

Actuarial Committee

Meeting Minutes

DateTimeLocationStaff ContactFebruary 16, 20219:00 AMWebinar TeleconferenceDavid M. Bellusci

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Released: February 23, 2021

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The webinar teleconference meeting of the Actuarial Committee was called to order at 9:00 AM following a reminder of applicable antitrust restrictions, with Mr. David Bellusci, Executive Vice President and Chief Actuary, presiding.

Approval of Minutes

The Minutes of the meetings held on December 8, 2020 and December 11, 2020, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to these Minutes, motions were made, seconded and unanimously approved to adopt these Minutes as written.

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Released: February 23, 2021

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Item AC21-02-01 9/1/2021 Regulatory Filing – Experience Rating Plan Values

Staff presented a draft analysis of the indicated September 1, 2021 experience rating off-balance correction factor. Staff noted that the computation of the indicated off-balance factor for policies effective between September 1, 2021 and August 31, 2022 was generally consistent with the approach to compute the off-balance factor for January 1 to December 31 policy effective dates. The Committee was advised that the preliminary indicated September 1, 2021 off-balance factor using the same methodology as in the January 1, 2021 Regulatory Filing was 1.015, which is 0.4% below the 1.019 factor reflected in the January 1, 2021 Regulatory Filing. The consensus of the Committee was that this methodology was appropriate and should be used to compute the final September 1, 2021 off-balance factor.

Staff then presented a draft analysis of the factors used to generate proposed September 1, 2021 expected loss rates. Staff noted that the overall methodology to compute the expected loss rate factors was consistent with that reflected in the January 1, 2021 Regulatory Filing, but required some adjustments to reflect the available data and projection period for policies effective between September 1, 2021 and August 31, 2022 in lieu of January 1 to December 31 policy effective dates. Staff noted that there were no significant anomalies in the analyses by industry sector and the number of classification expected loss rates to be limited were generally consistent with recent prior years. After discussion, the consensus of the Committee was that the proposed September 1, 2021 expected loss rates should reflect the methodologies summarized at the meeting. During the discussion, a Committee member suggested reviewing the 15% swing limit in expected loss rates, which differs from the 25% swing limit used in the computation of classification relativities, in the future.

Item AC21-02-02 Pandemic Impact on 2020 Development

The Committee was reminded that, as discussed at recent Committee meetings, the COVID-19 pandemic and resulting stay-at-home orders may be significantly distorting the second quarter 2020 and later experience due to delayed claims activity. Staff presented an initial review of second and third quarter 2020 development and potential approaches to adjust for the impact of the pandemic on the loss development projection, which was also summarized in the Agenda.

Staff noted that paid indemnity and medical development in the second quarter of 2020 for more recent accident years was moderately lower compared to the second quarter of prior calendar years, while paid development in the third quarter of 2020 appeared more consistent with recent years. Conversely, changes in indemnity and medical case reserves in the second quarter of 2020 were much higher compared to recent years which generally reflected declining case reserve levels. Staff noted that some of this activity may be related to the slowdown in claim settlements that began in the second quarter of 2020.

Staff summarized a review of medical transaction data comparing transactions in 2020 to prior periods and noted that the sharp decline in payments in the second and third quarters of 2020 were driven more by declines in the number of transactions per claim than the number of claims receiving medical services. A Committee member suggested also reviewing changes in the average paid per transaction. Staff noted that a review of the distributions of medical payments by type of service or accident year maturity suggested there were not any significant changes in these distributions that warranted an adjustment to projected loss development. (Staff also noted that subsequent to the release of the Agenda, there was a correction to Exhibit 5.2. The corrected exhibit has been attached to these Minutes.)

Staff noted that a review of the Berquist-Sherman claim settlement rate adjustment to age-to-age paid development showed that the adjustment is relatively sensitive to the changes in claim settlement rates. As a result, staff suggested that, with the significant slowdown in claim settlement, the Berquist-Sherman adjustment may be substantially adjusting for the distortions to loss development in the second quarter of 2020.

Staff summarized potential alternative approaches for adjusting for the distortions in loss development in the second quarter of 2020, including approaches that substituted the second and third quarter 2020 development with development from the similar period in 2019. Staff noted that these alternative approaches, prior to applying the Berquist-Sherman claim settlement rate adjustments, had the intended effect of mitigating the recent changes. However, staff noted that when applying the Berquist-Sherman adjustment prior to these approaches, the impact was much more modest. In particular, an approach that utilized a two-year average of the Berquist-Sherman-adjusted age-to-age factors appeared to mitigate some of the recent volatility while being less complex than the substitution approaches. The consensus of the Committee was that the two-year average Berquist-Sherman approach appropriately addresses the slowdown in loss development without adding significant complexity to the methodology. (Staff noted that subsequent to the release of the Agenda, there was a correction to Exhibits 9.1 to 9.3. The corrected exhibits have been attached to these Minutes.)

Staff noted that the loss development projection will be reviewed again at the March 16, 2021 meeting once December 31, 2020 experience becomes available. In particular, the projected accident year 2020 development with and without COVID-19 claims will be reviewed.

Share of Total Medical Payments by Service Type **Excluding Latest Accident Year**

41.4%	14.4% 13.8%		12.0%	12.0%	12.0% 10.9% 9.4%	12.0% 10.9% 9.4% 7.0%	12.0% 10.9% 9.4% 7.0% 3.9%	12.0% 10.9% 9.4% 7.0% 3.9% 1.0%	0% 0% 0% 10%	0% 0% 0% 10% 10%	0% 0% 0% 0% 10% 119	0% 9% 0% 0% 10% 11%	0% 9% 0% 0% 119 118 6%	00% 9% 00% 10% 11% 14% 6%	00% 00% 00% 00% 11% 11% 60% 60%	00% 00% 00% 10% 11% 66% 68% 88%	00% 00% 11% 00% 12% 00% 00% 00%	00% 00% 00% 119 128 66% 66% 66% 66% 66% 66% 66% 66%	00% 00% 00% 11% 14% 66% 66% 68% 88% 88% 88%	00% 00% 00% 11% 14% 66% 66% 68% 88% 88% 10%	00% 00% 00% 11% 00% 66% 66% 66% 66% 66% 66% 10% 10% 10%	00% 00% 00% 00% 00% 00% 00% 00%	00% 00% 00% 00% 00% 00% 00% 00%	00% 00% 00% 00% 00% 00% 00% 00%	00% 00% 00% 00% 00% 00% 00% 00%	00% 00% 00% 00% 00% 00% 00% 00%	00% 00% 00% 00% 00% 00% 00% 00%	00% 00% 00% 00% 00% 00% 00% 00%
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			8.6% 9.8%		7	7		10	10 of Cal	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 100.0%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 100.0% 100.0% 100.0% 2017 2018 37.2% 37.3%	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 2017 2018 37.2% 37.3% 15.6%	9.4% 11.7% 6.4% 6.3% 6.3% 7.9% 0.9% 0.8% 100.0% 100.0% 100.0% 100.0% 2017 2018 2017 2018 37.2% 37.3% 15.4% 11.1%	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 2017 2018 37.2% 37.3% 15.4% 11.1% 11.1%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 10.1% 11.1% 11.1% 11.1% 11.1% 9.0% 9.8%	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 101.8% 15.4% 15.6% 11.1% 11.1% 10.4% 11.5% 9.0% 8.3% 8.9%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 137.2% 37.3% 15.4% 11.1% 11.1% 11.1% 10.4% 11.1% 8.3% 8.9% 7.1% 5.1%	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 15.4% 15.6% 11.1% 11.1% 11.1% 10.4% 11.5% 9.0% 9.0% 9.0% 9.0% 11.5% 11.5% 10.4% 11.5% 10.4% 11.5% 10.4% 11.5% 10.4% 11.5% 10.4% 10.4% 11.5% 10.4% 10.4% 11.5% 10.4% 10.4% 11.5% 10.4% 10.4% 11.5% 10.4% 1	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 17.2% 37.3% 15.6% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 11.1% 10.0% 10.0% 100.0% 100.0% 100.0%	5% 9.4% 11.7% 5% 7.7% 6.4% 7% 6.3% 4.9% 8% 0.9% 0.8% 9% 100.0% 100.0% 1 11c 2017 2018 20 2% 37.2% 37.3% 37.3% 6% 15.4% 15.6% 37.3% 7% 11.8% 11.1% 3% 10.4% 11.5% 1% 9.0% 9.8% 9% 7.1% 5.1% 0% 0.7% 0.8% 0% 100.0% 100.0% 1	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 12.2017 2018 37.2% 37.3% 11.1% 11.1% 11.1% 11.1% 11.1% 0.7% 0.8% 8.3% 8.9% 7.1% 5.1% 0.7% 0.8% 100.0%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 15.4% 15.6% 11.1% 11.1% 10.4% 11.5% 9.0% 9.8% 8.3% 8.9% 7.1% 5.1% 0.7% 0.8% 100.0% 100.	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 100.0% 15.4% 15.6% 11.1% 10.4% 11.1% 10.4% 11.1% 0.8% 8.3% 8.9% 8.3% 8.9% 7.1% 5.1% 0.0% 100.0% 100.0% 100.0% 100.0% 100.0% 13.9% 13.2% 13.2% 13.2% 13.2%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 17.2% 37.3% 17.4% 11.1% 10.4% 11.1% 6.0% 0.7% 0.8% 6.3% 8.3% 8.9% 7.1% 5.1% 0.7% 0.8% 100.0% 100.0% 100.0% 13.2% 13.2% 13.2% 13.2% 13.2% 13.2% 12.0% 12.0% 12.0%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 17.2% 37.3% 17.4% 11.1% 11.1% 10.4% 11.1% 9.0% 8.3% 8.9% 7.1% 5.1% 0.8% 0.7% 0.8% 0.7% 0.8% 0.7% 0.8% 13.2% 13.2% 13.2% 13.2% 12.0% 10.0%	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.8% 100.0% 100.0% 100.0% 10.4% 11.1% 11.1% 11.1% 11.1% 0.7% 0.8% 8.3% 8.9% 7.1% 5.1% 0.7% 0.8% 13.2% 13.2% 13.2% 13.2% 13.2% 13.2% 13.2% 10.0%	9.4% 11.7% 6.4% 6.3% 4.9% 0.9% 0.9% 100.0% 100.0% 100.0% 11.1% 11.1% 11.1% 11.1% 0.7% 0.7% 0.8% 100.0% 100.	9.4% 11.7% 6.4% 6.3% 6.3% 4.9% 0.9% 0.8% 100.0% 100.0% 100.0% 11.1% 11.1% 11.1% 11.1% 11.1% 10.0% 10.0% 100
	13.3%	11.0%						9.5% 7.5% 9.7% 0.8%	10	100	3	100	10 10	100 100 1	3	10 10 1	101 101 11	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	100 100 100 100 100 100 100 100 100 100	10 10 10 10 10 10 10 10 10 10 10 10 10 1	10 10 10 10 10 10 10 10 10 10 10 10 10 1	100 100 100 100 100 100 100 100 100 100	100 100 100 100 100 100 100 100 100 100	100 100 100 100 100 100 100 100 100 100		10 10 10 11 11 11 11 11 11 11 11 11 11 1	100 100 100 100 100 100 100 100 100 100	
	11.6%	10.1%	%8./	11.9%	0	6.3%	6.3% 12.1% 0.6%	6.3% 12.1% 0.6% 100.0%	6.3% 12.1% 0.6% 100.0%	6.3% 12.1% 0.6% 100.0%	6.3% 12.1% 0.6% 100.0% 2015 34.4%	6.3% 12.1% 0.6% 100.0% 2015 34.4% 15.3%	6.3% 12.1% 0.6% 100.0% 2015 34.4% 15.3% 10.0%	6.3% 12.1% 0.6% 100.0% 2015 34.4% 15.3% 10.0% 8.4%	6.3% 12.1% 0.6% 100.0% 34.4% 15.3% 10.0% 8.4% 8.8%	6.3% 12.1% 0.6% 100.0% 34.4% 15.3% 10.0% 8.4% 8.8% 9.1%	6.3% 0.6% 100.0% 2015 34.4% 15.3% 10.0% 8.4% 8.8% 9.1%	6.3% 12.1% 0.6% 100.0% 34.4% 15.3% 10.0% 8.8% 8.8% 9.1% 0.7%	6.3% 0.6% 100.0% 34.4% 15.3% 10.0% 8.4% 8.8% 9.1% 13.3% 0.7%	6.3% 12.1% 0.6% 100.0% 15.3% 10.0% 8.4% 8.8% 8.4% 13.3% 0.7% 100.0%	6.3% 0.6% 100.0% 100.0% 8.4% 8.4% 8.8% 9.1% 100.0% 13.3% 0.7%	6.3% 12.1% 0.6% 100.0% 15.3% 10.0% 8.4% 8.8% 9.1% 13.3% 0.7% 100.0%	6.3% 12.1% 0.6% 100.0% 15.3% 10.0% 8.4% 8.8% 8.8% 9.1% 13.3% 10.0% 13.3% 10.0%	6.3% 12.1% 0.6% 100.0% 15.3% 10.0% 8.4% 8.8% 9.1% 9.1% 13.3% 100.0% 13.3% 13.3% 9.1% 9.1% 9.1% 9.1% 13.3% 9.1% 9.1% 9.1% 13.3% 9.1%	6.3% 12.1% 0.6% 100.0% 15.3% 10.0% 8.4% 8.8% 9.1% 13.3% 0.7% 10.0% 13.3% 10.0% 8.4% 13.3% 10.0% 8.4% 13.3% 10.0% 8.4% 13.3% 10.0% 8.4% 13.3% 10.0% 8.4% 8.8% 9.1% 13.3% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 8.8% 9.1% 10.0% 10.0% 8.8% 9.1% 10.0% 10.0% 10.0% 8.8% 9.1% 10.0% 10.	6.3% 12.1% 0.6% 100.0% 8.4% 8.4% 8.4% 8.4% 8.4% 8.4% 9.1% 100.0% 13.3% 13.3% 10.0% 8.4% 8.4% 8.4% 8.4% 8.4% 9.1% 13.3% 10.0% 8.4% 8.4% 9.1% 13.3% 10.0% 8.8% 9.1% 10.0% 13.3% 10.0% 8.8% 9.1% 10.0% 10.0% 10.0% 8.8% 9.1% 10.0% 10.	6.3% 12.1% 0.6% 100.0% 8.4% 8.8% 9.1% 10.0% 8.4% 8.8% 9.1% 13.3% 10.0% 8.4% 8.8% 9.1% 13.3% 9.1% 10.0% 10.	6.3% 12.1% 0.6% 100.0% 15.3% 10.0% 8.4% 8.8% 8.8% 9.1% 13.3% 10.0% 8.4% 8.8% 9.1% 13.3% 13.3% 9.7% 8.2% 9.7% 9.7% 8.2% 9.7% 9.7% 13.4% 9.7% 13.4% 9.7% 13.4% 13.4% 13.4% 13.4% 13.4% 13.4% 13.3% 10.0% 13.3% 10.0% 13.3% 10.0% 13.3% 10.0% 13.3% 10.0% 13.3% 10.0%
3	Medical Legal	Outpatient	HCPCS	npatient	-	edical Lien armaceutical	dical Lien armaceutical ntal	Medical Lien Pharmaceutical Dental All Services	edical Lien armaceutical ntal Services	idical Lien armaceutical ntal Services vice Type	edical Lien armaceutical ntal Services vice Type Vsicians	cdical Lien armaceutical ntal Services vice Type /sicians cdical Legal	edical Lien armaceutical ntal Services vice Type vicians edical Legal tpatient	rdical Lien armaceutical ntal Services vice Type vicians cicial Legal tpatient PCS	rdical Lien armaceutical ntal Services vice Type vice Type vicians dical Legal tpatient PCS atient	rdical Lien ntal Services vice Type vice Type dical Legal tpatient PCS atient cidical Lien	edical Lien ntal Services Services vice Type vicians dical Legal tpatient PCS atient dical Lien armaceutical	edical Lien ntal Services Services vice Type vsicians ddical Legal tpatient PCS attient edical Lien armaceutical	rdical Lien armaceutical ntal Services vice Type sicians dical Legal tpatient PCS atient dical Lien armaceutical ntal	rdical Lien armaceutical ntal Services vice Type sicians dical Legal tpatient PCS atient cdical Lien armaceutical ntal Services	edical Lien ntal Services Services vice Type vsicians dical Legal tpatient PCS atient clical Lien armaceutical ntal Services	edical Lien ntal Services Services vice Type vsicians dical Legal tpatient PCS attient edical Lien armaceutical ntal Services vice Type	edical Lien armaceutical ntal Services vice Type ysicians edical Legal tratient PCS artient edical Lien armaceutical ntal Services vice Type	edical Lien armaceutical ntal Services vice Type vsicians edical Legal tpatient edical Lien armaceutical ntal services Services vsicians type	edical Lien Services Services vice Type spatient PCS atient cdical Lien armaceutical ntal Services vice Type vice Type vice Legal that by CS atient cdical Lien armaceutical redical Lien	edical Lien armaceutical ntal Services vice Type vysicians edical Legal tpatient edical Lien armaceutical ntal Services vice Type vice Type vice Type vice Legal traient vice Type vice Ty	edical Lien armaceutical ntal Services vice Type ysicians edical Legal tpatient edical Lien armaceutical ntal Services vice Type ysicians edical Legal tpatient PCS services Services Services vice Type ysicians edical Legal tpatient edical Legal tpatient edical Legal tpatient edical Legal	Medical Lien Pharmaceutical Dental All Services Service Type Physicians Medical Legal Outpatient Medical Lien Pharmaceutical Dental All Services Service Type Physicians Medical Lien Pharmaceutical Ubental All Services All Services Medical Lien Physicians Medical Lien Physicians Medical Lien Physicians Medical Lien Physicians

Source: WCIRB medical transaction data.

Relativity of Historical Loss Development to Current Loss Development Using Data Through September 30, 2020

		(1)	(2)		(3)	(4)		(5)	(6)		(7)	
		Quarterly			Quarterly		Qua	arterly Multiplica	Semi-Annual Mult. Factors			
	Dev	elopment Fact	ors (2Q)	Dev	elopment Fact	ors (3Q)		Relative	Relative		Relative	
		_						Difference	Difference		Difference	
			00.40			00.40		in 2Q19	in 3Q19		in 2Q19 & 3Q19	
	Age in	2Q20	2Q19	Age in	3Q20	3Q19	Age in	from 2Q20	from 3Q20	Age in	from 2Q20 & 3Q20	
	Months	Development	<u>Development</u>	Months	Development	<u>Development</u>	Months	(2) / (1)	(4) / (3)	Months	(5) x (6)	
Incurred	Indemnit	hv										
incurred	18/15	1.189	1.183	21/18	1.128	1.123	18/15	0.995	0.995	21/15	0.990	
	30/27	1.066	1.059	33/30	1.045	1.047	30/27	0.993	1.002	33/27	0.995	
	42/39	1.028	1.026	45/42	1.016	1.021	42/39	0.998	1.005	45/39	1.003	
	54/51	1.015	1.013	57/54	1.009	1.011	54/51	0.998	1.002	57/51	1.000	
	66/63	1.007	1.008	69/66	1.007	1.006	66/63	1.000	0.999	69/63	1.000	
	78/75	1.005	1.006	81/78	1.003	1.005	78/75	1.001	1.002	81/75	1.003	
	90/87	1.004	1.004	93/90	1.003	1.004	90/87	1.001	1.001	93/87	1.002	
	102/99	1.006	1.002	105/102	1.003	1.003	102/99	0.997	1.000	105/99	0.997	
	114/111	1.000	1.004	117/114	1.004	1.003	114/111	1.003	0.999	117/111	1.002	
	NA!!!											
Incurred	18/15	1.100	1.096	21/18	1.060	1.064	18/15	0.996	1.003	21/15	0.999	
	30/27	1.036	1.028	33/30	1.024	1.029	30/27	0.992	1.005	33/27	0.997	
	42/39	1.015	1.010	45/42	1.009	1.011	42/39	0.995	1.002	45/39	0.997	
	54/51	1.012	1.009	57/54	1.006	1.007	54/51	0.997	1.000	57/51	0.998	
	66/63	1.006	1.010	69/66	1.003	1.008	66/63	1.003	1.005	69/63	1.008	
	78/75	1.005	1.003	81/78	1.002	1.004	78/75	0.998	1.002	81/75	1.000	
	90/87	1.001	1.006	93/90	1.000	1.004	90/87	1.005	1.004	93/87	1.009	
	102/99	1.001	1.003	105/102	1.001	1.002	102/99	1.002	1.001	105/99	1.003	
	114/111	0.998	1.002	117/114	1.002	1.002	114/111	1.004	1.000	117/111	1.004	
Date Land												
Paid Inde	18/15	1.341	1.353	21/18	1.258	1.248	18/15	1.009	0.992	21/15	1.001	
	30/27	1.341	1.131	33/30	1.236	1.246	30/27	1.009	1.002	33/27	1.016	
	42/39	1.050	1.059	45/42	1.103	1.045	42/39	1.013	1.002	45/39	1.010	
	54/51	1.024	1.039	57/54	1.024	1.025	54/51	1.007	1.002	57/51	1.008	
	66/63	1.014	1.018	69/66	1.013	1.014	66/63	1.007	1.001	69/63	1.006	
	78/75	1.009	1.011	81/78	1.008	1.010	78/75	1.002	1.001	81/75	1.004	
	90/87	1.007	1.009	93/90	1.007	1.008	90/87	1.002	1.000	93/87	1.002	
	102/99	1.005	1.007	105/102	1.007	1.006	102/99	1.002	0.998	105/99	1.000	
	114/111	1.004	1.006	117/114	1.005	1.006	114/111	1.002	1.001	117/111	1.003	
Paid Med												
	18/15	1.231	1.245	21/18	1.170	1.173	18/15	1.011	1.003	21/15	1.014	
	30/27	1.083	1.092	33/30	1.078	1.077	30/27	1.008	0.999	33/27	1.007	
	42/39	1.040	1.048	45/42	1.039	1.042	42/39	1.008	1.002	45/39	1.010	
	54/51	1.023	1.029	57/54	1.023	1.025	54/51	1.006	1.002	57/51	1.008	
	66/63	1.015	1.018	69/66	1.014	1.016	66/63	1.003	1.002	69/63	1.006	
	78/75 90/87	1.011 1.008	1.013 1.009	81/78 93/90	1.009 1.006	1.011 1.010	78/75 90/87	1.002 1.001	1.001 1.004	81/75 93/87	1.004 1.005	
											1.003	
	102/99 114/111	1.005 1.004	1.008 1.006	105/102 117/114	1.006 1.004	1.006 1.006	102/99 114/111	1.003 1.002	1.000 1.002	105/99 117/111	1.003	
	114/111	1.004	1.000	11//114	1.004	1.000	114/111	1.002	1.002	117/111	1.004	

Note:

1. Source: WCIRB aggregate financial data.

Annual Loss Development Factors Adjustments and Scenarios Using Data Through September 30, 2020

(8) (12)(9)(10)(11)Adjusted Annual Age-to-Age Development Factors (Note 2) Annual Age-to-Age **Development Factors** Using Using Average 2Q19-3Q19 2Q19 of Current 3Q20 3Q19 **LDFs** LDFs and Prior Age in Age in Months LDFs LDFs Months $(5) \times (8)$ $(7) \times (8)$ Avg[(8),(9)]**Incurred Indemnity** 21/9 2.774 2.721 21/9 2.760 2.747 2.748 33/21 1.316 1.315 33/21 1.307 1.309 1.316 45/33 1.114 1.116 45/33 1.112 1.117 1.115 57/45 1.057 1.057 57/45 1.055 1.057 1.057 69/57 1.029 1.035 69/57 1.029 1.029 1.032 81/69 1.017 1.024 81/69 1.018 1.020 1.021 93/81 1.013 1.020 93/81 1.015 1.017 1.014 105/93 1.014 1.012 105/93 1.011 1.011 1.013 117/105 1.009 1.012 117/105 1.012 1.011 1.011 **Incurred Medical** 2.028 2.026 21/9 2.020 2.026 2.027 21/9 33/21 1.141 1.147 33/21 1.132 1.137 1.144 45/33 1.063 1.054 45/33 1.058 1.060 1.059 1.033 57/45 1.039 57/45 1.036 1.036 1.036 69/57 69/57 1.020 1.032 1.024 1.028 1.026 81/69 1.012 1.018 81/69 1.010 1.012 1.015 93/81 1.005 1.015 93/81 1.010 1.014 1.010 105/93 1.007 1.009 105/93 1.009 1.010 1.008 117/105 1.003 1.011 117/105 1.007 1.007 1.007 **Paid Indemnity** 4.886 4.877 21/9 4.930 4.891 4.882 21/9 1.709 33/21 1.746 33/21 1.732 1.736 1.728 45/33 1.263 1.287 45/33 1.274 1.276 1.275 57/45 1.125 1.139 57/45 1.133 1.134 1.132 69/57 1.069 69/57 1.074 1.075 1.075 1.081 81/69 1.046 1.048 81/69 1.048 1.050 1.047 1.031 1.038 1.035 93/81 93/81 1.033 1.033 105/93 1.026 1.031 105/93 1.028 1.026 1.029 117/105 1.019 1.022 117/105 1.021 1.022 1.021 Paid Medical 3.705 21/9 3.577 21/9 3.746 3.756 3.641 33/21 1.478 1.480 33/21 1.490 1.489 1.479 45/33 1.215 1.232 45/33 1.225 1.227 1.224 57/45 57/45 1.120 1.135 1.126 1.129 1.128 69/57 1.072 69/57 1.085 1.076 1.078 1.079 81/69 1.054 1.057 81/69 1.056 1.058 1.056 93/81 1.036 1.047 93/81 1.037 1.041 1.042 105/93 1.031 1.034 105/93 1.034 1.034 1.033

Notes:

117/105

1.021

1.027

117/105

1.023

1.025

1.024

^{1.} Source: WCIRB aggregate financial data.

The post-pandemic quarterly experience is removed by dividing from the annual LDFs, then the appropriate quarterly LDFs are multiplied to adjust the annual LDFs.

Projected Cumulative Development Factors and Impact of Implementing Historical Development Patterns Using Data through September 30, 2020

	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)		
		Cumulative	Development Fa	actors Using:	Comparison to Current CDF						
Age to Ultimate	Latest Diagonal (Note 2)	Prior Diagonal (<u>9)</u> x [117-Ult]	2Q19 Incremental LDFs (10) x [117-Ult]	2Q19-3Q19 Incremental LDFs (11) x [117-Ult]	Average of Current and Prior (12) x [117-Ult]	Prior Diagonal (14) / (13) -1	2Q19 Incremental LDFs (15) / (13) -1	2Q19-3Q19 Incremental LDFs (16) / (13) -1	Average of Current and Prior (17) / (13) -1		
Incurred Indemnity											
21-Ult	1.693	1.730	1.677	1.695	1.711	2.2%	-0.9%	0.1%	1.1%		
33-Ult	1.286	1.315	1.284	1.294	1.301	2.3%	-0.2%	0.6%	1.1%		
45-Ult	1.155	1.179	1.154	1.159	1.167	2.1%	0.0%	0.3%	1.0%		
57-Ult 69-Ult	1.092 1.062	1.115 1.077	1.095 1.063	1.096 1.065	1.104 1.069	2.1% 1.5%	0.2%	0.3% 0.4%	1.0% 0.7%		
81-Ult	1.062	1.077	1.063	1.065	1.048	0.8%	0.2% 0.0%	0.4%	0.7%		
93-Ult	1.030	1.032	1.030	1.029	1.031	0.0%	0.0%	-0.1%	0.0%		
105-Ult	1.030	1.019	1.019	1.018	1.018	0.1%	0.3%	0.2%	0.0%		
100 010	1.010	1.010	1.010	1.010	1.010	0.070	0.070	0.270	0.170		
117-Ult	1.007										
Incurred Medical											
21-Ult	1.328	1.366	1.323	1.349	1.347	2.9%	-0.4%	1.6%	1.4%		
33-Ult	1.164	1.191	1.169	1.186	1.177	2.3%	0.4%	1.9%	1.2%		
45-Ult	1.095	1.130	1.105	1.119	1.112	3.2%	0.9%	2.2%	1.6%		
57-Ult	1.054	1.094	1.066	1.079	1.074	3.8%	1.2%	2.4%	1.9%		
69-Ult	1.033	1.060	1.042	1.050	1.046	2.6%	0.8%	1.6%	1.3%		
81-Ult	1.021	1.041	1.032	1.037	1.031	2.0%	1.1%	1.6%	1.0%		
93-Ult 105-Ult	1.016 1.009	1.026 1.017	1.022 1.013	1.023 1.013	1.021 1.013	1.0% 0.8%	0.6% 0.4%	0.7% 0.4%	0.5% 0.4%		
		1.017	1.013	1.013	1.013	0.6%	0.4%	0.470	0.476		
117-Ult	1.006										
Paid Indemnity											
21-Ult	3.284	3.558	3.421	3.446	3.419	8.4%	4.2%	4.9%	4.1%		
33-Ult	1.922	2.038	1.975	1.986	1.979	6.1%	2.8%	3.3%	3.0%		
45-Ult	1.521	1.584	1.551	1.557	1.552	4.1%	1.9%	2.3%	2.0%		
57-Ult	1.352	1.390	1.370	1.373	1.371	2.8%	1.3%	1.5%	1.4%		
69-Ult	1.265	1.286	1.275	1.277	1.276	1.7%	0.8%	0.9%	0.8%		
81-Ult	1.209	1.227	1.216	1.216	1.218	1.5%	0.6%	0.5%	0.7%		
93-Ult 105-Ult	1.173 1.143	1.182 1.147	1.178 1.146	1.177 1.147	1.178 1.145	0.8% 0.3%	0.4% 0.2%	0.3% 0.3%	0.4% 0.1%		
117-Ult	1.122										
Paid Medical											
21-Ult	3.190	3.397	3.300	3.344	3.292	6.5%	3.5%	4.8%	3.2%		
33-Ult	2.158	2.295	2.215	2.246	2.226	6.3%	2.6%	4.0%	3.1%		
45-Ult	1.776	1.863	1.808	1.830	1.819	4.9%	1.8%	3.0%	2.4%		
57-Ult 69-Ult	1.586 1.480	1.641 1.513	1.606 1.493	1.620 1.503	1.613 1.496	3.5% 2.2%	1.2% 0.9%	2.2% 1.6%	1.7% 1.1%		
81-Ult	1.400	1.431	1.413	1.420	1.417	2.2%	0.9%	1.0%	1.1%		
93-Ult	1.404	1.367	1.362	1.365	1.361	0.9%	0.7%	0.7%	0.4%		
105-Ult	1.314	1.322	1.317	1.320	1.318	0.6%	0.2%	0.4%	0.4%		
117-Ult	1.287										

- Notes:

 1. Source: WCIRB aggregate financial data.
 2. Source: Exhibits 2.2.1 through 2.4.2 of AC20-12-01.

Actuarial Committee Meeting Minutes for February 16, 2021

The meeting was adjourned at 10:30 AM.

Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the meeting scheduled for March 16, 2021 for approval and/or modification.