

Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
September 3, 2019	9:45 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	David M. Bellusci
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Released: September 6, 2019

Members

Mauro Garcia*
Jim Gebhard*
Joanne Ottone*
Jill Petker*
Mark Priven
Kate Smith
Bryan Ware*
Chris Westermeyer*
Doug Zearfoss*

Representing

Zurich North America
Farmers Insurance Group of Companies
Berkshire Hathaway Homestate Companies
Liberty Mutual Group
Public Members of Governing Committee
State Compensation Insurance Fund
AmTrust
Travelers
Employers Insurance Group

California Department of Insurance

Mitra Sanandajifar*

WCIRB

Bill Mudge
David Bellusci
Laura Carstensen
Tony Milano
Elizabeth Sabiniano
Julia Zhang

* Participated via teleconference

The meeting of the Actuarial Committee was called to order at 9:45 AM following a reminder of applicable antitrust restrictions with Executive Vice President and Chief Actuary David Bellusci presiding.

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Approval of Minutes

The Minutes of the meeting held on August 1, 2019, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, a motion was made, seconded and unanimously approved to adopt the Minutes as written.

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Item II Working Group Meeting Summaries

The summary of the Claims Working Group meeting held on July 25, 2019, which was included in the Agenda, was accepted by the Committee.

Item AC19-09-01 6/30/2019 Experience – Review of Methodologies

Staff presented a summary of accident year experience evaluated as of June 30, 2019 that was included in the Agenda. The Committee was advised that the approximate one percentage point decrease in the projected policy year 2020 loss ratio was due to modest declines in projected loss development. The Committee noted that there were no major recent changes in legislation, regulation or judicial action that would significantly impact the projected 2020 loss ratio.

The Committee noted that the modest decrease in paid medical loss development in the second quarter of 2019 was predominantly in development at 30 and 42 months. It was noted that this development period has historically included a larger share of lien payments compared to other periods and the decrease may be related to the reduction in lien filings resulting from Senate Bill No. 1160 (SB 1160). Staff noted that while some decline in paid medical loss development resulting from SB 1160 is anticipated and adjusted for in the loss development projection, that adjustment reflects a broad approximation of the impact of the lien reforms and may not be fully reflective of the actual development impact for each quarter. It was noted that indemnity claim settlement rates continued to moderate for accident year 2018 but increase at a steady rate for older accident years.

Staff noted that the wage level forecasts included in the Agenda are the same as those reflected in the January 1, 2020 Pure Premium Rate Filing based on UCLA Anderson School of Business forecasts as of June 2019 and California Department of Finance forecasts as of April 2019. Staff noted that if anticipation of an upcoming recession results in lower wage forecasts, those lower forecasts would increase the indicated pure premium rate level.

The Committee then discussed the indemnity claim frequency and claim severity projections. It was noted that the estimated indemnity claim frequency changes for 2018 and 2019 based on June 30, 2019 experience were generally consistent with those projected in the January 1, 2020 Pure Premium Rate Filing. It was also noted that the projected ultimate indemnity and medical severities for accident years 2017 and 2018 based on June 30, 2019 experience were modestly lower than those projected based on March 31, 2019 experience but generally consistent with the projected severity trends reflected in the January 1, 2020 Pure Premium Rate Filing which were based on consideration of both long-term and short-term trends.

The Committee discussed the recommended methodologies to be used to determine the indicated policy year 2020 pure premium rate level based on June 30, 2019 experience. After discussion, a motion was made and seconded to recommend the methodologies reflected in the January 1, 2020 Pure Premium Rate Filing and the Agenda. The motion passed with eight in favor and one opposed. The actuary representing the Public Members of the Governing Committee who opposed the motion indicated that the differences in his recommended methodology from that recommended by the majority of the Actuarial Committee were consistent with those discussed at the August 1, 2019 meeting.

Item AC19-09-02
New Medical Benchmarking Reports

Staff presented a demonstration of the new quarterly medical benchmarking reports that were recently released to members.

The meeting was adjourned at 10:45 AM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for December 5, 2019 for approval and/or modification.