



Actuarial Review of the Self-Insured Workers' Compensation Program

Outstanding Liabilities as of June 30, 2018

Forecast for Program Years 2018-19 and 2019-20

Presented to

Santa Clara County Schools Insurance Group

September 20, 2018



Thursday, September 20, 2018

Ms. Corinne Kelsch
Executive Director
Santa Clara County Schools Insurance Group
645 Wool Creek Drive
San Jose, CA 95112

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Kelsch:

As you requested, we have completed our review of Santa Clara County Schools Insurance Group's self-insured workers' compensation program. We estimate the program's liability for the outstanding tail claims to be \$1,522,000 as of June 30, 2018. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. 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 all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of the Group's claims, assuming a 2.0% return on investments per year. Given estimated program assets of \$2,790,000 as of June 30, 2018, the program is currently funded above the 90% confidence level.

Although the program is currently fully insured, we have also analyzed the projected funding for the upcoming year, assuming an SIR of \$250,000 per occurrence. We estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 and 2019-20 program years to be \$13,306,000 and \$13,841,000, respectively. For budgeting purposes, the expected costs of 2018-19 and 2019-20 claims translate to rates of \$0.99 and \$1.00 per \$100 of payroll, respectively.

The \$1,522,000 estimate is the minimum liability to be booked by the Group at June 30, 2018 for its workers' compensation 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.

The liability estimate also includes \$400,000 of estimated non-recoverable amounts from claims that have exceeded the SIR. These claims are listed on Exhibit 1 - Tail, Pages 2 and 3. This list is based on an excess claim run provided by Keenan & Associates which filters paid losses that exceed the SIR. The estimate of the total

unrecoverable is included on Exhibit 1 - Tail, Page 4 and is based on an assumption of 25% of the outstanding reserves above the SIR.

Our conclusions regarding the Group's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2018 are summarized in the table below.

Santa Clara County Schools Insurance Group
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2018

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,056,000					
ULAE	204,000					
Estimated Non- Recoverable	400,000					
Investment Income Offset	<u>(138,000)</u>					
Discounted Loss and LAE	\$1,522,000	\$1,724,000	\$1,814,000	\$1,919,000	\$2,050,000	\$2,225,000
Assets	<u>2,790,000</u>					
Surplus or (Deficit)	\$1,268,000	\$1,066,000	\$976,000	\$871,000	\$740,000	\$565,000

GASB #10 does not address an actual asset 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 risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Santa Clara County Schools Insurance Group for the 2018-19 fiscal year, assuming a self-insured retention (SIR) of \$250,000.

Santa Clara County Schools Insurance Group
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2018-19
 Self-Insured Retention (SIR) of \$250,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$13,588,000					
ULAE	1,019,000					
Investment Income Offset	<u>(1,301,000)</u>					
Discounted Loss and LAE	\$13,306,000	\$14,370,000	\$14,796,000	\$15,275,000	\$15,861,000	\$16,606,000
Rate per \$100 of 2018-19 Payroll	\$0.99	\$1.07	\$1.11	\$1.14	\$1.18	\$1.24

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2018. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The table below shows our funding recommendations for Santa Clara County Schools Insurance Group for the 2019-20 fiscal year, assuming a self-insured retention (SIR) of \$250,000.

Santa Clara County Schools Insurance Group
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2019-20
 Self-Insured Retention (SIR) of \$250,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$14,134,000					
ULAE	1,060,000					
Investment Income Offset	<u>(1,353,000)</u>					
Discounted Loss and LAE	\$13,841,000	\$14,948,000	\$15,391,000	\$15,889,000	\$16,498,000	\$17,274,000
Rate per \$100 of 2019-20 Payroll	\$1.00	\$1.08	\$1.12	\$1.15	\$1.20	\$1.25

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB. The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

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, Dana Winkler at (503) 419-0455 or York Lee at (916) 244-1159 with any questions you may have concerning this report.

Sincerely,

Bickmore



Derek Burkhalter, ACAS, MAAA
Senior Manager, Property and Casualty Actuarial Services, Bickmore
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries



Dana Winkler, MBA, ACAS, MAAA
Senior Manager, Property and Casualty Actuarial Services, Bickmore
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries



York Lee
Senior Analyst, Property and Casualty Actuarial Services, Bickmore

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I. BACKGROUND

Santa Clara County Schools Insurance Group was self-insured for its workers' compensation program from October 1, 1978 to December 31, 1995. Effective January 1, 1996 SCCSIG became fully insured with Fremont Insurance. From July 1, 2000 through June 30, 2003, the Group was fully insured with ACE. Since July 1, 2003, SCCSIG has been self-insured with a zero-dollar insured retention through PIPS. Claims administration services are provided by Keenan & Associates for the pre-1996 self-insured claims. Additional background on the program prior to January 1, 1996 is given in Appendix I - Tail.

As of June 30, 2018, the Group had assets of \$2,790,000 for the program. The June 30, 2018 fund balance is net of non-claims-related liabilities as shown on Appendix J - Tail.

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, 2018, project ultimate loss costs for 2018-19 and 2019-20, 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, 2018. 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 line across the graph indicates the Group's available assets at June 30th.

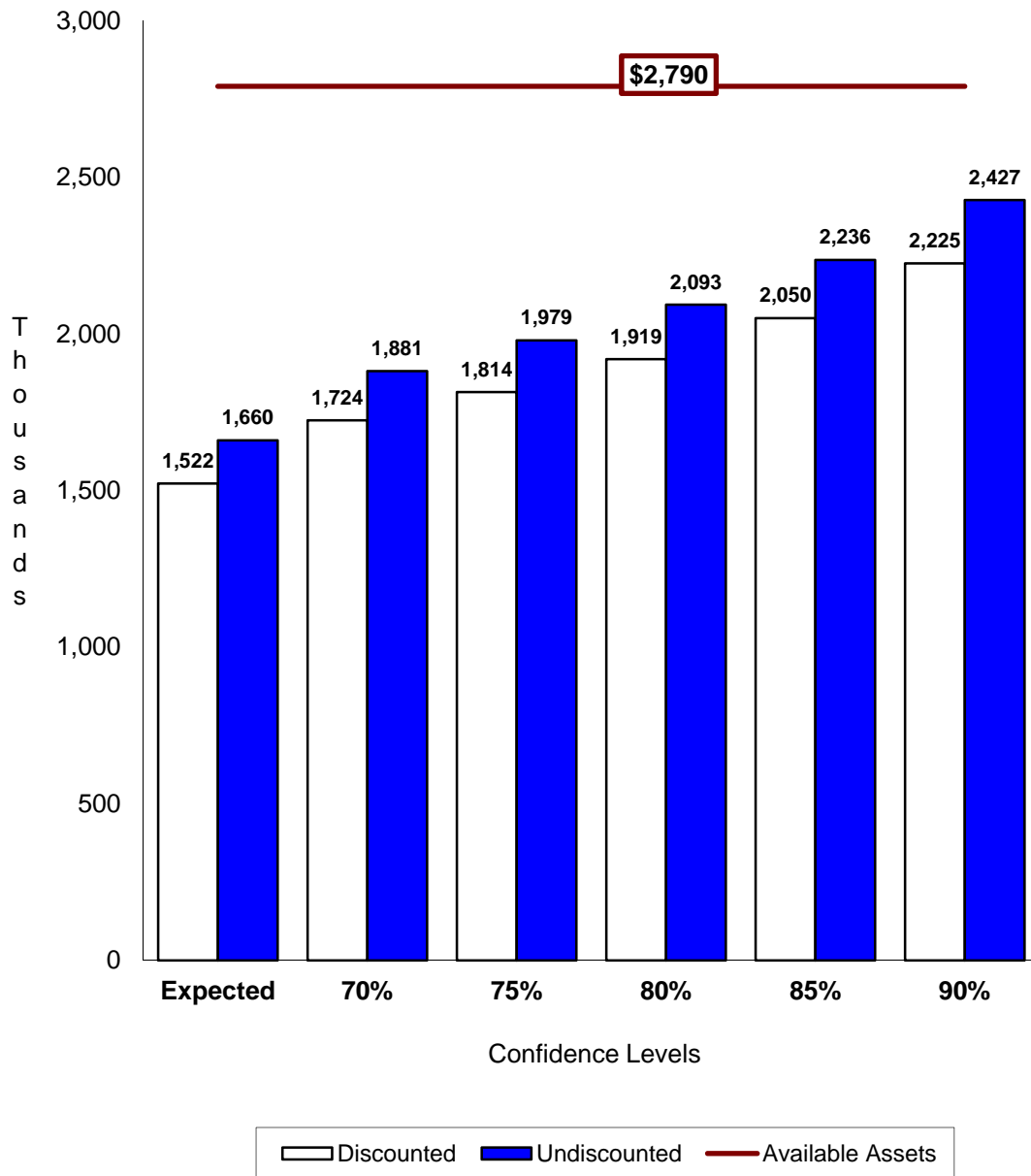
Our best estimate of the full value of the Group's liability for outstanding claims within its self-insured retention (SIR) is \$1,660,000 as of June 30, 2018. This amount includes losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost 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 2.0%, we estimate the impact of investment income earnings to be about 8.3% if the program is funded within the range indicated in the graph, resulting in a discounted liability for outstanding claims of \$1,522,000 as of June 30, 2018.

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.

Santa Clara County Schools Insurance Group
 Workers' Compensation
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2018



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, 2018, before recognition of investment income.

Santa Clara County Schools Insurance Group
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2018

Year	Case Reserves	IBNR Reserves	Total Outstanding
1977-78	\$0	\$0	\$0
1978-79	0	0	0
1979-80	13,482	2,022	15,504
1980-81	38,590	2,315	40,905
1981-82	0	0	0
1982-83	92,258	9,226	101,484
1983-84	0	0	0
1984-85	0	0	0
1985-86	28,522	4,278	32,800
1986-87	26,360	3,954	30,314
1987-88	53,735	5,374	59,109
1988-89	40,309	4,031	44,340
1989-90	86,326	8,633	94,959
1990-91	28,899	4,335	33,234
1991-92	160,113	8,006	168,119
1992-93	0	0	0
1993-94	208,083	12,035	220,118
1994-95	159,090	34,304	193,394
1995-96	12,019	10,234	22,253
Loss and ALAE	\$947,786	\$108,746	\$1,056,532
ULAE		203,886	203,886
Non-Recoverable	400,000		400,000
Total	\$1,347,786	\$312,632	\$1,660,418

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 asset requirements. They do, however, allow a range of amounts to be recognized for accounting purposes; specifically, GASB #10 and #30 allow recognition of a risk 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 risk margin for unexpected adverse loss experience.

The amount of the risk margin should be a question of long-term funding policy. We recommend that the risk margin be determined by thinking in terms of the probability that a given level of assets will prove to be adequate. For example, a reasonable goal might be to maintain assets 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 maintain assets at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for old claims. The additional contributions for old claims may be required at the same time that costs are increasing dramatically on new claims. The burden of funding for increases on past years as well as on current years, may well be prohibitive.

We generally recommend maintaining program assets 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 assets will be sufficient to meet claim liabilities, yet the required risk 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 risk margin for the most part, which means that assets are likely sufficient 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 funding each year's claims costs in that year. When surpluses or deficits 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 a surplus more slowly than you would accumulate funding to reduce a deficit.

It is estimated that program assets were \$2,790,000 as of June 30, 2018, resulting in the program being funded above the 90% confidence level.

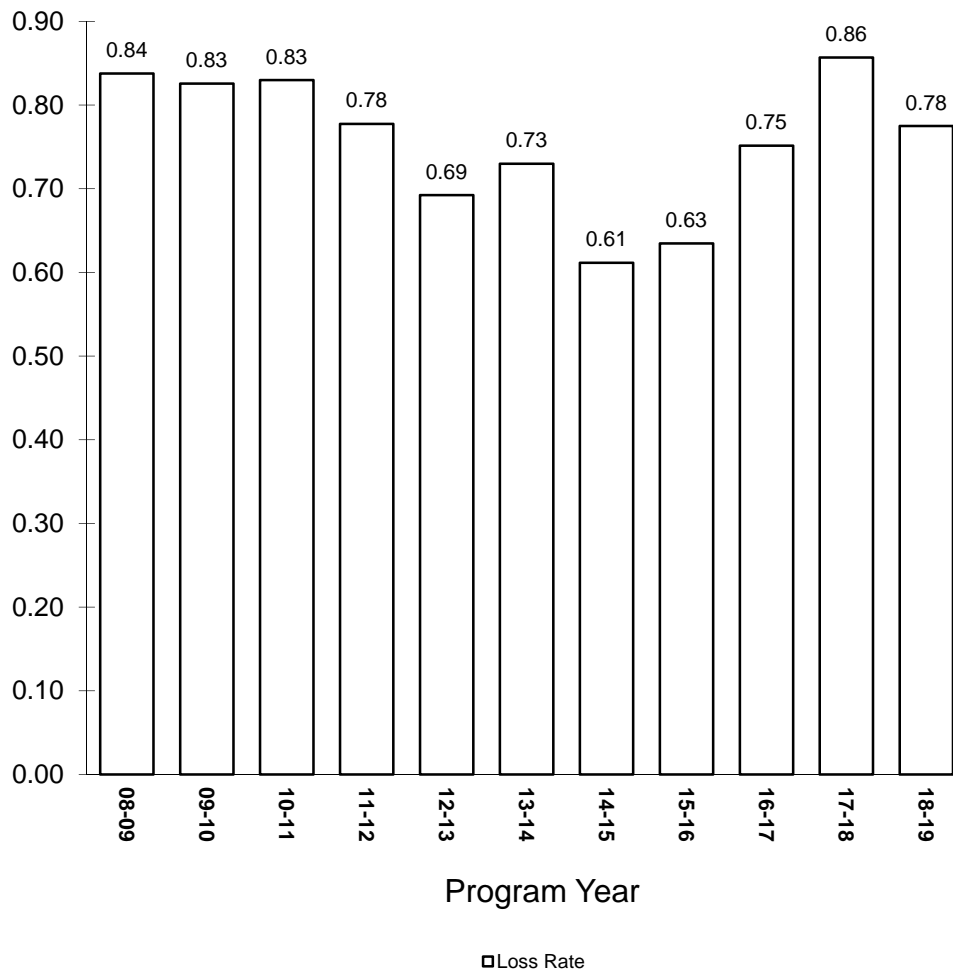
C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

Loss Rate

The program's dollars of loss per \$100 of payroll (based on losses limited to \$100,000 per occurrence), or loss rate, has been increasing since 2014-15. The projected 2018-19 loss rate of \$0.78 is based on the average of the most recent four years and the increasing trend. See Graph 2 below.

Graph 2

Santa Clara County Schools Insurance Group
Workers' Compensation
Dollars of Loss per
\$100 of Payroll

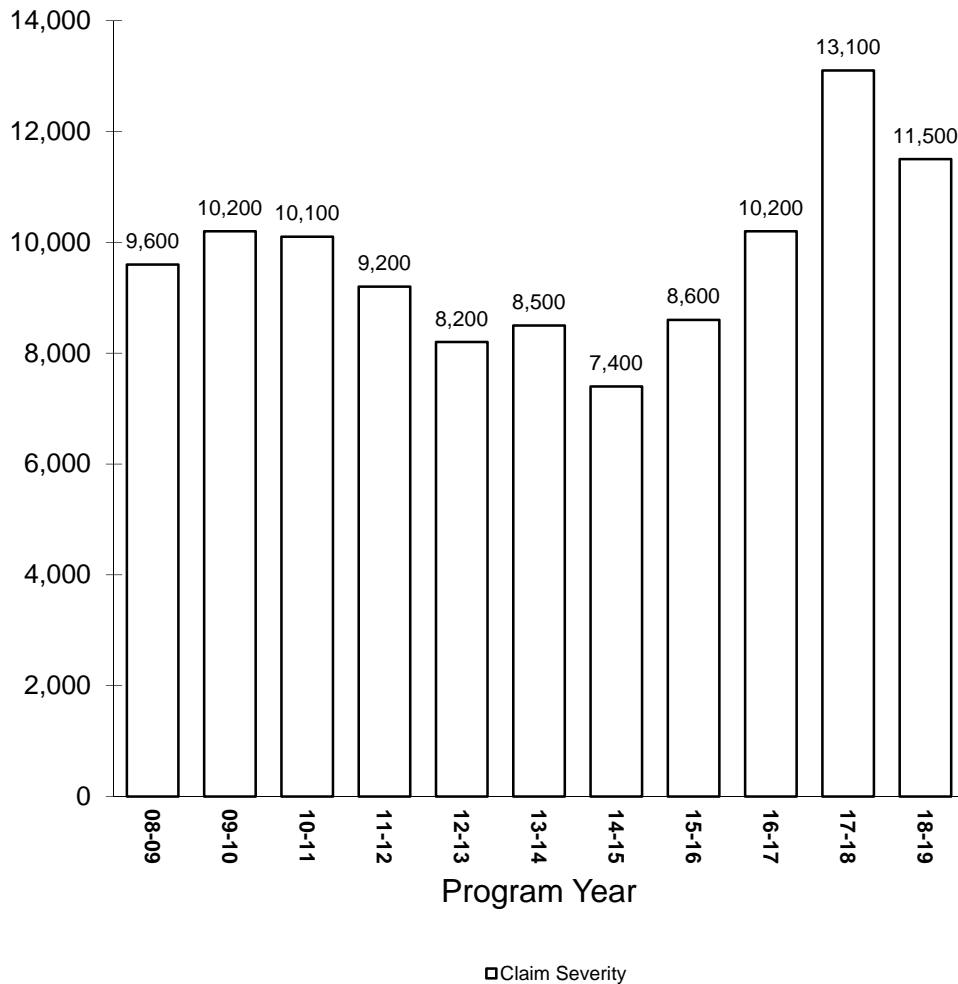


Severity

The program's average dollars of loss per claim (based on losses limited to \$100,000 per occurrence), or severity, has also been increasing since 2014-15. The projected 2018-19 severity of \$11,500 is based on the average of the most recent four years and the increasing trend. See Graph 3 below.

Graph 3

Santa Clara County Schools Insurance Group
Workers' Compensation
Dollars of Loss per Claim

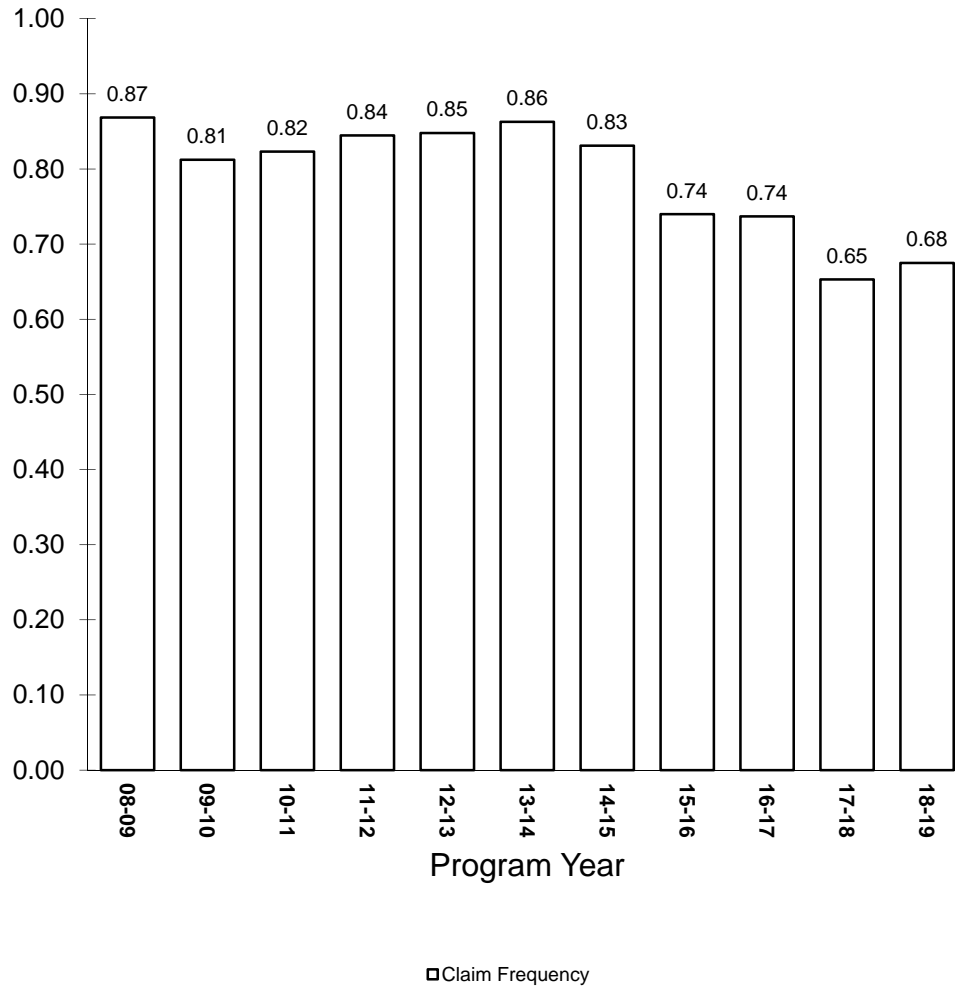


Frequency

The program's number of claims per \$1 million of payroll, or frequency, has been decreasing since 2013-14. The projected 2018-19 frequency of 0.68 claims is based on the average of the most recent three years. See Graph 4 below.

Graph 4

Santa Clara County Schools Insurance Group
Workers' Compensation
Number of Claims per
\$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Santa Clara County Schools Insurance Group was dated October 6, 2017. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the June 30, 2017 evaluation date of the prior report and the June 30, 2018 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
1977-78	\$0	\$0	\$0
1978-79	0	0	0
1979-80	2,000	0	(2,000)
1980-81	6,000	7,000	1,000
1981-82	0	0	0
1982-83	0	101,000	101,000
1983-84	0	0	0
1984-85	0	0	0
1985-86	5,000	0	(5,000)
1986-87	9,000	(30,000)	(39,000)
1987-88	9,000	0	(9,000)
1988-89	6,000	0	(6,000)
1989-90	14,000	0	(14,000)
1990-91	5,000	0	(5,000)
1991-92	18,000	51,000	33,000
1992-93	9,000	(12,000)	(21,000)
1993-94	13,000	98,000	85,000
1994-95	17,000	9,000	(8,000)
1995-96	4,000	(63,000)	(67,000)
Total	\$117,000	\$161,000	\$44,000

As shown, actual incurred development was greater than anticipated since the prior report. This is mainly due to a reopened claim in accident year 1982-83.

Based on the assumptions from the prior report, it was expected that incurred losses through accident year 1995-96 would increase by \$117,000 between the two evaluation dates. However, actual development was approximately \$161,000; or about \$44,000 greater than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the June 30, 2017 evaluation date of the prior report and the June 30, 2018 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
1977-78	\$0	\$0	\$0
1978-79	0	0	0
1979-80	16,000	1,000	(15,000)
1980-81	50,000	11,000	(39,000)
1981-82	0	0	0
1982-83	0	9,000	9,000
1983-84	0	0	0
1984-85	0	0	0
1985-86	35,000	2,000	(33,000)
1986-87	67,000	2,000	(65,000)
1987-88	34,000	5,000	(29,000)
1988-89	16,000	1,000	(15,000)
1989-90	27,000	8,000	(19,000)
1990-91	7,000	2,000	(5,000)
1991-92	38,000	7,000	(31,000)
1992-93	7,000	10,000	3,000
1993-94	31,000	35,000	4,000
1994-95	34,000	20,000	(14,000)
1995-96	12,000	2,000	(10,000)
Total	\$374,000	\$115,000	(\$259,000)

As shown, actual paid development was less than anticipated since the prior report. This likely reflects the fact that there was only a small net reduction in the number of open claims since last year.

Based on the assumptions from the prior report, it was expected that paid losses through accident year 1995-96 would increase by \$374,000 between the two evaluation dates. However, actual development was approximately \$115,000; or about \$259,000 less than expected.

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

Accident Year	Prior Report	Current Report	Change In Ultimate
1977-78	\$32,000	\$32,000	\$0
1978-79	1,329,000	1,329,000	0
1979-80	2,304,000	2,304,000	0
1980-81	2,351,000	2,353,000	2,000
1981-82	3,119,000	3,119,000	0
1982-83	3,552,000	3,663,000	111,000
1983-84	5,573,000	5,573,000	0
1984-85	3,487,000	3,487,000	0
1985-86	4,123,000	4,123,000	0
1986-87	6,500,000	6,465,000	(35,000)
1987-88	6,591,000	6,588,000	(3,000)
1988-89	6,982,000	6,980,000	(2,000)
1989-90	7,290,000	7,285,000	(5,000)
1990-91	10,109,000	10,108,000	(1,000)
1991-92	9,051,000	9,092,000	41,000
1992-93	9,002,000	8,981,000	(21,000)
1993-94	8,751,000	8,836,000	85,000
1994-95	7,569,000	7,561,000	(8,000)
1995-96	4,706,000	4,639,000	(67,000)
Total	\$102,421,000	\$102,518,000	\$97,000

As shown, overall we have increased our estimated ultimate losses by \$97,000 since our prior report. The changes in our estimates of ultimate losses reflect a certain amount of weight applied to both the incurred and paid development listed on the previous two pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2017 to be \$1,686,000 at the discounted, expected level. Our current estimate as of June 30, 2018 is \$1,522,000, a decrease in our assessment of the Group's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2017	Current Report at June 30, 2018	Change
(A) Case Reserves:	\$901,000	\$947,000	\$46,000
(B) IBNR Reserves:	174,000	109,000	(65,000)
(C) Claims Administration Reserves:	197,000	204,000	7,000
(D) Estimated Non-Recoverable:	486,000	400,000	(86,000)
(E) Total Reserves:	\$1,758,000	\$1,660,000	(\$98,000)
(F) Offset for Investment Income:	(72,000)	(138,000)	(66,000)
(G) Total Outstanding Claim Liabilities:	\$1,686,000	\$1,522,000	(\$164,000)

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has decreased between June 30, 2017 and June 30, 2018, as reflected in our prior and current reports respectively.

Total case reserves actually increased by a small amount due to a large reopened claim from 1982-83. Our estimate of IBNR reserves, however, has decreased by \$65,000, reflecting the claims run-off. Reserves for future claims administration expenses have increased slightly. We also estimate a decrease in the amount of non-recoverable case reserves above the SIR than had been listed in the prior report. Total reserves are estimated to be \$98,000 less than the estimate from the prior report. Investment income is expected to be higher. The net change due to the above factors is an overall decrease of \$164,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, available assets were estimated to be \$2,417,000 as of June 30, 2017, which corresponded to the then-estimated discounted liability for outstanding claims between the 85% and 90% confidence levels. Available assets are currently estimated to be \$2,790,000 as of June 30, 2018, which corresponds to the currently estimated liability for outstanding claims above the 90% confidence level. It can be summarized as follows:

Funding Margin

	Prior Report at June 30, 2017	Current Report at June 30, 2018	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$1,686,000	\$1,522,000	(\$164,000)
(B) Estimated Assets At June 30:	2,417,000	2,790,000	373,000
(C) Surplus/(Deficit):	\$731,000	\$1,268,000	\$537,000

As you can see, our estimate of the program’s funding margin at the discounted, expected level has increased by \$537,000 between June 30, 2017 (as previously estimated) and June 30, 2018 (as currently estimated). This is driven by an increase in the estimated fund assets between the two points, coupled with a decrease in the estimated outstanding liability.

At the time of the prior report, our funding estimate for the 2017-18 year was \$12,429,000 at the discounted, expected level, assuming an SIR of \$250,000. 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 2018-19 year is \$13,306,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2017-18 SIR = \$250,000	Current Report 2018-19 SIR = \$250,000	Change
(A) Ultimate Loss and ALAE:	\$12,642,000	\$13,588,000	\$946,000
(B) Ultimate Claims Administration (ULAE):	948,000	1,019,000	71,000
(C) Total Claim Costs:	\$13,590,000	\$14,607,000	\$1,017,000
(D) Offset for Investment Income:	(1,161,000)	(1,301,000)	(140,000)
(E) Total Recommended Funding:	\$12,429,000	\$13,306,000	\$877,000
(F) Funding per \$100 of Payroll:	\$0.96	\$0.99	\$0.03

As you can see, our funding recommendations at the discounted, expected level have increased between 2017-18 and 2018-19, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$946,000, driven primarily by an increase in the payroll projection. In addition, claims administration costs are expected to be higher, resulting in an overall increase in total claim costs of \$1,017,000. Investment income is expected to be higher. The net change due to the above factors is an overall increase of \$877,000 in our annual funding estimate for loss and LAE. The funding rate per \$100 of payroll has increased by \$0.03.

E. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We received loss data evaluated as of June 30, 2018 (See Appendix K - Tail and Appendix H - Project Funding). We also utilized the data from the Group's most recent actuarial study for our assessment of loss development.
- Data was not available for the 1996-97 through 2002-03 years. Since these years are fully insured, there is no impact on the estimated liability for outstanding claims.
- Our estimated outstanding claims administration cost for the self-insured period (which ended in 1995-96) is based on information provided by the claims administrator, namely that the average ULAE cost per claim in 2018-19 will be approximately \$950 and that about 6 claims are expected to close each year.
- The June 30, 2018 fund balance is net of non-claims-related liabilities as shown on Appendix J - Tail.
- The program has a number of claims that have exceeded the SIR. It is our understanding that paid amounts in excess of SIR may not be recoverable by the Group. These claims are listed on Exhibit 1 - Tail, Pages 2 and 3. This list is based on an excess claim run provided by Keenan & Associates which filters paid losses that exceed the SIR. The estimate of the total unrecoverable is included on Exhibit 1 - Tail, Page 4 and is based on an assumption of 25% of the outstanding reserves above the SIR.
- For the purpose of projecting 2018-19 and 2019-20 costs, we have assumed that the program's self-insured retention would be \$250,000 per occurrence.
- We have assumed that the Group's payroll for 2018-19 and 2019-20 will be \$1,338,722,000 and \$1,378,884,000, respectively, based upon information provided by the Group (See Appendix I - Project Funding).
- Our estimate of claims administration for the 2018-19 and 2019-20 projected funding estimates is based on an assumption of ULAE costs being equivalent to 7.5% of total loss and ALAE.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

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 provided to us by the Group. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from a large group of public entities with similar self-insured workers' compensation programs.
- 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 a large group of public entities with similar self-insured workers' compensation programs in the aggregate form a reasonable basis of comparison to 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 a large group of public entities with similar self-insured workers' compensation 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 costs of workers' compensation 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 claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California (WCIRB). See Appendix E - Projected Funding for a display of the benefit level cost indices by fiscal year.

- 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 2.5% per year, and that claim frequency decreases at 2.0% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- At the Group's instruction, we have assumed that assets held for investment will generate an average annual return of 2.0% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not 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.
- Unless otherwise specified, 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 \$2,790,000 as of June 30, 2018 for use in this report. This is shown in further detail in Appendix J - Tail.

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 workers' compensation 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 of 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 of payroll.

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 - Workers' Compensation
July 1, 1977 through December 31, 1995
Funding Guidelines for Outstanding Liabilities at
June 30, 2018

(A) Estimated Ultimate Losses Incurred through 6/30/18: (From Appendix E - Tail)	\$102,517,000
(B) Estimated Paid Losses through 6/30/18: (From Appendix E - Tail)	101,461,000
(C) Estimated Liability for Claims Outstanding at 6/30/18: (From Appendix E - Tail)	<u>\$1,056,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/18: (From Appendix D - Tail)	204,000
(E) Estimated Unrecoverable Amounts over the SIR Over the SIR as of 6/30/18: (From Exhibit 1 - Tail, Page 4, Item (C))	400,000
(F) Total Outstanding Liability for Claims at 6/30/18: ((C) + (D) + (E))	<u>\$1,660,000</u>
(G) Reserve Discount Factor (Based on a Discount Rate of 2.0%.): (Appendix G - Tail, (G))	0.917
(H) Discounted Outstanding Liability for Claims at 6/30/18: ((F) x (G))	<u>\$1,522,000</u>

Confidence Level of Adequacy:	Marginally Acceptable	75%	Recommended	85%	Conservative
	70%		80%		90%
(I) Confidence Level Factor: (From Appendix H - Tail)	1.133	1.192	1.261	1.347	1.462
(J) Margin for Adverse Experience: ((H) x [(I) - 1])	202,000	292,000	397,000	528,000	703,000
(K) Total Required Assets at 6/30/18: ((H) + (J))	<u>\$1,724,000</u>	<u>\$1,814,000</u>	<u>\$1,919,000</u>	<u>\$2,050,000</u>	<u>\$2,225,000</u>
(L) Estimated Total Assets at 6/30/18: (From Appendix J - Tail)	2,790,000	2,790,000	2,790,000	2,790,000	2,790,000
(M) Indicated Funding Redundancy/ (Deficiency): ((L) - (K))	<u>\$1,066,000</u>	<u>\$976,000</u>	<u>\$871,000</u>	<u>\$740,000</u>	<u>\$565,000</u>

Santa Clara County Schools Insurance Group - Workers' Compensation

Claims with Reserves Over the SIR at
June 30, 2018

DOL (A)	Claim No. (B)	SIR (C)	Paid Over SIR (D)	Incurred Over SIR (E)	Reserves Over SIR (F)
10/17/79	5010-80-0009	250,000	5,429	5,429	-
02/09/82	5018-82-0095	250,000	144,596	144,596	-
04/19/83	5013-83-0069	250,000	125,913	125,913	-
07/26/83	5011-84-0001	100,000	6,844	6,844	-
09/02/83	5006-84-0024	100,000	44,741	44,741	-
09/02/83	5014-84-0002	100,000	29,120	29,120	-
01/19/84	5001-84-0098	100,000	39,884	39,884	-
01/31/84	5001-84-0100	100,000	7,161	7,161	-
02/22/84	5006-84-0134	100,000	14,810	14,810	-
05/09/84	5001-84-0149	100,000	17,455	17,455	-
05/15/84	5020-84-0053	100,000	112,873	112,873	-
06/13/84	5007-84-0079	100,000	17,137	17,137	-
03/15/85	5008-85-0070	100,000	4,044	4,044	-
05/01/85	5005-85-0184	100,000	6,325	6,325	-
05/31/85	5002-85-0039	100,000	14,483	14,483	-
10/11/85	5015-86-0039	125,000	34,668	34,668	-
10/14/85	5018-86-0020	125,000	228,506	247,262	18,757
11/19/85	5006-86-0164	125,000	638	638	-
03/04/86	5008-86-0048	125,000	21,861	21,861	-
03/11/86	5018-86-0040	125,000	40,080	40,080	-
04/04/86	5010-86-0010	125,000	-	9,424	9,424
05/30/86	5011-86-0028	125,000	73,410	73,410	-
12/05/86	5017-87-0016	200,000	225,221	272,061	46,840
02/19/87	5005-87-0156	200,000	83,021	83,021	-
05/07/87	5008-87-0083	200,000	147,736	182,595	34,859
09/29/87	5002-88-0005	250,000	59,884	59,884	-
03/25/88	5005-88-0258	250,000	70,554	70,554	-
10/07/88	5015-89-0012	150,000	400,733	716,635	315,902
04/12/89	5001-89-0160	150,000	340,533	340,533	-
05/19/89	5016-89-0018	150,000	21,777	21,777	-
09/11/89	5004-90-0005	150,000	129,353	129,353	-
09/12/89	5006-90-0022	150,000	-	18,881	18,881
02/22/90	5010-90-0007	150,000	53,208	53,208	-
02/27/90	5001-90-0119	150,000	-	1,510	1,510
05/01/90	5028-90-0095	150,000	387,938	387,938	-
06/21/90	5001-90-0227	150,000	35	35	-
07/12/90	5005-91-0026	150,000	1,312	1,312	-
09/10/90	5006-91-0013	150,000	55,463	163,829	108,366
11/01/90	5013-91-0033	150,000	79,955	79,955	-
11/20/90	5008-91-0026	150,000	243,337	248,885	5,548
11/29/90	5001-91-0098	150,000	599,480	599,480	-
12/06/90	5013-91-0041	150,000	67,716	67,716	-
01/16/91	5006-91-0093	150,000	302,857	302,857	-
01/28/91	5005-91-0145	150,000	124,598	182,679	58,082
02/01/91	5001-91-0132	150,000	9,550	9,550	-

Santa Clara County Schools Insurance Group - Workers' Compensation

Claims with Reserves Over the SIR at
June 30, 2018

DOL (A)	Claim No. (B)	SIR (C)	Paid Over SIR (D)	Incurred Over SIR (E)	Reserves Over SIR (F)
03/25/91	5007-91-0054	150,000	8,971	8,971	-
06/21/91	5005-91-0261	150,000	28,822	28,822	-
08/01/91	5010-92-0004	150,000	821,546	1,251,892	430,347
09/25/91	5008-92-0022	150,000	558,965	558,965	-
01/06/92	5002-92-0077	150,000	163,450	163,450	-
02/07/92	5006-92-0093	150,000	-	62,265	62,265
02/13/92	5005-92-0184	150,000	50,413	59,429	9,016
03/03/92	5001-92-0134	150,000	-	14,390	14,390
03/17/92	5003-92-0011	150,000	106,337	203,503	97,166
07/23/92	5020-93-0003	150,000	11,874	11,874	-
10/19/92	5013-93-0019	150,000	78,629	78,629	-
01/20/93	5005-93-0149	150,000	16,504	16,504	-
02/05/93	5017-93-0017	150,000	51,356	51,356	-
03/16/93	5005-93-0214	150,000	116,286	116,286	-
03/31/93	5015-93-0061	150,000	17,266	17,266	-
05/06/93	5015-93-0084	150,000	8,437	8,437	-
05/21/93	5018-93-0104	150,000	54,295	98,751	44,456
06/01/93	5001-93-0166	150,000	2,132	2,132	-
07/02/93	5001-94-0001	150,000	117,730	164,448	46,719
07/15/93	5005-94-0012	150,000	28,568	28,568	-
08/02/93	5001-94-0008	150,000	1,147	1,147	-
01/03/94	5001-94-0099	150,000	60,261	60,261	-
01/20/94	5005-94-0150	150,000	151,103	151,103	-
02/04/94	5002-94-0035	150,000	303,099	303,099	-
02/04/94	5007-94-0052	150,000	211,292	211,292	-
02/25/94	5028-94-0084	150,000	-	39,080	39,080
05/18/94	5006-94-0165	150,000	164,173	182,317	18,144
03/21/95	5014-95-0016	250,000	240,073	267,448	27,374
06/09/95	5006-95-0158	250,000	17,229	141,669	124,440
07/28/95	5004-96-0004	250,000	131,324	131,324	-
10/12/95	5021-96-0010	250,000	10,011	10,011	-
10/17/95	5005-96-0143	250,000	-	56,419	56,419
10/23/95	5006-96-0045	250,000	6,662	6,662	-
11/06/95	5027-96-0006	250,000	538,610	551,641	13,030
Total			8,470,800	10,071,813	1,601,014

Notes:

- (A) - (C) Provided by the Group.
- (D) - (E) From data provided by the Group at 6/30/18.
- (F) (E) - (D).

Santa Clara County Schools Insurance Group - Workers' Compensation

Estimated Unrecoverable Amounts Over the SIR at
June 30, 2018

(A) Outstanding Reserves Above the SIR: (From Exhibit 1 - Tail, Page 3, Item (F))	\$1,601,000
(B) Estimated Unrecoverable Portion:	25%
(C) Estimated Additional Outstanding: ((A) x (B))	\$400,000

Santa Clara County Schools Insurance Group - Workers' Compensation
 July 1, 1977 through December 31, 1995
 Outstanding Liabilities at Expected Level

Accident Year	Estimated Ultimate (A)	Reported as of 6/30/18 (B)	Estimated IBNR as of 6/30/18 (C)	Estimated Percent of IBNR Reported Between 7/1/18 and 6/30/19 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/19 (F)
1977-1978	32,176	32,176	0	25.0%	0	0
1978-1979	1,328,790	1,328,790	0	25.0%	0	0
1979-1980	2,303,897	2,301,875	2,022	25.0%	1,000	1,022
1980-1981	2,353,047	2,350,732	2,315	25.0%	1,000	1,315
1981-1982	3,119,161	3,119,161	0	25.0%	0	0
1982-1983	3,662,939	3,653,713	9,226	25.0%	2,000	7,226
1983-1984	5,572,588	5,572,588	0	25.0%	0	0
1984-1985	3,486,817	3,486,817	0	25.0%	0	0
1985-1986	4,122,923	4,118,645	4,278	25.0%	1,000	3,278
1986-1987	6,465,059	6,461,105	3,954	25.0%	1,000	2,954
1987-1988	6,587,919	6,582,545	5,374	25.0%	1,000	4,374
1988-1989	6,980,012	6,975,981	4,031	25.0%	1,000	3,031
1989-1990	7,284,637	7,276,004	8,633	25.0%	2,000	6,633
1990-1991	10,108,377	10,104,042	4,335	25.0%	1,000	3,335
1991-1992	9,092,315	9,084,309	8,006	25.0%	2,000	6,006
1992-1993	8,980,852	8,980,852	0	25.0%	0	0
1993-1994	8,836,000	8,823,965	12,035	25.0%	3,000	9,035
1994-1995	7,560,909	7,526,605	34,304	50.0%	17,000	17,304
1995-1996	4,638,803	4,628,569	10,234	33.3%	3,000	7,234
Totals	\$102,517,220	\$102,408,474	\$108,746		\$36,000	\$72,746

Notes:

- (A) From Exhibit 3 - Tail.
- (B) Provided by the Group. 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 7/1/18 and 6/30/19. The percentage is based on the development pattern selected in Appendix A - Tail.
- (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 6/30/19. 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 - Workers' Compensation

Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Case Reserve Development Method (C)	Selected Estimate of Ultimate Losses (D)
1977-1978	32,176	32,176	32,176	32,176
1978-1979	1,328,790	1,328,790	1,328,790	1,328,790
1979-1980	2,301,875	2,288,393	2,301,875	2,303,897
1980-1981	2,350,732	2,312,142	2,350,732	2,353,047
1981-1982	3,119,161	3,122,280	3,119,161	3,119,161
1982-1983	3,653,713	3,568,578	3,653,713	3,662,939
1983-1984	5,572,588	5,589,306	5,572,588	5,572,588
1984-1985	3,486,817	3,500,764	3,486,817	3,486,817
1985-1986	4,118,645	4,110,574	4,118,645	4,122,923
1986-1987	6,461,105	6,473,353	6,461,106	6,465,059
1987-1988	6,582,545	6,574,512	6,582,545	6,587,919
1988-1989	6,975,981	6,991,157	6,975,981	6,980,012
1989-1990	7,276,004	7,254,385	7,276,004	7,284,637
1990-1991	10,104,042	10,175,894	10,104,042	10,108,377
1991-1992	9,084,309	9,022,362	9,084,309	9,092,315
1992-1993	8,980,852	9,097,603	8,980,852	8,980,852
1993-1994	8,832,789	8,745,120	8,838,946	8,836,000
1994-1995	7,541,658	7,492,763	7,548,241	7,560,909
1995-1996	4,642,455	4,704,264	4,630,864	4,638,803
Totals				\$102,517,220

Notes:

- (A) From Appendix A - Tail, Page 1, Column (D).
- (B) From Appendix B - Tail, Page 1, Column (D).
- (C) From Appendix C - Tail, Column (D).
- (D) Selected averages of (A), (B), and (C).

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 on specific assumptions about the claims process that tend to hold generally but may be violated in specific situations. Thus, the more estimation methods that can be

Santa Clara County Schools Insurance Group - Workers' Compensation

Reported Loss Development

Accident Year (A)	SIR Reported Losses as of 6/30/18 (B)	Reported Loss Development Factor (C)	Ultimate SIR Losses (D)
1977-1978	32,176	1.000	32,176
1978-1979	1,328,790	1.000	1,328,790
1979-1980	2,301,875	1.000	2,301,875
1980-1981	2,350,732	1.000	2,350,732
1981-1982	3,119,161	1.000	3,119,161
1982-1983	3,653,713	1.000	3,653,713
1983-1984	5,572,588	1.000	5,572,588
1984-1985	3,486,817	1.000	3,486,817
1985-1986	4,118,645	1.000	4,118,645
1986-1987	6,461,105	1.000	6,461,105
1987-1988	6,582,545	1.000	6,582,545
1988-1989	6,975,981	1.000	6,975,981
1989-1990	7,276,004	1.000	7,276,004
1990-1991	10,104,042	1.000	10,104,042
1991-1992	9,084,309	1.000	9,084,309
1992-1993	8,980,852	1.000	8,980,852
1993-1994	8,823,965	1.001	8,832,789
1994-1995	7,526,605	1.002	7,541,658
1995-1996	4,628,569	1.003	4,642,455
Totals	\$102,408,474		\$102,446,237

Notes:

- (A) Years are 7/1 to 6/30 except for 1995-1996: 7/1/95 through 12/31/95.
- (B) Provided by the Group. These losses exclude amounts over the SIR.
- (C) From Appendix A - Tail, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over the SIR.

Santa Clara County Schools Insurance Group - Workers' Compensation
Reported Loss Development

SIR Losses Reported as of:

Accident Year	276 Months	288 Months	300 Months	312 Months	324 Months	336 Months	348 Months	360 Months	372 Months	384 Months
1977-1978										32,176
1978-1979									1,328,790	1,328,790
1979-1980								2,245,020	2,274,948	2,382,961
1980-1981							2,255,219	2,271,532	2,248,245	2,269,275
1981-1982						3,117,134	3,117,134	3,117,134	3,117,135	3,125,230
1982-1983					3,528,589	3,538,376	3,533,814	3,533,814	3,547,062	3,590,415
1983-1984				5,582,541	5,572,185	5,572,185	5,572,588	5,572,588	5,572,588	5,572,588
1984-1985			3,485,462	3,509,657	3,509,657	3,509,457	3,484,509	3,484,509	3,484,719	3,484,817
1985-1986		4,147,884	4,147,943	4,148,660	4,126,372	4,126,372	4,126,629	4,118,633	4,118,633	4,118,645
1986-1987	6,292,281	6,284,805	6,329,297	6,373,932	6,368,592	6,373,930	6,404,298	6,508,449	6,491,346	6,461,105
1987-1988	6,610,799	6,613,536	6,625,489	6,593,840	6,565,452	6,565,752	6,565,752	6,582,545	6,582,545	
1988-1989	6,932,089	6,976,018	6,973,407	6,966,068	6,972,254	6,971,378	6,975,881	6,975,981		
1989-1990	7,223,242	7,245,210	7,245,210	7,263,364	7,287,146	7,275,833	7,276,004			
1990-1991	10,138,062	10,138,062	10,136,002	10,137,164	10,104,042	10,104,042				
1991-1992	8,955,524	8,984,927	8,991,701	9,033,322	9,084,309					
1992-1993	9,031,316	9,030,477	8,993,061	8,980,852						
1993-1994	8,642,336	8,725,925	8,823,965							
1994-1995	7,517,473	7,526,605								
1995-1996	4,628,569									

Reported Loss Development Factors:

	276-288 Months	288-300 Months	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months
1977-1978										1.000
1978-1979									1.000	1.000
1979-1980								1.013	1.047	0.987
1980-1981							1.007	0.990	1.009	1.000
1981-1982						1.000	1.000	1.000	1.003	1.000
1982-1983					1.003	0.999	1.000	1.004	1.012	0.989
1983-1984				0.998	1.000	1.000	1.000	1.000	1.000	1.000
1984-1985			1.007	1.000	1.000	0.993	1.000	1.000	1.000	1.001
1985-1986		1.000	1.000	0.995	1.000	1.000	0.998	1.000	1.000	1.000
1986-1987	0.999	1.007	1.007	0.999	1.001	1.005	1.016	0.997	0.995	
1987-1988	1.000	1.002	0.995	0.996	1.000	1.000	1.003	1.000		
1988-1989	1.006	1.000	0.999	1.001	1.000	1.001	1.000			
1989-1990	1.003	1.000	1.003	1.003	0.998	1.000				
1990-1991	1.000	1.000	1.000	0.997	1.000					
1991-1992	1.003	1.001	1.005	1.006						
1992-1993	1.000	0.996	0.999							
1993-1994	1.010	1.011								
1994-1995	1.001									
Average Dollar-Weighted Averages	1.002	1.002	1.002	0.999	1.000	1.000	1.003	1.000	1.007	0.997
3-yr	1.004	1.003	1.001	1.002	0.999	1.000	1.006	0.999	0.998	1.000
4-yr	1.004	1.002	1.001	1.001	1.000	1.001	1.005	0.999	0.998	0.998
Prior	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools Insurance Group - Workers' Compensation
Reported Loss Development

SIR Losses Reported as of:

Accident Year	396 Months	408 Months	420 Months	432 Months	444 Months	456 Months	468 Months	480 Months	492 Months
1977-1978	32,176	32,176	32,176	32,176	32,176	32,176	32,176	32,176	32,176
1978-1979	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790
1979-1980	2,351,765	2,390,674	2,312,733	2,301,875	2,301,875	2,301,875	2,301,875		
1980-1981	2,269,275	2,284,685	2,308,685	2,320,576	2,344,134	2,350,732			
1981-1982	3,125,230	3,119,161	3,119,161	3,119,161	3,119,161				
1982-1983	3,552,332	3,552,332	3,552,332	3,653,713					
1983-1984	5,572,588	5,572,588	5,572,588						
1984-1985	3,486,817	3,486,817							
1985-1986	4,118,645								
1986-1987									
1987-1988									
1988-1989									
1989-1990									
1990-1991									
1991-1992									
1992-1993									
1993-1994									
1994-1995									
1995-1996									

Reported Loss Development Factors:

	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-Ult. Months
1977-1978	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1978-1979	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1979-1980	1.017	0.967	0.995	1.000	1.000	1.000			
1980-1981	1.007	1.011	1.005	1.010	1.003				
1981-1982	0.998	1.000	1.000	1.000					
1982-1983	1.000	1.000	1.029						
1983-1984	1.000	1.000							
1984-1985	1.000								
1985-1986									
1986-1987									
1987-1988									
1988-1989									
1989-1990									
1990-1991									
1991-1992									
1992-1993									
1993-1994									
1994-1995									

	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-Ult. Months		
Average Dollar-Weighted Averages	1.003	0.997	1.005	1.002	1.001	1.000	1.000	1.000			
3-yr	1.000	1.000	1.013	1.003	1.001	1.000					
4-yr	1.000	1.002	1.009	1.003	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 - Workers' Compensation

Paid Loss Development

Accident Year (A)	SIR Paid Losses as of 6/30/18 (B)	Paid Loss Development Factor (C)	Ultimate SIR Losses (D)
1977-1978	32,176	1.000	32,176
1978-1979	1,328,790	1.000	1,328,790
1979-1980	2,288,393	1.000	2,288,393
1980-1981	2,312,142	1.000	2,312,142
1981-1982	3,119,161	1.001	3,122,280
1982-1983	3,561,455	1.002	3,568,578
1983-1984	5,572,588	1.003	5,589,306
1984-1985	3,486,817	1.004	3,500,764
1985-1986	4,090,123	1.005	4,110,574
1986-1987	6,434,745	1.006	6,473,353
1987-1988	6,528,810	1.007	6,574,512
1988-1989	6,935,672	1.008	6,991,157
1989-1990	7,189,678	1.009	7,254,385
1990-1991	10,075,143	1.010	10,175,894
1991-1992	8,924,196	1.011	9,022,362
1992-1993	8,980,852	1.013	9,097,603
1993-1994	8,615,882	1.015	8,745,120
1994-1995	7,367,515	1.017	7,492,763
1995-1996	4,616,550	1.019	4,704,264
Totals	\$101,460,688		\$102,384,416

Notes:

- (A) Years are 7/1 to 6/30 except for 1995-1996: 7/1/95 through 12/31/95.
- (B) Provided by the Group. These losses exclude amounts over the SIR.
- (C) From Appendix B - Tail, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over the SIR.

Santa Clara County Schools Insurance Group - Workers' Compensation
Paid Loss Development

Accident Year	<u>SIR Losses Paid as of:</u>									
	276 Months	288 Months	300 Months	312 Months	324 Months	336 Months	348 Months	360 Months	372 Months	384 Months
1977-1978										32,176
1978-1979									1,328,790	1,328,790
1979-1980								2,213,731	2,241,514	2,281,607
1980-1981							2,201,408	2,208,585	2,215,466	2,230,623
1981-1982						3,117,134	3,117,134	3,117,134	3,117,135	3,118,647
1982-1983					3,517,442	3,533,800	3,533,814	3,533,814	3,536,205	3,552,332
1983-1984				5,565,374	5,570,151	5,570,861	5,572,588	5,572,588	5,572,588	5,572,588
1984-1985			3,478,228	3,481,102	3,483,947	3,484,509	3,484,509	3,484,509	3,484,719	3,484,817
1985-1986		4,055,551	4,059,842	4,068,127	4,070,039	4,071,961	4,076,039	4,080,926	4,084,870	4,088,099
1986-1987	6,241,393	6,250,180	6,271,652	6,316,770	6,351,373	6,359,408	6,361,892	6,412,888	6,432,972	6,434,745
1987-1988	6,456,678	6,468,711	6,472,986	6,480,130	6,505,278	6,514,747	6,517,389	6,523,886	6,528,810	
1988-1989	6,856,889	6,878,056	6,891,824	6,902,742	6,912,972	6,930,516	6,934,429	6,935,672		
1989-1990	7,137,696	7,145,476	7,151,590	7,160,459	7,174,357	7,181,251	7,189,678			
1990-1991	10,062,062	10,067,258	10,068,577	10,070,593	10,073,389	10,075,143				
1991-1992	8,877,250	8,885,312	8,897,189	8,916,873	8,924,196					
1992-1993	8,913,496	8,921,531	8,971,221	8,980,852						
1993-1994	8,575,302	8,581,212	8,615,882							
1994-1995	7,347,017	7,367,515								
1995-1996	4,616,550									

Paid Loss Development Factors:

	276-288 Months	288-300 Months	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months
1977-1978										1.000
1978-1979									1.000	1.000
1979-1980								1.013	1.018	1.001
1980-1981							1.003	1.003	1.007	1.006
1981-1982						1.000	1.000	1.000	1.000	1.000
1982-1983					1.005	1.000	1.000	1.001	1.005	1.000
1983-1984				1.001	1.000	1.000	1.000	1.000	1.000	1.000
1984-1985			1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.001
1985-1986		1.001	1.002	1.000	1.000	1.001	1.001	1.001	1.001	1.000
1986-1987	1.001	1.003	1.007	1.005	1.001	1.000	1.008	1.003	1.000	
1987-1988	1.002	1.001	1.001	1.004	1.001	1.000	1.001	1.001		
1988-1989	1.003	1.002	1.002	1.001	1.003	1.001	1.000			
1989-1990	1.001	1.001	1.001	1.002	1.001	1.001				
1990-1991	1.001	1.000	1.000	1.000	1.000					
1991-1992	1.001	1.001	1.002	1.001						
1992-1993	1.001	1.006	1.001							
1993-1994	1.001	1.004								
1994-1995	1.003									

	276-288 Months	288-300 Months	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months
Average Dollar-Weighted Averages	1.002	1.002	1.002	1.002	1.001	1.000	1.001	1.002	1.003	1.001
3-yr	1.001	1.004	1.001	1.001	1.001	1.001	1.003	1.002	1.000	1.000
4-yr	1.001	1.003	1.001	1.001	1.001	1.001	1.003	1.001	1.000	1.000
Prior	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000
Selected	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001
Cumulated	1.019	1.017	1.015	1.013	1.011	1.010	1.009	1.008	1.007	1.006

Santa Clara County Schools Insurance Group - Workers' Compensation
Paid Loss Development

Accident Year	<u>SIR Losses Paid as of:</u>								
	396 Months	408 Months	420 Months	432 Months	444 Months	456 Months	468 Months	480 Months	492 Months
1977-1978	32,176	32,176	32,176	32,176	32,176	32,176	32,176	32,176	32,176
1978-1979	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790	1,328,790
1979-1980	2,283,828	2,284,522	2,285,417	2,286,368	2,287,227	2,287,834	2,288,393		
1980-1981	2,242,901	2,256,933	2,271,753	2,279,904	2,301,060	2,312,142			
1981-1982	3,119,161	3,119,161	3,119,161	3,119,161	3,119,161				
1982-1983	3,552,332	3,552,332	3,552,332	3,561,455					
1983-1984	5,572,588	5,572,588	5,572,588						
1984-1985	3,486,817	3,486,817							
1985-1986	4,090,123								
1986-1987									
1987-1988									
1988-1989									
1989-1990									
1990-1991									
1991-1992									
1992-1993									
1993-1994									
1994-1995									
1995-1996									

Paid Loss Development Factors:

	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-Ult. Months
1977-1978	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1978-1979	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1979-1980	1.000	1.000	1.000	1.000	1.000	1.000			
1980-1981	1.006	1.007	1.004	1.009	1.005				
1981-1982	1.000	1.000	1.000	1.000					
1982-1983	1.000	1.000	1.003						
1983-1984	1.000	1.000							
1984-1985	1.000								
1985-1986									
1986-1987									
1987-1988									
1988-1989									
1989-1990									
1990-1991									
1991-1992									
1992-1993									
1993-1994									
1994-1995									

	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-Ult. Months		
Average Dollar-Weighted Averages	1.001	1.001	1.001	1.002	1.001	1.000	1.000	1.000			
3-yr	1.000	1.000	1.002	1.003	1.002	1.000					
4-yr	1.000	1.001	1.002	1.002	1.002						
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.005	1.004	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools Insurance Group - Workers' Compensation

Case Reserve Development

Accident Year (A)	SIR Case Reserves as of 6/30/18 (B)	Case Reserve Development Factor (C)	Ultimate SIR Losses (D)
1977-1978	0	1.000	32,176
1978-1979	0	1.000	1,328,790
1979-1980	13,482	1.000	2,301,875
1980-1981	38,590	1.000	2,350,732
1981-1982	0	1.000	3,119,161
1982-1983	92,258	1.000	3,653,713
1983-1984	0	1.000	5,572,588
1984-1985	0	1.000	3,486,817
1985-1986	28,522	1.000	4,118,645
1986-1987	26,361	1.000	6,461,106
1987-1988	53,735	1.000	6,582,545
1988-1989	40,309	1.000	6,975,981
1989-1990	86,326	1.000	7,276,004
1990-1991	28,899	1.000	10,104,042
1991-1992	160,113	1.000	9,084,309
1992-1993	0	1.000	8,980,852
1993-1994	208,082	1.072	8,838,946
1994-1995	159,090	1.136	7,548,241
1995-1996	12,019	1.191	4,630,864
Totals	\$947,785		\$102,447,387

Notes:

- (A) Years are 7/1 to 6/30 except for 1995-1996: 7/1/95 through 12/31/95.
- (B) Provided by the Group. These losses exclude amounts over the SIR.
- (C) Based on the development factors from Appendix A - Tail, Page 2 and Appendix B - Tail, Page 2.
- (D) (B) x (C)+ Appendix B - Tail ,Page 1, (B).
These estimated losses exclude amounts over the SIR.

Santa Clara County Schools Insurance Group - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/18

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)
2018-2019	45.0	\$950	1.000	\$950	\$42,750
2019-2020	39.0	950	1.050	998	38,922
2020-2021	33.0	950	1.103	1,048	34,584
2021-2022	27.0	950	1.158	1,100	29,700
2022-2023	21.0	950	1.216	1,155	24,255
2023-2024	15.0	950	1.277	1,213	18,195
2024-2025	9.0	950	1.341	1,274	11,466
2025-2026	3.0	950	1.408	1,338	4,014
2026-2027	0.0	950	1.478	1,404	0
2027-2028	0.0	950	1.552	1,474	0
2028-2029	0.0	950	1.630	1,549	0
2029-2030	0.0	950	1.712	1,626	0
2030-2031	0.0	950	1.798	1,708	0
2031-2032	0.0	950	1.888	1,794	0
2032-2033	0.0	950	1.982	1,883	0
2033-2034	0.0	950	2.081	1,977	0
2034-2035	0.0	950	2.185	2,076	0
2035-2036	0.0	950	2.294	2,179	0

(G) Total ULAE Outstanding as of 6/30/18: \$203,886

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 the Group.
- (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 - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2018</u>	<u>Calendar Period</u>	
		<u>7/1/2018</u> <u>to</u> <u>6/30/2019</u>	<u>7/1/2019</u> <u>to</u> <u>6/30/2020</u>
Prior			
Ultimate Loss	\$3,664,863	\$3,664,863	\$3,664,863
Paid in Calendar Period	-	3,876	2,907
Paid to Date	3,649,359	3,653,235	3,656,142
Outstanding Liability	15,504	11,628	8,721
1980-1981			
Ultimate Loss	\$2,353,047	\$2,353,047	\$2,353,047
Paid in Calendar Period	-	10,226	7,670
Paid to Date	2,312,142	2,322,368	2,330,038
Outstanding Liability	40,905	30,679	23,009
1981-1982			
Ultimate Loss	\$3,119,161	\$3,119,161	\$3,119,161
Paid in Calendar Period	-	-	-
Paid to Date	3,119,161	3,119,161	3,119,161
Outstanding Liability	-	-	-
1982-1983			
Ultimate Loss	\$3,662,939	\$3,662,939	\$3,662,939
Paid in Calendar Period	-	25,371	19,028
Paid to Date	3,561,455	3,586,826	3,605,854
Outstanding Liability	101,484	76,113	57,085
1983-1984			
Ultimate Loss	\$5,572,588	\$5,572,588	\$5,572,588
Paid in Calendar Period	-	-	-
Paid to Date	5,572,588	5,572,588	5,572,588
Outstanding Liability	-	-	-
1984-1985			
Ultimate Loss	\$3,486,817	\$3,486,817	\$3,486,817
Paid in Calendar Period	-	-	-
Paid to Date	3,486,817	3,486,817	3,486,817
Outstanding Liability	-	-	-
1985-1986			
Ultimate Loss	\$4,122,923	\$4,122,923	\$4,122,923
Paid in Calendar Period	-	8,200	6,150
Paid to Date	4,090,123	4,098,323	4,104,473
Outstanding Liability	32,800	24,600	18,450
1986-1987			
Ultimate Loss	\$6,465,059	\$6,465,059	\$6,465,059
Paid in Calendar Period	-	7,579	5,684
Paid to Date	6,434,745	6,442,324	6,448,008
Outstanding Liability	30,314	22,735	17,051

Santa Clara County Schools Insurance Group - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2018</u>	<u>Calendar Period</u>	
		<u>7/1/2018</u> <u>to</u> <u>6/30/2019</u>	<u>7/1/2019</u> <u>to</u> <u>6/30/2020</u>
1987-1988			
Ultimate Loss	\$6,587,919	\$6,587,919	\$6,587,919
Paid in Calendar Period	-	14,777	11,083
Paid to Date	6,528,810	6,543,587	6,554,670
Outstanding Liability	59,109	44,332	33,249
1988-1989			
Ultimate Loss	\$6,980,012	\$6,980,012	\$6,980,012
Paid in Calendar Period	-	5,498	9,710
Paid to Date	6,935,672	6,941,170	6,950,880
Outstanding Liability	44,340	38,842	29,132
1989-1990			
Ultimate Loss	\$7,284,637	\$7,284,637	\$7,284,637
Paid in Calendar Period	-	10,445	21,128
Paid to Date	7,189,678	7,200,123	7,221,251
Outstanding Liability	94,959	84,514	63,386
1990-1991			
Ultimate Loss	\$10,108,377	\$10,108,377	\$10,108,377
Paid in Calendar Period	-	3,290	3,294
Paid to Date	10,075,143	10,078,433	10,081,727
Outstanding Liability	33,234	29,944	26,650
1991-1992			
Ultimate Loss	\$9,092,315	\$9,092,315	\$9,092,315
Paid in Calendar Period	-	15,131	15,146
Paid to Date	8,924,196	8,939,327	8,954,473
Outstanding Liability	168,119	152,988	137,842
1992-1993			
Ultimate Loss	\$8,980,852	\$8,980,852	\$8,980,852
Paid in Calendar Period	-		
Paid to Date	8,980,852	8,980,852	8,980,852
Outstanding Liability			
1993-1994			
Ultimate Loss	\$8,836,000	\$8,836,000	\$8,836,000
Paid in Calendar Period	-	29,056	29,041
Paid to Date	8,615,882	8,644,938	8,673,979
Outstanding Liability	220,118	191,062	162,021
1994-1995			
Ultimate Loss	\$7,560,909	\$7,560,909	\$7,560,909
Paid in Calendar Period	-	22,434	22,567
Paid to Date	7,367,515	7,389,949	7,412,516
Outstanding Liability	193,394	170,960	148,393

Santa Clara County Schools Insurance Group - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2018</u>	<u>Calendar Period</u>	
		<u>7/1/2018</u> <u>to</u> <u>6/30/2019</u>	<u>7/1/2019</u> <u>to</u> <u>6/30/2020</u>
1995-1996			
Ultimate Loss	\$4,639,000	\$4,638,803	\$4,638,803
Paid in Calendar Period	-	2,335	2,310
Paid to Date	4,616,550	4,618,885	4,621,195
Outstanding Liability	22,450	19,918	17,608
Totals			
Ultimate Loss	\$102,517,417	\$102,517,220	\$102,517,220
Paid in Calendar Period	-	158,218	155,718
Paid to Date	101,460,688	101,618,906	101,774,624
Outstanding Liability	1,056,729	898,314	742,596
Total Outstanding ULAE	203,886	161,136	112,961
Outstanding Liability plus ULAE	1,260,615	1,059,450	855,557

Notes appear on the next page.

Santa Clara County Schools Insurance Group - Workers' Compensation

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 1994-1995, \$22,434 is expected to be paid between 7/1/18 and 6/30/19, \$7,389,949 will have been paid by 6/30/19, and the reserve for remaining payments on these claims should be \$170,960.
- Ultimate Losses for each accident year are from Exhibit 3 - Tail.
- 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, $\$22,567 = \$170,960 \times 13.2\%$.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, $\$7,412,516 = \$22,567 + \$7,389,949$.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, $\$170,960 = \$7,560,909 - \$7,389,949$.

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 - Workers' Compensation

Short- and Long-Term Liabilities

<u>Liabilities as of 6/30/18:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$158,218	\$156,659
	ULAE:	42,750	42,329
	Short-Term Loss and LAE:	<u>\$200,968</u>	<u>\$198,988</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$898,511	\$812,115
	ULAE:	161,136	144,587
	Long-Term Loss and LAE:	<u>\$1,059,647</u>	<u>\$956,702</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,056,729	\$968,774
	ULAE:	203,886	186,916
	Total Loss and LAE:	<u>\$1,260,615</u>	<u>\$1,155,690</u>
<u>Liabilities as of 6/30/19:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$155,718	\$154,184
	ULAE:	38,922	38,539
	Short-Term Loss and LAE:	<u>\$194,640</u>	<u>\$192,723</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$742,596	\$673,178
	ULAE:	122,214	109,870
	Long-Term Loss and LAE:	<u>\$864,810</u>	<u>\$783,048</u>
<u>Total Liability</u>	Loss and ALAE:	\$898,314	\$827,362
	ULAE:	161,136	148,409
	Total Loss and LAE:	<u>\$1,059,450</u>	<u>\$975,771</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 6/30/18:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$177,495	\$186,738	\$197,547	\$211,020	\$229,035
	ULAE:	47,959	50,456	53,377	57,017	61,885
	Short-Term Loss and LAE:	<u>\$225,454</u>	<u>\$237,194</u>	<u>\$250,924</u>	<u>\$268,037</u>	<u>\$290,920</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$920,126	\$968,041	\$1,024,077	\$1,093,919	\$1,187,313
	ULAE:	163,817	172,347	182,324	194,758	211,386
	Long-Term Loss and LAE:	<u>\$1,083,943</u>	<u>\$1,140,388</u>	<u>\$1,206,401</u>	<u>\$1,288,677</u>	<u>\$1,398,699</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,097,621	\$1,154,779	\$1,221,624	\$1,304,939	\$1,416,348
	ULAE:	211,776	222,803	235,701	251,775	273,271
	Total Loss and LAE:	<u>\$1,309,397</u>	<u>\$1,377,582</u>	<u>\$1,457,325</u>	<u>\$1,556,714</u>	<u>\$1,689,619</u>
<u>Liabilities as of 6/30/19:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$174,690	\$183,787	\$194,426	\$207,686	\$225,417
	ULAE:	43,665	45,938	48,598	51,912	56,344
	Short-Term Loss and LAE:	<u>\$218,355</u>	<u>\$229,725</u>	<u>\$243,024</u>	<u>\$259,598</u>	<u>\$281,761</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$762,711	\$802,429	\$848,877	\$906,771	\$984,186
	ULAE:	124,483	130,965	138,546	147,995	160,630
	Long-Term Loss and LAE:	<u>\$887,194</u>	<u>\$933,394</u>	<u>\$987,423</u>	<u>\$1,054,766</u>	<u>\$1,144,816</u>
<u>Total Liability</u>	Loss and ALAE:	\$937,401	\$986,216	\$1,043,303	\$1,114,457	\$1,209,603
	ULAE:	168,148	176,903	187,144	199,907	216,974
	Total Loss and LAE:	<u>\$1,105,549</u>	<u>\$1,163,119</u>	<u>\$1,230,447</u>	<u>\$1,314,364</u>	<u>\$1,426,577</u>

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 6/30/18 (A)	Discount Factor (B)	Discounted Reserve at 6/30/18 (C)	Full Value of Reserve at 6/30/19 (D)	Discount Factor (E)	Discounted Reserve at 6/30/19 (F)
1977-1978	0	1.000	0	0	1.000	0
1978-1979	0	1.000	0	0	1.000	0
1979-1980	15,504	1.000	15,504	11,628	1.000	11,628
1980-1981	40,905	1.000	40,905	30,679	1.000	30,679
1981-1982	0	0.990	0	0	1.000	0
1982-1983	101,484	0.980	99,498	76,113	0.990	75,363
1983-1984	0	0.971	0	0	0.980	0
1984-1985	0	0.961	0	0	0.971	0
1985-1986	32,800	0.952	31,226	24,600	0.961	23,650
1986-1987	30,314	0.943	28,579	22,735	0.952	21,644
1987-1988	59,109	0.934	55,185	44,332	0.943	41,794
1988-1989	44,340	0.925	40,997	38,842	0.934	36,264
1989-1990	94,959	0.916	86,953	84,514	0.925	78,142
1990-1991	33,234	0.907	30,140	29,944	0.916	27,420
1991-1992	168,119	0.898	151,006	152,988	0.907	138,745
1992-1993	0	0.897	0	0	0.898	0
1993-1994	220,118	0.894	196,833	191,062	0.897	171,434
1994-1995	193,394	0.890	172,089	170,960	0.894	152,875
1995-1996	22,450	0.885	19,859	19,918	0.890	17,724
0	0	-	-	0	0.885	0
Totals	\$1,056,729		\$968,774	\$898,314		\$827,362

(G) Discount Factor at 6/30/18 for Overall Reserve: 0.917
(H) Discount Factor at 6/30/19 for Overall Reserve: 0.921

Notes:

- (A) From Appendix E - Tail, Outstanding Liability at 6/30/18.
- (B) Based on Appendix G - Tail, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix E - Tail, Outstanding Liability at 6/30/19.
- (E) Based on Appendix G - Tail, 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 0.917, the discounted liability for outstanding claims is 91.7% of the full value.

Santa Clara County Schools Insurance Group - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	0.0%	2.0%	0.000	0.000	1.000
21	0.0%	2.0%	0.000	0.000	1.000
20	0.0%	2.0%	0.000	0.000	1.000
19	0.0%	2.0%	0.000	0.000	1.000
18	0.0%	2.0%	0.000	0.000	1.000
17	0.0%	2.0%	0.000	0.000	1.000
16	0.1%	2.0%	0.001	0.001	0.990
15	0.1%	2.0%	0.002	0.002	0.980
14	0.1%	2.0%	0.003	0.003	0.971
13	0.1%	2.0%	0.004	0.004	0.961
12	0.1%	2.0%	0.005	0.005	0.952
11	0.1%	2.0%	0.006	0.006	0.943
10	0.1%	2.0%	0.006	0.007	0.934
9	0.1%	2.0%	0.007	0.008	0.925
8	0.1%	2.0%	0.008	0.009	0.916
7	0.1%	2.0%	0.009	0.010	0.907
6	0.1%	2.0%	0.010	0.011	0.898
5	0.2%	2.0%	0.012	0.013	0.897
4	0.2%	2.0%	0.013	0.015	0.894
3	0.2%	2.0%	0.015	0.017	0.890
2	0.2%	2.0%	0.016	0.019	0.885
1	0.2%	2.0%	0.018	0.021	0.879

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 - Tail, Page 2.
- (C) Assumed Investment Income Rates.
- (D) 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, $1.6\% = [1.5\% / 1.020] + [0.2\% / (1.010)]$.
- (E) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (F) $(D) / (E)$.

Santa Clara County Schools Insurance Group - Workers' Compensation

Confidence Level Table

Probability	Outstanding Losses
95%	1.651
90%	1.462
85%	1.347
80%	1.261
75%	1.192
70%	1.133
65%	1.080
60%	1.033
55%	0.989
50%	0.947
45%	0.908
40%	0.869
35%	0.830
30%	0.791
25%	0.749

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.462 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 - Workers' Compensation

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
1/1/1977	9/30/1978	1977-1978	150,000	(none)
10/1/1978	9/30/1979	1978-1979	150,000	(none)
10/1/1979	6/30/1980	1979-1980	250,000	(none)
7/1/1980	6/30/1981	1980-1981	250,000	(none)
7/1/1981	6/30/1982	1981-1982	250,000	(none)
7/1/1982	6/30/1983	1982-1983	250,000	(none)
7/1/1983	6/30/1984	1983-1984	100,000	(none)
7/1/1984	6/30/1985	1984-1985	100,000	(none)
7/1/1985	6/30/1986	1985-1986	125,000	(none)
7/1/1986	6/30/1987	1986-1987	200,000	(none)
7/1/1987	6/30/1988	1987-1988	250,000	(none)
7/1/1988	6/30/1989	1988-1989	150,000	(none)
7/1/1989	6/30/1990	1989-1990	150,000	(none)
7/1/1990	6/30/1991	1990-1991	150,000	(none)
7/1/1991	6/30/1992	1991-1992	150,000	(none)
7/1/1992	6/30/1993	1992-1993	150,000	(none)
7/1/1993	6/30/1994	1993-1994	150,000	(none)
7/1/1994	6/30/1995	1994-1995	250,000	(none)
7/1/1995	12/31/1995	1995-1996	250,000	(none)

Claims administration for the pre-1996 self-insured years are provided by Keenan and Associates.

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Estimated Total Assets as of 6/30/18

(A) <u>Total Assets as of 6/30/18:</u>	\$4,079,000
(B) <u>Non-Claims-Related Liabilities:</u>	
Account Payable:	\$25,000
Wage/Benefits Payable:	(1,000)
Insurance Premiums Payable:	0
Safety Credits:	990,000
Other:	275,000
Total Income:	<u>\$1,289,000</u>
(C) <u>Assets Available to Pay Claims as of 6/30/18:</u>	\$2,790,000

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Incurred Losses as of 6/30/18

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)
1977-1978	\$30,971	\$1,205	\$0	\$32,176	\$0	\$0	\$32,176	\$0	\$32,176	\$32,176
1978-1979	239,963	1,088,827	0	1,328,790	0	0	1,328,790	0	1,328,790	1,328,790
1979-1980	1,304,143	1,003,161	0	2,307,304	5,429	255,556	2,051,748	250,127	2,301,875	2,301,875
1980-1981	1,696,831	653,901	0	2,350,732	0	31,706	2,319,027	31,706	2,350,732	2,350,732
1981-1982	2,650,747	613,010	0	3,263,757	144,596	300,406	2,963,351	155,810	3,119,161	3,119,161
1982-1983	3,523,973	255,653	0	3,779,626	125,913	348,611	3,431,015	222,698	3,653,713	3,653,713
1983-1984	5,862,612	0	0	5,862,612	290,024	290,024	5,572,588	0	5,572,588	5,572,588
1984-1985	3,511,668	0	0	3,511,668	24,851	24,851	3,486,817	0	3,486,817	3,486,817
1985-1986	4,545,988	0	0	4,545,988	427,343	646,811	3,899,177	219,468	4,118,645	4,118,645
1986-1987	6,998,782	0	0	6,998,782	537,677	1,418,634	5,580,148	880,957	6,461,105	6,461,105
1987-1988	6,712,984	0	0	6,712,984	130,438	951,566	5,761,417	821,128	6,582,545	6,582,545
1988-1989	8,054,925	0	0	8,054,925	1,078,944	1,488,497	6,566,428	409,553	6,975,981	6,975,981
1989-1990	7,866,929	0	0	7,866,929	590,925	1,032,665	6,834,264	441,740	7,276,004	7,276,004
1990-1991	11,798,098	0	0	11,798,098	1,694,056	2,421,521	9,376,577	727,465	10,104,042	10,104,042
1991-1992	11,398,201	0	0	11,398,201	2,313,893	2,794,895	8,603,307	481,002	9,084,309	9,084,309
1992-1993	9,382,087	0	0	9,382,087	401,236	982,225	8,399,862	580,990	8,980,852	8,980,852
1993-1994	9,965,278	0	0	9,965,278	1,141,314	1,803,028	8,162,250	661,714	8,823,965	8,823,965
1994-1995	7,935,721	0	0	7,935,721	409,116	1,117,068	6,818,654	707,952	7,526,605	7,526,605
1995-1996	5,384,626	0	0	5,384,626	756,057	1,611,481	3,773,145	855,424	4,628,569	4,628,569
0	0	0	0	0	0	0	0	0	0	0
Total	\$108,864,529	\$3,615,757	\$0	\$112,480,286	\$10,071,813	\$17,519,547	\$94,960,739	\$7,447,734	\$102,408,473	\$102,408,473

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C) Closed claims no longer listed in the current loss data.
- (D)
- (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 I - Tail.

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Losses as of 6/30/18

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)
1977-1978	\$30,971	\$1,205	\$0	\$32,176	\$0	\$0	\$32,176	\$0	\$32,176	\$32,176
1978-1979	239,963	1,088,827	0	1,328,790	0	0	1,328,790	0	1,328,790	1,328,790
1979-1980	1,290,661	1,003,161	0	2,293,822	5,429	242,074	2,051,748	236,644	2,288,393	2,288,393
1980-1981	1,658,241	653,901	0	2,312,142	0	8,531	2,303,611	8,531	2,312,142	2,312,142
1981-1982	2,650,747	613,010	0	3,263,757	144,596	300,406	2,963,351	155,810	3,119,161	3,119,161
1982-1983	3,431,715	255,653	0	3,687,368	125,913	332,300	3,355,069	206,386	3,561,455	3,561,455
1983-1984	5,862,612	0	0	5,862,612	290,024	290,024	5,572,588	0	5,572,588	5,572,588
1984-1985	3,511,668	0	0	3,511,668	24,851	24,851	3,486,817	0	3,486,817	3,486,817
1985-1986	4,489,285	0	0	4,489,285	399,162	593,630	3,895,655	194,468	4,090,123	4,090,123
1986-1987	6,890,722	0	0	6,890,722	455,977	1,310,574	5,580,148	854,597	6,434,745	6,434,745
1987-1988	6,659,248	0	0	6,659,248	130,438	897,831	5,761,417	767,393	6,528,810	6,528,810
1988-1989	7,698,714	0	0	7,698,714	763,042	1,151,358	6,547,356	388,316	6,935,672	6,935,672
1989-1990	7,760,212	0	0	7,760,212	570,534	941,075	6,819,137	370,541	7,189,678	7,189,678
1990-1991	11,597,204	0	0	11,597,204	1,522,060	2,232,648	9,364,556	710,587	10,075,143	10,075,143
1991-1992	10,624,907	0	0	10,624,907	1,700,711	2,093,992	8,530,915	393,281	8,924,196	8,924,196
1992-1993	9,337,631	0	0	9,337,631	356,779	937,769	8,399,862	580,990	8,980,852	8,980,852
1993-1994	9,653,254	0	0	9,653,254	1,037,371	1,606,663	8,046,591	569,291	8,615,882	8,615,882
1994-1995	7,624,818	0	0	7,624,818	257,302	947,768	6,677,050	690,466	7,367,515	7,367,515
1995-1996	5,303,158	0	0	5,303,158	686,608	1,539,913	3,763,246	853,305	4,616,550	4,616,550
0	0	0	0	0	0	0	0	0	0	0
Total	\$106,315,730	\$3,615,757	\$0	\$109,931,487	\$8,470,800	\$15,451,406	\$94,480,081	\$6,980,606	\$101,460,688	\$101,460,688

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C) Closed claims no longer listed in the current loss data.
- (D)
- (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 I - Tail.

Santa Clara County Schools Insurance Group - Workers' Compensation

Case Reserves as of 6/30/18

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)
1977-1978	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1978-1979	0	0	0	0	0	0	0	0	0	0
1979-1980	13,482	0	0	13,482	0	13,482	0	13,482	13,482	13,482
1980-1981	38,590	0	0	38,590	0	23,175	15,416	23,175	38,590	38,590
1981-1982	0	0	0	0	0	0	0	0	0	0
1982-1983	92,258	0	0	92,258	0	16,311	75,946	16,311	92,258	92,258
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	56,703	0	0	56,703	28,181	53,181	3,522	25,000	28,522	28,522
1986-1987	108,060	0	0	108,060	81,699	108,060	0	26,361	26,361	26,361
1987-1988	53,735	0	0	53,735	0	53,735	0	53,735	53,735	53,735
1988-1989	356,211	0	0	356,211	315,902	337,139	19,072	21,237	40,309	40,309
1989-1990	106,717	0	0	106,717	20,391	91,590	15,128	71,198	86,326	86,326
1990-1991	200,894	0	0	200,894	171,996	188,874	12,021	16,878	28,899	28,899
1991-1992	773,295	0	0	773,295	613,182	700,903	72,392	87,721	160,113	160,113
1992-1993	44,456	0	0	44,456	44,456	44,456	0	0	0	0
1993-1994	312,024	0	0	312,024	103,942	196,365	115,659	92,423	208,082	208,082
1994-1995	310,904	0	0	310,904	151,814	169,300	141,604	17,486	159,090	159,090
1995-1996	81,468	0	0	81,468	69,450	71,569	9,899	2,119	12,019	12,019
0	0	0	0	0	0	0	0	0	0	0
Total	\$2,548,799	\$0	\$0	\$2,548,799	\$1,601,014	\$2,068,141	\$480,658	\$467,127	\$947,785	\$947,785

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix K - Tail, Page 1, Column (B) - Appendix K - Tail, Page 2, Column (B).
- (C) Appendix K - Tail, Page 1, Column (C) - Appendix K - Tail, Page 2, Column (C).
- (D) Appendix K - Tail, Page 1, Column (D) - Appendix K - Tail, 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 I - Tail.

Santa Clara County Schools Insurance Group - Workers' Compensation

Claim Counts as of 6/30/18

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)
1977-1978	1	8	0	9	1	8	0	9	0	0
1978-1979	17	1,238	0	1,255	17	1,238	0	1,255	0	0
1979-1980	46	1,315	0	1,361	45	1,315	0	1,360	1	1
1980-1981	73	1,408	0	1,481	71	1,408	0	1,479	2	2
1981-1982	132	1,326	0	1,458	132	1,326	0	1,458	0	0
1982-1983	308	1,122	0	1,430	307	1,122	0	1,429	1	1
1983-1984	1,509	0	0	1,509	1,509	0	0	1,509	0	0
1984-1985	1,457	0	0	1,457	1,457	0	0	1,457	0	0
1985-1986	1,556	0	0	1,556	1,554	0	0	1,554	2	2
1986-1987	1,715	0	0	1,715	1,712	0	0	1,712	3	3
1987-1988	1,731	0	0	1,731	1,730	0	0	1,730	1	1
1988-1989	1,655	0	0	1,655	1,652	0	0	1,652	3	3
1989-1990	1,739	0	0	1,739	1,736	0	0	1,736	3	3
1990-1991	1,845	0	0	1,845	1,841	0	0	1,841	4	4
1991-1992	1,859	0	0	1,859	1,853	0	0	1,853	6	6
1992-1993	1,763	0	0	1,763	1,762	0	0	1,762	1	1
1993-1994	1,707	0	0	1,707	1,700	0	0	1,700	7	7
1994-1995	1,656	0	0	1,656	1,648	0	0	1,648	8	8
1995-1996	832	0	0	832	829	0	0	829	3	3
0	0	0	0	0	0	0	0	0	0	0
Total	21,601	6,417	0	28,018	21,556	6,417	0	27,973	45	45

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C) Closed claims no longer listed in the current loss data.
- (D)
- (E) (B) + (C) - (D).
- (F) Provided by the Group.
- (G) Closed claims no longer listed in the current loss data.
- (H)
- (I) (F) + (G) - (H).
- (J) (B) - (F).
- (K) (E) - (I).

Santa Clara County Schools Insurance Group - Workers' Compensation
Funding Options for Program Year 2018-2019 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2018-2019: (From Exhibit 3 - Projected Funding, Page 1, (K))	\$13,588,000	\$1.015			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2018-2019: (From Exhibit 3 - Projected Funding, Page 1, (L))	1,019,000	0.076			
(C) Total Claims Costs Incurred in Accident Year 2018-2019: ((A) + (B))	\$14,607,000	\$1.091			
(D) Loss Discount Factor (Based on a Discount Rate of 2.0%.): (Appendix F - Projected Funding, (G))	0.911				
(E) Discounted Total Claims Costs Incurred in Accident Year 2018-2019: ((C) x (D))	\$13,306,000	\$0.994			
	Marginally Acceptable		Recommended		Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix G - Projected Funding)	1.080	1.112	1.148	1.192	1.248
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	1,064,000	1,490,000	1,969,000	2,555,000	3,300,000
(H) Recommended Funding in 2018-2019 for Claims Costs and Other Expenses: ((E) + (G))	\$14,370,000	\$14,796,000	\$15,275,000	\$15,861,000	\$16,606,000
(I) Rate per \$100 of Payroll: ((H) / \$13,387,224)	\$1.073	\$1.105	\$1.141	\$1.185	\$1.240

Payroll rates are per hundred dollars of 2018-2019 payroll of \$1,338,722,400.

Santa Clara County Schools Insurance Group - Workers' Compensation
Funding Options for Program Year 2019-2020 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2019-2020: (From Exhibit 3 - Projected Funding, Page 1)	\$14,134,000	\$1.025			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2019-2020: (From Exhibit 3 - Projected Funding, Page 1, (L))	1,060,000	0.077			
(C) Total Claims Costs Incurred in Accident Year 2019-2020: ((A) + (B))	\$15,194,000	\$1.102			
(D) Loss Discount Factor (Based on a Discount Rate of 2.0%.): (Appendix F - Projected Funding, (G))	0.911				
(E) Discounted Total Claims Costs Incurred in Accident Year 2019-2020: ((C) x (D))	\$13,841,000	\$1.004			
	Marginally Acceptable		Recommended		Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix G - Projected Funding)	1.080	1.112	1.148	1.192	1.248
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	1,107,000	1,550,000	2,048,000	2,657,000	3,433,000
(H) Recommended Funding in 2019-2020 for Claims Costs and Other Expenses: ((E) + (G))	\$14,948,000	\$15,391,000	\$15,889,000	\$16,498,000	\$17,274,000
(I) Rate per \$100 of Payroll: ((H) / \$13,788,840)	\$1.084	\$1.116	\$1.152	\$1.196	\$1.253

Payroll rates are per hundred dollars of 2019-2020 payroll of \$1,378,884,000.

Santa Clara County Schools Insurance Group - Workers' Compensation

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)
2003-2004	13,629,736	14,461,639	13,601,612	14,305,509	12,813,328	14,046,000
2004-2005	9,504,086	9,925,768	9,480,445	9,804,831	8,748,663	9,715,000
2005-2006	8,169,833	8,225,731	8,130,924	8,116,682	7,239,328	8,198,000
2006-2007	7,342,203	7,657,937	7,334,121	7,585,522	7,191,516	7,500,000
2007-2008	10,649,190	11,040,450	10,571,949	10,796,066	9,373,200	10,845,000
2008-2009	10,253,781	10,747,187	10,201,765	10,528,389	9,561,465	10,500,000
2009-2010	8,633,585	9,315,591	8,625,079	9,166,757	8,689,362	8,975,000
2010-2011	9,045,425	9,656,030	8,977,634	9,364,593	8,479,592	9,351,000
2011-2012	8,359,619	8,564,196	8,291,499	8,366,371	7,863,075	8,411,000
2012-2013	7,510,382	7,629,653	7,451,188	7,474,360	7,135,182	7,570,000
2013-2014	8,799,748	8,455,436	8,708,031	8,381,439	8,348,348	8,553,000
2014-2015	6,967,042	7,029,159	7,378,157	7,857,209	9,255,050	7,308,000
2015-2016	8,752,926	7,812,125	8,987,794	8,718,985	9,213,930	8,853,000
2016-2017	13,278,063	11,783,708	13,017,413	12,218,804	12,357,212	12,618,000
2017-2018	16,557,271	11,987,679	14,728,157	12,695,155	11,816,480	13,712,000
Totals						\$146,155,000
						Projected Losses for the Year 2018-2019 (G) \$13,588,000
						Projected Losses for the Year 2019-2020 (H) \$14,134,000

Notes:

- (A) From Appendix A - Projected Funding, Page 1, Column (G).
- (B) From Appendix B - Projected Funding, Page 1, Column (G).
- (C) From Appendix C - Projected Funding, Page 1, Column (G).
- (D) From Appendix C - Projected Funding, Page 2, Column (G).
- (E) From Appendix D - Projected Funding, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 3 - Projected Funding, Page 1, Line (K).
- (H) From Exhibit 3 - Projected Funding, 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 - Workers' Compensation

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)
2003-2004	10,446,150	10,616,875	10,448,533	10,615,485	10,532,324	10,532,000
2004-2005	7,162,091	7,150,835	7,164,196	7,152,311	7,156,119	7,156,000
2005-2006	5,912,429	5,872,353	5,914,583	5,874,465	5,892,046	5,892,000
2006-2007	5,756,669	5,892,623	5,759,455	5,885,447	5,825,073	5,825,000
2007-2008	7,565,263	7,544,605	7,562,219	7,545,292	7,555,056	7,555,000
2008-2009	7,596,696	7,742,989	7,596,074	7,732,969	7,670,160	7,670,000
2009-2010	6,828,847	7,039,470	6,831,467	7,017,825	6,933,894	6,934,000
2010-2011	6,624,964	6,842,403	6,625,243	6,814,625	6,734,108	6,734,000
2011-2012	6,147,083	6,417,326	6,146,346	6,382,068	6,214,725	6,215,000
2012-2013	5,582,405	5,637,323	5,582,906	5,628,417	5,610,042	5,610,000
2013-2014	6,346,129	6,220,349	6,350,587	6,270,055	6,533,199	6,286,000
2014-2015	5,394,477	5,456,730	5,530,192	5,876,278	7,205,950	5,703,000
2015-2016	6,163,250	5,738,289	6,310,093	6,349,400	7,140,150	6,330,000
2016-2017	9,757,767	8,491,912	9,736,912	9,053,269	9,527,266	9,566,000
2017-2018	12,498,959	9,181,182	11,552,483	9,696,295	9,068,540	11,088,000
Totals						\$109,096,000
						Projected Losses for the Year 2018-2019 (G) \$10,376,000
						Projected Losses for the Year 2019-2020 (H) \$10,743,000

Notes:

- (A) From Appendix A - Projected Funding, Page 1, Column (D).
- (B) From Appendix B - Projected Funding, Page 1, Column (D).
- (C) Based on results in Appendix C - Projected Funding, Page 1.
- (D) Based on results in Appendix C - Projected Funding, Page 2.
- (E) Based on results in Appendix D - Projected Funding, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 3 - Projected Funding, Page 1, Line (K) / Line (G).
- (H) From Exhibit 3 - Projected Funding, 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 - Workers' Compensation

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 Payroll (\$00) (D)	Trended Limited Loss Rate (E)
2003-2004	10,532,000	1.154	12,153,928	11,261,509	1.079
2004-2005	7,156,000	1.482	10,605,192	10,974,234	0.966
2005-2006	5,892,000	1.601	9,433,092	11,161,463	0.845
2006-2007	5,825,000	1.509	8,789,925	10,949,329	0.803
2007-2008	7,555,000	1.395	10,539,225	12,498,247	0.843
2008-2009	7,670,000	1.296	9,940,320	11,717,838	0.848
2009-2010	6,934,000	1.183	8,202,922	10,487,652	0.782
2010-2011	6,734,000	1.136	7,649,824	9,892,302	0.773
2011-2012	6,215,000	1.142	7,097,530	9,503,243	0.747
2012-2013	5,610,000	1.146	6,429,060	9,398,507	0.684
2013-2014	6,286,000	1.133	7,122,038	9,747,963	0.731
2014-2015	5,703,000	1.093	6,233,379	10,294,659	0.605
2015-2016	6,330,000	1.071	6,779,430	10,742,068	0.631
2016-2017	9,566,000	1.040	9,948,640	13,378,468	0.744
2017-2018	11,088,000	1.005	11,143,440	13,263,010	0.840
Totals	\$109,096,000		\$132,067,945	165,270,492	\$0.799
12/13-16/17	33,495,000		36,512,547	53,561,665	0.682
15/16-17/18	26,984,000		27,871,510	37,383,546	0.746

(F) Selected Limited Rate: \$0.775
Prior: \$0.750

Program Year:	2018-2019	2019-2020
(G) Factor to SIR:	1.310	1.316
(H) Trend Factor:	1.000	1.005
(I) Program Rate:	\$1.015	\$1.025
(J) Trended Payroll (\$00):	13,387,224	13,788,840
(K) Projected Program Losses:	13,588,000	14,134,000
(L) Projected ULAE:	1,019,000	1,060,000
(M) Projected Loss and ULAE:	\$14,607,000	\$15,194,000

Notes appear on the next page.

Santa Clara County Schools Insurance Group - Workers' Compensation

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

Notes:

- (A) From Exhibit 2 - Projected Funding, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E - Projected Funding, Page 1, Column (B).
- (C) $(A) \times (B)$.
- (D) From Appendix I - Projected Funding, Column (C).
- (E) $(C) / (D)$.
- (F) Selected based on (E).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) From Appendix E - Projected Funding.
(I) $(F) \times (G) \times (H)$.
- (J) From Appendix I - Projected Funding, Column (C).
- (K) $(I) \times (J)$.
- (L) Based on an estimated claim closing pattern and the Group's historical claims administration expenses.
- (M) $(K) + (L)$.

This exhibit shows the calculation of future loss costs based on the past loss rates. 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 - Workers' Compensation

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 6/30/18 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 6/30/18 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
2003-2004	10,291,773	1.015	10,446,150	13,245,613	1.029	13,629,736
2004-2005	7,042,371	1.017	7,162,091	9,182,692	1.035	9,504,086
2005-2006	5,802,187	1.019	5,912,429	7,833,013	1.043	8,169,833
2006-2007	5,632,749	1.022	5,756,669	6,985,921	1.051	7,342,203
2007-2008	7,380,744	1.025	7,565,263	10,036,937	1.061	10,649,190
2008-2009	7,368,279	1.031	7,596,696	9,529,536	1.076	10,253,781
2009-2010	6,578,851	1.038	6,828,847	7,906,213	1.092	8,633,585
2010-2011	6,333,618	1.046	6,624,964	8,134,375	1.112	9,045,425
2011-2012	5,826,619	1.055	6,147,083	7,365,303	1.135	8,359,619
2012-2013	5,236,778	1.066	5,582,405	6,457,766	1.163	7,510,382
2013-2014	5,892,413	1.077	6,346,129	7,363,806	1.195	8,799,748
2014-2015	4,958,159	1.088	5,394,477	5,600,516	1.244	6,967,042
2015-2016	5,497,993	1.121	6,163,250	6,620,973	1.322	8,752,926
2016-2017	7,913,842	1.233	9,757,767	8,764,398	1.515	13,278,063
2017-2018	7,950,992	1.572	12,498,959	8,295,226	1.996	16,557,271
Totals	\$99,707,368		\$109,783,179	\$123,322,288		\$147,452,890

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix A - Projected Funding, 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 the Group.
- (F) Derived from factors on Appendix A - Projected Funding, 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 - Workers' Compensation
Reported Loss Development

Limited Losses Reported as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
2003-2004								10,171,126	10,174,297	10,157,920
2004-2005							7,281,949	7,168,404	7,035,128	6,963,509
2005-2006						5,321,738	5,353,545	5,390,749	5,510,792	5,837,426
2006-2007					5,663,946	5,700,712	5,708,082	5,756,499	5,789,254	5,739,943
2007-2008				7,016,158	6,949,534	6,965,545	6,998,969	7,110,548	7,269,606	7,401,894
2008-2009			7,053,957	7,699,037	7,630,764	7,281,262	7,375,249	7,214,069	7,299,208	7,368,279
2009-2010		6,387,237	6,513,123	6,307,459	6,460,909	6,381,654	6,437,897	6,321,318	6,578,851	
2010-2011	4,414,580	6,303,384	6,289,246	6,091,817	6,144,422	6,310,911	6,214,752	6,333,618		
2011-2012	4,768,917	5,707,302	5,933,869	6,036,674	5,939,206	5,900,865	5,826,619			
2012-2013	4,905,883	5,324,561	4,951,569	5,172,924	5,075,695	5,236,778				
2013-2014	4,023,015	5,542,817	5,608,289	5,807,411	5,892,413					
2014-2015	4,787,300	4,905,091	4,876,228	4,958,159						
2015-2016	4,269,613	5,283,660	5,497,993							
2016-2017	7,095,309	7,913,842								
2017-2018	7,950,992									

Reported Loss Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
2003-2004								1.000	0.998	1.013
2004-2005							0.984	0.981	0.990	1.023
2005-2006						1.006	1.007	1.022	1.059	0.985
2006-2007					1.006	1.001	1.008	1.006	0.991	1.000
2007-2008				0.991	1.002	1.005	1.016	1.022	1.018	0.997
2008-2009			1.091	0.991	0.954	1.013	0.978	1.012	1.009	
2009-2010		1.020	0.968	1.024	0.988	1.009	0.982	1.041		
2010-2011	1.428	0.998	0.969	1.009	1.027	0.985	1.019			
2011-2012	1.197	1.040	1.017	0.984	0.994	0.987				
2012-2013	1.085	0.930	1.045	0.981	1.032					
2013-2014	1.378	1.012	1.036	1.015						
2014-2015	1.025	0.994	1.017							
2015-2016	1.238	1.041								
2016-2017	1.115									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages	1.209	1.005	1.020	0.999	1.000	1.001	0.999	1.012	1.011	1.004
3-yr	1.121	1.016	1.033	0.994	1.017	0.994	0.992	1.024	1.007	0.994
4-yr	1.172	0.994	1.028	0.998	1.009	0.999	0.998	1.020	1.019	1.002
Comparative Factors	1.470	1.120	1.025	1.015	1.010	1.010	1.009	1.008	1.007	1.006
Prior	1.275	1.100	1.030	1.010	1.010	1.010	1.009	1.008	1.007	1.006
Selected	1.275	1.100	1.030	1.010	1.010	1.010	1.009	1.008	1.007	1.006
Cumulated	1.572	1.233	1.121	1.088	1.077	1.066	1.055	1.046	1.038	1.031

Santa Clara County Schools Insurance Group - Workers' Compensation
Reported Loss Development

Limited Losses Reported as of:

Accident Year	132 Months	144 Months	156 Months	168 Months	180 Months
2003-2004	10,293,472	10,218,025	10,289,946	10,306,952	10,291,773
2004-2005	7,125,503	7,150,725	7,068,627	7,042,371	
2005-2006	5,750,615	5,815,130	5,802,187		
2006-2007	5,739,289	5,632,749			
2007-2008	7,380,744				
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					
2017-2018					

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
2003-2004	0.993	1.007	1.002	0.999	
2004-2005	1.004	0.989	0.996		
2005-2006	1.011	0.998			
2006-2007	0.981				
2007-2008					
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
Average Dollar-Weighted Averages	0.997	0.998	0.999	0.999	
3-yr	0.999	0.999			
4-yr	0.997				
Comparative Factors	1.005	1.005	1.004	1.003	1.021
Prior	1.005	1.005	1.003	1.024	
Selected	1.003	1.003	1.002	1.002	1.015
Cumulated	1.025	1.022	1.019	1.017	1.015

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

Accident Year	<u>Losses Reported as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
2003-2004								5,254,446	5,061,040	4,711,620
2004-2005							3,511,440	3,467,212	3,603,569	3,360,841
2005-2006						2,003,288	1,932,149	2,167,393	2,059,470	2,486,706
2006-2007					2,078,720	1,930,597	1,883,123	1,811,468	1,720,323	1,711,240
2007-2008				2,296,578	3,184,246	3,567,010	3,492,131	3,849,024	4,427,484	4,419,934
2008-2009			1,564,401	2,580,461	3,137,408	3,433,294	3,575,547	3,442,184	3,218,578	2,908,025
2009-2010		600,367	1,073,513	1,299,327	1,839,178	1,844,043	1,691,729	1,982,920	1,672,949	
2010-2011	318,337	722,616	1,566,438	2,112,983	2,022,048	2,454,885	2,641,027	2,422,072		
2011-2012	195,174	483,799	899,395	1,313,131	1,693,019	1,751,181	1,994,771			
2012-2013	416,075	836,477	1,070,213	1,454,255	1,301,618	1,470,988				
2013-2014	22,513	345,198	1,153,973	1,409,529	1,877,046					
2014-2015	85,883	250,487	338,302	762,126						
2015-2016		303,045	1,398,882							
2016-2017	708,553	976,611								
2017-2018	344,234									

Reported Loss Development Factors:

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
2003-2004								0.963	0.931	0.971
2004-2005							0.987	1.039	0.933	1.105
2005-2006						0.964	1.122	0.950	1.207	1.099
2006-2007					0.929	0.975	0.962	0.950	0.995	0.961
2007-2008				1.387	1.120	0.979	1.102	1.150	0.998	0.980
2008-2009			1.649	1.216	1.094	1.041	0.963	0.935	0.904	
2009-2010		1.788	1.210	1.415	1.003	0.917	1.172	0.844		
2010-2011	2.270	2.168	1.349	0.957	1.214	1.076	0.917			
2011-2012	2.479	1.859	1.460	1.289	1.034	1.139				
2012-2013	2.010	1.279	1.359	0.895	1.130					
2013-2014	15.334	3.343	1.221	1.332						
2014-2015	2.917	1.351	2.253							
2015-2016		4.616								
2016-2017	1.378									

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
Average Dollar-Weighted Averages	4.398	2.343	1.500	1.213	1.075	1.013	1.032	0.976	0.995	1.023
3-yr		3.217	1.415	1.166	1.132	1.046	0.992	1.005	0.965	1.010
4-yr		2.283	1.427	1.096	1.097	1.044	1.026	0.996	1.009	1.037
Comparative Factors	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Prior	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Selected	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Cumulated	18.114	6.587	3.467	2.512	1.978	1.750	1.591	1.473	1.377	1.305

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

Losses Reported as of:

Accident Year	132 Months	144 Months	156 Months	168 Months	180 Months
2003-2004	4,573,973	4,711,702	4,880,578	5,053,629	4,909,646
2004-2005	3,712,428	3,805,120	3,654,152	3,425,443	
2005-2006	2,732,758	2,957,206	2,910,923		
2006-2007	1,644,233	1,646,039			
2007-2008	4,329,834				
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					
2017-2018					

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
2003-2004	1.030	1.036	1.035	0.972	
2004-2005	1.025	0.960	0.937		
2005-2006	1.082	0.984			
2006-2007	1.001				
2007-2008					
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
Average Dollar-Weighted Averages	1.035	0.993	0.986	0.972	
3-yr	1.039	0.998			
4-yr	1.036				
Comparative Factors	1.040	1.029	1.030	1.026	1.097
Prior	1.040	1.030	1.030	1.125	
Selected	1.040	1.030	1.030	1.026	1.097
Cumulated	1.243	1.195	1.160	1.126	1.097

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 6/30/18 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 6/30/18 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
2003-2004	10,218,359	1.039	10,616,875	13,123,084	1.102	14,461,639
2004-2005	6,829,833	1.047	7,150,835	8,894,057	1.116	9,925,768
2005-2006	5,560,940	1.056	5,872,353	7,266,547	1.132	8,225,731
2006-2007	5,522,608	1.067	5,892,623	6,647,515	1.152	7,657,937
2007-2008	6,985,745	1.080	7,544,605	9,388,138	1.176	11,040,450
2008-2009	7,064,771	1.096	7,742,989	8,918,827	1.205	10,747,187
2009-2010	6,307,769	1.116	7,039,470	7,506,520	1.241	9,315,591
2010-2011	6,012,656	1.138	6,842,403	7,502,743	1.287	9,656,030
2011-2012	5,527,413	1.161	6,417,326	6,381,666	1.342	8,564,196
2012-2013	4,701,687	1.199	5,637,323	5,388,173	1.416	7,629,653
2013-2014	4,940,706	1.259	6,220,349	5,544,548	1.525	8,455,436
2014-2015	4,033,060	1.353	5,456,730	4,184,023	1.680	7,029,159
2015-2016	3,770,229	1.522	5,738,289	4,043,543	1.932	7,812,125
2016-2017	4,375,019	1.941	8,491,912	4,713,483	2.500	11,783,708
2017-2018	2,522,996	3.639	9,181,182	2,536,538	4.726	11,987,679
Totals	\$84,373,791		\$105,845,264	\$102,039,405		\$144,292,289

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix B - Projected Funding, 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 the Group.
- (F) Derived from factors on Appendix B - Projected Funding, 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 - Workers' Compensation
Paid Loss Development

Limited Losses Paid as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
2003-2004								9,383,333	9,514,317	9,623,831
2004-2005							6,370,329	6,571,591	6,646,168	6,683,708
2005-2006						4,631,761	4,794,900	5,026,211	5,094,708	5,356,177
2006-2007					4,745,443	5,066,453	5,274,981	5,378,543	5,415,722	5,463,191
2007-2008				5,523,674	5,796,133	6,042,586	6,283,023	6,462,177	6,799,299	6,864,215
2008-2009			5,101,263	5,789,634	6,230,257	6,422,096	6,781,217	6,860,253	6,914,670	7,064,771
2009-2010		3,890,645	4,756,516	5,291,852	5,701,156	5,853,613	5,953,965	6,083,988	6,307,769	
2010-2011	1,747,661	3,677,697	4,850,151	5,267,867	5,651,246	5,827,723	5,948,256	6,012,656		
2011-2012	1,665,512	3,268,854	4,165,766	4,678,727	5,008,674	5,321,469	5,527,413			
2012-2013	1,728,542	3,090,199	3,758,576	4,231,193	4,421,579	4,701,687				
2013-2014	1,626,471	3,047,641	3,869,358	4,369,042	4,940,706					
2014-2015	1,588,591	2,885,051	3,594,665	4,033,060						
2015-2016	1,488,344	2,723,385	3,770,229							
2016-2017	2,472,329	4,375,019								
2017-2018	2,522,996									

Paid Loss Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
2003-2004								1.014	1.012	1.042
2004-2005							1.032	1.011	1.006	1.011
2005-2006						1.035	1.048	1.014	1.051	1.005
2006-2007					1.068	1.041	1.020	1.007	1.009	1.019
2007-2008				1.049	1.043	1.040	1.029	1.052	1.010	1.018
2008-2009			1.135	1.076	1.031	1.056	1.012	1.008	1.022	
2009-2010		1.223	1.113	1.077	1.027	1.017	1.022	1.037		
2010-2011	2.104	1.319	1.086	1.073	1.031	1.021	1.011			
2011-2012	1.963	1.274	1.123	1.071	1.062	1.039				
2012-2013	1.788	1.216	1.126	1.045	1.063					
2013-2014	1.874	1.270	1.129	1.131						
2014-2015	1.816	1.246	1.122							
2015-2016	1.830	1.384								
2016-2017	1.770									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages	1.878	1.276	1.119	1.075	1.046	1.036	1.025	1.020	1.018	1.019
3-yr	1.799	1.298	1.126	1.082	1.051	1.025	1.015	1.032	1.014	1.014
4-yr	1.816	1.276	1.125	1.080	1.044	1.034	1.018	1.026	1.022	1.014
Comparative Factors	2.500	1.400	1.170	1.090	1.050	1.033	1.020	1.015	1.012	1.010
Prior	1.925	1.260	1.125	1.070	1.042	1.033	1.020	1.015	1.012	1.010
Selected	1.875	1.275	1.125	1.075	1.050	1.033	1.020	1.020	1.018	1.015
Cumulated	3.639	1.941	1.522	1.353	1.259	1.199	1.161	1.138	1.116	1.096

Santa Clara County Schools Insurance Group - Workers' Compensation
Paid Loss Development

Limited Losses Paid as of:

Accident Year	132 Months	144 Months	156 Months	168 Months	180 Months
2003-2004	10,032,083	10,071,810	10,087,139	10,139,012	10,218,359
2004-2005	6,757,155	6,774,600	6,798,108	6,829,833	
2005-2006	5,384,787	5,455,352	5,560,940		
2006-2007	5,568,923	5,522,608			
2007-2008	6,985,745				
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					
2017-2018					

Paid Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
2003-2004	1.004	1.002	1.005	1.008	
2004-2005	1.003	1.003	1.005		
2005-2006	1.013	1.019			
2006-2007	0.992				
2007-2008					
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
Average Dollar-Weighted Averages	1.003	1.008	1.005	1.008	
3-yr	1.002	1.006			
4-yr	1.003				
Comparative Factors	1.009	1.008	1.007	1.006	1.039
Prior	1.009	1.008	1.007	1.045	
Selected	1.012	1.010	1.009	1.008	1.039
Cumulated	1.080	1.067	1.056	1.047	1.039

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

Accident Year	<u>Losses Paid as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
2003-2004								2,960,648	3,515,602	3,772,256
2004-2005							1,846,627	2,025,686	2,281,493	2,410,700
2005-2006						810,765	1,122,838	1,225,888	1,301,377	1,624,329
2006-2007					889,151	1,072,547	1,202,293	1,408,535	1,303,434	1,428,435
2007-2008				757,481	1,205,653	1,726,370	2,003,898	2,420,123	3,255,484	3,567,291
2008-2009			284,526	741,612	1,247,209	1,712,141	1,978,892	1,906,590	2,419,571	2,486,554
2009-2010		31,795	305,655	423,059	765,017	870,830	945,854	1,219,632	1,364,663	
2010-2011		174,558	351,424	709,885	1,128,213	1,419,220	1,532,743	1,818,910		
2011-2012	52,906	145,119	289,508	404,275	610,637	881,307	1,027,397			
2012-2013	350,000	371,879	479,102	727,982	868,167	936,486				
2013-2014		6,180	240,700	344,511	603,842					
2014-2015		3,211	110,403	150,964						
2015-2016			273,314							
2016-2017	215,042	464,519								
2017-2018	13,542									

Paid Loss Development Factors:

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
2003-2004								1.187	1.073	1.083
2004-2005							1.097	1.126	1.057	1.100
2005-2006						1.385	1.092	1.062	1.248	1.021
2006-2007					1.206	1.121	1.172	0.925	1.096	1.045
2007-2008				1.592	1.432	1.161	1.208	1.345	1.096	1.063
2008-2009			2.606	1.682	1.373	1.156	0.963	1.269	1.028	
2009-2010		9.613	1.384	1.808	1.138	1.086	1.289	1.119		
2010-2011		2.013	2.020	1.589	1.258	1.080	1.187			
2011-2012	2.743	1.995	1.396	1.510	1.443	1.166				
2012-2013	1.063	1.288	1.519	1.193	1.079					
2013-2014		38.948	1.431	1.753						
2014-2015		34.383	1.367							
2015-2016										
2016-2017	2.160									

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
Average Dollar-Weighted Averages	1.989	14.707	1.675	1.590	1.276	1.165	1.144	1.148	1.100	1.062
3-yr			1.474	1.410	1.242	1.106	1.109	1.269	1.072	1.049
4-yr			1.454	1.468	1.218	1.123	1.140	1.200	1.100	1.063
Comparative Factors	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Prior	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Selected	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Cumulated	331.020	82.755	26.695	11.123	6.356	4.237	3.259	2.607	2.219	2.017

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

Accident Year	<u>Losses Paid as of:</u>				
	132 Months	144 Months	156 Months	168 Months	180 Months
2003-2004	4,087,200	4,323,847	4,461,430	4,495,135	4,799,642
2004-2005	2,652,453	2,808,721	2,901,040	3,125,909	
2005-2006	1,659,020	2,014,747	2,419,102		
2006-2007	1,492,943	1,417,773			
2007-2008	3,793,429				
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					
2017-2018					

	<u>Paid Loss Development Factors:</u>				
	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
2003-2004	1.058	1.032	1.008	1.068	
2004-2005	1.059	1.033	1.078		
2005-2006	1.214	1.201			
2006-2007	0.950				
2007-2008					
2008-2009					
2009-2010					
2010-2011					
2011-2012					
2012-2013					
2013-2014					
2014-2015					
2015-2016					
2016-2017					

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-Ult. Months
Average Dollar-Weighted Averages	1.070	1.089	1.043	1.068	
3-yr	1.075	1.069			
4-yr	1.068				
Comparative Factors	1.070	1.055	1.045	1.035	1.530
Prior	1.070	1.055	1.045	1.583	
Selected	1.070	1.055	1.045	1.035	1.530
Cumulated	1.868	1.746	1.655	1.584	1.530

Santa Clara County Schools Insurance Group - Workers' Compensation

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 6/30/18 (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)
2003-2004	11,261,509	13,245,613	1.029	0.028	1.129	355,999	13,601,612
2004-2005	10,974,234	9,182,692	1.035	0.034	0.798	297,753	9,480,445
2005-2006	11,161,463	7,833,013	1.043	0.041	0.651	297,911	8,130,924
2006-2007	10,949,329	6,985,921	1.051	0.049	0.649	348,200	7,334,121
2007-2008	12,498,247	10,036,937	1.061	0.057	0.751	535,012	10,571,949
2008-2009	11,717,838	9,529,536	1.076	0.071	0.808	672,229	10,201,765
2009-2010	10,487,652	7,906,213	1.092	0.084	0.816	718,866	8,625,079
2010-2011	9,892,302	8,134,375	1.112	0.101	0.844	843,259	8,977,634
2011-2012	9,503,243	7,365,303	1.135	0.119	0.819	926,196	8,291,499
2012-2013	9,398,507	6,457,766	1.163	0.140	0.755	993,422	7,451,188
2013-2014	9,747,963	7,363,806	1.195	0.163	0.846	1,344,225	8,708,031
2014-2015	10,294,659	5,600,516	1.244	0.196	0.881	1,777,641	7,378,157
2015-2016	10,742,068	6,620,973	1.322	0.244	0.903	2,366,821	8,987,794
2016-2017	13,378,468	8,764,398	1.515	0.340	0.935	4,253,015	13,017,413
2017-2018	13,263,010	8,295,226	1.996	0.499	0.972	6,432,931	14,728,157
Totals	165,270,492	\$123,322,288				\$22,163,480	\$145,485,768

Notes:

- (A) From Appendix I - Projected Funding, Column (C).
- (B) Provided by the Group. These losses exclude amounts incurred above the Group's SIR for each year.
- (C) From Appendix A - Projected Funding, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From Appendix C - Projected Funding, 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 - Workers' Compensation

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 6/30/18 (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)
2003-2004	11,261,509	13,123,084	1.102	0.093	1.129	1,182,425	14,305,509
2004-2005	10,974,234	8,894,057	1.116	0.104	0.798	910,774	9,804,831
2005-2006	11,161,463	7,266,547	1.132	0.117	0.651	850,135	8,116,682
2006-2007	10,949,329	6,647,515	1.152	0.132	0.649	938,007	7,585,522
2007-2008	12,498,247	9,388,138	1.176	0.150	0.751	1,407,928	10,796,066
2008-2009	11,717,838	8,918,827	1.205	0.170	0.808	1,609,562	10,528,389
2009-2010	10,487,652	7,506,520	1.241	0.194	0.816	1,660,237	9,166,757
2010-2011	9,892,302	7,502,743	1.287	0.223	0.844	1,861,850	9,364,593
2011-2012	9,503,243	6,381,666	1.342	0.255	0.819	1,984,705	8,366,371
2012-2013	9,398,507	5,388,173	1.416	0.294	0.755	2,086,187	7,474,360
2013-2014	9,747,963	5,544,548	1.525	0.344	0.846	2,836,891	8,381,439
2014-2015	10,294,659	4,184,023	1.680	0.405	0.881	3,673,186	7,857,209
2015-2016	10,742,068	4,043,543	1.932	0.482	0.903	4,675,442	8,718,985
2016-2017	13,378,468	4,713,483	2.500	0.600	0.935	7,505,321	12,218,804
2017-2018	13,263,010	2,536,538	4.726	0.788	0.972	10,158,617	12,695,155
Totals	165,270,492	\$102,039,405				\$43,341,267	\$145,380,672

Notes:

- (A) From Appendix I - Projected Funding, Column (C).
- (B) Provided by the Group. These losses exclude amounts paid above the Group's SIR for each year.
- (C) From Appendix B - Projected Funding, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From Appendix C - Projected Funding, 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 unpaid will cost what this relationship would suggest.

Santa Clara County Schools Insurance Group - Workers' Compensation
Exposure and Development Method

Accident Year	Trended Payroll (\$00) (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)
2003-2004	11,261,509	10,446,000	1.154	12,054,684	1.070	0.928	1.217	1.129
2004-2005	10,974,234	7,162,000	1.482	10,614,084	0.967	0.653	1.223	0.798
2005-2006	11,161,463	5,912,000	1.601	9,465,112	0.848	0.530	1.229	0.651
2006-2007	10,949,329	5,757,000	1.509	8,687,313	0.793	0.526	1.235	0.649
2007-2008	12,498,247	7,565,000	1.395	10,553,175	0.844	0.605	1.241	0.751
2008-2009	11,717,838	7,597,000	1.296	9,845,712	0.840	0.648	1.247	0.808
2009-2010	10,487,652	6,829,000	1.183	8,078,707	0.770	0.651	1.253	0.816
2010-2011	9,892,302	6,625,000	1.136	7,526,000	0.761	0.670	1.259	0.844
2011-2012	9,503,243	6,147,000	1.142	7,019,874	0.739	0.647	1.265	0.819
2012-2013	9,398,507	5,582,000	1.146	6,396,972	0.681	0.594	1.272	0.755
2013-2014	9,747,963	6,346,000	1.133	7,190,018	0.738	0.662	1.278	0.846
2014-2015	10,294,659	5,426,000	1.093	5,930,618	0.576	0.686	1.284	0.881
2015-2016	10,742,068	6,163,000	1.071	6,600,573	0.614	0.700	1.290	0.903
2016-2017	13,378,468	9,125,000	1.040	9,490,000	0.709	0.721	1.297	0.935
2017-2018	13,263,010	10,840,000	1.005	10,894,200	0.821	0.746	1.303	0.972
Total/Avg	165,270,492	\$107,522,000		\$130,347,042	\$0.789			
12/13-16/17	53,561,665	32,642,000		35,608,181	0.665			
15/16-17/18	37,383,546	26,128,000		26,984,773	0.722			
				Selected Limited Rate:	\$0.750			
				Prior:	\$0.750			

Notes:

- (A) From Appendix I - Projected Funding, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E - Projected Funding, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2012-2013 and prior (B) / (A).
- (G) Based on a Weibull 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 - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
2003-2004	12,392	1,034	12,813,328
2004-2005	9,317	939	8,748,663
2005-2006	8,608	841	7,239,328
2006-2007	10,468	687	7,191,516
2007-2008	10,950	856	9,373,200
2008-2009	12,027	795	9,561,465
2009-2010	12,741	682	8,689,362
2010-2011	12,694	668	8,479,592
2011-2012	11,649	675	7,863,075
2012-2013	10,386	687	7,135,182
2013-2014	11,236	743	8,348,348
2014-2015	11,942	775	9,255,050
2015-2016	12,485	738	9,213,930
2016-2017	13,174	938	12,357,212
2017-2018	13,984	845	11,816,480
Total		11,903	\$138,085,731

Notes:

- (A) From Appendix D - Projected Funding, Page 2, Column (H).
- (B) From Appendix D - Projected Funding, 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 - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
2003-2004	10,532,000	1,034	10,186	1.555	15,839	10,186	1.217	12,392
2004-2005	7,156,000	939	7,621	1.958	14,922	7,621	1.223	9,317
2005-2006	5,892,000	841	7,006	2.073	14,523	7,006	1.229	8,608
2006-2007	5,825,000	687	8,479	1.915	16,237	8,479	1.235	10,468
2007-2008	7,555,000	856	8,826	1.736	15,322	8,826	1.241	10,950
2008-2009	7,670,000	795	9,648	1.581	15,253	9,648	1.247	12,027
2009-2010	6,934,000	682	10,167	1.414	14,376	10,167	1.253	12,741
2010-2011	6,734,000	668	10,081	1.332	13,428	10,081	1.259	12,694
2011-2012	6,215,000	675	9,207	1.313	12,089	9,207	1.265	11,649
2012-2013	5,610,000	687	8,166	1.291	10,542	8,166	1.272	10,386
2013-2014	6,286,000	743	8,460	1.251	10,583	8,793	1.278	11,236
2014-2015	5,703,000	775	7,359	1.183	8,706	9,298	1.284	11,942
2015-2016	6,330,000	738	8,577	1.137	9,752	9,675	1.290	12,485
2016-2017	9,566,000	938	10,198	1.083	11,044	10,157	1.297	13,174
2017-2018	11,088,000	845	13,122	1.025	13,450	10,732	1.303	13,984

Average Limited Severity: \$13,071
Average 12/13-16/17 Limited Severity: 10,125
Average 13/14-17/18 Limited Severity: 10,707

Selected Limited Severity: \$11,000
Prior: \$10,500

Notes:

- (A) Selected average of results from Appendices A, B, and C.
- (B) Appendix D - Projected Funding, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E - Projected Funding, Page 1, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Weibull 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 - Workers' Compensation

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
2003-2004	1,034	1,035	1,034	1,126.2	0.918	0.740	0.679
2004-2005	939	938	939	1,097.4	0.856	0.755	0.646
2005-2006	841	837	841	1,116.1	0.753	0.769	0.579
2006-2007	687	690	687	1,094.9	0.627	0.785	0.492
2007-2008	856	852	856	1,249.8	0.685	0.801	0.549
2008-2009	795	797	795	1,171.8	0.678	0.817	0.554
2009-2010	682	690	682	1,048.8	0.650	0.834	0.542
2010-2011	668	680	668	989.2	0.675	0.851	0.574
2011-2012	675	687	675	950.3	0.710	0.868	0.616
2012-2013	687	710	687	939.9	0.731	0.886	0.648
2013-2014	743	763	743	974.8	0.762	0.904	0.689
2014-2015	775	819	775	1,029.5	0.753	0.922	0.694
2015-2016	738	775	738	1,074.2	0.687	0.942	0.647
2016-2017	938	997	938	1,337.8	0.701	0.961	0.674
2017-2018	845	932	845	1,326.3	0.637	0.980	0.624
Total	11,903	12,202	11,903	16,527.0			0.613
12/13-16/17	3,881	4,064	3,881	5,356.2			0.671

(H) Selected Frequency: 0.675
Prior: 0.725

Program Year:	2018-2019	2019-2020
(I) Trend Factor:	1.000	0.980
(J) Selected Frequency:	0.675	0.662
(K) Est. Payroll (\$000,000):	1,338.7	1,378.9
(L) Ultimate Claims:	904	913

Notes:

- (A) From Appendix D - Projected Funding, Page 4, (C).
- (B) From Appendix D - Projected Funding, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix I - Projected Funding, Column (C) / 10,000.
- (E) (C) / (D).
- (F) From Appendix E - Projected Funding, Page 1, Column (H)
- (G) (E) x (F).
- (H) The selected frequency of 0.675 is based on (G).
- (I) From Appendix E - Projected Funding, Page 1, Column (H) x (I).
- (J) (H) x (I).
- (K) From Appendix I - Projected Funding, Column (C) / (J) x (K).
- (L) (J) x (K).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per \$1,000,000 of trended payroll.

Santa Clara County Schools Insurance Group - Workers' Compensation

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 6/30/2018 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2003-2004	1,034	1.000	1,034	0.679
2004-2005	939	1.000	939	0.646
2005-2006	841	1.000	841	0.579
2006-2007	687	1.000	687	0.493
2007-2008	856	1.000	856	0.549
2008-2009	795	1.000	795	0.554
2009-2010	682	1.000	682	0.542
2010-2011	668	1.000	668	0.575
2011-2012	675	1.000	675	0.617
2012-2013	686	1.001	687	0.648
2013-2014	741	1.003	743	0.689
2014-2015	770	1.006	775	0.694
2015-2016	731	1.010	738	0.647
2016-2017	920	1.020	938	0.674
2017-2018	793	1.066	845	0.624
Total	11,818		11,903	0.613

Notes:

- (A) Provided by the Group.
- (B) From Appendix D - Projected Funding, Page 6.
- (C) (A) x (B).
- (D) (C) / [Appendix D - Projected Funding, Page 3, (D)] x [Appendix D - Projected Funding, Page 3, (D)]

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by the Group. 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 - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 6/30/2018 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2003-2004	1,024	1.011	1,035	0.680
2004-2005	927	1.012	938	0.645
2005-2006	826	1.013	837	0.577
2006-2007	680	1.015	690	0.495
2007-2008	837	1.018	852	0.546
2008-2009	779	1.023	797	0.556
2009-2010	670	1.030	690	0.549
2010-2011	654	1.040	680	0.585
2011-2012	653	1.052	687	0.627
2012-2013	664	1.069	710	0.669
2013-2014	700	1.090	763	0.708
2014-2015	731	1.121	819	0.734
2015-2016	662	1.171	775	0.680
2016-2017	792	1.259	997	0.716
2017-2018	548	1.700	932	0.689
Total	11,147		12,202	0.630

Notes:

- (A) Provided by the Group.
- (B) From Appendix D - Projected Funding, Page 7.
- (C) (A) x (B).
- (D) (C) / [Appendix D - Projected Funding, Page 3, (D)] x [Appendix D - Projected Funding, Page 3, (D)]

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by the Group. 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 - Workers' Compensation
Reported Claim Count Development

Claims Reported as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
2003-2004								1,033	1,034	1,034	1,034	1,034	1,034
2004-2005							936	938	938	939	939	939	939
2005-2006						838	838	839	840	841	841	841	841
2006-2007					684	683	683	687	687	687	687	687	687
2007-2008				856	856	856	856	856	856	856	856	856	
2008-2009			789	793	793	793	793	793	795	795			
2009-2010		670	678	679	681	681	682	682	682				
2010-2011	627	660	663	666	666	667	668	668					
2011-2012	629	662	668	670	674	674	675						
2012-2013	650	671	679	683	684	686							
2013-2014	708	730	737	738	741								
2014-2015	730	761	769	770									
2015-2016	690	722	731										
2016-2017	877	920											
2017-2018	793												

Reported Claim Count Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
2003-2004								1.001	1.000	1.000	1.000	1.000	1.000
2004-2005							1.002	1.000	1.001	1.000	1.000	1.000	1.000
2005-2006						1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000
2006-2007					0.999	1.000	1.006	1.000	1.000	1.000	1.000		
2007-2008				1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2008-2009			1.005	1.000	1.000	1.000	1.000	1.003	1.000				
2009-2010		1.012	1.001	1.003	1.000	1.001	1.000	1.000					
2010-2011	1.053	1.005	1.005	1.000	1.002	1.001	1.000						
2011-2012	1.052	1.009	1.003	1.006	1.000	1.001							
2012-2013	1.032	1.012	1.006	1.001	1.003								
2013-2014	1.031	1.010	1.001	1.004									
2014-2015	1.042	1.011	1.001										
2015-2016	1.046	1.012											
2016-2017	1.049												
Average Claim-Weighted Averages													
3-yr	1.046	1.011	1.003	1.004	1.001	1.001	1.000	1.001	1.000	1.000	1.000	1.000	
4-yr	1.043	1.011	1.003	1.003	1.001	1.001	1.000	1.001	1.000	1.000	1.000		
Comparative Factors													
Prior	1.100	1.007	1.004	1.003	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.045	1.010	1.004	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.066	1.020	1.010	1.006	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Santa Clara County Schools Insurance Group - Workers' Compensation
Closed Claim Development

Accident Year	Claims Closed as of:												
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
2003-2004								978	986	993	1,010	1,017	1,019
2004-2005							881	896	907	915	912	916	922
2005-2006						789	799	807	813	816	821	822	826
2006-2007					625	642	651	657	666	675	678	680	
2007-2008				753	779	796	811	819	827	832	837		
2008-2009			670	703	721	742	755	767	777	779			
2009-2010		532	580	612	632	642	652	663	670				
2010-2011	375	529	585	617	630	637	652	654					
2011-2012	387	542	587	613	631	643	653						
2012-2013	394	565	612	634	652	664							
2013-2014	485	631	668	685	700								
2014-2015	499	675	713	731									
2015-2016	485	631	662										
2016-2017	612	792											
2017-2018	548												

Closed Claim Count Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
2003-2004								1.008	1.007	1.017	1.007	1.002	1.000
2004-2005							1.017	1.012	1.009	0.997	1.004	1.007	1.005
2005-2006						1.013	1.010	1.007	1.004	1.006	1.001	1.005	
2006-2007					1.027	1.014	1.009	1.014	1.014	1.004	1.003		
2007-2008				1.035	1.022	1.019	1.010	1.010	1.006	1.006			
2008-2009			1.049	1.026	1.029	1.018	1.016	1.013	1.003				
2009-2010		1.090	1.055	1.033	1.016	1.016	1.017	1.011					
2010-2011	1.411	1.106	1.055	1.021	1.011	1.024	1.003						
2011-2012	1.401	1.083	1.044	1.029	1.019	1.016							
2012-2013	1.434	1.083	1.036	1.028	1.018								
2013-2014	1.301	1.059	1.025	1.022									
2014-2015	1.353	1.056	1.025										
2015-2016	1.301	1.049											
2016-2017	1.294												
Average Claim-Weighted Averages													
3-yr	1.315	1.055	1.029	1.026	1.016	1.018	1.012	1.011	1.007	1.006	1.003	1.004	
4-yr	1.311	1.061	1.032	1.025	1.016	1.018	1.011	1.012	1.006	1.003	1.004		
Comparative Factors													
Prior	1.600	1.080	1.050	1.030	1.025	1.015	1.010	1.008	1.005	1.004	1.003	1.002	1.001
Selected	1.375	1.080	1.050	1.029	1.024	1.016	1.012	1.010	1.007	1.005	1.003	1.002	1.001
Cumulated	1.350	1.075	1.045	1.028	1.020	1.016	1.012	1.010	1.007	1.005	1.003	1.002	1.001
Cumulated	1.700	1.259	1.171	1.121	1.090	1.069	1.052	1.040	1.030	1.023	1.018	1.015	1.013

Santa Clara County Schools Insurance Group - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to
		2018-2019 Loss Rate Level (B)	2019-2020 Loss Rate Level (C)	2020-2021 Loss Rate Level (D)	2021-2022 Loss Rate Level (E)	2018-2019 Frequency Level (F)	2019-2020 Frequency Level (G)	2020-2021 Frequency Level (H)	2021-2022 Frequency Level (I)	2018-2019 Severity Level (J)
1997-1998	1.077	1.193	1.199	1.205	1.211	0.655	0.642	0.629	0.616	1.808
1998-1999	0.965	1.063	1.069	1.074	1.079	0.668	0.655	0.642	0.629	1.581
1999-2000	0.871	0.955	0.959	0.964	0.969	0.682	0.669	0.655	0.642	1.392
2000-2001	0.819	0.893	0.897	0.902	0.906	0.696	0.682	0.668	0.655	1.277
2001-2002	0.823	0.892	0.896	0.901	0.905	0.710	0.696	0.682	0.668	1.252
2002-2003	0.868	0.936	0.941	0.945	0.950	0.725	0.710	0.696	0.682	1.287
2003-2004	1.074	1.154	1.159	1.165	1.171	0.740	0.725	0.710	0.696	1.555
2004-2005	1.387	1.482	1.490	1.497	1.505	0.755	0.740	0.724	0.710	1.958
2005-2006	1.505	1.601	1.609	1.617	1.625	0.769	0.754	0.739	0.724	2.073
2006-2007	1.425	1.509	1.516	1.524	1.532	0.785	0.770	0.754	0.739	1.915
2007-2008	1.323	1.395	1.402	1.409	1.416	0.801	0.785	0.769	0.754	1.736
2008-2009	1.235	1.296	1.302	1.309	1.315	0.817	0.801	0.785	0.769	1.581
2009-2010	1.132	1.183	1.188	1.194	1.200	0.834	0.818	0.801	0.785	1.414
2010-2011	1.093	1.136	1.142	1.147	1.153	0.851	0.834	0.817	0.801	1.332
2011-2012	1.104	1.142	1.148	1.154	1.160	0.868	0.851	0.834	0.817	1.313
2012-2013	1.113	1.146	1.152	1.158	1.163	0.886	0.869	0.851	0.834	1.291
2013-2014	1.106	1.133	1.138	1.144	1.150	0.904	0.886	0.868	0.851	1.251
2014-2015	1.072	1.093	1.098	1.104	1.109	0.922	0.904	0.886	0.868	1.183
2015-2016	1.055	1.071	1.076	1.082	1.087	0.942	0.923	0.904	0.886	1.137
2016-2017	1.030	1.040	1.046	1.051	1.056	0.961	0.942	0.922	0.904	1.083
2017-2018	1.000	1.005	1.010	1.015	1.020	0.980	0.960	0.941	0.922	1.025
2018-2019	1.000	1.000	1.005	1.010	1.015	1.000	0.980	0.960	0.941	1.000
2019-2020	1.000	--	1.000	1.005	1.010	--	1.000	0.980	0.960	--
2020-2021	1.000	--	--	1.000	1.005	--	--	1.000	0.980	--
2021-2022	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on WCIRB.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 2.5% 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 statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

Santa Clara County Schools Insurance Group - Workers' Compensation

Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
2003-2004	10,446,000	1,034	1.074	10,852	11,261,509	0.918
2004-2005	7,162,000	939	1.387	10,577	10,974,234	0.856
2005-2006	5,912,000	841	1.505	10,577	11,161,463	0.753
2006-2007	5,757,000	687	1.425	11,938	10,949,329	0.627
2007-2008	7,565,000	856	1.323	11,694	12,498,247	0.685
2008-2009	7,597,000	795	1.235	11,802	11,717,838	0.678
2009-2010	6,829,000	682	1.132	11,339	10,487,652	0.650
2010-2011	6,625,000	668	1.093	10,840	9,892,302	0.675
2011-2012	6,147,000	675	1.104	10,057	9,503,243	0.710
2012-2013	5,582,000	687	1.113	9,046	9,398,507	0.731
2013-2014	6,346,000	743	1.106	9,443	9,747,963	0.762
2014-2015	5,426,000	775	1.072	7,504	10,294,659	0.753
2015-2016	6,163,000	738	1.055	8,814	10,742,068	0.687
2016-2017	9,125,000	938	1.030	10,023	13,378,468	0.701
2017-2018	10,840,000	845	1.000	12,828	13,263,010	0.637

	Severity Trend Factors	Frequency Trend Factors
Latest 10 x 2017-2018	0.964	1.009
Latest 5 x 2017-2018	1.014	0.981
Prior	1.025	0.980
Default	1.025	0.980
Selected Residual Trend	1.025	0.980

Notes:

- (A) Selected average of results from Appendix A - Projected Funding and Appendix B - Pr
- (B) Appendix D - Projected Funding, Page 3, Column (C).
- (C) Appendix E - Projected Funding, Page 1, (A).
- (D) (A) x (C) / (B).
- (E) From Appendix I - Projected Funding, Column (C).
- (F) (B) / (E) x 10,000.

Santa Clara County Schools Insurance Group - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	6.2%	2.0%	0.061	0.062	0.990
21	0.8%	2.0%	0.068	0.070	0.973
20	0.9%	2.0%	0.075	0.078	0.958
19	0.8%	2.0%	0.081	0.086	0.944
18	0.8%	2.0%	0.088	0.094	0.931
17	0.8%	2.0%	0.094	0.102	0.919
16	1.0%	2.0%	0.102	0.112	0.908
15	1.1%	2.0%	0.110	0.123	0.899
14	1.2%	2.0%	0.120	0.135	0.891
13	1.5%	2.0%	0.133	0.150	0.886
12	1.8%	2.0%	0.148	0.168	0.881
11	2.0%	2.0%	0.165	0.188	0.877
10	2.3%	2.0%	0.184	0.211	0.874
9	2.9%	2.0%	0.210	0.240	0.873
8	3.2%	2.0%	0.237	0.272	0.872
7	3.8%	2.0%	0.270	0.309	0.871
6	4.9%	2.0%	0.313	0.359	0.873
5	5.8%	2.0%	0.364	0.417	0.874
4	7.5%	2.0%	0.431	0.492	0.878
3	11.4%	2.0%	0.536	0.606	0.885
2	18.5%	2.0%	0.708	0.790	0.896
1	21.0%	2.0%	0.902	1.000	0.902
(G) Discount Factor for Future Funding:				2018-2019	0.911
				2019-2020	0.911

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 - Projected Funding, Page 2.
- (C) Assumed Investment Income Rates.
- (D) 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, $70.8\% = [53.6\% / 1.020] + [18.5\% / (1.010)]$.
- (E) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (F) (D) / (E).
- (G) (F) 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 0.91, on a discounted basis, \$0.91 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 - Workers' Compensation

Confidence Level Table

Probability	Projected Losses
95%	1.334
90%	1.248
85%	1.192
80%	1.148
75%	1.112
70%	1.080
65%	1.052
60%	1.025
55%	1.000
50%	0.976
45%	0.953
40%	0.930
35%	0.906
30%	0.882
25%	0.857

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.248 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 - Workers' Compensation

Incurred Losses as of 6/30/18

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)
2003-2004	\$16,668,053	\$0	\$0	\$16,668,053	\$3,422,440	\$6,376,280	\$10,291,773	\$2,953,839	\$13,245,613	\$13,245,613
2004-2005	11,575,263	0	0	11,575,263	2,392,571	4,532,891	7,042,371	2,140,321	9,182,692	9,182,692
2005-2006	9,492,729	0	0	9,492,729	1,659,716	3,690,542	5,802,187	2,030,826	7,833,013	7,833,013
2006-2007	7,416,920	0	0	7,416,920	430,999	1,784,171	5,632,749	1,353,172	6,985,921	6,985,921
2007-2008	12,569,801	0	0	12,569,801	2,532,865	5,189,057	7,380,744	2,656,193	10,036,937	10,036,937
2008-2009	10,590,898	0	0	10,590,898	1,061,362	3,222,618	7,368,279	2,161,256	9,529,536	9,529,536
2009-2010	8,318,010	0	0	8,318,010	411,797	1,739,159	6,578,851	1,327,362	7,906,213	7,906,213
2010-2011	9,506,225	0	0	9,506,225	1,371,850	3,172,607	6,333,618	1,800,757	8,134,375	8,134,375
2011-2012	7,850,963	0	0	7,850,963	485,659	2,024,344	5,826,619	1,538,684	7,365,303	7,365,303
2012-2013	11,221,342	0	0	11,221,342	4,763,576	5,984,564	5,236,778	1,220,989	6,457,766	6,457,766
2013-2014	7,769,459	0	0	7,769,459	405,654	1,877,046	5,892,413	1,471,392	7,363,806	7,363,806
2014-2015	5,720,285	0	0	5,720,285	119,769	762,126	4,958,159	642,358	5,600,516	5,600,516
2015-2016	6,896,875	0	0	6,896,875	275,903	1,398,882	5,497,993	1,122,980	6,620,973	6,620,973
2016-2017	8,890,453	0	0	8,890,453	126,055	976,611	7,913,842	850,556	8,764,398	8,764,398
2017-2018	8,295,226	0	0	8,295,226	0	344,234	7,950,992	344,234	8,295,226	8,295,226
2018-2019	0	0	0	0	0	0	0	0	0	0
Total	\$142,782,500	\$0	\$0	\$142,782,500	\$19,460,215	\$43,075,133	\$99,707,368	\$23,614,918	\$123,322,286	\$123,322,286

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C)
- (D)
- (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 Not Included.

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Losses as of 6/30/18

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)
2003-2004	\$16,262,517	\$0	\$0	\$16,262,517	\$3,139,432	\$6,044,158	\$10,218,359	\$2,904,725	\$13,123,084	\$13,123,084
2004-2005	10,891,874	0	0	10,891,874	1,997,817	4,062,041	6,829,833	2,064,224	8,894,057	8,894,057
2005-2006	8,759,661	0	0	8,759,661	1,493,114	3,198,721	5,560,940	1,705,607	7,266,547	7,266,547
2006-2007	7,078,513	0	0	7,078,513	430,999	1,555,905	5,522,608	1,124,906	6,647,515	6,647,515
2007-2008	11,111,066	0	0	11,111,066	1,722,928	4,125,321	6,985,745	2,402,393	9,388,138	9,388,138
2008-2009	9,653,772	0	0	9,653,772	734,945	2,589,002	7,064,771	1,854,057	8,918,827	8,918,827
2009-2010	7,672,433	0	0	7,672,433	165,913	1,364,663	6,307,769	1,198,751	7,506,520	7,506,520
2010-2011	8,007,396	0	0	8,007,396	504,653	1,994,740	6,012,656	1,490,087	7,502,743	7,502,743
2011-2012	6,554,811	0	0	6,554,811	173,145	1,027,397	5,527,413	854,252	6,381,666	6,381,666
2012-2013	10,151,749	0	0	10,151,749	4,763,576	5,450,062	4,701,687	686,486	5,388,173	5,388,173
2013-2014	5,544,548	0	0	5,544,548	0	603,842	4,940,706	603,842	5,544,548	5,544,548
2014-2015	4,184,023	0	0	4,184,023	0	150,964	4,033,060	150,964	4,184,023	4,184,023
2015-2016	4,043,543	0	0	4,043,543	0	273,314	3,770,229	273,314	4,043,543	4,043,543
2016-2017	4,839,538	0	0	4,839,538	126,055	464,519	4,375,019	338,463	4,713,483	4,713,483
2017-2018	2,536,538	0	0	2,536,538	0	13,542	2,522,996	13,542	2,536,538	2,536,538
2018-2019	0	0	0	0	0	0	0	0	0	0
Total	\$117,291,981	\$0	\$0	\$117,291,981	\$15,252,577	\$32,918,189	\$84,373,792	\$17,665,612	\$102,039,404	\$102,039,404

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C)
- (D)
- (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 Not Included.

Santa Clara County Schools Insurance Group - Workers' Compensation

Case Reserves as of 6/30/18

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)
2003-2004	\$405,536	\$0	\$0	\$405,536	\$283,008	\$332,122	\$73,414	\$49,114	\$122,528	\$122,528
2004-2005	683,388	0	0	683,388	394,754	470,851	212,538	76,097	288,634	288,634
2005-2006	733,068	0	0	733,068	166,602	491,821	241,247	325,219	566,466	566,466
2006-2007	338,406	0	0	338,406	0	228,266	110,140	228,266	338,406	338,406
2007-2008	1,458,735	0	0	1,458,735	809,937	1,063,736	394,999	253,800	648,799	648,799
2008-2009	937,126	0	0	937,126	326,417	633,617	303,509	307,199	610,708	610,708
2009-2010	645,577	0	0	645,577	245,885	374,496	271,082	128,611	399,693	399,693
2010-2011	1,498,829	0	0	1,498,829	867,197	1,177,867	320,962	310,670	631,632	631,632
2011-2012	1,296,152	0	0	1,296,152	312,514	996,946	299,206	684,432	983,638	983,638
2012-2013	1,069,593	0	0	1,069,593	0	534,503	535,090	534,503	1,069,593	1,069,593
2013-2014	2,224,912	0	0	2,224,912	405,654	1,273,204	951,708	867,551	1,819,258	1,819,258
2014-2015	1,536,262	0	0	1,536,262	119,769	611,162	925,099	491,394	1,416,493	1,416,493
2015-2016	2,853,333	0	0	2,853,333	275,903	1,125,569	1,727,764	849,666	2,577,430	2,577,430
2016-2017	4,050,915	0	0	4,050,915	0	512,092	3,538,823	512,092	4,050,915	4,050,915
2017-2018	5,758,688	0	0	5,758,688	0	330,692	5,427,996	330,692	5,758,688	5,758,688
2018-2019	0	0	0	0	0	0	0	0	0	0
Total	\$25,490,519	\$0	\$0	\$25,490,519	\$4,207,638	\$10,156,944	\$15,333,576	\$5,949,306	\$21,282,881	\$21,282,881

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix H - Projected Funding, Page 1, Column (B) - Appendix H - Projected Funding, Page 2, Column (B).
- (C) Appendix H - Projected Funding, Page 1, Column (C) - Appendix H - Projected Funding, Page 2, Column (C).
- (D) Appendix H - Projected Funding, Page 1, Column (D) - Appendix H - Projected Funding, 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 Not Included.

Santa Clara County Schools Insurance Group - Workers' Compensation

Claim Counts as of 6/30/18

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)
2003-2004	1,034	0	0	1,034	1,024	0	0	1,024	10	10
2004-2005	939	0	0	939	927	0	0	927	12	12
2005-2006	841	0	0	841	826	0	0	826	15	15
2006-2007	687	0	0	687	680	0	0	680	7	7
2007-2008	856	0	0	856	837	0	0	837	19	19
2008-2009	795	0	0	795	779	0	0	779	16	16
2009-2010	682	0	0	682	670	0	0	670	12	12
2010-2011	668	0	0	668	654	0	0	654	14	14
2011-2012	675	0	0	675	653	0	0	653	22	22
2012-2013	686	0	0	686	664	0	0	664	22	22
2013-2014	741	0	0	741	700	0	0	700	41	41
2014-2015	770	0	0	770	731	0	0	731	39	39
2015-2016	731	0	0	731	662	0	0	662	69	69
2016-2017	920	0	0	920	792	0	0	792	128	128
2017-2018	793	0	0	793	548	0	0	548	245	245
2018-2019	0	0	0	0	0	0	0	0	0	0
Total	11,818	0	0	11,818	11,147	0	0	11,147	671	671

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C)
- (D)
- (E) (B) + (C) - (D).
- (F) Provided by the Group.
- (G)
- (H)
- (I) (F) + (G) - (H).
- (J) (B) - (F).
- (K) (E) - (I).

Santa Clara County Schools Insurance Group - Workers' Compensation

Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2003-2004	7,777,285	1.448	11,261,509
2004-2005	7,766,620	1.413	10,974,234
2005-2006	8,093,882	1.379	11,161,463
2006-2007	8,140,765	1.345	10,949,329
2007-2008	9,526,103	1.312	12,498,247
2008-2009	9,154,561	1.280	11,717,838
2009-2010	8,396,839	1.249	10,487,652
2010-2011	8,115,096	1.219	9,892,302
2011-2012	7,992,635	1.189	9,503,243
2012-2013	8,102,161	1.160	9,398,507
2013-2014	8,611,275	1.132	9,747,963
2014-2015	9,324,872	1.104	10,294,659
2015-2016	9,974,065	1.077	10,742,068
2016-2017	12,729,275	1.051	13,378,468
2017-2018	12,939,522	1.025	13,263,010
2018-2019	13,387,224	1.000	13,387,224
2019-2020	13,788,840	1.000	13,788,840

Notes:

- (A) Provided by the Group.
- (B) Based on WCIRB.
- (C) (A) x (B).