

**WORKERS' COMPENSATION
BOARD OF DIRECTORS**

ACTUARIAL COMMITTEE

**WEDNESDAY, NOVEMBER 14, 2007, 9:00 A.M.
WILLIAM GREEN BUILDING
THE NEIL SCHULTZ CONFERENCE CENTER
AUDITORIUM AND CONFERENCE ROOM 2
30 WEST SPRING ST., 2nd FLOOR (MEZZANINE)
COLUMBUS, OHIO 43215**

Members Present: Charles Bryan, Chairman
James Hummel
Jim Matesich

Members Absent: None

CALL TO ORDER

Mr. Bryan called the meeting to order at 9 a. m. in the Auditorium. Additional Workers' Compensation Board Directors attending the meeting included Philip Fulton, James Harris, Larry Price, and Robert Smith.

PUBLIC FORUM ON GROUP RATING

Mr. Bryan convened a forum in which the public was invited to comment on the group rating program. Mr. Bryan stated that the ground rules are that speakers are called in the order they registered prior to or on the day of the meeting. Speakers are limited to three minutes per speaker. The session will be videotaped for review by members of the Workers' Compensation Board not present today and will be broadcast to District Service Offices of BWC.

At the close of all comments, individual Directors thanked those who had spoken.

RECESS

Mr. Bryan called a recess at 12:00 noon. The meeting would be resumed in the afternoon in Conference Room 2.

AFTERNOON SESSION

Mr. Bryan called the meeting to order in Conference Room 2 and the roll call was taken.

MINUTES OF OCTOBER 25, 2007

Mr. Hummel moved that the minutes of October 25, 2007, be approved. Mr. Matesich seconded and the minutes were approved by a unanimous voice vote.

NEW BUSINESS/ACTION ITEMS

GROUP RATING AND EXPERIENCE RATING DISCUSSION

Mr. Bryan stated that the Actuarial Committee had four options with respect to the group rating program issues: The Actuarial Committee could recommend to the Workers' Compensation Board that it lower the maximum credit on the credibility tables to 80%; the Actuarial Committee could recommend a different reduction; the Actuarial Committee could report to the Workers' Compensation Board that it could not reach a decision; or the Actuarial Committee could defer its actions until the November 20 meeting.

John Pedrick, Chief Actuary, and Liz Bravender, Actuarial Director, presented a summary of the group rating program, with additional data on the impact of experience modification on employers who are in groups and those who are not.

Mr. Bryan moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors approve changes to the private employer credibility table as provided in Rule 4123-17-05.1 of the Administrative Code. The motion authorizes the Administrator to adopt Rule 4123-17-05.1 which sets the credibility table for private employers, "Credibility and Maximum Value of a Loss," to be effective July 1, 2008, applicable to the payroll reporting period July 1, 2008, through June 30, 2009, with a maximum credibility of eighty percent (80%) as provided in the appendix to the Rule.

There was no second and Mr. Bryan ruled that the motion died for want of a second.

Mr. Bryan moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors approve changes to the private employer credibility table as provided in Rule 4123-17-05.1 of the Administrative Code. The motion authorizes the Administrator to adopt Rule 4123-17-05.1 which sets the credibility table for private employers, "Credibility and Maximum Value of a Loss," to be effective July 1, 2008, applicable to the payroll reporting period July 1, 2008, through June 30, 2009, with a maximum credibility of eighty-five percent (85%) as provided in the appendix to the Rule.

There was no second and Mr. Bryan ruled that this motion also died for want of a second.

Mr. Bryan moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors approve changes to the private employer credibility table as provided in Rule 4123-17-05.1 of the Administrative Code. The motion authorizes the Administrator to adopt Rule 4123-17-05.1 which sets the credibility table for private employers, "Credibility and Maximum Value of a Loss," to be effective July 1, 2008, applicable to the payroll reporting period July 1, 2008, through June 30, 2009, with a maximum credibility of eighty-seven percent (87%) as provided in the appendix to the Rule. Further, the Actuarial Committee will report to the Workers' Compensation Board of Directors by June 30, 2007, on the effect of rule-making, continuity of group plans, and the affect of NCCI split plans on group rating. Mr. Matesich seconded and the motion passed by unanimous roll call vote.

RECESS

Mr. Bryan called a recess at 2:30 p.m. in order to prepare for the remaining items on the agenda.

RESUMPTION OF AFTERNOON SESSION

Mr. Bryan called the meeting to order at 2:35 p.m.

PUBLIC EMPLOYER TAXING DISTRICTS RATE RULES

Mr. Bryan moved that the Actuarial Committee recommend that the Bureau of Workers' Compensation Board of Directors approve changes to the Public Employer Taxing District Rules 4123-17-33 and 4123-17-34 of the Administrative Code. The motion consents to the Administrator adopting the Public Employer Taxing District Credibility Tables and Rate Rules as presented here today.

Ms. Bravender reported that the Workers' Compensation Board had approved an overall rate increase of "no change" for this employer group at its September 26, 2007, meeting. BWC has now applied that rate indication to individual manuals and employers. The rates are effective January 1, 2008, and the first payment of premiums will be May 2009.

Mr. Matesich seconded and the motion was approved by unanimous roll call vote.

DISCUSSION ITEMS

PRIORITIZATION OF FUTURE DISCUSSIONS

Mr. Bryan led a discussion with Actuarial Committee members; Directors Fulton, Harris, Price, and Smith; and Administrator Marsha Ryan on ten issues for future meetings. The ten issues are: group rating methodology; target for net assets; undiscounted ultimate loss reserves;

discount rate selection and application; use of actuarial consultants; medical cost trends, measuring and controlling; use of NCCI methodologies; dividend policy and procedures; data quality; and information sharing with the Industrial Commission. The Directors provided comments on which issues should be discussed with the Investment, Audit, and Governance Committees. Ms. Ryan reported on which items would have presented from BWC and their anticipated dates.

ADJOURNMENT

There was a motion by Mr. Matesich, second by Mr. Hummel, and adjournment by Mr. Bryan.

Prepared by: Larry Rhodebeck, Staff Counsel
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November 15, 2007