



Andrew M. Cuomo
Governor



GENERAL SESSION AGENDA
BOARD OF COMMISSIONERS' REGULAR MONTHLY MEETING
WEDNESDAY, JUNE 17, 2020, 10:00 A.M.

1. MOTION

TO ACCEPT THE PROPOSED MINUTES OF THE MAY 20, 2020 BOARD MEETING

2. STANDING REPORT(S)

A. REPORT OF EXECUTIVE DIRECTOR & CEO ERIC MADOFF

1) RECOGNITION OF CHIEF INFORMATION OFFICER LAURIE ENDRIES
AND PRINCIPAL ATTORNEY CARL HEITNER

B. REPORT OF GENERAL ATTORNEY TANISHA EDWARDS

3. PRESENTATION

A. ACTUARIAL OVERVIEW BY NYSIF ACTUARY TIMOTHY KOESTER AND ROBERT KIRKLIN OF
WILLIS TOWERS WATSON

4. REPORT OF STANDING COMMITTEE(S)

A. INVESTMENT COMMITTEE: CHAIRMAN KENNETH THEOBALDS

5. MOTION

TO ACCEPT THE WRITTEN REPORTS AS SUBMITTED

6. EXECUTIVE SESSION (IF NECESSARY)

7. ADJOURN

PROPOSED MINUTES OF THE REGULAR MEETING
OF THE COMMISSIONERS OF THE STATE INSURANCE FUND
HELD ON WEDNESDAY, MAY 20, 2020 AT 10:00 A.M.
VIA REMOTE CONNECTION

PRESENT

Board

Kenneth Theobalds, Chairman
Barry Swidler, Vice Chair
Sean Graham
Alexis Thomas
Bhakti Mirchandani
Louis Roberti
Dennis Kessler
Charles MacLeod
Navneet Kathuria ¹
Ryan Delgado
Nathalie Carey, *ex officio* ¹

Executive Staff

Eric Madoff, Executive Director & CEO
Shirley Stark, Deputy Executive Director & COO
Joseph Mullen, Deputy Executive Director
Tanisha Edwards, General Attorney
Gregory Francis, Chief Investment Officer
Lawrence Montle, Chief Privacy and Information Security Officer
Lori Fraser, Director, Contact Center
Melissa Jensen, Director, EPMO
Patricia Albert, Asst. Deputy Executive Director
Patricia Carroll, Director of Administration
Peter Cusick, Deputy Counsel & Asst. Secretary to the Board
William Gratrix, Chief Financial Officer

Guest(s)

Dianne Batistoni, EisnerAmper
Peter Belthoff, EisnerAmper

¹ not present at the May 20 Board Meeting

Chairman Theobalds presided. A quorum was announced and present throughout the meeting.

1. Minutes of the April 22, 2020 Regular Board Meeting

Upon motion by Commissioner Delgado, duly seconded by Commissioner Kessler, the Board unanimously voted that the minutes of the April 22 regular Board meeting be accepted and filed as the official minutes of the Board of Commissioners. The vote: Commissioner Delgado – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Thomas – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

2. Standing Report(s)

Report of Executive Director & CEO Eric Madoff

Executive Director & CEO Eric Madoff reserved his report for Executive Session.

Report of General Attorney Tanisha Edwards

General Attorney Tanisha Edwards reserved her report for Executive Session.

3. Report(s) of Standing Committees

Investment Committee

Chairman Theobalds reported the Investment Committee met via video conference on May 19, 2020 and received a report on the performance of NYSIF equity managers and presented with information regarding possible structural changes to our portfolio. A report was also received on matters involving the employment of particular individuals or corporations which would be discussed in Executive Session.

Budget & Audit Committee

Commissioner Thomas reported that the Budget and Audit Committee met on May 18, 2020, and received a report from the staff on a matter involving legal advice, which will be addressed in Executive Session. The committee also received a report of the annual audit for the Workers' Comp Fund and Disability Benefits Fund from Eisner Ampner, New York State Insurance Fund's external auditors. Dianne Batistoni, a Partner with Eisner Ampner was asked to present an overview of their findings to the full Board. Chairman Theobalds welcomed Ms. Batistoni and asked her to present her report.

Report of EisnerAmpner

Dianne Batistoni reported that she presented the Audit Committee with the financial statements and required communications concerning the NYSIF Workers' Compensation Fund and the Disability Benefits Fund, and she would provide an overview of the annual audited financial statements. Ms. Batistoni reviewed the audit process with the commissioners, and reported the audit returned a clean opinion. Ms. Batistoni advised the Board that the NYSIF financial statements will include a COVID-19 disclosure that there is uncertainty of the impact of the COVID-19 pandemic on the Fund, although NYSIF believes it could be material.

4. Motion to Accept Written Reports

Upon motion by Commissioner Roberti, duly seconded by Commissioner Delgado, the Board unanimously voted to accept the written reports as submitted. The vote: Commissioner Delgado – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Thomas – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

5. Executive Session

Upon motion by Commissioner Kessler, duly seconded by Commissioner MacLeod, the Board unanimously voted to enter Executive Session for a discussion regarding a matter involving legal advice; NYSIF's ongoing real estate projects; and for matters leading to the appointment of a particular person or corporation. The vote: Commissioner Delgado – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Thomas – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

6. Report of Executive Session

Assistant Secretary to the Board Peter Cusick reported the following actions were taken in Executive Session:

The Board approved and authorized the NYSIF Investments department to exercise the second of four one-year renewals of the sole source contract with Bloomberg Financial to provide data services, trading platforms, and financial news, subject to legal review and execution by staff and approval by the Superintendent of Financial Services.

The Board also approved and authorized the NYSIF Investments department to enter into multiple five-year contracts with the following three transition management firms: Citigroup Global Markets, Pavilion Global Markets, and Loop Capital Markets subject to legal review and execution by staff and approval by the Superintendent of Financial Services.

The Board approved and authorized the NYSIF Investments department to enter into a five-year contract with Tripp LLC to provide an analytic tool for commercial mortgage-backed securities subject to legal review and execution by staff and approval by the Superintendent of Financial Services.

The Assistant Secretary announced the next regular meeting of the New York State Insurance Fund Board of Commissioners will be held on Wednesday, June 17, 2020 at 10:00 a.m.

7. Adjournment of Meeting

Upon motion by Commissioner MacLeod, duly seconded by Commissioner Kessler, the Board unanimously voted to adjourn the May 20 regular meeting of the Board of Commissioners. The vote: Commissioner Delgado – yes; Commissioner MacLeod – yes; Commissioner Kessler – yes; Commissioner Roberti – yes; Commissioner Mirchandani – yes; Commissioner Thomas – yes; Commissioner Graham – yes; Vice Chair Swidler – yes; Chairman Theobalds – yes.

Respectfully submitted,

Peter Cusick, Assistant Secretary



NYSIF Appointed Actuary Report December 31, 2019

Presentation to the Board of Commissioners

Robert W. Kirklin, ACAS, MAAA

June 17, 2020

Appointed Actuary Role

What does our role encompass

Scope of Work

- Funds Reviewed
 - Workers Compensation Fund
 - Disability Benefits Fund
- Liabilities Reviewed
 - Loss: future obligations to claimants for wage replacement and medical costs
 - LAE: future obligations related to
 - Defense and cost containment (DCC)
 - Legal expenses, utilization review and other defense-related costs associated with claims
 - Adjusting and other claim handling costs (AO)
 - Systems, administrative costs and adjusters salaries associated with managing claims

What do we do

- Review claim activity
 - Quarterly for WC and annually for DB
- Discuss throughout the year with NYSIF management and staff
 - Results of our reviews and results of NYSIF internal reviews
 - Internal process and any changes that may impact liabilities
 - Industry and NYSIF specific trends
- We review the financial statements at year-end to ensure the liabilities are consistent with actuarial estimates

Appointed Actuary Role

Provide a statutorily required actuarial opinion on the reasonableness of NYSIF's held reserves for loss and loss adjustment expense (LAE)

What does the opinion state

- Amounts recorded in the Annual Statement for net and gross loss and LAE reserves:
 - Meet the requirements of the insurance laws of New York
 - Are consistent with amounts computed in accordance with CAS Statement of Principles and Standards of Practice
 - Are reasonable (alternatives include inadequate, redundant, or no opinion)
- Opinion also provides information on other required topics
 - Risk of material adverse development (chance that actual payments exceed the estimate)
 - Results of key solvency tests (allow regulators to quickly assess reserve adequacy)
 - Exposure to unique risks such as Asbestos

Who can provide an opinion

- Must be a Qualified Actuary per the NAIC Annual Statement Instructions to provide Opinion
 - Must be appointed by the Board of Commissioners
 - Must provide Board of Commissioners with a letter documenting my qualifications
- I provide NYSIF with an opinion on the reserves in the role of independent consultant

Key Findings

Workers Compensation Fund (WCF)

- Reasonable opinion for 2019 year-end financial statement
- Reduction of estimated ultimate losses from our 2018 analysis
 - Reduction of \$669 million (nominal) and \$363 million (discounted) during 2019
- Accident year 2019: loss and LAE ratio of 102%
 - Above 100% for the first time in over 15 years
- Trends are consistent with the industry
 - Lower claims cost in recent years (primarily medical costs)
 - Loss ratio increasing as rates decrease

Disability Benefits Fund (DBF)

- Reasonable opinion for 2019 year-end financial statement
- Estimated paid family leave (PFL) ultimate loss ratio is below the industry average for 2018 and 2019

WCF: Statement of Actuarial Opinion

Held reserves are reasonable but risk remains (no notable changes from 2018)

- Clean opinion provided
- WCF passed all key regulatory reserve tests
- We identified the following risk factors for WCF:
 - Concentration in long-tailed and inflation-sensitive workers compensation exposure
 - Reform of 2007
 - Required interest rate of 5% for discounting
- Risk of *material* adverse deviation
 - Material = \$1.6 billion (20% of surplus)
 - There are reasonable scenarios where actual future payments could be materially higher than the held reserves
 - High leverage: high ratio of net undiscounted reserves to surplus (undiscounted net reserves = \$16.7 billion; surplus = \$8.2 billion) makes it more likely that fluctuations in losses may reduce surplus by a material amount
 - Erosion of some aspects of the 2007 reform could significantly impact the liability
 - Additional uncertainty from investment return and timing of loss and expense payments
 - Other additional factors may be identified in the future as having been significant
- Note that significant COVID-19 impacts only emerged after the preparation of our opinion
 - could impact the treatment plan and cost of claims

WCF Risk Factors: Uncertainty in Discounting

Discounting reserves increases the uncertainty

- By statute, the WCF must carry loss and LAE reserves on a present value basis and assume a 5% interest rate for discounting
- The amount of discount embedded in the carried reserves is significant at \$6.7B
- Creates additional uncertainty due to:
 - Timing of future payments
 - An acceleration of payments (e.g. more money spent on initial treatment to reduce future treatment costs) means the funds will be invested for less time and earn less investment income
 - Future yields on NYSIF's investments
 - If NYSIF does not achieve a 5% return over the long run, then it will not earn \$6.7B of investment income on the current reserves.

If 5% return is not achieved, surplus may be needed to make up the difference

- 3.5% → reduce surplus by \$1.3 billion
- 2.0% → reduce surplus by \$3.0 billion
- 2019 investment return (including realized capital gains) was 4.1%

WCF Risk Factors: High Leverage

What is leverage?

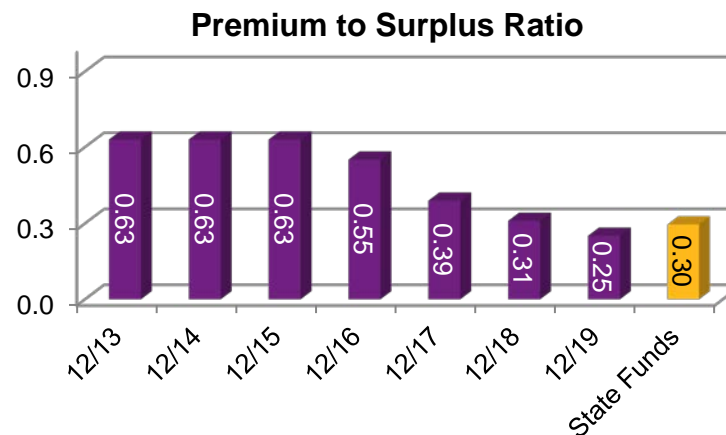
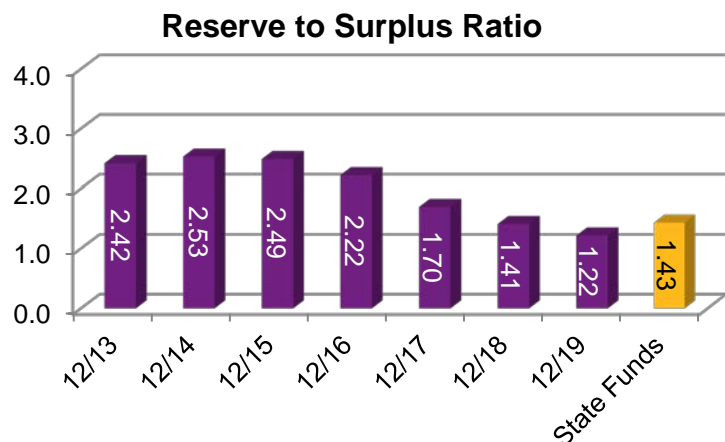
Leverage is a metric to estimate the risk to surplus

- Reserve to surplus ratio
 - Risk related to claim liabilities
 - At a 2 to 1 reserve to surplus ratio, a 10% increase in reserves alone implies a 20% decline in surplus
- Premium to surplus ratio
 - Risk related to new business (pricing)
 - At 0.5 to 1 premium to surplus ratio, an underwriting loss of 10% on new policies alone would reduce surplus by 5%

WCF Risk Factors: High Leverage

Surplus has increased since 2015 so leverage is less of a concern; however, NYSIF reserves are discounted while other state funds are not

| | Dec 2014 | Dec 2015 | Dec 2016 | Dec 2017 | Dec 2018 | Dec 2019 |
|------------------------------|----------|----------|----------|----------|----------|----------|
| Surplus (\$B) | 3.71 | 3.98 | 4.50 | 5.94 | 7.10 | 8.21 |
| Net Earned Premium (\$B) | 2.35 | 2.49 | 2.48 | 2.30 | 2.23 | 2.06 |
| Net Loss & LAE Reserve (\$B) | 9.37 | 9.90 | 10.00 | 10.07 | 10.00 | 10.00 |

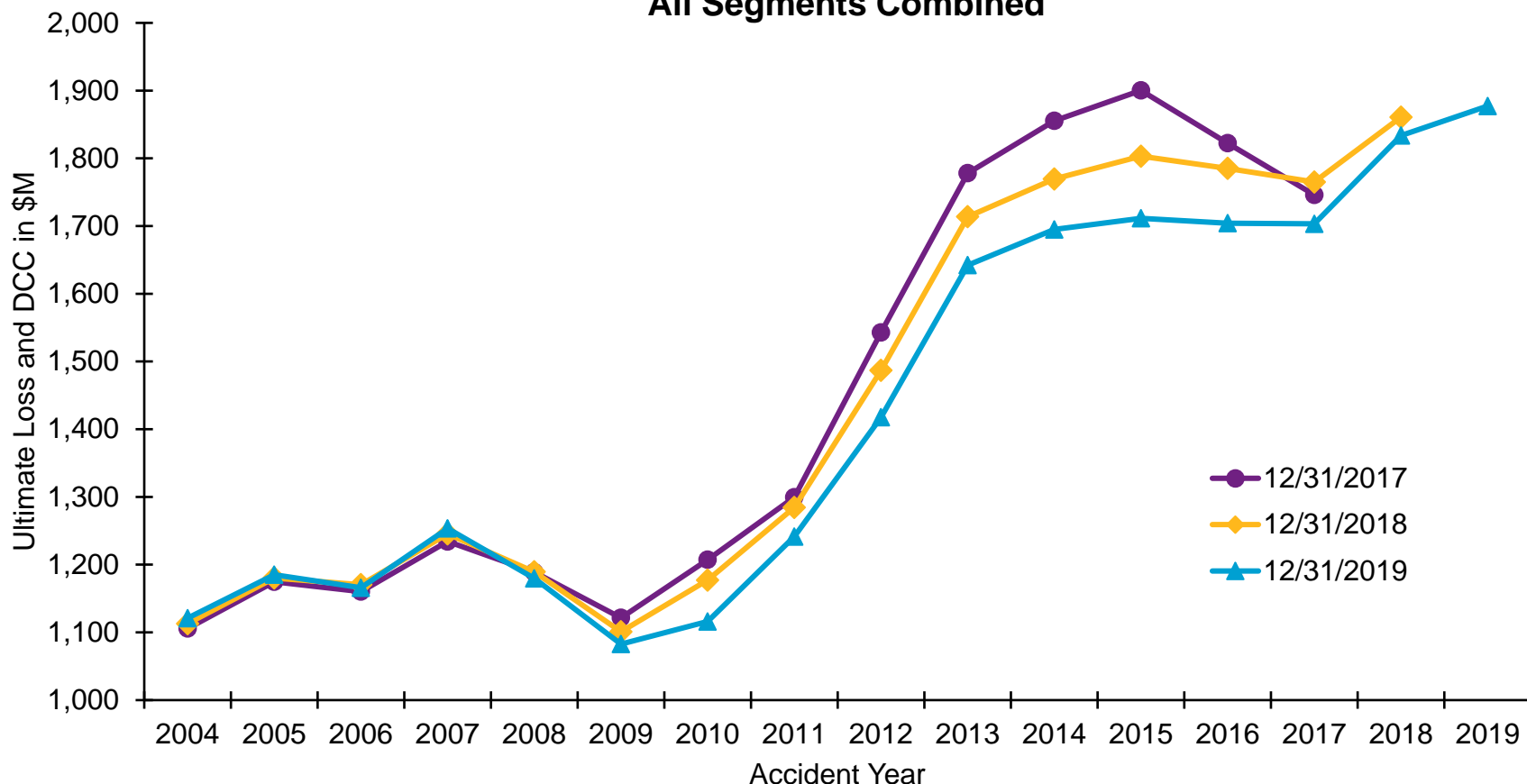


State fund aggregate excludes NYSIF and is based on publically available annual statement data from SNL Financial for year-end 2019

WCF: Changes in Accident Year 2018 and Prior Estimates

Improvement of \$669M in estimated ultimate loss and DCC during 2019 was driven by the post-reform accident years

**Estimated Gross Nominal Ultimate Loss and DCC by Evaluation
All Segments Combined**



DBF: Statement of Actuarial Opinion

Held reserves are reasonable (no notable changes from 2018)

- Clean opinion provided
- DBF passed key all regulatory reserve tests
- We identified no material company-specific risk factors
- No significant risk of material adverse deviation
 - Material = \$39 million (20% of surplus)
 - Do not see a significant risk that actual future payments could be materially higher than the held reserves
 - Limited duration of benefits reduces uncertainty
 - Low leverage ratio of net reserves to surplus (net reserves = \$16.4 million; surplus = \$194 million) makes it unlikely that fluctuations in reserves could be material to surplus
 - Other factors may be identified in the future as having been significant

DBF: Paid Family Leave (PFL)

Introduced in 2018

Coverage

- During 2018, coverage provided was for up to 8 weeks of leave at 50% of the employee's average weekly wage and further limited to 50% of the state-wide average weekly wage
- During 2019, the coverage increased to 10 weeks at 55% of the average weekly wage, capped at 55% of the state-wide average weekly wage

Loss Estimates

- \$11.6 million in unpaid loss for PFL is 71% of the total DBF held reserves
 - This includes an estimate of the risk-adjustment payment for 2019 in addition to expected payments on NYSIF claims
- Estimated ultimate loss ratios for NYSIF have been lower than the industry in 2018 and 2019, resulting in risk adjustment payments
 - 2018: NYSIF loss ratio of 39% (77% including the risk-adjustment payment)
 - 2019: NYSIF loss ratio of 72% (88% including the expected risk-adjustment payment)

Appendix

Reliances, Limitations, Distribution and Qualification Statement

Reliances and Limitations

- Under separate cover, actuarial reports for WCF and DBF (Reports) have been provided to NYSIF
- These Reports contain a complete description of the reliances and limitations on our workproducts
- The reliances and limitations noted in the Reports apply to this presentation as well
- Since the issuance of the Reports, the emergence of COVID-19 has had a significant impact on the economy and claim activity; our Reports include no adjustments for the impact of COVID-19

Distribution

- No further distribution of this presentation or reference, either oral or written, to Willis Towers Watson, our analysis or findings related to this presentation may be made without our prior written consent.

Qualification Statement

- I am a member of the American Academy of Actuaries and am qualified to render the actuarial opinion contained in the Reports and presentation

February 24, 2020

Mr. Timothy Koester, FCAS, MAAA
Chief Actuary
New York State Insurance Fund
15 Computer Drive West
Albany, NY 12205

Re: Qualification documentation required under the 2019 NAIC Instructions for the Property and Casualty Statement of Actuarial Opinion

To the Board of Commissioners of the New York State Insurance Fund Workers Compensation Fund:

This letter serves as my response to the qualification documentation requirements as Appointed Actuary for the State Insurance Fund Workers Compensation Fund of New York hereinafter referred to as “The Company”.

Background

The NAIC Instructions for the Property and Casualty (P&C) Statement of Actuarial Opinion (SAO) have changed in 2019. The most significant change is around the definition of “Qualified Actuary” for purposes of signing the SAO. The 2019 Instructions include updated requirements of both the Appointed Actuary and the subject company’s Board of Directors. The 2019 Instructions state:

The Appointed Actuary shall provide to the Board of Directors qualification documentation on occasion of their appointment, and on an annual basis thereafter, directly or through company management. The documentation should include brief biographical information and a description of how the definition of “Qualified Actuary” is met or expected to be met (in the case of continuing education) for that year. The documentation should describe the Appointed Actuary’s responsible experience relevant to the subject of the Actuarial Opinion. The Board of Directors shall document the company’s review of those materials and any other information they may deem relevant, including information that may be requested directly from the Appointed Actuary. The qualification documentation shall be considered workpapers and be available for inspection upon regulator request or during financial examination.

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Willis Towers Watson US LLC

Definitions

According to the 2019 Instructions:

“Qualified Actuary” is a person who:

- (i) *Meets the basic education, experience and continuing education requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards), promulgated by the American Academy of Actuaries (Academy); and*
- (ii) *Has obtained and maintains an Accepted Actuarial Designation; and*
- (iii) *Is a member of a professional actuarial association that requires adherence to the same Code of Professional Conduct promulgated by the Academy, requires adherence to the U.S. Qualification Standards, and participates in the Actuarial Board for Counseling and Discipline when its members are practicing in the U.S.*

An exception to parts (i) and (ii) of this definition would be an actuary evaluated by the Academy’s Casualty Practice Council and determined to be a Qualified Actuary for particular lines of business and business activities.

“Accepted Actuarial Designation” in item (ii) of the definition of a Qualified Actuary, is an actuarial designation accepted as meeting or exceeding the NAIC’s Minimum Property/Casualty (P/C) Actuarial Educational Standards for a P/C Appointed Actuary (published on the NAIC website). The following actuarial designations, with any noted conditions, are accepted as meeting or exceeding basic education minimum standards.

- (i) *Fellow of the CAS (FCAS) – Condition: basic education must include Exam 6 – Regulation and Financial Reporting (United States);*
- (ii) *Associate of the CAS (ACAS) – Conditions: basic education must include Exam 6 – Regulation and Financial Reporting (United States) and Exam 7 – Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management;*
- (iii) *Fellow of the SOA (FSA) – Conditions: basic education must include completion of the general insurance track, including the following optional exams: The United States’ version of the Financial and Regulatory Environment Exam and the Advanced Topics in General Insurance Exam.*

The Instructions provide allowable exam substitutions in situations where the above conditions for the Accepted Actuarial Designation are not met.

Required Qualification Documentation

I have met the definition of “Qualified Actuary” for purposes of signing the 2019 Statement of Actuarial Opinion for The Company.

1. I meet the basic education, experience and continuing education requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards) promulgated by the American Academy of Actuaries (Academy). The following describes how I meet these requirements.
 - a. Basic Education has been met through relevant examinations administered by the Casualty Actuarial Society.
 - b. In accordance with section 3.2 Experience Requirement of the Specific Qualification Standards within the U.S Qualification Standards, I have obtained at least three years of responsible experience relevant to the subject of the Statement of Actuarial Opinion for The Company, on topics including:
 - P&C commercial lines insurance, including commercial automobile liability, workers’ compensation, general liability, product liability, director and officers’ liability, errors and omissions liability, property, among others (both claims-made and occurrence basis)
 - Death, disability and retirement reserves under professional liability policies

This experience has been obtained through my work on the Company engagement for the past 15 years and over 30 years of actuarial experience in the P&C insurance industry.

I have obtained specific knowledge of The Company’s operations and businesses through my work on this engagement. Within the P&C industry, my over 30 years span work with Aetna, Travelers, Orion Capital, and Royal and SunAlliance as well as my current work with Willis Towers Watson. Throughout my career I have performed and managed various reserve analyses including workers compensation and general liability reserving for Aetna, commercial lines reserving for Travelers and various reserving engagements at Willis Towers Watson with focus on workers compensation for insurance companies as well as self-insurance and captive insurance companies. My work on these engagements has enabled me to gain comprehensive knowledge of the other topics identified in section 3.1.1.2 of the U.S Qualification Standards (namely items (a) policy forms and coverages, underwriting and marketing; (b) principles of ratemaking; (c) statutory insurance accounting and expense analysis; (d) premium, loss, and expense reserves; and (e) reinsurance), prior to issuing my first P&C Statement of Actuarial opinion, and further expand knowledge of these items throughout my career.

At Willis Towers Watson, I provide services for a number of commercial insurance, captive insurance and self-insured clients. In each of these roles, I am responsible for developing a range of reasonable unpaid claim estimates on both a gross and net of reinsurance basis for purposes of assessing the reasonableness of recorded loss and loss adjustment expense reserves. Businesses span retail and specialty markets, with assumed and ceded reinsurance programs. Coverages for which independent projections are performed range from commercial property (attritional and catastrophe coverages) to long-tailed primary and excess commercial casualty lines including workers’ compensation, automobile and general liability.

I am a member of the American Academy of Actuaries and an Associate of the Casualty Actuarial Society.

- c. Continuing education requirements have been met for 2019 through a combination of industry conferences, seminars, (both in-person and webinar), online courses, self-study, etc. on topics including NCCI State of the Line, AM Best State of the Medical Professional Liability Market, WC claim cost analytics, predictive modeling, professionalism and standards of actuarial practice on reserving. A detailed log of my continuing education credit hours will be available upon request after December 31, 2019.

2. I have obtained and maintain an Accepted Actuarial Designation.

I am an Associate of the CAS (ACAS) and my basic education includes credit for Exam 7- Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management through an allowable exam substitution. Further, my basic education includes credit for Exam 6- Regulation and Financial Reporting (United States) through relevant experience and continuing education. I meet this requirement through my experience in performing reserve analyses at Willis Towers Watson and my continuing education and specifically by reviewing the American Academy of Actuaries Property/Casualty Loss Reserve Law Manual which provides state specific requirements regarding the preparation of Statements of Actuarial Opinion.

3. I am a member of the Casualty Actuarial Society and the Academy. These associations require adherence to the Code of Professional Conduct promulgated by the Academy, require adherence to the U.S. Qualification Standards, and participate in the Actuarial Board for Counseling and Discipline when its members are practicing in the U.S.

Brief Biographical Information

- B.A. in mathematics and economics, St. Lawrence University, Canton, New York
- Associate of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Aetna/Travelers (1989-1998)
 - Analyst - Commercial Property Pricing
 - Analyst - Personal Automobile Reserving
 - Analyst - National Accounts Pricing
 - Manager - Personal Automobile Pricing
 - Manager - Commercial Reserving (Workers compensation, Automobile Liability, General Liability and Property)

- Orion Capital/Royal SunAlliance (1998-2004)
 - Actuary - EBI Companies Actuary (Workers Compensation)
 - Actuary - Specialty Programs Actuary (Workers compensation, Automobile and General Liability)
- Willis Towers Watson (2004-2019)
 - Consultant – P&C Insurance – Workers Compensation and Liability (2004-2009)
 - Maintained WTW Workers Comp Industry Point of View
 - Sr. Consultant/Director – Corporate Practice – Workers Compensation, Medical and General Liability (2009-present)

Additional information is available upon request.

Sincerely,



Robert W. Kirklin, ACAS, MAAA
Director
Willis Towers Watson
175 Powder Forest Drive
Weatogue, CT 06089
860.843.7085
robert.kirklin@willistowerswatson.com

February 24, 2020

Mr. Timothy Koester, FCAS, MAAA
Chief Actuary
New York State Insurance Fund
15 Computer Drive West
Albany, NY 12205

Re: Qualification documentation required under the 2019 NAIC Instructions for the Property and Casualty Statement of Actuarial Opinion

To the Board of Commissioners of the New York State Insurance Fund Disability Benefits Fund:

This letter serves as my response to the qualification documentation requirements as Appointed Actuary for the State Insurance Fund Disability Benefits Fund of New York hereinafter referred to as "The Company".

Background

The NAIC Instructions for the Property and Casualty (P&C) Statement of Actuarial Opinion (SAO) have changed in 2019. The most significant change is around the definition of "Qualified Actuary" for purposes of signing the SAO. The 2019 Instructions include updated requirements of both the Appointed Actuary and the subject company's Board of Directors. The 2019 Instructions state:

The Appointed Actuary shall provide to the Board of Directors qualification documentation on occasion of their appointment, and on an annual basis thereafter, directly or through company management. The documentation should include brief biographical information and a description of how the definition of "Qualified Actuary" is met or expected to be met (in the case of continuing education) for that year. The documentation should describe the Appointed Actuary's responsible experience relevant to the subject of the Actuarial Opinion. The Board of Directors shall document the company's review of those materials and any other information they may deem relevant, including information that may be requested directly from the Appointed Actuary. The qualification documentation shall be considered workpapers and be available for inspection upon regulator request or during financial examination.

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- (i) *Meets the basic education, experience and continuing education requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards), promulgated by the American Academy of Actuaries (Academy); and*
- (ii) *Has obtained and maintains an Accepted Actuarial Designation; and*
- (iii) *Is a member of a professional actuarial association that requires adherence to the same Code of Professional Conduct promulgated by the Academy, requires adherence to the U.S. Qualification Standards, and participates in the Actuarial Board for Counseling and Discipline when its members are practicing in the U.S.*

An exception to parts (i) and (ii) of this definition would be an actuary evaluated by the Academy's Casualty Practice Council and determined to be a Qualified Actuary for particular lines of business and business activities.

“Accepted Actuarial Designation” in item (ii) of the definition of a Qualified Actuary, is an actuarial designation accepted as meeting or exceeding the NAIC's Minimum Property/Casualty (P/C) Actuarial Educational Standards for a P/C Appointed Actuary (published on the NAIC website). The following actuarial designations, with any noted conditions, are accepted as meeting or exceeding basic education minimum standards.

- (i) *Fellow of the CAS (FCAS) – Condition: basic education must include Exam 6 – Regulation and Financial Reporting (United States);*
- (ii) *Associate of the CAS (ACAS) – Conditions: basic education must include Exam 6 – Regulation and Financial Reporting (United States) and Exam 7 – Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management;*
- (iii) *Fellow of the SOA (FSA) – Conditions: basic education must include completion of the general insurance track, including the following optional exams: The United States' version of the Financial and Regulatory Environment Exam and the Advanced Topics in General Insurance Exam.*

The Instructions provide allowable exam substitutions in situations where the above conditions for the Accepted Actuarial Designation are not met.

Required Qualification Documentation

I have met the definition of “Qualified Actuary” for purposes of signing the 2019 Statement of Actuarial Opinion for The Company.

1. I meet the basic education, experience and continuing education requirements of the Specific Qualification Standards for Statements of Actuarial Opinion, NAIC Property and Casualty Annual Statement, as set forth in the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States (U.S. Qualification Standards) promulgated by the American Academy of Actuaries (Academy). The following describes how I meet these requirements.
 - a. Basic Education has been met through relevant examinations administered by the Casualty Actuarial Society.
 - b. In accordance with section 3.2 Experience Requirement of the Specific Qualification Standards within the U.S Qualification Standards, I have obtained at least three years of responsible experience relevant to the subject of the Statement of Actuarial Opinion for The Company, on topics including:
 - P&C commercial lines insurance, including commercial automobile liability, workers’ compensation, general liability, product liability, director and officers’ liability, errors and omissions liability, property, among others (both claims-made and occurrence basis)
 - Death, disability and retirement reserves under professional liability policies

This experience has been obtained through my work on the Company engagement for the past 15 years and over 30 years of actuarial experience in the P&C insurance industry.

I have obtained specific knowledge of The Company’s operations and businesses through my work on this engagement. Within the P&C industry, my over 30 years span work with Aetna, Travelers, Orion Capital, and Royal and SunAlliance as well as my current work with Willis Towers Watson. Throughout my career I have performed and managed various reserve analyses including workers compensation and general liability reserving for Aetna, commercial lines reserving for Travelers and various reserving engagements at Willis Towers Watson with focus on workers compensation for insurance companies as well as self-insurance and captive insurance companies. My work on these engagements has enabled me to gain comprehensive knowledge of the other topics identified in section 3.1.1.2 of the U.S Qualification Standards (namely items (a) policy forms and coverages, underwriting and marketing; (b) principles of ratemaking; (c) statutory insurance accounting and expense analysis; (d) premium, loss, and expense reserves; and (e) reinsurance), prior to issuing my first P&C Statement of Actuarial opinion, and further expand knowledge of these items throughout my career.

At Willis Towers Watson, I provide services for a number of commercial insurance, captive insurance and self-insured clients. In each of these roles, I am responsible for developing a range of reasonable unpaid claim estimates on both a gross and net of reinsurance basis for purposes of assessing the reasonableness of recorded loss and loss adjustment expense reserves. Businesses span retail and specialty markets, with assumed and ceded reinsurance programs. Coverages for which independent projections are performed range from commercial property (attritional and catastrophe coverages) to long-tailed primary and excess commercial casualty lines including workers’ compensation, automobile and general liability.

I am a member of the American Academy of Actuaries and an Associate of the Casualty Actuarial Society.

- c. Continuing education requirements have been met for 2019 through a combination of industry conferences, seminars, (both in-person and webinar), online courses, self-study, etc. on topics including NCCI State of the Line, AM Best State of the Medical Professional Liability Market, WC claim cost analytics, predictive modeling, professionalism and standards of actuarial practice on reserving. A detailed log of my continuing education credit hours will be available upon request after December 31, 2019.

2. I have obtained and maintain an Accepted Actuarial Designation.

I am an Associate of the CAS (ACAS) and my basic education includes credit for Exam 7- Estimation of Policy Liabilities, Insurance Company Valuation, and Enterprise Risk Management through an allowable exam substitution. Further, my basic education includes credit for Exam 6- Regulation and Financial Reporting (United States) through relevant experience and continuing education. I meet this requirement through my experience in performing reserve analyses at Willis Towers Watson and my continuing education and specifically by reviewing the American Academy of Actuaries Property/Casualty Loss Reserve Law Manual which provides state specific requirements regarding the preparation of Statements of Actuarial Opinion.

3. I am a member of the Casualty Actuarial Society and the Academy. These associations require adherence to the Code of Professional Conduct promulgated by the Academy, require adherence to the U.S. Qualification Standards, and participate in the Actuarial Board for Counseling and Discipline when its members are practicing in the U.S.

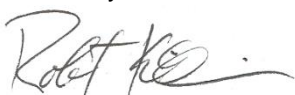
Brief Biographical Information

- B.A. in mathematics and economics, St. Lawrence University, Canton, New York
- Associate of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Aetna/Travelers (1989-1998)
 - Analyst - Commercial Property Pricing
 - Analyst - Personal Automobile Reserving
 - Analyst - National Accounts Pricing
 - Manager - Personal Automobile Pricing
 - Manager - Commercial Reserving (Workers compensation, Automobile Liability, General Liability and Property)

- Orion Capital/Royal SunAlliance (1998-2004)
 - Actuary - EBI Companies Actuary (Workers Compensation)
 - Actuary - Specialty Programs Actuary (Workers compensation, Automobile and General Liability)
- Willis Towers Watson (2004-2019)
 - Consultant – P&C Insurance – Workers Compensation and Liability (2004-2009)
 - Maintained WTW Workers Comp Industry Point of View
 - Sr. Consultant/Director – Corporate Practice – Workers Compensation, Medical and General Liability (2009-present)

Additional information is available upon request.

Sincerely,



Robert W. Kirklin, ACAS, MAAA
Director

Willis Towers Watson
175 Powder Forest Drive
Weatogue, CT 06089
860.843.7085
robert.kirklin@willistowerswatson.com



ANDREW M. CUOMO
GOVERNOR



2020 Schedule of the Board of Commissioners Regular Monthly Meeting

January 15, 2020

February 19, 2020

March 18, 2020

April 22, 2020

May 20, 2020

June 17, 2020

July 15, 2020

September 16, 2020

October 21, 2020

November 18, 2020

December 16, 2020

The New York State Insurance Fund Board of Commissioners generally meet at 10:00 a.m.
on the third Wednesday of every month – unless otherwise noted.

The Board does not convene in August.



ANDREW M. CUOMO
GOVERNOR



PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, June 17, 2020. A quorum was present throughout:

A motion was made that the minutes of the May 20, 2020 meeting be accepted and filed as the official minutes of the Board of Commissioners.

Commissioner _____ provided the motion to approve

Commissioner _____ seconded the motion

| | YES | NO | ABSTAIN |
|--------------------------|-------|-------|---------|
| Commissioner Carey | _____ | _____ | _____ |
| Commissioner Delgado | _____ | _____ | _____ |
| Commissioner Kathuria | _____ | _____ | _____ |
| Commissioner MacLeod | _____ | _____ | _____ |
| Commissioner Kessler | _____ | _____ | _____ |
| Commissioner Roberti | _____ | _____ | _____ |
| Commissioner Mirchandani | _____ | _____ | _____ |
| Commissioner Thomas | _____ | _____ | _____ |
| Commissioner Graham | _____ | _____ | _____ |
| Vice Chair Swidler | _____ | _____ | _____ |
| Chairman Theobalds | _____ | _____ | _____ |

Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)



ANDREW M. CUOMO
GOVERNOR



PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, June 17, 2020. A quorum was present throughout:

Motion to accept the written reports as submitted.

Commissioner _____ provided the motion to approve

Commissioner _____ seconded the motion

| | YES | NO | ABSTAIN |
|--------------------------|-------|-------|---------|
| Commissioner Carey | _____ | _____ | _____ |
| Commissioner Delgado | _____ | _____ | _____ |
| Commissioner Kathuria | _____ | _____ | _____ |
| Commissioner MacLeod | _____ | _____ | _____ |
| Commissioner Kessler | _____ | _____ | _____ |
| Commissioner Roberti | _____ | _____ | _____ |
| Commissioner Mirchandani | _____ | _____ | _____ |
| Commissioner Thomas | _____ | _____ | _____ |
| Commissioner Graham | _____ | _____ | _____ |
| Vice Chair Swidler | _____ | _____ | _____ |
| Chairman Theobalds | _____ | _____ | _____ |

Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)



ANDREW M. CUOMO
GOVERNOR



PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, June 17, 2020. A quorum was present throughout:

A motion was made to proceed into Executive Session for a discussion regarding the medical, financial, credit or employment history of a particular person or corporation; for legal advice and discussions regarding proposed, pending or current litigation; and for an ongoing discussion regarding NYSIF's real estate projects.

Commissioner _____ provided the motion to approve

Commissioner _____ seconded the motion

| | YES | NO | ABSTAIN |
|--------------------------|-------|-------|---------|
| Commissioner Carey | _____ | _____ | _____ |
| Commissioner Delgado | _____ | _____ | _____ |
| Commissioner Kathuria | _____ | _____ | _____ |
| Commissioner MacLeod | _____ | _____ | _____ |
| Commissioner Kessler | _____ | _____ | _____ |
| Commissioner Roberti | _____ | _____ | _____ |
| Commissioner Mirchandani | _____ | _____ | _____ |
| Commissioner Thomas | _____ | _____ | _____ |
| Commissioner Graham | _____ | _____ | _____ |
| Vice Chair Swidler | _____ | _____ | _____ |
| Chairman Theobalds | _____ | _____ | _____ |

Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)



ANDREW M. CUOMO
GOVERNOR



PROPOSED MOTION*

The following is a procedural vote considered by the NYSIF Board of Commissioners at a meeting held on Wednesday, June 17, 2020. A quorum was present throughout:

A motion was made to adjourn the Board of Commissioners of the State Insurance Fund regular monthly meeting.

Commissioner _____ provided the motion to approve

Commissioner _____ seconded the motion

| | YES | NO | ABSTAIN |
|--------------------------|-------|-------|---------|
| Commissioner Carey | _____ | _____ | _____ |
| Commissioner Delgado | _____ | _____ | _____ |
| Commissioner Kathuria | _____ | _____ | _____ |
| Commissioner MacLeod | _____ | _____ | _____ |
| Commissioner Kessler | _____ | _____ | _____ |
| Commissioner Roberti | _____ | _____ | _____ |
| Commissioner Mirchandani | _____ | _____ | _____ |
| Commissioner Thomas | _____ | _____ | _____ |
| Commissioner Graham | _____ | _____ | _____ |
| Vice Chair Swidler | _____ | _____ | _____ |
| Chairman Theobalds | _____ | _____ | _____ |

Peter Cusick
Assistant Secretary

*This proposed motion has not been acted upon. The proposed motion is being made available pursuant to the Open Meetings Law §103(e)