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Bickmore Risk Services & Consulting

March 8, 2011

Ms. Corinne Kelsch
Executive Director
Santa Clara Group Schools Insurance Group
3233 Union Ave.
San Jose, CA 95124

Re: Actuarial Review of the Self-Insured Property and Liability Program

Dear Ms. Kelsch:

As you requested, we have completed our review of Santa Clara County Schools Insurance Group's self-insured property and liability program. Our basic conclusion is that the program continues to be funded well in excess of our estimate of the Group's liability for outstanding claims at the discounted 80% confidence level. As an overall result, we estimate the Group's available assets as of June 30, 2011 will be about \$4.5 million in excess of the Group's liability for outstanding claims at the discounted 80% confidence level.

We estimate the total cost of property and liability claims and expenses at the expected level for the 2011-12 program year to be \$1,073,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. This amount assumes that the Group's current self-insured retention of \$100,000 per claim does not change. ALAE is basically the direct cost associated with the defense of individual claims. ULAE is the cost to administer all claims to final settlement, which may be years into the future. The discount for investment income is calculated based on the likely payout pattern of the Group's claims, assuming a return on investments of 3.0% for each program per year.

In addition, it is estimated that about \$2,495,000 will be paid for other program administrative expenses and excess insurance premiums during the 2011-12 year. The indicated funding margin at the 80% confidence level is \$415,000. Thus, the total required funding at the discounted 80% confidence for 2011-12 claims costs is \$3,983,000. The following table displays the property/liability breakdown of this estimate of program costs for fiscal year 2011-12, again assuming that the Group's SIR remains \$100,000.

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Estimated Claims Costs at the 80% Confidence Level for 2011-12 (Including ALAE, claims administration costs and other expenses)

	Liability	Property	Combined
Estimated Ultimate Cost of Claims from 2011-12	\$612,000	\$380,000	\$992,000
Claims Administration Costs	96,000	23,000	119,000
Investment Income Offset	(31,000)	(7,000)	(38,000)
Total Discounted Claims Cost at the Expected Level	\$677,000	\$396,000	\$1,073,000
Margin at the 80% Confidence Level	252,000	163,000	415,000
Total Discounted Claims Cost at the 80% Level	\$929,000	\$559,000	\$1,488,000
Other Program Expenses	1,871,000	624,000	2,495,000
Total Program Costs at the 80% Level	\$2,800,000	\$1,183,000	\$3,983,000
Rate per ADA or TIV (\$10,000)	\$38.83	\$7.04	

Note: Sums may not total due to rounding.

The indicated rates shown above make no provision for the existing funding position. Other program expenses are based on budgetary amounts provided by the Group. We have allocated these expenses by assuming a 75% liability and 25% property distribution, based on the relative number of reported claims as of December 31, 2010.

We estimate the program's liability for outstanding claims to be \$1,406,000 as of June 30, 2011, again including ALAE and ULAE, and discounted for anticipated investment income. Given estimated program assets of \$6,321,000 as of June 30, 2011, the program will be funded well above the 95% confidence level (see Graph 1 on Page 7.)

We understand that the Group has a policy of maintaining funding at the discounted 80% confidence level. As shown in Exhibit I, this would mean having available assets of \$1,794,000 on June 30, 2011. It is estimated that the program's actual available assets will be \$6,321,000 on that date. Thus, we currently estimate that the program will be funded \$4,527,000 in excess of the discounted 80% confidence level. We understand that the program has a \$500,000 Capital Target Fund. When the Capital Target Fund is considered, the program is expected to be 4,027,000 in excess of the discounted 80% confidence level.

The \$1,406,000 estimate is the minimum liability to be booked by the Group at June 30, 2011 for its liability program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires the Group to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

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GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on the Group's financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level for primary programs. We consider funding to the 70% confidence level to be marginally acceptable and funding to the 90% confidence level to be conservative.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for the Group's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Santa Clara County Schools Insurance Group in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or John Alltop at (916) 244-1160 with any questions you may have concerning this report.

Sincerely,

Bickmore Risk Services

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Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

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I. BACKGROUND

Santa Clara County Schools Insurance Group began its self-insured property and liability program in July 1980. Its current self-insured retention is \$100,000, and individual districts have deductibles ranging from \$1,000 to \$10,000 per claim. Excess coverage has been provided through ASCIP since July 1, 2008. Claims administration services were provided by George Hills Company from August 1992 to June 2008. Since July 1, 2008, claims are now administered by Corvel. Additional background on the program is shown in Appendix K.

As of June 30, 2011, the Group is expected to have assets of \$6,321,000 for the program. Additional background on program funding is given in Appendix K. We understand that the Group has a Capital Target Fund of \$500,000. Additional background on program funding is shown in Combined Appendix A.

The purpose of this review is to provide a guide to the Group to determine reasonable funding levels for its self-insurance program according to the funding policy the Group has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate the Group's liability for outstanding claims as of June 30, 2011, project ultimate loss costs for 2011-12, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

Graph 1 on the following page summarizes our assessment of the Group's funding position as of June 30, 2011. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal lines across the graph indicate the Group's available assets at June 30, 2011.

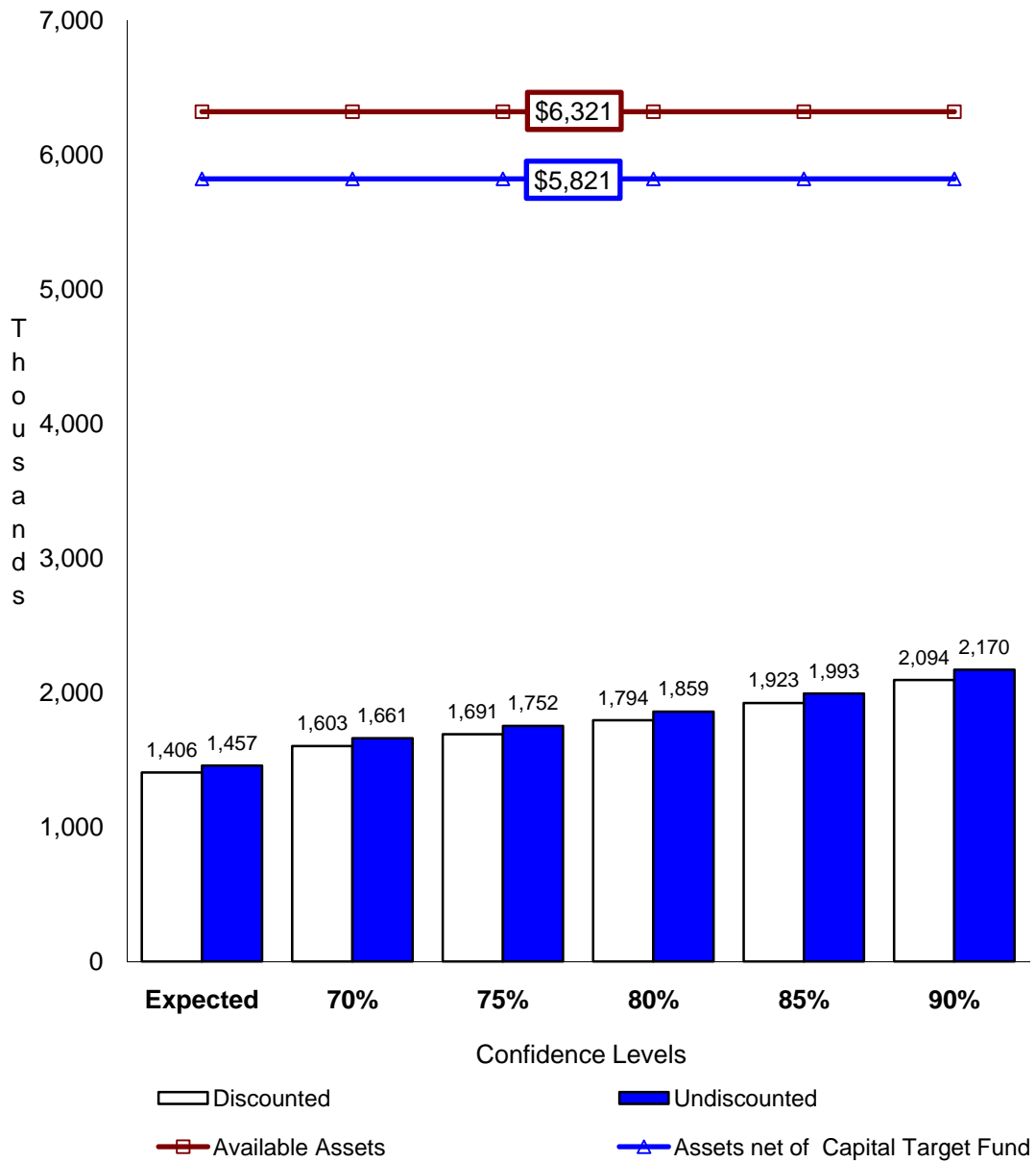
Our best estimate of the full value of the Group's liability for outstanding claims within its self-insured retention (SIR) is \$1,457,000 as of June 30, 2011. This amount includes losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graph 1 shows the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

The Group can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 3%, we estimate the impact of investment income earnings to be about 3.5% if the program is funded within the range indicated in the graph, resulting in a discounted liability for outstanding claims of \$1,406,000 as of June 30, 2011.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graph 1 show our estimates of the Group's discounted liability for outstanding claims.

SCCSIG - Liability
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2011



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The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2011, before recognition of investment income.

Santa Clara County Schools Insurance Group
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2011

Year	Case Reserves	IBNR Reserves	Total Outstanding
2003-04	\$1,181	\$0	\$1,181
2004-05	2,152	0	2,152
2005-06	19,139	3,480	22,619
2006-07	6,459	10,507	16,966
2007-08	31,236	10,569	41,805
2008-09	40,318	45,158	85,476
2009-10	467,992	75,033	543,025
2010-11	375,899	253,565	629,464
Loss and ALAE	\$944,376	\$398,312	\$1,342,688
ULAE		113,000	113,000
Total	\$944,376	\$511,312	\$1,455,688

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B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by the Group.

GASB #10 and #30 do not address funding requirements. They do, however, allow a range of funded amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 which allow recognition of a funding margin for unexpectedly adverse loss experience. Thus, for accounting purposes, it is possible to formulate a funding policy from a range of alternatives. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some margin for unexpected adverse loss experience.

The amount of the margin should be a question of long-term funding policy. We recommend that the margin be determined by thinking in terms of the probability that a given level of funding will prove to be adequate. For example, a reasonable goal might be to maintain a fund at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to fund at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for current claims. The additional contributions for years by that time long past may be required at the same time that costs are increasing dramatically on then-current claims. The burden of funding increases on past years as well as on current years, may well be prohibitive.

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We generally recommend maintaining program funding at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting funding will be sufficient to meet claim liabilities, yet the required margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required margin for the most part, which means that it is also reasonable to think of the liabilities as being stated on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, the Group's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short and long-term funding goals, which may be the same in some years, but different in others.

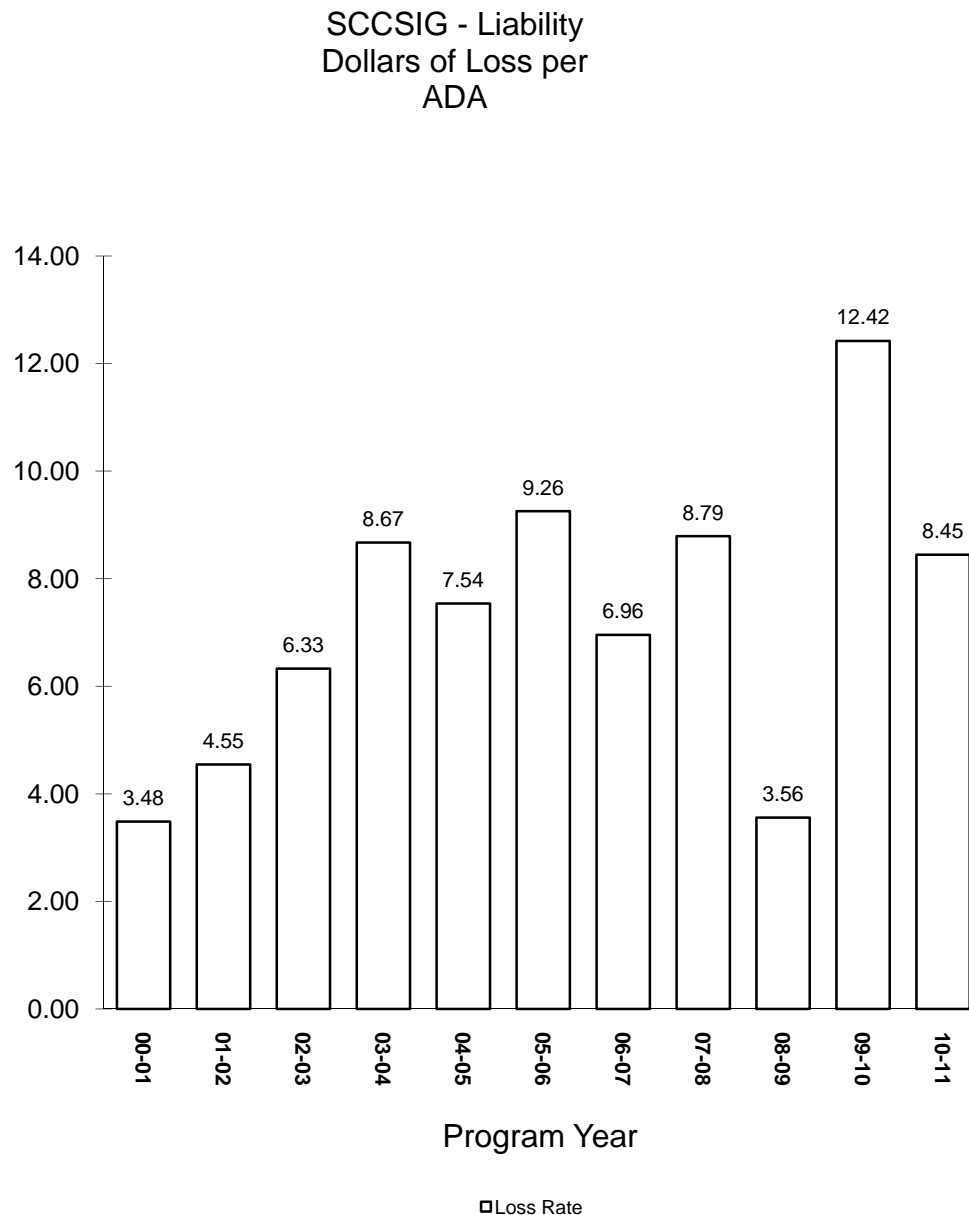
In general, we recommend that you fund each year's claims costs in that year. When surpluses or deficiencies have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

It is estimated that program assets will be \$6,321,000 at June 30, 2011, resulting in the program being funded above the 95% confidence level.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The Group's liability loss rate per ADA (limited to \$100,000 per claim) has appeared to have increased during the period shown below, ranging from \$3.48 in 2000-01 to \$12.42 in 2009-10. We have projected a loss rate for 2010-11 of \$8.45 per ADA which is similar to the average since 2005-06.

Graph 2

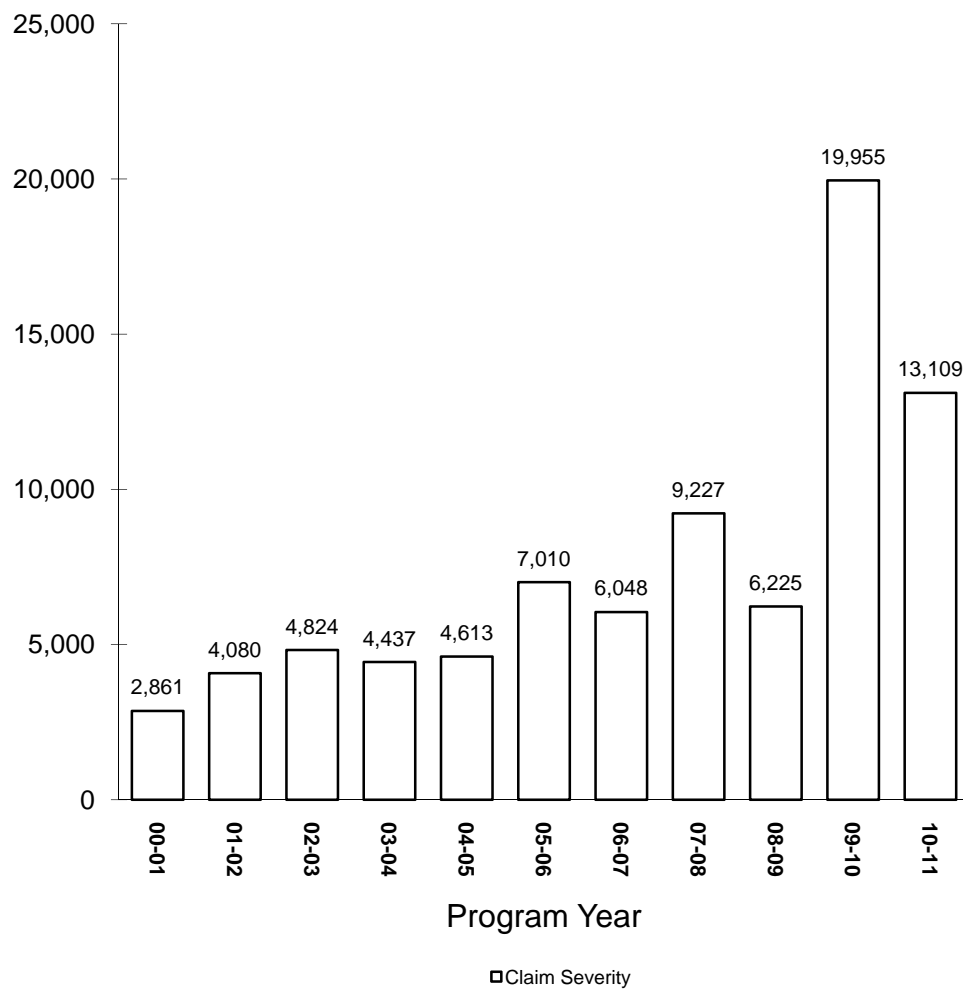


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The Group's average cost per liability claim (limited to \$100,000 per claim), or severity, also appears to have increased over the period below. We understand that claim counts may be defined differently by the current claims administrator. This may explain why the average cost per claim for 2009-10 is relatively high. We selected a severity of \$13,109 for the 2010-11 year, applying greater weight to the previous two years.

Graph 3

**SCCSIG - Liability
Dollars of Loss per Claim**

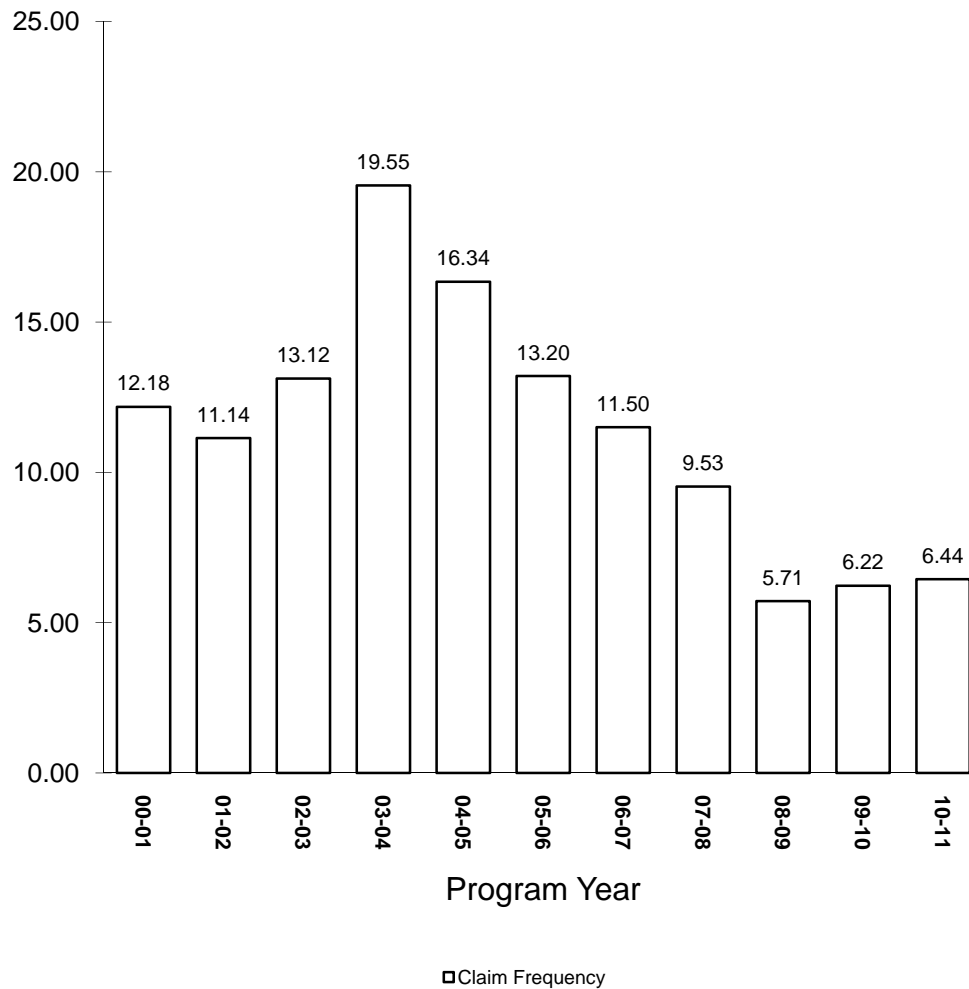


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The Group's liability claim frequency per 10,000 ADA was at its highest in 2003-04 and has seemed to have decreased since that time. As mentioned on the previous page, we understand that claim counts may be defined differently by the current claims administrator. This may explain why the claims frequency for 2008-09 and 2009-10 is relatively low. We selected a frequency of 6.44 per 10,000 ADA for the 2010-11 year, applying greater weight to the previous two years.

Graph 4

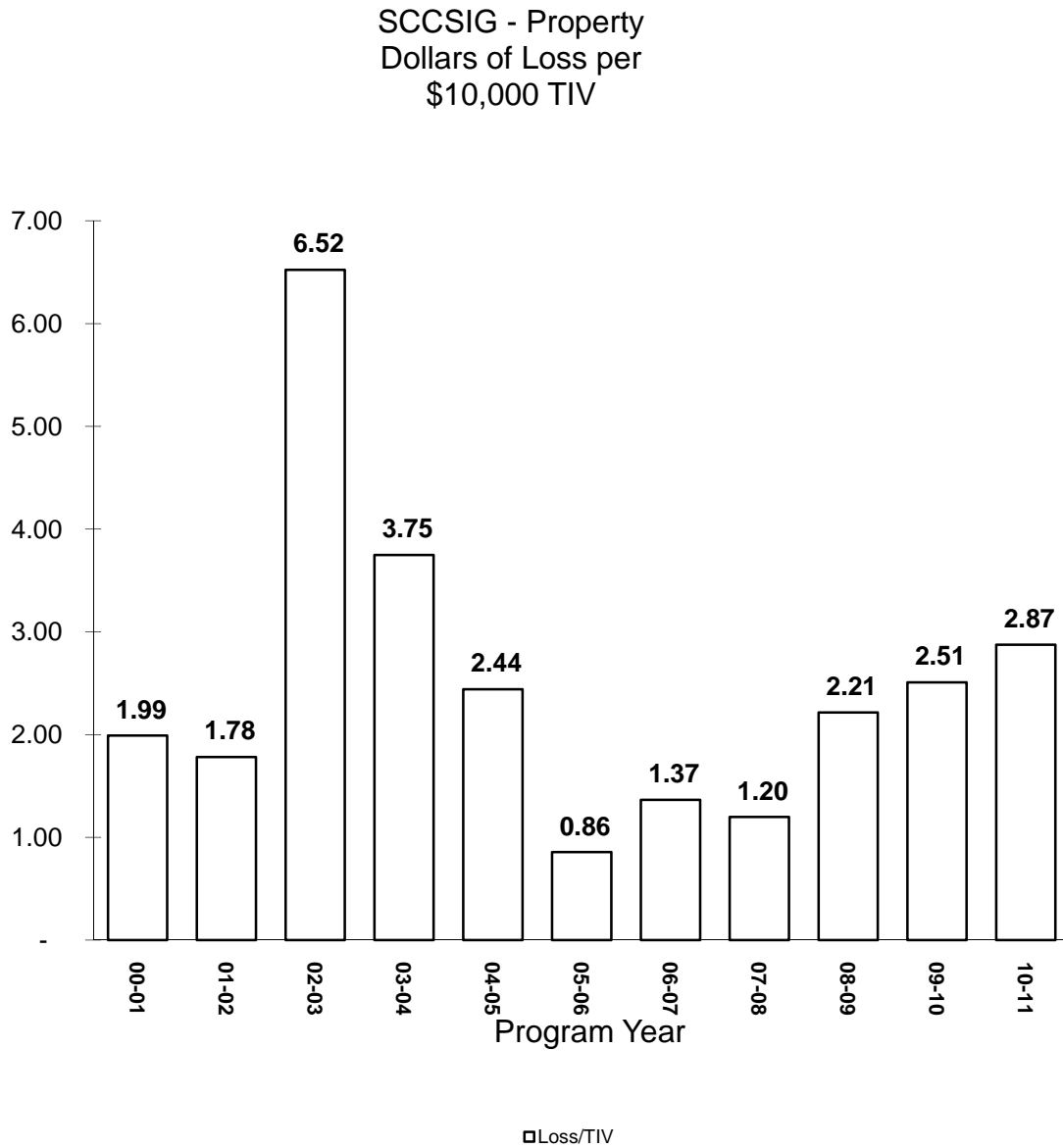
**SCCSIG - Liability
Number of Claims per
10,000 ADA**



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The Group's property program loss rate per \$10,000 TIV (limited to \$100,000 per claim) appears to have been increasing since the relatively low period between 2005-06 and 2007-08. We are assuming that the 2010-11 year, projected at \$2.87 per \$10,000 in TIV, will continue this increasing trend.

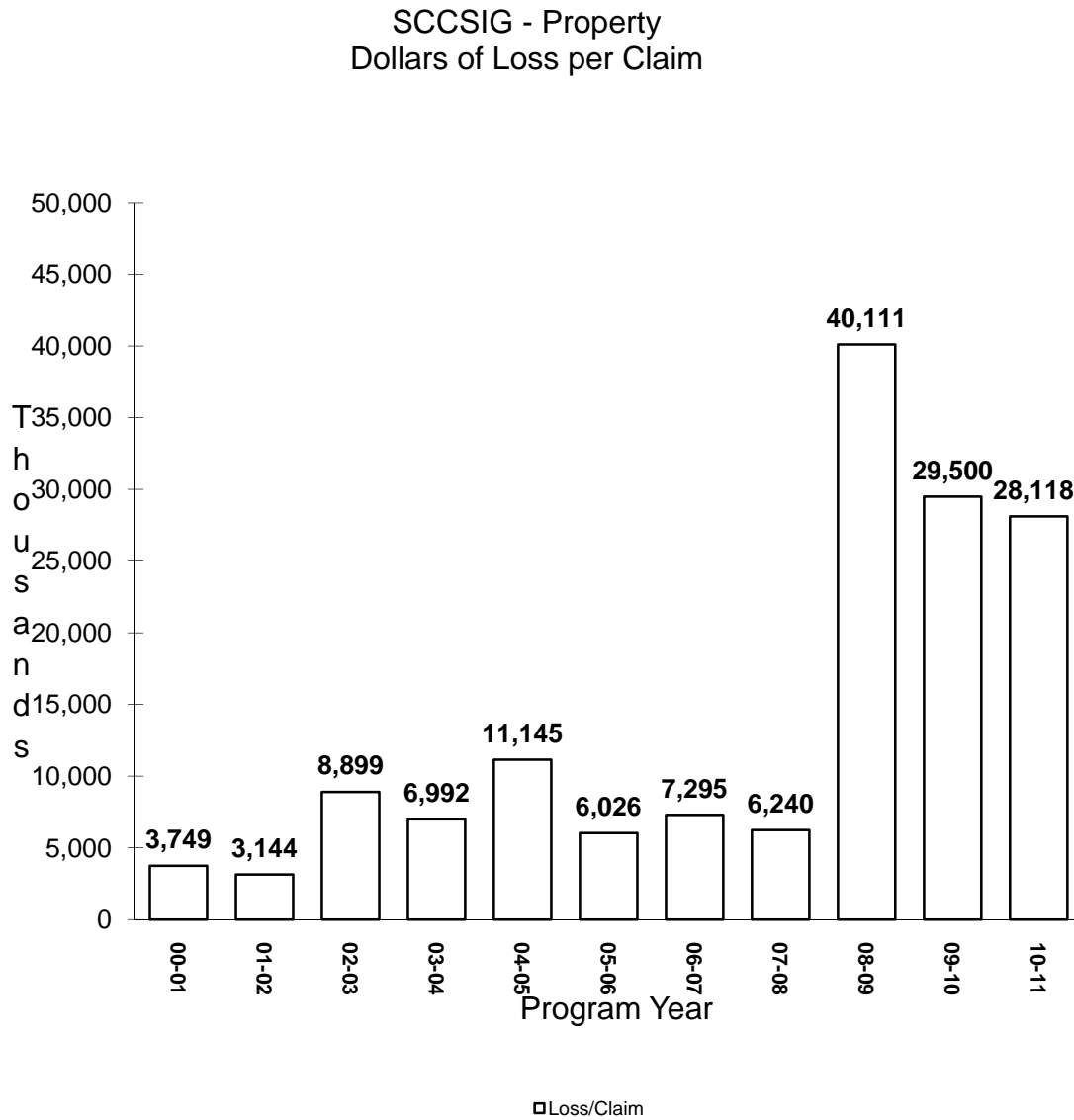
Graph 5



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The Group's average cost per property claim (limited to \$100,000 per claim), or severity, has appeared to have increased in 2008-09 and 2009-10 due to the claim count issue mentioned earlier in this section. We projected an average cost per claim for the 2010-11 year of \$28,118.

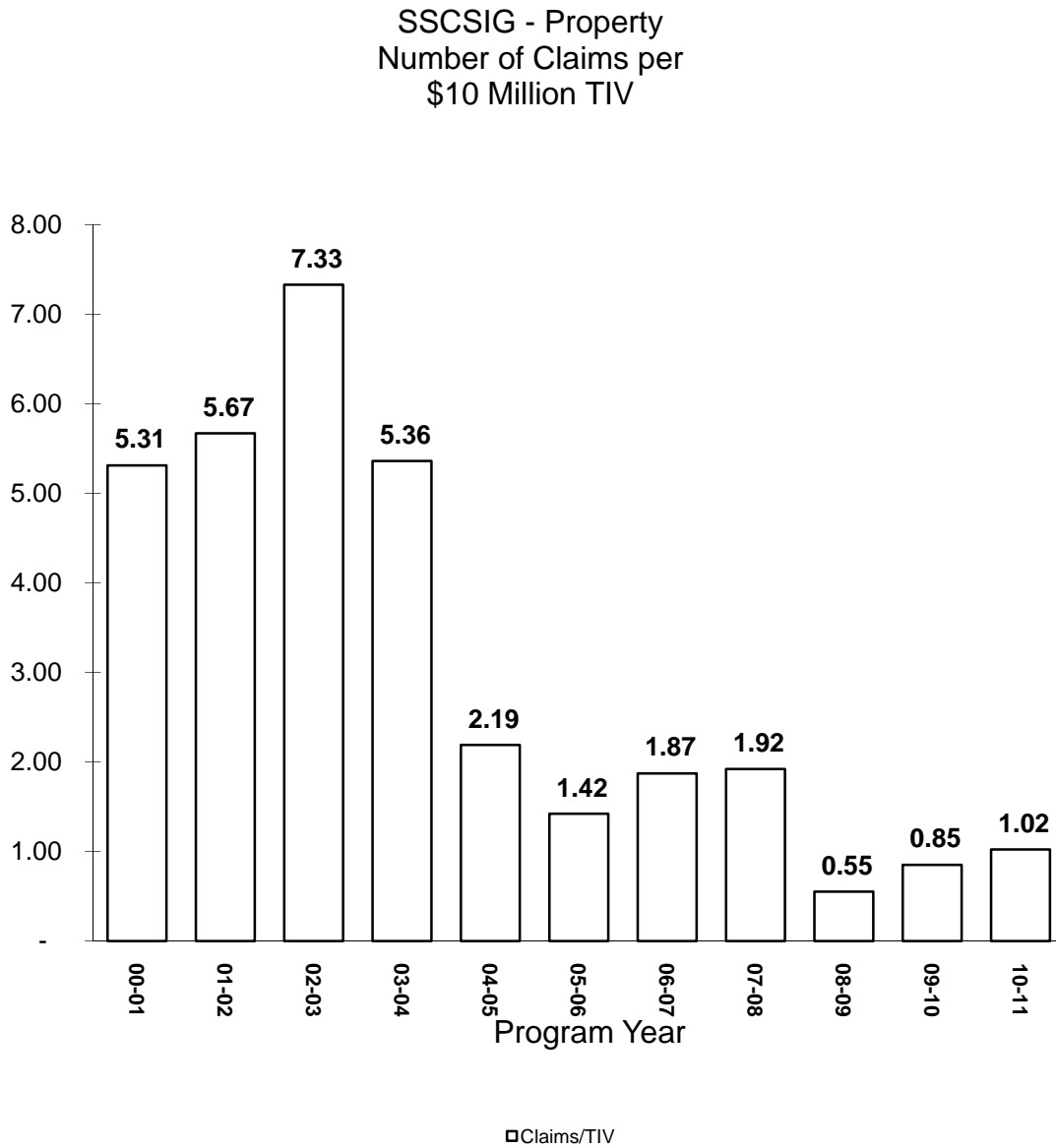
Graph 6



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The Group's claim frequency per \$10 million TIV dropped sharply in 2004-05 and again in 2008-09 with the new claims administrator. Our projected frequency for 2010-11 is 1.02 claims per \$10 million TIV.

Graph 7



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D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Santa Clara County Schools Insurance Group was dated April 26, 2010. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/09 evaluation date of the prior report and the 12/31/10 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Liability		
	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
2003-04	\$2,000	(\$9,982)	(\$11,982)
2004-05	5,000	0	(5,000)
2005-06	8,000	45,000	37,000
2006-07	6,000	(61,209)	(67,209)
2007-08	35,000	56,993	21,993
2008-09	123,000	(129,704)	(252,704)
2009-10	237,000	517,550	280,550
Total	\$416,000	\$418,648	\$2,648

Accident Year	Property		
	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
2003-04	\$0	\$0	\$0
2004-05	0	0	0
2005-06	0	0	0
2006-07	0	(17,042)	(17,042)
2007-08	0	(30,275)	(30,275)
2008-09	19,000	(15,303)	(34,303)
2009-10	249,000	306,136	57,136
Total	\$268,000	\$243,516	(\$24,484)

As shown, actual incurred development was slightly less than anticipated since the prior report. The favorable development from 2008-09 mostly offset the greater than expected development from 2009-10 with respect to both liability and property.

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In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year since our prior report.

Change in Ultimate Loss and ALAE

Liability			
Accident Year	Prior Report	Current Report	Change In Ultimate
2003-04	\$641,000	\$630,000	(\$11,000)
2004-05	555,000	549,000	(6,000)
2005-06	644,000	673,000	29,000
2006-07	570,000	508,000	(62,000)
2007-08	604,000	609,000	5,000
2008-09	466,000	249,000	(217,000)
2009-10	619,000	878,000	259,000
Total	\$4,099,000	\$4,096,000	(\$3,000)

Property			
Accident Year	Prior Report	Current Report	Change In Ultimate
2003-04	\$384,566	\$384,566	\$0
2004-05	267,470	267,470	0
2005-06	108,468	108,468	0
2006-07	214,018	196,976	(17,042)
2007-08	224,000	193,441	(30,559)
2008-09	393,000	361,000	(32,000)
2009-10	321,000	413,000	92,000
Total	\$1,912,522	\$1,924,921	\$12,399

As shown, overall we have increased our estimated ultimates by \$9,000 since our prior report. In general this correlates to actual versus expected incurred loss development as seen on the prior page.

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At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2010 to be \$1,230,000 at the discounted, expected level. Our current estimate as of June 30, 2011, is \$1,406,000, an increase in our assessment of the Group's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2010	Current Report at June 30, 2011	Change
(A) Case Reserves:	\$626,000	\$946,000	\$320,000
(B) IBNR Reserves:	559,000	398,000	(161,000)
(C) Claims Administration Reserves:	107,000	113,000	6,000
(D) Total Reserves:	\$1,292,000	\$1,457,000	\$165,000
(E) Offset for Investment Income:	(62,000)	(51,000)	11,000
(F) Total Outstanding Claim Liabilities:	\$1,230,000	\$1,406,000	\$176,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2010 and June 30, 2011 as reflected in our prior and current reports respectively.

Our projection of case reserves increased by \$320,000; however, this was partially offset by a decrease in our estimate of IBNR reserves. Reserves for future claims administration expenses have increased slightly. The overall result is an increase of \$165,000 in total claim reserves. The offset for investment income has decreased reflecting a decrease in the investment assumption from 4% to 3%. The net change due to the above factors is an overall increase of \$176,000 in our estimate of outstanding claim liabilities for loss and LAE.

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At the time of the prior report, available assets were estimated to be \$5,701,000 as of June 30, 2010, which corresponded to the then-estimated discounted liability for outstanding claims at above the 95% confidence level. Available assets are currently estimated to be \$6,321,000 as of June 30, 2011, which corresponds to the currently estimated liability for outstanding claims at above the 95% confidence level. It can be summarized as follows:

	Funding Margin		
	Prior Report at June 30, 2010	Current Report at June 30, 2011	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$1,230,000	\$1,406,000	\$176,000
(B) Estimated Assets At June 30:	5,701,000	6,321,000	620,000
(C) Surplus/(Deficit):	\$4,471,000	\$4,915,000	\$444,000

As you can see, our estimate of the program's funding margin at the discounted, expected level has increased by \$444,000 between June 30, 2010 (as previously estimated) and June 30, 2011 (as currently estimated). This is driven by an increase in estimated fund assets between the two points, and partially offset by an increase in the estimated outstanding liability.

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At the time of the prior report, our total funding estimate of liability and property combined for the 2010-11 year was \$1,028,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2011-12 year is \$1,073,000 at the discounted, expected level, an increase in the program's expected loss costs. The amounts for liability and property are shown separately in the table below:

Comparison of Funding for Loss and LAE

Liability

	Prior Report 2010-11 SIR= \$100,000	Current Report 2011-12 SIR = \$100,000	Change
(A) Ultimate Loss and ALAE:	\$628,000	\$612,000	(\$16,000)
(B) Ultimate Claims Administration (ULAE):	93,000	96,000	3,000
(C) Total Claim Costs:	\$721,000	\$708,000	(\$13,000)
(D) Offset for Investment Income:	(41,000)	(31,000)	10,000
(E) Total Recommended Funding:	\$680,000	\$677,000	(\$3,000)

Property

	Prior Report 2010-11 SIR= \$100,000	Current Report 2011-12 SIR = \$100,000	Change
(A) Ultimate Loss and ALAE:	\$326,000	\$380,000	\$54,000
(B) Ultimate Claims Administration (ULAE):	30,000	23,000	(7,000)
(C) Total Claim Costs:	\$356,000	\$403,000	\$47,000
(D) Offset for Investment Income:	(8,000)	(7,000)	1,000
(E) Total Recommended Funding:	\$348,000	\$396,000	\$48,000

As you can see, our funding recommendations at the discounted, expected level have decreased slightly for liability between 2010-11 and 2011-12 but have increased for property, as shown in our prior and current reports respectively.

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E. DATA PROVIDED FOR THE ANALYSIS

We received data evaluated as of December 31, 2010. Overall, the data utilized in preparing this report appears to be accurate as of the date of the current evaluation. However, it should be noted that certain assumptions have been made to allow for a lack of information on exposures. In addition, we have identified some inconsistencies with the loss data provided at the time of the last report. These issues are discussed in more detail below.

We have relied on the exposures (ADA and TIV) provided for use in the prior report as updated figures are not currently available.

The Group changed claims administrators July 1, 2008 and it appears that claim counts for the liability program in particular are now on a different basis than they had been under the previous administrator.

One issue might involve claims which have been closed without payment as they appear to have been excluded from the data provided by the previous administrator but included in the data provided by the current administrator. For the purpose of preserving some level of comparability to prior years, we have excluded closed-no-pay claims from the 2008-09, 2009-10 and 2010-11 counts from our analysis.

It is also worth noting the differences between the claim type identifiers listed in the two sets of data provided by the claims administrators. The table below shows the various claim type identifiers which were included in the George Hills loss run:

Liability	ABI
Liability	APD
Liability	E and O
Liability	EMPLI
Liability	OBI
Liability	OPD
Liability	OPI
Liability	PROF
Property	COLL
Property	COMP
Property	DMG BY VEHICLE
Property	FIRE
Property	MD
Property	PD
Property	RISK
Property	THFT
Property	VNDLM
Property	WATR
Property	WIND
	DELETED/DUPLICATE/CLAIM

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In comparison, the table below shows the various claim type identifiers which were included in the Corvel loss run:

Liability	ABI-Auto Liab
Liability	ABI-Auto Liab Bodily Injury
Liability	APD-Auto Liab Property Damage
Liability	IEP-Special Education (Failure to properly Execute
Liability	LBI-Gen. Liab Bodily Injury
Liability	LBI-General Liab
Liability	LEP-Employment Practices
Liability	LPD-Gen. Liab Property Damage
Liability	LPI-Personal Injury
Liability	PPD-Auto Physical Damage
Property	CRM-Crime Stock
Property	CRM-Crime, Money & Security
Property	FBM-Boiler and Machinery
Property	FRB-All Risks Buildings
Property	FRB-Fire Building
Property	FRC-All Risks Contents
Property	FRC-Fire Contents

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information you provided to us. We have also made use of loss statistics that have been developed from the information gathered and compiled from a large group of other California entities in the aggregate. We have accepted all of this information without audit.
- In Santa Clara County Schools Insurance Group's case, we understand that the members pay deductible amounts on claims. In some instances the Group is reimbursed after the claim is paid and in some instances the deductible is collected prior to payment being made on the claim. Data separating the payments of deductibles was not available for use in this report.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California entities with self-insured property and liability programs in the aggregate form a reasonable basis of comparison for the patterns from Santa Clara County Schools Insurance Group's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of the other self-insured liability programs.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the cost of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on liability claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that the loss rate trend associated with claim costs increases at 0.5% per year. We have assumed that claim severity increases at 3.0% per year, and that claim frequency decreases at 2.5% per year.

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- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- We have assumed that assets held for investment will generate an annual return of 3%.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have included estimates for excess insurance premiums and other expenses associated with the program based upon information provided by the Group.
- Our funding recommendations do not include provisions for catastrophic events not in the Group's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than the Group's excess coverage.
- The Group's assets available for the program are estimated to be \$6,321,000 as of June 30, 2011 for use in this report. This is shown in further detail in Appendix L.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of liability benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

Loss Rate - Ultimate losses per \$100 payroll.

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Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)

Santa Clara County Schools' Insurance Group - Liability and Property Combined

Funding Guidelines for Outstanding Liabilities at
June 30, 2011

(A) Estimated Ultimate Losses Incurred through 6/30/11: (Sum of Liability and Property)	\$17,303,000
(B) Estimated Paid Losses through 6/30/11: (Sum of Liability and Property)	15,959,000
(C) Estimated Liability for Claims Outstanding at 6/30/11: (Sum of Liability and Property)	<u>\$1,344,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/11: (Sum of Liability and Property)	113,000
(E) Total Outstanding Liability for Claims at 6/30/11: ((C) + (D))	<u>\$1,457,000</u>
(F) Reserve Discount Factor (Average of Liability and Property)	0.965
(G) Discounted Outstanding Liability for Claims at 6/30/11: ((E) x (F))	<u>\$1,406,000</u>

	Marginally Acceptable	75%	Recommended 80%	85%	Conservative 90%
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (Average of Liability and Property)	1.140	1.203	1.276	1.368	1.489
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	197,000	285,000	388,000	517,000	688,000
(J) Total Required Available Funding at 6/30/11: ((G) + (I))	<u>\$1,603,000</u>	<u>\$1,691,000</u>	<u>\$1,794,000</u>	<u>\$1,923,000</u>	<u>\$2,094,000</u>
(K) Estimated Actual Funding at 6/30/11: (From Appendix A)	\$6,321,000	\$6,321,000	\$6,321,000	\$6,321,000	\$6,321,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K)-(J))	<u>\$4,718,000</u>	<u>\$4,630,000</u>	<u>\$4,527,000</u>	<u>\$4,398,000</u>	<u>\$4,227,000</u>

Santa Clara County Schools' Insurance Group - Liability and Property Combined

Funding Options for Program Year 2011-2012 (Liability SIR = \$100,000, Property SIR = \$100,000)
One-Year Funding Plan

	Dollar Amount				
(A) Estimated Ultimate Losses Incurred in Accident Year 2011-2012: (Sum of Liability and Property)	\$992,000				
(B) Estimated Claims Administration Fees Incurred in Accident Year 2011-2012: (Sum of Liability and Property)	119,000				
(C) Total Claims Costs Incurred in Accident Year 2011-2012: ((A) + (B))	<u>\$1,111,000</u>				
(D) Loss Discount Factor: (Average of Liability and Property)	0.966				
(E) Discounted Total Claims Costs Incurred in Accident Year 2011-2012: ((C) x (D))	<u>\$1,073,000</u>				
	Marginally Acceptable	75%	Recommended	85%	Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Average of Liability and Property)	1.188	1.280	1.387	1.521	1.699
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	202,000	300,000	415,000	559,000	750,000
(H) Recommended Funding in 2011-2012 for Claims Costs and Other Expenses ((E) + (G))	<u>\$1,275,000</u>	<u>\$1,373,000</u>	<u>\$1,488,000</u>	<u>\$1,632,000</u>	<u>\$1,823,000</u>
(I) Budgeted Non Claims Related Expenses (Provided by the Group)	2,495,000	2,495,000	2,495,000	2,495,000	2,495,000
(J) Recommended Funding Including Recognition of the Redundancy/(Deficiency): ((H) + (I))	<u>\$3,770,000</u>	<u>\$3,868,000</u>	<u>\$3,983,000</u>	<u>\$4,127,000</u>	<u>\$4,318,000</u>

Santa Clara County Schools' Insurance Group - Liability and Property Combined

Estimated Fund Balance as of 6/30/11

(A) <u>Fund Balance as of 6/30/10:</u>	\$6,209,000
(B) <u>Total Income to Fund during 2010-2011</u>	
Contributions:	\$3,798,000
Interest:	112,000
Other:	0
Total Income:	<u>\$3,910,000</u>
(C) <u>Total Payments from Fund during 2010-2011</u>	
Loss and ALAE:	\$1,267,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	109,000
Fees to Outside Administrator (TPA):	0
Excess Insurance:	2,182,000
Dividend:	0
Other:	<u>240,000</u>
Total Payments:	<u>\$3,798,000</u>
(D) <u>Estimated Fund Balance as of 6/30/11:</u>	\$6,321,000

Notes: The fund balance does not consider outstanding claim liabilities.

- (A) Provided by the Group.
- (B) Provided by the Group.
- (C) Provided by the Group.
- (D) (A) + (B) - (C).

Santa Clara County Schools' Insurance Group - Combined Property and Liability

Estimated Fund Balance as of 6/30/10

(A) Total Assets as of June 30, 2010:	\$6,794,000
(B) Non-Claims & Related Liabilities:	
(1) Accounts Payable	577,000
(2) Wages/Benefits Payable	8,000
(3)	
(4)	
	<hr/>
	\$585,000
(C) Assets Available to Pay Claims as of June 30, 2010:	\$6,209,000

Note that the estimates above do not consider current and non-current estimated claim liabilities of \$840,000 and \$634,000 as shown in the Group's 6/30/2010 statement of net assets.

Santa Clara County Schools' Insurance Group - Liability

Funding Guidelines for Outstanding Liabilities at
June 30, 2011

(A) Estimated Ultimate Losses Incurred through 6/30/11: (From Appendix G)	\$12,070,000
(B) Estimated Paid Losses through 6/30/11: (From Appendix G)	10,958,000
(C) Estimated Liability for Claims Outstanding at 6/30/11: (From Appendix G)	<u>\$1,112,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/11: (From Appendix F)	99,000
(E) Total Outstanding Liability for Claims at 6/30/11: ((C) + (D))	<u>\$1,211,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 3.0%) (Appendix I, Page 1, (H))	0.962
(G) Discounted Outstanding Liability for Claims at 6/30/11: ((E) x (F))	<u>\$1,165,000</u>

	<u>Marginally Acceptable</u>	<u>75%</u>	<u>Recommended</u>	<u>85%</u>	<u>Conservative</u>
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.127	1.182	1.247	1.328	1.436
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	148,000	212,000	288,000	382,000	508,000
(J) Total Required Available Funding at 6/30/11: ((G) + (I))	<u>\$1,313,000</u>	<u>\$1,377,000</u>	<u>\$1,453,000</u>	<u>\$1,547,000</u>	<u>\$1,673,000</u>

Santa Clara County Schools' Insurance Group - Liability
 Funding Options for Program Year 2011-2012 (SIR = \$100,000)
 One-Year Funding Plan

	Dollar Amount	ADA Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2011-2012: (From Appendix G)	\$612,000	\$8.487			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2011-2012: (From Exhibit 5, Page 1, item (L))	96,000	1.331			
(C) Total Claims Costs Incurred in Accident Year 2011-2012: ((A) + (B))	\$708,000	\$9.818			
(D) Loss Discount Factor (Based on a Discount Rate of 3.0%) (Appendix I, Page 2, (F))	0.956				
(E) Discounted Total Claims Costs Incurred in Accident Year 2011-2012: ((C) x (D))	\$677,000	\$9.388			
	Marginally Acceptable		Recommended		Conservative
	70%		75%	80%	85%
(F) Confidence Level Factor: (From Appendix J)	1.182		1.269	1.372	1.500
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	123,000		182,000	252,000	339,000
(H) Recommended Funding in 2011-2012 for Claims Costs and Other Expenses: ((E) + (G))	\$800,000		\$859,000	\$929,000	\$1,016,000
				\$1,131,000	

Santa Clara County Schools' Insurance Group - Liability

IBNR as of 6/30/11 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/10 (B)	Estimated IBNR as of 12/31/10 (C)	Estimated Percent of IBNR Reported Between 1/1/11 and 6/30/11 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/11 (F)
1980-1990	\$2,418,009	\$2,418,009	\$0	100.0%	\$0	\$0
1990-1991	588,783	588,783	0	100.0%	0	0
1991-1992	298,402	298,402	0	100.0%	0	0
1992-1993	299,476	299,476	0	100.0%	0	0
1993-1994	559,343	559,343	0	100.0%	0	0
1994-1995	287,724	287,724	0	100.0%	0	0
1995-1996	386,264	386,264	0	100.0%	0	0
1996-1997	296,870	296,870	0	100.0%	0	0
1997-1998	526,407	526,407	0	100.0%	0	0
1998-1999	341,408	341,408	0	100.0%	0	0
1999-2000	299,935	299,935	0	100.0%	0	0
2000-2001	257,450	257,450	0	100.0%	0	0
2001-2002	342,699	342,699	0	100.0%	0	0
2002-2003	467,931	467,931	0	100.0%	0	0
2003-2004	630,000	628,725	1,275	100.0%	1,275	0
2004-2005	549,000	545,934	3,066	100.0%	3,066	0
2005-2006	673,000	668,520	4,480	28.4%	1,000	3,480
2006-2007	508,000	494,493	13,507	24.8%	3,000	10,507
2007-2008	609,000	595,431	13,569	22.3%	3,000	10,569
2008-2009	249,000	187,842	61,158	26.2%	16,000	45,158
2009-2010	878,000	756,277	121,723	39.0%	47,000	74,723
2010-2011	603,000	339,220	(38,000)	35.6%	94,000	169,780
Totals	\$12,069,701	\$11,587,143	\$180,778		\$168,341	\$314,217

Notes:

- (A) From Exhibit 4, Page 1.
- (B) Provided by SCCSIG. These losses exclude amounts incurred above the Group's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/11 and 6/30/11. The percentage is based on the development pattern selected in Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/11. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

Santa Clara County Schools' Insurance Group - Liability

Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)
1980-1990	\$2,418,009	\$2,418,009			\$2,292,494	\$2,418,009
1990-1991	588,783	588,783			499,330	588,783
1991-1992	298,402	298,402			251,300	298,402
1992-1993	299,476	299,177			251,034	299,476
1993-1994	559,343	558,784			466,213	559,343
1994-1995	287,724	287,149	287,724	287,247	238,560	287,724
1995-1996	386,264	386,264	386,264	386,264	386,280	386,264
1996-1997	296,870	296,870	296,870	296,870	296,940	296,870
1997-1998	526,407	526,407	526,407	526,407	526,354	526,407
1998-1999	341,408	341,408	341,408	341,408	341,408	341,408
1999-2000	299,935	299,935	299,935	299,935	299,954	299,935
2000-2001	257,450	257,450	257,450	257,450	257,490	257,450
2001-2002	342,699	343,042	342,699	343,042	342,720	342,699
2002-2003	467,931	468,867	467,931	468,867	467,928	467,931
2003-2004	628,725	631,175	628,725	631,185	630,054	630,000
2004-2005	547,572	551,393	547,581	551,424	548,947	549,000
2005-2006	673,200	655,980	672,716	654,366	1,076,832	673,000
2006-2007	500,427	511,737	501,754	516,666	969,780	508,000
2007-2008	608,530	612,937	608,121	609,416	785,004	609,000
2008-2009	196,858	168,090	214,779	282,838	490,120	249,000
2009-2010	951,396	447,859	878,121	538,718	555,324	878,000
Totals						\$11,466,701
			Projected Losses for the Year 2010-2011 (G)			\$603,000
			Projected Losses for the Year 2011-2012 (H)			\$612,000

Notes:

- (A) From Appendix A, Page 1, Column (G).
- (B) From Appendix B, Page 1, Column (G).
- (C) From Appendix C, Page 1, Column (G).
- (D) From Appendix C, Page 2, Column (G).
- (E) From Appendix D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (K).
- (H) From Exhibit 5, Page 1, Line (K).

This exhibit summarizes the results of the actuarial methods we have applied to estimate ultimate losses for each year. It is important to apply a number of estimation methods because each one relies on specific assumptions about the claims process that tend to hold generally true, but that may be violated in specific situations. Thus, the more estimation methods that can be applied, the better.

Santa Clara County Schools' Insurance Group - Liability
Estimated Ultimate Limited Losses Capped at \$100,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
1980-1990	\$2,561,519	\$2,561,519			\$2,561,692	\$2,561,519
1990-1991	590,184	590,184			590,180	590,184
1991-1992	298,402	298,402			298,400	298,402
1992-1993	299,476	299,476			299,538	299,476
1993-1994	559,768	559,768			559,746	559,768
1994-1995	287,724	287,724	287,724	287,724	287,728	287,724
1995-1996	386,264	386,264	386,264	386,264	386,280	386,264
1996-1997	296,870	296,870	296,870	296,870	296,940	296,870
1997-1998	526,407	526,407	526,407	526,407	526,354	526,407
1998-1999	341,408	341,408	341,408	341,408	341,408	341,408
1999-2000	299,935	299,935	299,935	299,935	299,954	299,935
2000-2001	257,450	257,450	257,450	257,450	257,490	257,450
2001-2002	342,699	343,042	342,699	343,042	342,720	342,699
2002-2003	467,931	468,867	467,931	468,867	467,928	467,931
2003-2004	628,725	631,175	628,725	631,185	630,054	630,000
2004-2005	547,572	551,393	547,581	551,424	548,947	549,000
2005-2006	673,200	655,980	672,716	654,366	1,076,832	673,000
2006-2007	500,427	511,737	501,754	516,666	969,780	508,000
2007-2008	608,530	612,937	608,121	609,416	785,004	609,000
2008-2009	196,858	168,090	214,779	282,838	490,120	249,000
2009-2010	951,396	447,859	878,121	538,718	555,324	878,000
Totals						\$11,612,037
			Projected Losses for the Year 2010-2011 (G)			\$603,000
			Projected Losses for the Year 2011-2012 (H)			\$612,000

Notes:

- (A) From Appendix A, Page 1, Column (D).
- (B) From Appendix B, Page 1, Column (D).
- (C) Based on results in Appendix C, Page 1.
- (D) Based on results in Appendix C, Page 2.
- (E) Based on results in Appendix D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (K) / Line (G) .
- (H) From Exhibit 5, Page 1, Line (K) / Line (G) .

This exhibit summarizes the results of the actuarial methods we have applied to estimate limited losses for each year. These results are used to select a limited loss rate for future years.

Santa Clara County Schools' Insurance Group - Liability

Selection of Projected Limited Loss Rate
and Projection of Program Losses and ULAE

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	ADA (D)	Trended Limited Loss Rate (E)
1994-1995	\$287,724	1.083	\$311,605	84,818	\$3.674
1995-1996	386,264	1.078	416,393	84,815	4.909
1996-1997	296,870	1.072	318,245	85,073	3.741
1997-1998	526,407	1.067	561,676	78,474	7.157
1998-1999	341,408	1.062	362,575	73,908	4.906
1999-2000	299,935	1.056	316,731	73,159	4.329
2000-2001	257,450	1.051	270,580	73,900	3.661
2001-2002	342,699	1.046	358,463	75,400	4.754
2002-2003	467,931	1.041	487,116	73,939	6.588
2003-2004	630,000	1.036	652,680	72,648	8.984
2004-2005	549,000	1.030	565,470	72,828	7.764
2005-2006	673,000	1.025	689,825	72,708	9.488
2006-2007	508,000	1.020	518,160	73,038	7.094
2007-2008	609,000	1.015	618,135	69,285	8.922
2008-2009	249,000	1.010	251,490	69,995	3.593
2009-2010	878,000	1.005	882,390	70,690	12.483
Totals	\$7,302,688		\$7,581,534	1,204,678	\$6.293
05/06-09/10	2,917,000		2,960,000	355,716	8.321
03/04-07/08	2,969,000		3,044,270	360,507	8.444
			(F) Selected Limited Rate:		\$8.450
			Prior Selected Limited Rate:		\$8.750
Program Year:		2010-2011	2011-2012		
(G) Factor to SIR:		1.000	1.000		
(H) Trend Factor:		1.000	1.005		
(I) Program Rate:		\$8.450	\$8.492		
(J) ADA:		71,400	72,110		
(K) Projected Program Losses:		603,000	612,000		
(L) Projected ULAE:		91,000	96,000		
(M) Projected Loss and ULAE:		\$694,000	\$708,000		

Notes appear on the next page.

Santa Clara County Schools' Insurance Group - Liability

Selection of Projected Limited Loss Rate
and Projection of Program Losses and ULAE

Notes:

- (A) From Exhibit 4, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E, Column (B).
- (C) (A) x (B).
- (D) From Appendix M, Page Page 2, Column (G).
- (E) (C) / (D).
- (F) Selected based on (E).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) From Appendix E.
- (I) (F) x (G) x (H).
- (J) From Appendix M, Page Page 2, Column (G).
- (K) (I) x (J).
- (L) Based on an estimated claim closing pattern and SCCSIG's historical claims administration expenses.
- (M) (K) + (L).

This exhibit shows the calculation of future loss costs based on the past loss rates per exposure. The projections will be accurate only to the extent that what has happened in the past is representative of what will happen in the future.

Santa Clara County Schools' Insurance Group - Liability

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/10 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 12/31/10 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1980-1990	\$2,561,519	1.000	\$2,561,519	\$2,418,009	1.000	\$2,418,009
1990-1991	590,184	1.000	590,184	588,783	1.000	588,783
1991-1992	298,402	1.000	298,402	298,402	1.000	298,402
1992-1993	299,476	1.000	299,476	299,476	1.000	299,476
1993-1994	559,768	1.000	559,768	559,343	1.000	559,343
1994-1995	287,724	1.000	287,724	287,724	1.000	287,724
1995-1996	386,264	1.000	386,264	386,264	1.000	386,264
1996-1997	296,870	1.000	296,870	296,870	1.000	296,870
1997-1998	526,407	1.000	526,407	526,407	1.000	526,407
1998-1999	341,408	1.000	341,408	341,408	1.000	341,408
1999-2000	299,935	1.000	299,935	299,935	1.000	299,935
2000-2001	257,450	1.000	257,450	257,450	1.000	257,450
2001-2002	342,699	1.000	342,699	342,699	1.000	342,699
2002-2003	467,931	1.000	467,931	467,931	1.000	467,931
2003-2004	628,725	1.000	628,725	628,725	1.000	628,725
2004-2005	545,934	1.003	547,572	545,934	1.003	547,572
2005-2006	668,520	1.007	673,200	668,520	1.007	673,200
2006-2007	494,493	1.012	500,427	494,493	1.012	500,427
2007-2008	595,431	1.022	608,530	595,431	1.022	608,530
2008-2009	187,842	1.048	196,858	187,842	1.048	196,858
2009-2010	756,277	1.258	951,396	756,277	1.258	951,396
Totals	\$11,393,259		\$11,622,745	\$11,247,923		\$11,477,409

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Group's SIR. Amounts are provided by SCCSIG.
- (F) Derived from factors on Appendix A, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses and case reserves as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Liability
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											296,870
1997-1998										526,407	526,407
1998-1999									341,908	341,408	341,408
1999-2000								299,935	299,935	299,935	299,935
2000-2001							257,450	257,450	257,450	257,450	257,450
2001-2002						344,107	342,699	342,699	342,699	342,699	
2002-2003					466,884	499,189	467,931	467,931	467,931		
2003-2004				623,428	627,181	645,581	638,707	628,725			
2004-2005			553,088	554,960	545,934	545,934	545,934				
2005-2006		164,256	655,046	633,240	623,520	668,520					
2006-2007	412,604	515,115	581,388	555,702	494,493						
2007-2008	123,767	519,378	538,438	595,431							
2008-2009	284,288	317,546	187,842								
2009-2010	238,727	756,277									
2010-2011	339,220										
	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											1.000
1997-1998										1.000	1.000
1998-1999									0.999	1.000	1.000
1999-2000								1.000	1.000	1.000	1.000
2000-2001							1.000	1.000	1.000	1.000	
2001-2002						0.996	1.000	1.000	1.000		
2002-2003					1.069	0.937	1.000	1.000			
2003-2004				1.006	1.029	0.989	0.984				
2004-2005			1.003	0.984	1.000	1.000					
2005-2006		3.988	0.967	0.985	1.072						
2006-2007	1.248	1.129	0.956	0.890							
2007-2008	4.196	1.037	1.106								
2008-2009	1.117	0.592									
2009-2010	3.168										
Average Dollar-weighted Averages	2.432	1.687	1.008	0.966	1.043	0.981	0.996	1.000	1.000	1.000	1.000
3-yr	2.463	0.967	1.005	0.954	1.035	0.977	0.993	1.000	1.000	1.000	1.000
4-yr	1.990	1.294	1.005	0.968	1.042	0.981	0.994	1.000	1.000	1.000	1.000
CSAC Factors	2.945	1.254	1.006	0.965	0.972	1.000	1.000	1.000	1.000	1.000	1.000
Prior	2.500	1.300	1.025	1.010	1.005	1.004	1.003	1.000	1.000	1.000	1.000
Selected	2.750	1.200	1.025	1.010	1.005	1.004	1.003	1.000	1.000	1.000	1.000
Cumulated	3.460	1.258	1.048	1.022	1.012	1.007	1.003	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Liability
Reported Loss Development

Limited Losses Reported as of:

Accident Year	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months
1990-1991						590,184	590,184	590,184	590,184	590,184
1991-1992					298,402	298,402	298,402	298,402	298,402	
1992-1993				299,476	299,476	299,476	299,476	299,476		
1993-1994			559,768	559,768	559,768	559,768	559,768			
1994-1995		287,724	287,724	287,724	287,724	287,724				
1995-1996	386,264	386,264	386,264	386,264	386,264					
1996-1997	296,870	296,870	296,870	296,870						
1997-1998	526,407	526,407	526,407							
1998-1999	341,408	341,408								
1999-2000	299,935									
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-Ult. Months
1990-1991						1.000	1.000	1.000	1.000	
1991-1992					1.000	1.000	1.000	1.000		
1992-1993				1.000	1.000	1.000	1.000			
1993-1994			1.000	1.000	1.000	1.000				
1994-1995		1.000	1.000	1.000	1.000					
1995-1996	1.000	1.000	1.000	1.000						
1996-1997	1.000	1.000	1.000							
1997-1998	1.000	1.000								
1998-1999	1.000									
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.000	1.000	1.000	1.000				
CSAC Factors	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Liability
Reported between \$100,000 and \$500,000 Loss Development

Losses Reported as of:

Accident Year	6 Months	18 Months	30 Months
2008-2009			
2009-2010		50,000	
2010-2011			

Reported Loss Development Factors:

Accident Year	6-18 Months	18-30 Months	30-Ult. Months
2008-2009			
2009-2010			

Average
Dollar-weighted
Averages
3-yr
4-yr
CSAC
Factors
Prior
Selected
Cumulated

4.611	1.861	1.607
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Santa Clara County Schools' Insurance Group - Liability

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/10 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 12/31/10 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1980-1990	\$2,561,519	1.000	\$2,561,519	\$2,418,009	1.000	\$2,418,009
1990-1991	590,184	1.000	590,184	588,783	1.000	588,783
1991-1992	298,402	1.000	298,402	298,402	1.000	298,402
1992-1993	299,476	1.000	299,476	299,476	0.999	299,177
1993-1994	559,768	1.000	559,768	559,343	0.999	558,784
1994-1995	287,724	1.000	287,724	287,724	0.998	287,149
1995-1996	386,264	1.000	386,264	386,264	1.000	386,264
1996-1997	296,870	1.000	296,870	296,870	1.000	296,870
1997-1998	526,407	1.000	526,407	526,407	1.000	526,407
1998-1999	341,408	1.000	341,408	341,408	1.000	341,408
1999-2000	299,935	1.000	299,935	299,935	1.000	299,935
2000-2001	257,450	1.000	257,450	257,450	1.000	257,450
2001-2002	342,699	1.001	343,042	342,699	1.001	343,042
2002-2003	467,931	1.002	468,867	467,931	1.002	468,867
2003-2004	628,035	1.005	631,175	628,035	1.005	631,175
2004-2005	545,934	1.010	551,393	545,934	1.010	551,393
2005-2006	639,980	1.025	655,980	639,980	1.025	655,980
2006-2007	484,599	1.056	511,737	484,599	1.056	511,737
2007-2008	555,197	1.104	612,937	555,197	1.104	612,937
2008-2009	121,804	1.380	168,090	121,804	1.380	168,090
2009-2010	170,808	2.622	447,859	170,808	2.622	447,859
Totals	\$10,662,394		\$11,096,487	\$10,517,058		\$10,949,718

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Group's SIR. Amounts are provided by SCCSIG.
- (F) Derived from factors on Appendix B, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Liability
Paid Loss Development

Limited Losses Paid as of:

Accident Year	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1989-1990											
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											296,870
1997-1998										526,407	526,407
1998-1999									341,408	341,408	341,408
1999-2000								299,935	299,935	299,935	299,935
2000-2001							257,450	257,450	257,450	257,450	257,450
2001-2002						341,788	342,699	342,699	342,699	342,699	
2002-2003					439,043	466,426	467,931	467,931	467,931		
2003-2004				582,864	593,990	620,242	627,009	628,035			
2004-2005			472,953	544,960	545,934	545,934	545,934				
2005-2006		497,931	536,743	610,878	622,262	639,980					
2006-2007	164,256	254,765	392,086	487,778	484,599						
2007-2008	87,788	356,076	477,447	555,197							
2008-2009	43,199	69,069	121,804								
2009-2010	8,829	170,808									
2010-2011	89,084										

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1989-1990											
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											1.000
1997-1998										1.000	1.000
1998-1999									1.000	1.000	1.000
1999-2000								1.000	1.000	1.000	1.000
2000-2001							1.000	1.000	1.000	1.000	
2001-2002						1.003	1.000	1.000	1.000		
2002-2003					1.062	1.003	1.000	1.000			
2003-2004				1.019	1.044	1.011	1.002				
2004-2005			1.152	1.002	1.000	1.000					
2005-2006		1.078	1.138	1.019	1.028						
2006-2007	1.551	1.539	1.244	0.993							
2007-2008	4.056	1.341	1.163								
2008-2009	1.599	1.764									
2009-2010	19.346										
Average Dollar-weighted Averages	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	6.638	1.431	1.174	1.008	1.034	1.004	1.001	1.000	1.000	1.000	1.000
3-yr	4.262	1.458	1.176	1.006	1.025	1.005	1.001	1.000	1.000	1.000	1.000
4-yr	2.798	1.297	1.170	1.009	1.032	1.005	1.001	1.000	1.000	1.000	1.000
CSAC Factors	4.218	2.117	1.446	1.151	1.057	1.033	1.015	1.010	1.008	1.008	1.006
Prior	4.000	1.950	1.250	1.045	1.030	1.015	1.005	1.003	1.001	1.001	1.000
Selected	4.500	1.900	1.250	1.045	1.030	1.015	1.005	1.003	1.001	1.001	1.000
Cumulated	11.799	2.622	1.380	1.104	1.056	1.025	1.010	1.005	1.002	1.001	1.000

Santa Clara County Schools' Insurance Group - Liability
Paid Loss Development

Accident Year	Limited Losses Paid as of:										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
1989-1990											2,561,519
1990-1991						590,184	590,184	590,184	590,184	590,184	
1991-1992					298,402	298,402	298,402	298,402	298,402		
1992-1993				299,476	299,476	299,476	299,476	299,476			
1993-1994			559,768	559,768	559,768	559,768	559,768				
1994-1995		287,724	287,724	287,724	287,724	287,724					
1995-1996	386,264	386,264	386,264	386,264	386,264						
1996-1997	296,870	296,870	296,870	296,870							
1997-1998	526,407	526,407	526,407								
1998-1999	341,408	341,408									
1999-2000	299,935										
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
1989-1990											
1990-1991						1.000	1.000	1.000	1.000		
1991-1992					1.000	1.000	1.000	1.000			
1992-1993				1.000	1.000	1.000	1.000				
1993-1994			1.000	1.000	1.000	1.000					
1994-1995		1.000	1.000	1.000	1.000						
1995-1996	1.000	1.000	1.000	1.000							
1996-1997	1.000	1.000	1.000								
1997-1998	1.000	1.000									
1998-1999	1.000										
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
Average	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Dollar-weighted											
Averages											
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
4-yr	1.000	1.000	1.000	1.000	1.000	1.000					
CSAC											
Factors	1.006	1.004	1.004	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.001
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Liability
Paid between \$100,000 and \$500,000 Loss Development

Losses Paid as of:

Accident Year	6 Months	18 Months	30 Months
2008-2009			
2009-2010			
2010-2011			

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-Ult. Months
2008-2009			
2009-2010			

Average
Dollar-weighted
Averages
3-yr
4-yr
CSAC
Factors
Prior
Selected
Cumulated

	9.143	3.115	3.729
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Santa Clara County Schools' Insurance Group - Liability

Exposure and Development Method
Based on Reported Losses

Accident Year	ADA (A)	Reported Losses as of 12/31/10 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
1994-1995	84,818	\$287,724	1.000	0.000	\$2.812	\$0	\$287,724
1995-1996	84,815	386,264	1.000	0.000	4.554	0	386,264
1996-1997	85,073	296,870	1.000	0.000	3.490	0	296,870
1997-1998	78,474	526,407	1.000	0.000	6.708	0	526,407
1998-1999	73,908	341,408	1.000	0.000	4.619	0	341,408
1999-2000	73,159	299,935	1.000	0.000	4.100	0	299,935
2000-2001	73,900	257,450	1.000	0.000	3.484	0	257,450
2001-2002	75,400	342,699	1.000	0.000	4.545	0	342,699
2002-2003	73,939	467,931	1.000	0.000	6.329	0	467,931
2003-2004	72,648	628,725	1.000	0.000	8.672	0	628,725
2004-2005	72,828	545,934	1.003	0.003	7.538	1,647	547,581
2005-2006	72,708	668,520	1.007	0.007	8.244	4,196	672,716
2006-2007	73,038	494,493	1.012	0.012	8.284	7,261	501,754
2007-2008	69,285	595,431	1.022	0.022	8.325	12,690	608,121
2008-2009	69,995	187,842	1.048	0.046	8.366	26,937	214,779
2009-2010	70,690	756,277	1.258	0.205	8.408	121,844	878,121
Totals	1,204,678	\$7,083,910				\$174,575	\$7,258,485

Notes:

- (A) Provided by SCCSIG.
- (B) Provided by SCCSIG. These losses exclude amounts incurred above the Group's SIR for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

Santa Clara County Schools' Insurance Group - Liability

Exposure and Development Method
Based on Paid Losses

Accident Year	ADA (A)	Paid Losses as of 12/31/10 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
1994-1995	84,818	\$287,724	0.998	(0.002)	\$2.812	(\$477)	\$287,247
1995-1996	84,815	386,264	1.000	0.000	4.554	0	386,264
1996-1997	85,073	296,870	1.000	0.000	3.490	0	296,870
1997-1998	78,474	526,407	1.000	0.000	6.708	0	526,407
1998-1999	73,908	341,408	1.000	0.000	4.619	0	341,408
1999-2000	73,159	299,935	1.000	0.000	4.100	0	299,935
2000-2001	73,900	257,450	1.000	0.000	3.484	0	257,450
2001-2002	75,400	342,699	1.001	0.001	4.545	343	343,042
2002-2003	73,939	467,931	1.002	0.002	6.329	936	468,867
2003-2004	72,648	628,035	1.005	0.005	8.672	3,150	631,185
2004-2005	72,828	545,934	1.010	0.010	7.538	5,490	551,424
2005-2006	72,708	639,980	1.025	0.024	8.244	14,386	654,366
2006-2007	73,038	484,599	1.056	0.053	8.284	32,067	516,666
2007-2008	69,285	555,197	1.104	0.094	8.325	54,219	609,416
2008-2009	69,995	121,804	1.380	0.275	8.366	161,034	282,838
2009-2010	70,690	170,808	2.622	0.619	8.408	367,910	538,718
Totals	1,204,678	\$6,353,045				\$639,058	\$6,992,103

Notes:

- (A) Provided by SCCSIG.
- (B) Provided by SCCSIG. These losses exclude amounts paid above the Group's SIR for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

Santa Clara County Schools' Insurance Group - Liability

Exposure and Development Method

Accident Year	ADA (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
1994-1995	84,818	\$287,724	1.083	\$311,605	\$3.674	\$3.392	0.829	\$2.812
1995-1996	84,815	386,264	1.078	416,393	4.909	4.554	1.000	4.554
1996-1997	85,073	296,870	1.072	318,245	3.741	3.490	1.000	3.490
1997-1998	78,474	526,407	1.067	561,676	7.157	6.708	1.000	6.708
1998-1999	73,908	341,408	1.062	362,575	4.906	4.619	1.000	4.619
1999-2000	73,159	299,935	1.056	316,731	4.329	4.100	1.000	4.100
2000-2001	73,900	257,450	1.051	270,580	3.661	3.484	1.000	3.484
2001-2002	75,400	342,699	1.046	358,463	4.754	4.545	1.000	4.545
2002-2003	73,939	467,931	1.041	487,116	6.588	6.329	1.000	6.329
2003-2004	72,648	630,000	1.036	652,680	8.984	8.672	1.000	8.672
2004-2005	72,828	549,000	1.030	565,470	7.764	7.538	1.000	7.538
2005-2006	72,708	673,000	1.025	689,825	9.488	8.244	1.000	8.244
2006-2007	73,038	506,000	1.020	516,120	7.066	8.284	1.000	8.284
2007-2008	69,285	611,000	1.015	620,165	8.951	8.325	1.000	8.325
2008-2009	69,995	197,000	1.010	198,970	2.843	8.366	1.000	8.366
2009-2010	70,690	784,000	1.005	787,920	11.146	8.408	1.000	8.408
Total/Avg	1,204,678	\$7,156,688		\$7,434,534	\$6.171			
04/05-08/09	357,854	2,536,000		2,590,550	\$7.239			
03/04-07/08	360,507	2,969,000		3,044,260	\$8.444			
				Selected Limited Rate:	\$8.450			
				Prior Selected Limited Rate:	\$8.750			

Notes:

- (A) Provided by SCCSIG.
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2004-2005 and prior (B) / (A).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the underlying historical relationship between losses and exposure that is needed to apply the estimation methods shown on pages 1 and 2 of this Appendix.

Santa Clara County Schools' Insurance Group - Liability

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Ultimate Claims (B)	Ultimate Program Losses (C)
1980-1990	\$2,393	958	\$2,292,494
1990-1991	4,342	115	499,330
1991-1992	2,513	100	251,300
1992-1993	1,946	129	251,034
1993-1994	3,853	121	466,213
1994-1995	2,130	112	238,560
1995-1996	3,330	116	386,280
1996-1997	2,121	140	296,940
1997-1998	3,842	137	526,354
1998-1999	3,632	94	341,408
1999-2000	3,191	94	299,954
2000-2001	2,861	90	257,490
2001-2002	4,080	84	342,720
2002-2003	4,824	97	467,928
2003-2004	4,437	142	630,054
2004-2005	4,613	119	548,947
2005-2006	11,217	96	1,076,832
2006-2007	11,545	84	969,780
2007-2008	11,894	66	785,004
2008-2009	12,253	40	490,120
2009-2010	12,621	44	555,324
Total		2,978	\$11,974,066

Notes:

- (A) From Appendix D, Page 2, Column (H).
(B) From Appendix D, Page 2, Column (B).
(C) (A) x (B).

This exhibit shows the calculation of the estimated ultimate losses for each year based on the observed average frequency and severity of claims.

Santa Clara County Schools' Insurance Group - Liability

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
1980-1990	\$2,561,519	958	\$2,674	1.860	\$4,974	\$2,674	0.895	\$2,393
1990-1991	590,184	115	5,132	1.806	9,268	5,132	0.846	4,342
1991-1992	298,402	100	2,984	1.754	5,234	2,984	0.842	2,513
1992-1993	299,476	129	2,322	1.702	3,952	2,322	0.838	1,946
1993-1994	559,768	121	4,626	1.653	7,647	4,626	0.833	3,853
1994-1995	287,724	112	2,569	1.605	4,123	2,569	0.829	2,130
1995-1996	386,264	116	3,330	1.558	5,188	3,330	1.000	3,330
1996-1997	296,870	140	2,121	1.513	3,209	2,121	1.000	2,121
1997-1998	526,407	137	3,842	1.469	5,644	3,842	1.000	3,842
1998-1999	341,408	94	3,632	1.426	5,179	3,632	1.000	3,632
1999-2000	299,935	94	3,191	1.384	4,416	3,191	1.000	3,191
2000-2001	257,450	90	2,861	1.344	3,845	2,861	1.000	2,861
2001-2002	342,699	84	4,080	1.305	5,324	4,080	1.000	4,080
2002-2003	467,931	97	4,824	1.267	6,112	4,824	1.000	4,824
2003-2004	630,000	142	4,437	1.230	5,458	4,437	1.000	4,437
2004-2005	549,000	119	4,613	1.194	5,508	4,613	1.000	4,613
2005-2006	673,000	96	7,010	1.159	8,125	11,217	1.000	11,217
2006-2007	508,000	84	6,048	1.126	6,810	11,545	1.000	11,545
2007-2008	609,000	66	9,227	1.093	10,085	11,894	1.000	11,894
2008-2009	249,000	40	6,225	1.061	6,605	12,253	1.000	12,253
2009-2010	878,000	44	19,955	1.030	20,554	12,621	1.000	12,621

Average Limited Severity: \$6,536
 Average 08/09-09/10 Limited Severity: \$13,580

Selected Limited Severity: \$13,000
 Prior Selected Limited Severity: \$9,000

Notes:

- (A) Selected average of results from Appendices A, B, and C.
- (B) Appendix D, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the historical average cost per claim, or severity. The observed average severity is used in the method shown on page 1 of this Appendix.

Santa Clara County Schools' Insurance Group - Liability

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	ADA (10,000s) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
1980-1990	958	958	958			0.588	
1990-1991	115	115	115			0.603	
1991-1992	100	100	100			0.618	
1992-1993	129	129	129			0.634	
1993-1994	121	121	121			0.650	
1994-1995	112	112	112	8.482	13.205	0.667	8.808
1995-1996	116	116	116	8.482	13.677	0.684	9.355
1996-1997	140	140	140	8.507	16.456	0.702	11.552
1997-1998	137	137	137	7.847	17.458	0.720	12.570
1998-1999	94	94	94	7.391	12.719	0.738	9.387
1999-2000	94	94	94	7.316	12.849	0.757	9.727
2000-2001	90	90	90	7.390	12.179	0.776	9.451
2001-2002	84	84	84	7.540	11.141	0.796	8.868
2002-2003	97	97	97	7.394	13.119	0.817	10.718
2003-2004	142	141	142	7.265	19.546	0.838	16.380
2004-2005	119	118	119	7.283	16.340	0.859	14.036
2005-2006	96	94	96	7.271	13.203	0.881	11.632
2006-2007	84	85	84	7.304	11.501	0.904	10.397
2007-2008	66	64	66	6.929	9.526	0.927	8.831
2008-2009	40	40	40	7.000	5.715	0.951	5.435
2009-2010	44	31	44	7.069	6.224	0.975	6.068
Total	2,978	2,960	2,978	120.468			10.221

(H) Selected 2010-2011 Frequency: 6.500

Program Year:	2010-2011	2011-2012
(I) Trend Factor:	1.000	0.975
(J) Selected Frequency:	6.500	6.338
(K) ADA:	7.140	7.211
(L) Ultimate Claims:	46	46

Notes:

- (A) From Appendix D, Page 4, (C).
- (B) From Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix M, Page 2, (G).
- (E) (C) / (D).
- (F) From Appendix E.
- (G) (E) x (F).
- (H) The selected frequency of 6.500 is based on (G).
- (I) From Appendix E.
- (J) (H) x (I).
- (K) From Appendix M, Page 2, (G).
- (L) (J) x (K).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per 10,000 units of ADA, Appendix M, Page 2, Item (G).

Santa Clara County Schools' Insurance Group - Liability

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2010 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1980-1990	958	1.000	958	
1990-1991	115	1.000	115	
1991-1992	100	1.000	100	
1992-1993	129	1.000	129	
1993-1994	121	1.000	121	
1994-1995	112	1.000	112	8.808
1995-1996	116	1.000	116	9.355
1996-1997	140	1.000	140	11.552
1997-1998	137	1.000	137	12.570
1998-1999	94	1.000	94	9.386
1999-2000	94	1.000	94	9.726
2000-2001	90	1.000	90	9.451
2001-2002	84	1.001	84	8.868
2002-2003	97	1.003	97	10.718
2003-2004	141	1.005	142	16.380
2004-2005	118	1.009	119	14.036
2005-2006	95	1.013	96	11.632
2006-2007	83	1.018	84	10.397
2007-2008	65	1.023	66	8.830
2008-2009	38	1.041	40	5.435
2009-2010	37	1.183	44	6.069
Total	2,964		2,978	10.221

Notes:

- (A) Provided by SCCSIG.
- (B) From Appendix D, Page 6.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by SCCSIG. These numbers of claims tend to "develop" or change from period to period as more claims are filed. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Liability

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2010 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1980-1990	958	1.000	958	
1990-1991	115	1.000	115	
1991-1992	100	1.000	100	
1992-1993	129	1.000	129	
1993-1994	121	1.000	121	
1994-1995	112	1.000	112	8.808
1995-1996	116	1.000	116	9.355
1996-1997	140	1.000	140	11.552
1997-1998	137	1.000	137	12.570
1998-1999	94	1.000	94	9.386
1999-2000	94	1.000	94	9.726
2000-2001	90	1.000	90	9.451
2001-2002	84	1.000	84	8.868
2002-2003	97	1.000	97	10.718
2003-2004	141	1.000	141	16.264
2004-2005	118	1.002	118	13.918
2005-2006	93	1.012	94	11.390
2006-2007	83	1.022	85	10.521
2007-2008	61	1.042	64	8.563
2008-2009	35	1.146	40	5.435
2009-2010	21	1.490	31	4.276
Total	2,939		2,960	10.079

Notes:

- (A) Provided by SCCSIG.
- (B) From Appendix D, Page 7.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by SCCSIG. These numbers of closed claims tend to "develop" or change from period to period as more claims are closed. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Liability
Reported Claim Count Development

Accident Year	Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														121
1994-1995													112	112
1995-1996												116	116	116
1996-1997											139	139	139	140
1997-1998										137	137	137	137	137
1998-1999									94	94	94	94	94	
1999-2000								95	94	94	94	94	94	
2000-2001							92	90	90	90	90			
2001-2002						85	84	84	84	84				
2002-2003					95	97	97	97	97					
2003-2004				141	141	141	141	141						
2004-2005			117	118	118	118	118							
2005-2006		95	95	95	95	95								
2006-2007	60	81	82	83	83									
2007-2008	21	63	65	65										
2008-2009	75	47	38											
2009-2010	41	37												
2010-2011	42													

The 06-07 diagonal is as of 3/31/07

The 09-10 diagonal excludes closed no pay claims for the 08-09 and 09-10 entries.

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														1.000
1994-1995													1.000	1.000
1995-1996												1.000	1.000	1.000
1996-1997											1.000	1.000	1.007	1.000
1997-1998										1.000	1.000	1.000	1.000	
1998-1999									1.000	1.000	1.000	1.000		
1999-2000								0.989	1.000	1.000	1.000			
2000-2001							0.978	1.000	1.000	1.000				
2001-2002						0.988	1.000	1.000	1.000					
2002-2003					1.021	1.000	1.000	1.000						
2003-2004				1.000	1.000	1.000	1.000							
2004-2005			1.009	1.000	1.000	1.000								
2005-2006		1.000	1.000	1.000	1.000									
2006-2007	1.350	1.012	1.012	1.000										
2007-2008	3.000	1.032	1.000											
2008-2009	0.627	0.809												
2009-2010	0.902													

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	1.470	0.963	1.005	1.000	1.005	0.997	0.995	0.997	1.000	1.000	1.000	1.000	1.002	1.000

Claim-weighted Averages

3-yr	1.073	0.969	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.003	1.000
4-yr	1.157	0.979	1.006	1.000	1.004	0.998	0.995	0.997	1.000	1.000	1.000	1.000	1.002	1.000
CSAC Factors	2.633	1.136	1.018	1.005	1.005	1.004	1.004	1.002	1.002	1.001	1.000	1.000	1.000	1.000
Prior	2.500	1.035	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.500	1.010	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Cumulated

Santa Clara County Schools' Insurance Group - Liability
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														121
1994-1995													112	112
1995-1996												116	116	116
1996-1997											139	139	139	140
1997-1998										137	137	137	137	137
1998-1999									93	94	94	94	94	
1999-2000								95	94	94	94	94		
2000-2001							92	90	90	90	90			
2001-2002						84	84	84	84	84				
2002-2003					94	94	97	97	97					
2003-2004				131	138	139	139	141						
2004-2005			110	115	118	118	118							
2005-2006		77	86	94	93	93								
2006-2007	17	58	75	78	83									
2007-2008	7	47	57	61										
2008-2009	3	23	35											
2009-2010	1	21												
2010-2011	5													

The 06-07 diagonal is as of 3/31/07

The 09-10 diagonal excludes closed no pay claims for the 08-09 and 09-10 entries.

Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														1.000
1994-1995													1.000	1.000
1995-1996												1.000	1.000	1.000
1996-1997											1.000	1.000	1.007	1.000
1997-1998										1.000	1.000	1.000	1.000	
1998-1999									1.011	1.000	1.000	1.000		
1999-2000								0.989	1.000	1.000	1.000			
2000-2001							0.978	1.000	1.000	1.000				
2001-2002						1.000	1.000	1.000	1.000					
2002-2003					1.000	1.032	1.000	1.000						
2003-2004				1.053	1.007	1.000	1.014							
2004-2005			1.045	1.026	1.000	1.000								
2005-2006		1.117	1.093	0.989	1.000									
2006-2007	3.412	1.293	1.040	1.064										
2007-2008	6.714	1.213	1.070											
2008-2009	7.667	1.522												
2009-2010	21.000													

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	9.698	1.286	1.062	1.033	1.002	1.008	0.998	0.997	1.003	1.000	1.000	1.000	1.002	1.000

Claim-weighted Averages

3-yr	8.273	1.305	1.069	1.024	1.003	1.009	1.006	1.000	1.000	1.000	1.000	1.000	1.003	1.000
4-yr	5.321	1.234	1.061	1.033	1.002	1.007	1.000	0.997	1.003	1.000	1.000	1.000	1.002	1.000
CSAC Factors	3.387	1.495	1.122	1.051	1.033	1.020	1.012	1.010	1.007	1.005	1.005	1.003	1.003	1.001
Prior	3.750	1.300	1.100	1.020	1.010	1.010	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	3.750	1.300	1.100	1.020	1.010	1.010	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	5.588	1.490	1.146	1.042	1.022	1.012	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Liability

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2010-2011 Loss Rate Level (B)	Factor to 2011-2012 Loss Rate Level (C)	Factor to 2012-2013 Loss Rate Level (D)	Factor to 2013-2014 Loss Rate Level (E)	Factor to 2010-2011 Frequency Level (F)	Factor to 2011-2012 Frequency Level (G)	Factor to 2012-2013 Frequency Level (H)	Factor to 2013-2014 Frequency Level (I)	Factor to 2010-2011 Severity Level (J)
1989-1990	1.000	1.110	1.116	1.122	1.127	0.588	0.573	0.559	0.545	1.860
1990-1991	1.000	1.105	1.110	1.116	1.122	0.603	0.588	0.573	0.559	1.806
1991-1992	1.000	1.099	1.105	1.110	1.116	0.618	0.603	0.588	0.573	1.754
1992-1993	1.000	1.094	1.099	1.105	1.110	0.634	0.618	0.603	0.588	1.702
1993-1994	1.000	1.088	1.094	1.099	1.105	0.650	0.634	0.618	0.603	1.653
1994-1995	1.000	1.083	1.088	1.094	1.099	0.667	0.650	0.634	0.618	1.605
1995-1996	1.000	1.078	1.083	1.088	1.094	0.684	0.667	0.650	0.634	1.558
1996-1997	1.000	1.072	1.078	1.083	1.088	0.702	0.684	0.667	0.650	1.513
1997-1998	1.000	1.067	1.072	1.078	1.083	0.720	0.702	0.684	0.667	1.469
1998-1999	1.000	1.062	1.067	1.072	1.078	0.738	0.720	0.702	0.684	1.426
1999-2000	1.000	1.056	1.062	1.067	1.072	0.757	0.738	0.720	0.702	1.384
2000-2001	1.000	1.051	1.056	1.062	1.067	0.776	0.757	0.738	0.720	1.344
2001-2002	1.000	1.046	1.051	1.056	1.062	0.796	0.776	0.757	0.738	1.305
2002-2003	1.000	1.041	1.046	1.051	1.056	0.817	0.796	0.776	0.757	1.267
2003-2004	1.000	1.036	1.041	1.046	1.051	0.838	0.817	0.796	0.776	1.230
2004-2005	1.000	1.030	1.036	1.041	1.046	0.859	0.838	0.817	0.796	1.194
2005-2006	1.000	1.025	1.030	1.036	1.041	0.881	0.859	0.838	0.817	1.159
2006-2007	1.000	1.020	1.025	1.030	1.036	0.904	0.881	0.859	0.838	1.126
2007-2008	1.000	1.015	1.020	1.025	1.030	0.927	0.904	0.881	0.859	1.093
2008-2009	1.000	1.010	1.015	1.020	1.025	0.951	0.927	0.904	0.881	1.061
2009-2010	1.000	1.005	1.010	1.015	1.020	0.975	0.951	0.927	0.904	1.030
2010-2011	1.000	1.000	1.005	1.010	1.015	1.000	0.975	0.951	0.927	1.000
2011-2012	1.000	--	1.000	1.005	1.010	--	1.000	0.975	0.951	0.971
2012-2013	1.000	--	--	1.000	1.005	--	--	1.000	0.975	--
2013-2014	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) No benefit level adjustment applied.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.5% annual frequency trend.
- (J) (A) adjusted for a 3.0% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in inflation.

Santa Clara County Schools' Insurance Group - Liability

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/10

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2010-2011	37.0	\$1,365	1.000	\$1,365	\$50,505
2011-2012	11.9	1,365	1.050	1,433	17,053
2012-2013	5.1	1,365	1.103	1,506	7,681
2013-2014	2.4	1,365	1.158	1,581	3,794
2014-2015	2.1	1,365	1.216	1,660	3,486
2015-2016	1.9	1,365	1.277	1,743	3,312
2016-2017	2.0	1,365	1.341	1,830	3,660
2017-2018	2.0	1,365	1.408	1,922	3,844
2018-2019	1.0	1,365	1.478	2,017	2,017
2019-2020	0.0	1,365	1.552	2,118	0
2020-2021	0.0	1,365	1.630	2,225	0
2021-2022	0.0	1,365	1.712	2,337	0
2022-2023	0.0	1,365	1.798	2,454	0
2023-2024	0.0	1,365	1.888	2,577	0
2024-2025	0.0	1,365	1.982	2,705	0
2025-2026	0.0	1,365	2.081	2,841	0
2026-2027	0.0	1,365	2.185	2,983	0
2027-2028	0.0	1,365	2.294	3,131	0

(G) Total ULAE Outstanding as of 6/30/10: \$95,352

(H) Total ULAE Outstanding as of 12/31/10: \$97,000

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by SCCSIG.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).
- (H) (G) from this page and the next, interpolated to 12/31/10.

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

Santa Clara County Schools' Insurance Group - Liability

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/11

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2011-2012	34.2	\$1,365	1.050	\$1,433	\$49,009
2012-2013	14.2	1,365	1.103	1,506	21,385
2013-2014	4.9	1,365	1.158	1,581	7,747
2014-2015	2.5	1,365	1.216	1,660	4,150
2015-2016	1.9	1,365	1.277	1,743	3,312
2016-2017	2.0	1,365	1.341	1,830	3,660
2017-2018	2.0	1,365	1.408	1,922	3,844
2018-2019	2.0	1,365	1.478	2,017	4,034
2019-2020	1.0	1,365	1.552	2,118	2,118
2020-2021	0.0	1,365	1.630	2,225	0
2021-2022	0.0	1,365	1.712	2,337	0
2022-2023	0.0	1,365	1.798	2,454	0
2023-2024	0.0	1,365	1.888	2,577	0
2024-2025	0.0	1,365	1.982	2,705	0
2025-2026	0.0	1,365	2.081	2,841	0
2026-2027	0.0	1,365	2.185	2,983	0
2027-2028	0.0	1,365	2.294	3,131	0
2028-2029	0.0	1,365	2.409	3,288	0
(G) Total ULAE Outstanding as of 6/30/11:					\$99,259

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by SCCSIG.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

Santa Clara County Schools' Insurance Group - Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2010</u>	<u>Calendar Period</u>	
		<u>1/1/2011</u> <u>to</u> <u>6/30/2011</u>	<u>7/1/2011</u> <u>to</u> <u>6/30/2012</u>
Prior			
Ultimate Loss	\$4,164,013	\$4,164,013	\$4,164,013
Paid in Calendar Period	-		
Paid to Date	4,164,013	4,164,013	4,164,013
Outstanding Liability			
1994-1995			
Ultimate Loss	\$287,724	\$287,724	\$287,724
Paid in Calendar Period	-		
Paid to Date	287,724	287,724	287,724
Outstanding Liability			
1995-1996			
Ultimate Loss	\$386,264	\$386,264	\$386,264
Paid in Calendar Period	-		
Paid to Date	386,264	386,264	386,264
Outstanding Liability			
1996-1997			
Ultimate Loss	\$296,870	\$296,870	\$296,870
Paid in Calendar Period	-		
Paid to Date	296,870	296,870	296,870
Outstanding Liability			
1997-1998			
Ultimate Loss	\$526,407	\$526,407	\$526,407
Paid in Calendar Period	-		
Paid to Date	526,407	526,407	526,407
Outstanding Liability			
1998-1999			
Ultimate Loss	\$341,408	\$341,408	\$341,408
Paid in Calendar Period	-		
Paid to Date	341,408	341,408	341,408
Outstanding Liability			
1999-2000			
Ultimate Loss	\$299,935	\$299,935	\$299,935
Paid in Calendar Period	-		
Paid to Date	299,935	299,935	299,935
Outstanding Liability			

Santa Clara County Schools' Insurance Group - Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2010</u>	<u>Calendar Period</u>	
		<u>1/1/2011</u> <u>to</u> <u>6/30/2011</u>	<u>7/1/2011</u> <u>to</u> <u>6/30/2012</u>
2000-2001			
Ultimate Loss	\$257,450	\$257,450	\$257,450
Paid in Calendar Period	-		
Paid to Date	257,450	257,450	257,450
Outstanding Liability			
2001-2002			
Ultimate Loss	\$342,699	\$342,699	\$342,699
Paid in Calendar Period	-		
Paid to Date	342,699	342,699	342,699
Outstanding Liability			
2002-2003			
Ultimate Loss	\$467,931	\$467,931	\$467,931
Paid in Calendar Period	-		
Paid to Date	467,931	467,931	467,931
Outstanding Liability			
2003-2004			
Ultimate Loss	\$630,000	\$630,000	\$630,000
Paid in Calendar Period	-	784	787
Paid to Date	628,035	628,819	629,606
Outstanding Liability	1,965	1,181	394
2004-2005			
Ultimate Loss	\$549,000	\$549,000	\$549,000
Paid in Calendar Period	-	914	1,227
Paid to Date	545,934	546,848	548,075
Outstanding Liability	3,066	2,152	925
2005-2006			
Ultimate Loss	\$673,000	\$673,000	\$673,000
Paid in Calendar Period	-	10,401	13,209
Paid to Date	639,980	650,381	663,590
Outstanding Liability	33,020	22,619	9,410
2006-2007			
Ultimate Loss	\$508,000	\$508,000	\$508,000
Paid in Calendar Period	-	6,435	9,586
Paid to Date	484,599	491,034	500,620
Outstanding Liability	23,401	16,966	7,380

Santa Clara County Schools' Insurance Group - Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2010</u>	<u>Calendar Period</u>	
		<u>1/1/2011</u> <u>to</u> <u>6/30/2011</u>	<u>7/1/2011</u> <u>to</u> <u>6/30/2012</u>
2007-2008			
Ultimate Loss	\$609,000	\$609,000	\$609,000
Paid in Calendar Period	-	11,998	19,857
Paid to Date	555,197	567,195	587,052
Outstanding Liability	53,803	41,805	21,948
2008-2009			
Ultimate Loss	\$249,000	\$249,000	\$249,000
Paid in Calendar Period	-	41,720	51,628
Paid to Date	121,804	163,524	215,152
Outstanding Liability	127,196	85,476	33,848
2009-2010			
Ultimate Loss	\$878,000	\$878,000	\$878,000
Paid in Calendar Period	-	196,599	299,207
Paid to Date	170,808	367,407	666,614
Outstanding Liability	707,192	510,593	211,386
2010-2011			
Ultimate Loss	\$302,000	\$603,000	\$603,000
Paid in Calendar Period	-	83,254	179,586
Paid to Date	89,084	172,338	351,924
Outstanding Liability	212,916	430,662	251,076
2011-2012			
Ultimate Loss	-	-	\$612,000
Paid in Calendar Period	-	-	142,596
Paid to Date	-	-	142,596
Outstanding Liability	-	-	469,404
Totals			
Ultimate Loss	\$11,768,701	\$12,069,701	\$12,681,701
Paid in Calendar Period	-	352,105	717,683
Paid to Date	10,606,142	10,958,247	11,675,930
Outstanding Liability	1,162,559	1,111,454	1,005,771
Total Outstanding ULAE	97,000	99,259	107,411
Outstanding Liability plus ULAE	1,259,559	1,210,713	1,113,182

Notes appear on the next page.

Santa Clara County Schools' Insurance Group - Liability
Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2008-2009, \$41,720 is expected to be paid between 1/1/11 and 6/30/11, \$163,524 will have been paid by 6/30/11, and the reserve for remaining payments on these claims should be \$85,476.
- Ultimate Losses for each accident year are from Exhibit 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, \$51,628 = \$85,476 x 60.4%.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, \$215,152 = \$51,628 + \$163,524.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, \$85,476 = \$249,000 - \$163,524.

This exhibit shows the calculation of the liability for outstanding claims as of the date of evaluation, the end of the current fiscal year, and the end of the coming fiscal year. It also shows the expected claims payout during the remainder of the current fiscal year and the coming fiscal year. Refer to the Totals at the end of the exhibit for the balance sheet information. The top parts of the exhibit show information for each program year.

Santa Clara County Schools' Insurance Group - Liability

Short- and Long-Term Liabilities

<u>Liabilities as of 12/31/10:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$268,851	\$264,907
	ULAE:	50,505	49,764
	Short-Term Loss and LAE:	<u>\$319,356</u>	<u>\$314,671</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$893,708	\$850,669
	ULAE:	46,495	43,316
	Long-Term Loss and LAE:	<u>\$940,203</u>	<u>\$893,985</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,162,559	\$1,115,576
	ULAE:	97,000	93,080
	Total Loss and LAE:	<u>\$1,259,559</u>	<u>\$1,208,656</u>
<u>Liabilities as of 6/30/11:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$575,087	\$566,650
	ULAE:	49,009	48,290
	Short-Term Loss and LAE:	<u>\$624,096</u>	<u>\$614,940</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$536,367	\$502,253
	ULAE:	50,250	47,169
	Long-Term Loss and LAE:	<u>\$586,617</u>	<u>\$549,422</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,111,454	\$1,068,903
	ULAE:	99,259	95,459
	Total Loss and LAE:	<u>\$1,210,713</u>	<u>\$1,164,362</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 12/31/10:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$298,550	\$313,120	\$330,339	\$351,796	\$380,406
	ULAE:	56,084	58,821	62,056	66,087	71,461
	Short-Term Loss and LAE:	<u>\$354,634</u>	<u>\$371,941</u>	<u>\$392,395</u>	<u>\$417,883</u>	<u>\$451,867</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$958,704	\$1,005,491	\$1,060,784	\$1,129,689	\$1,221,561
	ULAE:	48,817	51,199	54,015	57,523	62,202
	Long-Term Loss and LAE:	<u>\$1,007,521</u>	<u>\$1,056,690</u>	<u>\$1,114,799</u>	<u>\$1,187,212</u>	<u>\$1,283,763</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,257,254	\$1,318,611	\$1,391,123	\$1,481,485	\$1,601,967
	ULAE:	104,901	110,020	116,071	123,610	133,663
	Total Loss and LAE:	<u>\$1,362,155</u>	<u>\$1,428,631</u>	<u>\$1,507,194</u>	<u>\$1,605,095</u>	<u>\$1,735,630</u>
<u>Liabilities as of 6/30/11:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$638,615	\$669,780	\$706,613	\$752,511	\$813,709
	ULAE:	54,423	57,079	60,218	64,129	69,344
	Short-Term Loss and LAE:	<u>\$693,038</u>	<u>\$726,859</u>	<u>\$766,831</u>	<u>\$816,640</u>	<u>\$883,053</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$566,039	\$593,663	\$626,309	\$666,992	\$721,236
	ULAE:	53,159	55,754	58,819	62,641	67,735
	Long-Term Loss and LAE:	<u>\$619,198</u>	<u>\$649,417</u>	<u>\$685,128</u>	<u>\$729,633</u>	<u>\$788,971</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,204,654	\$1,263,443	\$1,332,922	\$1,419,503	\$1,534,945
	ULAE:	107,582	112,833	119,037	126,770	137,079
	Total Loss and LAE:	<u>\$1,312,236</u>	<u>\$1,376,276</u>	<u>\$1,451,959</u>	<u>\$1,546,273</u>	<u>\$1,672,024</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Appendix G that is expected to be paid out within the coming year. Totals may vary from Exhibit 1, due to rounding.

Santa Clara County Schools' Insurance Group - Liability

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/10 (A)	Discount Factor (B)	Discounted Reserve at 12/31/10 (C)	Full Value of Reserve at 6/30/11 (D)	Discount Factor (E)	Discounted Reserve at 6/30/11 (F)
2003-2004	\$1,965	0.972	\$1,911	\$1,181	0.976	\$1,152
2004-2005	3,066	0.968	2,968	2,152	0.969	2,085
2005-2006	33,020	0.966	31,894	22,619	0.967	21,868
2006-2007	23,401	0.962	22,523	16,966	0.965	16,373
2007-2008	53,803	0.962	51,761	41,805	0.960	40,129
2008-2009	127,196	0.965	122,691	85,476	0.964	82,416
2009-2010	707,192	0.961	679,625	510,593	0.965	492,701
2010-2011	212,916	0.950	202,203	430,662	0.957	412,179
Totals	\$1,162,559		\$1,115,576	\$1,111,454		\$1,068,903

(G) Discount Factor at 12/31/10 for Overall Reserve:	0.960
(H) Discount Factor at 6/30/11 for Overall Reserve:	0.962

Notes:

- (A) From Appendix G, Outstanding Liability at 12/31/10.
- (B) Based on Appendix I, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix G, Outstanding Liability at 6/30/11.
- (E) Based on Appendix I, Page 2, Column (E).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.960, the discounted liability for outstanding claims is 96.0% of the full value.

Santa Clara County Schools' Insurance Group - Liability

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Discounted* Reserves (C)	Undiscounted Reserves (D)	Discount Factor (E)
22	0.0%	0.000	0.000	1.000
21	0.0%	0.000	0.000	1.000
20	0.0%	0.000	0.000	1.000
19	0.0%	0.000	0.000	1.000
18	0.0%	0.000	0.000	1.000
17	0.0%	0.000	0.000	1.000
16	0.0%	0.000	0.000	1.000
15	0.0%	0.000	0.000	1.000
14	0.0%	0.000	0.000	1.000
13	0.0%	0.000	0.000	1.000
12	0.0%	0.000	0.000	1.000
11	0.0%	0.000	0.000	1.000
10	0.1%	0.001	0.001	0.985
9	0.2%	0.003	0.003	0.976
8	0.4%	0.007	0.007	0.969
7	1.0%	0.016	0.017	0.967
6	2.2%	0.037	0.038	0.965
5	3.5%	0.070	0.073	0.960
4	11.2%	0.178	0.185	0.964
3	26.2%	0.431	0.447	0.965
2	32.0%	0.734	0.767	0.957
1	23.3%	0.942	1.000	0.942

(F) Discount Factor for Future Funding: 0.956

* Assumed Investment Rate: 3.0%

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B, Page 2.
- (C) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, 73.4% = [43.1% / 1.030] + [32.0% / (1.015)].
- (D) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (E) (C) / (D).
- (F) (E) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 0.96, on a discounted basis, \$0.96 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

Santa Clara County Schools' Insurance Group - Liability

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	1.957	1.613
90	1.671	1.436
85	1.500	1.328
80	1.372	1.247
75	1.269	1.182
70	1.182	1.127
65	1.106	1.078
60	1.036	1.033
55	0.973	0.992
50	0.913	0.952
45	0.857	0.914
40	0.801	0.877
35	0.746	0.841
30	0.691	0.803
25	0.635	0.764

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.671 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

Santa Clara County Schools' Insurance Group - Liability

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/1980	6/30/1990	1980-1990	\$50,000	(none)
7/1/1990	6/30/1991	1990-1991	50,000	(none)
7/1/1991	6/30/1992	1991-1992	50,000	(none)
7/1/1992	6/30/1993	1992-1993	50,000	(none)
7/1/1993	6/30/1994	1993-1994	50,000	(none)
7/1/1994	6/30/1995	1994-1995	50,000	(none)
7/1/1995	6/30/1996	1995-1996	100,000	(none)
7/1/1996	6/30/1997	1996-1997	100,000	(none)
7/1/1997	6/30/1998	1997-1998	100,000	(none)
7/1/1998	6/30/1999	1998-1999	100,000	(none)
7/1/1999	6/30/2000	1999-2000	100,000	(none)
7/1/2000	6/30/2001	2000-2001	100,000	(none)
7/1/2001	6/30/2002	2001-2002	100,000	(none)
7/1/2002	6/30/2003	2002-2003	100,000	(none)
7/1/2003	6/30/2004	2003-2004	100,000	(none)
7/1/2004	6/30/2005	2004-2005	100,000	(none)
7/1/2005	6/30/2006	2005-2006	100,000	(none)
7/1/2006	6/30/2007	2006-2007	100,000	(none)
7/1/2007	6/30/2008	2007-2008	100,000	(none)
7/1/2008	6/30/2009	2008-2009	100,000	(none)
7/1/2009	6/30/2010	2009-2010	100,000	(none)
7/1/2010	6/30/2011	2010-2011	100,000	(none)
7/1/2011	6/30/2012	2011-2012	100,000	(none)
Third Party Claims Administrator			Begin Date	End Date
Corvel			7/1/2008	Current
George Hills & Co.			8/1/1992	7/1/2008

This exhibit summarizes some of the key facts about the history of the program.

Santa Clara County Schools' Insurance Group - Liability

Incurred Losses as of 12/31/10

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
1980-1981	\$181,763	\$0	\$0	\$181,763	\$39,427	\$0	\$181,763	-\$39,427	\$142,336	\$142,336
1981-1982	168,089	0	0	168,089	3,561	0	168,089	-3,561	164,528	164,528
1982-1983	142,568	0	0	142,568	7,460	0	142,568	-7,460	135,108	135,108
1983-1984	370,314	0	0	370,314	66,390	0	370,314	-66,390	303,924	303,924
1984-1985	240,343	0	0	240,343	26,673	0	240,343	-26,673	213,670	213,670
1985-1986	321,154	0	0	321,154	0	0	321,154	0	321,154	321,154
1986-1987	244,372	0	431	243,942	0	0	243,942	0	243,942	243,942
1987-1988	338,426	0	0	338,426	0	0	338,426	0	338,426	338,426
1988-1989	327,401	0	0	327,401	0	0	327,401	0	327,401	327,401
1989-1990	227,520	0	0	227,520	0	0	227,520	0	227,520	227,520
1990-1991	590,815	0	631	590,184	1,401	0	590,184	-1,401	588,783	588,783
1991-1992	298,402	0	0	298,402	0	0	298,402	0	298,402	298,402
1992-1993	299,476	0	0	299,476	0	0	299,476	0	299,476	299,476
1993-1994	559,768	0	0	559,768	425	0	559,768	-425	559,343	559,343
1994-1995	287,949	0	225	287,724	0	0	287,724	0	287,724	287,724
1995-1996	388,967	0	2,702	386,264	0	0	386,264	0	386,264	386,264
1996-1997	296,870	0	0	296,870	0	0	296,870	0	296,870	296,870
1997-1998	549,568	0	23,161	526,407	0	0	526,407	0	526,407	526,407
1998-1999	350,884	0	9,477	341,408	0	0	341,408	0	341,408	341,408
1999-2000	302,665	0	2,730	299,935	0	0	299,935	0	299,935	299,935
2000-2001	266,823	0	9,373	257,450	0	0	257,450	0	257,450	257,450
2001-2002	344,914	0	2,215	342,699	0	0	342,699	0	342,699	342,699
2002-2003	476,003	0	8,072	467,931	0	0	467,931	0	467,931	467,931
2003-2004	632,960	0	4,235	628,725	0	0	628,725	0	628,725	628,725
2004-2005	546,153	0	219	545,934	0	0	545,934	0	545,934	545,934
2005-2006	691,554	0	23,034	668,520	0	0	668,520	0	668,520	668,520
2006-2007	494,493	0	0	494,493	0	0	494,493	0	494,493	494,493
2007-2008	595,431	0	0	595,431	0	0	595,431	0	595,431	595,431
2008-2009	199,716	0	11,875	187,842	0	0	187,842	0	187,842	187,842
2009-2010	808,383	0	2,106	806,277	50,000	50,000	756,277	0	756,277	756,277
2010-2011	339,220	0	0	339,220	0	0	339,220	0	339,220	339,220
Total	\$11,882,963	\$0	\$100,485	\$11,782,478	\$195,337	\$50,000	\$11,732,478	-\$145,337	\$11,587,141	\$11,587,141
check										

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG.
- (C)
- (D) Subrogation
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

Santa Clara County Schools' Insurance Group - Liability

Paid Losses as of 12/31/10

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
1980-1981	\$181,763	\$0	\$0	\$181,763	\$39,427	\$0	\$181,763	-\$39,427	\$142,336	\$142,336
1981-1982	168,089	0	0	168,089	3,561	0	168,089	-3,561	164,528	164,528
1982-1983	142,568	0	0	142,568	7,460	0	142,568	-7,460	135,108	135,108
1983-1984	370,314	0	0	370,314	66,390	0	370,314	-66,390	303,924	303,924
1984-1985	240,343	0	0	240,343	26,673	0	240,343	-26,673	213,670	213,670
1985-1986	321,154	0	0	321,154	0	0	321,154	0	321,154	321,154
1986-1987	244,372	0	431	243,942	0	0	243,942	0	243,942	243,942
1987-1988	338,426	0	0	338,426	0	0	338,426	0	338,426	338,426
1988-1989	327,401	0	0	327,401	0	0	327,401	0	327,401	327,401
1989-1990	227,520	0	0	227,520	0	0	227,520	0	227,520	227,520
1990-1991	590,815	0	631	590,184	1,401	0	590,184	-1,401	588,783	588,783
1991-1992	298,402	0	0	298,402	0	0	298,402	0	298,402	298,402
1992-1993	299,476	0	0	299,476	0	0	299,476	0	299,476	299,476
1993-1994	559,768	0	0	559,768	425	0	559,768	-425	559,343	559,343
1994-1995	287,949	0	225	287,724	0	0	287,724	0	287,724	287,724
1995-1996	388,967	0	2,702	386,264	0	0	386,264	0	386,264	386,264
1996-1997	296,870	0	0	296,870	0	0	296,870	0	296,870	296,870
1997-1998	549,568	0	23,161	526,407	0	0	526,407	0	526,407	526,407
1998-1999	350,884	0	9,477	341,408	0	0	341,408	0	341,408	341,408
1999-2000	302,665	0	2,730	299,935	0	0	299,935	0	299,935	299,935
2000-2001	266,823	0	9,373	257,450	0	0	257,450	0	257,450	257,450
2001-2002	344,914	0	2,215	342,699	0	0	342,699	0	342,699	342,699
2002-2003	476,003	0	8,072	467,931	0	0	467,931	0	467,931	467,931
2003-2004	632,270	0	4,235	628,035	0	0	628,035	0	628,035	628,035
2004-2005	546,153	0	219	545,934	0	0	545,934	0	545,934	545,934
2005-2006	663,014	0	23,034	639,980	0	0	639,980	0	639,980	639,980
2006-2007	484,599	0	0	484,599	0	0	484,599	0	484,599	484,599
2007-2008	555,197	0	0	555,197	0	0	555,197	0	555,197	555,197
2008-2009	133,678	0	11,875	121,804	0	0	121,804	0	121,804	121,804
2009-2010	172,914	0	2,106	170,808	0	0	170,808	0	170,808	170,808
2010-2011	89,084	0	0	89,084	0	0	89,084	0	89,084	89,084
Total	\$10,851,962	\$0	\$100,485	\$10,751,478	\$145,337	\$0	\$10,751,478	-\$145,337	\$10,606,141	\$10,606,141

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG.
- (C)
- (D) Subrogation
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

Santa Clara County Schools' Insurance Group - Liability

Case Reserves as of 12/31/10

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
1980-1981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1981-1982	0	0	0	0	0	0	0	0	0	0
1982-1983	0	0	0	0	0	0	0	0	0	0
1983-1984	0	0	0	0	0	0	0	0	0	0
1984-1985	0	0	0	0	0	0	0	0	0	0
1985-1986	0	0	0	0	0	0	0	0	0	0
1986-1987	0	0	0	0	0	0	0	0	0	0
1987-1988	0	0	0	0	0	0	0	0	0	0
1988-1989	0	0	0	0	0	0	0	0	0	0
1989-1990	0	0	0	0	0	0	0	0	0	0
1990-1991	0	0	0	0	0	0	0	0	0	0
1991-1992	0	0	0	0	0	0	0	0	0	0
1992-1993	0	0	0	0	0	0	0	0	0	0
1993-1994	0	0	0	0	0	0	0	0	0	0
1994-1995	0	0	0	0	0	0	0	0	0	0
1995-1996	0	0	0	0	0	0	0	0	0	0
1996-1997	0	0	0	0	0	0	0	0	0	0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	690	0	0	690	0	0	690	0	690	690
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	28,540	0	0	28,540	0	0	28,540	0	28,540	28,540
2006-2007	9,893	0	0	9,893	0	0	9,893	0	9,893	9,893
2007-2008	40,234	0	0	40,234	0	0	40,234	0	40,234	40,234
2008-2009	66,038	0	0	66,038	0	0	66,038	0	66,038	66,038
2009-2010	635,469	0	0	635,469	50,000	50,000	585,469	0	585,469	585,469
2010-2011	250,137	0	0	250,137	0	0	250,137	0	250,137	250,137
Total	\$1,031,001	\$0	\$0	\$1,031,001	\$50,000	\$50,000	\$981,001	\$0	\$981,001	\$981,001

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix L, Page 1, Column (B) - Appendix L, Page 2, Column (B).
- (C) Appendix L, Page 1, Column (C) - Appendix L, Page 2, Column (C).
- (D) Appendix L, Page 1, Column (D) - Appendix L, Page 2, Column (D).
- (E) (B) + (C) - (D).
- (F) Sum of case reserves in excess of SIR.
- (G) Sum of case reserves in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

Santa Clara County Schools' Insurance Group - Liability

Claim Counts as of 12/31/10

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
1980-1981	58	0	0	58	58	0	0	58	0	0
1981-1982	95	0	0	95	95	0	0	95	0	0
1982-1983	52	0	0	52	52	0	0	52	0	0
1983-1984	127	0	0	127	127	0	0	127	0	0
1984-1985	103	0	0	103	103	0	0	103	0	0
1985-1986	136	0	0	136	136	0	0	136	0	0
1986-1987	85	0	0	85	85	0	0	85	0	0
1987-1988	104	0	0	104	104	0	0	104	0	0
1988-1989	85	0	0	85	85	0	0	85	0	0
1989-1990	113	0	0	113	113	0	0	113	0	0
1990-1991	115	0	0	115	115	0	0	115	0	0
1991-1992	100	0	0	100	100	0	0	100	0	0
1992-1993	129	0	0	129	129	0	0	129	0	0
1993-1994	121	0	0	121	121	0	0	121	0	0
1994-1995	112	0	0	112	112	0	0	112	0	0
1995-1996	116	0	0	116	116	0	0	116	0	0
1996-1997	140	0	0	140	140	0	0	140	0	0
1997-1998	137	0	0	137	137	0	0	137	0	0
1998-1999	94	0	0	94	94	0	0	94	0	0
1999-2000	94	0	0	94	94	0	0	94	0	0
2000-2001	90	0	0	90	90	0	0	90	0	0
2001-2002	84	0	0	84	84	0	0	84	0	0
2002-2003	97	0	0	97	97	0	0	97	0	0
2003-2004	141	0	0	141	141	0	0	141	0	0
2004-2005	118	0	0	118	118	0	0	118	0	0
2005-2006	95	0	0	95	93	0	0	93	2	2
2006-2007	83	0	0	83	83	0	0	83	0	0
2007-2008	65	0	0	65	61	0	0	61	4	4
2008-2009	187	0	149	38	184	0	149	35	3	3
2009-2010	127	0	90	37	111	0	90	21	16	16
2010-2011	54	0	12	42	17	0	12	5	37	37
Total	3,257	0	251	3,006	3,195	0	251	2,944	62	62

Notes:

(A) Years are 7/1 to 6/30.

(B) Provided by SCCSIG, claims that closed without payment are excluded from 2008-09 and 2009-10.

Santa Clara County Schools' Insurance Group - Liability

Exposure Measures

Accident Year	ADA (A)
1994-1995	84,818
1995-1996	84,815
1996-1997	85,073
1997-1998	78,474
1998-1999	73,908
1999-2000	73,159
2000-2001	73,900
2001-2002	75,400
2002-2003	73,939
2003-2004	72,648
2004-2005	72,828
2005-2006	72,708
2006-2007	73,038
2007-2008	69,285
2008-2009	69,995
2009-2010	70,690
2010-2011	71,400
2011-2012	72,110

Notes: All exposure data provided by SCCSIG.

Santa Clara County Schools' Insurance Group - Property

Funding Guidelines for Outstanding Liabilities at
June 30, 2011

(A) Estimated Ultimate Losses Incurred through 6/30/11: (From Appendix G)	\$5,233,000
(B) Estimated Paid Losses through 6/30/11: (From Appendix G)	5,001,000
(C) Estimated Liability for Claims Outstanding at 6/30/11: (From Appendix G)	<u>\$232,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/11: (From Appendix F)	14,000
(E) Total Outstanding Liability for Claims at 6/30/11: ((C) + (D))	<u>\$246,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 3.0%) (Appendix I, Page 1, (H))	0.981
(G) Discounted Outstanding Liability for Claims at 6/30/11: ((E) x (F))	<u>\$241,000</u>

	<u>Marginally Acceptable</u>	<u>75%</u>	<u>Recommended</u>	<u>85%</u>	<u>Conservative</u>
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.205	1.302	1.417	1.559	1.748
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	49,000	73,000	100,000	135,000	180,000
(J) Total Required Available Funding at 6/30/11: ((G) + (I))	<u>\$290,000</u>	<u>\$314,000</u>	<u>\$341,000</u>	<u>\$376,000</u>	<u>\$421,000</u>

Santa Clara County Schools' Insurance Group - Property
 Funding Options for Program Year 2011-2012 (SIR = \$100,000)
 One-Year Funding Plan

	Dollar Amount	TIV Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2011-2012: (From Appendix A)	\$380,000	\$2.263			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2011-2012: (From Exhibit 1, Page 1, item (O))	23,000	0.137			
(C) Total Claims Costs Incurred in Accident Year 2011-2012: ((A) + (B))	\$403,000	\$2.400			
(D) Loss Discount Factor (Based on a Discount Rate of 3.0%) (Appendix A, Page 2, (F))	0.982				
(E) Discounted Total Claims Costs Incurred in Accident Year 2011-2012: ((C) x (D))	\$396,000	\$2.358			
	Marginally Acceptable		Recommended		Conservative
	70%		75%	80%	85%
	90%				
(F) Confidence Level Factor: (From Appendix A)	1.200		1.297	1.412	1.556
					1.748
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	79,000		118,000	163,000	220,000
					296,000
(H) Recommended Funding in 2011-2012 for Claims Costs and Other Expenses: ((E) + (G))	\$475,000		\$514,000	\$559,000	\$616,000
					\$692,000

Santa Clara County Schools' Insurance Group - Property

IBNR as of 6/30/11 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/10 (B)	Estimated IBNR as of 12/31/10 (C)	Estimated Percent of IBNR Reported Between 1/1/11 and 6/30/11 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/11 (F)
1980-1990	\$544,350	\$544,350	\$0	100.0%	\$0	\$0
1990-1991	78,170	78,170	0	100.0%	0	0
1991-1992	22,076	22,076	0	100.0%	0	0
1992-1993	136,410	136,410	0	100.0%	0	0
1993-1994	87,904	87,904	0	100.0%	0	0
1994-1995	129,024	129,024	0	100.0%	0	0
1995-1996	84,429	84,429	0	100.0%	0	0
1996-1997	71,571	71,571	0	100.0%	0	0
1997-1998	202,293	202,293	0	100.0%	0	0
1998-1999	258,583	258,583	0	100.0%	0	0
1999-2000	252,959	252,959	0	100.0%	0	0
2000-2001	172,462	172,462	0	100.0%	0	0
2001-2002	166,621	166,621	0	100.0%	0	0
2002-2003	622,959	622,959	0	100.0%	0	0
2003-2004	384,566	384,566	0	100.0%	0	0
2004-2005	267,470	267,470	0	100.0%	0	0
2005-2006	108,468	108,468	0	100.0%	0	0
2006-2007	196,976	196,976	0	100.0%	0	0
2007-2008	193,441	193,441	0	100.0%	0	0
2008-2009	361,000	358,328	2,672	100.0%	2,672	0
2009-2010	413,000	374,690	38,310	100.0%	38,000	310
2010-2011	478,000	307,215	(68,000)	50.7%	87,000	83,785
Totals	\$5,232,732	\$5,020,965	(\$27,018)		\$127,672	\$84,095

Notes:

- (A) From Exhibit 4, Page 1.
- (B) Provided by SCCSIG. These losses exclude amounts incurred above the Group's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/11 and 6/30/11. The percentage is based on the development pattern selected in Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/11. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

Santa Clara County Schools' Insurance Group - Property

Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)
1980-1990	\$544,350	\$544,350			\$522,456	\$544,350
1990-1991	78,170	78,170			52,607	78,170
1991-1992	22,076	22,054			14,697	22,076
1992-1993	136,410	136,137			89,900	136,410
1993-1994	87,904	87,640			73,745	87,904
1994-1995	129,024	128,379	129,024	128,607	83,358	129,024
1995-1996	84,429	83,838	84,429	84,051	54,020	84,429
1996-1997	71,571	71,571	71,571	71,571	71,558	71,571
1997-1998	202,293	202,293	202,293	202,293	202,300	202,293
1998-1999	258,583	258,583	258,583	258,583	258,596	258,583
1999-2000	252,959	252,959	252,959	252,959	252,960	252,959
2000-2001	172,462	172,462	172,462	172,462	172,454	172,462
2001-2002	166,621	166,621	166,621	166,621	166,632	166,621
2002-2003	622,959	622,959	622,959	622,959	622,930	622,959
2003-2004	384,566	384,566	384,566	384,566	384,560	384,566
2004-2005	267,470	267,470	267,470	267,470	267,480	267,470
2005-2006	108,468	108,468	108,468	108,468	388,260	108,468
2006-2007	196,976	196,976	196,976	196,976	599,454	196,976
2007-2008	193,441	193,441	193,441	193,441	709,063	193,441
2008-2009	358,328	361,165	358,328	361,275	212,067	361,000
2009-2010	370,943	421,976	371,004	413,424	339,808	413,000
Totals						\$4,754,732
			Projected Losses for the Year 2010-2011 (G)			\$478,000
			Projected Losses for the Year 2011-2012 (H)			\$380,000

Notes:

- (A) From Appendix A, Page 1, Column (G).
- (B) From Appendix B, Page 1, Column (G).
- (C) From Appendix C, Page 1, Column (G).
- (D) From Appendix C, Page 2, Column (G).
- (E) From Appendix D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (N).
- (H) From Exhibit 5, Page 1, Line (N).

This exhibit summarizes the results of the actuarial methods we have applied to estimate ultimate losses for each year. It is important to apply a number of estimation methods because each one relies on specific assumptions about the claims process that tend to hold generally true, but that may be violated in specific situations. Thus, the more estimation methods that can be applied, the better.

Santa Clara County Schools' Insurance Group - Property

Estimated Ultimate Limited Losses Capped at \$100,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
1980-1990	\$696,507	\$696,507			\$696,564	\$696,507
1990-1991	78,170	78,170			78,182	78,170
1991-1992	22,076	22,076			22,080	22,076
1992-1993	136,410	136,410			136,416	136,410
1993-1994	112,904	112,904			112,910	112,904
1994-1995	129,024	129,024	129,024	129,024	129,030	129,024
1995-1996	84,429	84,429	84,429	84,429	84,434	84,429
1996-1997	71,571	71,571	71,571	71,571	71,558	71,571
1997-1998	202,293	202,293	202,293	202,293	202,300	202,293
1998-1999	258,583	258,583	258,583	258,583	258,596	258,583
1999-2000	252,959	252,959	252,959	252,959	252,960	252,959
2000-2001	172,462	172,462	172,462	172,462	172,454	172,462
2001-2002	166,621	166,621	166,621	166,621	166,632	166,621
2002-2003	622,959	622,959	622,959	622,959	622,930	622,959
2003-2004	384,566	384,566	384,566	384,566	384,560	384,566
2004-2005	267,470	267,470	267,470	267,470	267,480	267,470
2005-2006	108,468	108,468	108,468	108,468	388,260	108,468
2006-2007	196,976	196,976	196,976	196,976	599,454	196,976
2007-2008	193,441	193,441	193,441	193,441	709,063	193,441
2008-2009	358,328	361,165	358,328	361,275	212,067	361,000
2009-2010	370,943	421,976	371,004	413,424	339,808	413,000
Totals						\$4,931,889
			Projected Losses for the Year 2010-2011 (G)			\$478,000
			Projected Losses for the Year 2011-2012 (H)			\$380,000

Notes:

- (A) From Appendix A, Page 1, Column (D).
- (B) From Appendix B, Page 1, Column (D).
- (C) Based on results in Appendix C, Page 1.
- (D) Based on results in Appendix C, Page 2.
- (E) Based on results in Appendix D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (N) / Line (G) .
- (H) From Exhibit 5, Page 1, Line (N) / Line (G) .

This exhibit summarizes the results of the actuarial methods we have applied to estimate limited losses for each year. These results are used to select a limited loss rate for future years.

Santa Clara County Schools' Insurance Group - Property

Selection of Projected Limited Loss Rate
and Projection of Program Losses and ULAE

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended TIV (D)	Trended Limited Loss Rate (E)
1994-1995	\$129,024	1.083	\$139,733	124,925	\$1.119
1995-1996	84,429	1.078	91,014	90,621	1.004
1996-1997	71,571	1.072	76,724	79,845	0.961
1997-1998	202,293	1.067	215,847	82,684	2.611
1998-1999	258,583	1.062	274,615	77,649	3.537
1999-2000	252,959	1.056	267,125	80,088	3.335
2000-2001	172,462	1.051	181,258	86,602	2.093
2001-2002	166,621	1.046	174,286	93,475	1.865
2002-2003	622,959	1.041	648,500	95,504	6.790
2003-2004	384,566	1.036	398,410	102,592	3.883
2004-2005	267,470	1.030	275,494	109,560	2.515
2005-2006	108,468	1.025	111,180	126,668	0.878
2006-2007	196,976	1.020	200,916	144,253	1.393
2007-2008	193,441	1.015	196,343	161,385	1.217
2008-2009	361,000	1.010	364,610	162,999	2.237
2009-2010	413,000	1.005	415,065	164,629	2.521
Totals	\$3,885,822		\$4,031,120	1,783,479	\$2.260
05/06-09/10	1,272,885		1,288,114	759,934	1.695
			(F) Selected Limited Rate:		\$2.250
			Prior Selected Limited Rate:		\$1.950
Program Year:		2010-2011	2011-2012		
(G) Factor to SIR:		1.000	1.000		
(H) Trend Factor:		1.000	1.005		
(I) Program Rate:		\$2.250	\$2.261		
(J) Percent Unpaid:		90.1%	100.0%		
(K) Trended TIV:		166,275	167,940		
(L) Incurred but not Paid		337,000	380,000		
(M) Paid Losses		141,047	0		
(N) Projected Program Losses:		478,000	380,000		
(O) Projected ULAE:		23,000	23,000		
(P) Projected Loss and ULAE:		\$501,000	\$403,000		

Notes appear on the next page.

Santa Clara County Schools' Insurance Group - Property

Selection of Projected Limited Loss Rate
and Projection of Program Losses and ULAE

Notes:

- (A) From Exhibit 4, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E, Column (B).
- (C) $(A) \times (B)$.
- (D) From Appendix M, Page Page 2, Column (G).
- (E) $(C) / (D)$.
- (F) Selected based on (E).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) From Appendix E.
- (I) $(F) \times (G) \times (H)$.
- (J) Based on selected loss development patterns.
- (K) From Appendix M, Page 2, Column (G).
- (L) $(I) \times (J) \times (K)$.
- (M) Provided by SCCSIG
- (N) $(L) + (M)$.
- (O) Based on an estimated claim closing pattern and SCCSIG's historical claims administration expenses.
- (P) $(N) + (O)$.

This exhibit shows the calculation of future loss costs based on the past loss rates per exposure. The projections will be accurate only to the extent that what has happened in the past is representative of what will happen in the future.

Santa Clara County Schools' Insurance Group - Property

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/10 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 12/31/10 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1980-1990	\$696,507	1.000	\$696,507	\$544,350	1.000	\$544,350
1990-1991	78,170	1.000	78,170	78,170	1.000	78,170
1991-1992	22,076	1.000	22,076	22,076	1.000	22,076
1992-1993	136,410	1.000	136,410	136,410	1.000	136,410
1993-1994	112,904	1.000	112,904	87,904	1.000	87,904
1994-1995	129,024	1.000	129,024	129,024	1.000	129,024
1995-1996	84,429	1.000	84,429	84,429	1.000	84,429
1996-1997	71,571	1.000	71,571	71,571	1.000	71,571
1997-1998	202,293	1.000	202,293	202,293	1.000	202,293
1998-1999	258,583	1.000	258,583	258,583	1.000	258,583
1999-2000	252,959	1.000	252,959	252,959	1.000	252,959
2000-2001	172,462	1.000	172,462	172,462	1.000	172,462
2001-2002	166,621	1.000	166,621	166,621	1.000	166,621
2002-2003	622,959	1.000	622,959	622,959	1.000	622,959
2003-2004	384,566	1.000	384,566	384,566	1.000	384,566
2004-2005	267,470	1.000	267,470	267,470	1.000	267,470
2005-2006	108,468	1.000	108,468	108,468	1.000	108,468
2006-2007	196,976	1.000	196,976	196,976	1.000	196,976
2007-2008	193,441	1.000	193,441	193,441	1.000	193,441
2008-2009	358,328	1.000	358,328	358,328	1.000	358,328
2009-2010	374,690	0.990	370,943	374,690	0.990	370,943
Totals	\$4,890,907		\$4,887,160	\$4,713,750		\$4,710,003

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Group's SIR. Amounts are provided by SCCSIG.
- (F) Derived from factors on Appendix A, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses and case reserves as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Property
Reported Loss Development

Limited Losses Reported as of:

Accident Year	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											71,571
1997-1998										202,293	202,293
1998-1999									258,583	258,583	258,583
1999-2000								252,959	252,959	252,959	252,959
2000-2001							172,462	172,462	172,462	172,462	172,462
2001-2002						166,621	166,621	166,621	166,621	166,621	
2002-2003					622,959	622,959	622,959	622,959	622,959		
2003-2004				387,998	384,566	384,566	384,566	384,566			
2004-2005			267,470	267,470	267,470	267,470	267,470				
2005-2006		164,256	108,468	108,468	108,468	108,468					
2006-2007	225,704	270,446	222,705	214,018	196,976						
2007-2008	15,980	241,584	223,716	193,441							
2008-2009	66,533	373,631	358,328								
2009-2010	68,554	374,690									
2010-2011	307,215										

The 06-07 diagonal is as of 3/31/07

Reported Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											1.000
1997-1998										1.000	1.000
1998-1999									1.000	1.000	1.000
1999-2000								1.000	1.000	1.000	1.000
2000-2001							1.000	1.000	1.000	1.000	
2001-2002						1.000	1.000	1.000	1.000		
2002-2003					1.000	1.000	1.000	1.000			
2003-2004				0.991	1.000	1.000	1.000				
2004-2005			1.000	1.000	1.000	1.000					
2005-2006		0.660	1.000	1.000	1.000						
2006-2007	1.198	0.823	0.961	0.920							
2007-2008	15.118	0.926	0.865								
2008-2009	5.616	0.959									
2009-2010	5.466										
Average Dollar-weighted Averages	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	6.850	0.842	0.957	0.978	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	6.553	0.909	0.930	0.971	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	3.345	0.870	0.953	0.979	1.000	1.000	1.000	1.000	1.000	1.000	1.000
CSAC Factors	2.945	1.254	1.006	0.965	0.972	1.000	1.000	1.000	1.000	1.000	1.000
Prior	3.000	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	4.500	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	4.455	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Property
Reported Loss Development

Limited Losses Reported as of:

Accident Year	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months
1990-1991						78,170	78,170	78,170	78,170	78,170
1991-1992					22,076	22,076	22,076	22,076	22,076	22,076
1992-1993				136,410	136,410	136,410	136,410	136,410		
1993-1994			112,904	112,904	112,904	112,904	112,904			
1994-1995		129,024	129,024	129,024	129,024	129,024				
1995-1996	84,429	84,429	84,429	84,429	84,429					
1996-1997	71,571	71,571	71,571	71,571						
1997-1998	202,293	202,293	202,293							
1998-1999	258,583	258,583								
1999-2000	252,959									
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-Ult. Months
1990-1991						1.000	1.000	1.000	1.000	
1991-1992					1.000	1.000	1.000	1.000		
1992-1993				1.000	1.000	1.000	1.000			
1993-1994			1.000	1.000	1.000	1.000				
1994-1995		1.000	1.000	1.000	1.000					
1995-1996	1.000	1.000	1.000	1.000						
1996-1997	1.000	1.000	1.000							
1997-1998	1.000	1.000								
1998-1999	1.000									
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.000	1.000	1.000	1.000				
CSAC Factors	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Property

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/10 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 12/31/10 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1980-1990	\$696,507	1.000	\$696,507	\$544,350	1.000	\$544,350
1990-1991	78,170	1.000	78,170	78,170	1.000	78,170
1991-1992	22,076	1.000	22,076	22,076	0.999	22,054
1992-1993	136,410	1.000	136,410	136,410	0.998	136,137
1993-1994	112,904	1.000	112,904	87,904	0.997	87,640
1994-1995	129,024	1.000	129,024	129,024	0.995	128,379
1995-1996	84,429	1.000	84,429	84,429	0.993	83,838
1996-1997	71,571	1.000	71,571	71,571	1.000	71,571
1997-1998	202,293	1.000	202,293	202,293	1.000	202,293
1998-1999	258,583	1.000	258,583	258,583	1.000	258,583
1999-2000	252,959	1.000	252,959	252,959	1.000	252,959
2000-2001	172,462	1.000	172,462	172,462	1.000	172,462
2001-2002	166,621	1.000	166,621	166,621	1.000	166,621
2002-2003	622,959	1.000	622,959	622,959	1.000	622,959
2003-2004	384,566	1.000	384,566	384,566	1.000	384,566
2004-2005	267,470	1.000	267,470	267,470	1.000	267,470
2005-2006	108,468	1.000	108,468	108,468	1.000	108,468
2006-2007	196,976	1.000	196,976	196,976	1.000	196,976
2007-2008	193,441	1.000	193,441	193,441	1.000	193,441
2008-2009	355,828	1.015	361,165	355,828	1.015	361,165
2009-2010	353,710	1.193	421,976	353,710	1.193	421,976
Totals	\$4,867,427		\$4,941,030	\$4,690,270		\$4,762,078

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Group's SIR. Amounts are provided by SCCSIG.
- (F) Derived from factors on Appendix B, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Property
Paid Loss Development

Limited Losses Paid as of:

Accident Year	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1989-1990											
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											71,571
1997-1998										202,293	202,293
1998-1999									258,583	258,583	258,583
1999-2000								252,959	252,959	252,959	252,959
2000-2001							172,462	172,462	172,462	172,462	172,462
2001-2002						166,621	166,621	166,621	166,621	166,621	
2002-2003					622,959	622,959	622,959	622,959	622,959		
2003-2004				387,998	384,566	384,566	384,566	384,566			
2004-2005			267,470	267,470	267,470	267,470					
2005-2006		105,529	108,468	108,468	108,468	108,468					
2006-2007	113,066	193,446	217,695	196,976	196,976						
2007-2008	2,493	125,110	188,716	193,441							
2008-2009	36,533	357,610	355,828								
2009-2010	12,054	353,710									
2010-2011	141,047										

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1989-1990											
1990-1991											
1991-1992											
1992-1993											
1993-1994											
1994-1995											
1995-1996											
1996-1997											1.000
1997-1998										1.000	1.000
1998-1999									1.000	1.000	1.000
1999-2000								1.000	1.000	1.000	1.000
2000-2001							1.000	1.000	1.000	1.000	
2001-2002						1.000	1.000	1.000	1.000		
2002-2003					1.000	1.000	1.000	1.000			
2003-2004				0.991	1.000	1.000	1.000				
2004-2005			1.000	1.000	1.000	1.000					
2005-2006		1.028	1.000	1.000	1.000						
2006-2007	1.711	1.125	0.905	1.000							
2007-2008	50.185	1.508	1.025								
2008-2009	9.789	0.995									
2009-2010	29.344										
Average	22.757	1.164	0.983	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-weighted Averages											
3-yr	16.375	1.127	0.969	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	6.274	1.114	0.980	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000
CSAC Factors											
Prior	4.218	2.117	1.446	1.151	1.057	1.033	1.015	1.010	1.008	1.008	1.006
Selected	5.000	1.175	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	8.500	1.175	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	10.141	1.193	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Property
Paid Loss Development

Accident Year	Limited Losses Paid as of:										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
1989-1990											696,507
1990-1991						78,170	78,170	78,170	78,170	78,170	
1991-1992						22,076	22,076	22,076	22,076	22,076	
1992-1993				136,410	136,410	136,410	136,410	136,410			
1993-1994			112,904	112,904	112,904	112,904	112,904				
1994-1995		129,024	129,024	129,024	129,024	129,024					
1995-1996	84,429	84,429	84,429	84,429	84,429						
1996-1997	71,571	71,571	71,571	71,571							
1997-1998	202,293	202,293	202,293								
1998-1999	258,583	258,583									
1999-2000	252,959										
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
1989-1990											
1990-1991						1.000	1.000	1.000	1.000		
1991-1992					1.000	1.000	1.000	1.000			
1992-1993				1.000	1.000	1.000	1.000				
1993-1994			1.000	1.000	1.000	1.000					
1994-1995		1.000	1.000	1.000	1.000						
1995-1996	1.000	1.000	1.000	1.000							
1996-1997	1.000	1.000	1.000								
1997-1998	1.000	1.000									
1998-1999	1.000										
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
4-yr	1.000	1.000	1.000	1.000	1.000	1.000					
CSAC Factors	1.006	1.004	1.004	1.002	1.002	1.001	1.001	1.001	1.001	1.000	1.001
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Property

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended TIV (A)	Reported Losses as of 12/31/10 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
1994-1995	124,925	\$129,024	1.000	0.000	\$0.667	\$0	\$129,024
1995-1996	90,621	84,429	1.000	0.000	0.596	0	84,429
1996-1997	79,845	71,571	1.000	0.000	0.896	0	71,571
1997-1998	82,684	202,293	1.000	0.000	2.447	0	202,293
1998-1999	77,649	258,583	1.000	0.000	3.330	0	258,583
1999-2000	80,088	252,959	1.000	0.000	3.159	0	252,959
2000-2001	86,602	172,462	1.000	0.000	1.991	0	172,462
2001-2002	93,475	166,621	1.000	0.000	1.783	0	166,621
2002-2003	95,504	622,959	1.000	0.000	6.523	0	622,959
2003-2004	102,592	384,566	1.000	0.000	3.748	0	384,566
2004-2005	109,560	267,470	1.000	0.000	2.441	0	267,470
2005-2006	126,668	108,468	1.000	0.000	2.195	0	108,468
2006-2007	144,253	196,976	1.000	0.000	2.206	0	196,976
2007-2008	161,385	193,441	1.000	0.000	2.217	0	193,441
2008-2009	162,999	358,328	1.000	0.000	2.228	0	358,328
2009-2010	164,629	374,690	0.990	(0.010)	2.239	(3,686)	371,004
Totals	1,783,479	\$3,844,840				(\$3,686)	\$3,841,154

Notes:

- (A) Provided by SCCSIG.
- (B) Provided by SCCSIG. These losses exclude amounts incurred above the Group's SIR for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

Santa Clara County Schools' Insurance Group - Property

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended TIV (A)	Paid Losses as of 12/31/10 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
1994-1995	124,925	\$129,024	0.995	(0.005)	\$0.667	(\$417)	\$128,607
1995-1996	90,621	84,429	0.993	(0.007)	0.596	(378)	84,051
1996-1997	79,845	71,571	1.000	0.000	0.896	0	71,571
1997-1998	82,684	202,293	1.000	0.000	2.447	0	202,293
1998-1999	77,649	258,583	1.000	0.000	3.330	0	258,583
1999-2000	80,088	252,959	1.000	0.000	3.159	0	252,959
2000-2001	86,602	172,462	1.000	0.000	1.991	0	172,462
2001-2002	93,475	166,621	1.000	0.000	1.783	0	166,621
2002-2003	95,504	622,959	1.000	0.000	6.523	0	622,959
2003-2004	102,592	384,566	1.000	0.000	3.748	0	384,566
2004-2005	109,560	267,470	1.000	0.000	2.441	0	267,470
2005-2006	126,668	108,468	1.000	0.000	2.195	0	108,468
2006-2007	144,253	196,976	1.000	0.000	2.206	0	196,976
2007-2008	161,385	193,441	1.000	0.000	2.217	0	193,441
2008-2009	162,999	355,828	1.015	0.015	2.228	5,447	361,275
2009-2010	164,629	353,710	1.193	0.162	2.239	59,714	413,424
Totals	1,783,479	\$3,821,360				\$64,366	\$3,885,726

Notes:

- (A) Provided by SCCSIG.
- (B) Provided by SCCSIG. These losses exclude amounts paid above the Group's SIR for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From Appendix C, Page 3, Column (H).
- (F) $(A) \times (D) \times (E)$.
- (G) $(B) + (F)$.

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

Santa Clara County Schools' Insurance Group - Property

Exposure and Development Method

Accident Year	Trended TIV (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
1994-1995	124,925	\$129,024	1.083	\$139,733	\$1.119	\$1.033	0.646	\$0.667
1995-1996	90,621	84,429	1.078	91,014	1.004	0.932	0.640	0.596
1996-1997	79,845	71,571	1.072	76,724	0.961	0.896	1.000	0.896
1997-1998	82,684	202,293	1.067	215,847	2.611	2.447	1.000	2.447
1998-1999	77,649	258,583	1.062	274,615	3.537	3.330	1.000	3.330
1999-2000	80,088	252,959	1.056	267,125	3.335	3.159	1.000	3.159
2000-2001	86,602	172,462	1.051	181,258	2.093	1.991	1.000	1.991
2001-2002	93,475	166,621	1.046	174,286	1.865	1.783	1.000	1.783
2002-2003	95,504	622,959	1.041	648,500	6.790	6.523	1.000	6.523
2003-2004	102,592	384,566	1.036	398,410	3.883	3.748	1.000	3.748
2004-2005	109,560	267,470	1.030	275,494	2.515	2.441	1.000	2.441
2005-2006	126,668	108,468	1.025	111,180	0.878	2.195	1.000	2.195
2006-2007	144,253	196,976	1.020	200,916	1.393	2.206	1.000	2.206
2007-2008	161,385	193,441	1.015	196,343	1.217	2.217	1.000	2.217
2008-2009	162,999	361,000	1.010	364,610	2.237	2.228	1.000	2.228
2009-2010	164,629	422,000	1.005	424,110	2.576	2.239	1.000	2.239
Total/Avg	1,783,479	\$3,894,822		\$4,040,165	\$2.265			
04/05-08/09	704,865	1,127,355		1,148,543	\$1.629			

Selected Limited Rate: \$2.250
 Prior Selected Limited Rate: \$1.950

Notes:

- (A) Provided by SCCSIG.
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2004-2005 and prior (B) / (A).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the underlying historical relationship between losses and exposure that is needed to apply the estimation methods shown on pages 1 and 2 of this Appendix.

Santa Clara County Schools' Insurance Group - Property

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Ultimate Claims (B)	Ultimate Program Losses (C)
1980-1990	\$3,958	132	\$522,456
1990-1991	1,697	31	52,607
1991-1992	639	23	14,697
1992-1993	3,100	29	89,900
1993-1994	2,107	35	73,745
1994-1995	2,526	33	83,358
1995-1996	1,460	37	54,020
1996-1997	1,934	37	71,558
1997-1998	2,975	68	202,300
1998-1999	4,973	52	258,596
1999-2000	7,440	34	252,960
2000-2001	3,749	46	172,454
2001-2002	3,144	53	166,632
2002-2003	8,899	70	622,930
2003-2004	6,992	55	384,560
2004-2005	11,145	24	267,480
2005-2006	21,570	18	388,260
2006-2007	22,202	27	599,454
2007-2008	22,873	31	709,063
2008-2009	23,563	9	212,067
2009-2010	24,272	14	339,808
Total		858	\$5,538,905

Notes:

- (A) From Appendix D, Page 2, Column (H).
- (B) From Appendix D, Page 2, Column (B).
- (C) (A) x (B).

This exhibit shows the calculation of the estimated ultimate losses for each year based on the observed average frequency and severity of claims.

Santa Clara County Schools' Insurance Group - Property
Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
1980-1990	\$696,507	132	\$5,277	1.860	\$9,815	\$5,277	0.750	\$3,958
1990-1991	78,170	31	2,522	1.806	4,555	2,522	0.673	1,697
1991-1992	22,076	23	960	1.754	1,684	960	0.666	639
1992-1993	136,410	29	4,704	1.702	8,006	4,704	0.659	3,100
1993-1994	112,904	35	3,226	1.653	5,333	3,226	0.653	2,107
1994-1995	129,024	33	3,910	1.605	6,276	3,910	0.646	2,526
1995-1996	84,429	37	2,282	1.558	3,555	2,282	0.640	1,460
1996-1997	71,571	37	1,934	1.513	2,926	1,934	1.000	1,934
1997-1998	202,293	68	2,975	1.469	4,370	2,975	1.000	2,975
1998-1999	258,583	52	4,973	1.426	7,091	4,973	1.000	4,973
1999-2000	252,959	34	7,440	1.384	10,297	7,440	1.000	7,440
2000-2001	172,462	46	3,749	1.344	5,039	3,749	1.000	3,749
2001-2002	166,621	53	3,144	1.305	4,103	3,144	1.000	3,144
2002-2003	622,959	70	8,899	1.267	11,275	8,899	1.000	8,899
2003-2004	384,566	55	6,992	1.230	8,600	6,992	1.000	6,992
2004-2005	267,470	24	11,145	1.194	13,307	11,145	1.000	11,145
2005-2006	108,468	18	6,026	1.159	6,984	21,570	1.000	21,570
2006-2007	196,976	27	7,295	1.126	8,214	22,202	1.000	22,202
2007-2008	193,441	31	6,240	1.093	6,820	22,873	1.000	22,873
2008-2009	361,000	9	40,111	1.061	42,558	23,563	1.000	23,563
2009-2010	413,000	14	29,500	1.030	30,385	24,272	1.000	24,272

Average Limited Severity: \$9,581
Average 04/05-08/09 Limited Severity: \$15,577

Selected Limited Severity: \$25,000
Prior Selected Limited Severity: \$9,000

Notes:

- (A) Selected average of results from Appendices A, B, and C.
- (B) Appendix D, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the historical average cost per claim, or severity. The observed average severity is used in the method shown on page 1 of this Appendix.

Santa Clara County Schools' Insurance Group - Property

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended TIV (10,000s) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
1980-1990	132	132	132			0.588	
1990-1991	31	31	31			0.603	
1991-1992	23	23	23			0.618	
1992-1993	29	29	29			0.634	
1993-1994	35	35	35			0.650	
1994-1995	33	33	33	12.493	2.642	0.667	1.762
1995-1996	37	37	37	9.062	4.083	0.684	2.793
1996-1997	37	37	37	7.985	4.634	0.702	3.253
1997-1998	68	68	68	8.268	8.224	0.720	5.921
1998-1999	52	52	52	7.765	6.697	0.738	4.942
1999-2000	34	34	34	8.009	4.245	0.757	3.213
2000-2001	46	46	46	8.660	5.312	0.776	4.122
2001-2002	53	53	53	9.348	5.670	0.796	4.513
2002-2003	70	70	70	9.550	7.330	0.817	5.989
2003-2004	55	55	55	10.259	5.361	0.838	4.493
2004-2005	24	24	24	10.956	2.191	0.859	1.882
2005-2006	18	18	18	12.667	1.421	0.881	1.252
2006-2007	27	27	27	14.425	1.872	0.904	1.692
2007-2008	31	31	31	16.139	1.921	0.927	1.781
2008-2009	9	8	9	16.300	0.552	0.951	0.525
2009-2010	14	11	14	16.463	0.850	0.975	0.829
Total	858	854	858	178.348			2.688

(H) Selected 2010-2011 Frequency: 1.000

Program Year:	2010-2011	2011-2012
(I) Trend Factor:	1.000	0.975
(J) Selected Frequency:	1.000	0.975
(K) Trended TIV:	16.628	16.794
(L) Ultimate Claims:	17	16

Notes:

- (A) From Appendix D, Page 4, (C).
- (B) From Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix M, Page 2, (G).
- (E) (C) / (D).
- (F) From Appendix E.
- (G) (E) x (F).
- (H) The selected frequency of 1.000 is based on (G).
- (I) From Appendix E.
- (J) (H) x (I).
- (K) From Appendix M, Page 2, (G).
- (L) (J) x (K).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per 10,000 units of Trended TIV, Appendix M, Page 2, Item (G).

Santa Clara County Schools' Insurance Group - Property

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2010 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1980-1990	132	1.000	132	
1990-1991	31	1.000	31	
1991-1992	23	1.000	23	
1992-1993	29	1.000	29	
1993-1994	35	1.000	35	
1994-1995	33	1.000	33	1.762
1995-1996	37	1.000	37	2.793
1996-1997	37	1.000	37	3.253
1997-1998	68	1.000	68	5.921
1998-1999	52	1.000	52	4.942
1999-2000	34	1.000	34	3.214
2000-2001	46	1.000	46	4.122
2001-2002	53	1.000	53	4.513
2002-2003	70	1.000	70	5.988
2003-2004	55	1.000	55	4.493
2004-2005	24	1.000	24	1.882
2005-2006	18	1.000	18	1.252
2006-2007	27	1.000	27	1.692
2007-2008	31	1.000	31	1.781
2008-2009	9	1.000	9	0.525
2009-2010	13	1.050	14	0.829
Total	857		858	2.688

Notes:

- (A) Provided by SCCSIG.
- (B) From Appendix D, Page 6.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by SCCSIG. These numbers of claims tend to "develop" or change from period to period as more claims are filed. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Property

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2010 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1980-1990	132	1.000	132	
1990-1991	31	1.000	31	
1991-1992	23	1.000	23	
1992-1993	29	1.000	29	
1993-1994	35	1.000	35	
1994-1995	33	1.000	33	1.762
1995-1996	37	1.000	37	2.793
1996-1997	37	1.000	37	3.253
1997-1998	68	1.000	68	5.921
1998-1999	52	1.000	52	4.942
1999-2000	34	1.000	34	3.214
2000-2001	46	1.000	46	4.122
2001-2002	53	1.000	53	4.513
2002-2003	70	1.000	70	5.988
2003-2004	55	1.000	55	4.493
2004-2005	24	1.000	24	1.882
2005-2006	18	1.000	18	1.252
2006-2007	27	1.000	27	1.692
2007-2008	31	1.000	31	1.781
2008-2009	8	1.050	8	0.467
2009-2010	8	1.313	11	0.651
Total	851		854	2.666

Notes:

- (A) Provided by SCCSIG.
- (B) From Appendix D, Page 7.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by SCCSIG. These numbers of closed claims tend to "develop" or change from period to period as more claims are closed. This development tends to follow quantifiable patterns over time.

Santa Clara County Schools' Insurance Group - Property
Reported Claim Count Development

Accident Year	Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														35
1994-1995													33	33
1995-1996												37	37	37
1996-1997											38	38	38	37
1997-1998										68	68	68	68	68
1998-1999									52	52	52	52	52	
1999-2000								34	34	34	34	34		
2000-2001							46	46	46	47	46			
2001-2002						53	53	53	53	53				
2002-2003					70	70	70	70	70					
2003-2004				55	55	55	55	55						
2004-2005			24	24	24	24	24							
2005-2006		17	17	18	18	18								
2006-2007	5	19	27	27	27									
2007-2008	3	31	31	31										
2008-2009	10	11	9											
2009-2010	4	13												
2010-2011	7													

The 06-07 diagonal is as of 3/31/07

The 09-10 diagonal excludes closed no pay claims for the 08-09 and 09-10 entries.

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														1.000
1994-1995													1.000	1.000
1995-1996												1.000	1.000	1.000
1996-1997											1.000	1.000	0.974	1.000
1997-1998										1.000	1.000	1.000	1.000	
1998-1999									1.000	1.000	1.000	1.000		
1999-2000								1.000	1.000	1.000	1.000			
2000-2001							1.000	1.000	1.022	0.979				
2001-2002						1.000	1.000	1.000	1.000					
2002-2003					1.000	1.000	1.000	1.000						
2003-2004				1.000	1.000	1.000	1.000							
2004-2005			1.000	1.000	1.000	1.000								
2005-2006		1.000	1.059	1.000	1.000									
2006-2007	3.800	1.421	1.000	1.000										
2007-2008	10.333	1.000	1.000											
2008-2009	1.100	0.818												
2009-2010	3.250													
Average	4.621	1.060	1.015	1.000	1.000	1.000	1.000	1.000	1.006	0.995	1.000	1.000	0.994	1.000
Claim-weighted Averages														
3-yr	3.235	1.098	1.013	1.000	1.000	1.000	1.000	1.000	1.008	0.992	1.000	1.000	0.993	1.000
4-yr	3.364	1.077	1.010	1.000	1.000	1.000	1.000	1.000	1.005	0.995	1.000	1.000	0.994	1.000
CSAC														
Factors	2.633	1.136	1.018	1.005	1.005	1.004	1.004	1.002	1.002	1.001	1.000	1.000	1.000	1.000
Prior	2.800	1.100	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	3.000	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	3.150	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Property
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														35
1994-1995													33	33
1995-1996												37	37	37
1996-1997											38	38	38	37
1997-1998										68	68	68	68	68
1998-1999									52	52	52	52	52	
1999-2000								34	34	34	34	34		
2000-2001							46	46	46	47	46			
2001-2002						53	53	53	53	53				
2002-2003					70	70	70	70	70					
2003-2004				55	55	55	55	55						
2004-2005			24	24	24	24	24							
2005-2006		17	17	18	18	18								
2006-2007	5	19	26	27	27									
2007-2008	3	28	30	31										
2008-2009	3	6	8											
2009-2010	1	8												
2010-2011														

The 06-07 diagonal is as of 3/31/07

The 09-10 diagonal excludes closed no pay claims for the 08-09 and 09-10 entries.

Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1989-1990														
1990-1991														
1991-1992														
1992-1993														
1993-1994														1.000
1994-1995													1.000	1.000
1995-1996												1.000	1.000	1.000
1996-1997											1.000	1.000	0.974	1.000
1997-1998										1.000	1.000	1.000	1.000	
1998-1999									1.000	1.000	1.000	1.000		
1999-2000								1.000	1.000	1.000	1.000			
2000-2001							1.000	1.000	1.022	0.979				
2001-2002						1.000	1.000	1.000	1.000					
2002-2003					1.000	1.000	1.000	1.000						
2003-2004				1.000	1.000	1.000	1.000							
2004-2005			1.000	1.000	1.000	1.000								
2005-2006		1.000	1.059	1.000	1.000									
2006-2007	3.800	1.368	1.038	1.000										
2007-2008	9.333	1.071	1.033											
2008-2009	2.000	1.333												
2009-2010	8.000													

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	5.783	1.193	1.033	1.000	1.000	1.000	1.000	1.000	1.006	0.995	1.000	1.000	0.994	1.000

Claim-weighted Averages

3-yr	6.000	1.208	1.041	1.000	1.000	1.000	1.000	1.000	1.008	0.992	1.000	1.000	0.993	1.000
4-yr		1.157	1.031	1.000	1.000	1.000	1.000	1.000	1.005	0.995	1.000	1.000	0.994	1.000
CSAC Factors	3.387	1.495	1.122	1.051	1.033	1.020	1.012	1.010	1.007	1.005	1.005	1.003	1.003	1.001
Prior	5.000	1.250	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	5.000	1.250	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	6.565	1.313	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools' Insurance Group - Property

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2010-2011 Loss Rate Level (B)	Factor to 2011-2012 Loss Rate Level (C)	Factor to 2012-2013 Loss Rate Level (D)	Factor to 2013-2014 Loss Rate Level (E)	Factor to 2010-2011 Frequency Level (F)	Factor to 2011-2012 Frequency Level (G)	Factor to 2012-2013 Frequency Level (H)	Factor to 2013-2014 Frequency Level (I)	Factor to 2010-2011 Severity Level (J)
1989-1990	1.000	1.110	1.116	1.122	1.127	0.588	0.573	0.559	0.545	1.860
1990-1991	1.000	1.105	1.110	1.116	1.122	0.603	0.588	0.573	0.559	1.806
1991-1992	1.000	1.099	1.105	1.110	1.116	0.618	0.603	0.588	0.573	1.754
1992-1993	1.000	1.094	1.099	1.105	1.110	0.634	0.618	0.603	0.588	1.702
1993-1994	1.000	1.088	1.094	1.099	1.105	0.650	0.634	0.618	0.603	1.653
1994-1995	1.000	1.083	1.088	1.094	1.099	0.667	0.650	0.634	0.618	1.605
1995-1996	1.000	1.078	1.083	1.088	1.094	0.684	0.667	0.650	0.634	1.558
1996-1997	1.000	1.072	1.078	1.083	1.088	0.702	0.684	0.667	0.650	1.513
1997-1998	1.000	1.067	1.072	1.078	1.083	0.720	0.702	0.684	0.667	1.469
1998-1999	1.000	1.062	1.067	1.072	1.078	0.738	0.720	0.702	0.684	1.426
1999-2000	1.000	1.056	1.062	1.067	1.072	0.757	0.738	0.720	0.702	1.384
2000-2001	1.000	1.051	1.056	1.062	1.067	0.776	0.757	0.738	0.720	1.344
2001-2002	1.000	1.046	1.051	1.056	1.062	0.796	0.776	0.757	0.738	1.305
2002-2003	1.000	1.041	1.046	1.051	1.056	0.817	0.796	0.776	0.757	1.267
2003-2004	1.000	1.036	1.041	1.046	1.051	0.838	0.817	0.796	0.776	1.230
2004-2005	1.000	1.030	1.036	1.041	1.046	0.859	0.838	0.817	0.796	1.194
2005-2006	1.000	1.025	1.030	1.036	1.041	0.881	0.859	0.838	0.817	1.159
2006-2007	1.000	1.020	1.025	1.030	1.036	0.904	0.881	0.859	0.838	1.126
2007-2008	1.000	1.015	1.020	1.025	1.030	0.927	0.904	0.881	0.859	1.093
2008-2009	1.000	1.010	1.015	1.020	1.025	0.951	0.927	0.904	0.881	1.061
2009-2010	1.000	1.005	1.010	1.015	1.020	0.975	0.951	0.927	0.904	1.030
2010-2011	1.000	1.000	1.005	1.010	1.015	1.000	0.975	0.951	0.927	1.000
2011-2012	1.000	--	1.000	1.005	1.010	--	1.000	0.975	0.951	0.971
2012-2013	1.000	--	--	1.000	1.005	--	--	1.000	0.975	--
2013-2014	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) No benefit level adjustment applied.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.5% annual frequency trend.
- (J) (A) adjusted for a 3.0% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in inflation.

Santa Clara County Schools' Insurance Group - Property

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/10

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2010-2011	10.0	\$1,030	1.000	\$1,030	\$10,300
2011-2012	1.6	1,030	1.050	1,082	1,731
2012-2013	0.2	1,030	1.103	1,136	227
2013-2014	0.0	1,030	1.158	1,193	0
2014-2015	0.0	1,030	1.216	1,252	0
2015-2016	0.0	1,030	1.277	1,315	0
2016-2017	0.0	1,030	1.341	1,381	0
2017-2018	0.0	1,030	1.408	1,450	0
2018-2019	0.0	1,030	1.478	1,522	0
2019-2020	0.0	1,030	1.552	1,599	0
2020-2021	0.0	1,030	1.630	1,679	0
2021-2022	0.0	1,030	1.712	1,763	0
2022-2023	0.0	1,030	1.798	1,852	0
2023-2024	0.0	1,030	1.888	1,945	0
2024-2025	0.0	1,030	1.982	2,041	0
2025-2026	0.0	1,030	2.081	2,143	0
2026-2027	0.0	1,030	2.185	2,251	0
2027-2028	0.0	1,030	2.294	2,363	0

(G) Total ULAE Outstanding as of 6/30/10: \$12,258

(H) Total ULAE Outstanding as of 12/31/10: \$13,000

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by SCCSIG.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).
- (H) (G) from this page and the next, interpolated to 12/31/10.

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

Santa Clara County Schools' Insurance Group - Property

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/11

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2011-2012	10.9	\$1,030	1.050	\$1,082	\$11,794
2012-2013	1.6	1,030	1.103	1,136	1,818
2013-2014	0.2	1,030	1.158	1,193	239
2014-2015	0.0	1,030	1.216	1,252	0
2015-2016	0.0	1,030	1.277	1,315	0
2016-2017	0.0	1,030	1.341	1,381	0
2017-2018	0.0	1,030	1.408	1,450	0
2018-2019	0.0	1,030	1.478	1,522	0
2019-2020	0.0	1,030	1.552	1,599	0
2020-2021	0.0	1,030	1.630	1,679	0
2021-2022	0.0	1,030	1.712	1,763	0
2022-2023	0.0	1,030	1.798	1,852	0
2023-2024	0.0	1,030	1.888	1,945	0
2024-2025	0.0	1,030	1.982	2,041	0
2025-2026	0.0	1,030	2.081	2,143	0
2026-2027	0.0	1,030	2.185	2,251	0
2027-2028	0.0	1,030	2.294	2,363	0
2028-2029	0.0	1,030	2.409	2,481	0
(G) Total ULAE Outstanding as of 6/30/11:					\$13,851

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by SCCSIG.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

Santa Clara County Schools' Insurance Group - Property

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2010</u>	<u>Calendar Period</u>	
		<u>1/1/2011</u> <u>to</u> <u>6/30/2011</u>	<u>7/1/2011</u> <u>to</u> <u>6/30/2012</u>
Prior			
Ultimate Loss	\$868,910	\$868,910	\$868,910
Paid in Calendar Period	-		
Paid to Date	868,910	868,910	868,910
Outstanding Liability			
1994-1995			
Ultimate Loss	\$129,024	\$129,024	\$129,024
Paid in Calendar Period	-		
Paid to Date	129,024	129,024	129,024
Outstanding Liability			
1995-1996			
Ultimate Loss	\$84,429	\$84,429	\$84,429
Paid in Calendar Period	-		
Paid to Date	84,429	84,429	84,429
Outstanding Liability			
1996-1997			
Ultimate Loss	\$71,571	\$71,571	\$71,571
Paid in Calendar Period	-		
Paid to Date	71,571	71,571	71,571
Outstanding Liability			
1997-1998			
Ultimate Loss	\$202,293	\$202,293	\$202,293
Paid in Calendar Period	-		
Paid to Date	202,293	202,293	202,293
Outstanding Liability			
1998-1999			
Ultimate Loss	\$258,583	\$258,583	\$258,583
Paid in Calendar Period	-		
Paid to Date	258,583	258,583	258,583
Outstanding Liability			
1999-2000			
Ultimate Loss	\$252,959	\$252,959	\$252,959
Paid in Calendar Period	-		
Paid to Date	252,959	252,959	252,959
Outstanding Liability			

Santa Clara County Schools' Insurance Group - Property

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2010</u>	<u>Calendar Period</u>	
		<u>1/1/2011</u> <u>to</u> <u>6/30/2011</u>	<u>7/1/2011</u> <u>to</u> <u>6/30/2012</u>
2000-2001			
Ultimate Loss	\$172,462	\$172,462	\$172,462
Paid in Calendar Period	-		
Paid to Date	172,462	172,462	172,462
Outstanding Liability			
2001-2002			
Ultimate Loss	\$166,621	\$166,621	\$166,621
Paid in Calendar Period	-		
Paid to Date	166,621	166,621	166,621
Outstanding Liability			
2002-2003			
Ultimate Loss	\$622,959	\$622,959	\$622,959
Paid in Calendar Period	-		
Paid to Date	622,959	622,959	622,959
Outstanding Liability			
2003-2004			
Ultimate Loss	\$384,566	\$384,566	\$384,566
Paid in Calendar Period	-		
Paid to Date	384,566	384,566	384,566
Outstanding Liability			
2004-2005			
Ultimate Loss	\$267,470	\$267,470	\$267,470
Paid in Calendar Period	-		
Paid to Date	267,470	267,470	267,470
Outstanding Liability			
2005-2006			
Ultimate Loss	\$108,468	\$108,468	\$108,468
Paid in Calendar Period	-		
Paid to Date	108,468	108,468	108,468
Outstanding Liability			
2006-2007			
Ultimate Loss	\$196,976	\$196,976	\$196,976
Paid in Calendar Period	-		
Paid to Date	196,976	196,976	196,976
Outstanding Liability			

Santa Clara County Schools' Insurance Group - Property

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2010</u>	<u>Calendar Period</u>	
		<u>1/1/2011</u> <u>to</u> <u>6/30/2011</u>	<u>7/1/2011</u> <u>to</u> <u>6/30/2012</u>
2007-2008			
Ultimate Loss	\$193,441	\$193,441	\$193,441
Paid in Calendar Period	-		
Paid to Date	193,441	193,441	193,441
Outstanding Liability			
2008-2009			
Ultimate Loss	\$361,000	\$361,000	\$361,000
Paid in Calendar Period	-	5,172	
Paid to Date	355,828	361,000	361,000
Outstanding Liability	5,172		
2009-2010			
Ultimate Loss	\$413,000	\$413,000	\$413,000
Paid in Calendar Period	-	26,858	32,432
Paid to Date	353,710	380,568	413,000
Outstanding Liability	59,290	32,432	
2010-2011			
Ultimate Loss	\$239,000	\$478,000	\$478,000
Paid in Calendar Period	-	138,151	165,801
Paid to Date	141,047	279,198	444,999
Outstanding Liability	97,953	198,802	33,001
2011-2012			
Ultimate Loss	-	-	\$380,000
Paid in Calendar Period	-	-	177,840
Paid to Date	-	-	177,840
Outstanding Liability	-	-	202,160
Totals			
Ultimate Loss	\$4,993,732	\$5,232,732	\$5,612,732
Paid in Calendar Period	-	170,181	376,073
Paid to Date	4,831,317	5,001,498	5,377,571
Outstanding Liability	162,415	231,234	235,161
Total Outstanding ULAE	13,000	13,851	14,201
Outstanding Liability plus ULAE	175,415	245,085	249,362

Notes appear on the next page.

Santa Clara County Schools' Insurance Group - Property

Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2008-2009, \$5,172 is expected to be paid between 1/1/11 and 6/30/11, \$361,000 will have been paid by 6/30/11, and the reserve for remaining payments on these claims should be \$0.
- Ultimate Losses for each accident year are from Exhibit 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, \$0 = \$0 x 100.0%.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, \$361,000 = \$0 + \$361,000.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, \$0 = \$361,000 - \$361,000.

This exhibit shows the calculation of the liability for outstanding claims as of the date of evaluation, the end of the current fiscal year, and the end of the coming fiscal year. It also shows the expected claims payout during the remainder of the current fiscal year and the coming fiscal year. Refer to the Totals at the end of the exhibit for the balance sheet information. The top parts of the exhibit show information for each program year.

Santa Clara County Schools' Insurance Group - Property

Short- and Long-Term Liabilities

<u>Liabilities as of 12/31/10:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$32,030	\$31,560
	ULAE:	10,300	10,149
	Short-Term Loss and LAE:	<u>\$42,330</u>	<u>\$41,709</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$130,385	\$127,267
	ULAE:	2,700	2,564
	Long-Term Loss and LAE:	<u>\$133,085</u>	<u>\$129,831</u>
<u>Total Liability</u>	Loss and ALAE:	\$162,415	\$158,827
	ULAE:	13,000	12,713
	Total Loss and LAE:	<u>\$175,415</u>	<u>\$171,540</u>
<u>Liabilities as of 6/30/11:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$198,233	\$195,325
	ULAE:	11,794	11,621
	Short-Term Loss and LAE:	<u>\$210,027</u>	<u>\$206,946</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$33,001	\$31,567
	ULAE:	2,057	1,970
	Long-Term Loss and LAE:	<u>\$35,058</u>	<u>\$33,537</u>
<u>Total Liability</u>	Loss and ALAE:	\$231,234	\$226,892
	ULAE:	13,851	13,591
	Total Loss and LAE:	<u>\$245,085</u>	<u>\$240,483</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 12/31/10:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$38,030	\$41,091	\$44,721	\$49,202	\$55,167
	ULAE:	12,230	13,214	14,381	15,822	17,740
	Short-Term Loss and LAE:	<u>\$50,260</u>	<u>\$54,305</u>	<u>\$59,102</u>	<u>\$65,024</u>	<u>\$72,907</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$153,357	\$165,702	\$180,337	\$198,409	\$222,463
	ULAE:	3,089	3,338	3,633	3,998	4,482
	Long-Term Loss and LAE:	<u>\$156,446</u>	<u>\$169,040</u>	<u>\$183,970</u>	<u>\$202,407</u>	<u>\$226,945</u>
<u>Total Liability</u>	Loss and ALAE:	\$191,387	\$206,793	\$225,058	\$247,611	\$277,630
	ULAE:	15,319	16,552	18,014	19,820	22,222
	Total Loss and LAE:	<u>\$206,706</u>	<u>\$223,345</u>	<u>\$243,072</u>	<u>\$267,431</u>	<u>\$299,852</u>
<u>Liabilities as of 6/30/11:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$235,367	\$254,313	\$276,776	\$304,512	\$341,428
	ULAE:	14,003	15,131	16,467	18,117	20,314
	Short-Term Loss and LAE:	<u>\$249,370</u>	<u>\$269,444</u>	<u>\$293,243</u>	<u>\$322,629</u>	<u>\$361,742</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$38,038	\$41,100	\$44,730	\$49,213	\$55,179
	ULAE:	2,374	2,565	2,791	3,071	3,443
	Long-Term Loss and LAE:	<u>\$40,412</u>	<u>\$43,665</u>	<u>\$47,521</u>	<u>\$52,284</u>	<u>\$58,622</u>
<u>Total Liability</u>	Loss and ALAE:	\$273,405	\$295,413	\$321,506	\$353,725	\$396,607
	ULAE:	16,377	17,696	19,258	21,188	23,757
	Total Loss and LAE:	<u>\$289,782</u>	<u>\$313,109</u>	<u>\$340,764</u>	<u>\$374,913</u>	<u>\$420,364</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Appendix G that is expected to be paid out within the coming year. Totals may vary from Exhibit 1, due to rounding.

Santa Clara County Schools' Insurance Group - Property

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/10 (A)	Discount Factor (B)	Discounted Reserve at 12/31/10 (C)	Full Value of Reserve at 6/30/11 (D)	Discount Factor (E)	Discounted Reserve at 6/30/11 (F)
2008-2009	\$5,172	0.993	\$5,134	\$0	1.000	\$0
2009-2010	59,290	0.983	58,279	32,432	0.985	31,956
2010-2011	97,953	0.974	95,414	198,802	0.981	194,936
Totals	\$162,415		\$158,827	\$231,234		\$226,892

(G) Discount Factor at 12/31/10 for Overall Reserve: 0.978
(H) Discount Factor at 6/30/11 for Overall Reserve: 0.981

Notes:

- (A) From Appendix G, Outstanding Liability at 12/31/10.
- (B) Based on Appendix I, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix G, Outstanding Liability at 6/30/11.
- (E) Based on Appendix I, Page 2, Column (E).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.978, the discounted liability for outstanding claims is 97.8% of the full value.

Santa Clara County Schools' Insurance Group - Property

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Discounted* Reserves (C)	Undiscounted Reserves (D)	Discount Factor (E)
22	0.0%	0.000	0.000	1.000
21	0.0%	0.000	0.000	1.000
20	0.0%	0.000	0.000	1.000
19	0.0%	0.000	0.000	1.000
18	0.0%	0.000	0.000	1.000
17	0.0%	0.000	0.000	1.000
16	0.0%	0.000	0.000	1.000
15	0.0%	0.000	0.000	1.000
14	0.0%	0.000	0.000	1.000
13	0.0%	0.000	0.000	1.000
12	0.0%	0.000	0.000	1.000
11	0.0%	0.000	0.000	1.000
10	0.0%	0.000	0.000	1.000
9	0.0%	0.000	0.000	1.000
8	0.0%	0.000	0.000	1.000
7	0.0%	0.000	0.000	1.000
6	0.0%	0.000	0.000	1.000
5	0.0%	0.000	0.000	1.000
4	0.0%	0.000	0.000	1.000
3	8.8%	0.087	0.088	0.985
2	44.3%	0.521	0.532	0.981
1	46.8%	0.968	1.000	0.968

(F) Discount Factor for Future Funding: 0.982

* Assumed Investment Rate: 3.0%

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B, Page 2.
- (C) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, $52.1\% = [8.7\% / 1.030] + [44.3\% / (1.015)]$.
- (D) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (E) (C) / (D).
- (F) (E) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 0.98, on a discounted basis, \$0.98 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

Santa Clara County Schools' Insurance Group - Property

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	2.069	2.062
90	1.748	1.748
85	1.556	1.559
80	1.412	1.417
75	1.297	1.302
70	1.200	1.205
65	1.114	1.120
60	1.037	1.042
55	0.967	0.971
50	0.900	0.903
45	0.837	0.840
40	0.775	0.777
35	0.714	0.715
30	0.654	0.653
25	0.592	0.589

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.748 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

Santa Clara County Schools' Insurance Group - Property

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/1980	6/30/1990	1980-1990	\$25,000	(none)
7/1/1990	6/30/1991	1990-1991	25,000	(none)
7/1/1991	6/30/1992	1991-1992	25,000	(none)
7/1/1992	6/30/1993	1992-1993	25,000	(none)
7/1/1993	6/30/1994	1993-1994	25,000	(none)
7/1/1994	6/30/1995	1994-1995	25,000	(none)
7/1/1995	6/30/1996	1995-1996	25,000	(none)
7/1/1996	6/30/1997	1996-1997	100,000	(none)
7/1/1997	6/30/1998	1997-1998	100,000	(none)
7/1/1998	6/30/1999	1998-1999	100,000	(none)
7/1/1999	6/30/2000	1999-2000	100,000	(none)
7/1/2000	6/30/2001	2000-2001	100,000	(none)
7/1/2001	6/30/2002	2001-2002	100,000	(none)
7/1/2002	6/30/2003	2002-2003	100,000	(none)
7/1/2003	6/30/2004	2003-2004	100,000	(none)
7/1/2004	6/30/2005	2004-2005	100,000	(none)
7/1/2005	6/30/2006	2005-2006	100,000	(none)
7/1/2006	6/30/2007	2006-2007	100,000	(none)
7/1/2007	6/30/2008	2007-2008	100,000	(none)
7/1/2008	6/30/2009	2008-2009	100,000	(none)
7/1/2009	6/30/2010	2009-2010	100,000	(none)
7/1/2010	6/30/2011	2010-2011	100,000	(none)
7/1/2011	6/30/2012	2011-2012	100,000	(none)
Third Party Claims Administrator			Begin Date	End Date
Corvel			7/1/2008	Current
George Hills & Co.			8/1/1992	7/1/2008

This exhibit summarizes some of the key facts about the history of the program.

Santa Clara County Schools' Insurance Group - Property

Incurred Losses as of 12/31/10

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
1980-1981	\$16,968	\$0	\$0	\$16,968	\$0	\$0	\$16,968	\$0	\$16,968	\$16,968
1981-1982	333,650	0	0	333,650	271,620	119,462	214,187	-152,157	62,030	62,030
1982-1983	6,508	0	0	6,508	0	0	6,508	0	6,508	6,508
1983-1984	35,753	0	0	35,753	0	0	35,753	0	35,753	35,753
1984-1985	34,539	0	0	34,539	0	0	34,539	0	34,539	34,539
1985-1986	94,537	0	0	94,537	0	0	94,537	0	94,537	94,537
1986-1987	61,679	0	0	61,679	0	0	61,679	0	61,679	61,679
1987-1988	28,782	0	0	28,782	0	0	28,782	0	28,782	28,782
1988-1989	130,133	0	0	130,133	0	0	130,133	0	130,133	130,133
1989-1990	73,421	0	0	73,421	0	0	73,421	0	73,421	73,421
1990-1991	78,170	0	0	78,170	0	0	78,170	0	78,170	78,170
1991-1992	22,076	0	0	22,076	0	0	22,076	0	22,076	22,076
1992-1993	136,910	0	500	136,410	0	0	136,410	0	136,410	136,410
1993-1994	140,370	0	27,466	112,904	25,000	0	112,904	-25,000	87,904	87,904
1994-1995	129,903	0	879	129,024	0	0	129,024	0	129,024	129,024
1995-1996	95,067	0	10,638	84,429	0	0	84,429	0	84,429	84,429
1996-1997	76,446	0	4,875	71,571	0	0	71,571	0	71,571	71,571
1997-1998	218,710	0	16,416	202,293	0	0	202,293	0	202,293	202,293
1998-1999	260,136	0	1,554	258,583	0	0	258,583	0	258,583	258,583
1999-2000	255,336	0	2,377	252,959	0	0	252,959	0	252,959	252,959
2000-2001	172,462	0	0	172,462	0	0	172,462	0	172,462	172,462
2001-2002	166,621	0	0	166,621	0	0	166,621	0	166,621	166,621
2002-2003	629,029	0	6,070	622,959	0	0	622,959	0	622,959	622,959
2003-2004	425,536	0	40,970	384,566	0	0	384,566	0	384,566	384,566
2004-2005	267,470	0	0	267,470	0	0	267,470	0	267,470	267,470
2005-2006	108,468	0	0	108,468	0	0	108,468	0	108,468	108,468
2006-2007	230,624	0	33,648	196,976	0	0	196,976	0	196,976	196,976
2007-2008	197,031	0	3,589	193,441	0	0	193,441	0	193,441	193,441
2008-2009	362,283	0	3,955	358,328	0	0	358,328	0	358,328	358,328
2009-2010	374,690	0	0	374,690	0	0	374,690	0	374,690	374,690
2010-2011	332,215	0	0	332,215	25,000	25,000	307,215	0	307,215	307,215
Total	\$5,495,521	\$0	\$152,938	\$5,342,583	\$321,620	\$144,462	\$5,198,121	-\$177,157	\$5,020,964	\$5,020,964
check									5,020,965	

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG.
- (C)
- (D) Subrogation amounts
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

Santa Clara County Schools' Insurance Group - Property

Paid Losses as of 12/31/10

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
1980-1981	\$16,968	\$0	\$0	\$16,968	\$0	\$0	\$16,968	\$0	\$16,968	\$16,968
1981-1982	333,650	0	0	333,650	271,620	119,462	214,187	-152,157	62,030	62,030
1982-1983	6,508	0	0	6,508	0	0	6,508	0	6,508	6,508
1983-1984	35,753	0	0	35,753	0	0	35,753	0	35,753	35,753
1984-1985	34,539	0	0	34,539	0	0	34,539	0	34,539	34,539
1985-1986	94,537	0	0	94,537	0	0	94,537	0	94,537	94,537
1986-1987	61,679	0	0	61,679	0	0	61,679	0	61,679	61,679
1987-1988	28,782	0	0	28,782	0	0	28,782	0	28,782	28,782
1988-1989	130,133	0	0	130,133	0	0	130,133	0	130,133	130,133
1989-1990	73,421	0	0	73,421	0	0	73,421	0	73,421	73,421
1990-1991	78,170	0	0	78,170	0	0	78,170	0	78,170	78,170
1991-1992	22,076	0	0	22,076	0	0	22,076	0	22,076	22,076
1992-1993	136,910	0	500	136,410	0	0	136,410	0	136,410	136,410
1993-1994	140,370	0	27,466	112,904	25,000	0	112,904	-25,000	87,904	87,904
1994-1995	129,903	0	879	129,024	0	0	129,024	0	129,024	129,024
1995-1996	95,067	0	10,638	84,429	0	0	84,429	0	84,429	84,429
1996-1997	76,446	0	4,875	71,571	0	0	71,571	0	71,571	71,571
1997-1998	218,710	0	16,416	202,293	0	0	202,293	0	202,293	202,293
1998-1999	260,136	0	1,554	258,583	0	0	258,583	0	258,583	258,583
1999-2000	255,336	0	2,377	252,959	0	0	252,959	0	252,959	252,959
2000-2001	172,462	0	0	172,462	0	0	172,462	0	172,462	172,462
2001-2002	166,621	0	0	166,621	0	0	166,621	0	166,621	166,621
2002-2003	629,029	0	6,070	622,959	0	0	622,959	0	622,959	622,959
2003-2004	425,536	0	40,970	384,566	0	0	384,566	0	384,566	384,566
2004-2005	267,470	0	0	267,470	0	0	267,470	0	267,470	267,470
2005-2006	108,468	0	0	108,468	0	0	108,468	0	108,468	108,468
2006-2007	230,624	0	33,648	196,976	0	0	196,976	0	196,976	196,976
2007-2008	197,031	0	3,589	193,441	0	0	193,441	0	193,441	193,441
2008-2009	359,783	0	3,955	355,828	0	0	355,828	0	355,828	355,828
2009-2010	353,710	0	0	353,710	0	0	353,710	0	353,710	353,710
2010-2011	141,047	0	0	141,047	0	0	141,047	0	141,047	141,047
Total	\$5,280,874	\$0	\$152,938	\$5,127,936	\$296,620	\$119,462	\$5,008,474	-\$177,157	\$4,831,316 4,831,317	\$4,831,316

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG.
- (C)
- (D) Subrogation amounts
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix K.

Santa Clara County Schools' Insurance Group - Property

Case Reserves as of 12/31/10

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
1980-1981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1981-1982	0	0	0	0	0	0	0	0	0	0
1982-1983	0	0	0	0	0	0	0	0	0	0
1983-1984	0	0	0	0	0	0	0	0	0	0
1984-1985	0	0	0	0	0	0	0	0	0	0
1985-1986	0	0	0	0	0	0	0	0	0	0
1986-1987	0	0	0	0	0	0	0	0	0	0
1987-1988	0	0	0	0	0	0	0	0	0	0
1988-1989	0	0	0	0	0	0	0	0	0	0
1989-1990	0	0	0	0	0	0	0	0	0	0
1990-1991	0	0	0	0	0	0	0	0	0	0
1991-1992	0	0	0	0	0	0	0	0	0	0
1992-1993	0	0	0	0	0	0	0	0	0	0
1993-1994	0	0	0	0	0	0	0	0	0	0
1994-1995	0	0	0	0	0	0	0	0	0	0
1995-1996	0	0	0	0	0	0	0	0	0	0
1996-1997	0	0	0	0	0	0	0	0	0	0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	0	0	0	0	0	0	0	0	0	0
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	2,500	0	0	2,500	0	0	2,500	0	2,500	2,500
2009-2010	20,980	0	0	20,980	0	0	20,980	0	20,980	20,980
2010-2011	191,168	0	0	191,168	25,000	25,000	166,168	0	166,168	166,168
Total	\$214,648	\$0	\$0	\$214,648	\$25,000	\$25,000	\$189,648	\$0	\$189,648	\$189,648

Notes:

- (A) Years are 7/1 to 6/30.
(B) Appendix L, Page 1, Column (B) - Appendix L, Page 2, Column (B).
(C) Appendix L, Page 1, Column (C) - Appendix L, Page 2, Column (C).
(D) Appendix L, Page 1, Column (D) - Appendix L, Page 2, Column (D).
(E) (B) + (C) - (D).
(F) Sum of case reserves in excess of SIR.
(G) Sum of case reserves in excess of \$100,000.
(H) (E) - (G).
(I) (G) - (F).
(J) (E) - (F).
(K) Minimum of (J) and the aggregate stop loss. See Appendix K.

Santa Clara County Schools' Insurance Group - Property

Claim Counts as of 12/31/10

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
1980-1981	7	0	0	7	7	0	0	7	0	0
1981-1982	15	0	0	15	15	0	0	15	0	0
1982-1983	8	0	0	8	8	0	0	8	0	0
1983-1984	11	0	0	11	11	0	0	11	0	0
1984-1985	35	0	0	35	35	0	0	35	0	0
1985-1986	9	0	0	9	9	0	0	9	0	0
1986-1987	9	0	0	9	9	0	0	9	0	0
1987-1988	10	0	0	10	10	0	0	10	0	0
1988-1989	15	0	0	15	15	0	0	15	0	0
1989-1990	13	0	0	13	13	0	0	13	0	0
1990-1991	31	0	0	31	31	0	0	31	0	0
1991-1992	23	0	0	23	23	0	0	23	0	0
1992-1993	29	0	0	29	29	0	0	29	0	0
1993-1994	35	0	0	35	35	0	0	35	0	0
1994-1995	33	0	0	33	33	0	0	33	0	0
1995-1996	37	0	0	37	37	0	0	37	0	0
1996-1997	37	0	0	37	37	0	0	37	0	0
1997-1998	68	0	0	68	68	0	0	68	0	0
1998-1999	52	0	0	52	52	0	0	52	0	0
1999-2000	34	0	0	34	34	0	0	34	0	0
2000-2001	46	0	0	46	46	0	0	46	0	0
2001-2002	53	0	0	53	53	0	0	53	0	0
2002-2003	70	0	0	70	70	0	0	70	0	0
2003-2004	55	0	0	55	55	0	0	55	0	0
2004-2005	24	0	0	24	24	0	0	24	0	0
2005-2006	18	0	0	18	18	0	0	18	0	0
2006-2007	27	0	0	27	27	0	0	27	0	0
2007-2008	31	0	0	31	31	0	0	31	0	0
2008-2009	33	0	24	9	32	0	24	8	1	1
2009-2010	23	0	10	13	18	0	10	8	5	5
2010-2011	7	0	0	7	0	0	0	0	7	7
Total	898	0	34	864	885	0	34	851	13	13

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by SCCSIG, claims that closed without payment are excluded from 2008-09 and 2009-10.
- (C)
- (D) Claims that closed without payment.
- (E) (B) + (C) - (D).
- (F) Provided by SCCSIG, claims that closed without payment are excluded from 2008-09 and 2009-10.
- (G)
- (H) Claims that closed without payment.
- (I) (F) + (G) - (H).
- (J) (B) - (F).
- (K) (E) - (I).

Santa Clara County Schools' Insurance Group - Property

Exposure Measures

Accident Year	TIV (A)	Inflation Trend Factor (B)	Trended TIV (C)
1994-1995	84,181	1.48	124,925
1995-1996	90,621	1.45	131,219
1996-1997	79,845	1.41	112,821
1997-1998	82,684	1.38	114,021
1998-1999	77,649	1.35	104,438
1999-2000	80,088	1.31	105,075
2000-2001	86,602	1.28	110,851
2001-2002	93,475	1.25	116,750
2002-2003	95,504	1.22	116,419
2003-2004	102,592	1.19	121,982
2004-2005	109,560	1.16	127,090
2005-2006	126,668	1.13	143,388
2006-2007	144,253	1.10	159,255
2007-2008	161,385	1.08	173,812
2008-2009	162,999	1.05	171,312
2009-2010	164,629	1.03	168,745
2010-2011	166,275	1.00	166,275
2011-2012	167,940	1.00	167,940

Notes: All exposure data provided by SCCSIG.