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INFORMATION BULLETIN

January 26, 2024

PCRB Information Bulletin #011

To All Members of the PCRB:

Re: PA Insurance Commissioner Approves PCRB's Annual Loss Cost Filing, Continuing Trend of Decreasing Workers Compensation Insurance Costs

The Pennsylvania Compensation Rating Bureau's (PCRB) annual Loss Cost Filing, which continues a trend of decreasing workers compensation insurance costs, was approved by the Pennsylvania Insurance Commissioner on January 23, 2024. The loss costs and related rating values, as filed, will take effect on a new and renewal policies effective April 1, 2024.

PCRB's filing indicated an overall change of -7.88%, representing a decrease, more than doubling last year's decrease of -3.33%. The primary driver of the downward trend is the continued decrease in claim frequency at -6.1%, mirroring last year's -6.2% figure and maintaining a consistent descending trajectory over the past few years. Another factor contributing to the decrease is fewer large claims in the most recent policy years.

"While the economic impacts from the pandemic have caused some disruption, the Pennsylvania workers compensation system has fared well, and remains strong," says Brent Otto, PCRB's Chief Actuary and Vice President, Actuarial Services.

This downward trajectory in workers' compensation insurance expenses extends over a decade, showcasing a remarkable 54% decrease since 2013. During this period, lost time claim frequency has plummeted by an impressive 42%.

The average payment per claim has dropped from about \$1,500 in 2015 to around \$1,100 in 2022. Additionally, prescription costs per claim are down 60% since 2015, while average units per prescription are down 25%. Opioid prescriptions have declined 75% since 2015.

The PCRB's Loss Cost Filing incorporated its recently approved Experience Rating Plan update, the first in two decades, which also has an effective date of April 1, 2024. This filing incorporated adjustments to ensure the adoption of the new Experience Rating Plan results in revenue neutrality.

William V. Taylor
President

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