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Monday, February 12, 2018

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

RE: Experience Modification Factors for the Workers' Compensation Program

Dear Ms. Kelsch:

As you requested, we have developed experience modification factors for the Santa Clara County Schools' Insurance Group's workers' compensation program. Attached are detailed calculations for each member for the 2018-19 program year. We understand that the Group has adopted a credibility weighted methodology based on losses from the previous five years which are individually capped at \$125,000.

The table on the following page summarizes the prior 2017-18 and current 2018-19 experience modification factors for the Group's members.

**SCCSIG PROPOSED 2018-19 EXPERIENCE MODIFICATION FACTORS**  
**FIVE-YEAR CREDIBILITY METHOD**  
**BASED ON LOSSES LIMITED TO \$125,000 PER OCCURRENCE**

	Actual 2017-18 Prior	Proposed 2018-19 Current	% Change From 17-18
BERRYESSA	1.028	0.966	-6%
CAMBRIAN	0.939	0.941	0%
CUPERTINO	0.917	0.866	-6%
EAST SIDE	1.081	1.170	8%
FRANKLIN-MCKINLEY	1.348	1.324	-2%
FREMONT UNION	0.792	0.716	-10%
GILROY	1.313	1.413	8%
LAKESIDE JOINT	0.969	0.977	1%
LOMA PRIETA	0.928	0.935	1%
LOS ALTOS	0.738	0.693	-6%
LOS GATOS – SARATOGA DCER	1.045	0.966	-8%
LOS GATOS-SARATOGA	0.724	0.749	3%
LOS GATOS UNION	0.820	0.853	4%
LUTHER BURBANK	1.066	0.963	-10%
METRO EDUCATION DISTRICT	1.035	1.046	1%
MORELAND	0.906	0.938	3%
MORGAN HILL	1.148	1.206	5%
MT PLEASANT	0.962	1.041	8%
MOUNTAIN VIEW WHISMAN	0.982	1.063	8%
MT VIEW - LOS ALTOS	0.655	0.637	-3%
OAK GROVE	1.079	1.168	8%
ORCHARD	0.955	0.926	-3%
SARATOGA UNION	0.901	0.906	1%
SUNNYVALE	0.910	0.985	8%
UNION	0.847	0.852	1%
MILPITAS USD	1.170	1.131	-3%
SANTA CLARA USD	1.021	0.949	-7%
AVERAGE	1.000	1.000	0%

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The following table illustrates the correlation between the change in the calculated experience mod and the percentage change in experience period losses. The prior mods were based on losses from accident years 2011-12 to 2015-16. The current mods are based on losses from accident years 2012-13 to 2016-17.

### **SCCSIG PROPOSED 2018-19 EXPERIENCE MODIFICATION FACTORS**

#### **Change in X-mods vs. Change in Experience Losses**

	Prior X-mod	Current X-mod	Change X-mod	Prior X-mod Losses	Current X-mod Losses	Change X-mod Losses
BERRYESSA	1.028	0.966	-6%	\$1,339,220	\$1,192,947	-11%
CAMBRIAN	0.939	0.941	0%	476,908	492,013	3%
CUPERTINO	0.917	0.866	-6%	3,037,924	2,900,005	-5%
EAST SIDE	1.081	1.170	8%	5,139,846	5,920,211	15%
FRANKLIN-MCKINLEY	1.348	1.324	-2%	2,824,333	2,828,233	0%
FREMONT UNION	0.792	0.716	-10%	1,611,483	1,322,659	-18%
GILROY	1.313	1.413	8%	3,058,311	3,567,365	17%
LAKESIDE JOINT	0.969	0.977	1%	0	0	0%
LOMA PRIETA	0.928	0.935	1%	6,090	8,169	34%
LOS ALTOS	0.738	0.693	-6%	315,790	212,094	-33%
LOS GATOS – SARATOGA DCER	1.045	0.966	-8%	204,269	61,623	-70%
LOS GATOS-SARATOGA	0.724	0.749	3%	212,524	271,373	28%
LOS GATOS UNION	0.820	0.853	4%	259,464	340,434	31%
LUTHER BURBANK	1.066	0.963	-10%	241,409	56,597	-77%
METRO EDUCATION DISTRICT	1.035	1.046	1%	363,549	368,671	1%
MORELAND	0.906	0.938	3%	713,541	818,114	15%
MORGAN HILL	1.148	1.206	5%	1,790,793	2,041,318	14%
MT PLEASANT	0.962	1.041	8%	451,460	625,482	39%
MOUNTAIN VIEW WHISMAN	0.982	1.063	8%	922,554	1,344,251	46%
MT VIEW - LOS ALTOS	0.655	0.637	-3%	328,836	307,918	-6%
OAK GROVE	1.079	1.168	8%	2,244,329	2,683,700	20%
ORCHARD	0.955	0.926	-3%	85,812	31,479	-63%
SARATOGA UNION	0.901	0.906	1%	346,353	354,627	2%
SUNNYVALE	0.910	0.985	8%	1,089,381	1,376,914	26%
UNION	0.847	0.852	1%	543,208	596,067	10%
MILPITAS USD	1.170	1.131	-3%	2,343,867	2,485,758	6%
SANTA CLARA USD	1.021	0.949	-7%	3,739,016	3,552,867	-5%
<b>TOTAL</b>	<b>1.000</b>	<b>1.000</b>	<b>0%</b>	<b>\$33,690,271</b>	<b>\$35,760,889</b>	<b>6%</b>

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We appreciate the opportunity to be of service to the 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

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

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Mike Harrington, FCAS, MAAA  
President, Actuarial Consulting, Bickmore  
Fellow, Casualty Actuarial Society  
Member, American Academy of Actuaries

**SCCSIG Credibility Plan Experience Modifiers  
Fiscal Year 2018-19 Funding Allocation**

Indicated Experience Modifiers With Credibility by Member

Member	5 Year Total Payroll (A)	5 Year Total Loss Rate (B)	Indicated Modifier (C)	Member Credibility (D)	Credibility Weighted Modifier (E)	Balanced Modifier (F)
BERRYESSA	\$197,373,055	\$0.60	0.940	44%	0.973	0.966
CAMBRIAN	94,559,837	0.52	0.809	28%	0.947	0.941
CUPERTINO	553,321,731	0.52	0.815	69%	0.872	0.866
EAST SIDE	741,445,606	0.80	1.241	75%	1.178	1.170
FRANKLIN-MCKINLEY	268,331,653	1.05	1.638	52%	1.333	1.324
FREMONT UNION	396,627,460	0.33	0.518	62%	0.721	0.716
GILROY	316,236,428	1.13	1.754	56%	1.423	1.413
LAKESIDE JOINT	4,111,371	0.00	0.000	2%	0.984	0.977
LOMA PRIETA	16,793,695	0.05	0.076	6%	0.941	0.935
LOS ALTOS	154,020,129	0.14	0.214	38%	0.698	0.693
LOS GATOS – SARATOGA DCER	16,658,161	0.37	0.575	6%	0.973	0.966
LOS GATOS-SARATOGA	136,412,351	0.20	0.309	36%	0.754	0.749
LOS GATOS UNION	102,162,800	0.33	0.518	29%	0.859	0.853
LUTHER BURBANK	17,923,361	0.32	0.491	7%	0.970	0.963
METRO EDUCATION DISTRICT	41,863,408	0.88	1.369	15%	1.053	1.046
MORELAND	149,358,334	0.55	0.851	38%	0.944	0.938
MORGAN HILL	217,976,605	0.94	1.456	47%	1.214	1.206
MT PLEASANT	81,276,298	0.77	1.196	25%	1.048	1.041
MOUNTAIN VIEW WHISMAN	157,137,048	0.86	1.330	39%	1.071	1.063
MT VIEW - LOS ALTOS	213,182,938	0.14	0.225	46%	0.641	0.637
OAK GROVE	311,467,512	0.86	1.339	56%	1.176	1.168
ORCHARD	23,291,675	0.14	0.210	9%	0.932	0.926
SARATOGA UNION	84,114,974	0.42	0.655	25%	0.912	0.906
SUNNYVALE	216,239,683	0.64	0.990	47%	0.992	0.985
UNION	148,713,004	0.40	0.623	38%	0.858	0.852
MILPITAS USD	309,289,122	0.80	1.249	56%	1.139	1.131
SANTA CLARA USD	589,052,182	0.60	0.938	70%	0.956	0.949
Member	\$5,558,940,423	\$0.64			1.007	1.000

## Notes:

- (A) Exhibit II, Page 1, Col (F)
- (B) Exhibit II, Page 3, Col (F)
- (C) (C) / Total (C)
- (D) (A) / ((A) + \$247,148,535)
- (E) (D) \* (C) + (1 - (D)); Tempered to limit changes from prior to maximum of +/-10%.
- (F) (E) balanced to 1.000

## SCCSIG Credibility Plan Experience Modifiers Fiscal Year 2018-19 Funding Allocation

### Payroll

Member	2012-13 (A)	2013-14 (B)	2014-15 (C)	2015-16 (D)	2016-17 (E)	5 Year Total (F)	Projected 2018-19 (G)
BERRYESSA	\$35,498,798	\$37,338,912	\$39,818,903	\$41,465,590	\$43,250,853	\$197,373,055	\$45,000,000
CAMBRIAN	16,585,476	17,894,002	19,013,214	19,887,825	21,179,320	94,559,837	21,908,149
CUPERTINO	98,179,737	103,300,573	110,791,561	120,182,972	120,866,888	553,321,731	121,013,287
EAST SIDE	133,846,820	136,491,098	147,720,077	159,109,745	164,277,865	741,445,606	133,514,827
FRANKLIN-MCKINLEY	47,509,177	50,800,694	54,377,960	57,151,072	58,492,750	268,331,653	59,534,623
FREMONT UNION	68,809,826	71,193,121	77,311,981	86,352,245	92,960,288	396,627,460	102,112,171
GILROY	54,424,740	58,640,682	63,476,524	67,888,639	71,805,843	316,236,428	73,067,610
LAKESIDE JOINT	691,789	790,267	806,913	955,018	867,384	4,111,371	847,464
LOMA PRIETA	2,791,937	2,960,432	3,381,519	3,801,678	3,858,129	16,793,695	3,860,321
LOS ALTOS	26,672,887	29,189,472	31,784,233	32,023,741	34,349,795	154,020,129	35,900,000
LOS GATOS – SARATOGA DCER	3,125,416	3,348,531	3,255,693	3,478,891	3,449,630	16,658,161	4,006,000
LOS GATOS-SARATOGA	24,495,103	26,058,866	27,657,406	28,490,435	29,710,542	136,412,351	32,200,000
LOS GATOS UNION	18,192,164	18,080,884	20,814,001	21,637,369	23,438,381	102,162,800	23,700,000
LUTHER BURBANK	2,832,479	3,095,642	3,781,975	4,051,517	4,161,749	17,923,361	3,992,197
METRO EDUCATION DISTRICT	8,982,548	8,901,280	7,925,095	7,727,877	8,326,608	41,863,408	8,300,000
MORELAND	26,735,708	27,950,928	30,057,475	31,274,606	33,339,618	149,358,334	36,072,960
MORGAN HILL	38,613,208	39,234,698	43,521,045	46,223,648	50,384,006	217,976,605	54,855,665
MT PLEASANT	14,512,871	15,504,722	15,958,208	17,213,499	18,086,998	81,276,298	18,881,754
MOUNTAIN VIEW WHISMAN	26,215,292	28,179,060	31,158,637	33,628,681	37,955,379	157,137,048	44,994,669
MT VIEW - LOS ALTOS	35,462,530	38,311,025	42,678,503	46,213,071	50,517,809	213,182,938	49,377,836
OAK GROVE	55,796,347	56,676,639	63,246,875	66,804,660	68,942,991	311,467,512	69,530,854
ORCHARD	3,676,315	4,158,978	4,767,467	5,140,242	5,548,673	23,291,675	5,500,000
SARATOGA UNION	15,115,180	15,658,036	17,518,574	17,772,007	18,051,177	84,114,974	18,516,393
SUNNYVALE	37,653,959	40,038,057	41,764,576	46,322,304	50,460,787	216,239,683	53,270,224
UNION	24,491,535	26,886,441	29,437,756	32,125,547	35,771,725	148,713,004	37,481,465
MILPITAS USD	54,931,635	57,872,886	61,606,757	65,836,338	69,041,506	309,289,122	73,000,000
SANTA CLARA USD	94,675,320	101,829,883	111,766,914	127,507,496	153,272,569	589,052,182	174,500,000
All Members	\$970,518,797	\$1,020,385,809	\$1,105,399,841	\$1,190,266,713	\$1,272,369,263	\$5,558,940,423	\$1,304,938,469

## Notes:

- (A) Provided by SCCSIG.
- (B) Provided by SCCSIG.
- (C) Provided by SCCSIG.
- (D) Provided by SCCSIG.
- (E) Provided by SCCSIG.
- (F) (A) + (B) + (C) + (D) + (E)
- (G) Provided by SCCSIG.

**SCCSIG Credibility Plan Experience Modifiers**  
**Fiscal Year 2018-19 Funding Allocation**

Incurred Losses as of December 31, 2017, Capped at \$125,000

Member	2012-13 (A)	2013-14 (B)	2014-15 (C)	2015-16 (D)	2016-17 (E)	5 Year Total (F)
BERRYESSA	\$418,305	\$328,232	\$60,256	\$261,031	\$125,122	\$1,192,947
CAMBRIAN	10,191	91,899	200,194	101,080	88,648	492,013
CUPERTINO	936,332	392,360	674,893	318,808	577,613	2,900,005
EAST SIDE	858,160	1,348,499	1,300,786	1,187,937	1,224,829	5,920,211
FRANKLIN-MCKINLEY	700,985	713,435	473,243	332,989	607,581	2,828,233
FREMONT UNION	283,572	159,231	283,175	368,221	228,461	1,322,659
GILROY	627,385	1,019,504	623,531	627,626	669,319	3,567,365
LAKESIDE JOINT	0	0	0	0	0	0
LOMA PRIETA	173	2,253	1,205	2,286	2,251	8,169
LOS ALTOS	75,397	51,127	37,075	10,457	38,037	212,094
LOS GATOS – SARATOGA DCER	27,987	1,089	8,892	22,614	1,041	61,623
LOS GATOS-SARATOGA	9,835	47,274	83,648	17,061	113,556	271,373
LOS GATOS UNION	20,267	23,075	140,112	63,806	93,174	340,434
LUTHER BURBANK	36,673	0	10,028	9,788	107	56,597
METRO EDUCATION DISTRICT	25,896	253,010	11,507	41,230	37,028	368,671
MORELAND	25,150	120,063	288,463	131,897	252,540	818,114
MORGAN HILL	311,320	596,553	51,052	493,600	588,793	2,041,318
MT PLEASANT	62,587	209,808	17,849	216,012	119,227	625,482
MOUNTAIN VIEW WHISMAN	42,925	214,449	139,838	506,770	440,269	1,344,251
MT VIEW - LOS ALTOS	58,172	32,450	165,103	16,699	35,493	307,918
OAK GROVE	703,964	303,373	294,858	605,433	776,073	2,683,700
ORCHARD	10,744	0	7,106	5,646	7,983	31,479
SARATOGA UNION	11,502	36,756	105,646	120,418	80,305	354,627
SUNNYVALE	214,996	433,652	191,921	258,308	278,038	1,376,914
UNION	163,277	153,530	137,125	76,921	65,214	596,067
MILPITAS USD	282,557	615,252	465,977	541,788	580,184	2,485,758
SANTA CLARA USD	522,857	615,623	965,982	779,785	668,619	3,552,867
All Members	\$6,441,207	\$7,762,499	\$6,739,468	\$7,118,210	\$7,699,506	\$35,760,889

## Notes:

- (A) Provided by SCCSIG
- (B) Provided by SCCSIG
- (C) Provided by SCCSIG
- (D) Provided by SCCSIG
- (E) Provided by SCCSIG
- (F) (A) + (B) + (C) + (D) + (E)

**SCCSIG Credibility Plan Experience Modifiers**  
**Fiscal Year 2018-19 Funding Allocation**

Reported Loss Rate Per \$100 of Payroll

Member	2012-13 (A)	2013-14 (B)	2014-15 (C)	2015-16 (D)	2016-17 (E)	5 Year Total (F)
BERRYESSA	\$1.18	\$0.88	\$0.15	\$0.63	\$0.29	\$0.60
CAMBRIAN	0.06	0.51	1.05	0.51	0.42	0.52
CUPERTINO	0.95	0.38	0.61	0.27	0.48	0.52
EAST SIDE	0.64	0.99	0.88	0.75	0.75	0.80
FRANKLIN-MCKINLEY	1.48	1.40	0.87	0.58	1.04	1.05
FREMONT UNION	0.41	0.22	0.37	0.43	0.25	0.33
GILROY	1.15	1.74	0.98	0.92	0.93	1.13
LAKESIDE JOINT	0.00	0.00	0.00	0.00	0.00	0.00
LOMA PRIETA	0.01	0.08	0.04	0.06	0.06	0.05
LOS ALTOS	0.28	0.18	0.12	0.03	0.11	0.14
LOS GATOS – SARATOGA DCER	0.90	0.03	0.27	0.65	0.03	0.37
LOS GATOS-SARATOGA	0.04	0.18	0.30	0.06	0.38	0.20
LOS GATOS UNION	0.11	0.13	0.67	0.29	0.40	0.33
LUTHER BURBANK	1.29	0.00	0.27	0.24	0.00	0.32
METRO EDUCATION DISTRICT	0.29	2.84	0.15	0.53	0.44	0.88
MORELAND	0.09	0.43	0.96	0.42	0.76	0.55
MORGAN HILL	0.81	1.52	0.12	1.07	1.17	0.94
MT PLEASANT	0.43	1.35	0.11	1.25	0.66	0.77
MOUNTAIN VIEW WHISMAN	0.16	0.76	0.45	1.51	1.16	0.86
MT VIEW - LOS ALTOS	0.16	0.08	0.39	0.04	0.07	0.14
OAK GROVE	1.26	0.54	0.47	0.91	1.13	0.86
ORCHARD	0.29	0.00	0.15	0.11	0.14	0.14
SARATOGA UNION	0.08	0.23	0.60	0.68	0.44	0.42
SUNNYVALE	0.57	1.08	0.46	0.56	0.55	0.64
UNION	0.67	0.57	0.47	0.24	0.18	0.40
MILPITAS USD	0.51	1.06	0.76	0.82	0.84	0.80
SANTA CLARA USD	0.55	0.60	0.86	0.61	0.44	0.60
All Members	\$0.66	\$0.76	\$0.61	\$0.60	\$0.61	\$0.64

## Notes:

- (A) Exhibit II, Page 2, Col (A) / Exhibit II, Page 1, Col (A)
- (B) Exhibit II, Page 2, Col (B) / Exhibit II, Page 1, Col (B)
- (C) Exhibit II, Page 2, Col (C) / Exhibit II, Page 1, Col (C)
- (D) Exhibit II, Page 2, Col (D) / Exhibit II, Page 1, Col (D)
- (E) Exhibit II, Page 2, Col (E) / Exhibit II, Page 1, Col (E)
- (F) Exhibit II, Page 2, Col (F) / Exhibit II, Page 1, Col (F)