



Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2016
Forecast for Program Years 2016-17 and 2017-18*

Presented to

Santa Clara County Schools Insurance Group

October 7, 2016



Friday, October 7, 2016

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

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

Dear Ms. Kelsch:

As you requested, we have completed our review of Santa Clara County Schools Insurance Group's self-insured workers' compensation program. We estimate the program's liability for the outstanding tail claims to be \$1,986,000 as of June 30, 2016. 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 \$2,226,000 as of June 30, 2016, the program is currently funded between the expected and 70% 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 2016-17 and 2017-18 program years to be \$9,643,000 and \$10,307,000, respectively. For budgeting purposes, the expected costs of 2016-17 and 2017-18 claims translate to rates of \$0.96 and \$0.97 per \$100 of payroll, respectively.

The \$1,986,000 estimate is the minimum liability to be booked by the Group at June 30, 2016 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 \$645,000 of estimated non-recoverable amounts from claims that have exceeded the SIR. These claims are listed on Exhibit I - Tail, pages 2 and 3. This list is based on an excess claim run provided by Keenan & Associates which filters paid losses that exceed the SIR. The estimate of the total

unrecoverable is included on Exhibit I – Tail, page 4 and is based on an assumption of 25% of the outstanding reserves above the SIR.

Our conclusions regarding the Group’s liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2016 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, 2016

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,187,000					
ULAE	238,000					
Estimated Non- Recoverable	645,000					
Investment Income Offset	<u>(84,000)</u>					
Discounted Loss and LAE	\$1,986,000	\$2,238,000	\$2,351,000	\$2,483,000	\$2,645,000	\$2,864,000
Assets	<u>2,226,000</u>					
Surplus or (Deficit)	\$240,000	(\$12,000)	(\$125,000)	(\$257,000)	(\$419,000)	(\$638,000)

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 2016-17 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 2016-17
 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	\$9,801,000					
ULAE	735,000					
Investment Income Offset	(893,000)					
Discounted Loss and LAE	\$9,643,000	\$10,492,000	\$10,810,000	\$11,176,000	\$11,620,000	\$12,218,000
Rate per \$100 of 2016-17 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, 2016. 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 2017-18 fiscal year.

Santa Clara County Schools Insurance Group
 Self-Insured Workers' Compensation Program
 Loss and LAE Funding Guidelines for 2017-18
 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	\$10,476,000					
ULAE	786,000					
Investment Income Offset	(955,000)					
Discounted Loss and LAE	\$10,307,000	\$11,214,000	\$11,554,000	\$11,946,000	\$12,420,000	\$13,059,000
Rate per \$100 of 2017-18 Payroll	\$0.97	\$1.05	\$1.08	\$1.12	\$1.16	\$1.22

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2017. 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 or Mike Harrington at (916) 244-1162 with any questions you may have concerning this report.

Sincerely,

Bickmore



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



Mike Harrington, FCAS, MAAA
President, Actuarial Consulting, Bickmore
Fellow, Casualty Actuarial Society
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 October 1, 1978 to December 31, 1995. Effective January 1, 1996 SCCSIG became fully insured with Fremont Insurance. From July 1, 2000 through June 30, 2003, the Group was fully insured with ACE. Since July 1, 2003, SCCSIG has been self-insured with a zero-dollar insured retention through PIPS. Claims administration services are provided by Keenan & Associates for the pre-1996 self-insured claims. Additional background on the program prior to January 1, 1996 is given in Appendix I - Tail.

As of June 30, 2016, the Group had assets of \$2,226,000 for the program. The June 30, 2016 fund balance is net of non-claims-related liabilities as shown on Appendix J - Tail, page 2.

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, 2016, project ultimate loss costs for 2016-17 and 2017-18, 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, 2016. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across the graph indicates the Group's available assets at June 30th.

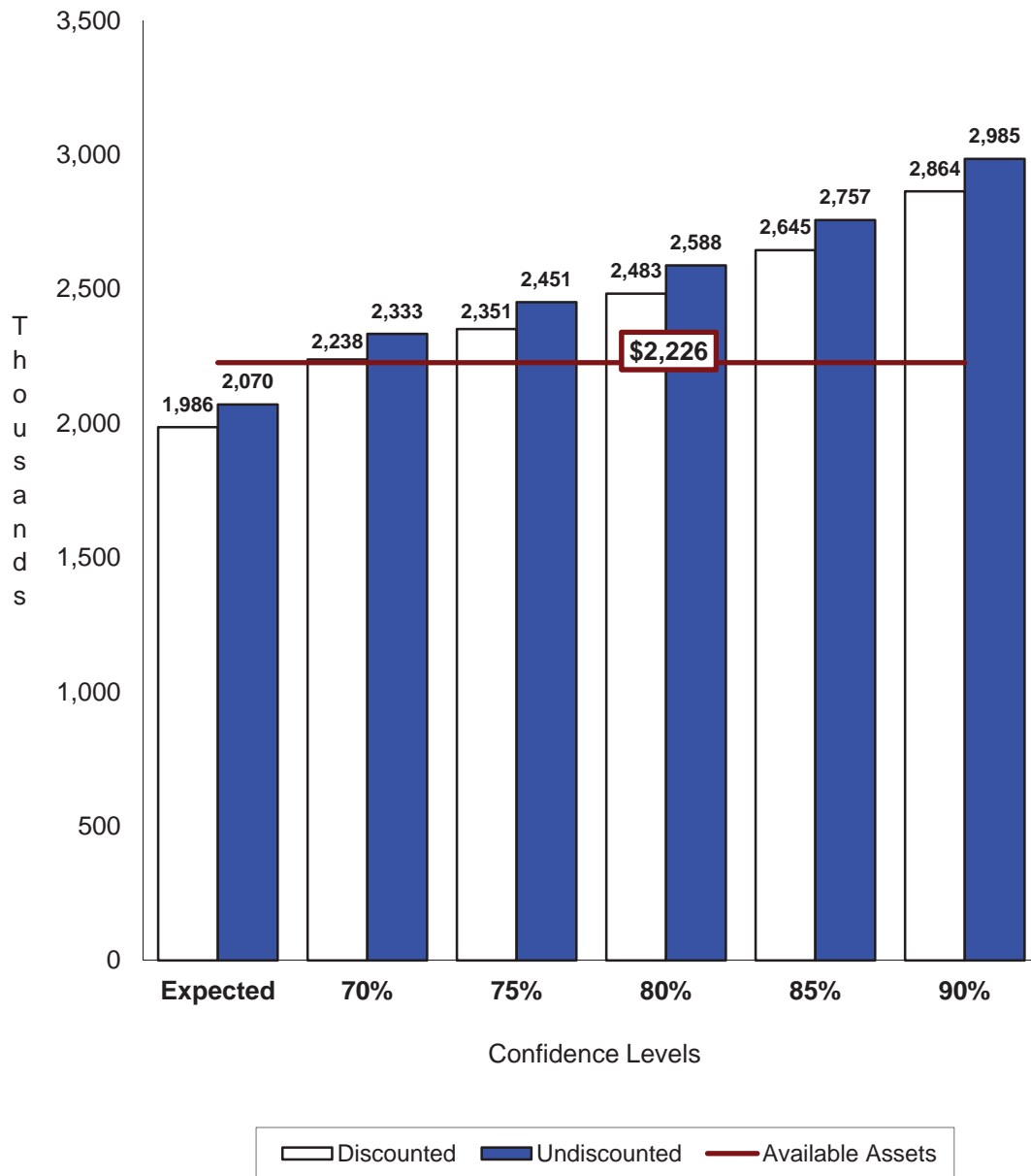
Our best estimate of the full value of the Group's liability for outstanding claims within its self-insured retention (SIR) is \$2,070,000 as of June 30, 2016. This amount includes losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost 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 4.1% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$1,986,000 as of June 30, 2016

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 shows 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, 2016



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, 2016, 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, 2016

Year	Case Reserves	IBNR Reserves	Total Outstanding
1977-78	\$0	\$0	\$0
1978-79	0	0	0
1979-80	14,648	2,197	16,845
1980-81	40,672	6,101	46,773
1981-82	0	0	0
1982-83	0	0	0
1983-84	0	0	0
1984-85	0	0	0
1985-86	33,763	5,064	38,827
1986-87	95,561	14,334	109,895
1987-88	48,363	7,254	55,617
1988-89	40,862	6,129	46,991
1989-90	112,789	16,918	129,707
1990-91	66,571	9,986	76,557
1991-92	94,512	14,299	108,811
1992-93	108,946	15,523	124,469
1993-94	67,034	16,664	83,698
1994-95	230,339	77,825	308,164
1995-96	28,523	11,998	40,521
Loss and ALAE	\$982,583	\$204,293	\$1,186,876
Non-Recoverable	\$645,000		645,000
ULAE		238,215	238,215
Total	\$1,627,583	\$442,508	\$2,070,091

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 that you fund 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.

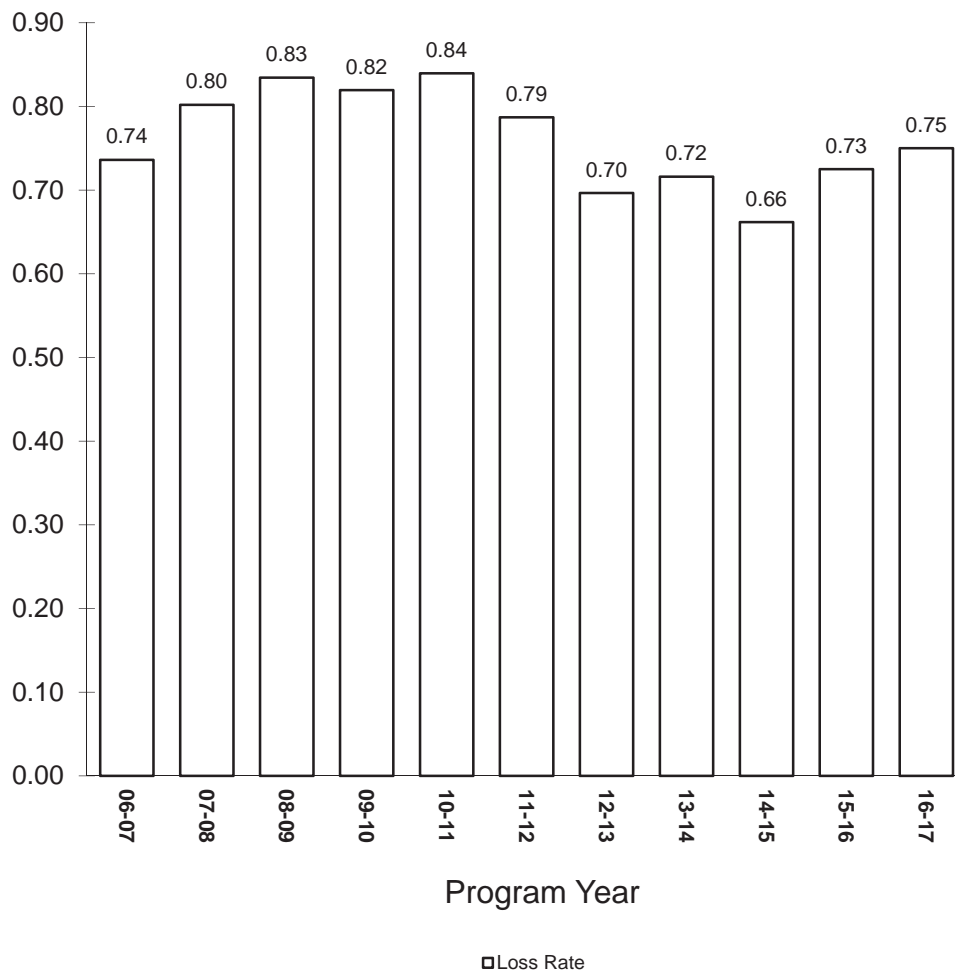
It is estimated that program assets were \$2,226,000 at June 30, 2016, resulting in the program being funded between the expected and 70% confidence level.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's average dollars of loss per \$100 of payroll (based on losses limited to \$100,000 per occurrence), or loss rate, has generally decreased since 2010-11. Our projected loss rate for 2016-17 is \$0.75 per \$100 of payroll. See Graph 2 below.

Graph 2

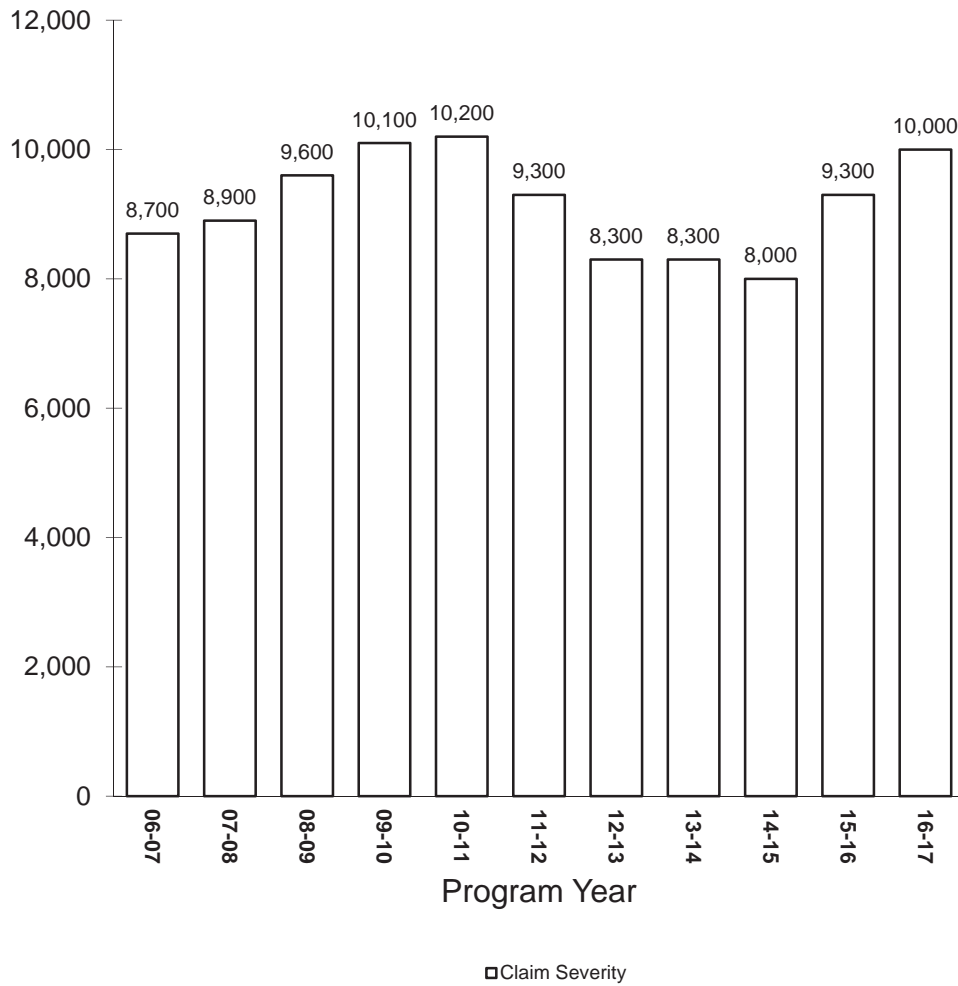
SCCSIG - Workers' Compensation
Ultimate Dollars of Loss & ALAE
per \$100 of Payroll
(Loss & ALAE Limited to \$100,000 per Occurrence)



The program's average cost per claim (based on losses limited to \$100,000 per occurrence), or severity, also appeared to decrease after 2010-11. The projected severity for 2016-17 is \$10,000 per claim. See Graph 3 below.

Graph 3

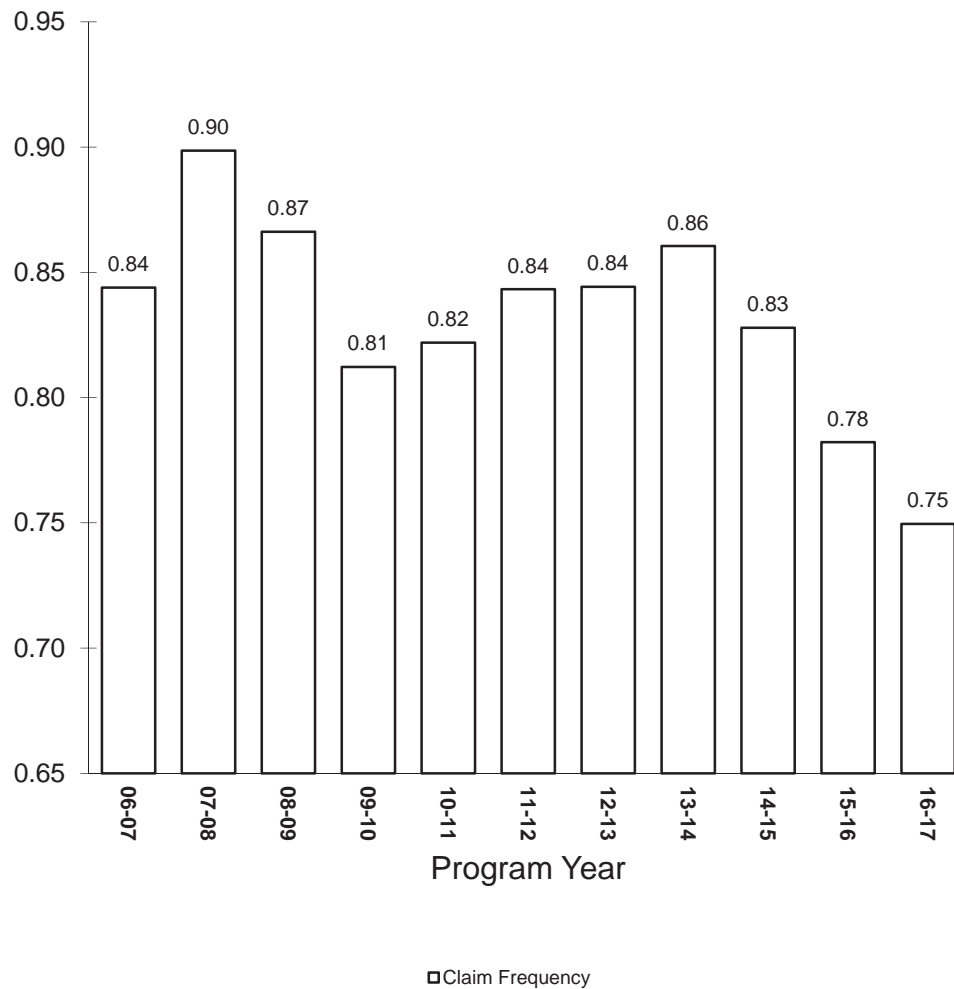
SCCSIG -Workers' Compensation
Ultimate Dollars of Loss & ALAE
per Claim
(Loss & ALAE Limited to \$100,000 per Occurrence)



The program's number of claims per \$1 million of payroll, or claim frequency, increased between 2009-10 and 2013-14, but appears to have since decreased. The projected frequency for 2016-17 of 0.75 claims per \$1 million of payroll reflects this most recent decreasing trend. See Graph 4 below.

Graph 4

SCCSIG -
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 September 30, 2015. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 6/30/15 evaluation date of the prior report and the 6/30/16 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	0	0	0
1980-81	0	12,000	12,000
1981-82	0	0	0
1982-83	0	0	0
1983-84	0	0	0
1984-85	0	0	0
1985-86	0	0	0
1986-87	0	104,000	104,000
1987-88	0	0	0
1988-89	0	(1,000)	(1,000)
1989-90	0	24,000	24,000
1990-91	0	1,000	1,000
1991-92	12,000	7,000	(5,000)
1992-93	12,000	(1,000)	(13,000)
1993-94	7,000	25,000	18,000
1994-95	16,000	(7,000)	(23,000)
1995-96	4,000	(10,000)	(14,000)
Total	\$51,000	\$154,000	\$103,000

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$51,000 between the two evaluation dates. However, actual development was approximately \$154,000; or about \$103,000 more than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 6/30/15 evaluation date of the prior report and the 6/30/16 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
1977-78	\$0	\$0	\$0
1978-79	0	0	0
1979-80	16,000	1,000	(15,000)
1980-81	37,000	8,000	(29,000)
1981-82	0	0	0
1982-83	0	0	0
1983-84	0	0	0
1984-85	0	0	0
1985-86	38,000	4,000	(34,000)
1986-87	21,000	51,000	30,000
1987-88	17,000	3,000	(14,000)
1988-89	15,000	18,000	3,000
1989-90	20,000	14,000	(6,000)
1990-91	11,000	2,000	(9,000)
1991-92	28,000	12,000	(16,000)
1992-93	28,000	8,000	(20,000)
1993-94	12,000	11,000	(1,000)
1994-95	45,000	12,000	(33,000)
1995-96	8,000	5,000	(3,000)
Total	\$296,000	\$149,000	(\$147,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it would have been expected that paid losses would increase by \$296,000 between the two evaluation dates. However, actual development was approximately \$149,000; or about \$147,000 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	2,302,000	2,304,000	2,000
1980-81	2,309,000	2,327,000	18,000
1981-82	3,119,000	3,119,000	0
1982-83	3,552,000	3,552,000	0
1983-84	5,573,000	5,573,000	0
1984-85	3,485,000	3,485,000	0
1985-86	4,119,000	4,124,000	5,000
1986-87	6,404,000	6,523,000	119,000
1987-88	6,566,000	6,573,000	7,000
1988-89	6,972,000	6,978,000	6,000
1989-90	7,263,000	7,304,000	41,000
1990-91	10,136,000	10,147,000	11,000
1991-92	8,997,000	9,006,000	9,000
1992-93	9,055,000	9,046,000	(9,000)
1993-94	8,639,000	8,659,000	20,000
1994-95	7,644,000	7,649,000	5,000
1995-96	4,662,000	4,642,000	(20,000)
Total	\$102,158,000	\$102,372,000	\$214,000

As shown, overall we have increased our estimated ultimates by approximately \$214,000 since our prior report. In general, these changes correlate with the incurred actual minus expected comparison listed above, but also strengthen reserves for older years given continued development from open claims.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2015 to be \$1,927,000 at the discounted, expected level. Our current estimate as of June 30, 2016, is \$1,986,000, an increase in our assessment of the Group's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2015	Current Report at June 30, 2016	Change
(A) Case Reserves:	\$976,000	\$983,000	\$7,000
(B) IBNR Reserves:	146,000	204,000	58,000
(C) Claims Administration Reserves:	277,000	238,000	(39,000)
(D) Estimated Non-Recoverable:	632,000	645,000	13,000
(E) Total Reserves:	2,031,000	\$2,070,000	\$39,000
(F) Offset for Investment Income:	(104,000)	(84,000)	20,000
(G) Total Outstanding Claim Liabilities:	1,927,000	\$1,986,000	\$59,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased slightly between June 30, 2015 and June 30, 2016 as reflected in our prior and current reports respectively.

Actual case reserves increased by \$7,000 since the prior evaluation despite a reduction of five open claims. Our estimate of IBNR reserves has increased by \$58,000 as we have reflected the potential for continued development given recent claims activity. Reserves for future claims administration expenses have also decreased, reflecting the claims run-off. We currently estimate a slightly greater amount of non-recoverable case reserves above the SIR than had been listed in the prior report. Total reserves are estimated to be \$39,000 more than the estimate from the prior report. Investment income is expected to be less. The net change due to the above factors is an overall increase of \$59,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, available assets were estimated to be \$2,337,000 as of June 30, 2015, which corresponded to the then-estimated discounted liability for outstanding claims between the 75% and 80% confidence levels. Available assets are currently estimated to be \$2,226,000 as of June 30, 2016, which corresponds to the currently estimated liability for outstanding claims between the expected and 70% confidence level. It can be summarized as follows:

	Funding Margin		
	Prior Report at June 30, 2015	Current Report at June 30, 2016	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$1,927,000	\$1,986,000	\$59,000
(B) Estimated Assets At June 30:	2,337,000	2,226,000	(111,000)
(C) Surplus/(Deficit):	\$410,000	\$240,000	(\$170,000)

As you can see, our estimate of the program's funding margin at the discounted, expected level has decreased by \$170,000 between June 30, 2015 (as previously estimated) and June 30, 2016 (as currently estimated). This is driven by a decrease in the estimated fund assets between the two points, partially offset by an increase in the estimated outstanding liability.

At the time of the prior report, our funding estimate for the 2015-16 year was \$9,117,000 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 2016-17 year is \$9,643,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2015-16 SIR = \$250,000	Current Report 2016-17 SIR = \$250,000	Change
(A) Ultimate Loss and ALAE:	\$9,261,000	\$9,801,000	\$540,000
(B) Ultimate Claims Administration (ULAE):	695,000	735,000	40,000
(C) Total Claim Costs:	\$9,956,000	\$10,536,000	\$580,000
(D) Offset for Investment Income:	(839,000)	(893,000)	(54,000)
(E) Total Recommended Funding:	\$9,117,000	\$9,643,000	\$526,000
(F) Funding per \$100 of Payroll:	\$1.02	\$0.96	(\$0.06)

As you can see, our funding recommendations at the discounted, expected level have increased between 2015-16 and 2016-17, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$540,000, driven primarily by an increase in projected payroll and despite a decrease in the projected loss rate. In addition, claims administration costs are expected to be higher, resulting in an overall increase in total claim costs of \$580,000. Investment income is expected to be higher. The net change due to the above factors is an overall increase of \$526,000 in our annual funding estimate for loss and LAE.

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 6/30/16 (See Appendix K-Tail and Appendix H–Project Funding). We also utilized the data from the Group’s most recent actuarial study for our assessment of loss development.
- Data was not available for the 1996-97 through 2002-03 years. Since these years are fully insured, there is no impact on the estimated liability for outstanding claims.
- Our estimated outstanding claims administration cost for the self-insured period (which ended in 1995-96) is based on information provided by the claims administrator, namely that the average ULAE cost per claim in 2016-17 will be approximately \$900 and that about 7 claims are expected to close each year.
- We estimated the 6/30/17 asset balance by beginning with the 6/30/16 asset balance, and adjusting for anticipated revenue and expense for 2016-17 (see Appendix J-Tail).
- The program has a number of claims that have exceeded the SIR. It is our understanding that paid amounts in excess of SIR may not be recoverable by the Group. These claims are listed on Exhibit I - Tail, pages 2 and 3. This list is based on an excess claim run provided by Keenan & Associates which filters paid losses that exceed the SIR. The estimate of the total unrecoverable is included on Exhibit I - Tail, page 4 and is based on an assumption of 25% of the outstanding reserves above the SIR.
- For the purpose of projecting 2016-17 and 2017-18 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 2016-17 and 2017-18 will be \$1,007,289,4000 and \$1,066,819,200, respectively, based upon information provided by the Group (See Appendix I–Project Funding).
- Our estimate of claims administration for the 2016-17 and 2017-18 projected funding estimates is based on an assumption of ULAE costs being equivalent to 7.5% of total loss and ALAE.

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

III. ASSUMPTIONS AND LIMITATIONS

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

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by the Group. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from a large group of public entities with similar self-insured workers' compensation programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California entities with 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 other California entities with 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).

- We have assumed that the loss rate trend associated with claim costs increases at 0.5% per year. We have assumed that claim severity increases at 2.5% per year, and that claim frequency decreases at 2.0% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- At the Group's instruction, we have assumed that assets held for investment will generate an average annual return of 2.0% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance premiums and other expenses associated with the program based upon information provided by the Group.
- Our funding recommendations do not include provisions for catastrophic events not in the Group's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Unless otherwise specified, our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than the Group's excess coverage.
- The Group's assets available for the program are estimated to be \$2,226,000 as of June 30, 2016 for use in this report. This is shown in further detail in Appendix J - Tail.

IV. GLOSSARY OF ACTUARIAL TERMS

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

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

Benefit Level Factor - Factor used to adjust historical losses to the current level of workers' compensation benefits.

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

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

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

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

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

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

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

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

Loss Rate - Ultimate losses per \$100 of payroll.

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

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

Paid Losses - Losses actually paid on all reported claims.

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

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

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

Severity - Average claim cost.

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

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

Santa Clara County Schools Insurance Group - Workers' Compensation
July 1, 1977 through December 31, 1995
Funding Guidelines for Outstanding Liabilities at
June 30, 2016

(A) Estimated Ultimate Losses Incurred through 6/30/16: (From Appendix E-Tail)	\$102,371,000
(B) Estimated Paid Losses through 6/30/16: (From Appendix E-Tail)	101,184,000
(C) Estimated Liability for Claims Outstanding at 6/30/16: (From Appendix E-Tail)	<u>\$1,187,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/16: (From Appendix D-Tail)	238,000
(E) Estimated Unrecoverable Amounts over the SIR Over the SIR as of 6/30/16: (From Exhibit I, Page 4, (C))	645,000
(F) Total Outstanding Liability for Claims at 6/30/16: ((C) + (D) + (E))	<u>\$2,070,000</u>
(G) Reserve Discount Factor (Based on a Discount Rate of 2.0%. (Appendix G-Tail, Page 1, (G))	0.959
(H) Discounted Outstanding Liability for Claims at 6/30/16: ((F) x (G))	<u>\$1,986,000</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(I) Confidence Level Factor: (From Appendix H-Tail)	1.127	1.184	1.250	1.332	1.442
(J) Margin for Adverse Experience: ((H) x [(I) - 1])	252,000	365,000	497,000	659,000	878,000
(K) Total Required Assets at 6/30/16: ((H) + (J))	<u>\$2,238,000</u>	<u>\$2,351,000</u>	<u>\$2,483,000</u>	<u>\$2,645,000</u>	<u>\$2,864,000</u>
(L) Estimated Total Assets at 6/30/16: (From Appendix J-Tail)	\$2,226,000	\$2,226,000	\$2,226,000	\$2,226,000	\$2,226,000
(M) Indicated Funding Redundancy/ (Deficiency): ((L) - (K))	<u>(\$12,000)</u>	<u>(\$125,000)</u>	<u>(\$257,000)</u>	<u>(\$419,000)</u>	<u>(\$638,000)</u>

Santa Clara County Schools Insurance Group - Workers' Compensation
Claims with Reserves Over the SIR and Outstanding Recoveries as of
6/30/2016

DOL (A)	Claim No. (B)	SIR (C)	Paid Over SIR (D)	Incurred Over SIR (E)	Reserves Over SIR (F)
10/17/1979	5010-80-0009	250,000	5,429	5,429	-
2/9/1982	5018-82-0095	250,000	144,596	144,596	-
4/19/1983	5013-83-0069	250,000	125,913	125,913	-
7/26/1983	5011-84-0001	100,000	6,844	6,844	-
9/2/1983	5014-84-0002	100,000	29,120	29,120	-
9/2/1983	5006-84-0024	100,000	44,741	44,741	-
1/19/1984	5001-84-0098	100,000	39,884	39,884	-
1/31/1984	5001-84-0100	100,000	7,161	7,161	-
2/22/1984	5006-84-0134	100,000	14,810	14,810	-
5/9/1984	5001-84-0149	100,000	17,455	17,455	-
5/15/1984	5020-84-0053	100,000	112,873	112,873	-
6/13/1984	5007-84-0079	100,000	17,137	17,137	-
3/15/1985	5008-85-0070	100,000	4,044	4,044	-
5/1/1985	5005-85-0184	100,000	6,325	6,325	-
5/31/1985	5002-85-0039	100,000	14,483	14,483	-
10/11/1985	5015-86-0039	125,000	34,668	34,668	-
10/14/1985	5018-86-0020	125,000	227,530	250,357	22,827
11/19/1985	5006-86-0164	125,000	638	638	-
3/4/1986	5008-86-0048	125,000	21,861	21,861	-
3/11/1986	5018-86-0040	125,000	40,080	40,080	-
4/4/1986	5010-86-0010	125,000	-	9,424	9,424
5/30/1986	5011-86-0028	125,000	73,410	73,410	-
12/5/1986	5017-87-0016	200,000	213,449	348,886	135,437
2/19/1987	5005-87-0156	200,000	36,029	119,576	83,547
5/7/1987	5008-87-0083	200,000	141,972	182,594	40,622
9/29/1987	5002-88-0005	250,000	59,884	59,884	-
3/25/1988	5005-88-0258	250,000	70,120	70,120	-
10/7/1988	5015-89-0012	150,000	333,841	686,368	352,527
4/12/1989	5001-89-0160	150,000	340,533	340,533	-
5/19/1989	5016-89-0018	150,000	21,777	21,777	-
9/11/1989	5004-90-0005	150,000	129,353	129,353	-
9/12/1989	5006-90-0022	150,000	-	18,881	18,881
2/22/1990	5010-90-0007	150,000	53,208	53,208	-
5/1/1990	5028-90-0095	150,000	387,938	387,938	-
6/21/1990	5001-90-0227	150,000	35	35	-
7/12/1990	5005-91-0026	150,000	1,312	1,312	-
9/10/1990	5006-91-0013	150,000	45,018	236,857	191,839
11/1/1990	5013-91-0033	150,000	79,955	79,955	-
11/20/1990	5008-91-0026	150,000	214,945	224,541	9,596
11/29/1990	5001-91-0098	150,000	599,480	599,480	-
12/6/1990	5013-91-0041	150,000	67,716	67,716	-
1/16/1991	5006-91-0093	150,000	302,857	302,857	-
1/28/1991	5005-91-0145	150,000	117,606	210,215	92,610
2/1/1991	5001-91-0132	150,000	9,550	9,550	-
3/25/1991	5007-91-0054	150,000	8,971	8,971	-
5/9/1991	5002-91-0067	150,000	-	44,788	44,788
6/21/1991	5005-91-0261	150,000	28,822	28,822	-
8/1/1991	5010-92-0004	150,000	791,923	1,251,892	459,969
9/25/1991	5008-92-0022	150,000	558,965	558,965	-
1/6/1992	5002-92-0077	150,000	163,450	163,450	-

Notes: (A) - (D) Provided by the Group.
(E) From data provided by the Group at 6-30-16.
(F) (E) - (D).

Santa Clara County Schools Insurance Group - Workers' Compensation
Claims with Reserves Over the SIR and Outstanding Recoveries as of
6/30/2016

DOL (A)	Claim No. (B)	SIR (C)	Paid Over SIR (D)	Incurred Over SIR (E)	Reserves Over SIR (F)
2/13/1992	5005-92-0184	150,000	47,513	59,376	11,863
3/3/1992	5001-92-0134	150,000	-	14,390	14,390
3/17/1992	5003-92-0011	150,000	52,326	145,754	93,427
7/23/1992	5020-93-0003	150,000	11,874	11,874	-
10/19/1992	5013-93-0019	150,000	78,629	78,629	-
1/5/1993	5016-93-0006	150,000	-	9,070	9,070
1/20/1993	5005-93-0149	150,000	-	182,767	182,767
2/5/1993	5017-93-0017	150,000	51,021	97,011	45,990
3/16/1993	5005-93-0214	150,000	116,286	116,286	-
3/31/1993	5015-93-0061	150,000	17,266	17,266	-
5/6/1993	5015-93-0084	150,000	8,437	8,437	-
5/21/1993	5018-93-0104	150,000	52,031	98,751	46,721
6/1/1993	5001-93-0166	150,000	2,132	2,132	-
7/2/1993	5001-94-0001	150,000	113,308	249,138	135,830
7/15/1993	5005-94-0012	150,000	28,568	28,568	-
8/2/1993	5001-94-0008	150,000	1,147	1,147	-
1/3/1994	5001-94-0099	150,000	53,117	78,732	25,614
1/20/1994	5005-94-0150	150,000	151,103	151,103	-
2/4/1994	5002-94-0035	150,000	303,099	303,099	-
2/4/1994	5007-94-0052	150,000	213,095	213,095	-
5/18/1994	5006-94-0165	150,000	54,506	140,717	86,211
3/21/1995	5014-95-0016	250,000	237,614	267,443	29,829
6/9/1995	5006-95-0158	250,000	14,663	284,169	269,505
7/28/1995	5004-96-0004	250,000	131,324	131,324	-
10/12/1995	5021-96-0010	250,000	10,011	10,011	-
10/17/1995	5005-96-0143	250,000	-	45,219	45,219
10/23/1995	5006-96-0045	250,000	6,662	6,662	-
11/6/1995	5027-96-0006	250,000	536,569	657,307	120,738
Total			\$8,060,009	\$10,639,251	\$2,579,241

Notes: (A) - (D) Provided by the Group.
(E) From data provided by the Group at 6-30-16.
(F) (E) - (D).

Santa Clara County Schools Insurance Group - Workers' Compensation
Estimated Unrecoverable Amounts over the SIR

(A) Outstanding Reserves above the SIR: (From Exhibit I, Page 4, Item (F))	\$2,579,000
(B) Estimated Unrecoverable Portion:	25%
(C) Estimated Additional Outstanding: ((A) x (B))	\$645,000

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 6/30/16 (B)	Estimated IBNR as of 6/30/16 (C)	Estimated Percent of IBNR Reported Between 7/1/16 and 6/30/17 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/17 (F)
1975-1976	\$0	\$0	\$0	100.0%	\$0	\$0
1976-1977			0	100.0%	0	0
1977-1978	32,176	32,176	0	100.0%	0	0
1978-1979	1,328,790	1,328,790	0	100.0%	0	0
1979-1980	2,304,072	2,301,875	2,197	100.0%	2,197	0
1980-1981	2,326,677	2,320,576	6,101	100.0%	6,101	(0)
1981-1982	3,119,161	3,119,161	0	100.0%	0	0
1982-1983	3,552,332	3,552,332	0	100.0%	0	0
1983-1984	5,572,588	5,572,588	0	100.0%	0	0
1984-1985	3,484,817	3,484,817	0	100.0%	0	0
1985-1986	4,123,697	4,118,633	5,064	100.0%	5,064	0
1986-1987	6,522,783	6,508,449	14,334	100.0%	14,334	0
1987-1988	6,573,006	6,565,752	7,254	100.0%	7,254	0
1988-1989	6,977,507	6,971,378	6,129	100.0%	6,129	0
1989-1990	7,304,064	7,287,146	16,918	100.0%	16,918	0
1990-1991	10,147,150	10,137,164	9,986	100.0%	9,986	(0)
1991-1992	9,006,000	8,991,701	14,299	100.0%	14,299	0
1992-1993	9,046,000	9,030,477	15,523	100.0%	15,523	0
1993-1994	8,659,000	8,642,336	16,664	50.0%	8,000	8,664
1994-1995	7,649,000	7,571,175	77,825	33.3%	26,000	51,825
1995-1996	4,642,000	4,630,002	11,998	24.9%	3,000	8,998
Totals	\$102,370,821	\$102,166,528	\$204,293		\$134,805	\$69,488

Notes:

- (A) From Exhibit 3-Tail, .
- (B) Provided by the Group. These losses exclude amounts incurred above the Group's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 7/1/16 and 6/30/17. The percentage is based on the development pattern selected in Appendix A-Tail.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/17. 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)	Exposure Method Based on Reported Losses (C)	Selected Estimate of Ultimate Losses (D)
1975-1976	\$0	\$0	\$0	\$0
1976-1977				
1977-1978	32,176	32,176	32,176	32,176
1978-1979	1,328,790	1,328,790	1,328,790	1,328,790
1979-1980	2,301,875	2,287,227	2,301,875	2,304,072
1980-1981	2,320,576	2,279,904	2,320,576	2,326,677
1981-1982	3,119,161	3,119,161	3,119,161	3,119,161
1982-1983	3,552,332	3,552,332	3,552,332	3,552,332
1983-1984	5,572,588	5,572,588	5,572,588	5,572,588
1984-1985	3,484,817	3,484,817	3,484,817	3,484,817
1985-1986	4,118,633	4,084,870	4,118,633	4,123,697
1986-1987	6,508,449	6,419,301	6,508,449	6,522,783
1987-1988	6,565,752	6,530,424	6,565,751	6,573,006
1988-1989	6,971,378	6,951,308	6,971,378	6,977,507
1989-1990	7,287,146	7,203,054	7,287,146	7,304,064
1990-1991	10,137,164	10,120,946	10,137,164	10,147,150
1991-1992	8,991,701	8,950,572	8,991,702	9,005,878
1992-1993	9,039,507	8,992,903	9,046,166	9,046,000
1993-1994	8,659,621	8,661,055	8,659,296	8,659,000
1994-1995	7,593,889	7,428,926	7,648,800	7,649,000
1995-1996	4,648,522	4,665,900	4,641,582	4,642,000
Totals				\$102,370,699

Notes:

- (A) From Appendix A-Tail, Page 1, Column (D).
- (B) From Appendix B-Tail, Page 1, Column (D).
- (C) From Appendix C-Tail, Page 1, 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 because each one relies on specific assumptions about the claims process that tend to hold generally true, but that may be violated in specific situations. Thus, the more estimation methods that can be applied, the better.

Santa Clara County Schools Insurance Group - Workers' Compensation

Reported Loss Development

Accident Year (A)	SIR Reported Losses as of 6/30/16 (B)	Reported Loss Development Factor (C)	Ultimate SIR Losses (D)
1975-1976	\$0	1.000	\$0
1976-1977	0	1.000	0
1977-1978	32,176	1.000	32,176
1978-1979	1,328,790	1.000	1,328,790
1979-1980	2,301,875	1.000	2,301,875
1980-1981	2,320,576	1.000	2,320,576
1981-1982	3,119,161	1.000	3,119,161
1982-1983	3,552,332	1.000	3,552,332
1983-1984	5,572,588	1.000	5,572,588
1984-1985	3,484,817	1.000	3,484,817
1985-1986	4,118,633	1.000	4,118,633
1986-1987	6,508,449	1.000	6,508,449
1987-1988	6,565,752	1.000	6,565,752
1988-1989	6,971,378	1.000	6,971,378
1989-1990	7,287,146	1.000	7,287,146
1990-1991	10,137,164	1.000	10,137,164
1991-1992	8,991,701	1.000	8,991,701
1992-1993	9,030,477	1.001	9,039,507
1993-1994	8,642,336	1.002	8,659,621
1994-1995	7,571,175	1.003	7,593,889
1995-1996	4,630,002	1.004	4,648,522
Totals	\$102,166,528		\$102,234,077

Notes:

- (A) Years are 7/1 to 6/30 except for 1995-1996: July 1, 1995 through December 31, 1995.
- (B) Provided by the Group. These losses exclude amounts over the SIR.
- (C) From Appendix A-Tail, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over the SIR.
- (E) Losses capped at the Group's SIR. Amounts are provided by the Group.
- (F) Derived from factors on Appendix A-Tail, 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

SIR Losses Reported as of:

Accident Year	252 Months	264 Months	276 Months	288 Months	300 Months	312 Months	324 Months	336 Months	348 Months	360 Months
1975-1976										
1976-1977										
1977-1978										
1978-1979										
1979-1980										2,245,020
1980-1981									2,255,219	2,271,532
1981-1982								3,117,134	3,117,134	3,117,134
1982-1983							3,528,589	3,538,376	3,533,814	3,533,814
1983-1984						5,582,541	5,572,185	5,572,185	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
1985-1986				4,147,884	4,147,943	4,148,660	4,126,372	4,126,372	4,126,629	4,118,633
1986-1987			6,292,281	6,284,805	6,329,297	6,373,932	6,368,592	6,373,930	6,404,298	6,508,449
1987-1988		6,579,462	6,610,799	6,613,536	6,625,489	6,593,840	6,565,452	6,565,752	6,565,752	
1988-1989	6,890,641	6,916,412	6,932,089	6,976,018	6,973,407	6,966,068	6,972,254	6,971,378		
1989-1990	7,196,789	7,190,189	7,223,242	7,245,210	7,245,210	7,263,364	7,287,146			
1990-1991	10,057,205	10,090,349	10,138,062	10,138,062	10,136,002	10,137,164				
1991-1992	8,918,935	8,935,374	8,955,524	8,984,927	8,991,701					
1992-1993	9,034,907	9,070,327	9,031,316	9,030,477						
1993-1994	8,619,515	8,617,069	8,642,336							
1994-1995	7,577,746	7,571,175								
1995-1996	4,630,002									

Reported Loss Development Factors:

	252-264 Months	264-276 Months	276-288 Months	288-300 Months	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months
1975-1976										
1976-1977										
1977-1978										
1978-1979										
1979-1980										1.013
1980-1981									1.007	0.990
1981-1982								1.000	1.000	1.000
1982-1983							1.003	0.999	1.000	1.004
1983-1984						0.998	1.000	1.000	1.000	1.000
1984-1985					1.007	1.000	1.000	0.993	1.000	1.000
1985-1986				1.000	1.000	0.995	1.000	1.000	0.998	1.000
1986-1987			0.999	1.007	1.007	0.999	1.001	1.005	1.016	
1987-1988		1.005	1.000	1.002	0.995	0.996	1.000	1.000		
1988-1989	1.004	1.002	1.006	1.000	0.999	1.001	1.000			
1989-1990	0.999	1.005	1.003	1.000	1.003	1.003				
1990-1991	1.003	1.005	1.000	1.000	1.000					
1991-1992	1.002	1.002	1.003	1.001						
1992-1993	1.004	0.996	1.000							
1993-1994	1.000	1.003								
1994-1995	0.999									
Average Dollar-weighted Averages	1.002	1.003	1.002	1.001	1.002	0.999	1.001	1.000	1.003	1.001
3-yr	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.002	1.007	1.000
4-yr	1.001	1.001	1.001	1.000	0.999	1.000	1.000	1.000	1.005	1.001
Prior	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.004	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000

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

SIR Losses Reported as of:

Accident Year	372 Months	384 Months	396 Months	408 Months	420 Months	432 Months	444 Months	456 Months	468 Months
1975-1976									
1976-1977									
1977-1978		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	
1979-1980	2,274,948	2,382,961	2,351,765	2,390,674	2,312,733	2,301,875	2,301,875		
1980-1981	2,248,245	2,269,275	2,269,275	2,284,685	2,308,685	2,320,576			
1981-1982	3,117,135	3,125,230	3,125,230	3,119,161	3,119,161				
1982-1983	3,547,062	3,590,415	3,552,332	3,552,332					
1983-1984	5,572,588	5,572,588	5,572,588						
1984-1985	3,484,719	3,484,817							
1985-1986	4,118,633								
1986-1987									
1987-1988									
1988-1989									
1989-1990									
1990-1991									
1991-1992									
1992-1993									
1993-1994									
1994-1995									
1995-1996									

	372-384 Months	384-396 Months	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-Ult. Months
1975-1976									
1976-1977									
1977-1978		1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1978-1979	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1979-1980	1.047	0.987	1.017	0.967	0.995	1.000			
1980-1981	1.009	1.000	1.007	1.011	1.005				
1981-1982	1.003	1.000	0.998	1.000					
1982-1983	1.012	0.989	1.000						
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									

	372-384 Months	384-396 Months	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-Ult. Months
Average Dollar-weighted Averages	1.010	0.997	1.004	0.996	1.000	1.000	1.000	1.000	
3-yr	1.003	0.997	1.001	0.993	1.000	1.000			
4-yr	1.003	0.997	1.004	0.994	1.000				1.009
Prior	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
Cumulated	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 6/30/16 (B)	Paid Loss Development Factor (C)	Ultimate SIR Losses (D)
1975-1976	\$0	1.000	\$0
1976-1977	0	1.000	0
1977-1978	32,176	1.000	32,176
1978-1979	1,328,790	1.000	1,328,790
1979-1980	2,287,227	1.000	2,287,227
1980-1981	2,279,904	1.000	2,279,904
1981-1982	3,119,161	1.000	3,119,161
1982-1983	3,552,332	1.000	3,552,332
1983-1984	5,572,588	1.000	5,572,588
1984-1985	3,484,817	1.000	3,484,817
1985-1986	4,084,870	1.000	4,084,870
1986-1987	6,412,888	1.001	6,419,301
1987-1988	6,517,389	1.002	6,530,424
1988-1989	6,930,516	1.003	6,951,308
1989-1990	7,174,357	1.004	7,203,054
1990-1991	10,070,593	1.005	10,120,946
1991-1992	8,897,189	1.006	8,950,572
1992-1993	8,921,531	1.008	8,992,903
1993-1994	8,575,302	1.010	8,661,055
1994-1995	7,340,836	1.012	7,428,926
1995-1996	4,601,479	1.014	4,665,900
Totals	\$101,183,945		\$101,666,254

Notes:

- (A) Years are 7/1 to 6/30 except for 1995-1996: July 1, 1995 through December 31, 1995.
- (B) Provided by the Group. These losses exclude amounts over the SIR.
- (C) From Appendix B-Tail, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over the SIR.
- (E) Losses capped at the Group's SIR. Amounts are provided by the Group.
- (F) Derived from factors on Appendix B-Tail, Page 4.
- (G) (E) x (F).

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

Accident Year	SIR Losses Paid as of:									
	252 Months	264 Months	276 Months	288 Months	300 Months	312 Months	324 Months	336 Months	348 Months	360 Months
1975-1976										
1976-1977										
1977-1978										
1978-1979										
1979-1980										2,213,731
1980-1981									2,201,408	2,208,585
1981-1982								3,117,134	3,117,134	3,117,134
1982-1983							3,517,442	3,533,800	3,533,814	3,533,814
1983-1984						5,565,374	5,570,151	5,570,861	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
1985-1986				4,055,551	4,059,842	4,068,127	4,070,039	4,071,961	4,076,039	4,080,926
1986-1987			6,241,393	6,250,180	6,271,652	6,316,770	6,351,373	6,359,408	6,361,892	6,412,888
1987-1988		6,450,304	6,456,678	6,468,711	6,472,986	6,480,130	6,505,278	6,514,747	6,517,389	
1988-1989	6,819,291	6,832,002	6,856,889	6,878,056	6,891,824	6,902,742	6,912,972	6,930,516		
1989-1990	7,123,638	7,129,343	7,137,696	7,145,476	7,151,590	7,160,459	7,174,357			
1990-1991	10,037,638	10,059,881	10,062,062	10,067,258	10,068,577	10,070,593				
1991-1992	8,862,499	8,869,391	8,877,250	8,885,312	8,897,189					
1992-1993	8,847,354	8,897,216	8,913,496	8,921,531						
1993-1994	8,539,040	8,564,636	8,575,302							
1994-1995	7,328,387	7,340,836								
1995-1996	4,601,479									

Paid Loss Development Factors:

	252-264 Months	264-276 Months	276-288 Months	288-300 Months	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months
	1975-1976									
1976-1977										
1977-1978										
1978-1979										
1979-1980										1.013
1980-1981									1.003	1.003
1981-1982								1.000	1.000	1.000
1982-1983							1.005	1.000	1.000	1.001
1983-1984						1.001	1.000	1.000	1.000	1.000
1984-1985					1.001	1.001	1.000	1.000	1.000	1.000
1985-1986				1.001	1.002	1.000	1.000	1.001	1.001	1.001
1986-1987			1.001	1.003	1.007	1.005	1.001	1.000	1.008	
1987-1988		1.001	1.002	1.001	1.001	1.004	1.001	1.000		
1988-1989	1.002	1.004	1.003	1.002	1.002	1.001	1.003			
1989-1990	1.001	1.001	1.001	1.001	1.001	1.002				
1990-1991	1.002	1.000	1.001	1.000	1.000					
1991-1992	1.001	1.001	1.001	1.001						
1992-1993	1.006	1.002	1.001							
1993-1994	1.003	1.001								
1994-1995	1.002									

	252-264 Months	264-276 Months	276-288 Months	288-300 Months	300-312 Months	312-324 Months	324-336 Months	336-348 Months	348-360 Months	360-372 Months
Average Dollar-weighted Averages	1.002	1.001	1.001	1.001	1.002	1.002	1.001	1.000	1.002	1.003
3-yr	1.004	1.001	1.001	1.001	1.001	1.002	1.002	1.001	1.004	1.000
4-yr	1.003	1.001	1.001	1.001	1.001	1.003	1.002	1.000	1.003	1.000
Prior	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001
Selected	1.002	1.002	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001
Cumulated	1.014	1.012	1.010	1.008	1.006	1.005	1.004	1.003	1.002	1.001

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

Accident Year	SIR Losses Paid as of:									
	372 Months	384 Months	396 Months	408 Months	420 Months	432 Months	444 Months	456 Months	468 Months	468 Months
1975-1976										
1976-1977										
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	2,241,514	2,281,607	2,283,828	2,284,522	2,285,417	2,286,368	2,287,227			
1980-1981	2,215,466	2,230,623	2,242,901	2,256,933	2,271,753	2,279,904				
1981-1982	3,117,135	3,118,647	3,119,161	3,119,161	3,119,161					
1982-1983	3,536,205	3,552,332	3,552,332	3,552,332						
1983-1984	5,572,588	5,572,588	5,572,588							
1984-1985	3,484,719	3,484,817								
1985-1986	4,084,870									
1986-1987										
1987-1988										
1988-1989										
1989-1990										
1990-1991										
1991-1992										
1992-1993										
1993-1994										
1994-1995										
1995-1996										
	372-384 Months	384-396 Months	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-Ult. Months	
1975-1976										
1976-1977										
1977-1978		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1978-1979	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1979-1980	1.018	1.001	1.000	1.000	1.000	1.000				
1980-1981	1.007	1.006	1.006	1.007	1.004					
1981-1982	1.000	1.000	1.000	1.000						
1982-1983	1.005	1.000	1.000							
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										
	372-384 Months	384-396 Months	396-408 Months	408-420 Months	420-432 Months	432-444 Months	444-456 Months	456-468 Months	468-Ult. Months	
Average Dollar-weighted Averages	1.004	1.001	1.001	1.001	1.001	1.000	1.000	1.000		
3-yr	1.001	1.000	1.002	1.002	1.002	1.000				
4-yr	1.001	1.001	1.001	1.002	1.002					
Prior	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		
Cumulated	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 6/30/16 (B)	Case Reserve Development Factor (C)	Ultimate SIR Losses (D)
1975-1976	\$0	1.000	\$0
1976-1977	0	1.000	0
1977-1978	0	1.000	32,176
1978-1979	0	1.000	1,328,790
1979-1980	14,648	1.000	2,301,875
1980-1981	40,672	1.000	2,320,576
1981-1982	0	1.000	3,119,161
1982-1983	0	1.000	3,552,332
1983-1984	0	1.000	5,572,588
1984-1985	0	1.000	3,484,817
1985-1986	33,763	1.000	4,118,633
1986-1987	95,561	1.000	6,508,449
1987-1988	48,362	1.000	6,565,751
1988-1989	40,862	1.000	6,971,378
1989-1990	112,789	1.000	7,287,146
1990-1991	66,571	1.000	10,137,164
1991-1992	94,513	1.000	8,991,702
1992-1993	108,946	1.144	9,046,166
1993-1994	67,034	1.253	8,659,296
1994-1995	230,340	1.337	7,648,800
1995-1996	28,523	1.406	4,641,582
Totals	\$982,584		\$102,288,382

Notes:

- (A) Years are 7/1 to 6/30 except for 1995-1996: July 1, 1995 through December 31, 1995.
 (B) Provided by the Group. These losses exclude amounts over the SIR.
 (C) Based on the development factors from Appendix A-Tail and Appendix B-Tail, Page 2.
 (D) (B) x (C). These estimated losses exclude amounts over the SIR.
 (E) Losses capped at the Group's SIR. Amounts are provided by the Group.
 (F) Based on the development factors from Appendix A-Tail and Appendix B-Tail, Page 2.
 (G) (E) x (F).

Santa Clara County Schools Insurance Group - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/16

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)
2015-2016	54.0	\$900	1.000	\$900	\$48,600
2016-2017	47.0	900	1.050	945	44,415
2017-2018	40.0	900	1.103	993	39,720
2018-2019	33.0	900	1.158	1,042	34,386
2019-2020	26.0	900	1.216	1,094	28,444
2020-2021	19.0	900	1.277	1,149	21,831
2021-2022	12.0	900	1.341	1,207	14,484
2022-2023	5.0	900	1.408	1,267	6,335
2023-2024	0.0	900	1.478	1,330	0
2024-2025	0.0	900	1.552	1,397	0
2025-2026	0.0	900	1.630	1,467	0
2026-2027	0.0	900	1.712	1,541	0
2027-2028	0.0	900	1.798	1,618	0
2028-2029	0.0	900	1.888	1,699	0
2029-2030	0.0	900	1.982	1,784	0
2030-2031	0.0	900	2.081	1,873	0
2031-2032	0.0	900	2.185	1,967	0
2032-2033	0.0	900	2.294	2,065	0

(G) Total ULAE Outstanding as of 6/30/16: \$238,215

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>6/30/2016</u>	<u>Calendar Period</u>	
		<u>7/1/2016</u> <u>to</u> <u>6/30/2017</u>	<u>7/1/2017</u> <u>to</u> <u>6/30/2018</u>
Prior			
Ultimate Loss	\$3,665,038	\$3,665,038	\$3,665,038
Paid in Calendar Period	-	4,211	3,159
Paid to Date	3,648,193	3,652,404	3,655,563
Outstanding Liability	16,845	12,634	9,475
1980-1981			
Ultimate Loss	\$2,326,677	\$2,326,677	\$2,326,677
Paid in Calendar Period	-	11,693	8,770
Paid to Date	2,279,904	2,291,597	2,300,367
Outstanding Liability	46,773	35,080	26,310
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	\$3,552,332	\$3,552,332	\$3,552,332
Paid in Calendar Period	-	-	-
Paid to Date	3,552,332	3,552,332	3,552,332
Outstanding Liability			
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	\$3,484,817	\$3,484,817	\$3,484,817
Paid in Calendar Period	-	-	-
Paid to Date	3,484,817	3,484,817	3,484,817
Outstanding Liability			
1985-1986			
Ultimate Loss	\$4,123,697	\$4,123,697	\$4,123,697
Paid in Calendar Period	-	9,707	7,280
Paid to Date	4,084,870	4,094,577	4,101,857
Outstanding Liability	38,827	29,120	21,840

Santa Clara County Schools Insurance Group - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2016</u>	<u>Calendar Period</u>	
		<u>7/1/2016</u> <u>to</u> <u>6/30/2017</u>	<u>7/1/2017</u> <u>to</u> <u>6/30/2018</u>
1986-1987			
Ultimate Loss	\$6,522,783	\$6,522,783	\$6,522,783
Paid in Calendar Period	-	27,474	20,605
Paid to Date	6,412,888	6,440,362	6,460,967
Outstanding Liability	109,895	82,421	61,816
1987-1988			
Ultimate Loss	\$6,573,006	\$6,573,006	\$6,573,006
Paid in Calendar Period	-	27,809	6,952
Paid to Date	6,517,389	6,545,198	6,552,150
Outstanding Liability	55,617	27,808	20,856
1988-1989			
Ultimate Loss	\$6,977,507	\$6,977,507	\$6,977,507
Paid in Calendar Period	-	15,648	15,672
Paid to Date	6,930,516	6,946,164	6,961,836
Outstanding Liability	46,991	31,343	15,671
1989-1990			
Ultimate Loss	\$7,304,064	\$7,304,064	\$7,304,064
Paid in Calendar Period	-	32,297	32,438
Paid to Date	7,174,357	7,206,654	7,239,092
Outstanding Liability	129,707	97,410	64,972
1990-1991			
Ultimate Loss	\$10,147,150	\$10,147,150	\$10,147,150
Paid in Calendar Period	-	15,235	15,269
Paid to Date	10,070,593	10,085,828	10,101,097
Outstanding Liability	76,557	61,322	46,053
1991-1992			
Ultimate Loss	\$9,006,000	\$9,006,000	\$9,006,000
Paid in Calendar Period	-	18,063	18,059
Paid to Date	8,897,189	8,915,252	8,933,311
Outstanding Liability	108,811	90,748	72,689
1992-1993			
Ultimate Loss	\$9,046,000	\$9,046,000	\$9,046,000
Paid in Calendar Period	-	30,993	15,517
Paid to Date	8,921,531	8,952,524	8,968,041
Outstanding Liability	124,469	93,476	77,959

Santa Clara County Schools Insurance Group - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2016</u>	<u>Calendar Period</u>	
		<u>7/1/2016</u> <u>to</u> <u>6/30/2017</u>	<u>7/1/2017</u> <u>to</u> <u>6/30/2018</u>
1993-1994			
Ultimate Loss	\$8,659,000	\$8,659,000	\$8,659,000
Paid in Calendar Period	-	16,572	16,714
Paid to Date	8,575,302	8,591,874	8,608,588
Outstanding Liability	83,698	67,126	50,412
1994-1995			
Ultimate Loss	\$7,649,000	\$7,649,000	\$7,649,000
Paid in Calendar Period	-	50,847	50,949
Paid to Date	7,340,836	7,391,683	7,442,632
Outstanding Liability	308,164	257,317	206,368
1995-1996			
Ultimate Loss	\$4,642,000	\$4,642,000	\$4,642,000
Paid in Calendar Period	-	5,713	5,743
Paid to Date	4,601,479	4,607,192	4,612,935
Outstanding Liability	40,521	34,808	29,065
Totals			
Ultimate Loss	\$102,370,821	\$102,370,821	\$102,370,821
Paid in Calendar Period	-	266,262	217,127
Paid to Date	101,183,945	101,450,207	101,667,334
Outstanding Liability	1,186,876	920,614	703,487
Total Outstanding ULAE	238,215	189,615	145,200
Outstanding Liability plus ULAE	1,425,091	1,110,229	848,687

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, \$50,847 is expected to be paid between 7/1/16 and 6/30/17, \$7,391,683 will have been paid by 6/30/17, and the reserve for remaining payments on these claims should be \$257,317.
- Ultimate Losses for each accident year are from Exhibit 3-Tail.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, $\$50,949 = \$257,317 \times 19.8\%$.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, $\$7,442,632 = \$50,949 + \$7,391,683$.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, $\$257,317 = \$7,649,000 - \$7,391,683$.

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 6/30/16:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$266,262	\$263,639
	ULAE:	48,600	48,121
	Short-Term Loss and LAE:	<u>\$314,862</u>	<u>\$311,760</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$920,614	\$875,025
	ULAE:	189,615	180,417
	Long-Term Loss and LAE:	<u>\$1,110,229</u>	<u>\$1,055,442</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,186,876	\$1,138,664
	ULAE:	238,215	228,538
	Total Loss and LAE:	<u>\$1,425,091</u>	<u>\$1,367,202</u>
<u>Liabilities as of 6/30/17:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$217,127	\$214,988
	ULAE:	44,415	43,977
	Short-Term Loss and LAE:	<u>\$261,542</u>	<u>\$258,965</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$703,487	\$672,270
	ULAE:	145,200	138,767
	Long-Term Loss and LAE:	<u>\$848,687</u>	<u>\$811,037</u>
<u>Total Liability</u>	Loss and ALAE:	\$920,614	\$887,258
	ULAE:	189,615	182,744
	Total Loss and LAE:	<u>\$1,110,229</u>	<u>\$1,070,002</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 6/30/16:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$297,121	\$312,149	\$329,549	\$351,167	\$380,167
	ULAE:	54,232	56,975	60,151	64,097	69,390
	Short-Term Loss and LAE:	<u>\$351,353</u>	<u>\$369,124</u>	<u>\$389,700</u>	<u>\$415,264</u>	<u>\$449,557</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$986,153	\$1,036,029	\$1,093,781	\$1,165,533	\$1,261,786
	ULAE:	203,331	213,614	225,522	240,316	260,162
	Long-Term Loss and LAE:	<u>\$1,189,484</u>	<u>\$1,249,643</u>	<u>\$1,319,303</u>	<u>\$1,405,849</u>	<u>\$1,521,948</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,283,274	\$1,348,178	\$1,423,330	\$1,516,700	\$1,641,953
	ULAE:	257,563	270,589	285,673	304,413	329,552
	Total Loss and LAE:	<u>\$1,540,837</u>	<u>\$1,618,767</u>	<u>\$1,709,003</u>	<u>\$1,821,113</u>	<u>\$1,971,505</u>
<u>Liabilities as of 6/30/17:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$242,291	\$254,546	\$268,735	\$286,364	\$310,013
	ULAE:	49,562	52,069	54,971	58,577	63,415
	Short-Term Loss and LAE:	<u>\$291,853</u>	<u>\$306,615</u>	<u>\$323,706</u>	<u>\$344,941</u>	<u>\$373,428</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$757,649	\$795,967	\$840,338	\$895,464	\$969,413
	ULAE:	156,390	164,300	173,459	184,838	200,102
	Long-Term Loss and LAE:	<u>\$914,039</u>	<u>\$960,267</u>	<u>\$1,013,797</u>	<u>\$1,080,302</u>	<u>\$1,169,515</u>
<u>Total Liability</u>	Loss and ALAE:	\$999,940	\$1,050,513	\$1,109,073	\$1,181,828	\$1,279,426
	ULAE:	205,952	216,369	228,430	243,415	263,517
	Total Loss and LAE:	<u>\$1,205,892</u>	<u>\$1,266,882</u>	<u>\$1,337,503</u>	<u>\$1,425,243</u>	<u>\$1,542,943</u>

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 6/30/16 (A)	Discount Factor (B)	Discounted Reserve at 6/30/16 (C)	Full Value of Reserve at 6/30/17 (D)	Discount Factor (E)	Discounted Reserve at 6/30/17 (F)
1975-1976	\$0	1.000	\$0	\$0	1.000	\$0
1976-1977	0	1.000	0	0	1.000	0
1977-1978	0	1.000	0	0	1.000	0
1978-1979	0	1.000	0	0	1.000	0
1979-1980	16,845	1.000	16,845	12,634	1.000	12,634
1980-1981	46,773	1.000	46,773	35,080	1.000	35,080
1981-1982	0	1.000	0	0	1.000	0
1982-1983	0	1.000	0	0	1.000	0
1983-1984	0	1.000	0	0	1.000	0
1984-1985	0	1.000	0	0	1.000	0
1985-1986	38,827	1.000	38,827	29,120	1.000	29,120
1986-1987	109,895	1.000	109,895	82,421	1.000	82,421
1987-1988	55,617	0.990	55,069	27,808	1.000	27,808
1988-1989	46,991	0.980	46,072	31,343	0.990	31,034
1989-1990	129,707	0.971	125,924	97,410	0.980	95,504
1990-1991	76,557	0.961	73,598	61,322	0.971	59,533
1991-1992	108,811	0.952	103,588	90,748	0.961	87,241
1992-1993	124,469	0.943	117,343	93,476	0.952	88,989
1993-1994	83,698	0.941	78,730	67,126	0.943	63,283
1994-1995	308,164	0.936	288,342	257,317	0.941	242,042
1995-1996	40,521	0.929	37,658	34,808	0.936	32,569
Totals	\$1,186,876		\$1,138,664	\$920,614		\$887,258

(G) Discount Factor at 6/30/16 for Overall Reserve: 0.959
(H) Discount Factor at 6/30/17 for Overall Reserve: 0.964

Notes:

- (A) From Appendix E-Tail, Outstanding Liability at 6/30/16.
- (B) Based on Appendix G-Tail, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix E-Tail, Outstanding Liability at 6/30/17.
- (E) Based on Appendix G-Tail, Page 2, Column (E).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.959, the discounted liability for outstanding claims is 95.9% of the full value.

Santa Clara County Schools Insurance Group - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Discounted* Reserves (C)	Undiscounted Reserves (D)	Discount Factor (E)
43	0.0%	0.000	0.000	1.000
42	0.0%	0.000	0.000	1.000
41	0.0%	0.000	0.000	1.000
40	0.0%	0.000	0.000	1.000
39	0.0%	0.000	0.000	1.000
38	0.0%	0.000	0.000	1.000
37	0.0%	0.000	0.000	1.000
36	0.0%	0.000	0.000	1.000
35	0.0%	0.000	0.000	1.000
34	0.0%	0.000	0.000	1.000
33	0.0%	0.000	0.000	1.000
32	0.0%	0.000	0.000	1.000
31	0.1%	0.001	0.001	0.990
30	0.1%	0.002	0.002	0.980
29	0.1%	0.003	0.003	0.971
28	0.1%	0.004	0.004	0.961
27	0.1%	0.005	0.005	0.952
26	0.1%	0.006	0.006	0.943
25	0.2%	0.007	0.008	0.941
24	0.2%	0.009	0.010	0.936
23	0.2%	0.011	0.012	0.929
22	0.2%	0.013	0.014	0.922

(F) Discount Factor for Future Funding: 0.931

* Assumed Investment Rate: 2.0%

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B-Tail, Page 2.
- (C) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, $1.1\% = [0.9\% / 1.020] + [0.2\% / (1.010)]$.
- (D) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (E) (C) / (D).
- (F) (E) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 0.93, on a discounted basis, \$0.93 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	Outstanding Losses
95%	1.623
90	1.442
85	1.332
80	1.250
75	1.184
70	1.127
65	1.077
60	1.031
55	0.990
50	0.950
45	0.912
40	0.875
35	0.837
30	0.800
25	0.760

To read table:

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
1/1/1975	12/31/1975	1975-1975	150,000	(none)
1/1/1976	12/31/1976	1976-1976	150,000	(none)
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 6/30/17

(A) <u>Estimated Total Assets as of 6/30/16:</u>	\$2,226,000
(B) <u>Total Income to Fund during 2016-2017</u>	
Contributions:	\$17,325,000
Interest:	41,000
Other:	152,000
Total Income:	<u>\$17,518,000</u>
(C) <u>Total Payments from Fund during 2016-2017</u>	
Loss and ALAE:	\$120,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	85,000
Fees to Outside Administrator (TPA):	0
Excess Insurance:	16,232,000
Other:	950,000
Total Payments:	<u>\$17,387,000</u>
(D) <u>Estimated Total Assets as of 6/30/17:</u>	\$2,357,000

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Incurred Losses as of 6/30/16

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)
1975-1976	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1976-1977	0	0	0	0	0	0	0	0	0	0
1977-1978	30,971	1,205	0	32,176	0	0	32,176	0	32,176	32,176
1978-1979	239,963	1,088,827	0	1,328,790	0	0	1,328,790	0	1,328,790	1,328,790
1979-1980	1,304,143	1,003,161	0	2,307,304	5,429	255,556	2,051,748	250,127	2,301,875	2,301,875
1980-1981	1,666,675	653,901	0	2,320,576	0	9,154	2,311,422	9,154	2,320,576	2,320,576
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	3,422,592	255,653	0	3,678,245	125,913	332,300	3,345,946	206,386	3,552,332	3,552,332
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	3,509,669	0	0	3,509,669	24,851	24,851	3,484,817	0	3,484,817	3,484,817
1985-1986	4,549,071	0	0	4,549,071	430,438	649,906	3,899,165	219,468	4,118,633	4,118,633
1986-1987	7,159,506	0	0	7,159,506	651,056	1,552,358	5,607,148	901,302	6,508,449	6,508,449
1987-1988	6,695,756	0	0	6,695,756	130,004	934,339	5,761,417	804,335	6,565,752	6,565,752
1988-1989	8,020,055	0	0	8,020,055	1,048,678	1,458,231	6,561,824	409,553	6,971,378	6,971,378
1989-1990	7,876,561	0	0	7,876,561	589,415	1,022,027	6,854,534	432,612	7,287,146	7,287,146
1990-1991	11,952,227	0	0	11,952,227	1,815,063	2,575,651	9,376,577	760,587	10,137,164	10,137,164
1991-1992	11,185,527	0	0	11,185,527	2,193,826	2,596,574	8,588,953	402,748	8,991,701	8,991,701
1992-1993	9,652,700	0	0	9,652,700	622,223	1,207,266	8,445,434	585,043	9,030,477	9,030,477
1993-1994	9,807,934	0	0	9,807,934	1,165,598	1,777,253	8,030,681	611,655	8,642,336	8,642,336
1994-1995	8,122,787	0	0	8,122,787	551,612	1,267,624	6,855,163	716,012	7,571,175	7,571,175
1995-1996	5,480,526	0	0	5,480,526	850,524	1,705,948	3,774,578	855,424	4,630,002	4,630,002
0	0	0	0	0	0	0	0	0	0	0
Total	\$109,190,022	\$3,615,757	\$0	\$112,805,779	\$10,639,251	\$17,959,467	\$94,846,312	\$7,320,217	\$102,166,528	\$102,166,528

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Losses as of 6/30/16

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)
1975-1976	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1976-1977	0	0	0	0	0	0	0	0	0	0
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	1,289,496	1,003,161	0	2,292,657	5,429	240,908	2,051,748	235,479	2,287,227	2,287,227
1980-1981	1,626,003	653,901	0	2,279,904	0	8,531	2,271,373	8,531	2,279,904	2,279,904
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	3,422,592	255,653	0	3,678,245	125,913	332,300	3,345,946	206,386	3,552,332	3,552,332
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	3,509,669	0	0	3,509,669	24,851	24,851	3,484,817	0	3,484,817	3,484,817
1985-1986	4,483,057	0	0	4,483,057	398,187	592,655	3,890,402	194,468	4,084,870	4,084,870
1986-1987	6,804,338	0	0	6,804,338	391,450	1,224,673	5,579,666	833,222	6,412,888	6,412,888
1987-1988	6,647,394	0	0	6,647,394	130,004	885,976	5,761,417	755,972	6,517,389	6,517,389
1988-1989	7,626,667	0	0	7,626,667	696,151	1,084,467	6,542,200	388,316	6,930,516	6,930,516
1989-1990	7,744,891	0	0	7,744,891	570,534	935,811	6,809,079	365,278	7,174,357	7,174,357
1990-1991	11,546,824	0	0	11,546,824	1,476,231	2,186,818	9,360,006	710,587	10,070,593	10,070,593
1991-1992	10,511,365	0	0	10,511,365	1,614,176	2,004,757	8,506,608	390,580	8,897,189	8,897,189
1992-1993	9,259,207	0	0	9,259,207	337,676	872,733	8,386,473	535,058	8,921,531	8,921,531
1993-1994	9,493,245	0	0	9,493,245	917,943	1,482,775	8,010,469	564,832	8,575,302	8,575,302
1994-1995	7,593,113	0	0	7,593,113	252,277	939,158	6,653,954	686,881	7,340,836	7,340,836
1995-1996	5,286,046	0	0	5,286,046	684,566	1,524,112	3,761,934	839,545	4,601,479	4,601,479
0	0	0	0	0	0	0	0	0	0	0
Total	\$105,628,197	\$3,615,757	\$0	\$109,243,954	\$8,060,009	\$14,930,956	\$94,312,998	\$6,870,947	\$101,183,945	\$101,183,945

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Case Reserves as of 6/30/16

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 to SIR Layer \$100,000 (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
1975-1976	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1976-1977	0	0	0	0	0	0	0	0	0	0
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	14,648	0	0	14,648	0	14,648	0	14,648	14,648	14,648
1980-1981	40,672	0	0	40,672	0	623	40,049	623	40,672	40,672
1981-1982	0	0	0	0	0	0	0	0	0	0
1982-1983	0	0	0	0	0	0	0	0	0	0
1983-1984	0	0	0	0	0	0	0	0	0	0
1984-1985	0	0	0	0	0	0	0	0	0	0
1985-1986	66,014	0	0	66,014	32,251	57,251	8,763	25,000	33,763	33,763
1986-1987	355,168	0	0	355,168	259,606	327,685	27,482	68,079	95,561	95,561
1987-1988	48,362	0	0	48,362	0	48,362	0	48,362	48,362	48,362
1988-1989	393,388	0	0	393,388	352,527	373,764	19,625	21,237	40,862	40,862
1989-1990	131,671	0	0	131,671	18,881	86,216	45,455	67,335	112,789	112,789
1990-1991	405,403	0	0	405,403	338,833	388,833	16,571	50,000	66,571	66,571
1991-1992	674,162	0	0	674,162	579,649	591,817	82,345	12,168	94,513	94,513
1992-1993	393,494	0	0	393,494	284,547	334,533	58,961	49,986	108,946	108,946
1993-1994	314,689	0	0	314,689	247,655	294,478	20,212	46,823	67,034	67,034
1994-1995	529,674	0	0	529,674	299,334	328,466	201,208	29,131	230,340	230,340
1995-1996	194,480	0	0	194,480	165,958	181,836	12,644	15,879	28,523	28,523
0	0	0	0	0	0	0	0	0	0	0
Total	\$3,561,825	\$0	\$0	\$3,561,825	\$2,579,241	\$3,028,511	\$533,314	\$449,270	\$982,584	\$982,584

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Claim Counts as of 6/30/16

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)
1975-1976	0	0	0	0	0	0	0	0	0	0
1976-1977	0	0	0	0	0	0	0	0	0	0
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	308	1,122	0	1,430	0	0
1983-1984	1,509	0	0	1,509	1,509	0	0	1,509	0	0
1984-1985	1,457	0	0	1,457	1,457	0	0	1,457	0	0
1985-1986	1,556	0	0	1,556	1,554	0	0	1,554	2	2
1986-1987	1,715	0	0	1,715	1,709	0	0	1,709	6	6
1987-1988	1,731	0	0	1,731	1,730	0	0	1,730	1	1
1988-1989	1,655	0	0	1,655	1,652	0	0	1,652	3	3
1989-1990	1,739	0	0	1,739	1,735	0	0	1,735	4	4
1990-1991	1,845	0	0	1,845	1,841	0	0	1,841	4	4
1991-1992	1,859	0	0	1,859	1,852	0	0	1,852	7	7
1992-1993	1,763	0	0	1,763	1,757	0	0	1,757	6	6
1993-1994	1,707	0	0	1,707	1,701	0	0	1,701	6	6
1994-1995	1,656	0	0	1,656	1,648	0	0	1,648	8	8
1995-1996	832	0	0	832	828	0	0	828	4	4
0	0	0	0	0	0	0	0	0	0	0
Total	21,601	6,417	0	28,018	21,547	6,417	0	27,964	54	54

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Group.
- (C) Purged claims.
- (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

Funding Options for Program Year 2016-2017 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2016-2017: (From Exhibit 4, Page 1)	\$9,801,000	\$0.973			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2016-2017: (From Exhibit 3-Projected Funding, Page 1, item (L))	735,000	0.073			
(C) Total Claims Costs Incurred in Accident Year 2016-2017: ((A) + (B))	<u>\$10,536,000</u>	<u>\$1.046</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.0%.): (Appendix F-Projected Funding, (F))	0.915				
(E) Discounted Total Claims Costs Incurred in Accident Year 2016-2017: ((C) x (D))	<u>\$9,643,000</u>	<u>\$0.957</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix G-Projected Funding)	1.088	1.121	1.159	1.205	1.267
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	849,000	1,167,000	1,533,000	1,977,000	2,575,000
(H) Recommended Funding in 2016-2017 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$10,492,000</u>	<u>\$10,810,000</u>	<u>\$11,176,000</u>	<u>\$11,620,000</u>	<u>\$12,218,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$10,072,894)	\$1.042	\$1.073	\$1.110	\$1.154	\$1.213

Payroll rates are per hundred dollars of 2016-2017 payroll of \$1,007,289,400.

Santa Clara County Schools Insurance Group - Workers' Compensation

Funding Options for Program Year 2017-2018 (SIR = \$250,000)
One-Year Funding Plan

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2017-2018: (From Exhibit 4, Page 1)	\$10,476,000	\$0.982			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2017-2018: (From Exhibit 3-Projected Funding, Page 1, item (L))	786,000	0.074			
(C) Total Claims Costs Incurred in Accident Year 2017-2018: ((A) + (B))	<u>\$11,262,000</u>	<u>\$1.056</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.0%.): (Appendix F-Projected Funding, (F))	0.915				
(E) Discounted Total Claims Costs Incurred in Accident Year 2017-2018: ((C) x (D))	<u>\$10,307,000</u>	<u>\$0.966</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix G-Projected Funding)	1.088	1.121	1.159	1.205	1.267
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	907,000	1,247,000	1,639,000	2,113,000	2,752,000
(H) Recommended Funding in 2017-2018 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$11,214,000</u>	<u>\$11,554,000</u>	<u>\$11,946,000</u>	<u>\$12,420,000</u>	<u>\$13,059,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$10,668,192)	\$1.051	\$1.083	\$1.120	\$1.164	\$1.224

Payroll rates are per hundred dollars of 2017-2018 payroll of \$1,066,819,200.

Santa Clara County Schools Insurance Group - Workers' Compensation

Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)
1995-1996			\$0	\$0	\$0	\$0
1996-1997						
1997-1998						
1998-1999						
1999-2000						
2000-2001						
2001-2002						
2002-2003						
2003-2004	\$13,776,186	14,508,487	13,737,567	14,324,986	12,869,164	14,142,000
2004-2005	9,913,151	10,001,038	9,866,284	9,876,630	9,031,302	9,913,000
2005-2006	8,163,912	7,844,273	8,106,297	7,769,150	7,334,361	8,052,000
2006-2007	7,705,030	7,805,295	7,678,480	7,742,730	7,398,303	7,705,000
2007-2008	11,012,552	10,974,987	10,873,640	10,714,682	9,477,632	10,782,000
2008-2009	10,519,545	10,666,539	10,413,327	10,435,157	9,523,930	10,593,000
2009-2010	8,934,217	8,949,274	8,897,049	8,870,481	8,624,572	8,934,000
2010-2011	9,750,676	9,588,974	9,581,702	9,314,028	8,580,288	9,670,000
2011-2012	8,637,417	8,160,954	8,444,579	7,957,734	6,762,242	8,212,000
2012-2013	7,957,071	7,562,933	7,883,327	7,565,414	7,136,172	7,742,000
2013-2014	8,694,559	7,517,296	8,523,112	7,723,157	8,010,210	8,269,000
2014-2015	7,888,034	6,749,866	8,231,172	7,972,768	8,966,008	8,102,000
2015-2016	8,599,001	6,834,476	8,856,810	8,619,931	9,094,176	8,738,000
Totals						\$120,854,000
			Projected Losses for the Year 2016-2017 (G)			\$9,801,000
			Projected Losses for the Year 2017-2018 (H)			\$10,476,000

Notes:

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

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

Santa Clara County Schools Insurance Group - Workers' Compensation

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)
1995-1996	0	1.671	0	0	0.000
1996-1997	0	1.491	0	0	0.000
1997-1998	0	1.284	0	0	0.000
1998-1999	0	1.139	0	0	0.000
1999-2000	0	1.016	0	0	0.000
2000-2001	0	0.949	0	0	0.000
2001-2002	0	0.945	0	0	0.000
2002-2003	0	0.992	0	0	0.000
2003-2004	\$10,578,000	1.243	\$13,148,454	\$10,724,876	\$1.226
2004-2005	7,387,000	1.589	11,737,943	10,446,104	1.124
2005-2006	5,969,000	1.677	10,010,013	10,619,173	0.943
2006-2007	5,993,000	1.575	9,438,975	10,420,179	0.906
2007-2008	7,640,000	1.449	11,070,360	11,898,103	0.930
2008-2009	7,640,000	1.335	10,199,400	11,159,410	0.914
2009-2010	6,882,000	1.205	8,292,810	9,983,842	0.831
2010-2011	6,814,000	1.148	7,822,472	9,413,511	0.831
2011-2012	6,290,000	1.141	7,176,890	9,047,663	0.793
2012-2013	5,644,000	1.126	6,355,144	8,944,786	0.710
2013-2014	6,167,000	1.114	6,870,038	9,274,343	0.741
2014-2015	6,171,000	1.063	6,559,773	9,800,440	0.669
2015-2016	6,749,000	1.012	6,829,988	9,539,410	0.716
Totals	\$89,924,000		\$115,512,260	131,271,840	\$0.880
10/11-14/15	31,086,000		34,784,317	46,480,743	0.748
12/13-15/16	24,731,000		26,614,943	37,558,979	0.709
				(F) Selected Limited Rate:	\$0.750
				Prior:	\$0.800

Program Year:	2016-2017	2017-2018
(G) Factor to SIR:	1.297	1.303
(H) Trend Factor:	1.000	1.005
(I) Program Rate:	\$0.973	\$0.982
(J) Trended Payroll (\$00):	10,072,894	10,668,192
(K) Projected Program Losses:	9,801,000	10,476,000
(L) Projected ULAE:	735,000	786,000
(M) Projected Loss and ULAE:	\$10,536,000	\$11,262,000

Notes appear on the next page.

Santa Clara County Schools Insurance Group - Workers' Compensation

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

Notes:

- (A) From Exhibit 2-Projected Funding, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E-Projected Funding, Page 1, Column (B).
- (C) $(A) \times (B)$.
- (D) From Appendix I-Projected Funding, Column (C).
- (E) $(C) / (D)$.
- (F) Selected based on (E).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) From Appendix E-Projected Funding.
 - (I) $(F) \times (G) \times (H)$.
- (J) From Appendix I-Projected Funding, Column (C).
- (K) $(I) \times (J)$.
- (L) Assume 7.5% of program losses.
- (M) $(K) + (L)$.

This exhibit shows the calculation of future loss costs based on the past loss rates per \$100 of payroll. 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 6/30/16 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 6/30/16 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1995-1996	\$0	1.006	\$0	\$0	1.007	\$0
1996-1997	0	1.008	0	0	1.009	0
1997-1998	0	1.010	0	0	1.012	0
1998-1999	0	1.012	0	0	1.015	0
1999-2000	0	1.015	0	0	1.020	0
2000-2001	0	1.018	0	0	1.026	0
2001-2002	0	1.021	0	0	1.033	0
2002-2003	0	1.024	0	0	1.040	0
2003-2004	\$10,289,946	1.028	\$10,578,064	\$13,132,684	1.049	\$13,776,186
2004-2005	7,150,725	1.033	7,386,699	9,360,860	1.059	9,913,151
2005-2006	5,750,615	1.038	5,969,138	7,622,700	1.071	8,163,912
2006-2007	5,739,943	1.044	5,992,500	7,101,410	1.085	7,705,030
2007-2008	7,269,606	1.051	7,640,356	10,002,318	1.101	11,012,552
2008-2009	7,214,069	1.059	7,639,699	9,384,072	1.121	10,519,545
2009-2010	6,437,897	1.069	6,882,112	7,802,810	1.145	8,934,217
2010-2011	6,310,911	1.080	6,815,784	8,319,689	1.172	9,750,676
2011-2012	5,939,206	1.091	6,479,674	7,173,934	1.204	8,637,417
2012-2013	5,172,924	1.104	5,710,908	6,345,352	1.254	7,957,071
2013-2014	5,608,289	1.121	6,286,892	6,616,864	1.314	8,694,559
2014-2015	4,905,091	1.256	6,160,794	5,155,578	1.530	7,888,034
2015-2016	4,269,613	1.601	6,835,650	4,269,613	2.014	8,599,001
Totals	\$82,058,835		\$90,378,270	\$102,287,884		\$121,551,351

Notes:

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

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

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

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

Limited Losses Reported as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2008-2009			7,053,957	7,699,037	7,630,764	7,281,262	7,375,249	7,214,069		
2009-2010		6,387,237	6,513,123	6,307,459	6,460,909	6,381,654	6,437,897			
2010-2011	4,414,580	6,303,384	6,289,246	6,091,817	6,144,422	6,310,911				
2011-2012	4,768,917	5,707,302	5,933,869	6,036,674	5,939,206					
2012-2013	4,905,883	5,324,561	4,951,569	5,172,924						
2013-2014	4,023,015	5,542,817	5,608,289							
2014-2015	4,787,300	4,905,091								
2015-2016	4,269,613									

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
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2007-2008				0.991	1.002	1.005	1.016	1.022		
2008-2009			1.091	0.991	0.954	1.013	0.978			
2009-2010		1.020	0.968	1.024	0.988	1.009				
2010-2011	1.428	0.998	0.969	1.009	1.027					
2011-2012	1.197	1.040	1.017	0.984						
2012-2013	1.085	0.930	1.045							
2013-2014	1.378	1.012								
2014-2015	1.025									

	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	1.223	1.000	1.018	1.000	0.995	1.007	0.999	1.006	1.010	1.007
3-yr	1.150	0.995	1.007	1.006	0.987	1.009	1.000	1.017	1.011	1.009
4-yr	1.162	0.996	0.997	1.002	0.991	1.007	1.001	1.007	1.007	
Comparative Factors	1.470	1.120	1.025	1.015	1.010	1.010	1.009	1.008	1.007	1.006
Prior	1.275	1.120	1.015	1.012	1.010	1.010	1.009	1.008	1.007	1.006
Selected	1.275	1.120	1.015	1.012	1.010	1.010	1.009	1.008	1.007	1.006
Cumulated	1.601	1.256	1.121	1.104	1.091	1.080	1.069	1.059	1.051	1.044

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

Accident Year	Limited Losses Reported as of:		
	132 Months	144 Months	156 Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	10,293,472	10,218,025	10,289,946
2004-2005	7,125,503	7,150,725	
2005-2006	5,750,615		
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
2015-2016			
	132-144 Months	144-156 Months	156-Ult. Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	0.993	1.007	
2004-2005	1.004		
2005-2006			
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
	132-144 Months	144-156 Months	156-Ult. Months
Average Dollar-weighted Averages	0.999	1.007	
3-yr			
4-yr			
Comparative Factors	1.005	1.005	1.028
Prior	1.005	1.033	
Selected	1.005	1.005	1.028
Cumulated	1.038	1.033	1.028

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

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
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2008-2009			1,564,401	2,580,461	3,137,408	3,433,294	3,575,547	3,442,184		
2009-2010		600,367	1,073,513	1,299,327	1,839,178	1,844,043	1,691,729			
2010-2011	318,337	722,616	1,566,438	2,112,983	2,022,048	2,454,885				
2011-2012	195,174	483,799	899,395	1,313,131	1,693,019					
2012-2013	416,075	836,477	1,070,213	1,454,255						
2013-2014	22,513	345,198	1,153,973							
2014-2015	85,883	250,487								
2015-2016										

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
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2007-2008				1.387	1.120	0.979	1.102	1.150		
2008-2009			1.649	1.216	1.094	1.041	0.963			
2009-2010		1.788	1.210	1.415	1.003	0.917				
2010-2011	2.270	2.168	1.349	0.957	1.214					
2011-2012	2.479	1.859	1.460	1.289						
2012-2013	2.010	1.279	1.359							
2013-2014	15.334	3.343								
2014-2015	2.917									
	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	5.002	2.087	1.405	1.253	1.072	0.975	1.027	1.010	1.017	1.058
3-yr	2.731	1.875	1.380	1.175	1.105	0.990	1.017	1.048	1.024	1.044
4-yr	2.662	1.964	1.341	1.190	1.110	0.988	1.036	1.046	0.986	
Comparative Factors	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Prior	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Selected	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Cumulated	18.084	6.576	3.461	2.508	1.975	1.748	1.589	1.471	1.375	1.303

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

Accident Year	Losses Reported as of:		
	132 Months	144 Months	156 Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	4,573,973	4,711,702	4,880,578
2004-2005	3,712,428	3,805,120	
2005-2006	2,732,758		
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
2015-2016			
	132-144 Months	144-156 Months	156-Ult. Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	1.030	1.036	
2004-2005	1.025		
2005-2006			
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
	132-144 Months	144-156 Months	156-Ult. Months
Average Dollar-weighted Averages	1.028	1.036	
3-yr			
4-yr			
Comparative Factors	1.040	1.029	1.159
Prior	1.040	1.193	
Selected	1.040	1.029	1.159
Cumulated	1.241	1.193	1.159

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 6/30/16 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 6/30/16 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1995-1996	\$0	1.013	\$0	\$0	1.044	\$0
1996-1997	0	1.017	0	0	1.051	0
1997-1998	0	1.021	0	0	1.061	0
1998-1999	0	1.025	0	0	1.069	0
1999-2000	0	1.029	0	0	1.078	0
2000-2001	0	1.034	0	0	1.088	0
2001-2002	0	1.039	0	0	1.099	0
2002-2003	0	1.045	0	0	1.111	0
2003-2004	\$10,087,139	1.052	\$10,611,670	\$12,896,433	1.125	\$14,508,487
2004-2005	6,774,600	1.060	7,181,076	8,757,476	1.142	10,001,038
2005-2006	5,384,787	1.070	5,761,722	6,750,665	1.162	7,844,273
2006-2007	5,463,191	1.081	5,905,709	6,581,193	1.186	7,805,295
2007-2008	6,799,299	1.094	7,438,433	9,047,805	1.213	10,974,987
2008-2009	6,860,253	1.110	7,614,881	8,519,600	1.252	10,666,539
2009-2010	5,953,965	1.132	6,739,888	6,862,940	1.304	8,949,274
2010-2011	5,827,723	1.169	6,812,608	6,978,875	1.374	9,588,974
2011-2012	5,008,674	1.218	6,100,565	5,566,817	1.466	8,160,954
2012-2013	4,231,193	1.303	5,513,244	4,709,174	1.606	7,562,933
2013-2014	3,869,358	1.453	5,622,177	4,110,058	1.829	7,517,296
2014-2015	2,885,051	1.831	5,282,528	2,888,261	2.337	6,749,866
2015-2016	1,488,344	3.570	5,313,388	1,488,344	4.592	6,834,476
Totals	\$70,633,577		\$85,897,889	\$85,157,641		\$117,164,392

Notes:

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

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

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Loss Development

Limited Losses Paid as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2008-2009			5,101,263	5,789,634	6,230,257	6,422,096	6,781,217	6,860,253		
2009-2010		3,890,645	4,756,516	5,291,852	5,701,156	5,853,613	5,953,965			
2010-2011	1,747,661	3,677,697	4,850,151	5,267,867	5,651,246	5,827,723				
2011-2012	1,665,512	3,268,854	4,165,766	4,678,727	5,008,674					
2012-2013	1,728,542	3,090,199	3,758,576	4,231,193						
2013-2014	1,626,471	3,047,641	3,869,358							
2014-2015	1,588,591	2,885,051								
2015-2016	1,488,344									

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
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2007-2008				1.049	1.043	1.040	1.029	1.052		
2008-2009			1.135	1.076	1.031	1.056	1.012			
2009-2010		1.223	1.113	1.077	1.027	1.017				
2010-2011	2.104	1.319	1.086	1.073	1.031					
2011-2012	1.963	1.274	1.123	1.071						
2012-2013	1.788	1.216	1.126							
2013-2014	1.874	1.270								
2014-2015	1.816									

	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	1.909	1.260	1.117	1.069	1.040	1.038	1.028	1.020	1.020	1.019
3-yr	1.825	1.254	1.110	1.074	1.030	1.038	1.020	1.026	1.020	1.024
4-yr	1.860	1.272	1.111	1.074	1.033	1.039	1.026	1.022	1.017	
Comparative Factors	2.500	1.400	1.170	1.090	1.050	1.033	1.020	1.015	1.012	1.010
Prior	1.950	1.260	1.115	1.070	1.042	1.033	1.020	1.015	1.012	1.010
Selected	1.950	1.260	1.115	1.070	1.042	1.033	1.020	1.015	1.012	1.010
Cumulated	3.570	1.831	1.453	1.303	1.218	1.169	1.132	1.110	1.094	1.081

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

Accident Year	Limited Losses Paid as of:		
	132 Months	144 Months	156 Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	10,032,083	10,071,810	10,087,139
2004-2005	6,757,155	6,774,600	
2005-2006	5,384,787		
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
2015-2016			
	132-144 Months	144-156 Months	156-Ult. Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	1.004	1.002	
2004-2005	1.003		
2005-2006			
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
	132-144 Months	144-156 Months	156-Ult. Months
Average Dollar-weighted Averages	1.004	1.002	
3-yr			
4-yr			
Comparative Factors	1.009	1.008	1.052
Prior	1.009	1.060	
Selected	1.009	1.008	1.052
Cumulated	1.070	1.060	1.052

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
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2008-2009			284,526	741,612	1,247,209	1,712,141	1,978,892	1,906,590		
2009-2010		31,795	305,655	423,059	765,017	870,830	945,854			
2010-2011		174,558	351,424	709,885	1,128,213	1,419,220				
2011-2012	52,906	145,119	289,508	404,275	610,637					
2012-2013	350,000	371,879	479,102	727,982						
2013-2014		6,180	240,700							
2014-2015		3,211								
2015-2016										

Paid Loss Development Factors:

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
1995-1996										
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
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	
2007-2008				1.592	1.432	1.161	1.208	1.345		
2008-2009			2.606	1.682	1.373	1.156	0.963			
2009-2010		9.613	1.384	1.808	1.138	1.086				
2010-2011		2.013	2.020	1.589	1.258					
2011-2012	2.743	1.995	1.396	1.510						
2012-2013	1.063	1.288	1.519							
2013-2014		38.948								
2014-2015										

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
Average Dollar-weighted Averages	1.903	10.771	1.785	1.636	1.281	1.182	1.106	1.129	1.119	1.068
3-yr		1.929	1.645	1.629	1.274	1.144	1.106	1.159	1.118	1.076
4-yr		1.950	1.589	1.646	1.318	1.139	1.104	1.150	1.099	
Comparative Factors										
Prior	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Selected	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Cumulated	331.020	82.755	26.695	11.123	6.356	4.237	3.259	2.607	2.219	2.017

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

Accident Year	Losses Paid as of:		
	132 Months	144 Months	156 Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	4,087,200	4,323,847	4,461,430
2004-2005	2,652,453	2,808,721	
2005-2006	1,659,020		
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
2015-2016			
	132-144 Months	144-156 Months	156-Ult. Months
1995-1996			
1996-1997			
1997-1998			
1998-1999			
1999-2000			
2000-2001			
2001-2002			
2002-2003			
2003-2004	1.058	1.032	
2004-2005	1.059		
2005-2006			
2006-2007			
2007-2008			
2008-2009			
2009-2010			
2010-2011			
2011-2012			
2012-2013			
2013-2014			
2014-2015			
	132-144 Months	144-156 Months	156-Ult. Months
Average Dollar-weighted Averages	1.059	1.032	
3-yr			
4-yr			
Comparative Factors	1.070	1.055	1.655
Prior	1.070	1.746	
Selected	1.070	1.055	1.655
Cumulated	1.868	1.746	1.655

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 6/30/16 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
1995-1996	0		1.007	0.007	0.524	0	
1996-1997	0		1.009	0.009	0.588	0	
1997-1998	0		1.012	0.012	0.690	0	
1998-1999	0		1.015	0.015	0.781	0	
1999-2000	0		1.020	0.020	0.880	0	
2000-2001	0		1.026	0.025	0.947	0	
2001-2002	0		1.033	0.032	0.956	0	
2002-2003	0		1.040	0.038	0.915	0	
2003-2004	\$10,724,876	\$13,132,684	1.049	0.047	\$1.200	\$604,883	\$13,737,567
2004-2005	10,446,104	9,360,860	1.059	0.056	0.864	505,424	9,866,284
2005-2006	10,619,173	7,622,700	1.071	0.066	0.690	483,597	8,106,297
2006-2007	10,420,179	7,101,410	1.085	0.078	0.710	577,070	7,678,480
2007-2008	11,898,103	10,002,318	1.101	0.092	0.796	871,322	10,873,640
2008-2009	11,159,410	9,384,072	1.121	0.108	0.854	1,029,255	10,413,327
2009-2010	9,983,842	7,802,810	1.145	0.127	0.863	1,094,239	8,897,049
2010-2011	9,413,511	8,319,689	1.172	0.147	0.912	1,262,013	9,581,702
2011-2012	9,047,663	7,173,934	1.204	0.169	0.831	1,270,645	8,444,579
2012-2013	8,944,786	6,345,352	1.254	0.203	0.847	1,537,975	7,883,327
2013-2014	9,274,343	6,616,864	1.314	0.239	0.860	1,906,248	8,523,112
2014-2015	9,800,440	5,155,578	1.530	0.346	0.907	3,075,594	8,231,172
2015-2016	9,539,410	4,269,613	2.014	0.503	0.956	4,587,197	8,856,810
Totals	131,271,840	\$102,287,884				\$18,805,462	\$121,093,346

Notes:

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

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and payroll 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 6/30/16 (B)	Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
1995-1996	0		1.044	0.042	0.524	0	
1996-1997	0		1.051	0.049	0.588	0	
1997-1998	0		1.061	0.057	0.690	0	
1998-1999	0		1.069	0.065	0.781	0	
1999-2000	0		1.078	0.072	0.880	0	
2000-2001	0		1.088	0.081	0.947	0	
2001-2002	0		1.099	0.090	0.956	0	
2002-2003	0		1.111	0.100	0.915	0	
2003-2004	\$10,724,876	\$12,896,433	1.125	0.111	\$1.200	\$1,428,553	\$14,324,986
2004-2005	10,446,104	8,757,476	1.142	0.124	0.864	1,119,154	9,876,630
2005-2006	10,619,173	6,750,665	1.162	0.139	0.690	1,018,485	7,769,150
2006-2007	10,420,179	6,581,193	1.186	0.157	0.710	1,161,537	7,742,730
2007-2008	11,898,103	9,047,805	1.213	0.176	0.796	1,666,877	10,714,682
2008-2009	11,159,410	8,519,600	1.252	0.201	0.854	1,915,557	10,435,157
2009-2010	9,983,842	6,862,940	1.304	0.233	0.863	2,007,541	8,870,481
2010-2011	9,413,511	6,978,875	1.374	0.272	0.912	2,335,153	9,314,028
2011-2012	9,047,663	5,566,817	1.466	0.318	0.831	2,390,917	7,957,734
2012-2013	8,944,786	4,709,174	1.606	0.377	0.847	2,856,240	7,565,414
2013-2014	9,274,343	4,110,058	1.829	0.453	0.860	3,613,099	7,723,157
2014-2015	9,800,440	2,888,261	2.337	0.572	0.907	5,084,507	7,972,768
2015-2016	9,539,410	1,488,344	4.592	0.782	0.956	7,131,587	8,619,931
Totals	131,271,840	\$85,157,641				\$33,729,207	\$118,886,848

Notes:

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

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and payroll 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)
1995-1996	0		1.671			0.449	1.167	0.524
1996-1997	0		1.491			0.503	1.170	0.588
1997-1998	0		1.284			0.584	1.181	0.690
1998-1999	0		1.139			0.658	1.187	0.781
1999-2000	0		1.016			0.738	1.193	0.880
2000-2001	0		0.949			0.790	1.199	0.947
2001-2002	0		0.945			0.794	1.205	0.956
2002-2003	0		0.992			0.756	1.211	0.915
2003-2004	\$10,724,876	\$10,578,000	1.243	\$13,148,454	\$1.226	\$0.986	1.217	\$1.200
2004-2005	10,446,104	7,387,000	1.589	11,737,943	1.124	0.707	1.223	0.864
2005-2006	10,619,173	5,969,000	1.677	10,010,013	0.943	0.562	1.229	0.690
2006-2007	10,420,179	5,993,000	1.575	9,438,975	0.906	0.575	1.235	0.710
2007-2008	11,898,103	7,640,000	1.449	11,070,360	0.930	0.642	1.241	0.796
2008-2009	11,159,410	7,640,000	1.335	10,199,400	0.914	0.685	1.247	0.854
2009-2010	9,983,842	6,882,000	1.205	8,292,810	0.831	0.689	1.253	0.863
2010-2011	9,413,511	6,816,000	1.148	7,824,768	0.831	0.724	1.259	0.912
2011-2012	9,047,663	6,480,000	1.141	7,393,680	0.817	0.657	1.265	0.831
2012-2013	8,944,786	5,711,000	1.126	6,430,586	0.719	0.666	1.272	0.847
2013-2014	9,274,343	6,287,000	1.114	7,003,718	0.755	0.673	1.278	0.860
2014-2015	9,800,440	6,161,000	1.063	6,549,143	0.668	0.706	1.284	0.907
2015-2016	9,539,410	6,531,000	1.012	6,609,372	0.693	0.741	1.290	0.956
Total/Avg	131,271,840	\$90,075,000		\$115,709,222	\$0.881			
10/11-14/15	46,480,743	31,455,000		35,201,895	\$0.757			

Selected Limited Rate: \$0.750
Prior: \$0.800

Notes:

- (A) From Appendix I-Projected Funding, Column (C).
- (B) Selected average of results from Appendices g and g.
- (C) From Appendix E-Projected Funding, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2010-2011 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 payroll that is needed to apply the estimation methods shown on pages 1 and 2 of this Appendix.

Santa Clara County Schools Insurance Group - Workers' Compensatio

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
1995-1996	\$4,604	0	\$0
1996-1997	5,277	0	0
1997-1998	6,306	0	0
1998-1999	7,285	0	0
1999-2000	8,364	0	0
2000-2001	9,185	0	0
2001-2002	9,455	0	0
2002-2003	9,242	0	0
2003-2004	\$12,446	1,034	\$12,869,164
2004-2005	9,618	939	9,031,302
2005-2006	8,721	841	7,334,361
2006-2007	10,769	687	7,398,303
2007-2008	11,072	856	9,477,632
2008-2009	12,010	793	9,523,930
2009-2010	12,646	682	8,624,572
2010-2011	12,864	667	8,580,288
2011-2012	10,033	674	6,762,242
2012-2013	10,433	684	7,136,172
2013-2014	10,810	741	8,010,210
2014-2015	11,614	772	8,966,008
2015-2016	12,492	728	9,094,176
Total		10,098	\$112,808,360

Notes:

- (A) From Appendix D-Projected Funding, Page 2, Colur
- (B) From Appendix D-Projected Funding, Page 2, Colur
- (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)
1995-1996				2.534		\$3,946	1.167	\$4,604
1996-1997				2.217		4,511	1.170	5,277
1997-1998				1.873		5,339	1.181	6,306
1998-1999				1.629		6,139	1.187	7,285
1999-2000				1.426		7,013	1.193	8,364
2000-2001				1.305		7,663	1.199	9,185
2001-2002				1.274		7,849	1.205	9,455
2002-2003				1.310		7,634	1.211	9,242
2003-2004	\$10,578,000	1,034	\$10,230	1.610	\$16,470	\$10,230	1.217	\$12,446
2004-2005	7,387,000	939	7,867	2.017	15,868	7,867	1.223	9,618
2005-2006	5,969,000	841	7,098	2.087	14,814	7,098	1.229	8,721
2006-2007	5,993,000	687	8,723	1.922	16,766	8,723	1.235	10,769
2007-2008	7,640,000	856	8,925	1.732	15,458	8,925	1.241	11,072
2008-2009	7,640,000	793	9,634	1.564	15,068	9,634	1.247	12,010
2009-2010	6,882,000	682	10,091	1.384	13,966	10,091	1.253	12,646
2010-2011	6,814,000	667	10,216	1.293	13,209	10,216	1.259	12,864
2011-2012	6,290,000	674	9,332	1.261	11,768	7,930	1.265	10,033
2012-2013	5,644,000	684	8,251	1.219	10,058	8,203	1.272	10,433
2013-2014	6,167,000	741	8,323	1.182	9,838	8,460	1.278	10,810
2014-2015	6,171,000	772	7,994	1.106	8,841	9,042	1.284	11,614
2015-2016	6,749,000	728	9,271	1.033	9,577	9,681	1.290	12,492

Average Limited Severity: \$13,208
Average 10/11-14/15 Limited Severity: \$10,743
Average 12/13-15/16 Limited Severity: \$9,579

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

Notes:

- (A) Selected average of results from Appendices g, g, and g.
- (B) Appendix D-Projected Funding, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E-Projected Funding, Page 1, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
1995-1996	0	0	0	0.0		0.655	
1996-1997	0	0	0	0.0		0.668	
1997-1998	0	0	0	0.0		0.682	
1998-1999	0	0	0	0.0		0.696	
1999-2000	0	0	0	0.0		0.710	
2000-2001	0	0	0	0.0		0.725	
2001-2002	0	0	0	0.0		0.740	
2002-2003	0	0	0	0.0		0.755	
2003-2004	1,034	1,032	1,034	1,072.5	0.964	0.769	0.741
2004-2005	939	930	939	1,044.6	0.899	0.785	0.706
2005-2006	841	836	841	1,061.9	0.792	0.801	0.634
2006-2007	687	691	687	1,042.0	0.659	0.817	0.538
2007-2008	856	852	856	1,189.8	0.719	0.834	0.600
2008-2009	793	798	793	1,115.9	0.711	0.851	0.605
2009-2010	682	686	682	998.4	0.683	0.868	0.593
2010-2011	667	681	667	941.4	0.709	0.886	0.628
2011-2012	674	690	674	904.8	0.745	0.904	0.673
2012-2013	684	713	684	894.5	0.765	0.922	0.705
2013-2014	741	789	741	927.4	0.799	0.942	0.753
2014-2015	772	869	772	980.0	0.788	0.961	0.757
2015-2016	728	859	728	953.9	0.763	0.980	0.748
Total	10,098	10,426	10,098	13,127.2			0.665
10/11-14/15	3,538	3,742	3,538	4,648.1			0.704

(H) Selected 2016-2017 Frequency: 0.750
Prior: 0.800

Program Year:	2016-2017	2017-2018
(I) Trend Factor:	1.000	0.980
(J) Selected Frequency:	0.750	0.735
(K) Estimated Payroll (\$000,000):	1,007.3	1,066.8
(L) Ultimate Claims:	755	784

Notes:

- (A) From Appendix D-Projected Funding, Page 4, (C).
- (B) From Appendix D-Projected Funding, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix I-Projected Funding, Column (C) divided by
- (E) (C) / (D).
- (F) From Appendix E-Projected Funding, Page 1, Column (H).
- (G) (E) x (F).
- (H) The selected frequency of .750 is based on (G).
- (I) From Appendix E-Projected Funding, Page 1, Column
- (J) (H) x (I).
- (K) From Appendix I-Projected Funding, Column (C) div
- (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 6/30/2016 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1995-1996	0	1.000	0	
1996-1997	0	1.000	0	
1997-1998	0	1.000	0	
1998-1999	0	1.000	0	
1999-2000	0	1.000	0	
2000-2001	0	1.000	0	
2001-2002	0	1.000	0	
2002-2003	0	1.000	0	
2003-2004	1,034	1.000	1,034	0.741
2004-2005	939	1.000	939	0.706
2005-2006	841	1.000	841	0.634
2006-2007	687	1.000	687	0.539
2007-2008	856	1.000	856	0.600
2008-2009	793	1.000	793	0.605
2009-2010	682	1.000	682	0.593
2010-2011	667	1.000	667	0.628
2011-2012	674	1.000	674	0.673
2012-2013	683	1.001	684	0.705
2013-2014	737	1.005	741	0.753
2014-2015	761	1.014	772	0.757
2015-2016	690	1.055	728	0.748
Total	10,044		10,098	0.665

Notes:

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

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 6/30/2016 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1995-1996	0	1.005	0	
1996-1997	0	1.006	0	
1997-1998	0	1.007	0	
1998-1999	0	1.008	0	
1999-2000	0	1.009	0	
2000-2001	0	1.010	0	
2001-2002	0	1.011	0	
2002-2003	0	1.012	0	
2003-2004	1,019	1.013	1,032	0.740
2004-2005	916	1.015	930	0.699
2005-2006	821	1.018	836	0.631
2006-2007	675	1.023	691	0.542
2007-2008	827	1.030	852	0.597
2008-2009	767	1.040	798	0.609
2009-2010	652	1.052	686	0.596
2010-2011	637	1.069	681	0.641
2011-2012	631	1.094	690	0.689
2012-2013	634	1.125	713	0.735
2013-2014	668	1.181	789	0.801
2014-2015	675	1.288	869	0.852
2015-2016	485	1.771	859	0.882
Total	9,407		10,426	0.689

Notes:

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

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

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

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
1995-1996													
1996-1997													
1997-1998													
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004								1,033	1,034	1,034	1,034	1,034	1,034
2004-2005							936	938	938	939	939	939	
2005-2006						838	838	839	840	841	841		
2006-2007					684	683	683	687	687	687			
2007-2008				856	856	856	856	856	856				
2008-2009			789	793	793	793	793	793					
2009-2010		670	678	679	681	681	682						
2010-2011	627	660	663	666	666	667							
2011-2012	629	662	668	670	674								
2012-2013	650	671	679	683									
2013-2014	708	730	737										
2014-2015	730	761											
2015-2016	690												

Reported Claim Count Development Factors:

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-Ult.
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
1995-1996													
1996-1997													
1997-1998													
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004								1.001	1.000	1.000	1.000	1.000	
2004-2005							1.002	1.000	1.001	1.000	1.000		
2005-2006						1.000	1.001	1.001	1.001	1.000			
2006-2007					0.999	1.000	1.006	1.000	1.000				
2007-2008				1.000	1.000	1.000	1.000	1.000					
2008-2009			1.005	1.000	1.000	1.000	1.000						
2009-2010		1.012	1.001	1.003	1.000	1.001							
2010-2011	1.053	1.005	1.005	1.000	1.002								
2011-2012	1.052	1.009	1.003	1.006									
2012-2013	1.032	1.012	1.006										
2013-2014	1.031	1.010											
2014-2015	1.042												
Average	1.042	1.010	1.004	1.002	1.000	1.000	1.002	1.000	1.001	1.000	1.000	1.000	
Claim-weighted Averages													
3-yr	1.035	1.010	1.004	1.003	1.000	1.000	1.002	1.000	1.001	1.000			
4-yr	1.039	1.009	1.004	1.002	1.000	1.000	1.002	1.000	1.001				
Comparative Factors	1.100	1.007	1.004	1.003	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.040	1.009	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Selected	1.040	1.009	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.055	1.014	1.005	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
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
1995-1996													
1996-1997													
1997-1998													
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004								978	986	993	1,010	1,017	1,019
2004-2005							881	896	907	915	912	916	
2005-2006						789	799	807	813	816	821		
2006-2007					625	642	651	657	666	675			
2007-2008				753	779	796	811	819	827				
2008-2009			670	703	721	742	755	767					
2009-2010		532	580	612	632	642	652						
2010-2011	375	529	585	617	630	637							
2011-2012	387	542	587	613	631								
2012-2013	394	565	612	634									
2013-2014	485	631	668										
2014-2015	499	675											
2015-2016	485												

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-Ult. Months
1995-1996													
1996-1997													
1997-1998													
1998-1999													
1999-2000													
2000-2001													
2001-2002													
2002-2003													
2003-2004								1.008	1.007	1.017	1.007	1.002	
2004-2005							1.017	1.012	1.009	0.997	1.004		
2005-2006						1.013	1.010	1.007	1.004	1.006			
2006-2007					1.027	1.014	1.009	1.014	1.014				
2007-2008				1.035	1.022	1.019	1.010	1.010					
2008-2009			1.049	1.026	1.029	1.018	1.016						
2009-2010		1.090	1.055	1.033	1.016	1.016							
2010-2011	1.411	1.106	1.055	1.021	1.011								
2011-2012	1.401	1.083	1.044	1.029									
2012-2013	1.434	1.083	1.036										
2013-2014	1.301	1.059											
2014-2015	1.353												
Average	1.380	1.084	1.048	1.029	1.021	1.016	1.012	1.010	1.009	1.007	1.006	1.002	
Claim-weighted Averages													
3-yr	1.358	1.074	1.045	1.028	1.019	1.017	1.012	1.010	1.008	1.007			
4-yr	1.367	1.082	1.047	1.027	1.020	1.017	1.011	1.011	1.008				
Comparative Factors	1.600	1.080	1.050	1.030	1.025	1.015	1.010	1.008	1.005	1.004	1.003	1.002	1.013
Prior	1.375	1.090	1.050	1.029	1.024	1.016	1.012	1.010	1.007	1.005	1.003	1.015	
Selected	1.375	1.090	1.050	1.029	1.024	1.016	1.012	1.010	1.007	1.005	1.003	1.002	1.013
Cumulated	1.771	1.288	1.181	1.125	1.094	1.069	1.052	1.040	1.030	1.023	1.018	1.015	1.013

Santa Clara County Schools Insurance Group - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to	Factor to
		2016-2017 Loss Rate Level (B)	2017-2018 Loss Rate Level (C)	2018-2019 Loss Rate Level (D)	2019-2020 Loss Rate Level (E)	2016-2017 Frequency Level (F)	2017-2018 Frequency Level (G)	2018-2019 Frequency Level (H)	2019-2020 Frequency Level (I)	2016-2017 Severity Level (J)
1995-1996	1.509	1.671	1.680	1.688	1.696	0.655	0.642	0.629	0.616	2.534
1996-1997	1.354	1.491	1.498	1.506	1.513	0.668	0.655	0.642	0.629	2.217
1997-1998	1.172	1.284	1.291	1.297	1.304	0.682	0.669	0.655	0.642	1.873
1998-1999	1.045	1.139	1.144	1.150	1.156	0.696	0.682	0.668	0.655	1.629
1999-2000	0.937	1.016	1.021	1.026	1.031	0.710	0.696	0.682	0.668	1.426
2000-2001	0.880	0.949	0.954	0.959	0.963	0.725	0.710	0.696	0.682	1.305
2001-2002	0.880	0.945	0.950	0.955	0.960	0.740	0.725	0.710	0.696	1.274
2002-2003	0.928	0.992	0.997	1.002	1.007	0.755	0.740	0.724	0.710	1.310
2003-2004	1.168	1.243	1.249	1.255	1.262	0.769	0.754	0.739	0.724	1.610
2004-2005	1.500	1.589	1.597	1.605	1.613	0.785	0.770	0.754	0.739	2.017
2005-2006	1.591	1.677	1.685	1.693	1.702	0.801	0.785	0.769	0.754	2.087
2006-2007	1.501	1.575	1.582	1.590	1.598	0.817	0.801	0.785	0.769	1.922
2007-2008	1.387	1.449	1.456	1.463	1.470	0.834	0.818	0.801	0.785	1.732
2008-2009	1.284	1.335	1.341	1.348	1.355	0.851	0.834	0.817	0.801	1.564
2009-2010	1.164	1.205	1.211	1.217	1.223	0.868	0.851	0.834	0.817	1.384
2010-2011	1.115	1.148	1.154	1.160	1.166	0.886	0.869	0.851	0.834	1.293
2011-2012	1.114	1.141	1.147	1.153	1.158	0.904	0.886	0.868	0.851	1.261
2012-2013	1.104	1.126	1.132	1.137	1.143	0.922	0.904	0.886	0.868	1.219
2013-2014	1.098	1.114	1.120	1.125	1.131	0.942	0.923	0.904	0.886	1.182
2014-2015	1.052	1.063	1.068	1.073	1.079	0.961	0.942	0.922	0.904	1.106
2015-2016	1.007	1.012	1.017	1.022	1.028	0.980	0.960	0.941	0.922	1.033
2016-2017	1.000	1.000	1.005	1.010	1.015	1.000	0.980	0.960	0.941	1.000
2017-2018	1.000	--	1.000	1.005	1.010	--	1.000	0.980	0.960	--
2018-2019	1.000	--	--	1.000	1.005	--	--	1.000	0.980	--
2019-2020	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on WCIRB.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 2.5% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

Santa Clara County Schools Insurance Group - Workers' Compensation

Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
2003-2004	10,578,000	1,034	1.168	11,951	10,724,876	0.964
2004-2005	7,387,000	939	1.500	11,803	10,446,104	0.899
2005-2006	5,969,000	841	1.591	11,289	10,619,173	0.792
2006-2007	5,993,000	687	1.501	13,091	10,420,179	0.659
2007-2008	7,640,000	856	1.387	12,382	11,898,103	0.719
2008-2009	7,640,000	793	1.284	12,371	11,159,410	0.711
2009-2010	6,882,000	682	1.164	11,751	9,983,842	0.683
2010-2011	6,816,000	667	1.115	11,398	9,413,511	0.709
2011-2012	6,480,000	674	1.114	10,709	9,047,663	0.745
2012-2013	5,711,000	684	1.104	9,220	8,944,786	0.765
2013-2014	6,287,000	741	1.098	9,314	9,274,343	0.799
2014-2015	6,161,000	772	1.052	8,398	9,800,440	0.788
2015-2016	6,531,000	728	1.007	9,037	9,539,410	0.763

	<u>Severity Trend Factors</u>	<u>Frequency Trend Factors</u>
Latest 10 x 2015-2016	0.959	1.011
Latest 5 x 2015-2016	0.928	1.029
Prior	1.025	0.980
Default	1.025	0.980
Selected Residual Trend	1.025	0.980

Notes:

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

Santa Clara County Schools Insurance Group - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted* Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	6.0%	2.0%	0.060	0.060	0.990
21	0.8%	2.0%	0.066	0.068	0.973
20	0.9%	2.0%	0.073	0.077	0.958
19	0.8%	2.0%	0.080	0.084	0.944
18	0.7%	2.0%	0.085	0.092	0.931
17	0.9%	2.0%	0.093	0.101	0.919
16	0.9%	2.0%	0.099	0.110	0.908
15	0.9%	2.0%	0.107	0.119	0.898
14	1.1%	2.0%	0.115	0.130	0.890
13	1.3%	2.0%	0.126	0.143	0.883
12	1.5%	2.0%	0.139	0.158	0.878
11	1.7%	2.0%	0.153	0.175	0.873
10	1.9%	2.0%	0.168	0.194	0.869
9	2.6%	2.0%	0.190	0.219	0.868
8	3.2%	2.0%	0.218	0.251	0.869
7	3.8%	2.0%	0.251	0.289	0.870
6	4.5%	2.0%	0.290	0.333	0.871
5	5.7%	2.0%	0.341	0.390	0.874
4	7.3%	2.0%	0.407	0.463	0.878
3	11.5%	2.0%	0.512	0.578	0.886
2	20.6%	2.0%	0.707	0.784	0.901
1	21.6%	2.0%	0.906	1.000	0.906
(G) Discount Factor for Future Funding:					0.915

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B-Projected Funding, Page 2.
- (C) Assumed Investment Income Rates.
- (D) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, $70.7\% = [51.2\% / 1.020] + [20.6\% / (1.010)]$.
- (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 0.92, on a discounted basis, \$0.92 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%	1.364
90%	1.267
85%	1.205
80%	1.159
75%	1.121
70%	1.088
65%	1.058
60%	1.030
55%	1.004
50%	0.980
45%	0.955
40%	0.932
35%	0.908
30%	0.883
25%	0.857

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.267 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 6/30/16

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)
1995-1996	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1996-1997	0	0	0	0	0	0	0	0	0	0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	16,651,515	0	0	16,651,515	3,518,831	6,361,569	10,289,946	2,842,738	13,132,684	13,132,684
2004-2005	12,021,727	0	0	12,021,727	2,660,867	4,871,002	7,150,725	2,210,134	9,360,860	9,360,860
2005-2006	9,356,859	0	0	9,356,859	1,734,158	3,606,244	5,750,615	1,872,086	7,622,700	7,622,700
2006-2007	7,589,183	0	0	7,589,183	487,773	1,849,240	5,739,943	1,361,467	7,101,410	7,101,410
2007-2008	12,306,473	0	0	12,306,473	2,304,156	5,036,868	7,269,606	2,732,712	10,002,318	10,002,318
2008-2009	10,831,070	0	0	10,831,070	1,446,999	3,617,001	7,214,069	2,170,003	9,384,072	9,384,072
2009-2010	8,129,626	0	0	8,129,626	326,817	1,691,729	6,437,897	1,364,912	7,802,810	7,802,810
2010-2011	8,939,323	0	0	8,939,323	619,634	2,628,411	6,310,911	2,008,778	8,319,689	8,319,689
2011-2012	7,632,224	0	0	7,632,224	458,290	1,693,019	5,939,206	1,234,728	7,173,934	7,173,934
2012-2013	11,540,593	0	0	11,540,593	5,195,241	6,367,669	5,172,924	1,172,429	6,345,352	6,345,352
2013-2014	6,762,262	0	0	6,762,262	145,398	1,153,973	5,608,289	1,008,575	6,616,864	6,616,864
2014-2015	5,155,578	0	0	5,155,578	0	250,487	4,905,091	250,487	5,155,578	5,155,578
2015-2016	4,269,613	0	0	4,269,613	0	0	4,269,613	0	4,269,613	4,269,613
2016-2017	0	0	0	0	0	0	0	0	0	0
Total	\$121,186,046	\$0	\$0	\$121,186,046	\$18,898,164	\$39,127,212	\$82,058,834	\$20,229,049	\$102,287,883	\$102,287,883

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-Projected Funding.

Santa Clara County Schools Insurance Group - Workers' Compensation

Paid Losses as of 6/30/16

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 to SIR Layer \$100,000 (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
1995-1996	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1996-1997	0	0	0	0	0	0	0	0	0	0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	15,779,380	0	0	15,779,380	2,882,947	5,692,241	10,087,139	2,809,293	12,896,433	12,896,433
2004-2005	10,497,932	0	0	10,497,932	1,740,455	3,723,332	6,774,600	1,982,877	8,757,476	8,757,476
2005-2006	7,145,654	0	0	7,145,654	394,989	1,760,868	5,384,787	1,365,878	6,750,665	6,750,665
2006-2007	7,029,626	0	0	7,029,626	448,433	1,566,435	5,463,191	1,118,001	6,581,193	6,581,193
2007-2008	10,231,525	0	0	10,231,525	1,183,719	3,432,226	6,799,299	2,248,506	9,047,805	9,047,805
2008-2009	8,766,842	0	0	8,766,842	247,243	1,906,590	6,860,253	1,659,347	8,519,600	8,519,600
2009-2010	6,899,819	0	0	6,899,819	36,878	945,854	5,953,965	908,976	6,862,940	6,862,940
2010-2011	7,420,468	0	0	7,420,468	441,593	1,592,746	5,827,723	1,151,152	6,978,875	6,978,875
2011-2012	5,619,311	0	0	5,619,311	52,494	610,637	5,008,674	558,143	5,566,817	5,566,817
2012-2013	6,300,127	0	0	6,300,127	1,590,953	2,068,935	4,231,193	477,982	4,709,174	4,709,174
2013-2014	4,110,058	0	0	4,110,058	0	240,700	3,869,358	240,700	4,110,058	4,110,058
2014-2015	2,888,261	0	0	2,888,261	0	3,211	2,885,051	3,211	2,888,261	2,888,261
2015-2016	1,488,344	0	0	1,488,344	0	0	1,488,344	0	1,488,344	1,488,344
2016-2017	0	0	0	0	0	0	0	0	0	0
Total	\$94,177,347	\$0	\$0	\$94,177,347	\$9,019,706	\$23,543,773	\$70,633,574	\$14,524,067	\$85,157,641	\$85,157,641

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-Projected Funding.

Santa Clara County Schools Insurance Group - Workers' Compensation

Case Reserves as of 6/30/16

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 to SIR Layer \$100,000 (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
1995-1996	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1996-1997	0	0	0	0	0	0	0	0	0	0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	872,135	0	0	872,135	635,884	669,329	202,807	33,445	236,251	236,251
2004-2005	1,523,795	0	0	1,523,795	920,412	1,147,670	376,126	227,258	603,383	603,383
2005-2006	2,211,204	0	0	2,211,204	1,339,169	1,845,376	365,828	506,207	872,035	872,035
2006-2007	559,557	0	0	559,557	39,340	282,805	276,752	243,465	520,217	520,217
2007-2008	2,074,949	0	0	2,074,949	1,120,436	1,604,642	470,307	484,206	954,513	954,513
2008-2009	2,064,228	0	0	2,064,228	1,199,756	1,710,412	353,816	510,656	864,472	864,472
2009-2010	1,229,807	0	0	1,229,807	289,938	745,875	483,932	455,937	939,869	939,869
2010-2011	1,518,854	0	0	1,518,854	178,041	1,035,666	483,189	857,625	1,340,814	1,340,814
2011-2012	2,012,913	0	0	2,012,913	405,796	1,082,381	930,532	676,585	1,607,117	1,607,117
2012-2013	5,240,466	0	0	5,240,466	3,604,288	4,298,735	941,731	694,447	1,636,178	1,636,178
2013-2014	2,652,204	0	0	2,652,204	145,398	913,273	1,738,931	767,875	2,506,806	2,506,806
2014-2015	2,267,317	0	0	2,267,317	0	247,276	2,020,041	247,276	2,267,317	2,267,317
2015-2016	2,781,269	0	0	2,781,269	0	0	2,781,269	0	2,781,269	2,781,269
2016-2017	0	0	0	0	0	0	0	0	0	0
Total	\$27,008,699	\$0	\$0	\$27,008,699	\$9,878,458	\$15,583,440	\$11,425,260	\$5,704,982	\$17,130,242	\$17,130,242

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix H-Projected Funding, Page 1, Column (B) - Appendix H-Projected Funding, Page 2, Column (B).
- (C) Appendix H-Projected Funding, Page 1, Column (C) - Appendix H-Projected Funding, Page 2, Column (C).
- (D) Appendix H-Projected Funding, Page 1, Column (D) - Appendix H-Projected Funding, Page 2, Column (D).
- (E) (B) + (C) - (D).
- (F) Sum of case reserves in excess of SIR.
- (G) Sum of case reserves in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Not Included-Projected Funding.

Santa Clara County Schools Insurance Group - Workers' Compensation

Claim Counts as of 6/30/16

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)
1995-1996	0	0	0	0	0	0	0	0	0	0
1996-1997	0	0	0	0	0	0	0	0	0	0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	1,034	0	0	1,034	1,019	0	0	1,019	15	15
2004-2005	939	0	0	939	916	0	0	916	23	23
2005-2006	841	0	0	841	821	0	0	821	20	20
2006-2007	687	0	0	687	675	0	0	675	12	12
2007-2008	856	0	0	856	827	0	0	827	29	29
2008-2009	793	0	0	793	767	0	0	767	26	26
2009-2010	682	0	0	682	652	0	0	652	30	30
2010-2011	667	0	0	667	637	0	0	637	30	30
2011-2012	674	0	0	674	631	0	0	631	43	43
2012-2013	683	0	0	683	634	0	0	634	49	49
2013-2014	737	0	0	737	668	0	0	668	69	69
2014-2015	761	0	0	761	675	0	0	675	86	86
2015-2016	690	0	0	690	485	0	0	485	205	205
2016-2017	0	0	0	0	0	0	0	0	0	0
Total	10,044	0	0	10,044	9,407	0	0	9,407	637	637

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	Trended Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
1995-1996	2,625,100	1.679	4,407,543
1996-1997	8,567,400	1.638	14,033,401
1997-1998	6,254,979	1.598	9,995,456
1998-1999	6,442,489	1.559	10,043,840
1999-2000	6,473,227	1.521	9,845,778
2000-2001	7,065,309	1.484	10,484,919
2001-2002	7,466,188	1.448	10,811,040
2002-2003	7,461,413	1.413	10,542,977
2003-2004	7,777,285	1.379	10,724,876
2004-2005	7,766,620	1.345	10,446,104
2005-2006	8,093,882	1.312	10,619,173
2006-2007	8,140,765	1.280	10,420,179
2007-2008	9,526,103	1.249	11,898,103
2008-2009	9,154,561	1.219	11,159,410
2009-2010	8,396,839	1.189	9,983,842
2010-2011	8,115,096	1.160	9,413,511
2011-2012	7,992,635	1.132	9,047,663
2012-2013	8,102,161	1.104	8,944,786
2013-2014	8,611,275	1.077	9,274,343
2014-2015	9,324,872	1.051	9,800,440
2015-2016	9,306,741	1.025	9,539,410
2016-2017	10,072,894	1.000	10,072,894
2017-2018	10,668,192	1.000	10,668,192

Notes:

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