



## State of Utah

GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant Governor*

TODD E. KISER  
*Commissioner*

# Insurance Department

October 1, 2013

Senator John L. Valentine  
Representative James A. Dunnigan  
Business & Labor Interim Committee  
Utah State Capitol Complex  
Salt Lake City, UT 84114

Dear Chairmen,

Utah Code Annotated §31A-22-1013 requires the Utah Insurance Department to report annually on the Utah workers compensation market. The information provided includes statistical data for the time period of January 1, 2012 through December 31, 2012 and includes data compiled by the Workers' Compensation Fund, the National Council on Compensation Insurance, Inc. and the National Association of Insurance Commissioners.

The report details information pertaining to the Utah workers' compensation market, the cost and availability of workers' compensation coverage in Utah, data on the Utah residual market and the market share report for the top ten insurers in Utah.

If additional information is requested by the Committee, please direct those inquiries to Tracy L. Klausmeier, Director, Property and Casualty Division at [tklausmeier@utah.gov](mailto:tklausmeier@utah.gov) or by phone at 801 538-3869.

Sincerely,

Todd E. Kiser  
Insurance Commissioner

Attachments

**BUSINESS & LABOR INTERIM COMMITTEE**

**OCTOBER 1, 2013**

**INSURANCE DEPARTMENT – REPORT ON WORKERS’ COMPENSATION (U.C.A. §31A-22-1013)**

**1-The Cost and Availability of Worker’s Compensation Insurance in Utah:**

- With the large number of insurers licensed to write workers’ compensation coverage in Utah, and the Workers’ Compensation Fund (WCF) designated by Code, §31A-22-1001 as the carrier of last resort, coverage is readily available.
- There are currently 813 insurers licensed to write workers compensation insurance in Utah, of those companies, 244 actively place coverage.
- With regard to cost of workers’ compensation insurance in Utah, on a comparative basis, the 2011 Oregon Workers’ Compensation Premium Rate, a national average rate comparison, ranked Utah as 45<sup>th</sup> out of 50 states, with 50 being the lowest in premiums.
- 4,771 Workers Compensation Coverage Waivers were issued by the Utah Labor Commission (§34A-2-Part 10) exempting certain entities from carrying workers compensation coverage.
- There are 53 self-insured entities regulated by the Utah Labor Commission

**2-Monitoring Results as required by §31A-22-1012:**

- Utah’s market of last resort has approximately 7,965 policies:
  - Approximately 6,977 of those policies generate less than a \$1,000.00 annually in premium.
  - Approximately 417 of those policies generate between \$1,000.00 and \$2,500.00 annually in premium.
  - Approximately 571 of those policies are designated due to poor loss experience.
- See attached statistical and graphic supporting information.

**3-Residual Market Size:**

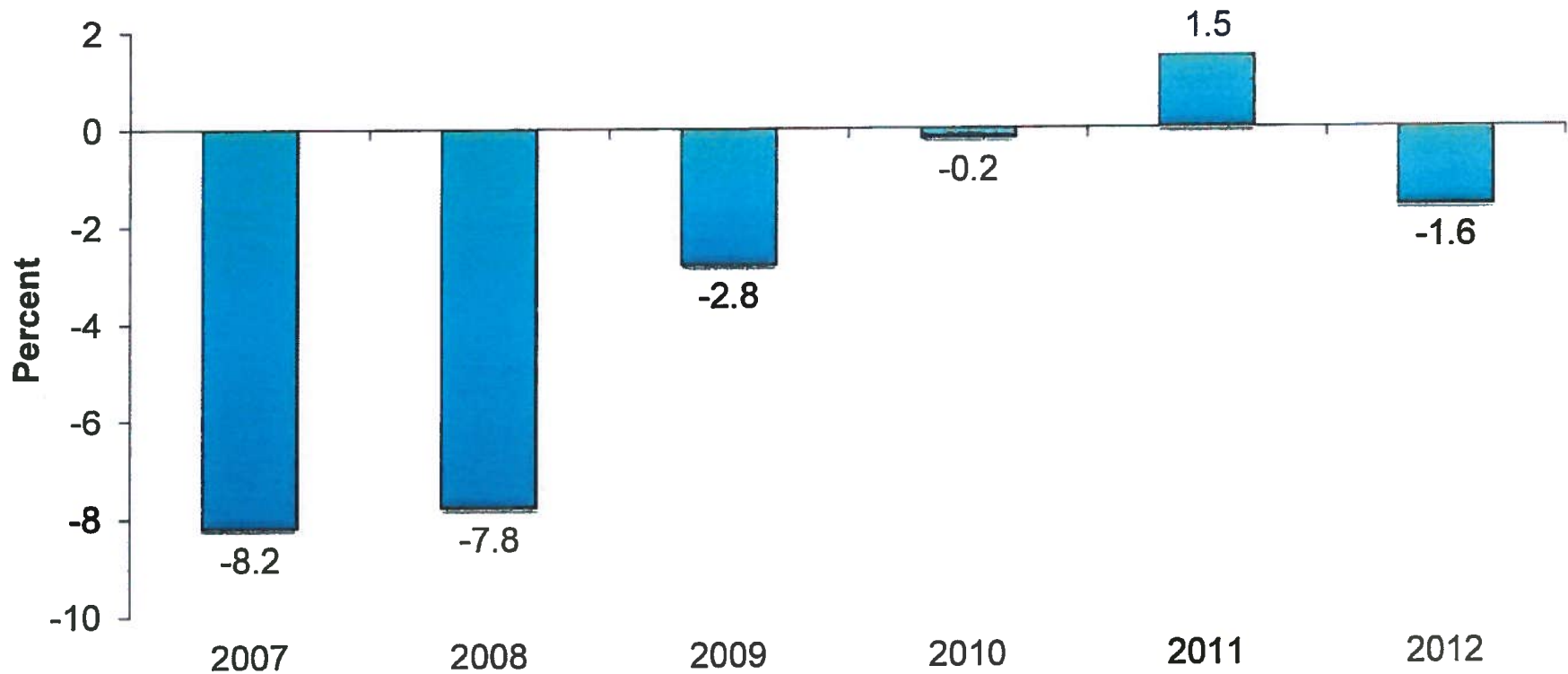
- The size of residual market as a percentage of the overall workers’ compensation market in Utah, as reported by WCF, was 3.3% in 2012.
- The size of the residual market as a percentage of WCF total market share was 9.6% in 2012.

**4-A list of the Top 10 insurers in Utah holding the largest market share for the past 4 years is attached.**

**5-The Insurance Department does not have any recommendations at this time.**

# Utah's Filing Activity

## Historical Advisory Loss Cost Changes



Utah loss cost filings are effective on December 1 of each year

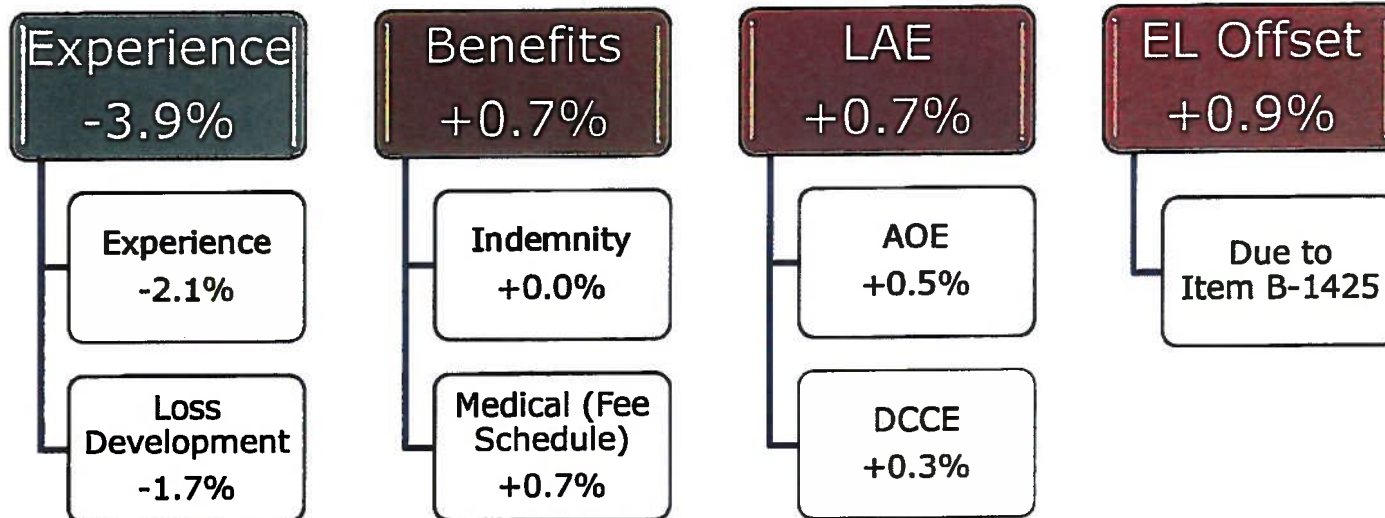


# Utah

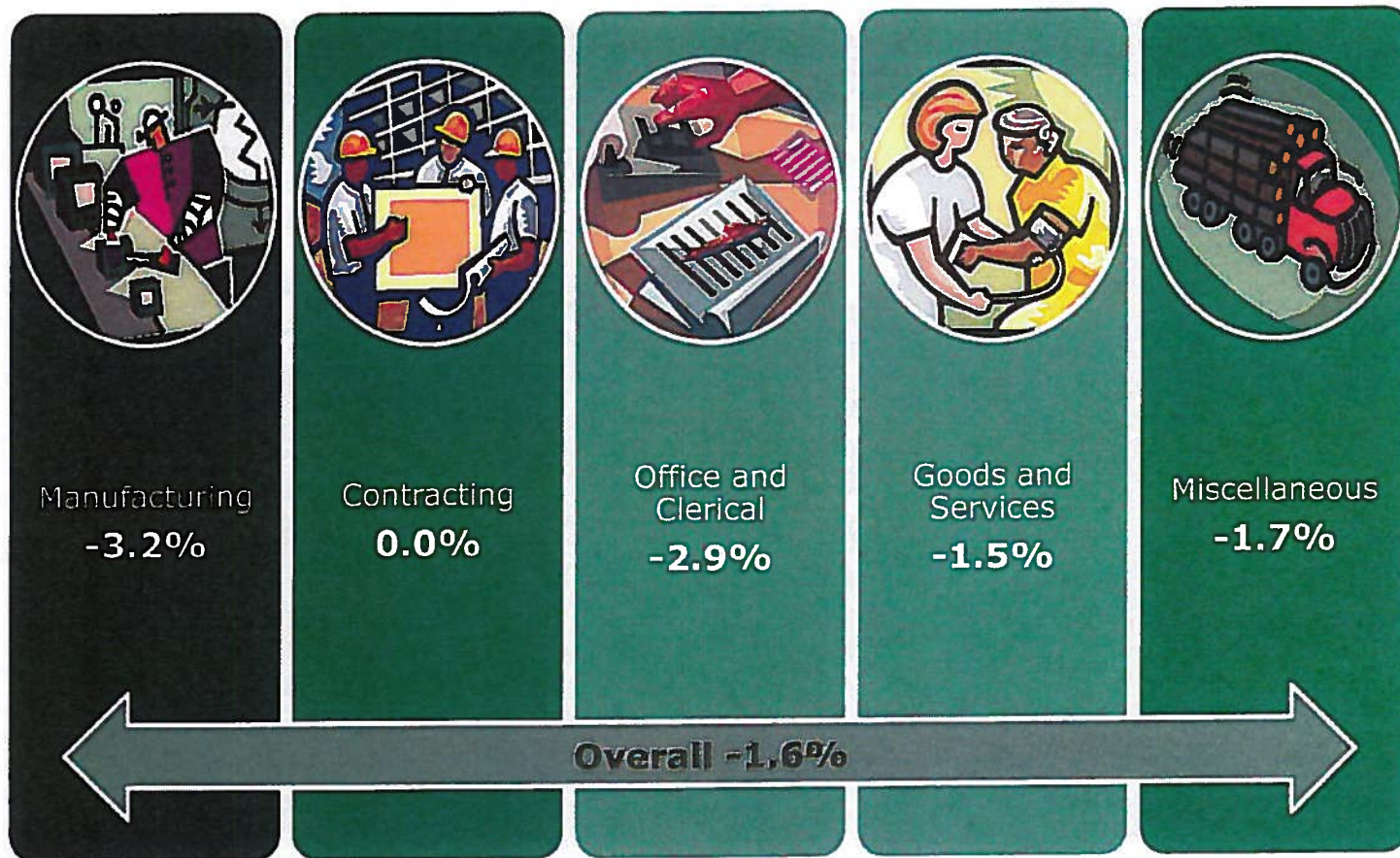
## December 1, 2012 Loss Cost Filing

Overall Loss Cost Level Change -1.6%

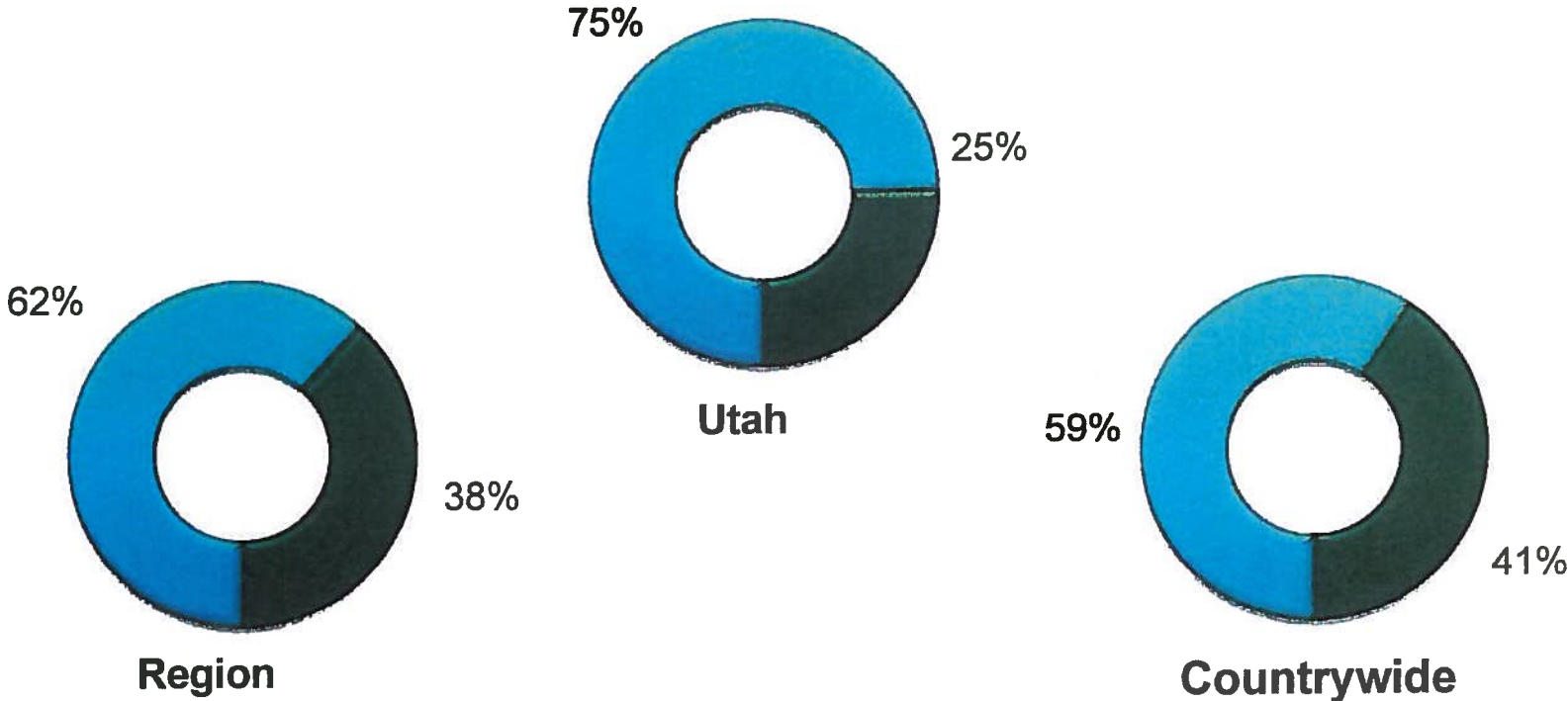
Changes due to:



# Utah December 1, 2012 Filing—Average Changes by Industry Group



# Medical Benefits Constitute the Majority of Total Benefit Costs in Utah

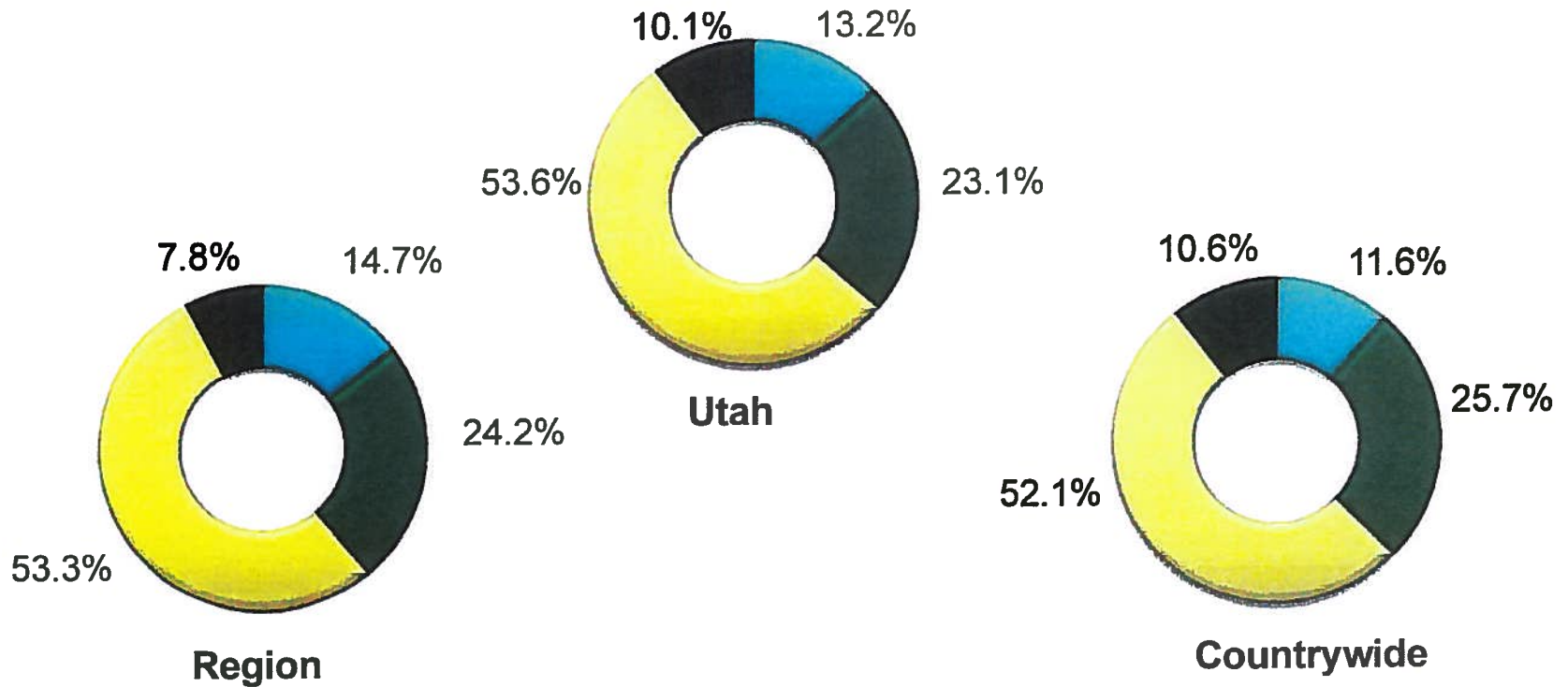


■ Indemnity ■ Medical

Regional states are AZ, CO, ID, NM, NV, and OR  
Based on NCCI's *Statistical Plan* data



# Utah's Medical Loss Distribution by Injury Type

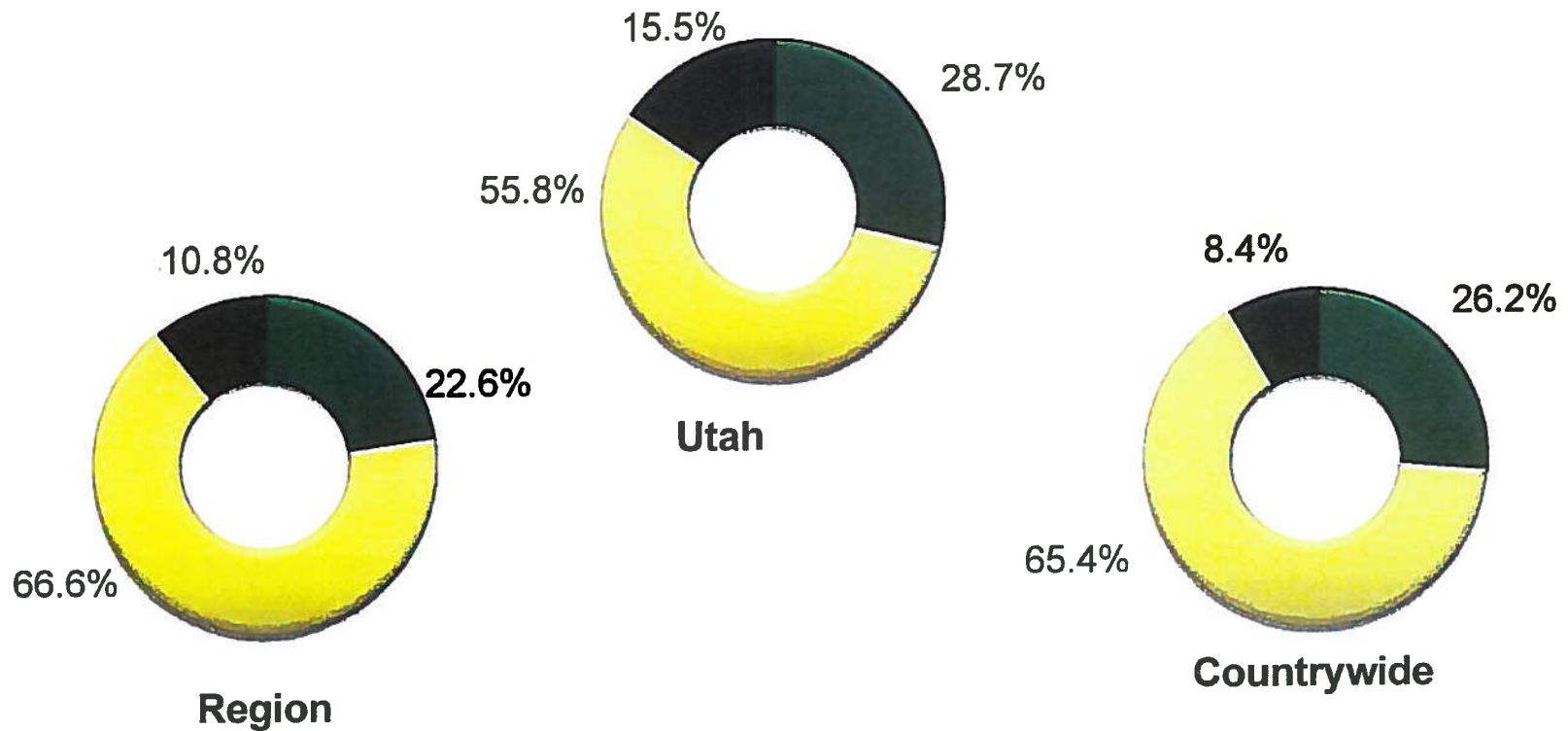


■ Medical Only 
 ■ Temporary Total 
 ■ Permanent Partial 
 ■ Permanent Total/Fatal

Regional states are AZ, CO, ID, NM, NV, and OR  
Based on NCCI's *Statistical Plan* data



# Utah's Indemnity Loss Distribution by Injury Type



Temporary Total
  Permanent Partial
  Permanent Total/Fatal

Regional states are AZ, CO, ID, NM, NV, and OR  
Based on NCCI's *Statistical Plan* data

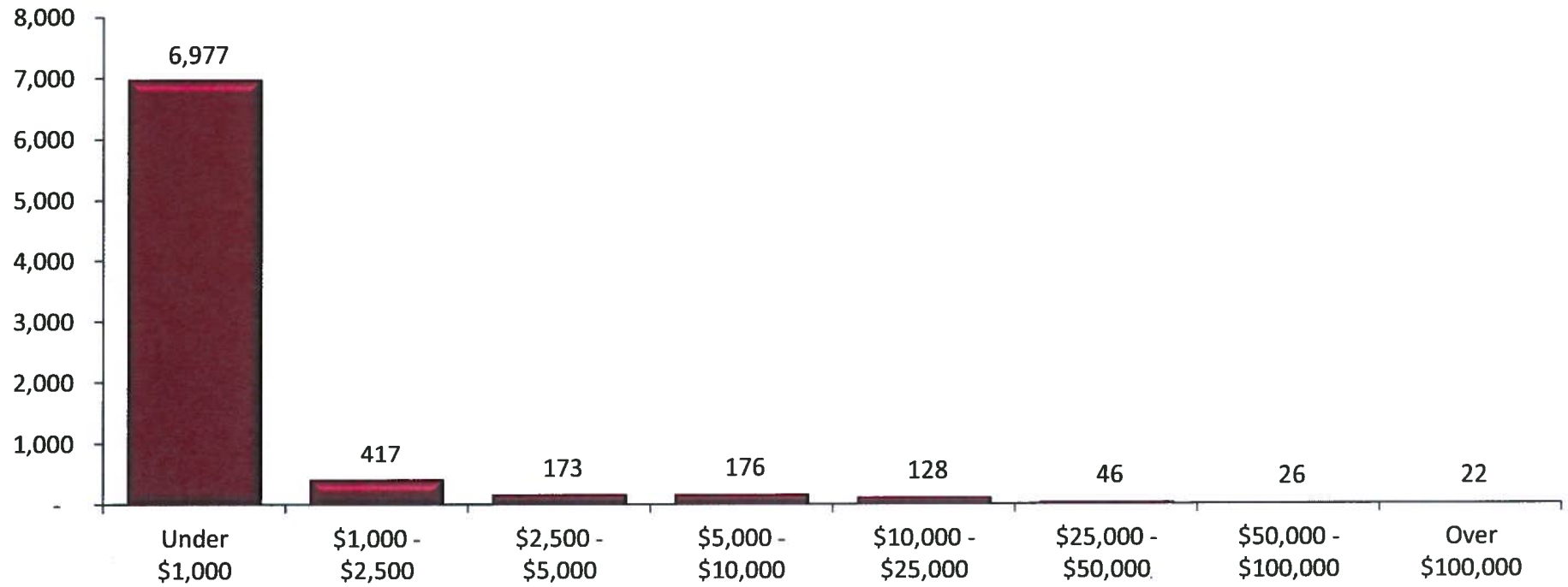




# Workers Compensation Fund Residual Market Statistics

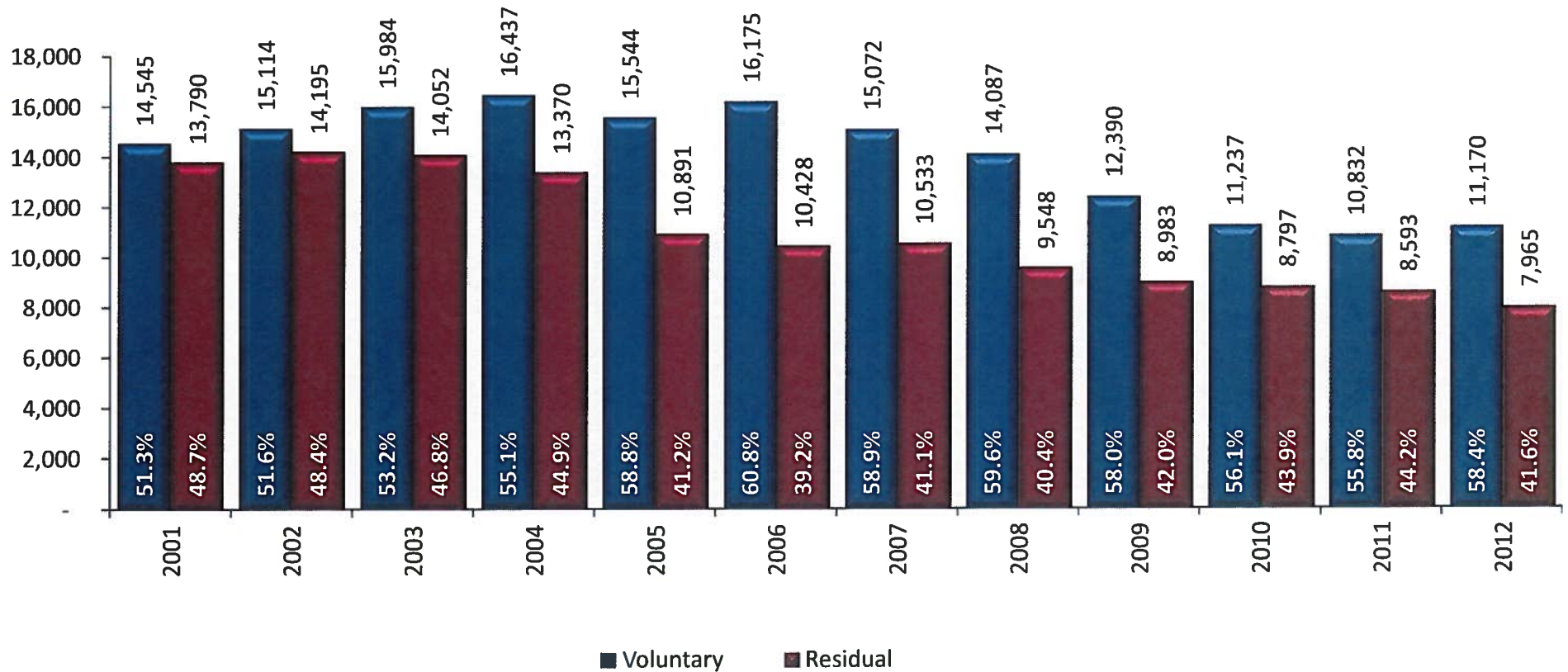
---

2012 Residual By Strata - Policy Count



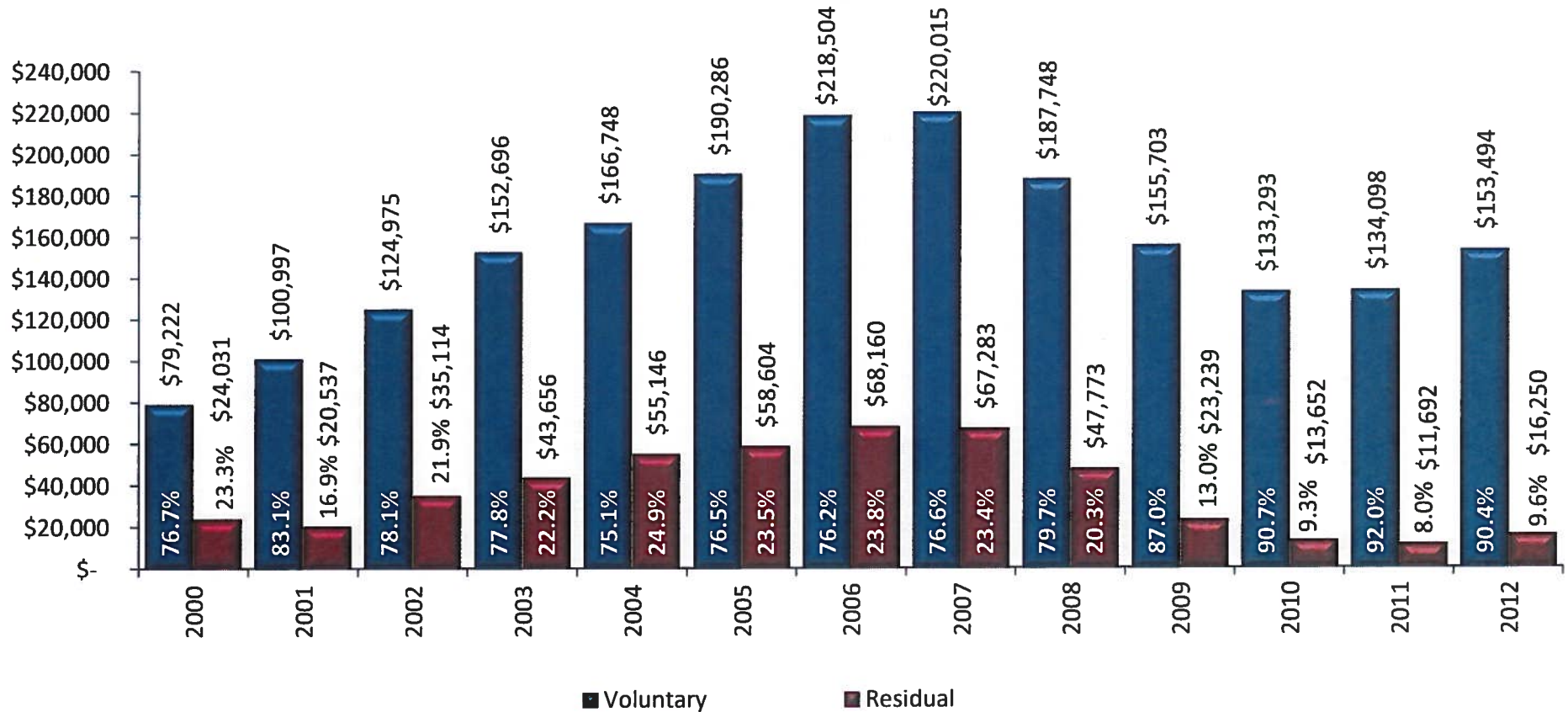
## Workers Compensation Fund Residual Market Statistics

### Policy Count



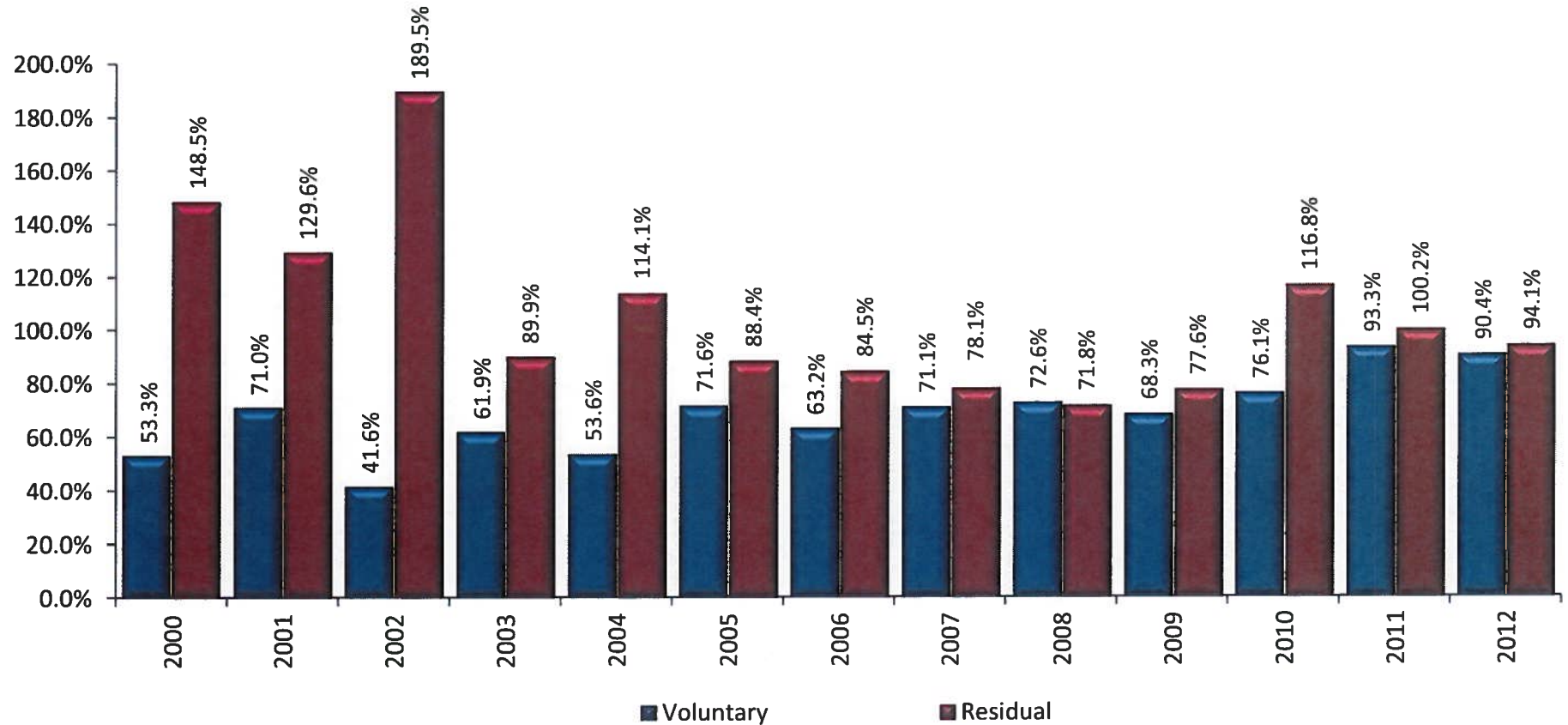
# Workers Compensation Fund Residual Market Statistics

**Direct Earned Premiums (In Thousands)**



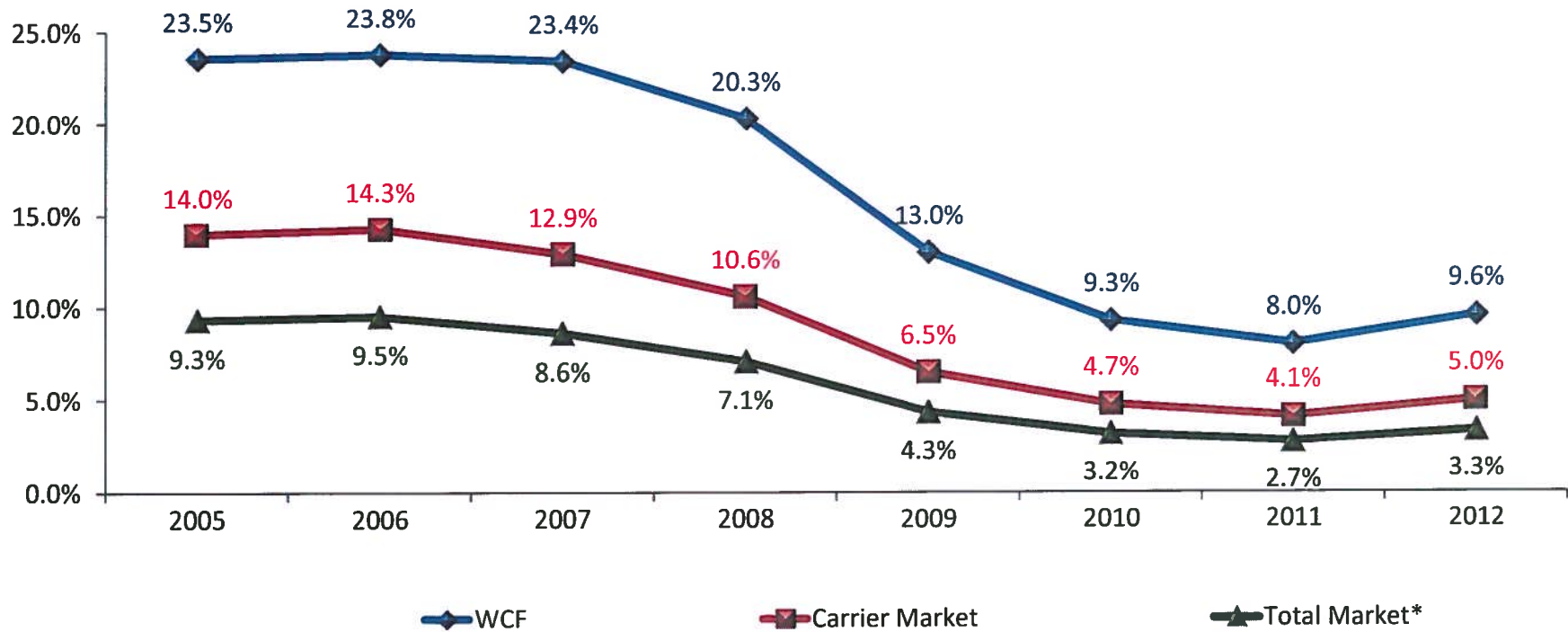
# Workers Compensation Fund Residual Market Statistics

## Calendar Year Loss & LAE Ratio



# Workers Compensation Fund Residual Market Statistics

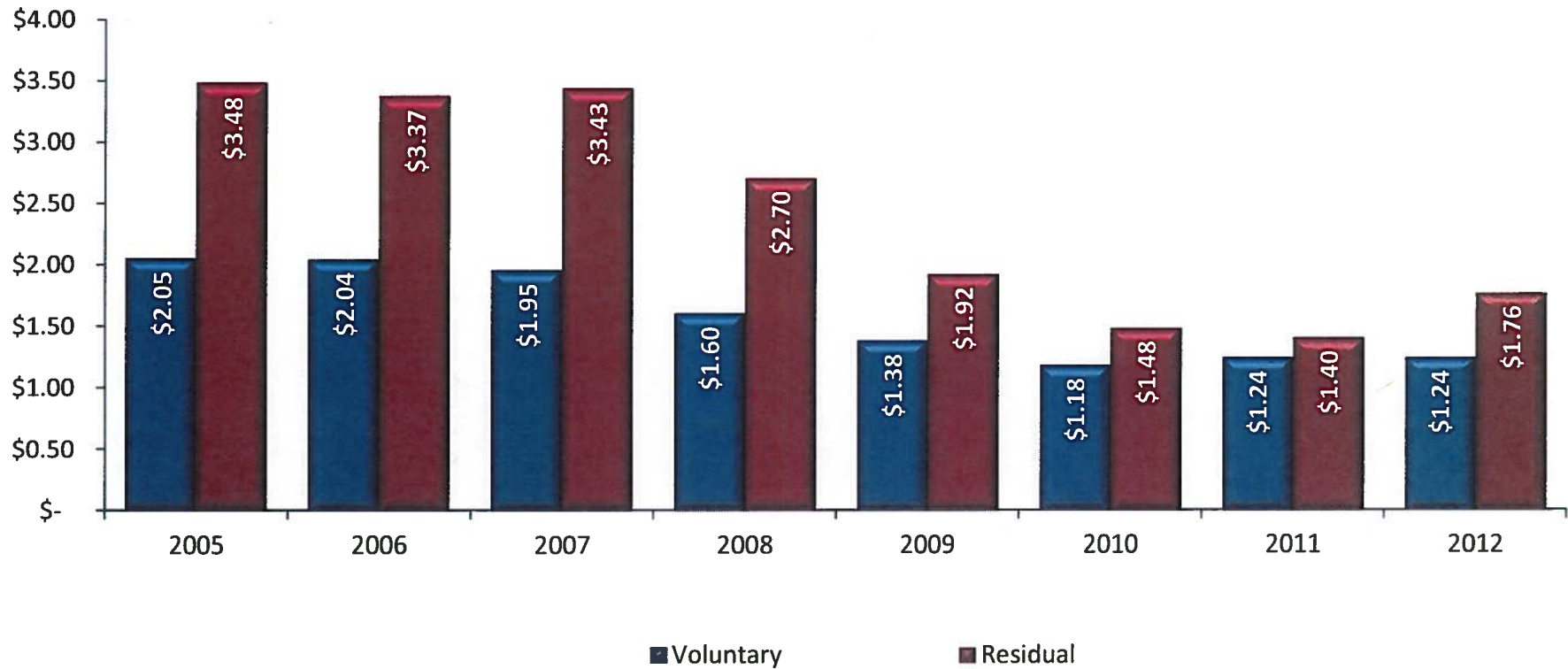
Residual as a % of Market



\* Estimated assuming one third of Utah market is self-insured.

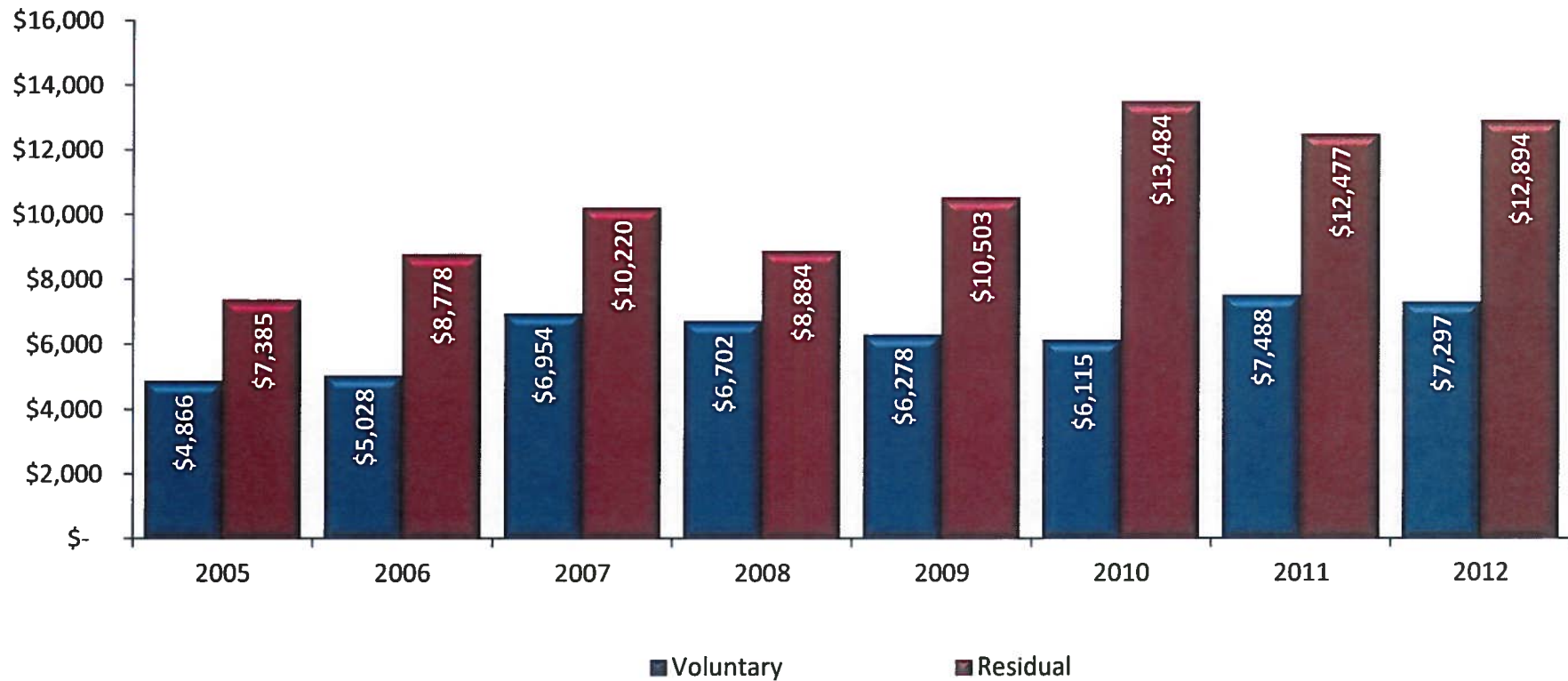
# Workers Compensation Fund Residual Market Statistics

## Average Premium Rate Per \$100 of Payroll



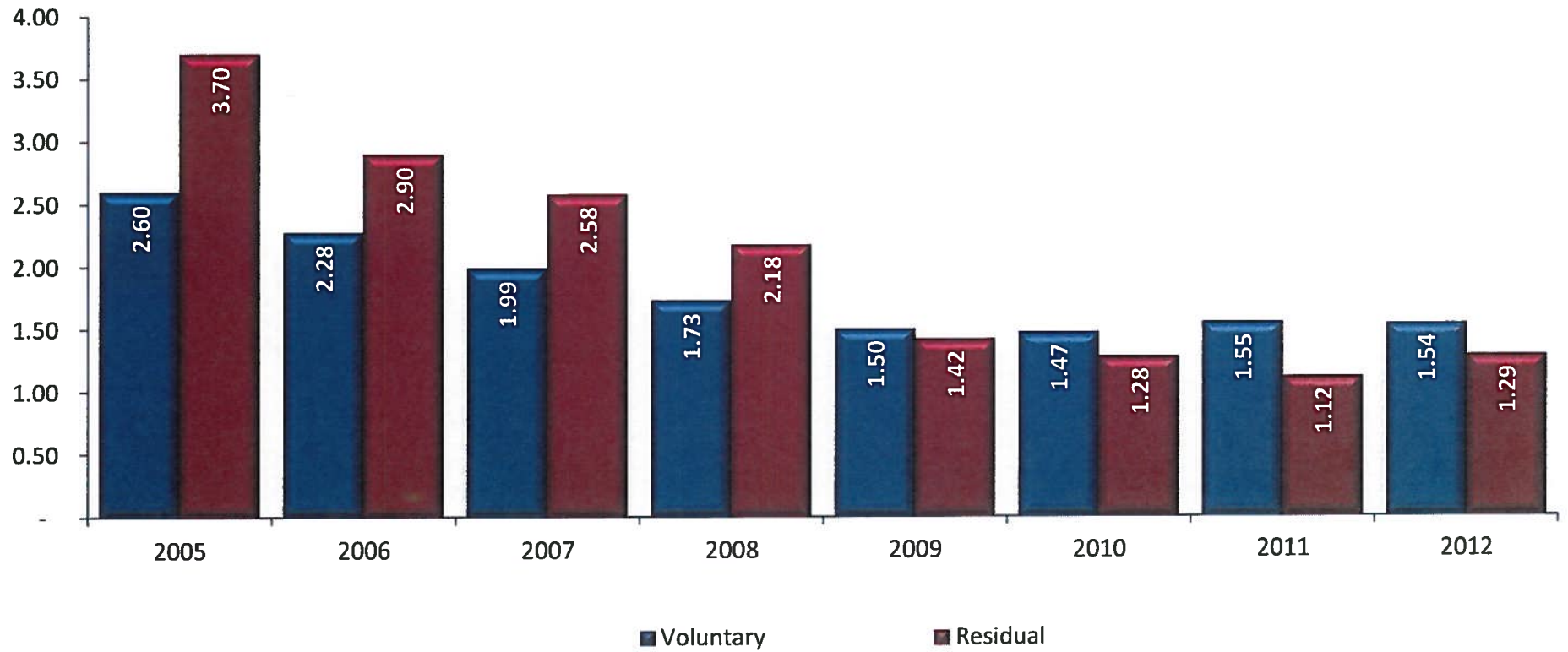
# Workers Compensation Fund Residual Market Statistics

## Average Loss Severity Per Claim



# Workers Compensation Fund Residual Market Statistics

## Claims Frequency Per Million \$ of Reported Payroll





## Workers Compensation Fund Residual Market Statistics

---

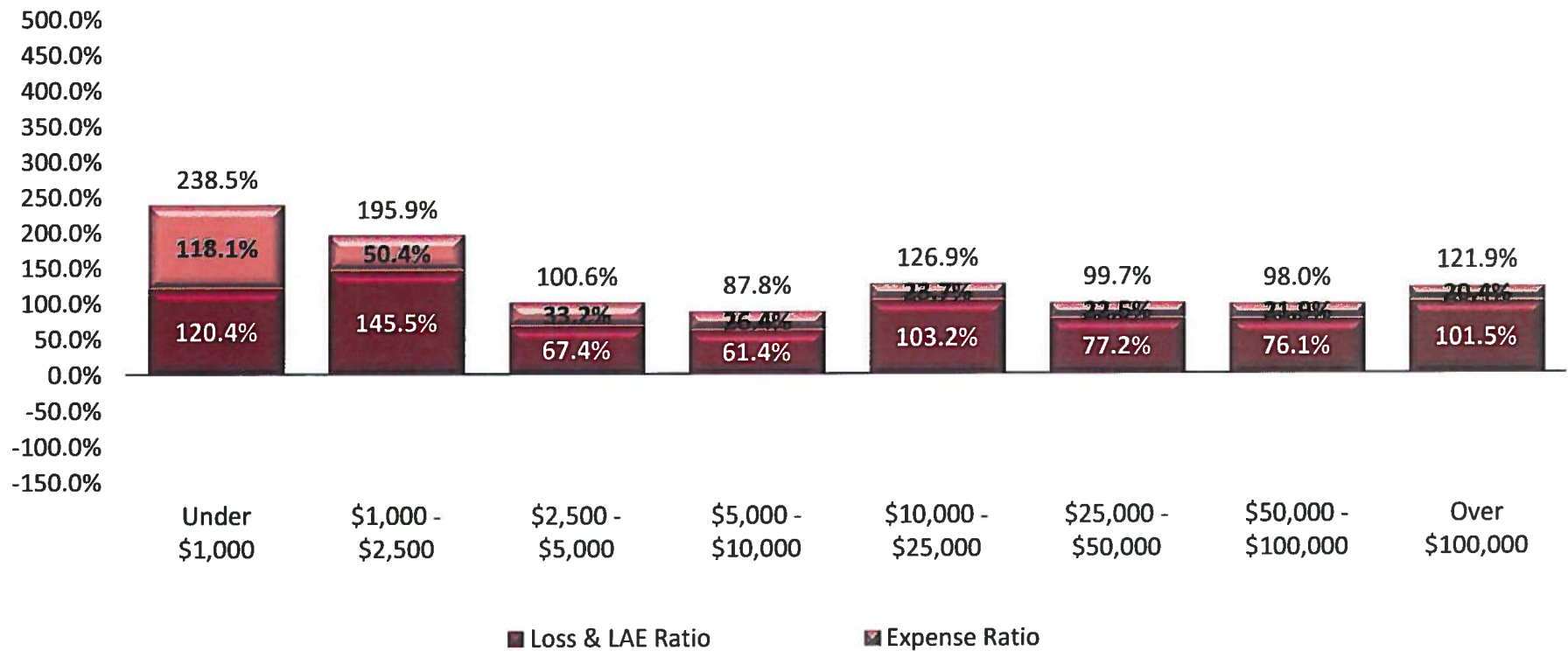
2012 Residual By Strata - Earned Premium (000's)



# Workers Compensation Fund Residual Market Statistics

---

**Residual Market By Strata**  
**2012 Loss & LAE and Expense Ratios**



# Workers Compensation Market Share Reports Top Ten Insurers by Written Premium

*Data from insurers reported to the  
National Association of Insurance Commissioners*

## 2012

1- Workers Comp Fund	49.81%	\$169,743,343
2- Zurich American Ins. Co.	4.52%	\$ 15,417,167
3- New Hampshire Ins. Co.	2.25%	\$ 7,680,231
4- Phoenix Ins. Co.	2.20%	\$ 7,498,968
5- American Zurich Ins. Co.	1.71%	\$ 5,843,273
6- Indemnity Ins. Co of North Amer	1.63%	\$ 5,561,487
7- Auto Owners Ins. Co.	1.61%	\$ 5,478,892
8- Twin City Fire Ins. Co.	1.60%	\$ 5,450,757
9- Owners Ins. Co.	1.49%	\$ 5,061,219
10-American Liberty Ins. Co.	1.46%	\$ 4,981,925

## 2011

1- Workers Comp Fund	48.91%	\$145,789,438
2- Zurich American Ins. Co.	4.02%	\$ 11,789,438
3- New Hampshire Ins. Co.	3.05%	\$ 9,089,739
4- Phoenix Ins. Co.	2.64%	\$ 7,873,297
5- Liberty Ins. Corp.	2.08%	\$ 6,200,891
6- American Zurich Ins. Co.	2.04%	\$ 6,091,732
7- Auto Owners Ins. Co.	1.69%	\$ 5,039,662
8- Twin City Fire Ins. Co.	1.56%	\$ 4,635,365
9- American Liberty Ins. Co.	1.54%	\$ 4,587,415
10-Owners Ins. Co.	1.51%	\$ 4,496,979

## 2010

1- Workers Comp Fund	51.28%	\$146,944,567
2- Zurich American Ins. Co.	4.81%	\$ 13,794,363
3- Phoenix Ins. Co.	3.81%	\$ 10,914,628
4- Illinois National Ins. Co.	2.47%	\$ 7,083,374
5- New Hampshire Ins. Co.	2.47%	\$ 7,074,560
6- Auto Owners Ins. Co.	1.90%	\$ 5,449,924
7- American Liberty Ins. Co.	1.62%	\$ 4,636,278
8- Liberty Ins. Corp.	1.52%	\$ 4,342,361
9- Ins. Co. of The State of PA.	1.38%	\$ 3,942,244
10-Owners Ins. Co.	1.24%	\$ 3,567,640

## 2009

1- Workers Comp Fund	49.72%	\$178,941,484
2- New Hampshire Ins. Co.	3.67%	\$ 13,200,168
3- Zurich American Ins. Co.	3.25%	\$ 11,686,053
4- Liberty Ins. Corp.	2.70%	\$ 9,729,320
5- Phoenix Ins. Co.	2.65%	\$ 9,548,040
6- Auto Owners Ins. Co.	2.09%	\$ 7,529,809
7- Ins. Co. of The State of PA.	1.89%	\$ 6,806,944
8- American Liberty Ins. Co.	1.65%	\$ 5,932,462
9- American Zurich Ins. Co.	1.53%	\$ 5,496,812
10-Benchmark Ins. Co.	1.39%	\$ 5,009,330