

Governing Committee

Meeting Minutes

Date	Time	Location	Staff Contact
September 22, 2021	1:00 PM	Webinar Teleconference	Eric S. Riley

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Insurer Members

Everest National Insurance Company
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Hartford Accident and Indemnity Company
Pacific Compensation Insurance Company
Preferred Employers Insurance Company
State Compensation Insurance Fund
Travelers Property Casualty Company of America
Zenith Insurance Company

Public Members

Lynne Davidson
Diana Rich
Jeremy Smith (did not attend)
Mitch Steiger

California Department of Insurance

Yvonne Hauscarriague
Brentley Yim

WCIRB

Bill Mudge
David Bellusci
Brenda Keys
Eric Riley
Roger Cottman
Kristen Marsh

Public Members' Staff

Mark Priven

Counsel

Dan Brown, McDermott Will & Emery

Represented by

David Sandler
Sashi Aiyathurai
Gretchen Thompson
Tom Collins
Dennis Levesque
Vernon Steiner
Eric Belk
Paul Ramont

Representing

Insured Employers
Insured Employers
Organized Labor
Organized Labor

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The meeting of the Governing Committee was called to order at 1:00 PM following a reminder of applicable antitrust restrictions, with Chair Paul Ramont presiding.

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Item I

Approval of the Minutes

The Minutes of the Governing Committee meeting held on April 21, 2021 were distributed to Committee members in advance of the meeting for review. As there were no discussion or corrections to the Minutes, a motion was made, seconded and unanimously passed to adopt the Minutes as written.

Item II

Additions to the Agenda

The Chair asked the Committee members and staff if there were any items to be added to the Agenda. Hearing none, the Chair accepted the Agenda as published.

Item III

Ratification of Actions of WCIRB Committees

The Minutes of the Actuarial Committee meetings held on March 16, 2021, April 15, 2021 and June 22, 2021 were provided to Committee members in advance of the meeting for review. As there were no questions or discussion regarding the information, a motion was made, seconded and unanimously passed to ratify the actions of the Actuarial Committee.

The Minutes of the Classification and Rating Committee meeting held on May 18, 2021 were provided to Committee members in advance of the meeting for review. As there were no questions or discussion regarding the information, a motion was made, seconded and unanimously passed to ratify the actions of the Classification and Rating Committee.

Item IV-A

September 1, 2021 Regulatory Filing

WCIRB Senior Vice President and Chief Legal Officer Brenda Keys reminded the Committee that, on February 26, 2021, the WCIRB submitted the September 1, 2021 Regulatory Filing to the CDI proposing changes to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*, *Miscellaneous Regulations for the Recording and Reporting of Data—1995* and *California Workers' Compensation Experience Rating Plan—1995* (Plans). On April 8, 2021, the CDI held a public hearing on the Regulatory Filing and, on May 6, 2021, the Insurance Commissioner issued his Decision approving all proposed amendments. Ms. Keys advised the Committee that, as of September 1, 2021, the WCIRB began publishing 2022 experience modifications. The WCIRB also updated the Plans to reflect the Commissioner's Decision and posted them to the WCIRB's website.

Item IV-B

September 1, 2021 Pure Premium Rate Filing

WCIRB Executive Vice President and Chief Actuary Dave Bellusci reminded the Committee that, at the April 21, 2021 meeting, the Committee approved the filing of proposed advisory September 1, 2021 pure premium rates that averaged \$1.50 per \$100 of payroll and were on average 2.7% higher than the average January 1, 2021 approved advisory pure premium rates. On April 29, 2021, the WCIRB submitted its September 1, 2021 Pure Premium Rate Filing to the Insurance Commissioner. The

Commissioner held a public hearing to consider all matters in the September 1, 2021 Pure Premium Rate Filing on June 7, 2021 and the record was kept open following the hearing until the close of business on July 6, 2021. The Commissioner issued his Decision on July 21, 2021.

In the Decision, the Commissioner approved advisory pure premium rates that average \$1.41 per \$100 of payroll. The average approved September 1, 2021 advisory pure premium rate is 3.4 percent below the average approved January 1, 2021 advisory pure premium rate. The approved September 1, 2021 advisory pure premium rates differ from the WCIRB's proposed pure premium rates due to somewhat different assumptions regarding medical loss development and future claim frequency and claim severity trends. In particular, Mr. Bellusci noted that the majority of the difference was due to differing assumptions as to future claim frequency. The Public Members' actuary Mark Priven agreed with Mr. Bellusci's description of the differing assumptions.

Mr. Bellusci also advised the Committee that the Actuarial Committee completed an initial review of the June 30, 2021 experience. The early indications on accident year 2020 experience suggest a significant increase in indemnity claim frequency – even if excluding COVID-19 claims. In response to a question from a Committee member, Mr. Bellusci advised that the indicated increase in 2021 frequency appears to be significantly higher than the 1% to 2% originally projected in the September 1, 2021 Pure Premium Rate Filing.

Item V-A

Summary of Current and Pending Legislative, Regulatory and Judicial Actions as of September 14, 2021

Kristen Marsh, WCIRB Managing Counsel, provided an overview of pertinent legislative, regulatory and judicial actions. A summary of these actions was included in the Agenda materials.

Next Meeting Date

The Committee noted that the next meeting is scheduled for December 15, 2021.

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There being no further business to come before the Committee, the meeting was adjourned at 1:25 PM.

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Note to Committee Members: These Minutes, as written, have not been approved. Please refer to the Minutes of the meeting scheduled for December 15, 2021 for approval and/or modification.