



**State of Utah**

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

**Insurance Department**

TODD E. KISER  
*Insurance Commissioner*

October 1, 2015

Senator Curtis S. Bramble  
Representative Val Peterson  
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, 2014 through December 31, 2014 and includes data compiled by the Workers' Compensation Fund, the Utah Labor Commission, 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 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, 2015**

**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 569 insurers licensed to write workers compensation insurance in Utah, of those companies, 258 are currently reporting to the National Association of Insurance Commissioners that they have written premium in the workers compensation line. Of the 569 insurers licensed to write workers compensation insurance in Utah 5 of those are domiciled in Utah and 3 of the 5 are reporting to the National Association of Insurance Commissioners that they have written premium in the workers compensation line.
- With regard to cost of workers’ compensation insurance in Utah, on a comparative basis, the 2014 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. NOTE: This report is produced every 2 years.
- 5962 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 50 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 7,647 policies:
  - Approximately 6573 of those policies generate less than a \$1,000.00 annually in premium.
  - Approximately 1074 of the 7,647 policies are designated residual market due to poor loss experience.
- See attached statistical and graphic supporting information.

**3-Residual Market Size:**

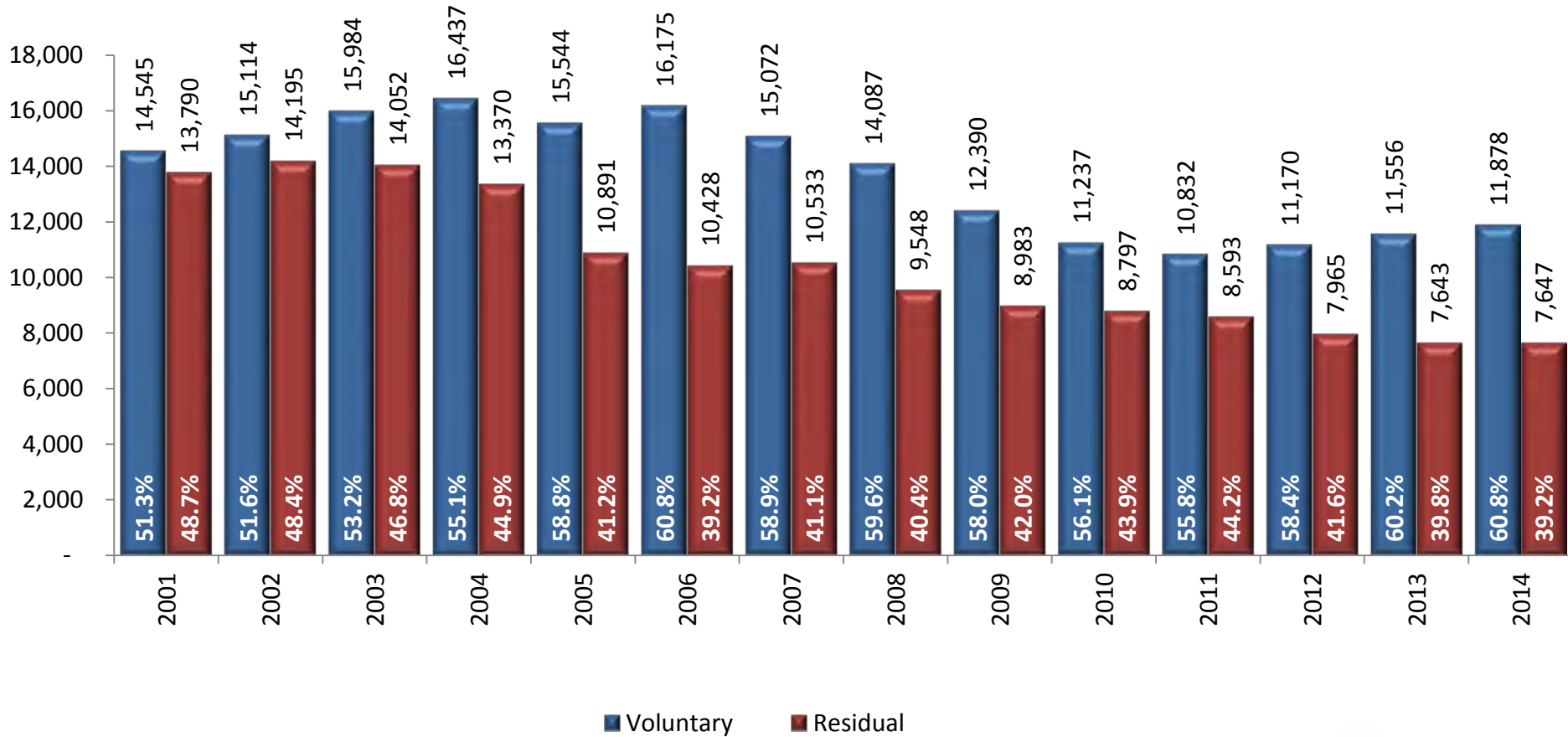
- The size of residual market as a percentage of the overall workers’ compensation market in Utah, as reported by WCF, was 3.1% in 2014.
- The size of the residual market as a percentage of WCF total market share was 9% in 2013.

**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.**

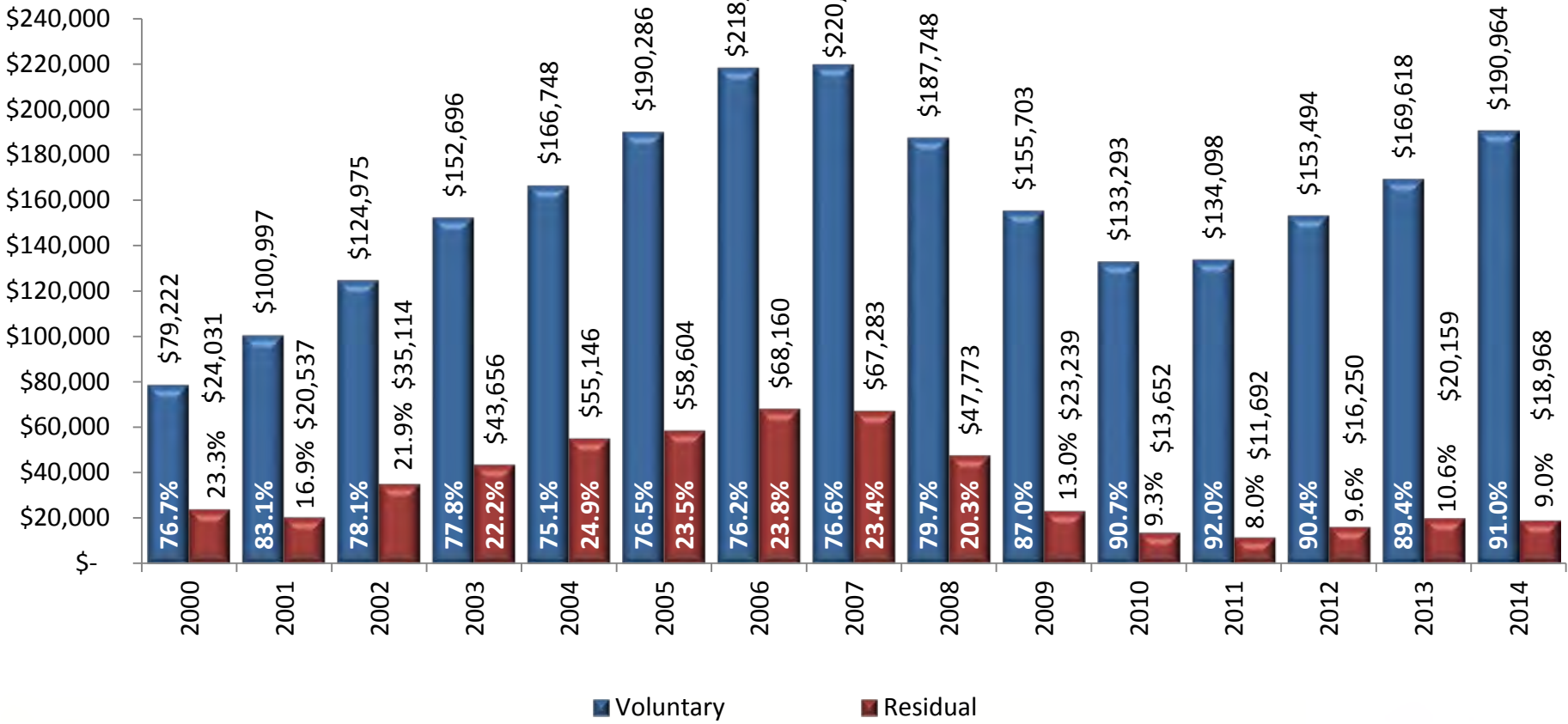
# 2014 Residual Market Report

# Policy Count

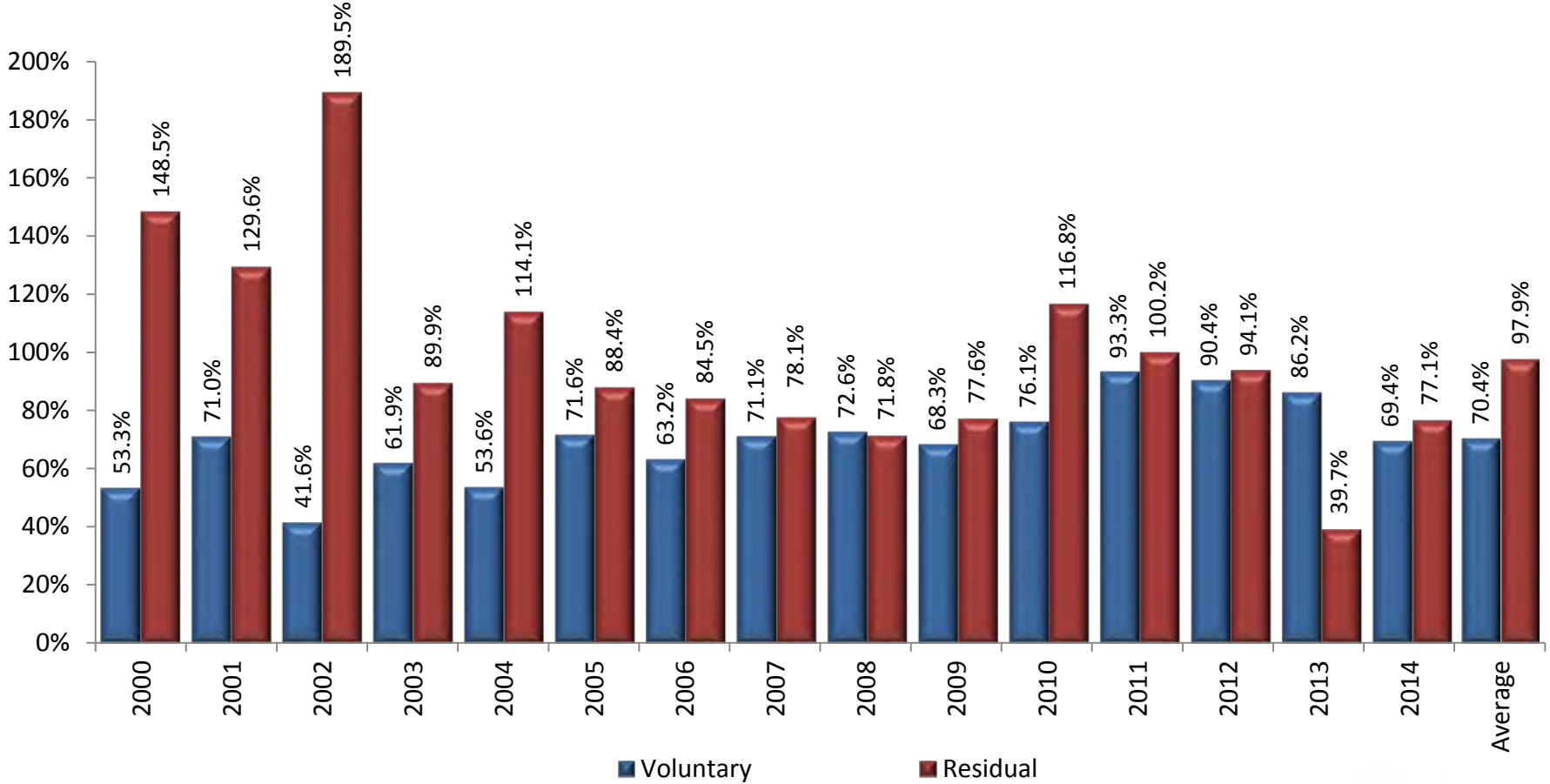


# Direct Earned Premiums

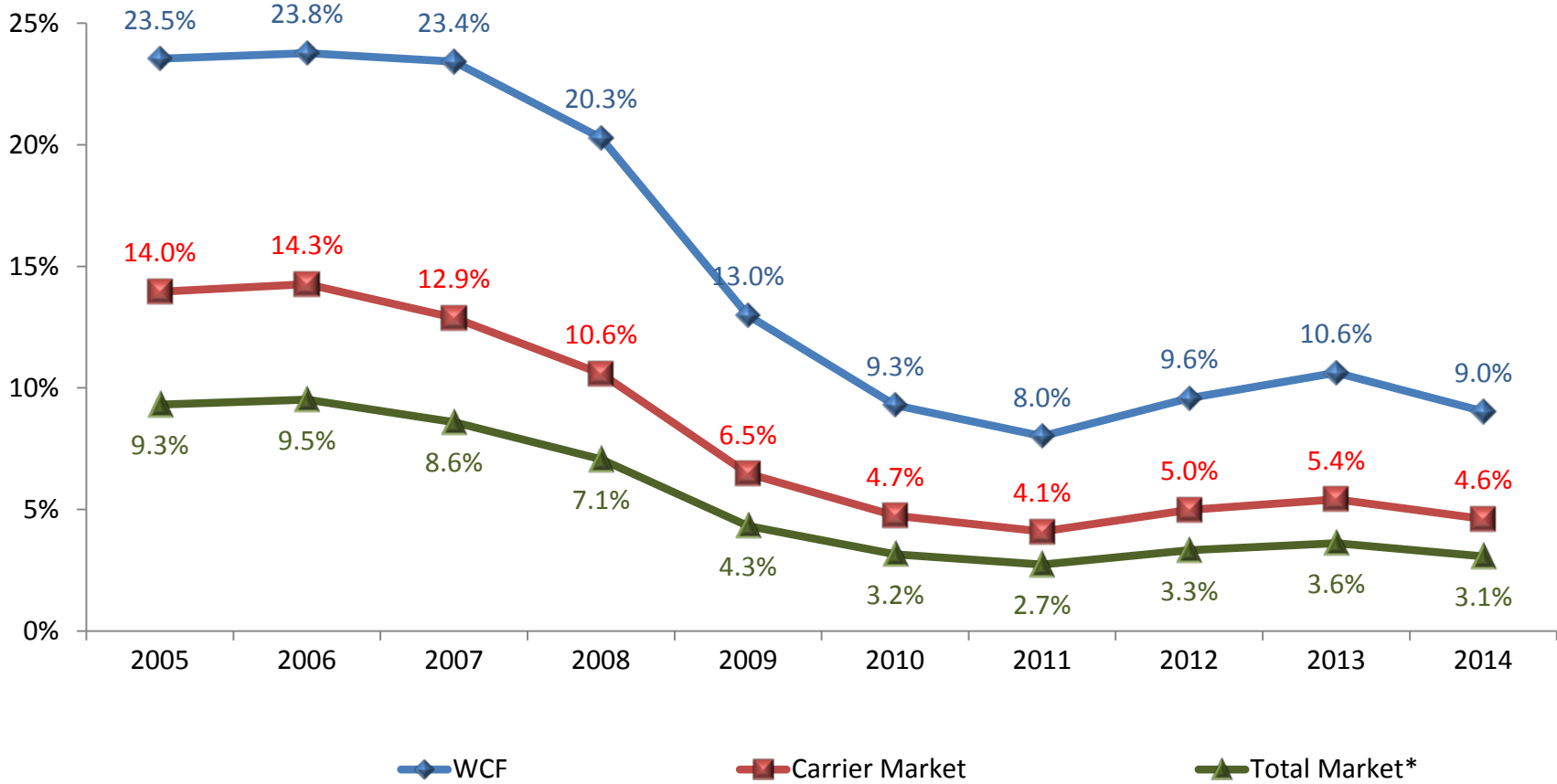
(In Thousands)



# Calendar Year Loss & Loss Adjustment Expense Ratio

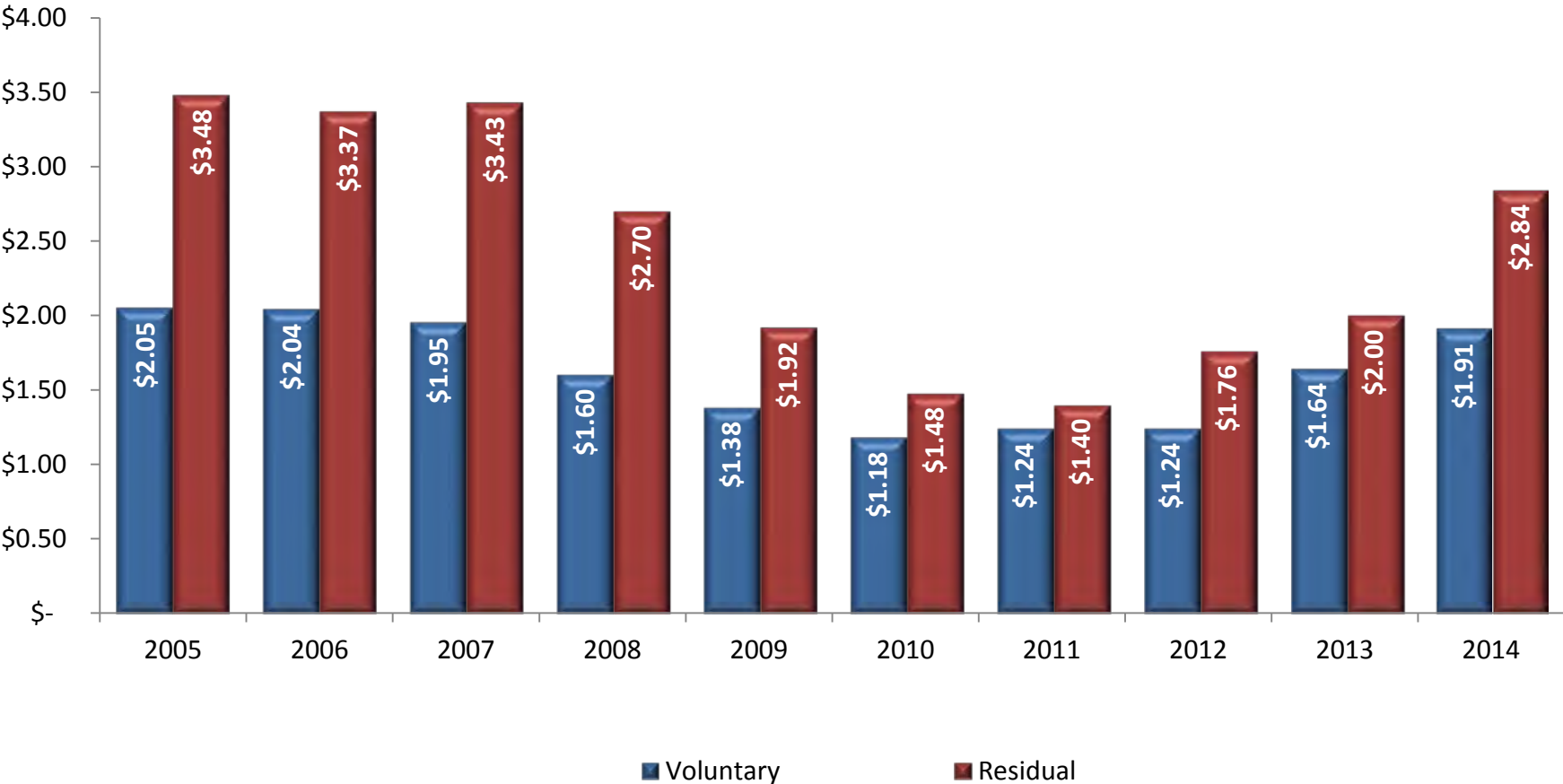


# Residual Premium as a Percent of Utah Market



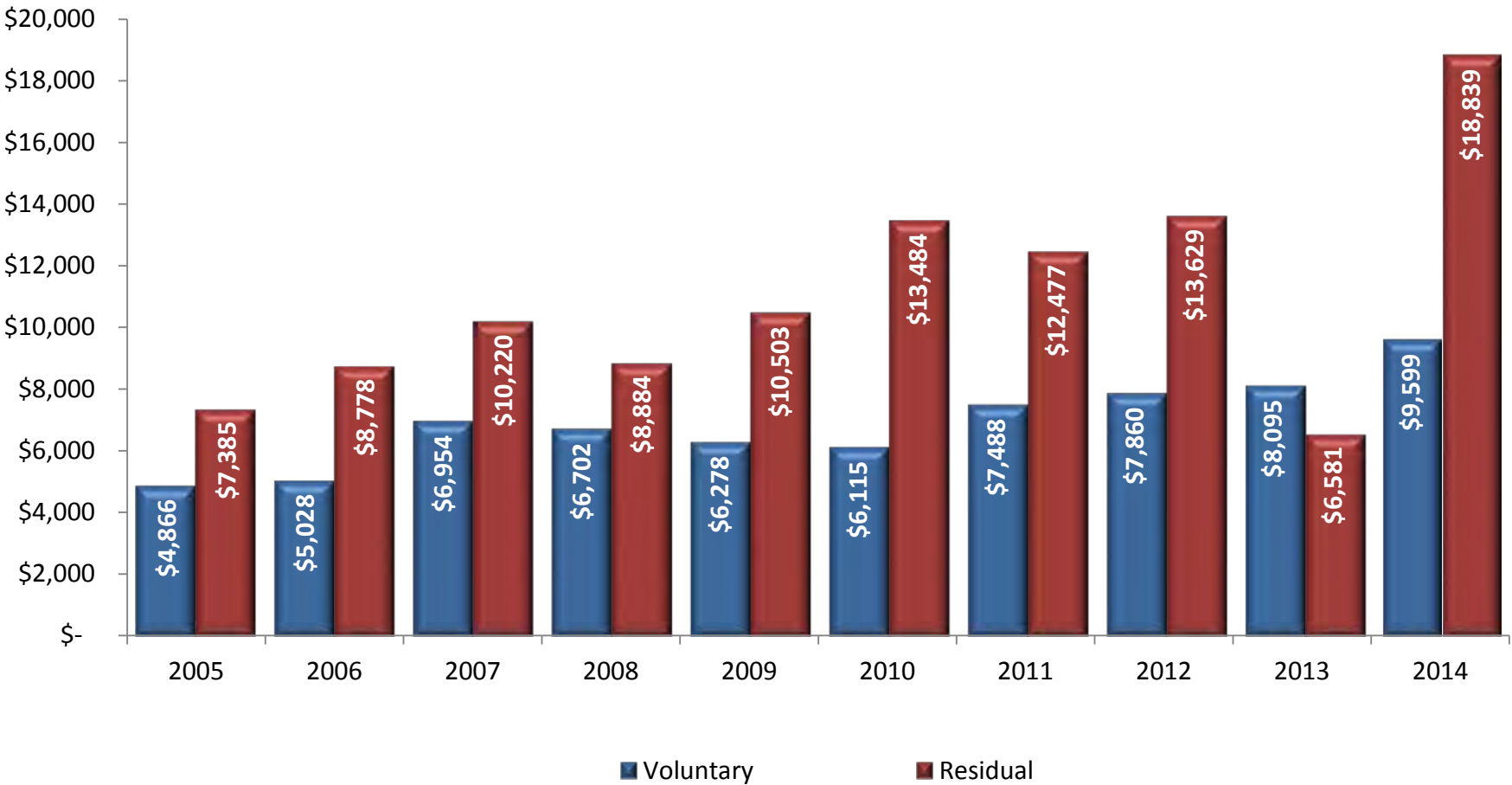
\*Estimated assuming one third of Utah market is self-insured.

# Average Premium Rate Per \$100 of Payroll

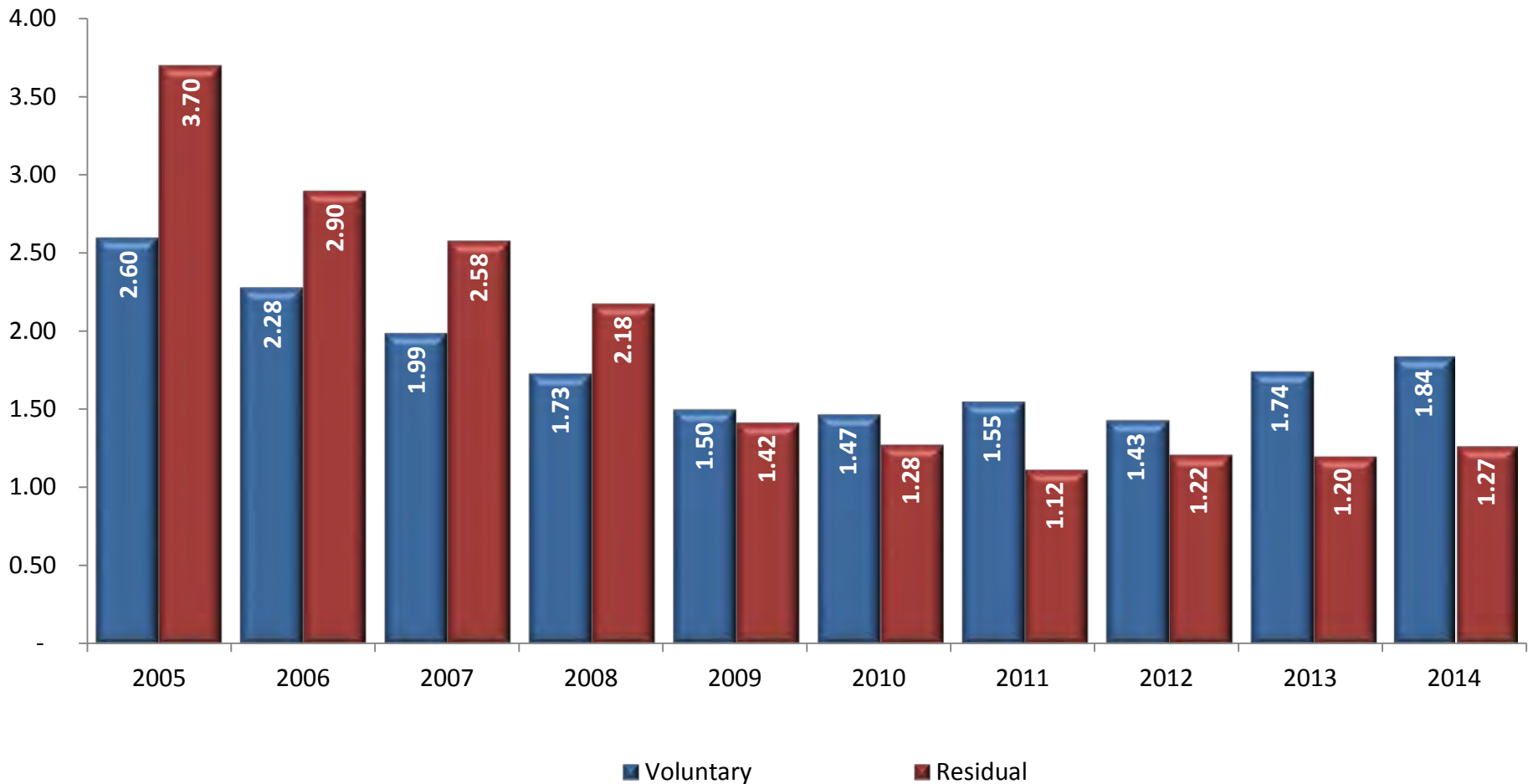




# Average Loss Severity Per Claim

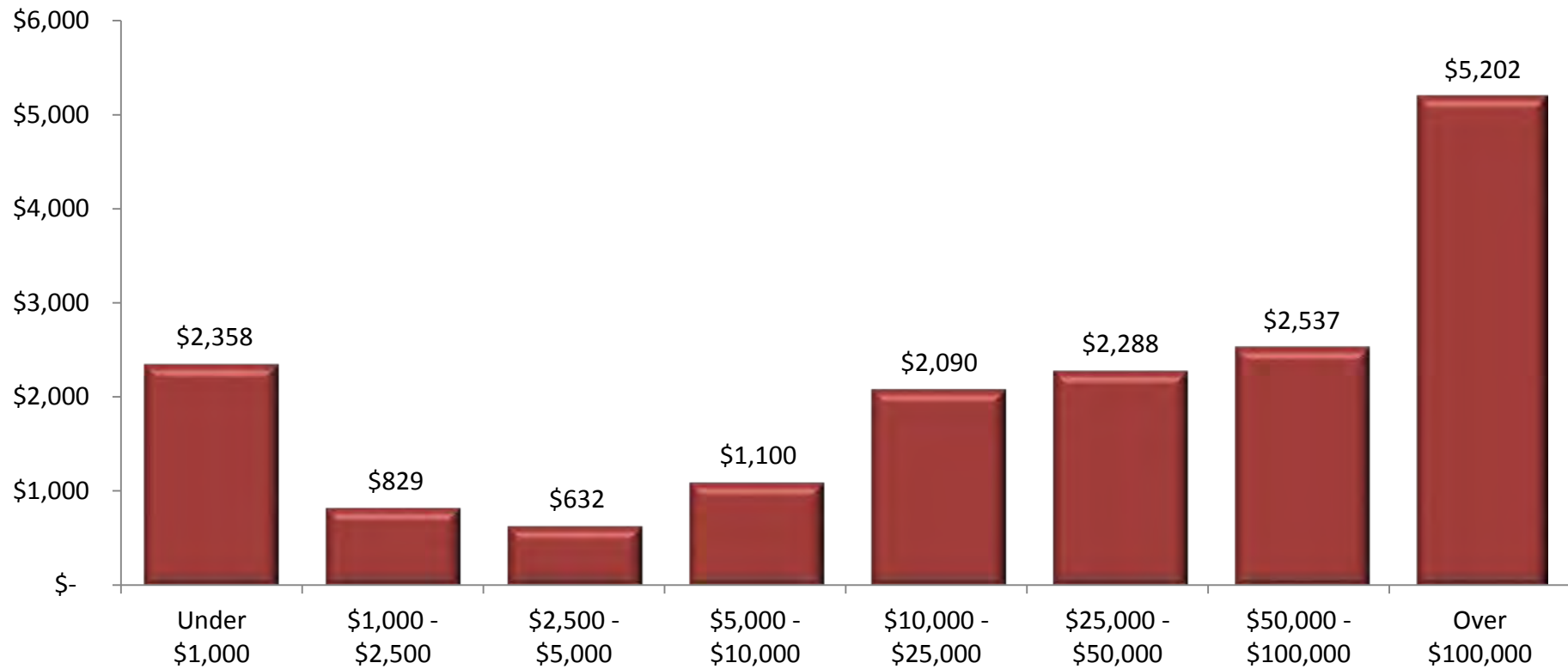


# Claims Frequency Per Million \$ of Reported Payroll

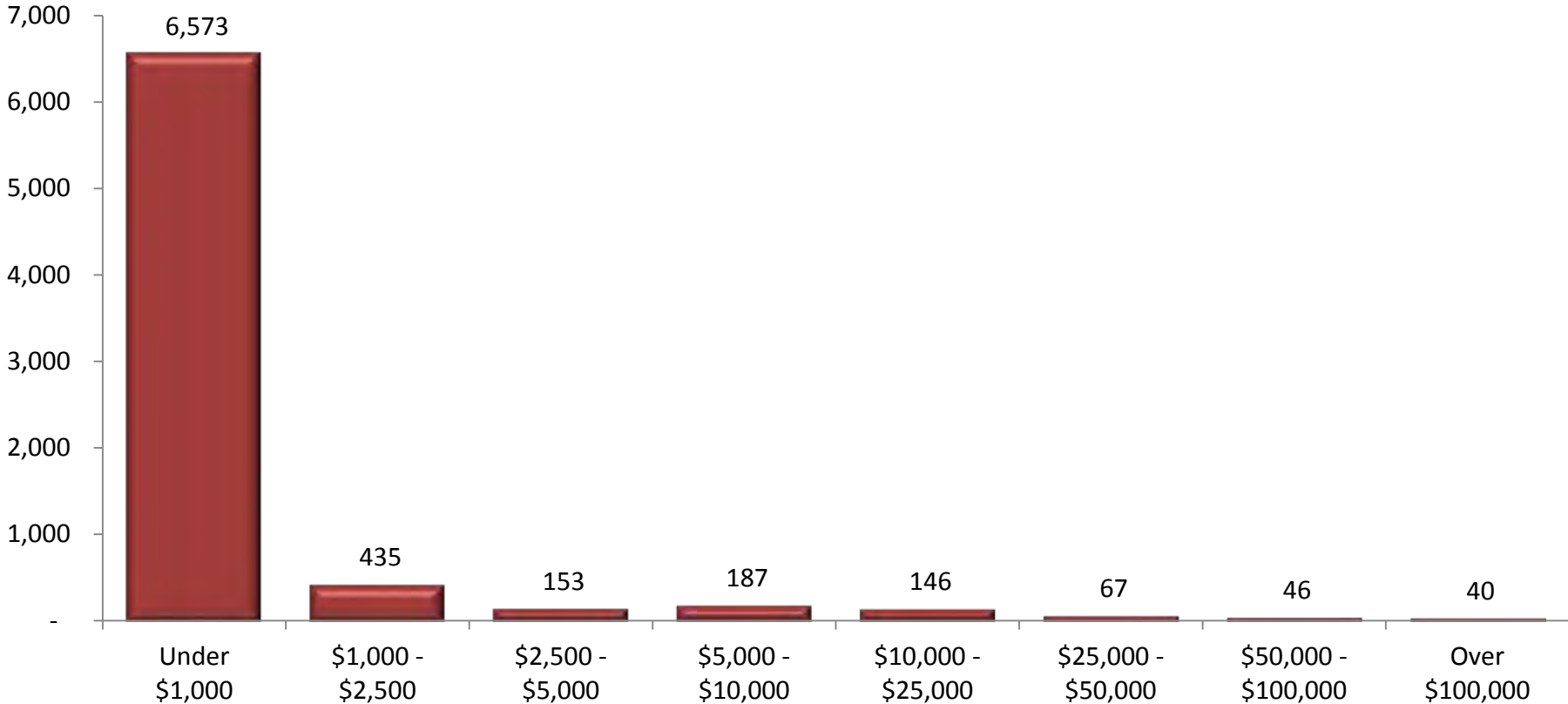


# 2014 Residual Market Earned Premium by Premium Strata

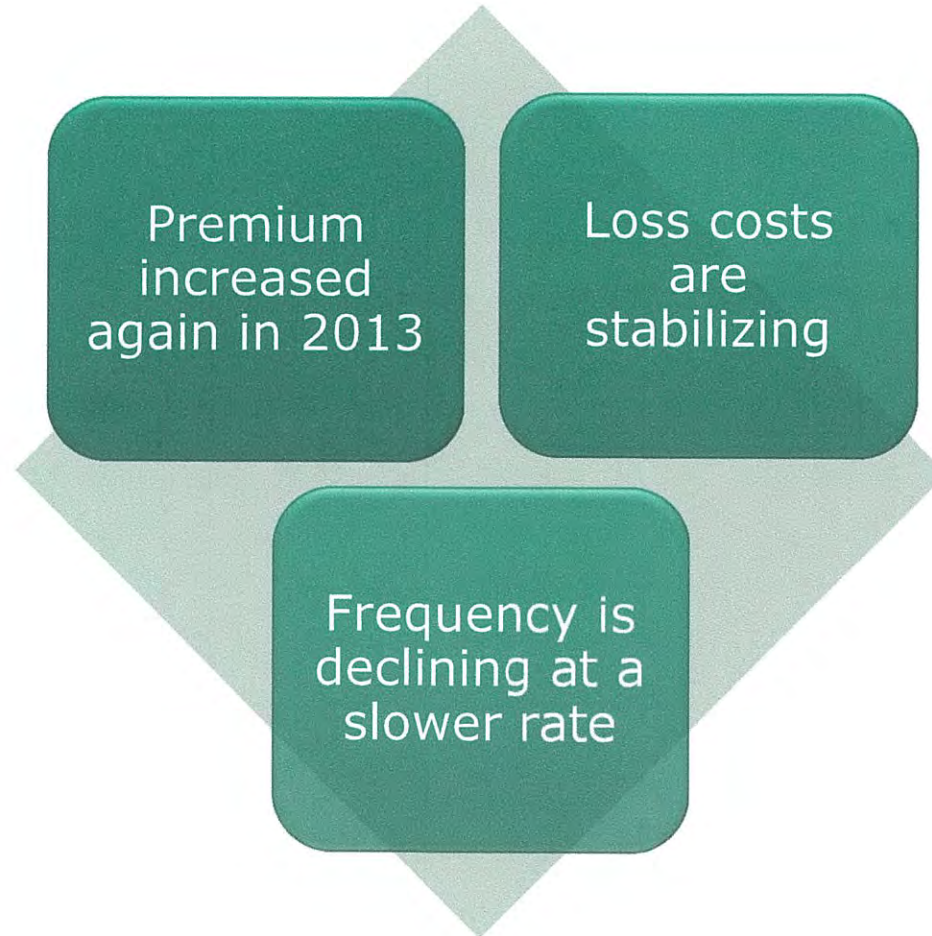
(in Thousands)



# 2014 Residual Market Policy Count by Premium Strata

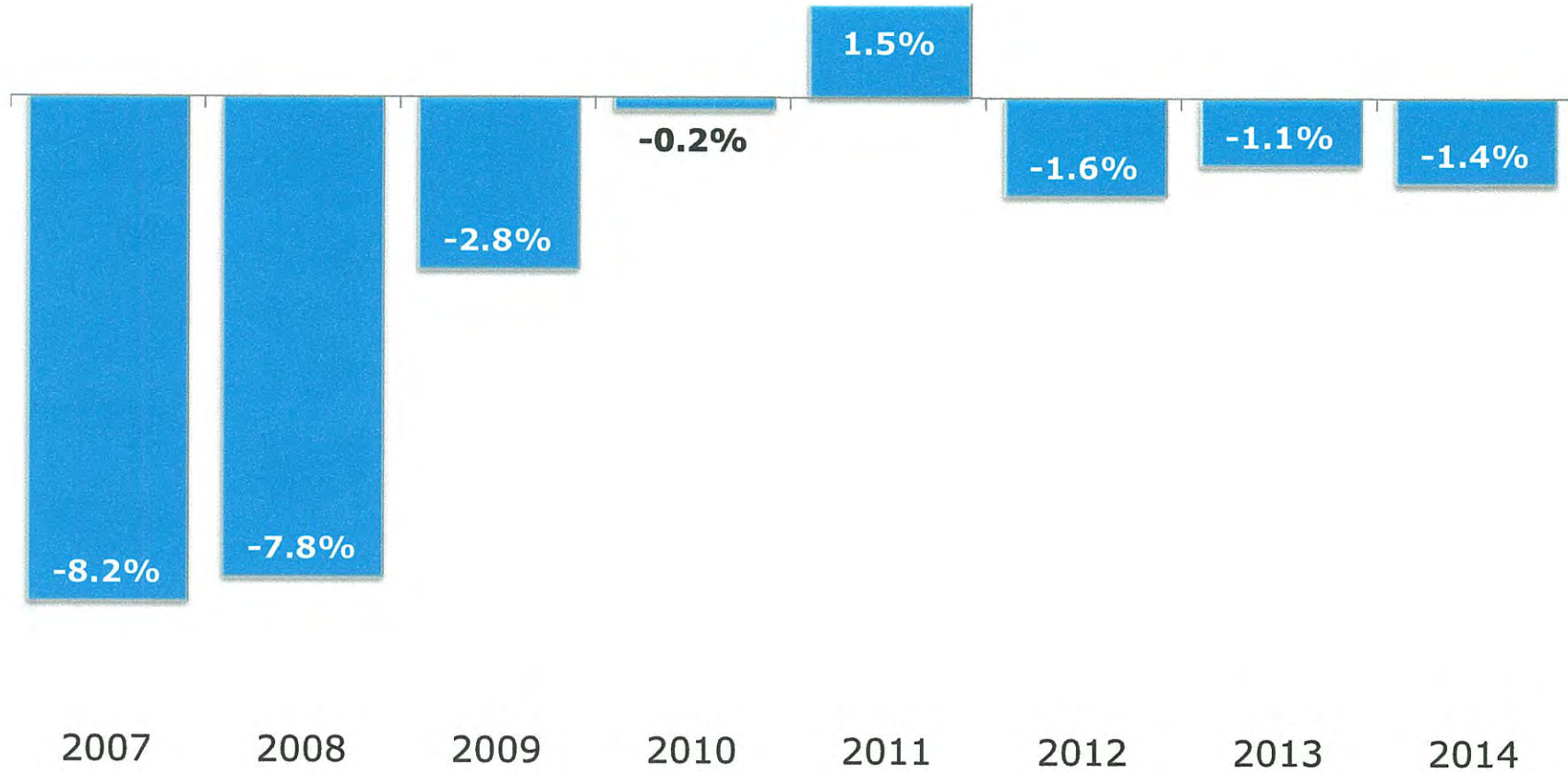


# Utah Workers Compensation System— An Overview



# Utah's Filing Activity

## Voluntary Loss Cost Changes



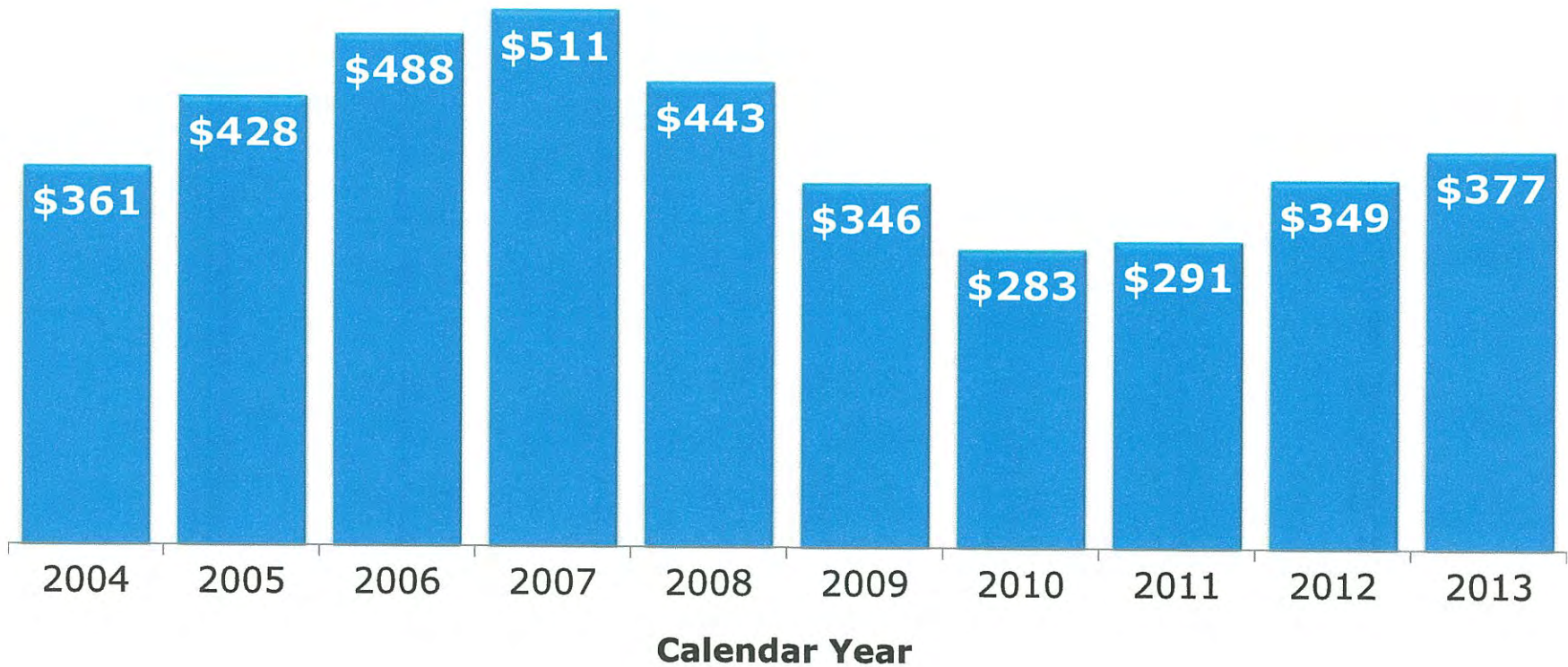
Utah filings are effective on December 1 of each year





# Utah's Workers Compensation Premium Volume

Direct Written Premium in \$ Millions

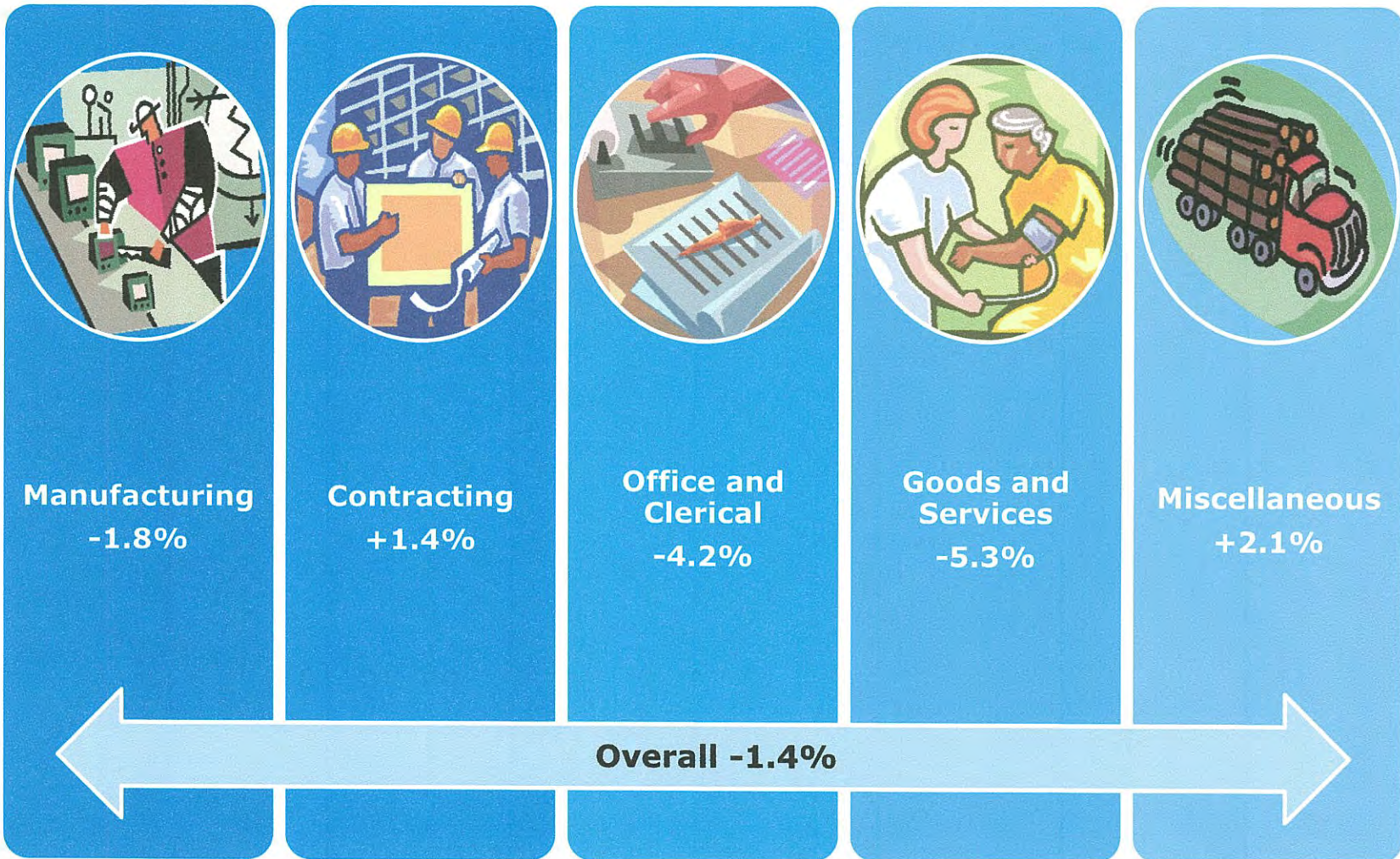


Source: NAIC Annual Statement data





# Utah December 1, 2014 Filing— Average Changes by Industry Group





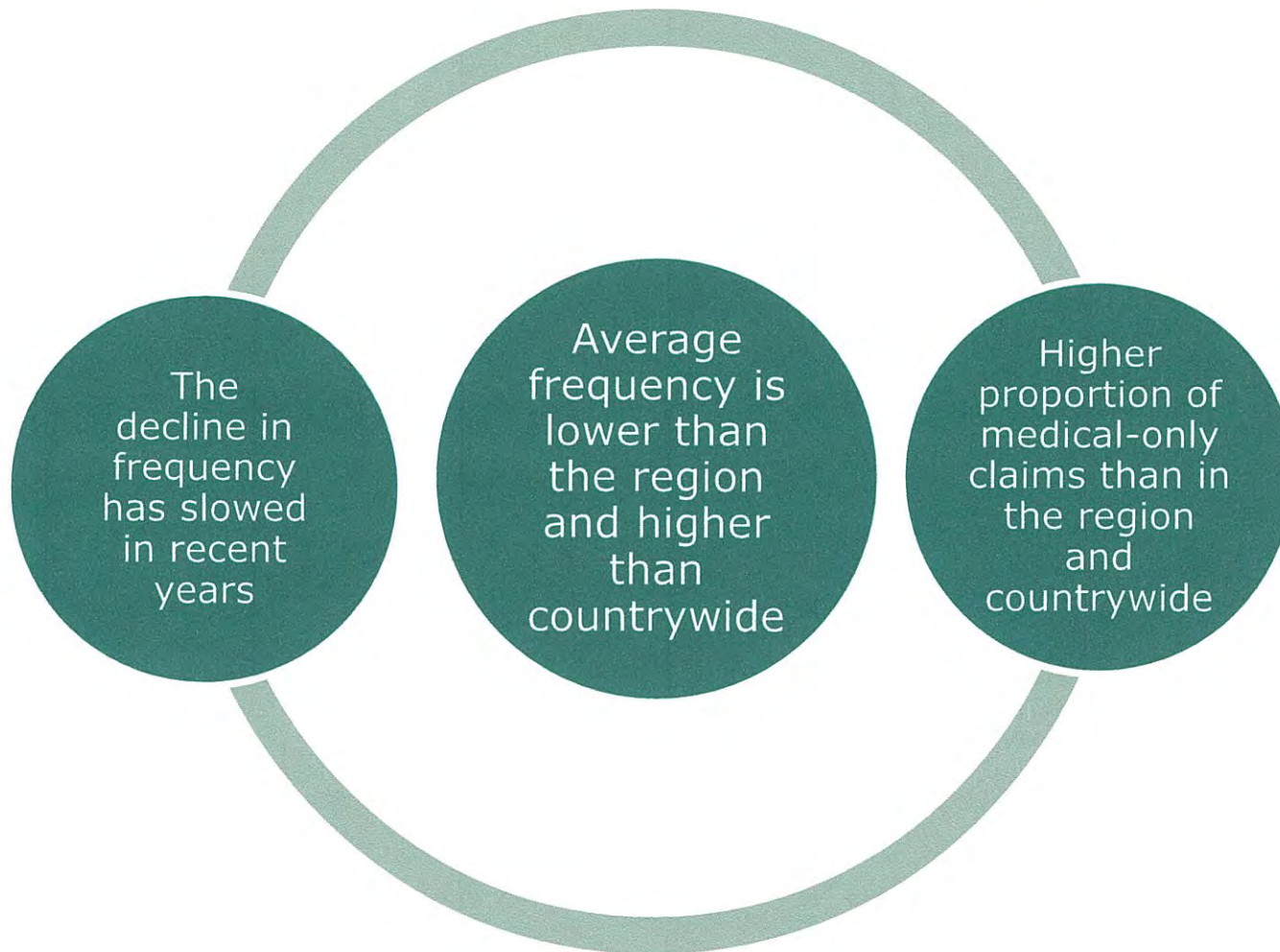
## Key Takeaways—Medical Benefit Costs

Comprise  
76% of  
benefits

Average  
medical costs  
are generally  
increasing

Average  
medical costs  
are higher than  
countrywide  
averages

# Key Takeaways—Claim Frequency





## Key Takeaways—Indemnity Benefit Costs

Indemnity costs display volatility

The average indemnity cost is lower than the region and countrywide

Higher proportion of fatal and PT than in the region and countrywide

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

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

<b>2014</b>	<b>Percent of Market</b>	<b>Annual Premium Reported</b>
1- Workers Comp Fund	51.11%	\$210,423,082
2- Zurich Amer Ins Co.	3.21%	\$ 13,206,097
3- American Zurich Ins Co	2.06%	\$ 8,481,591
4- Auto Owners Ins Co	1.98%	\$ 8,154,225
5- Phoenix Ins Co	1.87%	\$ 7,712 ,091
6- Owners Ins Co	1.52%	\$ 6,239,162
7- American Liberty Ins Co	1.47%	\$ 6,060,650
8- Utah Builders Ins Co Inc	1.18%	\$ 4,857,155
9- Liberty Ins Corp	1.07%	\$ 4,399,227
10-New Hampshire Ins Co	1.03%	\$ 4,239,647

<b>2013</b>	<b>Percent of Market</b>	<b>Annual Premium Reported</b>
1- Workers Comp Fund	51.97%	\$189,777,123
2- Zurich Amer Ins Co.	3.00%	\$ 10,939,558
3- Phoenix Ins Co	2.15%	\$ 7,855,492
4- Auto Owners Ins Co	1.78%	\$ 6,484,531
5- American Zurich Ins Co	1.73%	\$ 6,312,608
6- Twin City Fire Ins Co Co	1.57%	\$ 5,743,106
7- Owners Ins Co	1.56%	\$ 5,711,248
8- American Liberty Ins Co	1.51%	\$ 5,525,953
9- Insurance Co Of The State Of PA	1.35%	\$ 4,944,745
10-New Hampshire Ins Co	1.24%	\$ 4,516,070

<b>2012</b>	<b>Percent of Market</b>	<b>Annual Premium Reported</b>
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

<b>2011</b>	<b>Percent of Market</b>	<b>Annual Premium Reported</b>
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