

**State of Illinois  
Department of Insurance**

# Workers' Compensation Insurance Oversight Report



Pursuant to 820 ILCS 305/29.2 (a)

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## Introduction

The Illinois Workers' Compensation Act [820 ILCS 305/29.2(a)] requires the Department of Insurance (the Department) to annually submit a written report detailing the state of the workers' compensation insurance market in Illinois to: the Governor, the Chairman of the Workers' Compensation Commission, the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, and the Minority Leader of the House of Representatives.

This report is based on calendar year 2023 data from the National Council on Compensation Insurance (NCCI) and the National Association of Insurance Commissioners (NAIC).

## Market Summary

### Countrywide Market Overview

Illinois insurance companies wrote over \$2.52 billion in workers' compensation insurance premium during 2023. Illinois had the 5<sup>th</sup> most workers' compensation insurers in 2023, with 364 insurance companies actively engaged in the market. Illinois ranked seventh in direct premium written, comprising 4.32 percent of the countrywide market.

#### Top 10 States by Company (Positive Direct Premium Written)

Rank	State	Number of Insurance Companies
1	Pennsylvania	382
2	Georgia	376
3	Tennessee	373
4	Virginia	366
5	Illinois	364
6	Indiana	363
7	North Carolina	345
8	Maryland	345
9	South Carolina	339
10	Arizona	338

Source: NAIC

#### Top 10 States by Premium (Positive Direct Premium Written)

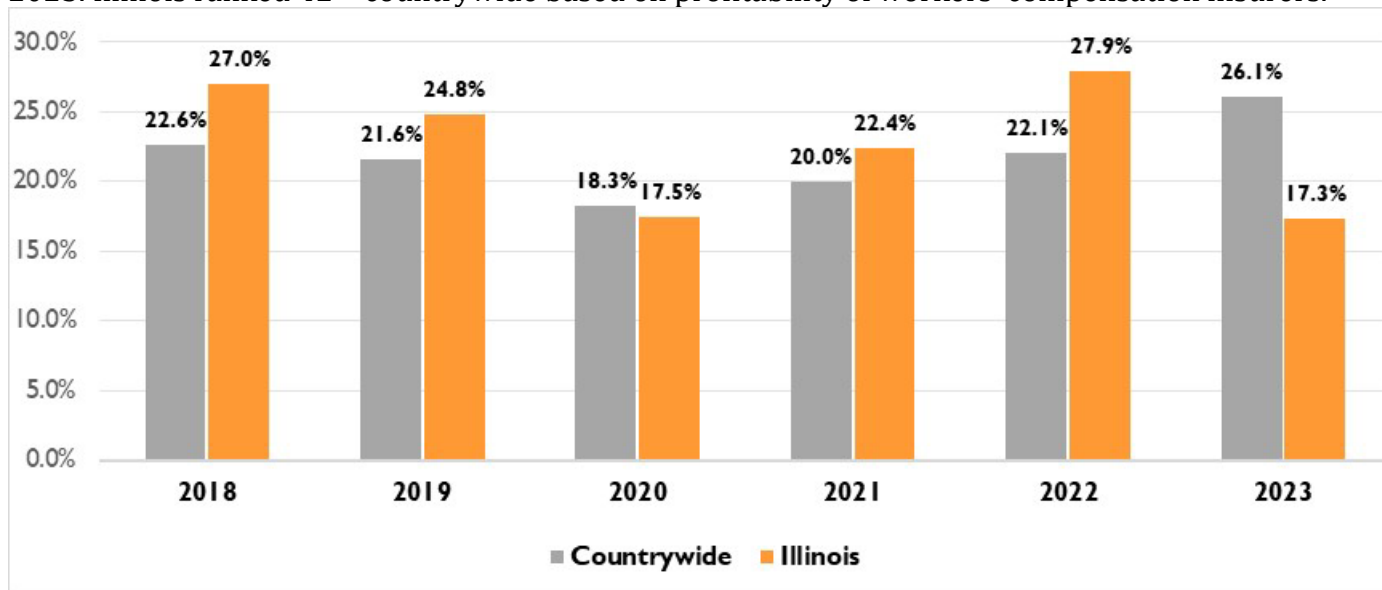
Rank	State	Direct Written Premium	Market Share
1	California	\$11,891,544,211	20.33%
2	New York	\$5,212,032,662	8.91%
3	Florida	\$3,429,738,855	5.86%
4	Texas	\$2,689,018,693	4.60%
5	Pennsylvania	\$2,644,596,186	4.52%
6	New Jersey	\$2,644,301,638	4.52%
7	Illinois	\$2,528,489,808	4.32%
8	Wisconsin	\$1,975,001,937	3.38%
9	Georgia	\$1,836,026,849	3.14%
10	North Carolina	\$1,521,722,597	2.60%
	Countrywide Total*	\$58,498,957,993	

\* Includes Canada and US Territories

Source: NAIC

## Profitability

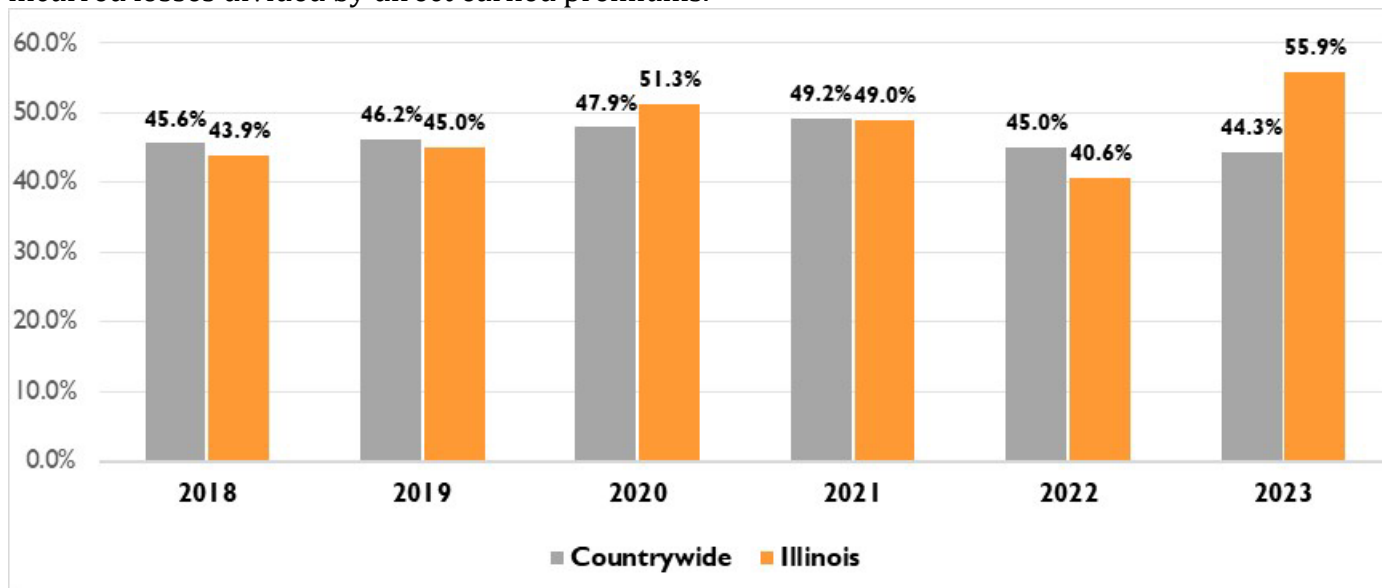
According to the NAIC, the workers' compensation market profits increased nationally by 4.0 percentage points, and profits within Illinois decreased by 10.6 percentage points from 2022 to 2023. Illinois ranked 42<sup>nd</sup> countrywide based on profitability of workers' compensation insurers.



Source: NAIC Report on Profitability by Line by State in 2023  
 Ranking Excludes Guam, Puerto Rico, U.S. Virgin Islands, N. Mariana Islands, American Samoa

## Loss Ratio

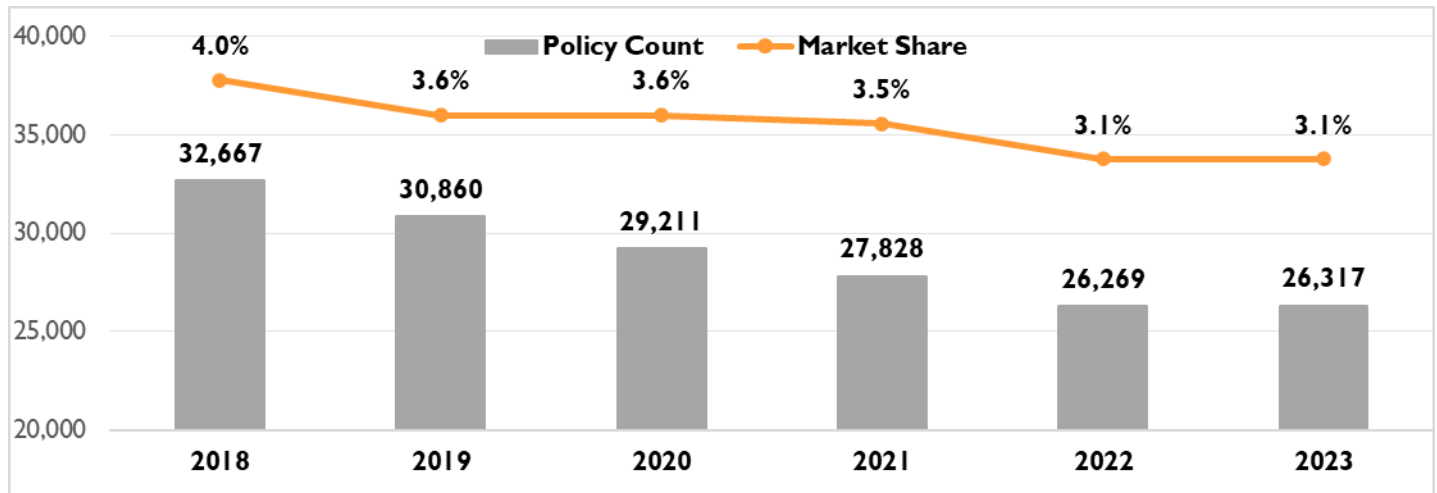
Generally, NAIC data indicates the loss ratio for the workers' compensation market in Illinois and countrywide is trending downward. Historically, Illinois loss ratios have been slightly below the countrywide loss ratio, except for calendar year 2020. The 2023 loss ratio in Illinois is 55.9 percent and is significantly higher than the countrywide average of 44.3 percent. Illinois ranked 45<sup>th</sup> countrywide based on loss ratio of workers' compensation insurers. The loss ratios reflect incurred losses divided by direct earned premiums.



Source: NAIC Report on Profitability by Line by State in 2023  
 Ranking Excludes Guam, Puerto Rico, U.S. Virgin Islands, N. Mariana Islands, American Samoa

## Assigned Risk Market in Illinois

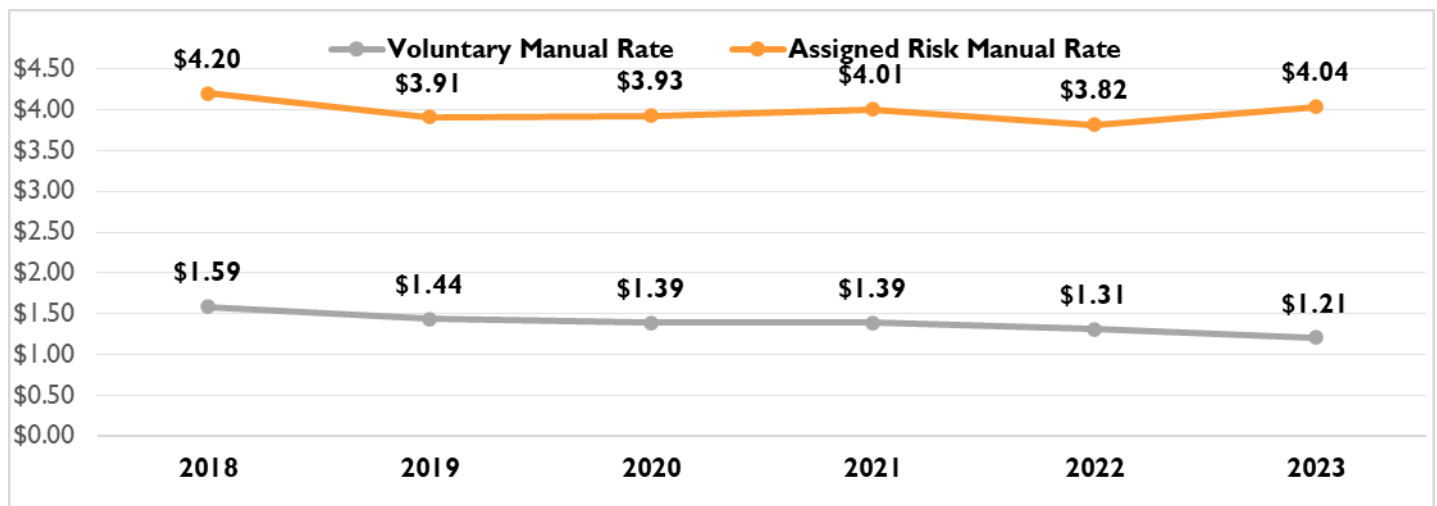
Employers that cannot obtain insurance through the voluntary insurance market may obtain coverage through the assigned risk market. According to NCCI, the total number of assigned risk plan policies effective in 2023 was 26,317. The preliminary assigned risk market share, defined as the percentage of assigned risk premium to total direct written premium, was 3.1 percent for calendar year 2023. The assigned risk policy count increased slightly in 2023, and the market share remained unchanged from 2022 to 2023.



Source: NCCI

## Premium Rate for Workers' Compensation

The estimated average manual rate for policies effective in 2023 is \$1.21 for the voluntary market and \$4.04 for the assigned risk market. The voluntary manual rate decreased from \$1.31 in 2022. However, the assigned risk manual rate increased from \$3.82 in 2022 to \$4.04 in 2023. These estimates are calculated using a weighted average of NCCI rates effective in 2023, based on Illinois payroll. The latest available payroll weighting was based on policies effective between April 1, 2020 and March 31, 2021.



Source: NCCI

## Attorney Representation

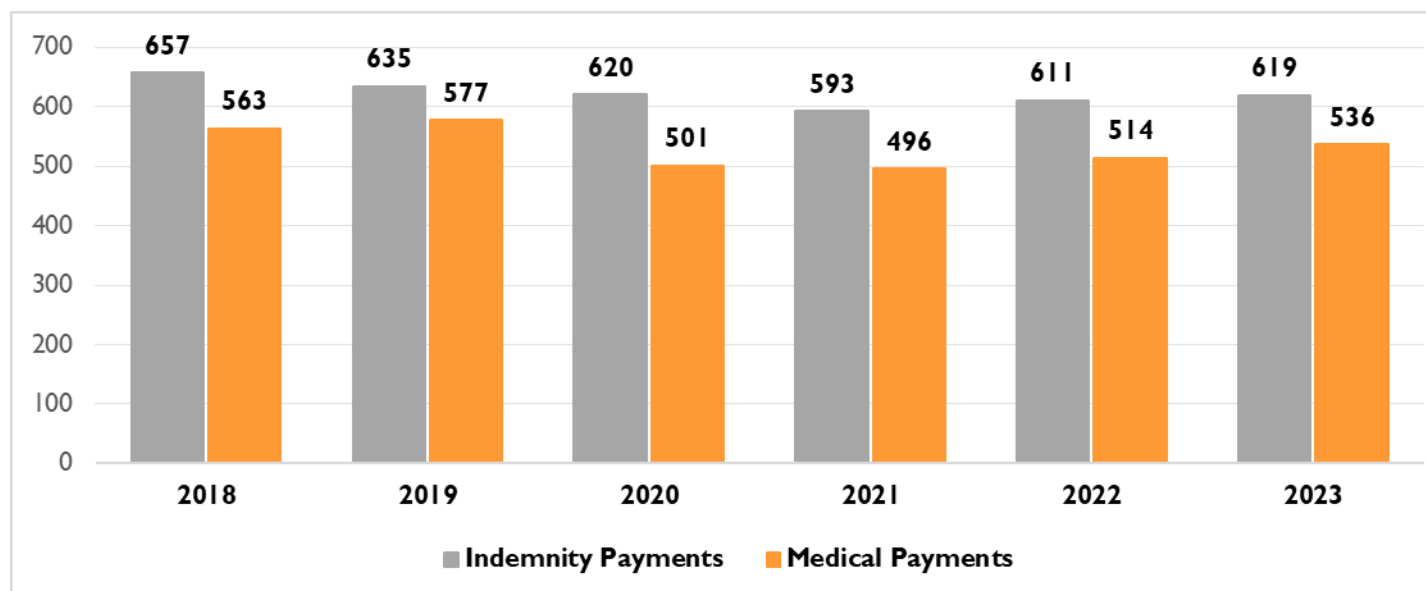
The percentage of injured workers filing claims at the Workers' Compensation Commission that are represented by an attorney and the total amount paid by injured workers for attorney representation are not available. This data cannot be collected, accurately calculated and analyzed for the overall market for the 2023 calendar year.

## Indemnity & Medical Payments

Workers' compensation insurers affiliated with NCCI made approximately \$619 million in total indemnity payments, and approximately \$536 million in medical payments. The Illinois national rank based on average cost of medical claims per injured worker is unavailable.

The following graph is based on the NCCI Financial Call data, as reported by carriers reporting to NCCI on policies effective in 2023 and prior, for transactions occurring through December 31, 2023.

The information excludes data for large deductible policies; self-insureds; underground coal mine and federal classes; excess policies; maritime and FELA classes for policies effective January 1, 2003 and subsequent; National Defense Projects Rating Plan; and reinsurance assumed from another carrier.



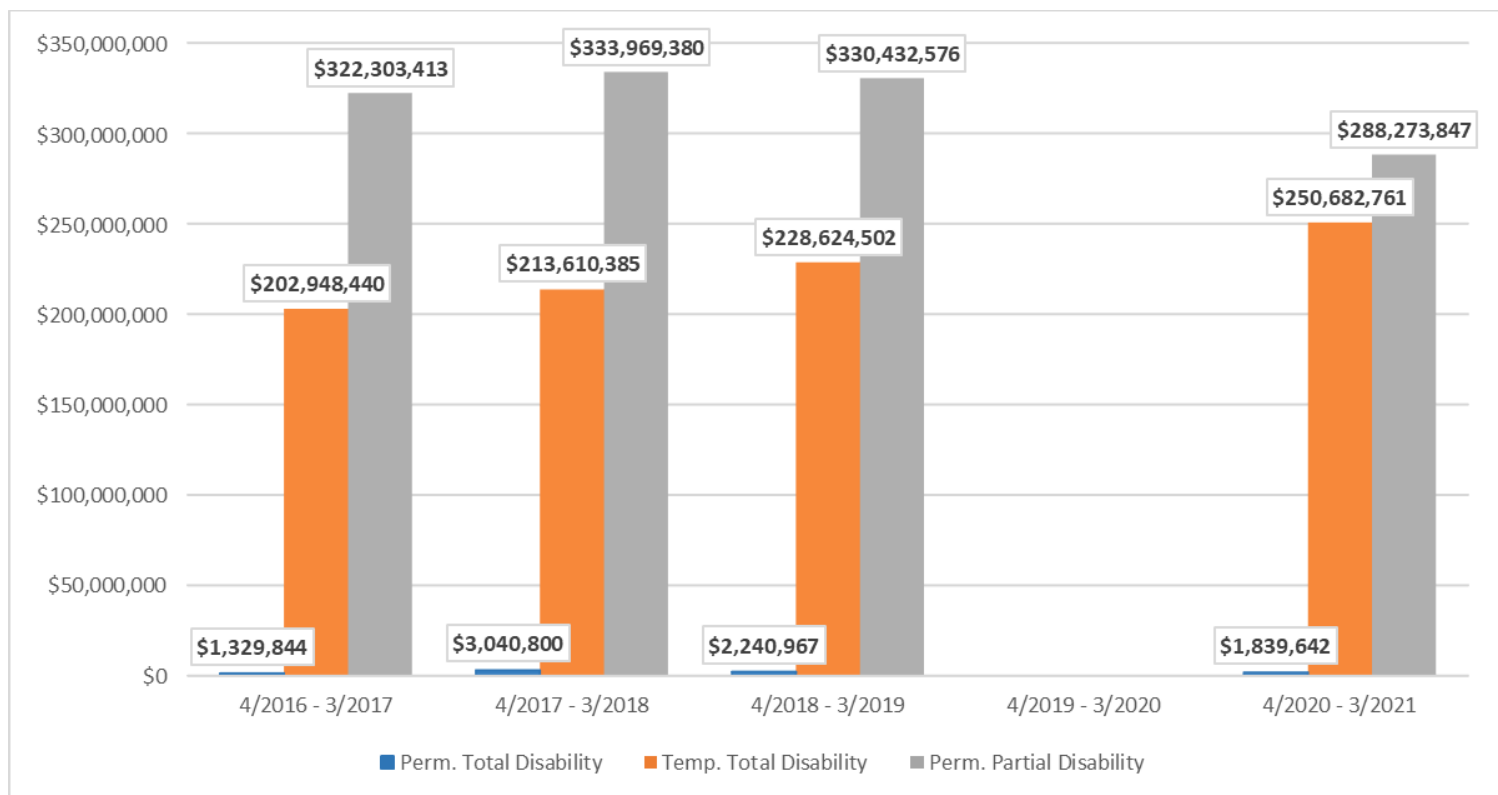
Source: NCCI

## Indemnity Payments by Type of Disability

The chart and graph below illustrate the amount of indemnity payments by type of disability. Payments are reported on a policy-year basis as of a 30-month maturity. For example, a total of \$540,796,250 was paid in indemnity benefits for all policies issued between April 1, 2020 and March 31, 2021, as of March 31, 2023. April 1, 2019 through March 31, 2020 data is unavailable due to the NCCI switching from lagged to unlagged data.

	4/2016 - 3/2017	4/2017 - 3/2018	4/2018 - 3/2019	4/2019 - 3/2020	4/2020 - 3/2021
Perm. Total Disability	\$1,329,844	\$3,040,800	\$2,240,967	#N/A	\$1,839,642
Temp. Total Disability	\$202,948,440	\$213,610,385	\$228,624,502	#N/A	\$250,682,761
Perm. Partial Disability	\$322,303,413	\$333,969,380	\$330,432,576	#N/A	\$288,273,847
<b>Totals:</b>	<b>\$526,581,697</b>	<b>\$550,620,565</b>	<b>\$561,298,045</b>	<b>#N/A</b>	<b>\$540,796,250</b>

Source: NCCI



Source: NCCI

## Wage Loss Differential

The number of injured workers receiving wage loss differential awards and the average wage loss differential award payout are unavailable. Additionally, Illinois' rank nationally for maximum and minimum temporary total disability benefit level, maximum and minimum scheduled and non-scheduled permanent partial disability benefit level, maximum and minimum total disability benefit level, and the maximum and minimum death benefit level are unavailable.

## Medical Benefit Payout by Hospital and Non-Hospital Providers

The following distribution is based on Service Year 2018 to 2022 data from the NCCI Medical Data Call.

Distribution of Medical Payments in Illinois					
Service	Service Year 2018	Service Year 2019	Service Year 2020	Service Year 2021	Service Year 2022
Physician	45%	46%	47%	46%	46%
Hospital	28%	28%	27%	27%	28%
DME, Supplies, and Implants	8%	8%	8%	8%	8%
Ambulatory Surgical Centers	9%	9%	10%	10%	10%
Drugs	7%	6%	6%	6%	5%
Other	3%	3%	2%	3%	3%

Source: NCCI

## Aggregate Growth of Medical Utilization - Hospital and Non-Hospital

Hospital payments are those resulting from Hospital Outpatient, Hospital Inpatient, or Ambulatory Surgical Center Procedures. Non-Hospital payments are those resulting from procedures that are performed by a medical provider other than a hospital.

The charts on the following page are based on an analysis performed by NCCI on data received from the NCCI Medical Data Call for Illinois using claims with accident dates from January 1, 2022 through December 31, 2022, with the same service dates. NCCI aggregates the payments associated with each International Classification of Diseases (ICD) diagnosis codes for each claim. Any individual claim may contain multiple bills from various medical providers. Each of the medical providers may report up to two ICD diagnosis codes for each bill. The ICD code with the highest payments is then selected as the primary diagnosis code.

## Top Diagnosis Codes By Amount Paid - Illinois Hospital Accident Year 2022

Rank	Primary Diagnosis Code	Share of Hospital Payments	Average Paid Per Claim	Diagnosis Code Description
1	S46.011A	1.8%	\$17,731	Strain of muscle(s) and tendon(s) of the rotator cuff of right shoulder, initial encounter
2	M75.121	1.5%	\$18,569	Complete rotator cuff tear or rupture of right shoulder, not specified as traumatic
3	K40.90	1.4%	\$12,201	Unilateral inguinal hernia, without obstruction or gangrene, not specified as recurrent
4	M54.50	1.1%	\$2,634	Low back pain, unspecified
5	M25.511	1.1%	\$3,831	Pain in right shoulder
6	M75.122	1.1%	\$19,581	Complete rotator cuff tear or rupture of left shoulder, not specified as traumatic
7	S09.90XA	1.0%	\$2,720	Unspecified injury of head, initial encounter
8	S46.012A	1.0%	\$16,211	Strain of muscle(s) and tendon(s) of the rotator cuff of left shoulder, initial encounter
9	T14.90	0.9%	\$4,873	Injury, unspecified
10	M54.2	0.8%	\$3,686	Cervicalgia

Source: NCCI

## Top Diagnosis Codes By Amount Paid - Illinois Non-Hospital Accident Year 2022

Rank	Primary Diagnosis Code	Share of Hospital Payments	Average Paid Per Claim	Diagnosis Code Description
1	M25.511	3.2%	\$4,470	Pain in right shoulder
2	M54.50	3.2%	\$2,615	Low back pain, unspecified
3	M25.512	2.3%	\$4,213	Pain in left shoulder
4	M54.16	2.1%	\$6,459	Radiculopathy, lumbar region
5	M54.2	1.9%	\$3,795	Cervicalgia
6	M25.562	1.8%	\$3,472	Pain in left knee
7	M75.121	1.8%	\$16,774	Complete rotator cuff tear or rupture of right shoulder, not specified as traumatic
8	S46.011A	1.7%	\$12,450	Strain of muscle(s) and tendon(s) of the rotator cuff of right shoulder, initial encounter
9	M25.561	1.7%	\$3,062	Pain in right knee
10	S39.012A	1.4%	\$1,453	Strain of muscle, fascia and tendon of lower back, initial encounter

Source: NCCI



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