

## February 24, 2016 - Actuarial Committee Update

The Actuarial Committee met on Wednesday, February 24, 2016. The major topics covered at this meeting included:

- **Class Ratemaking—Research: Claim Frequency Groupings (ACT-16-04)** Staff presented an update to the analysis exploring potential groupings of classes based on claim frequency. This is a follow-up to the analysis that was introduced at the October 28, 2015 meeting.
- **Class Ratemaking Research—Accuracy Performance Testing, Part 2 (ACT-16-05)** Performance testing results analyzing the accuracy of alternative methodologies using metrics that were introduced at the August 26, 2015 meeting were presented. The alternative methodologies included variations of the current indicated and national pure premium estimators as well as updated credibility parameters. Preliminary analysis of frequency and severity estimators were also explored.
- **Class Ratemaking—Research: Stability Performance Testing, Part 2 (ACT-16-06)** Stability test results of alternative class ratemaking methodologies were presented. The methodologies included variations of the current indicated and national pure premium estimators, updated credibility parameters, and a preliminary analysis of frequency and severity estimators.
- **Class Ratemaking—Research: Revisiting Prior Stability Performance Testing (ACT-16-07)** An in-depth view of the stability of a variation of the current indicated and national pure premium estimators with updated credibility parameters was provided. This is a follow-up to a presentation given at the October 28, 2015 meeting.
- **Industry Results—Frequency and Severity Update (ACT-16-08)** At the meeting, staff presented the most recently available frequency and severity information based on data valued as of December 31, 2014 for NCCI states.
- **The Impact of Prescription Drug Fee Schedules on Workers Compensation Costs: An Application for Legislative Analysis (ACT-16-09)** Staff presented an econometric model that examined the effects of Average Wholesale Price-based drug fee schedules on prices paid for drugs in workers compensation. One application of the model is to evaluate the cost impact of changes in fee schedule regimes.
- **National Policy Development Update (ACT-16-10)** Staff provided legislative and regulatory developments regarding the implementation of the Terrorism Risk Insurance Program Reauthorization Act of 2015, proposed opt-out legislation, efforts to legalize medical marijuana, and issues surrounding transportation network companies. National Association of Insurance Commissioners (NAIC) activity was also presented.

Please refer to the minutes of the meeting for any pertinent discussion on each topic. The presentation for each of the listed topics is contained in either the agenda or the minutes for the meeting as indicated below.

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### [February 24, 2016 Agenda \(PDF\)](#)

- Class Ratemaking—Research: Claim Frequency Groupings (ACT-16-04)
- Class Ratemaking Research—Accuracy Performance Testing, Part 2 (ACT-16-05)
- Class Ratemaking—Research: Stability Performance Testing, Part 2 (ACT-16-06)
- Class Ratemaking—Research: Revisiting Prior Stability Performance Testing (ACT-16-07)

### [February 24, 2016 Minutes \(PDF\)](#)

- Industry Results—Frequency and Severity Update (ACT-16-08)
- The Impact of Prescription Drug Fee Schedules on Workers Compensation Costs: An Application for Legislative Analysis (ACT-16-09)
- National Policy Development Update (ACT-16-10)