

Actuarial Committee

Meeting Minutes

Date	Time	Location	Staff Contact
February 12, 2025	9:30 AM	Microsoft Teams Webinar	Tony Milano

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Released: February 21, 2025

Members

- Joel Clark
- Nina Gau
- Ika Irsan*
- Matt Jahnke
- Neal Leibowitz
- Joanne Ottone*
- Anthony Pragovich
- Kate Smith
- Bryan Ware
- Chris Westermeyer

Representing

- Accident Fund Group, Inc.
- Public Members of Governing Committee
- Republic Indemnity Company of America
- CopperPoint Insurance Companies
- Liberty Mutual Group
- Berkshire Hathaway Homestate Companies
- Zurich American Insurance
- State Compensation Insurance Fund
- AmTrust
- Travelers

California Department of Insurance

- Yvonne Hauscarriague
- Margaret Hosel
- Giovanni Muzzarelli
- Mitra Sanandajifar
- Serina Wu

WCIRB

- Laura Carstensen*
- Andrea Coleman*
- Ziyan Li*
- Tony Milano*
- Julia Zhang*

* Attended in Person

After a reminder of the antitrust restrictions, the meeting of the Actuarial Committee was called to order at 9:30 AM with Tony Milano, Executive Vice President and Chief Actuary, presiding.

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Approval of Minutes

The Minutes of the meeting held on December 10, 2024, were distributed to the Committee members in advance of the meeting for review. As there were no corrections to the Minutes, the Committee adopted the Minutes as written.

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Item AC21-12-07

Indemnity Claim Frequency Model

Staff presented analysis of the impact to the Indemnity Claim Frequency Model (model) from the addition of the latest year of unit statistical report (USR) data through policy year (PY) 2022. Staff noted there is a widespread increase in the frequency of cumulative injury claims while the frequency of non-cumulative injury claims remains flat and showed that, since accident year (AY) 2019, the changes in the frequency of cumulative and non-cumulative injury claims have been significantly and directionally different in each year.

Staff reviewed the accuracy of the current approach for estimating the change in frequency for the latest AY based on a partial year of data and found that the approach works well for non-cumulative injury claims but is less accurate for projecting the change in cumulative injury claims. Staff noted that the largest errors occurred when the changes in the partial year are very different by accident quarter. Staff also assessed the accuracy of the forecasted frequency changes for recent years under different model assumptions. While none of the alternative models consistently outperformed the others, the model with using a forecasted change in the cumulative injury index and a tempered constant performed the best.

Staff solicited feedback on how to parameterize the model for the next Actuarial Committee meeting in preparation for the September 1, 2025 Pure Premium Rate Filing. Committee members suggested reviewing changes in the frequency of cumulative injuries and litigation patterns by territory. Another Committee member observed that cumulative injury claims are more correlated with the economic cycle than non-cumulative injury claims. A Committee member observed that the partial AYs within a single PY may be more correlated than the partial AYs from the same AY but different PYs. Staff will present an updated model at the March 20, 2025 Actuarial Committee meeting.

Item AC25-02-01

9/1/2025 Regulatory Filing – Experience Rating Plan Values

Staff presented a draft analysis of the indicated September 1, 2025 experience rating off-balance correction factor. Staff noted that the methodology used to compute the indicated off-balance factor for policies incepting between September 1, 2025 and August 31, 2026 was consistent with the methodology reflected in the September 1, 2024 Regulatory Filing. The Committee was advised that the preliminary indicated September 1, 2025 off-balance factor using this approach is modestly below the factor reflected in the September 1, 2024 Regulatory Filing, and within the reasonable range of prior off-balance factors. The consensus of the Committee was that the methodology used to compute the off-balance factor outlined by staff is appropriate to be used in the September 1, 2025 Regulatory Filing.

Staff then presented the methodology to compute the factors used to generate the proposed September 1, 2025 expected loss rates. Staff noted that the overall methodology to compute the expected loss rate factors was generally consistent with that reflected in the September 1, 2024 Regulatory Filing. Staff reminded the Committee that COVID-19 claims are included in the experience rating computation beginning with claims that occur September 1, 2024. Staff described the proposed adjustment to expected loss rates to include COVID-19 claim experience, which was based on ratios of incurred losses on COVID-19 claims to that of all claims using the most recent aggregate financial data. Staff noted the resulting adjustment is very small given that COVID-19 claim rates have been declining and it only impacts a small portion of the experience period for the September 1, 2025 Regulatory Filing.

The consensus of the Committee was that the proposed September 1, 2025 expected loss rates should reflect the methodologies summarized at the meeting.

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The meeting was adjourned at 10:35 AM.

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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 March 20, 2025 for approval and/or modification.