



Bickmore

Actuarial

Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2019 and June 30, 2020
Forecast for Program Years 2019-20 and 2020-21*

Presented to
Business Enterprise Program

November 6, 2019





Wednesday, November 6, 2019

Mr. Nav Mahl
Administration Division
State of California
Department of General Services
707 Third Street
West Sacramento, CA 95605

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

Dear Mr. Mahl:

As requested, we have completed our review of the Business Enterprise Program's (BEP's) self-insured workers' compensation program. The key results of our analysis are as follows:

- We estimate the program's liability for outstanding claims to be \$2,193,000 and \$2,205,000 as of June 30, 2019 and June 30, 2020, respectively.
- Assuming an SIR of \$750,000 per occurrence, we estimate the ultimate cost of claims and claim adjustment expenses for claims incurred during the 2019-20 and 2020-21 program years to be \$582,000 and \$607,000, respectively.
- For budgeting purposes, the expected costs of 2019-20 and 2020-21 claims translate to rates of \$7.66 and \$7.78 per \$100 of payroll, respectively.

These amounts include 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 all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes).

The \$2,193,000 estimate is the minimum liability to be booked by BEP at June 30, 2019 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires BEP 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.

Note that all loss estimates included in this report do not reflect any discount for anticipated investment income.

Our conclusions regarding BEP's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2019 are summarized in the table below.

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,119,000					
ULAE	74,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,193,000	\$2,579,000	\$2,759,000	\$2,969,000	\$3,232,000	\$3,583,000
Assets	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000
Deficit	(\$353,000)	(\$739,000)	(\$919,000)	(\$1,129,000)	(\$1,392,000)	(\$1,743,000)

Given estimated program assets of \$1,840,000 as of June 30, 2019, the program was funded below the expected confidence level.

The following tables show BEP's liability for unpaid loss and loss adjustment expenses (LAE) and the deficit at June 30, 2020 and June 30, 2021 assuming 2019-20 and 2020-21 funding at expected, 75%, and 85% confidence level.

2019-20 and 2020-21 Funding at Expected Confidence Level

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
At June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,124,000					
ULAE	81,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,205,000	\$2,593,000	\$2,774,000	\$2,986,000	\$3,250,000	\$3,603,000
Assets	1,943,000					
Deficit	(\$262,000)	(\$650,000)	(\$831,000)	(\$1,043,000)	(\$1,307,000)	(\$1,660,000)

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
At June 30, 2021

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,170,000					
ULAE	91,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,261,000	\$2,659,000	\$2,844,000	\$3,061,000	\$3,333,000	\$3,694,000
Assets	2,090,000					
Deficit	(\$171,000)	(\$569,000)	(\$754,000)	(\$971,000)	(\$1,243,000)	(\$1,604,000)

2019-20 and 2020-21 Funding at 75% Confidence Level

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
At June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,124,000					
ULAE	81,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,205,000	\$2,593,000	\$2,774,000	\$2,986,000	\$3,250,000	\$3,603,000
Assets	2,179,000					
Deficit	(\$26,000)	(\$414,000)	(\$595,000)	(\$807,000)	(\$1,071,000)	(\$1,424,000)

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
At June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,170,000					
ULAE	91,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,261,000	\$2,659,000	\$2,844,000	\$3,061,000	\$3,333,000	\$3,694,000
Assets	2,572,000					
Surplus/(Deficit)	\$311,000	(\$87,000)	(\$272,000)	(\$489,000)	(\$761,000)	(\$1,122,000)

2019-20 and 2020-21 Funding at 85% Confidence Level

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
At June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,124,000					
ULAE	81,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,205,000	\$2,593,000	\$2,774,000	\$2,986,000	\$3,250,000	\$3,603,000
Assets	2,428,000					
Surplus/(Deficit)	\$223,000	(\$165,000)	(\$346,000)	(\$558,000)	(\$822,000)	(\$1,175,000)

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
At June 30, 2020

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,170,000					
ULAE	91,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,261,000	\$2,659,000	\$2,844,000	\$3,061,000	\$3,333,000	\$3,694,000
Assets	3,081,000					
Surplus/(Deficit)	\$820,000	\$422,000	\$237,000	\$20,000	(\$252,000)	(\$613,000)

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on BEP'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 Business Enterprise Program for the 2019-20 fiscal year.

Business Enterprise Program Self-Insured Workers' Compensation Program Funding Guidelines for 2019-20 Self-Insured Retention (SIR) of \$750,000						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$532,000					
ULAE	50,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$582,000	\$722,000	\$818,000	\$929,000	\$1,067,000	\$1,255,000
Excess Insurance	93,000	93,000	93,000	93,000	93,000	93,000
Indicated Funding	\$675,000	\$815,000	\$911,000	\$1,022,000	\$1,160,000	\$1,348,000
Rate per \$100 of 2019-20 Payroll	\$8.88	\$10.72	\$11.99	\$13.45	\$15.26	\$17.74

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019.

The table below shows our funding recommendations for Business Enterprise Program for the 2020-21 fiscal year.

Business Enterprise Program
Self-Insured Workers' Compensation Program
Funding Guidelines for 2020-21
Self-Insured Retention (SIR) of \$750,000

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$550,000					
ULAE	57,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$607,000	\$753,000	\$853,000	\$969,000	\$1,113,000	\$1,309,000
Excess Insurance	93,000	93,000	93,000	93,000	93,000	93,000
Indicated Funding	\$700,000	\$846,000	\$946,000	\$1,062,000	\$1,206,000	\$1,402,000
Rate per \$100 of 2020-21 Payroll	\$8.97	\$10.85	\$12.13	\$13.62	\$15.46	\$17.97

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2020.

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 BEP's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Business Enterprise Program in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial



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



Becky Richard, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
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TABLE OF CONTENTS

I. BACKGROUND	10
II. CONCLUSIONS AND RECOMMENDATIONS	11
A. LIABILITY FOR OUTSTANDING CLAIMS	11
B. PROGRAM FUNDING: GOALS AND OBJECTIVES	16
C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM	18
D. COMPARISON WITH PREVIOUS RESULTS	21
E. DATA PROVIDED FOR THE ANALYSIS	27
III. ASSUMPTIONS AND LIMITATIONS	28
IV. GLOSSARY OF ACTUARIAL TERMS	30
V. EXHIBITS	32
VI. APPENDICES	41

I. BACKGROUND

The Business Enterprise Program began its self-insured workers' compensation program on July 1, 1987. Its current self-insured retention is \$750,000, and excess coverage is provided by the Star Insurance Company. Claims administration services are provided by LWP. Additional background on the program is given in Appendix K.

As of June 30, 2019, BEP had assets of \$1,840,000 for the program.

The purpose of this review is to provide a guide to BEP to determine reasonable funding levels for its self-insurance program according to the funding policy BEP has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate BEP's liability for outstanding claims as of June 30, 2019 and June 30, 2020, project ultimate loss costs for 2019-20 and 2020-21, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

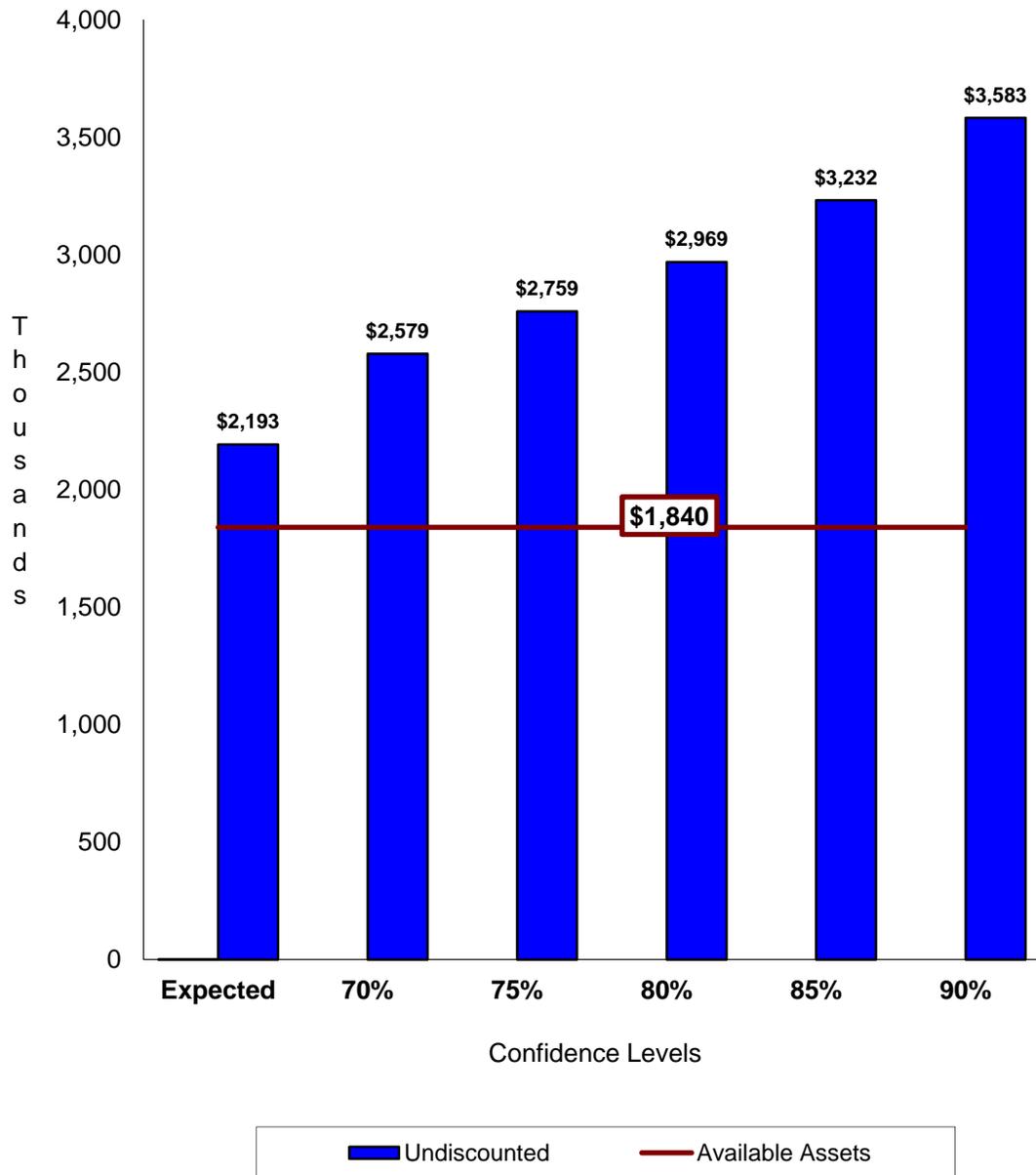
Graphs 1a and 1b on the following pages summarize our assessment of BEP's funding position as of June 30, 2019 and June 30, 2020. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due.

Our best estimate of the full value of BEP's liability for outstanding claims within its self-insured retention (SIR) is \$2,193,000 as of June 30, 2019, and \$2,205,000 as of June 30, 2020. These amounts include 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. Graphs 1a and 1b show 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.

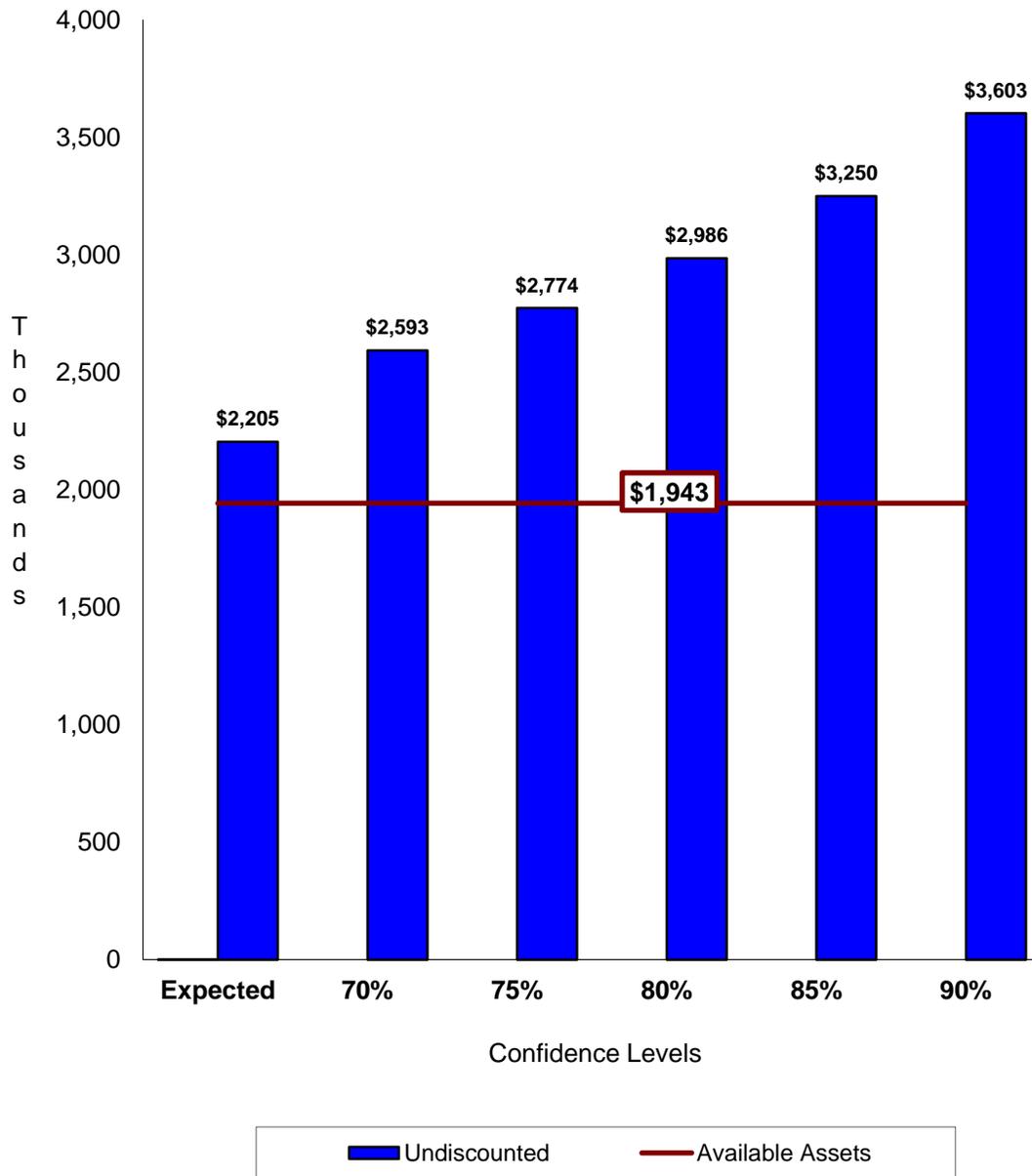
Graph 1a

Business Enterprise Program
Workers' Compensation
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2019



Graph 1b

Business Enterprise Program
Workers' Compensation
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2020



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2019, before recognition of investment income.

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2019

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2005-06	52,166	2,459	54,625
2006-07	77,090	2,771	79,861
2007-08	0	0	0
2008-09	17,237	6,499	23,736
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	46,983	102,715	149,698
2014-15	69,453	141,469	210,922
2015-16	230,058	243,663	473,721
2016-17	17,143	264,709	281,852
2017-18	21,143	350,031	371,174
2018-19	35,871	437,185	473,056
Loss and ALAE	\$567,144	\$1,551,501	\$2,118,645
ULAE		74,038	74,038
Total	\$567,144	\$1,625,539	\$2,192,683

The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2020, before recognition of investment income.

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2020

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2005-06	15,218	459	15,677
2006-07	38,399	1,771	40,170
2007-08	0	0	0
2008-09	11,736	4,499	16,235
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	34,505	79,715	114,220
2014-15	57,323	112,469	169,792
2015-16	160,048	187,663	347,711
2016-17	53,854	165,709	219,563
2017-18	68,310	226,031	294,341
2018-19	133,020	267,185	400,205
2019-20	94,932	411,000	505,932
Loss and ALAE	\$667,345	\$1,456,501	\$2,123,846
ULAE		81,074	81,074
Total	\$667,345	\$1,537,575	\$2,204,920

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 BEP.

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, BEP'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.

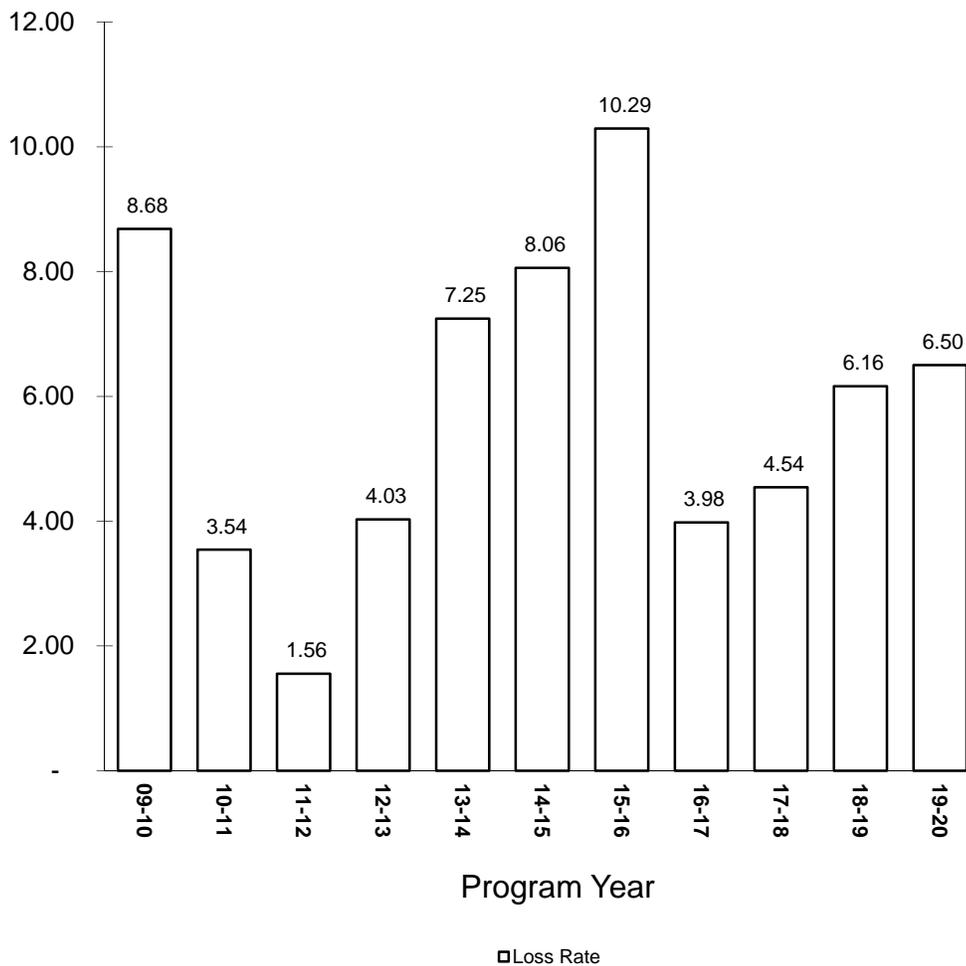
Program assets were \$1,840,000 at June 30, 2019, resulting in the program being funded below the expected confidence level.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The loss rate (based on losses limited to \$250,000 per occurrence) has varied over the last ten years, ranging from a high of \$10.29 per \$100 of payroll for the 2015-16 program year, to a low of \$1.56 per \$100 of payroll for the 2011-12 program year. We selected a loss rate of \$6.50 per \$100 of payroll for the 2019-20 program year based on the average of the last five years. See graph below.

Graph 2

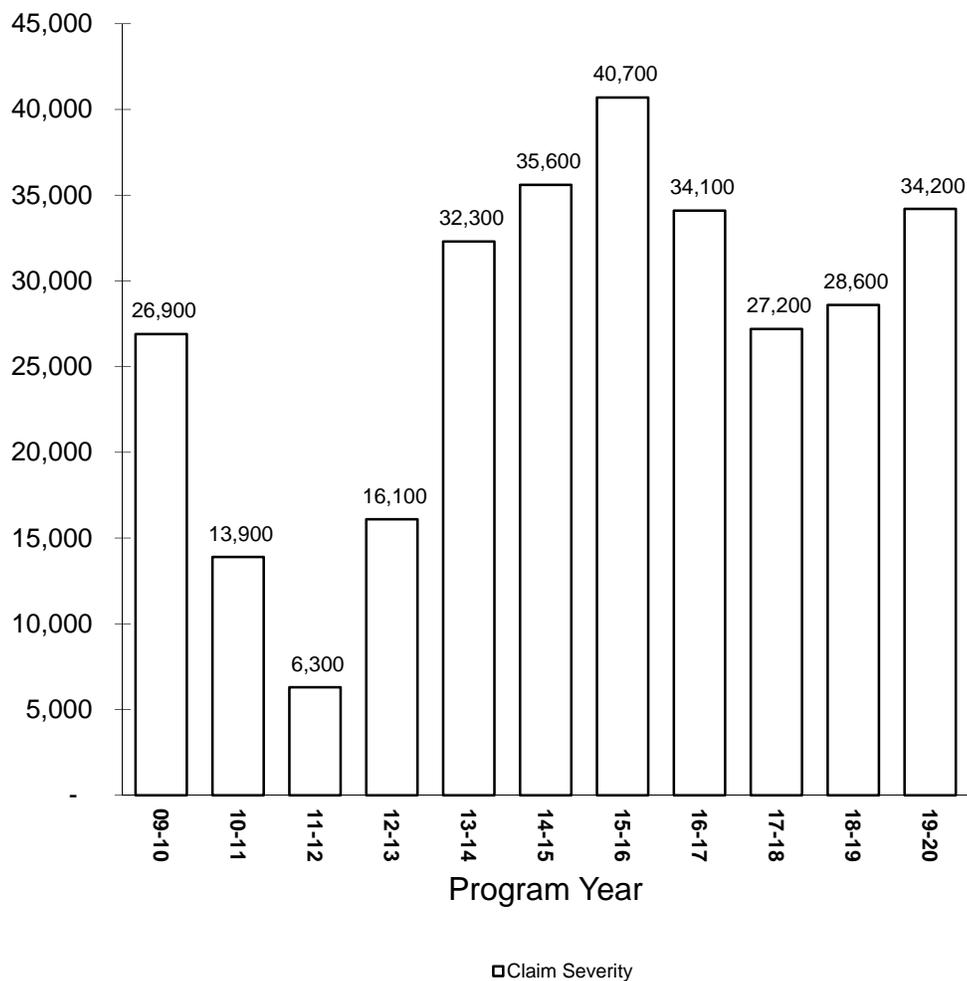
Business Enterprise Program-
Workers' Compensation
Dollars of Loss per
\$100 of Payroll



The average dollars of loss per claim (based on losses limited to \$250,000 per occurrence) has followed a generally increasing trend, with an average of \$19,100 per claim for the first five years, and an average of \$33,240 per claim for the last five years. We selected a severity of \$34,200 per claim for the 2019-20 program year based on an average of the last five years. See graph below.

Graph 3

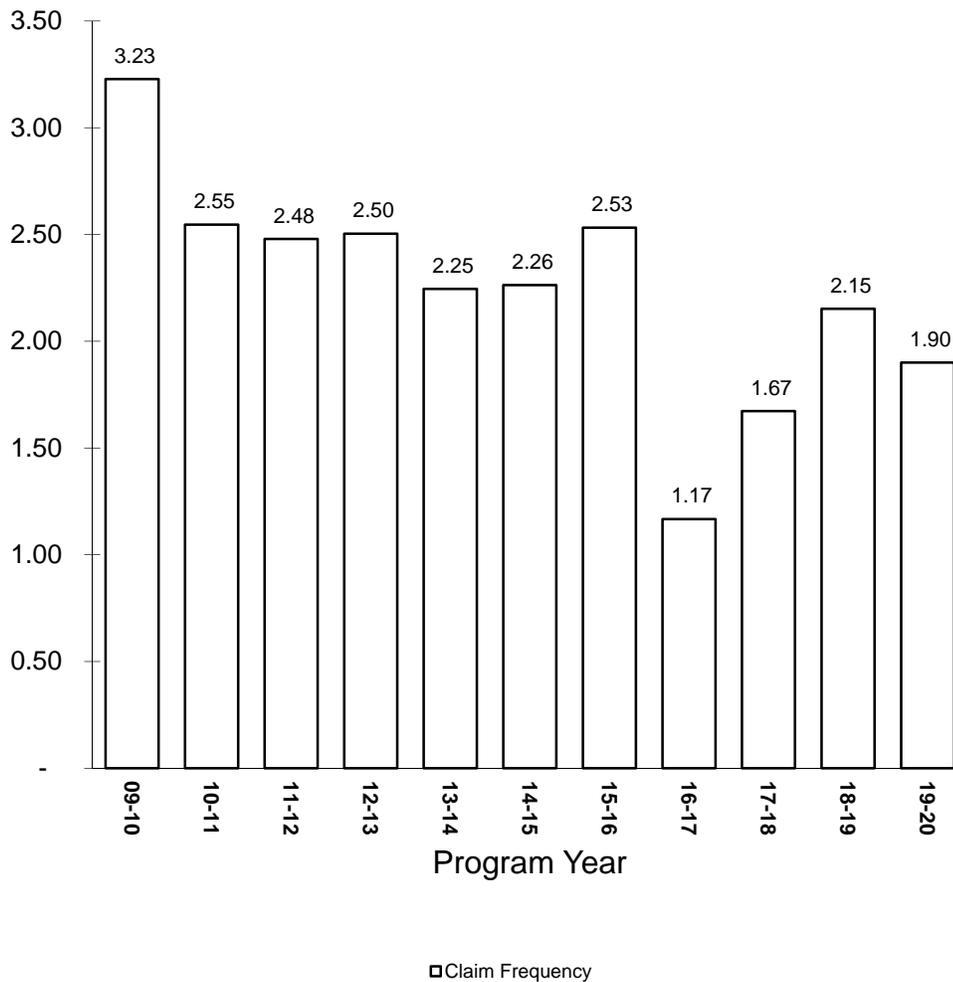
Business Enterprise Program -
Workers' Compensation
Dollars of Loss per Claim



The frequency has followed a generally decreasing trend, with an average of 2.60 claims per \$1 million of payroll for the first five years, and an average of 1.96 claims per \$1 million of payroll for the last five years. We selected a frequency of 1.90 claims per \$1 million of payroll for the 2019-20 program year based on this decreasing trend. See graph below.

Graph 4

Business Enterprise Program -
Workers' Compensation
Number of Claims per
\$1 Million of Payroll



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Business Enterprise Program was dated February 8, 2019. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 6/30/18 evaluation date of the prior report and the 6/30/19 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
Prior	\$0	\$0	\$0
2005-06	2,000	48,000	46,000
2006-07	1,000	(26,000)	(27,000)
2007-08	0	0	0
2008-09	4,000	19,000	15,000
2009-10	14,000	(3,000)	(17,000)
2010-11	8,000	(14,000)	(22,000)
2011-12	4,000	(2,000)	(6,000)
2012-13	14,000	(9,000)	(23,000)
2013-14	57,000	(123,000)	(180,000)
2014-15	42,000	(1,000)	(43,000)
2015-16	70,000	77,000	7,000
2016-17	117,000	(66,000)	(183,000)
2017-18	165,000	8,000	(157,000)
2018-19	117,000	62,000	(55,000)
Total	\$615,000	(\$30,000)	(\$645,000)

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$615,000 between the two evaluation dates. However, actual development was approximately (\$30,000); or about \$645,000 less than expected.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 6/30/18 evaluation date of the prior report and the 6/30/19 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
Prior	\$0	\$0	\$0
2005-06	3,000	5,000	2,000
2006-07	24,000	5,000	(19,000)
2007-08	0	0	0
2008-09	9,000	12,000	3,000
2009-10	15,000	1,000	(14,000)
2010-11	15,000	0	(15,000)
2011-12	5,000	0	(5,000)
2012-13	17,000	5,000	(12,000)
2013-14	70,000	(112,000)	(182,000)
2014-15	79,000	67,000	(12,000)
2015-16	84,000	60,000	(24,000)
2016-17	74,000	0	(74,000)
2017-18	79,000	9,000	(70,000)
2018-19	25,000	26,000	1,000
Total	\$499,000	\$78,000	(\$421,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$499,000 between the two evaluation dates. Actual development was approximately \$78,000; or about \$421,000 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
Prior	\$5,780,000	\$5,780,000	\$0
1999-00	471,000	471,000	0
2000-01	284,000	284,000	0
2001-02	911,000	911,000	0
2002-03	289,000	289,000	0
2003-04	687,000	687,000	0
2004-05	9,000	9,000	0
2005-06	363,000	409,000	46,000
2006-07	293,000	265,000	(28,000)
2007-08	534,000	534,000	0
2008-09	256,000	271,000	15,000
2009-10	690,000	646,000	(44,000)
2010-11	304,000	264,000	(40,000)
2011-12	137,000	119,000	(18,000)
2012-13	390,000	322,000	(68,000)
2013-14	872,000	599,000	(273,000)
2014-15	700,000	666,000	(34,000)
2015-16	916,000	1,015,000	99,000
2016-17	501,000	340,000	(161,000)
2017-18	544,000	392,000	(152,000)
2018-19	659,000	499,000	(160,000)
Total	\$15,590,000	\$14,772,000	(\$818,000)

As shown, overall we have decreased our estimated ultimates by \$818,000 since our prior report. These changes mostly correspond with the actual minus expected incurred figures from the previous pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2018 to be \$2,504,000 at the undiscounted, expected level. Our current estimate as of June 30, 2019, is \$2,193,000 at the undiscounted, expected level, a decrease in our assessment of BEP's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Case Reserves:	\$677,000	\$567,000	(\$110,000)
(B) IBNR Reserves:	1,681,000	1,552,000	(129,000)
(C) Claims Administration Reserves:	146,000	74,000	(72,000)
(D) Total Reserves:	\$2,504,000	\$2,193,000	(\$311,000)

As shown, our estimate of outstanding claims liabilities at the undiscounted, expected level has decreased between June 30, 2018 and June 30, 2019 as reflected in our prior and current reports respectively.

The decrease in claim reserves (case and IBNR) is driven the favorable loss development discussed above. Reserves for claims administration fees have decreased due to a decrease in open claims. As in the prior report, we have not included a discount for investment income. The net change due to the above factors is an overall decrease of \$311,000 in our estimate of outstanding claim liabilities for loss and ALAE.

At the time of the prior report, available assets were estimated to be \$1,225,000 as of June 30, 2018, which corresponded to the then-estimated discounted liability for outstanding claims below the expected confidence level. Available assets are currently estimated to be \$1,840,000 as of June 30, 2019, which corresponds to the currently estimated liability for outstanding claims again below the expected confidence level. It can be summarized as follows:

Funding Margin

	Prior Report at June 30, 2018	Current Report at June 30, 2019	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$2,504,000	\$2,193,000	(\$311,000)
(B) Estimated Assets At June 30:	1,225,000	1,840,000	615,000
(C) (Deficit):	(\$1,279,000)	(\$353,000)	\$926,000

As you can see, our estimate of the program’s funding margin at the discounted, expected level has increased by \$926,000 between June 30, 2018 (as previously estimated) and June 30, 2019 (as currently estimated). This is driven by an increase in the estimated fund assets between the two points, coupled with a decrease in outstanding liabilities.

At the time of the prior report, our funding estimate for the 2018-19 year was \$701,000 at the undiscounted expected level assuming a \$1,000,000 SIR. That amount included allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE), but excluded a discount for anticipated investment income. Our current estimate for the 2019-20 year is \$582,000 at the undiscounted expected level at the \$750,000 SIR is a decrease in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2018-19 SIR = \$1,000,000	Current Report 2019-20 SIR = \$750,000	Change
(A) Ultimate Loss and ALAE:	\$659,000	\$532,000	(\$127,000)
(B) Ultimate Claims Administration (ULAE):	42,000	50,000	8,000
(C) Total Claim Costs:	\$701,000	\$582,000	(\$119,000)
(D) Funding per \$100 of Payroll:	\$8.93	\$7.66	(\$1.27)

As you can see, our funding recommendations at the undiscounted, expected level have decreased between 2018-19 and 2019-20, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have decreased by \$127,000, driven primarily by the recent favorable development and a decrease in the SIR from \$1,000,000 to \$750,000. Our estimate for claims administration costs has increased \$8,000 and we have excluded a discount for investment income. The net change due to the above factors is an overall decrease of \$119,000 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 have assumed that the program's self-insured retention will remain at \$750,000 per occurrence for 2019-20 and 2020-21 (See Appendix K).
- We received loss data evaluated as of 6/30/19 (See Appendix M). We also utilized the data from BEP's most recent actuarial study for our assessment of loss development.
- We have assumed that BEP's payroll for 2019-20 through 2020-21 will be 2.5% greater than the payroll provided for the 2018-19 year, based upon information provided by BEP (See Appendix N).
- We have assumed no interest rate based upon information provided by BEP.

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 BEP. 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 other California public entities with 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 public entities with self-insured workers' compensation programs in the aggregate form a reasonable basis of comparison to the patterns from Business Enterprise Program's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public 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). See Appendix E for a display of the benefit level cost indices by fiscal year.

- We have assumed that the loss rate trend associated with claim costs increases at 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.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have included estimates for excess insurance contributions, but excluded other expenses associated with the program based upon information provided by BEP.
- Our funding recommendations do not include provisions for catastrophic events not in BEP's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than BEP's excess coverage.
- BEP's assets available for the program were \$1,840,000 as of June 30, 2019.

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.)

Business Enterprise Program - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2019

(A) Estimated Ultimate Losses Incurred through 6/30/19: (From Appendix WC - G)	\$14,773,000
(B) Estimated Paid Losses through 6/30/19: (From Appendix WC - G)	12,654,000
(C) Estimated Liability for Claims Outstanding at 6/30/19: (From Appendix WC - G)	<u>\$2,119,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/19: (From Appendix WC - F)	74,000
(E) Total Outstanding Liability for Claims at 6/30/19: ((C) + (D))	<u>\$2,193,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 0.00%.): (Appendix WC - I, Page 1, (G))	1.000
(G) Discounted Outstanding Liability for Claims at 6/30/19: ((E) x (F))	<u>\$2,193,000</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix WC - J)	1.176	1.258	1.354	1.474	1.634
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	386,000	566,000	776,000	1,039,000	1,390,000
(J) Total Required Assets at 6/30/19: ((G) + (I))	<u>\$2,579,000</u>	<u>\$2,759,000</u>	<u>\$2,969,000</u>	<u>\$3,232,000</u>	<u>\$3,583,000</u>
(K) Estimated Total Assets at 6/30/19: (From Appendix WC - L)	1,840,000	1,840,000	1,840,000	1,840,000	1,840,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>(\$739,000)</u>	<u>(\$919,000)</u>	<u>(\$1,129,000)</u>	<u>(\$1,392,000)</u>	<u>(\$1,743,000)</u>

Business Enterprise Program - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2020

(A) Estimated Ultimate Losses Incurred through 6/30/20: (From Appendix WC - G)	\$15,305,000
(B) Estimated Paid Losses through 6/30/20: (From Appendix WC - G)	13,181,000
(C) Estimated Liability for Claims Outstanding at 6/30/20: (From Appendix WC - G)	<u>\$2,124,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/20: (From Appendix WC - F)	81,000
(E) Total Outstanding Liability for Claims at 6/30/20: ((C) + (D))	<u>\$2,205,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 0.00%.): (Appendix WC - I, Page 1, (H))	1.000
(G) Discounted Outstanding Liability for Claims at 6/30/20: ((E) x (F))	<u>\$2,205,000</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix WC - J)	1.176	1.258	1.354	1.474	1.634
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	388,000	569,000	781,000	1,045,000	1,398,000
(J) Total Required Assets at 6/30/20: ((G) + (I))	<u>\$2,593,000</u>	<u>\$2,774,000</u>	<u>\$2,986,000</u>	<u>\$3,250,000</u>	<u>\$3,603,000</u>
(K) Estimated Total Assets at 6/30/20: (From Appendix WC - L)	1,943,000	1,943,000	1,943,000	1,943,000	1,943,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>(\$650,000)</u>	<u>(\$831,000)</u>	<u>(\$1,043,000)</u>	<u>(\$1,307,000)</u>	<u>(\$1,660,000)</u>

Business Enterprise Program - Workers' Compensation

Funding Options for Program Year 2019-2020 (SIR = \$750,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2019-2020: (From Appendix WC - G)	\$532,000	\$7.000			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2019-2020: (From Exhibit WC - 5, Page 1, (L))	50,000	0.658			
(C) Total Claims Costs Incurred in Accident Year 2019-2020: ((A) + (B))	<u>\$582,000</u>	<u>\$7.658</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 0.00%.): (Appendix WC - I, Page 2, (G))	1.000				
(E) Discounted Total Claims Costs Incurred in Accident Year 2019-2020: ((C) x (D))	<u>\$582,000</u>	<u>\$7.658</u>			
	Marginally Acceptable	Recommended		Conservative	
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix WC - J)	1.241	1.405	1.597	1.833	2.156
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	140,000	236,000	347,000	485,000	673,000
(H) Recommended Funding in 2019-2020 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$722,000</u>	<u>\$818,000</u>	<u>\$929,000</u>	<u>\$1,067,000</u>	<u>\$1,255,000</u>
(I) Budgeted Non Claims Related Expenses: (Provided by the BEP)	93,000	93,000	93,000	93,000	93,000
(J) Recommended Funding in 2019-2020 for Claims Costs, Other Expenses, and Non Claims Related Expenses: ((H) + (I))	<u>\$815,000</u>	<u>\$911,000</u>	<u>\$1,022,000</u>	<u>\$1,160,000</u>	<u>\$1,348,000</u>
(K) Rate per \$100 of Payroll: ((J) / \$76,000)	\$10.724	\$11.987	\$13.447	\$15.263	\$17.737

Payroll rates are per hundred dollars of 2019-2020 payroll of \$7,600,000.

Business Enterprise Program - Workers' Compensation

Funding Options for Program Year 2020-2021 (SIR = \$750,000)
One-Year Funding Plan

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2020-2021: (From Appendix WC - G)	\$550,000	\$7.051			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2020-2021: (From Exhibit WC - 5, Page 1, (L))	57,000	0.731			
(C) Total Claims Costs Incurred in Accident Year 2020-2021: ((A) + (B))	<u>\$607,000</u>	<u>\$7.782</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 0.00%.): (Appendix WC - I, Page 2, (G))	1.000				
(E) Discounted Total Claims Costs Incurred in Accident Year 2020-2021: ((C) x (D))	<u>\$607,000</u>	<u>\$7.782</u>			
	Marginally Acceptable	75%	Recommended 80%	85%	Conservative 90%
(F) Confidence Level Factor: (From Appendix WC - J)	1.241	1.405	1.597	1.833	2.156
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	146,000	246,000	362,000	506,000	702,000
(H) Recommended Funding in 2020-2021 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$753,000</u>	<u>\$853,000</u>	<u>\$969,000</u>	<u>\$1,113,000</u>	<u>\$1,309,000</u>
(I) Budgeted Non Claims Related Expenses: (Provided by the BEP)	93,000	93,000	93,000	93,000	93,000
(J) Annual Funding for the June 30, 2020 Redundancy/(Deficiency): (Exhibit WC - 1, Page 2, (L))	(650,000)	(831,000)	(1,043,000)	(1,307,000)	(1,660,000)
(K) Recommended Funding Including Recognition of the June 30, 2020 Redundancy/(Deficiency): ((H) + (I) - (J))	<u>\$1,499,000</u>	<u>\$1,780,000</u>	<u>\$2,108,000</u>	<u>\$2,516,000</u>	<u>\$3,065,000</u>
(L) Rate per \$100 of Payroll: ((K) / \$78,000)	\$19.218	\$22.821	\$27.026	\$32.256	\$39.295

Payroll rates are per hundred dollars of 2020-2021 payroll of \$7,800,000.

Business Enterprise Program - Workers' Compensation

IBNR as of 6/30/20 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 6/30/19 (B)	Estimated IBNR as of 6/30/19 (C)	Estimated Percent of IBNR Reported Between 7/1/19 and 6/30/20 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/20 (F)
1987-1999	\$5,780,206	\$5,780,206	\$0	100.0%	\$0	\$0
1999-2000	471,264	471,264	0	100.0%	0	0
2000-2001	284,492	284,492	0	100.0%	0	0
2001-2002	910,529	910,529	0	100.0%	0	0
2002-2003	289,479	289,479	0	100.0%	0	0
2003-2004	686,652	686,652	0	100.0%	0	0
2004-2005	9,199	9,199	0	100.0%	0	0
2005-2006	409,000	406,541	2,459	79.9%	2,000	459
2006-2007	265,000	262,229	2,771	49.8%	1,000	1,771
2007-2008	534,258	534,258	0	37.1%	0	0
2008-2009	271,000	264,501	6,499	30.0%	2,000	4,499
2009-2010	645,607	645,607	0	37.0%	0	0
2010-2011	264,329	264,329	0	30.4%	0	0
2011-2012	119,204	119,204	0	25.6%	0	0
2012-2013	321,622	321,622	0	23.5%	0	0
2013-2014	599,000	496,285	102,715	22.7%	23,000	79,715
2014-2015	666,000	524,531	141,469	20.5%	29,000	112,469
2015-2016	1,015,000	771,337	243,663	23.1%	56,000	187,663
2016-2017	340,000	75,291	264,709	37.4%	99,000	165,709
2017-2018	392,000	41,969	350,031	35.4%	124,000	226,031
2018-2019	499,000	61,815	437,185	38.8%	170,000	267,185
2019-2020	532,000			22.8%	121,000	411,000
Totals	\$15,304,841	\$13,221,340	\$1,551,501		\$627,000	\$1,456,501

Notes:

- (A) From Exhibit WC - 4, Page 1.
(B) Provided by the BEP. These losses exclude amounts incurred above the BEP's SIR for each year.
(C) (A) - (B).
(D) Percentage of incurred but not reported (IBNR) expected to be reported between 7/1/19 and 6/30/20. The percentage is based on the development pattern selected in Appendix WC - A.
(E) ((A) - (B)) x (D).
(F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/20. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

Business Enterprise Program - 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)	Selected Estimate of Ultimate Losses Limited to Aggregate (G)	
1987-1999	\$5,780,206	\$5,780,206			\$5,780,178	\$5,780,206	\$5,780,206	
1999-2000	471,264	471,264			471,240	471,264	471,264	
2000-2001	284,492	284,492			284,491	284,492	284,492	
2001-2002	910,529	910,529	910,529	910,529	910,530	910,529	910,529	
2002-2003	289,479	289,479	289,479	289,479	289,485	289,479	289,479	
2003-2004	686,652	686,652	686,652	686,652	686,664	686,652	686,652	
2004-2005	9,208	9,217	9,209	9,218	9,672	9,199	9,199	
2005-2006	408,574	356,856	408,690	357,384	429,870	409,000	409,000	
2006-2007	264,851	187,731	265,017	189,042	278,783	265,000	265,000	
2007-2008	542,806	545,477	543,306	546,133	565,556	534,258	534,258	
2008-2009	270,585	254,929	270,781	255,828	285,474	271,000	271,000	
2009-2010	669,494	687,571	670,333	687,503	686,784	645,607	645,607	
2010-2011	278,603	293,670	278,702	292,511	281,884	264,329	264,329	
2011-2012	128,025	141,257	127,997	139,083	127,452	119,204	119,204	
2012-2013	353,463	414,571	352,656	398,861	344,780	321,622	321,622	
2013-2014	561,795	636,212	571,356	637,943	624,456	599,000	599,000	
2014-2015	614,750	716,748	603,628	651,475	596,286	666,000	666,000	
2015-2016	953,373	1,076,604	871,245	801,250	678,480	1,015,000	1,015,000	
2016-2017	108,344	160,721	228,149	377,897	313,371	340,000	340,000	
2017-2018	79,573	106,962	281,406	428,324	473,616	392,000	392,000	
2018-2019	271,244	534,395	431,475	481,316	603,424	499,000	499,000	
Totals						\$14,772,841	\$14,772,841	
						Projected Losses for the Year 2019-2020 (H)	\$532,000	\$532,000
						Projected Losses for the Year 2020-2021 (I)	550,000	550,000
						Projected Losses for the Year 2021-2022 (J)	569,000	569,000

Notes:

- (A) From Appendix WC - A, Page 1, Column (G).
- (B) From Appendix WC - B, Page 1, Column (G).
- (C) From Appendix WC - C, Page 1, Column (G).
- (D) From Appendix WC - C, Page 2, Column (G).
- (E) From Appendix WC - D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) (F) limited to applicable aggregate.
- (H) From Exhibit WC - 5, Page 1, Line (K).
- (I) From Exhibit WC - 5, Page 1, Line (K).
- (J) From Exhibit WC - 5, Page 1, Line (K).

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

Business Enterprise Program - Workers' Compensation

Estimated Ultimate Limited Losses Capped at \$250,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
1987-1999	\$5,780,206	\$5,780,206			\$5,780,178	\$5,780,206
1999-2000	471,264	471,264			471,240	471,264
2000-2001	284,492	284,492			284,491	284,492
2001-2002	910,529	910,529	910,529	910,529	910,530	910,529
2002-2003	289,479	289,479	289,479	289,479	289,485	289,479
2003-2004	686,652	686,652	686,652	686,652	686,664	686,652
2004-2005	9,208	9,208	9,208	9,208	9,204	9,199
2005-2006	407,761	355,793	407,765	356,007	407,997	408,000
2006-2007	264,065	186,805	264,077	187,515	263,996	264,000
2007-2008	540,669	541,738	540,669	541,737	534,242	534,258
2008-2009	268,998	252,209	269,074	252,644	269,010	269,000
2009-2010	663,684	678,533	663,039	677,242	645,600	645,607
2010-2011	275,431	288,912	274,901	286,795	264,328	264,329
2011-2012	126,237	138,157	125,880	135,535	119,206	119,204
2012-2013	347,352	402,671	345,424	386,273	321,620	321,622
2013-2014	549,387	613,297	554,193	608,699	581,004	581,000
2014-2015	597,965	683,527	585,941	621,833	553,248	641,000
2015-2016	661,504	963,716	632,861	739,678	627,760	813,000
2016-2017	103,600	150,080	201,542	341,634	289,143	307,000
2017-2018	75,083	99,153	247,378	388,793	435,786	353,000
2018-2019	254,369	494,078	394,355	441,949	553,600	458,000
Totals						\$14,410,841
			Projected Losses for the Year 2019-2020 (G)			\$494,000
			Projected Losses for the Year 2020-2021 (H)			509,000
			Projected Losses for the Year 2021-2022 (I)			526,000

Notes:

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

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

Business Enterprise Program - 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)
1987-1999	0	1.205	0	0	0.000
1999-2000	0	0.883	0	0	0.000
2000-2001	0	0.828	0	0	0.000
2001-2002	910,529	0.829	754,829	127,554	5.918
2002-2003	289,479	0.868	251,268	127,046	1.978
2003-2004	686,652	1.068	733,344	123,653	5.931
2004-2005	9,199	1.371	12,612	121,111	0.104
2005-2006	408,000	1.482	604,656	118,867	5.087
2006-2007	264,000	1.400	369,600	116,593	3.170
2007-2008	534,258	1.298	693,467	113,256	6.123
2008-2009	269,000	1.209	325,221	103,471	3.143
2009-2010	645,607	1.106	714,041	95,154	7.504
2010-2011	264,329	1.053	278,338	93,195	2.987
2011-2012	119,204	1.048	124,926	93,422	1.337
2012-2013	321,622	1.061	341,241	94,965	3.593
2013-2014	581,000	1.067	619,927	93,004	6.666
2014-2015	641,000	1.046	670,486	90,039	7.447
2015-2016	813,000	1.045	849,585	87,209	9.742
2016-2017	307,000	1.042	319,894	83,086	3.850
2017-2018	353,000	1.017	359,001	81,673	4.396
2018-2019	458,000	1.006	460,748	76,199	6.047
Totals	\$7,874,879		\$8,483,184	1,839,497	\$4.612
13/14-17/18	2,695,000		2,818,893	435,011	6.480
14/15-18/19	2,572,000		2,659,714	418,206	6.360
			(F) Selected Limited Rate:		\$6.500
			Prior:		\$7.700
Program Year:		2019-2020	2020-2021	2021-2022	
(G) Factor to SIR:		1.078	1.080	1.083	
(H) Trend Factor:		1.000	1.005	1.010	
(I) Program Rate:		\$7.006	\$7.056	\$7.107	
(J) Trended Payroll (\$00):		76,000	78,000	80,000	
(K) Projected Program Losses:		532,000	550,000	569,000	
(L) Projected ULAE:		50,000	57,000	60,000	
(M) Projected Loss and ULAE:		\$582,000	\$607,000	\$629,000	

Notes appear on the next page.

Business Enterprise Program - Workers' Compensation

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

Notes:

- (A) From Exhibit WC - 4, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$250,000 per occurrence.
- (B) From Appendix WC - E, Page 1, Column (B).
- (C) $(A) \times (B)$.
- (D) From Appendix WC - N, 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 WC - E.
- (I) $(F) \times (G) \times (H)$.
- (J) From Appendix WC - N, Column (C).
- (K) $(I) \times (J)$.
- (L) Based on an estimated claim closing pattern and the BEP's historical claims administration expenses.
- (M) $(K) + (L)$.

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

Business Enterprise Program - Workers' Compensation

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 6/30/19 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 6/30/19 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1987-1999	\$5,780,206	1.000	\$5,780,206	\$5,780,206	1.000	\$5,780,206
1999-2000	471,264	1.000	471,264	471,264	1.000	471,264
2000-2001	284,492	1.000	284,492	284,492	1.000	284,492
2001-2002	910,529	1.000	910,529	910,529	1.000	910,529
2002-2003	289,479	1.000	289,479	289,479	1.000	289,479
2003-2004	686,652	1.000	686,652	686,652	1.000	686,652
2004-2005	9,199	1.001	9,208	9,199	1.001	9,208
2005-2006	406,541	1.003	407,761	406,541	1.005	408,574
2006-2007	262,229	1.007	264,065	262,229	1.010	264,851
2007-2008	534,258	1.012	540,669	534,258	1.016	542,806
2008-2009	264,501	1.017	268,998	264,501	1.023	270,585
2009-2010	645,607	1.028	663,684	645,607	1.037	669,494
2010-2011	264,329	1.042	275,431	264,329	1.054	278,603
2011-2012	119,204	1.059	126,237	119,204	1.074	128,025
2012-2013	321,622	1.080	347,352	321,622	1.099	353,463
2013-2014	496,285	1.107	549,387	496,285	1.132	561,795
2014-2015	524,531	1.140	597,965	524,531	1.172	614,750
2015-2016	555,419	1.191	661,504	771,337	1.236	953,373
2016-2017	75,291	1.376	103,600	75,291	1.439	108,344
2017-2018	41,969	1.789	75,083	41,969	1.896	79,573
2018-2019	61,815	4.115	254,369	61,815	4.388	271,244
Totals	\$13,005,422		\$13,567,935	\$13,221,340		\$13,937,310

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the BEP. These losses exclude amounts over \$250,000 per occurrence.
- (C) From Appendix WC - A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$250,000 per occurrence.
- (E) Losses capped at the BEP's SIR. Amounts are provided by the BEP.
- (F) Derived from factors on Appendix WC - A, Page 4.
- (G) (E) x (F).

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

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

Business Enterprise Program - Workers' Compensation
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										291,210
2003-2004									706,532	650,323
2004-2005								9,199	9,199	9,199
2005-2006							326,969	308,417	329,346	358,679
2006-2007						245,364	129,975	168,536	182,891	204,024
2007-2008					617,418	477,012	464,905	482,352	509,144	530,661
2008-2009				183,299	200,414	177,181	199,018	252,209	241,343	245,526
2009-2010			357,638	381,496	458,109	560,851	671,945	671,132	648,245	645,607
2010-2011		181,558	227,446	241,045	273,448	277,620	277,484	277,967	264,329	
2011-2012	81,772	61,320	89,786	131,415	115,507	114,216	121,122	119,204		
2012-2013	128,563	229,443	307,208	347,727	353,141	330,873	321,622			
2013-2014	117,207	435,610	625,172	731,700	619,378	496,285				
2014-2015	130,805	329,780	431,831	525,322	524,531					
2015-2016	94,579	360,561	569,001	555,419						
2016-2017	118,564	141,419	75,291							
2017-2018	34,187	41,969								
2018-2019	61,815									

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
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										0.994
2003-2004									0.920	1.061
2004-2005								1.000	1.000	1.000
2005-2006							0.943	1.068	1.089	1.000
2006-2007						0.530	1.297	1.085	1.116	1.014
2007-2008					0.773	0.975	1.038	1.056	1.042	1.007
2008-2009				1.093	0.884	1.123	1.267	0.957	1.017	1.077
2009-2010			1.067	1.201	1.224	1.198	0.999	0.966	0.996	
2010-2011		1.253	1.060	1.134	1.015	1.000	1.002	0.951		
2011-2012	0.750	1.464	1.464	0.879	0.989	1.060	0.984			
2012-2013	1.785	1.339	1.132	1.016	0.937	0.972				
2013-2014	3.717	1.435	1.170	0.846	0.801					
2014-2015	2.521	1.309	1.216	0.998						
2015-2016	3.812	1.578	0.976							
2016-2017	1.193	0.532								
2017-2018	1.228									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages	2.144	1.273	1.155	1.024	0.946	0.980	1.076	1.012	1.026	1.022
3-yr	2.199	1.294	1.115	0.933	0.865	0.997	0.998	0.961	1.016	1.026
4-yr	2.311	1.342	1.117	0.929	0.895	1.085	1.040	0.988	1.028	1.019
Comparative Factors	1.470	1.120	1.025	1.015	1.010	1.010	1.009	1.008	1.007	1.006
Prior	2.488	1.396	1.180	1.075	1.050	1.040	1.030	1.025	1.020	1.015
Selected	2.300	1.300	1.155	1.045	1.030	1.025	1.020	1.017	1.014	1.011
Cumulated	4.115	1.789	1.376	1.191	1.140	1.107	1.080	1.059	1.042	1.028

Business Enterprise Program - Workers' Compensation
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1998-1999				262,907	262,907	262,907	262,907	262,907	262,907	262,907	262,907
1999-2000			471,264	471,264	471,264	471,264	471,264	471,264	471,264	471,264	471,264
2000-2001		284,492	284,492	284,492	284,492	284,492	284,492	284,492	284,492	284,492	
2001-2002	910,416	910,416	910,416	910,416	910,416	910,416	910,529	910,529			
2002-2003	289,479	289,479	289,479	289,479	289,479	289,479	289,479				
2003-2004	690,187	701,068	701,108	686,652	686,652	686,652					
2004-2005	9,199	9,199	9,199	9,199	9,199						
2005-2006	358,679	358,679	358,679	406,541							
2006-2007	206,927	288,605	262,229								
2007-2008	534,258	534,258									
2008-2009	264,501										
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1998-1999				1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1999-2000			1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2000-2001		1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2002-2003	1.000	1.000	1.000	1.000	1.000	1.000					
2003-2004	1.016	1.000	0.979	1.000	1.000						
2004-2005	1.000	1.000	1.000	1.000							
2005-2006	1.000	1.000	1.133								
2006-2007	1.395	0.909									
2007-2008	1.000										
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
Average Dollar-Weighted Averages	1.059	0.987	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.074	0.960	1.031	1.000	1.000	1.000	1.000	1.000			
4-yr	1.074	0.981	1.025	1.000	1.000	1.000	1.000				
Comparative Factors	1.005	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.006
Prior	1.005	1.004	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.005	1.005	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.017	1.012	1.007	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000

Business Enterprise Program - Workers' Compensation
Reported between \$250,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004									46,870	
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014				33,024						
2014-2015										
2015-2016			125,081	215,918						
2016-2017										
2017-2018										
2018-2019										

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
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016			1.726							
2016-2017										
2017-2018										
Average			1.726							
Dollar-Weighted										
Averages										
3-yr										
4-yr										
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	16.643	6.052	3.185	2.308	1.817	1.608	1.462	1.354	1.265	1.199

Business Enterprise Program - Workers' Compensation
Reported between \$250,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>							
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months
1998-1999								
1999-2000								
2000-2001								
2001-2002	87,599	87,599	87,599	87,599	87,599	87,599	87,599	87,599
2002-2003								
2003-2004								
2004-2005								
2005-2006								
2006-2007								
2007-2008								
2008-2009								
2009-2010								
2010-2011								
2011-2012								
2012-2013								
2013-2014								
2014-2015								
2015-2016								
2016-2017								
2017-2018								
2018-2019								

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-Ult. Months
1998-1999								
1999-2000								
2000-2001								
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2002-2003								
2003-2004								
2004-2005								
2005-2006								
2006-2007								
2007-2008								
2008-2009								
2009-2010								
2010-2011								
2011-2012								
2012-2013								
2013-2014								
2014-2015								
2015-2016								
2016-2017								
2017-2018								

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-Ult. Months			
Average Dollar-Weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
3-yr											
4-yr											
Comparative Factors	1.040	1.029	1.030	1.026	1.024	1.020	1.015	1.034			
Prior	1.040	1.029	1.030	1.026	1.024	1.020	1.050	0.000	0.000	0.000	0.000
Selected	1.040	1.029	1.030	1.026	1.010	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.142	1.098	1.067	1.036	1.010	1.000	1.000	1.000	1.000	1.000	1.000

Business Enterprise Program - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 6/30/19 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 6/30/19 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1987-1999	\$5,780,206	1.000	\$5,780,206	\$5,780,206	1.000	\$5,780,206
1999-2000	471,264	1.000	471,264	471,264	1.000	471,264
2000-2001	284,492	1.000	284,492	284,492	1.000	284,492
2001-2002	910,529	1.000	910,529	910,529	1.000	910,529
2002-2003	289,479	1.000	289,479	289,479	1.000	289,479
2003-2004	686,652	1.000	686,652	686,652	1.000	686,652
2004-2005	9,199	1.001	9,208	9,199	1.002	9,217
2005-2006	354,375	1.004	355,793	354,375	1.007	356,856
2006-2007	185,139	1.009	186,805	185,139	1.014	187,731
2007-2008	534,258	1.014	541,738	534,258	1.021	545,477
2008-2009	247,264	1.020	252,209	247,264	1.031	254,929
2009-2010	645,607	1.051	678,533	645,607	1.065	687,571
2010-2011	264,329	1.093	288,912	264,329	1.111	293,670
2011-2012	119,204	1.159	138,157	119,204	1.185	141,257
2012-2013	321,622	1.252	402,671	321,622	1.289	414,571
2013-2014	449,302	1.365	613,297	449,302	1.416	636,212
2014-2015	455,078	1.502	683,527	455,078	1.575	716,748
2015-2016	513,161	1.878	963,716	541,279	1.989	1,076,604
2016-2017	58,148	2.581	150,080	58,148	2.764	160,721
2017-2018	20,826	4.761	99,153	20,826	5.136	106,962
2018-2019	25,944	19.044	494,078	25,944	20.598	534,395
Totals	\$12,626,078		\$14,280,499	\$12,654,196		\$14,545,543

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the BEP. These losses exclude amounts over \$250,000 per occurrence.
- (C) From Appendix WC - B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$250,000 per occurrence.
- (E) Losses capped at the BEP's SIR. Amounts are provided by the BEP.
- (F) Derived from factors on Appendix WC - B, Page 4.
- (G) (E) x (F).

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

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

Business Enterprise Program - 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
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										289,479
2003-2004									633,527	646,738
2004-2005								9,199	9,199	9,199
2005-2006							256,079	279,128	318,217	343,666
2006-2007						93,381	109,059	140,282	165,157	170,372
2007-2008					288,703	379,507	393,930	420,497	459,625	530,595
2008-2009				98,049	132,772	159,257	176,524	210,588	232,499	234,956
2009-2010			179,360	284,712	387,909	496,374	605,170	640,440	644,119	645,607
2010-2011		94,890	159,259	205,838	260,161	264,333	263,738	264,329	264,329	
2011-2012	22,405	29,065	37,457	61,568	102,644	114,216	119,052	119,204		
2012-2013	44,932	182,864	250,903	288,385	316,923	316,932	321,622			
2013-2014	28,675	288,207	405,203	603,980	560,824	449,302				
2014-2015	60,063	114,567	297,395	388,142	455,078					
2015-2016	27,389	203,585	481,062	513,161						
2016-2017	42,900	58,043	58,148							
2017-2018	11,701	20,826								
2018-2019	25,944									

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
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										1.000
2003-2004									1.021	1.056
2004-2005								1.000	1.000	1.000
2005-2006							1.090	1.140	1.080	1.004
2006-2007						1.168	1.286	1.177	1.032	1.042
2007-2008					1.315	1.038	1.067	1.093	1.154	1.007
2008-2009				1.354	1.199	1.108	1.193	1.104	1.011	1.052
2009-2010			1.587	1.362	1.280	1.219	1.058	1.006	1.002	
2010-2011		1.678	1.292	1.264	1.016	0.998	1.002	1.000		
2011-2012	1.297	1.289	1.644	1.667	1.113	1.042	1.001			
2012-2013	4.070	1.372	1.149	1.099	1.000	1.015				
2013-2014	10.051	1.406	1.491	0.929	0.801					
2014-2015	1.907	2.596	1.305	1.172						
2015-2016	7.433	2.363	1.067							
2016-2017	1.353	1.002								
2017-2018	1.780									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages	3.984	1.672	1.362	1.264	1.103	1.084	1.100	1.074	1.043	1.023
3-yr	3.445	2.224	1.272	1.041	0.898	1.013	1.036	1.023	1.056	1.025
4-yr	2.795	1.869	1.250	1.070	0.923	1.099	1.060	1.042	1.053	1.019
Comparative Factors	2.500	1.400	1.170	1.090	1.050	1.033	1.020	1.015	1.012	1.010
Prior	4.750	1.750	1.400	1.300	1.150	1.100	1.080	1.080	1.040	1.030
Selected	4.000	1.845	1.374	1.250	1.100	1.090	1.080	1.060	1.040	1.030
Cumulated	19.044	4.761	2.581	1.878	1.502	1.365	1.252	1.159	1.093	1.051

Business Enterprise Program - Workers' Compensation
Paid Loss Development

Limited Losses Paid as of:

Accident Year	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1998-1999				262,907	262,907	262,907	262,907	262,907	262,907	262,907	262,907
1999-2000			471,264	471,264	471,264	471,264	471,264	471,264	471,264	471,264	471,264
2000-2001		284,492	284,492	284,492	284,492	284,492	284,492	284,492	284,492	284,492	
2001-2002	910,416	910,416	910,416	910,416	910,416	910,416	910,529	910,529			
2002-2003	289,479	289,479	289,479	289,479	289,479	289,479	289,479				
2003-2004	682,799	686,053	686,093	686,652	686,652	686,652					
2004-2005	9,199	9,199	9,199	9,199	9,199						
2005-2006	344,963	347,245	349,402	354,375							
2006-2007	177,565	179,815	185,139								
2007-2008	534,258	534,258									
2008-2009	247,264										
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
2018-2019											

Paid Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1998-1999				1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1999-2000			1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2000-2001		1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2002-2003	1.000	1.000	1.000	1.000	1.000	1.000					
2003-2004	1.005	1.000	1.001	1.000	1.000						
2004-2005	1.000	1.000	1.000	1.000							
2005-2006	1.007	1.006	1.014								
2006-2007	1.013	1.030									
2007-2008	1.000										
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											
2017-2018											
Average Dollar-Weighted Averages	1.004	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.004	1.014	1.005	1.000	1.000	1.000	1.000	1.000			
4-yr	1.004	1.006	1.004	1.000	1.000	1.000	1.000				
Comparative Factors	1.009	1.008	1.007	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.013
Prior	1.006	1.005	1.005	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.006	1.005	1.005	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.020	1.014	1.009	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000

Business Enterprise Program - Workers' Compensation
Paid between \$250,000 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
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016					28,118					
2016-2017										
2017-2018										
2018-2019										

	<u>Paid Loss Development Factors:</u>									
	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
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										
2016-2017										
2017-2018										

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages										
3-yr										
4-yr										
Comparative Factors	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Prior	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Selected	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Cumulated	221.032	55.258	17.825	7.427	4.244	2.829	2.176	1.741	1.482	1.347

Business Enterprise Program - Workers' Compensation
Paid between \$250,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>							
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months
1998-1999								
1999-2000								
2000-2001								
2001-2002	87,599	87,599	87,599	87,599	87,599	87,599	87,599	87,599
2002-2003								
2003-2004								
2004-2005								
2005-2006								
2006-2007								
2007-2008								
2008-2009								
2009-2010								
2010-2011								
2011-2012								
2012-2013								
2013-2014								
2014-2015								
2015-2016								
2016-2017								
2017-2018								
2018-2019								

	<u>Paid Loss Development Factors:</u>							
	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-Ult. Months
1998-1999								
1999-2000								
2000-2001								
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2002-2003								
2003-2004								
2004-2005								
2005-2006								
2006-2007								
2007-2008								
2008-2009								
2009-2010								
2010-2011								
2011-2012								
2012-2013								
2013-2014								
2014-2015								
2015-2016								
2016-2017								
2017-2018								

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-Ult. Months			
Average Dollar-Weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
3-yr											
4-yr											
Comparative Factors	1.070	1.055	1.045	1.035	1.035	1.030	1.030	1.393			
Prior	1.070	1.055	1.045	1.035	1.035	1.030	1.435	0.000	0.000	0.000	0.000
Selected	1.070	1.055	1.045	1.035	1.020	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.247	1.165	1.104	1.056	1.020	1.000	1.000	1.000	1.000	1.000	1.000

Business Enterprise Program - Workers' Compensation

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 6/30/19 (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)
1987-1999	0		1.000	0.000	4.813	0	
1999-2000	0		1.000	0.000	6.569	0	
2000-2001	0		1.000	0.000	7.005	0	
2001-2002	127,554	910,529	1.000	0.000	7.138	0	910,529
2002-2003	127,046	289,479	1.000	0.000	2.279	0	289,479
2003-2004	123,653	686,652	1.000	0.000	5.553	0	686,652
2004-2005	121,111	9,199	1.001	0.001	0.080	10	9,209
2005-2006	118,867	406,541	1.005	0.005	3.616	2,149	408,690
2006-2007	116,593	262,229	1.010	0.010	2.391	2,788	265,017
2007-2008	113,256	534,258	1.016	0.016	4.993	9,048	543,306
2008-2009	103,471	264,501	1.023	0.022	2.759	6,280	270,781
2009-2010	95,154	645,607	1.037	0.036	7.218	24,726	670,333
2010-2011	93,195	264,329	1.054	0.051	3.024	14,373	278,702
2011-2012	93,422	119,204	1.074	0.069	1.364	8,793	127,997
2012-2013	94,965	321,622	1.099	0.090	3.631	31,034	352,656
2013-2014	93,004	496,285	1.132	0.117	6.899	75,071	571,356
2014-2015	90,039	524,531	1.172	0.147	5.976	79,097	603,628
2015-2016	87,209	771,337	1.236	0.191	5.998	99,908	871,245
2016-2017	83,086	75,291	1.439	0.305	6.032	152,858	228,149
2017-2018	81,673	41,969	1.896	0.473	6.198	239,437	281,406
2018-2019	76,199	61,815	4.388	0.772	6.284	369,660	431,475
Totals	1,839,497	\$6,685,378				\$1,115,232	\$7,800,610

Notes:

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

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

Business Enterprise Program - Workers' Compensation

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 6/30/19 (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)
1987-1999	0		1.000	0.000	4.813	0	
1999-2000	0		1.000	0.000	6.569	0	
2000-2001	0		1.000	0.000	7.005	0	
2001-2002	127,554	910,529	1.000	0.000	7.138	0	910,529
2002-2003	127,046	289,479	1.000	0.000	2.279	0	289,479
2003-2004	123,653	686,652	1.000	0.000	5.553	0	686,652
2004-2005	121,111	9,199	1.002	0.002	0.080	19	9,218
2005-2006	118,867	354,375	1.007	0.007	3.616	3,009	357,384
2006-2007	116,593	185,139	1.014	0.014	2.391	3,903	189,042
2007-2008	113,256	534,258	1.021	0.021	4.993	11,875	546,133
2008-2009	103,471	247,264	1.031	0.030	2.759	8,564	255,828
2009-2010	95,154	645,607	1.065	0.061	7.218	41,896	687,503
2010-2011	93,195	264,329	1.111	0.100	3.024	28,182	292,511
2011-2012	93,422	119,204	1.185	0.156	1.364	19,879	139,083
2012-2013	94,965	321,622	1.289	0.224	3.631	77,239	398,861
2013-2014	93,004	449,302	1.416	0.294	6.899	188,641	637,943
2014-2015	90,039	455,078	1.575	0.365	5.976	196,397	651,475
2015-2016	87,209	541,279	1.989	0.497	5.998	259,971	801,250
2016-2017	83,086	58,148	2.764	0.638	6.032	319,749	377,897
2017-2018	81,673	20,826	5.136	0.805	6.198	407,498	428,324
2018-2019	76,199	25,944	20.598	0.951	6.284	455,372	481,316
Totals	1,839,497	\$6,118,234				\$2,022,194	\$8,140,428

Notes:

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

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

Business Enterprise Program - 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)
1987-1999	0		1.205			4.813	1.000	4.813
1999-2000	0		0.883			6.569	1.000	6.569
2000-2001	0		0.828			7.005	1.000	7.005
2001-2002	127,554	910,529	0.829	754,829	5.918	7.138	1.000	7.138
2002-2003	127,046	289,479	0.868	251,268	1.978	2.279	1.000	2.279
2003-2004	123,653	686,652	1.068	733,344	5.931	5.553	1.000	5.553
2004-2005	121,111	9,199	1.371	12,612	0.104	0.076	1.051	0.080
2005-2006	118,867	408,000	1.482	604,656	5.087	3.432	1.054	3.616
2006-2007	116,593	264,000	1.400	369,600	3.170	2.264	1.056	2.391
2007-2008	113,256	534,258	1.298	693,467	6.123	4.717	1.059	4.993
2008-2009	103,471	269,000	1.209	325,221	3.143	2.600	1.061	2.759
2009-2010	95,154	645,607	1.106	714,041	7.504	6.785	1.064	7.218
2010-2011	93,195	264,329	1.053	278,338	2.987	2.836	1.066	3.024
2011-2012	93,422	119,204	1.048	124,926	1.337	1.276	1.069	1.364
2012-2013	94,965	321,622	1.061	341,241	3.593	3.387	1.072	3.631
2013-2014	93,004	597,000	1.067	636,999	6.849	6.419	1.075	6.899
2014-2015	90,039	662,000	1.046	692,452	7.691	5.545	1.078	5.976
2015-2016	87,209	888,000	1.045	927,960	10.641	5.550	1.081	5.998
2016-2017	83,086	150,000	1.042	156,300	1.881	5.566	1.084	6.032
2017-2018	81,673	99,000	1.017	100,683	1.233	5.703	1.087	6.198
2018-2019	76,199	434,000	1.006	436,604	5.730	5.765	1.090	6.284
Total/Avg	1,839,497	\$7,551,879		\$8,154,541	\$4.433			
13/14-17/18	435,011	2,396,000		2,514,394	5.780			
14/15-18/19	418,206	2,233,000		2,313,999	5.533			
				Selected Limited Rate:	\$5.800			
				Prior:	\$6.800			

Notes:

- (A) From Appendix WC - N, Column (C).
- (B) Selected average of results from Appendices W and X.
- (C) From Appendix WC - E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2013-2014 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
1987-1999	\$6,078	951	\$5,780,178
1999-2000	8,415	56	471,240
2000-2001	6,053	47	284,491
2001-2002	20,234	45	910,530
2002-2003	6,433	45	289,485
2003-2004	15,606	44	686,664
2004-2005	372	26	9,672
2005-2006	18,690	23	429,870
2006-2007	8,993	31	278,783
2007-2008	16,634	34	565,556
2008-2009	13,594	21	285,474
2009-2010	28,616	24	686,784
2010-2011	14,836	19	281,884
2011-2012	6,708	19	127,452
2012-2013	17,239	20	344,780
2013-2014	34,692	18	624,456
2014-2015	33,127	18	596,286
2015-2016	33,924	20	678,480
2016-2017	34,819	9	313,371
2017-2018	36,432	13	473,616
2018-2019	37,714	16	603,424
Total		1,499	\$14,722,476

Notes:

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

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

Business Enterprise Program - 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)
1987-1999	\$5,780,206	951	\$6,078	1.827	\$11,105	\$6,078	1.000	\$6,078
1999-2000	471,264	56	8,415	1.312	11,040	8,415	1.000	8,415
2000-2001	284,492	47	6,053	1.208	7,312	6,053	1.000	6,053
2001-2002	910,529	45	20,234	1.185	23,977	20,234	1.000	20,234
2002-2003	289,479	45	6,433	1.217	7,829	6,433	1.000	6,433
2003-2004	686,652	44	15,606	1.469	22,925	15,606	1.000	15,606
2004-2005	9,199	26	354	1.849	655	354	1.051	372
2005-2006	408,000	23	17,739	1.958	34,733	17,739	1.054	18,690
2006-2007	264,000	31	8,516	1.814	15,448	8,516	1.056	8,993
2007-2008	534,258	34	15,713	1.648	25,895	15,713	1.059	16,634
2008-2009	269,000	21	12,810	1.504	19,266	12,810	1.061	13,594
2009-2010	645,607	24	26,900	1.349	36,288	26,900	1.064	28,616
2010-2011	264,329	19	13,912	1.259	17,515	13,912	1.066	14,836
2011-2012	119,204	19	6,274	1.229	7,711	6,274	1.069	6,708
2012-2013	321,622	20	16,081	1.219	19,603	16,081	1.072	17,239
2013-2014	581,000	18	32,278	1.202	38,798	32,278	1.075	34,692
2014-2015	641,000	18	35,611	1.155	41,131	30,736	1.078	33,127
2015-2016	813,000	20	40,650	1.131	45,975	31,388	1.081	33,924
2016-2017	307,000	9	34,111	1.105	37,693	32,127	1.084	34,819
2017-2018	353,000	13	27,154	1.059	28,756	33,522	1.087	36,432
2018-2019	430,000	16	26,875	1.026	27,574	34,600	1.090	37,714

Average Limited Severity: \$22,916
Average 14/15-18/19 Limited Severity: 36,226
Average 15/16-18/19 Limited Severity: 35,000

Selected Limited Severity: \$35,500
Prior: \$34,900

Notes:

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

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

Business Enterprise Program - 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)
1987-1999	951	951	951	0.0		0.655	
1999-2000	56	56	56	0.0		0.668	
2000-2001	47	47	47	0.0		0.682	
2001-2002	45	45	45	12.8	3.528	0.696	2.455
2002-2003	45	45	45	12.7	3.542	0.710	2.515
2003-2004	44	44	44	12.4	3.558	0.725	2.580
2004-2005	26	26	26	12.1	2.147	0.740	1.589
2005-2006	23	22	23	11.9	1.935	0.755	1.461
2006-2007	31	30	31	11.7	2.659	0.769	2.045
2007-2008	34	34	34	11.3	3.002	0.785	2.357
2008-2009	21	20	21	10.3	2.030	0.801	1.626
2009-2010	24	24	24	9.5	2.522	0.817	2.060
2010-2011	19	19	19	9.3	2.039	0.834	1.701
2011-2012	19	19	19	9.3	2.034	0.851	1.731
2012-2013	20	21	20	9.5	2.106	0.868	1.828
2013-2014	18	18	18	9.3	1.935	0.886	1.714
2014-2015	18	17	18	9.0	1.999	0.904	1.807
2015-2016	20	21	20	8.7	2.293	0.922	2.114
2016-2017	9	10	9	8.3	1.083	0.942	1.020
2017-2018	13	17	13	8.2	1.592	0.961	1.530
2018-2019	16	19	16	7.6	2.100	0.980	2.058
Total	1,499	1,505	1,499	183.9			1.932
13/14-17/18	78	83	78	43.5			1.647

(H) Selected Frequency: 1.900
Prior: 2.000

Program Year:	2019-2020	2020-2021	2021-2022
(I) Trend Factor:	1.000	0.980	0.960
(J) Selected Frequency:	1.900	1.862	1.824
(K) Est. Payroll (\$000,000):	7.6	7.8	8.0
(L) Ultimate Claims:	14	15	15

Notes:

- (A) From Appendix WC - D, Page 4, (C).
- (B) From Appendix WC - D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix WC - N, Column (C) / 10,000.
- (E) (C) / (D).
- (F) From Appendix WC - E, Page 1, Column (H).
- (G) (E) x (F).
- (H) The selected frequency of 1.900 is based on (G).
- (I) From Appendix WC - E, Page 1, Column (H).
- (J) (H) x (I).
- (K) From Appendix WC - N, Column (C) / 10,000.
- (L) (J) x (K).

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

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 6/30/2019 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1987-1999	951	1.000	951	
1999-2000	56	1.000	56	
2000-2001	47	1.000	47	
2001-2002	45	1.000	45	2.455
2002-2003	45	1.000	45	2.515
2003-2004	44	1.000	44	2.580
2004-2005	26	1.000	26	1.589
2005-2006	23	1.000	23	1.461
2006-2007	31	1.000	31	2.045
2007-2008	34	1.000	34	2.357
2008-2009	21	1.000	21	1.626
2009-2010	24	1.000	24	2.061
2010-2011	19	1.000	19	1.700
2011-2012	19	1.000	19	1.731
2012-2013	20	1.001	20	1.828
2013-2014	18	1.002	18	1.715
2014-2015	18	1.003	18	1.807
2015-2016	20	1.005	20	2.114
2016-2017	9	1.007	9	1.020
2017-2018	13	1.027	13	1.530
2018-2019	14	1.166	16	2.058
Total	1,497		1,499	1.932

Notes:

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

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by the BEP. 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.

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 6/30/2019 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1987-1999	951	1.000	951	
1999-2000	56	1.000	56	
2000-2001	47	1.000	47	
2001-2002	45	1.000	45	2.455
2002-2003	45	1.000	45	2.515
2003-2004	44	1.000	44	2.580
2004-2005	26	1.001	26	1.589
2005-2006	22	1.002	22	1.397
2006-2007	30	1.003	30	1.979
2007-2008	34	1.005	34	2.357
2008-2009	20	1.008	20	1.548
2009-2010	24	1.012	24	2.061
2010-2011	19	1.017	19	1.700
2011-2012	19	1.025	19	1.731
2012-2013	20	1.035	21	1.919
2013-2014	17	1.051	18	1.715
2014-2015	16	1.084	17	1.707
2015-2016	18	1.148	21	2.220
2016-2017	8	1.240	10	1.134
2017-2018	12	1.419	17	2.000
2018-2019	9	2.129	19	2.444
Total	1,482		1,505	1.966

Notes:

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

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by the BEP. 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.

Business Enterprise Program - Workers' Compensation
Reported Claim Count Development

Claims Reported as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1998-1999													
1999-2000													56
2000-2001												47	47
2001-2002											45	45	45
2002-2003										45	45	45	45
2003-2004									44	44	44	44	44
2004-2005								26	26	26	26	26	26
2005-2006							23	23	23	23	23	23	23
2006-2007						30	31	31	31	31	31	31	31
2007-2008					34	34	34	34	34	34	34	34	34
2008-2009				21	21	21	21	21	21	21	21		
2009-2010			23	23	24	24	24	24	24	24			
2010-2011		18	19	19	19	19	19	19	19				
2011-2012	17	18	19	19	19	19	19	19					
2012-2013	20	20	20	20	20	20	20						
2013-2014	15	17	18	18	18	18							
2014-2015	13	18	18	18	18								
2015-2016	17	20	20	20									
2016-2017	9	9	9										
2017-2018	13	13											
2018-2019	14												

Reported Claim Count Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
1998-1999													
1999-2000													1.000
2000-2001												1.000	1.000
2001-2002											1.000	1.000	1.000
2002-2003										1.000	1.000	1.000	1.000
2003-2004									1.000	1.000	1.000	1.000	1.000
2004-2005								1.000	1.000	1.000	1.000	1.000	1.000
2005-2006							1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007						1.033	1.000	1.000	1.000	1.000	1.000	1.000	
2007-2008					1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2008-2009				1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2009-2010			1.000	1.043	1.000	1.000	1.000	1.000	1.000				
2010-2011		1.056	1.000	1.000	1.000	1.000	1.000	1.000					
2011-2012	1.059	1.056	1.000	1.000	1.000	1.000	1.000						
2012-2013	1.000	1.000	1.000	1.000	1.000	1.000							
2013-2014	1.133	1.059	1.000	1.000	1.000								
2014-2015	1.385	1.000	1.000	1.000									
2015-2016	1.176	1.000	1.000										
2016-2017	1.000	1.000											
2017-2018	1.000												

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
Average Claim-Weighted Averages	1.108	1.024	1.000	1.006	1.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	1.077	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.154	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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	1.150	1.025	1.003	1.002	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.135	1.020	1.002	1.002	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.166	1.027	1.007	1.005	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000

Business Enterprise Program - Workers' Compensation
Closed Claim Development

Claims Closed as of:

Accident Year	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1998-1999													
1999-2000													56
2000-2001												47	47
2001-2002											45	45	45
2002-2003										44	45	45	45
2003-2004									43	43	43	43	44
2004-2005								26	26	26	26	26	26
2005-2006							21	22	22	22	22	22	22
2006-2007						29	29	29	30	30	30	30	30
2007-2008					26	29	32	33	32	32	34	34	
2008-2009				19	19	19	19	20	20	20	20		
2009-2010			16	19	20	21	22	22	23	24			
2010-2011		15	15	16	18	18	18	18	19				
2011-2012	7	15	17	17	19	19	18	19					
2012-2013	5	16	18	18	18	19	20						
2013-2014	4	8	14	14	15	17							
2014-2015	5	12	12	14	16								
2015-2016	14	15	17	18									
2016-2017	1	6	8										
2017-2018	7	12											
2018-2019	9												

Closed Claim Count Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
1998-1999													
1999-2000													1.000
2000-2001												1.000	1.000
2001-2002											1.000	1.000	1.000
2002-2003										1.023	1.000	1.000	1.000
2003-2004									1.000	1.000	1.000	1.023	1.000
2004-2005								1.000	1.000	1.000	1.000	1.000	1.000
2005-2006							1.048	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007						1.000	1.000	1.034	1.000	1.000	1.000	1.000	
2007-2008					1.115	1.103	1.031	0.970	1.000	1.063	1.000		
2008-2009				1.000	1.000	1.000	1.053	1.000	1.000	1.000			
2009-2010			1.188	1.053	1.050	1.048	1.000	1.045	1.043				
2010-2011		1.000	1.067	1.125	1.000	1.000	1.000	1.056					
2011-2012	2.143	1.133	1.000	1.118	1.000	0.947	1.056						
2012-2013	3.200	1.125	1.000	1.000	1.056	1.053							
2013-2014	2.000	1.750	1.000	1.071	1.133								
2014-2015	2.400	1.000	1.167	1.143									
2015-2016	1.071	1.133	1.059										
2016-2017	6.000	1.333											
2017-2018	1.714												

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
Average Claim-Weighted Averages	2.647	1.211	1.069	1.073	1.051	1.022	1.027	1.015	1.006	1.012	1.000	1.003	1.000
3-yr	1.500	1.121	1.070	1.065	1.058	1.000	1.017	1.033	1.013	1.024	1.000	1.000	1.000
4-yr	1.667	1.244	1.049	1.079	1.043	1.013	1.026	1.011	1.010	1.019	1.000	1.008	1.000
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	1.001
Prior	2.000	1.150	1.083	1.058	1.025	1.015	1.010	1.008	1.005	1.004	1.003	1.002	1.001
Selected	1.500	1.144	1.080	1.059	1.032	1.015	1.010	1.008	1.005	1.004	1.003	1.002	1.001
Cumulated	2.129	1.419	1.240	1.148	1.084	1.051	1.035	1.025	1.017	1.012	1.008	1.005	1.003

Business Enterprise Program - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2019-2020 Loss Rate Level (B)	Factor to 2020-2021 Loss Rate Level (C)	Factor to 2021-2022 Loss Rate Level (D)	Factor to 2022-2023 Loss Rate Level (E)	Factor to 2019-2020 Frequency Level (F)	Factor to 2020-2021 Frequency Level (G)	Factor to 2021-2022 Frequency Level (H)	Factor to 2022-2023 Frequency Level (I)	Factor to 2019-2020 Severity Level (J)
1987-1999	1.088	1.205	1.211	1.217	1.223	0.655	0.642	0.629	0.616	1.827
1999-2000	0.801	0.883	0.887	0.891	0.896	0.668	0.655	0.642	0.629	1.312
2000-2001	0.756	0.828	0.832	0.836	0.841	0.682	0.669	0.655	0.642	1.208
2001-2002	0.760	0.829	0.833	0.837	0.841	0.696	0.682	0.668	0.655	1.185
2002-2003	0.801	0.868	0.872	0.876	0.881	0.710	0.696	0.682	0.668	1.217
2003-2004	0.990	1.068	1.074	1.079	1.084	0.725	0.710	0.696	0.682	1.469
2004-2005	1.277	1.371	1.378	1.385	1.392	0.740	0.725	0.710	0.696	1.849
2005-2006	1.387	1.482	1.490	1.497	1.504	0.755	0.740	0.724	0.710	1.958
2006-2007	1.316	1.400	1.407	1.414	1.421	0.769	0.754	0.739	0.724	1.814
2007-2008	1.226	1.298	1.305	1.311	1.318	0.785	0.770	0.754	0.739	1.648
2008-2009	1.147	1.209	1.215	1.221	1.227	0.801	0.785	0.769	0.754	1.504
2009-2010	1.054	1.106	1.111	1.117	1.122	0.817	0.801	0.785	0.769	1.349
2010-2011	1.008	1.053	1.058	1.064	1.069	0.834	0.818	0.801	0.785	1.259
2011-2012	1.008	1.048	1.053	1.059	1.064	0.851	0.834	0.817	0.801	1.229
2012-2013	1.026	1.061	1.066	1.072	1.077	0.868	0.851	0.834	0.817	1.219
2013-2014	1.036	1.067	1.072	1.078	1.083	0.886	0.869	0.851	0.834	1.202
2014-2015	1.020	1.046	1.051	1.056	1.061	0.904	0.886	0.868	0.851	1.155
2015-2016	1.025	1.045	1.050	1.055	1.060	0.922	0.904	0.886	0.868	1.131
2016-2017	1.026	1.042	1.047	1.052	1.057	0.942	0.923	0.904	0.886	1.105
2017-2018	1.007	1.017	1.022	1.027	1.033	0.961	0.942	0.922	0.904	1.059
2018-2019	1.001	1.006	1.011	1.016	1.021	0.980	0.960	0.941	0.922	1.026
2019-2020	1.000	1.000	1.005	1.010	1.015	1.000	0.980	0.960	0.941	1.000
2020-2021	1.000	--	1.000	1.005	1.010	--	1.000	0.980	0.960	--
2021-2022	1.000	--	--	1.000	1.005	--	--	1.000	0.980	--
2022-2023	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.

Business Enterprise Program - 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)
1987-1999	\$5,780,206	951	1.088	6,614		
1999-2000	471,264	56	0.801	6,743		
2000-2001	284,492	47	0.756	4,576		
2001-2002	910,529	45	0.760	15,386	127,554	3.528
2002-2003	289,479	45	0.801	5,150	127,046	3.542
2003-2004	686,652	44	0.990	15,453	123,653	3.558
2004-2005	9,199	26	1.277	452	121,111	2.147
2005-2006	408,000	23	1.387	24,597	118,867	1.935
2006-2007	264,000	31	1.316	11,209	116,593	2.659
2007-2008	534,258	34	1.226	19,264	113,256	3.002
2008-2009	269,000	21	1.147	14,686	103,471	2.030
2009-2010	645,607	24	1.054	28,343	95,154	2.522
2010-2011	264,329	19	1.008	14,028	93,195	2.039
2011-2012	119,204	19	1.008	6,327	93,422	2.034
2012-2013	321,622	20	1.026	16,493	94,965	2.106
2013-2014	597,000	18	1.036	34,373	93,004	1.935
2014-2015	662,000	18	1.020	37,527	90,039	1.999
2015-2016	888,000	20	1.025	45,491	87,209	2.293
2016-2017	150,000	9	1.026	17,107	83,086	1.083
2017-2018	99,000	13	1.007	7,671	81,673	1.592
2018-2019	434,000	16	1.001	27,156	76,199	2.100

	<u>Severity Trend Factors</u>	<u>Frequency Trend Factors</u>
Latest 10 x 2018-2019	1.016	0.955
Latest 5 x 2018-2019	0.685	0.904
Prior	1.030	0.980
Default	1.025	0.980
Selected Residual Trend	1.025	0.980

Notes:

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

Business Enterprise Program - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/19

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)
2019-2020	17.0	\$1,475	1.000	\$1,475	\$25,075
2020-2021	9.9	1,475	1.050	1,549	15,335
2021-2022	6.0	1,475	1.103	1,627	9,762
2022-2023	3.7	1,475	1.158	1,708	6,320
2023-2024	2.3	1,475	1.216	1,794	4,126
2024-2025	1.5	1,475	1.277	1,884	2,826
2025-2026	1.1	1,475	1.341	1,978	2,176
2026-2027	0.8	1,475	1.408	2,077	1,662
2027-2028	0.7	1,475	1.478	2,180	1,526
2028-2029	0.6	1,475	1.552	2,289	1,373
2029-2030	0.5	1,475	1.630	2,404	1,202
2030-2031	0.4	1,475	1.712	2,525	1,010
2031-2032	0.3	1,475	1.798	2,652	796
2032-2033	0.2	1,475	1.888	2,785	557
2033-2034	0.1	1,475	1.982	2,923	292
2034-2035	0.0	1,475	2.081	3,069	0
2035-2036	0.0	1,475	2.185	3,223	0
2036-2037	0.0	1,475	2.294	3,384	0

(G) Total ULAE Outstanding as of 6/30/19: \$74,038

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 BEP.
- (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.

Business Enterprise Program - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/20

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2020-2021	17.3	\$1,475	1.050	\$1,549	\$26,798
2021-2022	10.0	1,475	1.103	1,627	16,270
2022-2023	6.3	1,475	1.158	1,708	10,760
2023-2024	4.0	1,475	1.216	1,794	7,176
2024-2025	2.5	1,475	1.277	1,884	4,710
2025-2026	1.7	1,475	1.341	1,978	3,363
2026-2027	1.2	1,475	1.408	2,077	2,492
2027-2028	1.0	1,475	1.478	2,180	2,180
2028-2029	0.8	1,475	1.552	2,289	1,831
2029-2030	0.6	1,475	1.630	2,404	1,442
2030-2031	0.5	1,475	1.712	2,525	1,263
2031-2032	0.4	1,475	1.798	2,652	1,061
2032-2033	0.3	1,475	1.888	2,785	836
2033-2034	0.2	1,475	1.982	2,923	585
2034-2035	0.1	1,475	2.081	3,069	307
2035-2036	0.0	1,475	2.185	3,223	0
2036-2037	0.0	1,475	2.294	3,384	0
2037-2038	0.0	1,475	2.409	3,553	0

(G) Total ULAE Outstanding as of 6/30/20: \$81,074

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 BEP.
- (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.

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	As of <u>6/30/2019</u>	<u>Calendar Period</u>		
		7/1/2019 to <u>6/30/2020</u>	7/1/2020 to <u>6/30/2021</u>	7/1/2021 to <u>6/30/2022</u>
Prior				
Ultimate Loss	\$7,735,970	\$7,735,970	\$7,735,970	\$7,735,970
Paid in Calendar Period	-			
Paid to Date	7,735,970	7,735,970	7,735,970	7,735,970
Outstanding Liability				
2003-2004				
Ultimate Loss	\$686,652	\$686,652	\$686,652	\$686,652
Paid in Calendar Period	-			
Paid to Date	686,652	686,652	686,652	686,652
Outstanding Liability				
2004-2005				
Ultimate Loss	\$9,199	\$9,199	\$9,199	\$9,199
Paid in Calendar Period	-			
Paid to Date	9,199	9,199	9,199	9,199
Outstanding Liability				
2005-2006				
Ultimate Loss	\$409,000	\$409,000	\$409,000	\$409,000
Paid in Calendar Period	-	38,948	15,677	
Paid to Date	354,375	393,323	409,000	409,000
Outstanding Liability	54,625	15,677		
2006-2007				
Ultimate Loss	\$265,000	\$265,000	\$265,000	\$265,000
Paid in Calendar Period	-	39,691	28,641	11,529
Paid to Date	185,139	224,830	253,471	265,000
Outstanding Liability	79,861	40,170	11,529	
2007-2008				
Ultimate Loss	\$534,258	\$534,258	\$534,258	\$534,258
Paid in Calendar Period	-			
Paid to Date	534,258	534,258	534,258	534,258
Outstanding Liability				
2008-2009				
Ultimate Loss	\$271,000	\$271,000	\$271,000	\$271,000
Paid in Calendar Period	-	7,501	5,341	5,414
Paid to Date	247,264	254,765	260,106	265,520
Outstanding Liability	23,736	16,235	10,894	5,480
2009-2010				
Ultimate Loss	\$645,607	\$645,607	\$645,607	\$645,607
Paid in Calendar Period	-			
Paid to Date	645,607	645,607	645,607	645,607
Outstanding Liability				

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2019</u>	<u>Calendar Period</u>		
		<u>7/1/2019</u> <u>to</u> <u>6/30/2020</u>	<u>7/1/2020</u> <u>to</u> <u>6/30/2021</u>	<u>7/1/2021</u> <u>to</u> <u>6/30/2022</u>
2010-2011				
Ultimate Loss	\$264,329	\$264,329	\$264,329	\$264,329
Paid in Calendar Period	-			
Paid to Date	264,329	264,329	264,329	264,329
Outstanding Liability				
2011-2012				
Ultimate Loss	\$119,204	\$119,204	\$119,204	\$119,204
Paid in Calendar Period	-			
Paid to Date	119,204	119,204	119,204	119,204
Outstanding Liability				
2012-2013				
Ultimate Loss	\$321,622	\$321,622	\$321,622	\$321,622
Paid in Calendar Period	-			
Paid to Date	321,622	321,622	321,622	321,622
Outstanding Liability				
2013-2014				
Ultimate Loss	\$599,000	\$599,000	\$599,000	\$599,000
Paid in Calendar Period	-	35,478	34,723	28,619
Paid to Date	449,302	484,780	519,503	548,122
Outstanding Liability	149,698	114,220	79,497	50,878
2014-2015				
Ultimate Loss	\$666,000	\$666,000	\$666,000	\$666,000
Paid in Calendar Period	-	41,130	40,241	39,384
Paid to Date	455,078	496,208	536,449	575,833
Outstanding Liability	210,922	169,792	129,551	90,167
2015-2016				
Ultimate Loss	\$1,015,000	\$1,015,000	\$1,015,000	\$1,015,000
Paid in Calendar Period	-	126,010	67,804	66,338
Paid to Date	541,279	667,289	735,093	801,431
Outstanding Liability	473,721	347,711	279,907	213,569
2016-2017				
Ultimate Loss	\$340,000	\$340,000	\$340,000	\$340,000
Paid in Calendar Period	-	62,289	58,404	31,426
Paid to Date	58,148	120,437	178,841	210,267
Outstanding Liability	281,852	219,563	161,159	129,733
2017-2018				
Ultimate Loss	\$392,000	\$392,000	\$392,000	\$392,000
Paid in Calendar Period	-	76,833	65,049	60,992
Paid to Date	20,826	97,659	162,708	223,700
Outstanding Liability	371,174	294,341	229,292	168,300

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2019</u>	<u>Calendar Period</u>		
		<u>7/1/2019</u> <u>to</u> <u>6/30/2020</u>	<u>7/1/2020</u> <u>to</u> <u>6/30/2021</u>	<u>7/1/2021</u> <u>to</u> <u>6/30/2022</u>
2018-2019				
Ultimate Loss	\$499,000	\$499,000	\$499,000	\$499,000
Paid in Calendar Period	-	72,851	82,842	70,137
Paid to Date	25,944	98,795	181,637	251,774
Outstanding Liability	473,056	400,205	317,363	247,226
2019-2020				
Ultimate Loss	-	\$532,000	\$532,000	\$532,000
Paid in Calendar Period	-	26,068	77,914	88,600
Paid to Date	-	26,068	103,982	192,582
Outstanding Liability	-	505,932	428,018	339,418
2020-2021				
Ultimate Loss	-	-	\$550,000	\$550,000
Paid in Calendar Period	-	-	26,950	80,550
Paid to Date	-	-	26,950	107,500
Outstanding Liability	-	-	523,050	442,500
2021-2022				
Ultimate Loss	-	-	-	\$569,000
Paid in Calendar Period	-	-	-	27,881
Paid to Date	-	-	-	27,881
Outstanding Liability	-	-	-	541,119
Totals				
Ultimate Loss	\$14,772,841	\$15,304,841	\$15,854,841	\$16,423,841
Paid in Calendar Period	-	526,799	503,586	510,870
Paid to Date	12,654,196	13,180,995	13,684,581	14,195,451
Outstanding Liability	2,118,645	2,123,846	2,170,260	2,228,390
Total Outstanding ULAE	74,038	81,074	90,864	100,159
Outstanding Liability plus ULAE	2,192,683	2,204,920	2,261,124	2,328,549

Notes appear on the next page.

Business Enterprise Program - 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 2017-2018, \$76,833 is expected to be paid between 7/1/19 and 6/30/20, \$97,659 will have been paid by 6/30/20, and the reserve for remaining payments on these claims should be \$294,341.
- Ultimate Losses for each accident year are from Exhibit WC - 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, \$65,049 = \$294,341 x 22.1%.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, \$162,708 = \$65,049 + \$97,659.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, \$294,341 = \$392,000 - \$97,659.

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.

Short- and Long-Term Liabilities

<u>Liabilities as of 6/30/19:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$500,731	\$500,731
	ULAE:	25,075	25,075
	Short-Term Loss and LAE:	<u>\$525,806</u>	<u>\$525,806</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$1,617,914	\$1,617,914
	ULAE:	48,963	48,963
	Long-Term Loss and LAE:	<u>\$1,666,877</u>	<u>\$1,666,877</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,118,645	\$2,118,645
	ULAE:	74,038	74,038
	Total Loss and LAE:	<u>\$2,192,683</u>	<u>\$2,192,683</u>

<u>Liabilities as of 6/30/20:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$476,636	\$476,636
	ULAE:	26,798	26,798
	Short-Term Loss and LAE:	<u>\$503,434</u>	<u>\$503,434</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$1,647,210	\$1,647,210
	ULAE:	54,276	54,276
	Long-Term Loss and LAE:	<u>\$1,701,486</u>	<u>\$1,701,486</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,123,846	\$2,123,846
	ULAE:	81,074	81,074
	Total Loss and LAE:	<u>\$2,204,920</u>	<u>\$2,204,920</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 6/30/19:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$588,860	\$629,920	\$677,990	\$738,077	\$818,194
	ULAE:	29,488	31,544	33,952	36,961	40,973
	Short-Term Loss and LAE:	<u>\$618,348</u>	<u>\$661,464</u>	<u>\$711,942</u>	<u>\$775,038</u>	<u>\$859,167</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$1,902,667	\$2,035,335	\$2,190,655	\$2,384,806	\$2,643,672
	ULAE:	57,580	61,596	66,296	72,171	80,005
	Long-Term Loss and LAE:	<u>\$1,960,247</u>	<u>\$2,096,931</u>	<u>\$2,256,951</u>	<u>\$2,456,977</u>	<u>\$2,723,677</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,491,527	\$2,665,255	\$2,868,645	\$3,122,883	\$3,461,866
	ULAE:	87,068	93,140	100,248	109,132	120,978
	Total Loss and LAE:	<u>\$2,578,595</u>	<u>\$2,758,395</u>	<u>\$2,968,893</u>	<u>\$3,232,015</u>	<u>\$3,582,844</u>
<u>Liabilities as of 6/30/20:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$560,524	\$599,608	\$645,365	\$702,561	\$778,823
	ULAE:	31,514	33,712	36,284	39,500	43,788
	Short-Term Loss and LAE:	<u>\$592,038</u>	<u>\$633,320</u>	<u>\$681,649</u>	<u>\$742,061</u>	<u>\$822,611</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$1,937,119	\$2,072,190	\$2,230,322	\$2,427,988	\$2,691,541
	ULAE:	63,829	68,279	73,491	80,003	88,687
	Long-Term Loss and LAE:	<u>\$2,000,948</u>	<u>\$2,140,469</u>	<u>\$2,303,813</u>	<u>\$2,507,991</u>	<u>\$2,780,228</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,497,643	\$2,671,798	\$2,875,687	\$3,130,549	\$3,470,364
	ULAE:	95,343	101,991	109,775	119,503	132,475
	Total Loss and LAE:	<u>\$2,592,986</u>	<u>\$2,773,789</u>	<u>\$2,985,462</u>	<u>\$3,250,052</u>	<u>\$3,602,839</u>

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

Business Enterprise Program - Workers' Compensation

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 6/30/19 (A)	Discount Factor (B)	Discounted Reserve at 6/30/19 (C)	Full Value of Reserve at 6/30/20 (D)	Discount Factor (E)	Discounted Reserve at 6/30/20 (F)
1987-1999	\$0	1.000	\$0	\$0	1.000	\$0
1999-2000	0	1.000	0	0	1.000	0
2000-2001	0	1.000	0	0	1.000	0
2001-2002	0	1.000	0	0	1.000	0
2002-2003	0	1.000	0	0	1.000	0
2003-2004	0	1.000	0	0	1.000	0
2004-2005	0	1.000	0	0	1.000	0
2005-2006	54,625	1.000	54,625	15,677	1.000	15,677
2006-2007	79,861	1.000	79,861	40,170	1.000	40,170
2007-2008	0	1.000	0	0	1.000	0
2008-2009	23,736	1.000	23,736	16,235	1.000	16,235
2009-2010	0	1.000	0	0	1.000	0
2010-2011	0	1.000	0	0	1.000	0
2011-2012	0	1.000	0	0	1.000	0
2012-2013	0	1.000	0	0	1.000	0
2013-2014	149,698	1.000	149,698	114,220	1.000	114,220
2014-2015	210,922	1.000	210,922	169,792	1.000	169,792
2015-2016	473,721	1.000	473,721	347,711	1.000	347,711
2016-2017	281,852	1.000	281,852	219,563	1.000	219,563
2017-2018	371,174	1.000	371,174	294,341	1.000	294,341
2018-2019	473,056	1.000	473,056	400,205	1.000	400,205
2019-2020				505,932	1.000	505,932
Totals	\$2,118,645		\$2,118,645	\$2,123,846		\$2,123,846

(G) Discount Factor at 6/30/19 for Overall Reserve: 1.000
(H) Discount Factor at 6/30/20 for Overall Reserve: 1.000

Notes:

- (A) From Appendix WC - G, Outstanding Liability at 6/30/19.
- (B) Based on Appendix WC - I, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix WC - G, Outstanding Liability at 6/30/20.
- (E) Based on Appendix WC - I, Page 2, Column (E).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 1.000, the discounted liability for outstanding claims is 100.0% of the full value.

Business Enterprise Program - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	0.0%	0.0%	0.000	0.000	1.000
21	0.0%	0.0%	0.000	0.000	1.000
20	0.0%	0.0%	0.000	0.000	1.000
19	0.0%	0.0%	0.000	0.000	1.000
18	0.0%	0.0%	0.000	0.000	1.000
17	0.0%	0.0%	0.000	0.000	1.000
16	0.2%	0.0%	0.002	0.002	1.000
15	0.6%	0.0%	0.008	0.008	1.000
14	0.7%	0.0%	0.015	0.015	1.000
13	0.9%	0.0%	0.023	0.023	1.000
12	0.9%	0.0%	0.033	0.033	1.000
11	3.1%	0.0%	0.064	0.064	1.000
10	3.9%	0.0%	0.103	0.103	1.000
9	5.5%	0.0%	0.158	0.158	1.000
8	6.8%	0.0%	0.227	0.227	1.000
7	6.9%	0.0%	0.296	0.296	1.000
6	7.1%	0.0%	0.366	0.366	1.000
5	13.1%	0.0%	0.497	0.497	1.000
4	14.0%	0.0%	0.637	0.637	1.000
3	16.7%	0.0%	0.804	0.804	1.000
2	14.7%	0.0%	0.951	0.951	1.000
1	4.9%	0.0%	1.000	1.000	1.000
(G) Discount Factor for Future Funding:				2019-2020	1.000
				2020-2021	1.000
				2021-2022	1.000

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 WC - B, Page 2.
- (C) Assumed Investment Income Rates.
- (D) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, $95.1\% = [80.4\% / 1.000] + [14.7\% / (1.000)]$.
- (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 1.00, on a discounted basis, \$1.00 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

Business Enterprise Program - Workers' Compensation

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	2.697	1.900
90%	2.156	1.634
85%	1.833	1.474
80%	1.597	1.354
75%	1.405	1.258
70%	1.241	1.176
65%	1.096	1.103
60%	0.968	1.038
55%	0.855	0.978
50%	0.754	0.921
45%	0.663	0.867
40%	0.580	0.814
35%	0.503	0.761
30%	0.431	0.709
25%	0.362	0.655

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 2.156 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.

Business Enterprise Program - Workers' Compensation

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/1987	6/30/1999	1987-1999	\$250,000	(none)
7/1/1999	6/30/2000	1999-2000	250,000	(none)
7/1/2000	6/30/2001	2000-2001	250,000	(none)
7/1/2001	6/30/2002	2001-2002	250,000	(none)
7/1/2002	6/30/2003	2002-2003	250,000	(none)
7/1/2003	6/30/2004	2003-2004	250,000	(none)
7/1/2004	6/30/2005	2004-2005	1,000,000	(none)
7/1/2005	6/30/2006	2005-2006	1,000,000	(none)
7/1/2006	6/30/2007	2006-2007	1,000,000	(none)
7/1/2007	6/30/2008	2007-2008	1,000,000	(none)
7/1/2008	6/30/2009	2008-2009	1,000,000	(none)
7/1/2009	6/30/2010	2009-2010	1,000,000	(none)
7/1/2010	6/30/2011	2010-2011	1,000,000	(none)
7/1/2011	6/30/2012	2011-2012	1,000,000	(none)
7/1/2012	6/30/2013	2012-2013	1,000,000	(none)
7/1/2013	6/30/2014	2013-2014	1,000,000	(none)
7/1/2014	6/30/2015	2014-2015	1,000,000	(none)
7/1/2015	6/30/2016	2015-2016	1,000,000	(none)
7/1/2016	6/30/2017	2016-2017	1,000,000	(none)
7/1/2017	6/30/2018	2017-2018	1,000,000	(none)
7/1/2018	6/30/2019	2018-2019	1,000,000	(none)
7/1/2019	6/30/2020	2019-2020	750,000	(none)
7/1/2020	6/30/2021	2020-2021	750,000	(none)
	Third Party Claims Administrator		Begin Date	End Date
	LWP		7/1/2017	Current
	Carl Warren		5/23/2012	7/1/2017
	State Fund		Prior	5/22/2012

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

Business Enterprise Program - Workers' Compensation

Estimated Total Assets as of 6/30/20

(A) <u>Total Assets as of 6/30/19:</u>	\$1,840,000
(B) <u>Total Income to Fund during 2019-2020</u>	
Contributions:	\$675,000
Interest:	93,000
Other:	0
Total Income:	<u>\$768,000</u>
(C) <u>Total Payments from Fund during 2019-2020</u>	
Loss and ALAE:	\$527,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	45,000
Excess Insurance:	93,000
Other:	0
Total Payments:	<u>\$665,000</u>
(D) <u>Estimated Total Assets as of 6/30/20:</u>	\$1,943,000

Notes:

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

Business Enterprise Program - Workers' Compensation

Incurred Losses as of 6/30/19

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$250,000 (G)	Incurred Capped at \$250,000 (H)	Incurred \$250,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
1987-1999	\$5,859,865	\$0	\$9,884	\$5,849,981	\$69,775	\$69,775	\$5,780,206	\$0	\$5,780,206	\$5,780,206
1999-2000	471,264	0	0	471,264	0	0	471,264	0	471,264	471,264
2000-2001	284,492	0	0	284,492	0	0	284,492	0	284,492	284,492
2001-2002	998,128	0	0	998,128	87,599	87,599	910,529	0	910,529	910,529
2002-2003	289,479	0	0	289,479	0	0	289,479	0	289,479	289,479
2003-2004	686,652	0	0	686,652	0	0	686,652	0	686,652	686,652
2004-2005	9,199	0	0	9,199	0	0	9,199	0	9,199	9,199
2005-2006	406,541	0	0	406,541	0	0	406,541	0	406,541	406,541
2006-2007	262,229	0	0	262,229	0	0	262,229	0	262,229	262,229
2007-2008	534,258	0	0	534,258	0	0	534,258	0	534,258	534,258
2008-2009	264,501	0	0	264,501	0	0	264,501	0	264,501	264,501
2009-2010	645,607	0	0	645,607	0	0	645,607	0	645,607	645,607
2010-2011	264,329	0	0	264,329	0	0	264,329	0	264,329	264,329
2011-2012	119,204	0	0	119,204	0	0	119,204	0	119,204	119,204
2012-2013	321,622	0	0	321,622	0	0	321,622	0	321,622	321,622
2013-2014	621,277	0	124,993	496,285	0	0	496,285	0	496,285	496,285
2014-2015	524,531	0	0	524,531	0	0	524,531	0	524,531	524,531
2015-2016	771,337	0	0	771,337	0	215,918	555,419	215,918	771,337	771,337
2016-2017	75,291	0	0	75,291	0	0	75,291	0	75,291	75,291
2017-2018	41,969	0	0	41,969	0	0	41,969	0	41,969	41,969
2018-2019	61,815	0	0	61,815	0	0	61,815	0	61,815	61,815
2019-2020	0	0	0	0	0	0	0	0	0	0
Total	\$13,513,590	\$0	\$134,877	\$13,378,713	\$157,374	\$373,292	\$13,005,422	\$215,918	\$13,221,340	\$13,221,340

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the BEP.
- (C)
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$250,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix WC - K.

Business Enterprise Program - Workers' Compensation

Paid Losses as of 6/30/19

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$250,000 (G)	Paid Capped at \$250,000 (H)	Paid \$250,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
1987-1999	\$5,859,865	\$0	\$9,884	\$5,849,981	\$69,775	\$69,775	\$5,780,206	\$0	\$5,780,206	\$5,780,206
1999-2000	471,264	0	0	471,264	0	0	471,264	0	471,264	471,264
2000-2001	284,492	0	0	284,492	0	0	284,492	0	284,492	284,492
2001-2002	998,128	0	0	998,128	87,599	87,599	910,529	0	910,529	910,529
2002-2003	289,479	0	0	289,479	0	0	289,479	0	289,479	289,479
2003-2004	686,652	0	0	686,652	0	0	686,652	0	686,652	686,652
2004-2005	9,199	0	0	9,199	0	0	9,199	0	9,199	9,199
2005-2006	354,375	0	0	354,375	0	0	354,375	0	354,375	354,375
2006-2007	185,139	0	0	185,139	0	0	185,139	0	185,139	185,139
2007-2008	534,258	0	0	534,258	0	0	534,258	0	534,258	534,258
2008-2009	247,264	0	0	247,264	0	0	247,264	0	247,264	247,264
2009-2010	645,607	0	0	645,607	0	0	645,607	0	645,607	645,607
2010-2011	264,329	0	0	264,329	0	0	264,329	0	264,329	264,329
2011-2012	119,204	0	0	119,204	0	0	119,204	0	119,204	119,204
2012-2013	321,622	0	0	321,622	0	0	321,622	0	321,622	321,622
2013-2014	574,295	0	124,993	449,302	0	0	449,302	0	449,302	449,302
2014-2015	455,078	0	0	455,078	0	0	455,078	0	455,078	455,078
2015-2016	541,279	0	0	541,279	0	28,118	513,161	28,118	541,279	541,279
2016-2017	58,148	0	0	58,148	0	0	58,148	0	58,148	58,148
2017-2018	20,826	0	0	20,826	0	0	20,826	0	20,826	20,826
2018-2019	25,944	0	0	25,944	0	0	25,944	0	25,944	25,944
2019-2020	0	0	0	0	0	0	0	0	0	0
Total	\$12,946,446	\$0	\$134,877	\$12,811,569	\$157,374	\$185,492	\$12,626,076	\$28,118	\$12,654,195	\$12,654,195

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the BEP.
- (C)
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$250,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix WC - K.

Business Enterprise Program - Workers' Compensation

Case Reserves as of 6/30/19

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$250,000 (G)	Reserves Capped at \$250,000 (H)	Reserves \$250,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
1987-1999	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	52,167	0	0	52,167	0	0	52,167	0	52,167	52,167
2006-2007	77,091	0	0	77,091	0	0	77,091	0	77,091	77,091
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	17,237	0	0	17,237	0	0	17,237	0	17,237	17,237
2009-2010	0	0	0	0	0	0	0	0	0	0
2010-2011	0	0	0	0	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	46,982	0	0	46,982	0	0	46,982	0	46,982	46,982
2014-2015	69,453	0	0	69,453	0	0	69,453	0	69,453	69,453
2015-2016	230,058	0	0	230,058	0	187,800	42,258	187,800	230,058	230,058
2016-2017	17,143	0	0	17,143	0	0	17,143	0	17,143	17,143
2017-2018	21,144	0	0	21,144	0	0	21,144	0	21,144	21,144
2018-2019	35,871	0	0	35,871	0	0	35,871	0	35,871	35,871
2019-2020	0	0	0	0	0	0	0	0	0	0
Total	\$567,145	\$0	\$0	\$567,145	\$0	\$187,800	\$379,345	\$187,800	\$567,145	\$567,145

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix WC - M, Page 1, Column (B) - Appendix WC - M, Page 2, Column (B).
- (C) Appendix WC - M, Page 1, Column (C) - Appendix WC - M, Page 2, Column (C).
- (D) Appendix WC - M, Page 1, Column (D) - Appendix WC - M, 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 \$250,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix WC - K.

Business Enterprise Program - Workers' Compensation

Claim Counts as of 6/30/19

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)
1987-1999	951	0	0	951	951	0	0	951	0	0
1999-2000	56	0	0	56	56	0	0	56	0	0
2000-2001	47	0	0	47	47	0	0	47	0	0
2001-2002	45	0	0	45	45	0	0	45	0	0
2002-2003	45	0	0	45	45	0	0	45	0	0
2003-2004	44	0	0	44	44	0	0	44	0	0
2004-2005	26	0	0	26	26	0	0	26	0	0
2005-2006	23	0	0	23	22	0	0	22	1	1
2006-2007	31	0	0	31	30	0	0	30	1	1
2007-2008	34	0	0	34	34	0	0	34	0	0
2008-2009	21	0	0	21	20	0	0	20	1	1
2009-2010	24	0	0	24	24	0	0	24	0	0
2010-2011	19	0	0	19	19	0	0	19	0	0
2011-2012	19	0	0	19	19	0	0	19	0	0
2012-2013	20	0	0	20	20	0	0	20	0	0
2013-2014	18	0	0	18	17	0	0	17	1	1
2014-2015	18	0	0	18	16	0	0	16	2	2
2015-2016	20	0	0	20	18	0	0	18	2	2
2016-2017	9	0	0	9	8	0	0	8	1	1
2017-2018	13	0	0	13	12	0	0	12	1	1
2018-2019	14	0	0	14	9	0	0	9	5	5
2019-2020	0	0	0	0	0	0	0	0	0	0
Total	1,497	0	0	1,497	1,482	0	0	1,482	15	15

Notes:

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

Business Enterprise Program - Workers' Compensation

Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
1987-1999			
1999-2000			
2000-2001			
2001-2002	81,818	1.559	127,554
2002-2003	83,528	1.521	127,046
2003-2004	83,324	1.484	123,653
2004-2005	83,640	1.448	121,111
2005-2006	84,124	1.413	118,867
2006-2007	84,549	1.379	116,593
2007-2008	84,205	1.345	113,256
2008-2009	78,865	1.312	103,471
2009-2010	74,339	1.280	95,154
2010-2011	74,616	1.249	93,195
2011-2012	76,638	1.219	93,422
2012-2013	79,870	1.189	94,965
2013-2014	80,176	1.160	93,004
2014-2015	79,540	1.132	90,039
2015-2016	78,994	1.104	87,209
2016-2017	77,146	1.077	83,086
2017-2018	77,710	1.051	81,673
2018-2019	74,340	1.025	76,199
2019-2020	76,000	1.000	76,000
2020-2021	78,000	1.000	78,000
2021-2022	80,000	1.000	80,000

Notes:

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