

2024 liability assessment notice

The 2024 WCIA liability notice of assessment is provided mid-year for member budget purposes. This year's letter coincides with a letter from President Brian Loos and Executive Director Ann Bennett explaining the rate increase passed by the Executive Committee on July 14, 2023. An overall average rate increase of 25% was recommended by PwC, WCIA's independent actuary in order to cover 2024 operational costs and to continue building equity.

The civil litigation environment is bad and getting worse, resulting in increasing loss costs across the insurance industry. Legislative and judicial outcomes are driving an increased frequency of very large jury awards and settlements. Recently the Washington State Supreme court decided that a verdict against the State for \$98.5 million was appropriate for the wrongful death of two children. In addition, economic inflation is introducing more volatility and uncertainty into claim values. The pandemic created a backlog of legal cases and when they were finally able to be resolved the claim costs were much worse than if they had been settled just a few years earlier. A recent study by Lexus/Nexus found that nationwide automobile claim severity has increased 35% since 2019. This environment is also affecting WCIA's reinsurers who have been significantly raising their rates for the past several years.

WCIA's net position decreased by \$42,688,646 due to claim reserve increases and a reported \$20 million net decrease in the fair market value of investments. The decrease in the fair market value in investments is in large part due to sudden and large incremental rises in interest rates during the year. The reserve increases due to uncertainty about future risks and significant unrealized investment losses resulted in a negative net position at year end 2022.

The notice also contains information about projected increases to the 2024 property and auto physical damage (APD) rates, which are also expected to increase by 25%. WCIA estimates the Hartford boiler and machinery, and AIG crime/fidelity rates will increase approximately 5-10% for 2024. Members are encouraged to keep their property and/or auto values up to date as increases/decreases in scheduled values will affect the assessment accordingly.

WCIA's commitment to reducing risks continues and staff remains available to assist members in evaluating their overall risk profile. WCIA Deputy Director [Rob Roscoe](#) is available to answer specific questions regarding the actuary's rate determinations.

Please contact Finance and Administrative Services Manager [Jared Burbidge](#) if you do not receive your notice or if you have any questions about the assessment process.