



NYCIRB

New York Compensation
Insurance Rating Board
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Meeting of the Actuarial Committee (Videoconference) Actuarial Research Thursday, April 28, 2022 Meeting Minutes

Mr. Jeremy Attie presided

Members

ACE American Insurance Company
American Home Assurance Company
Continental Casualty Company
Hartford Accident and Indemnity Company
Liberty Mutual Fire Insurance Company
New York State Insurance Fund
Public Member
Pennsylvania Manufacturers' Assoc. Ins. Co.
QBE Insurance Corporation
Technology Insurance Company
Travelers Indemnity Company

Represented by

Jack Kannon
Wenyuan Shi*
Julia Stenberg
Nicholas Papacoda
Neal Leibowitz
Timothy Koester
Mark Priven
Scott Curlee
John Celidonio
Bryan Ware
Brian Clancy

Non-Voting Attendees

American Home Assurance Company

Arch Insurance Company
Greater New York Mutual Insurance Company
New York State Insurance Fund
North American Specialty Insurance Corporation
Zurich American Insurance Company

Marc Fournier / Amanda Bello
Jose Couret
Eli Lesser
Timothy Wang
Hang Fan
Dmitry Papush
Mauro Garcia / Anthony Pragovich

Others Present

National Council on Compensation Insurance

Bickmore Actuarial
New York Compensation Insurance Rating Board

Brett Foster
Nadege Bernard-Ahrendts
Daniel Shaw
Jeremy Attie / Ziv Kimmel
Brett King / Guo Harrison
Ben Witkowski / CJ Mohin
Taylor Boudwin-Jones / Amy Chen
Colette LeRoux / Ziyun Hu
Nicholas Wong / Dihui Zu
John Daily / Spencer Hainsworth

Daniel Gadasi / Ethan Fry
Jonathan Malone / Thomas Nowak
David Knight** / Tom D'Alessio**
Mitchell Tenzer**

* Not present for the meeting

** Present for the Mod Estimator demonstration only

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

Mr. Attie welcomed all of the attendees.

Experience Rating Update

Mr. Attie reminded the Committee that during the April 2020 Actuarial Committee meeting, the Committee reviewed and approved the Rating Board's proposed revisions to the experience rating formula. Subsequently, the revised edition of the Experience Rating Plan, which includes the updated formula, was filed and approved by the New York State Department of Financial Services as announced in R.C. Bulletin 2540.

Mr. Attie reminded the Committee that the Rating Board recently developed and released a Mod Estimator application. Mr. Attie asked Mr. David Knight and Mr. Tom D'Alessio to provide a demonstration of the Mod Estimator for the Committee.

Mr. Brett King presented the Committee with an update on the Rating Board's activities relating to implementation of the revised formula. Mr. King described the various educational materials available to industry stakeholders on the Rating Board [website](#).

Hazard Group Analysis

Mr. King presented the Committee with an update on the Rating Board's Hazard Group Analysis. The presentation was included as Exhibit A to the agenda.

Mr. King provided an overview of the class ratemaking research project and described the previous work related to Hazard Group assignments. Mr. King demonstrated how information from large classes can be leveraged via sampling to understand the predictive power of small classes and potential ways to limit the impact from outlier claims in less credible classes. Mr. King further described the proposed procedure to assign credibility to the indicated class hazard group. For the complement of credibility, Mr. King suggested utilizing a cluster of classes that relate to a similar industry based on the North American Industry Classification System (NAICS).

Mr. King indicated that the Rating Board will reach out to underwriters to obtain their input on the proposed procedure for class hazard group assignments, and asked Committee members to assist in facilitating such discussions.

Mr. King informed the Committee that the next steps would include exploration of the sampling approach or a formula approach in the loss development dispersion process as part of the derivation of loss curves for the excess loss analysis.

A Committee member suggested that the updated data used in the analysis could have been impacted by the COVID-19 pandemic and asked whether this was considered when examining the data. Mr. King responded that this is a known issue that has not been explicitly examined yet and will be considered as the research continues. Mr. King added that some changes that have occurred during the pandemic – as they pertain to the average claim severities – may or may not be permanent.

A Committee member asked about the derivation of the classification mapping to the NAICS groups, and Mr. King responded that this was based on work performed by other rating bureaus and in consultation with the classification experts at the Rating Board.

A Committee member asked whether the large loss measures were driven by indemnity or medical losses and suggested that some differentiation of classes could be from wage differences, as high wage earners would be more likely to have higher indemnity benefits. Mr. King responded that some of the wage differentiation may already be captured in the NAICS group segmentation as wage levels can be potentially similar in a specific industry. Mr. King agreed that this can be further investigated. Another Committee member suggested that high wage earners would, in some cases, be less likely to seek workers' compensation benefits.

A Committee member suggested that external sources, such as OSHA, provide statistics that can be potentially utilized to assist in the class assignment process.

A Committee member asked whether the class differentiation can be driven by employers' liability claims. Mr. King responded that although such claims can contribute to the differentiation, they are not frequent, and their impact would be limited. He indicated though that this will be investigated further. Another Committee member suggested examining specific causes of loss, such as "fall from height," as a potential factor in the differentiation between class groups.

Committee members asked that the Rating Board provide guidance and a description of what they request from carrier underwriters. Such communication should include instruction that underwriters focus on claim severity when considering class assignments to NAICS groups.



Mr. King responded that he will prepare such communication and offered to participate in discussions with underwriters if requested.

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.