



# **Bickmore**

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# **Actuarial**

## **Actuarial Review of the Self-Insured Workers' Compensation Program**

*Outstanding Liabilities as of June 30, 2020*

*Forecast for Program Years 2020-21 and 2021-22*

*Presented to*

**Santa Clara County Schools Insurance Group**

September 25, 2020





Friday, September 25, 2020

Mr. Tien Phan  
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. Phan:

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 \$784,000 as of June 30, 2020. 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 \$2,729,000 as of June 30, 2020, 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 2020-21 and 2021-22 program years to be \$12,802,000 and \$13,985,000, respectively. For budgeting purposes, the expected costs of 2020-21 and 2021-22 claims translate to rates of \$0.90 and \$0.96 per \$100 of payroll, respectively.

The \$784,000 estimate is the minimum liability to be booked by the Group at June 30, 2020 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 \$168,000 of estimated non-recoverable amounts from claims that have exceeded the SIR. These claims are listed on Tail - Exhibit 1, 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 Tail - Exhibit 1, 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, 2020 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, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$548,000					
ULAE	126,000					
Estimated Non- Recoverable	168,000					
Investment Income Offset	<u>(58,000)</u>					
Discounted Loss and LAE	\$784,000	\$899,000	\$952,000	\$1,014,000	\$1,091,000	\$1,194,000
Assets	<u>2,729,000</u>					
Surplus or (Deficit)	\$1,945,000	\$1,830,000	\$1,777,000	\$1,715,000	\$1,638,000	\$1,535,000

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 2020-21 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 2020-21  
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	\$13,108,000	\$14,209,000	\$14,642,000	\$15,127,000	\$15,716,000	\$16,490,000
ULAE	983,000	1,066,000	1,098,000	1,134,000	1,179,000	1,237,000
Investment Income Offset	<u>(1,289,000)</u>	<u>(1,398,000)</u>	<u>(1,440,000)</u>	<u>(1,487,000)</u>	<u>(1,545,000)</u>	<u>(1,622,000)</u>
Discounted Loss and LAE	\$12,802,000	\$13,877,000	\$14,300,000	\$14,774,000	\$15,350,000	\$16,105,000
Rate per \$100 of 2020-21 Payroll	\$0.90	\$0.98	\$1.01	\$1.04	\$1.08	\$1.14

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020. 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 2021-22 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 2021-22  
 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	\$14,319,000	\$15,522,000	\$15,994,000	\$16,524,000	\$17,168,000	\$18,013,000
ULAE	1,074,000	1,164,000	1,200,000	1,239,000	1,288,000	1,351,000
Investment Income Offset	<u>(1,408,000)</u>	<u>(1,526,000)</u>	<u>(1,573,000)</u>	<u>(1,624,000)</u>	<u>(1,688,000)</u>	<u>(1,771,000)</u>
Discounted Loss and LAE	\$13,985,000	\$15,160,000	\$15,621,000	\$16,139,000	\$16,768,000	\$17,593,000
Rate per \$100 of 2021-22 Payroll	\$0.96	\$1.04	\$1.07	\$1.11	\$1.15	\$1.21

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2021. 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, Mike Harrington at (916) 244-1162 or York Lee at (916) 244-1159 with any questions you may have concerning this report.

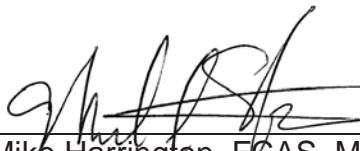
Sincerely,

Bickmore Actuarial



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Derek Burkhalter, ACAS, MAAA  
Senior Actuarial Manager, Bickmore Actuarial  
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Member, American Academy of Actuaries



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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 Tail - Appendix I.

As of June 30, 2020, the Group had assets of \$2,729,000 for the program. The June 30, 2020 fund balance is net of non-claims-related liabilities as shown on Tail - Appendix J.

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, 2020, project ultimate loss costs for 2020-21 and 2021-22, 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, 2020. 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 30<sup>th</sup>.

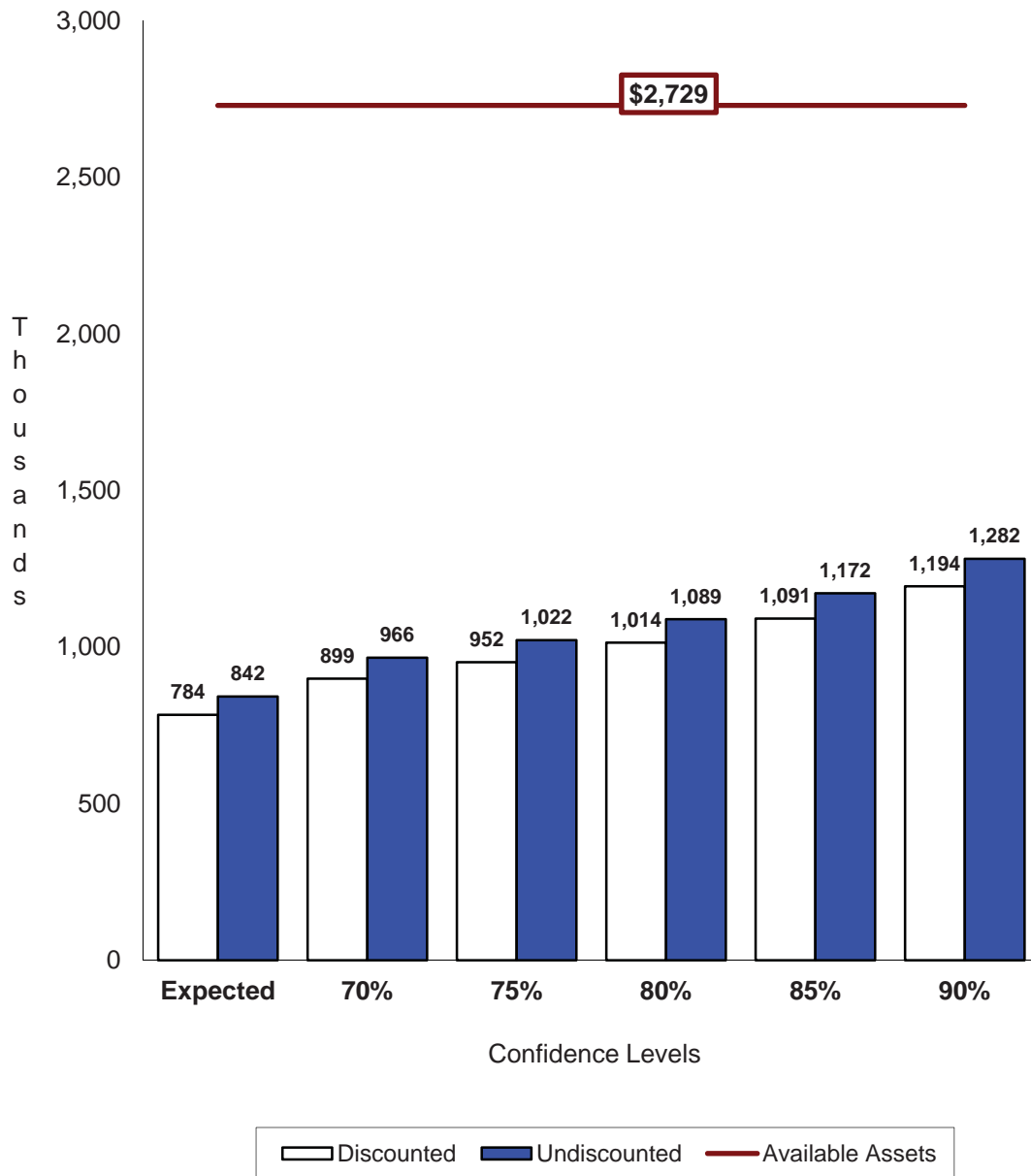
Our best estimate of the full value of the Group's liability for outstanding claims within its self-insured retention (SIR) is \$842,000 as of June 30, 2020. This amount includes losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost 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 6.9% if the program is funded within the range indicated in the graph, resulting in a discounted liability for outstanding claims of \$784,000 as of June 30, 2020.

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, 2020



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, 2020, 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, 2020

Year	Case Reserves	IBNR Reserves	Total Outstanding
1977-78	\$0	\$0	\$0
1978-79	0	0	0
1979-80	15,472	2,321	17,793
1980-81	40,822	2,449	43,271
1981-82	0	0	0
1982-83	65,327	2,613	67,940
1983-84	0	0	0
1984-85	0	0	0
1985-86	12,947	3,884	16,831
1986-87	0	0	0
1987-88	0	0	0
1988-89	8,143	4,072	12,215
1989-90	46,395	4,640	51,035
1990-91	0	0	0
1991-92	48,558	16,557	65,115
1992-93	1,825	21,821	23,646
1993-94	16,939	39,410	56,349
1994-95	133,839	20,181	154,020
1995-96	23,865	15,159	39,024
Loss and ALAE	\$414,132	\$133,106	\$547,238
ULAE	n/a	126,235	126,235
Non-Recoverable	168,000	n/a	168,000
Total	\$582,132	\$259,341	\$841,473

## **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 \$2,729,000 as of June 30, 2020, resulting in the program being funded above the 90% confidence level.

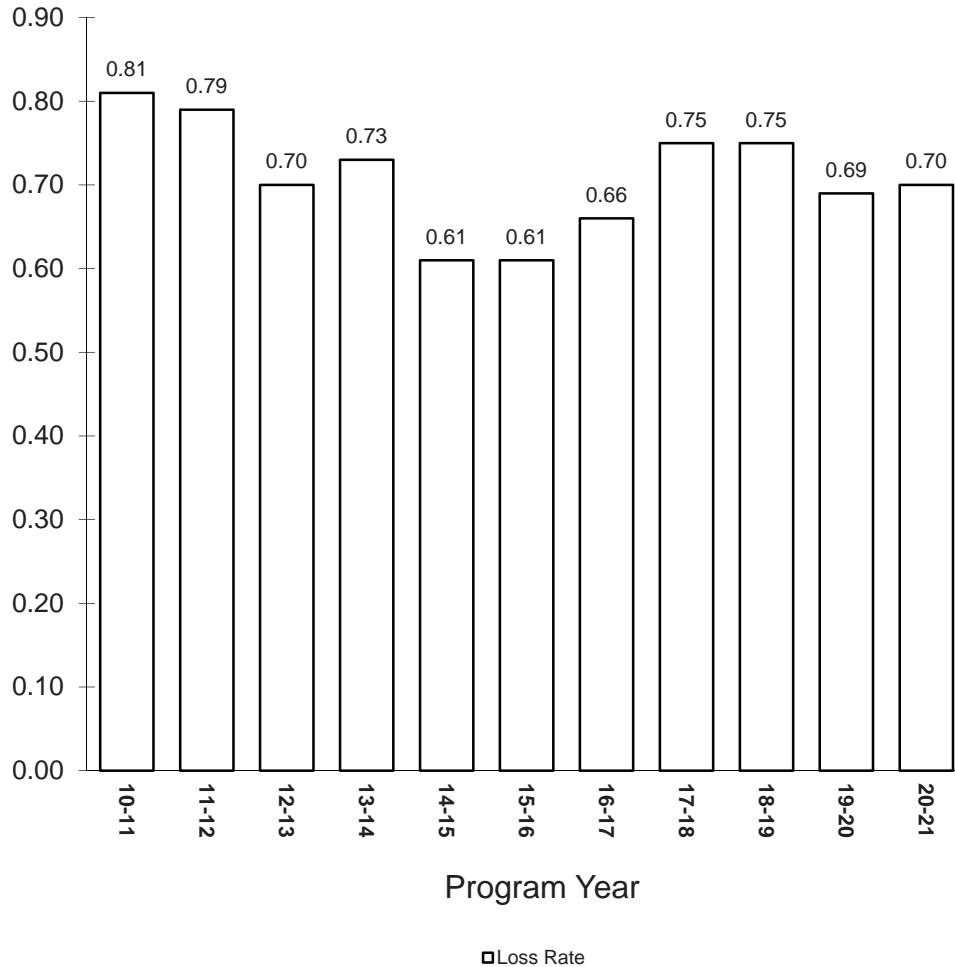
### C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

#### 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 relatively stable over the period shown below. Our projected 2020-21 loss rate is \$0.70 per \$100 of payroll. See Graph 2 below.

Graph 2

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

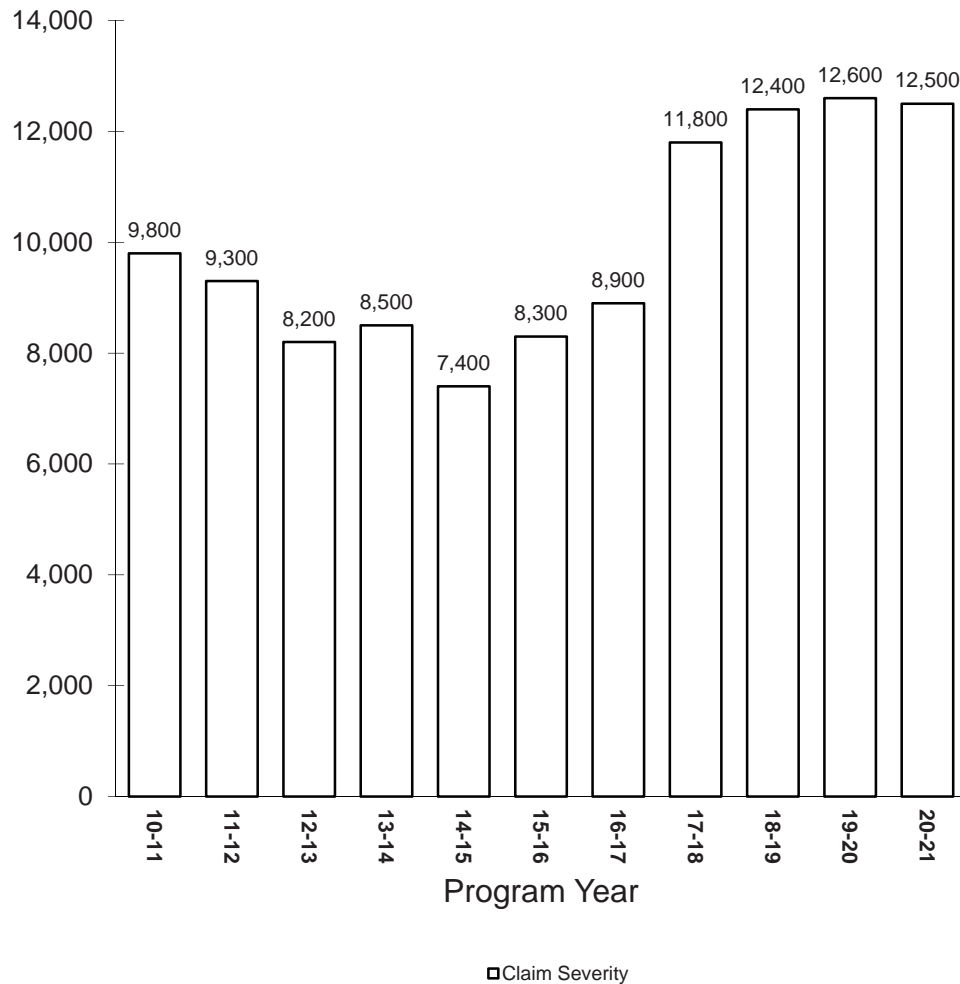


Severity

The program's average dollars of loss per claim (based on losses limited to \$100,000 per occurrence), or severity, has increased since a low of \$7,400 in 2014-15. The projected 2020-21 severity of \$12,500 per claim reflects the apparent increasing trend. See Graph 3 below.

Graph 3

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

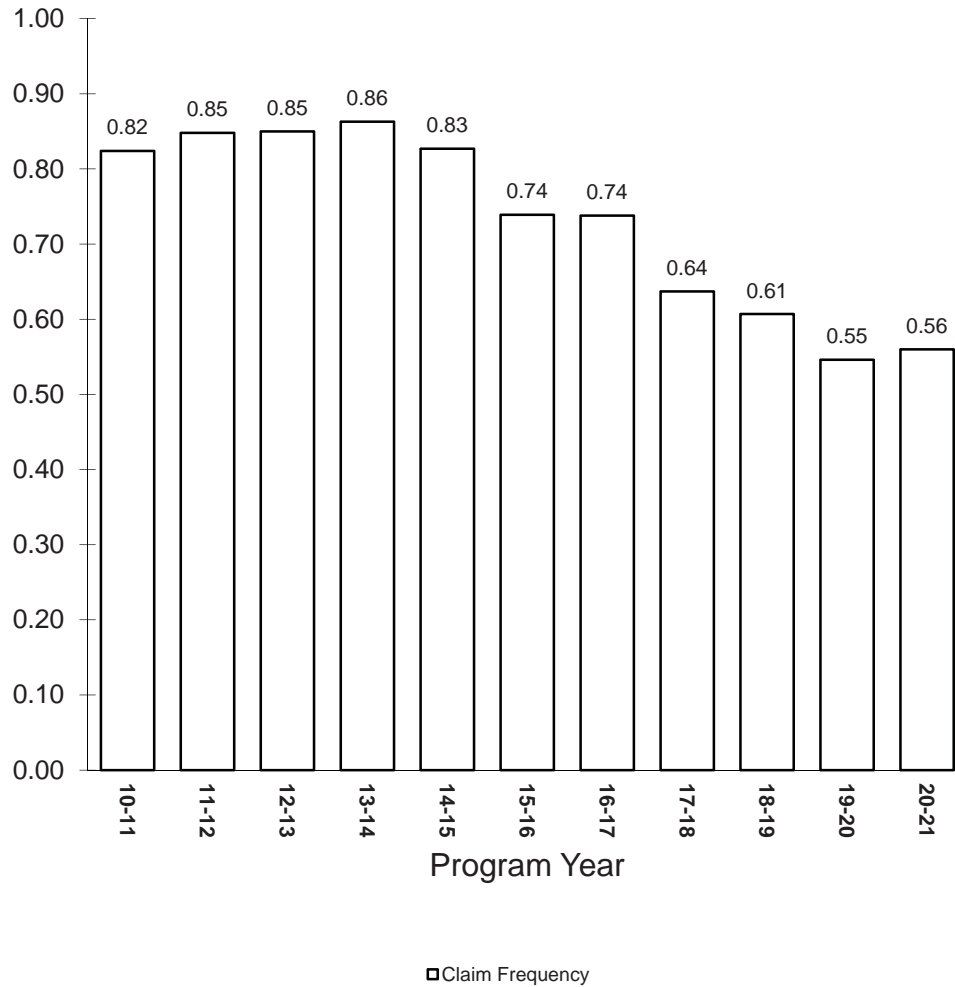


Frequency

The program's number of claims per \$1 million of payroll, or frequency, has been decreasing since 2013-14. The projected 2020-21 frequency of 0.56 claims per \$1 million of payroll reflects this observed decreasing trend. 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 4, 2019. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the June 30, 2019 evaluation date of the prior report and the June 30, 2020 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	4,000	2,000
1980-81	3,000	0	(3,000)
1981-82	0	0	0
1982-83	10,000	(22,000)	(32,000)
1983-84	0	0	0
1984-85	0	0	0
1985-86	4,000	(11,000)	(15,000)
1986-87	5,000	(19,000)	(24,000)
1987-88	0	0	0
1988-89	1,000	0	(1,000)
1989-90	8,000	(30,000)	(38,000)
1990-91	11,000	69,000	58,000
1991-92	5,000	(32,000)	(37,000)
1992-93	0	2,000	2,000
1993-94	0	(31,000)	(31,000)
1994-95	20,000	17,000	(3,000)
1995-96	5,000	0	(5,000)
Total	\$74,000	(\$53,000)	(\$127,000)

As shown, actual incurred development was less than anticipated since the prior report.

Based on the assumptions from the prior report, it was expected that incurred losses through accident year 1995-96 would increase by \$74,000 between the two evaluation dates. However, actual development was approximately (\$53,000); or about \$127,000 less than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the June 30, 2019 evaluation date of the prior report and the June 30, 2020 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	14,000	1,000	(13,000)
1980-81	51,000	8,000	(43,000)
1981-82	0	0	0
1982-83	111,000	14,000	(97,000)
1983-84	0	0	0
1984-85	0	0	0
1985-86	8,000	3,000	(5,000)
1986-87	8,000	17,000	9,000
1987-88	0	0	0
1988-89	1,000	0	(1,000)
1989-90	11,000	3,000	(8,000)
1990-91	9,000	140,000	131,000
1991-92	11,000	22,000	11,000
1992-93	0	0	0
1993-94	13,000	35,000	22,000
1994-95	19,000	7,000	(12,000)
1995-96	4,000	4,000	0
Total	\$260,000	\$254,000	(\$6,000)

As shown, actual paid development was less than anticipated since the prior report.

Based on the assumptions from the prior report, it was expected that paid losses through accident year 1995-96 would increase by \$260,000 between the two evaluation dates. However, actual development was approximately \$254,000; or about \$6,000 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	2,308,000	4,000
1980-81	2,377,000	2,376,000	(1,000)
1981-82	3,119,000	3,119,000	0
1982-83	3,699,000	3,669,000	(30,000)
1983-84	5,573,000	5,573,000	0
1984-85	3,487,000	3,487,000	0
1985-86	4,123,000	4,111,000	(12,000)
1986-87	6,488,000	6,463,000	(25,000)
1987-88	6,549,000	6,549,000	0
1988-89	6,946,000	6,949,000	3,000
1989-90	7,282,000	7,248,000	(34,000)
1990-91	10,172,000	10,230,000	58,000
1991-92	9,072,000	9,052,000	(20,000)
1992-93	8,981,000	9,005,000	24,000
1993-94	8,818,000	8,826,000	8,000
1994-95	7,516,000	7,533,000	17,000
1995-96	4,658,000	4,663,000	5,000
Total	\$102,525,000	\$102,522,000	(\$3,000)

As shown, overall we have decreased our estimated ultimate losses by \$3,000 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, 2019 to be \$1,276,000 at the discounted, expected level. Our current estimate as of June 30, 2020 is \$784,000, 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, 2019	Current Report at June 30, 2020	Change
(A) Case Reserves:	\$722,000	\$415,000	(\$307,000)
(B) IBNR Reserves:	80,000	133,000	53,000
(C) Claims Administration Reserves:	157,000	126,000	(31,000)
(D) Estimated Non-Recoverable:	414,000	168,000	(246,000)
(E) Total Reserves:	\$1,373,000	\$842,000	(\$531,000)
(F) Offset for Investment Income:	(97,000)	(58,000)	39,000
(G) Total Outstanding Claim Liabilities:	\$1,276,000	\$784,000	(\$492,000)

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has decreased between June 30, 2019 and June 30, 2020, as reflected in our prior and current reports, respectively.

Total case reserves have decreased by \$307,000, reflecting the claims run-off, while our estimate of IBNR reserves has increased by \$53,000. Reserves for future claims administration expenses have also decreased. We 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 \$531,000 less than the estimate from the prior report. Investment income is expected to be lower. The net change due to the above factors is an overall decrease of \$492,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, available assets were estimated to be \$2,542,000 as of June 30, 2019, which corresponded to the then-estimated discounted liability for outstanding claims above the 90% confidence level. Available assets are currently estimated to be \$2,729,000 as of June 30, 2020, 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, 2019	Current Report at June 30, 2020	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$1,276,000	\$784,000	(\$492,000)
(B) Estimated Assets At June 30:	2,542,000	2,729,000	187,000
(C) Surplus:	\$1,266,000	\$1,945,000	\$679,000

As you can see, our estimate of the program’s funding margin at the discounted, expected level has increased by \$679,000 between June 30, 2019 (as previously estimated) and June 30, 2020 (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 2019-20 year was \$13,261,000 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 2020-21 year is \$12,802,000 at the discounted, expected level, a decrease in the program's expected loss costs, as shown in the table below:

**Comparison of Funding for Loss and LAE**

	Prior Report 2019-20 SIR = \$250,000	Current Report 2020-21 SIR = \$250,000	Change
(A) Ultimate Loss and ALAE:	\$13,565,000	\$13,108,000	(\$457,000)
(B) Ultimate Claims Administration (ULAE):	1,017,000	983,000	(34,000)
(C) Total Claim Costs:	\$14,582,000	\$14,091,000	(\$491,000)
(D) Offset for Investment Income:	(1,321,000)	(1,289,000)	32,000
(E) Total Recommended Funding:	\$13,261,000	\$12,802,000	(\$459,000)
(F) Funding per \$100 of Payroll:	\$0.965	\$0.904	(\$0.061)

As you can see, our funding recommendations at the discounted, expected level have decreased between 2019-20 and 2020-21, as shown in our prior and current reports, respectively.

Our estimates of ultimate loss and ALAE have decreased by \$457,000. In addition, claims administration costs are expected to be lower, resulting in an overall decrease in total claim costs of \$491,000. Investment income is expected to be lower. The net change due to the above factors is an overall decrease of \$459,000 in our annual funding estimate for loss and LAE. The funding rate per \$100 of payroll has decreased by \$0.061.

## 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, 2020 (See Tail - Appendix K and Projected Funding - Appendix H). 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 2020-21 will be approximately \$1,225 and that about six claims are expected to close each year.
- The June 30, 2020 fund balance is net of non-claims-related liabilities as shown on Tail - Appendix J.
- 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 Tail - Exhibit 1, 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 Tail - Exhibit 1, Page 4 and is based on an assumption of 25% of the outstanding reserves above the SIR.
- For the purpose of projecting 2020-21 and 2021-22 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 2020-21 and 2021-22 will be \$1,415,600,000 and \$1,458,100,000, respectively, based upon information provided by the Group (See Projected Funding -Appendix I).
- Our estimate of claims administration for the 2020-21 and 2021-22 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. While we have not independently audited or verified this information, we have reviewed it for reasonableness and internal consistency.
- 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 Projected Funding - Appendix E 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 2.0% per year. We have assumed that claim severity increases at 3.0% per year, and that claim frequency decreases at 1.0% 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 \$2,729,000 as of June 30, 2020 for use in this report. This is shown in further detail in Tail - Appendix J.

#### **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, 2020

(A) Estimated Ultimate Losses Incurred through 6/30/20: (From Tail - Appendix E)	\$102,523,000
(B) Estimated Paid Losses through 6/30/20: (From Tail - Appendix E)	101,975,000
(C) Estimated Liability for Claims Outstanding at 6/30/20: (From Tail - Appendix E)	<u>\$548,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/20: (From Tail - Appendix D)	126,000
(E) Estimated Unrecoverable Amounts over the SIR Over the SIR as of 6/30/20: (From Tail - Exhibit 1, Page 4, Item (C))	168,000
(F) Total Outstanding Liability for Claims at 6/30/20: ((C) + (D) + (E))	<u>\$842,000</u>
(G) Reserve Discount Factor (Based on a Discount Rate of 2.0%.): (Tail - Appendix G, (G))	0.931
(H) Discounted Outstanding Liability for Claims at 6/30/20: ((F) x (G))	<u>\$784,000</u>

Confidence Level of Adequacy:	Marginally Acceptable 70%	75%	Recommended 80%	85%	Conservative 90%
(I) Confidence Level Factor: (From Tail - Appendix H)	1.147	1.214	1.293	1.392	1.523
(J) Margin for Adverse Experience: ((H) x [(I) - 1])	115,000	168,000	230,000	307,000	410,000
(K) Total Required Assets at 6/30/20: ((H) + (J))	<u>\$899,000</u>	<u>\$952,000</u>	<u>\$1,014,000</u>	<u>\$1,091,000</u>	<u>\$1,194,000</u>
(L) Estimated Total Assets at 6/30/20: (From Tail - Appendix J)	2,729,000	2,729,000	2,729,000	2,729,000	2,729,000
(M) Indicated Funding Redundancy/ (Deficiency): ((L) - (K))	<u>\$1,830,000</u>	<u>\$1,777,000</u>	<u>\$1,715,000</u>	<u>\$1,638,000</u>	<u>\$1,535,000</u>

Santa Clara County Schools Insurance Group - Workers' Compensation

Claims with Reserves Over the SIR at  
June 30, 2020

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	228,551	228,551	-
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	-
05/30/86	5011-86-0028	125,000	73,410	73,410	-
12/05/86	5017-87-0016	200,000	225,221	225,221	-
02/19/87	5005-87-0156	200,000	83,021	83,021	-
05/07/87	5008-87-0083	200,000	156,300	182,595	26,294
09/29/87	5002-88-0005	250,000	59,884	59,884	-
03/25/88	5005-88-0258	250,000	70,875	70,875	-
10/07/88	5015-89-0012	150,000	474,902	716,635	241,733
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	-
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	59,405	93,613	34,208
11/01/90	5013-91-0033	150,000	79,955	79,955	-
11/20/90	5008-91-0026	150,000	245,098	248,885	3,787
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	131,069	182,679	51,610
02/01/91	5001-91-0132	150,000	9,550	9,550	-
03/25/91	5007-91-0054	150,000	8,971	8,971	-
06/21/91	5005-91-0261	150,000	28,822	28,822	-

Santa Clara County Schools Insurance Group - Workers' Compensation

Claims with Reserves Over the SIR at  
June 30, 2020

DOL (A)	Claim No. (B)	SIR (C)	Paid Over SIR (D)	Incurred Over SIR (E)	Reserves Over SIR (F)
08/01/91	5010-92-0004	150,000	1,293,040	1,293,040	-
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	50,622	59,429	8,807
03/03/92	5001-92-0134	150,000	-	3,688	3,688
03/17/92	5003-92-0011	150,000	197,365	197,365	-
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	58,322	79,809	21,487
06/01/93	5001-93-0166	150,000	2,132	2,132	-
07/02/93	5001-94-0001	150,000	117,764	164,448	46,685
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	-
05/18/94	5006-94-0165	150,000	164,173	164,173	-
03/21/95	5014-95-0016	250,000	242,604	267,448	24,844
06/09/95	5006-95-0158	250,000	21,455	141,669	120,214
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	-	10,613	10,613
10/23/95	5006-96-0045	250,000	6,949	6,949	-
11/06/95	5027-96-0006	250,000	539,388	551,641	12,253
Total			9,140,686	9,810,683	669,997

Notes:

- (A) - (C) Provided by the Group.
- (D) - (E) From data provided by the Group at 6/30/20.
- (F) (E) - (D).

Santa Clara County Schools Insurance Group - Workers' Compensation

Estimated Unrecoverable Amounts Over the SIR at  
June 30, 2020

(A) Outstanding Reserves Above the SIR: (From Tail - Exhibit 1, Page 3, Item (F))	\$670,000
(B) Estimated Unrecoverable Portion:	25%
(C) Estimated Additional Outstanding: ((A) x (B))	\$168,000

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 6/30/20 (B)	Estimated IBNR as of 6/30/20 (C)	Estimated Percent of IBNR Reported Between 7/1/20 and 6/30/21 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/21 (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	2,308,196	2,305,875	2,321	25.0%	1,000	1,321
1980-1981	2,376,126	2,373,677	2,449	25.0%	1,000	1,449
1981-1982	3,119,161	3,119,161	0	25.0%	0	0
1982-1983	3,669,390	3,666,777	2,613	25.0%	1,000	1,613
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	4,111,193	4,107,309	3,884	25.0%	1,000	2,884
1986-1987	6,463,145	6,463,145	0	25.0%	0	0
1987-1988	6,548,633	6,548,633	0	25.0%	0	0
1988-1989	6,948,846	6,944,774	4,072	25.0%	1,000	3,072
1989-1990	7,248,447	7,243,807	4,640	25.0%	1,000	3,640
1990-1991	10,230,040	10,230,040	0	25.0%	0	0
1991-1992	9,052,000	9,035,443	16,557	25.0%	4,000	12,557
1992-1993	9,005,000	8,983,179	21,821	25.0%	5,000	16,821
1993-1994	8,826,000	8,786,590	39,410	25.0%	10,000	29,410
1994-1995	7,533,076	7,512,895	20,181	25.0%	5,000	15,181
1995-1996	4,663,000	4,647,841	15,159	25.0%	4,000	11,159
Totals	\$102,522,623	\$102,389,517	\$133,106		\$34,000	\$99,106

## Notes:

- (A) From Tail - Exhibit 3.
- (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 7/1/20 and 6/30/21. The percentage is based on the development pattern selected in Tail - Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/21. 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	2,305,875	2,290,403	2,305,875	2,308,196
1980-1981	2,373,677	2,332,855	2,373,677	2,376,126
1981-1982	3,119,161	3,119,161	3,119,161	3,119,161
1982-1983	3,666,777	3,601,450	3,666,777	3,669,390
1983-1984	5,572,588	5,578,161	5,572,588	5,572,588
1984-1985	3,486,817	3,493,791	3,486,817	3,486,817
1985-1986	4,107,309	4,106,645	4,107,308	4,111,193
1986-1987	6,463,145	6,488,998	6,463,145	6,463,145
1987-1988	6,548,633	6,581,376	6,548,633	6,548,633
1988-1989	6,944,774	6,978,251	6,944,775	6,948,846
1989-1990	7,243,807	7,247,794	7,243,808	7,248,447
1990-1991	10,230,040	10,311,880	10,230,040	10,230,040
1991-1992	9,035,443	9,067,767	9,035,443	9,052,000
1992-1993	8,983,179	9,071,168	8,983,180	9,005,000
1993-1994	8,786,590	8,866,117	8,786,590	8,826,000
1994-1995	7,512,895	7,474,984	7,512,895	7,533,076
1995-1996	4,652,489	4,693,336	4,649,560	4,663,000
Totals				\$102,522,623

## Notes:

- (A) From Tail - Appendix A, Page 1, Column (D).
- (B) From Tail - Appendix B, Page 1, Column (D).
- (C) From Tail - Appendix C, 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 6/30/20 (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	2,305,875	1.000	2,305,875
1980-1981	2,373,677	1.000	2,373,677
1981-1982	3,119,161	1.000	3,119,161
1982-1983	3,666,777	1.000	3,666,777
1983-1984	5,572,588	1.000	5,572,588
1984-1985	3,486,817	1.000	3,486,817
1985-1986	4,107,309	1.000	4,107,309
1986-1987	6,463,145	1.000	6,463,145
1987-1988	6,548,633	1.000	6,548,633
1988-1989	6,944,774	1.000	6,944,774
1989-1990	7,243,807	1.000	7,243,807
1990-1991	10,230,040	1.000	10,230,040
1991-1992	9,035,443	1.000	9,035,443
1992-1993	8,983,179	1.000	8,983,179
1993-1994	8,786,590	1.000	8,786,590
1994-1995	7,512,895	1.000	7,512,895
1995-1996	4,647,841	1.001	4,652,489
Totals	\$102,389,517		\$102,394,165

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 Tail - Appendix A, 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	300 Months	312 Months	324 Months	336 Months	348 Months	360 Months	372 Months	384 Months	396 Months	408 Months
1977-1978								32,176	32,176	32,176
1978-1979							1,328,790	1,328,790	1,328,790	1,328,790
1979-1980						2,245,020	2,274,948	2,382,961	2,351,765	2,390,674
1980-1981					2,255,219	2,271,532	2,248,245	2,269,275	2,269,275	2,284,685
1981-1982				3,117,134	3,117,134	3,117,134	3,117,135	3,125,230	3,125,230	3,119,161
1982-1983			3,528,589	3,538,376	3,533,814	3,533,814	3,547,062	3,590,415	3,552,332	3,552,332
1983-1984		5,582,541	5,572,185	5,572,185	5,572,588	5,572,588	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	3,486,817	3,486,817
1985-1986	4,147,943	4,148,660	4,126,372	4,126,372	4,126,629	4,118,633	4,118,633	4,118,645	4,118,645	4,118,653
1986-1987	6,329,297	6,373,932	6,368,592	6,373,930	6,404,298	6,508,449	6,491,346	6,461,105	6,482,272	6,463,145
1987-1988	6,625,489	6,593,840	6,565,452	6,565,752	6,565,752	6,582,545	6,582,545	6,548,633	6,548,633	
1988-1989	6,973,407	6,966,068	6,972,254	6,971,378	6,975,881	6,975,981	6,944,774	6,944,774		
1989-1990	7,245,210	7,263,364	7,287,146	7,275,833	7,276,004	7,273,857	7,243,807			
1990-1991	10,136,002	10,137,164	10,104,042	10,104,042	10,161,147	10,230,040				
1991-1992	8,991,701	9,033,322	9,084,309	9,067,064	9,035,443					
1992-1993	8,993,061	8,980,852	8,981,085	8,983,179						
1993-1994	8,823,965	8,817,628	8,786,590							
1994-1995	7,496,108	7,512,895								
1995-1996	4,647,841									

Reported Loss Development Factors:

	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months	396-408 Months	408-420 Months
1977-1978								1.000	1.000	1.000
1978-1979							1.000	1.000	1.000	1.000
1979-1980						1.013	1.047	0.987	1.017	0.967
1980-1981					1.007	0.990	1.009	1.000	1.007	1.011
1981-1982				1.000	1.000	1.000	1.003	1.000	0.998	1.000
1982-1983			1.003	0.999	1.000	1.004	1.012	0.989	1.000	1.000
1983-1984		0.998	1.000	1.000	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	1.000	1.000
1985-1986	1.000	0.995	1.000	1.000	0.998	1.000	1.000	1.000	1.000	0.997
1986-1987	1.007	0.999	1.001	1.005	1.016	0.997	0.995	1.003	0.997	
1987-1988	0.995	0.996	1.000	1.000	1.003	1.000	0.995	1.000		
1988-1989	0.999	1.001	1.000	1.001	1.000	0.996	1.000			
1989-1990	1.003	1.003	0.998	1.000	1.000	0.996				
1990-1991	1.000	0.997	1.000	1.006	1.007					
1991-1992	1.005	1.006	0.998	0.997						
1992-1993	0.999	1.000	1.000							
1993-1994	0.999	0.996								
1994-1995	1.002									

	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months	396-408 Months	408-420 Months
Average Dollar-Weighted Averages	1.001	0.999	1.000	1.000	1.003	1.000	1.006	0.998	1.002	0.997
3-yr	1.000	1.001	0.999	1.001	1.003	0.997	0.997	1.001	0.999	0.999
4-yr	1.001	1.000	0.999	1.001	1.003	0.997	0.997	1.001	0.999	0.999
Prior	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.001	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  
Reported Loss Development

SIR Losses Reported as of:

Accident Year	420 Months	432 Months	444 Months	456 Months	468 Months	480 Months	492 Months	504 Months	516 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	2,312,733	2,301,875	2,301,875	2,301,875	2,301,875	2,301,875	2,301,875	2,305,875	
1980-1981	2,308,685	2,320,576	2,344,134	2,350,732	2,373,677	2,373,677			
1981-1982	3,119,161	3,119,161	3,119,161	3,119,161	3,119,161				
1982-1983	3,552,332	3,653,713	3,688,713	3,666,777					
1983-1984	5,572,588	5,572,588	5,572,588						
1984-1985	3,486,817	3,486,817							
1985-1986	4,107,309								
1986-1987									
1987-1988									
1988-1989									
1989-1990									
1990-1991									
1991-1992									
1992-1993									
1993-1994									
1994-1995									
1995-1996									

Reported Loss Development Factors:

	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-504 Months	504-516 Months	516-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	0.995	1.000	1.000	1.000	1.000	1.002			
1980-1981	1.005	1.010	1.003	1.010	1.000				
1981-1982	1.000	1.000	1.000	1.000					
1982-1983	1.029	1.010	0.994						
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									

	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-504 Months	504-516 Months	516-Ult. Months		
Average Dollar-Weighted Averages	1.004	1.003	1.000	1.002	1.000	1.001	1.000	1.000			
3-yr	1.008	1.003	0.998	1.003	1.000	1.001					
4-yr	1.006	1.004	0.999	1.003	1.000						
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 6/30/20 (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	2,290,403	1.000	2,290,403
1980-1981	2,332,855	1.000	2,332,855
1981-1982	3,119,161	1.000	3,119,161
1982-1983	3,601,450	1.000	3,601,450
1983-1984	5,572,588	1.001	5,578,161
1984-1985	3,486,817	1.002	3,493,791
1985-1986	4,094,362	1.003	4,106,645
1986-1987	6,463,145	1.004	6,488,998
1987-1988	6,548,633	1.005	6,581,376
1988-1989	6,936,631	1.006	6,978,251
1989-1990	7,197,412	1.007	7,247,794
1990-1991	10,230,040	1.008	10,311,880
1991-1992	8,986,885	1.009	9,067,767
1992-1993	8,981,354	1.010	9,071,168
1993-1994	8,769,651	1.011	8,866,117
1994-1995	7,379,056	1.013	7,474,984
1995-1996	4,623,976	1.015	4,693,336
Totals	\$101,975,385		\$102,665,103

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 Tail - Appendix B, 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	SIR Losses Paid as of:									
	300 Months	312 Months	324 Months	336 Months	348 Months	360 Months	372 Months	384 Months	396 Months	408 Months
1977-1978								32,176	32,176	32,176
1978-1979							1,328,790	1,328,790	1,328,790	1,328,790
1979-1980						2,213,731	2,241,514	2,281,607	2,283,828	2,284,522
1980-1981					2,201,408	2,208,585	2,215,466	2,230,623	2,242,901	2,256,933
1981-1982				3,117,134	3,117,134	3,117,134	3,117,135	3,118,647	3,119,161	3,119,161
1982-1983			3,517,442	3,533,800	3,533,814	3,533,814	3,536,205	3,552,332	3,552,332	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	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	3,486,817	3,486,817
1985-1986	4,059,842	4,068,127	4,070,039	4,071,961	4,076,039	4,080,926	4,084,870	4,088,099	4,090,123	4,091,780
1986-1987	6,271,652	6,316,770	6,351,373	6,359,408	6,361,892	6,412,888	6,432,972	6,434,745	6,445,665	6,463,145
1987-1988	6,472,986	6,480,130	6,505,278	6,514,747	6,517,389	6,523,886	6,528,810	6,548,633	6,548,633	
1988-1989	6,891,824	6,902,742	6,912,972	6,930,516	6,934,429	6,935,672	6,936,347	6,936,631		
1989-1990	7,151,590	7,160,459	7,174,357	7,181,251	7,189,678	7,194,047	7,197,412			
1990-1991	10,068,577	10,070,593	10,073,389	10,075,143	10,089,843	10,230,040				
1991-1992	8,897,189	8,916,873	8,924,196	8,964,923	8,986,885					
1992-1993	8,971,221	8,980,852	8,981,085	8,981,354						
1993-1994	8,615,882	8,734,287	8,769,651							
1994-1995	7,371,982	7,379,056								
1995-1996	4,623,976									

Paid Loss Development Factors:

	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months	396-408 Months	408-420 Months
1977-1978								1.000	1.000	1.000
1978-1979							1.000	1.000	1.000	1.000
1979-1980						1.013	1.018	1.001	1.000	1.000
1980-1981					1.003	1.003	1.007	1.006	1.006	1.007
1981-1982				1.000	1.000	1.000	1.000	1.000	1.000	1.000
1982-1983			1.005	1.000	1.000	1.001	1.005	1.000	1.000	1.000
1983-1984		1.001	1.000	1.000	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	1.000	1.000
1985-1986	1.002	1.000	1.000	1.001	1.001	1.001	1.001	1.000	1.000	1.001
1986-1987	1.007	1.005	1.001	1.000	1.008	1.003	1.000	1.002	1.003	
1987-1988	1.001	1.004	1.001	1.000	1.001	1.001	1.003	1.000		
1988-1989	1.002	1.001	1.003	1.001	1.000	1.000	1.000			
1989-1990	1.001	1.002	1.001	1.001	1.001	1.000				
1990-1991	1.000	1.000	1.000	1.001	1.014					
1991-1992	1.002	1.001	1.005	1.002						
1992-1993	1.001	1.000	1.000							
1993-1994	1.014	1.004								
1994-1995	1.001									

	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months	372-384 Months	384-396 Months	396-408 Months	408-420 Months
Average Dollar-Weighted Averages	1.003	1.002	1.001	1.001	1.003	1.002	1.003	1.001	1.001	1.001
3-yr	1.005	1.002	1.002	1.002	1.006	1.000	1.001	1.001	1.001	1.000
4-yr	1.005	1.001	1.001	1.001	1.005	1.001	1.001	1.001	1.001	1.000
Prior	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Selected	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Cumulated	1.015	1.013	1.011	1.010	1.009	1.008	1.007	1.006	1.005	1.004

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

Accident Year	<u>SIR Losses Paid as of:</u>									
	420 Months	432 Months	444 Months	456 Months	468 Months	480 Months	492 Months	504 Months	516 Months	516 Months
1977-1978	32,176	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	1,328,790
1979-1980	2,285,417	2,286,368	2,287,227	2,287,834	2,288,393	2,289,539	2,290,403			
1980-1981	2,271,753	2,279,904	2,301,060	2,312,142	2,325,335	2,332,855				
1981-1982	3,119,161	3,119,161	3,119,161	3,119,161	3,119,161					
1982-1983	3,552,332	3,561,455	3,587,634	3,601,450						
1983-1984	5,572,588	5,572,588	5,572,588							
1984-1985	3,486,817	3,486,817								
1985-1986	4,094,362									
1986-1987										
1987-1988										
1988-1989										
1989-1990										
1990-1991										
1991-1992										
1992-1993										
1993-1994										
1994-1995										
1995-1996										

	<u>Paid Loss Development Factors:</u>									
	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-504 Months	504-516 Months	516-Ult. Months	516-Ult. Months
1977-1978	1.000	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	1.000		
1979-1980	1.000	1.000	1.000	1.000	1.001	1.000				
1980-1981	1.004	1.009	1.005	1.006	1.003					
1981-1982	1.000	1.000	1.000	1.000						
1982-1983	1.003	1.007	1.004							
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										

	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-480 Months	480-492 Months	492-504 Months	504-516 Months	516-Ult. Months	516-Ult. Months	516-Ult. Months
Average Dollar-Weighted Averages	1.001	1.002	1.002	1.001	1.001	1.000	1.000	1.000			
3-yr	1.001	1.002	1.003	1.002	1.001	1.000					
4-yr	1.001	1.003	1.002	1.002	1.001						
Prior	1.001	1.001	1.001	1.000	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	1.000
Cumulated	1.003	1.002	1.001	1.000	1.000	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 6/30/20 (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	15,472	1.000	2,305,875
1980-1981	40,822	1.000	2,373,677
1981-1982	0	1.000	3,119,161
1982-1983	65,327	1.000	3,666,777
1983-1984	0	1.000	5,572,588
1984-1985	0	1.000	3,486,817
1985-1986	12,946	1.000	4,107,308
1986-1987	0	1.000	6,463,145
1987-1988	0	1.000	6,548,633
1988-1989	8,144	1.000	6,944,775
1989-1990	46,396	1.000	7,243,808
1990-1991	0	1.000	10,230,040
1991-1992	48,558	1.000	9,035,443
1992-1993	1,826	1.000	8,983,180
1993-1994	16,939	1.000	8,786,590
1994-1995	133,839	1.000	7,512,895
1995-1996	23,865	1.072	4,649,560
Totals	\$414,134		\$102,391,238

## 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 Tail - Appendix A, Page 2 and Tail - Appendix B, Page 2.
- (D) (B) x (C)+ Tail - Appendix B, 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 6/30/20

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)
2020-2021	31.0	\$1,225	1.000	\$1,225	\$37,975
2021-2022	25.0	1,225	1.050	1,286	32,150
2022-2023	19.0	1,225	1.103	1,351	25,669
2023-2024	13.0	1,225	1.158	1,419	18,447
2024-2025	7.0	1,225	1.216	1,490	10,430
2025-2026	1.0	1,225	1.277	1,564	1,564
2026-2027	0.0	1,225	1.341	1,643	0
2027-2028	0.0	1,225	1.408	1,725	0
2028-2029	0.0	1,225	1.478	1,811	0
2029-2030	0.0	1,225	1.552	1,901	0
2030-2031	0.0	1,225	1.630	1,997	0
2031-2032	0.0	1,225	1.712	2,097	0
2032-2033	0.0	1,225	1.798	2,203	0
2033-2034	0.0	1,225	1.888	2,313	0
2034-2035	0.0	1,225	1.982	2,428	0
2035-2036	0.0	1,225	2.081	2,549	0
2036-2037	0.0	1,225	2.185	2,677	0
2037-2038	0.0	1,225	2.294	2,810	0

(G) Total ULAE Outstanding as of 6/30/20: \$126,235

## 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>6/30/2020</u>	<u>Calendar Period</u>	
		<u>7/1/2020</u> <u>to</u> <u>6/30/2021</u>	<u>7/1/2021</u> <u>to</u> <u>6/30/2022</u>
Prior			
Ultimate Loss	\$3,669,162	\$3,669,162	\$3,669,162
Paid in Calendar Period	-	4,448	3,336
Paid to Date	3,651,369	3,655,817	3,659,153
Outstanding Liability	17,793	13,345	10,009
1980-1981			
Ultimate Loss	\$2,376,126	\$2,376,126	\$2,376,126
Paid in Calendar Period	-	10,818	8,113
Paid to Date	2,332,855	2,343,673	2,351,786
Outstanding Liability	43,271	32,453	24,340
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	\$3,669,390	\$3,669,390	\$3,669,390
Paid in Calendar Period	-	16,985	12,739
Paid to Date	3,601,450	3,618,435	3,631,174
Outstanding Liability	67,940	50,955	38,216
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	\$4,111,193	\$4,111,193	\$4,111,193
Paid in Calendar Period	-	4,208	3,156
Paid to Date	4,094,362	4,098,570	4,101,726
Outstanding Liability	16,831	12,623	9,467
1986-1987			
Ultimate Loss	\$6,463,145	\$6,463,145	\$6,463,145
Paid in Calendar Period	-	-	-
Paid to Date	6,463,145	6,463,145	6,463,145
Outstanding Liability			

Santa Clara County Schools Insurance Group - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2020</u>	<u>Calendar Period</u>	
		<u>7/1/2020</u> <u>to</u> <u>6/30/2021</u>	<u>7/1/2021</u> <u>to</u> <u>6/30/2022</u>
1987-1988			
Ultimate Loss	\$6,548,633	\$6,548,633	\$6,548,633
Paid in Calendar Period	-		
Paid to Date	6,548,633	6,548,633	6,548,633
Outstanding Liability			
1988-1989			
Ultimate Loss	\$6,948,846	\$6,948,846	\$6,948,846
Paid in Calendar Period	-	2,028	2,547
Paid to Date	6,936,631	6,938,659	6,941,206
Outstanding Liability	12,215	10,187	7,640
1989-1990			
Ultimate Loss	\$7,248,447	\$7,248,447	\$7,248,447
Paid in Calendar Period	-	7,247	10,947
Paid to Date	7,197,412	7,204,659	7,215,606
Outstanding Liability	51,035	43,788	32,841
1990-1991			
Ultimate Loss	\$10,230,040	\$10,230,040	\$10,230,040
Paid in Calendar Period	-		
Paid to Date	10,230,040	10,230,040	10,230,040
Outstanding Liability			
1991-1992			
Ultimate Loss	\$9,052,000	\$9,052,000	\$9,052,000
Paid in Calendar Period	-	7,163	7,186
Paid to Date	8,986,885	8,994,048	9,001,234
Outstanding Liability	65,115	57,952	50,766
1992-1993			
Ultimate Loss	\$9,005,000	\$9,005,000	\$9,005,000
Paid in Calendar Period	-	2,341	2,344
Paid to Date	8,981,354	8,983,695	8,986,039
Outstanding Liability	23,646	21,305	18,961
1993-1994			
Ultimate Loss	\$8,826,000	\$8,826,000	\$8,826,000
Paid in Calendar Period	-	5,071	5,077
Paid to Date	8,769,651	8,774,722	8,779,799
Outstanding Liability	56,349	51,278	46,201
1994-1995			
Ultimate Loss	\$7,533,076	\$7,533,076	\$7,533,076
Paid in Calendar Period	-	23,411	11,755
Paid to Date	7,379,056	7,402,467	7,414,222
Outstanding Liability	154,020	130,609	118,854

Santa Clara County Schools Insurance Group - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2020</u>	<u>Calendar Period</u>	
		<u>7/1/2020</u> <u>to</u> <u>6/30/2021</u>	<u>7/1/2021</u> <u>to</u> <u>6/30/2022</u>
1995-1996			
Ultimate Loss	\$4,663,000	\$4,663,000	\$4,663,000
Paid in Calendar Period	-	5,151	5,149
Paid to Date	4,623,976	4,629,127	4,634,276
Outstanding Liability	39,024	33,873	28,724
Totals			
Ultimate Loss	\$102,522,623	\$102,522,623	\$102,522,623
Paid in Calendar Period	-	88,871	72,349
Paid to Date	101,975,385	102,064,256	102,136,605
Outstanding Liability	547,238	458,367	386,018
Total Outstanding ULAE	126,235	88,260	98,852
Outstanding Liability plus ULAE	673,473	546,627	484,870

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, \$23,411 is expected to be paid between 7/1/20 and 6/30/21, \$7,402,467 will have been paid by 6/30/21, and the reserve for remaining payments on these claims should be \$130,609.
- Ultimate Losses for each accident year are from Tail - Exhibit 3.
- 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, \$11,755 = \$130,609 x 9.0%.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, \$7,414,222 = \$11,755 + \$7,402,467.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, \$130,609 = \$7,533,076 - \$7,402,467.

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 6/30/20:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$88,871	\$87,995
	ULAE:	37,975	37,601
	Short-Term Loss and LAE:	<u>\$126,846</u>	<u>\$125,596</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$458,367	\$421,289
	ULAE:	88,260	79,879
	Long-Term Loss and LAE:	<u>\$546,627</u>	<u>\$501,168</u>
<u>Total Liability</u>	Loss and ALAE:	\$547,238	\$509,284
	ULAE:	126,235	117,480
	Total Loss and LAE:	<u>\$673,473</u>	<u>\$626,764</u>
<u>Liabilities as of 6/30/21:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$72,349	\$71,636
	ULAE:	32,150	31,833
	Short-Term Loss and LAE:	<u>\$104,499</u>	<u>\$103,469</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$386,018	\$355,776
	ULAE:	56,110	50,466
	Long-Term Loss and LAE:	<u>\$442,128</u>	<u>\$406,242</u>
<u>Total Liability</u>	Loss and ALAE:	\$458,367	\$427,412
	ULAE:	88,260	82,299
	Total Loss and LAE:	<u>\$546,627</u>	<u>\$509,711</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 6/30/20:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$100,930	\$106,826	\$113,778	\$122,489	\$134,016
	ULAE:	43,128	45,648	48,618	52,341	57,266
	Short-Term Loss and LAE:	<u>\$144,058</u>	<u>\$152,474</u>	<u>\$162,396</u>	<u>\$174,830</u>	<u>\$191,282</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$483,219	\$511,445	\$544,726	\$586,434	\$641,624
	ULAE:	91,621	96,972	103,284	111,191	121,656
	Long-Term Loss and LAE:	<u>\$574,840</u>	<u>\$608,417</u>	<u>\$648,010</u>	<u>\$697,625</u>	<u>\$763,280</u>
<u>Total Liability</u>	Loss and ALAE:	\$584,149	\$618,271	\$658,504	\$708,923	\$775,640
	ULAE:	134,749	142,620	151,902	163,532	178,922
	Total Loss and LAE:	<u>\$718,898</u>	<u>\$760,891</u>	<u>\$810,406</u>	<u>\$872,455</u>	<u>\$954,562</u>
<u>Liabilities as of 6/30/21:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$82,166	\$86,966	\$92,625	\$99,717	\$109,102
	ULAE:	36,512	38,645	41,160	44,312	48,482
	Short-Term Loss and LAE:	<u>\$118,678</u>	<u>\$125,611</u>	<u>\$133,785</u>	<u>\$144,029</u>	<u>\$157,584</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$408,076	\$431,912	\$460,019	\$495,241	\$541,846
	ULAE:	57,885	61,266	65,252	70,248	76,860
	Long-Term Loss and LAE:	<u>\$465,961</u>	<u>\$493,178</u>	<u>\$525,271</u>	<u>\$565,489</u>	<u>\$618,706</u>
<u>Total Liability</u>	Loss and ALAE:	\$490,242	\$518,878	\$552,644	\$594,958	\$650,948
	ULAE:	94,397	99,911	106,412	114,560	125,342
	Total Loss and LAE:	<u>\$584,639</u>	<u>\$618,789</u>	<u>\$659,056</u>	<u>\$709,518</u>	<u>\$776,290</u>

Note: Current (short term) liabilities are the portion of the total estimated liability shown on Tail - Appendix E that is expected to be paid out within the coming year. Totals may vary from Tail - Exhibit 1, 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 6/30/20 (A)	Discount Factor (B)	Discounted Reserve at 6/30/20 (C)	Full Value of Reserve at 6/30/21 (D)	Discount Factor (E)	Discounted Reserve at 6/30/21 (F)
1977-1978	0	1.000	0	0	1.000	0
1978-1979	0	1.000	0	0	1.000	0
1979-1980	17,793	1.000	17,793	13,345	1.000	13,345
1980-1981	43,271	1.000	43,271	32,453	1.000	32,453
1981-1982	0	1.000	0	0	1.000	0
1982-1983	67,940	1.000	67,940	50,955	1.000	50,955
1983-1984	0	0.990	0	0	1.000	0
1984-1985	0	0.980	0	0	0.990	0
1985-1986	16,831	0.971	16,340	12,623	0.980	12,376
1986-1987	0	0.961	0	0	0.971	0
1987-1988	0	0.952	0	0	0.961	0
1988-1989	12,215	0.943	11,515	10,187	0.952	9,698
1989-1990	51,035	0.934	47,647	43,788	0.943	41,281
1990-1991	0	0.925	0	0	0.934	0
1991-1992	65,115	0.916	59,626	57,952	0.925	53,583
1992-1993	23,646	0.907	21,445	21,305	0.916	19,509
1993-1994	56,349	0.898	50,613	51,278	0.907	46,504
1994-1995	154,020	0.897	138,198	130,609	0.898	117,315
1995-1996	39,024	0.894	34,896	33,873	0.897	30,393
0	0	-	-	0	0.894	0
Totals	\$547,238		\$509,284	\$458,367		\$427,412

(G) Discount Factor at 6/30/20 for Overall Reserve: 0.931  
(H) Discount Factor at 6/30/21 for Overall Reserve: 0.932

Notes:

- (A) From Tail - Appendix E, Outstanding Liability at 6/30/20.
- (B) Based on Tail - Appendix G, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Tail - Appendix E, Outstanding Liability at 6/30/21.
- (E) Based on Tail - Appendix G, 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 0.931, the discounted liability for outstanding claims is 93.1% 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	0.0%	2.0%	0.000	0.000	1.000
15	0.0%	2.0%	0.000	0.000	1.000
14	0.1%	2.0%	0.001	0.001	0.990
13	0.1%	2.0%	0.002	0.002	0.980
12	0.1%	2.0%	0.003	0.003	0.971
11	0.1%	2.0%	0.004	0.004	0.961
10	0.1%	2.0%	0.005	0.005	0.952
9	0.1%	2.0%	0.006	0.006	0.943
8	0.1%	2.0%	0.006	0.007	0.934
7	0.1%	2.0%	0.007	0.008	0.925
6	0.1%	2.0%	0.008	0.009	0.916
5	0.1%	2.0%	0.009	0.010	0.907
4	0.1%	2.0%	0.010	0.011	0.898
3	0.2%	2.0%	0.012	0.013	0.897
2	0.2%	2.0%	0.013	0.015	0.894
1	0.2%	2.0%	0.015	0.017	0.890

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 Tail - Appendix B, 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,  $1.3\% = [1.2\% / 1.020] + [0.2\% / (1.010)]$ .
- (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%	1.741
90%	1.523
85%	1.392
80%	1.293
75%	1.214
70%	1.147
65%	1.087
60%	1.033
55%	0.984
50%	0.937
45%	0.892
40%	0.848
35%	0.805
30%	0.761
25%	0.715

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.523 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 6/30/20

(A) <u>Total Assets as of 6/30/20:</u>	\$4,199,000
(B) <u>Non-Claims-Related Liabilities:</u>	
Account Payable:	\$5,000
Wage/Benefits Payable:	26,000
Insurance Premiums Payable:	0
Safety Credits:	1,138,000
Other:	<u>301,000</u>
Total Income:	\$1,470,000
(C) <u>Assets Available to Pay Claims as of 6/30/20:</u>	\$2,729,000

## 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 6/30/20

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	1,308,143	1,003,161	0	2,311,304	5,429	259,556	2,051,748	254,127	2,305,875	2,305,875
1980-1981	1,719,776	653,901	0	2,373,677	0	46,219	2,327,459	46,219	2,373,677	2,373,677
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	3,537,037	255,653	0	3,792,690	125,913	355,611	3,437,079	229,698	3,666,777	3,666,777
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	4,506,516	0	0	4,506,516	399,208	607,332	3,899,185	208,124	4,107,309	4,107,309
1986-1987	6,953,981	0	0	6,953,981	490,836	1,373,833	5,580,148	882,997	6,463,145	6,463,145
1987-1988	6,679,392	0	0	6,679,392	130,759	917,975	5,761,417	787,216	6,548,633	6,548,633
1988-1989	8,023,719	0	0	8,023,719	1,078,944	1,467,260	6,556,458	388,316	6,944,774	6,944,774
1989-1990	7,815,851	0	0	7,815,851	572,044	995,255	6,820,596	423,211	7,243,807	7,243,807
1990-1991	11,853,880	0	0	11,853,880	1,623,839	2,377,474	9,476,406	753,634	10,230,040	10,230,040
1991-1992	11,373,643	0	0	11,373,643	2,338,200	2,790,948	8,582,695	452,748	9,035,443	9,035,443
1992-1993	9,365,473	0	0	9,365,473	382,294	963,283	8,402,190	580,990	8,983,179	8,983,179
1993-1994	9,870,680	0	0	9,870,680	1,084,090	1,711,713	8,158,966	627,623	8,786,590	8,786,590
1994-1995	7,922,012	0	0	7,922,012	409,116	1,129,775	6,792,237	720,659	7,512,895	7,512,895
1995-1996	5,358,379	0	0	5,358,379	710,538	1,581,751	3,776,628	871,213	4,647,841	4,647,841
0	0	0	0	0	0	0	0	0	0	0
Total	\$108,584,444	\$3,615,757	\$0	\$112,200,201	\$9,810,683	\$17,193,267	\$95,006,934	\$7,382,585	\$102,389,518	\$102,389,518

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 Tail - Appendix I.

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Losses as of 6/30/20

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	1,292,672	1,003,161	0	2,295,833	5,429	244,084	2,051,748	238,655	2,290,403	2,290,403
1980-1981	1,678,954	653,901	0	2,332,855	0	14,026	2,318,829	14,026	2,332,855	2,332,855
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	3,471,710	255,653	0	3,727,363	125,913	332,300	3,395,063	206,386	3,601,450	3,601,450
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	4,493,570	0	0	4,493,570	399,208	594,386	3,899,185	195,178	4,094,362	4,094,362
1986-1987	6,927,686	0	0	6,927,686	464,542	1,347,539	5,580,148	882,997	6,463,145	6,463,145
1987-1988	6,679,392	0	0	6,679,392	130,759	917,975	5,761,417	787,216	6,548,633	6,548,633
1988-1989	7,773,842	0	0	7,773,842	837,211	1,225,528	6,548,314	388,316	6,936,631	6,936,631
1989-1990	7,767,946	0	0	7,767,946	570,534	947,349	6,820,596	376,815	7,197,412	7,197,412
1990-1991	11,764,274	0	0	11,764,274	1,534,234	2,287,868	9,476,406	753,634	10,230,040	10,230,040
1991-1992	11,250,326	0	0	11,250,326	2,263,441	2,667,631	8,582,695	404,190	8,986,885	8,986,885
1992-1993	9,342,160	0	0	9,342,160	360,806	941,796	8,400,364	580,990	8,981,354	8,981,354
1993-1994	9,807,056	0	0	9,807,056	1,037,406	1,665,029	8,142,027	627,623	8,769,651	8,769,651
1994-1995	7,643,115	0	0	7,643,115	264,058	955,067	6,688,048	691,008	7,379,056	7,379,056
1995-1996	5,311,649	0	0	5,311,649	687,673	1,542,761	3,768,887	855,089	4,623,976	4,623,976
0	0	0	0	0	0	0	0	0	0	0
Total	\$107,500,313	\$3,615,757	\$0	\$111,116,070	\$9,140,686	\$16,298,620	\$94,817,450	\$7,157,934	\$101,975,384	\$101,975,384

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 Tail - Appendix I.

Santa Clara County Schools Insurance Group - Workers' Compensation

Case Reserves as of 6/30/20

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	15,472	0	0	15,472	0	15,472	0	15,472	15,472	15,472
1980-1981	40,822	0	0	40,822	0	32,193	8,629	32,193	40,822	40,822
1981-1982	0	0	0	0	0	0	0	0	0	0
1982-1983	65,327	0	0	65,327	0	23,311	42,016	23,311	65,327	65,327
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	12,946	0	0	12,946	0	12,946	0	12,946	12,946	12,946
1986-1987	26,294	0	0	26,294	26,294	26,294	0	0	0	0
1987-1988	0	0	0	0	0	0	0	0	0	0
1988-1989	249,877	0	0	249,877	241,733	241,733	8,144	0	8,144	8,144
1989-1990	47,906	0	0	47,906	1,510	47,906	0	46,396	46,396	46,396
1990-1991	89,606	0	0	89,606	89,606	89,606	0	0	0	0
1991-1992	123,317	0	0	123,317	74,759	123,317	0	48,558	48,558	48,558
1992-1993	23,313	0	0	23,313	21,487	21,487	1,826	0	1,826	1,826
1993-1994	63,624	0	0	63,624	46,685	46,685	16,939	0	16,939	16,939
1994-1995	278,897	0	0	278,897	145,058	174,708	104,189	29,650	133,839	133,839
1995-1996	46,730	0	0	46,730	22,865	38,989	7,741	16,124	23,865	23,865
0	0	0	0	0	0	0	0	0	0	0
Total	\$1,084,131	\$0	\$0	\$1,084,131	\$669,997	\$894,647	\$189,484	\$224,651	\$414,134	\$414,134

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Claim Counts as of 6/30/20

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	1,555	0	0	1,555	1	1
1986-1987	1,715	0	0	1,715	1,714	0	0	1,714	1	1
1987-1988	1,731	0	0	1,731	1,731	0	0	1,731	0	0
1988-1989	1,655	0	0	1,655	1,653	0	0	1,653	2	2
1989-1990	1,739	0	0	1,739	1,737	0	0	1,737	2	2
1990-1991	1,846	0	0	1,846	1,843	0	0	1,843	3	3
1991-1992	1,859	0	0	1,859	1,856	0	0	1,856	3	3
1992-1993	1,763	0	0	1,763	1,761	0	0	1,761	2	2
1993-1994	1,707	0	0	1,707	1,704	0	0	1,704	3	3
1994-1995	1,656	0	0	1,656	1,649	0	0	1,649	7	7
1995-1996	832	0	0	832	829	0	0	829	3	3
0	0	0	0	0	0	0	0	0	0	0
Total	21,602	6,417	0	28,019	21,571	6,417	0	27,988	31	31

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 2020-2021 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2020-2021: (From Projected Funding - Exhibit 3, Page 1, (K))	\$13,108,000	\$0.926			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2020-2021: (From Projected Funding - Exhibit 3, Page 1, (L))	983,000	0.069			
(C) Total Claims Costs Incurred in Accident Year 2020-2021: ((A) + (B))	<u>\$14,091,000</u>	<u>\$0.995</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Projected Funding - Appendix F, (G))	0.909				
(E) Discounted Total Claims Costs Incurred in Accident Year 2020-2021: ((C) x (D))	<u>\$12,802,000</u>	<u>\$0.904</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Projected Funding - Appendix G)	1.084	1.117	1.154	1.199	1.258
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	1,075,000	1,498,000	1,972,000	2,548,000	3,303,000
(H) Recommended Funding in 2020-2021 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$13,877,000</u>	<u>\$14,300,000</u>	<u>\$14,774,000</u>	<u>\$15,350,000</u>	<u>\$16,105,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$14,156,000)	\$0.980	\$1.010	\$1.044	\$1.084	\$1.138

Payroll rates are per hundred dollars of 2020-2021 payroll of \$1,415,600,000.



Santa Clara County Schools Insurance Group - Workers' Compensation

Funding Options for Program Year 2021-2022 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2021-2022: (From Projected Funding - Exhibit 3, Page 1, (K))	\$14,319,000	\$0.982			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2021-2022: (From Projected Funding - Exhibit 3, Page 1, (L))	1,074,000	0.074			
(C) Total Claims Costs Incurred in Accident Year 2021-2022: ((A) + (B))	<u>\$15,393,000</u>	<u>\$1.056</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Projected Funding - Appendix F, (G))	0.909				
(E) Discounted Total Claims Costs Incurred in Accident Year 2021-2022: ((C) x (D))	<u>\$13,985,000</u>	<u>\$0.959</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Projected Funding - Appendix G)	1.084	1.117	1.154	1.199	1.258
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	1,175,000	1,636,000	2,154,000	2,783,000	3,608,000
(H) Recommended Funding in 2021-2022 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$15,160,000</u>	<u>\$15,621,000</u>	<u>\$16,139,000</u>	<u>\$16,768,000</u>	<u>\$17,593,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$14,581,000)	\$1.040	\$1.071	\$1.107	\$1.150	\$1.207

Payroll rates are per hundred dollars of 2021-2022 payroll of \$1,458,100,000.



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	10,460,074	10,571,751	10,461,943	10,566,756	10,515,780	10,516,000
2004-2005	7,079,558	7,183,242	7,081,452	7,181,672	7,131,705	7,132,000
2005-2006	5,820,285	5,809,373	5,821,467	5,812,209	5,814,674	5,815,000
2006-2007	5,824,530	5,868,331	5,826,507	5,867,857	5,847,057	5,847,000
2007-2008	7,453,492	7,555,680	7,457,034	7,552,550	7,505,408	7,505,000
2008-2009	7,476,162	7,656,802	7,481,820	7,653,072	7,566,810	7,567,000
2009-2010	6,795,049	6,912,995	6,793,773	6,907,996	6,854,782	6,855,000
2010-2011	6,491,805	6,659,516	6,493,865	6,654,816	6,576,270	6,576,000
2011-2012	6,309,784	6,375,265	6,313,336	6,371,867	6,342,690	6,343,000
2012-2013	5,704,318	5,644,861	5,703,335	5,647,495	5,675,293	5,675,000
2013-2014	6,252,700	6,258,306	6,252,037	6,255,668	6,256,060	6,256,000
2014-2015	5,421,412	5,720,128	5,431,134	5,692,382	5,706,171	5,706,000
2015-2016	6,010,691	5,971,963	6,114,045	6,302,010	8,149,746	6,122,000
2016-2017	8,153,768	8,380,842	8,236,445	8,608,100	10,276,416	8,375,000
2017-2018	9,899,399	9,501,923	9,859,379	9,508,920	9,548,172	9,880,000
2018-2019	10,483,320	10,037,791	10,401,710	10,027,044	9,899,410	10,309,000
2019-2020	9,221,407	8,103,286	9,449,557	9,549,637	9,269,593	9,500,000
Totals						\$125,979,000
						Projected Losses for the Year 2020-2021 (G) \$9,914,000
						Projected Losses for the Year 2021-2022 (H) \$10,781,000

Notes:

- (A) From Projected Funding - Appendix A, Page 1, Column (D).
- (B) From Projected Funding - Appendix B, Page 1, Column (D).
- (C) Based on results in Projected Funding - Appendix C, Page 1.
- (D) Based on results in Projected Funding - Appendix C, Page 2.
- (E) Based on results in Projected Funding - Appendix D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Projected Funding - Exhibit 3, Page 1, Line (K) / Line (G).
- (H) From Projected Funding - Exhibit 3, 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	10,516,000	1.302	13,691,832	11,829,250	1.157
2004-2005	7,132,000	1.648	11,753,536	11,525,664	1.020
2005-2006	5,815,000	1.755	10,205,325	11,719,941	0.871
2006-2007	5,847,000	1.645	9,618,315	11,502,901	0.836
2007-2008	7,505,000	1.511	11,340,055	13,136,496	0.863
2008-2009	7,567,000	1.352	10,230,584	12,312,885	0.831
2009-2010	6,855,000	1.210	8,294,550	11,016,653	0.753
2010-2011	6,576,000	1.144	7,522,944	10,387,323	0.724
2011-2012	6,343,000	1.111	7,047,073	9,982,801	0.706
2012-2013	5,675,000	1.110	6,299,250	9,876,534	0.638
2013-2014	6,256,000	1.110	6,944,160	10,238,806	0.678
2014-2015	5,706,000	1.085	6,191,010	10,816,852	0.572
2015-2016	6,122,000	1.098	6,721,956	11,290,642	0.595
2016-2017	8,375,000	1.120	9,380,000	14,053,120	0.667
2017-2018	9,880,000	1.086	10,729,680	14,171,553	0.757
2018-2019	10,309,000	1.048	10,803,832	14,362,888	0.752
2019-2020	9,500,000	1.023	9,718,500	14,087,749	0.690
Totals	\$125,979,000		\$156,492,602	202,312,058	\$0.774
16/17-18/19	28,564,000		30,913,512	42,587,561	0.726
15/16-19/20	44,186,000		47,353,968	67,965,952	0.697
					(F) Selected 2020-2021 Limited Rate: \$0.700
					Selected 2021-2022 Limited Rate: \$0.725
					Prior: \$0.750
Program Year:		2020-2021	2021-2022		
(G) Factor to SIR:		1.322	1.328		
(H) Trend Factor:		1.000	1.020		
(I) Program Rate:		\$0.926	\$0.982		
(J) Trended Payroll (\$00):		14,156,000	14,581,000		
(K) Projected Program Losses:		13,108,000	14,319,000		
(L) Projected ULAE:		983,000	1,074,000		
(M) Projected Loss and ULAE:		\$14,091,000	\$15,393,000		

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 Projected Funding - Exhibit 2, Page 2, Column (F).  
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Projected Funding - Appendix E, Page 1, Column (B).
- (C)  $(A) \times (B)$ .
- (D) Projected Funding - Appendix I, Column (C).
- (E)  $(C) / (D)$ .
- (F) Selected based on (E).
- (G) Based on a Weibull distribution, a mathematical model of claims sizes.
- (H) From Projected Funding - Appendix E.
  - (I)  $(F) \times (G) \times (H)$ .
- (J) Projected Funding - Appendix I, 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 6/30/20 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses as of 6/30/20 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
2003-2004	10,346,265	1.011	10,460,074	13,383,654	1.017	13,611,176
2004-2005	6,988,705	1.013	7,079,558	9,198,550	1.023	9,410,117
2005-2006	5,734,271	1.015	5,820,285	7,567,020	1.029	7,786,464
2006-2007	5,727,168	1.017	5,824,530	7,008,712	1.036	7,261,026
2007-2008	7,314,516	1.019	7,453,492	10,067,039	1.044	10,509,989
2008-2009	7,315,227	1.022	7,476,162	9,498,551	1.052	9,992,476
2009-2010	6,629,316	1.025	6,795,049	7,995,335	1.063	8,499,041
2010-2011	6,296,610	1.031	6,491,805	8,064,446	1.078	8,693,473
2011-2012	6,078,790	1.038	6,309,784	7,350,936	1.094	8,041,924
2012-2013	5,453,459	1.046	5,704,318	6,738,849	1.115	7,513,817
2013-2014	5,926,730	1.055	6,252,700	7,634,912	1.138	8,688,530
2014-2015	5,085,752	1.066	5,421,412	5,863,092	1.167	6,842,228
2015-2016	5,580,957	1.077	6,010,691	7,042,820	1.200	8,451,384
2016-2017	7,494,272	1.088	8,153,768	8,739,397	1.250	10,924,246
2017-2018	8,830,864	1.121	9,899,399	10,451,067	1.330	13,899,919
2018-2019	8,699,851	1.205	10,483,320	9,701,711	1.493	14,484,655
2019-2020	6,653,252	1.386	9,221,407	7,003,841	1.780	12,466,837
Totals	\$116,156,005		\$124,857,754	\$143,309,932		\$167,077,302

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 Projected Funding - Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Group's SIR. Amounts are provided by the Group.
- (F) Derived from factors on Projected Funding - Appendix A, Page 4.
- (G) (E) x (F).

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

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

Santa Clara County Schools Insurance Group - 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	6,538,367
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	6,274,143	6,296,610
2011-2012	4,768,917	5,707,302	5,933,869	6,036,674	5,939,206	5,900,865	5,826,619	6,075,368	6,078,790	
2012-2013	4,905,883	5,324,561	4,951,569	5,172,924	5,075,695	5,236,778	5,431,094	5,453,459		
2013-2014	4,023,015	5,542,817	5,608,289	5,807,411	5,892,413	5,784,216	5,926,730			
2014-2015	4,787,300	4,905,091	4,876,228	4,958,159	4,989,520	5,085,752				
2015-2016	4,269,613	5,283,660	5,497,993	5,547,585	5,580,957					
2016-2017	7,095,309	7,913,842	7,549,130	7,494,272						
2017-2018	7,950,992	8,078,348	8,830,864							
2018-2019	7,538,479	8,699,851								
2019-2020	6,653,252									

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	0.992
2009-2010		1.020	0.968	1.024	0.988	1.009	0.982	1.041	0.994	1.014
2010-2011	1.428	0.998	0.969	1.009	1.027	0.985	1.019	0.991	1.004	
2011-2012	1.197	1.040	1.017	0.984	0.994	0.987	1.043	1.001		
2012-2013	1.085	0.930	1.045	0.981	1.032	1.037	1.004			
2013-2014	1.378	1.012	1.036	1.015	0.982	1.025				
2014-2015	1.025	0.994	1.017	1.006	1.019					
2015-2016	1.238	1.041	1.009	1.006						
2016-2017	1.115	0.954	0.993							
2017-2018	1.016	1.093								
2018-2019	1.154									

	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	1.182	1.009	1.016	1.001	1.000	1.008	1.005	1.008	1.008	1.003
3-yr	1.093	1.028	1.004	1.009	1.009	1.016	1.022	1.011	1.003	1.000
4-yr	1.116	1.022	1.012	1.002	1.005	1.007	1.011	1.011	1.007	1.000
Comparative Factors	1.464	1.110	1.022	1.013	1.008	1.008	1.007	1.007	1.006	1.005
Prior	1.150	1.075	1.030	1.010	1.010	1.010	1.009	1.008	1.007	1.006
Selected	1.150	1.075	1.030	1.010	1.010	1.010	1.009	1.008	1.007	1.006
Cumulated	1.386	1.205	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	192 Months	204 Months
2003-2004	10,293,472	10,218,025	10,289,946	10,306,952	10,291,773	10,344,519	10,346,265
2004-2005	7,125,503	7,150,725	7,068,627	7,042,371	7,064,858	6,988,705	
2005-2006	5,750,615	5,815,130	5,802,187	5,734,343	5,734,271		
2006-2007	5,739,289	5,632,749	5,727,121	5,727,168			
2007-2008	7,380,744	7,338,685	7,314,516				
2008-2009	7,306,652	7,315,227					
2009-2010	6,629,316						
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
2003-2004	0.993	1.007	1.002	0.999	1.005	1.000	
2004-2005	1.004	0.989	0.996	1.003	0.989		
2005-2006	1.011	0.998	0.988	1.000			
2006-2007	0.981	1.017	1.000				
2007-2008	0.994	0.997					
2008-2009	1.001						
2009-2010							
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
Average Dollar-Weighted Averages	0.997	1.002	0.997	1.001	0.997	1.000	
3-yr	0.993	1.003	0.995	1.000			
4-yr	0.997	0.999	0.997				
Comparative Factors	1.005	1.005	1.004	1.003	1.004	1.003	1.027
Prior	1.003	1.003	1.002	1.002	1.002	1.013	
Selected	1.003	1.003	1.002	1.002	1.002	1.002	1.011
Cumulated	1.025	1.022	1.019	1.017	1.015	1.013	1.011



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	1,743,732
2010-2011	318,337	722,616	1,566,438	2,112,983	2,022,048	2,454,885	2,641,027	2,422,072	2,421,303	2,375,556
2011-2012	195,174	483,799	899,395	1,313,131	1,693,019	1,751,181	1,994,771	1,748,944	1,558,950	
2012-2013	416,075	836,477	1,070,213	1,454,255	1,301,618	1,470,988	1,509,409	1,721,752		
2013-2014	22,513	345,198	1,153,973	1,409,529	1,877,046	2,079,358	2,605,495			
2014-2015	85,883	250,487	338,302	762,126	772,420	974,526				
2015-2016		303,045	1,398,882	1,751,750	2,006,309					
2016-2017	708,553	976,611	1,073,636	1,634,795						
2017-2018	344,234	1,062,623	2,079,525							
2018-2019	509,493	1,027,973								
2019-2020	350,590									

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								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	1.035
2009-2010		1.788	1.210	1.415	1.003	0.917	1.172	0.844	1.042	0.982
2010-2011	2.270	2.168	1.349	0.957	1.214	1.076	0.917	1.000	0.981	
2011-2012	2.479	1.859	1.460	1.289	1.034	1.139	0.877	0.891		
2012-2013	2.010	1.279	1.359	0.895	1.130	1.026	1.141			
2013-2014	15.334	3.343	1.221	1.332	1.108	1.253				
2014-2015	2.917	1.351	2.253	1.014	1.262					
2015-2016		4.616	1.252	1.145						
2016-2017	1.378	1.099	1.523							
2017-2018	3.087	1.957								
2018-2019	2.018									

	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	3.937	2.162	1.475	1.183	1.099	1.041	1.027	0.969	0.999	1.019
3-yr	1.963	1.943	1.476	1.187	1.145	1.152	0.959	0.919	0.961	0.998
4-yr		1.886	1.402	1.108	1.112	1.128	1.005	0.925	0.975	0.992
Comparative Factors	2.796	1.821	1.351	1.229	1.109	1.085	1.071	1.063	1.048	1.045
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

Accident Year	<u>Losses Reported as of:</u>						
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months
2003-2004	4,573,973	4,711,702	4,880,578	5,053,629	4,909,646	4,947,392	4,963,252
2004-2005	3,712,428	3,805,120	3,654,152	3,425,443	3,442,170	3,442,470	
2005-2006	2,732,758	2,957,206	2,910,923	2,474,861	2,449,192		
2006-2007	1,644,233	1,646,039	1,573,603	1,574,411			
2007-2008	4,329,834	4,488,342	4,352,825				
2008-2009	3,009,310	2,968,731					
2009-2010	1,711,606						
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
2003-2004	1.030	1.036	1.035	0.972	1.008	1.003	
2004-2005	1.025	0.960	0.937	1.005	1.000		
2005-2006	1.082	0.984	0.850	0.990			
2006-2007	1.001	0.956	1.001				
2007-2008	1.037	0.970					
2008-2009	0.987						
2009-2010							
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
Average Dollar-Weighted Averages	1.027	0.981	0.956	0.989	1.004	1.003	
3-yr	1.013	0.972	0.918	0.986			
4-yr	1.029	0.969	0.962				
Comparative Factors	1.036	1.030	1.026	1.024	1.023	1.020	1.080
Prior	1.040	1.030	1.030	1.026	1.024	1.071	
Selected	1.040	1.030	1.030	1.026	1.024	1.022	1.048
Cumulated	1.243	1.195	1.160	1.126	1.097	1.071	1.048

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 6/30/20 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses as of 6/30/20 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
2003-2004	10,303,851	1.026	10,571,751	13,221,987	1.081	14,292,968
2004-2005	6,960,506	1.032	7,183,242	9,170,351	1.092	10,014,023
2005-2006	5,591,312	1.039	5,809,373	7,170,796	1.105	7,923,730
2006-2007	5,604,901	1.047	5,868,331	6,789,326	1.119	7,597,256
2007-2008	7,155,000	1.056	7,555,680	9,636,670	1.136	10,947,257
2008-2009	7,176,009	1.067	7,656,802	9,125,786	1.156	10,549,409
2009-2010	6,400,921	1.080	6,912,995	7,609,055	1.181	8,986,294
2010-2011	6,076,201	1.096	6,659,516	7,626,528	1.210	9,228,099
2011-2012	5,712,603	1.116	6,375,265	6,864,326	1.246	8,552,950
2012-2013	4,960,335	1.138	5,644,861	5,746,823	1.294	7,436,389
2013-2014	5,367,329	1.166	6,258,306	6,477,436	1.355	8,776,926
2014-2015	4,750,937	1.204	5,720,128	5,252,296	1.431	7,516,036
2015-2016	4,680,222	1.276	5,971,963	5,634,770	1.556	8,767,702
2016-2017	5,969,261	1.404	8,380,842	6,742,988	1.755	11,833,944
2017-2018	6,013,875	1.580	9,501,923	6,401,133	2.022	12,943,091
2018-2019	4,981,534	2.015	10,037,791	5,006,979	2.619	13,113,278
2019-2020	2,116,293	3.829	8,103,286	2,116,293	5.019	10,621,675
Totals	\$99,821,090		\$124,212,055	\$120,593,543		\$169,101,027

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 Projected Funding - Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Group's SIR. Amounts are provided by the Group.
- (F) Derived from factors on Projected Funding - Appendix B, Page 4.
- (G) (E) x (F).

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

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

Santa Clara County Schools Insurance Group - 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	6,341,639
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	6,053,280	6,076,201
2011-2012	1,665,512	3,268,854	4,165,766	4,678,727	5,008,674	5,321,469	5,527,413	5,651,754	5,712,603	
2012-2013	1,728,542	3,090,199	3,758,576	4,231,193	4,421,579	4,701,687	4,812,462	4,960,335		
2013-2014	1,626,471	3,047,641	3,869,358	4,369,042	4,940,706	5,228,334	5,367,329			
2014-2015	1,588,591	2,885,051	3,594,665	4,033,060	4,488,463	4,750,937				
2015-2016	1,488,344	2,723,385	3,770,229	4,287,275	4,680,222					
2016-2017	2,472,329	4,375,019	5,297,687	5,969,261						
2017-2018	2,522,996	4,704,253	6,013,875							
2018-2019	2,343,416	4,981,534								
2019-2020	2,116,293									

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	1.015
2009-2010		1.223	1.113	1.077	1.027	1.017	1.022	1.037	1.005	1.009
2010-2011	2.104	1.319	1.086	1.073	1.031	1.021	1.011	1.007	1.004	
2011-2012	1.963	1.274	1.123	1.071	1.062	1.039	1.022	1.011		
2012-2013	1.788	1.216	1.126	1.045	1.063	1.024	1.031			
2013-2014	1.874	1.270	1.129	1.131	1.058	1.027				
2014-2015	1.816	1.246	1.122	1.113	1.058					
2015-2016	1.830	1.384	1.137	1.092						
2016-2017	1.770	1.211	1.127							
2017-2018	1.865	1.278								
2018-2019	2.126									

	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	1.904	1.269	1.122	1.081	1.049	1.033	1.025	1.018	1.015	1.017
3-yr	1.916	1.278	1.128	1.112	1.060	1.030	1.021	1.018	1.011	1.014
4-yr	1.901	1.272	1.129	1.095	1.061	1.027	1.021	1.015	1.010	1.015
Comparative Factors	2.458	1.382	1.166	1.088	1.051	1.034	1.021	1.015	1.014	1.011
Prior	1.875	1.275	1.125	1.100	1.060	1.033	1.020	1.020	1.018	1.015
Selected	1.900	1.275	1.125	1.100	1.060	1.033	1.025	1.020	1.018	1.015
Cumulated	3.829	2.015	1.580	1.404	1.276	1.204	1.166	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	192 Months	204 Months
2003-2004	10,032,083	10,071,810	10,087,139	10,139,012	10,218,359	10,273,087	10,303,851
2004-2005	6,757,155	6,774,600	6,798,108	6,829,833	6,944,212	6,960,506	
2005-2006	5,384,787	5,455,352	5,560,940	5,560,398	5,591,312		
2006-2007	5,568,923	5,522,608	5,604,854	5,604,901			
2007-2008	6,985,745	7,121,087	7,155,000				
2008-2009	7,170,498	7,176,009					
2009-2010	6,400,921						
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							

Paid Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
2003-2004	1.004	1.002	1.005	1.008	1.005	1.003	
2004-2005	1.003	1.003	1.005	1.017	1.002		
2005-2006	1.013	1.019	1.000	1.006			
2006-2007	0.992	1.015	1.000				
2007-2008	1.019	1.005					
2008-2009	1.001						
2009-2010							
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
Average Dollar-Weighted Averages	1.005	1.009	1.003	1.010	1.004	1.003	
3-yr	1.005	1.012	1.002	1.010			
4-yr	1.007	1.010	1.003				
Comparative Factors	1.010	1.008	1.008	1.007	1.007	1.005	1.047
Prior	1.012	1.010	1.009	1.008	1.007	1.032	
Selected	1.012	1.010	1.009	1.008	1.007	1.006	1.026
Cumulated	1.080	1.067	1.056	1.047	1.039	1.032	1.026

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	1,422,779
2010-2011		174,558	351,424	709,885	1,128,213	1,419,220	1,532,743	1,818,910	1,847,210	2,115,555
2011-2012	52,906	145,119	289,508	404,275	610,637	881,307	1,027,397	1,264,443	1,346,209	
2012-2013	350,000	371,879	479,102	727,982	868,167	936,486	961,125	1,036,488		
2013-2014		6,180	240,700	344,511	603,842	963,408	1,353,982			
2014-2015		3,211	110,403	150,964	491,043	560,293				
2015-2016			273,314	824,545	1,133,811					
2016-2017	215,042	464,519	714,646	913,397						
2017-2018	13,542	60,618	387,257							
2018-2019		25,445								
2019-2020										

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								1.187	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	1.068
2009-2010		9.613	1.384	1.808	1.138	1.086	1.289	1.119	1.043	1.092
2010-2011		2.013	2.020	1.589	1.258	1.080	1.187	1.016	1.145	
2011-2012	2.743	1.995	1.396	1.510	1.443	1.166	1.231	1.065		
2012-2013	1.063	1.288	1.519	1.193	1.079	1.026	1.078			
2013-2014		38.948	1.431	1.753	1.595	1.405				
2014-2015		34.383	1.367	3.253	1.141					
2015-2016			3.017	1.375						
2016-2017	2.160	1.538	1.278							
2017-2018	4.476	6.388								
2018-2019										

	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	2.611	12.021	1.780	1.751	1.296	1.176	1.146	1.124	1.098	1.067
3-yr			1.720	1.688	1.253	1.202	1.170	1.059	1.070	1.070
4-yr			1.668	1.512	1.298	1.161	1.195	1.124	1.079	1.066
Comparative Factors	4.171	3.051	2.263	1.660	1.430	1.260	1.209	1.149	1.093	1.078
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

Losses Paid as of:

Accident Year	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months
2003-2004	4,087,200	4,323,847	4,461,430	4,495,135	4,799,642	4,786,750	4,801,992
2004-2005	2,652,453	2,808,721	2,901,040	3,125,909	3,442,170	3,442,470	
2005-2006	1,659,020	2,014,747	2,419,102	2,126,860	2,195,928		
2006-2007	1,492,943	1,417,773	1,474,858	1,477,292			
2007-2008	3,793,429	3,782,192	3,901,788				
2008-2009	2,654,636	2,621,871					
2009-2010	1,553,721						
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							

Paid Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
2003-2004	1.058	1.032	1.008	1.068	0.997	1.003	
2004-2005	1.059	1.033	1.078	1.101	1.000		
2005-2006	1.214	1.201	0.879	1.032			
2006-2007	0.950	1.040	1.002				
2007-2008	0.997	1.032					
2008-2009	0.988						
2009-2010							
2010-2011							
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-Ult. Months
Average Dollar-Weighted Averages	1.044	1.068	0.992	1.067	0.999	1.003	
3-yr	0.985	1.081	0.990	1.071			
4-yr	1.025	1.067	0.997				
Comparative Factors	1.070	1.055	1.047	1.038	1.035	1.032	1.471
Prior	1.070	1.055	1.045	1.035	1.035	1.478	
Selected	1.070	1.055	1.045	1.035	1.035	1.030	1.435
Cumulated	1.868	1.746	1.655	1.584	1.530	1.478	1.435

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 6/30/20 (B)	Reported 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	11,829,250	13,383,654	1.017	0.017	1.082	217,587	13,601,241
2004-2005	11,525,664	9,198,550	1.023	0.022	0.757	191,948	9,390,498
2005-2006	11,719,941	7,567,020	1.029	0.028	0.609	199,848	7,766,868
2006-2007	11,502,901	7,008,712	1.036	0.035	0.627	252,431	7,261,143
2007-2008	13,136,496	10,067,039	1.044	0.042	0.708	390,627	10,457,666
2008-2009	12,312,885	9,498,551	1.052	0.049	0.767	462,755	9,961,306
2009-2010	11,016,653	7,995,335	1.063	0.059	0.779	506,336	8,501,671
2010-2011	10,387,323	8,064,446	1.078	0.072	0.797	596,066	8,660,512
2011-2012	9,982,801	7,350,936	1.094	0.086	0.803	689,392	8,040,328
2012-2013	9,876,534	6,738,849	1.115	0.103	0.731	743,634	7,482,483
2013-2014	10,238,806	7,634,912	1.138	0.121	0.781	967,577	8,602,489
2014-2015	10,816,852	5,863,092	1.167	0.143	0.661	1,022,441	6,885,533
2015-2016	11,290,642	7,042,820	1.200	0.167	0.858	1,617,791	8,660,611
2016-2017	14,053,120	8,739,397	1.250	0.200	0.846	2,377,788	11,117,185
2017-2018	14,171,553	10,451,067	1.330	0.248	0.876	3,078,742	13,529,809
2018-2019	14,362,888	9,701,711	1.493	0.330	0.913	4,327,395	14,029,106
2019-2020	14,087,749	7,003,841	1.780	0.438	0.939	5,794,038	12,797,879
Totals	202,312,058	\$143,309,932				\$23,436,396	\$166,746,328

Notes:

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

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



Santa Clara County Schools Insurance Group - Workers' Compensation

Exposure and Development Method  
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 6/30/20 (B)	Paid 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	11,829,250	13,221,987	1.081	0.075	1.082	959,944	14,181,931
2004-2005	11,525,664	9,170,351	1.092	0.084	0.757	732,894	9,903,245
2005-2006	11,719,941	7,170,796	1.105	0.095	0.609	678,057	7,848,853
2006-2007	11,502,901	6,789,326	1.119	0.106	0.627	764,506	7,553,832
2007-2008	13,136,496	9,636,670	1.136	0.120	0.708	1,116,077	10,752,747
2008-2009	12,312,885	9,125,786	1.156	0.135	0.767	1,274,938	10,400,724
2009-2010	11,016,653	7,609,055	1.181	0.153	0.779	1,313,042	8,922,097
2010-2011	10,387,323	7,626,528	1.210	0.174	0.797	1,440,493	9,067,021
2011-2012	9,982,801	6,864,326	1.246	0.197	0.803	1,579,189	8,443,515
2012-2013	9,876,534	5,746,823	1.294	0.227	0.731	1,638,882	7,385,705
2013-2014	10,238,806	6,477,436	1.355	0.262	0.781	2,095,085	8,572,521
2014-2015	10,816,852	5,252,296	1.431	0.301	0.661	2,152,132	7,404,428
2015-2016	11,290,642	5,634,770	1.556	0.357	0.858	3,458,391	9,093,161
2016-2017	14,053,120	6,742,988	1.755	0.430	0.846	5,112,244	11,855,232
2017-2018	14,171,553	6,401,133	2.022	0.505	0.876	6,269,212	12,670,345
2018-2019	14,362,888	5,006,979	2.619	0.618	0.913	8,104,030	13,111,009
2019-2020	14,087,749	2,116,293	5.019	0.801	0.939	10,595,945	12,712,238
Totals	202,312,058	\$120,593,543				\$49,285,061	\$169,878,604

Notes:

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

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently 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	11,829,250	10,516,000	1.302	13,691,832	1.157	0.889	1.217	1.082
2004-2005	11,525,664	7,132,000	1.648	11,753,536	1.020	0.619	1.223	0.757
2005-2006	11,719,941	5,815,000	1.755	10,205,325	0.871	0.496	1.229	0.609
2006-2007	11,502,901	5,847,000	1.645	9,618,315	0.836	0.508	1.235	0.627
2007-2008	13,136,496	7,505,000	1.511	11,340,055	0.863	0.571	1.241	0.708
2008-2009	12,312,885	7,567,000	1.352	10,230,584	0.831	0.615	1.247	0.767
2009-2010	11,016,653	6,855,000	1.210	8,294,550	0.753	0.622	1.253	0.779
2010-2011	10,387,323	6,576,000	1.144	7,522,944	0.724	0.633	1.259	0.797
2011-2012	9,982,801	6,343,000	1.111	7,047,073	0.706	0.635	1.265	0.803
2012-2013	9,876,534	5,675,000	1.110	6,299,250	0.638	0.575	1.272	0.731
2013-2014	10,238,806	6,256,000	1.110	6,944,160	0.678	0.611	1.278	0.781
2014-2015	10,816,852	5,571,000	1.085	6,044,535	0.559	0.515	1.284	0.661
2015-2016	11,290,642	5,992,000	1.098	6,579,216	0.583	0.665	1.290	0.858
2016-2017	14,053,120	8,268,000	1.120	9,260,160	0.659	0.652	1.297	0.846
2017-2018	14,171,553	9,701,000	1.086	10,535,286	0.743	0.672	1.303	0.876
2018-2019	14,362,888	10,261,000	1.048	10,753,528	0.749	0.697	1.310	0.913
2019-2020	14,087,749	8,663,000	1.023	8,862,249	0.629	0.714	1.316	0.939
Total/Avg	202,312,058	\$124,543,000		\$154,982,598	\$0.766			
14/15-18/19	64,695,055	39,793,000		43,172,725	0.667			
17/18-19/20	42,622,190	28,625,000		30,151,063	0.707			
				Selected Limited Rate:	\$0.730			
				Prior:	\$0.750			

Notes:

- (A) Projected Funding - Appendix I, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Projected Funding - Appendix E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2014-2015 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	12,373	1,034	12,793,682
2004-2005	9,286	939	8,719,554
2005-2006	8,495	841	7,144,295
2006-2007	10,508	687	7,218,996
2007-2008	10,878	856	9,311,568
2008-2009	11,865	795	9,432,675
2009-2010	12,596	682	8,590,472
2010-2011	12,378	669	8,280,882
2011-2012	11,836	678	8,024,808
2012-2013	10,476	689	7,217,964
2013-2014	10,759	743	7,993,937
2014-2015	9,506	771	7,329,126
2015-2016	14,269	737	10,516,253
2016-2017	14,194	939	13,328,166
2017-2018	14,846	838	12,440,948
2018-2019	15,620	830	12,964,600
2019-2020	16,238	751	12,194,738
Total		13,479	\$163,502,664

Notes:

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

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

Santa Clara County Schools Insurance Group - 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	10,516,000	1,034	10,170	1.538	15,641	10,170	1.217	12,373
2004-2005	7,132,000	939	7,595	1.928	14,643	7,595	1.223	9,286
2005-2006	5,815,000	841	6,914	2.034	14,063	6,914	1.229	8,495
2006-2007	5,847,000	687	8,511	1.888	16,069	8,511	1.235	10,508
2007-2008	7,505,000	856	8,768	1.717	15,055	8,768	1.241	10,878
2008-2009	7,567,000	795	9,518	1.521	14,477	9,518	1.247	11,865
2009-2010	6,855,000	682	10,051	1.348	13,549	10,051	1.253	12,596
2010-2011	6,576,000	669	9,830	1.262	12,405	9,830	1.259	12,378
2011-2012	6,343,000	678	9,355	1.213	11,348	9,355	1.265	11,836
2012-2013	5,675,000	689	8,237	1.201	9,893	8,237	1.272	10,476
2013-2014	6,256,000	743	8,420	1.189	10,011	8,420	1.278	10,759
2014-2015	5,706,000	771	7,401	1.151	8,519	7,401	1.284	9,506
2015-2016	6,122,000	737	8,307	1.153	9,578	11,058	1.290	14,269
2016-2017	8,375,000	939	8,919	1.165	10,391	10,944	1.297	14,194
2017-2018	9,880,000	838	11,790	1.119	13,193	11,394	1.303	14,846
2018-2019	10,309,000	830	12,420	1.069	13,277	11,927	1.310	15,620
2019-2020	9,500,000	751	12,650	1.033	13,067	12,343	1.316	16,238

Average Limited Severity: \$12,658  
Average 14/15-18/19 Limited Severity: 10,992  
Average 17/18-19/20 Limited Severity: 13,179

Selected Limited Severity: \$12,750  
Prior: \$12,500

Notes:

- (A) Selected average of results from Appendices A, B and C.
- (B) Projected Funding - Appendix D, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Projected Funding - Appendix E, 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	1,039	1,034	1,182.9	0.874	0.843	0.737
2004-2005	939	945	939	1,152.6	0.815	0.852	0.694
2005-2006	841	841	841	1,172.0	0.718	0.860	0.617
2006-2007	687	690	687	1,150.3	0.597	0.868	0.518
2007-2008	856	854	856	1,313.6	0.652	0.877	0.572
2008-2009	795	795	795	1,231.3	0.646	0.887	0.573
2009-2010	682	685	682	1,101.7	0.619	0.896	0.555
2010-2011	669	673	669	1,038.7	0.644	0.905	0.583
2011-2012	678	679	678	998.3	0.679	0.914	0.621
2012-2013	689	690	689	987.7	0.698	0.924	0.645
2013-2014	743	749	743	1,023.9	0.726	0.933	0.677
2014-2015	771	794	771	1,081.7	0.713	0.942	0.672
2015-2016	737	751	737	1,129.1	0.653	0.952	0.622
2016-2017	939	965	939	1,405.3	0.668	0.961	0.642
2017-2018	838	835	838	1,417.2	0.591	0.970	0.573
2018-2019	830	858	830	1,436.3	0.578	0.979	0.566
2019-2020	695	806	751	1,408.8	0.533	0.990	0.528
Total	13,423	13,649	13,479	20,231.2			0.609
14/15-18/19	4,115	4,203	4,115	6,469.5			0.611

(H) Selected Frequency: 0.560  
Prior: 0.600

Program Year:	2020-2021	2021-2022
(I) Trend Factor:	1.000	0.990
(J) Selected Frequency:	0.560	0.554
(K) Est. Payroll (\$000,000):	1,415.6	1,458.1
(L) Ultimate Claims:	793	808

Notes:

- (A) Projected Funding - Appendix D, Page 4, (C).
- (B) Projected Funding - Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) Projected Funding - Appendix I, Column (C) / 10,000.
- (E) (C) / (D).
- (F) Projected Funding - Appendix E, Page 1, Column (F).
- (G) (E) x (F).
- (H) The selected frequency of 0.560 is based on (G).
- (I) Projected Funding - Appendix E, Page 1, Column (F)
- (J) (H) x (I).
- (K) Projected Funding - Appendix I, Column (C) / 10,000
- (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 6/30/2020 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2003-2004	1,034	1.000	1,034	0.737
2004-2005	939	1.000	939	0.694
2005-2006	841	1.000	841	0.617
2006-2007	687	1.000	687	0.518
2007-2008	856	1.000	856	0.571
2008-2009	795	1.000	795	0.573
2009-2010	682	1.000	682	0.555
2010-2011	669	1.000	669	0.583
2011-2012	678	1.000	678	0.621
2012-2013	689	1.000	689	0.645
2013-2014	743	1.000	743	0.677
2014-2015	770	1.001	771	0.671
2015-2016	735	1.003	737	0.621
2016-2017	933	1.006	939	0.642
2017-2018	830	1.010	838	0.574
2018-2019	814	1.020	830	0.566
2019-2020	652	1.066	695	0.488
Total	13,347		13,423	0.606

Notes:

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

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 6/30/2020 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2003-2004	1,030	1.009	1,039	0.740
2004-2005	936	1.010	945	0.699
2005-2006	832	1.011	841	0.617
2006-2007	682	1.012	690	0.521
2007-2008	843	1.013	854	0.570
2008-2009	784	1.014	795	0.573
2009-2010	674	1.016	685	0.557
2010-2011	660	1.019	673	0.586
2011-2012	663	1.024	679	0.622
2012-2013	669	1.031	690	0.646
2013-2014	719	1.042	749	0.683
2014-2015	753	1.054	794	0.691
2015-2016	701	1.071	751	0.633
2016-2017	879	1.098	965	0.660
2017-2018	735	1.136	835	0.572
2018-2019	703	1.221	858	0.585
2019-2020	508	1.587	806	0.566
Total	12,771		13,649	0.617

Notes:

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

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

Accident Year	Claims Reported 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								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	856
2008-2009			789	793	793	793	793	793	795	795	795	795	
2009-2010		670	678	679	681	681	682	682	682	682	682		
2010-2011	627	660	663	666	666	667	668	668	669	669			
2011-2012	629	662	668	670	674	674	675	678	678				
2012-2013	650	671	679	683	684	686	689	689					
2013-2014	708	730	737	738	741	742	743						
2014-2015	730	761	769	770	770	770							
2015-2016	690	722	731	734	735								
2016-2017	877	920	931	933									
2017-2018	793	824	830										
2018-2019	778	814											
2019-2020	652												

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	1.000	1.000
2007-2008				1.000	1.000	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	1.000	1.000		
2009-2010		1.012	1.001	1.003	1.000	1.001	1.000	1.000	1.000	1.000			
2010-2011	1.053	1.005	1.005	1.000	1.002	1.001	1.000	1.001	1.000				
2011-2012	1.052	1.009	1.003	1.006	1.000	1.001	1.004	1.000					
2012-2013	1.032	1.012	1.006	1.001	1.003	1.004	1.000						
2013-2014	1.031	1.010	1.001	1.004	1.001	1.001							
2014-2015	1.042	1.011	1.001	1.000	1.000								
2015-2016	1.046	1.012	1.004	1.001									
2016-2017	1.049	1.012	1.002										
2017-2018	1.039	1.007											
2018-2019	1.046												

	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
Average Claim-Weighted Averages	1.043	1.010	1.003	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000
3-yr	1.045	1.011	1.002	1.002	1.001	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.045	1.011	1.002	1.002	1.001	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000
Comparative Factors	1.090	1.009	1.005	1.004	1.004	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.000
Prior	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
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	682
2007-2008				753	779	796	811	819	827	832	837	840	843
2008-2009			670	703	721	742	755	767	777	779	784	784	
2009-2010		532	580	612	632	642	652	663	670	674	674		
2010-2011	375	529	585	617	630	637	652	654	659	660			
2011-2012	387	542	587	613	631	643	653	659	663				
2012-2013	394	565	612	634	652	664	669	669					
2013-2014	485	631	668	685	700	716	719						
2014-2015	499	675	713	731	747	753							
2015-2016	485	631	662	682	701								
2016-2017	612	792	856	879									
2017-2018	548	703	735										
2018-2019	545	703											
2019-2020	508												

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	1.004
2006-2007					1.027	1.014	1.009	1.014	1.014	1.004	1.003	1.003	1.000
2007-2008				1.035	1.022	1.019	1.010	1.010	1.006	1.006	1.004	1.004	
2008-2009			1.049	1.026	1.029	1.018	1.016	1.013	1.003	1.006	1.000		
2009-2010		1.090	1.055	1.033	1.016	1.016	1.017	1.011	1.006	1.000			
2010-2011	1.411	1.106	1.055	1.021	1.011	1.024	1.003	1.008	1.002				
2011-2012	1.401	1.083	1.044	1.029	1.019	1.016	1.009	1.006					
2012-2013	1.434	1.083	1.036	1.028	1.018	1.008	1.000						
2013-2014	1.301	1.059	1.025	1.022	1.023	1.004							
2014-2015	1.353	1.056	1.025	1.022	1.008								
2015-2016	1.301	1.049	1.030	1.028									
2016-2017	1.294	1.081	1.027										
2017-2018	1.283	1.046											
2018-2019	1.290												

	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
Average Claim-Weighted Averages	1.341	1.073	1.038	1.027	1.019	1.015	1.010	1.010	1.006	1.005	1.003	1.004	1.002
3-yr	1.289	1.060	1.027	1.024	1.016	1.009	1.004	1.008	1.003	1.004	1.002	1.004	1.003
4-yr	1.292	1.059	1.027	1.025	1.017	1.012	1.007	1.009	1.004	1.004	1.002	1.005	1.002
Comparative Factors	1.570	1.081	1.058	1.037	1.029	1.019	1.012	1.009	1.006	1.006	1.004	1.003	1.002
Prior	1.300	1.075	1.035	1.025	1.020	1.016	1.012	1.010	1.007	1.005	1.003	1.002	1.001
Selected	1.300	1.075	1.035	1.025	1.016	1.012	1.010	1.007	1.005	1.003	1.002	1.001	1.001
Cumulated	1.587	1.221	1.136	1.098	1.071	1.054	1.042	1.031	1.024	1.019	1.016	1.014	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
		2020-2021 Loss Rate Level (B)	2021-2022 Loss Rate Level (C)	2022-2023 Loss Rate Level (D)	2023-2024 Loss Rate Level (E)	2020-2021 Frequency Level (F)	2021-2022 Frequency Level (G)	2022-2023 Frequency Level (H)	2023-2024 Frequency Level (I)	2020-2021 Severity Level (J)
1999-2000	0.760	1.151	1.174	1.197	1.221	0.810	0.802	0.794	0.786	1.414
2000-2001	0.716	1.063	1.084	1.106	1.128	0.819	0.810	0.802	0.794	1.294
2001-2002	0.716	1.043	1.064	1.085	1.107	0.827	0.818	0.810	0.802	1.257
2002-2003	0.752	1.074	1.096	1.117	1.140	0.835	0.827	0.818	0.810	1.282
2003-2004	0.930	1.302	1.328	1.354	1.381	0.843	0.835	0.826	0.818	1.538
2004-2005	1.201	1.648	1.681	1.714	1.748	0.852	0.843	0.834	0.826	1.928
2005-2006	1.305	1.755	1.790	1.825	1.862	0.860	0.851	0.842	0.834	2.034
2006-2007	1.248	1.645	1.678	1.711	1.745	0.868	0.859	0.851	0.842	1.888
2007-2008	1.168	1.511	1.541	1.571	1.603	0.877	0.868	0.860	0.851	1.717
2008-2009	1.066	1.352	1.379	1.406	1.434	0.887	0.878	0.869	0.860	1.521
2009-2010	0.973	1.210	1.235	1.259	1.284	0.896	0.887	0.878	0.869	1.348
2010-2011	0.938	1.144	1.167	1.190	1.213	0.905	0.896	0.887	0.878	1.262
2011-2012	0.929	1.111	1.133	1.155	1.179	0.914	0.905	0.896	0.887	1.213
2012-2013	0.948	1.110	1.133	1.155	1.178	0.924	0.914	0.905	0.896	1.201
2013-2014	0.966	1.110	1.133	1.155	1.178	0.933	0.923	0.914	0.905	1.189
2014-2015	0.963	1.085	1.107	1.129	1.151	0.942	0.933	0.923	0.914	1.151
2015-2016	0.994	1.098	1.120	1.142	1.165	0.952	0.942	0.932	0.923	1.153
2016-2017	1.034	1.120	1.143	1.165	1.188	0.961	0.951	0.941	0.932	1.165
2017-2018	1.023	1.086	1.108	1.129	1.152	0.970	0.960	0.951	0.941	1.119
2018-2019	1.007	1.048	1.069	1.090	1.112	0.979	0.969	0.960	0.950	1.069
2019-2020	1.003	1.023	1.043	1.064	1.085	0.990	0.980	0.970	0.960	1.033
2020-2021	1.000	1.000	1.020	1.040	1.061	1.000	0.990	0.980	0.970	1.000
2021-2022	1.000	--	1.000	1.020	1.040	--	1.000	0.990	0.980	--
2022-2023	1.000	--	--	1.000	1.020	--	--	1.000	0.990	--
2023-2024	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on WCIRB.
- (B) - (E) (A) adjusted for a 2.0% annual loss rate trend.
- (F) - (I) (A) adjusted for a -1.0% annual frequency trend.
- (J) (A) adjusted for a 3.0% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in 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	10,516,000	1,034	0.930	9,459	11,829,250	0.874
2004-2005	7,132,000	939	1.201	9,120	11,525,664	0.815
2005-2006	5,815,000	841	1.305	9,022	11,719,941	0.718
2006-2007	5,847,000	687	1.248	10,618	11,502,901	0.597
2007-2008	7,505,000	856	1.168	10,242	13,136,496	0.652
2008-2009	7,567,000	795	1.066	10,149	12,312,885	0.646
2009-2010	6,855,000	682	0.973	9,785	11,016,653	0.619
2010-2011	6,576,000	669	0.938	9,224	10,387,323	0.644
2011-2012	6,343,000	678	0.929	8,695	9,982,801	0.679
2012-2013	5,675,000	689	0.948	7,805	9,876,534	0.698
2013-2014	6,256,000	743	0.966	8,137	10,238,806	0.726
2014-2015	5,571,000	771	0.963	6,961	10,816,852	0.713
2015-2016	5,992,000	737	0.994	8,082	11,290,642	0.653
2016-2017	8,268,000	939	1.034	9,108	14,053,120	0.668
2017-2018	9,701,000	838	1.023	11,844	14,171,553	0.591
2018-2019	10,261,000	830	1.007	12,448	14,362,888	0.578
2019-2020	8,663,000	751	1.003	11,567	14,087,749	0.533

Severity Trend Factors

Frequency Trend Factors

Latest 10 x 2019-2020	1.025	0.991
Mvg 5-Yr Wtd Latest 10 x 2019-2020	0.985	1.004
Latest 5 x 2019-2020	1.167	0.949
Mvg 5-Yr Wtd Latest 5 x 2019-2020	1.049	0.979
Prior	1.035	0.980
Default	1.025	0.980
Selected Residual Trend	1.030	0.990

Notes:

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

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	6.4%	2.00%	0.063	0.064	0.990
21	0.8%	2.00%	0.070	0.071	0.973
20	0.8%	2.00%	0.076	0.079	0.957
19	0.8%	2.00%	0.082	0.087	0.943
18	0.7%	2.00%	0.088	0.094	0.930
17	0.9%	2.00%	0.095	0.103	0.918
16	1.0%	2.00%	0.103	0.113	0.908
15	1.2%	2.00%	0.113	0.125	0.900
14	1.3%	2.00%	0.123	0.138	0.892
13	1.5%	2.00%	0.135	0.153	0.886
12	1.8%	2.00%	0.151	0.171	0.882
11	1.9%	2.00%	0.167	0.190	0.877
10	2.4%	2.00%	0.187	0.214	0.874
9	3.0%	2.00%	0.213	0.244	0.873
8	3.5%	2.00%	0.243	0.278	0.873
7	3.8%	2.00%	0.276	0.316	0.872
6	5.5%	2.00%	0.325	0.371	0.875
5	7.1%	2.00%	0.388	0.442	0.879
4	7.3%	2.00%	0.452	0.514	0.880
3	10.9%	2.00%	0.552	0.623	0.885
2	17.9%	2.00%	0.718	0.803	0.895
1	19.7%	2.00%	0.900	1.000	0.900
(G) Discount Factor for Future Funding:				2020-2021	0.909
				2021-2022	0.909

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 Projected Funding - Appendix B, 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, 71.8% = [55.2% / 1.020] + [17.9% / (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%	1.351
90%	1.258
85%	1.199
80%	1.154
75%	1.117
70%	1.084
65%	1.055
60%	1.029
55%	1.003
50%	0.979
45%	0.956
40%	0.932
35%	0.909
30%	0.885
25%	0.859

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.258 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 6/30/20

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	\$16,552,256	\$0	\$0	\$16,552,256	\$3,168,603	\$6,205,991	\$10,346,265	\$3,037,388	\$13,383,654	\$13,383,654
2004-2005	11,462,214	0	0	11,462,214	2,263,665	4,473,510	6,988,705	2,209,845	9,198,550	9,198,550
2005-2006	8,963,082	0	0	8,963,082	1,396,062	3,228,811	5,734,271	1,832,749	7,567,020	7,567,020
2006-2007	7,439,711	0	0	7,439,711	430,999	1,712,543	5,727,168	1,281,544	7,008,712	7,008,712
2007-2008	12,415,150	0	0	12,415,150	2,348,111	5,100,634	7,314,516	2,752,523	10,067,039	10,067,039
2008-2009	10,602,888	0	0	10,602,888	1,104,338	3,287,661	7,315,227	2,183,324	9,498,551	9,498,551
2009-2010	8,560,586	0	0	8,560,586	565,251	1,931,270	6,629,316	1,366,019	7,995,335	7,995,335
2010-2011	8,847,997	0	0	8,847,997	783,551	2,551,387	6,296,610	1,767,836	8,064,446	8,064,446
2011-2012	7,637,740	0	0	7,637,740	286,804	1,558,950	6,078,790	1,272,146	7,350,936	7,350,936
2012-2013	11,689,172	0	0	11,689,172	4,950,323	6,235,713	5,453,459	1,285,390	6,738,849	6,738,849
2013-2014	8,751,854	0	0	8,751,854	1,116,941	2,825,124	5,926,730	1,708,182	7,634,912	7,634,912
2014-2015	6,060,277	0	0	6,060,277	197,186	974,526	5,085,752	777,340	5,863,092	5,863,092
2015-2016	7,587,266	0	0	7,587,266	544,445	2,006,309	5,580,957	1,461,864	7,042,820	7,042,820
2016-2017	9,199,323	0	0	9,199,323	459,925	1,705,051	7,494,272	1,245,126	8,739,397	8,739,397
2017-2018	10,910,389	0	0	10,910,389	459,322	2,079,525	8,830,864	1,620,203	10,451,067	10,451,067
2018-2019	9,727,825	0	0	9,727,825	26,114	1,027,973	8,699,851	1,001,859	9,701,711	9,701,711
2019-2020	7,003,841	0	0	7,003,841	0	350,590	6,653,252	350,590	7,003,841	7,003,841
2020-2021	0	0	0	0	0	0	0	0	0	0
Total	\$163,411,570	\$0	\$0	\$163,411,570	\$20,101,639	\$47,255,567	\$116,156,003	\$27,153,928	\$143,309,931	\$143,309,931

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 6/30/20

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	\$16,348,581	\$0	\$0	\$16,348,581	\$3,126,595	\$6,044,731	\$10,303,851	\$2,918,136	\$13,221,987	\$13,221,987
2004-2005	11,351,475	0	0	11,351,475	2,181,124	4,390,969	6,960,506	2,209,845	9,170,351	9,170,351
2005-2006	8,566,859	0	0	8,566,859	1,396,062	2,975,546	5,591,312	1,579,484	7,170,796	7,170,796
2006-2007	7,220,325	0	0	7,220,325	430,999	1,615,424	5,604,901	1,184,426	6,789,326	6,789,326
2007-2008	11,440,789	0	0	11,440,789	1,804,119	4,285,790	7,155,000	2,481,671	9,636,670	9,636,670
2008-2009	9,900,328	0	0	9,900,328	774,542	2,724,319	7,176,009	1,949,777	9,125,786	9,125,786
2009-2010	8,174,306	0	0	8,174,306	565,251	1,773,385	6,400,921	1,208,134	7,609,055	7,609,055
2010-2011	8,367,586	0	0	8,367,586	741,058	2,291,385	6,076,201	1,550,327	7,626,528	7,626,528
2011-2012	7,058,812	0	0	7,058,812	194,486	1,346,209	5,712,603	1,151,723	6,864,326	6,864,326
2012-2013	10,510,784	0	0	10,510,784	4,763,961	5,550,449	4,960,335	786,488	5,746,823	5,746,823
2013-2014	6,721,311	0	0	6,721,311	243,875	1,353,982	5,367,329	1,110,107	6,477,436	6,477,436
2014-2015	5,311,230	0	0	5,311,230	58,934	560,293	4,750,937	501,359	5,252,296	5,252,296
2015-2016	5,814,033	0	0	5,814,033	179,263	1,133,811	4,680,222	954,548	5,634,770	5,634,770
2016-2017	6,882,657	0	0	6,882,657	139,669	913,397	5,969,261	773,727	6,742,988	6,742,988
2017-2018	6,401,133	0	0	6,401,133	0	387,257	6,013,875	387,257	6,401,133	6,401,133
2018-2019	5,006,979	0	0	5,006,979	0	25,445	4,981,534	25,445	5,006,979	5,006,979
2019-2020	2,116,293	0	0	2,116,293	0	0	2,116,293	0	2,116,293	2,116,293
2020-2021	0	0	0	0	0	0	0	0	0	0
Total	\$137,193,481	\$0	\$0	\$137,193,481	\$16,599,939	\$37,372,393	\$99,821,089	\$20,772,454	\$120,593,542	\$120,593,542

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 6/30/20

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	\$203,675	\$0	\$0	\$203,675	\$42,008	\$161,260	\$42,415	\$119,252	\$161,667	\$161,667
2004-2005	110,740	0	0	110,740	82,541	82,541	28,199	0	28,199	28,199
2005-2006	396,223	0	0	396,223	0	253,265	142,959	253,265	396,223	396,223
2006-2007	219,386	0	0	219,386	0	97,119	122,267	97,119	219,386	219,386
2007-2008	974,361	0	0	974,361	543,992	814,845	159,516	270,853	430,369	430,369
2008-2009	702,561	0	0	702,561	329,795	563,342	139,218	233,547	372,765	372,765
2009-2010	386,280	0	0	386,280	0	157,885	228,395	157,885	386,280	386,280
2010-2011	480,411	0	0	480,411	42,493	260,002	220,409	217,509	437,918	437,918
2011-2012	578,928	0	0	578,928	92,318	212,741	366,187	120,423	486,610	486,610
2012-2013	1,178,388	0	0	1,178,388	186,362	685,265	493,124	498,903	992,026	992,026
2013-2014	2,030,542	0	0	2,030,542	873,066	1,471,142	559,401	598,076	1,157,476	1,157,476
2014-2015	749,047	0	0	749,047	138,252	414,232	334,815	275,981	610,796	610,796
2015-2016	1,773,233	0	0	1,773,233	365,182	872,498	900,735	507,315	1,408,050	1,408,050
2016-2017	2,316,666	0	0	2,316,666	320,256	791,654	1,525,011	471,398	1,996,409	1,996,409
2017-2018	4,509,256	0	0	4,509,256	459,322	1,692,267	2,816,989	1,232,946	4,049,934	4,049,934
2018-2019	4,720,845	0	0	4,720,845	26,114	1,002,528	3,718,317	976,414	4,694,731	4,694,731
2019-2020	4,887,548	0	0	4,887,548	0	350,590	4,536,958	350,590	4,887,548	4,887,548
2020-2021	0	0	0	0	0	0	0	0	0	0
Total	\$26,218,089	\$0	\$0	\$26,218,089	\$3,501,700	\$9,883,175	\$16,334,914	\$6,381,474	\$22,716,389	\$22,716,389

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Projected Funding - Appendix H, Page 1, Column (B) - Projected Funding - Appendix H, Page 2, Column (B).
- (C) Projected Funding - Appendix H, Page 1, Column (C) - Projected Funding - Appendix H, Page 2, Column (C).
- (D) Projected Funding - Appendix H, Page 1, Column (D) - Projected Funding - Appendix H, 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 6/30/20

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	1,030	0	0	1,030	4	4
2004-2005	939	0	0	939	936	0	0	936	3	3
2005-2006	841	0	0	841	832	0	0	832	9	9
2006-2007	687	0	0	687	682	0	0	682	5	5
2007-2008	856	0	0	856	843	0	0	843	13	13
2008-2009	795	0	0	795	784	0	0	784	11	11
2009-2010	682	0	0	682	674	0	0	674	8	8
2010-2011	669	0	0	669	660	0	0	660	9	9
2011-2012	678	0	0	678	663	0	0	663	15	15
2012-2013	689	0	0	689	669	0	0	669	20	20
2013-2014	743	0	0	743	719	0	0	719	24	24
2014-2015	770	0	0	770	753	0	0	753	17	17
2015-2016	735	0	0	735	701	0	0	701	34	34
2016-2017	933	0	0	933	879	0	0	879	54	54
2017-2018	830	0	0	830	735	0	0	735	95	95
2018-2019	814	0	0	814	703	0	0	703	111	111
2019-2020	652	0	0	652	508	0	0	508	144	144
2020-2021	0	0	0	0	0	0	0	0	0	0
Total	13,347	0	0	13,347	12,771	0	0	12,771	576	576

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	1.521	11,829,250
2004-2005	7,766,620	1.484	11,525,664
2005-2006	8,093,882	1.448	11,719,941
2006-2007	8,140,765	1.413	11,502,901
2007-2008	9,526,103	1.379	13,136,496
2008-2009	9,154,561	1.345	12,312,885
2009-2010	8,396,839	1.312	11,016,653
2010-2011	8,115,096	1.280	10,387,323
2011-2012	7,992,635	1.249	9,982,801
2012-2013	8,102,161	1.219	9,876,534
2013-2014	8,611,275	1.189	10,238,806
2014-2015	9,324,872	1.160	10,816,852
2015-2016	9,974,065	1.132	11,290,642
2016-2017	12,729,275	1.104	14,053,120
2017-2018	13,158,359	1.077	14,171,553
2018-2019	13,665,926	1.051	14,362,888
2019-2020	13,744,145	1.025	14,087,749
2020-2021	14,156,000	1.000	14,156,000
2021-2022	14,581,000	1.000	14,581,000

## Notes:

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