

News Brief

Workers' Compensation System Shows Financial Strength and Lower Claim Frequency

The performance of the workers' compensation system remains strong, according to a new State of the Line Report from the National Council on Compensation Insurance (NCCI).

2023 was another profitable year for workers' compensation, with U.S. private carriers producing their 10th consecutive year of underwriting profitability with a combined ratio of 86 (a 2% increase over 2022). This is the seventh consecutive year with a combined ratio below 90 for the workers' compensation insurance market. This profitable underwriting result for workers' compensation insurance is in contrast to the overall property and casualty combined ratio for private insurers, which is at 102 for 2023.

Furthermore, the report revealed that U.S. private insurers' net written premiums for workers' compensation insurance increased from \$42.5 billion in 2022 to \$43 billion in 2023. This represents a 1% increase in net premiums written for workers' compensation insurance.

NCCI estimated that lost-time claim frequency declined by 8% in the past year, more than two times the size of the long-term average decline. For 2023, severity changes were considered moderate, with a 2% increase in medical claim severity and a 5% increase in indemnity claim severity.

"The workers' compensation system has unique features that have differentiated us from other commercial lines in terms of overall performance during the past several years," said NCCI President and CEO Bill Donnell. "However, there are key questions ahead related to issues such as frequency change and medical cost inflation."

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"The overall numbers for workers' compensation show a financially healthy system."

- Chief Actuary Donna Glenn, NCCI