



COMPLETE ACTUARIAL
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Workers' Compensation Claim Frequency

After several years of steady decline in workers' compensation claim frequency, data from CASCO clients and a recent report by the [NCCI](#) indicate an uptick in frequency during 2010. The graph below shows average frequency per payroll for workers' compensation claims (lost-time and medical-only) for CASCO clients from 1998 to 2010. In 2010 the frequency increased by 6.2%, in contrast with an average annual decline of 5.4% from 1998 to 2009. The graph also shows data from a recent report by the NCCI that showed similar results. The report found that frequency for lost-time workers' compensation claims increased 3% in 2010, marking the first increase since 1997. Prior to the 2010 increase, frequency had been declining at an average rate of 4.3% per year since 1990, with only 1994 and 1997 seeing increases.

Following years of steady decreases, both NCCI and CASCO client data show an uptick in claim frequency in 2010.

INSIDE THIS ISSUE:

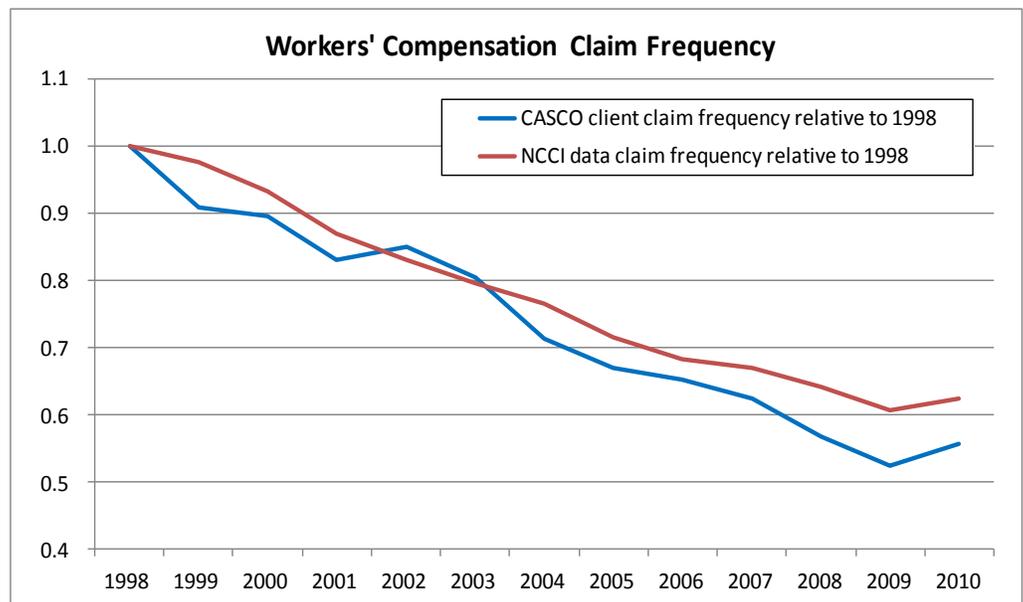
Workers' Compensation Claim Frequency 1

Ask the Actuary: Year-End Analyses 2

Links to Interesting Articles 3

Market Focus: Medical Malpractice 4

About CASCO 5



NCCI proposed that a number of factors related to the recovery from the recent recession put upward pressure on the 2010 frequency measure. These include an increase in new hires that may have higher expected claim frequencies than longer-tenured workers and a possible influx of small lost-time claims that may have been medical-only claims in previous years. From the CASCO client data, it is interesting to note that the only other time since 1998 that frequency increased was a 2.3% increase in 2002 when the economy was also recovering from recession. If the recession recovery contributed to the increase in claim frequency in 2010, then this upward pressure may continue given the much greater magnitude of this recession and the potentially longer recovery period. *Continued next page.*

Workers' Compensation Claim Frequency (continued)

CASCO's client base contains many healthcare providers and universities with workforces that have generally been less directly affected by this recession cycle than the wider economy. The fact that claim frequency for CASCO clients has followed a similar pattern to the countrywide NCCI data suggests that the recession cycle can still effect workers' compensation experience for organizations that did not experience significant layoffs or recovery-based hiring.

While the experience of any individual organization may differ from industry-wide trends, the increase in industry-wide claim frequency in 2010 should be noted by organizations that have come to expect consistently improving or flat workers' compensation loss experience in recent years.

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