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Second Consecutive Workers' Compensation Rate Increase Pushes Advisory Benchmark Up 15.9% Over Two Years, Deepening Cost Crisis for CA

New data shows cumulative trauma claims continue to fuel rising costs, highlighting need for reforms

SACRAMENTO — Following Insurance Commissioner Ricardo Lara's recent approval of a 6.6% increase to California's workers' compensation advisory pure premium rate – which comes on the heels of a steep 8.7% increase in 2025 – Californians for Fair Workers' Compensation today warned the state's workers' compensation crisis is growing and called on lawmakers to enact commonsense reforms.

The Commissioner's July 10 decision brings the two-year cumulative rate increase for employers to 15.9%. And it comes on the heels of new data confirming a surge in cumulative trauma (CT) claims, a leading driver of system costs. Commissioner Lara said in a public statement that the trends require continued attention and "our actions must be guided by data and focused on maintaining a workers' compensation system that protects injured workers, supports California businesses, and promotes a stable and competitive insurance marketplace."

Californians for Fair Workers' Compensation warns that unchecked, runaway workers' comp costs will crush California businesses and drag down the state's economy.

"Two advisory rate hikes in two years should be a wake-up call for Sacramento. California employers, workers, and taxpayers are absorbing the cost of a workers' compensation system that is being exploited, and the problem is only getting worse," said **Tim East, spokesperson for Californians for Fair Workers' Compensation**. "California has successfully modernized this system before, and it's time for lawmakers to do it again by protecting benefits for legitimately injured workers and closing the loopholes that are driving costs up for everyone."

In June, the Workers' Compensation Insurance Rating Bureau of California (WCIRB) released a report documenting just how sharply the trend has accelerated:

- Cumulative trauma now accounts for 26% of all claims, up from 13% in 2012.
- 58% of CT claims are now filed *after* the worker has already left their job, up from 44% a decade ago, and 99% of those post-termination claims are litigated.
- Employers have seen their CT claim costs more than double since 2021.
- The surge in CT claims is unique to California; nationally, rates have remained stable since 2013.

The trend is impacting employers statewide, taking a particularly heavy toll on California's small businesses.

"The growing pattern of cumulative trauma claims that we're seeing is a pervasive problem, and it's limited our ability to reinvest in our workers through higher wages, benefits and opportunities because we just don't have the budget," said **Erika Rotolo, head of people at HomeState**, a woman-owned Southern California restaurant group. "It's the number one barrier to success, and it's forcing businesses like ours to consider the feasibility of expanding in California."

Californians for Fair Workers' Compensation urges lawmakers to act on targeted, practical reforms that protect the system for injured workers and stop the abuse that's driving up costs.

Proposed reforms include:

- **Requiring a clear and meaningful connection between the injury and the job**
- **Setting a reasonable filing deadline**
- **Establishing a minimum employment period before cumulative trauma claims can be filed**
- **Requiring appropriate documentation to improve accountability**

For more information, visit Fix CA Workers' Compensation.

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Fix CA Workers' Comp Now *is led by* ***Californians for Fair Workers' Compensation****, a coalition dozens of organizations, employers and businesses representing hundreds of local governments, small businesses, school districts and nonprofits across California focused on advancing commonsense reforms to stop abuse, close legal loopholes, and restore integrity to the workers' compensation system.*