California Workers' Compensation Institute

BULLETIN

1999 Harrison St., Suite 2100, Oakland CA 94612
(510) 251-9470
www.cwci.org

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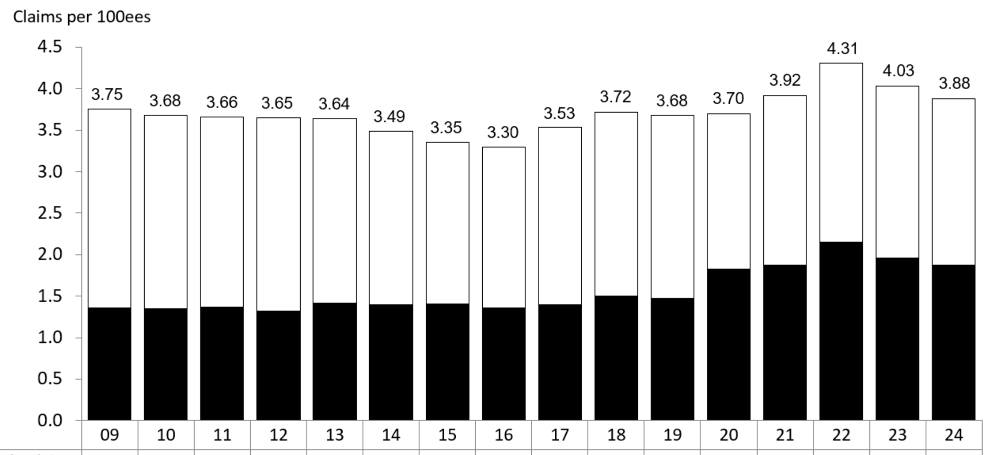
The number of private self-insured employees in California fell 3.9% last year, while the number of job injury claims by those workers fell 7.4%, so private self-insured claim frequency hit a 4-year low, but a CWCI review shows first report total paid and incurred losses both increased as the average paid loss per claim rose 12.3% and the average incurred loss jumped 16.8%.

The Institute's review is based on data from the initial summary of private self-insured data posted this week by the Office of Self-Insurance Plans (OSIP), which offers the first glimpse at California private self-insured claims experience for cases reported in 2024. The summary includes medical-only and indemnity claim counts, total paid and incurred amounts on those claims through December 2024, the number of employees covered by private self-insured entities, their total wages and salaries, and updated data on private self-insured experience for claims reported for CY 2020 through 2023.

OSIP reports that private self-insured employers in California covered 2.25 million employees last year, down 3.9% from the nearly 2.34 million employees noted in the first report on 2023 claims. The decline in the workforce partially explains the decline in claim volume, as private self-insured employers reported 87,360 claims in 2024, which was 7,026 (7.4%) fewer than in the 2023 first report. The year-to-year decline in the covered workforce, paired with the even steeper decline in claim volume, pushed the total claim frequency rate down to 3.88 claims (2.01 medical-only + 1.87 indemnity) per 100 employees, which was down from 4.03 claims per 100 employees in 2022 and the lowest rate since 2020. Even though there were 91,460 fewer private self-insured employees noted in the initial report for 2024, private self-insured wages and salaries totaled nearly $150.8 billion, which was up 6.6% from the $141.5 billion reported in the 2023 first report.

The decline in private self-insured claims in 2024 marked the second year in a row that total claim volume declined, with the latest claim count representing a 16.2% drop from the 2022 peak, when there were still thousands of COVID-19 claims contributing to the 104,278 first report claim count. Both med-only and indemnity claims declined over the subsequent 2-year period, with med-only claims falling 13.6% and indemnity claims down 18.8%.

California Private Self-Insured Claim Frequency # of Claims per 100 Employees
Initial Reports, CY 2009 – 2024 Claims



	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
□ Med-Only Claims	2.39	2.33	2.29	2.33	2.22	2.09	1.94	1.94	2.13	2.22	2.21	1.87	2.05	2.16	2.07	2.01
■ Indemnity Claims	1.36	1.35	1.37	1.32	1.42	1.40	1.41	1.36	1.40	1.50	1.47	1.83	1.87	2.15	1.96	1.87

Source: OSIP 2009 –2024 Summaries of Private Self-Insured Claims Experience

Many COVID claims did not involve treatment but still resulted in lost-time payments, so by 2022, the private self-insured claim count included nearly as many indemnity claims as medical-only claims. The breakdown of med-only and indemnity claims within the private self-insured claim frequency rate shows that as the pandemic-driven surge in indemnity claims subsided in 2023 and 2024, the number of indemnity claims per 100 employees fell from 2.15 in 2022 to 1.96 in 2023 and 1.87 in 2024, while the number of med-only claims per 100 employees showed less of a decline, falling from 2.16 in 2022 to 2.01 in 2024. Thus, while both med-only and indemnity claim frequency have fallen over the past two years, the decline in indemnity claim frequency has been the biggest factor driving the recent drop in private self-insured claim frequency.

Even though there were 7,026 fewer private self-insured claims in the 2024 first report than in the 2023 first report, paid losses on the 2024 claims totaled $353.6 million, or $13.4 million (3.9%) more than the $340.2 million total in the 2023 first report. Most of that increase was due to higher medical reimbursements, as total paid medical jumped by $10.2 million (6.1%) from $167.4 million to $177.6 million, while total indemnity payments rose by $3.2 million (1.9%) from $172.8 million to $176.0 million. The increase in private self-insured's aggregate loss payments, despite the 7.6% drop in claim volume (which included 3,792 fewer indemnity claims), underscores the recent growth in average medical and indemnity losses on private self-insured claims. Since 2022, COVID-19 claim volume has fallen sharply, so with low-cost COVID claims no longer skewing private self-insured first report average losses to the downside, many workers returning to their offices or taking new jobs during the post-pandemic recovery, and ongoing adjustments being made to the Official Medical Fee Schedule, the average paid loss in the private self-insured initial reports, which had dropped to $2,983 in 2022, increased 35.7% in the two most recent years, climbing to $4,047 in 2024. Over that span, average first report medical payments increased 42.1% from $1,431 to $2,033, while average first report paid indemnity, which consists primarily of temporary disability payments, rose 29.8% from $1,552 to $2,014.

First report total incurred losses (total paid benefits plus reserves for future payments) on the private self-insured claims have also jumped sharply since 2022, with the total incurred climbing to $934.3 million in 2024, $52.2 million (15.1%) more than the $811.8 million in initial incurred losses reported for 2022 claims. The breakdown of incurred losses by benefit type shows that in the two latest years, total first report incurred medical increased by 75.6 million, or 16.2% from $466.7 million in 2022 to $542.3 million last year, while total incurred indemnity increased by $46.9 million (13.6%) from $345.1 million to $392.0 million. As with total paid losses, the increase in total incurred came despite a 16.2% decline in claim volume from 2022 to 2024, as over that same two years, average incurred medical rose 38.6% and average incurred indemnity rose 35.6%, which drove the total average incurred per claim at first report up 37.4% from $7,785 in 2022 to $10,695 in 2024.

CALIFORNIA WC PAID & INCURRED LOSSES: PRIVATE SELF-INSURED CLAIMS
2009 – 2024 Experience @ 1st Report

		TOTAL PAID ($ millions)		AVG PAID/CLAIM			TOTAL INCURRED ($ millions)		AVG INCURRED/CLAIM		
YEAR	# OF CLAIMS	INDEM	MEDICAL	INDEM	MEDICAL	TOTAL	INDEM	MEDICAL	INDEM	MEDICAL	TOTAL
2009	81,473	$ 69.3	$114.2	$ 850	$1,402	$2,252	$202.8	$377.2	$2,489	$4,630	$7,119
2010	79,075	$ 79.6	$116.8	$1,007	$1,478	$2,485	$208.1	$386.7	$2,632	$4,890	$7,522
2011	77,386	$ 76.1	$116.1	$ 983	$1,500	$2,483	$216.7	$402.9	$2,800	$5,206	$8,006
2012	77,557	$ 76.2	$110.0	$ 983	$1,418	$2,401	$209.8	$384.8	$2,705	$4,962	$7,667
2013	76,015	$ 76.7	$104.2	$1,009	$1,371	$2,380	$204.3	$376.2	$2,688	$4,949	$7,637
2014	76,427	$ 82.7	$111.4	$1,082	$1,458	$2,540	$212.4	$377.9	$2,779	$4,944	$7,723
2015	75,684	$ 86.2	$109.2	$1,138	$1,444	$2,582	$222.4	$372.8	$2,938	$4,927	$7,865
2016	78,404	$ 89.3	$116.6	$1,139	$1,487	$2,626	$231.9	$388.1	$2,957	$4,950	$7,907
2017	79,655	$ 90.4	$128.3	$1,135	$1,611	$2,746	$230.2	$400.8	$2,889	$5,032	$7,921
2018	83,873	$102.5	$136.1	$1,222	$1,622	$2,844	$244.3	$414.7	$2,913	$4,944	$7,857
2019	85,852	$111.5	$141.3	$1,299	$1,645	$2,944	$265.6	$428.8	$3,093	$4,995	$8,088
2020	86,503	$136.6	$131.8	$1,579	$1,523	$3,103	$305.8	$436.6	$3,535	$5,048	$8,583
2021	93,430	$158.7	$156.1	$1,699	$1,670	$3,370	$342.6	$497.2	$3,667	$5,321	$8,988
2022	104,278	$161.9	$149.2	$1,552	$1,431	$2,983	$345.1	$466.7	$3,309	$4,476	$7,785
2023	94,386	$172.8	$167.4	$1,831	$1,774	$3,605	$361.4	$502.6	$3,829	$5,324	$9,153
2024	87,360	$176.0	$177.6	$2,014	$2,033	$4,047	$392.0	$542.3	$4,487	$6,208	$10,695

Source: CWCI Analysis of OSIP 2009-2024 Summaries

OSIP has posted its summary of private self-insured employers' claims experience for CY 2024, with updates on CY 2020 through CY 2023 experience, here. Summaries are also available for public self-insured employers, but that data is reported on a fiscal year basis, so the latest public self-insured data reflects claims and losses reported through June 2024 rather than through December. CWCI's analysis of FY 2023/2024 public self-insured data, published in Bulletin 25-02 in January, is available to CWCI members and research subscribers under the Communications tab at www.cwci.org.

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