

# BULLETIN

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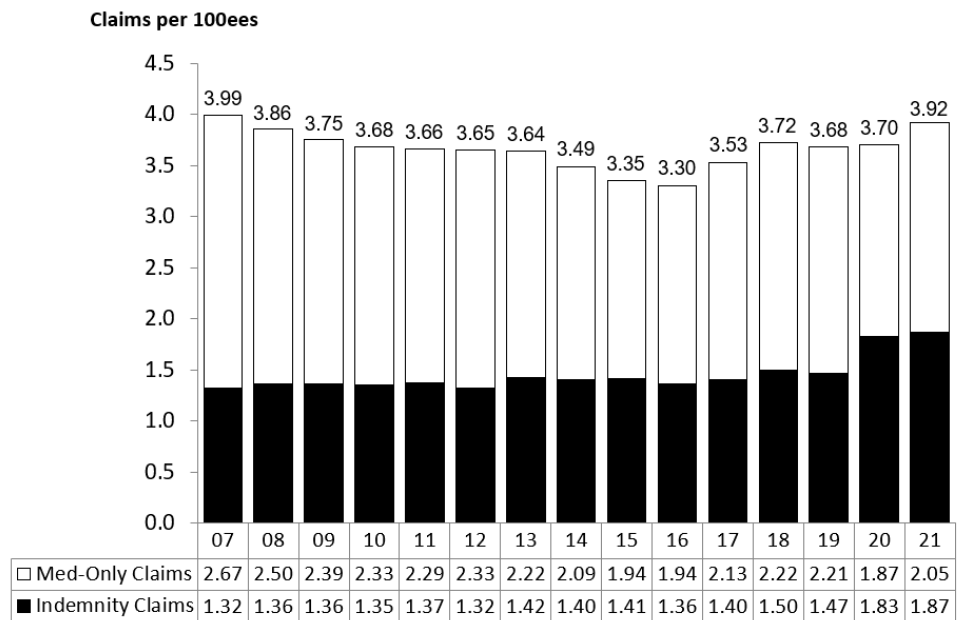
July 22, 2022

Initial data on California workers' comp private self-insured's calendar year 2021 claims experience shows total claim frequency rose nearly 6% last year, largely driven by a 9.6% jump in the incidence of medical-only claims, while average paid and incurred losses also rose, driving up private self-insureds' first report total paid losses by \$46.4 million, while first report total incurred losses increased by \$97.4 million according to a CWCI review of new data from the state.

The Office of Self-Insurance Plan's (OSIP) initial summary of private self-insured data, issued July 14, provides the first snapshot of California private, self-insured claims experience for cases reported in 2021. The summary includes medical-only and indemnity claim counts, as well as the total paid and incurred amounts on those claims, through December 2021.

The summary also updates private self-insured results for claims reported for calendar years (CY) 2017 through 2020. The new report summarizes the experience of private self-insured employers who covered nearly 2.39 million employees last year (vs. 2.34 million employees in the first report for 2020 claims). Wages and salaries for those private self-insured employees totaled nearly \$143.7 billion in 2021, or 13.7% more than the \$126.4 billion noted for self-insured employees in the 2020 first report. California's private self-insured employers reported a total of 93,430 claims in 2021, which was up 8.0% from 86,503 claims from the 2020 first report. That translates to an overall claim frequency of 3.92 claims (2.05 medical-only + 1.87 indemnity) per 100 employees – the highest rate since 2007 – and compares to a rate of 3.70 claims per 100 employees in 2020 (1.87 medical-only + 1.83 indemnity).

**California Private Self-Insured Claim Frequency # of Claims per 100 Employees**  
**Initial Reports, CY 2007 – 2021 Claims**



Source: OSIP 2007 – 2021 Summaries of Private Self-Insured Claims Experience

While medical-only claim volume took a big jump last year, a comparison of first report claim volume over the past three years shows that since the pandemic was declared in 2020, much of the growth in private self-insured claims documented in the first reports has been in indemnity claims, which increased from 34,307 claims in 2019 (the final pre-pandemic year) to 42,724 claims in 2020 and to 44,664 claims last year. Over that same period, the number of private self-insured med-only claims recorded in the first reports fell from 51,545 in 2019 to 43,779 when the pandemic hit in 2020, then rebounded to 48,766 claims in 2021 – still shy of the pre-pandemic level. That has led to a shift in the distribution of private self-insured claim medical-only and indemnity claims since the pandemic began, as the number of indemnity claims per 100 employees rose from 1.47 in 2019 to 1.83 in 2020, then edged up to 1.87 in 2021, while the number of medical-only claims per 100 employees fell from 2.21 in 2019 to 1.87 in 2020 before rebounding to 2.05 last year. As a result, indemnity claims, which accounted for 39.9 percent of private self-insured employers' claim frequency in 2019, increased to nearly half (49.5 percent) of the claim frequency in 2020, and still represented 47.7 percent in 2021.

Total paid losses on the 2021 private self-insured claims through the fourth quarter were \$314.8 million, \$46.4 million (17.3%) more than the comparable figure for 2020, as the first report data show total paid indemnity increased by \$22.2 million (16.3%) to \$158.7 million while total paid medical increased by \$24.3 million (18.4%) to \$156.1 million. While a large share of the increase in private self-insureds' paid losses can be ascribed to the 8.0% jump in claim volume between 2020 and 2021 – the largest increase in at least 15 years, which included the addition of 1,920 indemnity claims – increases in average benefit payments also contributed to the growth in aggregate loss payments. The average paid loss on a 2021 claim at the first report level was \$3,370, up 8.6% compared to a year earlier, as average medical payments per claim rose 9.7% to \$1,670, while average paid indemnity per claim, consisting primarily of temporary disability payments in the first reports, rose 7.6% to \$1,699.

The latest OSIP summary also shows a big jump in private self-insured incurred losses, which include paid benefits plus reserves for future payments. Total incurred in the 2021 first reports was \$839.8 million, \$97.4 million (13.1%) more than the \$742.4 million in initial incurred losses reported for 2020 claims. The breakdown by benefit type shows total incurred indemnity at the first report rose by \$36.8 million (12.0%) to \$342.6 million and total incurred medical rose by \$60.6 million (13.9%) to \$497.2 million. As with the increase in total paid losses, increased claim volume – most notably, the addition of the 1,920 indemnity claims – helped fuel the growth in private self-insureds' total incurred, though increases in both average incurred indemnity (+3.7 percent) and average incurred medical (+5.4 percent) also played a role.

### CALIFORNIA WC PAID & INCURRED LOSSES: PRIVATE SELF-INSURED CLAIMS 2007 – 2021 Experience @ 1<sup>st</sup> Report

YEAR	# OF CLAIMS	TOTAL PAID (\$ millions)		AVG PAID/CLAIM			TOTAL INCURRED (\$ millions)		AVG INCURRED/CLAIM		
		INDEM	MEDICAL	INDEM	MEDICAL	TOTAL	INDEM	MEDICAL	INDEM	MEDICAL	TOTAL
2007	91,679	\$ 69.8	\$102.0	\$ 761	\$1,102	\$1,863	\$192.1	\$357.7	\$2,095	\$3,902	\$5,997
2008	91,715	\$ 73.7	\$117.7	\$ 804	\$1,283	\$2,087	\$202.7	\$380.6	\$2,211	\$4,149	\$6,360
2009	81,473	\$ 69.3	\$114.2	\$ 850	\$1,402	\$2,252	\$202.8	\$377.2	\$2,489	\$4,630	\$7,119
2010	79,075	\$ 79.6	\$116.8	\$1,007	\$1,478	\$2,485	\$208.1	\$386.7	\$2,632	\$4,890	\$7,522
2011	77,386	\$ 76.1	\$116.1	\$ 983	\$1,500	\$2,483	\$216.7	\$402.9	\$2,800	\$5,206	\$8,006
2012	77,557	\$ 76.2	\$110.0	\$ 983	\$1,418	\$2,401	\$209.8	\$384.8	\$2,705	\$4,962	\$7,667
2013	76,015	\$ 76.7	\$104.2	\$1,009	\$1,371	\$2,380	\$204.3	\$376.2	\$2,688	\$4,949	\$7,637
2014	76,427	\$ 82.7	\$111.4	\$1,082	\$1,458	\$2,540	\$212.4	\$377.9	\$2,779	\$4,944	\$7,723
2015	75,684	\$ 86.2	\$109.2	\$1,138	\$1,444	\$2,582	\$222.4	\$372.8	\$2,938	\$4,927	\$7,865
2016	78,404	\$ 89.3	\$116.6	\$1,139	\$1,487	\$2,626	\$231.9	\$388.1	\$2,957	\$4,950	\$7,907
2017	79,655	\$ 90.4	\$128.3	\$1,135	\$1,611	\$2,746	\$230.2	\$400.8	\$2,889	\$5,032	\$7,921
2018	83,873	\$102.5	\$136.1	\$1,222	\$1,622	\$2,844	\$244.3	\$414.7	\$2,913	\$4,944	\$7,857
2019	85,852	\$111.5	\$141.3	\$1,299	\$1,645	\$2,944	\$265.6	\$428.8	\$3,093	\$4,995	\$8,088
2020	86,503	\$136.6	\$131.8	\$1,579	\$1,523	\$3,103	\$305.8	\$436.6	\$3,535	\$5,048	\$8,583
2021	93,430	\$158.7	\$156.1	\$1,699	\$1,670	\$3,370	\$342.6	\$497.2	\$3,667	\$5,321	\$8,988

Source: CWCI Analysis of OSIP 2007-2021 Summaries

OSIP's summaries of private self-insured employers' claims experience for CY 2021 and updates on claims experience for CY 2017 through CY 2020, are posted [here](#). Summaries are also available for public self-insured employers, though that data is reported on a fiscal year basis, so the latest public self-insured data reflects claims and losses reported through June 2021 rather than through December. CWCI's analysis of FY 2020/21 public self-insured data was published in December 2021 and is available to members and subscribers in Bulletin 21-21.

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