

Minutes

*Tennessee Advisory Council on Workers' Compensation
Tuesday, October 4, 2016 at 2 p.m. Central
Legislative Plaza, Room 29
301 Sixth Avenue North
Nashville, Tennessee 37243*

Members Present:

Voting Members

State Treasurer David H. Lillard, Jr., Chairman

Kerry Dove

John Garrett

Bob Pitts – by telephone

Gary Selvy

Paul Shaffer

Non-Voting Members

Jason Denton – by telephone

Rep. Jimmy Eldridge – by telephone

Abbie Hudgens

John Harris - by telephone

Jerry Mayo

Sam Murrell – by telephone

Gregg Ramos

Mike Shinnick

Pam Smith

Larry Scroggs, Administrator

Chairman David Lillard called the meeting to order at approximately 2 p.m. Central. After the roll was called and a physical quorum established, the Chair welcomed the members and noted that at the August 23, 2016 informational meeting of the Advisory Council, representatives of the National Council on Compensation Insurance (NCCI) presented a detailed overview of the Voluntary Loss Cost and Assigned Risk Rate Filing proposed to be effective March 17, 2017. Documentation was made available to members present at the August 23, 2016 meeting, and was also distributed to all members subsequent to the meeting.

The Chair then addressed the first item on the agenda which was the approval of the minutes of the Advisory Council's March 21, 2016 meeting. Mr. Kerry Dove **moved** for approval. His motion was **seconded** by Mr. Paul Shaffer. The Chair asked for a roll call vote which resulted in a **unanimous vote to approve** the minutes of the March 21, 2016 meeting.

The Chair called upon Mary Jean King, representing the Advisory Council's actuary, *By The Numbers Actuarial Consulting, Inc.* ("BYNAC"), for comments concerning the proposed filing by NCCI. Ms. King stated the proposed decrease of 12.8% for the Tennessee voluntary workers' compensation market had been reasonably calculated in accordance with actuarial standards of practice, considering the two year period NCCI relied upon in reaching its calculation of a -12.8% decrease. Ms. King indicated BYNAC reviewed paid as well as paid + case development and experience for policy years 2010 through 2012 in addition to the policy years underlying the filing of 2013 and 2014 to test the assumptions made by NCCI in selecting the data and development methods for review. She noted NCCI's indication of a dramatic improvement in the 2013 policy year experience since the March 1, 2016 filing and said in her opinion the large swing supports the need for a longer experience period. BYNAC's own experience indication, based on a five year review, is -9.3%. BYNAC's actuarial report may be viewed in its entirety at the Advisory Council's website at the following link:

<http://www.treasury.tn.gov/claims/wcac/BYNAC-Review-10-04-16-Filing.pdf>

The Chair then asked for comment by the actuary for the Department of Commerce and Insurance ("DC&I"). Mr. Chris Burkhalter, representing *Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries* ("BWRB"), stated he and other members of his firm had reviewed the proposed filing, detected no defect in the data or the calculations, and found the overall approach to be reasonable and within actuarial standards of practice. Accordingly, the DC&I actuary had no objection to the adoption of the loss cost filing as proposed. Mr. Burkhalter also pointed out that BWRB had used a five year average in arriving at its own overall indication of an 8.7% decrease. BWRB's letter of review may be viewed in its entirety at the Advisory Council's website at the following link: <http://www.treasury.tn.gov/claims/wcac/BWRB-Review-10-04-16-Filing.pdf>

The Chair then recognized Ms. Ann Marie Smith, the *National Council on Compensation Insurance* ("NCCI") actuary, for comment and response to the actuaries' presentations relative to the **Voluntary Loss Cost and Assigned Risk Rate Law-Only filing proposed to be effective March 1, 2017.**

The Chair thanked Ms. Smith for her remarks and asked if there were any questions or comments from Advisory Council members. The NCCI presentation may be viewed in its entirety at the Advisory Council's website at the following link:

<http://www.treasury.tn.gov/claims/wcac/NCCI-Presentation-8-23-16.pdf>

The Chair opened the floor for consideration of any Advisory Council recommendations to DC&I Commissioner Julie Mix-McPeak relative to the filing. Mr. Dove **moved** that in view of the unanimity of the actuaries, the recommendation to the Commissioner be that the **Advisory Council concurs with the proposed filing.** The motion was **seconded** by Mr. Garrett. The Chair called for comments or discussion on the motion and, seeing none, asked for a roll call vote. The motion **passed unanimously.**

The Chair asked if there was any other business to come before the Advisory Council, and seeing none, entertained a **motion** by Mr. Dove to adjourn, **seconded** by Mr. Shaffer. The meeting was adjourned at approximately 1:46 p.m. without objection. The Chair thanked the members for their service to the State of Tennessee as members of the Advisory Council.

/s/ _____
Larry Scroggs, Administrator,
Advisory Council on Workers'
Compensation

/s/ _____
David H. Lillard, Jr., State Treasurer
Chairman, Advisory Council on
Workers' Compensation