



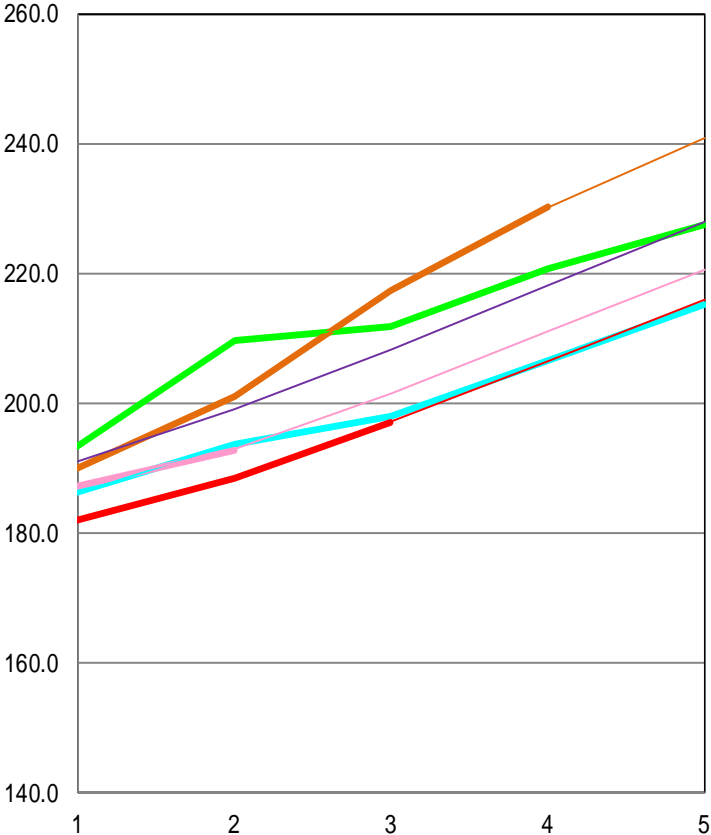
Review of NCCI Tennessee Workers
Compensation Loss Cost Filing
Effective March 1, 2016

AGENDA

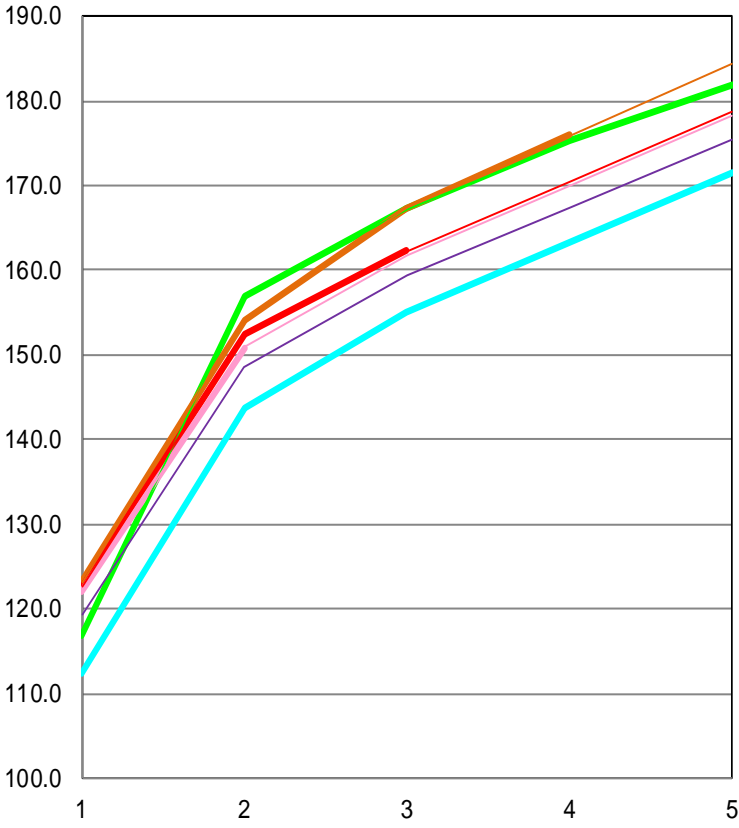
- PAID DEVELOPMENT METHOD
- JUDGMENT
- TREND
- LOSS ADJUSTMENT EXPENSE

MEDICAL DEVELOPMENT

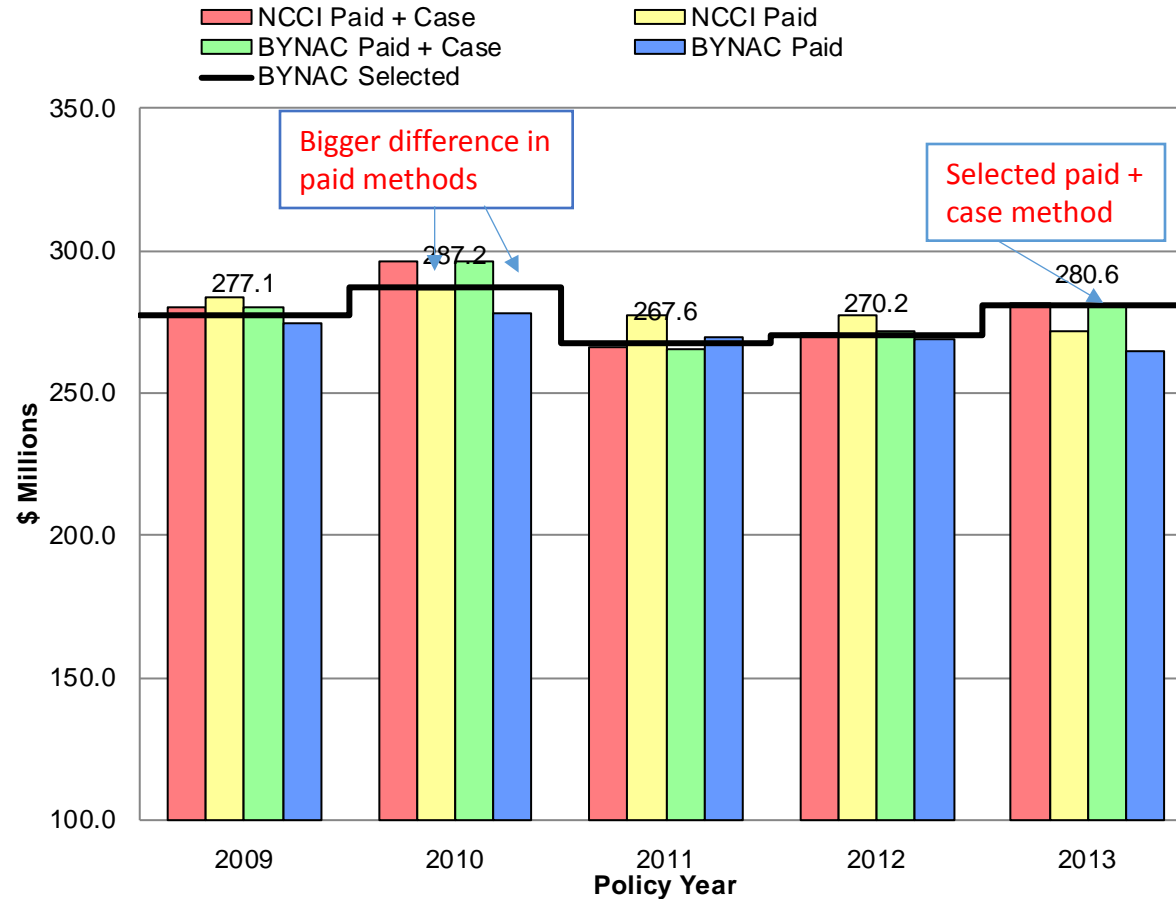
PAID + CASE



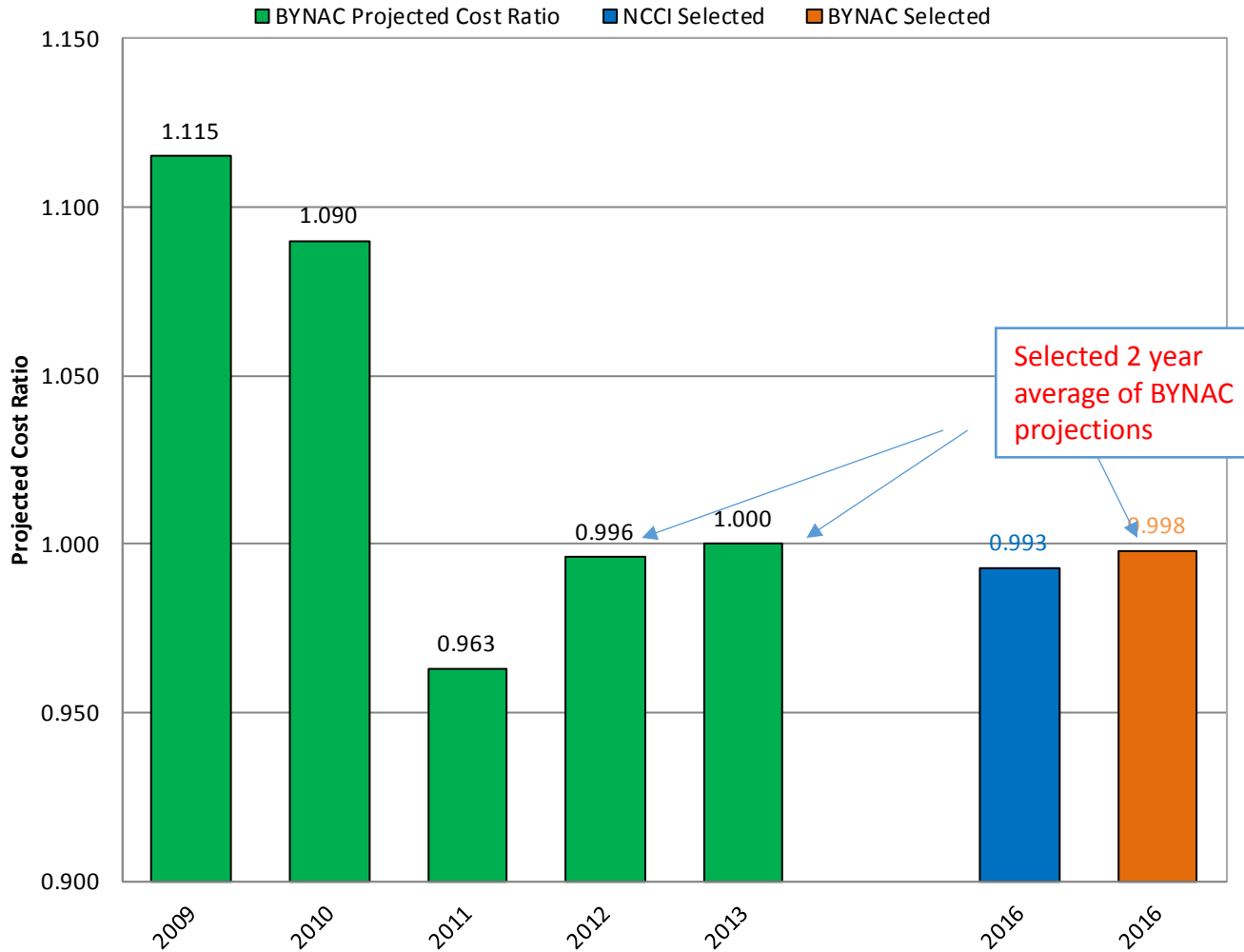
PAID



MEDICAL SELECTED ULTIMATE INCURRED LOSSES

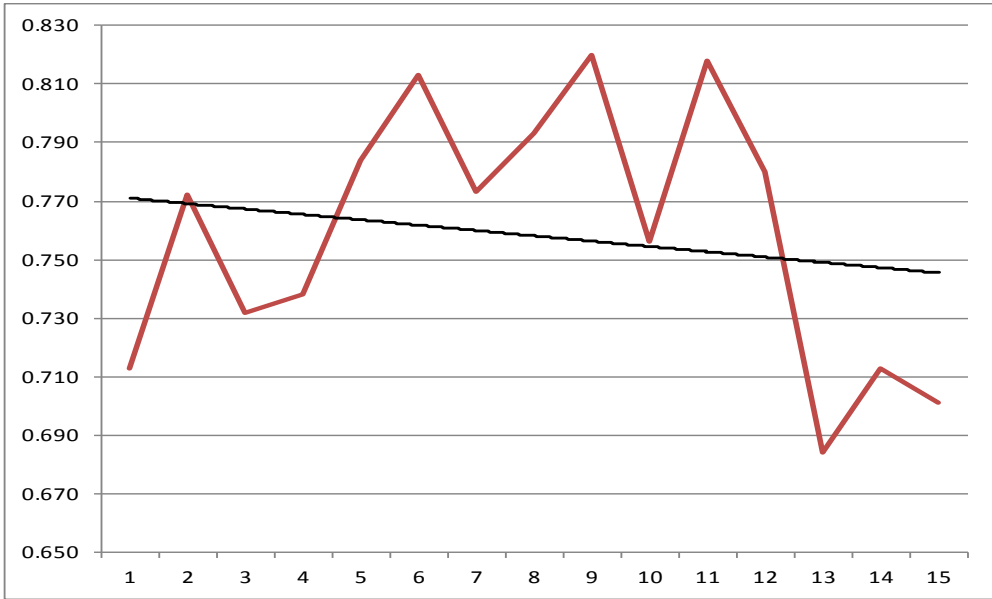


PROJECTED COST RATIOS

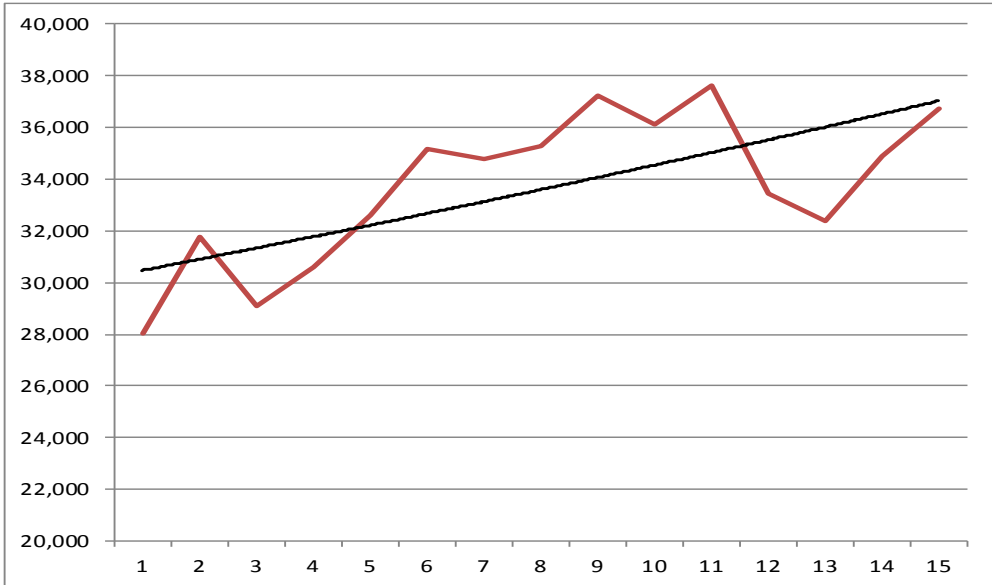


MEDICAL TREND

LOSS
RATIO



SEVERITY



LAE RATIO

<u>Accident Year</u>	<u>NCCI Accident Year Developed LAE Ratio as of 12/31/14</u>	<u>NCCI Accident Year Developed LAE Ratio as of 12/31/13</u>	<u>Change</u>
2005	0.175	0.177	(0.002)
2006	0.182	0.184	(0.002)
2007	0.183	0.185	(0.002)
2008	0.180	0.181	(0.001)
2009	0.186	0.190	(0.004)
2010	0.185	0.190	(0.005)
2011	0.188	0.192	(0.004)
2012	0.198	0.202	(0.004)
2013	0.203	0.209	(0.006)
2014	0.204		



FINDINGS

- The proposed change of -0.9% effective 3/1/16 has been reasonably calculated in accordance with actuarial standards of practice.
- The addition of the paid development method is a significant improvement to the NCCI methodology.



FINDINGS

- NCCI selected medical trend is 0.995
BYNAC recommendation is 0.998
- NCCI LAE allowance 19.8%
BYNAC recommendation is 19.0%
- BYNAC overall indication is -1.1%
NCCI's indication is -0.9%