

Governing Committee

Meeting Minutes

Date	Time	Location	Staff Contact
April 17, 2024	9:30 AM	Microsoft Teams Webinar	Kristen Marsh

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Insurer Members

Everest National Insurance Company
Federal Insurance Company
Hartford Accident and Indemnity Company
Pacific Compensation Insurance Company
Preferred Employers Insurance Company
State Compensation Insurance Fund
Travelers Property Casualty Company of America
Zenith Insurance Company

Represented by

Joseph Wells*
Mary Beth Pittinger
Melissa Zaparanick**
John Carey*
Akbar Khan
Vernon Steiner
Eric Belk
Paul Ramont

Public Members

Lynne Davidson
OPEN
Jeremy Smith
Mitch Steiger

Representing

Insured Employers
Insured Employers
Organized Labor
Organized Labor

California Department of Insurance

Yvonne Hauscarriague
Margaret Hosel
Giovanni Muzzarelli

WCIRB

Bill Mudge
Andrea Coleman
Sean Cooper
Kristen Marsh
Eric Riley

Public Members' Staff

Mark Priven

Counsel

Dan Brown, Eversheds Sutherland (US) LLP

* Attended part of the meeting

** Attended in person

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The meeting of the Governing Committee was called to order at 9:34 AM following confirmation of a quorum and a reminder of applicable antitrust restrictions, with Chair Paul Ramont presiding. WCIRB President and CEO, Bill Mudge, congratulated Federal Insurance Company, Pacific Compensation Insurance Company and Zenith Insurance Company on their re-election to the Committee as insurer members and Jeremy Smith on reappointment as a Public Member of the Committee. Mr. Mudge also thanked Eric Belk for his service on the Committee as the representative from Travelers Property Casualty Company of America.

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Item I

Approval of the Minutes

The Minutes of the Governing Committee meeting held on February 8, 2024 were distributed to Committee members in advance of the meeting for review. As there was no discussion of or corrections to the Minutes, a motion was made, seconded and unanimously passed to adopt the Minutes as written.

Item II

Additions to the Agenda

The Chair asked the Committee members and staff if there were any items to be added to the Agenda. Hearing none, the Chair accepted the Agenda as published.

Item III

Ratification of Actions of WCIRB Committees

The Minutes of the Actuarial Committee meetings held on December 5, 2023 and February 13, 2024 were provided to Committee members in advance of the meeting for review. As there were no questions or discussion regarding the information, a motion was made, seconded and unanimously passed to ratify the actions of the Actuarial Committee.

Item IV

September 1, 2024 Regulatory Filing (Oral Report)

WCIRB Senior Vice President and Chief Legal Officer Kristen Marsh reminded the Committee that, on February 27, 2024, the WCIRB submitted the September 1, 2024 Regulatory Filing to the California Department of Insurance (CDI). Ms. Marsh informed the Committee that the CDI is holding a public hearing on the Regulatory Filing on April 25, 2024. Upon receipt of the Decision on the Regulatory Filing, the WCIRB will begin publishing September 2024 experience modifications and update the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*, *Miscellaneous Regulations for the Recording or Reporting of Data—1995*, and *California Workers' Compensation Experience Rating Plan—1995* to reflect the changes approved by the Commissioner effective September 1, 2024.

Item V

September 1, 2024 Pure Premium Rate Filing

WCIRB Executive Vice President and Chief Actuary Sean Cooper advised the Committee that the Actuarial Committee completed its review of the December 31, 2023 experience at the April 11, 2024 meeting. Mr. Cooper provided the Committee a summary of the Actuarial Committee's review and recommended methodologies with respect to the indicated September 1, 2024 pure premium rate level. The Actuarial Committee Agenda for the April 11, 2024 meeting was included in the Agenda.

Mr. Cooper advised the Committee that the Actuarial Committee's recommended methodologies for the September 1, 2024 Pure Premium Rate Filing were generally consistent with those used in the

September 1, 2023 Pure Premium Rate Filing, with the exception of three methodology changes. The Actuarial Committee's recommended methodologies, when applied to the statewide experience as of December 31, 2023 indicated a 0.9% increase to the statewide average approved September 1, 2023 advisory pure premium rate level.

Mr. Cooper began by summarizing the three methodology changes recommended by the Actuarial Committee for the September 1, 2024 Pure Premium Rate Filing: (1) using an average of the reform adjusted paid and the hybrid incurred methods for loss development, (2) incorporating a forecast of the cumulative injury index in the frequency model and a selection of the full model constant and (3) including COVID-19 claims for accident year 2023.

Mr. Cooper summarized the key elements of the Actuarial Committee's review of December 31, 2023 experience and the factors that resulted in an indicated net increase of 0.9% compared to the indicated 0.3% net increase in the September 1, 2023 filing. He noted that the major drivers were increased medical loss development and rising ALAE costs and that these drivers were partially offset by favorable loss emergence for accident year 2023.

Throughout the presentation, Mark Priven, the consulting actuary to the Public Members of the Governing Committee, was asked to detail how his recommended methodologies differ from those recommended by the Actuarial Committee. Mr. Priven indicated that his recommended methodologies differ primarily based on his use of an average of reform adjusted paid and the latest year incurred methods for development and lower severity trends for both indemnity and medical. Mr. Priven noted that his indicated September 1, 2024 average pure premium rate level is an indicated 3.3% decrease to the statewide average approved September 1, 2023 advisory pure premium rate level, which is about 4 percentage points lower than the indication based on the recommendations of the Actuarial Committee.

At the end of the presentation and discussion, the meeting was recessed to allow the Public Members to consult with Mr. Priven privately.

Following the break, a motion was made and seconded to make a September 1, 2024 pure premium rate filing reflecting the methodology recommended by the consulting actuary to the Public Members of the Committee. The motion failed by a vote of three in favor and eight opposed.

Following the failed motion, another motion was made and seconded to make a September 1, 2024 pure premium rate filing reflecting the methodology recommended by the Actuarial Committee. The motion was passed with eight in favor and three opposed.

Item VI

Next Meeting Date

The Chair noted that the next meeting is scheduled for September 25, 2024.

Item VII

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 10:19 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 September 25, 2024 for approval and/or modification.