



NYCIRB

New York Compensation
Insurance Rating Board
733 Third Avenue
New York, NY 10017
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Meeting of the Actuarial Committee (Videoconference)

Actuarial Research

Thursday, April 29, 2021

Meeting Minutes

Mr. Jeremy Attie presided

Members

American Home Assurance Company
Arch Insurance Company
Continental Casualty Company
Continental Indemnity Company
Hartford Accident and Indemnity Company
New York State Insurance Fund
Public Member
Pennsylvania Manufacturers' Assoc. Ins. Co.
QBE Insurance Corporation
Travelers Indemnity Company
Zurich North American Insurance Company

Represented by

Wenyuan Shi
Scott Burke
Julia Stenberg
Justin Smith
Nicholas Papacoda*
Timothy Koester
Mark Priven
Scott Curlee
John Celidonio
Brian Clancy
Mauro Garcia

Non-Voting Attendees

American Home Assurance Company
Greater New York Mutual Insurance Company
Liberty Mutual Fire Insurance Company
New York State Insurance Fund
North American Specialty Insurance Corporation
Technology Insurance Company

Amanda Bello / Jose Couret
Timothy Wang
Neal Leibowitz
Hang Fan
Kristen Tripp
Bryan Ware

Others Present

Bickmore Actuarial

Daniel Shaw

National Council on Compensation Insurance

Ann Bok / Brett Foster
Nadege Bernard-Ahrendts
Dan Cunningham

New York Compensation Insurance Rating Board

Jeremy Attie / Ziv Kimmel
Brett King / Guo Harrison
Ben Witkowski / Robert Fogelson
Peter Zhou / CJ Mohin
Yan Lin / Taylor Boudwin-Jones

Evgenia Segain / Colette LeRoux
Thomas Nowak

* Not present for the meeting

Prior to the consideration of the agenda, Mr. Ziv Kimmel read the anti-trust compliance policy statement, which is annexed to these meeting minutes for reference. Mr. Attie welcomed all of the attendees.

Class Ratemaking Research

Mr. Brett King, the Rating Board's Director of Actuarial Research, presented the Committee with an update on class ratemaking research. The presentation was attached as Exhibit A to the agenda, and additional supporting materials were attached as Exhibit B to the agenda. Mr. King provided information on a proposed research timeline, and updates on (i) loss development grouping, including loss development at various loss limits, (ii) limited tail factor analysis, and (iii) hazard group mapping and excess loss analysis.

A Committee member suggested that close attention be paid to legislative changes, and that any model built should account for the possibility of law changes, especially to ones that could result in large claims, such as employers' liability.

A Committee member asked whether any skewness was observed when excluding the highest and lowest values from the loss development average, and Mr. King responded that no bias was observed.

A Committee member asked whether the method to identify outliers considers the magnitude of the actual link ratios. Mr. King responded that although many measures and filters can be used, the focus should be on link ratios that have more leverage on the cumulative development factors.

A Committee member asked whether some methods' total loss estimates consistently generated higher or lower results. Mr. King responded that any consistently observed differences were primarily due to the selected tail factor differences and not due to any other inherent bias. The differences overall were generally very small.

Mr. King indicated that differences between historical empirical excess ratios appeared different than the approved sets of excess factors and opined that the differences may be due to the single variance used in the determination of the dispersed loss database and the way crossover claims were being handled in the excess loss factor analysis. Committee members

suggested that trend and benefit level adjustments may also contribute to the difference. Mr. Kimmel added that the dispersed loss database is intentionally derived to include rare events that would not ordinarily be part of the regular data.

A Committee member suggested that loss development should be measured at different loss layers and reconciled against the total loss development. Mr. King responded that he would explore this approach.

Experience Rating Update

During the April 2020 meeting of the Actuarial Committee, the Committee reviewed and approved the Rating Board's proposed revisions to the experience rating formula. Mr. King provided the Committee with an update on the Rating Board's implementation of the revised formula. Specifically, Mr. King provided a recap of the various changes, and informed the Committee that the Rating Board filed the updated experience rating plan with the New York State Department of Financial Services in March of 2021 with a proposed effective date of October 1, 2022. Mr. King added that the changes will be communicated to the industry following approval. Mr. King also described the Rating Board's coordination with the National Council on Compensation Insurance in preparation for New York's departure from the interstate rating plan.

Mr. King proceeded to describe the implementation and programming efforts that are underway, as well as the plan for testing the new formula and process.

In addition, Mr. King discussed the new Experience Rating Mod Estimator application, which is currently under development.

Establishment of a Research Subcommittee of the Actuarial Committee

Mr. Kimmel proposed that the Actuarial Committee re-appoint an Actuarial Research Subcommittee to review and provide feedback to the Rating Board on its actuarial research projects prior to Actuarial Committee meetings. It is anticipated that the Actuarial Research Subcommittee will meet two to three times each year.

The Public Actuary, Travelers, and AmTrust volunteered to serve on the Subcommittee. The remaining Committee members committed to responding to the request for Subcommittee volunteers by Friday, May 7, 2021.

A motion was made to adjourn the meeting and the motion was approved.

New York Compensation Insurance Rating Board
Antitrust Compliance Policy Statement

It is the policy of the New York Compensation Insurance Rating Board (“Rating Board”) to comply with all laws applicable to its conduct and, specifically, with state and federal antitrust laws which govern its operations.

The basic objective of the antitrust laws is to preserve and promote competition and the free enterprise system. Broadly stated, the antitrust laws require that business people make independent business decisions without agreement with their competitors.

It is the policy of the Rating Board to comply with the New York State Insurance Law. Specifically, neither the Rating Board nor its members should interfere with the right of any insurer, to the extent permitted by the Insurance Law, to seek to make its rates or forms of policy independently, or to charge rates or to offer forms of policies different from those included in filings made by the Rating Board with the New York State Department of Financial Services.

The activities of the Rating Board are limited to those authorized by law and exchanges of information through the Rating Board should be for no other purpose. Meeting among members of the Rating Board who are competitors, even for a lawful purpose, could expose participants to the risk of an inference of unlawful agreement. It is therefore expected that you will confine your joint activities to those which are within the lawful purposes of the Rating Board.