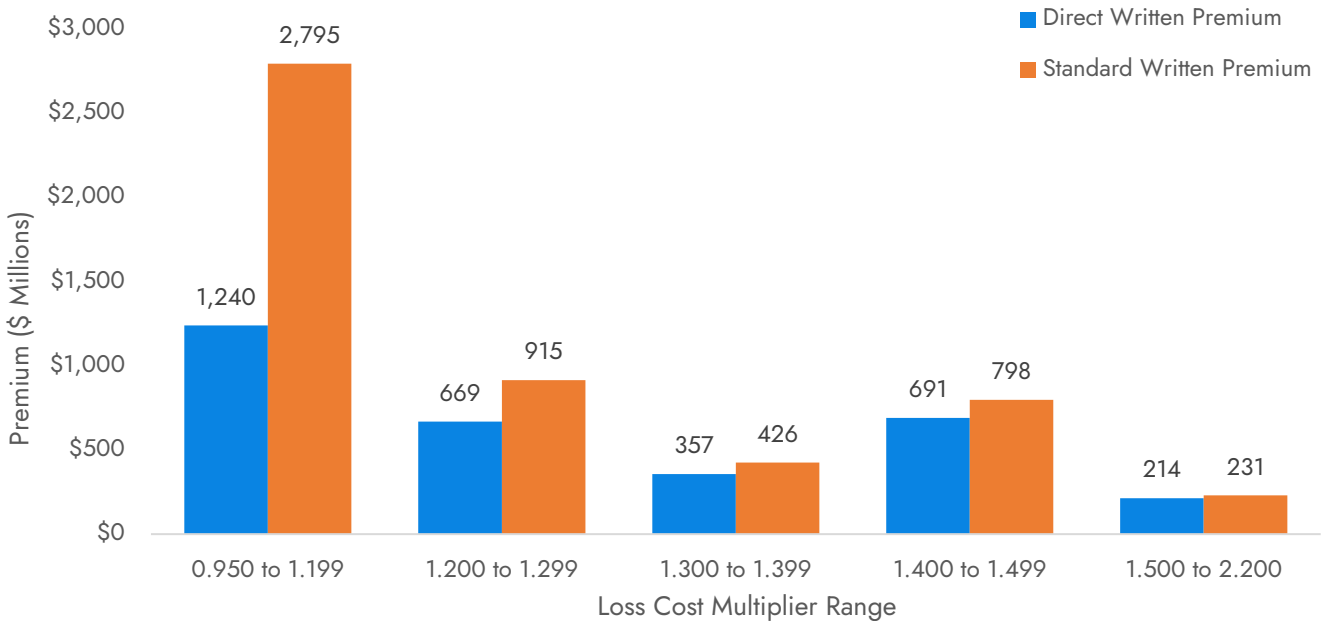


INSIGHT

Although there are more approved LCMs between 1.3 and 1.4 than in any other range, policies written by carriers with LCMs under 1.2 generate the most premium by range.

10

Distribution of Private Carriers' Written Premium by Loss Cost Multiplier Range



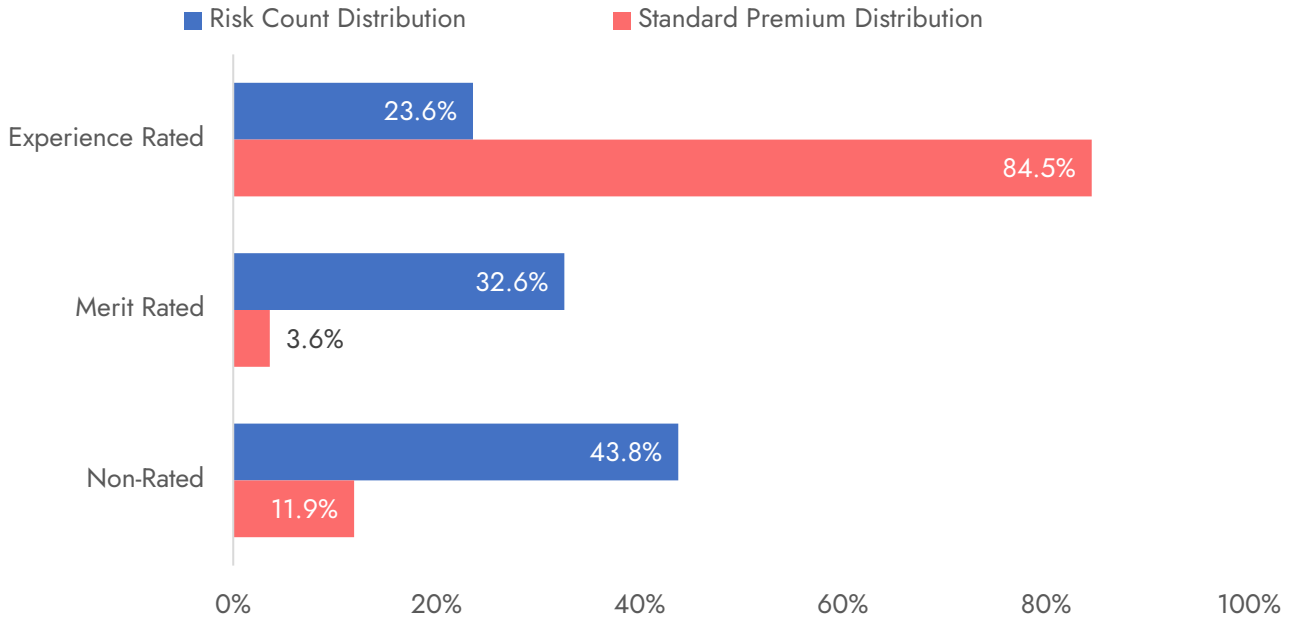
Direct written premium weighted average LCM = 1.26

Standard written premium weighted average LCM = 1.19

Individual Risk Rating

There are several programs that facilitate the individualization of pricing. These programs may be applicable depending on size of risk, experience, and other risk-specific factors.

11 Experience and Merit Rating



INSIGHT

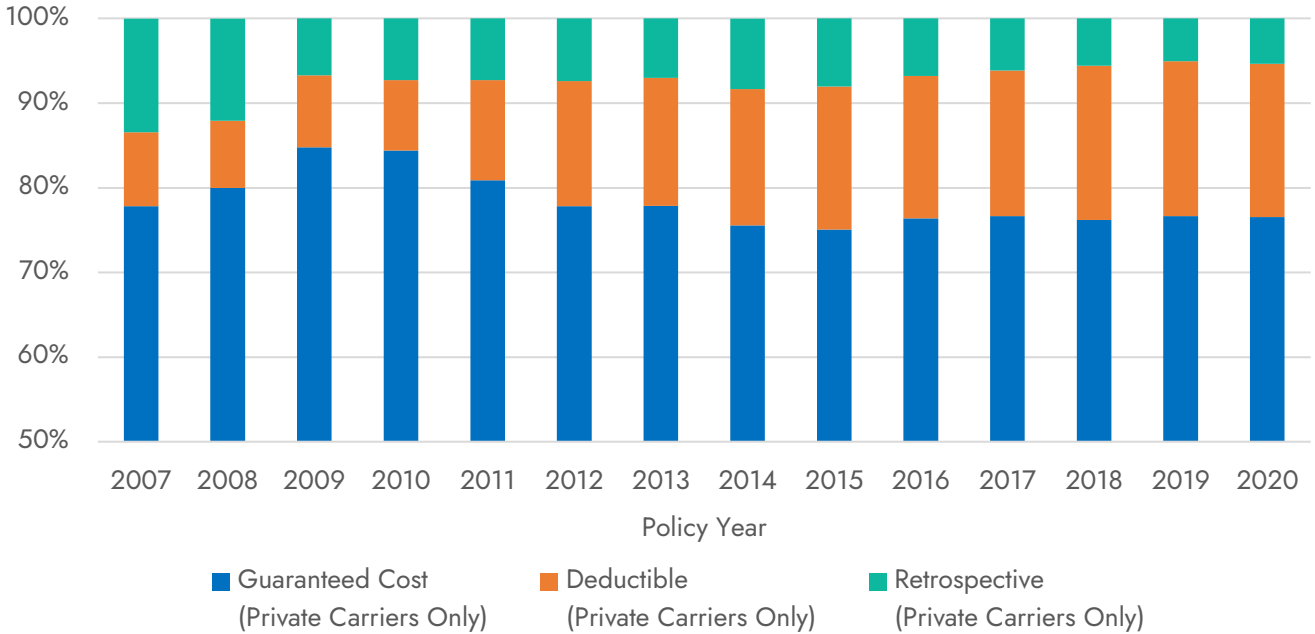
Significant changes to the experience rating plan will take effect on October 1, 2022, including a new experience rating formula and the elimination of the merit rating program. Additional information is available [here](#).

12 Schedule Rating (Policy Year 2021)

Schedule Rating	Policy Count	Policy Count Distribution	Schedule Rated Policy Distribution	Schedule Rated Premium Distribution	Average Rating Percentage
Policies with Debits	13,737	2.4%	33.9%	23.0%	4.2%
Policies with Credits	26,754	4.7%	66.1%	77.0%	-4.6%
Total Schedule Rated	40,491	7.1%	100.0%	100.0%	-2.6%

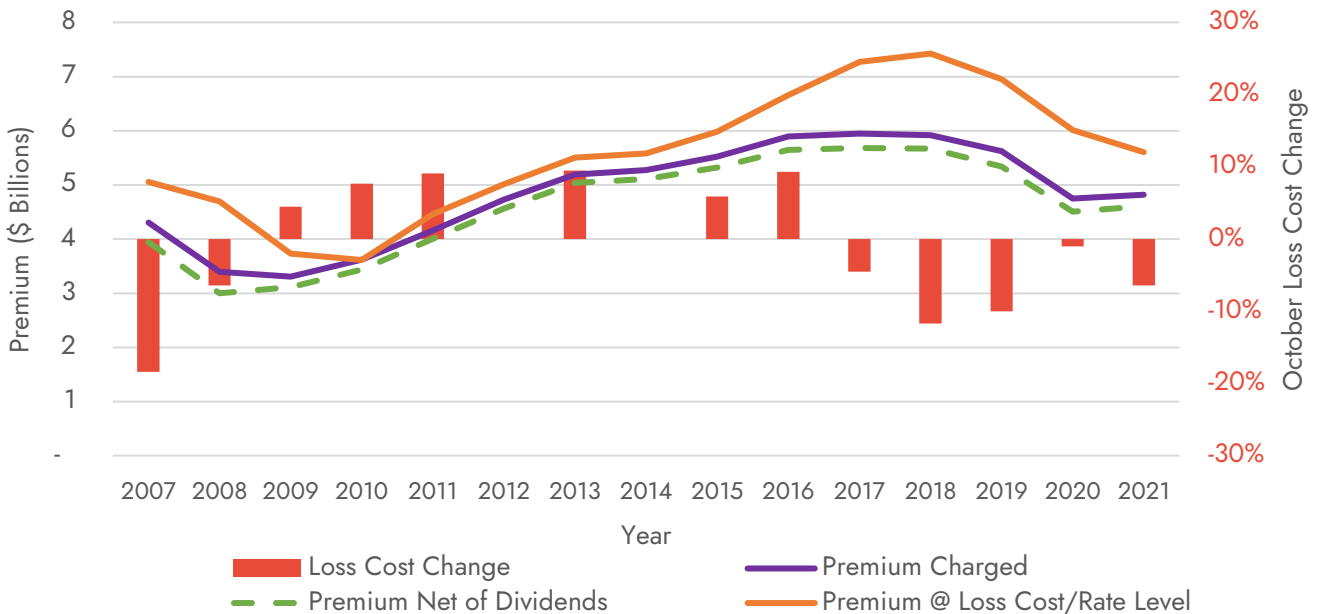
Marketplace Tools

13 Premium Distribution by Policy Type



INSIGHT The share of premium written by large deductible policies increased through 2015, and has remained stable since that time.

14 Marketplace Changes Over Time (All Carriers)

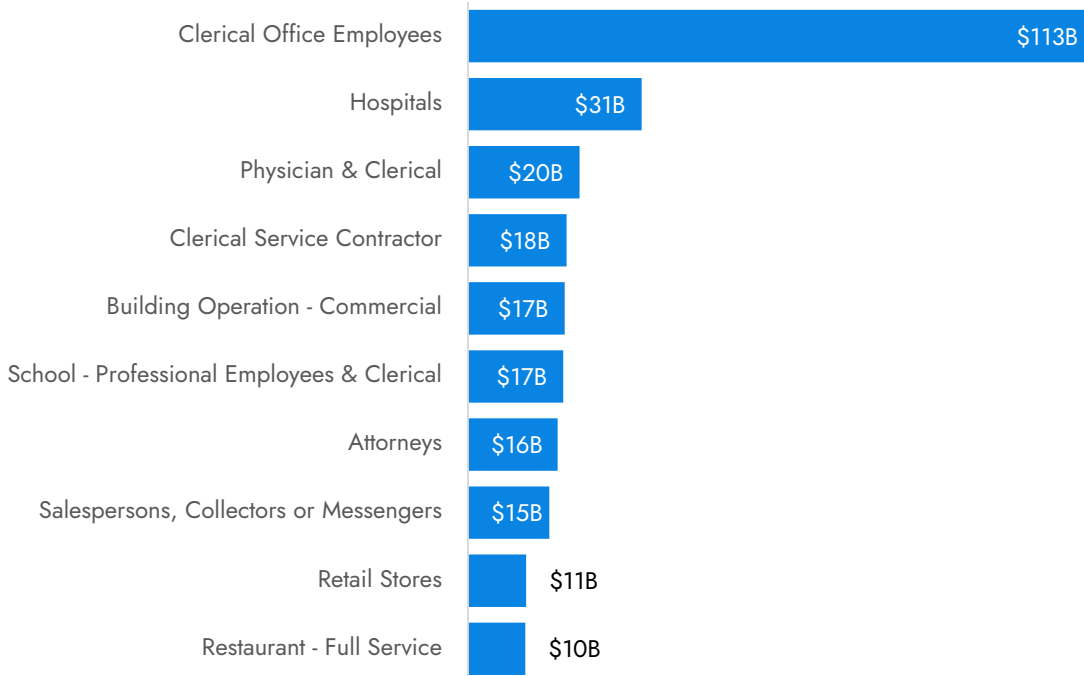


INSIGHT Loss cost values are the starting point for the premium calculation. The difference between premium charged and written premium at loss cost level is the result of the utilization of marketplace tools.

Top Ten Classifications

15 Top 10 Governing Classes by Payroll

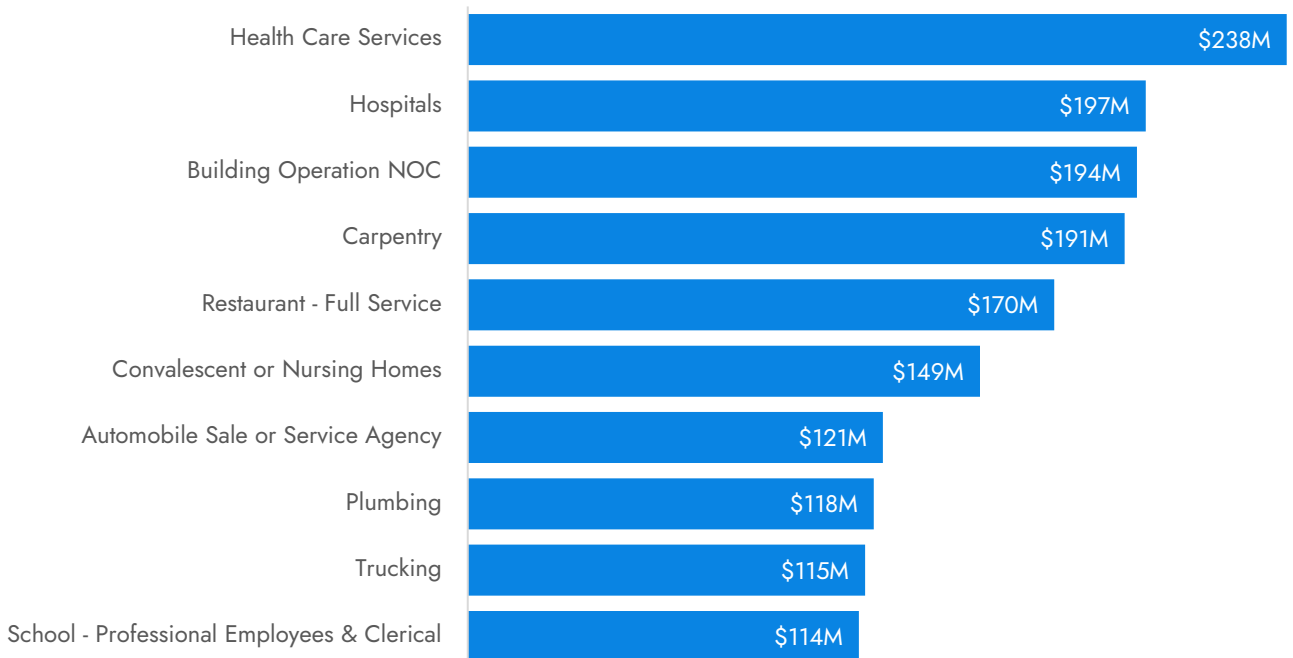
B



INSIGHT

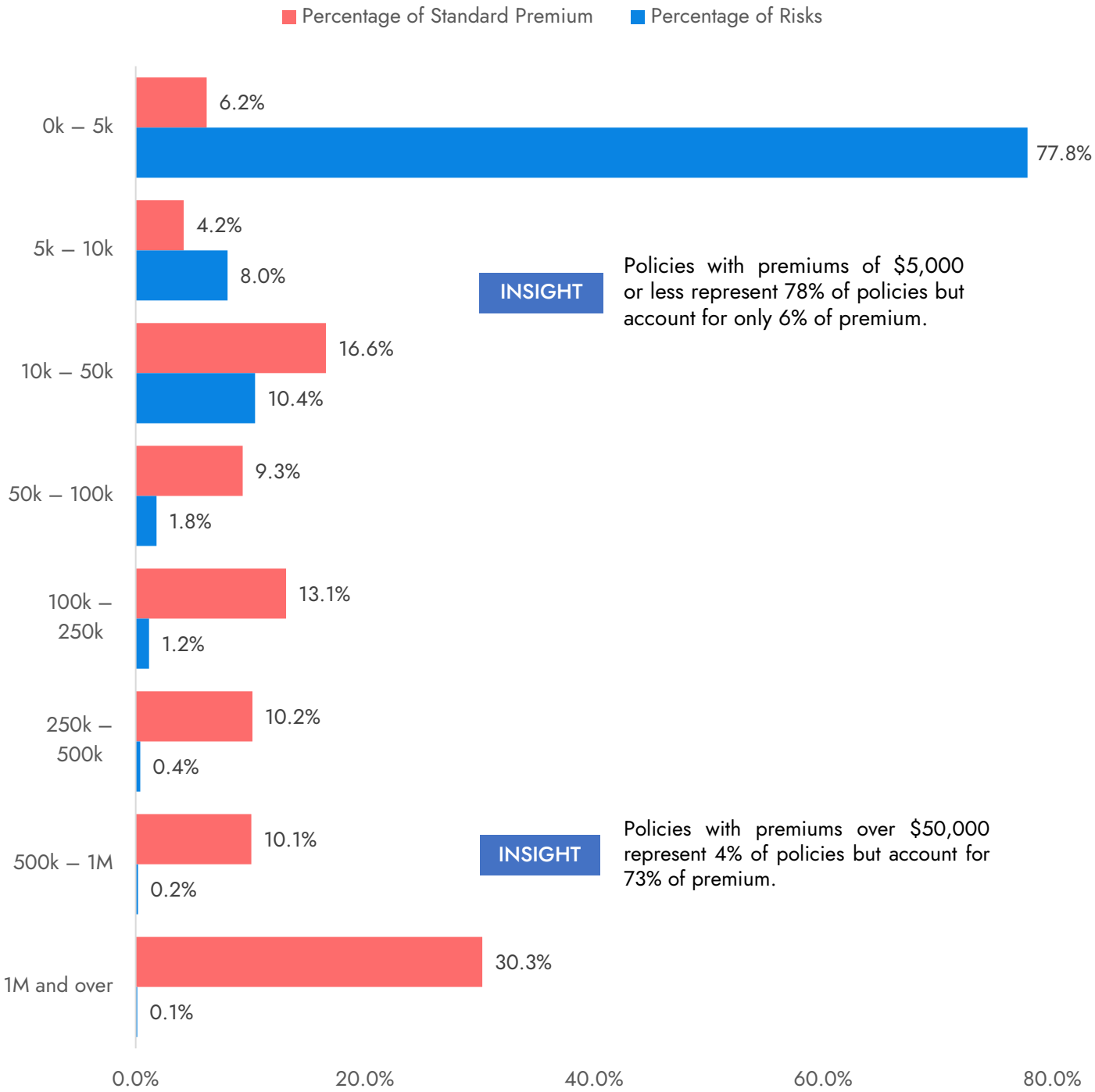
The top 10 classes by payroll represent 53% of the total statewide payroll and 16% of the total standard premium.

16 Top 10 Governing Classes by Standard Premium



Premium by Size of Risk

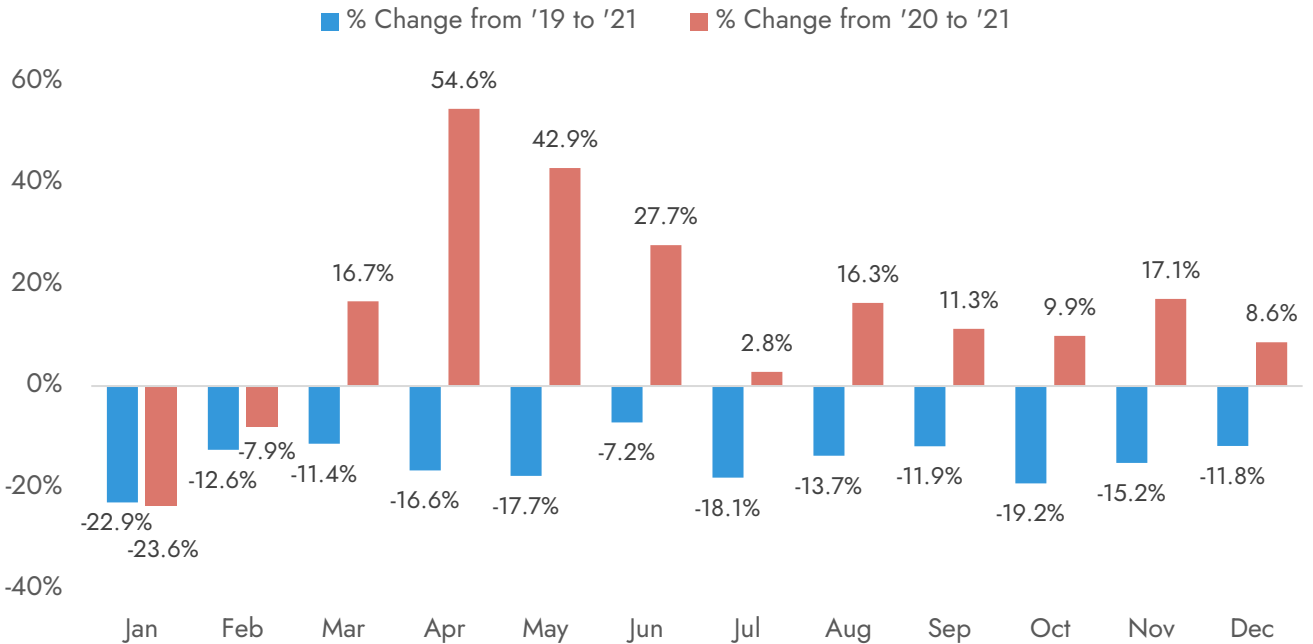
17 Distribution by Premium Size



Claim Activity

18

Change in Assembled Claims by Month: 2021

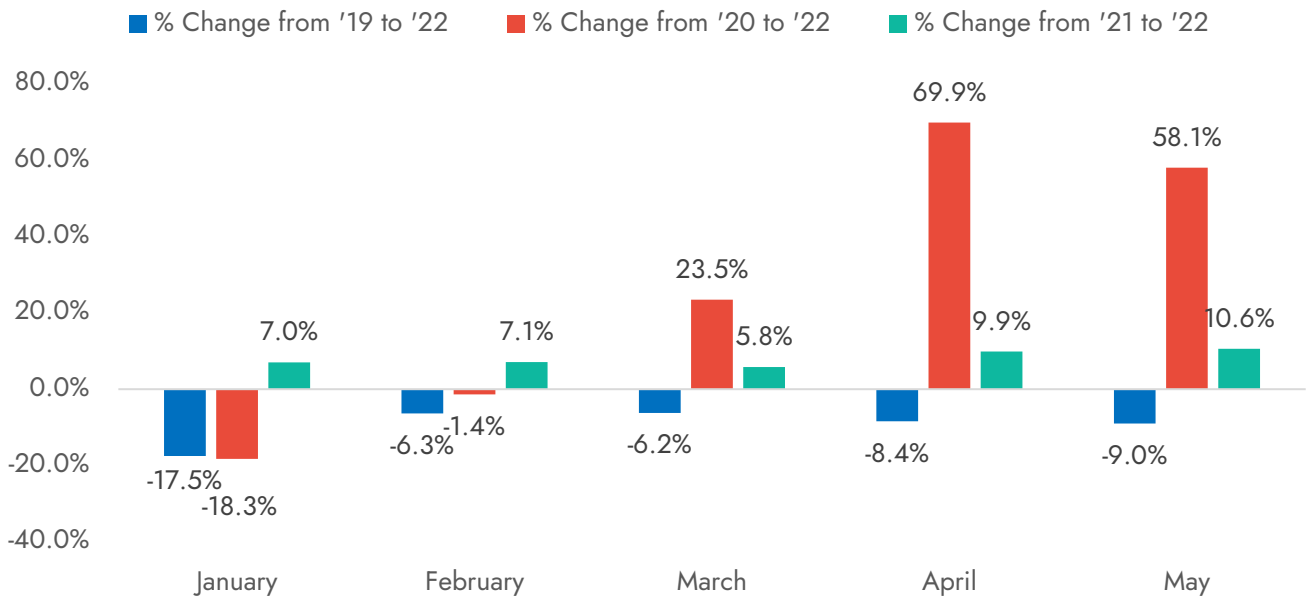


INSIGHT

The number of claims rebounded since March 2021. Total claim activity in 2021 was approximately 12% higher than in 2020, but remained nearly 15% below 2019 levels.

19

Change in Assembled Claims by Month: 2022

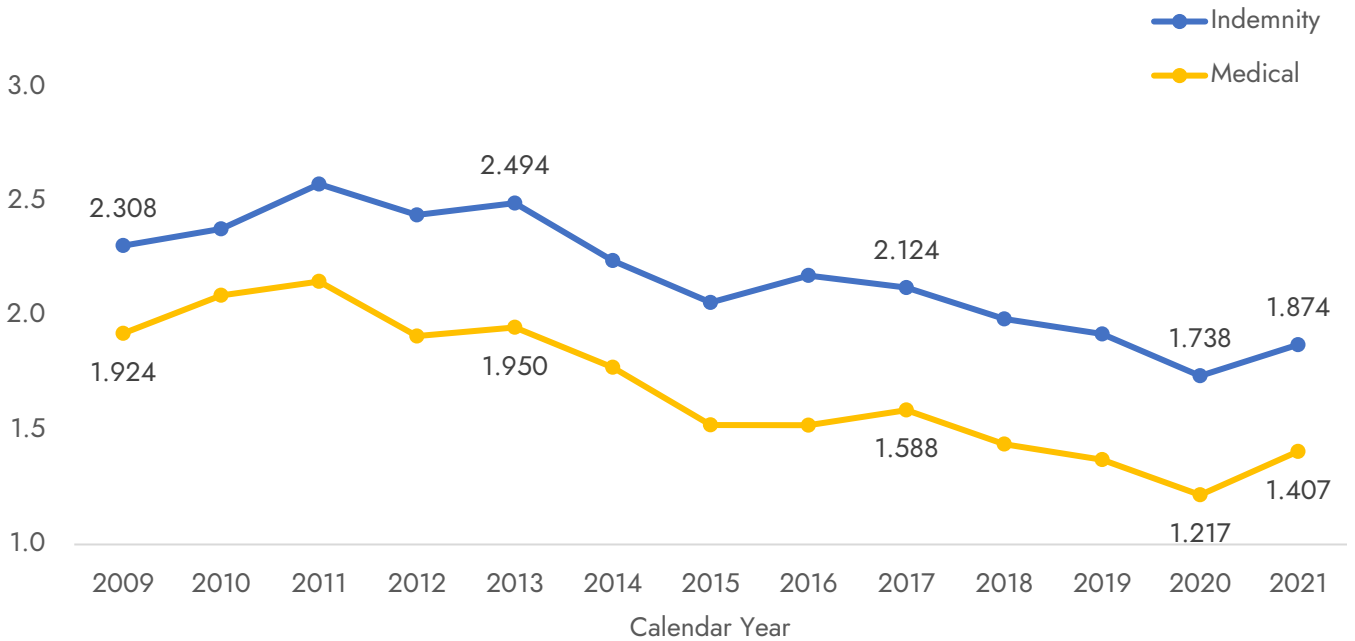


INSIGHT

Although the number of claims continued to increase in the spring of 2022 compared to the spring of 2021, it remains below pre-pandemic levels.

Development Factors

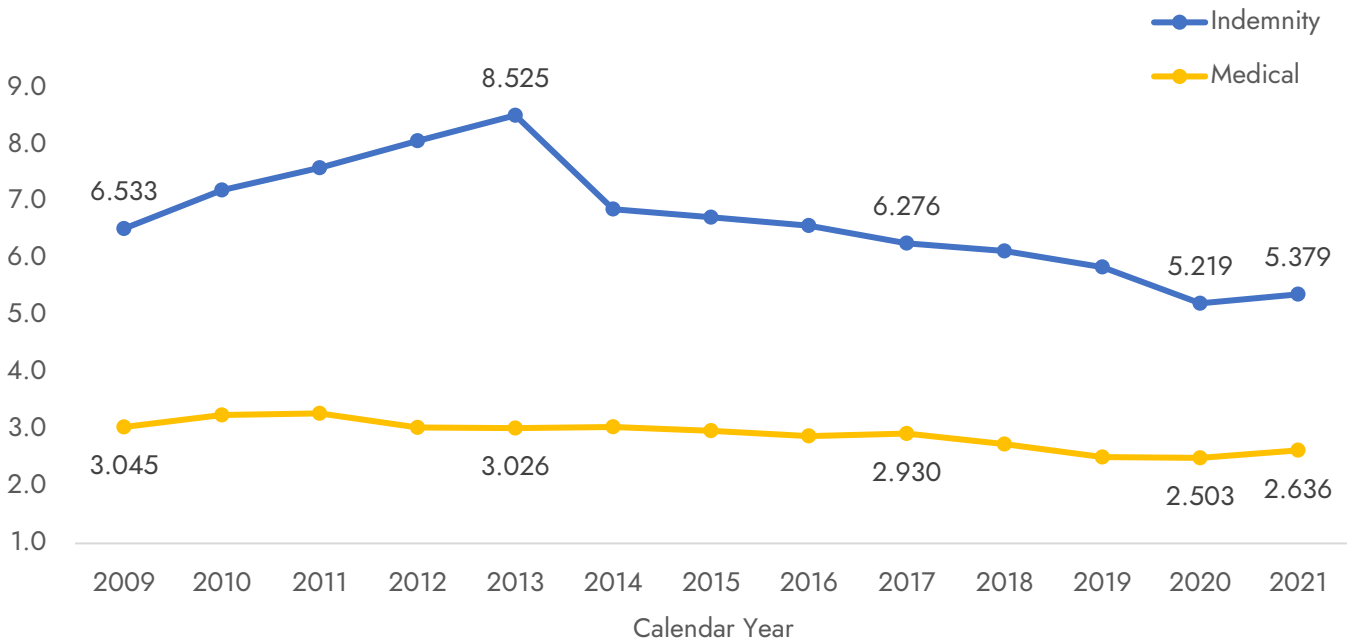
20 1st to 19th Incurred Loss Development Factors by Calendar Year



INSIGHT

Following a significant decrease in calendar year 2020 loss development factors due to the pandemic, loss development factors rebounded in calendar year 2021.

21 1st to 19th Paid Loss Development Factors by Calendar Year

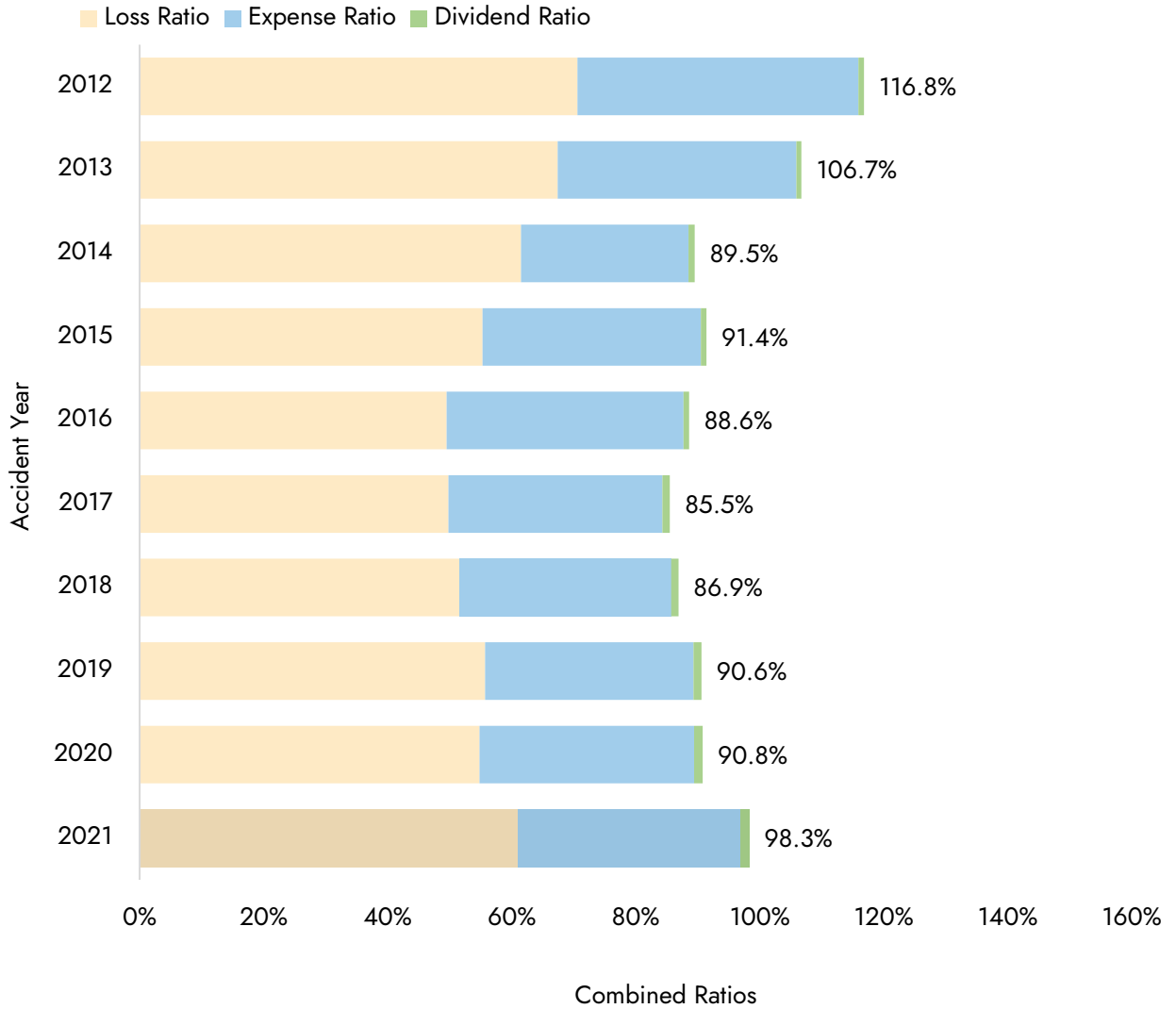


Combined Ratios

22

Accident Year Combined Ratios

C

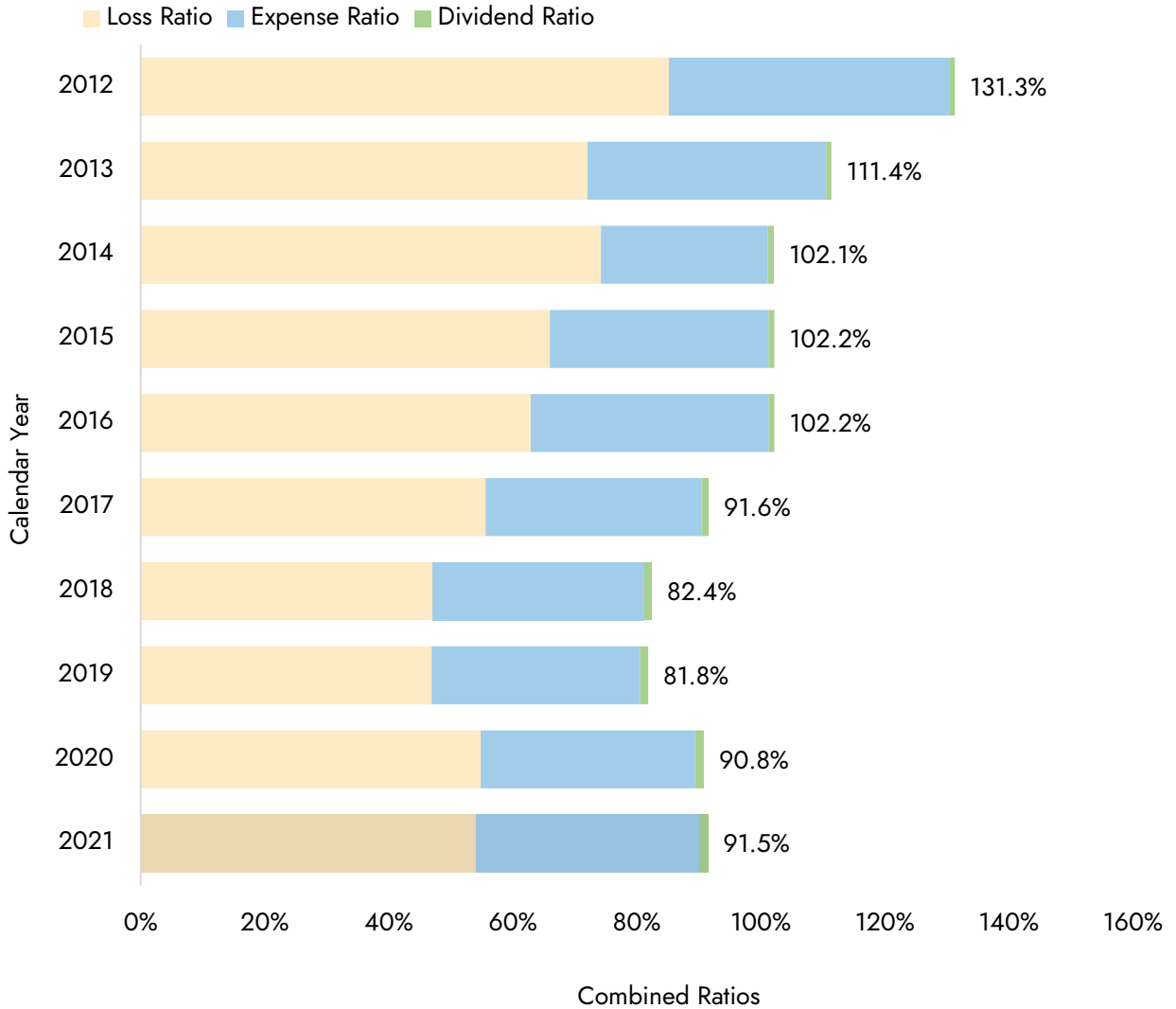


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Loss Ratio	70.6%	67.4%	61.5%	55.3%	49.5%	49.8%	51.6%	55.7%	54.8%	61.0%
Expense Ratio	45.3%	38.5%	27.0%*	35.2%	38.2%	34.5%	34.1%	33.6%	34.6%	35.9%
Dividend Ratio	0.9%	0.8%	1.0%	0.9%	0.9%	1.2%	1.2%	1.3%	1.4%	1.4%
Combined Ratio	116.8%	106.7%	89.5%	91.4%	88.6%	85.5%	86.9%	90.6%	90.8%	98.3%

* The one-time 2014 expense ratio decrease is due to changes in the State assessment procedures.

Combined Ratios

23 Calendar Year Combined Ratios



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Loss Ratio	85.2%	72.1%	74.2%	66.0%	62.9%	55.6%	47.1%	46.9%	54.8%	54.2%
Expense Ratio	45.2%	38.5%	26.9%*	35.3%	38.4%	34.8%	34.1%	33.6%	34.6%	35.9%
Dividend Ratio	0.9%	0.8%	1.0%	0.9%	0.9%	1.2%	1.2%	1.3%	1.4%	1.4%
Combined Ratio	131.3%	111.4%	102.1%	102.2%	102.2%	91.6%	82.4%	81.8%	90.8%	91.5%

* The one-time 2014 expense ratio decrease is due to changes in the State assessment procedures.

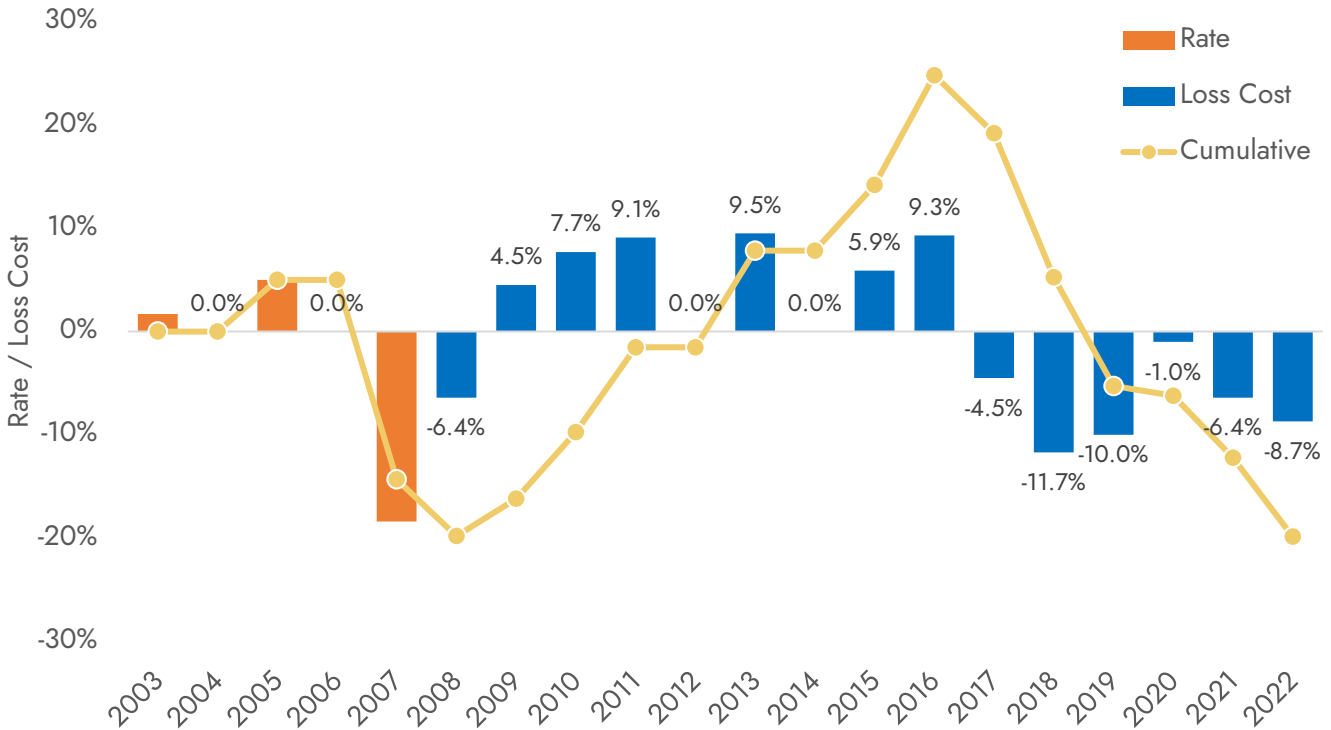
Approved Loss Cost Decrease

We are pleased to report that in July of 2022, the New York State Department of Financial Services approved the Rating Board's recommended loss cost level change. The overall loss cost level in New York State will decrease by 8.7% on October 1, 2022. We look forward to continuing to partner with our regulators to maintain a healthy marketplace.

Jeremy Attie
President | CEO

Approved Rate / Loss Cost Level Changes

24 New York Manual Rate/Loss Cost Level History



The 2022 approval represents the sixth consecutive decrease in the statewide average loss cost level

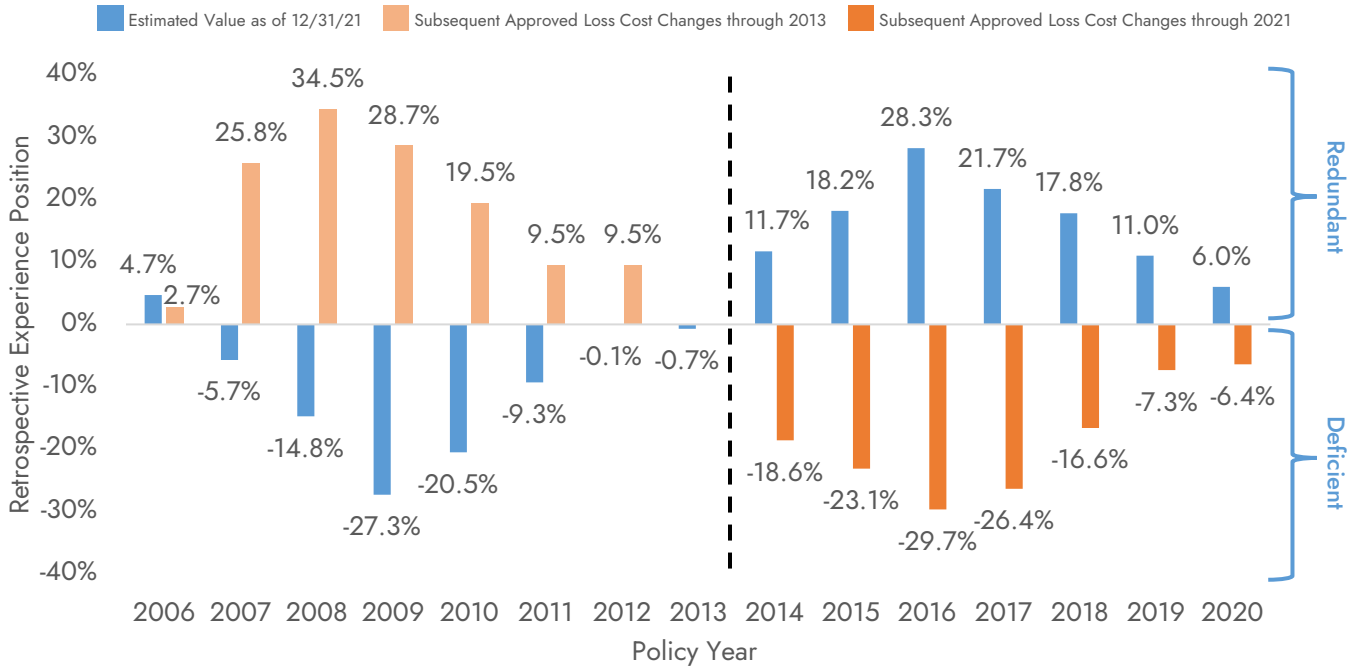
The cumulative change over the last 20 years (2003 to 2022) is -19.9%

The 2022 loss cost level is similar to the 2008 loss cost level, when rates were converted to loss costs

Loss Cost Level Analysis

25 Retrospective Experience at Loss Cost Level

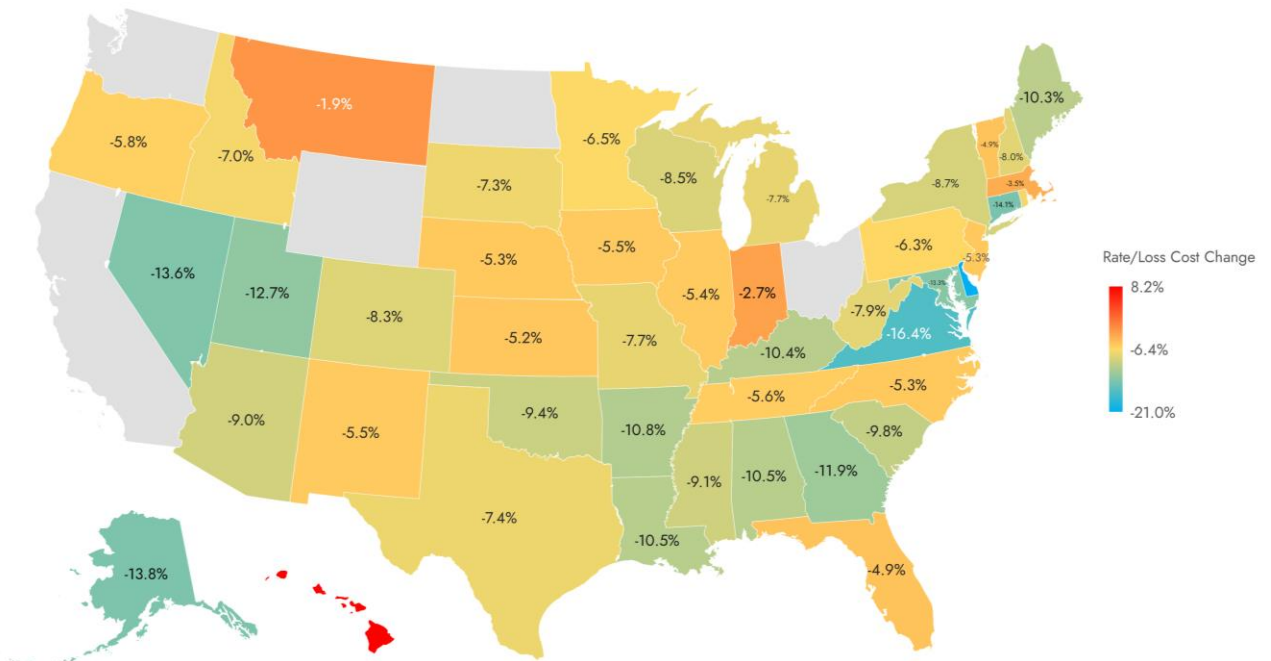
D & E



INSIGHT

Over time, loss cost levels are both cyclical and self-correcting. It is observed that the blue and orange bars generally offset each other each policy year.

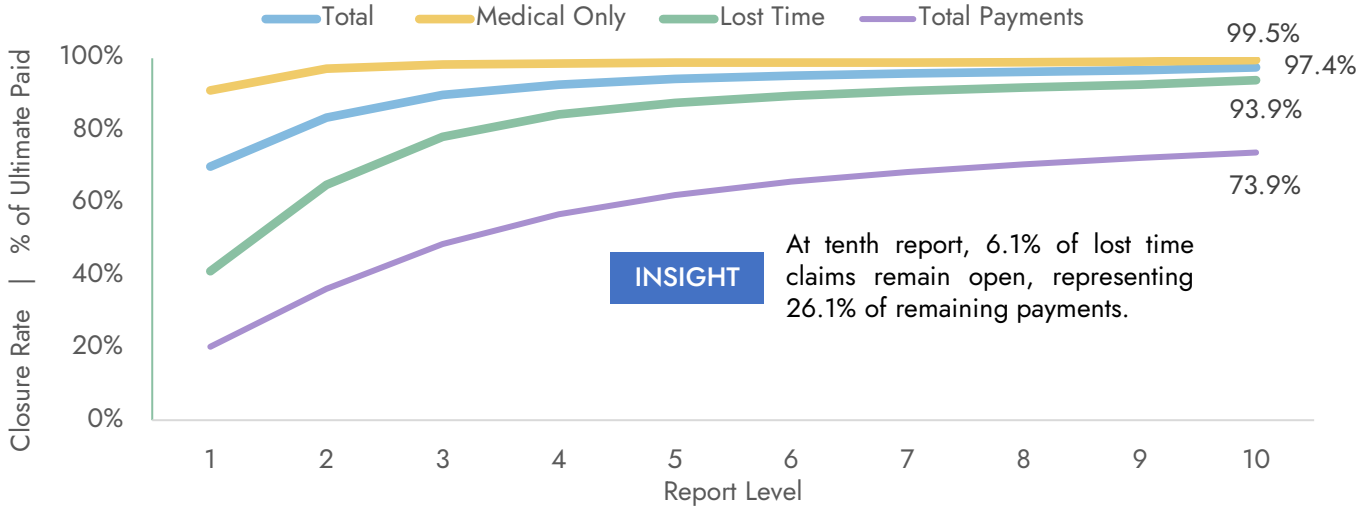
26 Recently Approved Rate/Loss Cost Changes Around the Country



Settlement Patterns and Claim Frequency

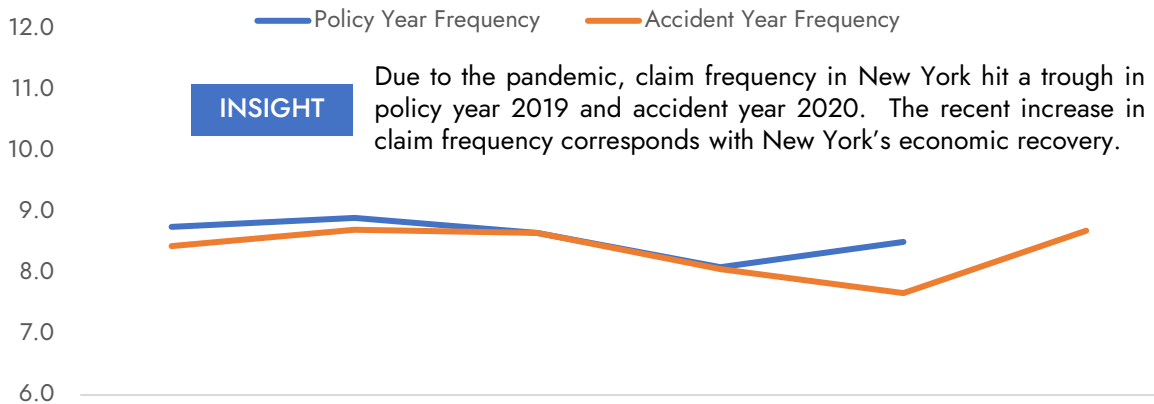
27 Closure Rates and Payment Patterns

F



Report	1	2	3	4	5	6	7	8	9	10
Total	70.1%	83.6%	89.8%	92.7%	94.3%	95.2%	95.7%	96.2%	96.7%	97.4%
Medical Only	91.1%	97.1%	98.2%	98.5%	98.8%	98.8%	98.7%	98.8%	99.1%	99.5%
Lost Time	41.1%	65.0%	78.3%	84.4%	87.7%	89.6%	90.9%	91.9%	92.7%	93.9%
Total Payments	20.3%	36.2%	48.7%	56.9%	62.2%	65.9%	68.5%	70.6%	72.4%	73.9%

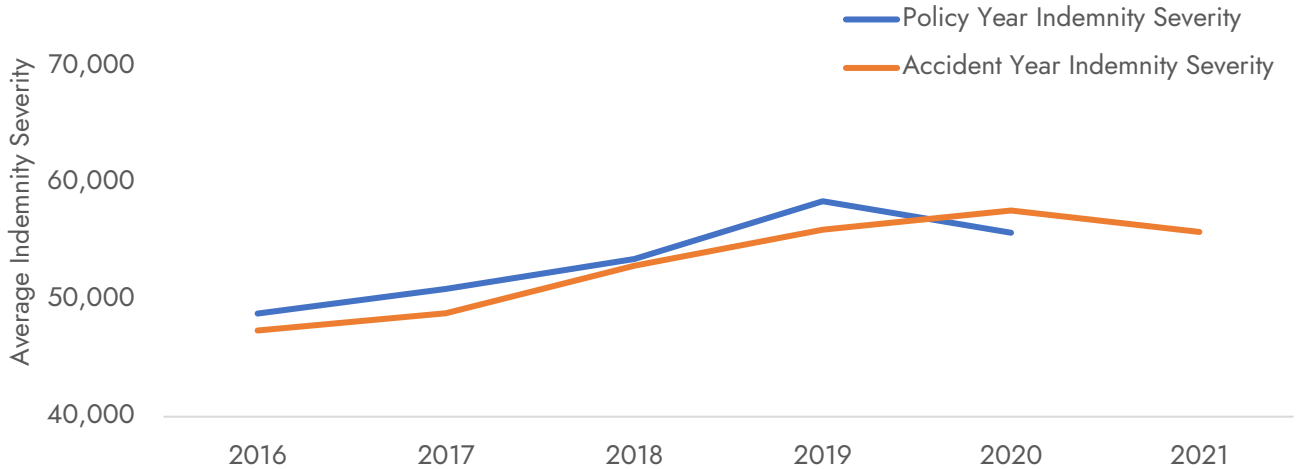
28 Claim Frequency



	2016	2017	2018	2019	2020	2021
Average Policy Year Claim Frequency	8.759	8.904	8.658	8.093	8.511	
Annual Policy Year Change		1.7%	-2.8%	-6.5%	5.2%	
Cumulative Policy Year Change		1.7%	-1.2%	-7.6%	-2.8%	
Average Accident Year Claim Frequency	8.440	8.712	8.655	8.064	7.671	8.696
Annual Accident Year Change		3.2%	-0.7%	-6.8%	-4.9%	13.4%
Cumulative Accident Year Change		3.2%	2.5%	-4.5%	-9.1%	3.0%

Indemnity Severity Trends

29 Indemnity Severity



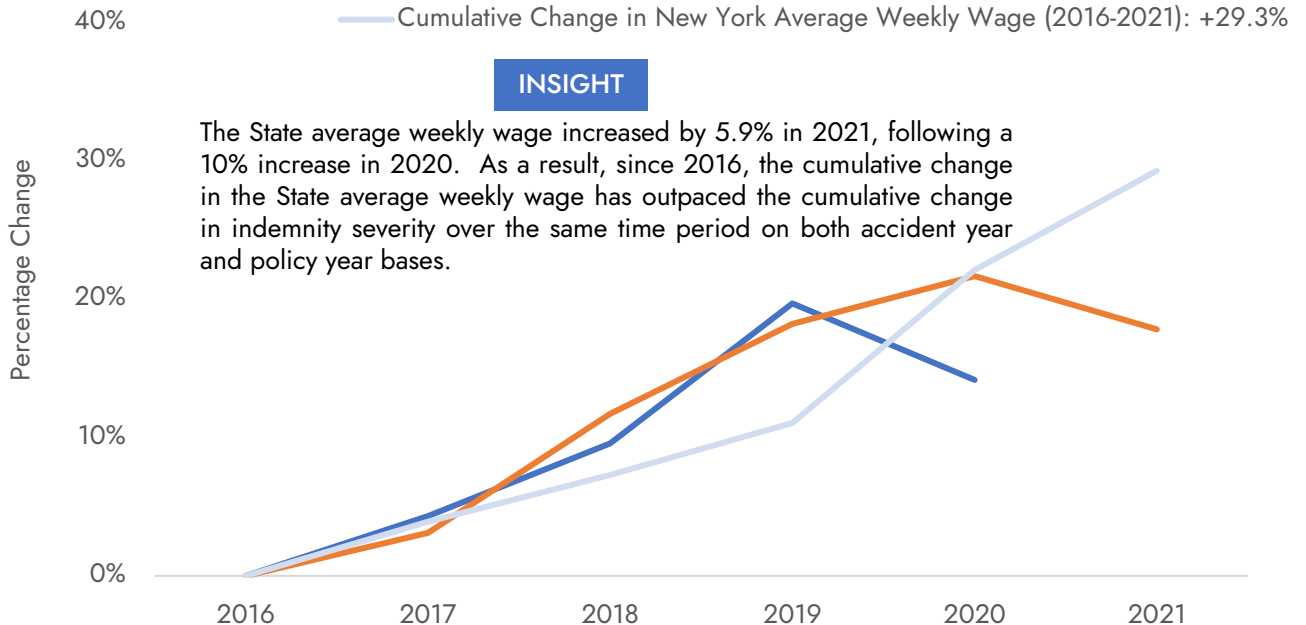
	2016	2017	2018	2019	2020	2021
Policy Year Indemnity Severity	48,826	50,936	53,497	58,439	55,739	
Accident Year Indemnity Severity	47,377	48,851	52,922	56,001	57,643	55,817

30 Indemnity Severity vs. Average Weekly Wage

- PY Cumulative Change in New York Indemnity Severity (2016-2020): +14.2%
- AY Cumulative Change in New York Indemnity Severity (2016-2021): +17.8%
- Cumulative Change in New York Average Weekly Wage (2016-2021): +29.3%

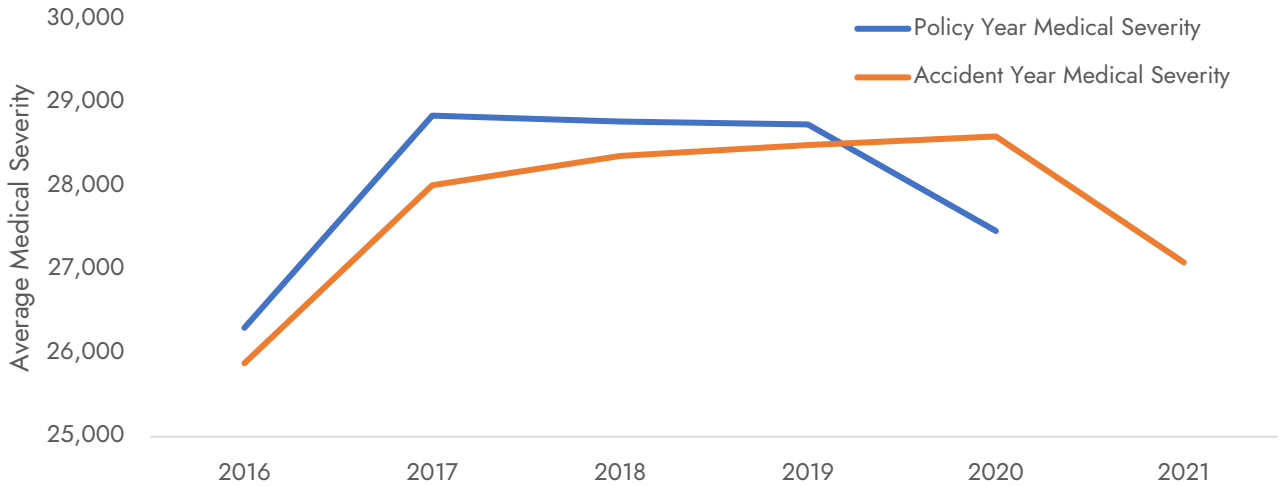
INSIGHT

The State average weekly wage increased by 5.9% in 2021, following a 10% increase in 2020. As a result, since 2016, the cumulative change in the State average weekly wage has outpaced the cumulative change in indemnity severity over the same time period on both accident year and policy year bases.



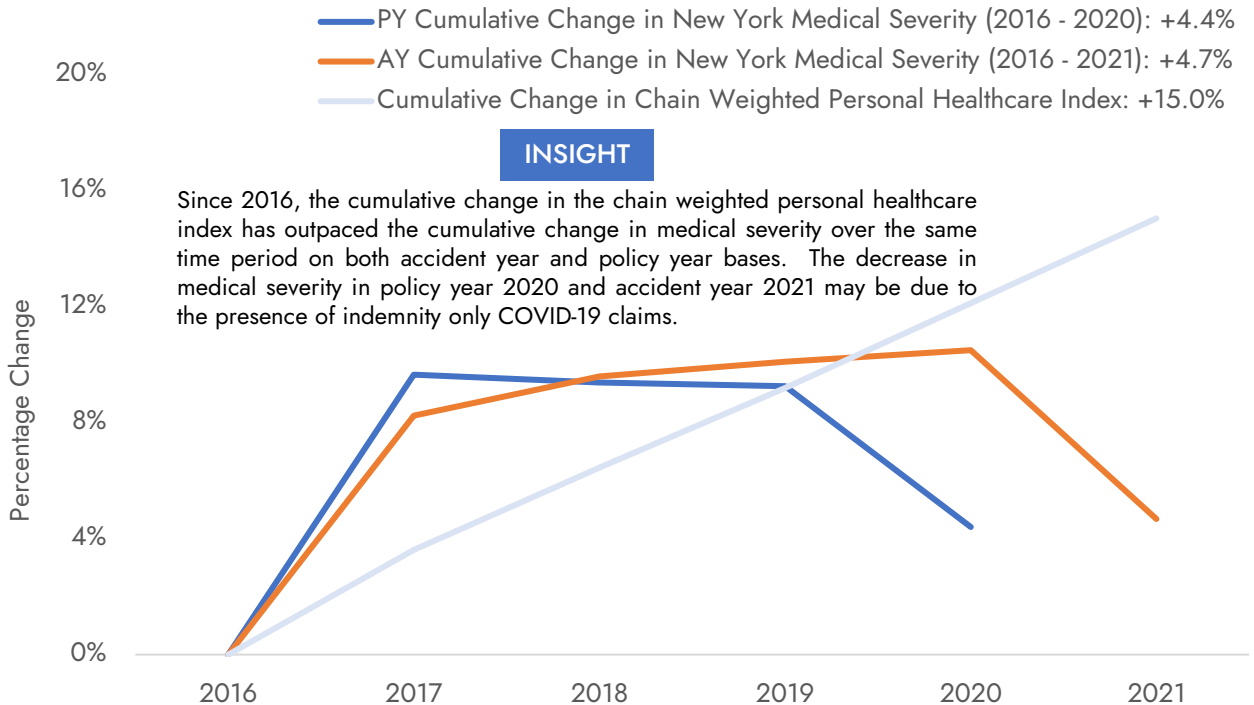
Medical Severity Trends

31 Medical Severity per Lost Time Claim



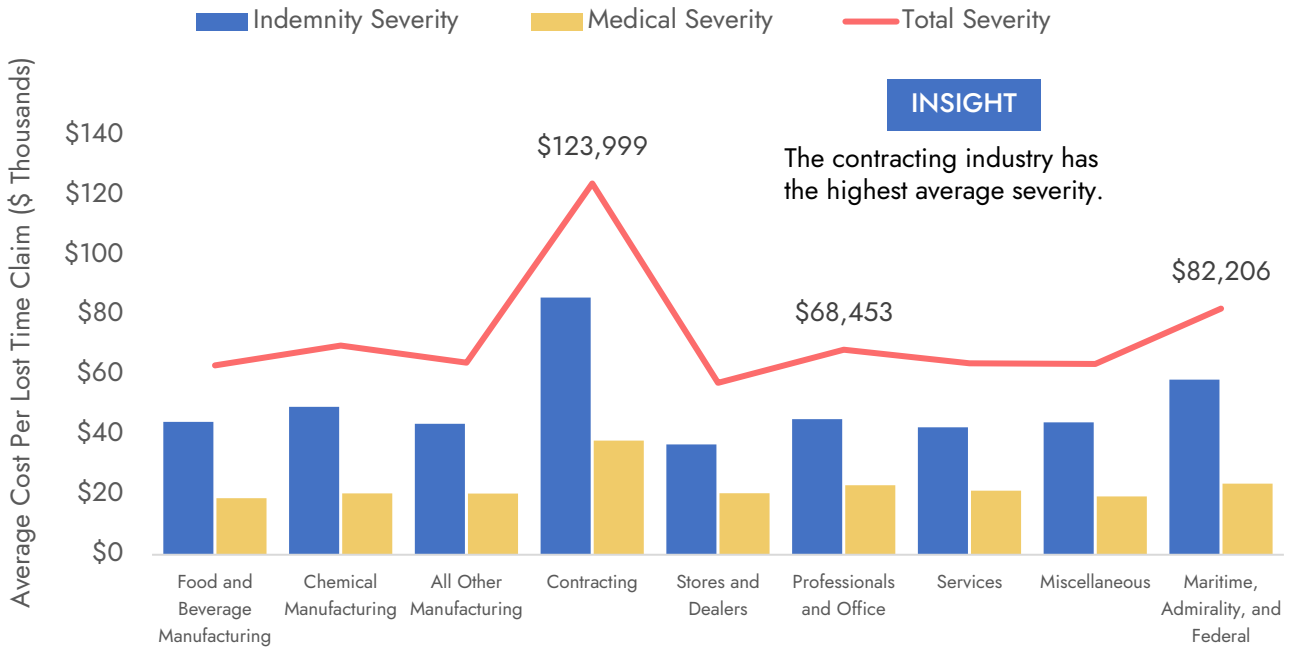
	2016	2017	2018	2019	2020	2021
Policy Year Medical Severity	26,304	28,844	28,773	28,739	27,462	
Accident Year Medical Severity	25,877	28,011	28,360	28,491	28,595	27,087

32 Medical Severity vs. Chain Weighted Personal Healthcare Index

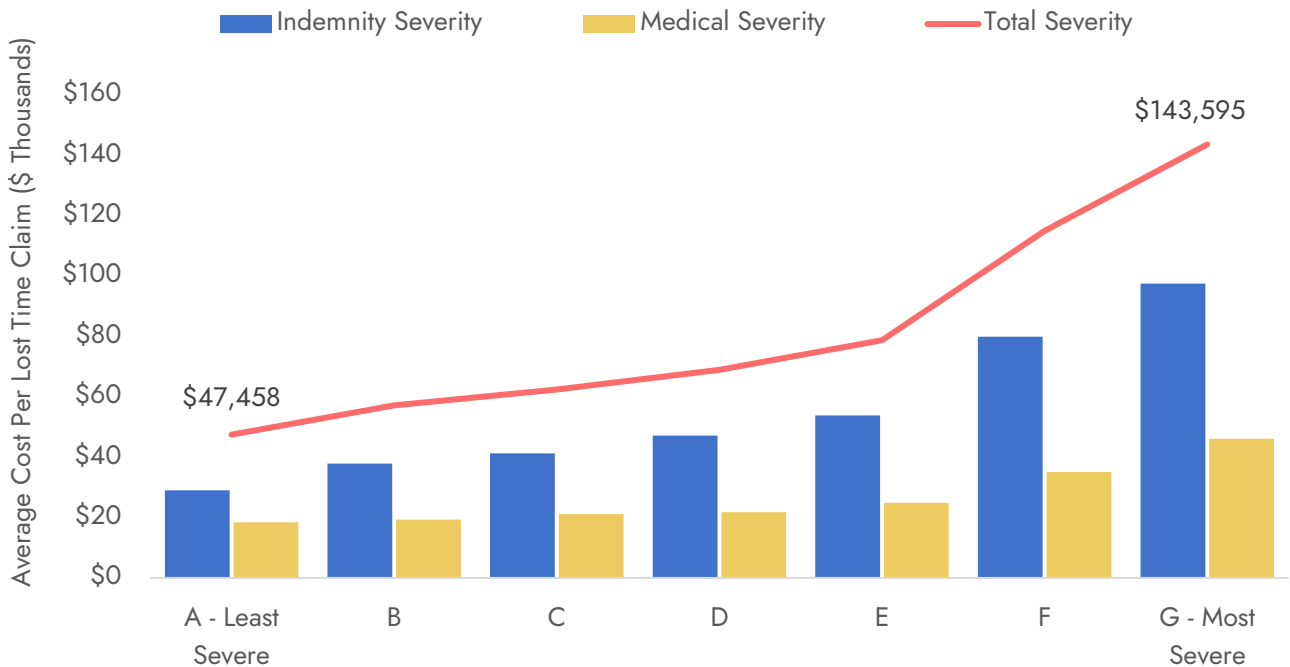


Severities by Industry and Hazard Group

33 Average Cost per Lost Time Claim by Industry Group



34 Average Cost per Lost Time Claim by Hazard Group

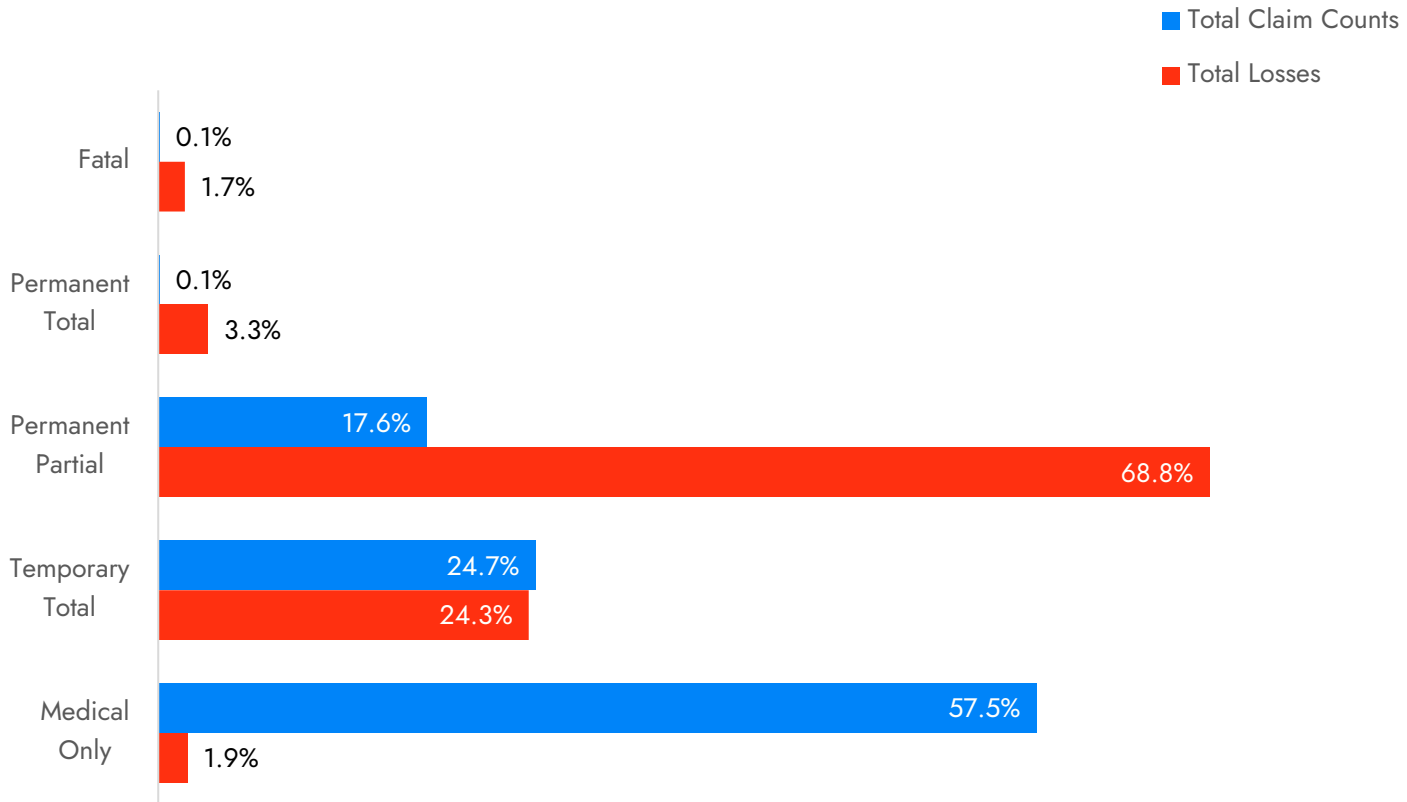


INSIGHT

Severity by hazard group is behaving as expected with severity increasing by hazard group from A to G.

Distribution of Losses by Injury Type

35 Losses and Claim Counts by Injury Type

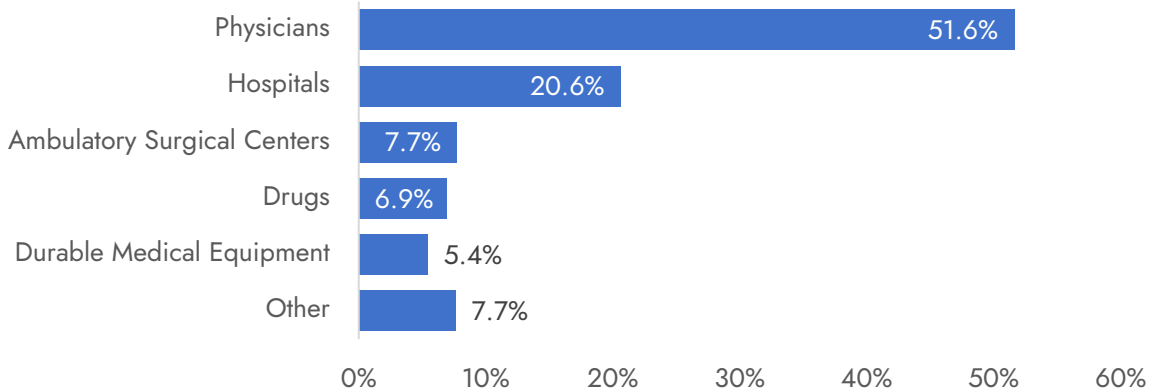


While medical only claims account for 57.5% of claims, they represent only 1.9% of total losses

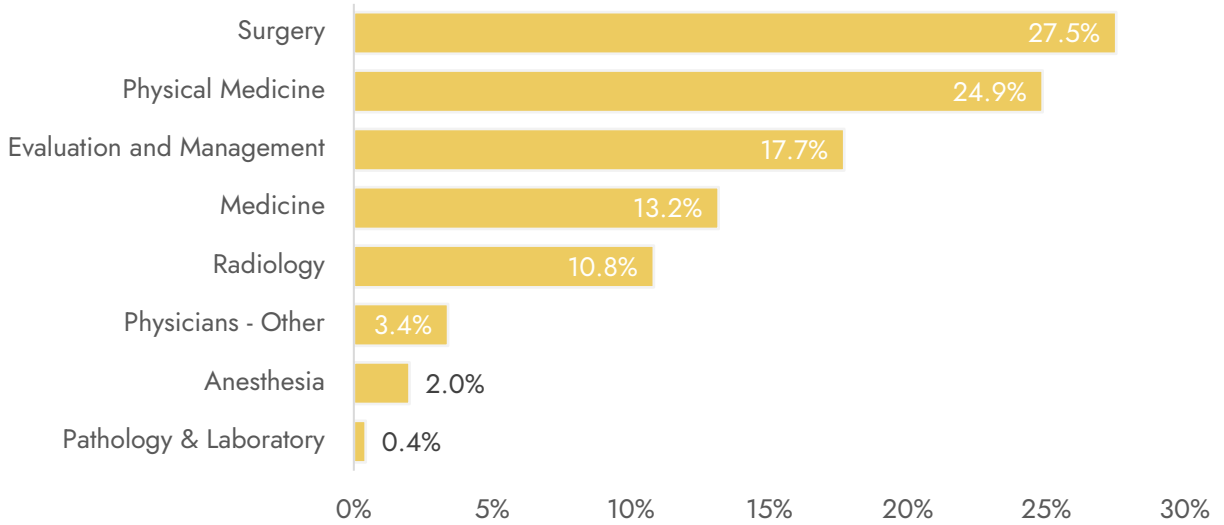
Permanent partial claims account for 68.8% of losses, even though they represent only 17.6% of total claims

Medical Cost Distributions

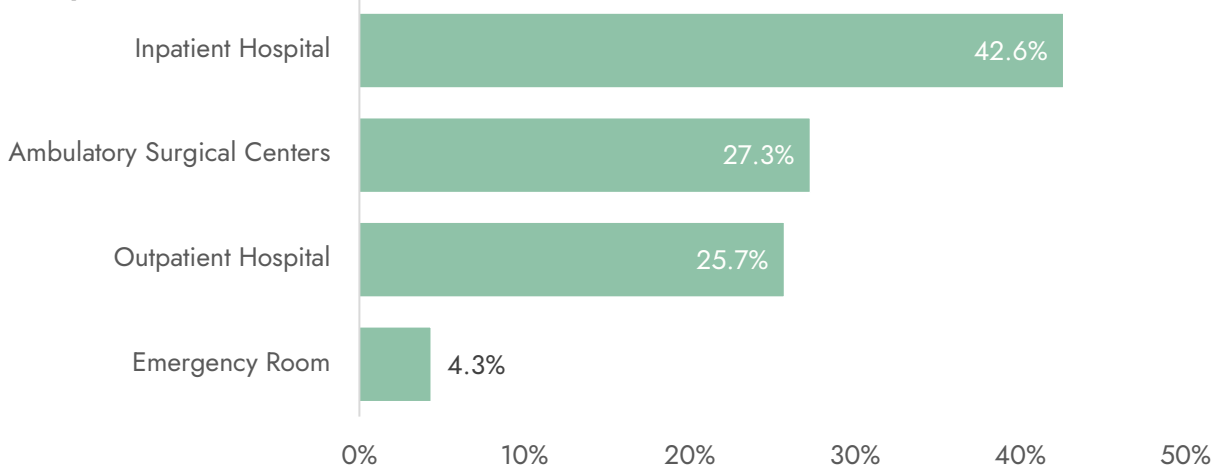
36 Major Medical Cost Categories



37 Physician Services

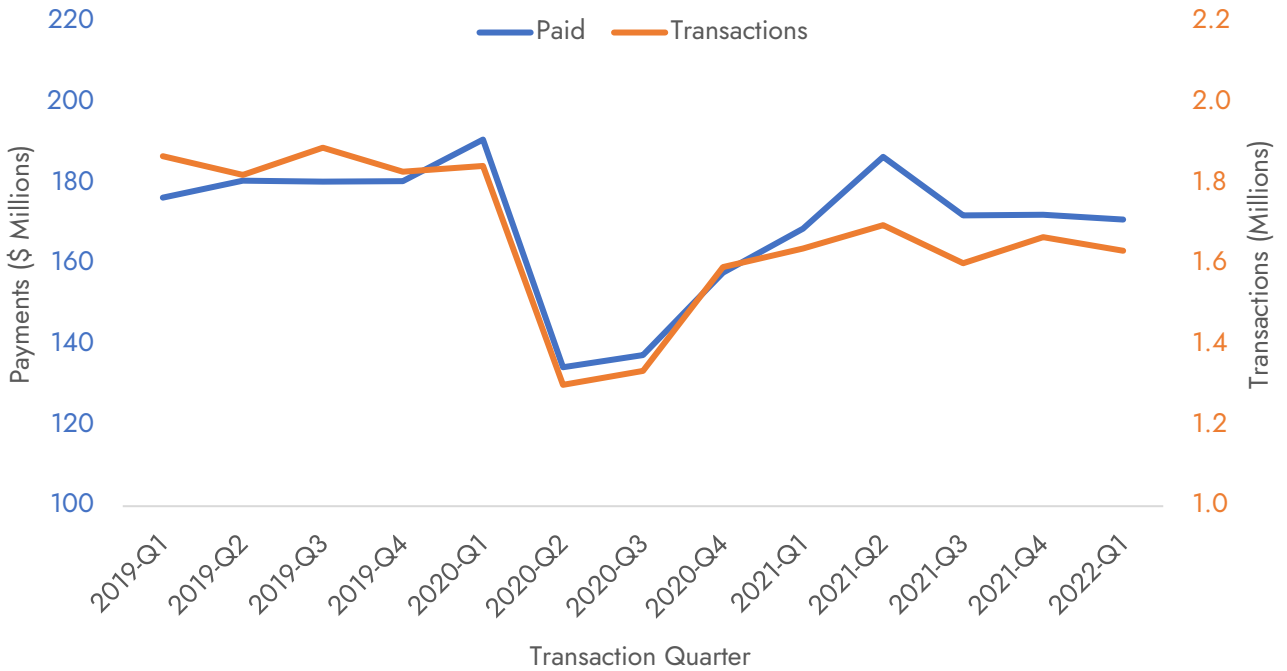


38 Facility Services



Medical Payments Over Time

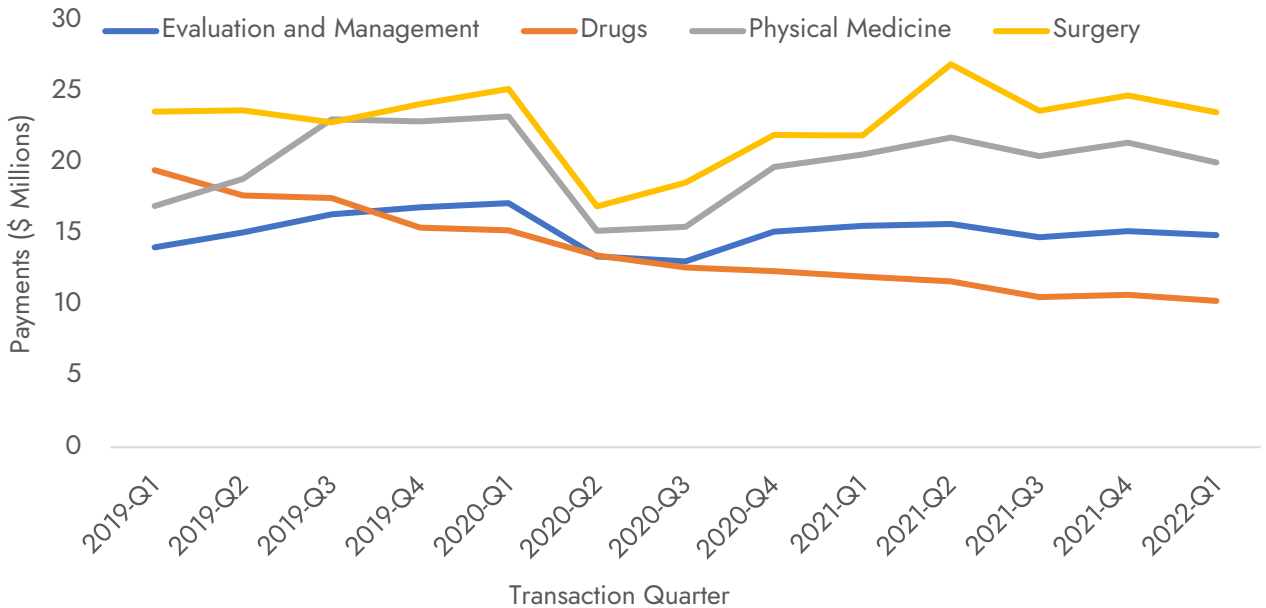
39 Payments and Transactions



INSIGHT

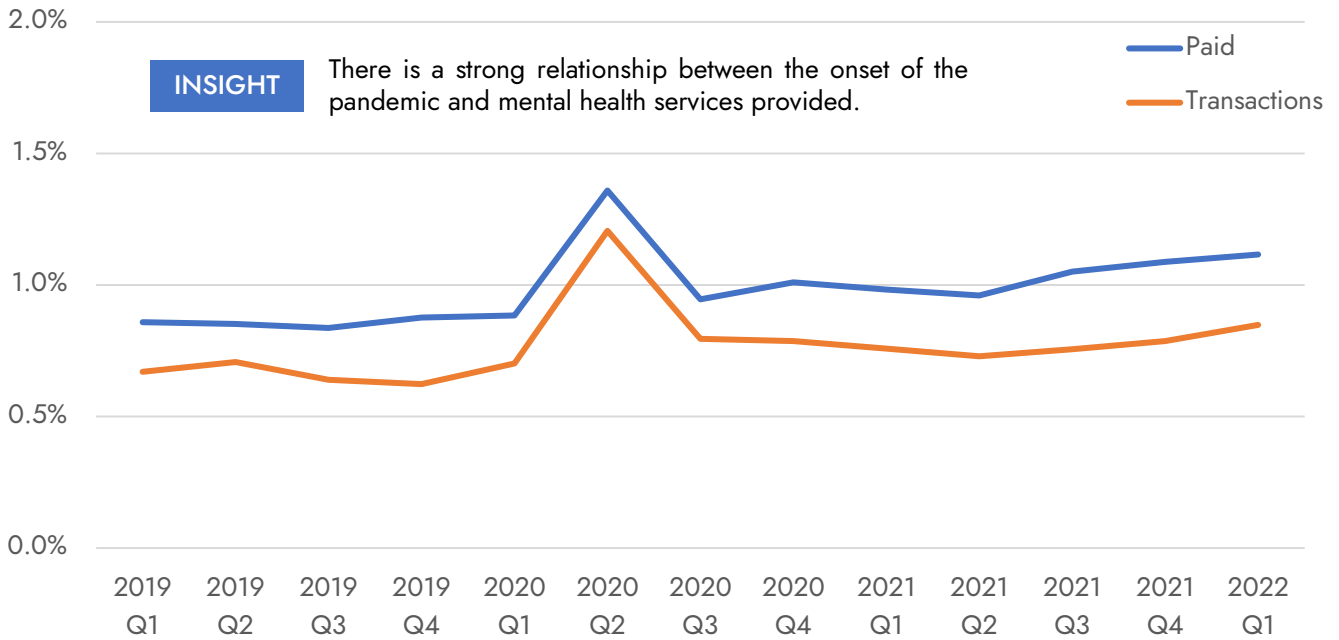
Total medical payments and transactions have decreased significantly in the 2nd and 3rd quarters of 2020. Although these amounts rebounded since that time, they remain below pre-pandemic levels. Drug payments have been declining steadily.

40 Payments for Selected Categories

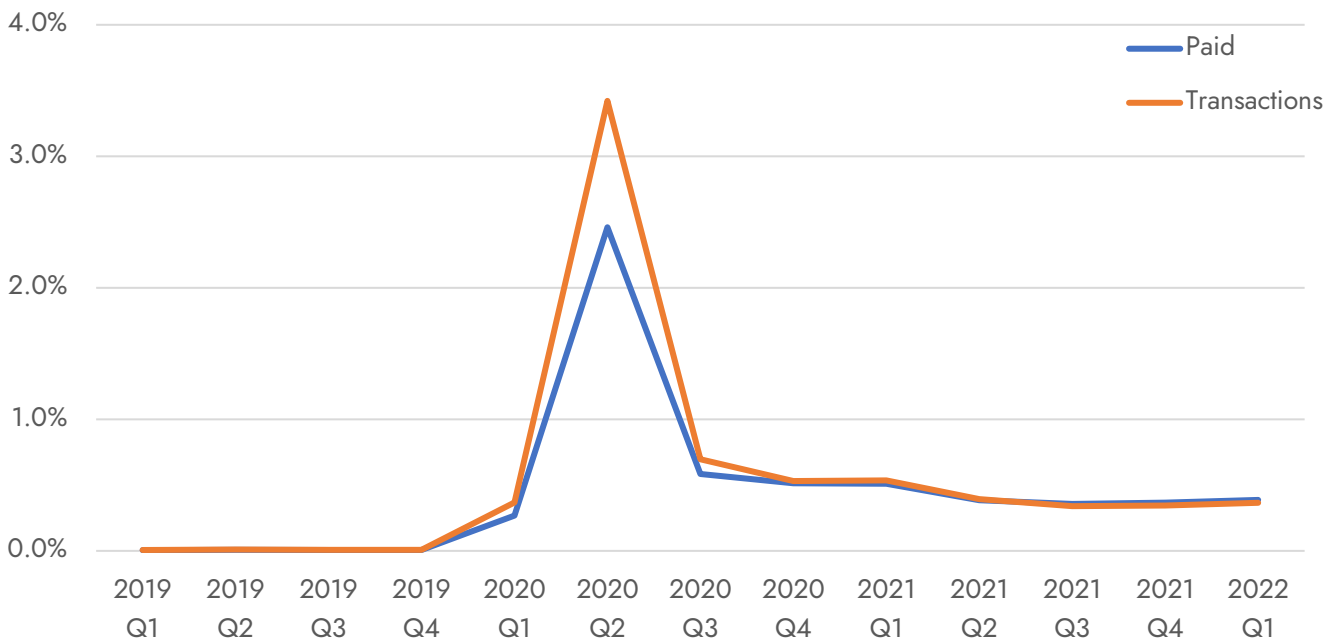


Medical Payments Over Time

41 Mental Health



42 Telehealth

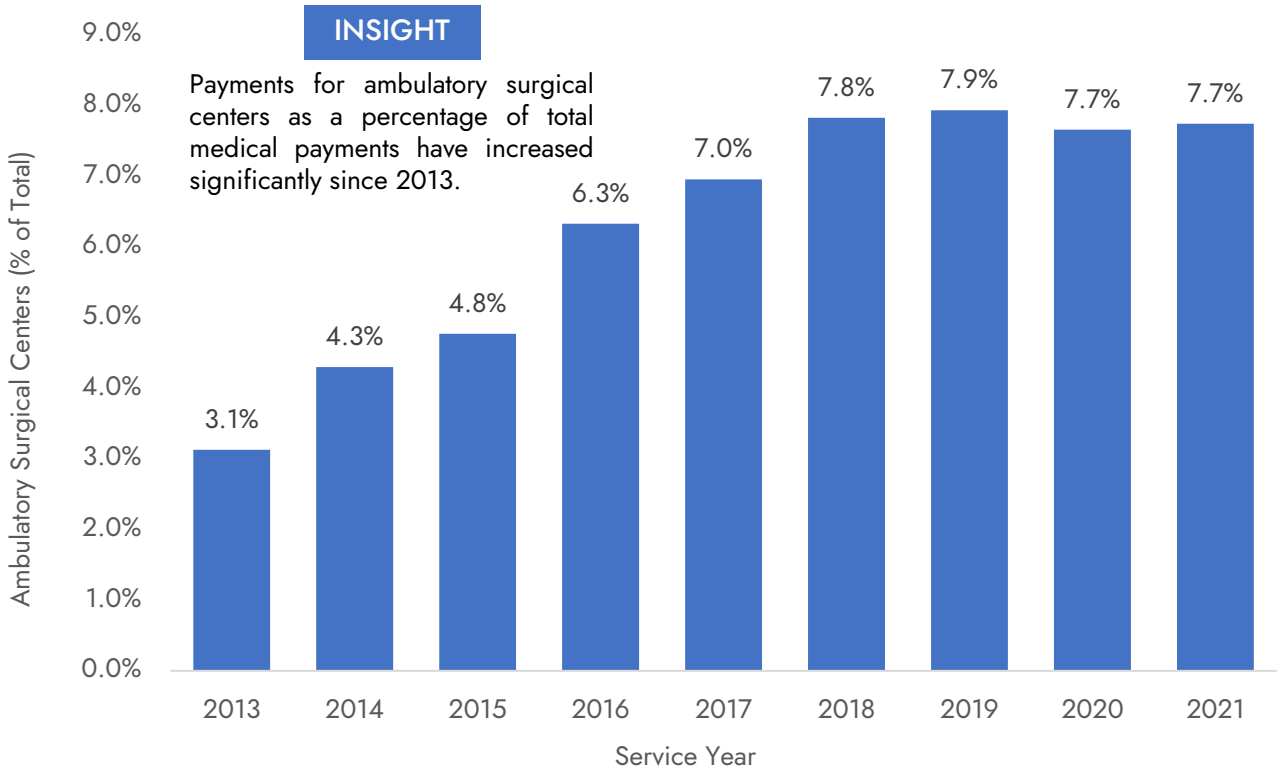


INSIGHT

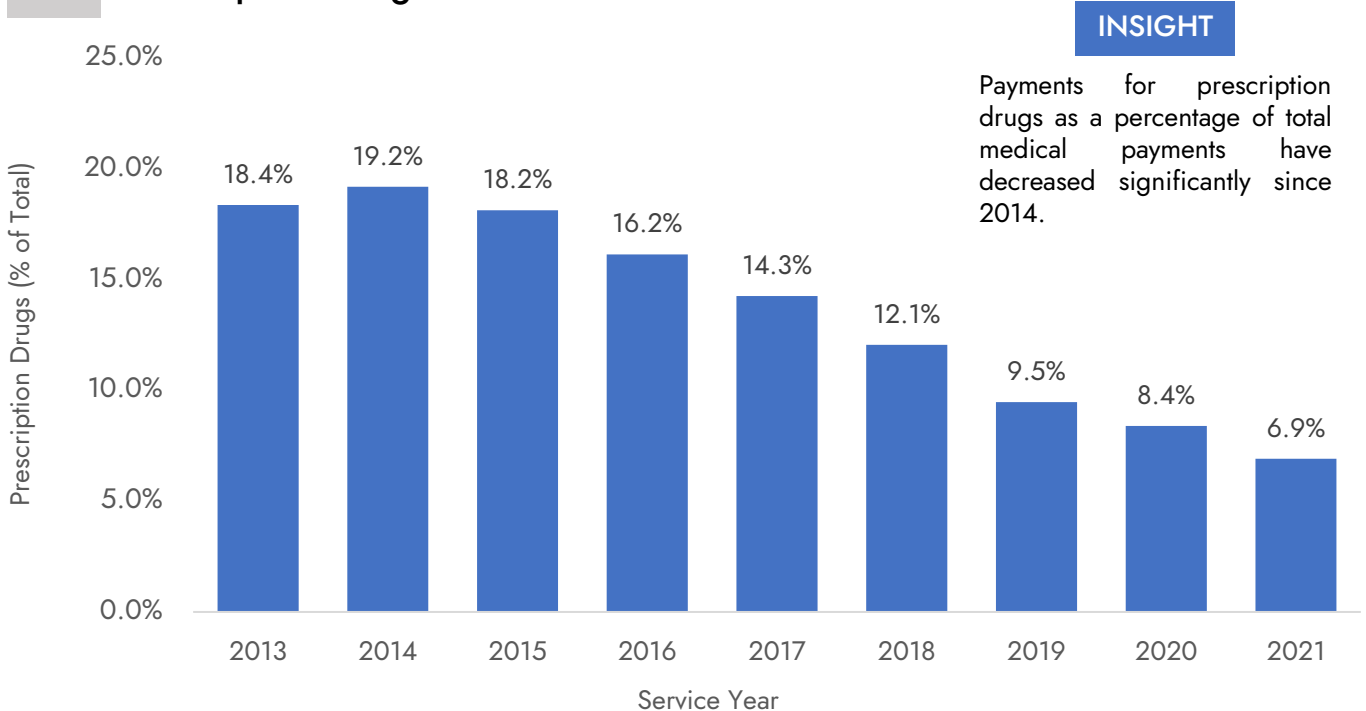
While the prevalence of telehealth service has declined since its spike at the onset of the pandemic, it has remained above pre-pandemic levels.

Medical Payments Over Time

43 Ambulatory Surgical Centers

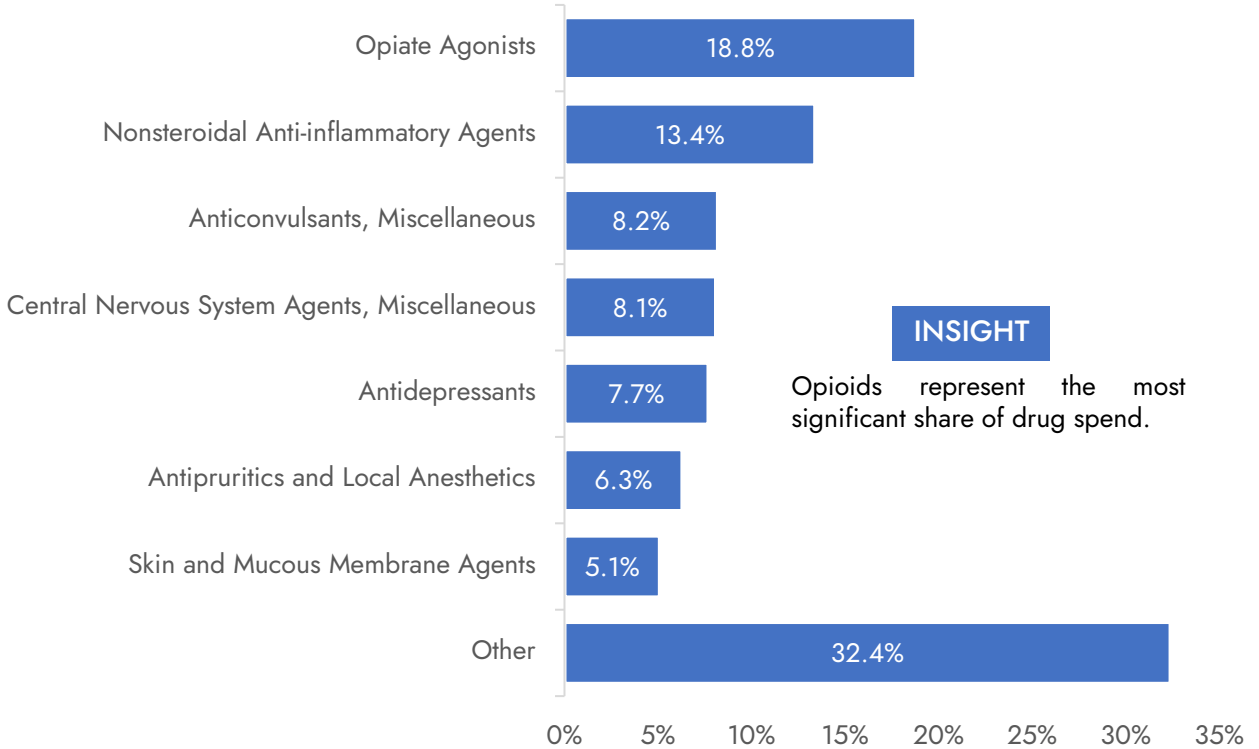


44 Prescription Drugs

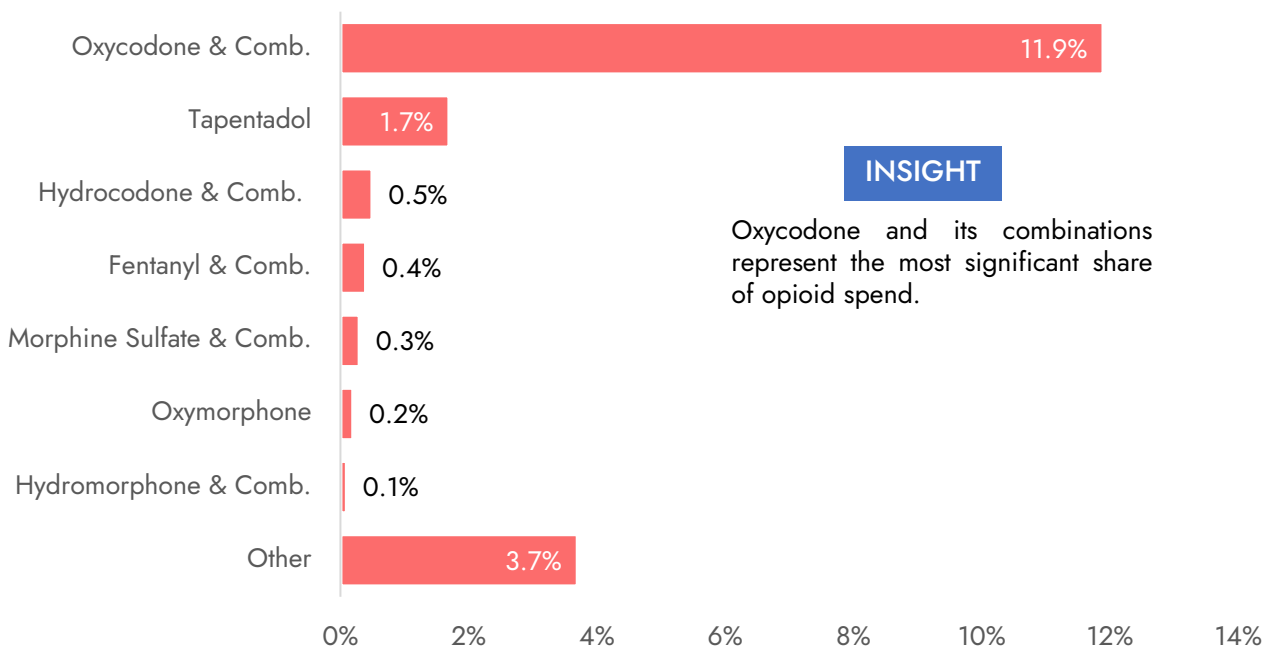


Prescription Drug Spending

45 Major Drug Categories



46 Breakdown of Top Opioids



Thank You

We remain thankful for the support and involvement of our membership and other stakeholders in the system, and we wish everyone happiness and health in the coming year.

Jeremy Attie
President | CEO

Data Sources

Chart 1: Positive Cases vs. Assembled Claims: Cumulative

- Positive COVID-19 cases: CDC
- New York Open Data - data.ny.gov; Assembled Workers' Compensation Claims

[RETURN TO CHART 1](#)

Chart 2: Positive Cases vs. Assembled Claims by Week

- Positive COVID-19 cases: CDC
- New York Open Data - data.ny.gov; Assembled Workers' Compensation Claims

[RETURN TO CHART 2](#)

Chart 3: Distribution by Region

- Positive COVID-19 cases: New York State Department of Health
- New York Open Data - data.ny.gov; Assembled Workers' Compensation Claims

[RETURN TO CHART 3](#)

Chart 4: Distribution by Economic Sector

- Positive COVID-19 cases: New York State Department of Health
- New York Open Data - data.ny.gov; Assembled Workers' Compensation Claims

[RETURN TO CHART 4](#)

Chart 5: Payroll Data

- New York State Department of Labor Calendar Years 2010 – 2021
- Rating Board Unit Statistical Data Policy Years 2010 – 2019

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Chart 6: New York Direct Written Premium

- Insurance Carriers' Annual Financial Statements

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Chart 7: Top Ten Carrier Groups in 2021

- Insurance Carriers' Annual Financial Statements - Calendar Year 2021

[RETURN TO CHART 7](#)

Chart 8: New York Share of Countrywide Premium

- National Association of Insurance Commissioners Market Share Reports

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Chart 9: Distribution of Private Carriers' Approved Loss Cost Multipliers

- New York State Department of Financial Services

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Chart 10: Distribution of Private Carriers' Written Premium by Loss Cost Multiplier Range

- New York State Department of Financial Services
- Rating Board Financial Data - Calendar Year 2021

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Data Sources

Chart 11: Experience and Merit Rating

- Rating Board Unit Statistical Data - Policy Year 2019
- Rating Board Experience Rating System, policies with ratings effective March 2021 – February 2022

[RETURN TO CHART 11](#)

Chart 12: Schedule Rating (Policy Year 2021)

- Rating Board Policy Data

[RETURN TO CHART 12](#)

Chart 13: Premium Distribution by Policy Type

- Rating Board Unit Statistical Data
- Rating Board Policy Data

[RETURN TO CHART 13](#)

Chart 14: Marketplace Changes Over Time (All Carriers)

- Rating Board Financial Data
- Rating Board Approved Manual Rate/Loss Cost Filings 2007 – 2021

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Chart 15: Top 10 Governing Classes by Payroll

- Rating Board Unit Statistical Data - Policy Year 2019

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Chart 16: Top 10 Governing Classes by Standard Premium

- Rating Board Unit Statistical Data - Policy Year 2019

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Chart 17: Distribution by Premium Size

- Rating Board Unit Statistical Data - Policy Year 2019

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Chart 18: Change in Assembled Claims by Month: 2021

- New York Open Data - data.ny.gov; Assembled Workers' Compensation Claims

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Chart 19: Change in Assembled Claims by Month: 2022

- New York Open Data - data.ny.gov; Assembled Workers' Compensation Claims

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Chart 20: 1st to 19th Incurred Loss Development Factors by Calendar Year

- Rating Board Financial Data

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Chart 21: 1st to 19th Paid Loss Development Factors by Calendar Year

- Rating Board Financial Data

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Data Sources

Chart 22: Accident Year Combined Ratios

- Rating Board Financial Data
- Insurance Carriers' Annual Financial Statements
- New York State Insurance Fund data is excluded from dividend ratio and expense ratio
- Accident year loss ratios exclude large deductible experience
- Losses are developed to ultimate

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Chart 23: Calendar Year Combined Ratios

- Rating Board Financial Data
- Insurance Carriers' Annual Financial Statements
- New York State Insurance Fund data is excluded from dividend ratio and expense ratio
- New York State Insurance Fund data is excluded from calendar year 2013
- Beginning in 2014, premiums do not include the New York State Assessment

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Chart 24: New York Manual Rate/Loss Cost Level History

- Rating Board Approved Manual Rate/Loss Cost Filings 2003 – 2022

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Chart 25: Retrospective Experience at Loss Cost Level

- Rating Board Financial Data
- Rating Board Approved Manual Rate/Loss Cost Filings 2006 – 2021

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Chart 26: Recently Approved Rate/Loss Cost Changes Around the Country

- Public Filings with effective dates from July 1, 2021 to October 1, 2022
- Note: California filed for an increase of 7.6% effective September 1, 2022, which did not get approved

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Chart 27: Closure Rates and Payment Patterns

Claim Closure Rates

- Rating Board Unit Statistical Data

Payment Patterns

- Rating Board Financial Data

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Chart 28: Claim Frequency

- Claim frequency is the number of lost time claims per \$1M of premium
- Rating Board Financial Data - Policy Years 2016 – 2020 and Calendar/Accident Years 2016 – 2021
- Claim counts developed to 5th report
- Premiums adjusted to current level
- Policy year premiums developed to ultimate

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Data Sources

Chart 29: Indemnity Severity

- Indemnity severity is the average indemnity cost per lost time claim
- Rating Board Financial Data - Policy Years 2016 – 2020 and Accident Years 2016 – 2021
- Losses developed to ultimate and adjusted to current benefit levels
- Claim counts developed to 5th report

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Chart 30: Indemnity Severity vs. Average Weekly Wage

Severity Information

- Rating Board Financial Data - Policy Years 2016 – 2020 and Accident Years 2016 – 2021
- Losses developed to ultimate and adjusted to current benefit levels
- Claim counts developed to 5th report

Wage Information

- New York State Department of Labor - Calendar Years 2016 – 2021

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Chart 31: Medical Severity per Lost Time Claim

- Medical severity is the average medical cost per lost time claim
- Rating Board Financial Data - Policy Years 2016 – 2020 and Accident Years 2016 – 2021
- Losses developed to ultimate and adjusted to current benefit levels
- Claim counts developed to 5th report

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Chart 32: Medical Severity vs. Chain Weighted Personal Healthcare Index

Severity Information

- Rating Board Financial Data - Policy Years 2016 – 2020 and Accident Years 2016 – 2021
- Losses developed to ultimate and adjusted to current benefit levels
- Claim counts developed to 5th report

Index Information

- Chain Weighted Personal Healthcare Index: Centers for Medicare & Medicaid Services

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Chart 33: Average Cost per Lost Time Claim by Industry Group

- Rating Board Unit Statistical Data - Policy Years 2015 – 2019
- Losses developed to ultimate

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Chart 34: Average Cost per Lost Time Claim by Hazard Group

- Rating Board Unit Statistical Data - Policy Years 2015 – 2019
- Losses developed to ultimate

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Chart 35: Losses and Claim Counts by Injury Type

- Rating Board Unit Statistical Data - Policy Years 2016 – 2018
- Losses developed to ultimate
- Claim counts developed to 5th report

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Data Sources

Chart 36: Major Medical Cost Categories

- Rating Board Private Carriers Medical Data - Service Year 2021

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Chart 37: Physician Services

- Rating Board Private Carriers Medical Data - Service Year 2021

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Chart 38: Facility Services

- Rating Board Private Carriers Medical Data - Service Year 2021

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Chart 39: Payments and Transactions

- Rating Board Private Carriers Medical Data - Transaction Years 2019 – 2022

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Chart 40: Payments for Selected Categories

- Rating Board Private Carriers Medical Data - Transaction Years 2019 – 2022

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Chart 41: Mental Health

- Rating Board Private Carriers Medical Data - Service Years 2019 – 2022

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Chart 42: Telehealth

- Rating Board Private Carriers Medical Data - Service Years 2019 – 2022

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Chart 43: Ambulatory Surgical Centers

- Rating Board Private Carriers Medical Data - Service Years 2013 – 2021

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Chart 44: Prescription Drugs

- Rating Board Private Carriers Medical Data - Service Years 2013 – 2021

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Chart 45: Major Drug Categories

- Rating Board Private Carriers Medical Data - Service Year 2021

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Chart 46: Breakdown of Top Opioids

- Rating Board Private Carriers Medical Data - Service Year 2021

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Note: Medical information reflects data submitted by carriers who are required to participate in the Rating Board's Medical Data Call.

Definitions

Definition A

Direct Written Premium is the premium charged on policies, after application of all premium adjustments, such as premium discounts, deductible credits, and the like.

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Definition B

Governing Class is the occupational classification on a policy (e.g. plumbing) that generates the majority of payroll, subject to a few exceptions set forth in the Workers' Compensation and Employers Liability Manual.

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Definition C

Combined Ratio represents the ratio of losses, expenses, and dividends to premiums. For example, a combined ratio of 110% means that for each dollar of premium collected, and insurer paid out \$1.10 in losses and expenses. This statistic does not account for investment income.

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Definition D

Retrospective Experience Positions (blue bars) are derived by using projections based on data as of 12/31/2021 for each policy year. A positive experience position means earned premium, at loss cost level, exceeded projected ultimate losses, which is a redundant position. Conversely, a negative experience position means projected ultimate losses exceeded earned premium, at loss cost level, which is a deficient position. For example, the experience position of 28.3% in policy year 2016 means that as of 12/31/2021, the earned premium, at loss cost level, exceeded ultimate losses by 28.3%.

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Definition E

Subsequent Approved Loss Cost Changes (orange bars) are derived by cumulating the approved loss cost changes after the policy year in question for the experience position through either 2013 (for policy years 2006-2013) or 2021 (for policy years 2014-2020). For example, when cumulated, the subsequent approved loss cost changes since 2016 (i.e., from 2017 to 2021) amount to -29.7%. This cumulative reduction of 29.7% roughly offsets the redundancy of 28.3% in policy year 2016.

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Definition F

Claims Report Level appears on the Unit Statistical Reports and is the valuation period of a claim. The first report refers to the valuation of claims as of 18 months from the effective date of the policy. Each subsequent report is valued in 12-month increments. For example, the second report refers to claims valued 30 months from the effective date of the policy, and the 10th report refers to the valuation of claims 126 months (10.5 years) after the effective date of the policy.

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