South Dakota
Workers' Compensation Advisory Council Meeting

September 6, 2012

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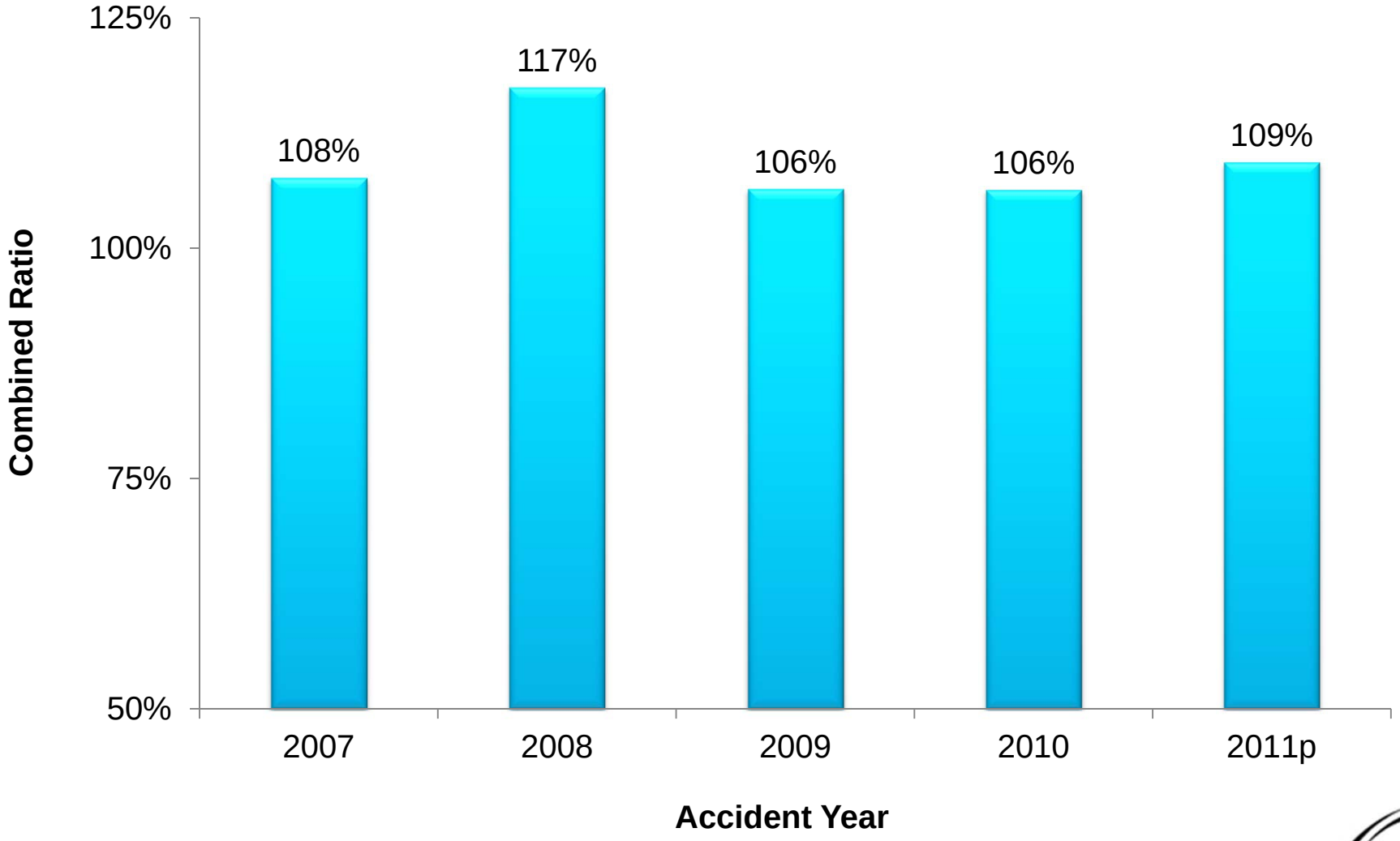
South Dakota Accident Year Combined Ratios



p: Preliminary
Sources: NCCI financial data, NAIC Annual Statement Data

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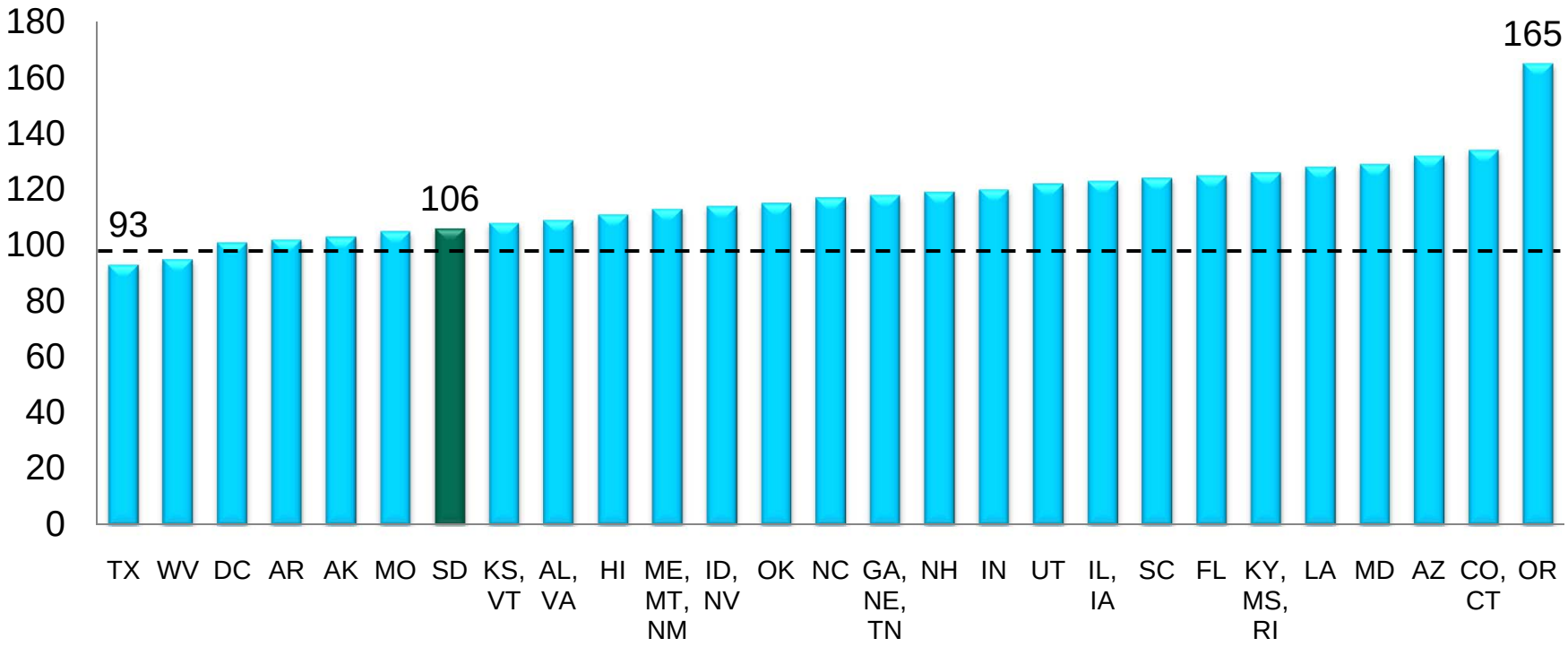
Results Vary From State to State

Accident Year 2010 Combined Ratios



Data is evaluated as of 12/31/2010

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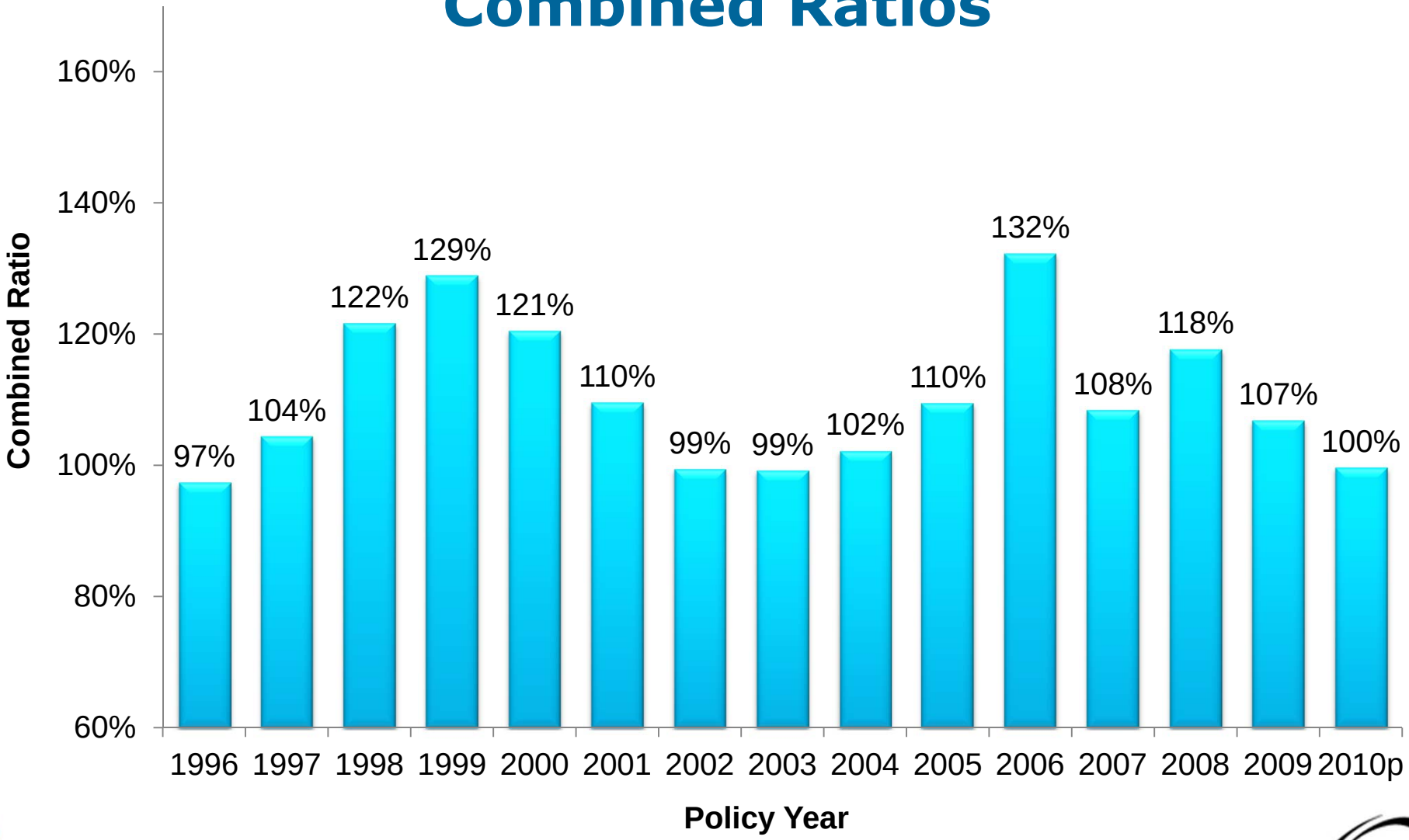
South Dakota Policy Year Combined Ratios



p: Preliminary
Source: NCCI financial data

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State Voluntary Market Filed Rates/Loss Costs

Nebraska	2/1/12	+4.9%
Iowa*	1/1/13	+7.9%
Colorado*	1/1/13	+6.1%
Indiana	1/1/12	+2.3%
South Dakota	7/1/12	- 0.3%
Kansas*	1/1/13	+2.3%
Montana	7/1/12	0.0%

* Pending

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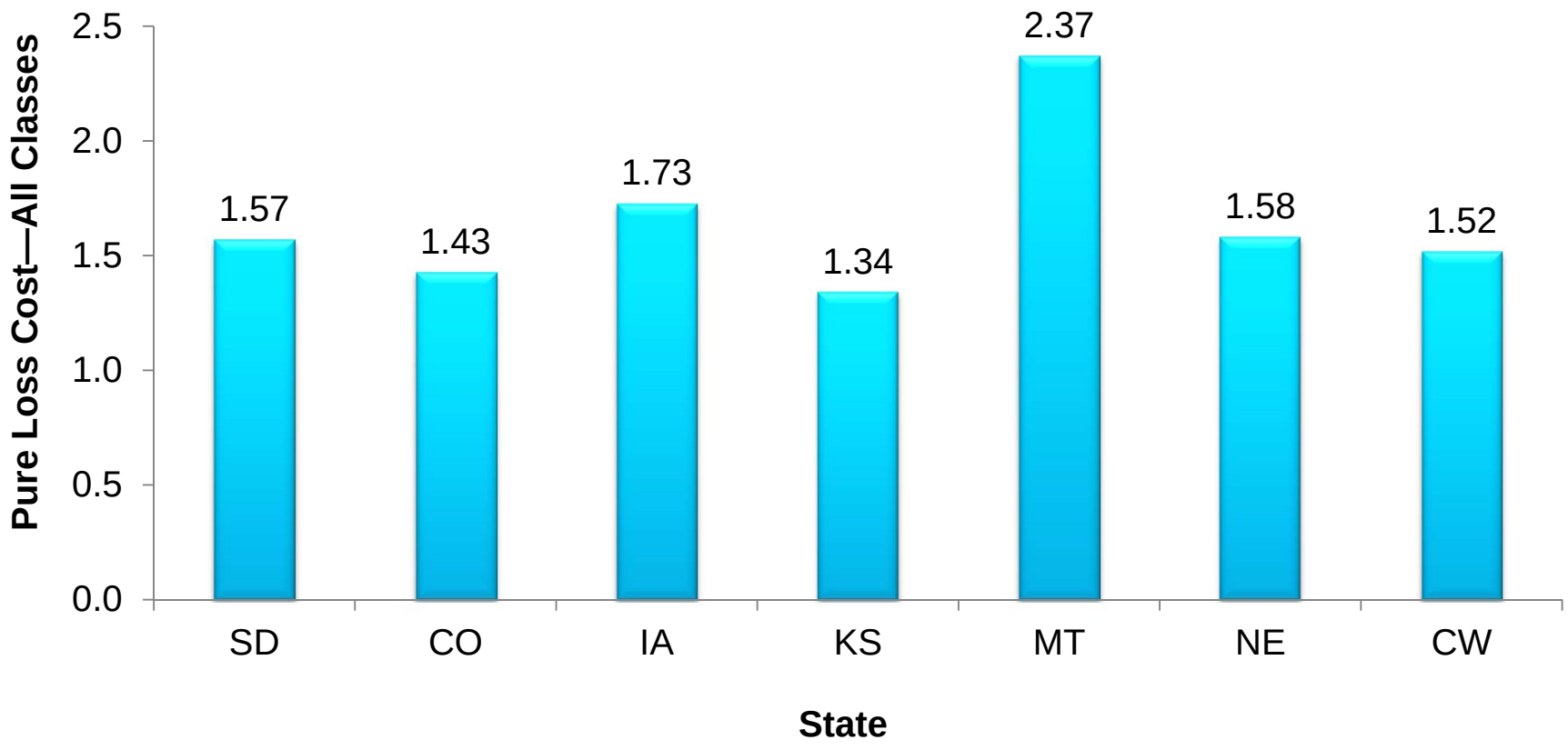
Current Average Voluntary Pure Loss Costs Using South Dakota's Payroll Distribution



Based on the latest NCCI approved rates and loss costs in the various states

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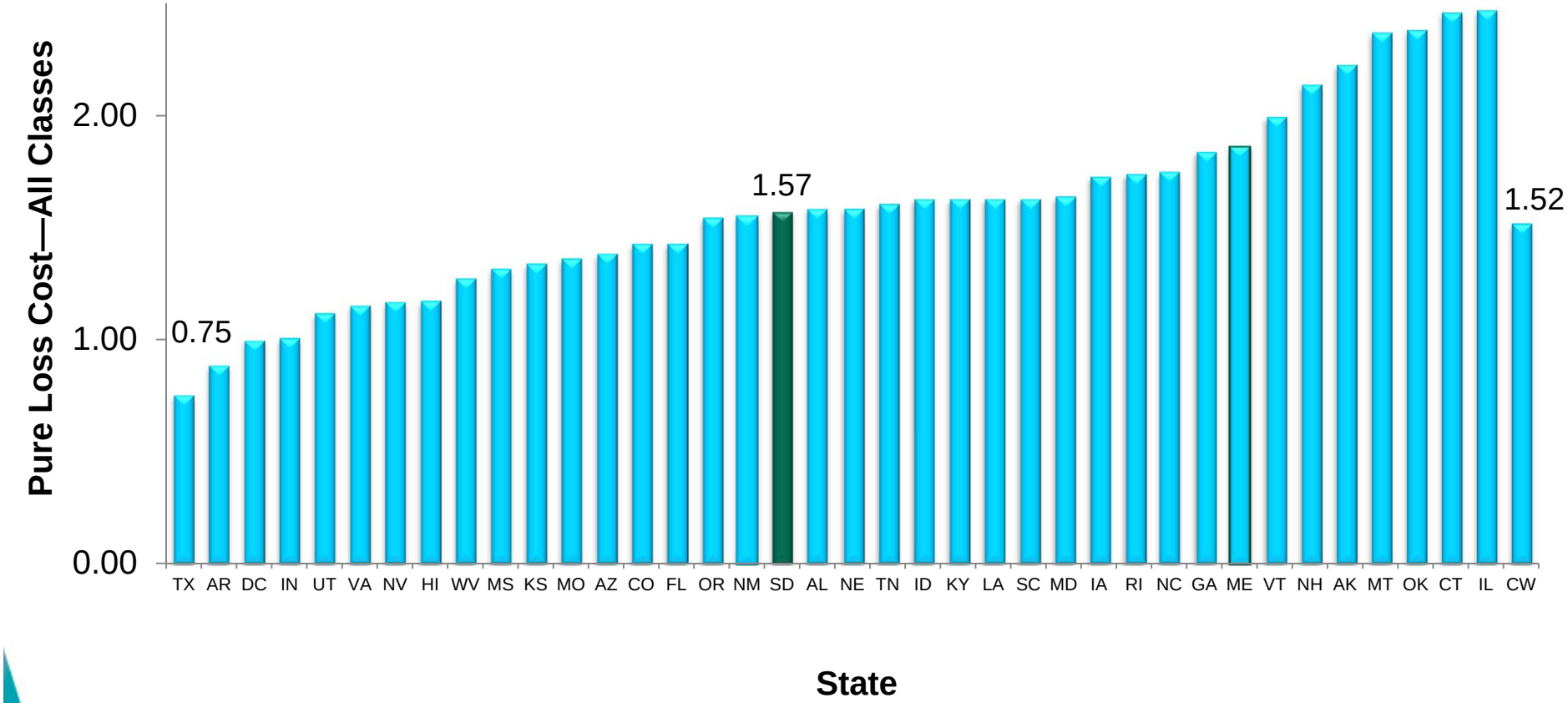
Current Average Voluntary Pure Loss Costs Using South Dakota's Payroll Distribution



Based on the latest NCCI approved rates and loss costs in the various states

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What's Driving South Dakota's Loss Cost Changes?

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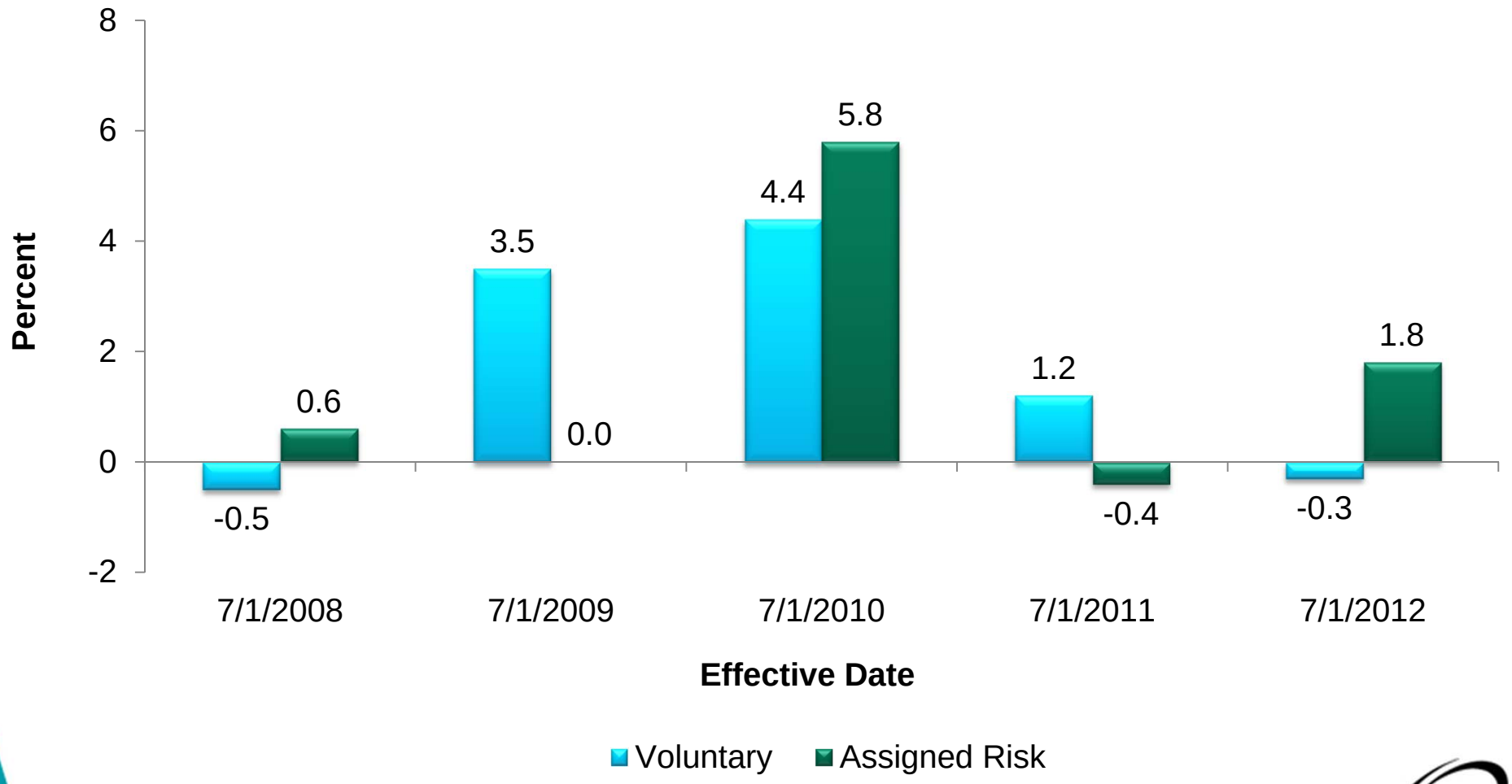
South Dakota Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



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South Dakota
July 1, 2012 Loss Cost Filing

Overall Loss Cost Change -0.3%

Experience +0.3%
- Experience Deteriorated +0.2%
- Loss Development +0.1%

PY 2006 impacted by several large losses

Little change in loss development

Trend -1.2%
- Indemnity +2.8%
- Medical -2.7%

Frequency decreased moderately

Indemnity and medical severity both volatile

Overall trend figure is a weighted average of indemnity & medical

Benefits +0.4%
- Indemnity (SAWW) +1.3%
- Medical (Schedule) +0.0%

Overall change is a weighted average of indemnity & medical

Offsets +0.2%
- MMP -0.1%
- EL IL +0.3%

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Claim Frequency

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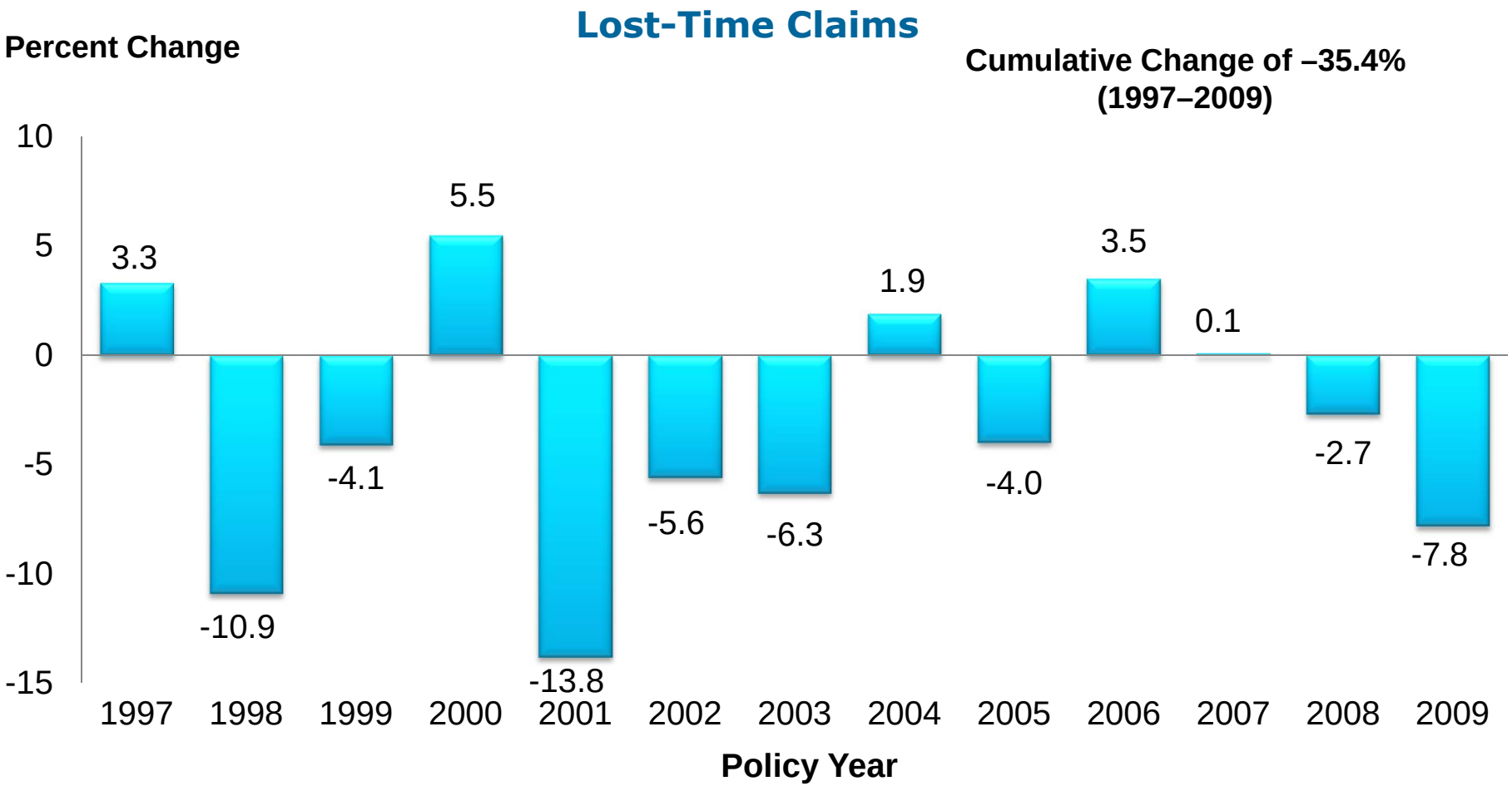
South Dakota Workers Compensation Lost-Time Claim Frequency



Based on data through 12/31/2010, developed to ultimate

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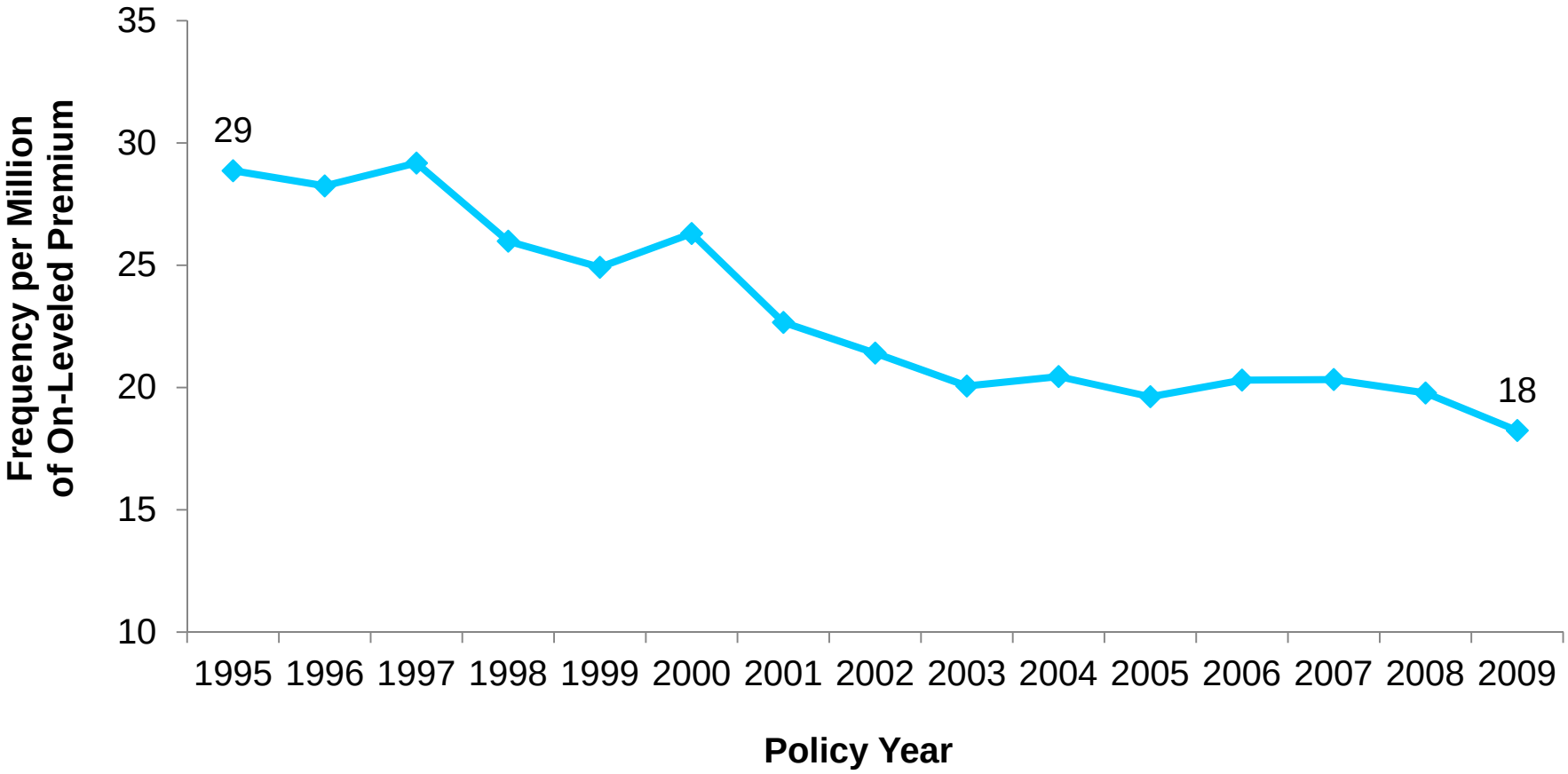
South Dakota Claim Frequency



Based on NCCI's financial data
Frequency of lost-time claims

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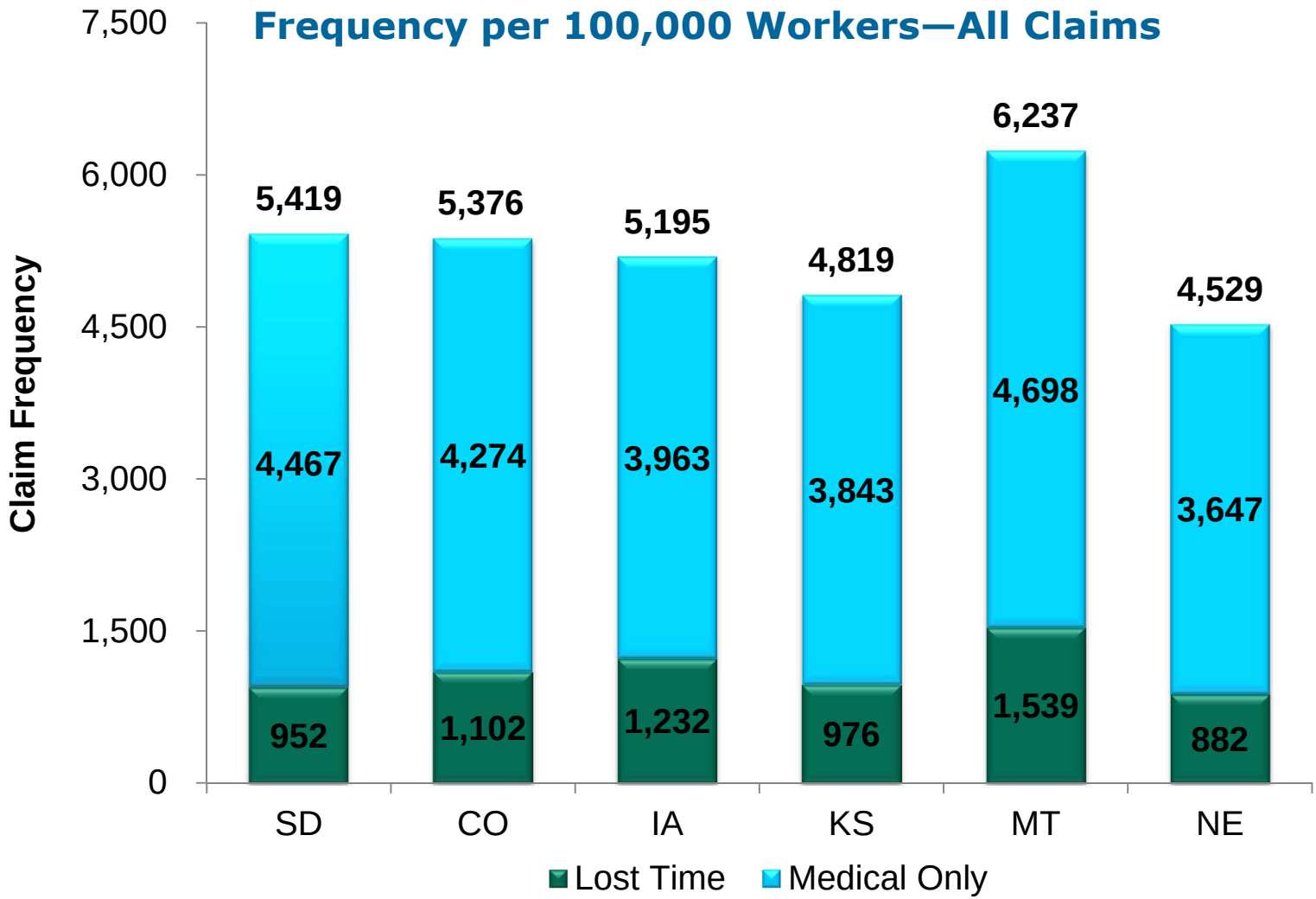
South Dakota's Average Lost-Time Claim Frequency



Based on NCCI's ***Statistical Plan*** data

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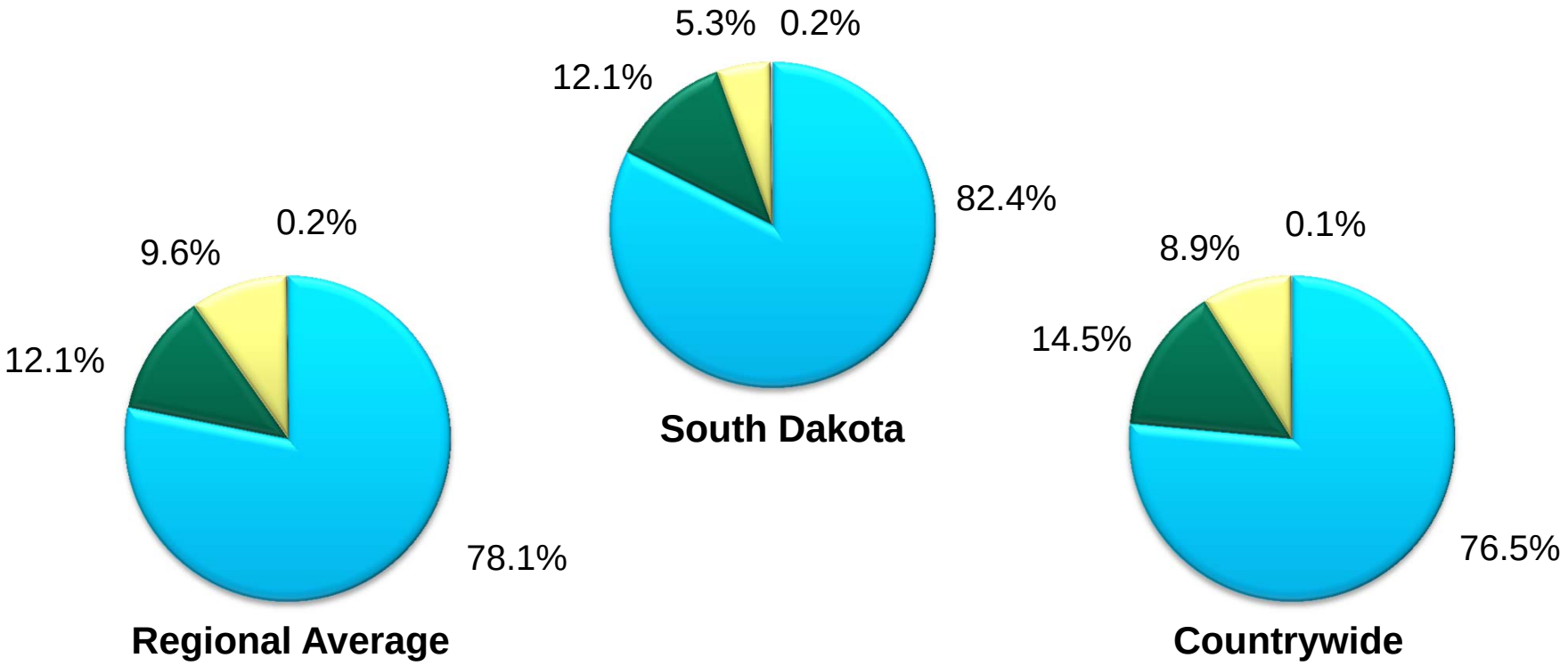
South Dakota Distribution of Claims by Injury Type



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

Regional states are CO, IA, KS, MT and NE
Based on NCCI's ***Statistical Plan*** data

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Indemnity and Medical Costs

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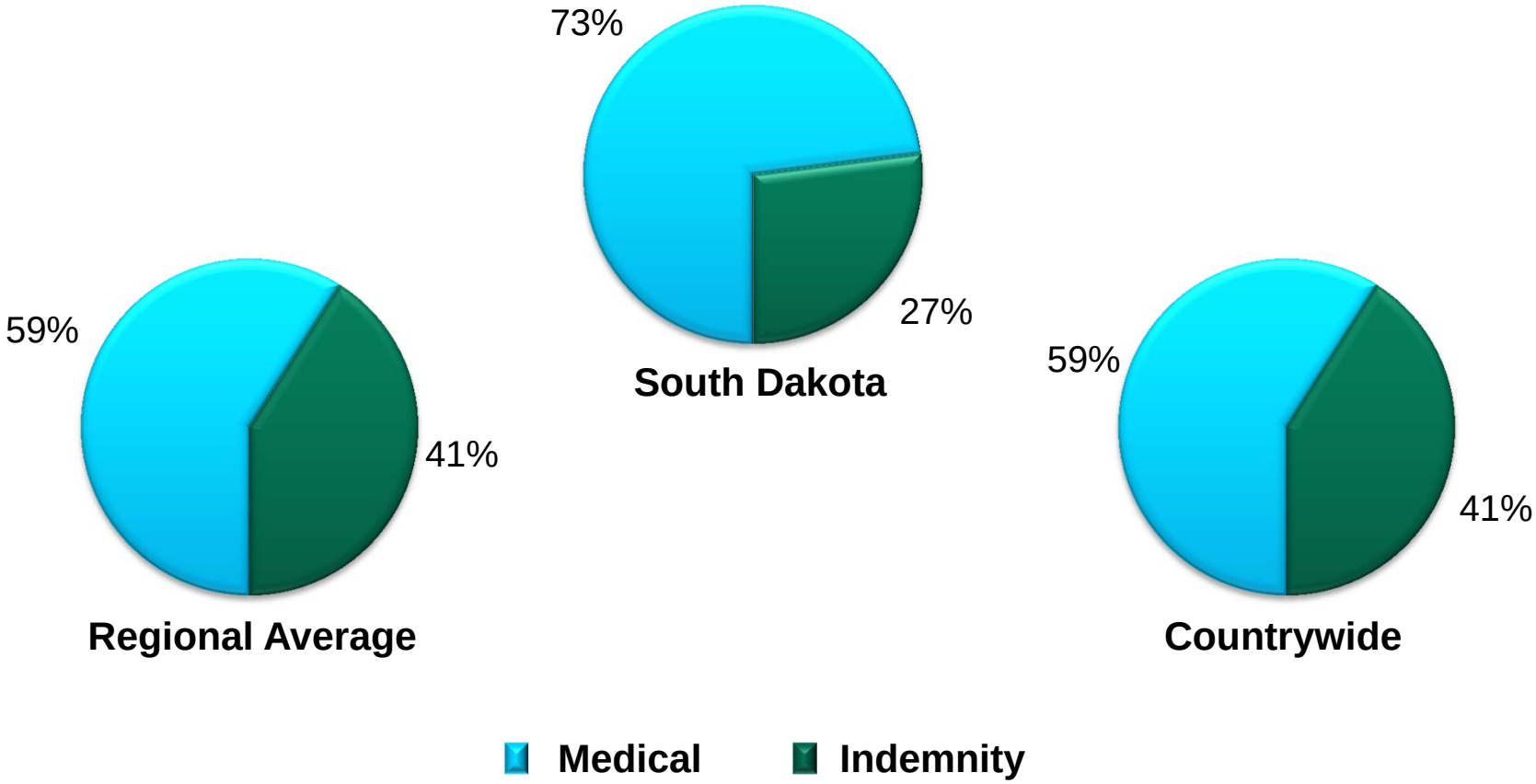
Medical Benefits Constitute the Majority of Total Benefit Costs in South Dakota



Regional states are CO ,IA, KS, MT and NE

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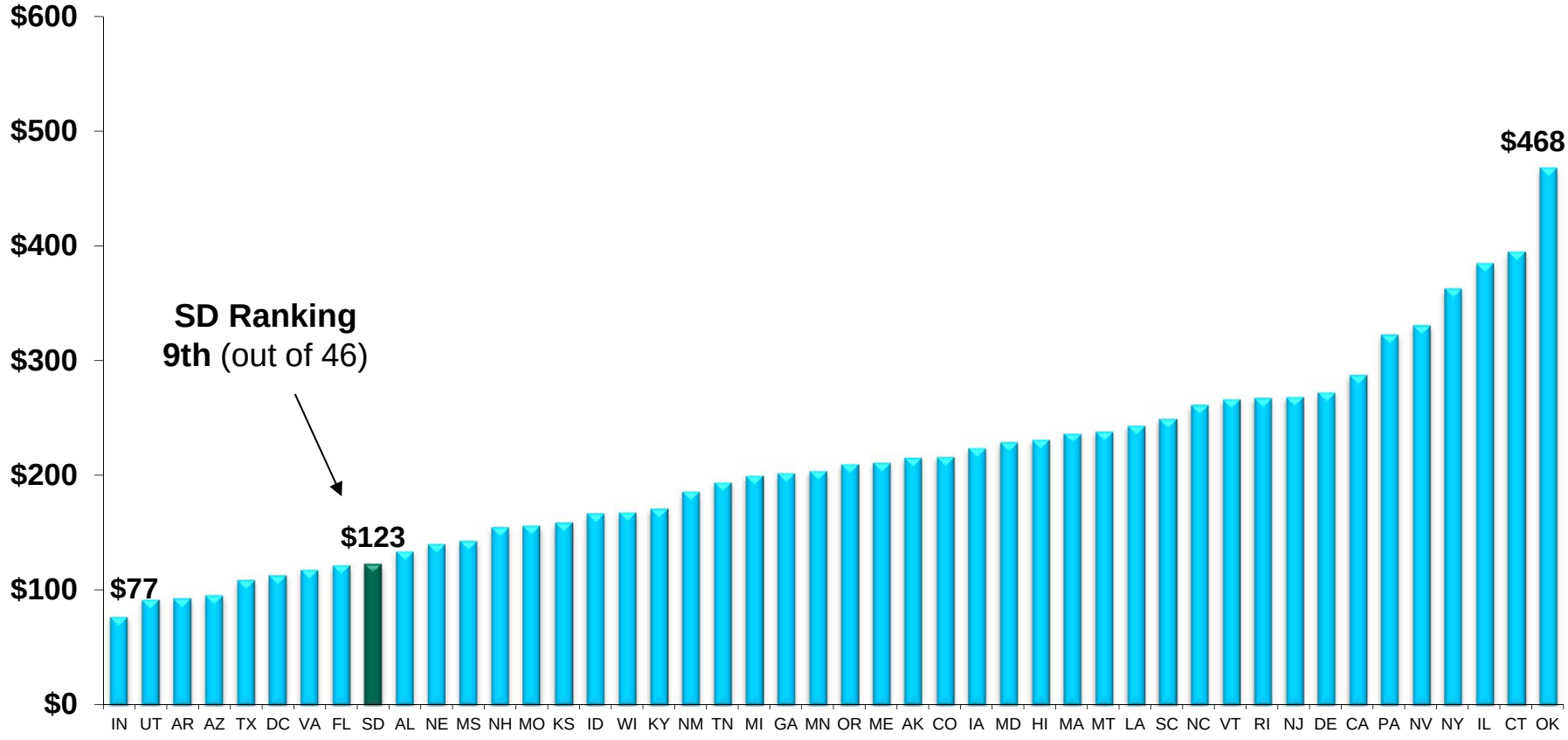
Actual Average Indemnity Benefits per Employee per Year

(Cost spread over all employees whether or not injured)



Source: NCCI's ***Statistical Plan*** data at first report for policies effective in 2008 and 2009

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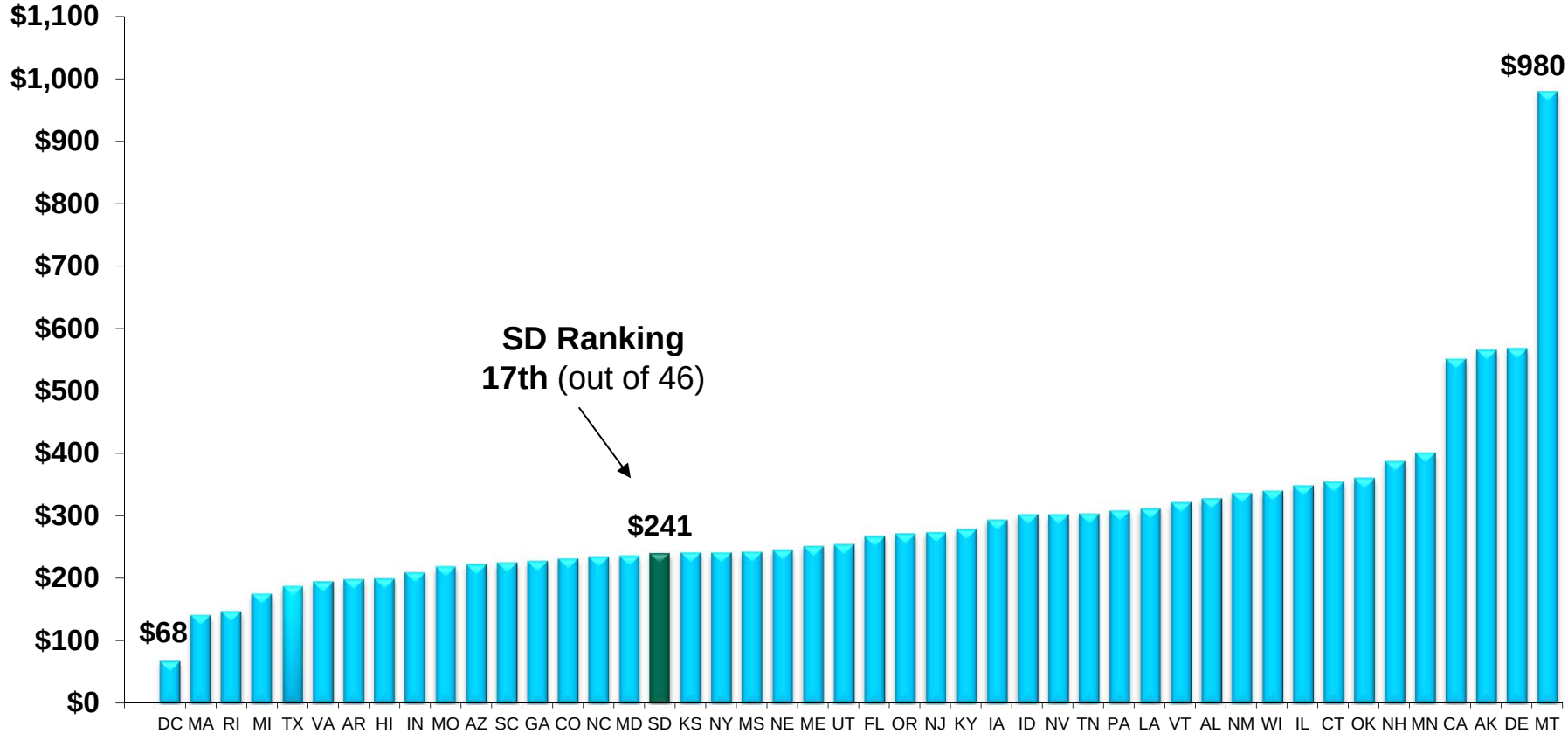
Actual Average Medical Benefits per Employee per Year

(Cost spread over all employees whether or not injured)



Source: NCCI's ***Statistical Plan*** data at first report for policies effective in 2008 and 2009

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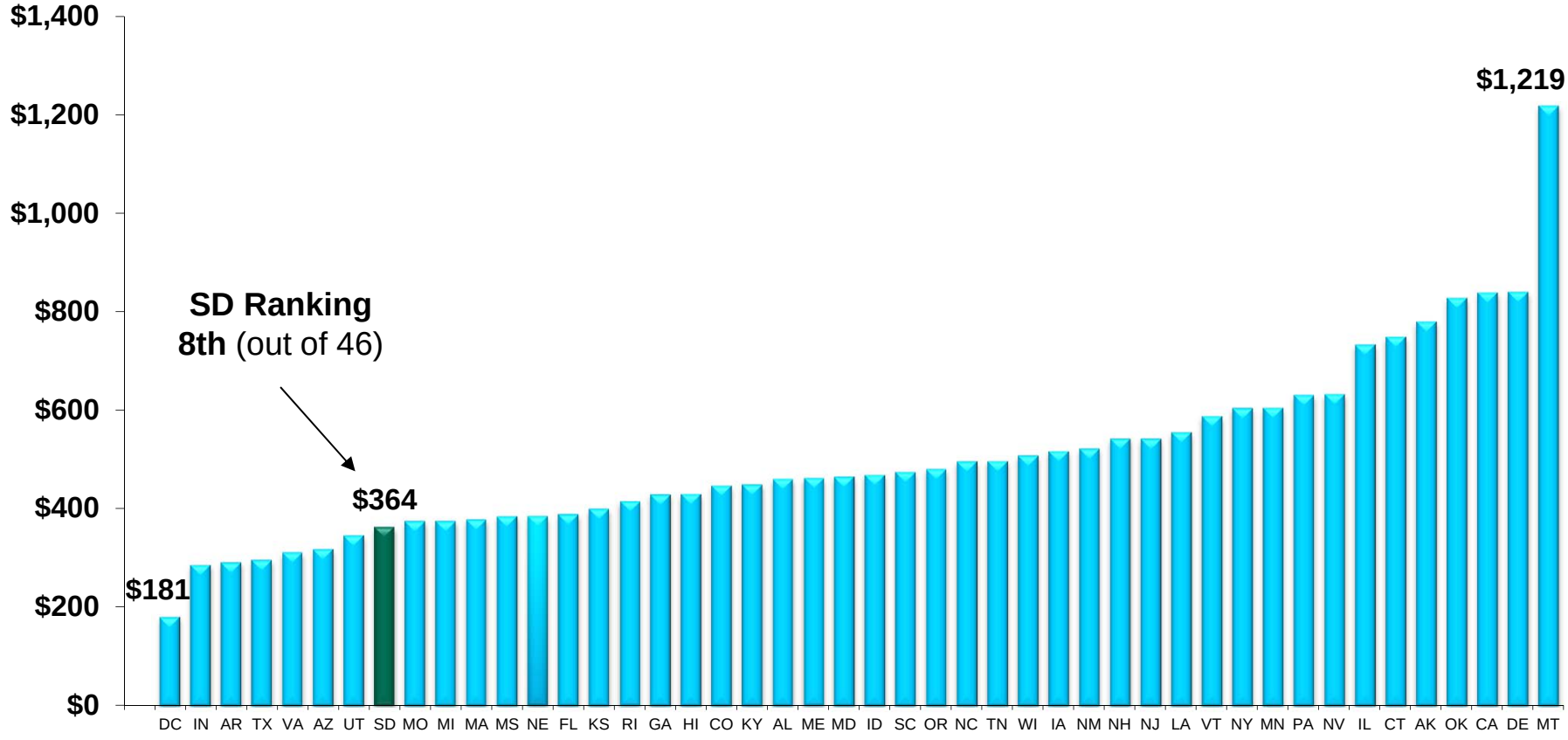
Actual Average Total Benefits per Employee per Year

(Cost spread over all employees whether or not injured)



Source: NCCI's ***Statistical Plan*** data at first report for policies effective in 2008 and 2009

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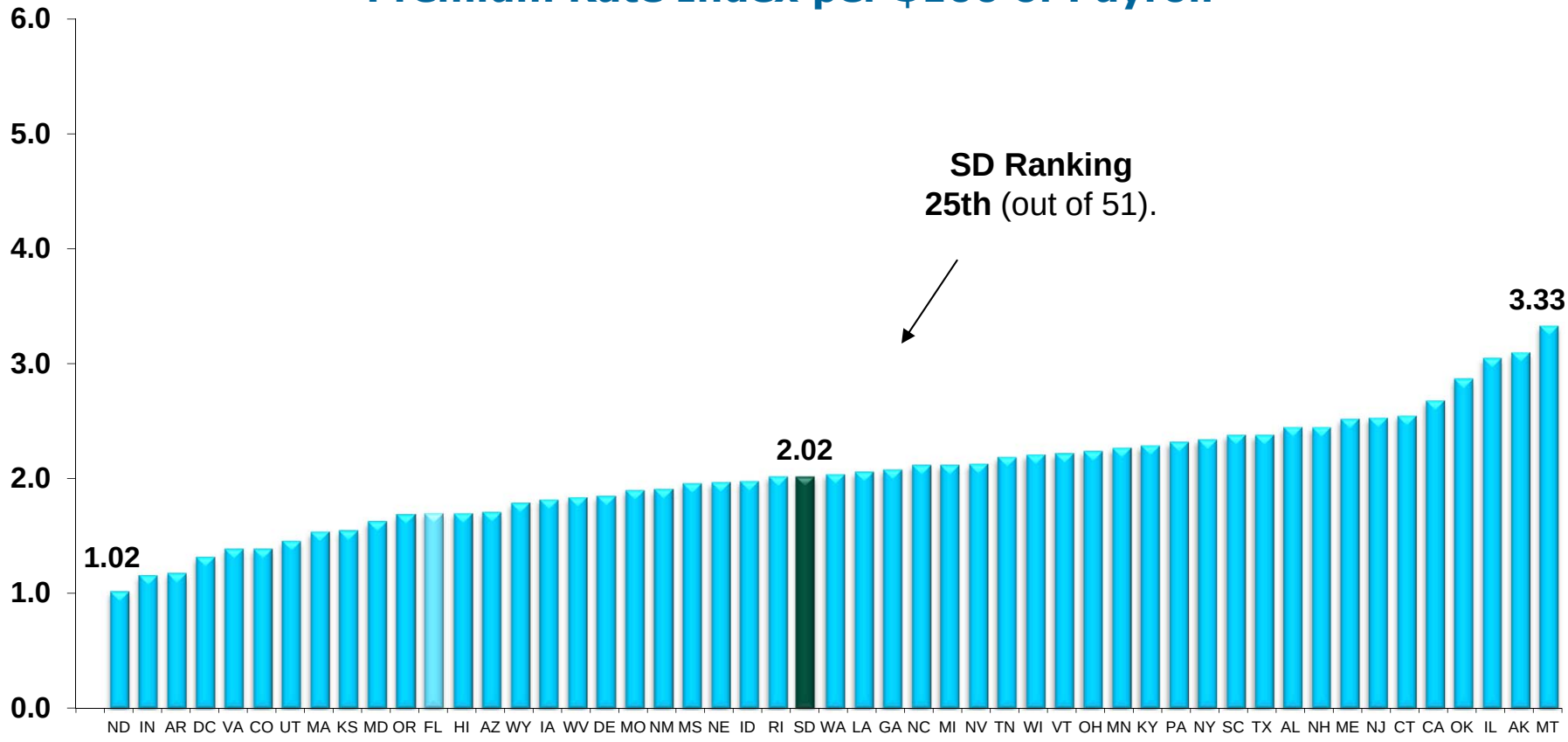
Workers Compensation Premium Rate Ranking

Premium Rate Index per $100 of Payroll



Source: 2010 Oregon Workers' Compensation Premium Rate Ranking Summary
Indexes based on rates in effect on January 1, 2010

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Indemnity Severity

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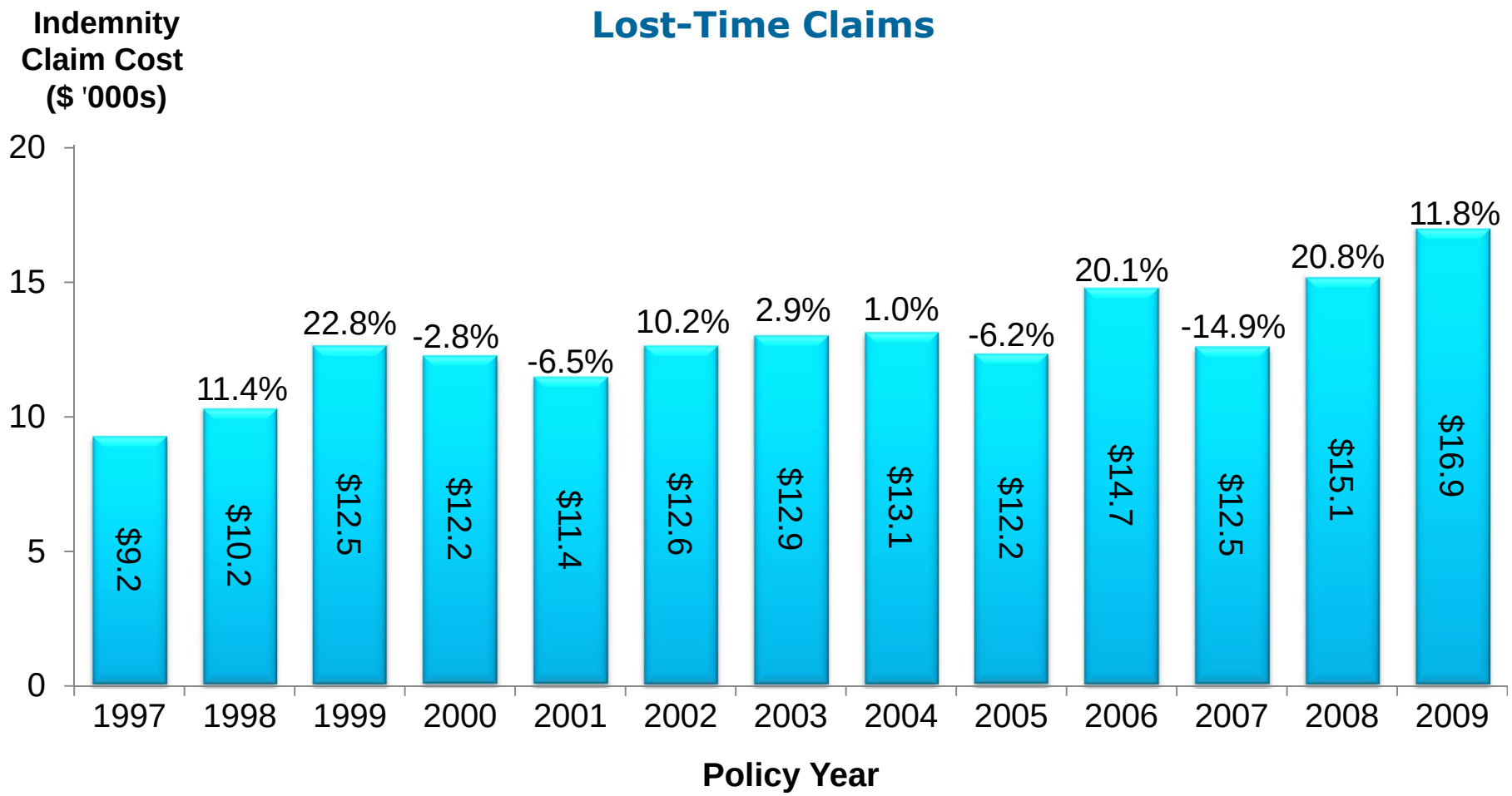
South Dakota Average Indemnity Claim Costs

Lost-Time Claims



Based on data through 12/31/2010, on-leveled and developed to ultimate

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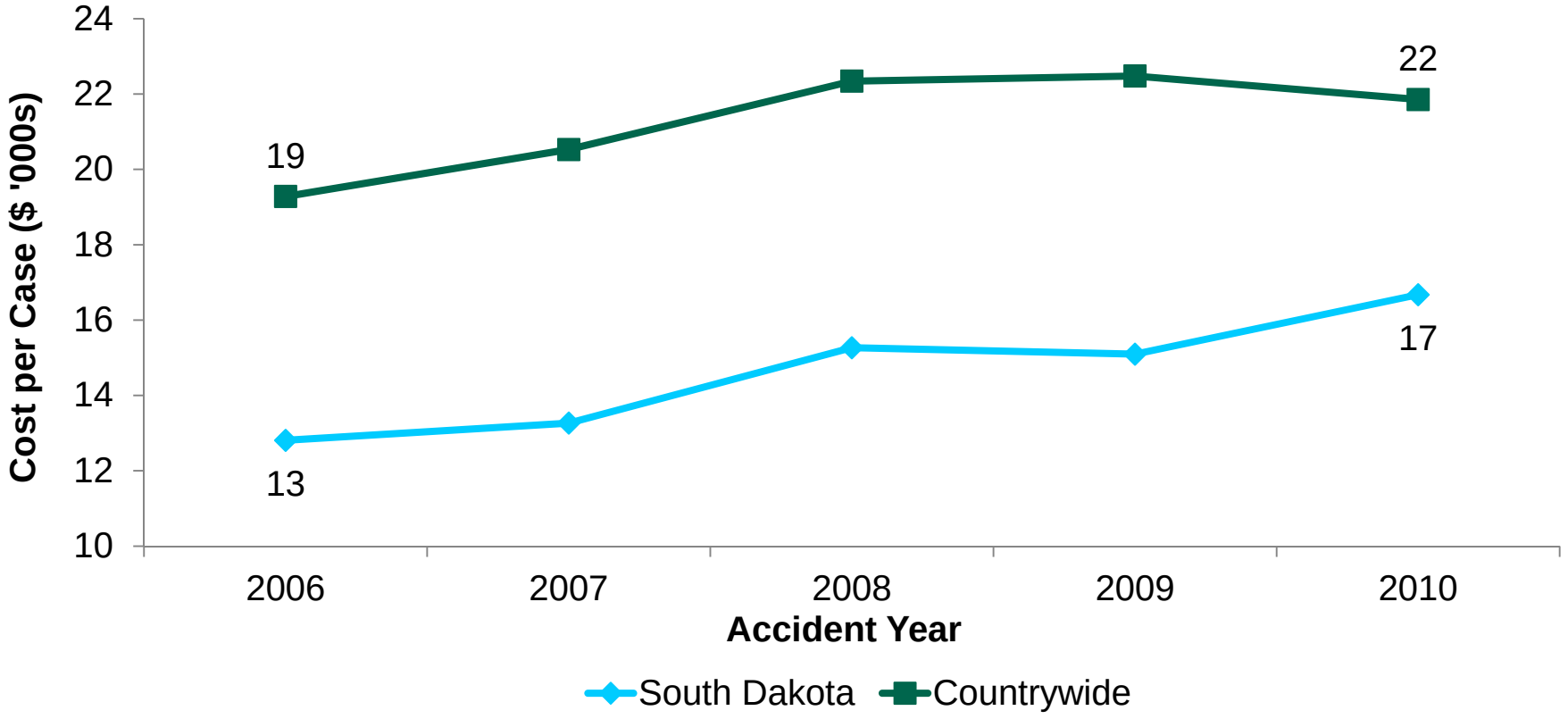
South Dakota vs. Countrywide Average Indemnity Claim Severity



Source: NCCI financial data valued as of 12/31/2010

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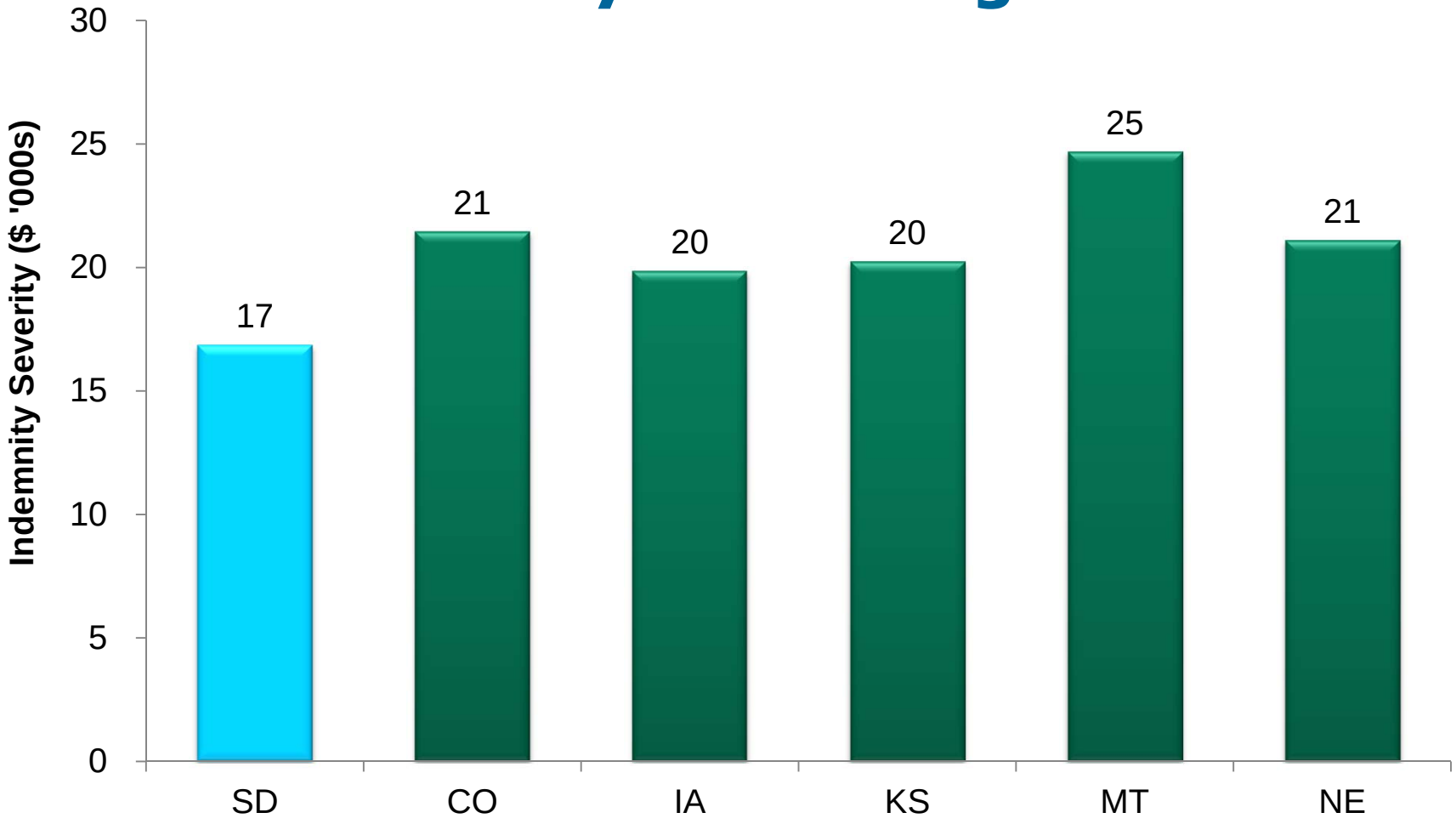
Average Indemnity Claim Severity in the Region



Based on NCCI's financial data for lost-time claims

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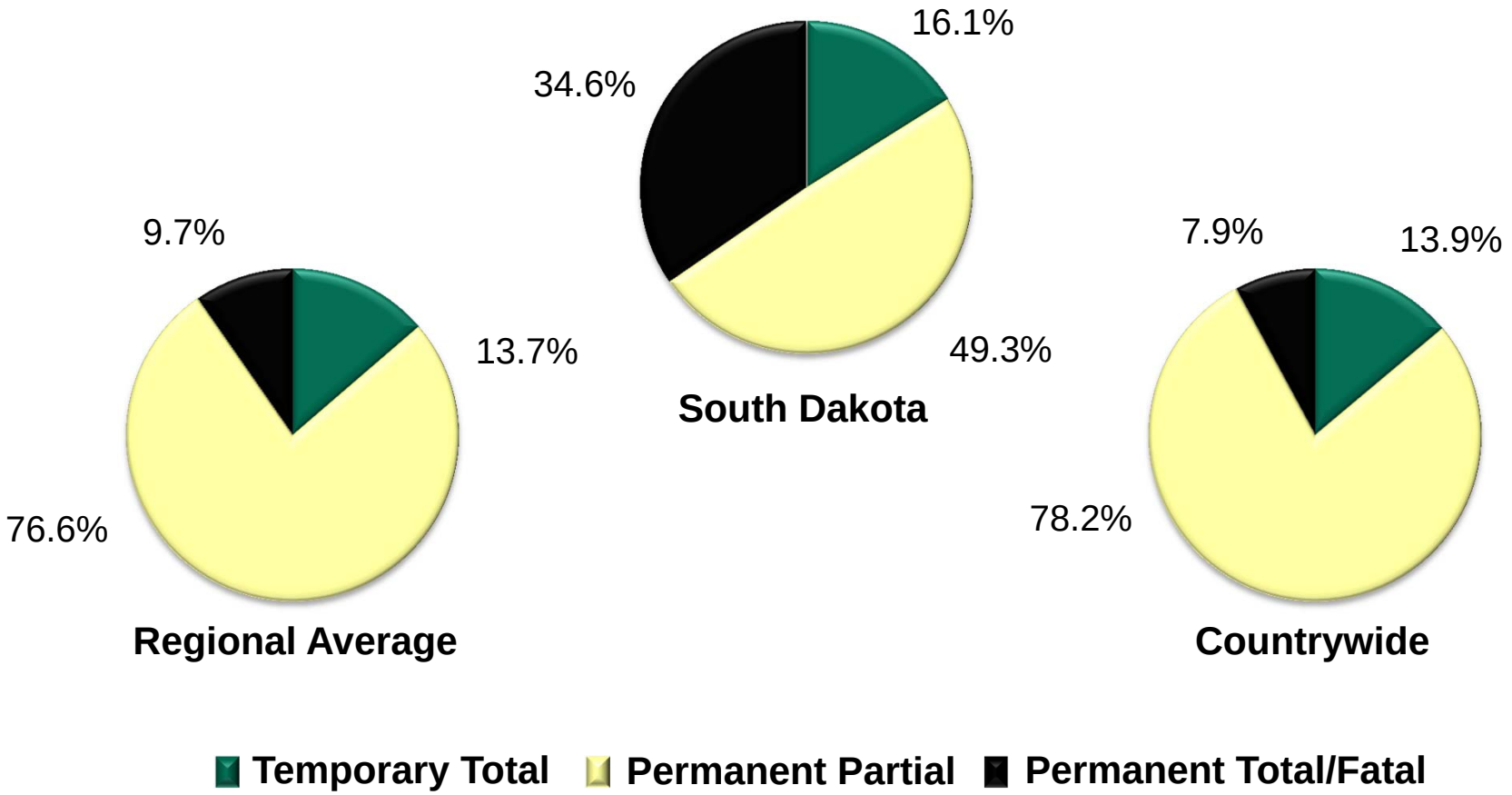
South Dakota Indemnity Loss Distribution by Injury Type



Regional states are CO, IA, KS, MT, NE
Based on NCCI's ***Statistical Plan*** data

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Medical Severity

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South Dakota Average Medical Claim Severity

Lost-Time Claims

Based on data through 12/31/2010, on-leveled and developed to ultimate

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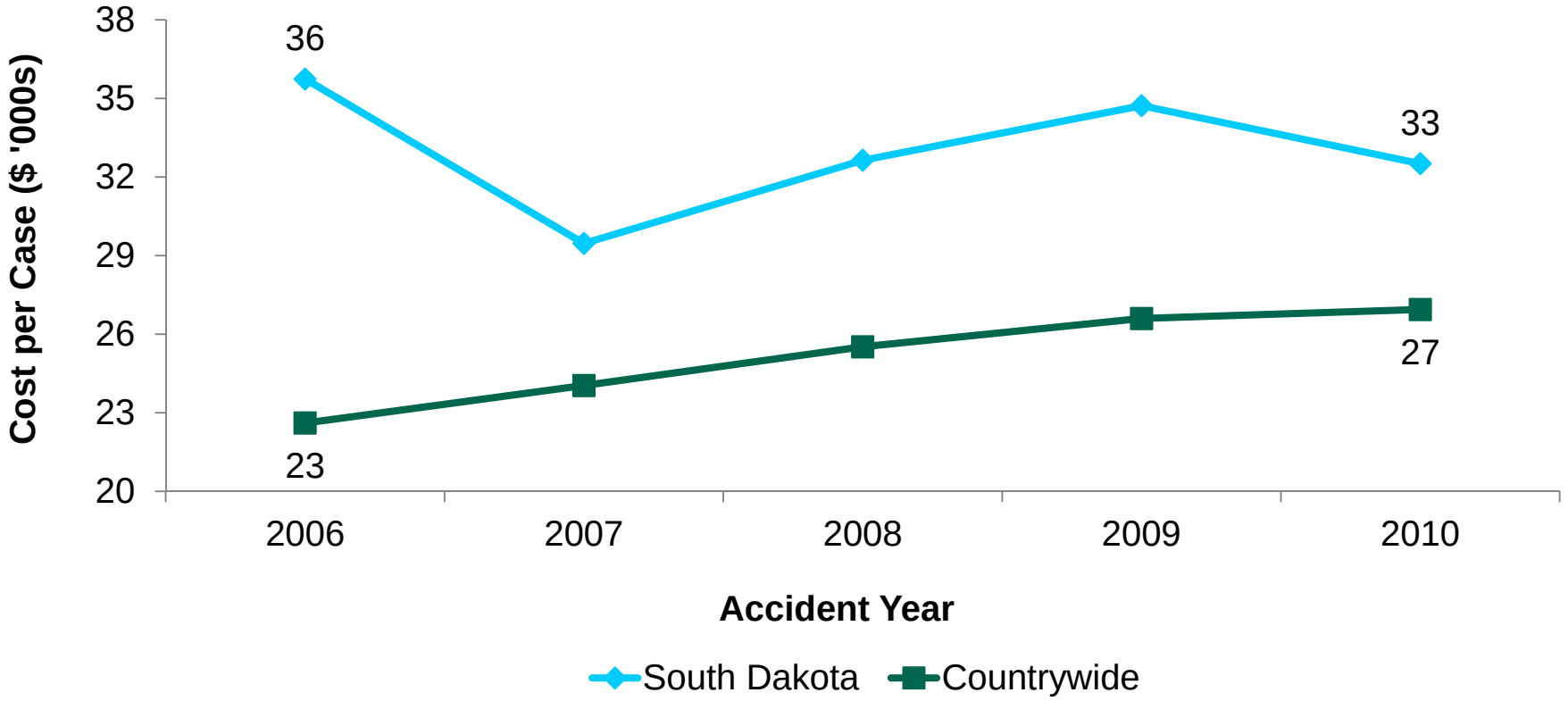
South Dakota vs. Countrywide Average Medical Claim Severity



Source: NCCI financial data valued as of 12/31/2010

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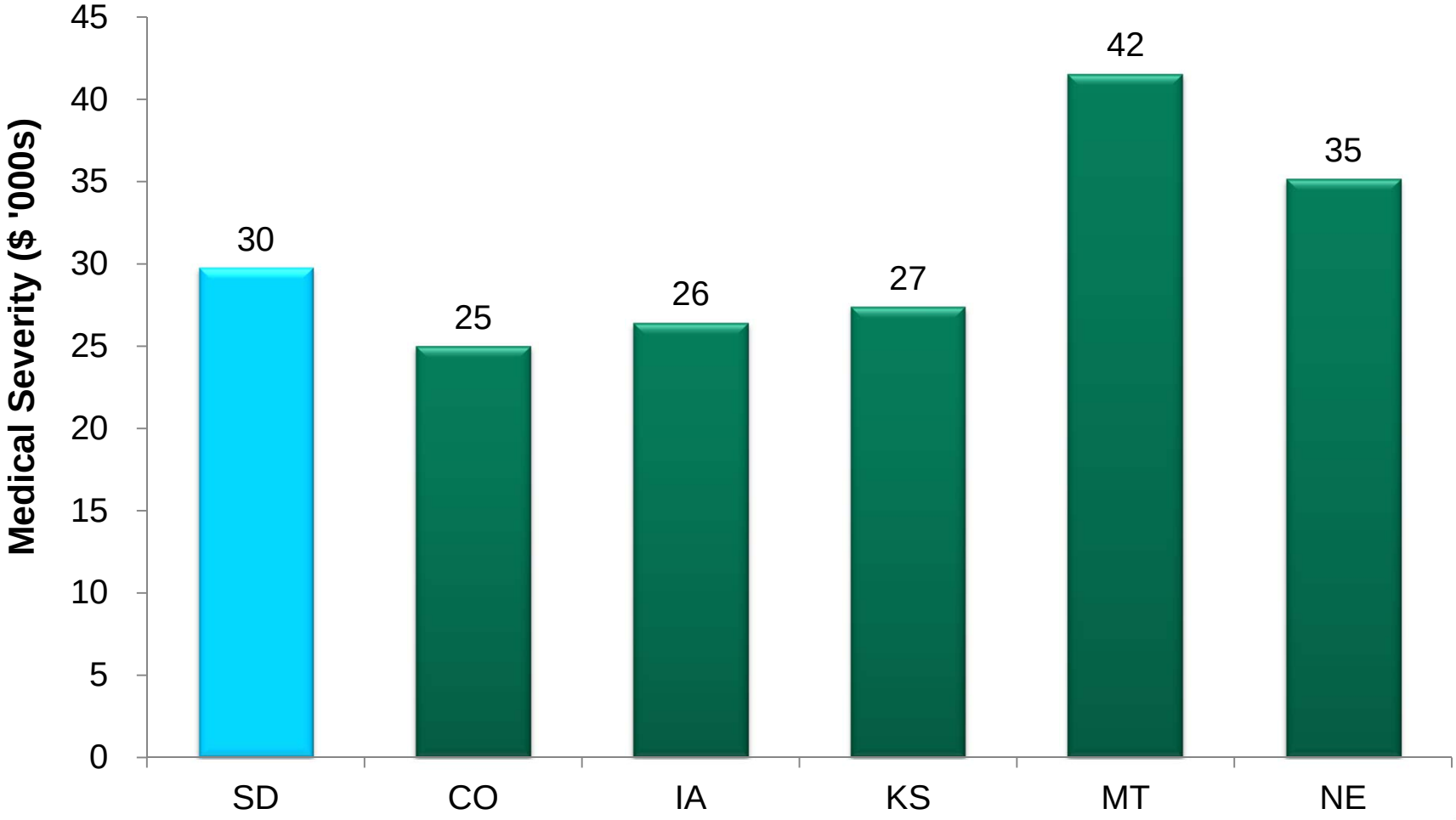
Average Medical Claim Severity in the Region



Based on NCCI's financial data for lost-time claims

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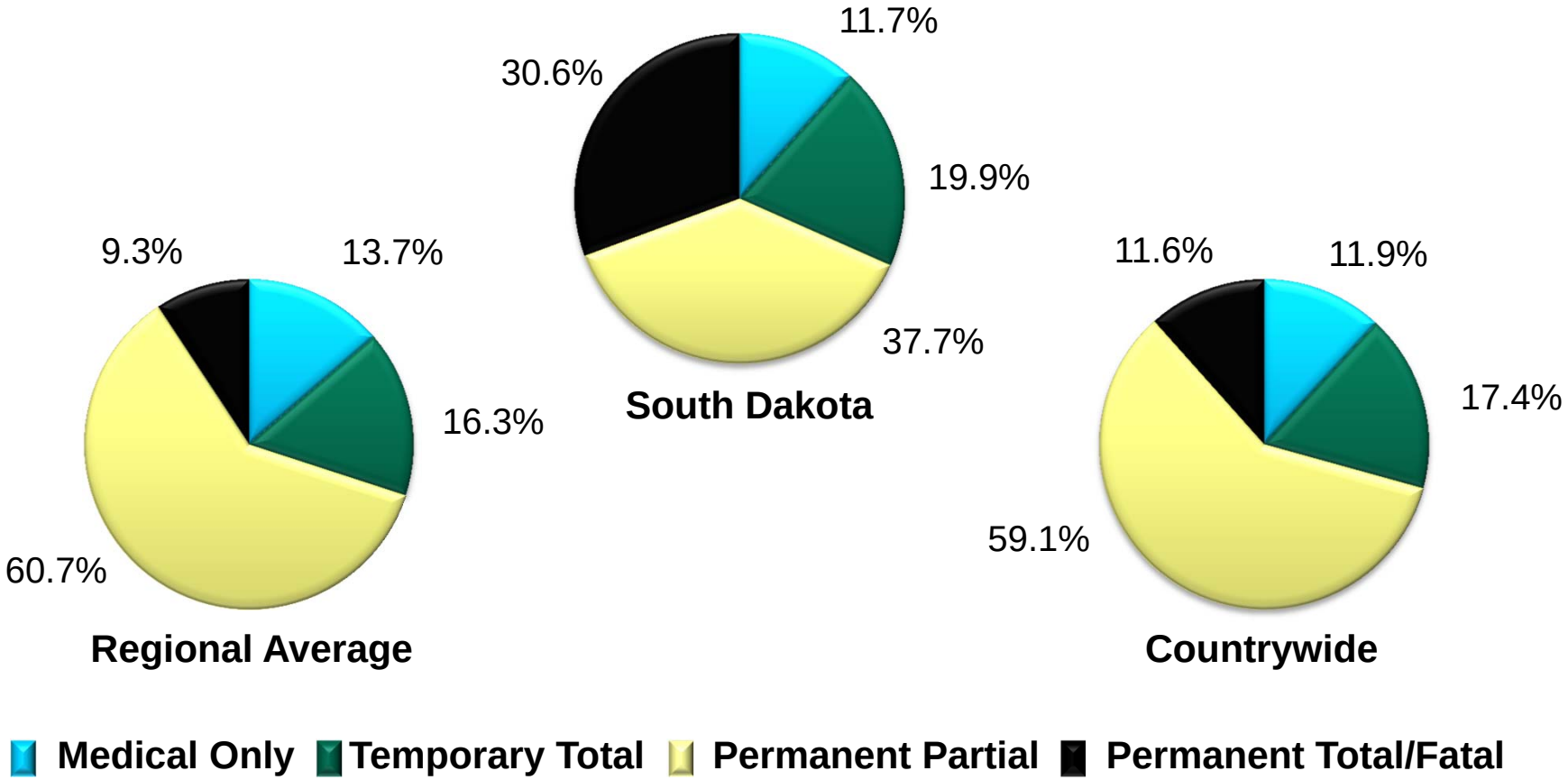
South Dakota Medical Loss Distribution by Injury Type



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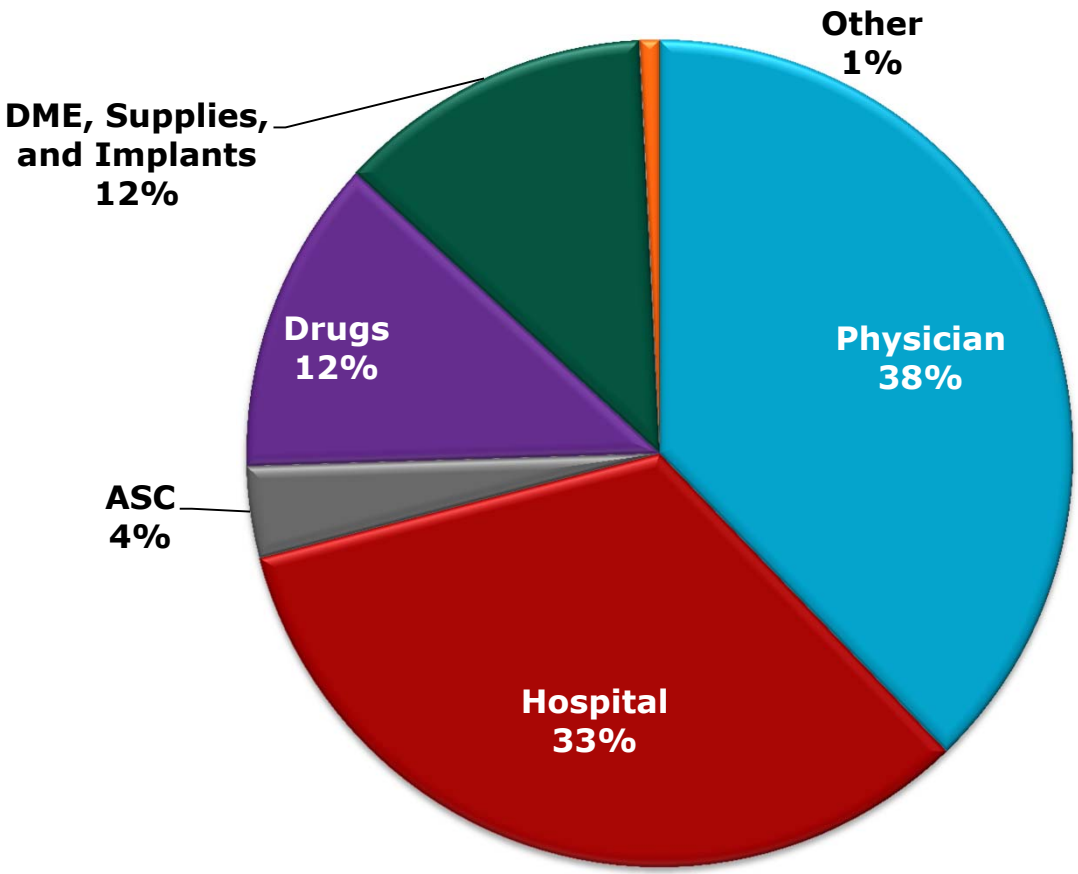
South Dakota - Service Year 2009



Source: Based on Workers Compensation data licensed to NCCI

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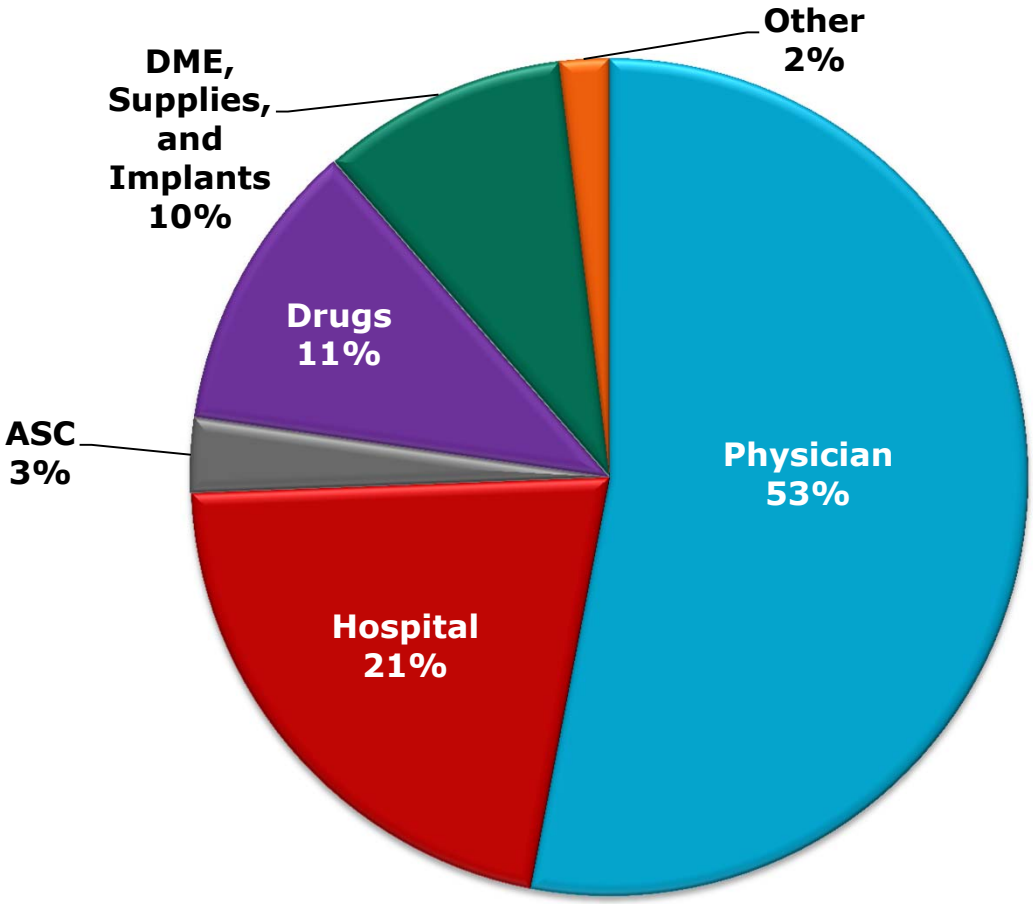
Countrywide - Service Year 2009



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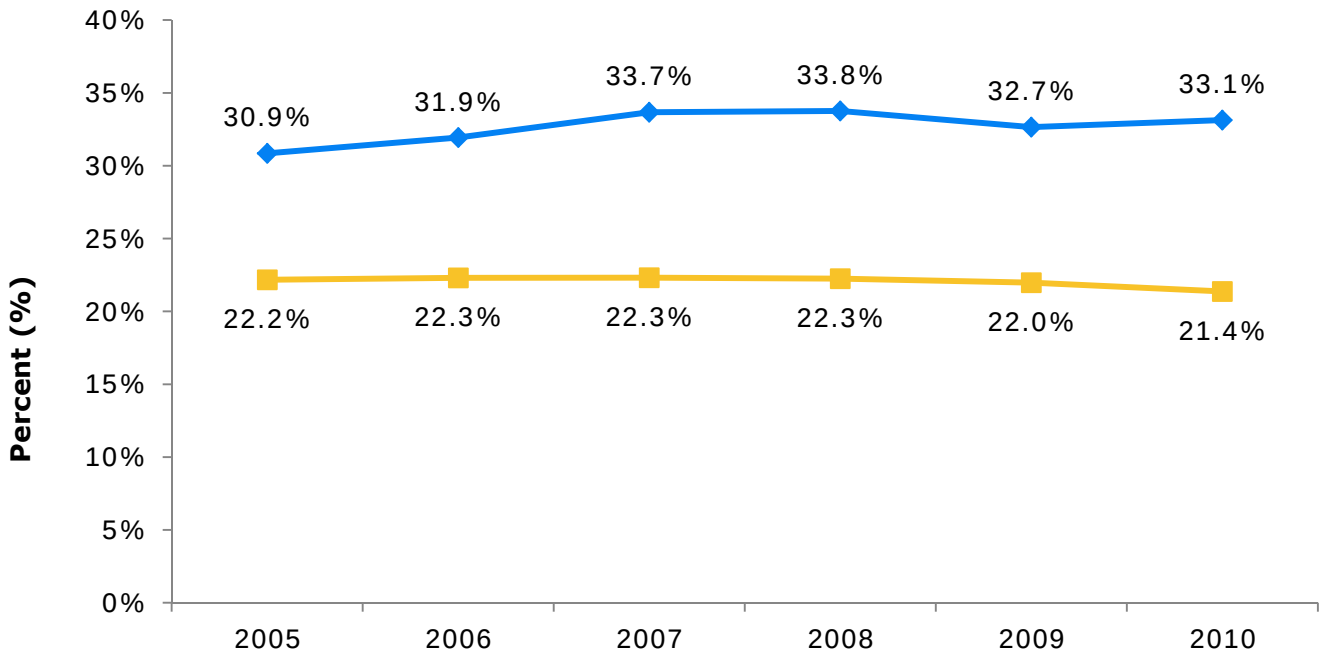
Hospital Costs as a % of Total Medical Costs



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South Dakota Countrywide

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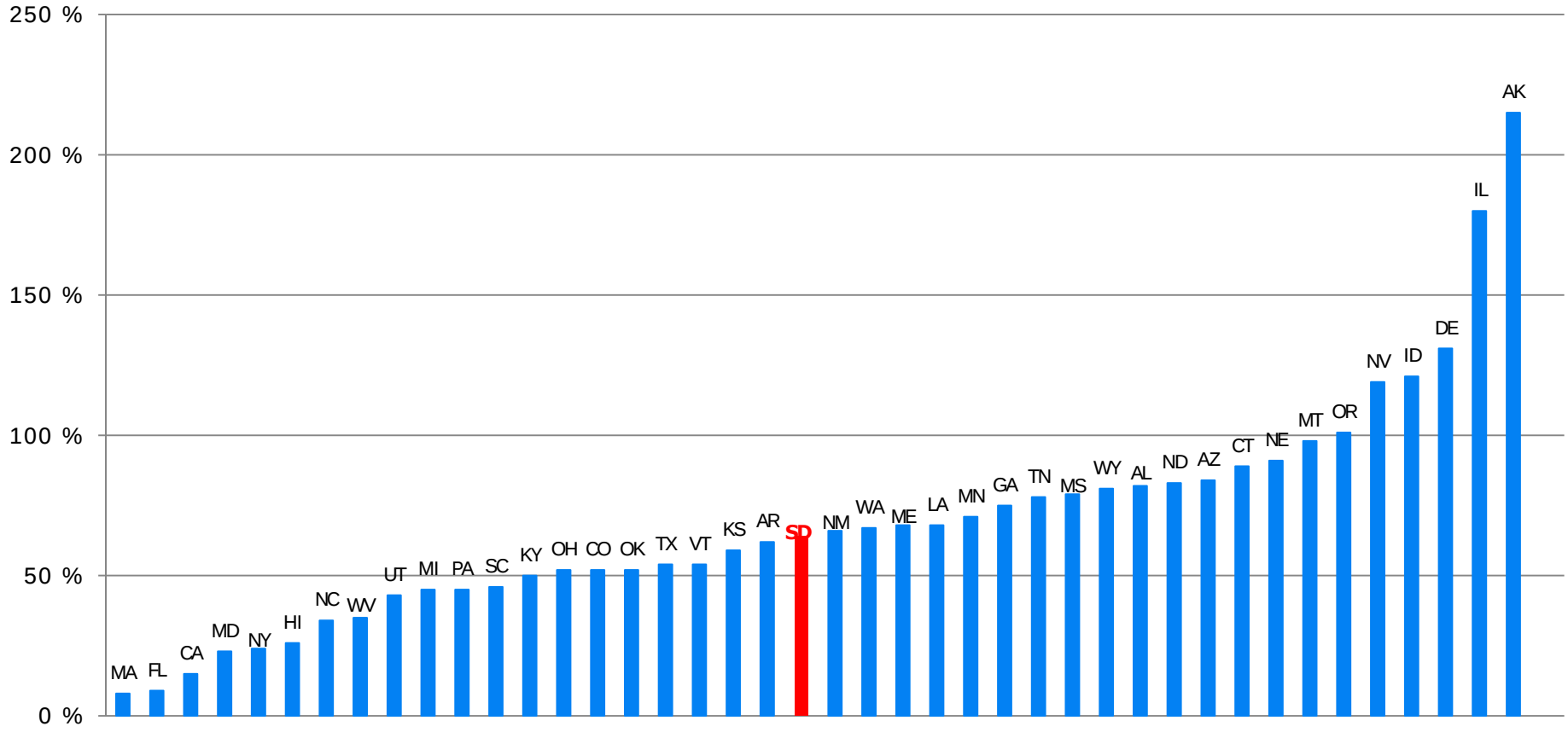
Workers Compensation Premiums Over Medicare – Overall



Source: Workers' Compensation Research Institute "BenchMark for Designing Workers' Compensation Medical Fee Schedules: 2009"

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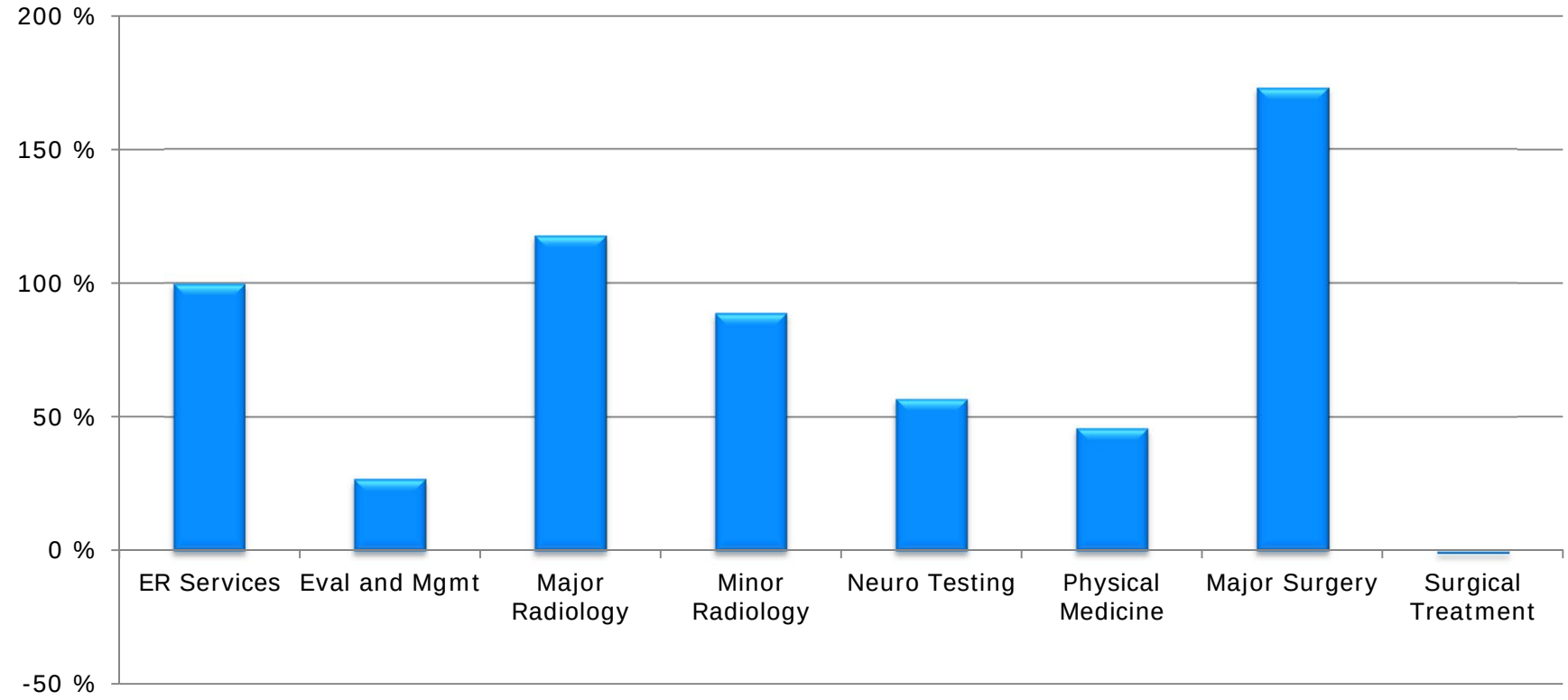
Workers Compensation Premiums Over Medicare



SD Rank	**11**	**28**	**11**	**24**	**27**	**18**	**14**	**41**

Source: Workers' Compensation Research Institute "BenchMarks for Designing Worker's Compensation Medical Fee Schedules: 2009"

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NCCI Resources

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NCCI's Website Is a Rich Source of Information

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Useful Website Information for Stakeholders

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  - News from the ***Annual Issues Symposium***
    - State of the Line
    - Research Workshops
  - NCCI Research
    - Medical Services by Size of Claim—2011 Update
    - Workers Compensation Claim Frequency 2011
    - Workers Compensation Prescription Drug Study: 2011 Update
- Residual Markets

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Useful Website Information for Stakeholders (ncci.com)

- Services and Tools
  - Manuals and Circulars
  - ***State Insight***
  - ***WorkComp Workstation***
  - ***Rate Table Data***
- Industry Information—Regulatory Activities
  - Revisions to the Experience Rating Plan
- Education
  - Webinar on Demand
    - Introduction to Proposed Experience Rating Plan Changes

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- State Relations Executives
- Customer Service Center: 800-**NCCI**-123
- All employees can be reached by email: firstname_lastname@ncci.com

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