

Market Focus

In this issue, we look at industry wide workers' compensation data.



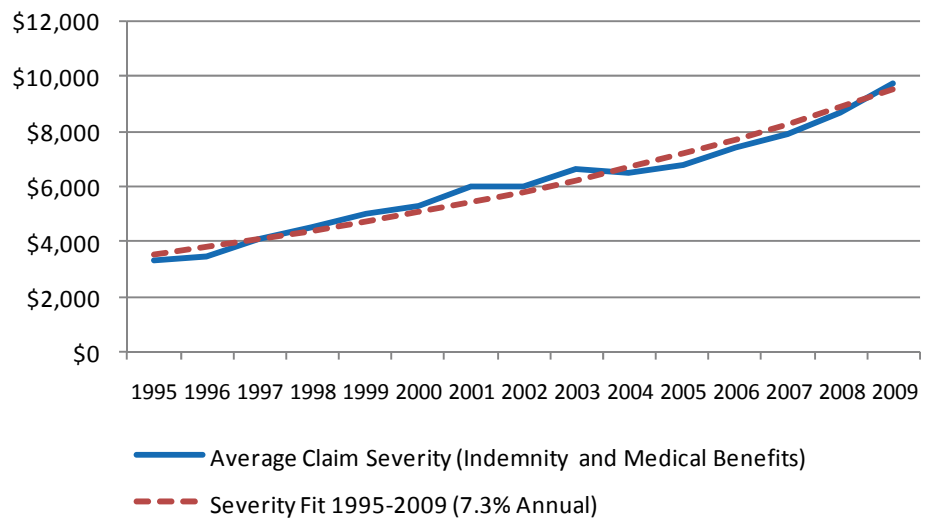
Claim severity has been increasing at a rate of about 7% to 8% annually since 1995. Indemnity benefits outpaced wage inflation and medical benefits outpaced medical CPI during this period.

Lost time claim frequency has been declining since the early nineties due to factors such as the shift away from manufacturing jobs in the U.S. workforce, technological advances, increased emphasis on safety and loss control, and an aging workforce (older workers have fewer accidents on average).

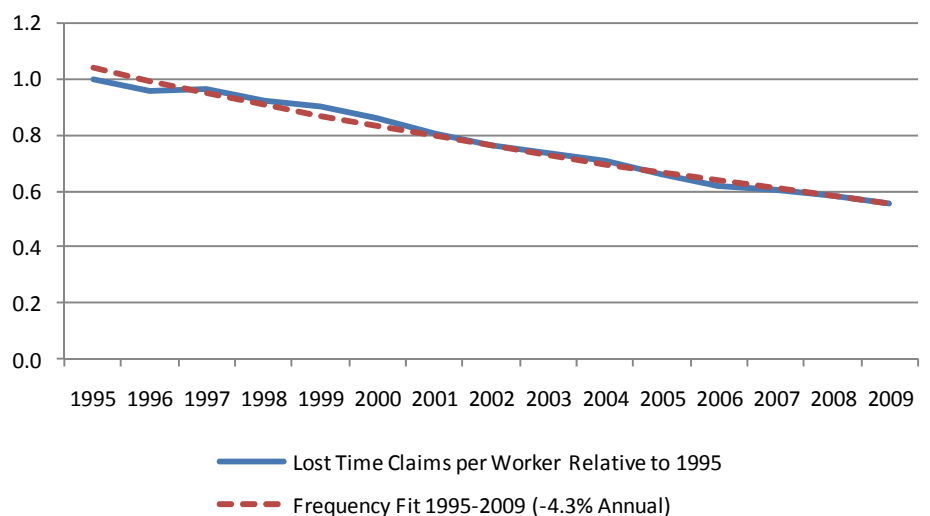
Market Focus: Workers' Compensation

Two important sources of industry data on workers' compensation (WC) loss experience are the [National Council on Compensation Insurance \(NCCI\)](#) and [AM Best's](#) Aggregates and Averages. Shown below is information on countrywide WC claim severity and claim frequency for coverage years 1995 through 2009 and average recommended premium rate changes for coverage years 1985 through 2009 based on AM Best data for reporting insurance carriers and NCCI data.

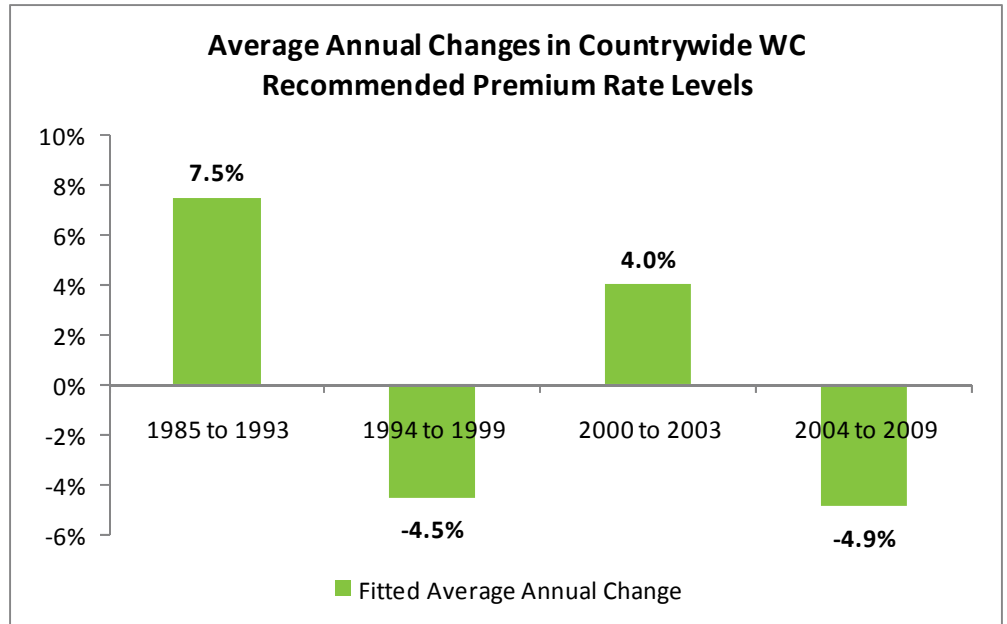
Countrywide WC Average Claim Severity



Countrywide WC Lost Time Claim Frequency



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Note: Recommended rate levels increased every year from 1985 to 1993 and 2000 to 2003 and decreased every year from 1994 to 1999 and 2004 to 2009. These recommended rate level changes are for the overall commercial WC insurance industry (not the self-insured WC industry) and may not be appropriate for any individual state, sector, or company.

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