

November 3, 2011 - Actuarial Committee Update

Industry Information » NCCI Actuarial Committee

The Actuarial Committee met on Thursday, November 3, 2011. The major topics covered at this meeting included:

- **Status of Rate/Loss Cost Filings (ACT-11-06)**
Staff provided a status of filing activity for the voluntary and assigned risk markets based on data valued as of 12/31/2010. Noteworthy items for some states were discussed as well as a comparison of filed/approved rate/loss cost level changes for NCCI states versus countrywide.
- **Workers Compensation Industry Results (ACT-11-07)**
Staff's presentation showed that the mid-year results were similar to the preliminary results of its frequency and severity analysis. This analysis used data valued as of 12/31/2010 and included adjustments for audits, changes in the average hours worked per week and changes in industry mix. Additional information was provided on Exposure Year frequency.
- **Cost of Capital Analysis (ACT-11-08)**
Staff provided an overview of its current cost of capital approach and discussed three major innovations implemented since January 2008.
- **Excess Loss Development (ACT-11-09)**
Staff presented an update of the 2007 study, "Workers Compensation Excess Development". In addition to countrywide excess loss development, staff also reviewed development for large deductible policies and states grouped by lump sum settlement rules, and excess loss factors at a \$1 million limit.
- **Medicare Set-Asides (ACT-11-10)**
Alex Swedlow, from the California Workers Compensation Institute, shared research on MMSEA Section 111 reporting and Medicare Set-Asides (MSAs) and discussed Section 111 reporting requirements in the context of treating co-morbidities under workers compensation. Mr. Swedlow also discussed the observed variation in MSA settlement amounts within certain leading injury categories, the relationship between submitted and approved MSA amounts, and the time from submission to approval of MSAs.
- **Total Credibility for Reserving (ACT-11-11)**
Staff has developed a new credibility-based approach, called Total Credibility, for producing credibility-weighted triangles for Pool reserving. At the meeting, staff described the Total Credibility approach and identified its strengths and weaknesses.
- **Trends and Cycles (ACT-11-12)**
There are various ways to contrast segments of the workers compensation market (e.g., voluntary vs. assigned risk, private carrier vs. state fund, large deductible vs. other coverages). Staff described the link between these segments and key measures

in the labor and workers compensation markets, noting how the 2001 and 2008 recessions were reflected in the workers compensation market.

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 minutes for the meeting as indicated below.

Content Requires Authentication

[November 3, 2011 Agenda \(PDF\)](#)

- Cost of Capital Analysis (ACT-11-08)
- Excess Loss Development (ACT-11-09)
- Total Credibility for Reserving (ACT-11-11)

[November 3, 2011 Minutes \(PDF\)](#)

- Status of Rate/Loss Cost Filings (ACT-11-06)
- Workers Compensation Industry Results (ACT-11-07)
- Medicare Set-Asides (ACT-11-10)
- Trends and Cycles (ACT-11-12)