



Washington State Department of
Labor & Industries

Workers' Compensation Advisory Committee (WCAC)

September 25, 2025

This meeting will be streamed by TVW

Time	Topic	Presenter(s)
9:00 am – 9:10 am	Welcome	
	<ul style="list-style-type: none"> • Introductions • Motion to approve minutes 	Joel Sacks Brenda Heilman
9:10 am – 9:25 am	Occupational Safety and Health Indicators	Dr. Dave Bonauto
9:25 am – 9:40 am	General Updates	Brenda Heilman
	<ul style="list-style-type: none"> • Leadership updates • Budget • Legislative Updates 	Joel Sacks Cindy Gaddis
9:40 am – 10:50 am	Rates	Joel Sacks
10:50 am – 11:00 am	Break	
11:00 am – 11:15 am	Workers Compensation Systems Modernization (WCMSM)	Elizabeth Smith
11:15 am – 11:25 am	Board of Industrial Insurance Appeals (BIIA) Update	Holly Kessler
11:25 am – 11:35 am	Operational Health Dashboard	Brenda Heilman
11:35 am – 11:45 am	Logger Safety Initiative Update	Dylan Trivison
11:45 am – 11:50 am	Industrial Insurance State Fund Financial Overview	Kim Hurley
11:50 am – 12:00 pm	Closing Comments & Adjourn	Brenda Heilman



Washington State Department of
Labor & Industries

Occupational Safety and Health Indicators

*Dave Bonauto (Sara Wuellner, Jordanna Davis)
SHARP Program, Labor & Industries*

Occupational Safety and Health Indicators

- Set of measurements that provide an overview and general assessment of employment characteristics and occupational health of Washington State
 - Measures developed in collaboration with NIOSH & other US States
 - Comparisons between US states is difficult
- Assess recent trends in injuries and illnesses to inform prevention efforts
- For WA, workers compensation data alone or in combination with other data may be more informative

The state of Occupational Health in Washington

TEN YEARS OF OCCUPATIONAL HEALTH INDICATOR DATA

March 2025



- Report – NIOSH and state collaboration
 - Ten years of data – 2014-2023
 - Standardized methods

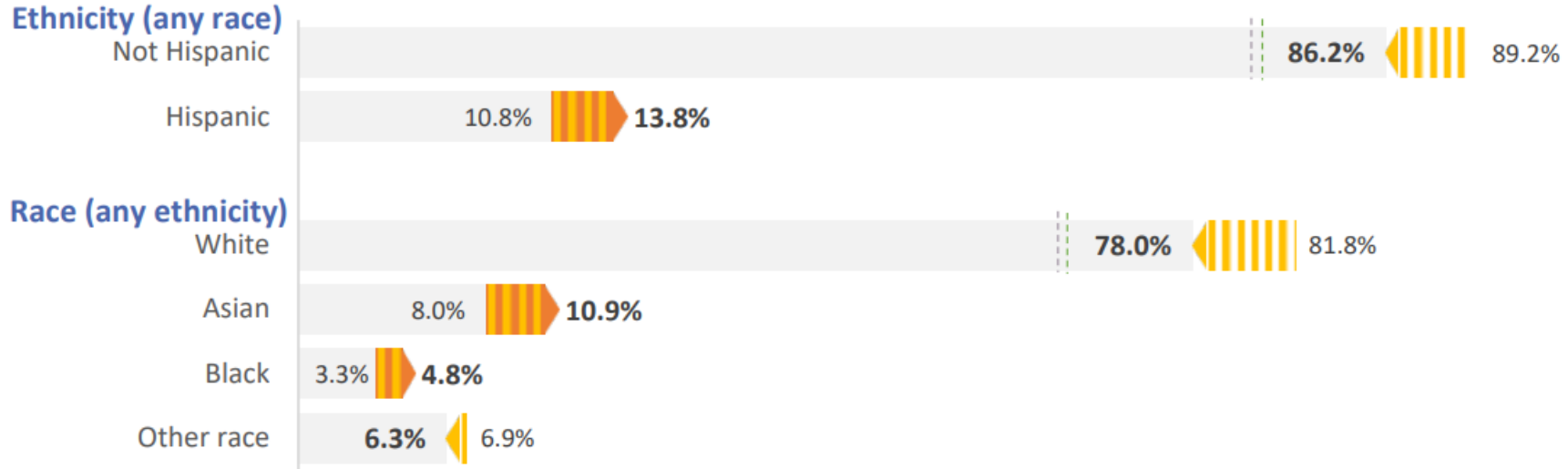
- Access -
 - Search 'Occupational Health Indicators Washington'

Washington State OSH Indicators

- Washington State Workforce

Figure 3. The percentage of workers who identify as Hispanic and/or non-White increased in Washington between 2014 and 2023.

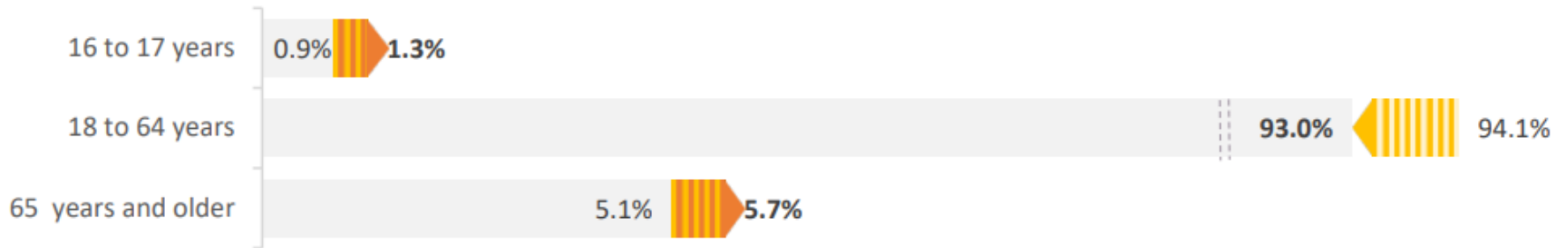
Percentage of workers by race and ethnicity, Washington State, 2014 vs 2023 (**2023** percentages displayed in **bold**).



Source: Current Population Survey.

Figure 4. The share of employment among young workers and older workers increased.

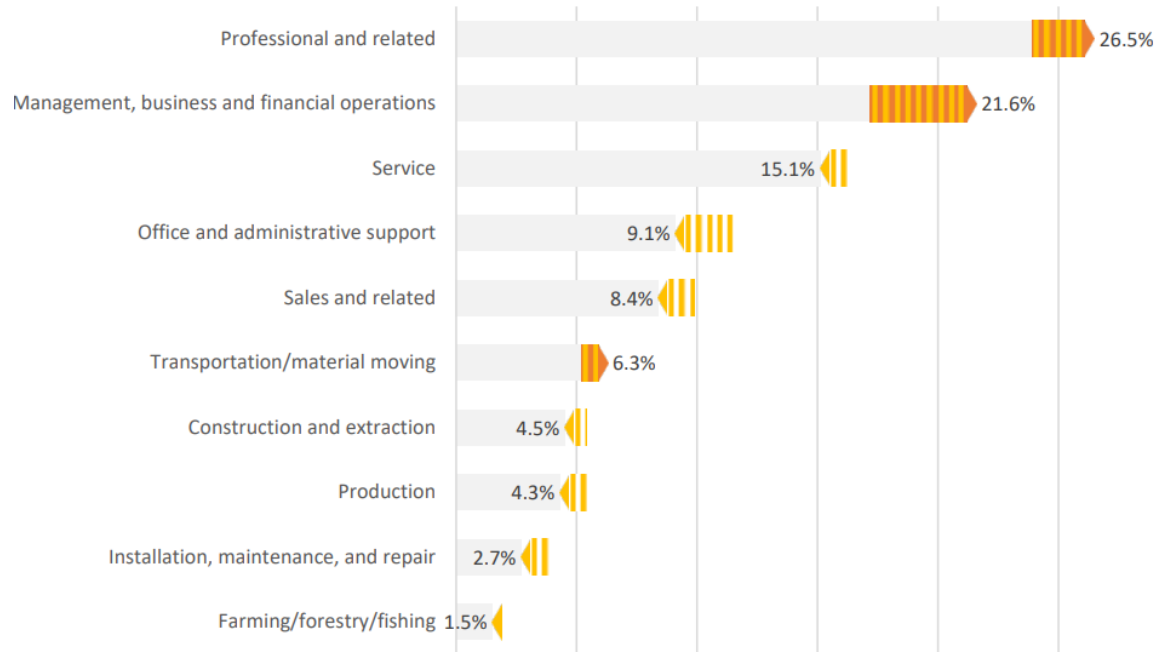
Percentage of workers by worker age, Washington State, 2014 vs 2023 (**2023** percentages displayed in **bold**).



Source: Current Population Survey data, obtained from the NIOSH Employed Labor Force query system.

Figure 6. Professional and related occupations had the greatest share of employment of any occupation group in 2014, and their share of employment grew in 2023. The greatest decline occurred among office and administrative support occupations.

Distribution of civilian employment in Washington by occupation, 2014 vs. 2023. Percentages displayed are for 2023.



Source: Current Population Survey

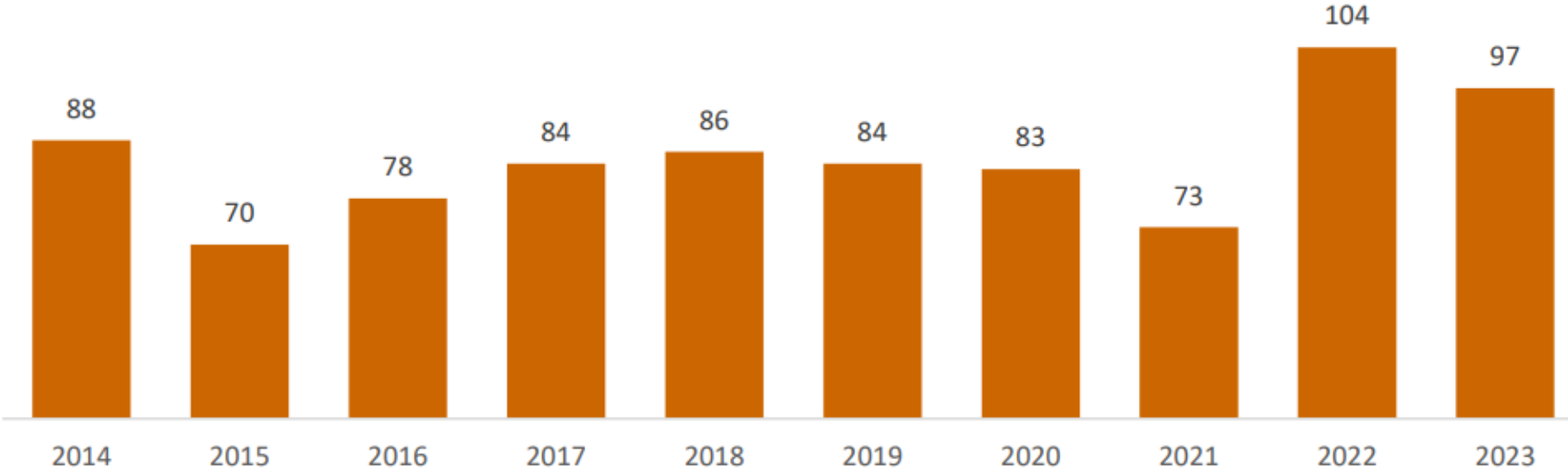
Note: Data displayed are proportions, and not numbers of workers. Declines in the percentage of employment may reflect employment that is growing in terms of the number of workers, but at a pace slower than other groups.

Washington State OSH Indicators

- Fatal occupational injuries

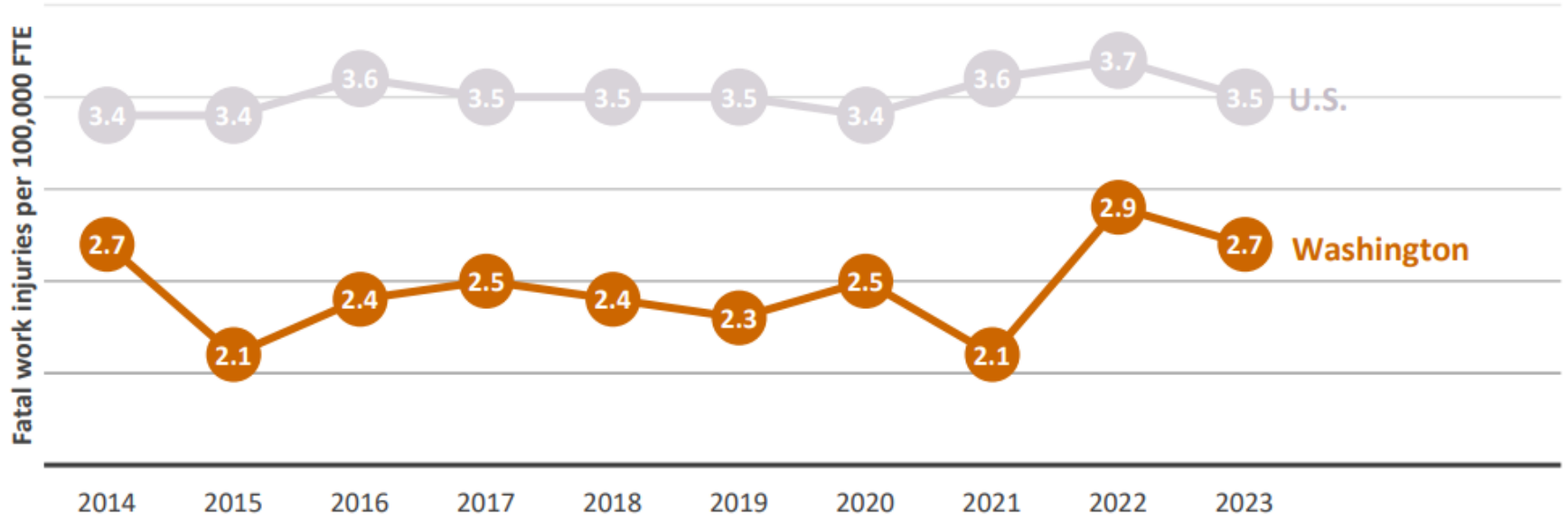
Figure 15. In Washington, the highest number of fatal work injuries occurred in 2022 and 2023.

Number of fatal work injuries, Washington, 2014-2023.



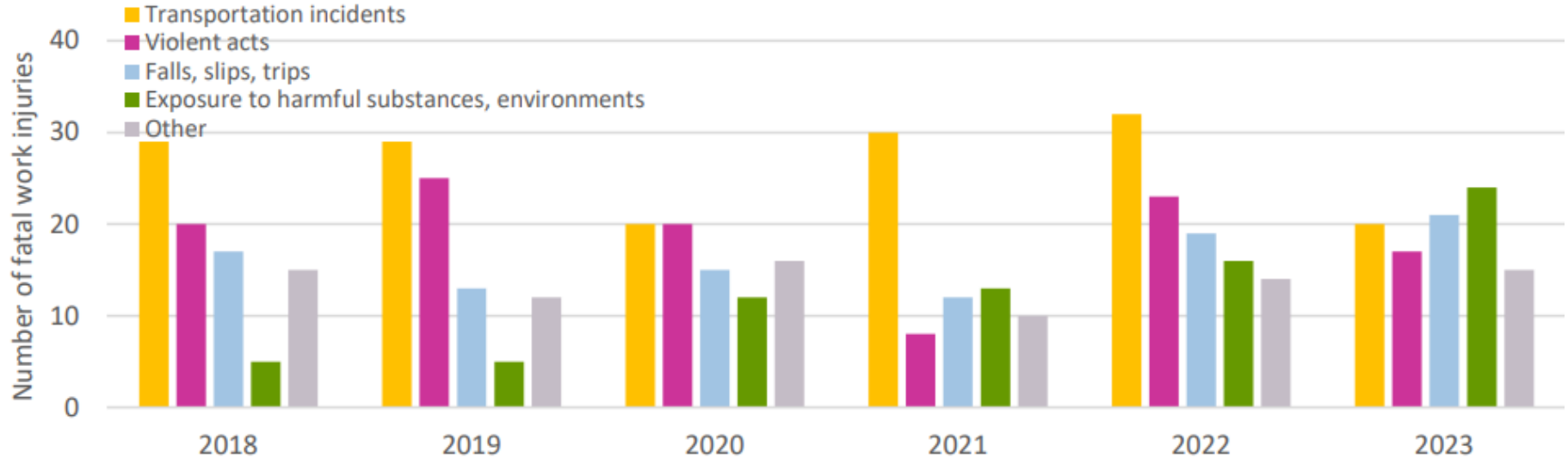
Source: U.S. Bureau of Labor Statistics Census of Fatal Occupational Injuries.

Figure 16. The rate of fatal work injuries in Washington continues to be lower than the rate nationally.
The rate of fatal work injuries in Washington and U.S., 2014-2023.



Source: U.S. Bureau of Labor Statistics, Current Population Survey, Census of Fatal Occupational Injuries.

Figure 18. Transportation incidents were the leading cause of fatal work injuries in nearly every year.
Number of fatal work injuries by incident, Washington, 2018-2023.



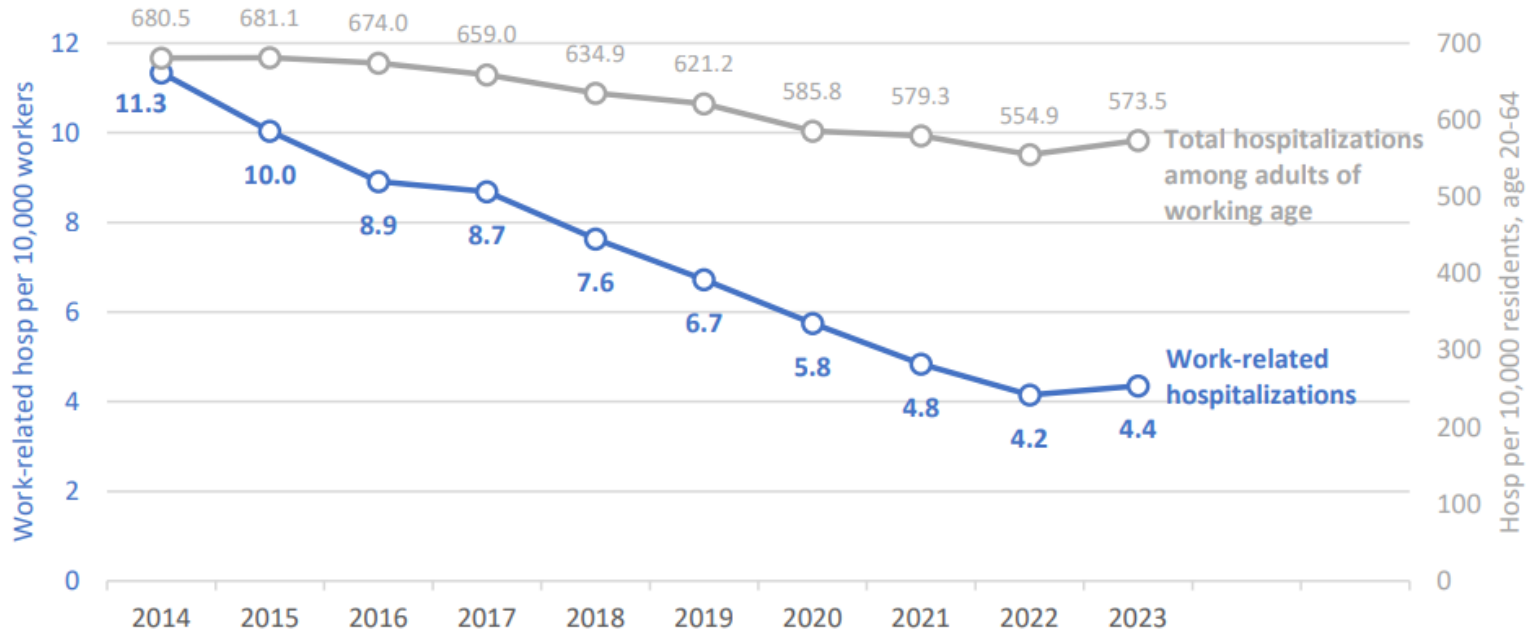
Source: U.S. Bureau of Labor Statistics Census of Fatal Occupational Injuries.

Washington State OSH Indicators

- Work-related injury and illness hospitalizations

Figure 9. Work-related hospitalizations declined steadily between 2014 and 2022, and declined more rapidly than the rate of total hospitalizations.

Annual rate of work-related hospitalizations per 100,000 employed persons age 16 or over, Washington, 2014-2023.

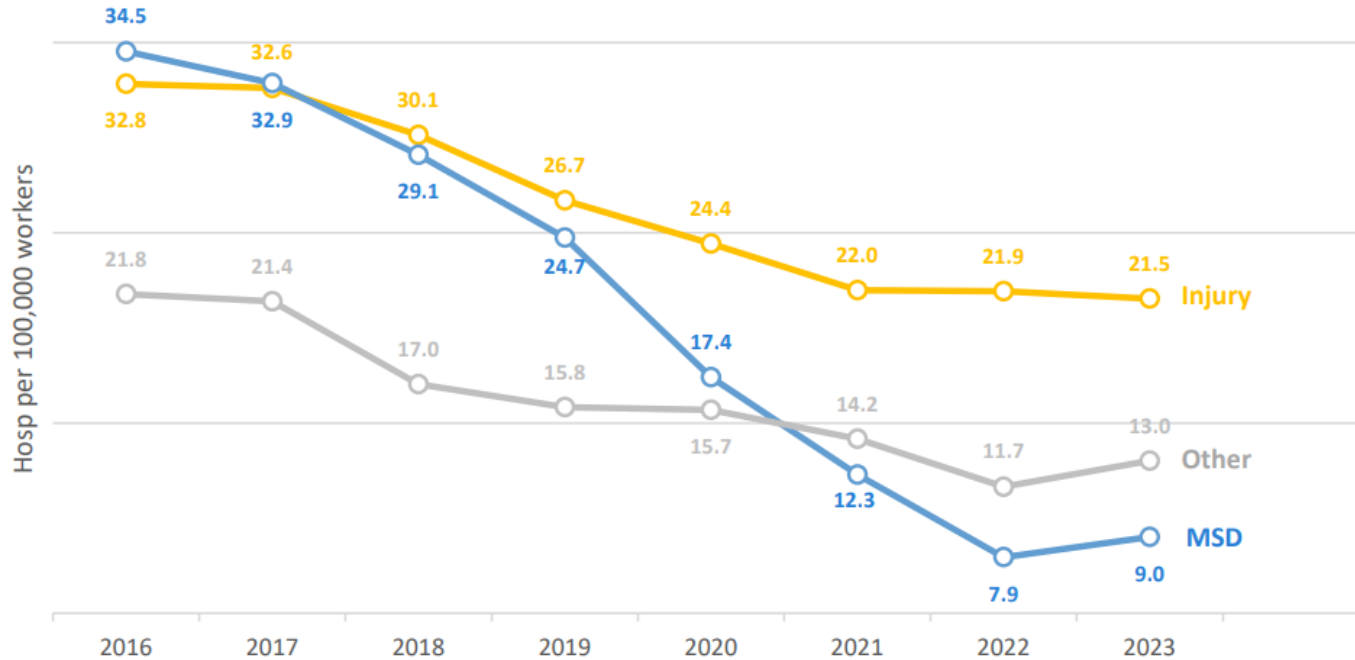


Source: Author’s calculations of Washington Hospital Discharge Data, Current Population Survey, and American Community Survey.

Note: Work-related hospitalizations were defined as hospital discharge records with workers’ compensation listed as the expected payer

Figure 12. The rate of work-related hospitalizations for MSD declined more than other conditions.

Work-related hospitalizations per 100,000 workers, by condition, Washington, 2016-2023.

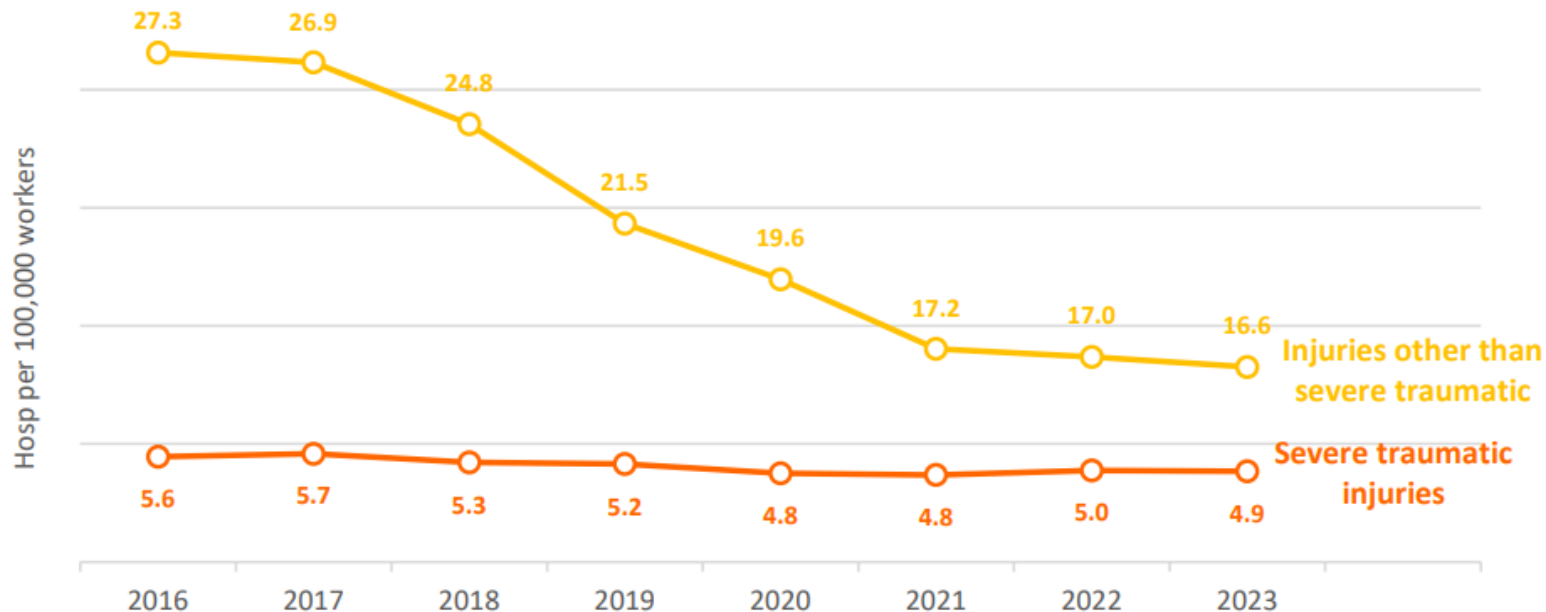


Source: Author’s calculations of Washington Hospital Discharge Data and Current Population Survey.

Note: ICD-10-CM codes listed as the primary diagnosis were used to classify hospitalizations by condition, which were grouped by ICD-10-CM chapter. ‘MSD’ = Diseases of musculoskeletal system and connective tissue; ‘Injury’ = Injury, poisoning, and other consequences of external causes; ‘Other’ = all other diagnosis codes. Characterization of hospitalizations by condition are limited to years for which the ICD-10-CM classification system was used to code diagnoses (i.e., 2016 on).

Figure 13. The rate of work-related hospitalizations for severe traumatic injuries changed little, while hospitalizations for “injuries other than severe traumatic” declined 39% between 2016 and 2023.

Work-related hospitalizations per 100,000 workers, by injury type, Washington, 2016-2023.

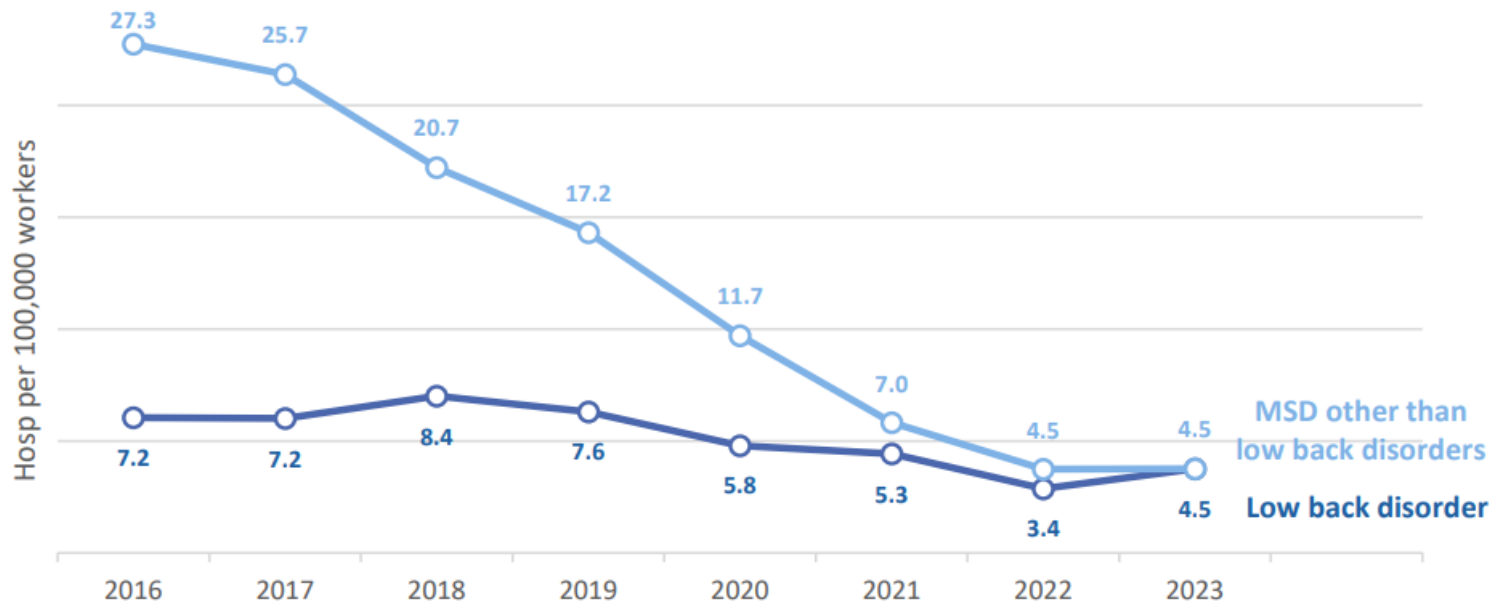


Source: Author’s calculations of Washington Hospital Discharge Data and Current Population Survey.

Note: Hospitalizations for severe traumatic injuries were defined as records with an ICD-10-CM primary diagnosis estimated to have an Abbreviated Injury Scale severity of 3 or above. “Injuries other than severe traumatic” were all other records with a primary diagnosis in the ICD-10-CM chapter “Injury, Poisoning, and Certain Other Consequences of External Causes”.

Figure 14. The rates of work-related hospitalizations for low back disorders ended 38% lower in 2023 compared with 2016, while rates of work-related hospitalizations for “all other MSD” fell by 83%.

Work-related hospitalizations per 100,000 workers, by MSD type, Washington, 2016-2023.



Source: Author’s calculations of Washington Hospital Discharge Data and Current Population Survey.

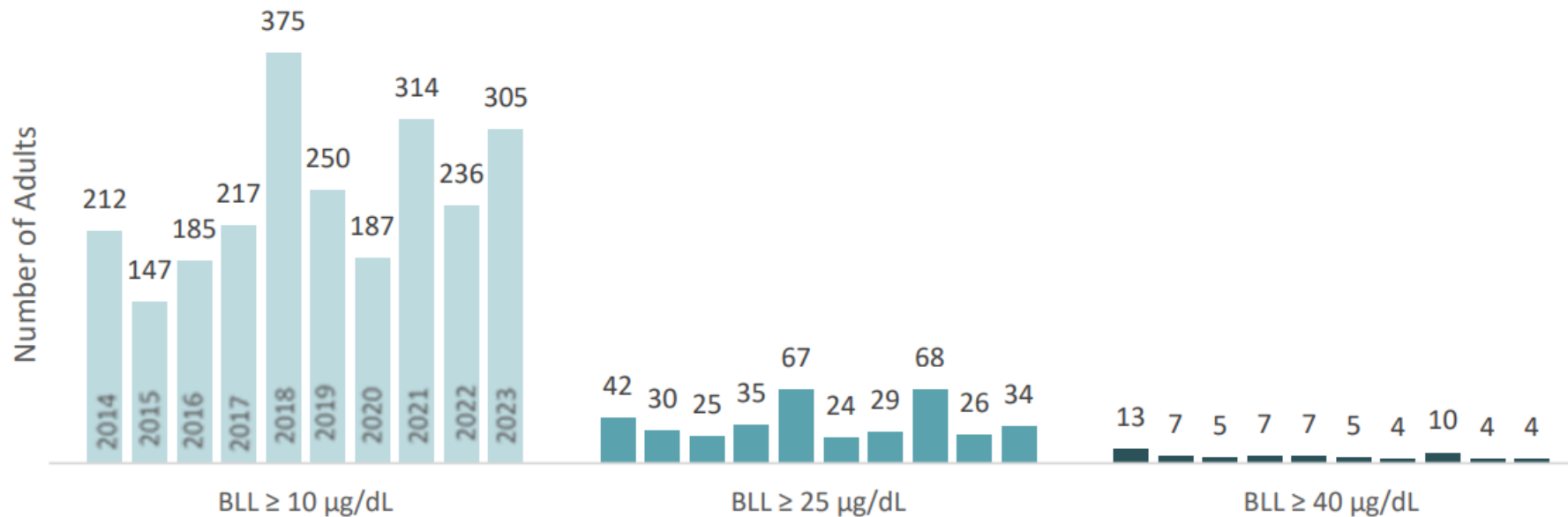
Note: Hospitalizations for low back disorder were defined by a primary diagnosis indicating a disease of the musculoskeletal and connective tissue involving the low back. “MSD other than low back disorders” were all other records with a primary diagnosis in the ICD-10-CM chapter “Diseases of the Musculoskeletal System and Connective Tissue”.

Washington State OSH Indicators

- Lead exposure in workplaces – Adult Blood Lead Exposure Surveillance (ABLES)

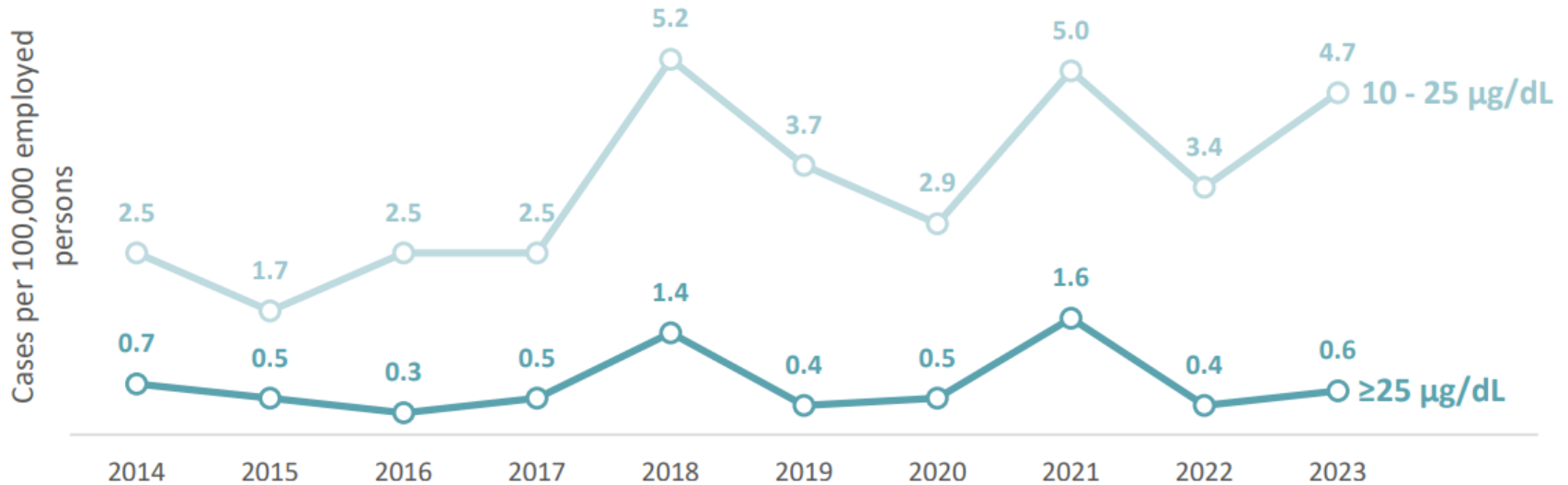
Figure 23. Recent years have seen among the largest numbers of adults with blood lead levels (BLL) $\geq 10\mu\text{g}/\text{dL}$ over the past ten years, while the number of adults with highest BLL ($\geq 40\mu\text{g}/\text{dL}$) remains small.

Annual number of adults with elevated blood lead levels (BLL), Washington 2014-2023.



Source: Washington Adult Blood Lead Epidemiology and Surveillance (ABLES) data.

Figure 24. The rate of new cases of adults with blood lead levels $\geq 10 - 25 \mu\text{g}/\text{dL}$ increased between 2014 and 2023, while the rate of new cases of adults with blood lead levels $>25 \mu\text{g}/\text{dL}$ remained relatively stable. Incident case rate by blood lead level, Washington 2014-2023.



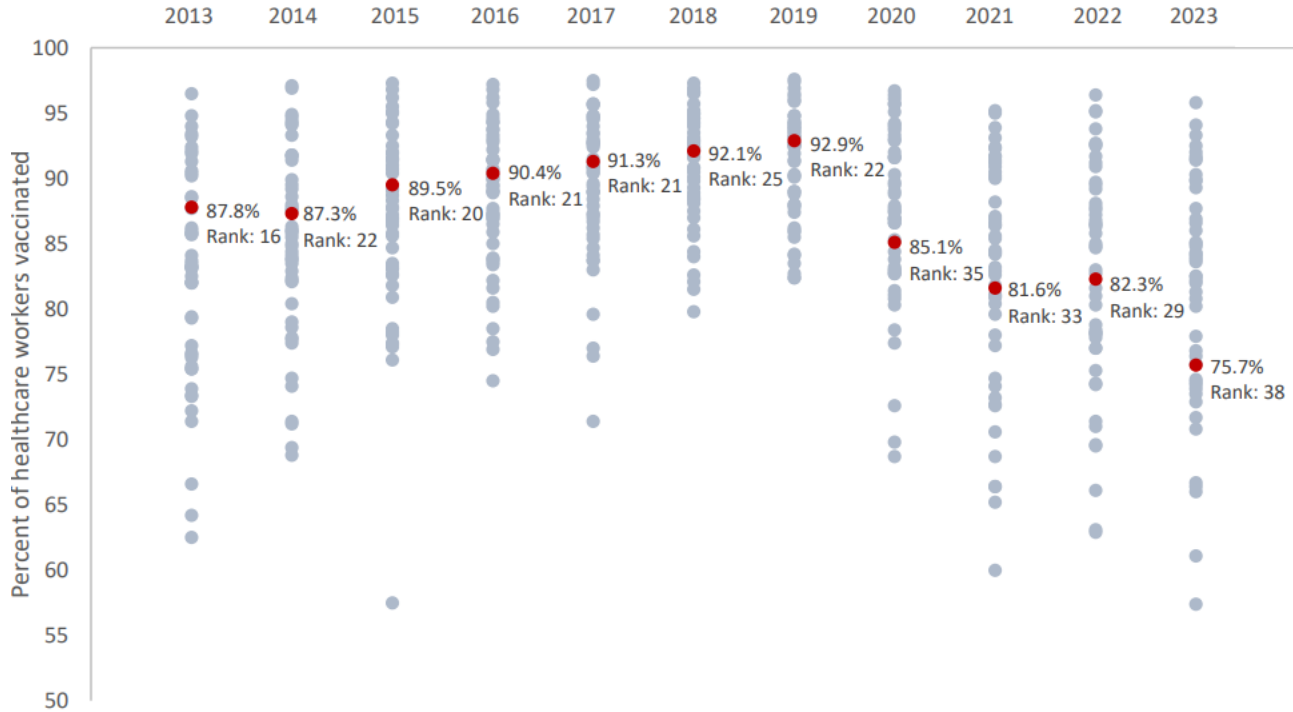
Source: Author's calculations from Washington Adult Blood Lead Epidemiology and Surveillance (ABLES) data and Current Population Survey.

Washington State OSH Indicators

- Healthcare worker influenza vaccination rates

Figure 25. In 2023, the percentage of Washington’s healthcare workers vaccinated against influenza fell to its lowest rate in ten years, placing it in the bottom quartile of vaccination rates by state.

Portion of healthcare workers in hospitals vaccinated against influenza, by state and influenza season. Data for Washington displayed in red.



Source: Author’s calculations of National Healthcare Safety Network Healthcare Personnel Influenza Reports.

Washington State OSH Indicators Summary, 2014-2023

- Employment trends
 - Workforce is more racially and ethnically diverse
 - Share of employment among young workers and older workers is increasing
 - Increasing percent of employment in Professional and related occupations; Management, Business and Financial occupations; and Transportation and Material Moving occupations

Washington State OSH Indicators Summary, 2014-2023

- Progress made

- Fatality rates remain low comparatively
- Work-related hospitalizations declined, especially driven by declines for diseases of the musculoskeletal system.

Washington State OSH Indicators Summary, 2014-2023

■ Attention needed

- Fatalities caused by exposure to harmful substances or environments contributes to increased number of occupational injury fatalities.
- Work-related hospitalizations from severe traumatic injury changed little.
- Rate of new cases of adults with blood lead levels >10-25 ug/dl increasing.
- Vaccination rates for influenza in Washington healthcare workforce fell to lowest rate in ten years and is in the bottom quartile of vaccination rates by state.



Contact Dave Bonauto

Email: David.Bonauto@Lni.wa.gov



General Updates

- *Leadership Updates*
- *Budget*
- *Legislative Updates*

Legislative Update: past sessions

- **HB 1275** (eff. 7/27/25) - Authority to administer self-insured municipal claims if decertified for violations of good faith and fair dealing. ***CR 101 filed 9/2/25.***
- **SB 5463** (eff. 1/1/26) - Good faith and fair dealing expansion.
- **HB 1788** (eff. 7/1/26) - Address the "marriage preference" for benefits. ***Strategic Business Office and Claims Administration have begun preparing for implementation.***

Legislative Update: past sessions

- **HB 1197** (eff. 7/1/25) Adding psychologists as attending providers. *Project completed 8/28/25.*

Agency Request Legislation 2026

- **Modernizing communication methods**
 - Regularizes communication methods across L&I programs
 - Allows L&I to move toward electronic communication
 - Gives customers ability to opt out of electronic communication
- **PTSD pilot program for research and treatment**
 - SHIP grants expanded to behavioral health programs
 - Pre-adjudication treatment and post-closure maintenance treatment
 - Provider best practices

Agency Request Legislation 2026

- **Stabilizing cost-of-living adjustments**
 - Adjustment based on 10-year rolling average
 - *Capped at 5%*



Workers' Compensation Systems Modernization

- WaTech announced a temporary pause in August.
 - Delays and changes prompted concerns about readiness.
- Next steps:
 - We've already started meeting with WaTech, Office of Financial Management, and the Governor's Office.
 - We're developing coordinated plans to address concerns and set clear, tangible next steps.
- Modernizing is critical, and this work remains vital.



Rates

Joel Sacks

Agency Director



Washington State Department of
Labor & Industries

2026 Proposed Premium Rate: 4.9% Overall Increase



L&I's rate-making philosophy

- Steady and predictable rates
- Benchmark against wage inflation
- Maintain adequate reserves
- Focusing on better outcomes for injured workers lowers costs

Additional inputs to the overall rate decision

- Rate indication
- Size of contingency reserve
- State of the economy
- Prior year rating decisions

2026: Proposed Overall Rate Change of 4.9%

Funds	2025 Average Hourly Rate	2026 Proposed Hourly Rate	2026 Proposed % Change	2026 Break-even Hourly Rate	2026 Break-even Indication
Accident	\$0.389	\$0.411	5.5%	\$0.439	12.7%
Medical Aid	\$0.181	\$0.181	0.0%	\$0.214	18.1%
Supplemental Pension	\$0.176	\$0.191	8.8%	\$0.191	8.8%
Stay-at-Work	\$0.006	\$0.006	4.8%	\$0.006	4.7%
Overall*	\$0.751	\$0.789	4.9%	\$0.849	13.0%
Per \$100 of payroll**	\$ 1.49	\$1.50	1.0%	\$1.62	8.8%

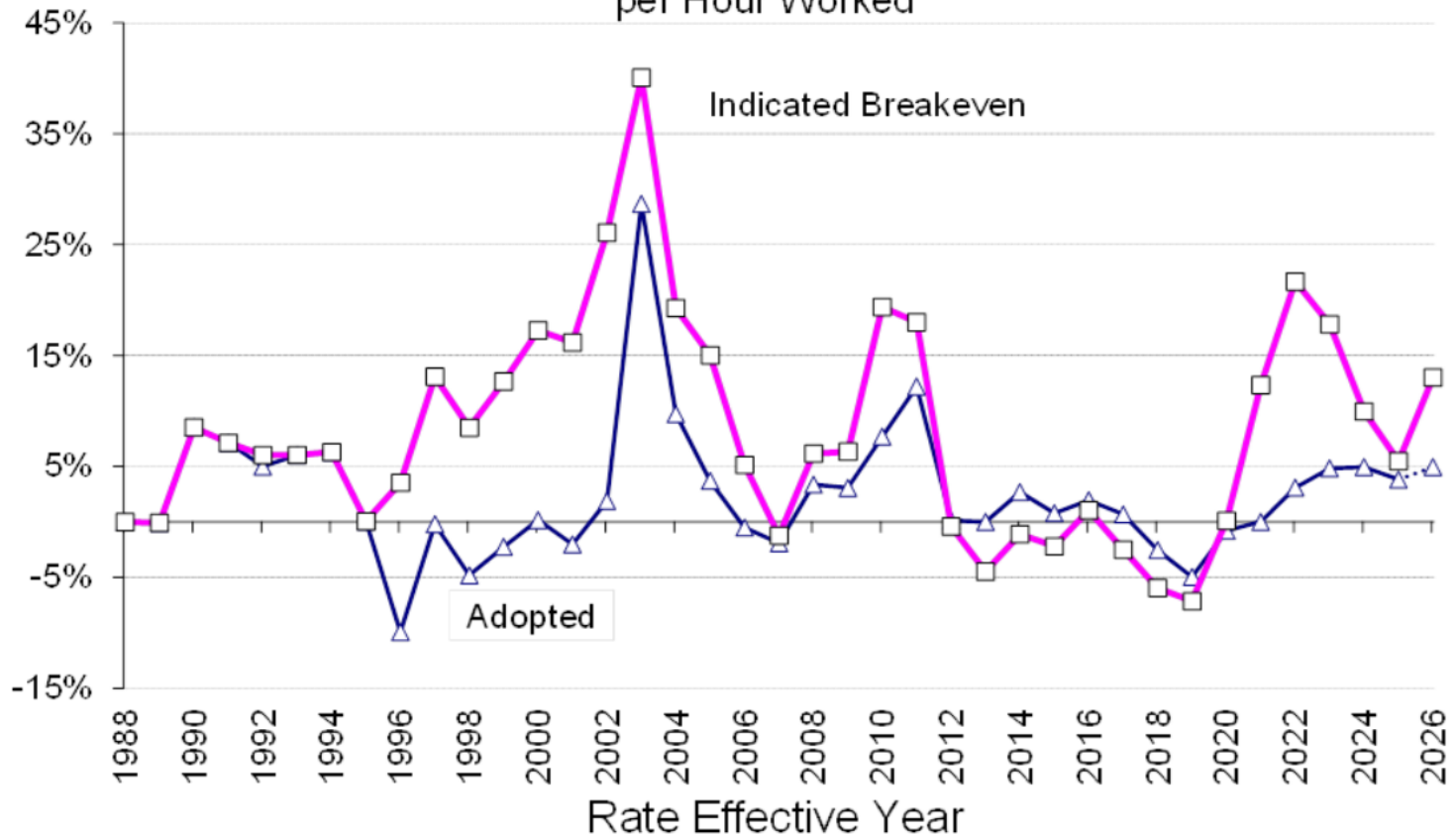
*Before retrospective premium refunds and based on year-ending March 31, 2025 mix of business.

**Before retrospective premium refunds and based on year ending March 31, 2025 mix of business and current wage inflation assumptions as of June 30, 2025. After retrospective premium refunds, the proposed 2026 net rate per \$100 of payroll is projected to be \$1.41.

2026: Overall per FTE increase *before Retro refunds*

- Average annual increase of \$71.19 per FTE:
 - \$15.03 paid by workers.
 - \$56.16 paid by employers.
- Overall worker/employer split:
 - 24% Worker
 - 76% Employer
- \$1.37 overall increase per FTE, per week.

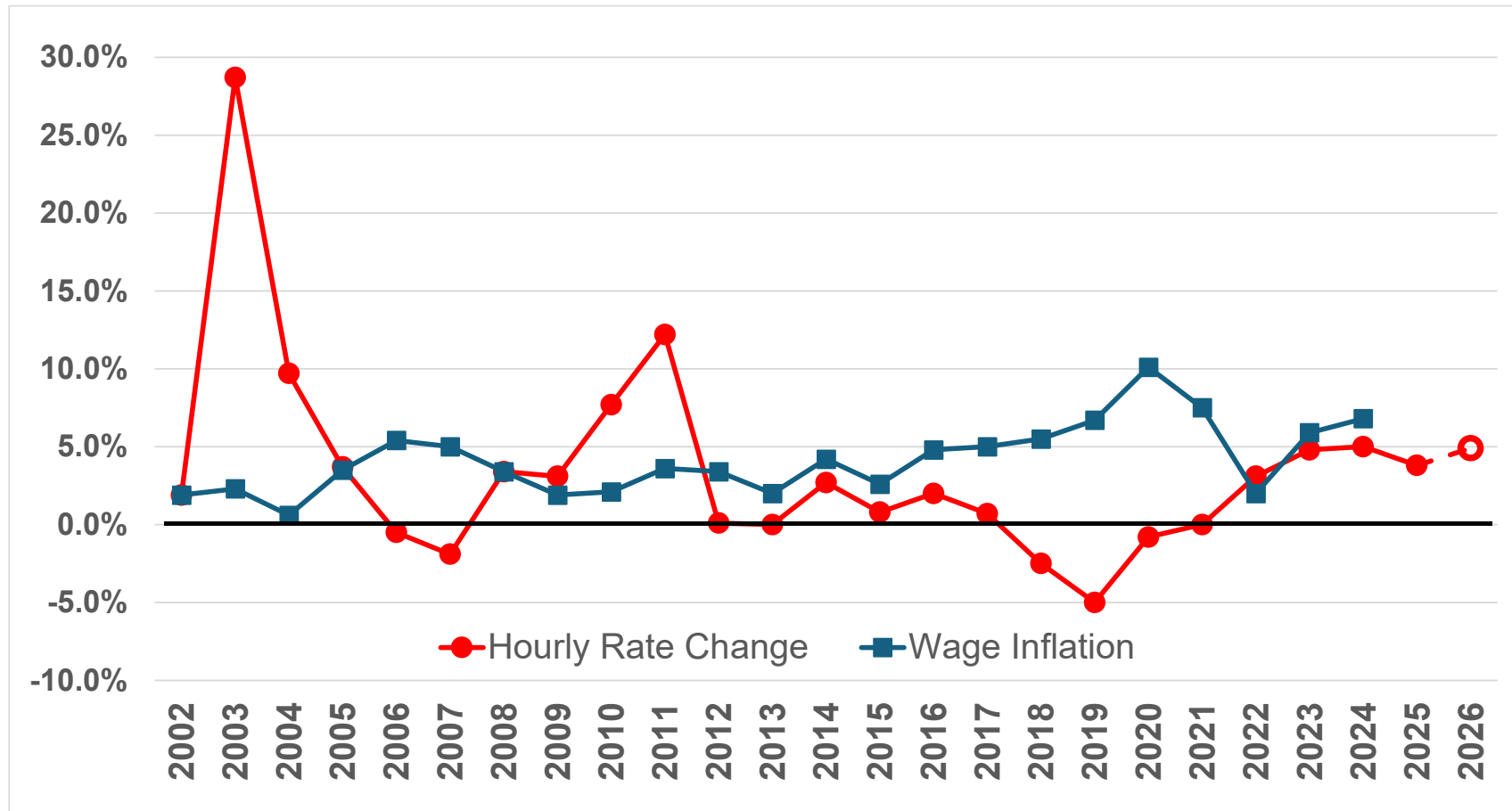
% Change in Average Premium Rate* per Hour Worked



*Accident, Medical Aid, Stay at Work, and Supplemental Pension Fund, assuming a 91% average experience factor

- 1. Steady and predictable rates
- 2. Benchmark against wage inflation
- 3. Maintain adequate reserves
- 4. Better outcomes for injured workers

Hourly Rate Change vs. Wage Inflation



1. Steady and predictable rates

2. Benchmark against wage inflation

3. Maintain adequate reserves

4. Better outcomes for injured workers

Washington compared to other states

Rates in other states

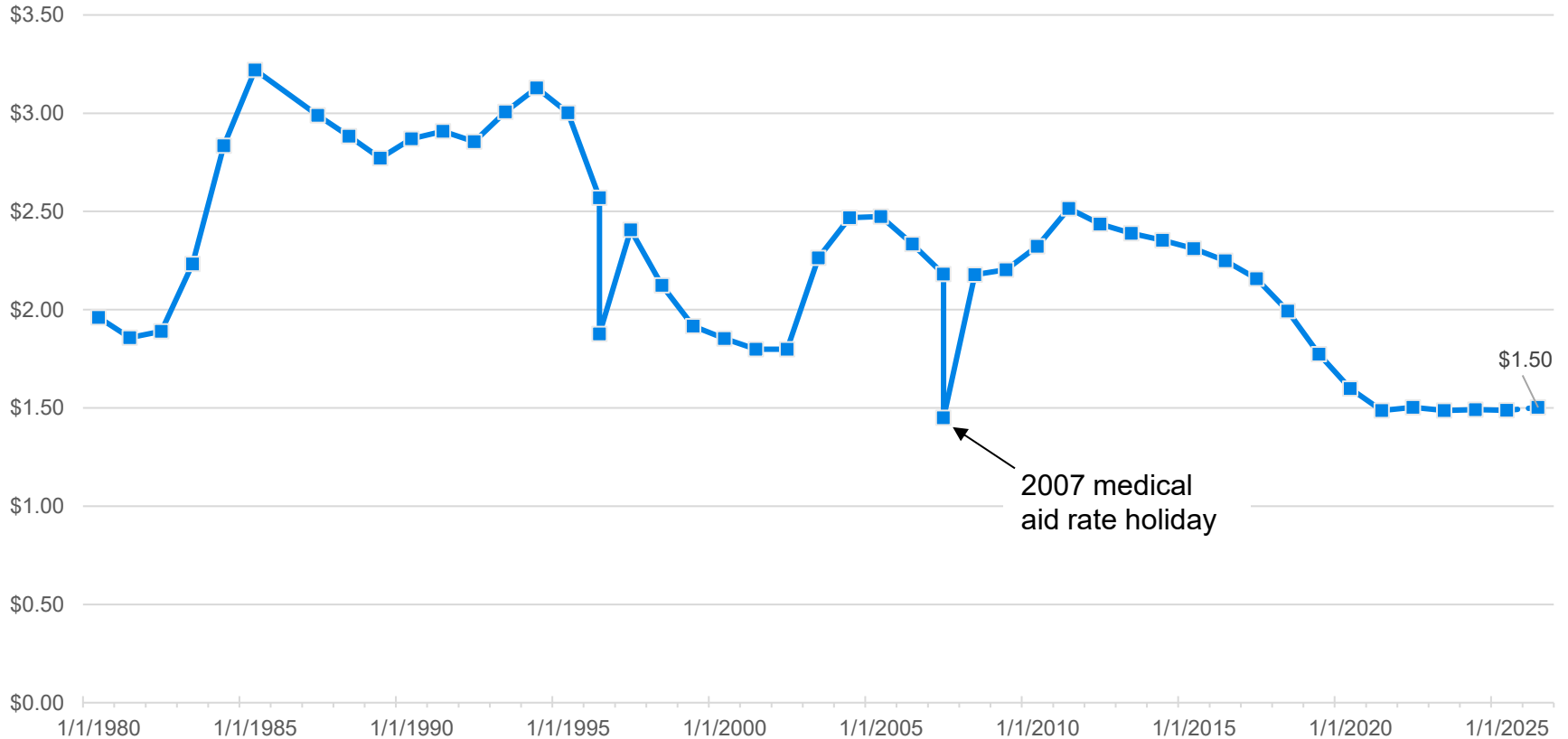
- Charged as a percent of wages.
- When wages go up, more premium is collected.

Rates in Washington

- Charged as an amount per hour.
- When wages go up, rate paid stays the same.

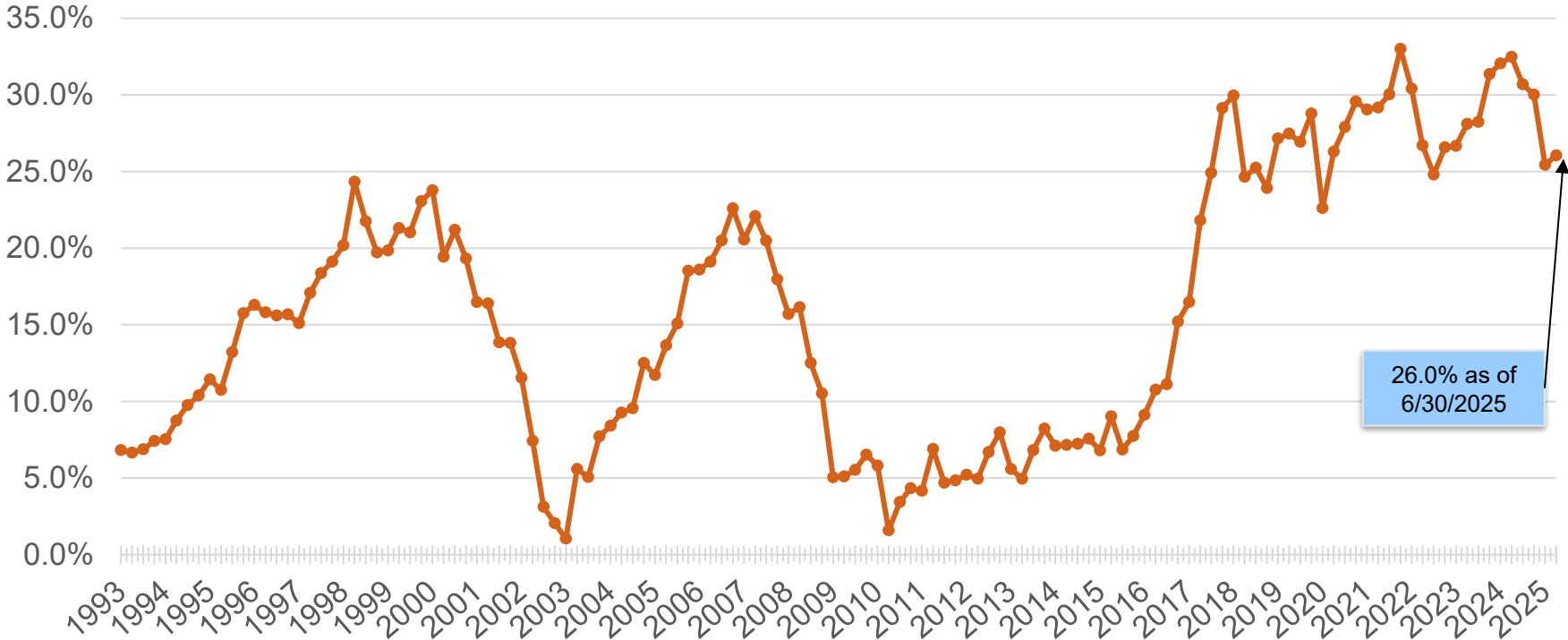
Rate per \$100 of Payroll

Combined Accident, Medical Aid, Supplemental Pension, and Stay-at-Work rates, before retrospective premium refunds



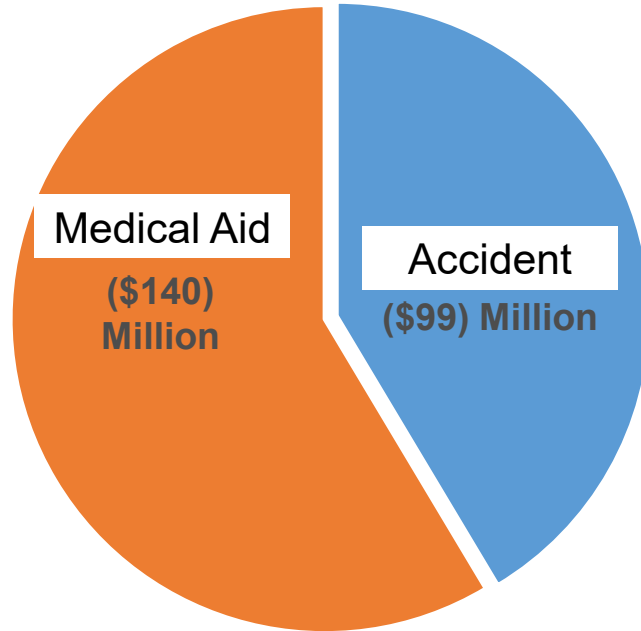
- 1. Steady and predictable rates
- 2. Benchmark against wage inflation
- 3. Maintain adequate reserves
- 4. Better outcomes for injured workers

Contingency Reserve as a percent of liabilities is at 26.0%



Expected \$240 Million Contingency Reserve Decrease During 2026

Difference between break-even and proposed premiums



Better Outcomes for Workers is key to Rate Stability

Increasing return to work rates lowers long-term disability and costs.

- Reduce delays in claim adjudication
 - Reducing caseloads
 - New claims unit funded (2025)
 - Resuming overtime opportunities
 - Continuous improvement efforts to streamline processes and create efficiencies
 - Modernize training

- Promote safe return-to-work options
 - Stay-at-Work process improvements
 - Opportunities when ERTW joins Insurance Services

Better Outcomes for Workers is key to Rate Stability

Increasing return to work rates lowers long-term disability and costs.

- Help workers reskill for new jobs
 - Skill training earlier in vocational recovery
 - Increase access to non-traditional re-employment trainings
- Expand access to quality care
 - Strengthening Medical Provider Network
 - Implementing Psychologists as Attending Providers
- Improving Services for Workers with PTSD
 - New Treatment Guideline in Development
 - Addressing a Growing Need
 - Independent Evaluation Highlights Opportunities
 - Evidence-Based Recommendations

Distribution of expenses – comparison with other state and provincial funds.

Fund	Underwriting Expense	Claims Administration	Claim Costs
Washington	6%	9%	84%
Ohio	9%	22%	69%
North Dakota	25%	13%	61%
WorkSafe BC	14%	16%	70%
Alberta WCB	9%	10%	81%
GAAP/IFRS	14%	15%	70%

Source: Callen, respective financial statements. Fiscal Year 2024.

Next steps in adopting rates

1. Public hearings
 - a. In-person hearing at L&I Headquarters in Tumwater (10/28/25)
 - b. In-person hearing in Spokane (10/29/25)
 - c. Virtual hearing (10/30/25)

2. Adopt final 2026 rates (11/26/25)

Break Time





Washington State Department of
Labor & Industries

Board of Industrial Insurance Appeals (BIIA) Update

Holly Kessler, BIIA Chair



Washington State Department of
Labor & Industries

Operational Health Dashboard

*Brenda Heilman, Assistant Director
Insurance Services*



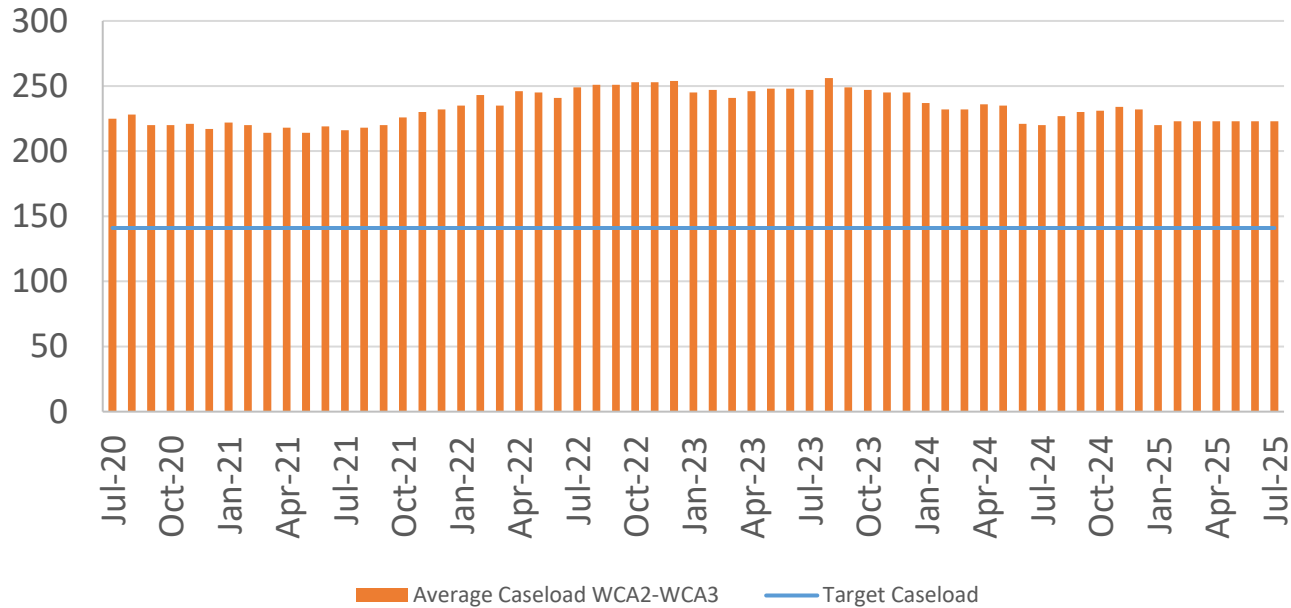
Staffing and Caseload Levels

– *Insurance Services*

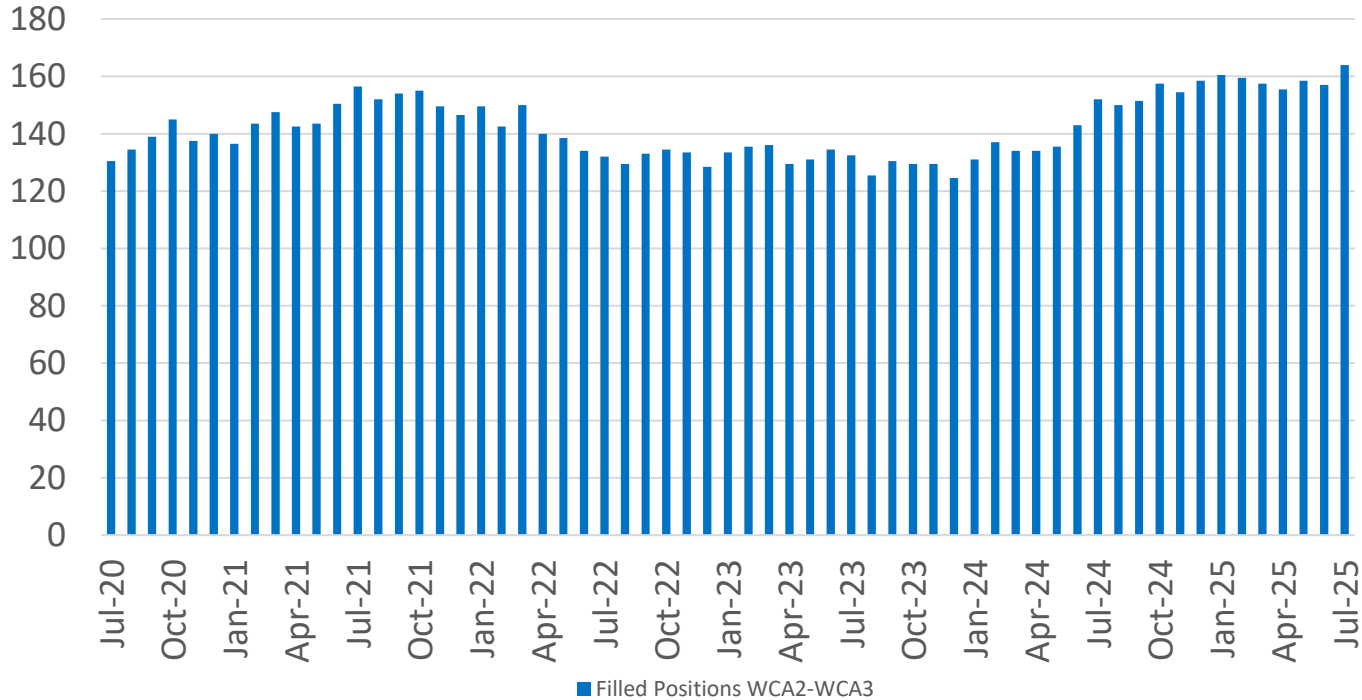
September 2025

Average Level 2 & 3 Claims Manager Caseload







(Includes open claims except those scheduled for future closure and closed claims with unresolved protests or pending reopening applications)






Filled Level 2 & 3 Claims Manager Positions

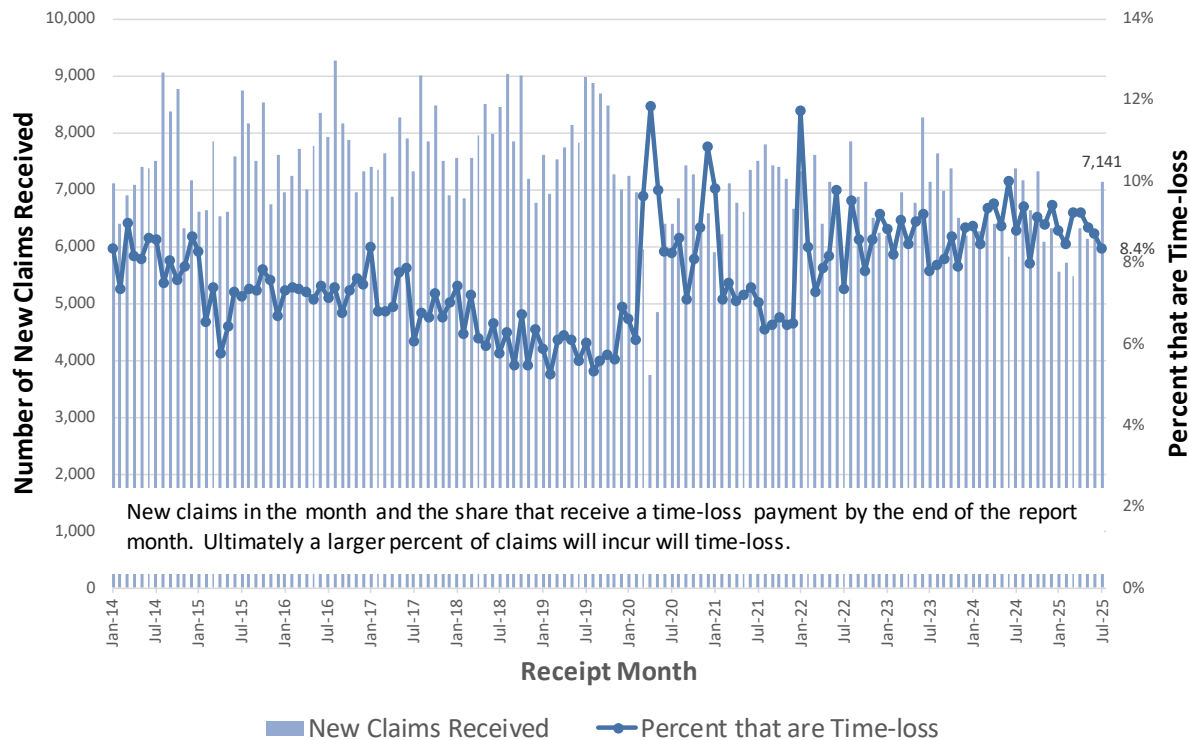


Operational Health Dashboard

Measure	Status	Definition
Percent of new claims that are time-loss		Claims new (received) in the month and percent with a time-loss payment by the end of the month – increase in percent that are time-loss indicates a more severe claim mix.
Long-term disability rate		Percent of all compensable claims with a time-loss payment 12 months post injury – decrease indicates less long-term disability
Pensions funded		Number of pensions funded in the quarter – decrease indicates less permanent total disability
Covered hours and claim rate		Claims received per 100 FTE indicates the rate of claims considering volume of work - increase indicates higher claim frequency.
Medical cost growth		Percent change in medical costs for services performed in the current quarter vs. the same quarter last year – increase means higher costs estimated for the quarter.
Operational efficiency		Percent of operational measures meeting target greater than 80 percent– increase indicates more measures exceeding target.

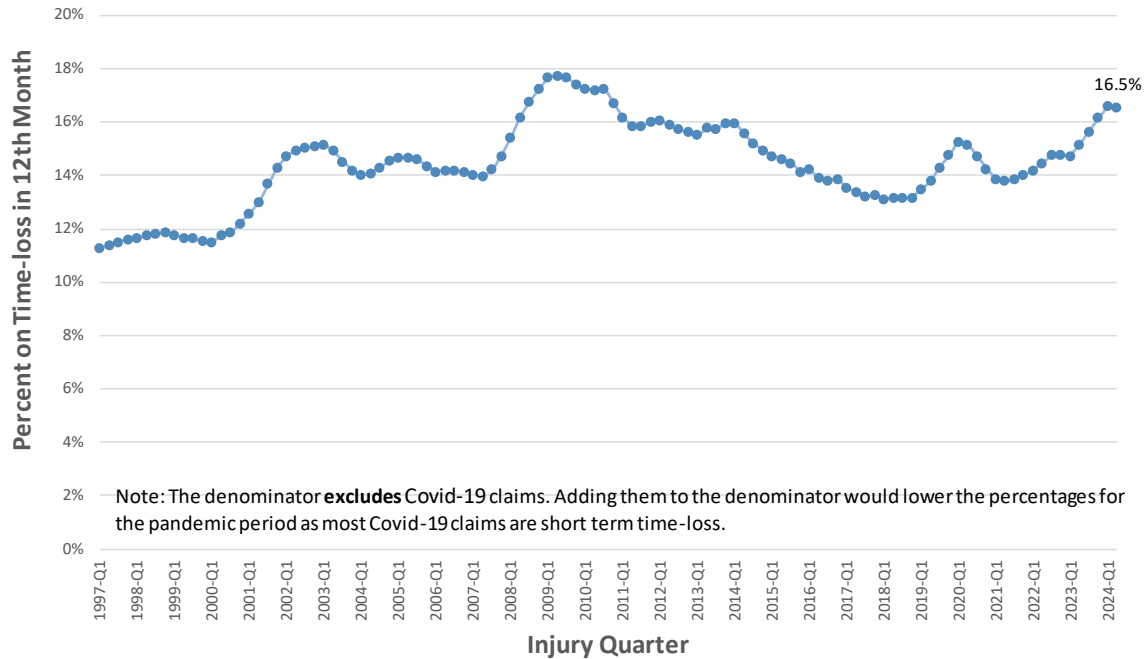
 Right direction
  Neutral
  Wrong direction

Number of New State Fund Claims and the Percent that are Time-loss

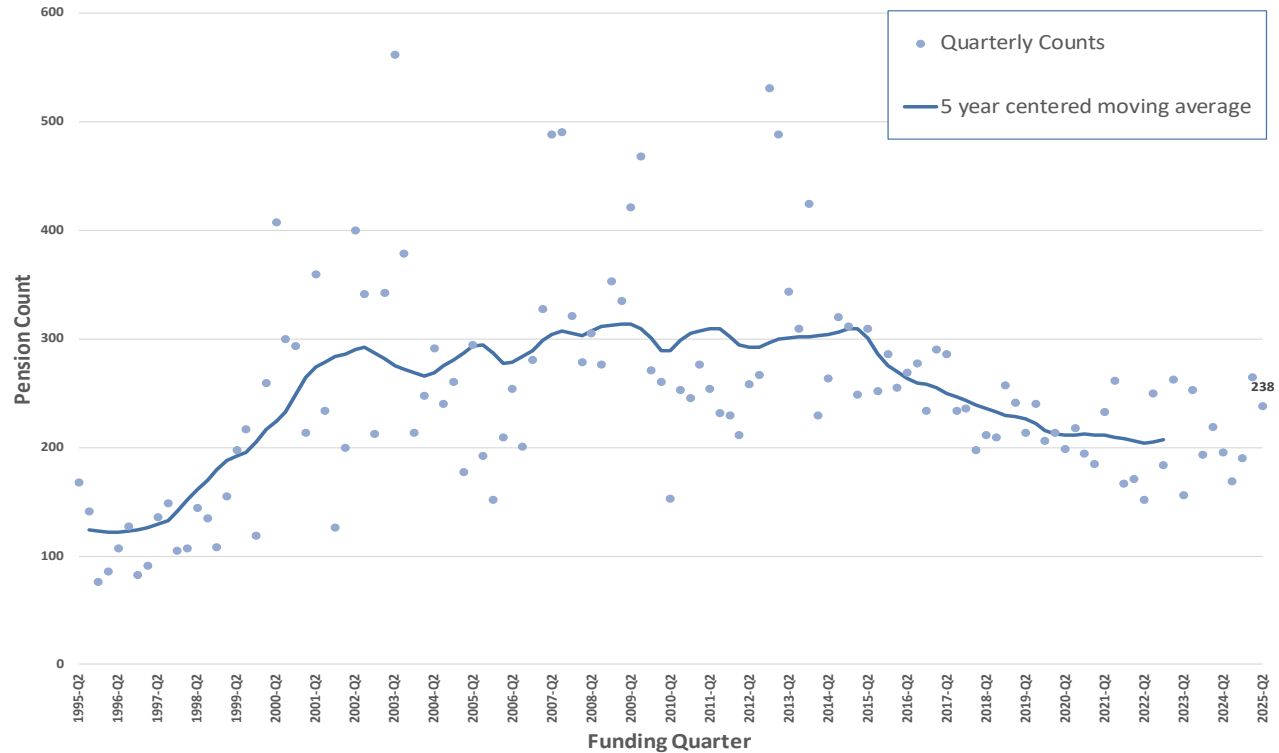


Long Term Disability Claims

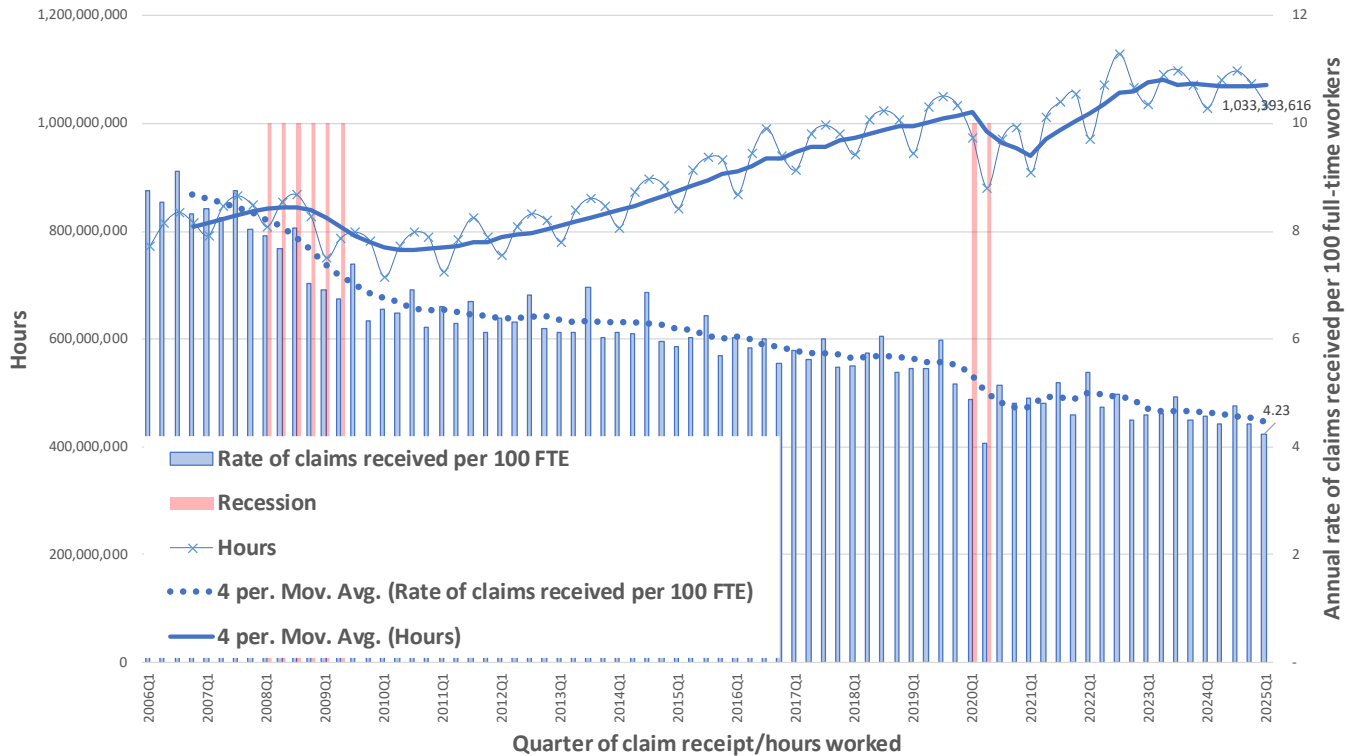
The percent of injured workers with compensable claims that have time-loss paid in the 12th month post injury: *smaller percentage indicates less long-term disability*



State Fund Total Permanent Disability Pensions Funded per Quarter

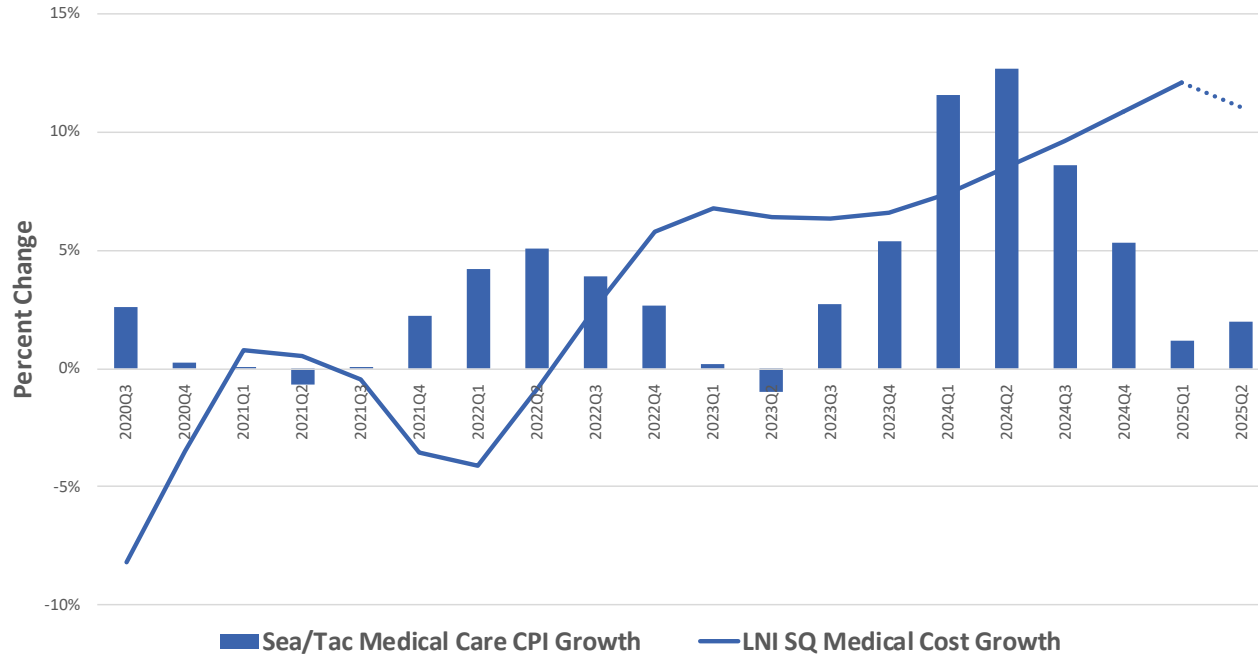


Covered Hours and the Rate of Claims Received



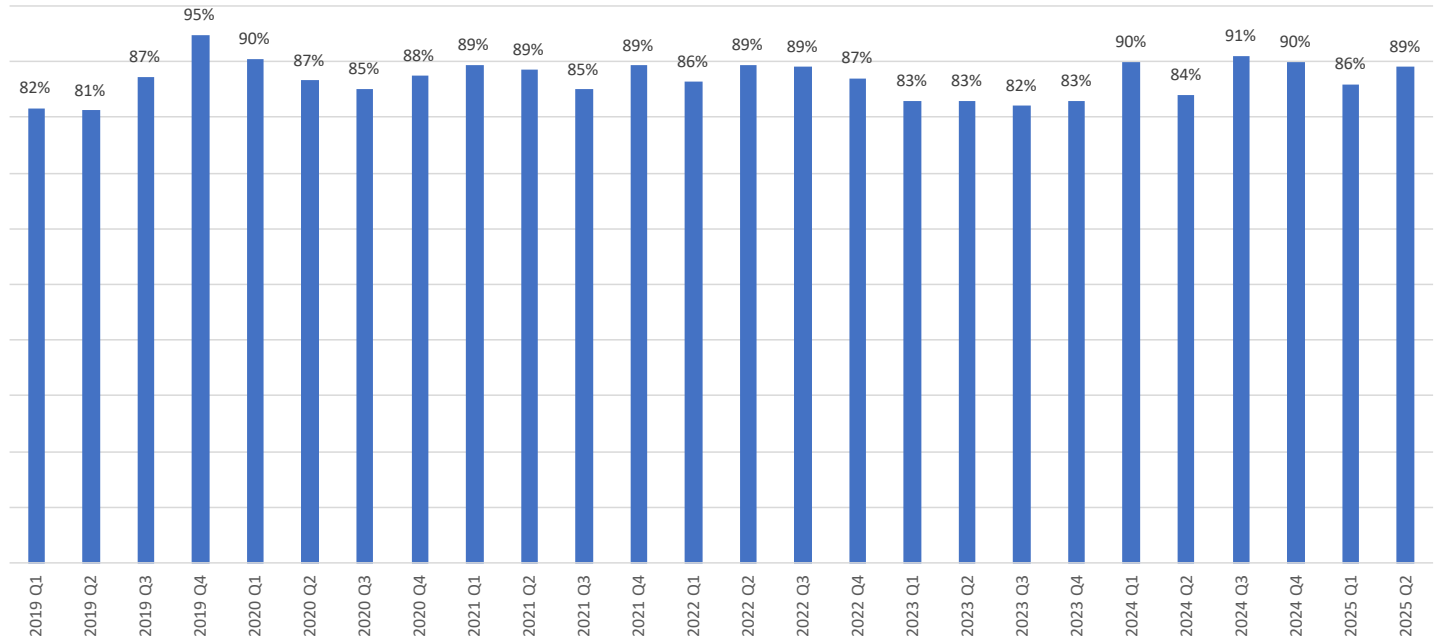
Annualized Medical Cost Growth

All Claims Excluding Hearing Loss



Percent of Workers' Comp Operational Measures Meeting Target

The percent of operational measures that meet operational targets is consistently above 80%.



Currently there are 45 active operational measures in Insurance Services

Metrics: June 2025 to July 2025

Into-standard 
Return to Work Partnerships <ul style="list-style-type: none">• Plans with employable outcome

 Out-of-standard
Claims Administration <ul style="list-style-type: none">• Pensions – timely first payment

Claims Administration

Metric: Pensions – Timely first payment

Goal:

Green: $\geq 90\%$

Yellow: 80%-89%

Red: $\leq 79\%$

Metric Status: 68%

Background:

- The low number of pension payments in July is a result of COLA processing. Given the reduced number of payments the percentage was significantly impacted by the late payments. The late payments were a result of QA and training backlog, and COLA focused work. As QA shifts focus from COLA work back to their regular work this will help ensure payments are made timely.

Employer Services

Metric: WSAW – Oldest Unworked Application From Date of Receipt

Goal:

Green: ≤30 Days

Yellow: 31-40 Days

Red: ≥41 Days

Metric Status: 88 Days

Background:

- The team is working their backlog mitigation plan to assist with clearing out the application backlog.
- They have implemented a new streamlined process that removed unnecessary steps. They continue to look for a more efficient process to reduce application processing time.
- ❖ Based on attendance, WSAW Adjudicators were expected to issue 547 orders and/or letters; total issued was 1,118 (571 more than expected).
- ❖ Average unit weekly workload was 1,509 pending applications, with 445 new applications. The unit issued 531 warrants on 653 applications for a total of \$2,501,434 in WSAW wage and expense reimbursements.

Legal Services

Metric: VDRO Dispute Resolution: Resolved in an average of 26 days or less

Goal:

Green: ≤26 days

Yellow: 27-29 days

Red: ≥30 days

Metric Status: 43 days

Background:

- Legal Services has received a substantial number of Self-Insurance claims which typically take longer to work.
- The team supervisor is continuing to work disputes to reduce the amount of time it takes VDRO to resolve them.

Support Services

Metric: Bill Processing: Entered within 4 calendar days of receipt

Goal:

Green: ≤ 4 days

Yellow: 4.1-8.9 days

Red: ≥ 9 days

Metric Status: 18.6 days

Background:

- Bill Processing continues to cross train staff and is currently training new hires. A decrease in turnaround days is expected as trainings continue.

Logger Safety Initiative Program Update

Dylan Trivison, Program Supervisor





Manual Logging vs. Mechanized Logging

Manual logging

- Human labor
- Hand tools (chainsaws/axes)
- Traditional techniques

Mechanized logging

- Heavy machinery (harvesters/feller bunchers)
- Mechanical tree cutting, delimiting, and transportation
- Can process timber with minimal human intervention



Logging - Premium Rate History

- Severe injuries resulting in high-cost claims
- Fewer manual logging hours reported and misreporting of hours
- Manual logging workers' compensation rates exceed \$20/hour



LSI Program – Brief History

2012 Development of Logger Safety Initiative (LSI)

2013 ESSB 5744 was approved

2014 Logger Safety Initiative launched



LSI Program – Revisioning

- 2023 Participant safety culture scoring process
- 2024 First round of tier level scoring completed;
Special risk class utilized for safety training hours
- 2025 Revised program documents and policies implemented



LSI Program – Requirements

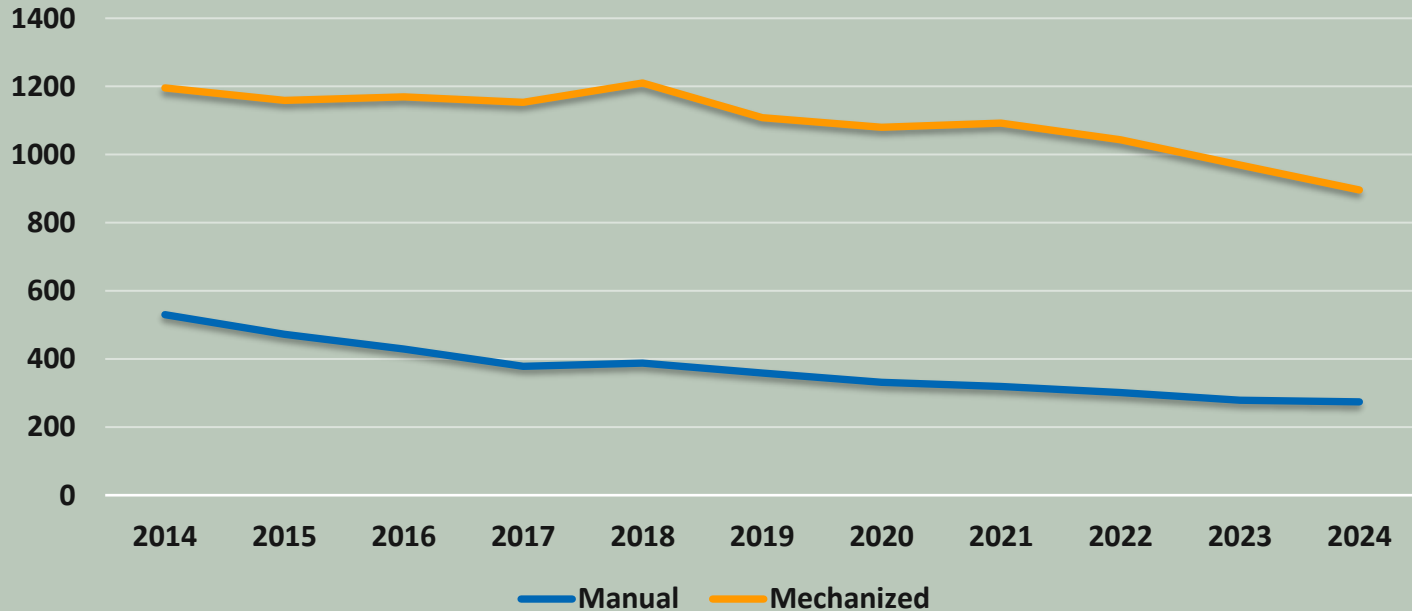
All companies enrolled in the LSI program are now required to complete the following:

- Implement the LSI Accident Prevention Program
- Complete quarterly safety trainings
- Attend four hours of formal safety training classes/seminars
- Risk Management assessment
- Annual comprehensive DOSH consultations and correct all identified safety and health hazards.
- Field Audit review
- Underwriter scoring process



Logging Industry – Mechanized vs Manual

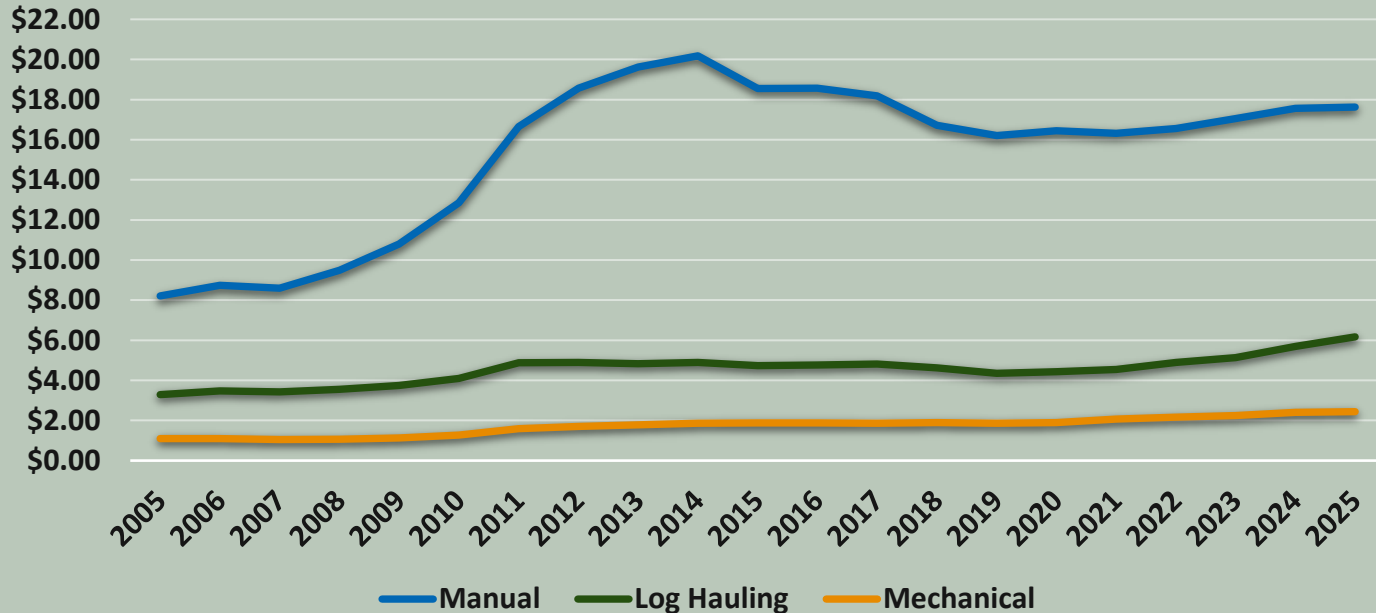
Distribution of FTE by Logging Division 2014-2024





Historical Base Premium Rates in Logging

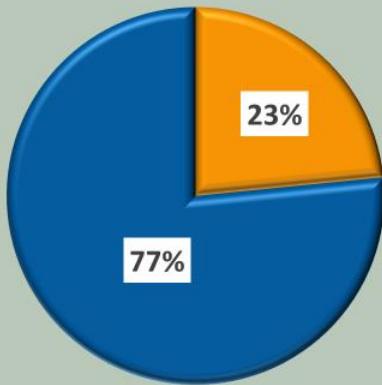
Premium Rate History - Hourly Base Premium Rates





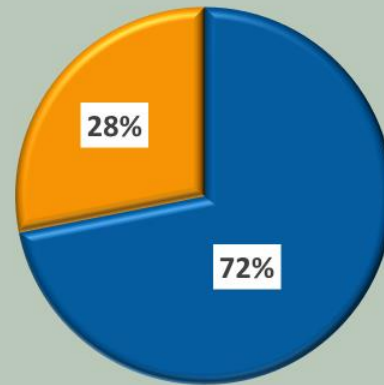
LSI Program Participation

Manual as % of all logging 2024



Manual Mechanized

LSI as % of all manual 2024



LSI Non LSI Manual



LSI Program - Safety Statistics

State Fund claims in CY 2022-2024, as compared to CY 2014-2016:

- 34% reduction in the accepted claim rate
- 30% reduction in the compensable claim rate

Manual logging fatalities in the risk classification 5001:

- 2014 – 2018– fifteen (15)
- 2020 – 2024– five (5)

**Not overall logging industry fatality numbers. Excludes self-employed as well.*

Questions?

Contact:
Dylan Trivison
trdy235@lni.wa.gov
(360) 902-5607 (office)
(360) 507-4484 (cell)





Industrial Insurance (State) Fund Financial Overview

Statutory Financial Information

Fiscal Year 2025

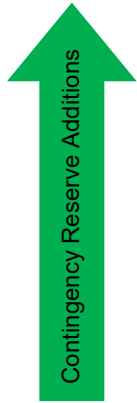
July 2024 – June 2025

Kim Hurley, Chief Accounting Officer

Significant Financial Highlights

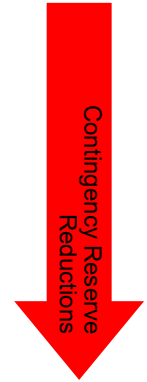
July 2024 through June 2025

The contingency reserve decreased **\$640 million**, from \$5,490 million on July 1, 2024, to \$4,850 million on June 30, 2025.



- Favorable Development
 - Retro Liabilities
- Net Realized/Unrealized Gain on Investments

- Unfavorable Development
 - Medical Aid Account
 - Accident Account
 - CAE
 - Pension Account



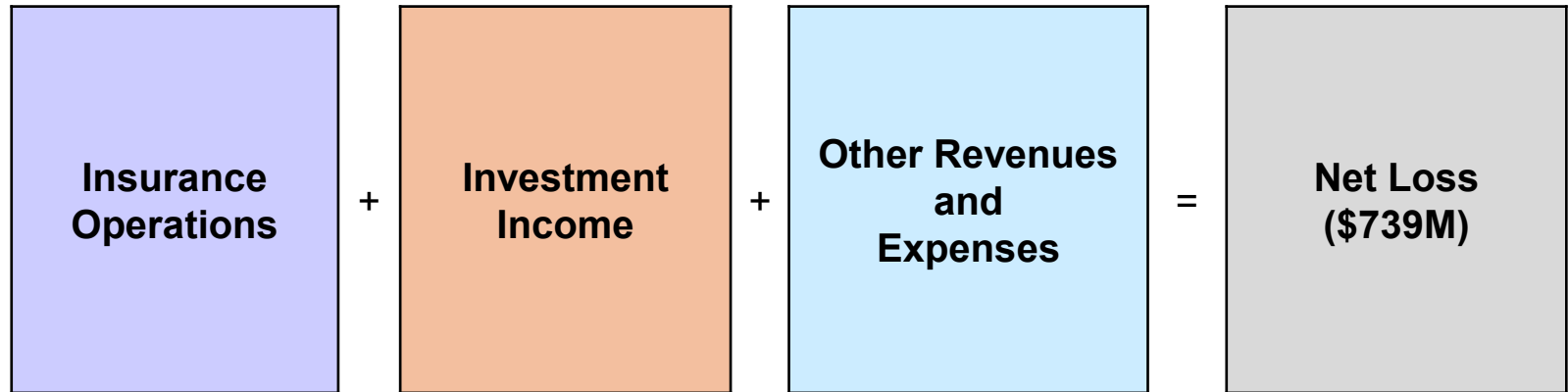
Change in contingency reserve by quarter for fiscal year 2025

- July 1 to September 30, 2024 – a decrease of \$123 million
- October 1 to December 31, 2024 – a decrease of \$56 million
- January 1 to March 31, 2025 – a decrease of \$616 million
- April 1 to June 30, 2025 – an increase of \$155 million

State Fund Results

“Net Income”

July 2024 through June 2025



Insurance Operations

July through June 2025
(in millions)

Twelve Months Ended

		June 30, 2025	June 30, 2024
We took in (Premiums Earned)	+	\$ 2,340	\$ 2,054
We spent (Expenses Incurred)			
Benefits Incurred		3,624	2,064
Claim Administrative Expenses		341	232
Other Insurance Expenses		109	105
Total Expenses Incurred	-	4,074	2,401
Net Income (Loss) from Insurance Operations	=	\$ (1,734)	\$ (347)

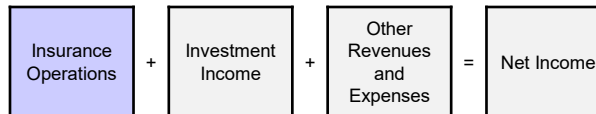
Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.



Premiums Earned

July 2024 through June 2025
(in millions)

	Twelve Months Ended		Difference
	June 30, 2025	June 30, 2024	
Standard Premiums Collected	\$2,378	\$2,204	
Less Retrospective Rating Adjustments	(170)	(168)	
Less Ceded Reinsurance Premiums	(16)	(16)	
Net Premiums Collected	2,192	2,000	
Changes in future Premium Amounts To Be Collected	89	74	
Changes in future Retrospective Rating Adjustment Refunds	59	(20)	
Net Premiums Earned	\$ 2,340	\$ 2,054	\$ 286

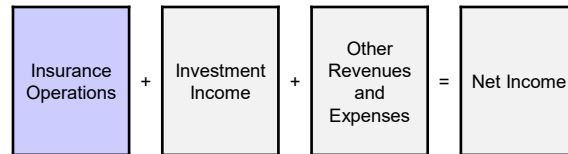


Benefits Incurred

July 2024 through June 2025
(in millions)

Twelve Months Ended

	June 30, 2025	June 30, 2024	Difference
Benefits Paid	\$ 1,973	\$ 1,813	\$ 160
Change in Benefit Liabilities	1,651	251	1,400
Total Benefits Incurred	\$ 3,624	\$ 2,064	\$ 1,560



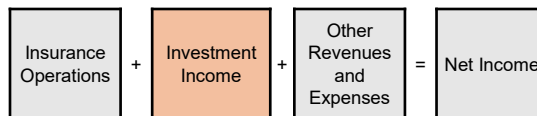
Investment Income

July 2024 through June 2025

(in millions)

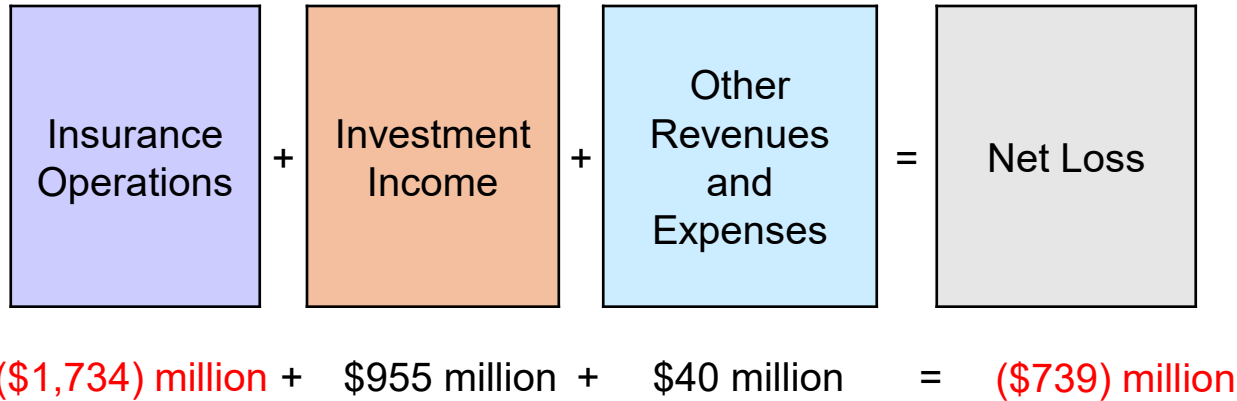
Twelve Months Ended

		June 30, 2025	June 30, 2024
Investment Income Earned from Interest on bonds	+	\$ 686	\$ 593
Realized Gain/(Loss) from Fixed Income Investments Sold	+	(44)	(17)
Realized Gains from Stocks (Equity Investments) Sold	+	313	33
Total Investment Income	=	\$ 955	\$ 609



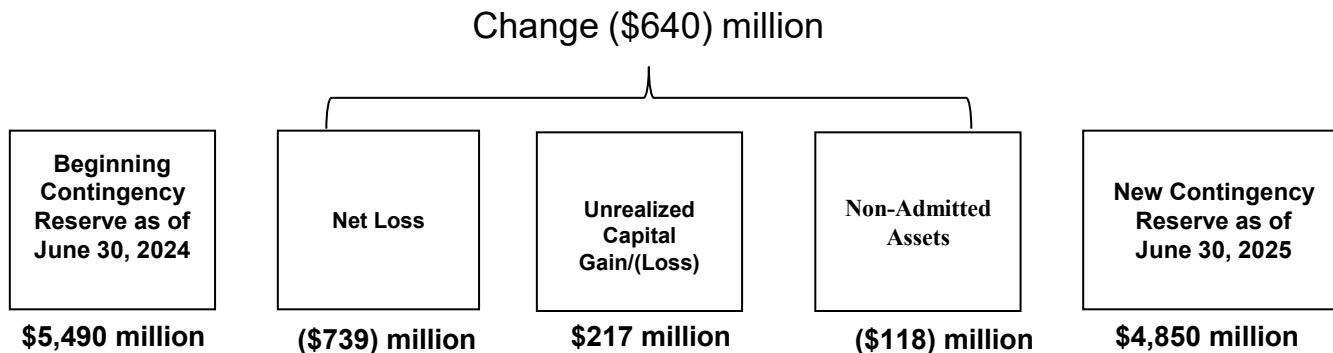
Results of Operations

July 2024 through June 2025



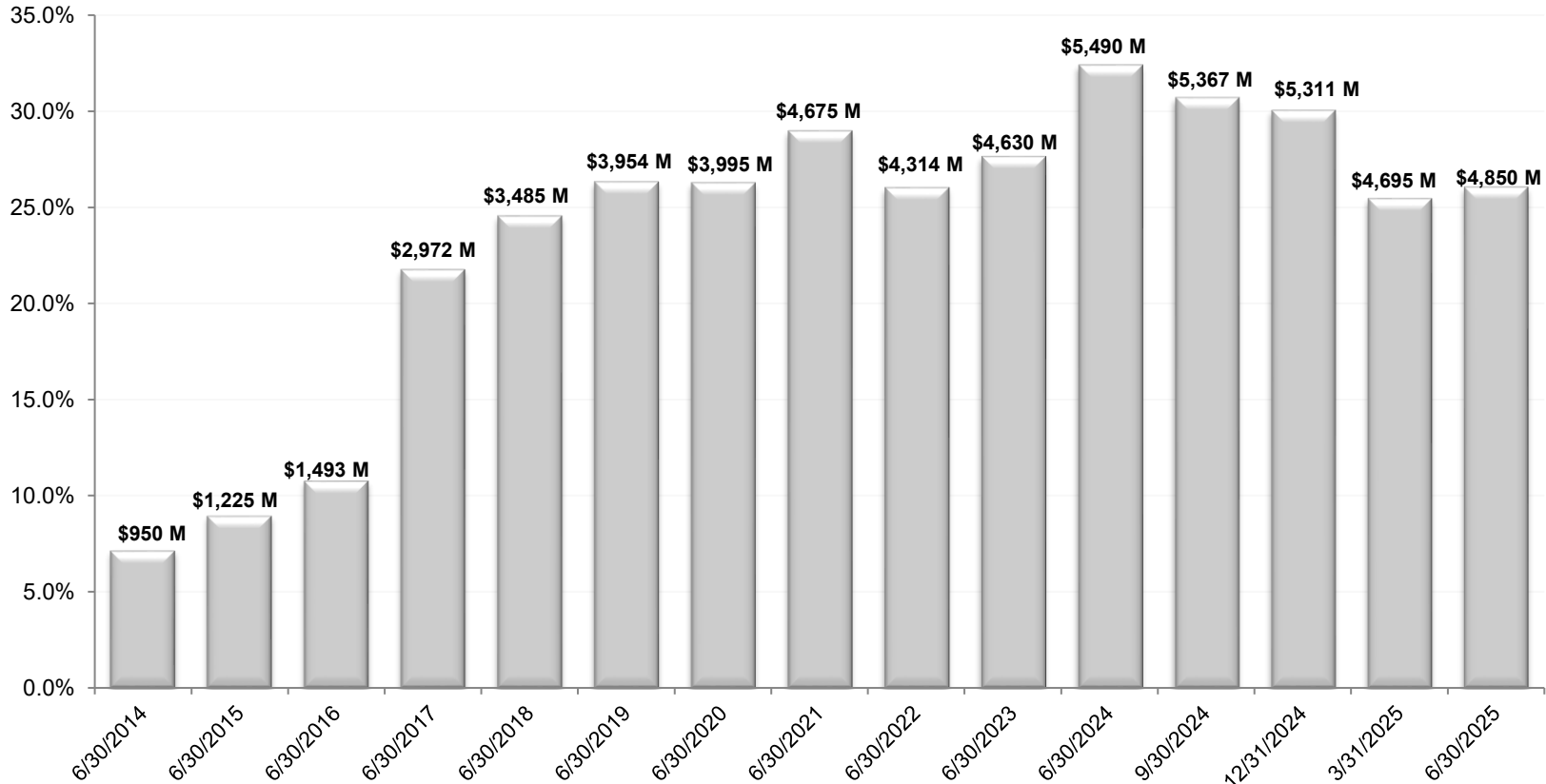
How Did Contingency Reserve Perform?

July 2024 through June 2025



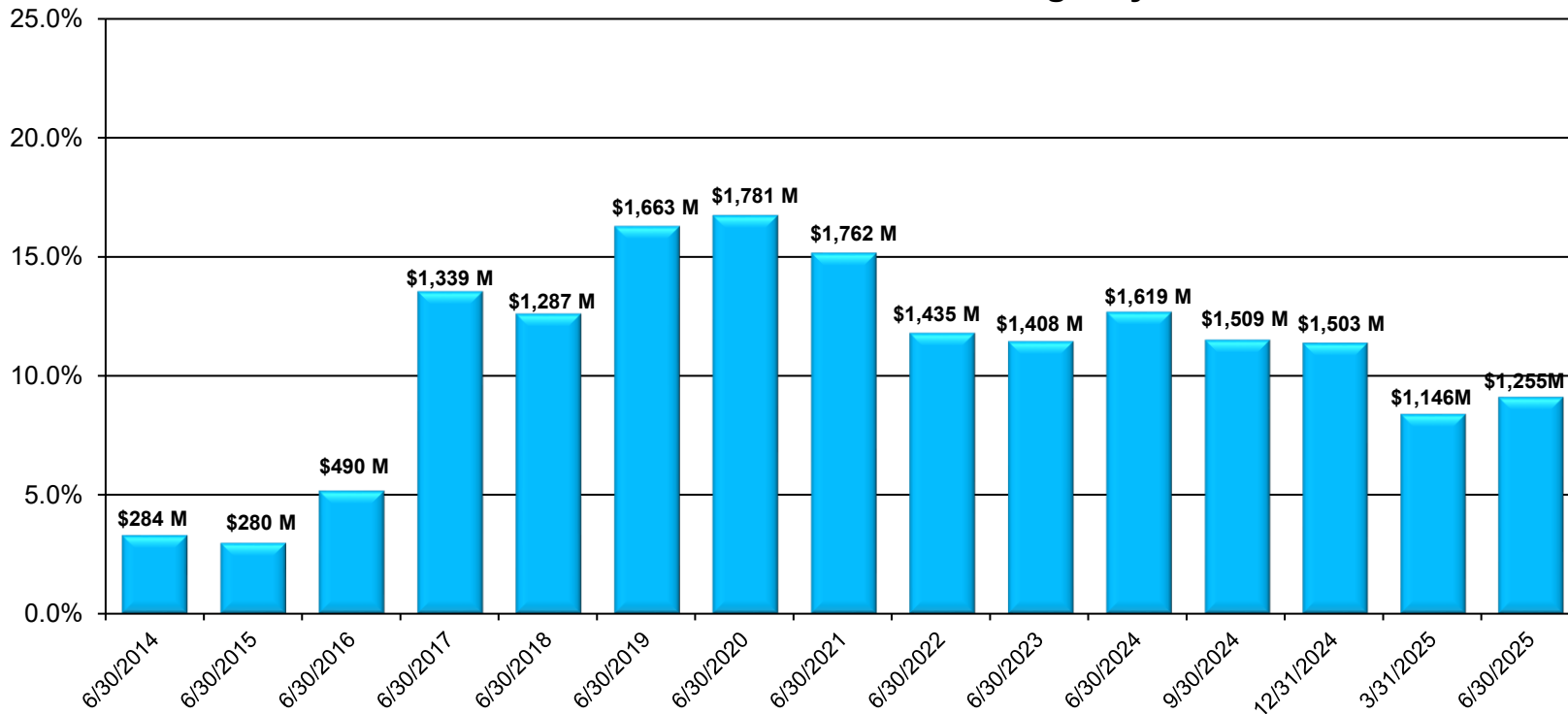
Combined Contingency Reserve

Combined Contingency Reserve is 26.0% of Total Liabilities



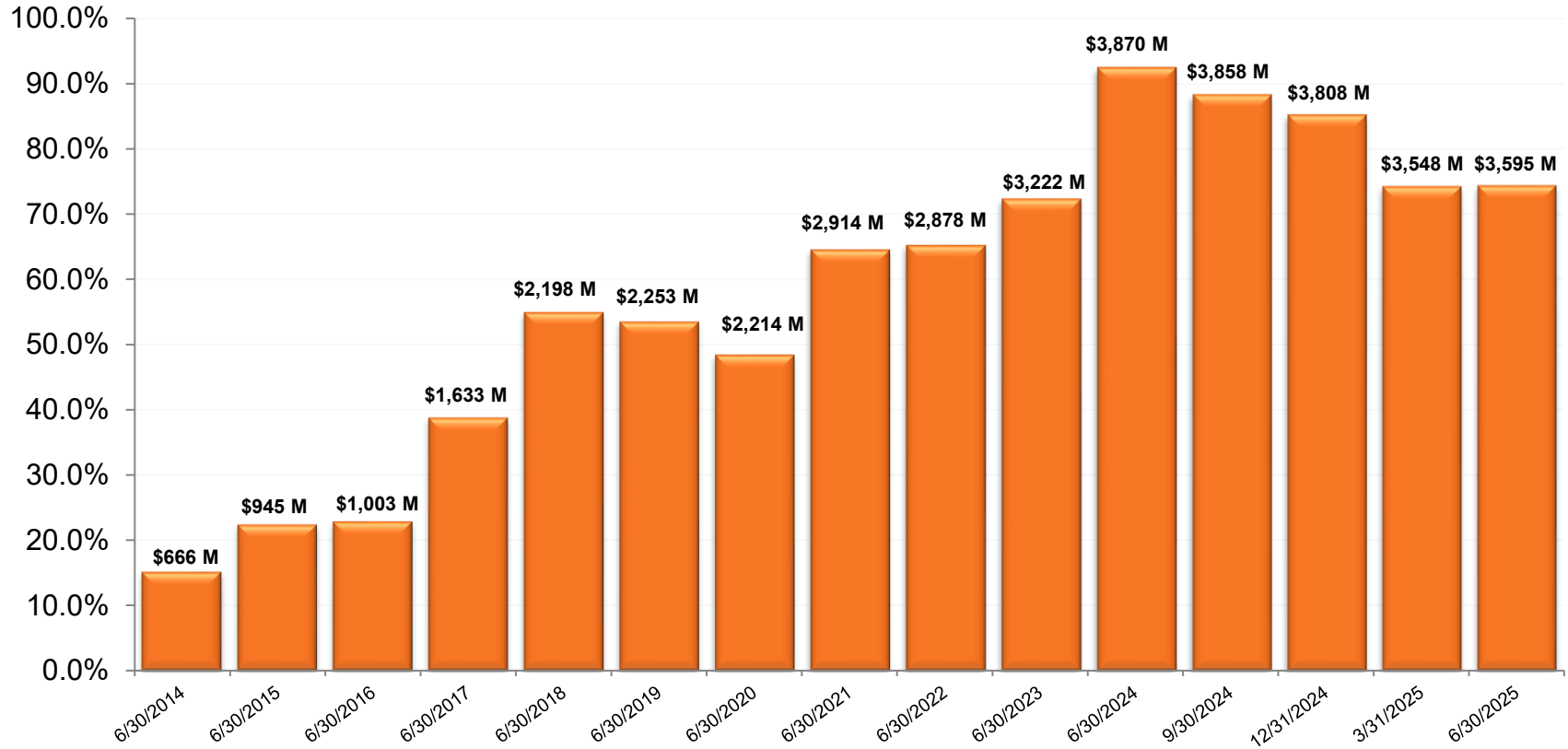
Accident & Pension Contingency Reserve is 9.1% of Liabilities

Accident & Pension Contingency Reserve



Medical Aid Contingency Reserve is 74.4% of Liabilities

Medical Aid Contingency Reserve



Key Financial Ratios

as a percentage of premium earned

Ratios	Quarter Ended June 30, 2025		10 Year Rolling Average	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
	State Fund	Industry Forecast *			
Current Year Benefit (Loss Ratio)	97.8%			97.6%	99.8%
Prior Year Benefit (Loss Ratio)	57.1%			2.9%	14.5%
Total Benefit (Loss Ratio)	154.9%	44.2%	104.2%	100.5%	114.3%
Current Year CAE Ratio	11.3%			11.8%	12.0%
Prior Year CAE Ratio	3.3%			(0.5%)	(1.2%)
Total Claim Administration Expense (CAE) Ratio	14.6%	13.7%	12.1%	11.3%	10.8%
Sub-Total: Benefit and Claim Administration Expense Ratios	169.5%	57.9%	116.4%	111.8%	125.1%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	4.7%	26.6%	4.7%	5.1%	5.2%
Combined Ratio (Industry omits dividends)	174.2%	84.5%	121.1%	116.9%	130.3%
Investment Income Ratio	29.3%	19.4%	25.3%	28.9%	25.9%
Operating Ratio	144.9%	65.1%	95.8%	88.0%	104.4%

* Industry Forecast: State of the Line Report of 2025 issued by National Council of Compensation Insurance (NCCI)

QUESTIONS



Contact Kim Hurley,
Chief Accounting Officer

Email:

kim.hurley@lni.wa.gov.

Thank You!



Closing Comments & Adjourn

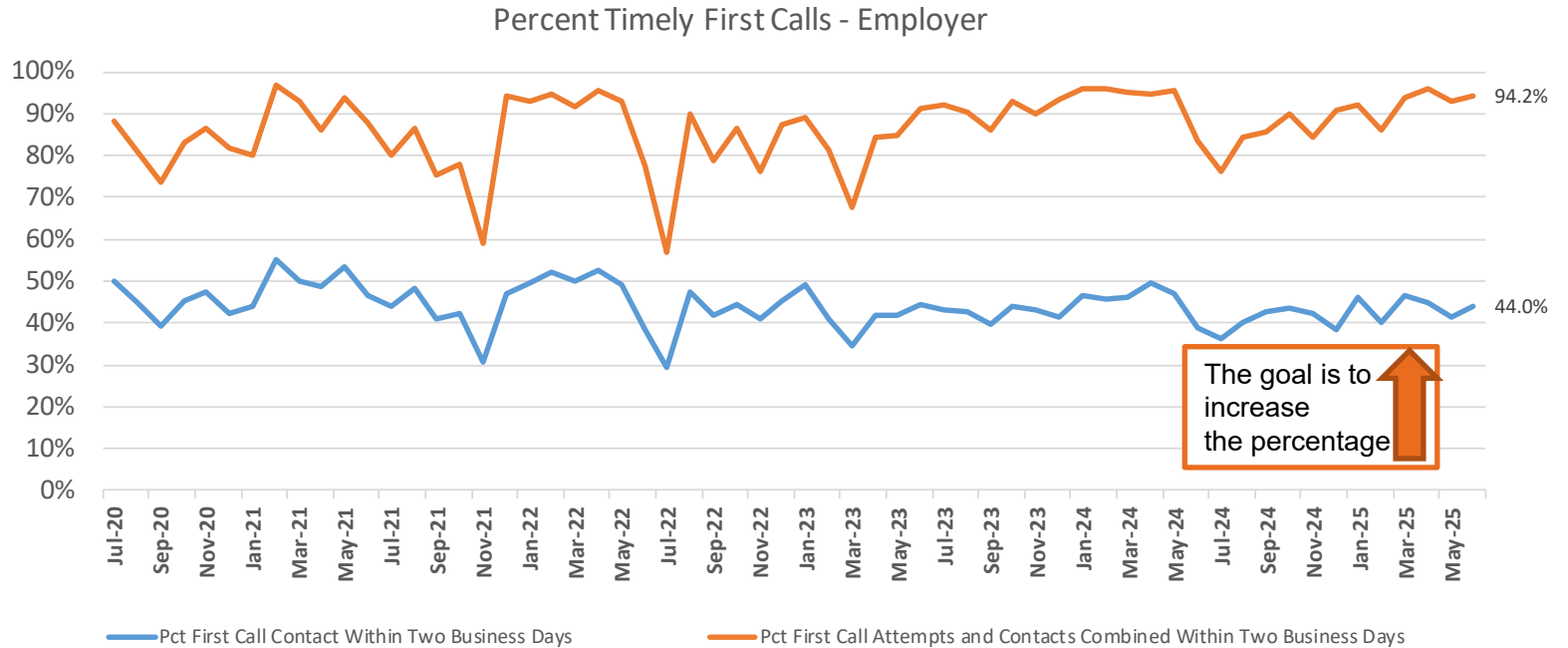
Joel Sacks, Agency Director

Brenda Heilman, Assistant Director for Insurance Services

Next meeting: December 15, 2025

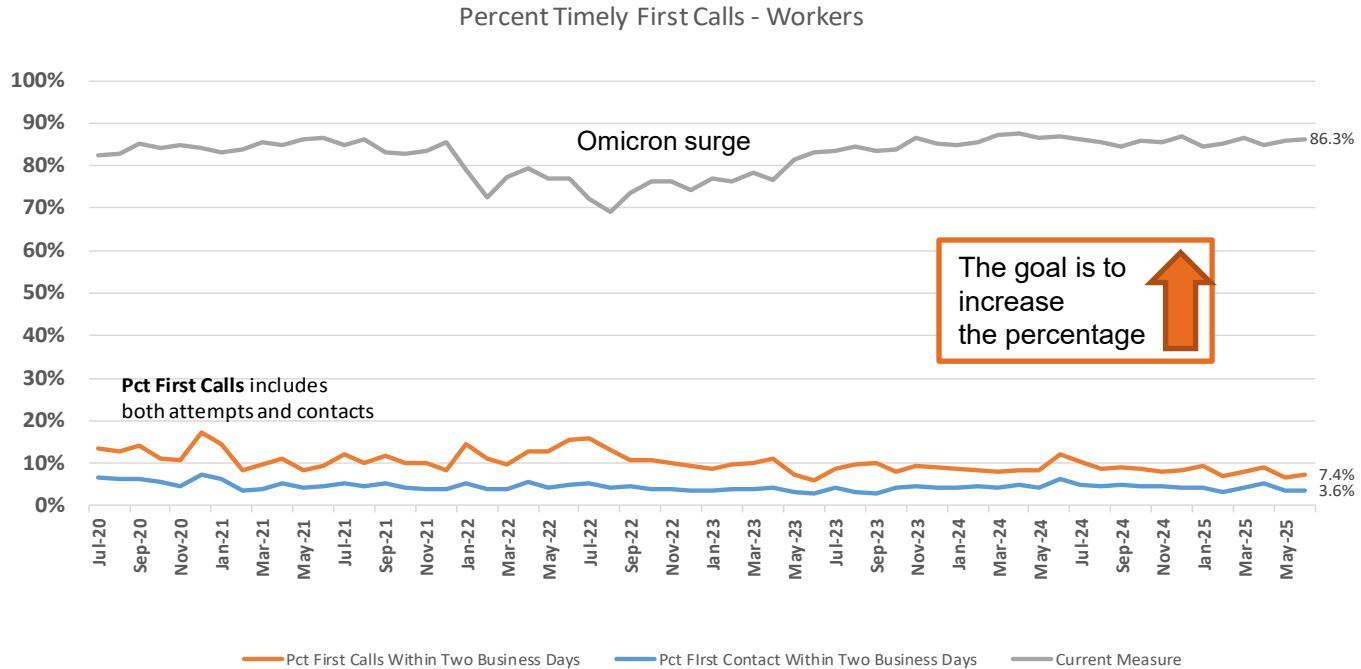
OPERATIONAL HEALTH DASHBOARD APPENDIX SLIDES

JLARC recommended employer contact measure



Note: Clock starts when claim is established in the system.

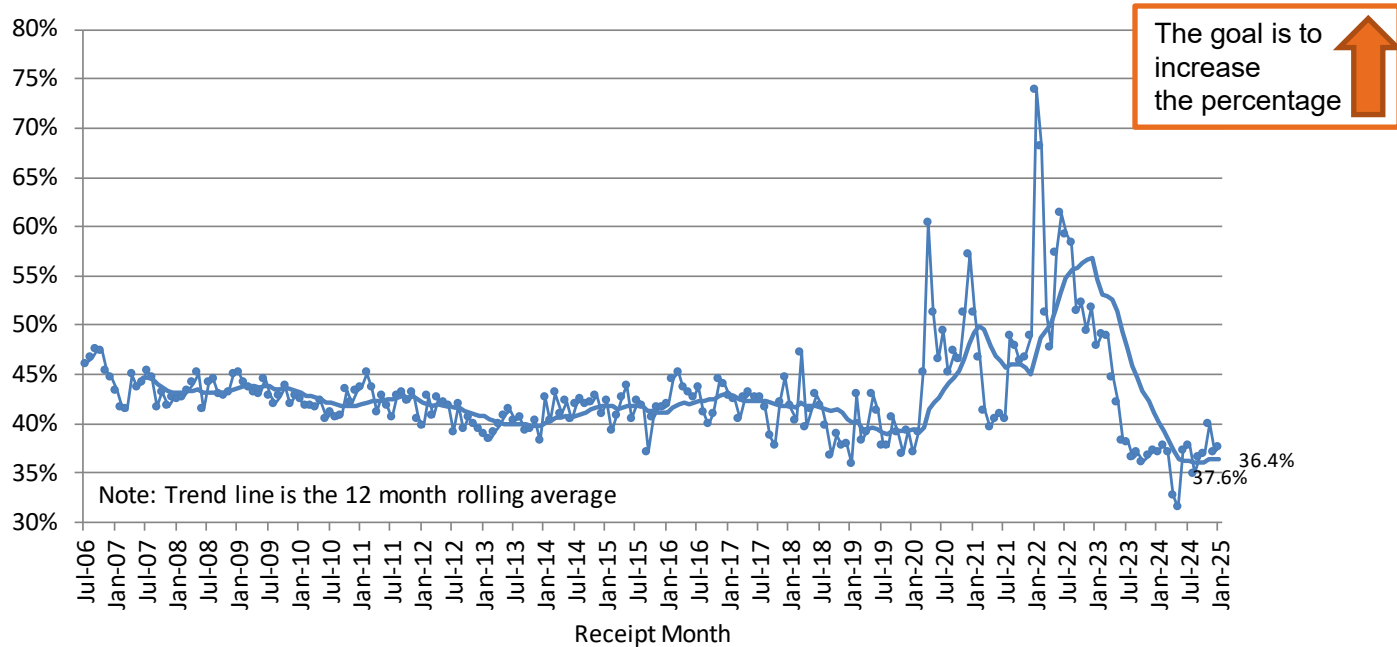
JLARC recommended worker contact measures & L&I's current measure



Note: Clock starts when firm and class are assigned on the JLARC recommended measure and when time loss is first paid on the current operational measure.

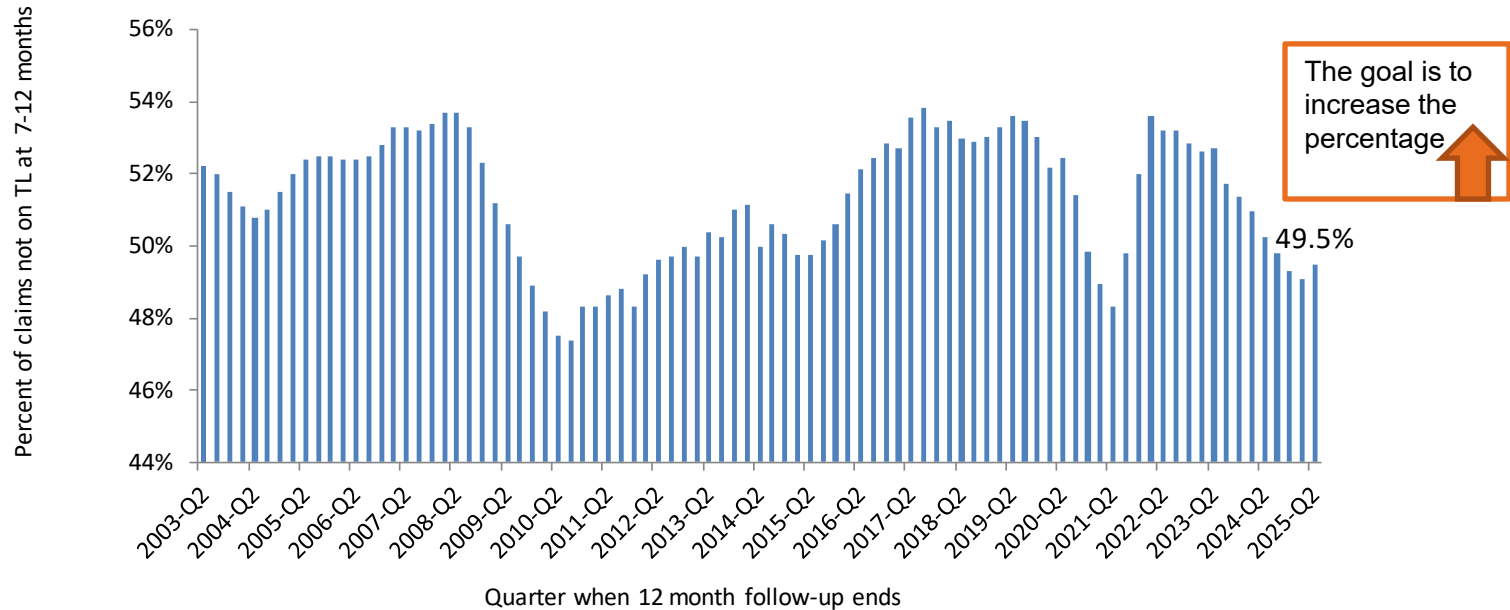
The share of time-loss claims resolved six months after claim receipt

Share of time-loss claims resolved six months after claim receipt



High risk claims – Initiatives in the first year are improving RTW outcomes

The share of injured workers off work 40 days after claim receipt who are likely to have returned to work: Note: 12-month rolling average



High risk workers are defined as those being disabled on the 40th day following claim receipt, about 1,400 claims per quarter. RTW is defined as the status of not receiving disability benefits between 7 and 12 months

Transitioned to COTS

Workers newly on opioids transitioned to chronic opioid therapy

48

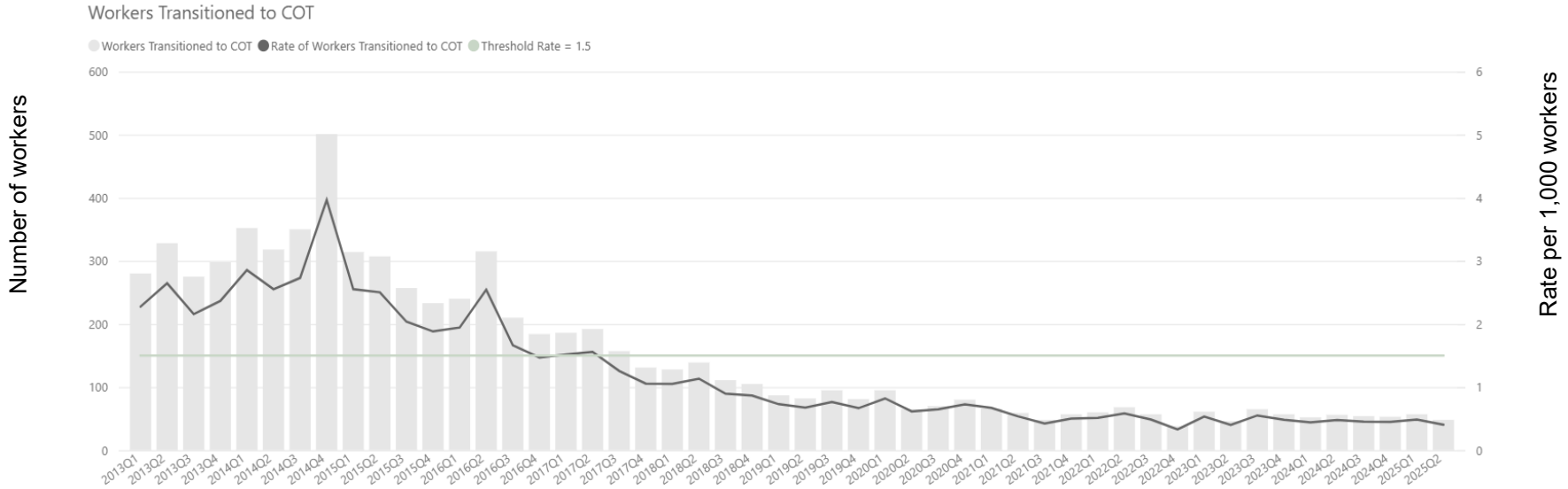
Workers Transitioned to COT

-16%

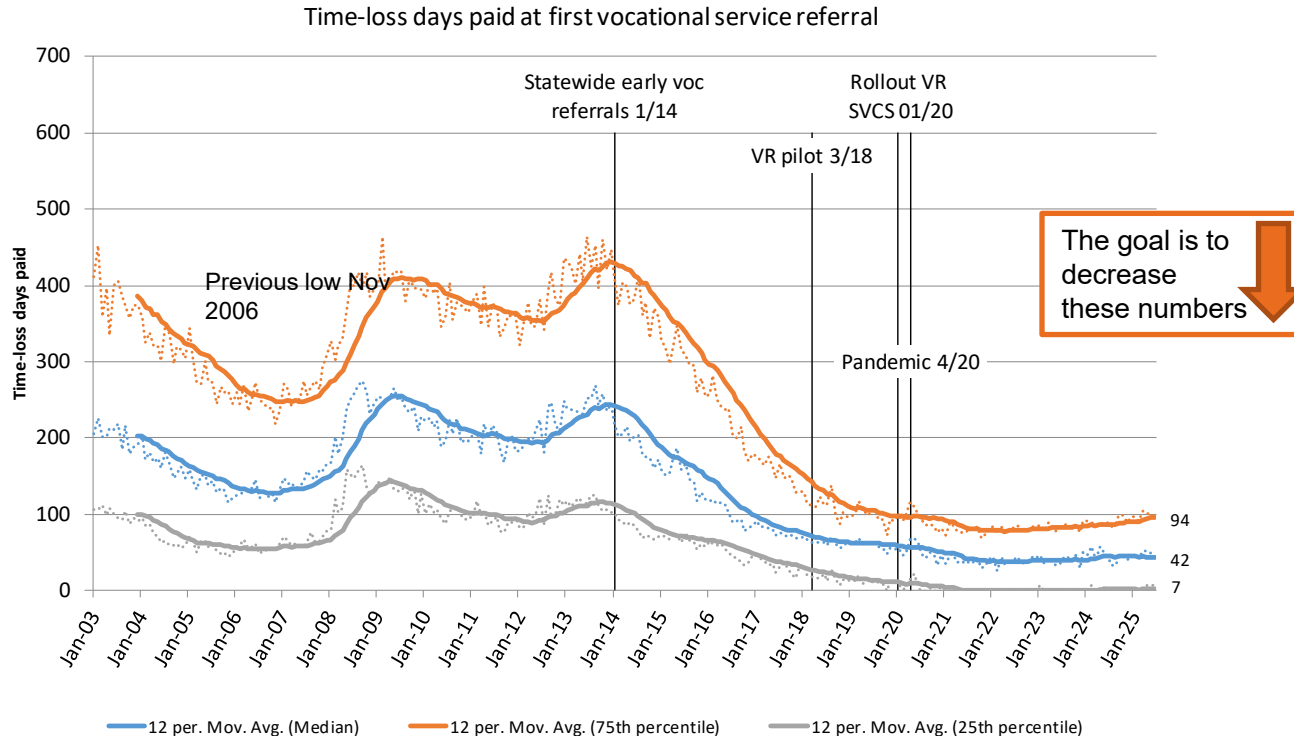
Change Since Previous Quarter

0.40

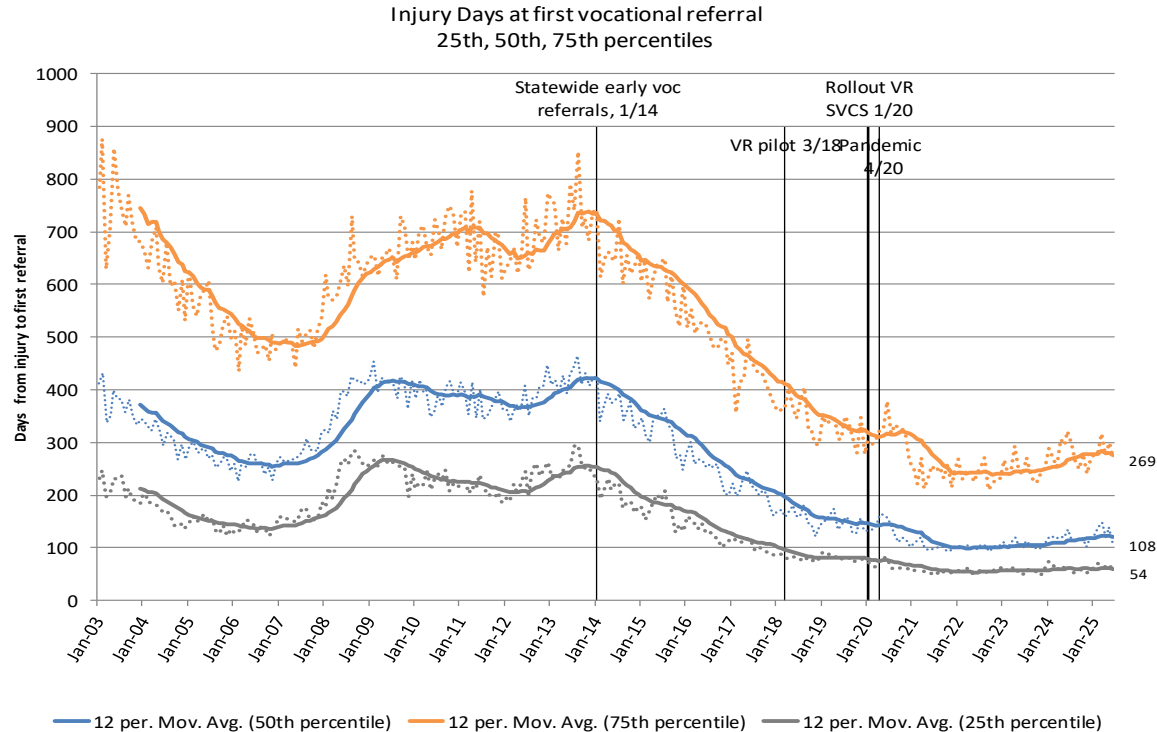
Rate per 1000 Injured Workers



Referrals are now targeted to address the onset of disability

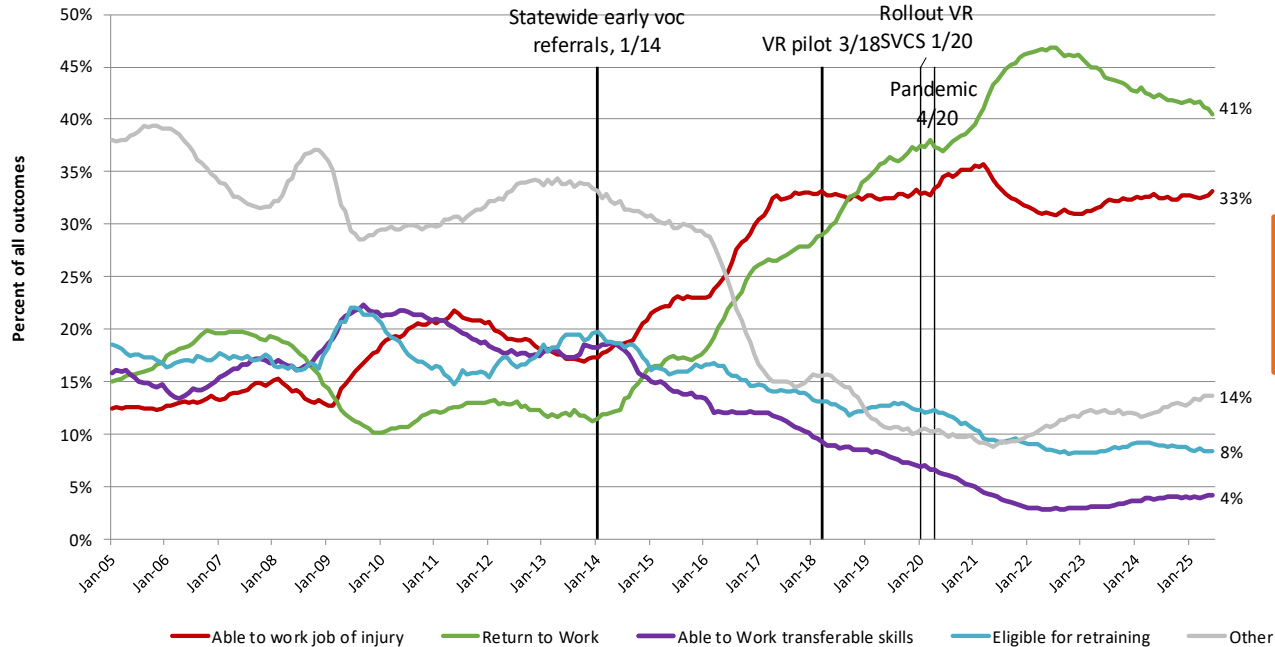



Referrals are now targeted to address the onset of disability - days from date of injury



New focus on return to work has increased positive employable outcomes for all first vocational referrals

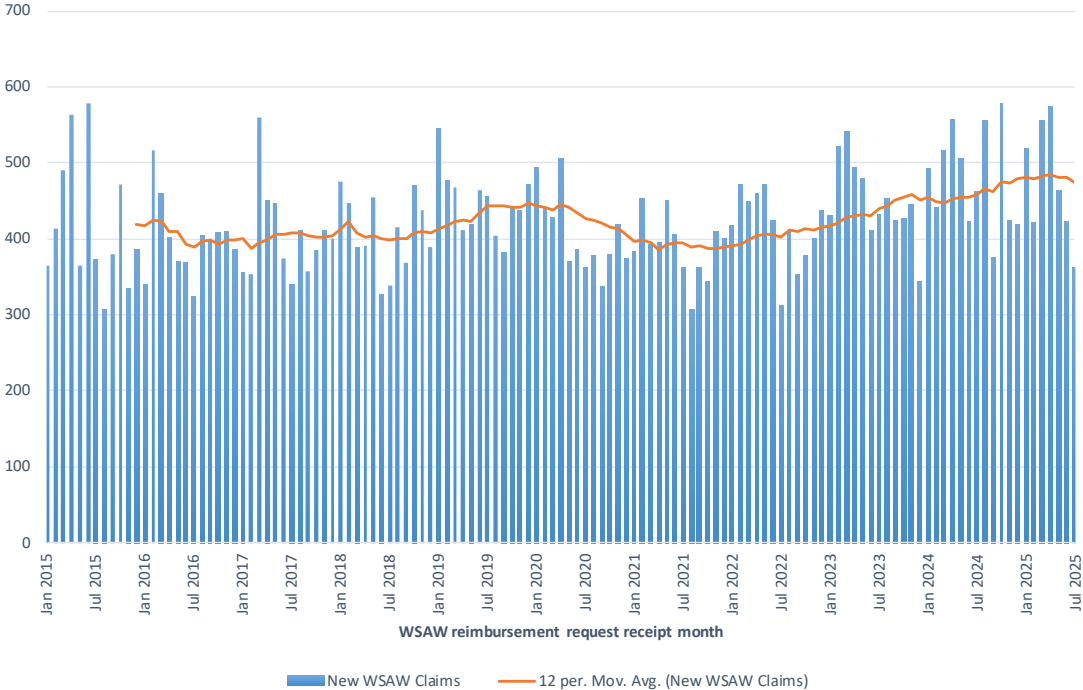
Outcome distribution, first vocational service referrals, select outcomes (12-month average)




The goal is to increase the share of RTW outcomes 

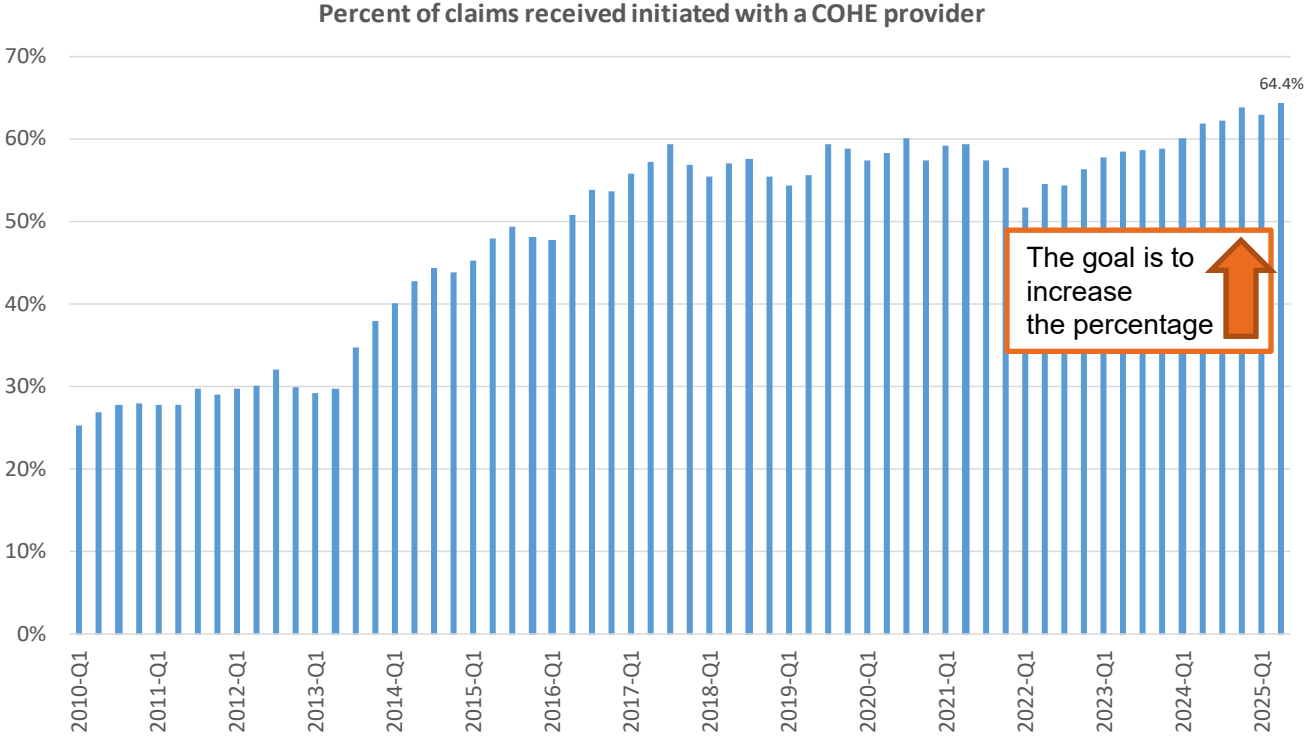
Participation in light duty job assignments helps maintain the employer/injured worker relationship

New WSAW Claims



The goal is to increase this number 

Percentage of claims for injured workers initiated with a COHE provider



FINANCIAL APPEDIX SLIDES

■ Reconciliation of Change in Benefit Liabilities

(In \$1,000s)

July 1, 2024 Benefit Liability Beginning Balance	\$15,519,116
Prior Year Benefit Payments	(\$1,674,696)
Prior Year Development and Model Change (Favorable)	\$950,435
Self Insurance Prefunded Pension Transfers	\$0
Regular reserve discount reduction	\$385,819
Net Total Prior Year Benefit Liability as of June 30, 2025	\$15,180,674
New Current Year Benefit Liabilities	\$1,989,710
June 30, 2025 Benefit Liabilities Ending Balance	\$17,170,384
Change Between Beginning and Ending Balance	\$1,651,268

Highlights of Changes in the Contingency Reserve

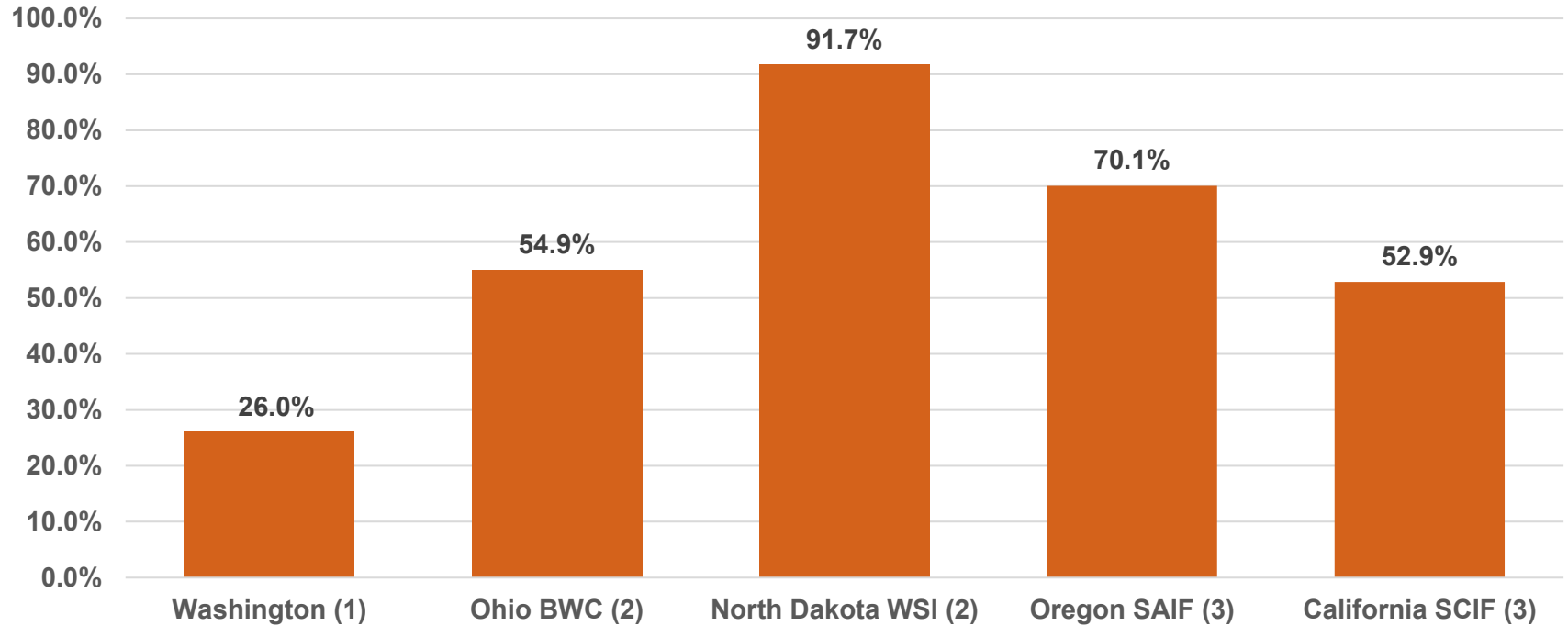
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
*Actuarial Development ¹	\$149M	\$543M	\$147M	\$926M	\$941M	\$352M	\$(171)M	\$287M	\$526M	\$(55)M	\$(311)M	\$949M	\$4,283M
Rate Changes	\$58M	\$59M	\$38M	\$27M	\$(14)M	\$(120)M	\$(110)M	\$(44)M	\$(29)M	\$17M	\$75M	\$21M	\$(22)M
Greater (less) than expected changes in the stock market	\$279M	\$(29)M	\$(101)M	\$411M	\$199M	\$50M	\$340M	\$1,263M	\$(639)M	\$413M	\$445M	\$365M	\$2,996M
Mortality table change	-	\$(146)M	-	-	-	-	-	-	-	-	-	-	\$(146)M
Adjustments to avoid double counting 2011 reform savings	\$(130)M	\$(83)M	-	-	-	-	-	-	-	-	-	-	\$(213)M
*Discount rate change - State Fund	\$(256)M ²	\$(31)M	\$(31)M	\$(36)M	\$(639)M ³	-	\$(84)M ⁴	\$(384)M ⁵	-	\$102M ⁷	-	-	\$(1,359)M
Discount rate change - Self-Insurance	-	\$(6)M	\$(7)M	\$(8)M	\$(7)M ³	-	\$(6)M ⁴	-	\$(6)M ⁶	\$(7)M ⁸	\$(6)M ⁹	-	\$(53)M

* Actuarial Development and Discount Rate Change is only for Benefit Liabilities

Highlights of Changes in the Contingency Reserve

1. Includes numerous offsetting factors including model changes, operational influences, and the state of the economy.
2. Model change for 13-year plus claims \$102 M; Pension Discount change \$154M.
3. Pension Discount Rate reduction from 6.2% to 4.5%.
4. Non-Pension Discount Rate reduction from 1.5% to 1.0%.
5. Proposed Pension Discount Rate reduction from 4.5% to 4.0%.
6. Self-insurance prefunded rate reduction from 5.8% to 5.7%.
7. Non-Pension Discount Rate increase from 1.0% to 1.5%.
8. Self-insurance prefunded rate reduction from 5.7% to 5.6%
9. Self-insurance prefunded rate reduction from 5.6% to 5.5%.

Washington's CR is below most other funds as a percentage of liabilities



(1) Preliminary as of 6/30/2025

(2) As of 6/30/2024

(3) As of 12/31/2023

Historic Results of Operations

July through June
(in millions)

As of Quarter Ended June 30,	Insurance Operations	+ Investment Income	+ Other Revenues & Expenses	= Net Income (Loss)
2025	(1,734)	955	40	(739)
2024	(180)	420	4	244
2023	(489)	370	(13)	(132)
2022	(120)	486	(12)	354
2021	(824)	643	(26)	(207)
2020	(639)	513	(13)	(139)
2019	(14)	347	16	349
2018	(301)	491	36	226
2017	119	387	45	551
2016	(219)	462	43	286
2015	(475)	420	40	(15)
2014	(470)	597	43	170

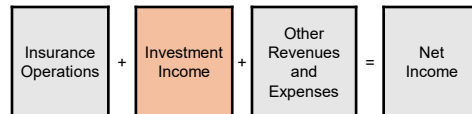
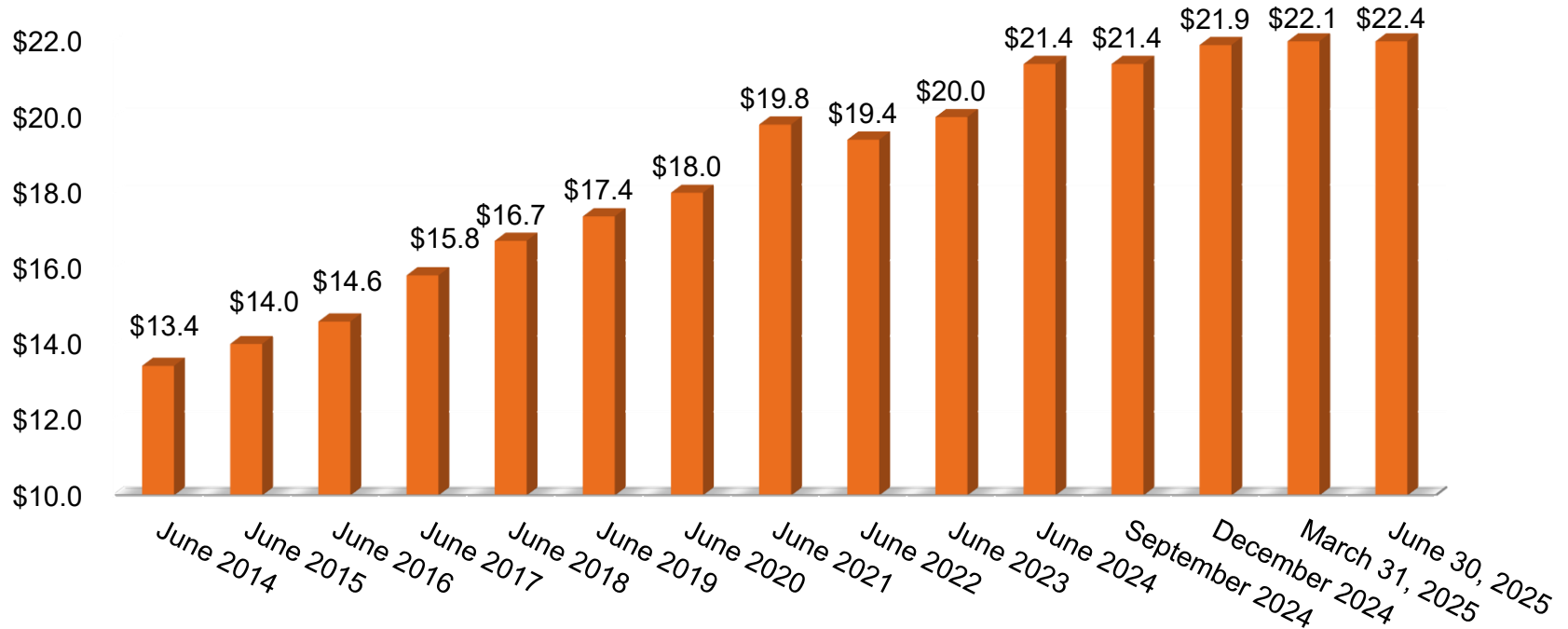
Historical Investment Performance

Fiscal Year Ended

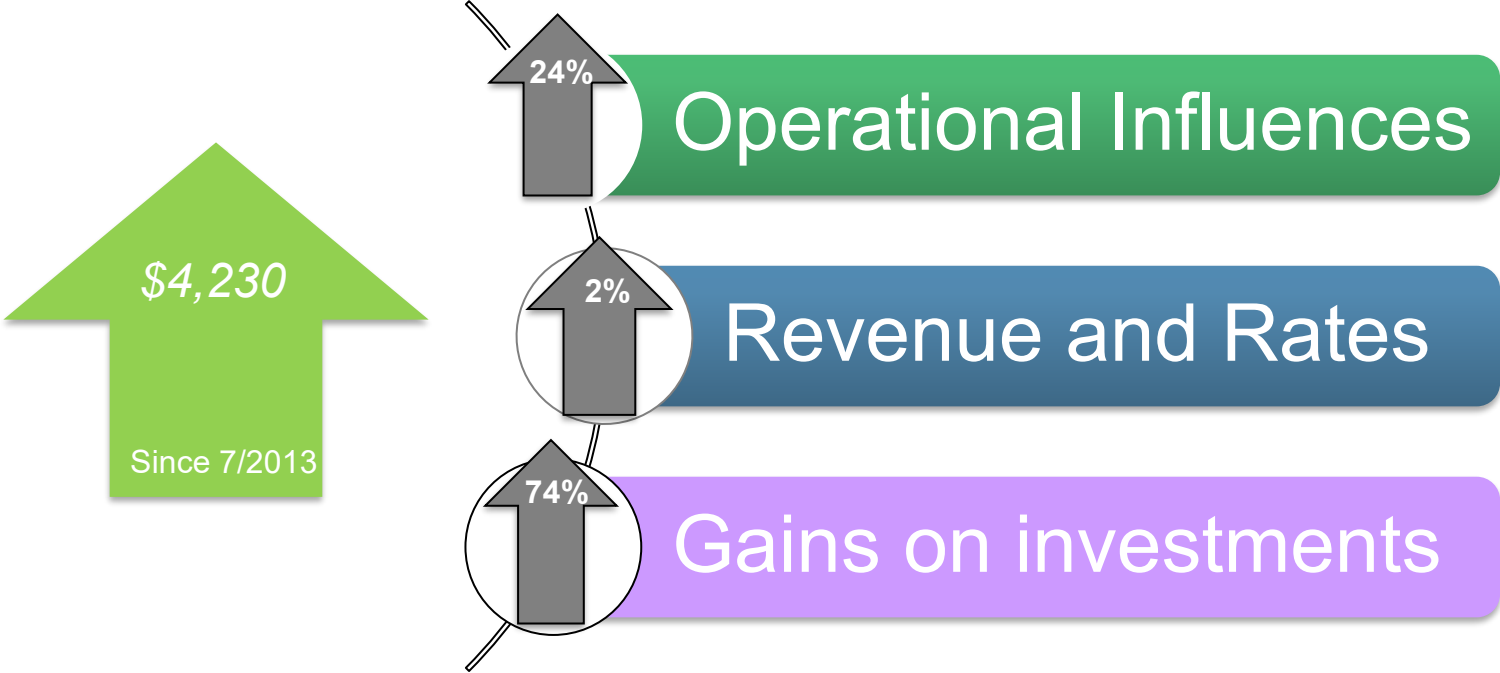
	Quarter Ended June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Investment Income	685,656,000	592,620,000	504,416,000	456,375,000	462,700,000	496,981,000
Realized Gain (Loss)	268,964,000	16,179,000	139,573,000	141,857,000	299,787,000	272,266,000
Unrealized Gain (Loss)	217,778,000	532,457,000	360,212,000	(676,444,000)	1,069,560,000	161,264,000
Total Invested Assets	22,398,399,000	21,396,956,000	20,028,515,000	19,420,354,000	19,793,907,000	17,992,984,000

Total Investments

(rounded to billions)



Contingency Reserve Drivers



As of 6/30/2025 the CR is at \$4,850M

Benefit Liability History

(in thousands)

	Benefit Liabilities	\$ Increase/ (Decrease)	% Increase/ (Decrease)
June 30, 2025	\$ 17,170,384	1,651,268	10.6%
June 30, 2024	15,519,116	251,182	1.6%
June 30, 2023	15,267,934	499,244	3.4%
June 30, 2022	14,768,690	146,597	1.0%
June 30, 2021	14,622,093	728,107	5.2%
June 30, 2020	13,893,986	730,933	5.6%
June 30, 2019	13,163,053	71,245	0.5%
June 30, 2018	13,091,808	365,076	2.9%
June 30, 2017	12,726,732	(251,425)	(1.9%)
June 30, 2016	12,978,157	317,999	2.5%
June 30, 2015	12,660,158	287,485	2.3%

The 10-year average increase is \$451,023