



2025 State of the System

The Workers' Compensation Insurance Rating Bureau of California
Report on California's Workers' Compensation System



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Premium and Rates Plateauing

Premium levels have been relatively steady post-pandemic ([Chart 1](#)) and are driven mostly by economic factors ([Chart 2](#)). Average charged rates continue to be at historical lows ([Chart 5](#)), while advisory pure premium rates increased for the first time in a decade ([Chart 6](#)).

CT Claims Contributing to Rising Claim Frequency

Claim frequency has increased in California over the past few years ([Chart 8](#)), which differs from the declines experienced in other states ([Chart 11](#)). The share of indemnity claims involving cumulative trauma (CT) injury increased significantly in 2022 through 2024 ([Chart 10](#)), which is contributing to higher overall claim frequency in California. CT claims also tend to have higher allocated loss adjustment expense (ALAE) ([Chart 42](#)) costs and are often reported later and stay open longer.



Average Medical and ALAE Costs Climbing

While average indemnity costs continue to increase at a pace generally consistent with projections ([Chart 16](#)), other system costs are rising significantly. Average medical costs increased by 8% in 2024, which is a rate not seen since before the Senate Bill No. 863 reforms ([Chart 19](#)). This is driven by increases in the average cost of medical services and by medical utilization across multiple service categories ([Chart 22](#)). Average ALAE costs rose sharply in 2022 to 2024 ([Chart 34](#)), primarily due to increased litigation across the state ([Chart 38](#)), much of it originating from law firms based in the Los Angeles area ([Chart 40](#)).

Claim Duration Stagnating

California claim duration is longer compared to other states ([Chart 30](#)). Following a period of improving claim duration, it has remained flat in the post-pandemic period ([Chart 31](#)), likely due to the rise in the frequency of CT claims, average ALAE costs and medical-legal services ([Chart 44](#)), all of which can prolong the claims process.

Combined Ratio at Historical High

Driven by the factors noted above, the projected accident year combined ratio for 2024 is 127%, the highest in over 20 years ([Chart 50](#)). Combined ratios in California continue to be above those for the rest of the country ([Chart 51](#)).



01 Premium and Rates

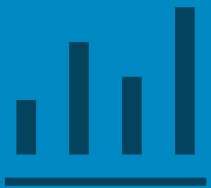
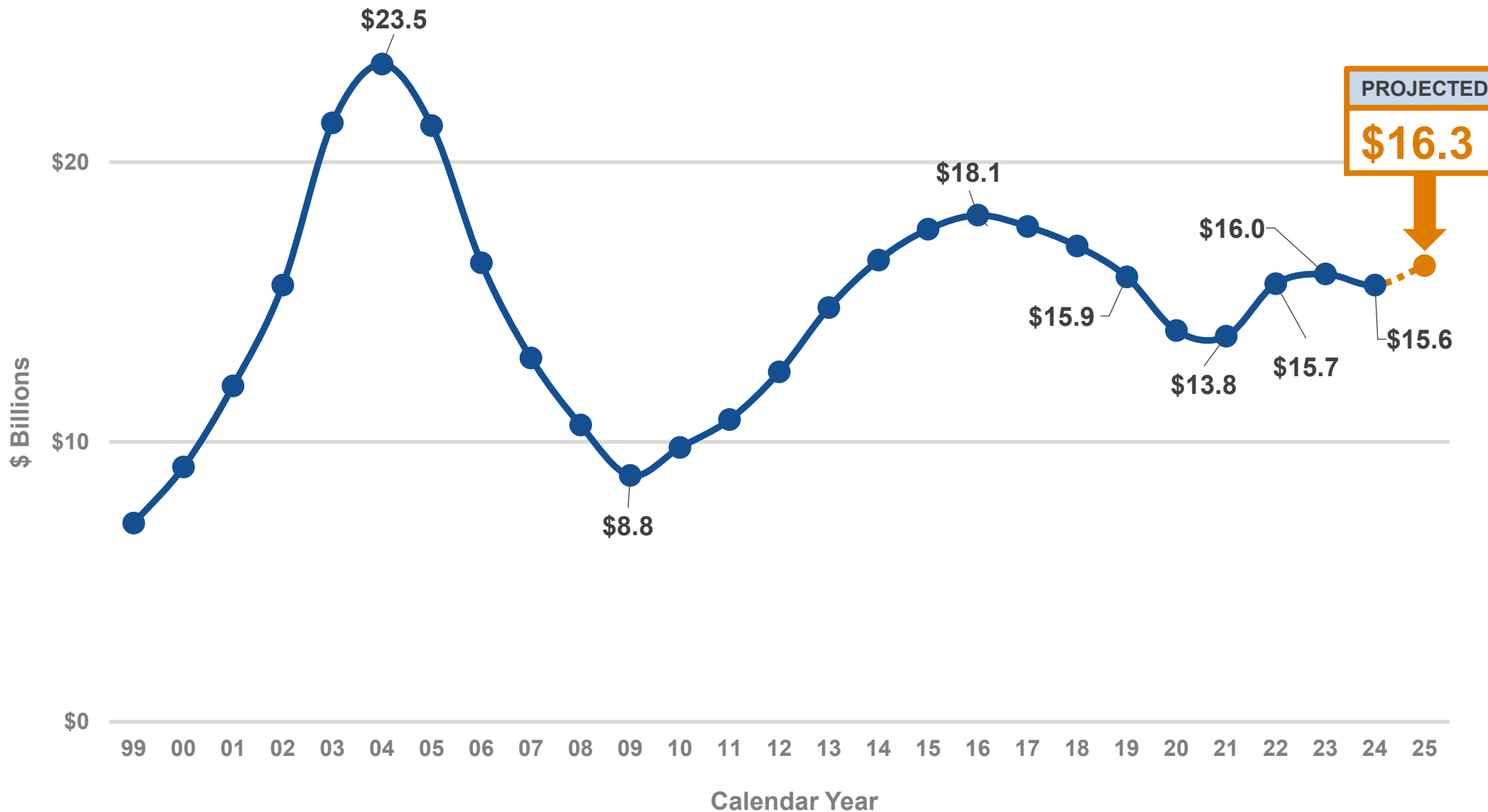


Chart 1: Reported Written Premium



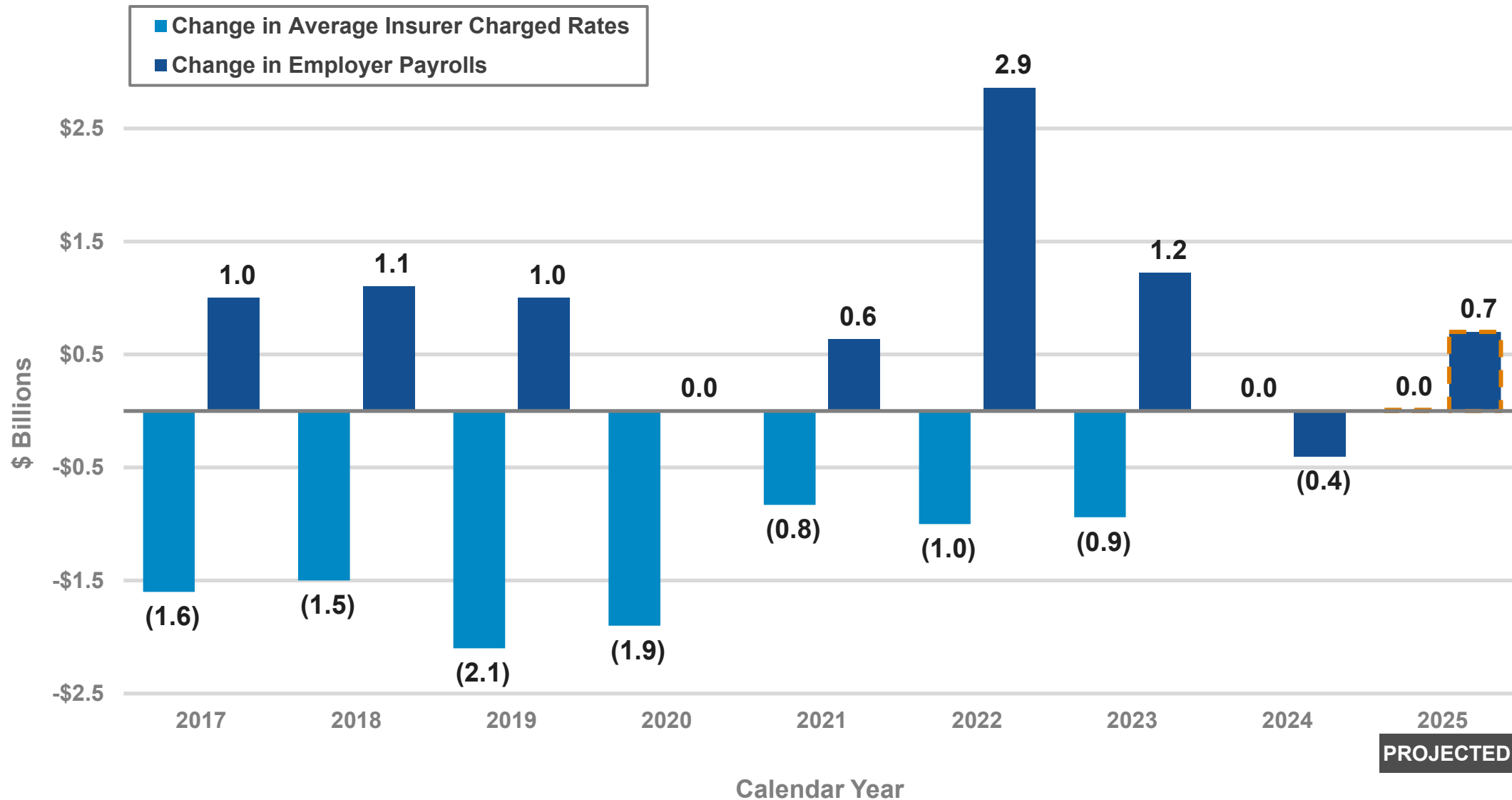
Written premium has historically been volatile in California, driven by sharp changes in claim costs and insurer rates as well as reforms and economic shifts.

Written premiums in calendar years 2022 through 2024 have remained relatively stable compared to the large swings during the pandemic.

Written premium for calendar year 2025 is projected to have a modest increase, primarily driven by economic expansion ([Chart 2](#)).

[More Information](#)

Chart 2: Drivers of Written Premium Changes



From 2017 up to the pandemic in 2020, insurer rate decreases ([Chart 5](#)) more than offset the impact of the expanding economy, resulting in premium declines.

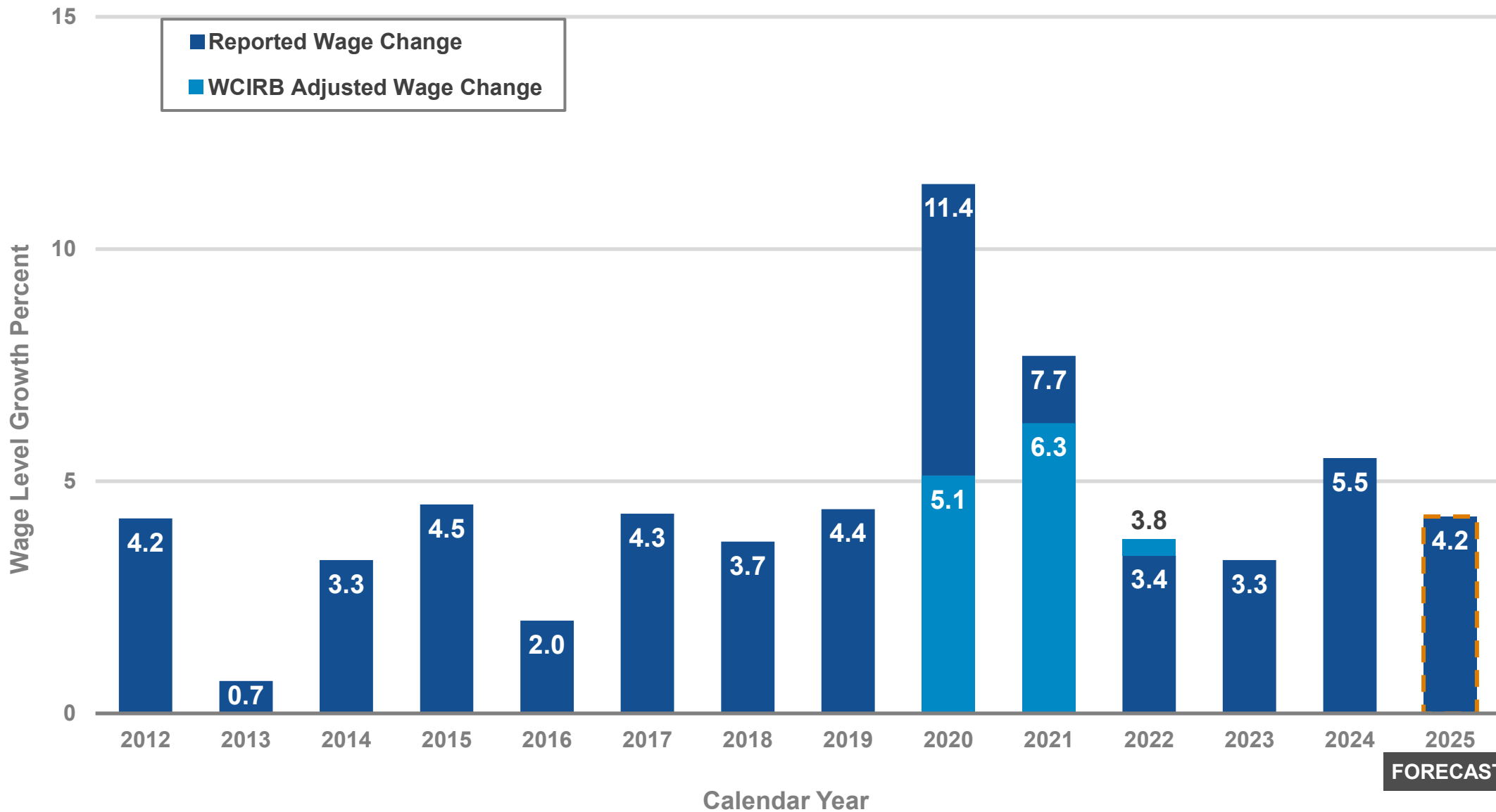
Starting in 2022, changes in employer payrolls exceeded changes in average charged rates as the leading factor impacting premium growth.

Written premium in 2025 is forecast to grow modestly, driven by an increase in employer payrolls.

Note: Average charged rates reflect classification mix, while employer payrolls reflect the impact of audits.

[More Information](#)

Chart 3: Changes in the California Average Wage



Until the pandemic, average wage growth from 2012 to 2019 was fairly steady and generally about 2% to 4% per year. The significantly higher average wage changes during the pandemic were somewhat artificial and driven by employment changes in low-wage industries.

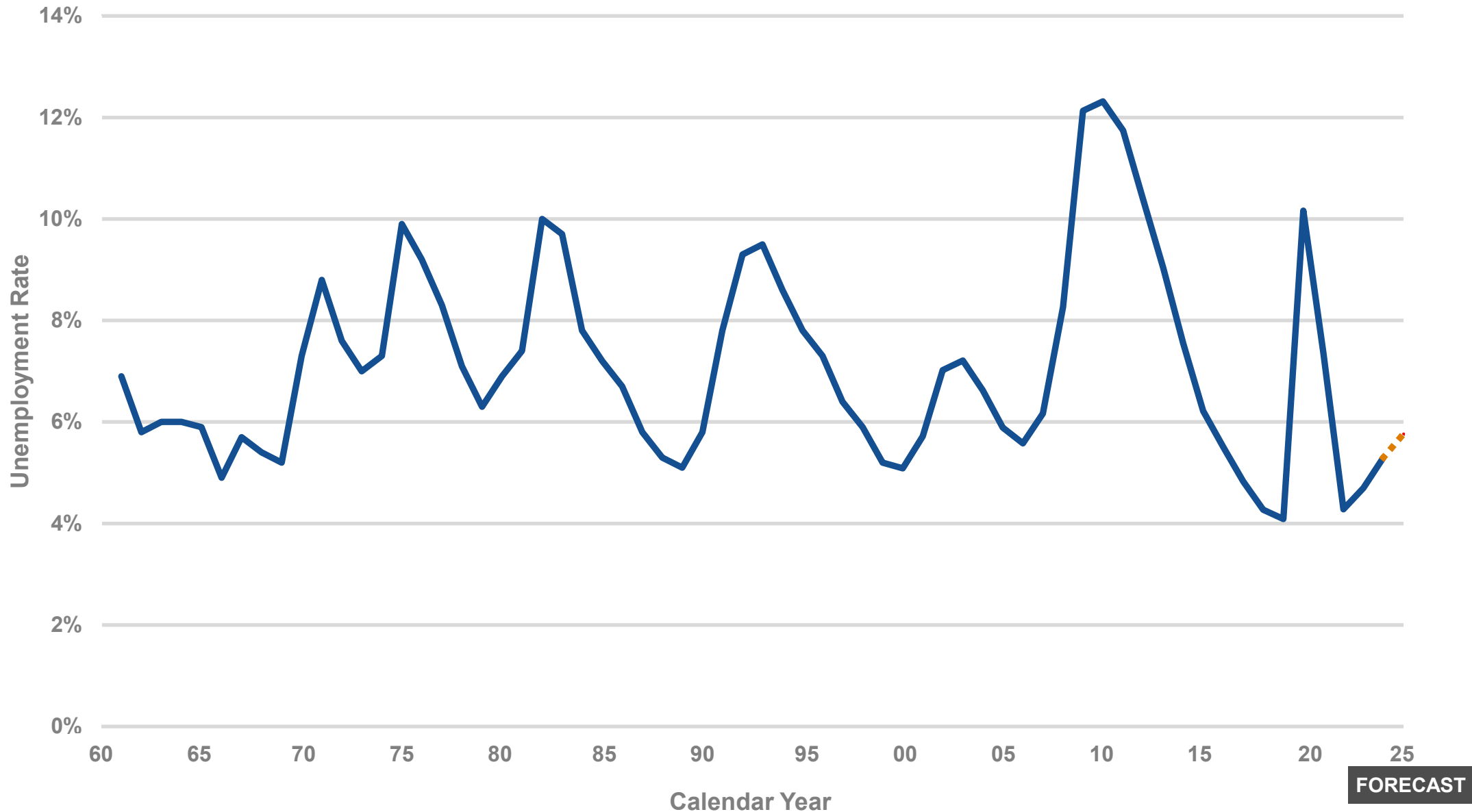
The wage change for 2024 is somewhat higher than the long-term average. Forecasts for 2025 and later are more consistent with the long-term pre-pandemic pattern.

Increases in average wages impact payroll and premium growth. These increases can also offset rising claims costs and mitigate the need for rate increases. Changes in average wages also impact indemnity claim severities, since indemnity benefits are in part based on the weekly wage of the injured worker ([Chart 17](#)).

[More Information](#)



Chart 4: Annual California Unemployment Rate



Unemployment is forecast to increase in 2025 but is still at historically low levels.

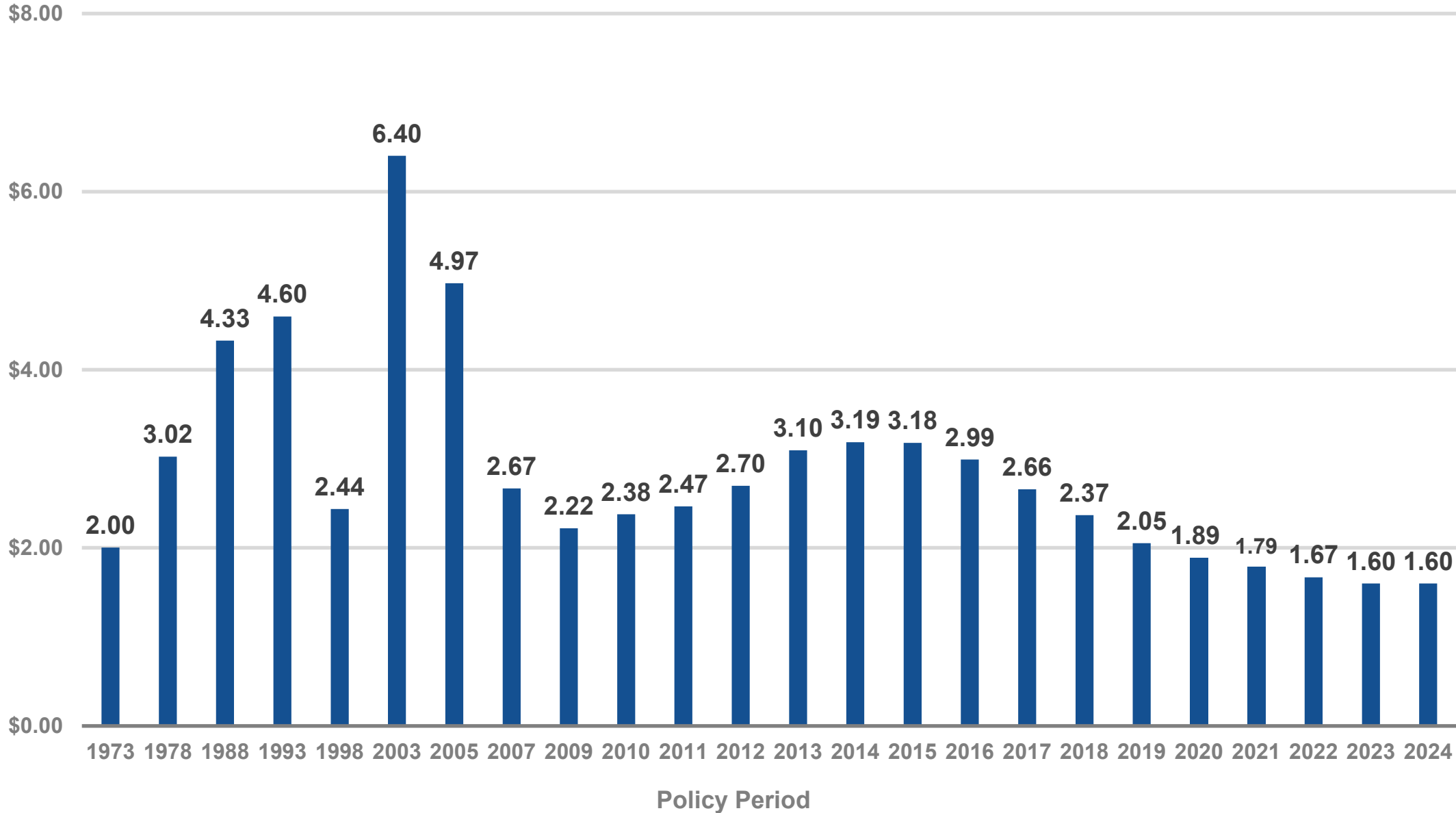
WCIRB research has found that increases in unemployment are correlated with decreases in indemnity claim frequency.

Given that projected changes to the unemployment rate are small, they would also have a small impact on changes in indemnity claim frequency.

[More Information](#)



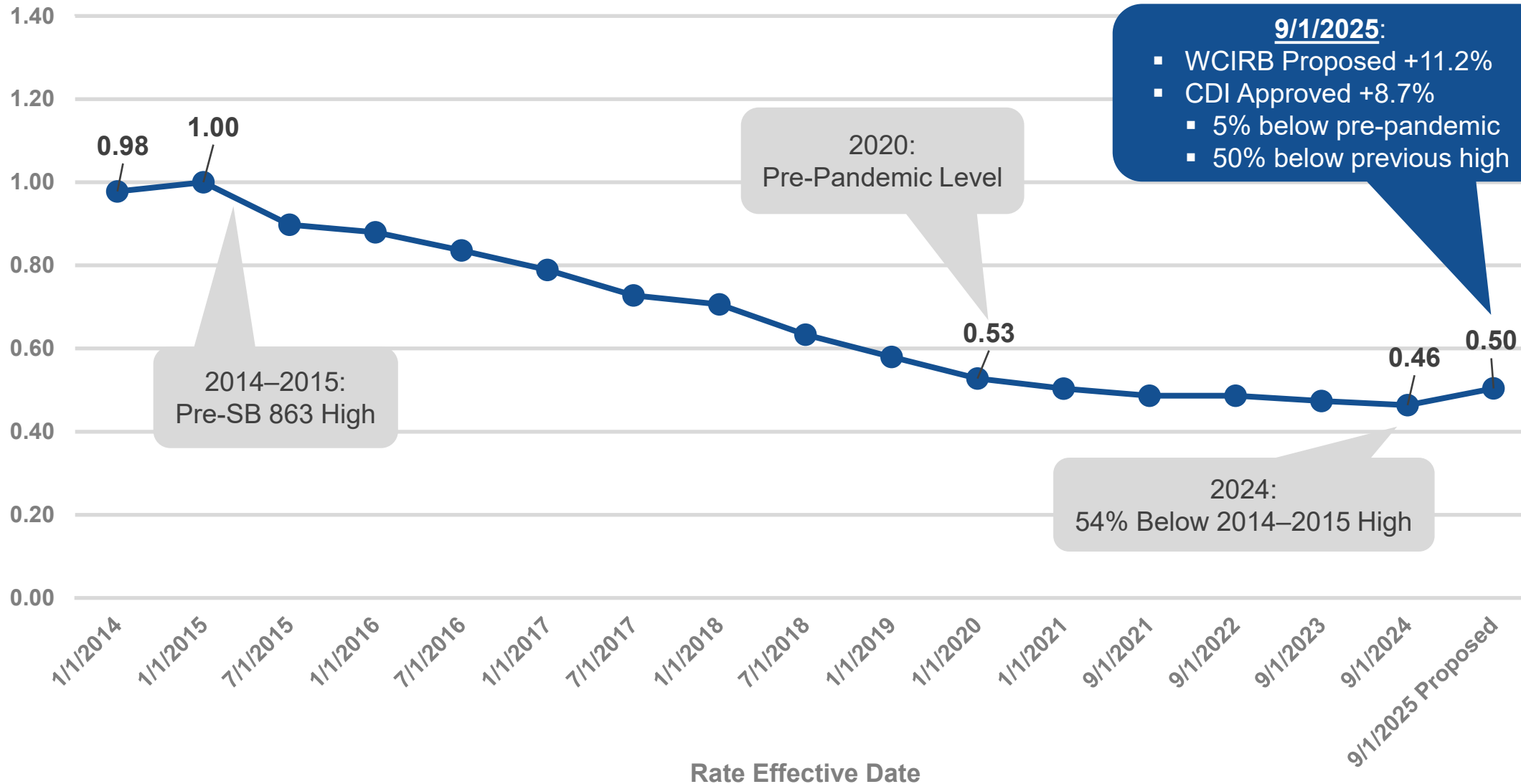
Chart 5: Average Charged Rate per \$100 of Payroll



Following the implementation of SB 863 in 2013, the average rates charged by insurers declined steadily. In 2023 and 2024, they reached the lowest level in more than 50 years.

Average insurer rates flattened in 2024, signaling a potential end to the decade-long period of decline. The California Department of Insurance also approved an 8.7% increase in advisory pure premium rates for September 1, 2025 ([Chart 6](#)).

Chart 6: Advisory Pure Premium Rates Indexed to 2015



From 2015 to 2024, the California Department of Insurance (CDI) approved 13 advisory pure premium rate decreases, resulting in a cumulative decline totaling over 50%.

The WCIRB proposed advisory pure premium rates for September 1, 2025 that are, on average, 11.2% above the 2024 approved rates.

The CDI approved an 8.7% average increase in advisory pure premium rates for September 1, 2025, the first approved increase in a decade. Even with the recent increase, average advisory pure premium rates are still 5% below the pre-pandemic level and 50% below the previous high.

9/1/2025:

- WCIRB Proposed +11.2%
- CDI Approved +8.7%
 - 5% below pre-pandemic
 - 50% below previous high

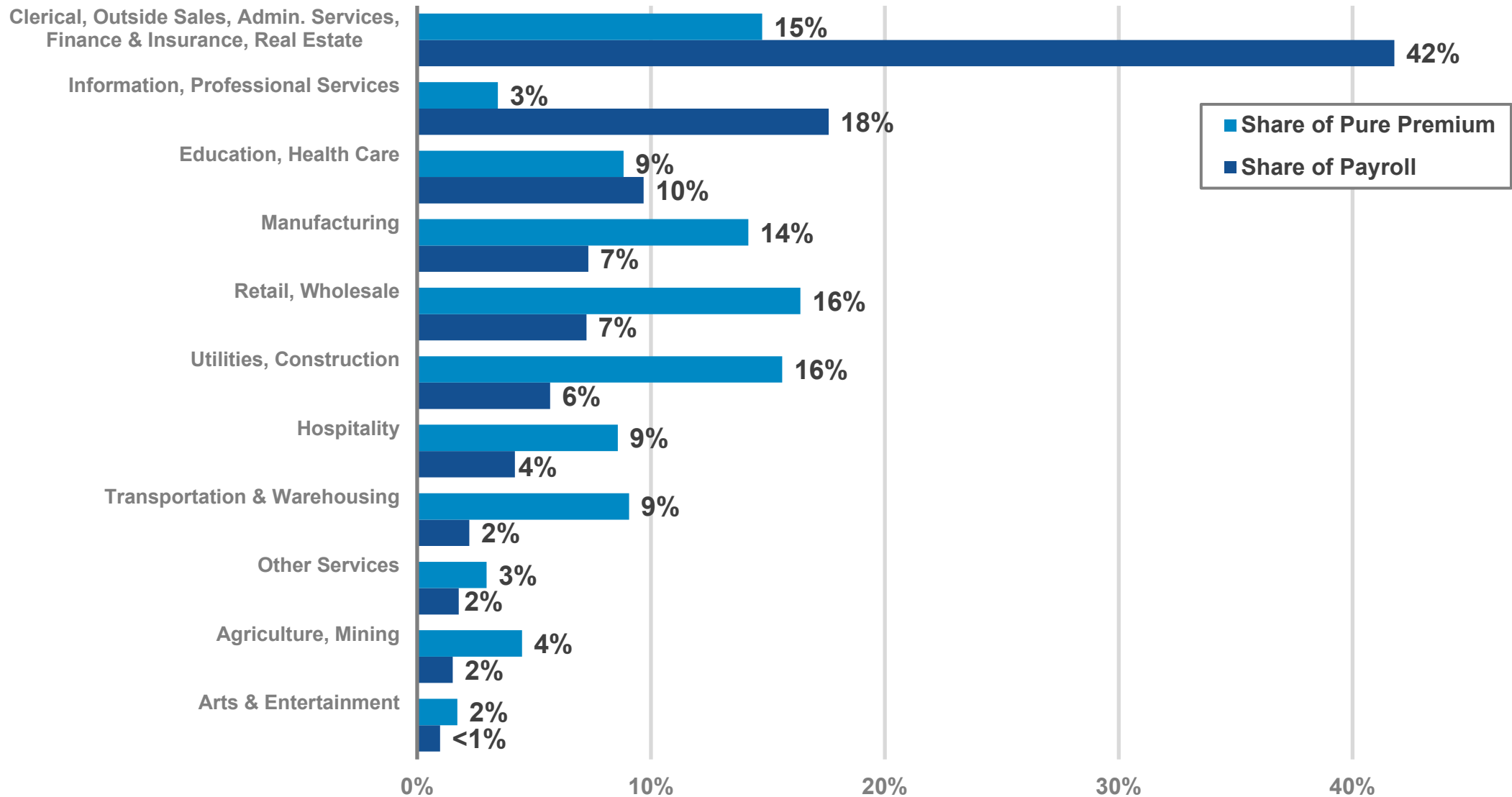
2020:
Pre-Pandemic Level

2014–2015:
Pre-SB 863 High

2024:
54% Below 2014–2015 High

[More Information](#)

Chart 7: Pure Premium and Insured Payroll by Industry



Industries with primarily “white collar” work comprise over 40% of payroll but only 15% of pure premium.

In contrast, the Manufacturing, Retail, Wholesale, and Utilities and Construction sectors comprise almost half of the pure premium but just 20% of the payroll.

The Education and Health Care sectors comprise only 9% of pure premium in the workers’ compensation insurance system, as many large employers in these sectors are self-insured.

The shares of pure premium and payroll by industry have been very consistent over time.

[More Information](#)



02 Claim Frequency

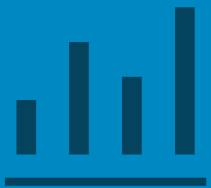
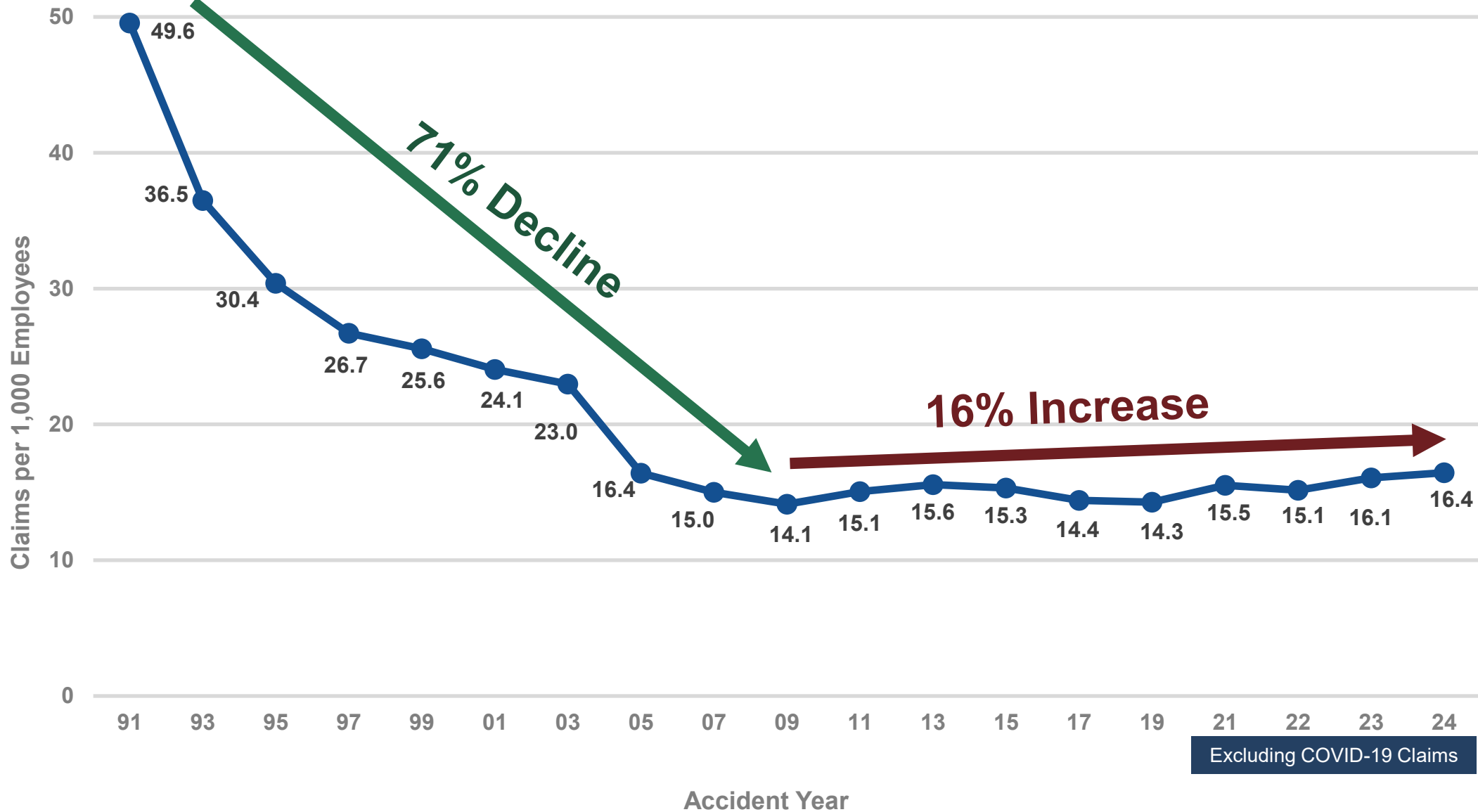


Chart 8: Indemnity Claims per 1,000 Employees

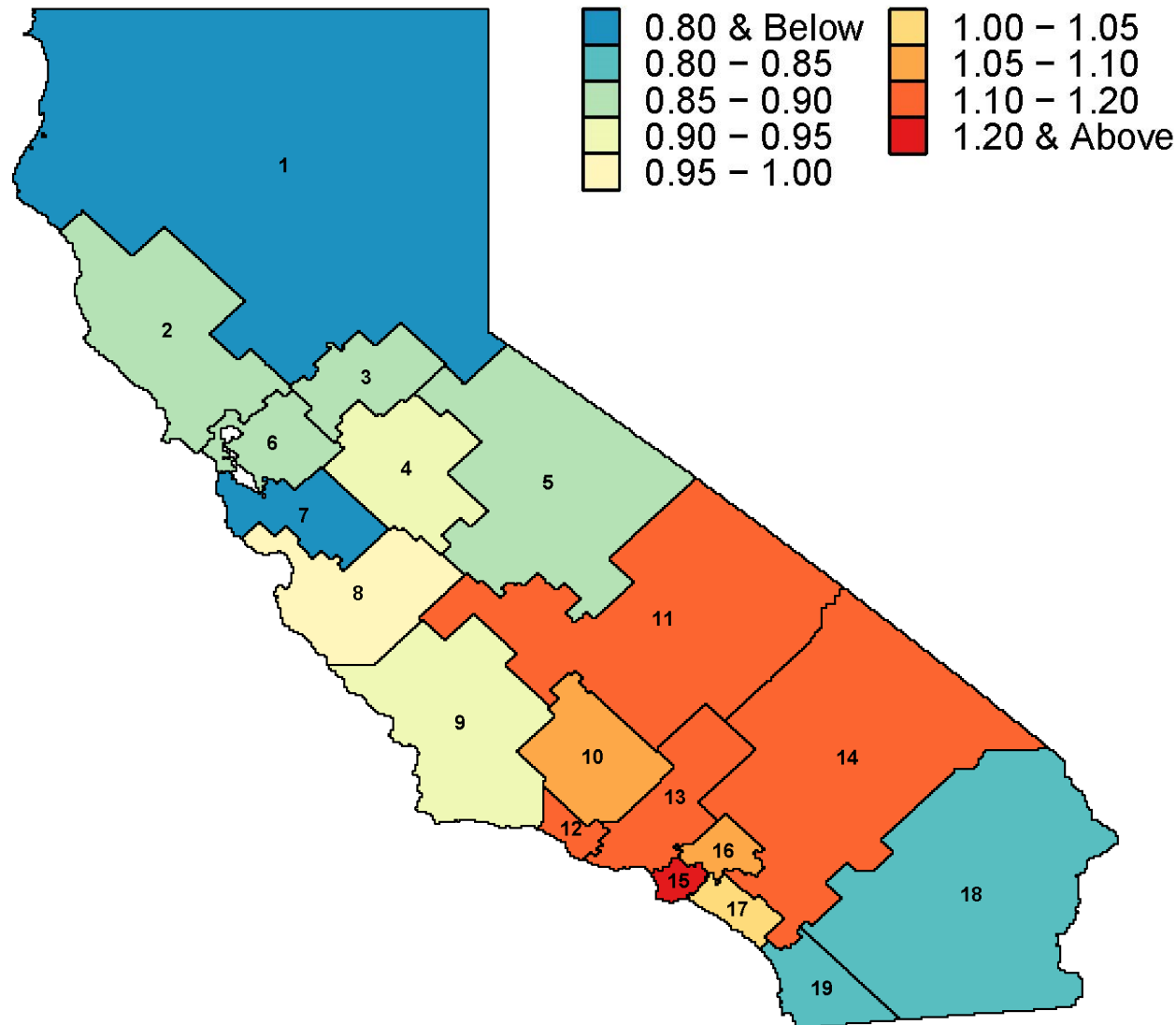


Claim frequency in California declined for decades due to factors such as a shift toward a more service-based economy, increased mechanization and improved workplace safety efforts.

Since 2009, the frequency of indemnity claims has increased moderately, partly due to increases in CT claims and a lesser impact of the long-term factors noted above. The impact of CT claims on claim frequency has been even more pronounced in recent years ([Chart 11](#)).

[More Information](#)

Chart 9: Regional Differences in Indemnity Claim Frequency



- 01 – Yuba City/Redding/Far North
- 02 – Sonoma/Napa
- 03 – Sacramento
- 04 – Stockton/Modesto/Merced
- 05 – Fresno/Madera
- 06 – Bay Area
- 07 – Peninsula/Silicon Valley
- 08 – Santa Cruz/Monterey/Salinas
- 09 – SLO/Santa Barbara
- 10 – Bakersfield
- 11 – Tulare/Inyo
- 12 – Ventura
- 13 – Santa Monica/San Fernando Valley
- 14 – San Bernardino/West Riverside
- 15 – LA/Long Beach
- 16 – San Gabriel Valley/Pasadena
- 17 – Orange County
- 18 – Imperial/Riverside
- 19 – San Diego

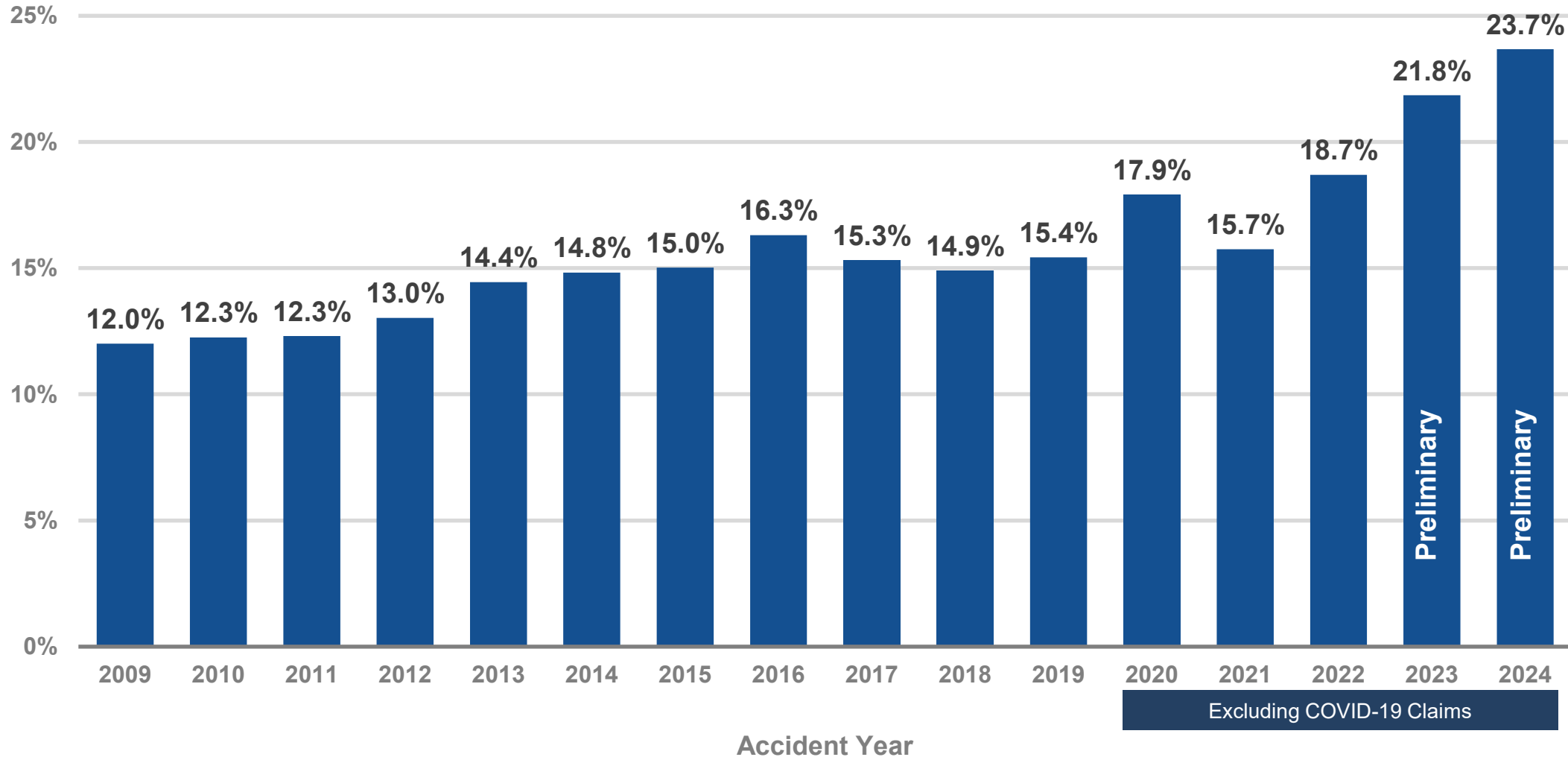
There are significant differences in frequency rates across California, even after adjusting for regional differences in industrial mix and wage levels.

The Los Angeles (LA)/Long Beach region has the highest claim frequency, about one-third above the statewide average. In contrast, the Peninsula/Silicon Valley region has the lowest frequency, more than one-fifth below the statewide average.

Among the factors driving higher claim frequency in Southern California is a higher proportion of CT claims ([Chart 12](#)) and litigated claims ([Chart 37](#)). These differences have been relatively consistent over time.

[More Information](#)

Chart 10: Percent of Indemnity Claims Involving Cumulative Trauma



From 2009 to 2019, the share of indemnity claims that involve CT injury increased modestly.

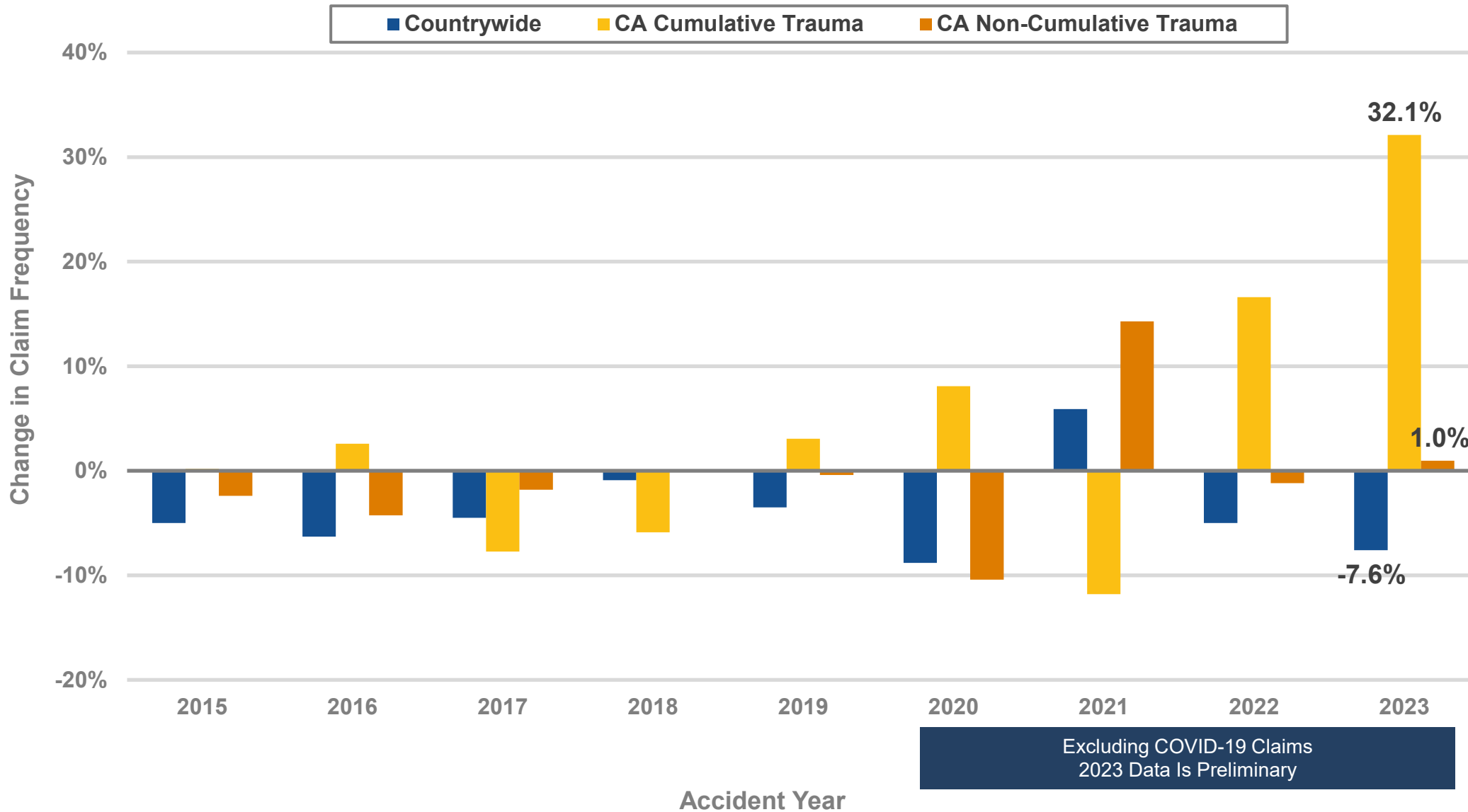
Following pandemic-related volatility in 2020 and 2021, CT claim rates accelerated sharply from 2022 through 2024. This marks the largest increase in recent history.

The estimated proportion of CT claims in 2024 is the highest on record and nearly double the rate from 15 years ago.

CT claims are often reported later than other types of claims ([Chart 29](#)), involve more frictional costs ([Chart 42](#)), and many are filed following termination of an employee.

[More Information](#)

Chart 11: Indemnity Claim Frequency by Claim Type



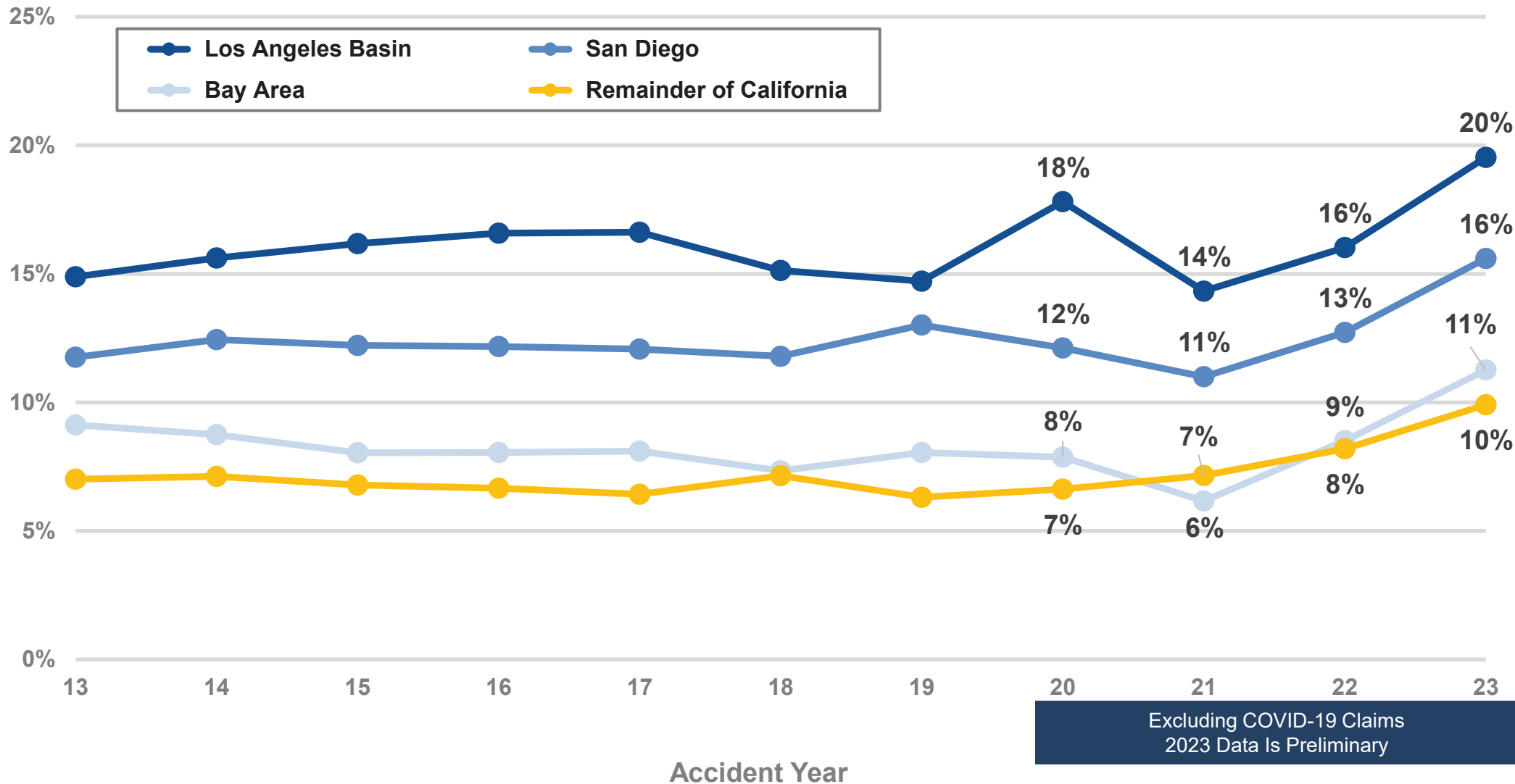
From 2015 to 2023, countrywide indemnity claim frequency has declined by an average of 3.6% annually. In contrast, California’s overall frequency has been relatively flat, with only a 0.2% average annual decrease.

The frequency of CT claims in California has generally increased since 2015, with a significant increase in 2023 alone.

Comparatively, California non-CT claim frequency has declined by an average of 0.9% per year. This is a bit more in line with the national average of a 3.6% decrease, though still higher.

[More Information](#)

Chart 12: Percent of Cumulative Trauma Claims by Region



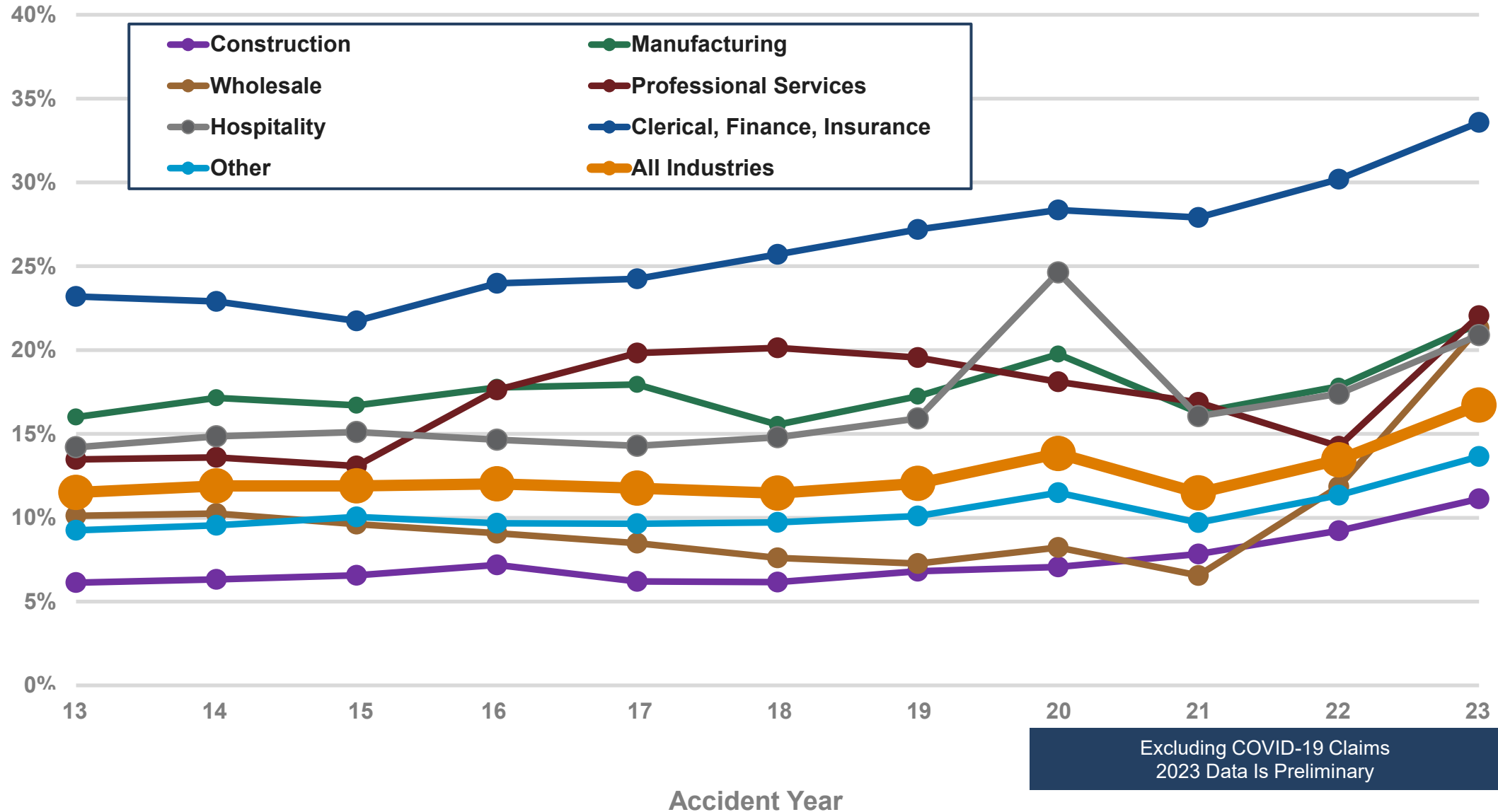
CT claim rates differ significantly by region, with the LA Basin and San Diego regions having a relatively larger share of CT claims compared to other parts of the state.

The recent sharp increases in CT claim rates are fairly similar across regions.

Note: The data shown is at the 1st report level (approximately 18 months from policy inception).

[More Information](#)

Chart 13: Percent of Cumulative Trauma Claims by Industry



CT claim rates vary by industry. The more “white collar” industries tend to have higher CT claim rates, as the frequency of other types of injuries is much lower in these sectors.

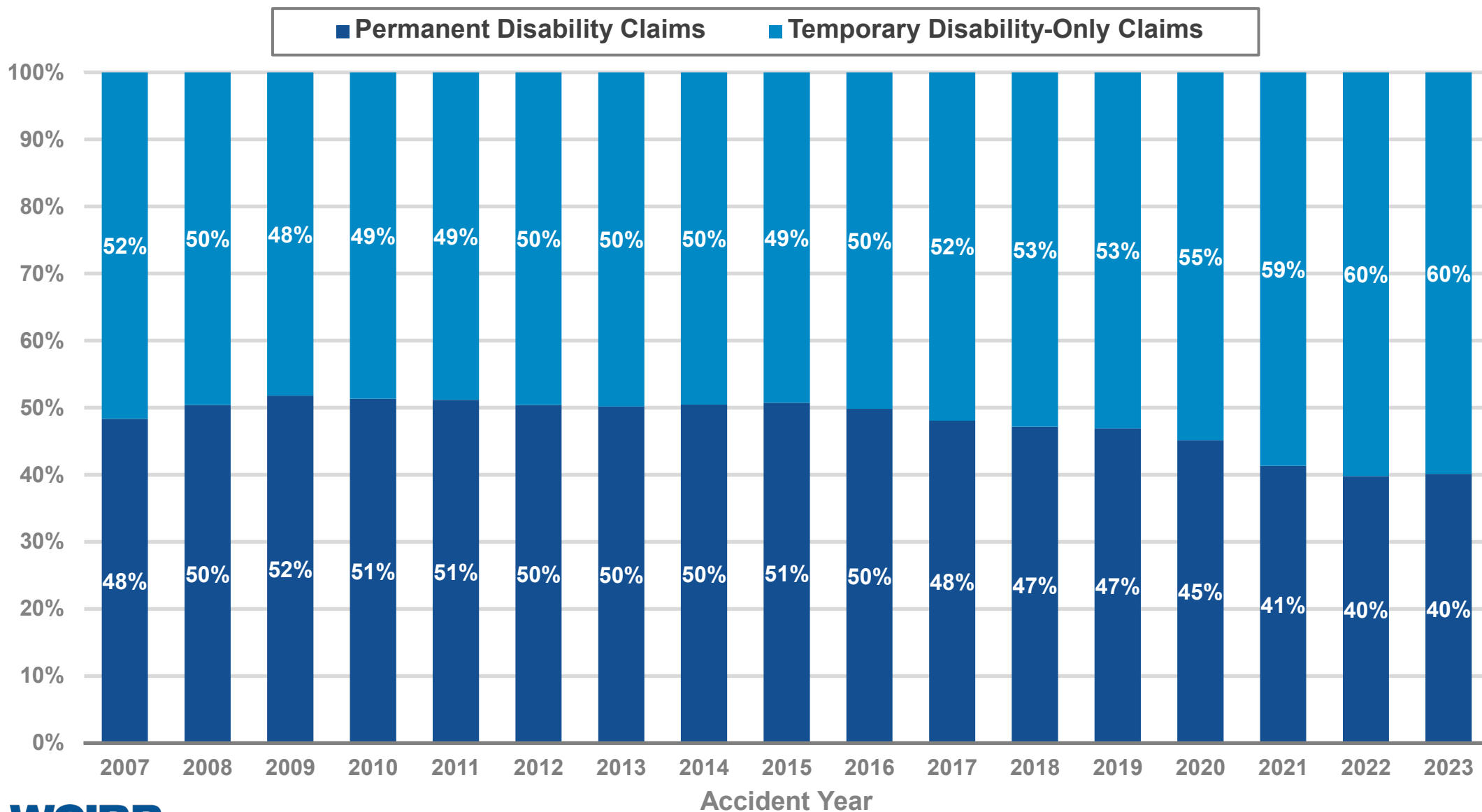
Recently, CT claim shares have increased across all industry groupings. The largest increase was in Wholesale, where the share of CT claims is now above the statewide average after being the lowest in 2021.

The CT claim share for Hospitality spiked in 2020, which could be related to post-termination CT claims filed during the pandemic shutdowns.

Note: The data shown is at the 1st report level (approximately 18 months from policy inception).

[More Information](#)

Chart 14: Distribution of Indemnity Claims by Injury Type



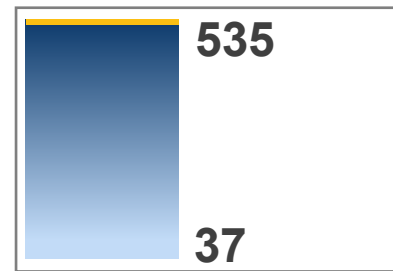
Since 2016, the share of indemnity claims involving permanent disability (PD) has declined steadily.

Although the share of PD claims is showing signs of stabilizing in 2023, it is more than 10 points below the 2015 level.

Shifts in the increase in frequency of smaller temporary disability-only claims, advances in medical treatment, or higher return-to-work rates may be among what's driving the shift in the mix of injury types.

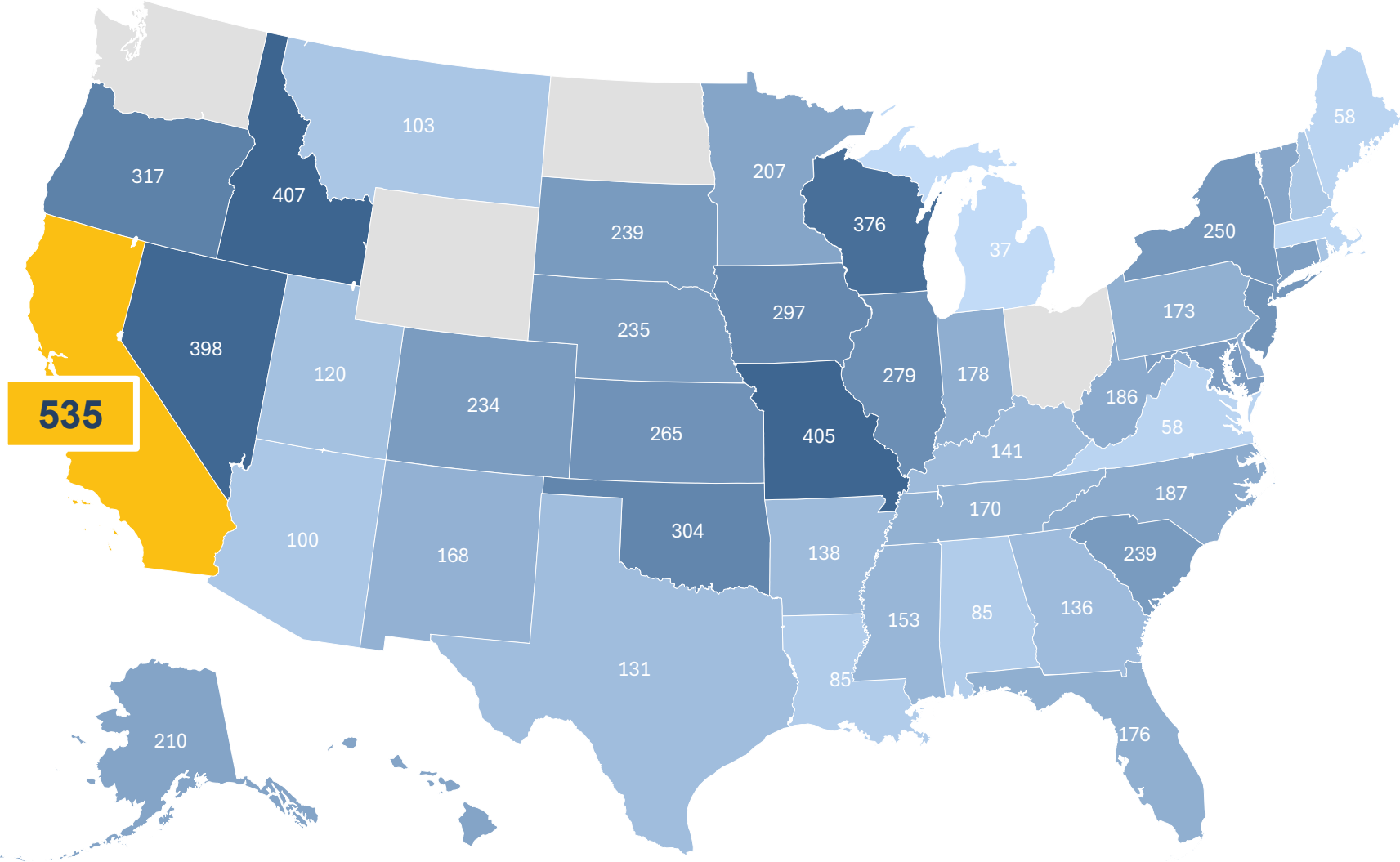
[More Information](#)

Chart 15: Permanent Partial Disability Claims per 100,000 Employees



California
535

Median
186



California has by far the highest permanent partial disability (PPD) claim frequency in the country, almost three times the countrywide median. States that use the same version of the American Medical Association (AMA) Guides[®] as California to determine permanent disability do not have similar volumes of PPD claims.

In addition, California has a higher frequency of PPD claims despite a similarly hazardous mix of employment by industry and a similar rate of very severe injuries to lower-frequency states. The interpretation of the AMA Guides within the California system could be driving the difference from other states.

PPD claim frequency is significantly higher in the LA Basin area than in the rest of the state.

[More Information](#)



03 Claim Severity

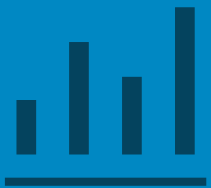
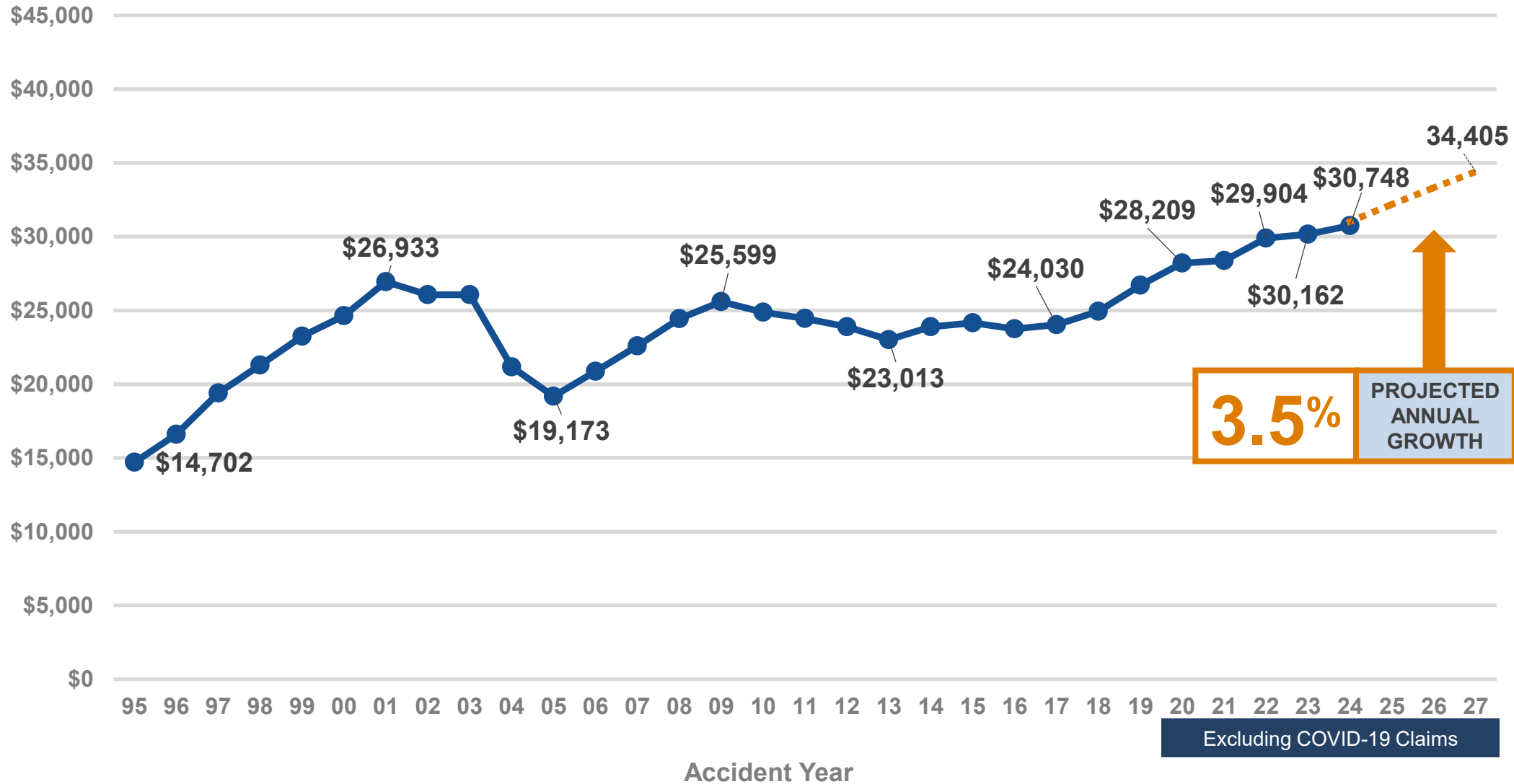


Chart 16: Average Indemnity Cost per Indemnity Claim

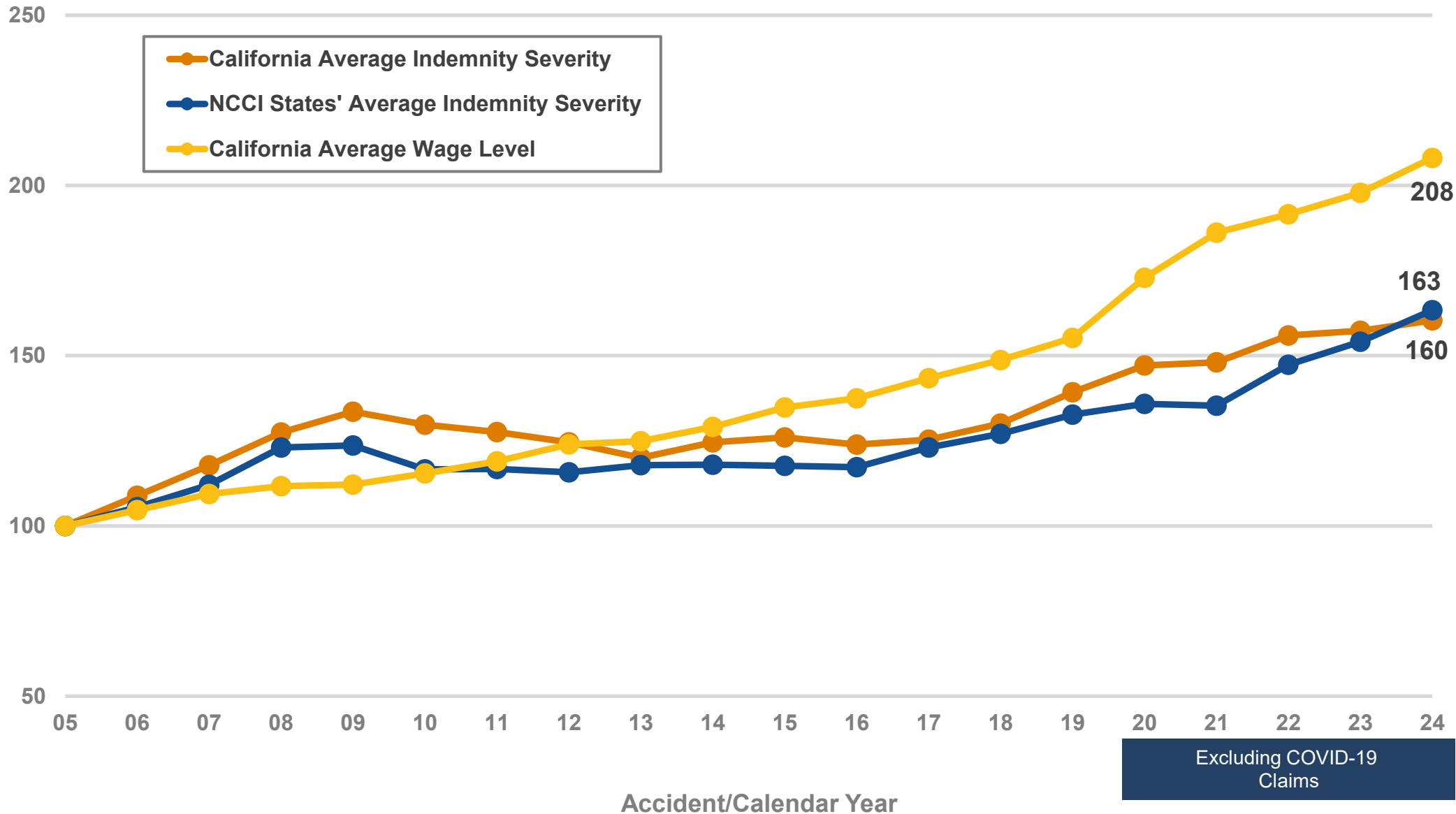


Average indemnity costs per claim have steadily increased since 2017, driven by increases in average wage levels ([Chart 3](#)). The WCIRB projects those steady increases to continue through 2027.

Average indemnity costs tend to be driven by changes in average wage levels but can also be impacted by economic changes, shifts in temporary disability duration and reforms.

[More Information](#)

Chart 17: Indemnity Cost Level Indexed to 2005

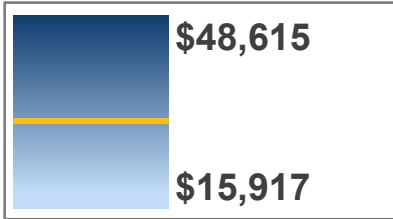


Since 2005, changes in average indemnity costs for California and National Council on Compensation Insurance (NCCI) states have been fairly consistent.

Since 2013, average wages have grown faster than the cost of indemnity benefits in California, as PPD and temporary disability benefits are capped by weekly wage maximums. In particular, the weekly wage cap for PPD benefits is much lower than that for temporary disability benefits and has remained unchanged since 2014.

[More Information](#)

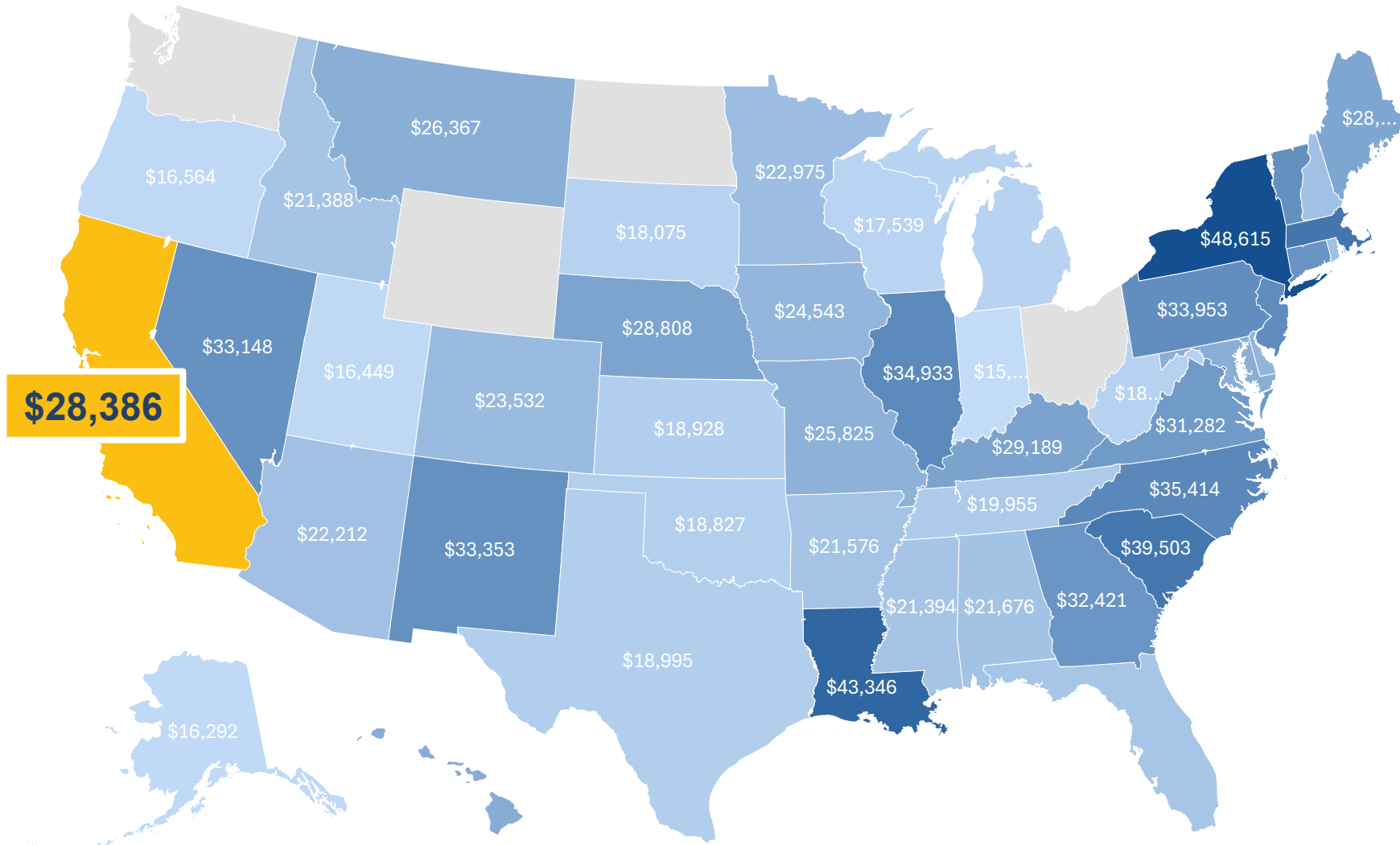
Chart 18: Indemnity Cost per Indemnity Claim by State



Median
\$24,957

California Comparison

14%
Above Median

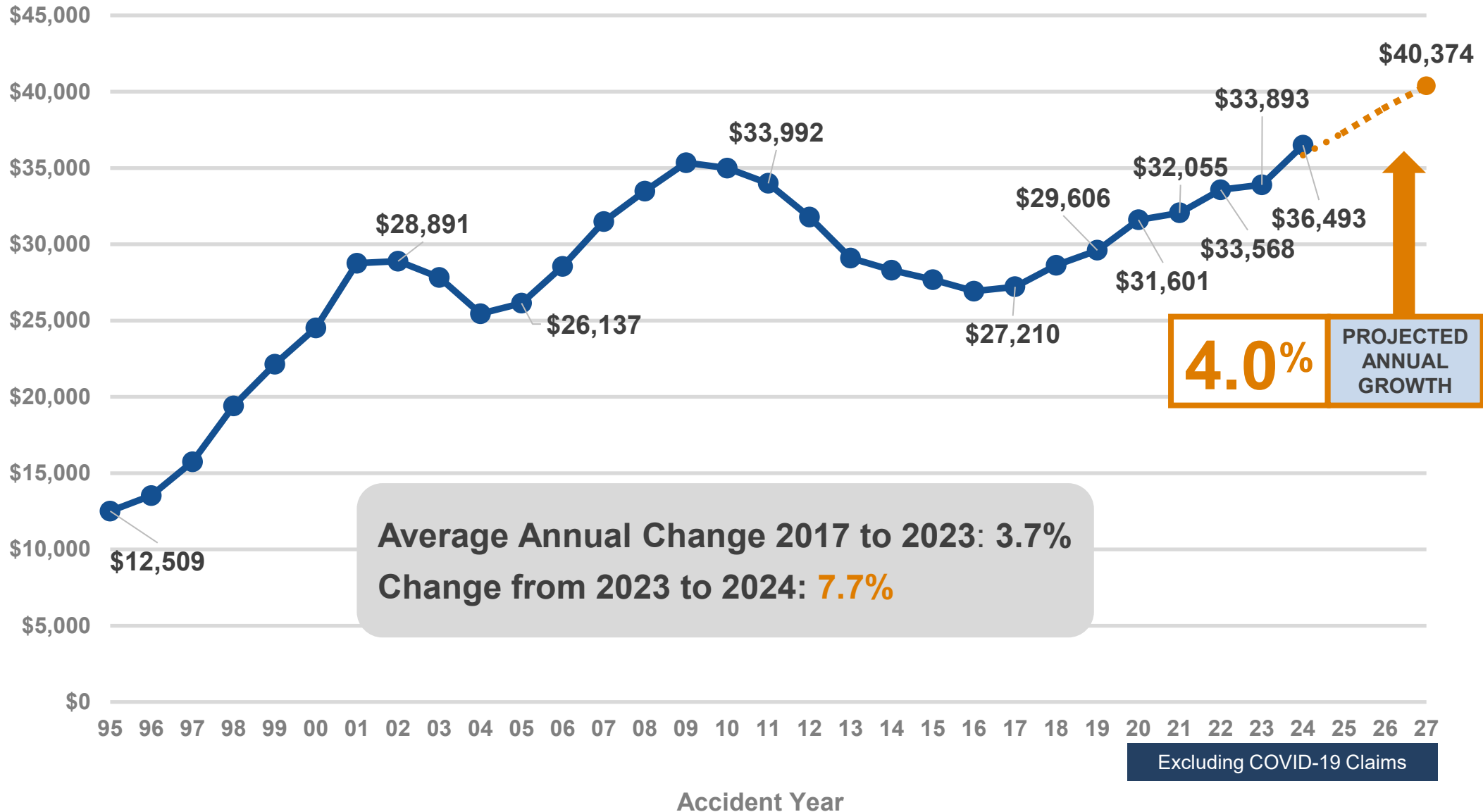


Average indemnity costs in California are more consistent with those in other states, unlike with other system components, but are still 14% above the countrywide median.

Higher-than-average indemnity costs in California are driven mainly by the high proportion of indemnity claims involving PPD ([Chart 15](#)) and higher wage levels.

[More Information](#)

Chart 19: Average Medical Cost per Indemnity Claim



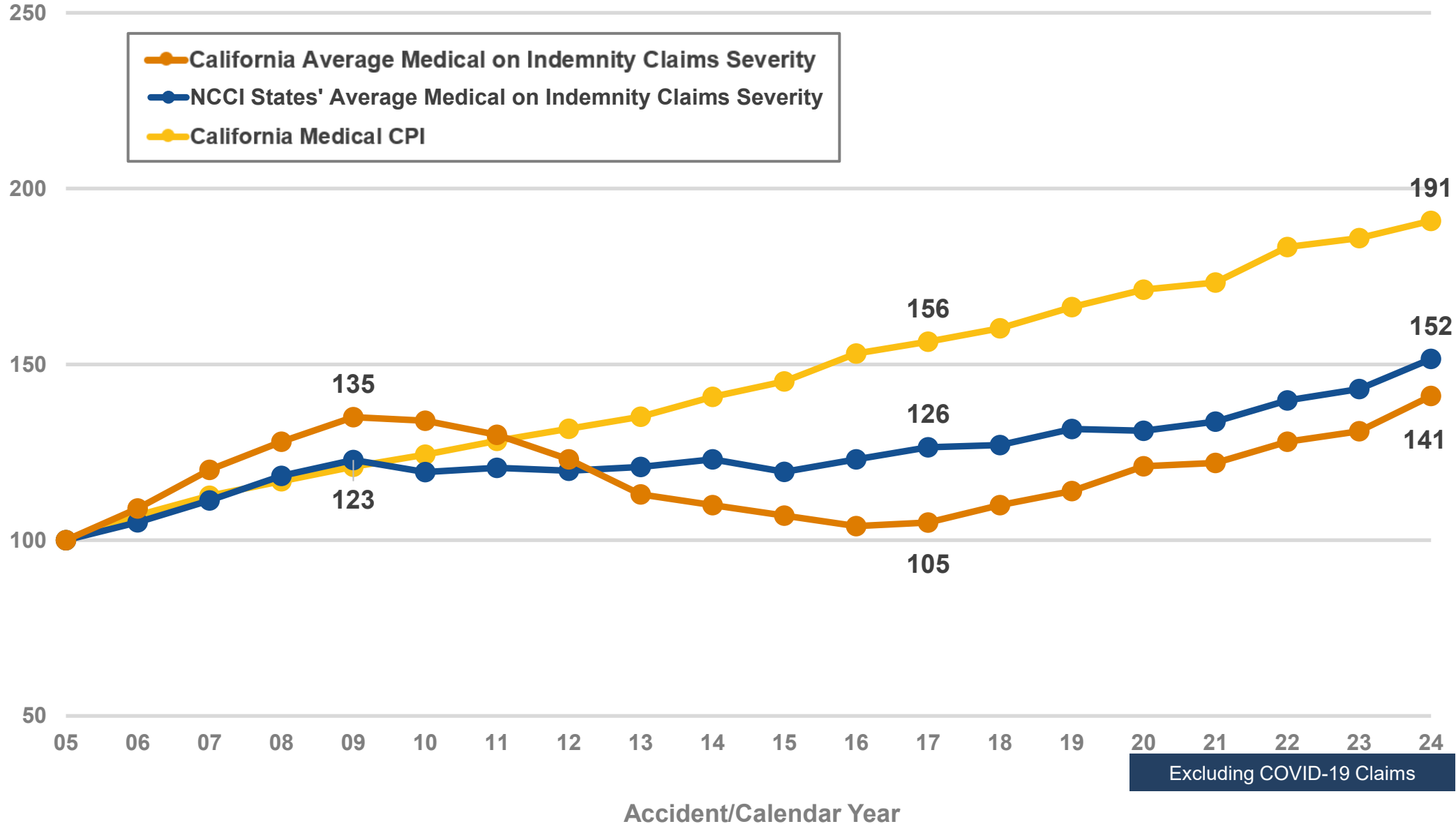
Following a period of decline driven primarily by reforms, average medical costs have grown steadily since 2017. Through 2023, this growth was driven mainly by updates to medical fee schedules tied to Medicare values.

Medical costs increased at a higher rate in 2024 due to continued regular increases in medical fee schedule values ([Chart 25](#)), inflation in medical costs not subject to the fee schedule ([Chart 22](#)) and rising medical utilization ([Chart 21](#)).

The WCIRB projects that average medical costs will continue to increase through 2027 at a pace generally consistent with the post-2017 growth rate.

[More Information](#)

Chart 20: Medical Cost Level Indexed to 2005



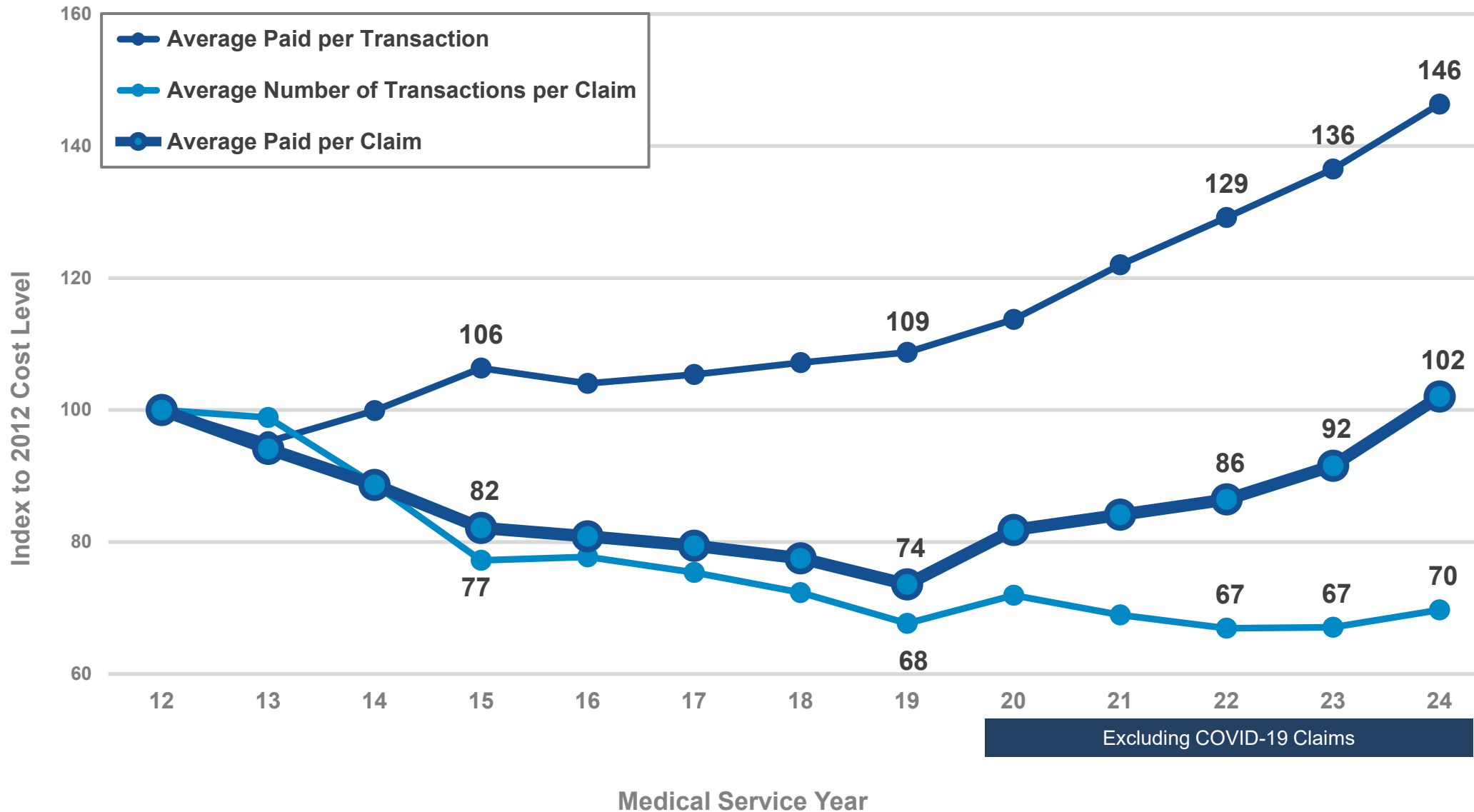
Due to reforms such as SB 863, average medical costs in California declined from 2009 to 2016 while continuing to rise in other medical systems.

Since 2017, the growth in medical costs for California is more comparable to that for NCCI states and to the California Medical Consumer Price Index (CPI).

California workers' compensation medical costs increased significantly in 2024. Although there was an increase in medical costs in other systems as well, it was not as pronounced.

[More Information](#)

Chart 21: Medical Service Cost Level Indexed to 2012



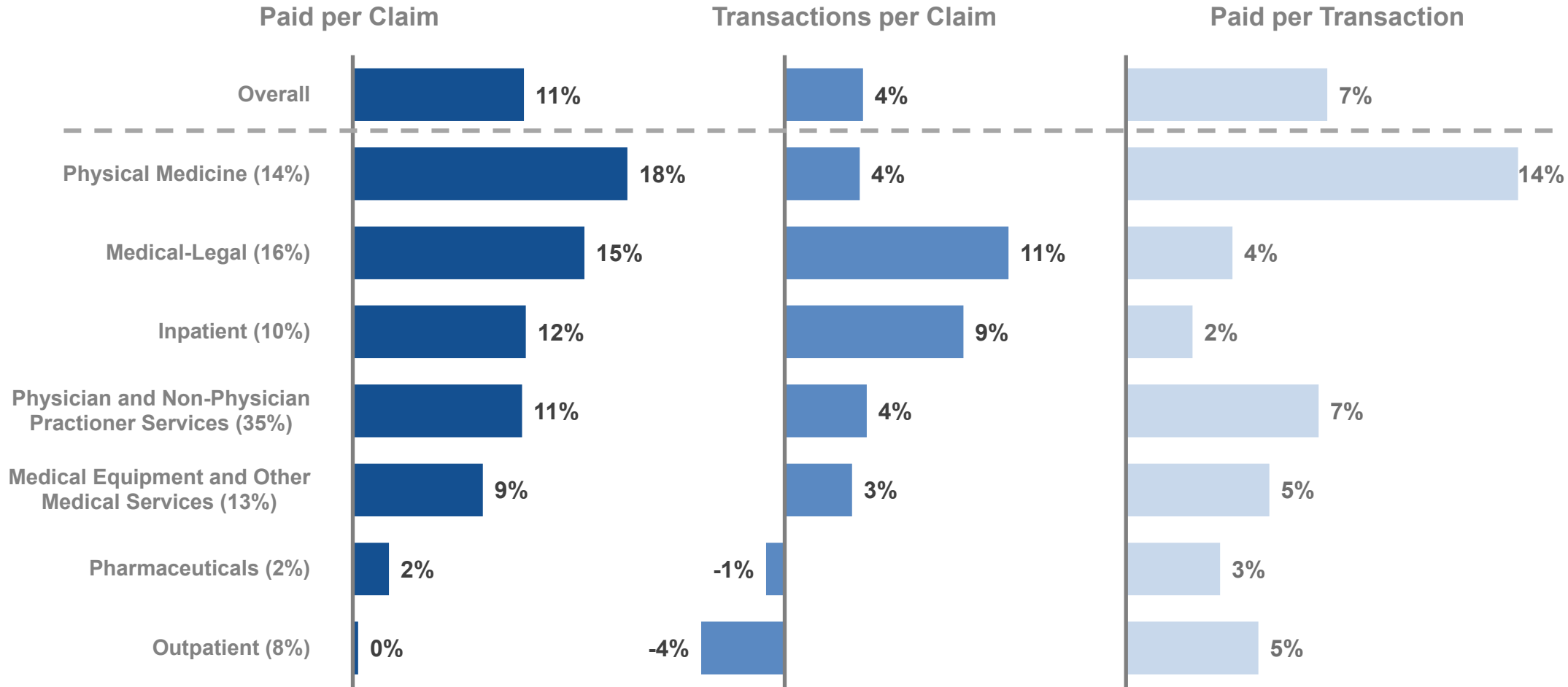
Average medical paid per transaction has grown steadily since 2021, primarily driven by updates to medical fee schedule values. A sharper increase in 2024 can also be attributed to an increase in physical medicine and medical-legal costs.

Prior to 2024, the number of medical service transactions per claim had declined since 2012, largely attributable to SB 863, fewer hospitalizations and reduced pharmaceutical use. However, utilization began to rise in 2024 across multiple service categories ([Chart 22](#)).

Medical paid per claim has been increasing since 2020. The initial rise was driven by the pandemic, followed by medical fee schedule updates and, more recently, increased utilization of medical services.

[More Information](#)

Chart 22: Cost Changes in 2024 Medical Services by Service Type



From calendar year 2023 to 2024, overall medical services paid per claim increased by 11%, driven by higher transactions per claim and increases in paid per transaction.

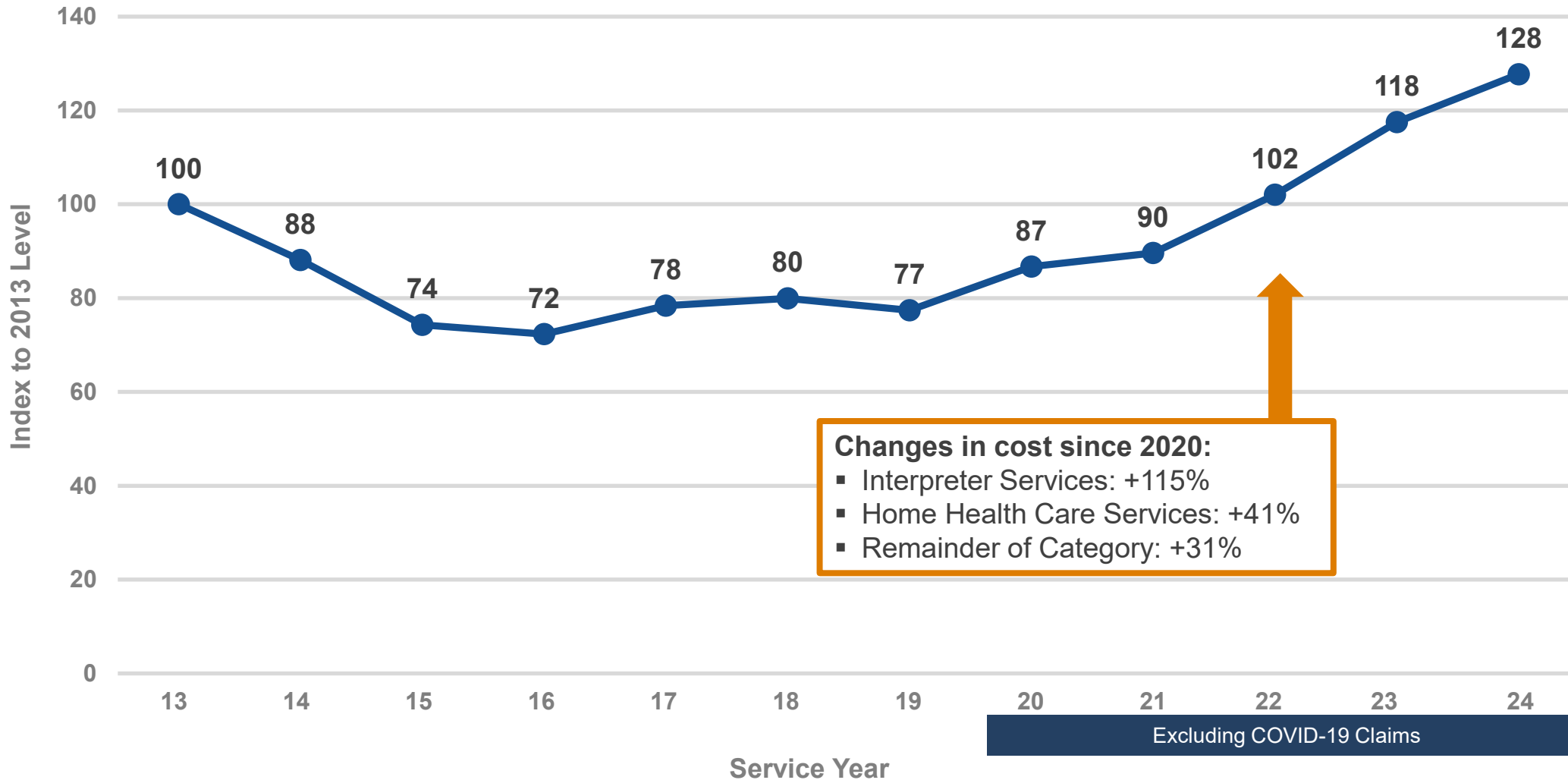
Several types of medical services contributed to the 2024 cost increases. Physical medicine services saw the most significant increase in paid per claim, primarily due to higher paid per transaction, particularly for services not subject to maximum reimbursement allowances under the fee schedule.

Medical-legal services also experienced significant increases in paid per claim, primarily driven by an increase in transactions per claim ([Chart 44](#)).

Note: The percentage within the () next to each medical service type represents that type's total share of 2024 medical services paid.

[More Information](#)

Chart 23: Medical Equipment and Other Medical Services Cost Level Indexed to 2013



From 2015 to 2019, the average paid for medical equipment and other medical services per claim was relatively stable with modest fluctuations. These costs, which represent approximately 13% of medical services in 2024, have increased annually since 2020, primarily driven by:

- Large increases in the inflationary updates in the fee schedule for durable medical equipment and supplies tied to Medicare values.
- Large increases in the costs of interpreter services and home health care services (accounting for over a third of payments in this category), driven by increased utilization of these services as well as increased average paid per service. Unlike most other types of medical services, these services are not part of the medical fee schedule.

[More Information](#)

Chart 24: Medical Cost per Indemnity Claim by State

\$49,457

\$7,207

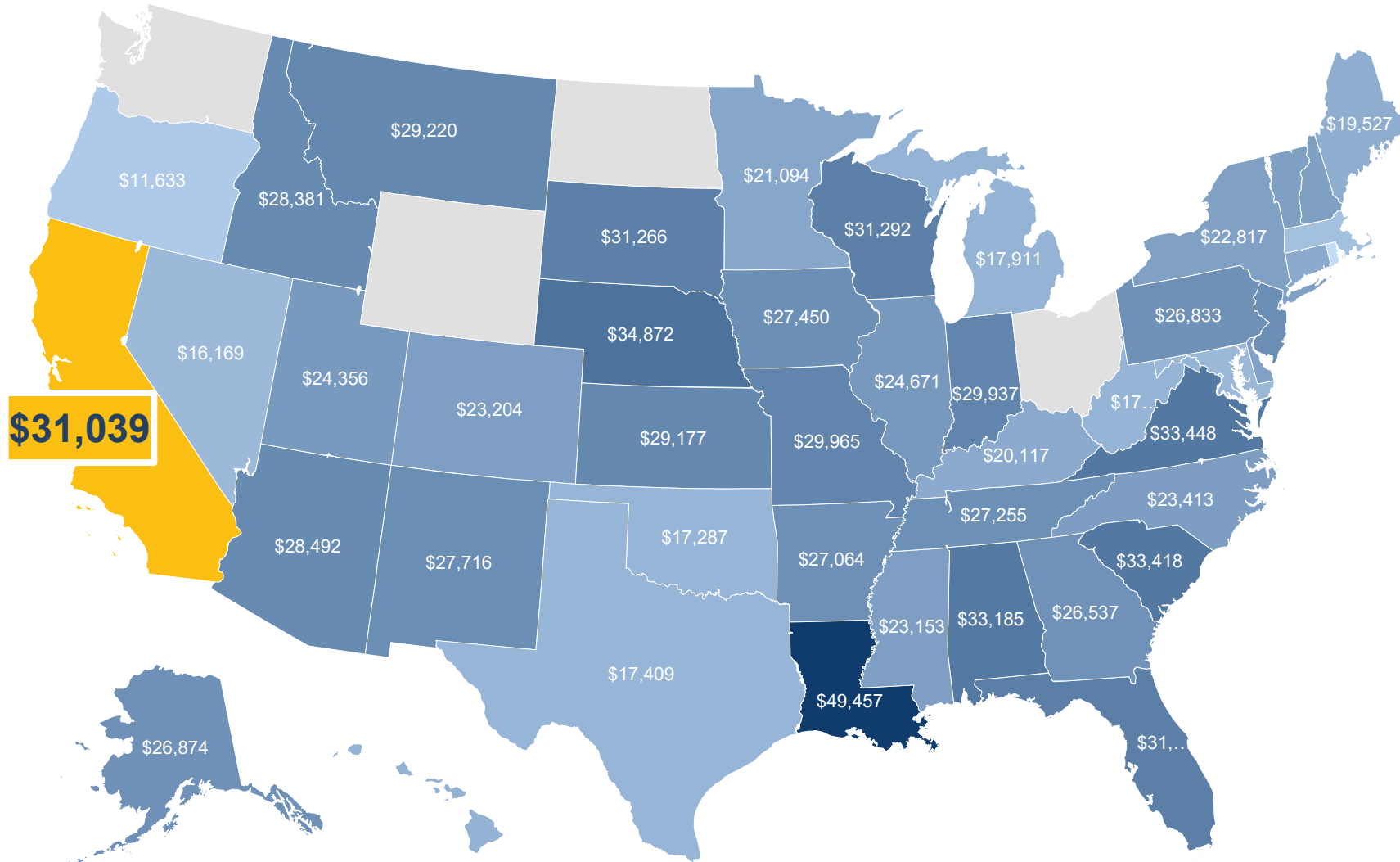
Median

\$24,671

California Comparison

26%

Above Median



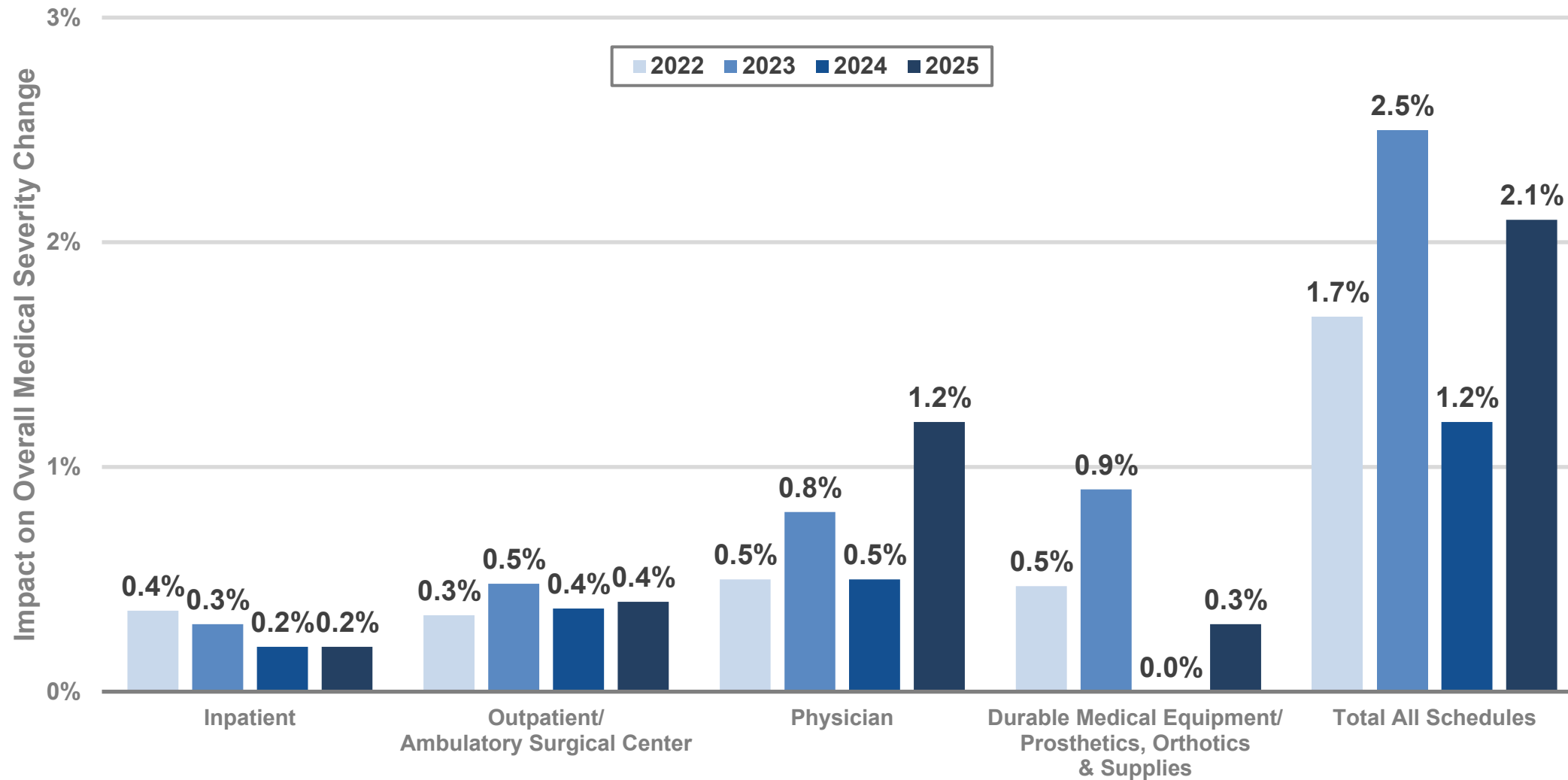
A decade ago, California was among the states with the highest average medical costs per claim.

After the SB 863 reforms, California's average medical cost moderated compared to that of other states but, in this comparison primarily for policy year (PY) 2021, remains 26% above the median state.

This comparison to other states does not reflect the recent sharp increase in medical costs in 2024, which was higher in California than in other states ([Chart 20](#)).

[More Information](#)

Chart 25: Cost Impact of Medical Fee Schedule Updates



California Workers' Compensation Medical Fee Schedule

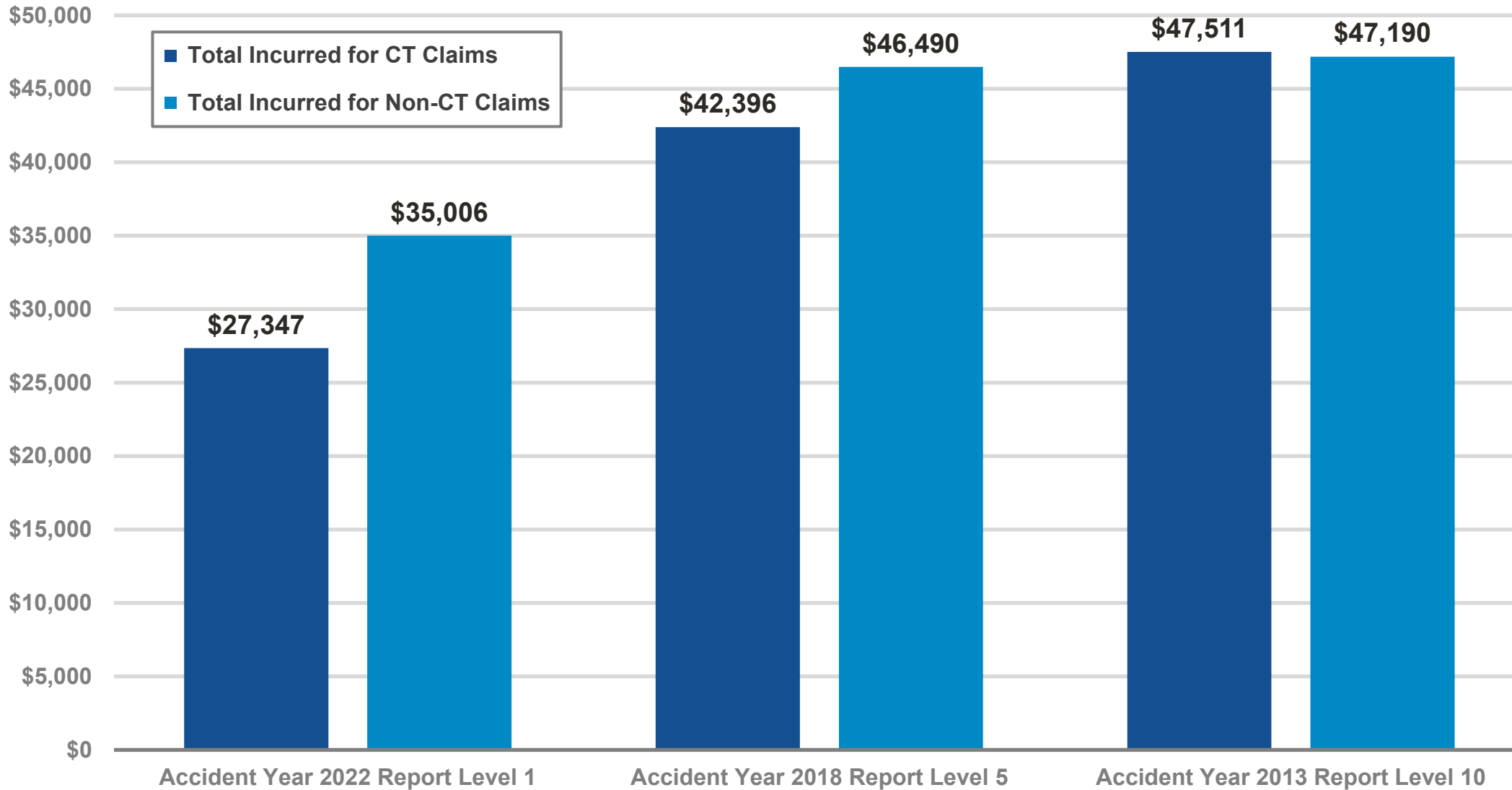
Typical regulatory updates to medical fee schedules, based on updated Medicare values, have a modest but fairly consistent impact on average medical costs.

Rising inflation led to higher increases in Medicare values in 2022, resulting in slightly higher-than-average increases to California medical fee schedule values adopted in 2023.

The impact of these updates to the physician services fee schedule is estimated to be a bit higher in 2025 compared to recent prior years.

[More Information](#)

Chart 26: Average Total Incurred Losses per Claim by Type



At first report level (approximately 18 months after policy inception), incurred losses on CT claims are about 20% less than they are on non-CT claims.

CT claims exhibit more loss development in later periods than non-CT claims. By the 10th report level (approximately 126 months after policy inception), average incurred losses are similar for CT and non-CT claims.

[More Information](#)



04 Claim Duration

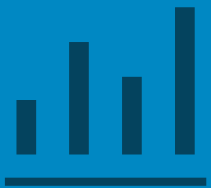
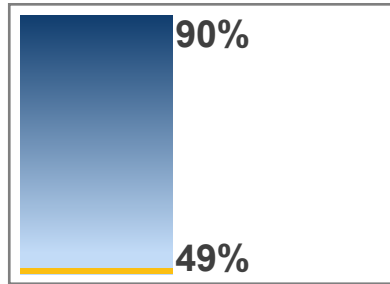


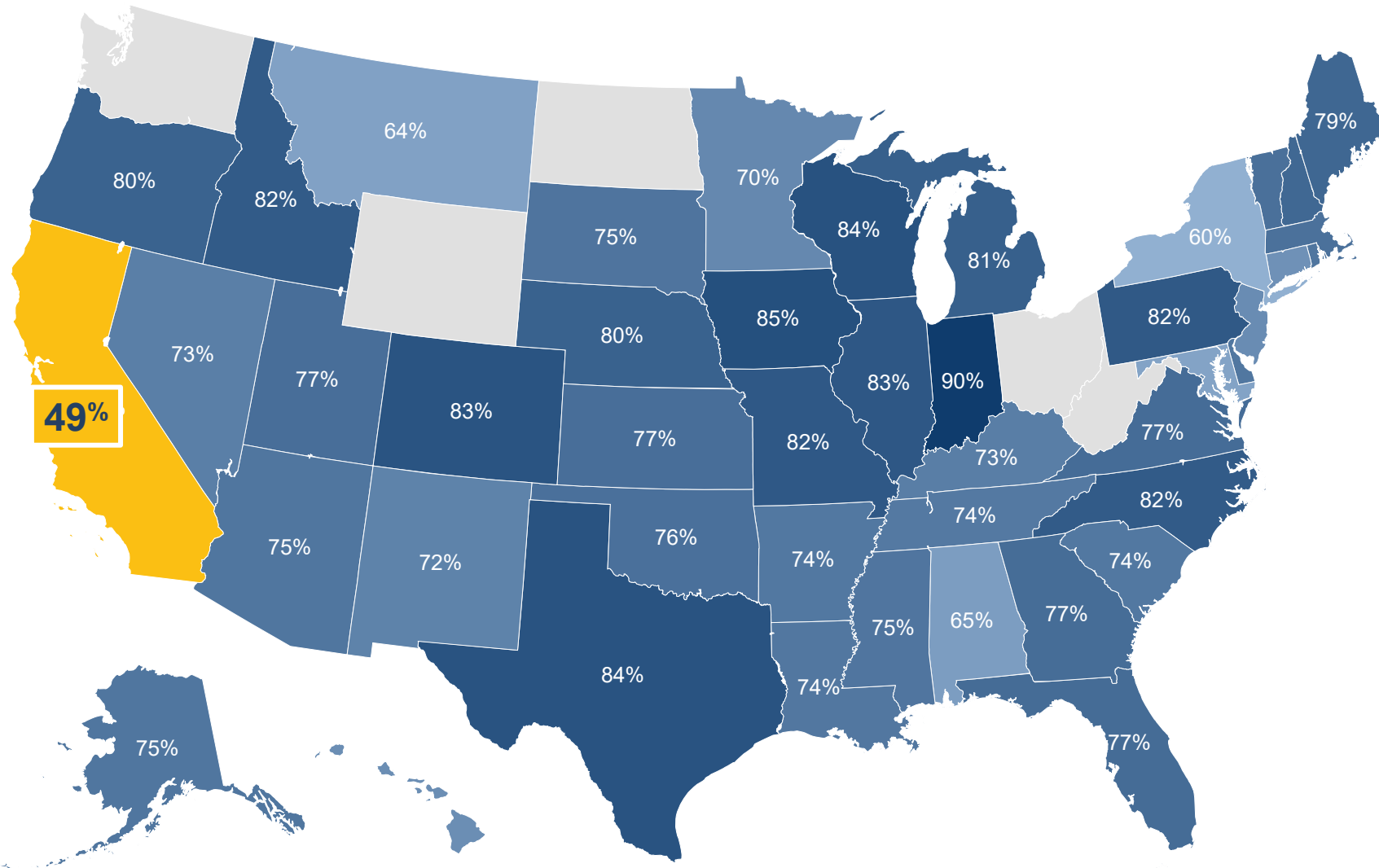
Chart 27: Percent of Ultimate Medical Cost Paid at 3 Years



Median
76%

California
12/31/2012
38%

California
12/31/2024
49%



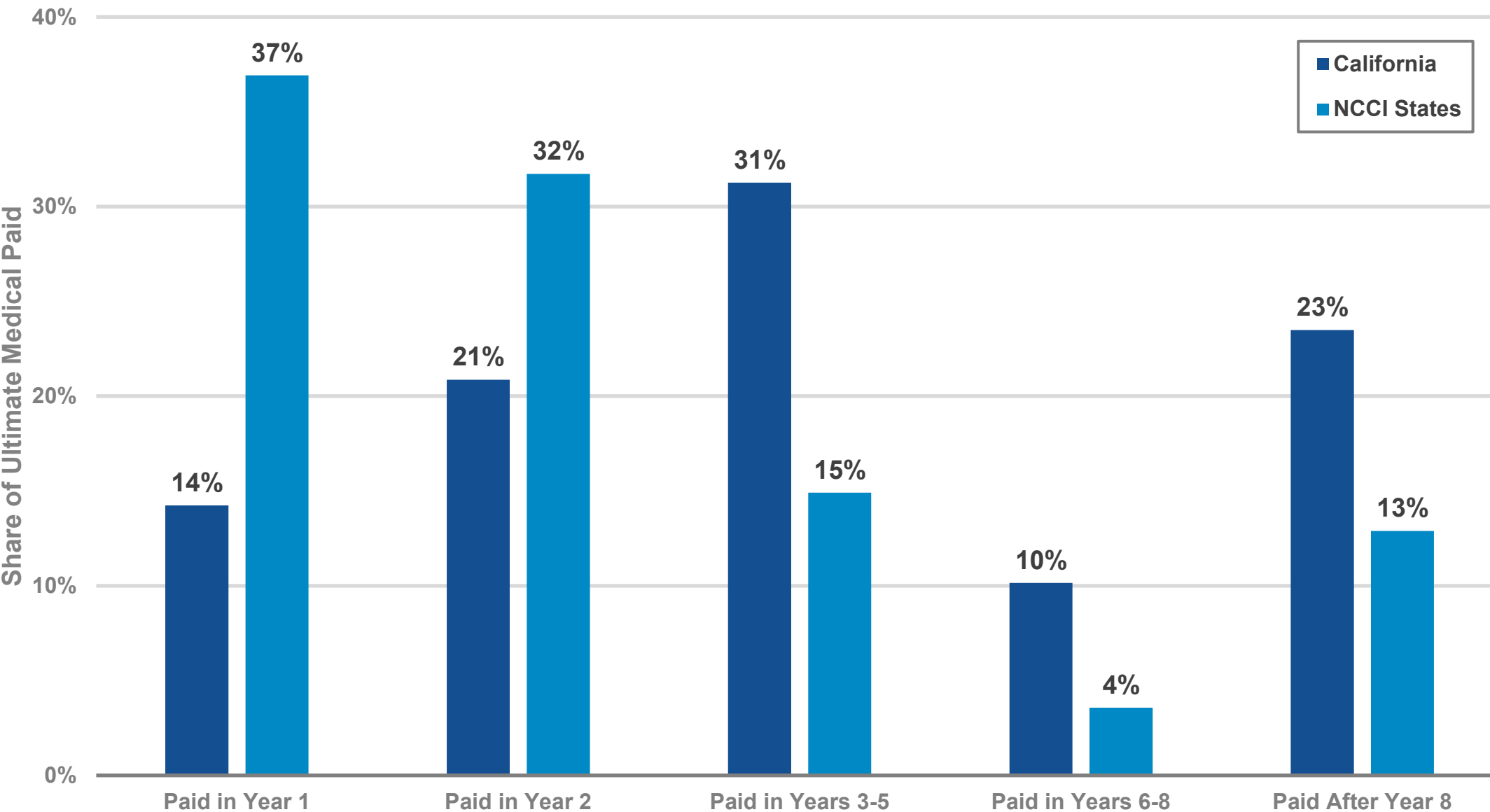
The percentage of ultimate medical cost paid at three years increased from 38% in 2012 to 49% in 2024, driven mainly by the SB 863 reforms and rising claim settlement rates.

Despite improvement over the last decade, the duration of medical payments remains longer in California compared to the rest of the country, driven by:

- The time it takes to report claims ([Chart 29](#))
- The length of time claims stay open ([Chart 30](#))
- A higher proportion of PPD claims ([Chart 15](#)) and CT claims ([Chart 10](#))
- Higher frictional costs ([Chart 32](#))

[More Information](#)

Chart 28: Percent of Medical Losses Paid by Year



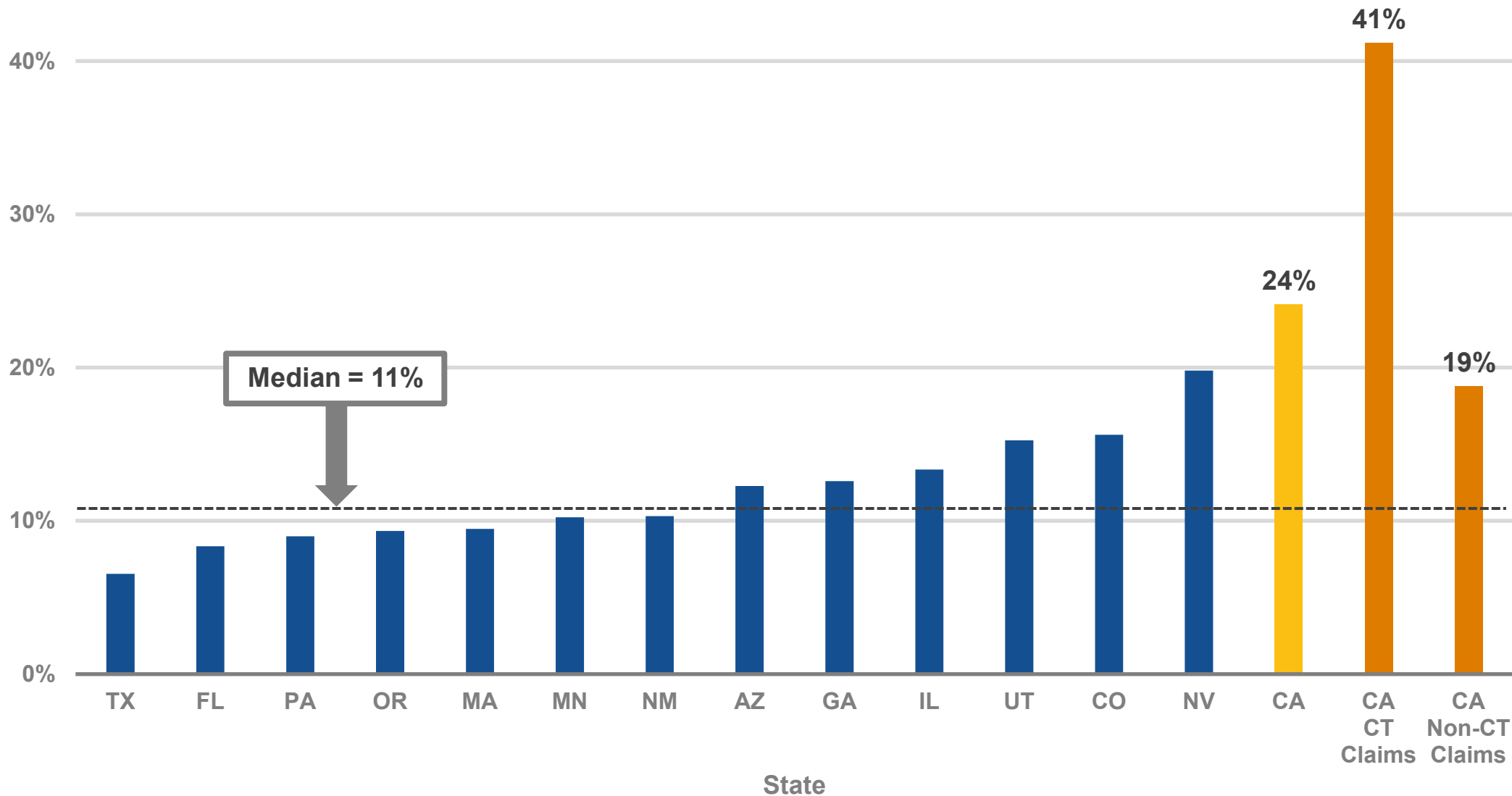
Over two-thirds of medical losses in the NCCI states are paid within the first two years of injury, compared to roughly one-third in California.

In contrast, 33% of medical losses in California remain unpaid after five years, compared to 17% in the NCCI states.

California's slower medical payment rate is partly due to delayed reporting of indemnity claims ([Chart 29](#)) and a slower claim settlement process ([Chart 30](#)).

[More Information](#)

Chart 29: Percent of Indemnity Claims Unreported at 12 Months



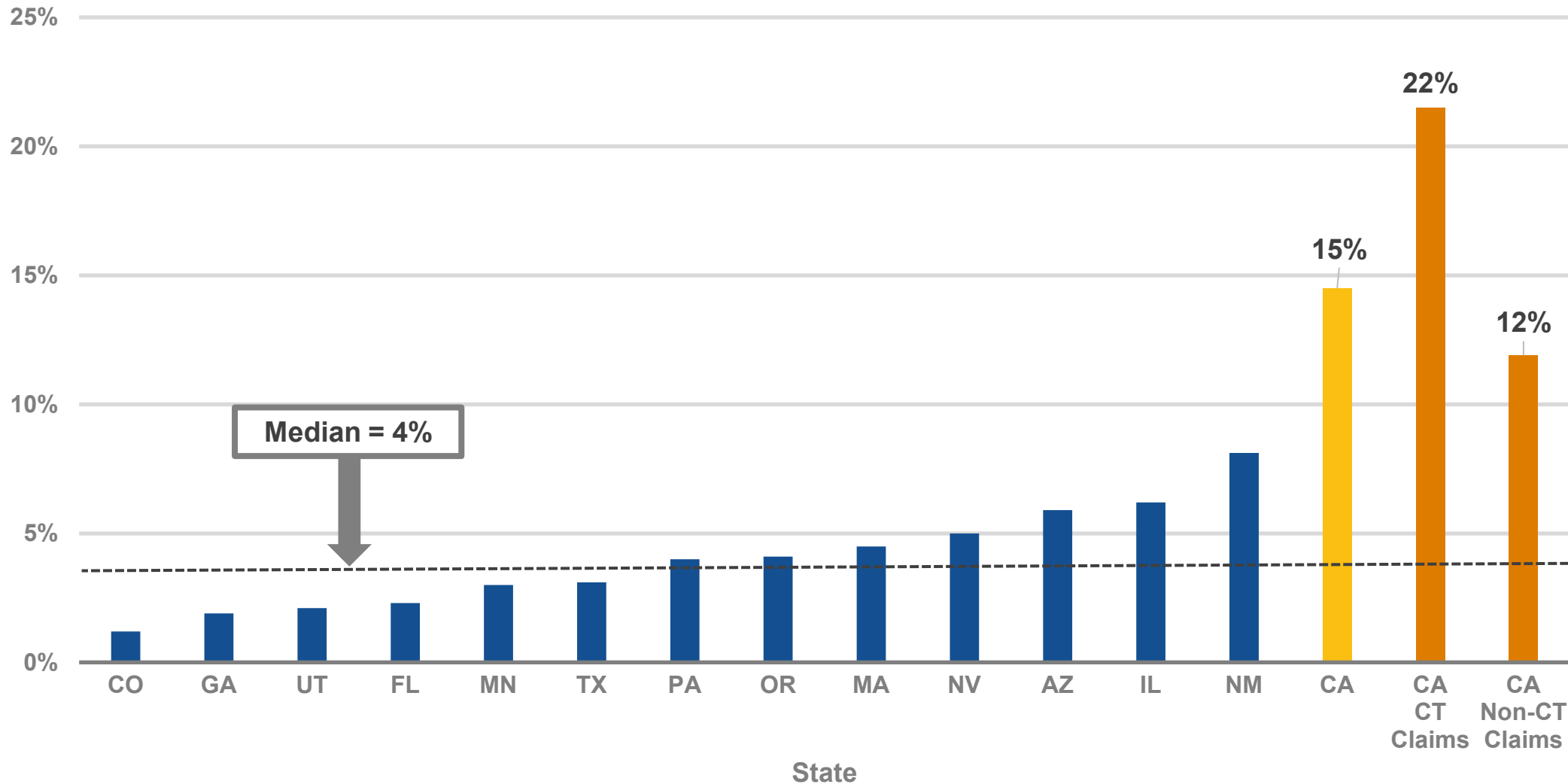
California has a slower pattern of indemnity claim reporting compared to other states, with the percentage of claims unreported at 12 months over twice the median state in this comparison.

CT claims are, on average, reported much later compared to non-CT claims. The proportion of CT indemnity claims unreported at 12 months is more than twice that for non-CT claims.

Even when excluding CT claims, California has a slower claim reporting pattern compared to most other states.

[More Information](#)

Chart 30: Percent of Indemnity Claims Open at 60 Months



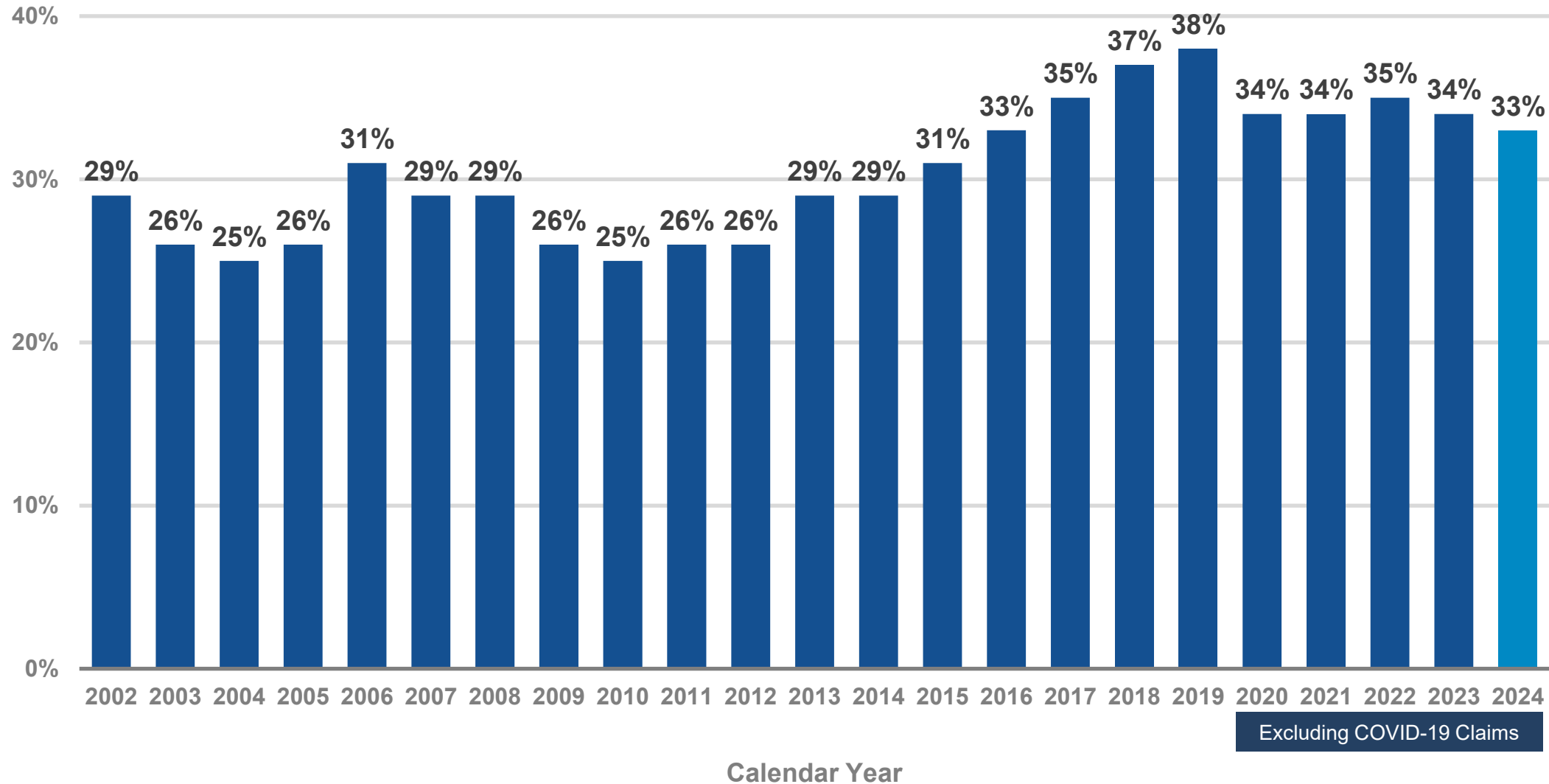
The percentage of indemnity claims open at 60 months in California is more than three times the comparison state median.

The slower rate of claim closure in California is due to:

- A high proportion of CT claims filed, which have almost twice the open claim share at 60 months compared to non-CT claims
- Higher rates of PPD claim frequency ([Chart 15](#))

[More Information](#)

Chart 31: Percent of Open Indemnity Claims Closed During Next Year



Indemnity claim closing rates increased between 2012 and 2019, in part due to SB 863 provisions related to liens, independent medical review, independent bill review, and a decrease in the number of spinal surgeries.

Claim closing rates declined sharply during the pandemic and have remained flat and below the immediate pre-pandemic level. The continued flat pattern is likely related to increases in CT claim rates ([Chart 11](#)), increased litigation across the state ([Chart 34](#)) and higher utilization of medical-legal services ([Chart 44](#)), as these factors can prolong the claims resolution process.

Despite the recent flat pattern, claim closing rates remain above the pre-SB 863 levels.

[More Information](#)



05 Frictional Costs

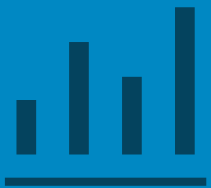


Chart 32: Cost to Deliver \$1 of Benefits

Medicare
\$0.01



**Workers' Compensation
Median State**
\$0.26



**Private Group
Health
Insurance**
\$0.11



**California
Workers'
Compensation**
\$0.51

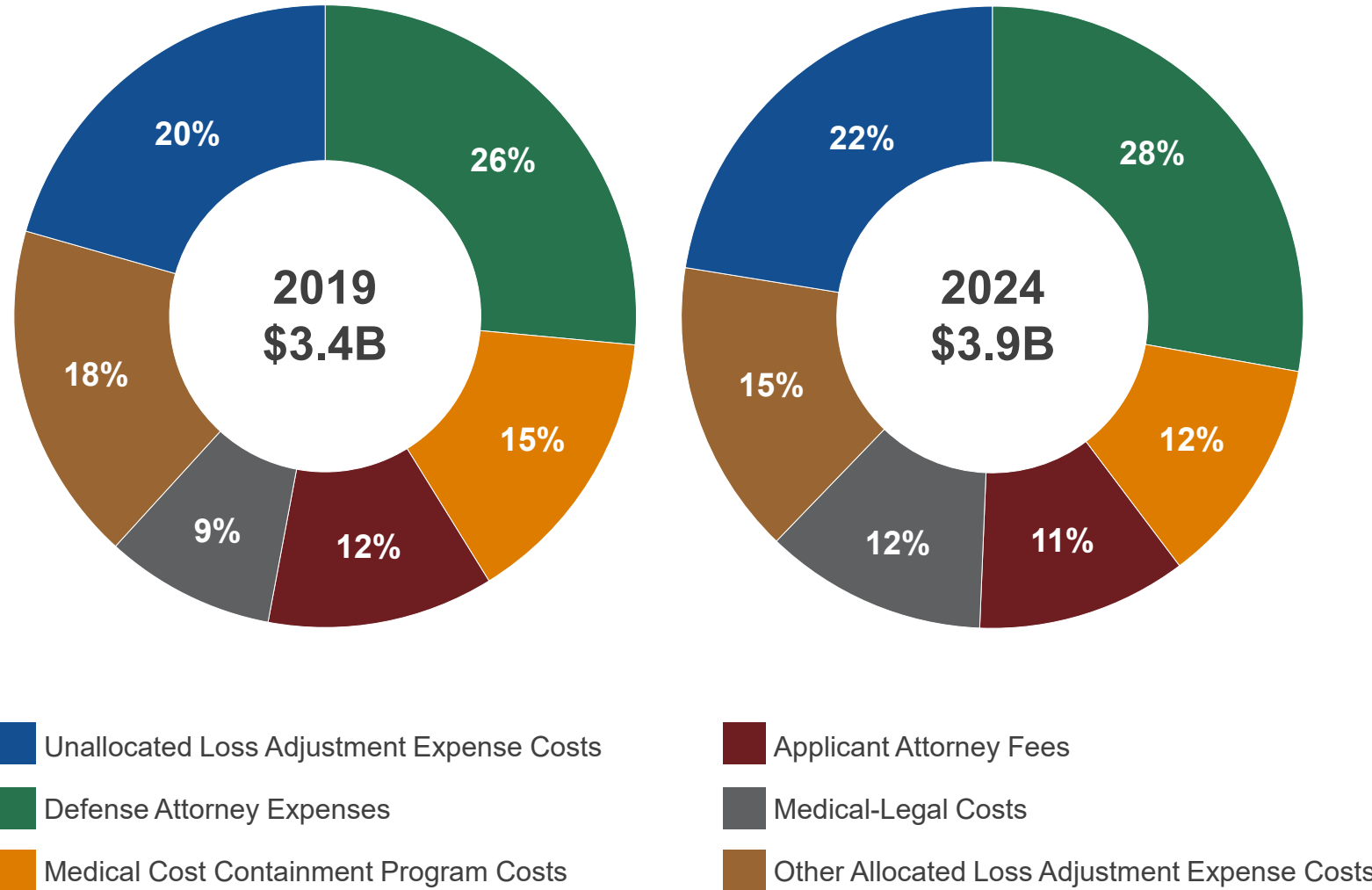


California claim administrative costs are multiples higher than other medical benefit systems such as Medicare and the average for private group health insurance.

The cost to provide \$1 of benefits in California is almost double that of the median state workers' compensation system.

[More Information](#)

Chart 33: Distribution of 2024 Paid Frictional Costs

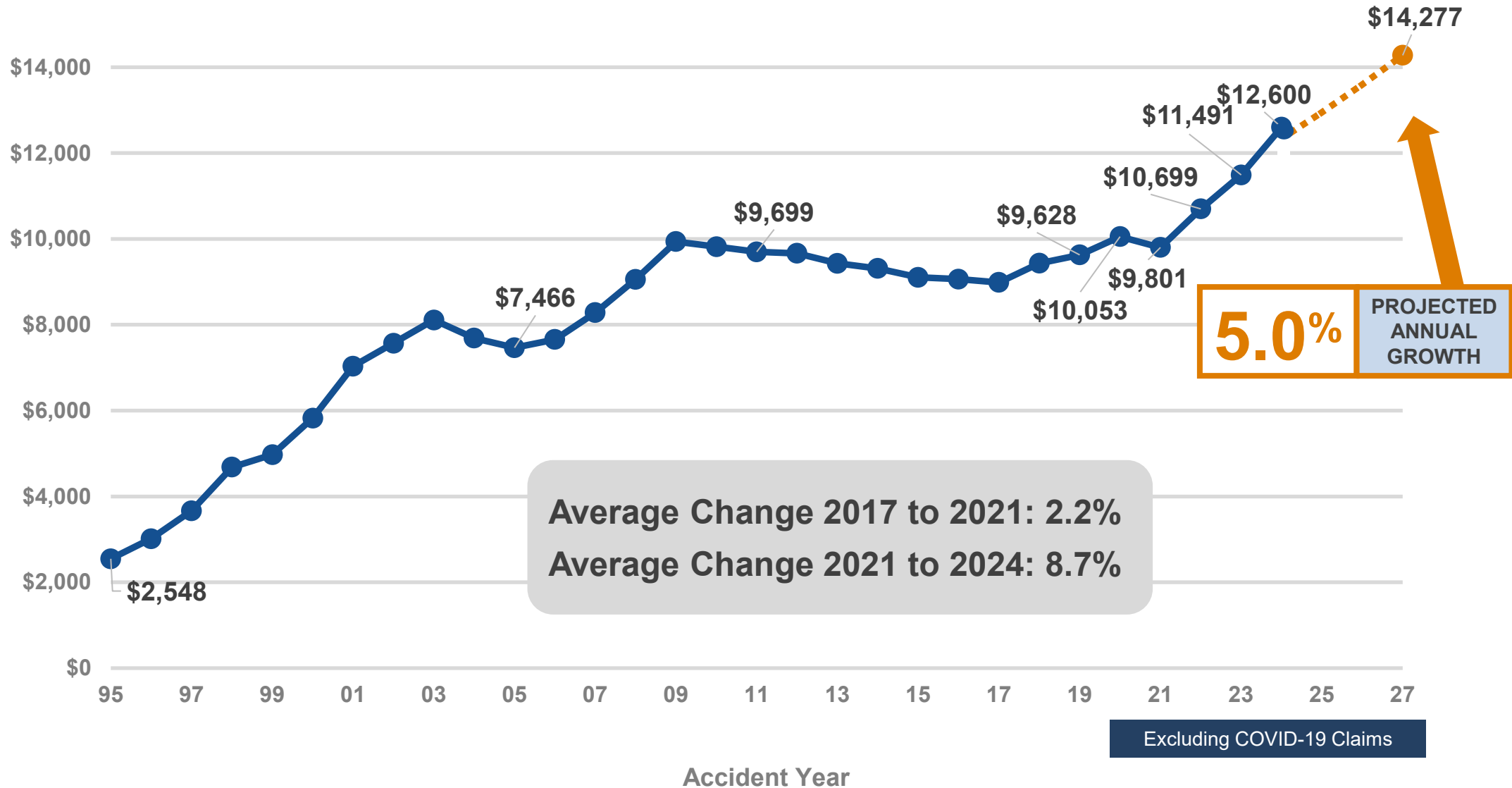


The distribution of frictional costs paid in 2024 is generally consistent with recent years.

The most significant increases in the last five years are in the shares of medical-legal costs ([Chart 44](#)) and defense attorney expenses.

[More Information](#)

Chart 34: Average ALAE per Indemnity Claim



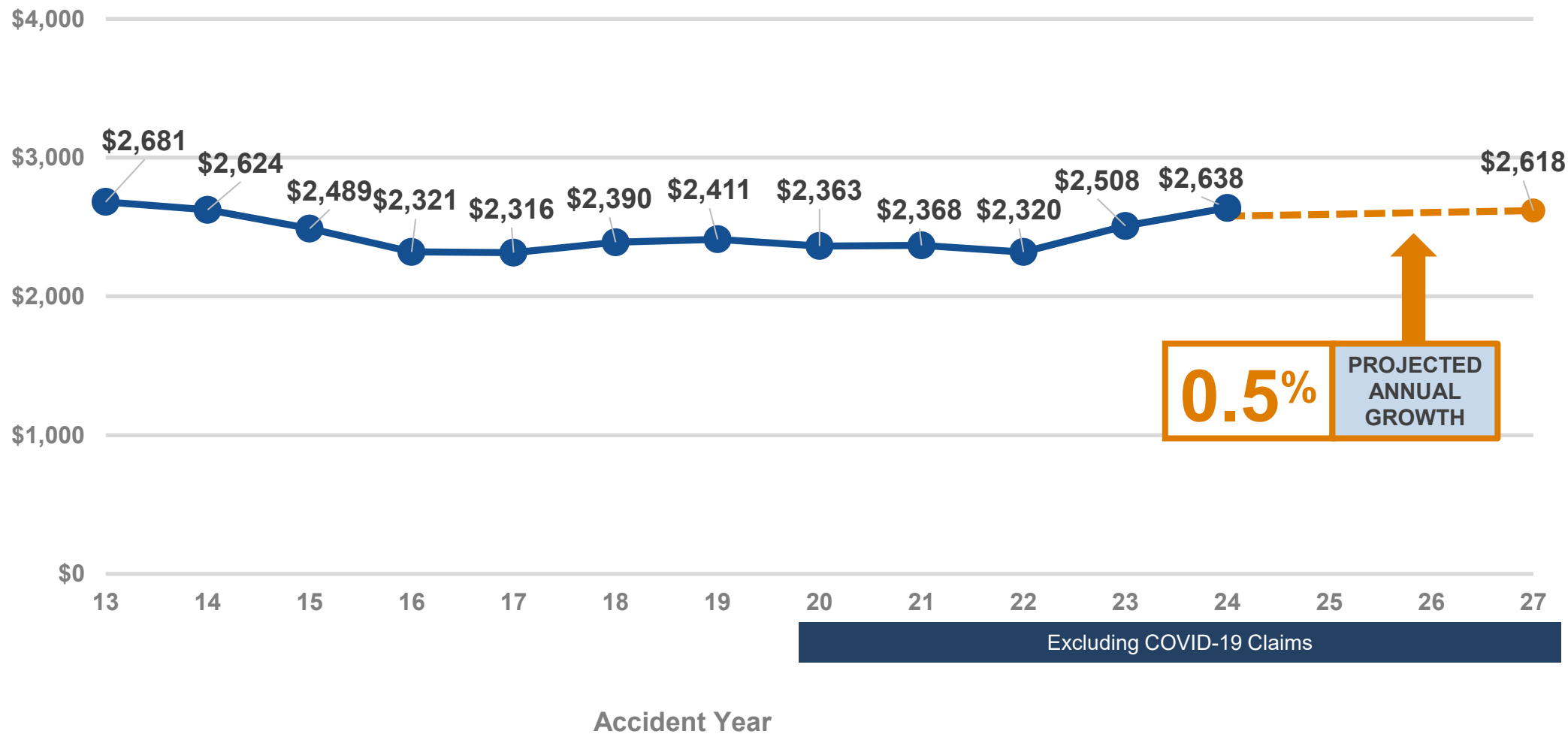
Average ALAE costs increased significantly in 2022 through 2024, driven by claims remaining open longer, increased litigation on claims across the state and a higher volume of CT claims, which tend to have higher average ALAE costs ([Chart 42](#)).

The recent increase comes after a relatively stable period of average ALAE costs. These modest trends were driven by the SB 863 reforms and increasing claim settlement rates.

The WCIRB's projection of moderate growth in average ALAE costs through 2025 takes into account both the recent period of very sharp growth and the pre-pandemic period of more modest growth.

[More Information](#)

Chart 35: Average Medical Cost Containment Program Cost per Indemnity Claim



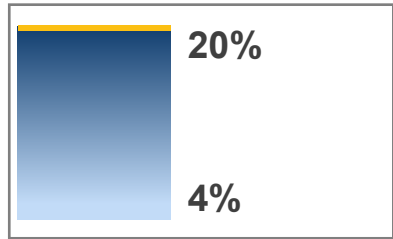
Although medical costs have been increasing recently ([Chart 19](#)), average medical cost containment program (MCCP) costs per claim have remained relatively stable since 2016.

Average MCCP costs rose modestly in 2023 and 2024, coinciding with growth in average medical costs and other ALAE costs, though at a much lower rate.

The WCIRB projects a modest increase in average MCCP costs through 2027, consistent with the trend observed over the past decade.

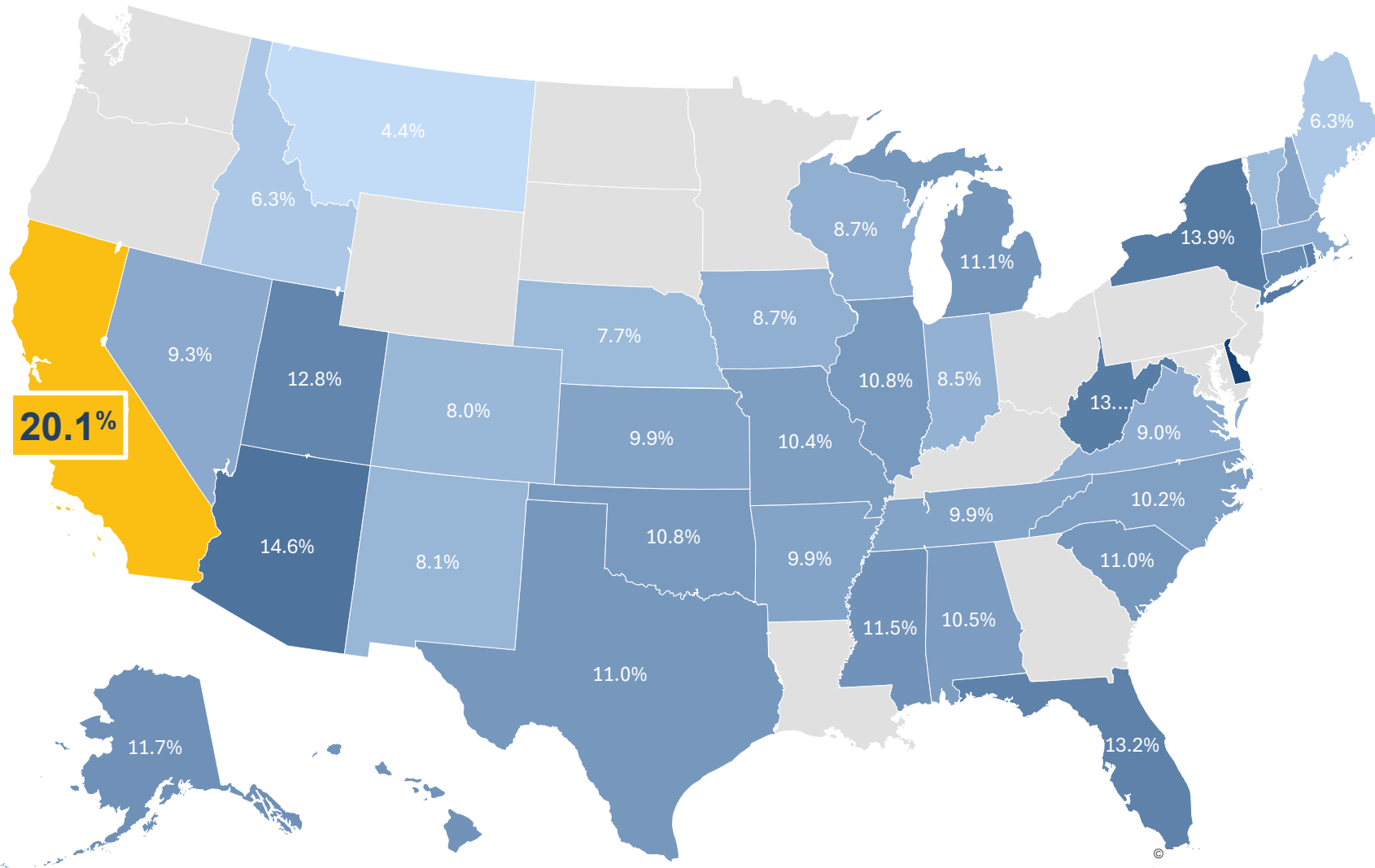
[More Information](#)

Chart 36: Ratios of Allocated Loss Adjustment Expenses to Losses



California
20.1%

Median
10.3%



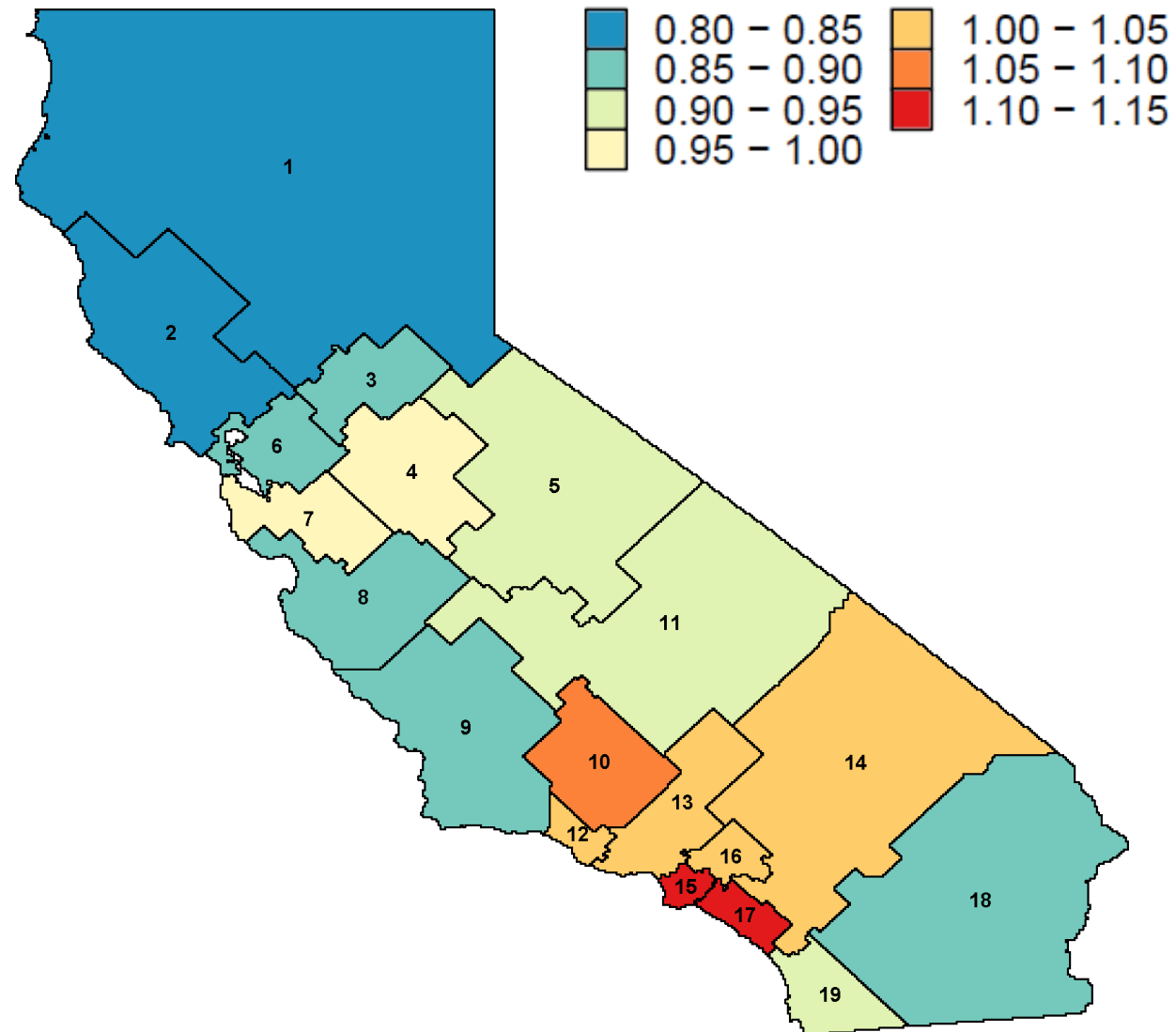
California's ratio of ALAE to losses is the highest in the country and almost twice the countrywide median.

Drivers of high California ALAE include:

- High proportions of PPD claims ([Chart 15](#)) and CT claims ([Chart 10](#))
- High rates of legal representation on claims, particularly in Southern California ([Chart 37](#))
- Longer duration of claims ([Chart 30](#))

[More Information](#)

Chart 37: Share of Litigated Indemnity Claims Relative to Statewide



- 01 – Yuba City/Redding/Far North
- 02 – Sonoma/Napa
- 03 – Sacramento
- 04 – Stockton/Modesto/Merced
- 05 – Fresno/Madera
- 06 – Bay Area
- 07 – Peninsula/Silicon Valley
- 08 – Santa Cruz/Monterey/Salinas
- 09 – SLO/Santa Barbara
- 10 – Bakersfield
- 11 – Tulare/Inyo
- 12 – Ventura
- 13 – Santa Monica/San Fernando Valley
- 14 – San Bernardino/West Riverside
- 15 – LA/Long Beach
- 16 – San Gabriel Valley/Pasadena
- 17 – Orange County
- 18 – Imperial/Riverside
- 19 – San Diego

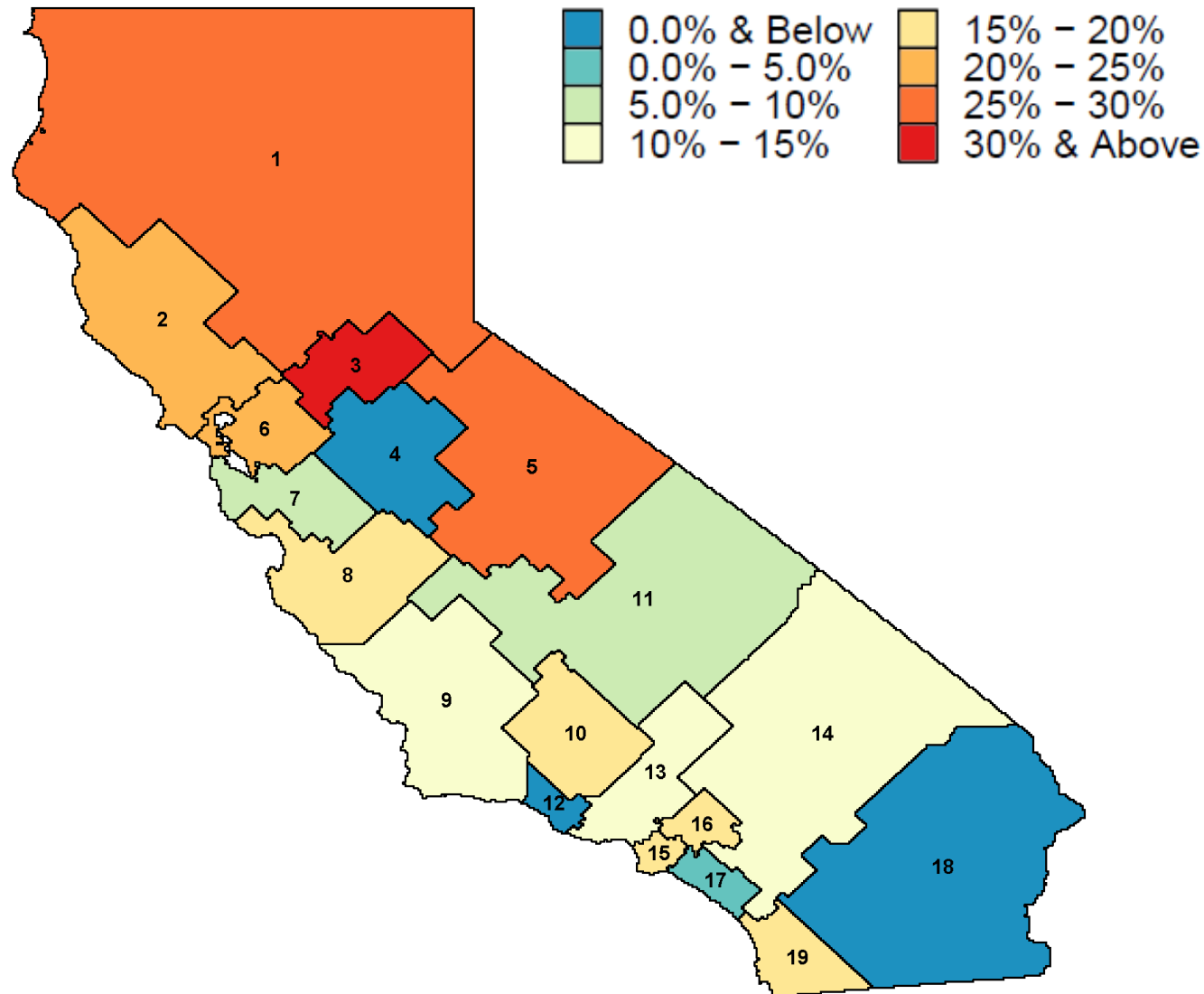
Litigation rates vary significantly throughout the state, driving patterns of ALAE costs by region as well as overall costs.

The LA/Long Beach and Orange County regions had the highest share of litigated indemnity claims, more than 12% above the statewide average.

In contrast, the Yuba City/Redding/Far North and Sonoma/Napa regions had the lowest shares of litigated indemnity claims, which were more than 17% below the average.

[More Information](#)

Chart 38: Change in Median Paid ALAE on PD Claims 2021 to 2022



- 01 – Yuba City/Redding/Far North
- 02 – Sonoma/Napa
- 03 – Sacramento
- 04 – Stockton/Modesto/Merced
- 05 – Fresno/Madera
- 06 – Bay Area
- 07 – Peninsula/Silicon Valley
- 08 – Santa Cruz/Monterey/Salinas
- 09 – SLO/Santa Barbara
- 10 – Bakersfield
- 11 – Tulare/Inyo
- 12 – Ventura
- 13 – Santa Monica/San Fernando Valley
- 14 – San Bernardino/West Riverside
- 15 – LA/Long Beach
- 16 – San Gabriel Valley/Pasadena
- 17 – Orange County
- 18 – Imperial/Riverside
- 19 – San Diego

All but three regions shown had an increase in median paid ALAE on PD claims from PY 2021 to PY 2022 as the statewide median increased by 15%.

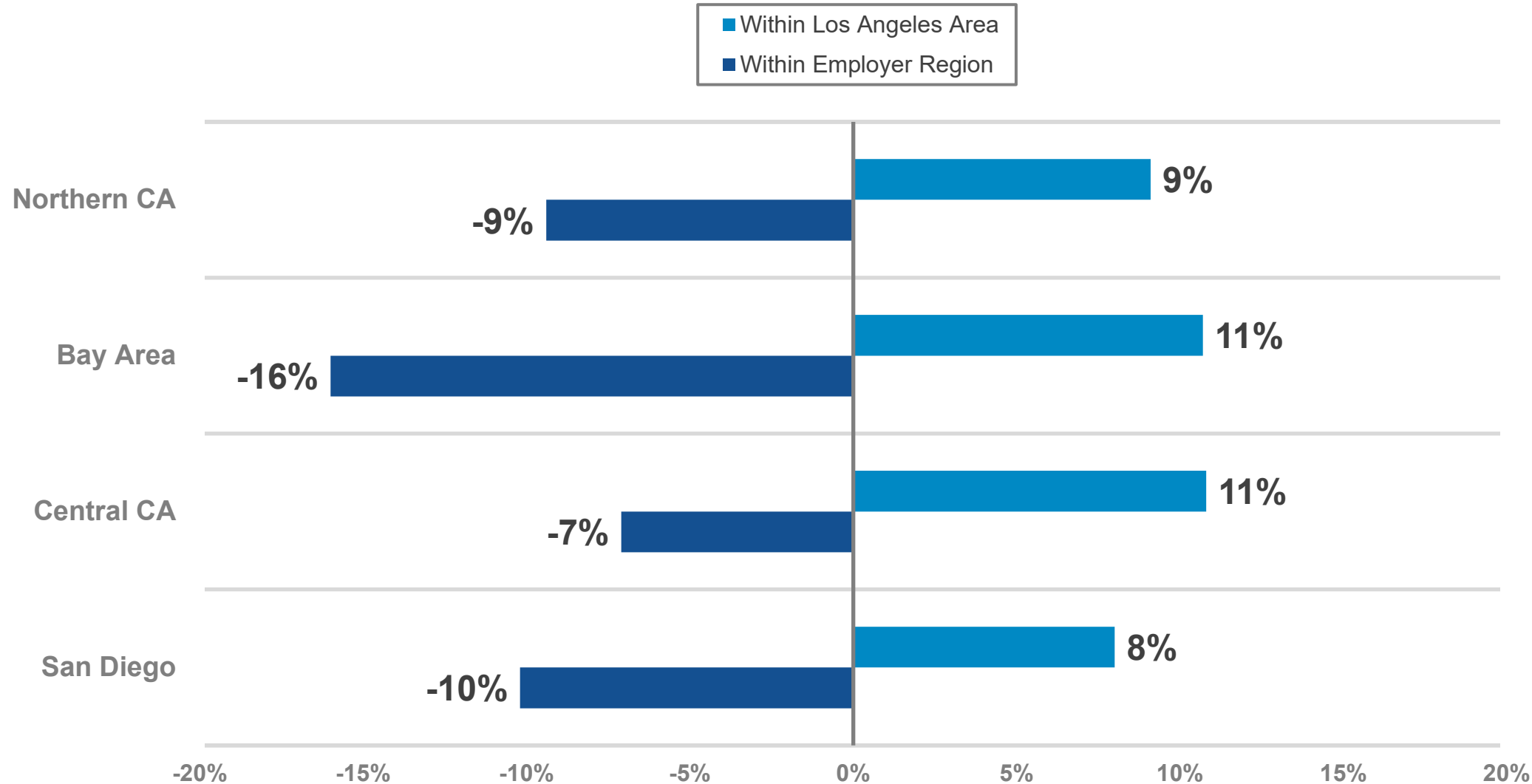
Northern California regions had larger increases in median paid ALAE compared to Southern California regions, contributing to a slight compression in the differences across regions.

Sacramento had the highest increase in median paid ALAE, at 32%.

Stockton/Modesto/Merced and Ventura had the only material decreases in median paid ALAE in 2022.

[More Information](#)

Chart 39: Change in WCAB Hearing Location by Employer Location 2018 to 2024



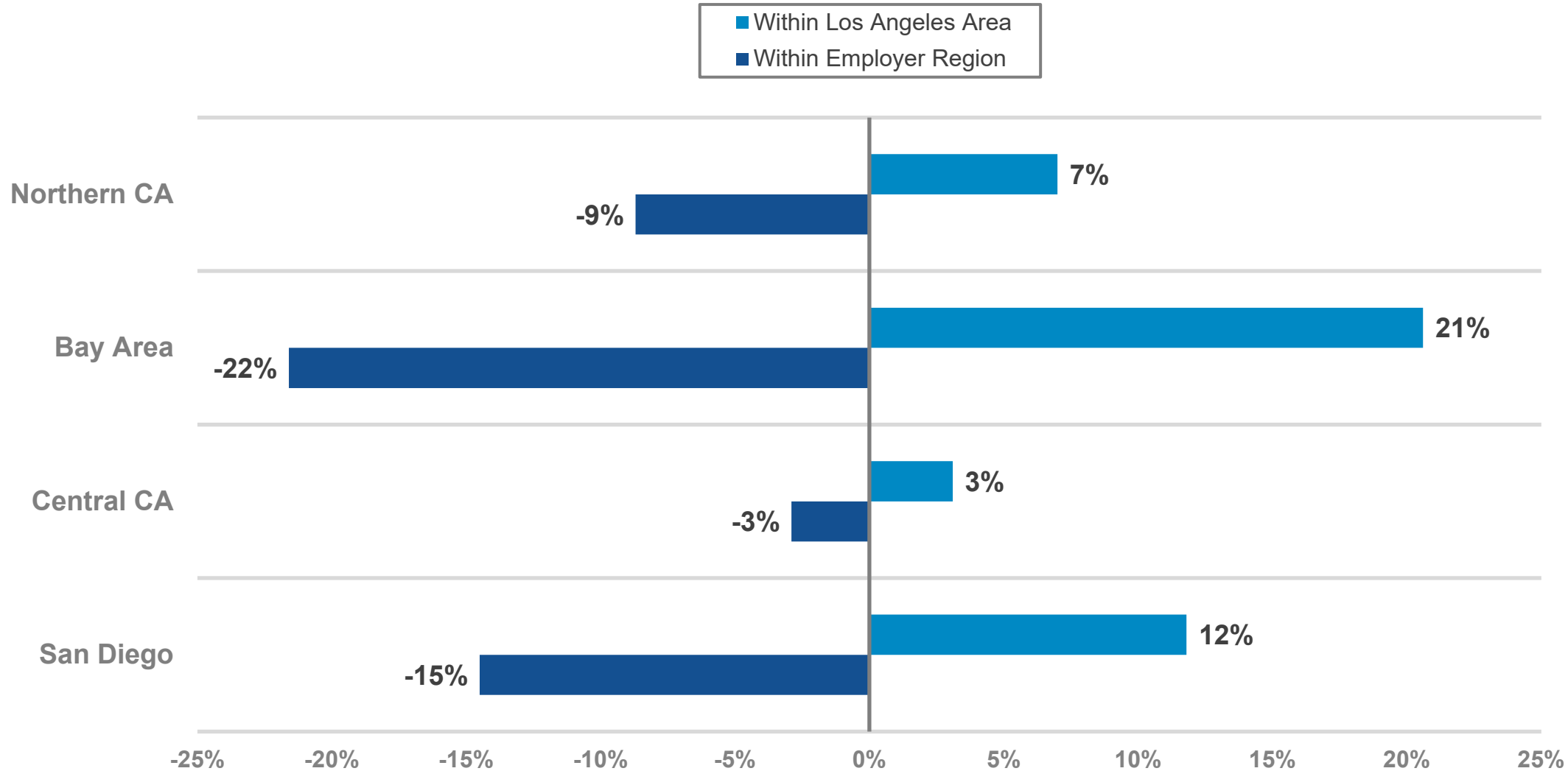
Between 2018 and 2024, case hearings at the Workers' Compensation Appeals Board (WCAB) increasingly shifted away from the employer's region and toward the LA area.

The Bay Area experienced the most significant change, with a 16% decrease in local hearings and an 11% increase in hearings held in the LA area.

The rise in the prevalence of virtual hearings likely contributed to these changes ([Chart 41](#)).

[More Information](#)

Chart 40: Change in Applicant Law Firm Location by Employer Location 2018 to 2024



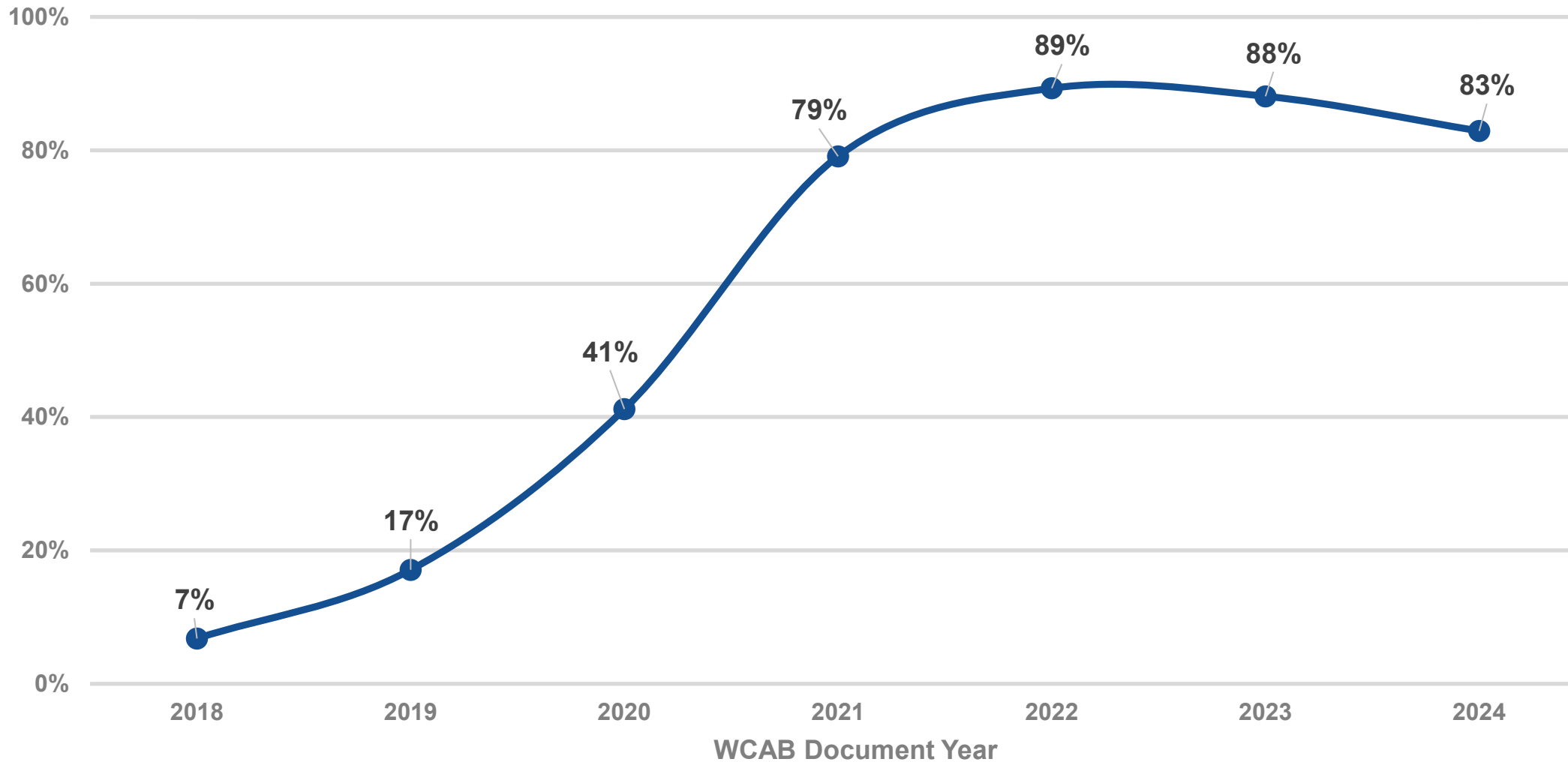
Similar to WCAB case hearings ([Chart 39](#)), there has been a shift to LA area-based applicant attorneys representing injured workers in other regions.

For example, the number of injured workers from Bay Area employers represented by an LA area attorney increased by 21% from 2018 to 2024.

Litigation and its associated ALAE costs have historically been higher in the LA area ([Chart 37](#)). This shift could increase average paid ALAE costs in other regions and compress the historical regional differences in average ALAE costs ([Chart 38](#)).

[More Information](#)

Chart 41: Share of WCAB Hearings that Are Fully Remote

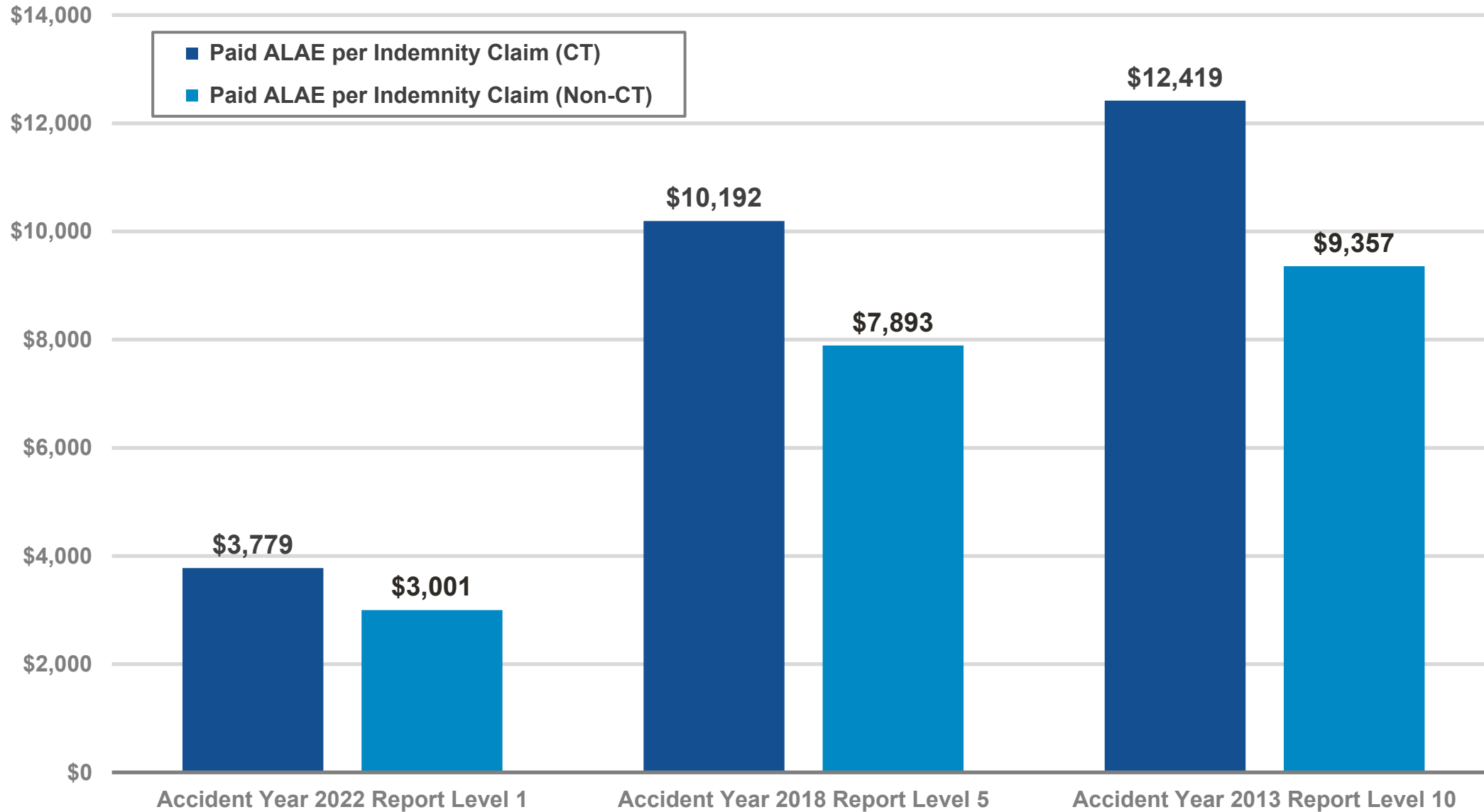


The share of WCAB case hearings that are fully remote increased throughout the pandemic period and remained high through 2024.

The availability of virtual hearings likely enables applicant attorneys to represent workers from outside their home office region ([Chart 40](#)), which in turn may increase representation rates and average ALAE costs ([Chart 34](#)).

[More Information](#)

Chart 42: Average ALAE Paid per Claim by Type

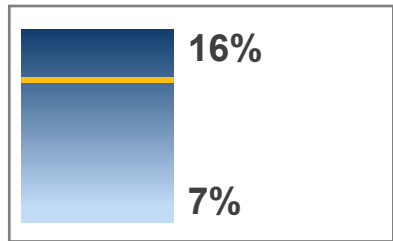


CT claims have a higher average paid ALAE than non-CT claims, as CT claims are much more often litigated.

The differences in average paid ALAE by claim type grow over time. CT claims have an average ALAE that is about one-quarter higher at the first report level (approximately 18 months from policy inception) but are about one-third higher at the 10th report level (approximately 126 months from policy inception). Some of this growth in the difference in average paid ALAE may also be due to CT claims staying open longer than other types of claims ([Chart 30](#)).

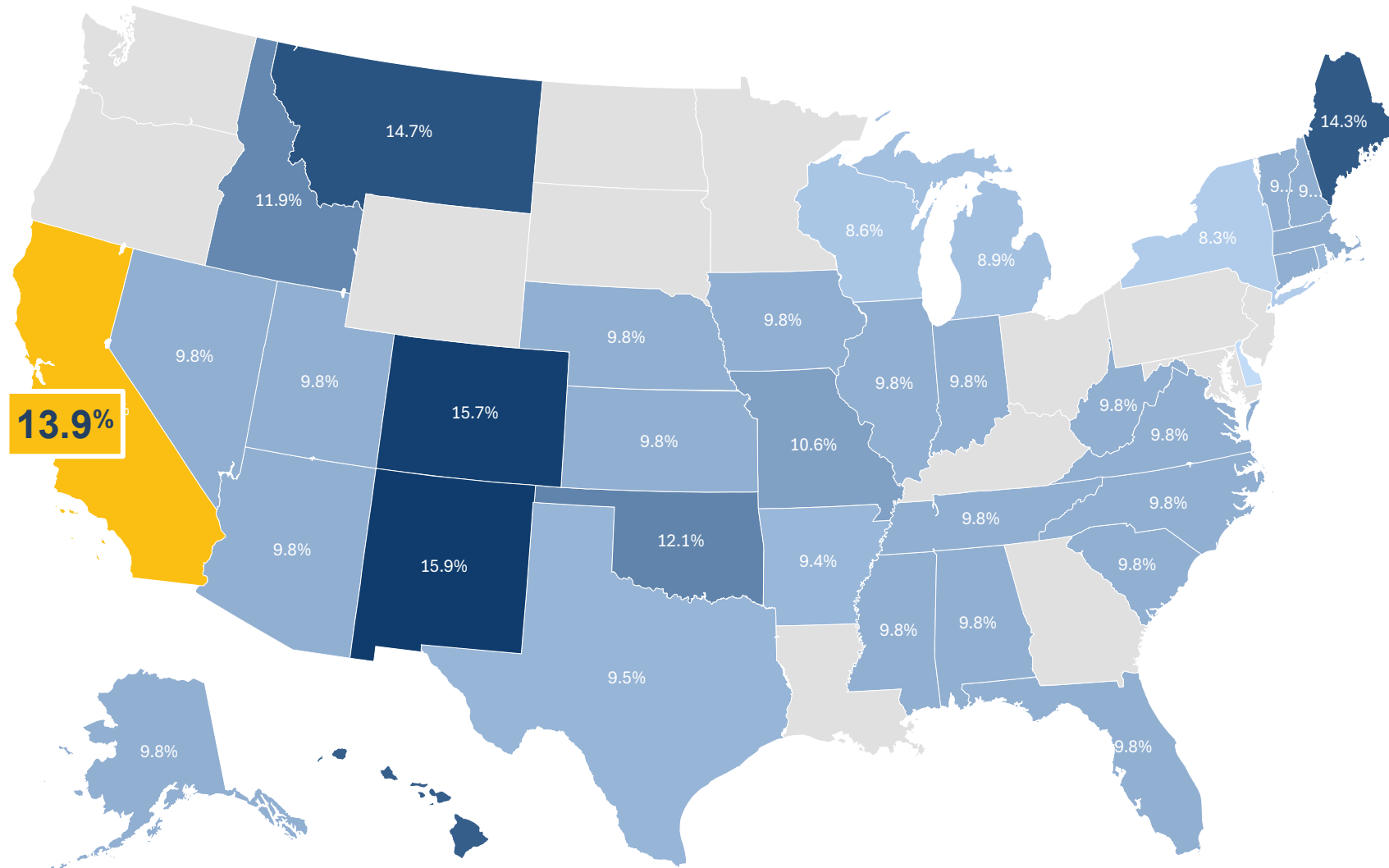
[More Information](#)

Chart 43: Ratios of Unallocated Loss Adjustment Expenses to Losses



California
13.9%

Median
9.8%



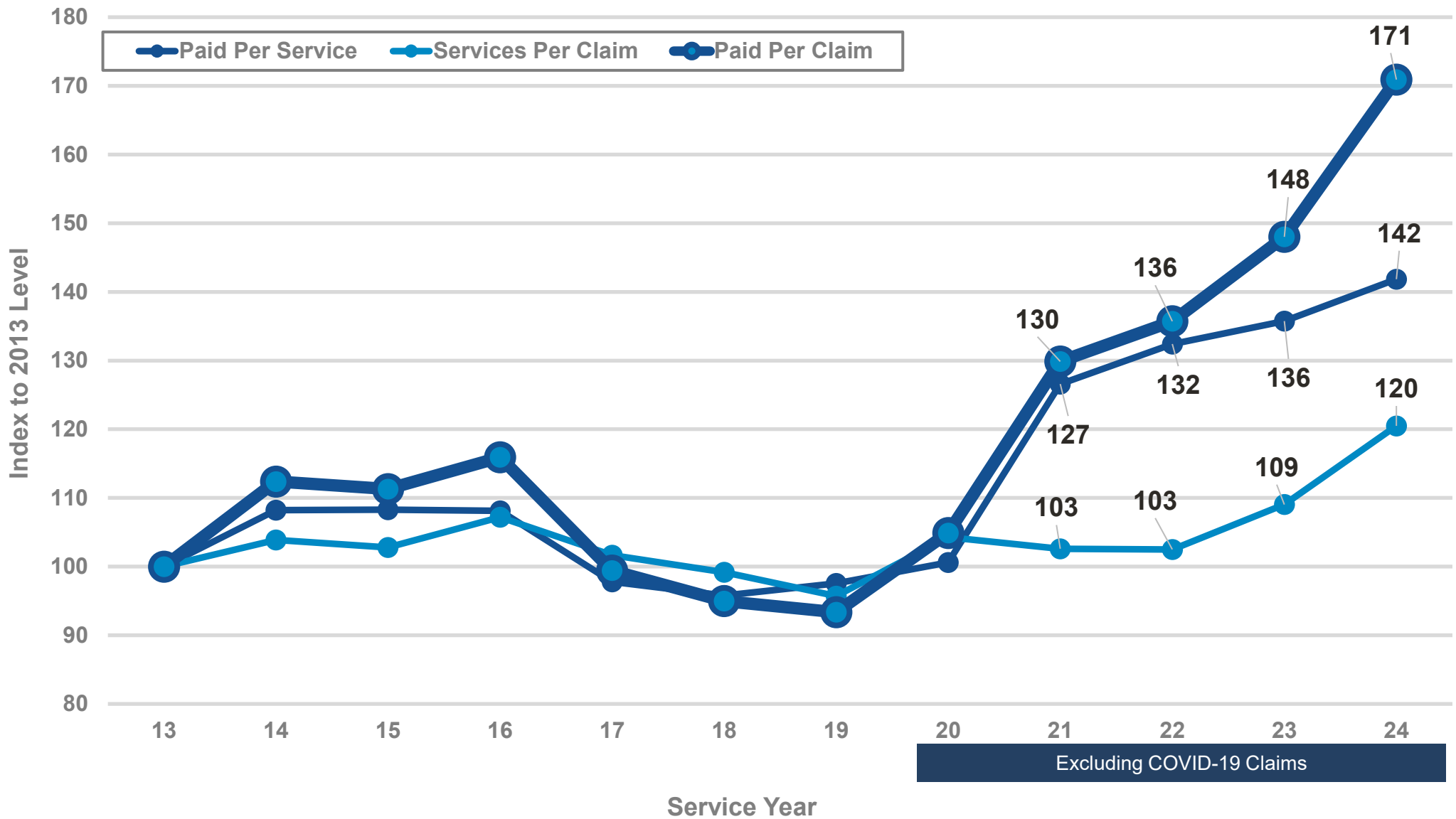
California has one of the highest ratios of unallocated loss adjustment expenses (ULAE) to loss in the country, with a ratio more than 40% higher than the median state.

California claims are typically more complex to handle, as they remain open longer and more often involve complex issues such as PPD and CT.

California also has higher wages and cost-of-living expenses than most other states, which also impact ULAE costs.

[More Information](#)

Chart 44: Medical-Legal Cost Level Indexed to 2013



Medical-legal (ML) costs are a component of medical service costs (accounting for 16% of total medical services in 2024 [Chart 22]) that address disputes over medical facts and compensability issues. These services can add friction to the system and contribute to extended claim duration.

Since the new ML Fee Schedule took effect in April 2021, the average paid per claim for ML services has increased significantly each year.

The initial increase resulted from higher reimbursement levels, leading to a higher average paid per service. Increases in 2023 and 2024 reflected a significant rise in the number of ML services per claim. The costs for reviewing medical records have also continued to increase throughout this period.

[More Information](#)



06

Claim Cost Distributions

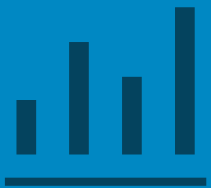
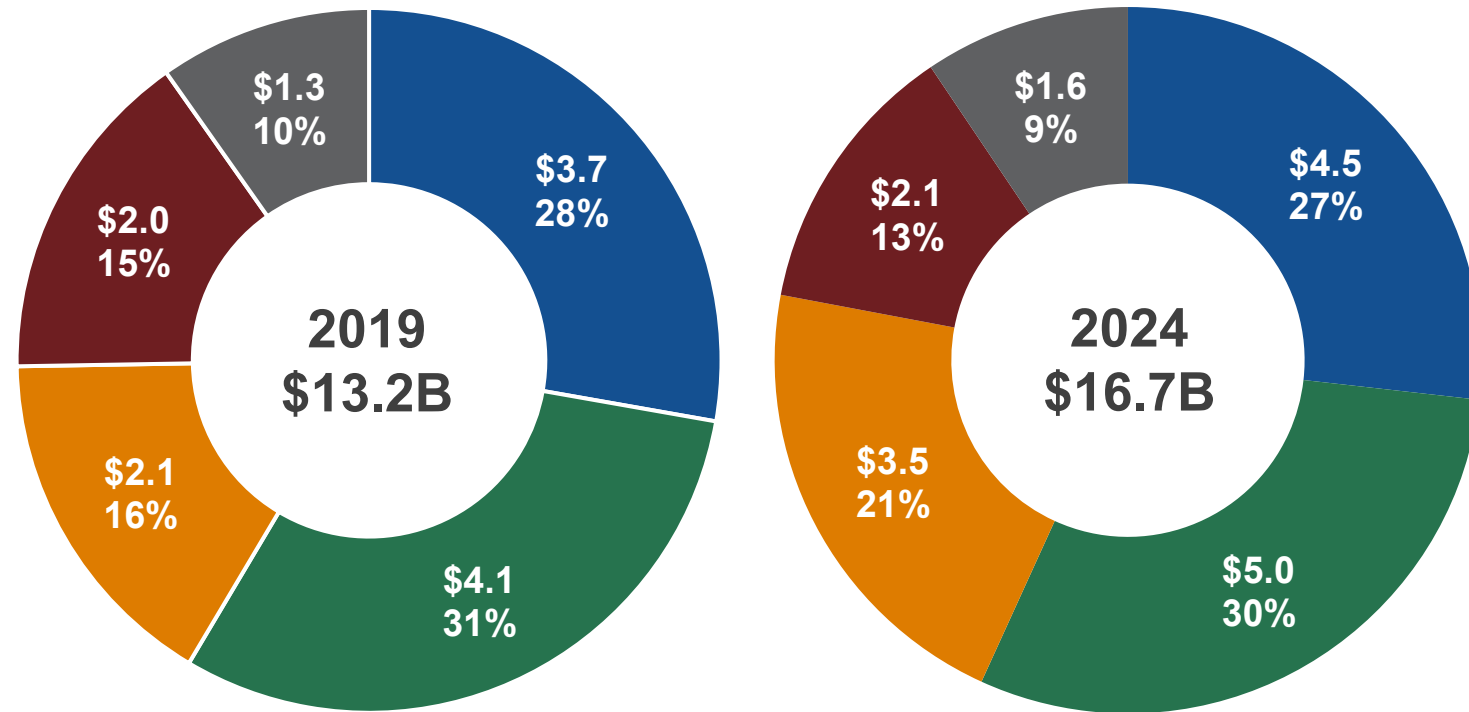


Chart 45: Distribution of Insured System Costs



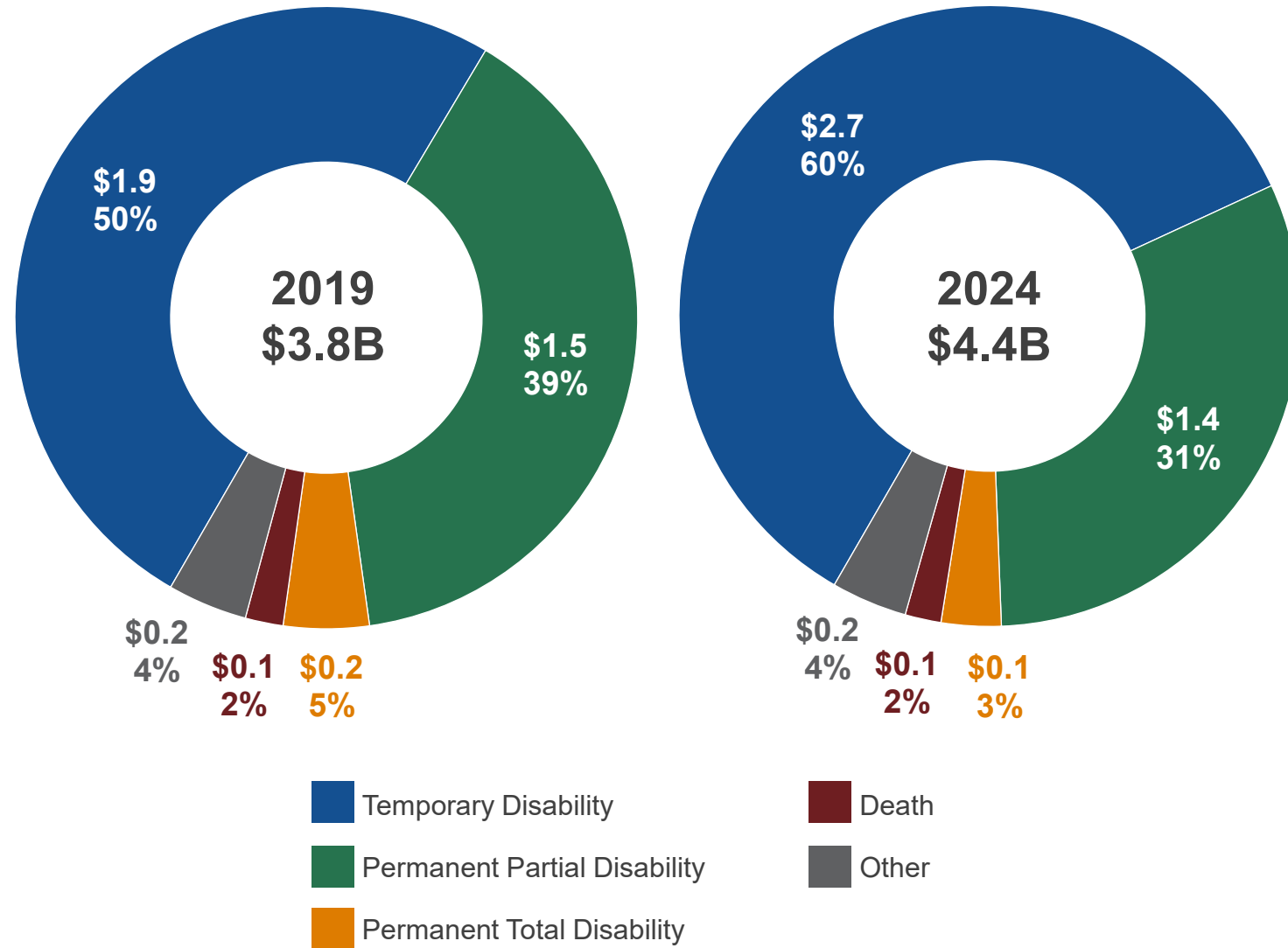
- Incurred Indemnity Benefits
- Incurred Medical Benefits
- Loss Adjustment Expenses
- Commissions & Other Acquisition Expenses
- General Expenses & Premium Taxes

Total insured system costs have increased by about \$3.5 billion in the last five years.

The share of insured system costs for loss adjustment expenses has increased noticeably over the last five years.

[More Information](#)

Chart 46: Distribution of Paid Indemnity Benefits



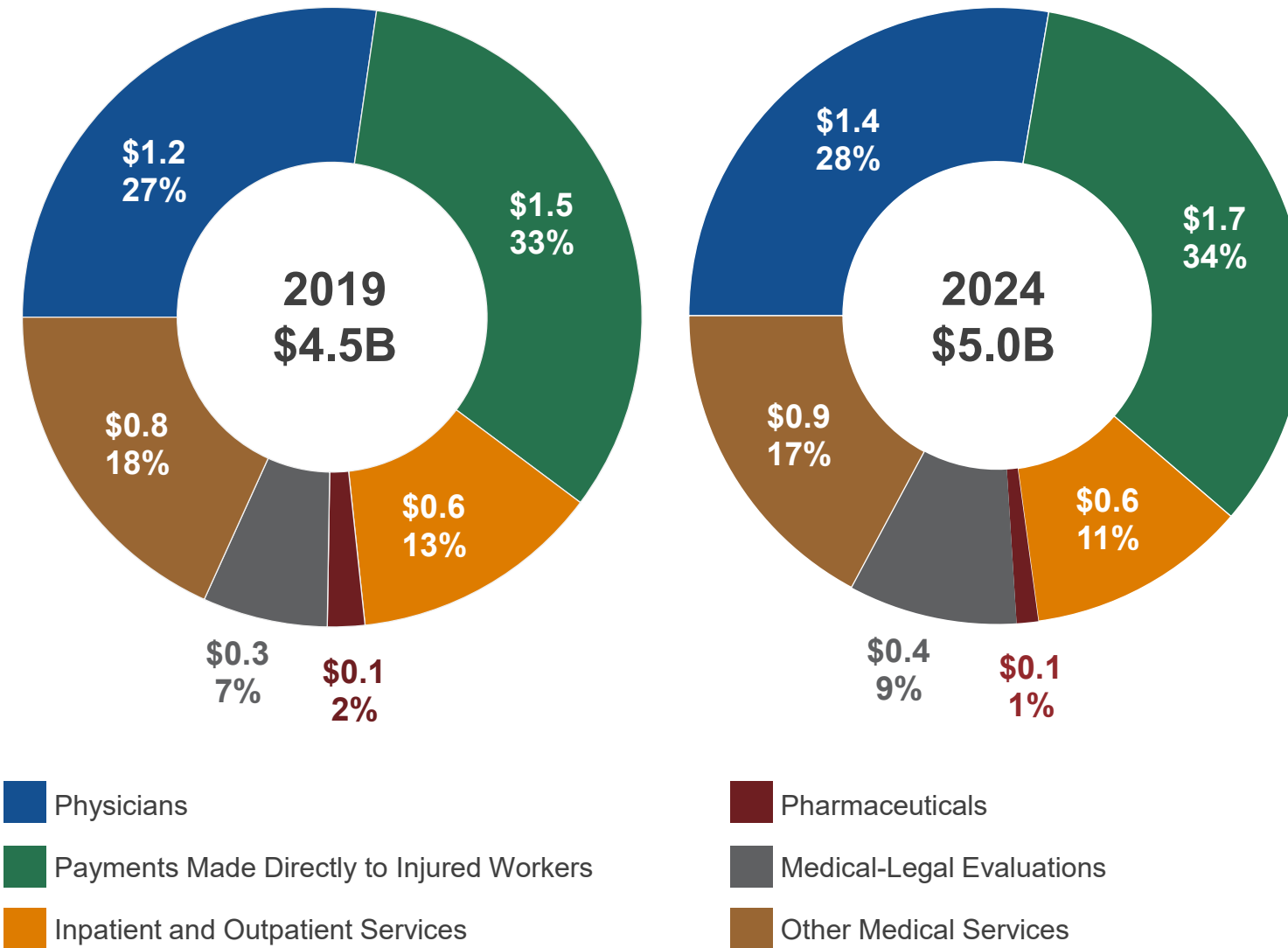
Temporary disability and PPD benefits comprise approximately 90% of total indemnity benefits.

The composition of indemnity benefits has changed significantly over the last five years, with a notable increase in the share of temporary disability benefits and a corresponding decrease in the share of PPD benefits. The primary driver is a shift in the share of indemnity claims receiving only temporary benefits ([Chart 14](#)), rather than a shift in the average cost of these claims.

Additionally, unlike temporary disability benefits, PPD benefit levels do not include annual cost-of-living adjustments.

[More Information](#)

Chart 47: Distribution of Paid Medical Benefits



Over the last five years, the distribution of paid medical benefits has been relatively consistent.

Payments for medical-legal evaluations have increased over the last five years, driven by the updated Medical-Legal Fee Schedule, which became effective in 2021, and steady increases in medical-legal costs since that time ([Chart 44](#)).

[More Information](#)



07 Industry Results

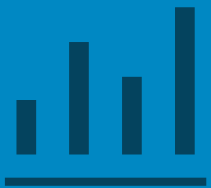
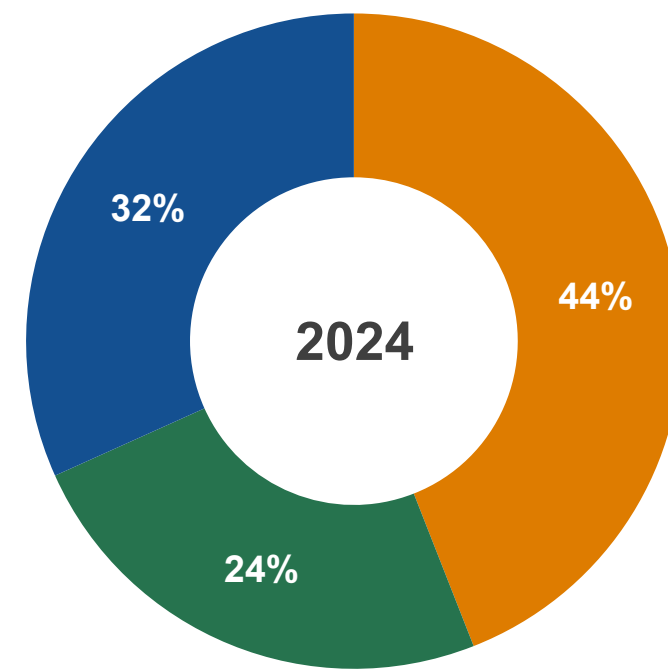
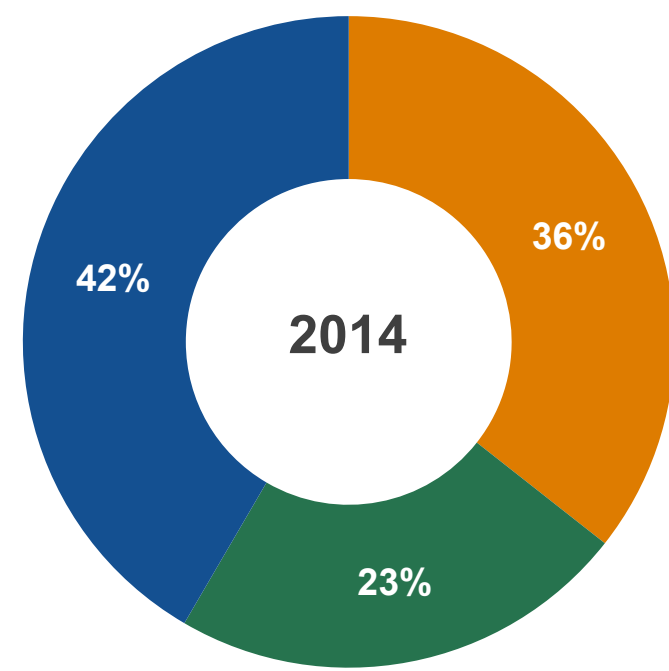
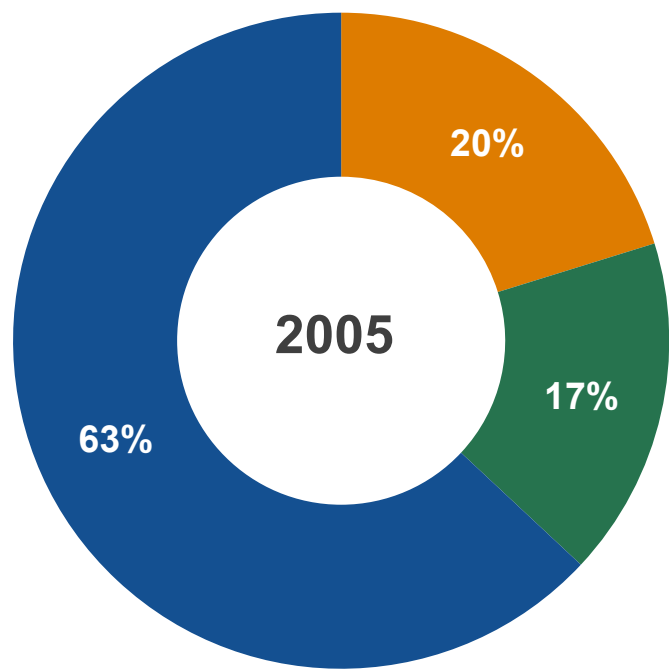


Chart 48: Market Concentration Ratios



The concentration of the California workers' compensation insurance market peaked in the early 2000s, as the largest 10 insurers controlled over 80% of the market.

The market has become less concentrated over time. In recent years, the ratios have been the lowest in decades, as the largest 10 insurers controlled less than 60% of the market.

Chart 49: Market Share by Type of Insurer



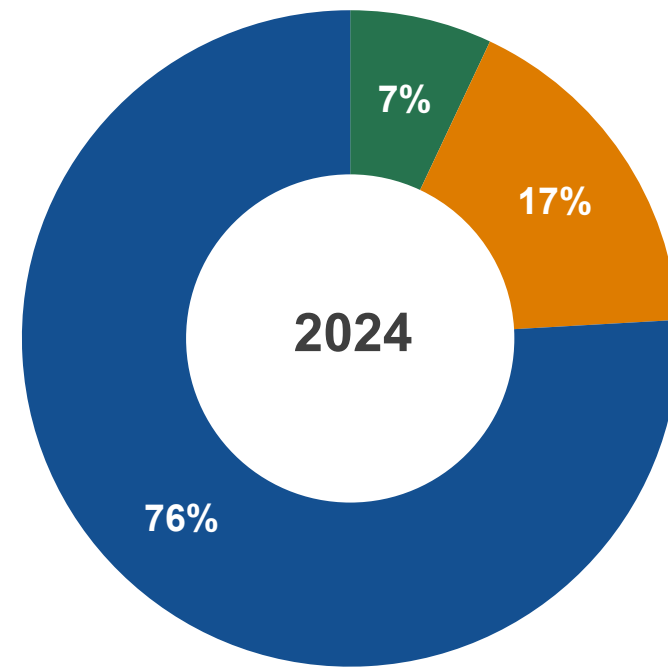
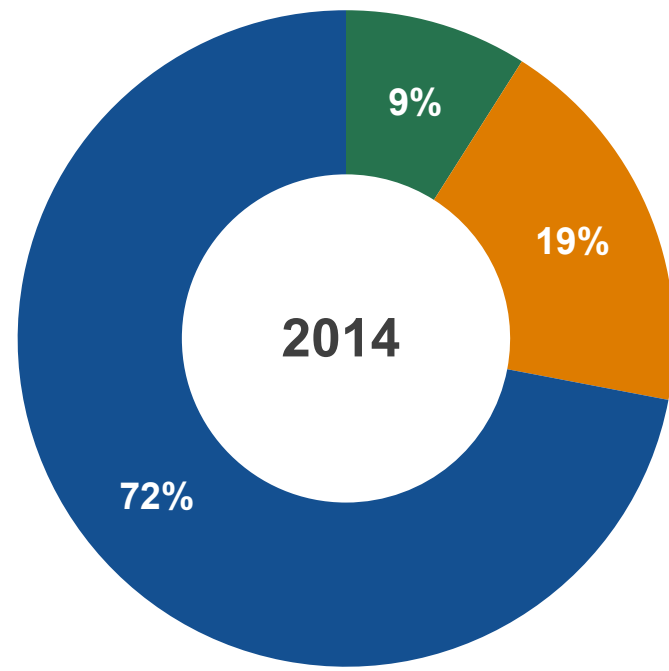
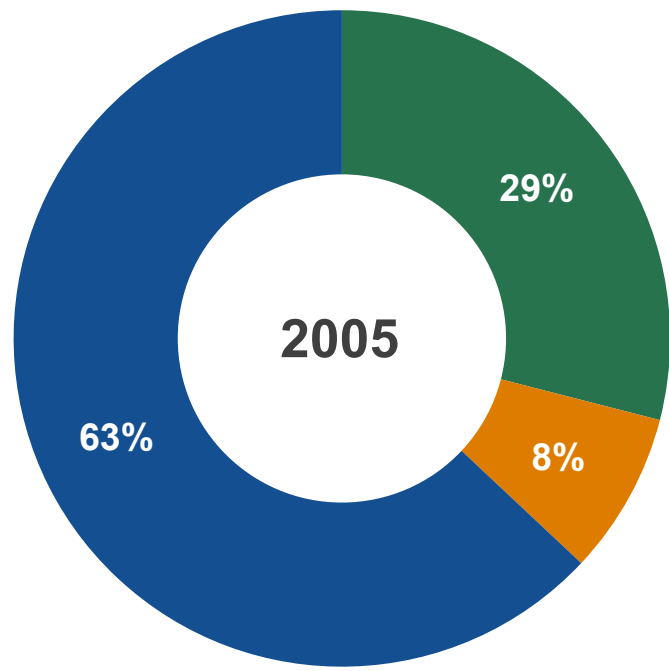
National Insurers



State Compensation Insurance Fund



California-Focused Private Insurers



Over the past decade, the market share of California-focused private insurers has remained relatively consistent, ranging from 17% to 19%.

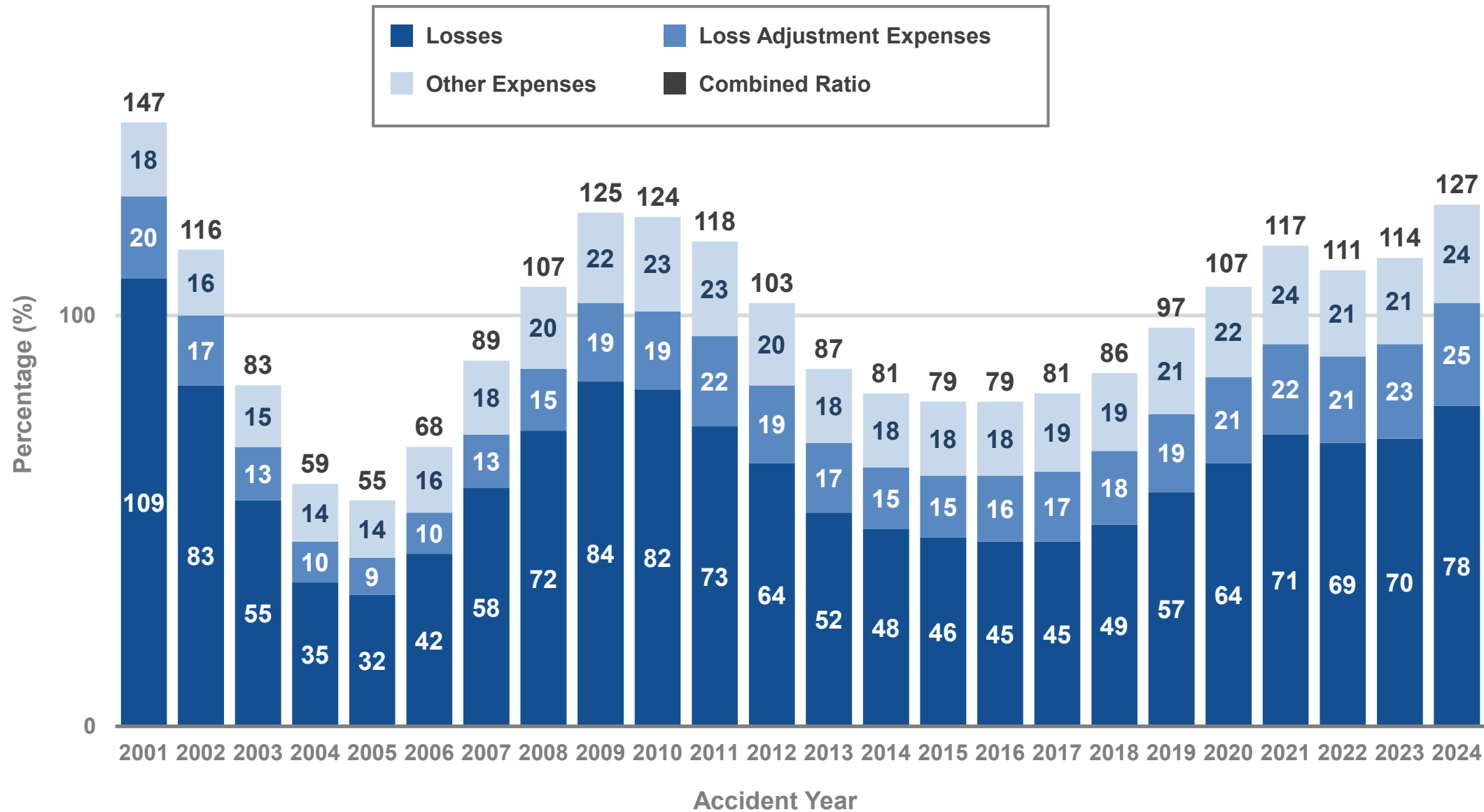
Similarly, the State Compensation Insurance Fund's share has stayed stable, shifting only slightly from 9% in 2014 to 7% in 2024.

In contrast, national insurers have gradually increased their market share, rising from 72% in 2014 to 76% in 2024.

[More Information](#)



Chart 50: Projected Combined Loss and Expense Ratios



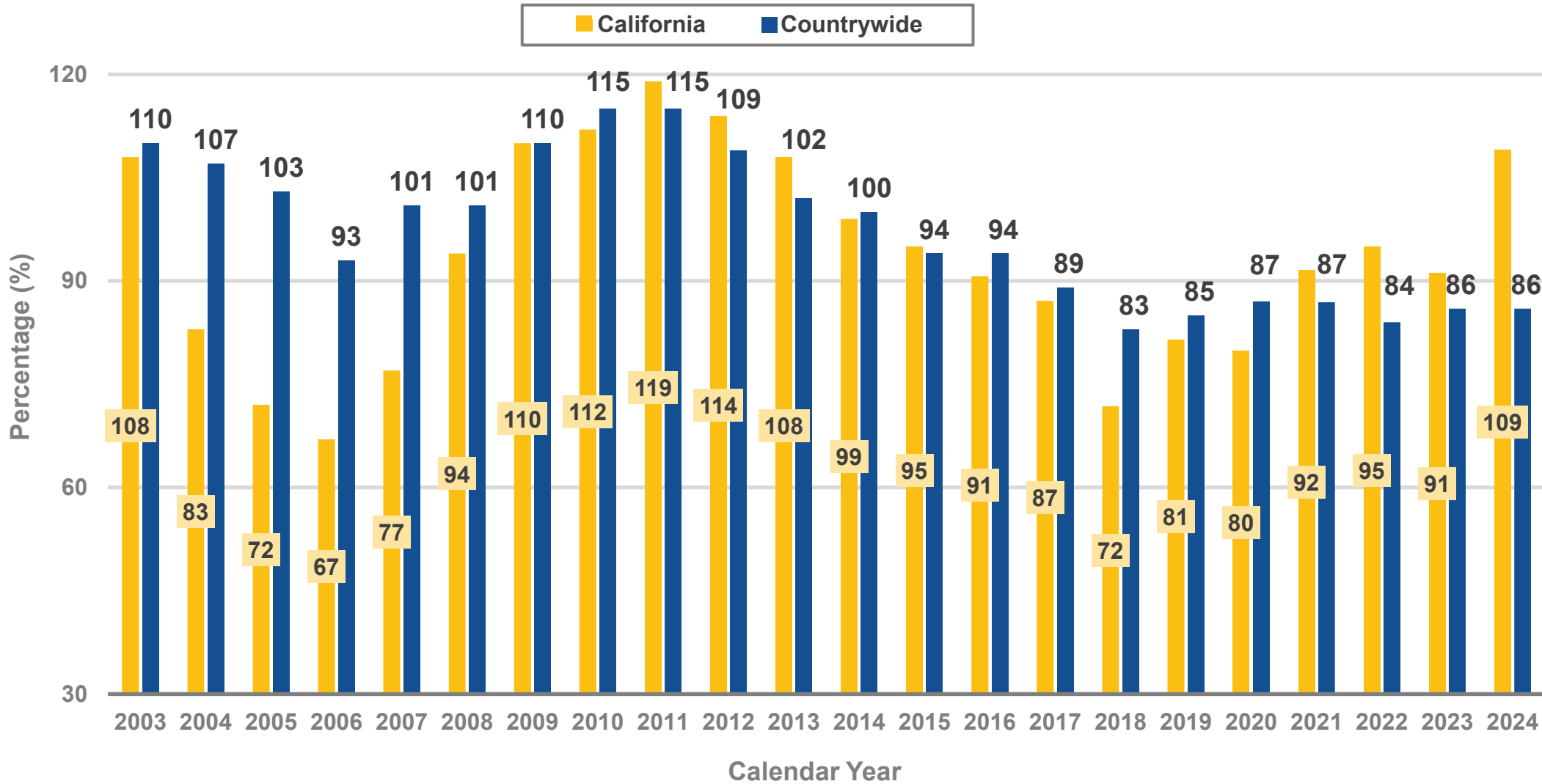
Projected accident year combined ratios increased steadily from 2018 to 2021, primarily due to lower premium levels ([Chart 1](#)) driven by lower insurer charged rates ([Chart 5](#)) in combination with steadily increasing claim severities.

Combined ratios have been above 110% since 2021. In addition to continued claim severity growth ([Chart 19](#)) ([Chart 34](#)), claim frequency increased in 2023 and 2024, driven by a higher frequency of CT claims ([Chart 11](#)). During this time, insurer rates remained low.

The projected 127% combined ratio for accident year 2024 is the highest in over 20 years.

[More Information](#)

Chart 51: Private Insurer Reported Calendar Year Combined Ratios

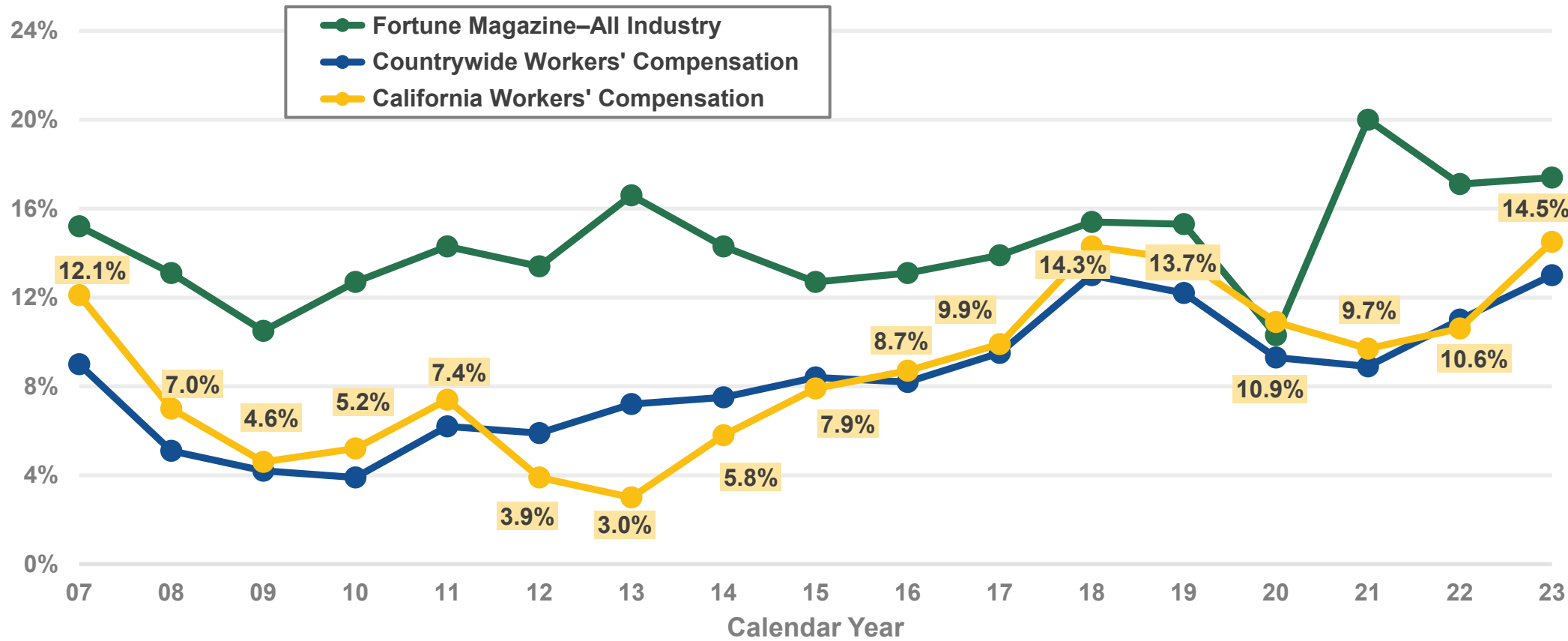


California private insurer reported calendar year combined ratios have been more volatile than countrywide ratios over the long term.

The California reported combined ratio has been higher than countrywide for the most recent four calendar years. California combined ratios have increased, while countrywide ratios have remained flat.

[More Information](#)

Chart 52: Average Return on Net Worth



10-Year Average Returns:

Fortune Magazine All Industry 15.0%	Total Countrywide Workers' Compensation 10.1%	California Workers' Compensation 10.6%
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Over the long term, average California workers' compensation returns have been generally comparable to the countrywide average for workers' compensation but well below the Fortune magazine all-industry average.

These returns, which reflect income from multiple sources including investments, show California slightly above the countrywide average in 2023. These returns do not reflect the impact of cost level changes that occurred in 2024.

[More Information](#)



08

More Info and Source Data

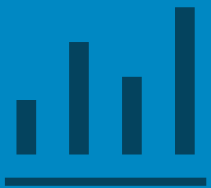


Chart 1: Reported Written Premium

- Total premium from workers' compensation policies in California
- Does not reflect premium credits for policies that include deductibles (i.e., data is on a "first-dollar" basis)

Source Data

- WCIRB aggregate financial data calls
- 2025 premium forecast is primarily based on first quarter 2025 premium reported to the WCIRB and projected changes in statewide employment and wage levels for the remainder of 2025

Chart 2: Drivers of Written Premium Changes

- Annual California premium growth attributed to changes in average insurer rates and economic expansion or contraction as reflected in changes in employer payrolls
- Changes in premium are impacted by several other factors, such as changes in the mix of industries (which is generally reflected in the changes in average insurer rates), the change in the average experience modification, more or less premium captured in audits of older policies and transitions in and out of self-insurance
- In particular, changes in written premium in 2020 through 2022 may be more driven by shifts in the industrial mix or premium audits than in typical years, given the sharp downturn in the economy in 2020 and subsequent recovery

Source Data

- WCIRB aggregate financial data calls and published California annual wage information published by the UCLA Anderson Forecast
- Premiums are based on written premium gross of any deductible credits

Chart 3: Changes in the California Average Wage

- The change in the statewide average wage each year is based on published economic data
- The forecast values are based on forecasts by UCLA Anderson School of Business and the California Department of Finance
- WCIRB adjusted wage changes are estimates intended to remove the distortions in the average wage created by shifts in industrial mix and in employment by wage level within industry in 2020 through 2022

Source Data

- UCLA-published economic data and forecasts as of June 2025 and California Department of Finance forecasts as of April 2025
- WCIRB adjusted wage changes are based on UCLA Anderson Forecast, American Community Survey and Current Population Survey Extracts as published by the Economic Policy Institute

Chart 4: Annual California Unemployment Rate

- The statewide unemployment rate each year based on published economic data
- The forecast values are based on the UCLA Anderson Forecast

Source Data

- UCLA-published economic data and forecasts as of June 2025

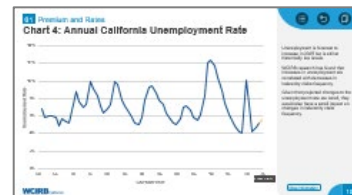
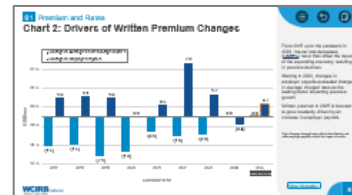


Chart 5: Average Charged Rate per \$100 of Payroll

- Average rates per \$100 of payroll charged by insurers in California
- Shows the average cost of workers' compensation insurance paid by California employers
- Differs from advisory pure premium rates approved by the California Insurance Commissioner, which are advisory and only reflect the estimated cost of losses and loss adjustment expenses
- Data is categorized by the year the policies inception
- Rates are gross of any deductible credits, but include the impact of schedule rating

Source Data

- WCIRB unit statistical data (through 2022) and aggregate financial data calls
- Average rates are based on the classification mix for that policy year through 2022 and the latest available classification mix for 2023 and later
- For consistency of comparison, all average rates are restated to include the impact of maximum payroll limitations applicable to classifications as of September 1, 2024

Chart 6: Advisory Pure Premium Rates Indexed to 2015

- The WCIRB's annual pure premium rate filing includes a proposed change in advisory pure premium rates for consideration by the California Department of Insurance
- The California Department of Insurance reviews the WCIRB's proposal, and the Insurance Commissioner issues a decision that may approve or modify the WCIRB's filing
- The Insurance Commissioner's approved pure premium rates are advisory only, and insurers may, but are not required to, use them in their own rate filings

Source Data

- WCIRB pure premium rate filings and California Department of Insurance decisions

Chart 7: Pure Premium and Insured Payroll by Industry

- Total proportion of premium (based on the Insurance Commissioner's approved advisory pure premium rates) and insured payroll attributed to each industrial sector
- Shows the concentration of insured employer payrolls by industry
- Shows the relationship between payroll and advisory pure premium by industry
- Several classifications have recently become subject to maximum payroll limitations for the reporting of exposure that will decrease their industry shares of insured payroll, but will not impact pure premium

Source Data

- WCIRB unit statistical data for policy year 2022
- Industries are based on WCIRB classifications mapped to the North American Industry Classification System (NAICS) sectors

Chart 8: Indemnity Claims per 1,000 Employees

- Estimated number of workers' compensation indemnity claims filed in California per 1,000 employees
- Shows trends in the frequency of workers' compensation injuries
- Changes in claim frequency can be driven by changes in the mix of industries in California, mechanization within industries, workplace safety practices, indemnity benefit levels and the overall state of the California economy
- Data is categorized by the year the injury occurred (accident year)

Source Data

- WCIRB unit statistical data (through 2023) and aggregate financial data calls (2024)
- California annual wage information published by the UCLA Anderson Forecast as of March 2025
- COVID-19 claims are excluded from accident years 2020 and later

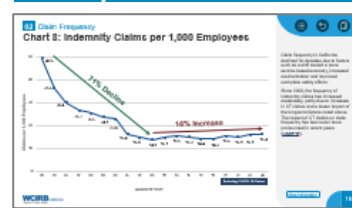
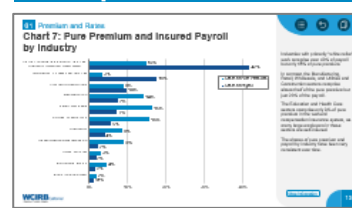
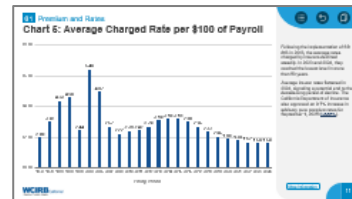


Chart 9: Regional Differences in Indemnity Claim Frequency

- Heat map of California regions showing indemnity claim frequency levels relative to the statewide average frequency
- Shows which regions in California have higher or lower claim frequency rates when compared to the state as a whole
- The mix of industries and average wage levels can significantly impact claim frequency rates, so the data is adjusted to remove these differences across regions to show the figures on a comparable basis

Source Data

- WCIRB unit statistical data for policy year 2022 at first report level, excluding COVID-19 claims
- WCIRB medical transaction data for policy year 2022 claims
- Region information obtained by linking WCIRB policy and unit statistical data with location information from D&B Hoovers, as well as WCIRB medical transaction data
- For more information on the study of regional cost differences within California, see the [2024 WCIRB Geo Study](#)

Chart 10: Percent of Indemnity Claims Involving Cumulative Trauma

- Proportion of total indemnity claims that involve a CT injury
- Data is categorized by the accident year in which the claim was assigned

Source Data

- WCIRB unit statistical data developed to an estimated ultimate claim level
- CT also includes occupational disease claims but excludes COVID-19 claims
- Data is for indemnity claims only and excludes COVID-19 claims
- Data for accident years 2023 and 2024 are preliminary as they are only based on policies incepting in the prior year

Chart 11: Indemnity Claim Frequency by Claim Type

- Frequency change by accident year compared for California claims involving CT, California claims not involving CT and total claims in NCCI states
- Frequency values are calculated per \$1 million in exposure, which differs from the frequency per 1,000 employees in [Chart 8](#)
- California frequency changes of CT and non-CT claims are estimated to be impacted by shifts in classification mix consistent with that of total California claims

Source Data

- California claim frequency from WCIRB unit statistical data
- CT also includes occupational disease claims but excludes COVID-19 claims
- Data is for indemnity claims only and excludes COVID-19 claims
- California data for accident year 2023 is preliminary
- Countrywide claim frequency is from the NCCI 2025 State of the Line Guide, excluding COVID-19 claims through July 1, 2023

Chart 12: Percent of Cumulative Trauma Claims by Region

- Proportion of total indemnity claims within regions of California that involve a CT injury
- The data is shown for early reported CT claims; since CT claims are often late reported, the regional differences may be even greater when including late-reported claims

Source Data

- WCIRB unit statistical data at first unit statistical report level
- Regions are based on the address reported on the California workers' compensation policy
- CT also includes occupational disease claims but excludes COVID-19 claims
- Data is for indemnity claims only and excludes COVID-19 claims
- Data for accident year 2023 is preliminary in that it only includes data from policies incepting in 2022

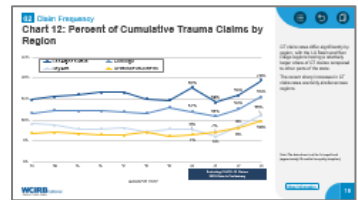
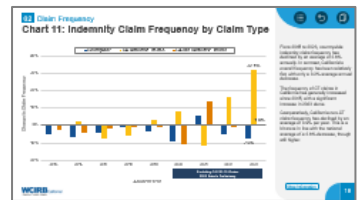
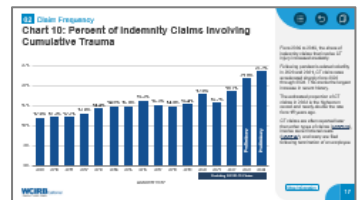


Chart 13: Percent of Cumulative Trauma Claims by Industry

- Proportion of total indemnity claims within industries that involve a CT injury

Source Data

- WCIRB unit statistical data at first unit statistical report level
- Industry groups are based on classifications assigned to NAICS sectors
- CT also includes occupational disease claims but excludes COVID-19 claims
- Data is for indemnity claims only and excludes COVID-19 claims
- Data for accident year 2023 is preliminary in that it only includes data from policies incepting in 2022

Chart 14: Distribution of Indemnity Claims by Injury Type

- The proportion of indemnity claims that involve permanent disability compared to the proportion that only include temporary disability
- Permanent disability includes PPD, permanent total disability and death claims

Source Data

- WCIRB unit statistical data developed to an estimated ultimate cost level
- Data excludes COVID-19 claims
- Data for accident year 2023 is preliminary in that it only includes data from policies incepting in 2022

Chart 15: Permanent Partial Disability Claims per 100,000 Employees

- Comparison of California PPD claim frequency per 100,000 employees to that of other states
- Approximately half of all indemnity claims in California involve some form of PPD
- Claims involving PPD generate the vast majority of costs in the workers' compensation system
- PPD in California is determined based on the American Medical Association (AMA) Guides® to the Evaluation of Permanent Impairment (Guides)
- Other states that utilize the AMA Guides 5th Edition do not have a significantly higher rate of PPD claims

Source Data

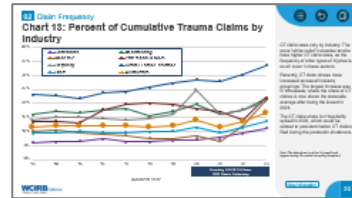
- 2025 NCCI Annual Statistical Bulletin for each state's latest available policy period and WCIRB unit statistical data

Chart 16: Average Indemnity Cost per Indemnity Claim

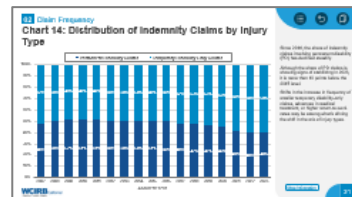
- Average cost of indemnity benefits per indemnity claim
- Changes in indemnity cost per claim can be driven by changes in statutory benefit levels, changes in average weekly wage levels on which a large proportion of indemnity benefits are predicated, changes in the duration of claims and changes in the mix of the types of indemnity benefits (such as temporary disability or PPD benefits)

Source Data

- WCIRB aggregate financial data calls as of March 31, 2025, excluding COVID-19 claims
- Values are developed to a final or ultimate cost basis by the WCIRB
- Projections through 2027 are based on the WCIRB's September 1, 2025 Pure Premium Rate Filing methodologies



Return to **Chart 13**



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Chart 17: Indemnity Cost Level Indexed to 2005

- California average indemnity costs indexed to the 2005 level compared to the composite estimate for NCCI states
- California average indemnity costs are also compared to the growth in average annual wages earned by California employees
- Data is categorized by year of injury for the California and NCCI state data and calendar year for the average wage data

Source Data

- WCIRB aggregate financial data calls as of March 31, 2025, excluding COVID-19 claims, developed to a final or ultimate cost basis by the WCIRB
- NCCI 2025 State of the Line Guide for NCCI state data, excluding COVID-19 claims through July 1, 2023 (2024 is preliminary)
- Bureau of Labor Statistics for average wage data

Chart 18: Indemnity Cost per Indemnity Claim by State

- Comparison of California average indemnity cost per indemnity claim to that of other states

Source Data

- 2025 NCCI Annual Statistical Bulletin for each state's latest available policy period at first report level developed to a final or ultimate cost basis

Chart 19: Average Medical Cost per Indemnity Claim

- Average cost of medical benefits per indemnity claim by accident year
- Changes in medical costs per claim can be driven by changes in reimbursement rates from California medical fee schedules, legislative reforms impacting the medical benefit delivery system, changes in the utilization of medical services and overall medical cost inflation

Source Data

- WCIRB aggregate financial data calls as of March 31, 2025, excluding COVID-19 claims
- Data excludes the cost of medical-only claims and, for consistency of comparison, excludes the cost of medical cost containment programs for accident years 2011 and prior
- Values are developed to a final or ultimate cost basis by the WCIRB
- Projections through 2027 are based on the WCIRB's September 1, 2025 Pure Premium Rate Filing methodologies

Chart 20: Medical Cost Level Indexed to 2005

- The average medical cost indexed to the 2005 level for workers' compensation systems and for the medical component of the Consumer Price Index
- Data is categorized by year of injury for the California and NCCI state data and calendar year for the medical CPI data

Source Data

- WCIRB aggregate financial data calls as of March 31, 2025, excluding the cost of medical-only claims and COVID-19 claims, developed to a final or ultimate cost basis by the WCIRB
- NCCI 2025 State of the Line Guide for NCCI state data, excluding COVID-19 claims through July 1, 2023 (2024 is preliminary)
- California Medical CPI data is from the California Department of Finance based on the average for the San Francisco and LA regions

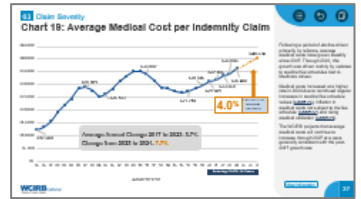
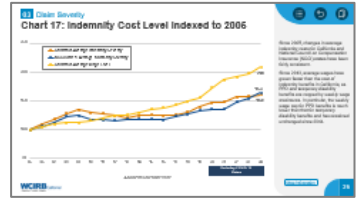


Chart 21: Medical Service Cost Level Indexed to 2012

- Changes in the average paid per medical service transaction, the average number of medical service transactions per claim and the average total paid for medical services per claim indexed to the 2012 level
- Data is categorized by the period in which the medical service was provided

Source Data

- WCIRB medical transaction data as of June 7, 2025
- COVID-19 claims are excluded from accident years 2020 and forward

Chart 22: Cost Changes in 2024 Medical Services by Service Type

- Changes in the average paid per medical service transaction, the average number of medical service transactions per claim and the average total paid for medical services per claim in 2024 by service type
- Inpatient is on a per episode basis, and Outpatient and Physical Medicine is on a per visit basis

Source Data

- WCIRB medical transaction data as of June 7, 2025
- COVID-19 claims are excluded from accident years 2020 and forward

Chart 23: Medical Equipment and Other Medical Services Cost Level Indexed to 2013

- Medical Equipment and Other Medical Services are defined by Healthcare Common Procedure Coding System (HCPCS) Level II codes. HCPCS Level II codes primarily include ambulance services, durable medical equipment, prosthetics, orthotics and supplies used outside a physician's office, home health services and interpreter services
- Changes in the average total paid for medical equipment and other medical services per claim indexed to the 2013 level
- Data is categorized by the period in which the medical service was provided

Source Data

- WCIRB medical transaction data as of June 7, 2025
- COVID-19 claims are excluded from accident years 2020 and forward

Chart 24: Medical Cost per Indemnity Claim by State

- Comparison of California average medical cost per indemnity claim to that of other states

Source Data

- 2025 NCCI Annual Statistical Bulletin for each state's latest available policy period developed to a final or ultimate cost basis

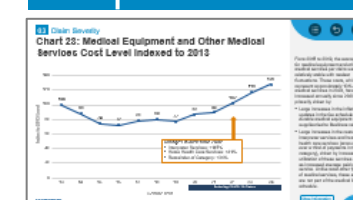
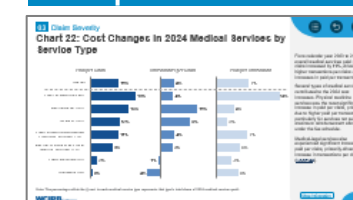
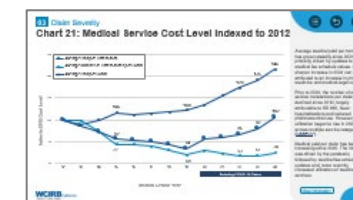


Chart 25: Cost Impact of Medical Fee Schedule Updates

- The WCIRB’s estimated impact of fee schedule changes adopted by the Division of Workers’ Compensation (DWC) by fee schedule component
- Reflects the estimated impact of fee schedule changes adopted effective in 2022, 2023, 2024 and 2025 on the overall medical cost level
- Does not reflect the impact of negotiated discounts from the fee schedule level that impact the actual medical payments
- The impact of inflation typically lags by a year in California workers’ compensation medical costs, as the inflationary indices are initially used by Medicare in setting medical values and then later adopted by the DWC
- The impact of inflationary periods on general costs may differ from that on California workers’ compensation medical costs, as the cost of most workers’ compensation medical services are set by fee schedules

Source Data

- WCIRB medical transaction data
- The Official Medical Fee Schedule (OMFS) promulgated by the California DWC administrative director and released as of February 2025

Chart 26: Average Total Incurred Losses per Claim by Type

- Total incurred losses on CT and non-CT claims (for indemnity claims only) at three different levels of maturity
- First report level is typically based on claim values 18 months after policy inception, with subsequent report levels based on annual increments thereafter

Source Data

- WCIRB unit statistical data evaluated at different accident years and report levels
- CT also includes occupational disease claims but excludes COVID-19 claims
- Data is for indemnity claims only and excludes COVID-19 claims

Chart 27: Percent of Ultimate Medical Cost Paid at 3 Years

- Comparison of the estimated percentage of ultimate medical costs paid within three years to that of other states
- High numbers represent states that pay medical costs faster while low numbers represent states that pay medical costs slower
- Two California estimates are shown: one estimate projected as of December 31, 2012 and one estimate projected as of December 31, 2024

Source Data

- 2025 NCCI Annual Statistical Bulletin based on the average of the two most recent development years and WCIRB aggregate financial data calls

Chart 28: Percent of Medical Losses Paid by Year

- Comparison of the estimated percentage of ultimate medical costs paid in each year to that for the composite of NCCI states
- Workers’ compensation claims can remain open and involve medical treatment for several years after the injury occurs
- Pharmaceuticals and medical liens are more often paid several years after the year the injury occurs, while physician services are more often paid earlier

Source Data

- 2025 NCCI Annual Statistical Bulletin based on the average of the two most recent development years and WCIRB aggregate financial data calls

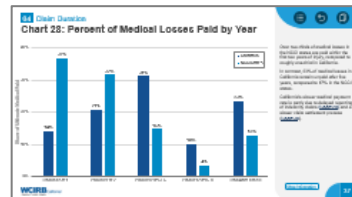
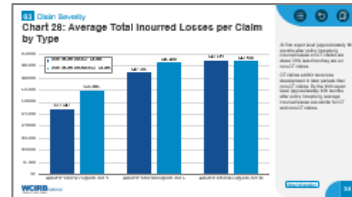
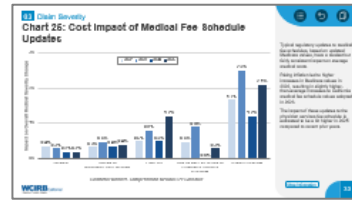


Chart 29: Percent of Indemnity Claims Unreported at 12 Months

- Comparison of the California percentage of the estimated total number of indemnity claims that have not yet been reported by the end of the first 12 months of the year of injury to that of other states
- Workers' compensation indemnity claims can sometimes be reported much later after the time of the injury for a variety of reasons

Source Data

- California figures are from WCIRB aggregate financial data calls and unit statistical data (for CT claims)
- Individual state summaries were provided by the NCCI, Minnesota Workers' Compensation Insurers Association, Workers' Compensation Rating and Inspection Bureau of Massachusetts and Pennsylvania Compensation Rating Bureau

For more comparisons of California claim duration to other states, see the WCIRB's report on [Drivers of California Claim Duration](#)

Chart 30: Percent of Indemnity Claims Open at 60 Months

- Comparison of the California percentage of the reported number of indemnity claims that are still open at 60 months (or 5 years) from the beginning of the year of injury to that of other states
- Workers' compensation claims remain open while statutory indemnity benefits are paid and medical treatment is provided to injured workers

Source Data

- California figures are from WCIRB aggregate financial data calls and unit statistical data (for CT claims)
- Individual state summaries were provided by the NCCI, Minnesota Workers' Compensation Insurers Association, Workers' Compensation Rating and Inspection Bureau of Massachusetts and Pennsylvania Compensation Rating Bureau

For more comparisons of California claim duration to other states, see the WCIRB's report on [Drivers of California Claim Duration](#)

Chart 31: Percent of Open Indemnity Claims Closed During Next Year

- Ratio of the number of indemnity claims closed during a calendar year to the number of indemnity claims open at the beginning of the year
- Higher closing rates indicate claims have been moving quicker through the system, reducing future costs

Source Data

- WCIRB aggregate financial data calls excluding COVID-19 claims

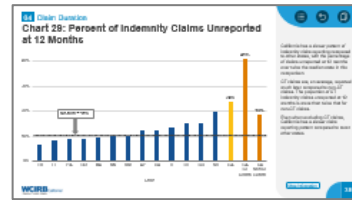
Chart 32: Cost to Deliver \$1 of Benefits

- Compares the cost in California to deliver \$1 of benefits measured as loss adjustment expense costs and other related claims administrative costs to claims administrative costs in other systems that provide medical benefits
- California claims administrative costs include ALAE, ULAE, ML costs, applicant attorney fees and the cost of MCCP

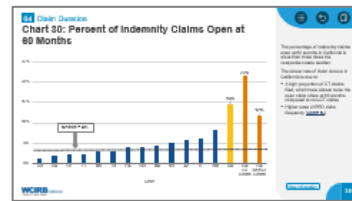
Source Data

- Workers' compensation figures are from WCIRB aggregate financial data calls and the 2025 NCCI Annual Statistical Bulletin
- Medicare figures are from the Centers for Medicare and Medicaid Services (CMS) 2024 Medicare Trustees Report
- Private group health insurance figures are from the National Health Expenditure report from CMS

For more comparisons of California frictional costs to other states, see the WCIRB's report on [Friction in the California Compensation System](#)



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Chart 33: Distribution of 2024 Paid Frictional Costs

- Distribution of the major categories of frictional costs including allocated loss adjustment expenses, ULAE, applicant attorney fees, MCCCP costs and ML costs paid in 2024
- ALAE are the costs associated with defending workers' compensation claims when there are disputes (defense attorney expenses and other ALAE costs) and managing the cost of medical treatment (medical cost containment)
- ULAE are the costs associated with insurer claims staff in administering workers' compensation claims
- Applicant attorney fees are shown as frictional costs but are reported as indemnity benefits as they are typically based on a portion of the PD award provided to the claimant
- ML costs are shown as frictional costs but are reported as medical benefits

Source Data

- WCIRB aggregate financial data calls and medical transaction data
- For more information on California frictional costs, see the WCIRB's report on [Friction in the California Compensation System](#)

Chart 34: Average ALAE per Indemnity Claim

- Average cost of loss adjustment expenses that can be allocated to a particular claim (ALAE)
- ALAE costs include the cost of attorney and other legal expenses in defending claims, the cost of MCCCP, the cost of independent medical review and independent bill review and other court-related expenses
- Legal expenses arise on claims during disputes over medical treatment or the extent of PD in the course of handling liens filed on claims and during the process of settling claims

Source Data

- WCIRB aggregate financial data calls as of December 31, 2024 for private insurers, excluding COVID-19 claims
- Values are developed to a final or ultimate cost basis by the WCIRB
- Figures exclude the cost of MCCCP for consistency of comparison
- Projections through 2027 are based on the WCIRB's September 1, 2025 Pure Premium Rate Filing methodologies

Chart 35: Average Medical Cost Containment Program Cost per Indemnity Claim

- Average cost of MCCCP costs per indemnity claim
- MCCCP costs include the cost of utilization review, bill review and medical provider network fees
- Although used to help manage the cost of medical treatment, MCCCP costs are reported as LAE to the WCIRB since they are not a direct benefit to injured workers

Source Data

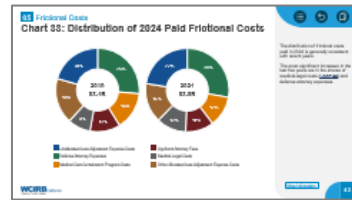
- WCIRB aggregate financial data calls as of December 31, 2024, excluding COVID-19 claims
- Values are developed to a final or ultimate cost basis by the WCIRB
- Projections through 2027 are based on the WCIRB's September 1, 2025 Pure Premium Rate Filing methodologies

Chart 36: Ratios of Allocated Loss Adjustment Expenses to Losses

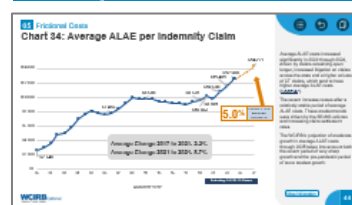
- Comparison of the ratio of ALAE to losses for California to that of other states
- ALAE includes the cost of attorney and other legal expenses in defending claims, the cost of MCCCP that can be allocated to a particular claim and other court-related expenses

Source Data

- 2025 NCCI Annual Statistical Bulletin



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Chart 37: Share of Litigated Indemnity Claims Relative to Statewide

- Heat map of shares of indemnity claims that are estimated to be litigated for California regions relative to the statewide average
- Claims are estimated to be litigated if they include a date of litigation or if the paid ALAE is greater than \$1,000.

Source Data

- WCIRB unit statistical data for policy year 2022 at first report level
- WCIRB indemnity and medical transaction data for policy year 2022 claims
- Region information obtained by linking WCIRB policy and unit statistical data with D&B Hoovers location information as well as WCIRB indemnity and medical transaction data
- For more information on the study of regional cost differences within California, see the [2024 WCIRB Geo Study](#)

Chart 38: Change in Median Paid ALAE on PD Claims 2021 to 2022

- Heat map of change in PY 2021 to 2022 regional median paid allocated loss adjustment expense (ALAE) per permanent disability claim

Source Data

- WCIRB unit statistical data for policy year 2022 at first report level, excluding COVID-19 claims
- Region information obtained by linking WCIRB policy and unit statistical data with D&B Hoovers location information as well as WCIRB medical transaction data
- For more information on the study of regional cost differences within California, see the [2024 WCIRB Geo Study](#)

Chart 39: Change in WCAB Hearing Location by Employer Location 2018 to 2024

- This graph compares the employer's location with the Workers' Compensation Appeals Board (WCAB) office location and looks at the change between 2018 and 2024
- Each change represents the share of hearings held within that location between 2018 and 2024

Source Data

- Electronic Adjudication Management System (EAMS) data from the DWC
- Includes information from all statewide cases, including self-insured employers. Excludes data from invalid, out-of-state or missing zip codes
- Displayed for document years 2018 through 2024. Document Date refers to the date on which the DWC received the hearing application in EAMS

Chart 40: Change in Applicant Law Firm Location by Employer Location 2018 to 2024

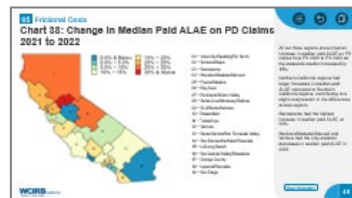
- This graph compares the employer's location with the location of the law firm representing the injured worker and looks at the change between 2018 and 2024
- Each change represents the share of cases within that location between 2018 and 2024

Source Data

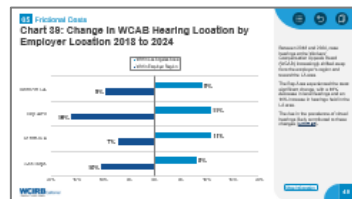
- EAMS data from the DWC
- Includes information from all statewide cases, including self-insured employers. Excludes data from invalid, out-of-state or missing zip codes
- Displayed for document years 2018 through 2024. Document Date refers to the date on which the DWC received the hearing application in EAMS



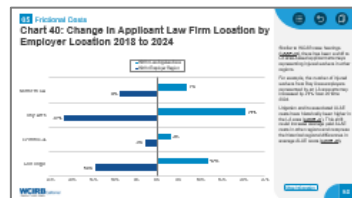
Return to **Chart 37**



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Return to **Chart 40**



Chart 41: Share of WCAB Hearings that Are Fully Remote

- This graph compares the proportion share of WCAB hearings that are fully remote by document year

Source Data

- EAMS data from the DWC
- Includes information from all statewide cases, including self-insured employers. Excludes data from invalid, out-of-state or missing zip codes
- Document year refers to the year in which the DWC received the hearing application in EAMS

Chart 42 Average ALAE Paid per Claim by Type

- Paid ALAE on CT and non-CT claims (for indemnity claims only) at three different levels of maturity
- First report level is typically based on data 18 months after policy inception, with subsequent report levels based on annual increments thereafter

Source Data

- WCIRB unit statistical data
- Only private insurers are included
- CT also includes occupational disease claims but excludes COVID-19 claims
- Data is for indemnity claims only and excludes COVID-19 claims

Chart 43: Ratios of Unallocated Loss Adjustment Expenses to Losses

- Comparison of the ratio of ULAE to losses for California to that of other states
- ULAE are the costs associated with insurer claims staff in administering workers' compensation claims

Source Data

- 2025 NCCI Annual Statistical Bulletin

Chart 44: Medical-Legal Cost Level Indexed to 2013

- Changes in the average paid per medical-legal service, the average number of medical-legal services per claim and the average total paid for medical-legal services per claim indexed to the 2013 level
- Data is categorized by the period in which the medical-legal service was provided

Source Data

- WCIRB medical transaction data as of June 7, 2025
- COVID-19 claims are excluded from accident years 2020 and forward

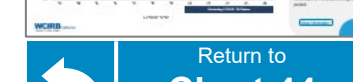
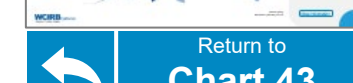
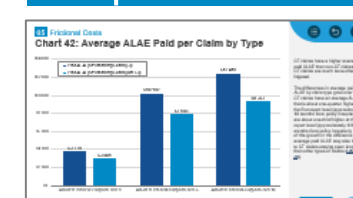
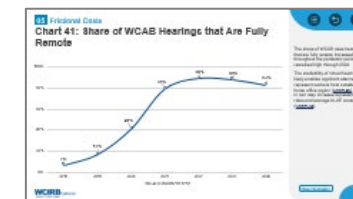


Chart 45: Distribution of Insured System Costs

- Distribution of total California workers' compensation insured system costs incurred in 2019 and 2024 by cost component
- Shows the major cost categories funded by the workers' compensation insurance premiums paid by California employers
- Data shown in billions of dollars as well as the percentage of the total system costs for that year

Source Data

- WCIRB aggregate financial data calls
- Changes in total insurer reserves by calendar year have been apportioned to indemnity and medical benefits based on the distribution of indemnity and medical payments during the calendar year

Chart 46: Distribution of Paid Indemnity Benefits

- Distribution of indemnity benefits paid in 2019 and 2024 by type of benefit
- Indemnity benefits are provided to injured workers or, in the case of fatal injuries, to their dependents to partially compensate for lost wages, with additional benefits provided if a worker suffers a permanent disability
- Indemnity benefits by type generally depend on the extent of the injury to the injured worker, the injured worker's pre-injury weekly wage and statutorily defined benefit levels

Source Data

- WCIRB aggregate financial data calls

Chart 47: Distribution of Paid Medical Benefits

- Distribution of medical benefits paid in 2019 and 2024 by type of medical service
- Includes information on a variety of medical treatments that are provided to injured workers, including physician visits, prescription medications, ML evaluations and surgeries
- The "Other Medical Services" category includes medical liens, HCPCS, dental, payments to Medicare, copy services, interpreter services and other payments not classified

Source Data

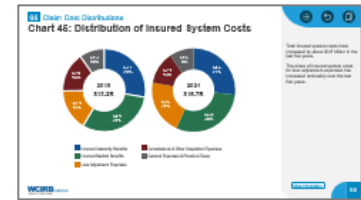
- WCIRB aggregate financial data calls and medical transaction data
- Figures exclude MCCP payments (which are included as a portion of loss adjustment expenses)

Chart 48: Market Concentration Ratios

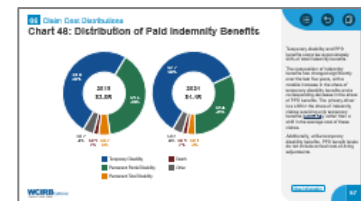
- Shows the proportion of California premium written by the largest 5 insurers in the state, the 6th through 10th largest insurers and the remaining insurers collectively
- A highly concentrated market in which the largest insurers write the majority of the premium is generally less competitive than a market with lower concentration

Source Data

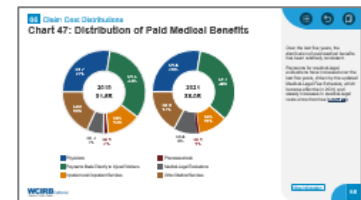
- WCIRB aggregate financial data calls
- Insurers are grouped at the National Association of Insurance Commissioners (NAIC) group level
- Data is based on calendar year written premium gross of deductible credits



[Return to Chart 45](#)



[Return to Chart 46](#)



[Return to Chart 47](#)



[Return to Chart 48](#)

Chart 49: Market Share by Type of Insurer

- Shows the proportion of California premium written by State Compensation Insurance Fund, private insurers that write 80% or more of their workers' compensation business in California (i.e., California-focused private insurers) and private insurers that write more than 20% of their workers' compensation business in other states (i.e., national insurers)
- A market in which insurers focused in California write a large share of the workers' compensation business is one sign of a healthy market

Source Data

- WCIRB aggregate financial data calls
- California-focused private insurers are private insurers that write 80% or more of their national workers' compensation business in California
- Data is based on calendar year written premium gross of deductible credits

Chart 50: Projected Combined Loss and Expense Ratios

- Ratios of WCIRB projected losses and expenses to insurer premium by accident year
- Combined ratios are a commonly used measure to evaluate the profitability of insurers from an underwriting perspective
- Due to investment income earned on collected premiums as claims are paid out over many years, insurers can generate a profit with a combined ratio above 100%, assuming a favorable investment climate

Source Data

- WCIRB projections based on aggregate financial data calls as of March 31, 2025
- COVID-19 claims are included in these ratios

Chart 51: Private Insurer Reported Calendar Year Combined Ratios

- Comparison of the reported ratio of losses and expenses to insurer premium for private insurers writing workers' compensation business in California to the countrywide average for private insurers by calendar year
- These ratios differ from those shown on [Chart 50](#) in that they are for private insurers only and are based on changes in reported losses during the calendar year on all claims regardless of when the claim occurred

Source Data

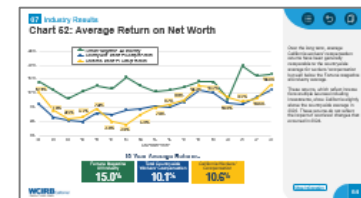
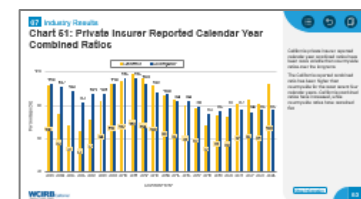
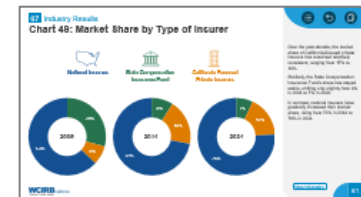
- California ratios are based on WCIRB aggregate financial data calls
- Countrywide estimate is based on the NCCI 2025 State of the Line Guide computed based on Annual Statement data (the 2024 estimate is preliminary)
- Excludes the impact of State Compensation Insurance Fund and other state funds
- COVID-19 claims are included in these ratios

Chart 52: Average Return on Net Worth

- Summary of total return on net worth for California workers' compensation compared to countrywide workers' compensation and the Fortune magazine all-industry average
- Reflects the impact of investment income, federal income taxes and insurer profits, as reported by the National Association of Insurance Commissioners (NAIC), that are not included in insurer combined ratios

Source Data

- NAIC Report on Profitability
- The NAIC estimates the total return to the industry after reflecting premiums, losses and expenses as well as allocations of an insurer's total investment income, federal income taxes and policyholder surplus to California workers' compensation



Conditions and Limitations



The information presented reflects a compilation of individual insurer submissions of information to the WCIRB. While the individual insurer data submissions are regularly checked for consistency and comparability with other data submitted by the insurer as well as with data submitted by other insurers, the WCIRB can make no warranty with respect to the information provided by third parties.

Unless otherwise noted, the information in this report is based on the reported experience of insured employers only and may or may not be indicative of the experience of the state as a whole including self-insured employers.

WCIRB estimates were based on information available at the time of this report. If subsequent information becomes available that changes the basis of our assumptions, these estimates would of course be affected.

The amounts and ratios shown represent statewide totals based on the amounts reported by insurers writing workers' compensation insurance in California. The results for any individual insurer can differ significantly from the statewide average. An individual insurer's results are related to its underwriting book of business, claims and reserving practices, as well as the nature of its reinsurance arrangements.

The information presented herein may have relied upon publicly available sources of information. While in such circumstances we deemed the sources credible for the purposes we used the information, we did not independently validate the underlying information.

Some of the information presented herein may be based on data from only a partial time period or at an initial preliminary evaluation. Once more complete and mature information becomes available, estimates could differ.

Some of the cost information presented herein may have been estimated based on data reported representing less than 100 percent of the insured market. While this has been deemed a credible source of information, estimates based on the entire insured market can differ.

