

# **Monterey Bay Area Self Insurance Authority**

**An Actuarial Review of the  
Workers' Compensation Program**

**BAY ACTUARIAL CONSULTANTS  
Moraga, California  
August 30, 2008**

# Bay Actuarial Consultants

August 30, 2008

Mr. Kent Rice  
Chief Executive Officer  
Monterey Bay Area Self Insurance Authority  
144 Montclair Drive  
Santa Cruz, CA  
95060

Dear Mr. Rice:

We are pleased to present Bay Actuarial's Actuarial Review of the Monterey Bay Area Self Insurance Authority's workers' compensation program. We appreciate the opportunity to serve the Authority.

If you have any questions, please call me at (925) 377-5269.

Respectfully,

BAY ACTUARIAL CONSULTANTS



Jack Joyce, FCAS, MAAA  
Principal

# Monterey Bay Area Self Insurance Authority

## An Actuarial Review of the Workers' Compensation Program

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# **Monterey Bay Area Self Insurance Authority**

## **An Actuarial Review of the Workers' Compensation Program**

### **Introduction**

# Monterey Bay Area Self Insurance Authority

## An Actuarial Review of the Workers' Compensation Program

### Introduction

#### Background & Purpose

The Monterey Bay Area Self Insurance Authority ("MBASIA") self-insures its workers' compensation claims. The Authority has asked Bay Actuarial Consultants to provide an actuarial report on its workers' compensation self-insurance program. The specific topics covered in this report include the following:

- 1) **Projected 2008-09 Loss Rate.** An estimate of the losses expected to be incurred during 2008-09, expressed in terms of a rate of loss per \$100 of payroll.
- 2) **Unpaid Losses.** We have estimated the Authority's liability for unpaid losses as of June 30, 2008.
- 3) **Discounting.** We have also discounted the projected 2008-09 losses and the liabilities to present value, assuming a 3% interest rate. The discounted estimates take into account the time value of money as workers' compensation costs are disbursed over an extended timeframe.
- 4) **Variability of Estimates.** We have included an analysis of items (1) and (2) above, in terms of "confidence levels."
- 5) **Short-Term versus Long-Term.** We have broken out the liabilities into their short-term and long-term components.

## **Conditions & Limitations**

This report has been prepared for the Authority's internal use. Copies of this report may be provided to the Authority's auditors. Any other use of this report is not authorized without the prior written permission of Bay Actuarial. In particular, those interested in providing insurance to the Authority must perform their own actuarial analysis and may not rely upon our work.

In this report, we relied upon loss and payroll data provided by JT<sup>2</sup> Claims Administrators and the MBASIA. We have not audited this data and are not responsible for its accuracy. With any actuarial analysis, the accuracy and relevance of the conclusions, and the reasonableness of the recommendations, depend upon the accuracy and relevance of the underlying data.

Unless otherwise noted, the term "losses" refers to all costs that can be tied to specific claims. These include loss payments, attorney's fees, and other expenses linked to specific claims.

The actuarial projections in this report are estimates. Uncertainty is unavoidable because many of the events that will determine future claims costs have not yet taken place. These events include, but are not limited to, future legislation or ballot initiatives that may change statutory benefit levels or the workers' compensation laws, changes in the rate of inflation, and the outcomes of future administrative proceedings and litigation. Our projections are based upon the Authority's historical experience. We did not anticipate any extraordinary changes in the various factors that might affect the future cost of claims. We used actuarial methods that should produce reasonable results given current information. There is no guarantee, express or implied, that losses will develop as projected in this report.

## **Organization of the Report**

We have divided the remainder of this report into nine sections: the *Management Summary*, the *Technical Approach* section, the *Summary Exhibits*, the *Fiscal Year End Exhibits*, the *Net Ultimate Loss Exhibits*, the *Gross Loss Projection Exhibits*, the *Future Loss Exhibits*, the *Discounting Exhibits*, and the *Claims Data Exhibits*.

The *Management Summary* gives an overview of the results of our analysis. The *Technical Approach* section explains and discusses the assumptions and details underlying our calculations. The *Exhibits* document the actual calculations used in developing our results.

**Monterey Bay Area Self Insurance Authority**

**An Actuarial Review of the  
Workers' Compensation Program**

**Management Summary**

# Monterey Bay Area Self Insurance Authority

## An Actuarial Review of the Workers' Compensation Program

### Management Summary

#### Projected 2008-09 Loss Rates

Table I shows the MBASIA's projected rates of loss for 2008-09 at various retentions: \$500,000, \$750,000, \$1,000,000, and unlimited. These rates are discounted at 3% interest. Table III on page 12 has adjustment factors to change the Table I rates to their equivalents at different interest rates. The Table I rates do not reflect the full cost of self-insurance because they don't include claims handling fees, administrative costs, or the cost of excess insurance coverage.

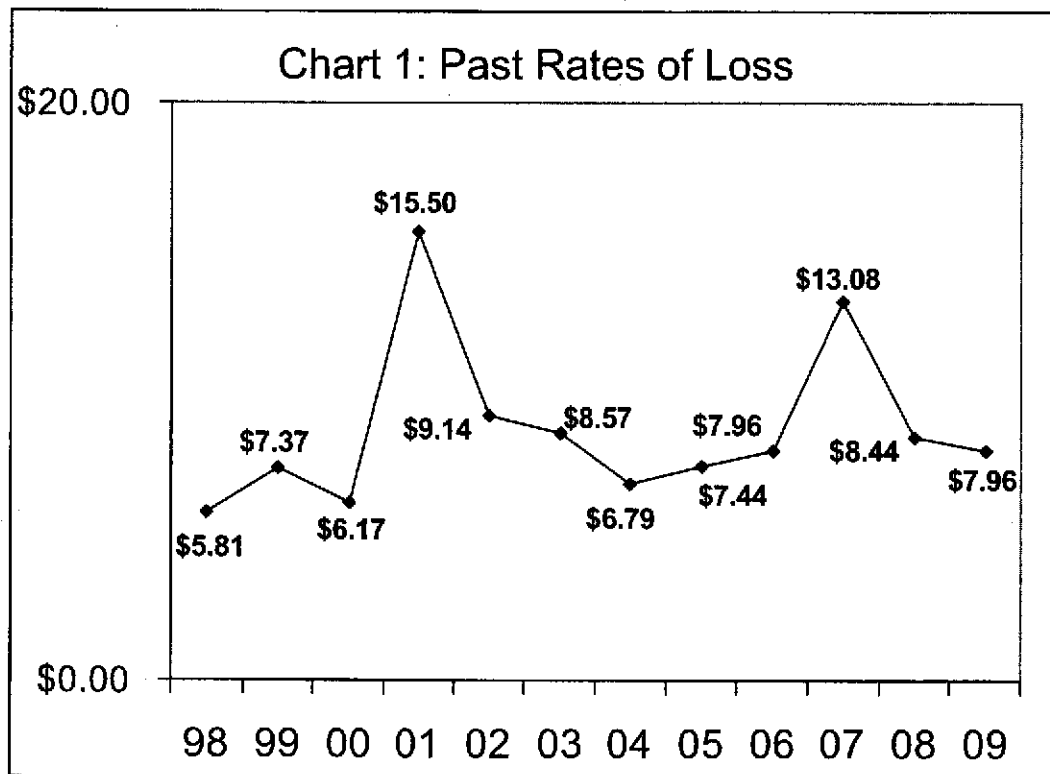
Table I shows expected value estimates and estimates at various confidence levels. The higher confidence level rates have higher probabilities of being adequate. For example, we estimate that there is a 70% probability that the actual 2008-09 \$500,000 SIR loss rate will be less than **\$7.33**.

Table I: Projected 2008-09 Discounted Loss Rates (3% Interest Rate)				
Confidence	\$500,000	\$750,000	\$1,000,000	Unlimited
<u>Level</u>	<u>Retention</u>	<u>Retention</u>	<u>Retention</u>	<u>Retention</u>
50%	5.94	6.12	6.21	6.33
<b>Expected</b>	<b>\$6.32</b>	<b>\$6.58</b>	<b>\$6.68</b>	<b>\$6.81</b>
60%	6.57	6.84	6.95	7.08
70%	<b>\$7.33</b>	7.63	7.75	7.89
80%	8.28	8.68	8.82	8.98
90%	9.86	10.33	10.55	10.75

These rates represent increases of approximately 7% from last year's recommended rates. We have probably seen the last of reform-related reductions.

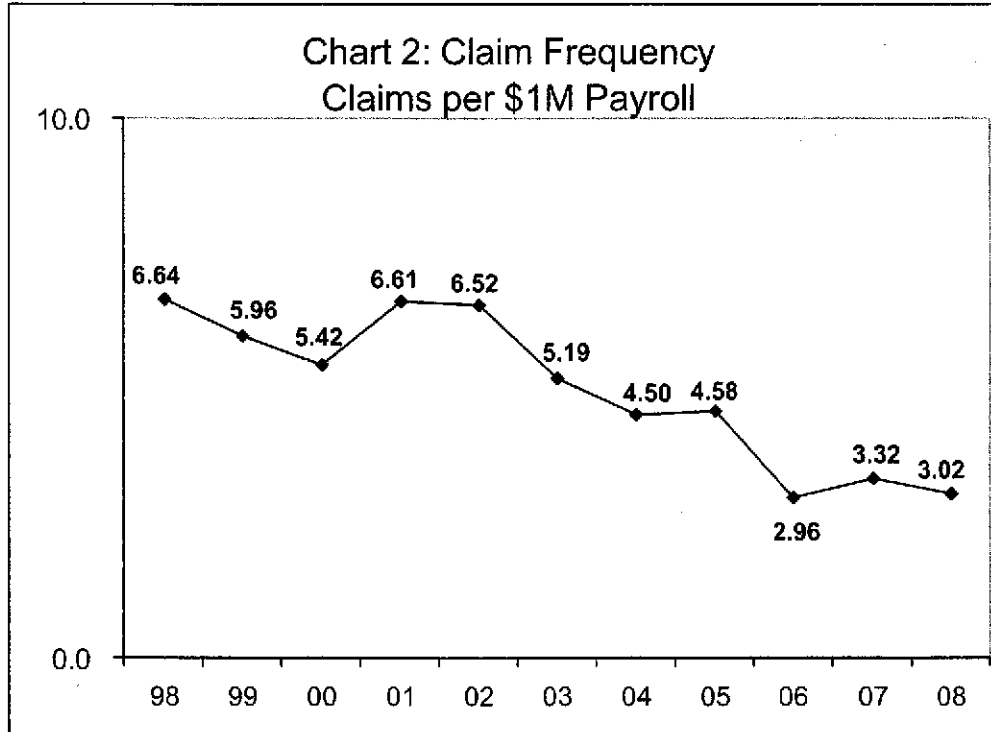
### The Authority's Past Rates of Loss

Chart 1 displays the Authority's estimated past unlimited, undiscounted loss rates (no reduction for losses ceded to excess insurers). The loss rate is ultimate total loss per \$100 of payroll. **\$7.96** is the undiscounted version of the expected value unlimited rate for 2008-09. 2006-07 continues to develop into the worst year since 2000-01, but the experience reverted toward the past average in 2007-08. Our projection for 2008-09 is in the center of the past rates as shown in Chart 1. Five of the prior eleven rates are lower than **\$7.96** and five are higher. The estimated rate for 2003-04 matches the projected 2008-09 rate.



## Claim Frequency

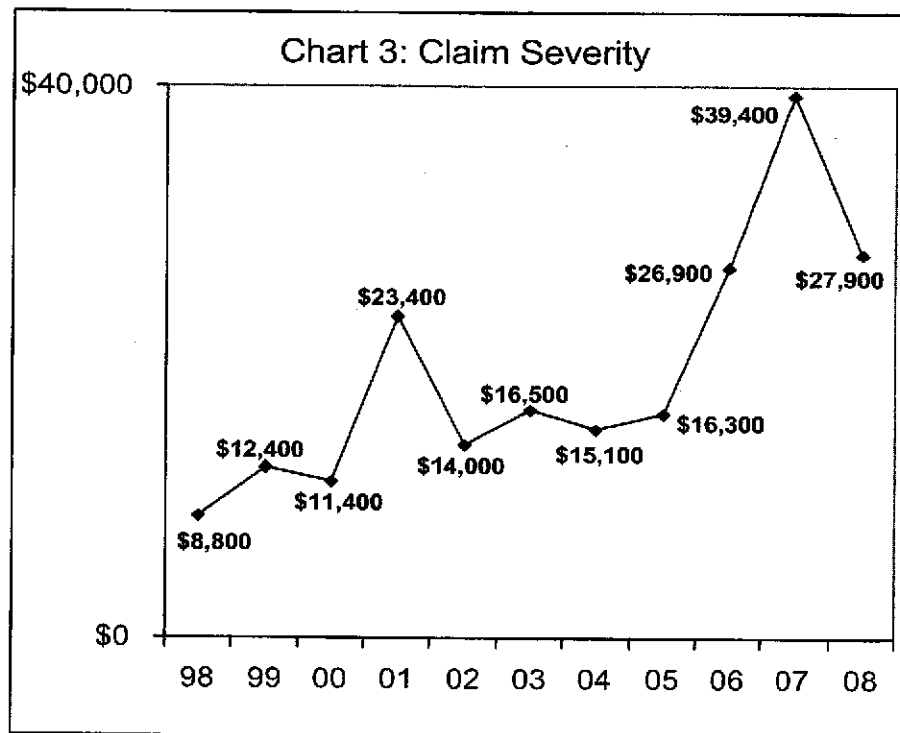
Claim "frequency" is the number of claims divided by payroll. Chart 2 displays claim frequency for program years 1997-98 through 2007-08. Claim frequency has been declining steadily.



Reform seems to have had an effect on the number of claims that are filed. This is a poorly understood and unexpected benefit of reform. Reform legislation was aimed primarily at reducing claim severity, which was the big problem a few years ago.

### Average Claim Size ("Severity")

We calculate the average claim size by dividing the estimated annual losses by the number of claims. Chart 3 displays estimated claim severity for 1997-98 through 2007-08. The values in this chart are based on unlimited loss data, so they include the portions of claims are ceded to excess insurers.



The trend continues to be poor here. We attribute the high averages since 2004-05 to the early emergence of a few large claims. The largest claim reported for 2006-07 is currently evaluated at \$748,000, and there is a claim estimated at \$454,000 in 2005-06.

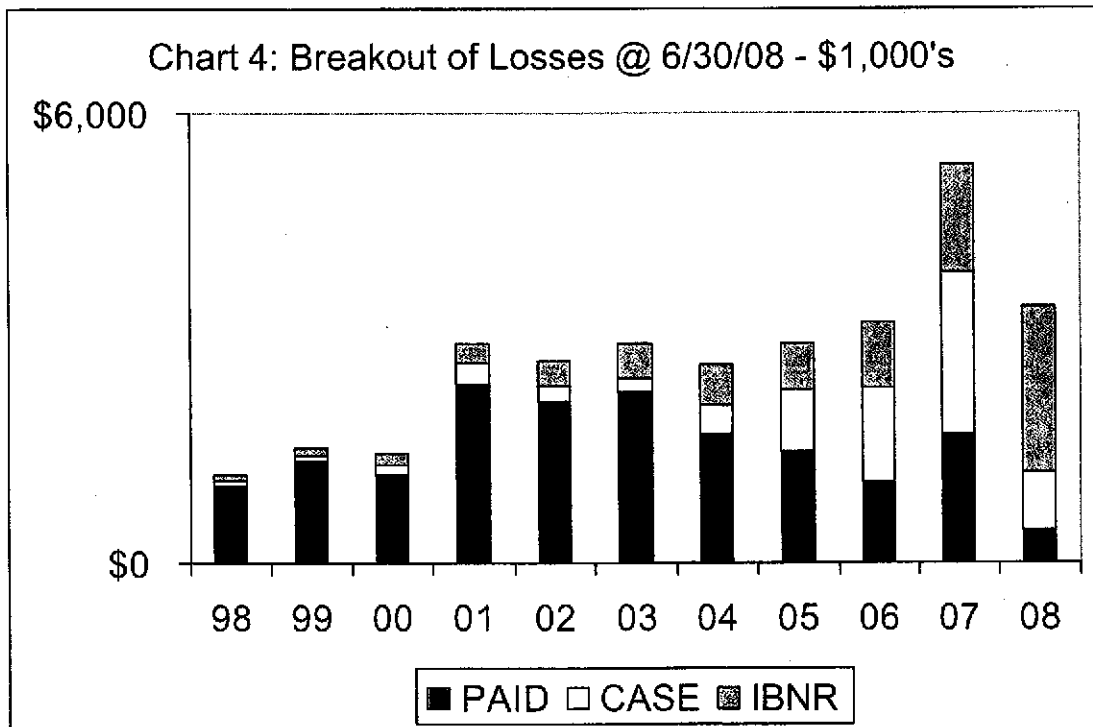
### Net Liability for Unpaid Losses @ 6/30/08

We estimate that the net liability for unpaid losses was **\$13,736,000** on June 30, 2008 on an undiscounted basis, or **\$10,979,000** if discounted at 3% interest. Table II shows these liabilities at various confidence levels.

Table II: Projected Liability for Unpaid Losses As of June 30, 2008 - \$1,000's		
Confidence	Undiscounted	Discounted (3% interest)
Level	Losses	Losses
50%	13,324	10,649
<b>Central Value</b>	<b>\$13,736</b>	<b>\$10,979</b>
60%	14,010	11,198
70%	14,972	11,967
80%	16,071	12,845
90%	17,719	14,162

### Loss Breakout as of 6/30/08

We estimate that the Authority's liability of **\$13,736,000** comprised **\$6,429,000** in case reserves for known claims and an IBNR liability of **\$7,306,000**. Chart 4 breaks out the estimated total program year losses for 1997-98 through 2007-08 into their components: losses paid, case reserves, and IBNR liability.

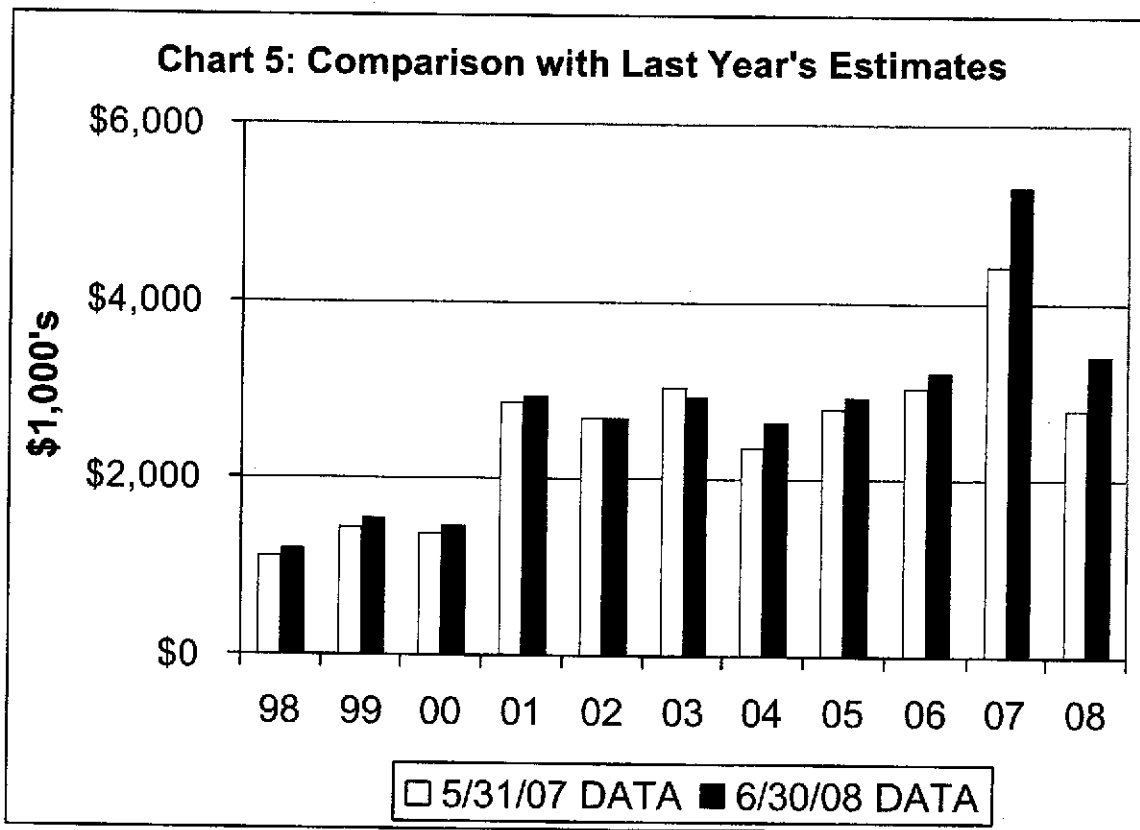


### Short-Term Liability

Short-term liabilities are those expected to be expended within twelve months. The net 6/30/07 liability is composed of **\$2,779,000** short-term and **\$10,957,000** long-term.

### Comparison with Last Year's Estimates

Chart 5 compares this year's estimates of the net ultimate losses with last year's estimates.



There have been up-ticks in every estimate since 2001-02. 2006-07 continues to develop poorly.

## Alternative Interest Rates

Table III shows the multiplicative factors that translate the Table I rates and the Table II liabilities to their equivalents at interest rates other than 3%.

Interest Rate	0%	1%	2%	3%	4%	5%
UNL Rate	1.170	1.103	1.048	1.000	0.958	0.922
1M SIR Rate	1.170	1.104	1.048	1.000	0.958	0.922
750K SIR Rate	1.170	1.104	1.048	1.000	0.959	0.922
500K SIR Rate	1.167	1.102	1.047	1.000	0.958	0.922
Liabilities	1.252	1.151	1.069	1.000	0.942	0.894

**Monterey Bay Area Self Insurance Authority**

**An Actuarial Review of the  
Workers' Compensation Program**

**Technical Approach**

# Monterey Bay Area Self Insurance Authority

## An Actuarial Review of the Workers' Compensation Program

### Technical Approach

This section describes the actuarial calculations.

#### Exhibits

##### ***Summary Exhibits***

These exhibits summarize the analysis and conclusions. Summary Exhibit 1 shows the projected net liabilities for unpaid losses as of June 30, 2008. Summary Exhibit 2 shows our projected rate for the 2008-09 program year, which runs from July 1, 2008 to June 30, 2009. Summary Exhibit 3 shows the estimated net unpaid losses as of June 30, 2008 by program year on both discounted and non-discounted bases.

##### ***Fiscal Year End Exhibit***

This exhibit shows the estimated unpaid net losses as of June 30, 2008.

##### ***Net Ultimate Loss Exhibits***

These Exhibits show the estimation of the net ultimate losses for each program year. We start with the gross (unlimited) loss estimates and adjust them to a net basis to reflect the effect of excess insurance.

##### ***Gross Loss Projection Exhibits***

These Exhibits show the various actuarial projection methods and summarize the results for each program year.

We use five different actuarial methods:

- 1) Reported loss projection method;
- 2) Paid loss projection method;
- 3) IBNR to Case Reserves Ratio method;
- 4) Bornhuetter-Ferguson method using reported losses; and
- 5) Frequency times Severity method.

We summarize these results in Loss Projection Exhibit 1.

***Future Loss Exhibits***

These Exhibits show the projection of the projected gross (unlimited) rate for 2008-09.

***Discounting Exhibits***

These Exhibits show the discounting of the remaining unpaid losses and the projected future loss rate. They also include the Program Information Exhibit.

***Claims Data Exhibits***

These Exhibits show the reported loss, paid loss, and claim count triangles as of December 31, 2007, and the associated loss and claim development factors.

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Summary Exhibits**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Projected Unpaid Losses as of June 30, 2008  
Net Self-Insured Losses

(1) Projected Unpaid Losses:	\$13,735,738
(2) Discounted Value of Unpaid Losses: (Assuming 3.0% Interest Rate)	\$10,978,560

**Confidence Levels**

Confidence Level (3)	Confidence Factor (4)	Discounted * Liability (5)
40%	0.92	10,100,275
50%	0.97	10,649,203
<b>Expected</b>	<b>1.00</b>	<b>\$10,978,560</b>
60%	1.02	11,198,131
70%	1.09	11,966,630
80%	1.17	12,844,915
90%	1.29	14,162,342

\* Multiply by 1.252 to obtain undiscounted values.

Notes:

- (1) Page 19, Column (1).
- (2) Page 19, Column (2).
- (3) Estimated probability that funding will be adequate.
- (4) Estimated by BAC.
- (5) (2) x (4).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Projected Loss Funding Rate for 2008-09

\$500,000 SIR Loss rate

- (1) Discounted Loss Rate:  
(as of July 1, 2008, 3.0% interest rate)

Loss Rates  
\$6.32

<u>Confidence Levels</u>		
Confidence Level (2)	Confidence Factor (3)	Discounted * Rate (4)
0.20	0.65	\$4.11
0.30	0.75	4.74
0.40	0.84	5.31
0.50	0.94	5.94
<b>Expected</b>	<b>1.00</b>	<b>\$6.32</b>
0.60	1.04	6.57
0.70	1.16	7.33
0.80	1.31	8.28
0.90	1.56	9.86

\* Multiply by 1.167 to obtain undiscounted values.

Notes:

- (1) [Page 45, Column (5)] x [Page 52, Item (4)], adjusted for \$500K SIR.
- (2) Estimated probability that funding will be adequate.
- (3) Estimated by BAC.
- (4) (1) x (3).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

June 30, 2008 Summary  
**Net Self-Insured Losses**

Program Year	Undiscounted Value: Claims Liabilities as of 6/30/08 <u>(1)</u>	Discounted Value: Claims Liabilities as of 6/30/08 <u>(2)</u>	Estimated Ultimate Losses <u>(3)</u>
1985-86	\$31,613	\$23,165	\$406,000
1986-87	0	0	755,054
1987-88	0	0	130,919
1988-89	0	0	693,710
1989-90	0	0	738,579
1990-91	43,500	29,832	1,270,000
1991-92	63,463	43,130	1,290,000
1992-93	70,890	47,674	1,450,000
1993-94	0	0	1,052,076
1994-95	37,064	24,080	800,000
1995-96	0	0	847,906
1996-97	77,457	50,291	1,510,000
1997-98	167,120	109,160	1,190,000
1998-99	187,748	122,898	1,550,000
1999-00	288,614	183,680	1,460,000
2000-01	536,322	368,750	2,920,000
2001-02	535,454	385,197	2,680,000
2002-03	654,116	493,271	2,930,000
2003-04	926,434	721,603	2,650,000
2004-05	1,424,660	1,128,801	2,920,000
2005-06	2,134,208	1,729,351	3,200,000
2006-07	3,591,299	2,964,727	5,300,000
2007-08	2,965,776	2,552,950	3,400,000
Total	\$13,735,738	\$10,978,560	\$41,144,244

## Notes:

- (1) Page 21, Column (6).
- (2) Page 48, Column (3).
- (3) Page 23, Column (6).

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Fiscal Year End Exhibit**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Estimated Unpaid Losses as of June 30, 2008

Net Self-Insured Losses

Program Year	Estimated Ultimate Losses (1)	Paid Losses as of 6/30/08 (2)	Case Reserves 6/30/08 (3)	Reported Losses as of 6/30/08 (4)	Estimated IBNR as of 6/30/08 (5)	Estimated Unpaid Losses as of 6/30/08 (6)
1985-86	\$406,000	\$374,387	\$18,694	\$393,081	\$12,919	\$31,613
1986-87	755,054	755,054	0	755,054	0	0
1987-88	130,919	130,919	0	130,919	0	0
1988-89	693,710	693,710	0	693,710	0	0
1989-90	738,579	738,579	0	738,579	0	0
1990-91	1,270,000	1,226,500	6,304	1,232,804	37,196	43,500
1991-92	1,290,000	1,226,537	16,102	1,242,638	47,362	63,463
1992-93	1,450,000	1,379,110	15,490	1,394,600	55,400	70,890
1993-94	1,052,076	1,052,076	0	1,052,076	0	0
1994-95	800,000	762,936	5,956	768,893	31,107	37,064
1995-96	847,906	847,906	0	847,906	0	0
1996-97	1,510,000	1,432,543	9,913	1,442,456	67,544	77,457
1997-98	1,190,000	1,022,880	74,683	1,097,563	92,437	167,120
1998-99	1,550,000	1,362,252	72,012	1,434,263	115,737	187,748
1999-00	1,460,000	1,171,386	145,874	1,317,260	142,740	288,614
2000-01	2,920,000	2,383,678	291,541	2,675,219	244,781	536,322
2001-02	2,680,000	2,144,546	203,004	2,347,550	332,450	535,454
2002-03	2,930,000	2,275,884	186,729	2,462,613	467,387	654,116
2003-04	2,650,000	1,723,566	368,979	2,092,545	557,455	926,434
2004-05	2,920,000	1,495,340	809,099	2,304,439	615,561	1,424,660
2005-06	3,200,000	1,065,792	1,274,971	2,340,763	859,237	2,134,208
2006-07	5,300,000	1,708,701	2,161,081	3,869,782	1,430,218	3,591,299
2007-08	3,400,000	434,224	768,880	1,203,105	2,196,895	2,965,776
Total	\$41,144,244	\$27,408,506	\$6,429,313	\$33,837,818	\$7,306,426	\$13,735,738

## Notes:

- (1) Page 23, Column (6).
- (2) Page 25, Column (1).
- (3) (4) - (2).
- (4) Page 24, Column (1).
- (5) (1) - (4).
- (6) (3) + (5).

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Net Loss Exhibits**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Selected Ultimate Losses  
Net Self-Insured Losses

Program Year	Net Reported Projection (1)	Net Paid Projection (2)	Net IBNR to Case Reserves Ratio (3)	B-F Net Method Using Reported (4)	B-F Net Method Using Paid (5)	Selected Ultimate Losses (6)
1985-86	\$404,635	\$403,632	\$405,232	\$407,650	\$410,558	\$406,000
1986-87	778,352	815,474	755,054	787,154	834,234	755,054
1987-88	135,264	141,935	130,919	135,108	141,131	130,919
1988-89	719,429	755,230	693,710	718,546	749,592	693,710
1989-90	769,118	808,034	738,579	768,249	802,370	738,579
1990-91	1,288,181	1,348,105	1,238,540	1,291,714	1,349,800	1,270,000
1991-92	1,301,509	1,354,826	1,257,371	1,298,863	1,345,234	1,290,000
1992-93	1,463,592	1,530,506	1,408,696	1,476,850	1,552,360	1,450,000
1993-94	1,105,989	1,170,556	1,052,076	1,103,628	1,158,336	1,052,076
1994-95	810,297	851,703	774,623	810,203	847,176	800,000
1995-96	897,685	952,383	847,906	893,002	938,097	847,906
1996-97	1,537,070	1,622,769	1,453,420	1,553,436	1,641,973	1,510,000
1997-98	1,177,871	1,170,392	1,185,539	1,216,663	1,243,565	1,190,000
1998-99	1,550,118	1,574,061	1,524,206	1,568,511	1,603,898	1,550,000
1999-00	1,438,281	1,354,108	1,558,827	1,499,710	1,464,609	1,460,000
2000-01	2,968,766	2,871,477	3,081,336	2,911,199	2,788,897	2,920,000
2001-02	2,673,252	2,704,374	2,638,049	2,674,101	2,698,612	2,680,000
2002-03	2,889,710	3,091,858	2,700,319	2,905,465	3,065,837	2,930,000
2003-04	2,580,205	2,585,427	2,575,538	2,705,364	2,803,295	2,650,000
2004-05	2,989,252	2,520,058	3,348,177	2,996,782	2,725,837	2,920,000
2005-06	3,334,161	2,223,607	4,046,674	3,420,135	2,952,883	3,200,000
2006-07	6,635,818	5,256,175	7,359,929	5,267,192	3,970,696	5,300,000
2007-08	3,658,564	3,242,694	3,850,359	3,488,028	3,383,171	3,400,000
Total	\$43,107,119	\$40,349,384	\$44,625,079	\$41,897,553	\$40,472,161	\$41,144,244

(1) Page 24, Column (3).

(2) Page 25, Column (3).

(3) Page 26, Column (6).

(4) Page 27, Column (6).

(5) Page 28, Column (6).

(6) Selected on the basis of (1) - (5).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Reported Loss Development  
Net Self-Insured Losses

Program Year	Cumulative Reported Losses as of 6/30/08 <u>(1)</u>	Reported Development Factor as of 6/30/08 <u>(2)</u>	Projected Ultimate Losses <u>(3)</u>
1985-86	\$393,081	1.029	\$404,635
1986-87	755,054	1.031	778,352
1987-88	130,919	1.033	135,264
1988-89	693,710	1.037	719,429
1989-90	738,579	1.041	769,118
1990-91	1,232,804	1.045	1,288,181
1991-92	1,242,638	1.047	1,301,509
1992-93	1,394,600	1.049	1,463,592
1993-94	1,052,076	1.051	1,105,989
1994-95	768,893	1.054	810,297
1995-96	847,906	1.059	897,685
1996-97	1,442,456	1.066	1,537,070
1997-98	1,097,563	1.073	1,177,871
1998-99	1,434,263	1.081	1,550,118
1999-00	1,317,260	1.092	1,438,281
2000-01	2,675,219	1.110	2,968,766
2001-02	2,347,550	1.139	2,673,252
2002-03	2,462,613	1.173	2,889,710
2003-04	2,092,545	1.233	2,580,205
2004-05	2,304,439	1.297	2,989,252
2005-06	2,340,763	1.424	3,334,161
2006-07	3,869,782	1.715	6,635,818
2007-08	1,203,105	3.041	3,658,564
Total	\$33,837,818		\$43,107,119

Notes:

- (1) Provided by JT2.
- (2) Page 31, Column (2), tempered for SIR.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Paid Loss Development  
Net Self-Insured Losses

Program Year	Cumulative Paid Losses as of 6/30/08 (1)	Paid Development Factor as of 6/30/08 (2)	Projected Ultimate Losses (3)
1985-86	\$374,387	1.078	\$403,632
1986-87	755,054	1.080	815,474
1987-88	130,919	1.084	141,935
1988-89	693,710	1.089	755,230
1989-90	738,579	1.094	808,034
1990-91	1,226,500	1.099	1,348,105
1991-92	1,226,537	1.105	1,354,826
1992-93	1,379,110	1.110	1,530,506
1993-94	1,052,076	1.113	1,170,556
1994-95	762,936	1.116	851,703
1995-96	847,906	1.123	952,383
1996-97	1,432,543	1.133	1,622,769
1997-98	1,022,880	1.144	1,170,392
1998-99	1,362,252	1.155	1,574,061
1999-00	1,171,386	1.156	1,354,108
2000-01	2,383,678	1.205	2,871,477
2001-02	2,144,546	1.261	2,704,374
2002-03	2,275,884	1.359	3,091,858
2003-04	1,723,566	1.500	2,585,427
2004-05	1,495,340	1.685	2,520,058
2005-06	1,065,792	2.086	2,223,607
2006-07	1,708,701	3.076	5,256,175
2007-08	434,224	7.468	3,242,694
Total	\$27,408,506		\$40,349,384

## Notes:

- (1) Provided by JT2.
- (2) Page 32, Column (2), tempered for SIR.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

IBNR to Case Reserves Ratio Method

Program Year	Net Reported LDF (1)	Net Paid LDF (2)	Net IBNR to Case Reserves Ratio (3)	Net Case Reserves (4)	Estimated IBNR Losses as of Reserves (5)	Estimated Ultimate Losses (6)
1985-86	1.029	1.078	0.650	\$18,694	\$12,151	\$405,232
1986-87	1.031	1.080	0.678	0	0	755,054
1987-88	1.033	1.084	0.706	0	0	130,919
1988-89	1.037	1.089	0.782	0	0	693,710
1989-90	1.041	1.094	0.859	0	0	738,579
1990-91	1.045	1.099	0.910	6,304	5,736	1,238,540
1991-92	1.047	1.105	0.915	16,102	14,733	1,257,371
1992-93	1.049	1.110	0.910	15,490	14,096	1,408,696
1993-94	1.051	1.113	0.929	0	0	1,052,076
1994-95	1.054	1.116	0.962	5,956	5,730	774,623
1995-96	1.059	1.123	1.022	0	0	847,906
1996-97	1.066	1.133	1.106	9,913	10,964	1,453,420
1997-98	1.073	1.144	1.178	74,683	87,976	1,185,539
1998-99	1.081	1.155	1.249	72,012	89,943	1,524,206
1999-00	1.092	1.156	1.656	145,874	241,567	1,558,827
2000-01	1.110	1.205	1.393	291,541	406,117	3,081,336
2001-02	1.139	1.261	1.431	203,004	290,499	2,638,049
2002-03	1.173	1.359	1.273	186,729	237,706	2,700,319
2003-04	1.233	1.500	1.309	368,979	482,993	2,575,538
2004-05	1.297	1.685	1.290	809,099	1,043,738	3,348,177
2005-06	1.424	2.086	1.338	1,274,971	1,705,911	4,046,674
2006-07	1.715	3.076	1.615	2,161,081	3,490,147	7,359,929
2007-08	3.041	7.468	3.443	768,880	2,647,254	3,850,359
Total				\$6,429,313	\$10,787,261	\$44,625,079

## Notes:

- (1) Page 24, Column (2).
- (2) Page 25, Column (2).
- (3)  $[(1) - 1.000] \times (2) \div [(2) - (1)]$ .
- (4)  $[\text{Page 24, Column (1)}] - [\text{Page 25, Column (1)}]$ .
- (5) (3) x (4), rounded.
- (6) (5) + Page 24, Column (1).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Bornhuetter-Ferguson Using Reported Losses  
**Net Self-Insured Losses**

Program Year	<i>A Priori</i> Ultimate Losses (1)	Cumulative Reported Loss Development Factors (2)	Percentage of Losses Not Yet Reported (3)	Expected Unreported Losses (4)	Losses Reported as of 6/30/08 (5)	Estimated Ultimate Losses (6)
1985-86	\$502,371	1.029	2.9%	\$14,569	\$393,081	\$407,650
1986-87	1,070,000	1.031	3.0%	32,100	755,054	787,154
1987-88	130,919	1.033	3.2%	4,189	130,919	135,108
1988-89	689,898	1.037	3.6%	24,836	693,710	718,546
1989-90	741,753	1.041	4.0%	29,670	738,579	768,249
1990-91	1,370,000	1.045	4.3%	58,910	1,232,804	1,291,714
1991-92	1,249,438	1.047	4.5%	56,225	1,242,638	1,298,863
1992-93	1,750,000	1.049	4.7%	82,250	1,394,600	1,476,850
1993-94	1,052,076	1.051	4.9%	51,552	1,052,076	1,103,628
1994-95	810,000	1.054	5.1%	41,310	768,893	810,203
1995-96	819,920	1.059	5.5%	45,096	847,906	893,002
1996-97	1,790,000	1.066	6.2%	110,980	1,442,456	1,553,436
1997-98	1,751,470	1.073	6.8%	119,100	1,097,563	1,216,663
1998-99	1,789,967	1.081	7.5%	134,248	1,434,263	1,568,511
1999-00	2,172,025	1.092	8.4%	182,450	1,317,260	1,499,710
2000-01	2,383,639	1.110	9.9%	235,980	2,675,219	2,911,199
2001-02	2,676,646	1.139	12.2%	326,551	2,347,550	2,674,101
2002-03	2,992,246	1.173	14.8%	442,852	2,462,613	2,905,465
2003-04	3,242,430	1.233	18.9%	612,819	2,092,545	2,705,364
2004-05	3,023,333	1.297	22.9%	692,343	2,304,439	2,996,782
2005-06	3,622,055	1.424	29.8%	1,079,372	2,340,763	3,420,135
2006-07	3,351,103	1.715	41.7%	1,397,410	3,869,782	5,267,192
2007-08	3,405,251	3.041	67.1%	2,284,923	1,203,105	3,488,028
Total	\$42,386,541			\$8,059,735	\$33,837,818	\$41,897,553

## Notes:

- (1) Page 35, Column (4), or Page 30, Column (6), adjusted for maximum claim and SIR.
- (2) Page 24, Column (2).
- (3)  $100\% - [1.000 / (2)]$ .
- (4)  $(1) \times (3)$ .
- (5) Page 24, Column (1).
- (6)  $(4) + (5)$ .

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Bornhuetter-Ferguson Using Paid Losses  
Net Self-Insured Losses

Program Year	<i>A Priori</i> Ultimate Losses (1)	Cumulative Paid Loss Development Factors (2)	Percentage of Losses Not Yet Paid (3)	Expected Unpaid Losses (4)	Losses Paid as of 6/30/08 (5)	Estimated Ultimate Losses (6)
1985-86	\$502,371	1.078	7.2%	\$36,171	\$374,387	\$410,558
1986-87	1,070,000	1.080	7.4%	79,180	755,054	834,234
1987-88	130,919	1.084	7.8%	10,212	130,919	141,131
1988-89	689,898	1.089	8.1%	55,882	693,710	749,592
1989-90	741,753	1.094	8.6%	63,791	738,579	802,370
1990-91	1,370,000	1.099	9.0%	123,300	1,226,500	1,349,800
1991-92	1,249,438	1.105	9.5%	118,697	1,226,537	1,345,234
1992-93	1,750,000	1.110	9.9%	173,250	1,379,110	1,552,360
1993-94	1,052,076	1.113	10.1%	106,260	1,052,076	1,158,336
1994-95	810,000	1.116	10.4%	84,240	762,936	847,176
1995-96	819,920	1.123	11.0%	90,191	847,906	938,097
1996-97	1,790,000	1.133	11.7%	209,430	1,432,543	1,641,973
1997-98	1,751,470	1.144	12.6%	220,685	1,022,880	1,243,565
1998-99	1,789,967	1.155	13.5%	241,646	1,362,252	1,603,898
1999-00	2,172,025	1.156	13.5%	293,223	1,171,386	1,464,609
2000-01	2,383,639	1.205	17.0%	405,219	2,383,678	2,788,897
2001-02	2,676,646	1.261	20.7%	554,066	2,144,546	2,698,612
2002-03	2,992,246	1.359	26.4%	789,953	2,275,884	3,065,837
2003-04	3,242,430	1.500	33.3%	1,079,729	1,723,566	2,803,295
2004-05	3,023,333	1.685	40.7%	1,230,497	1,495,340	2,725,837
2005-06	3,622,055	2.086	52.1%	1,887,091	1,065,792	2,952,883
2006-07	3,351,103	3.076	67.5%	2,261,995	1,708,701	3,970,696
2007-08	3,405,251	7.468	86.6%	2,948,947	434,224	3,383,171
Total	\$42,386,541			\$13,063,655	\$27,408,506	\$40,472,161

## Notes:

- (1) Page 27, Column (1).
- (2) Page 25, Column (2).
- (3)  $100\% - [1.000 / (2)]$ .
- (4)  $(1) \times (3)$ .
- (5) Page 25, Column (2).
- (6)  $(4) + (5)$ .

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Gross Loss Exhibits**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Selected Ultimate Losses

Program Year	Reported Projection (1)	Paid Projection (2)	IBNR to Case Reserves Ratio (3)	B-F Method Using Reported (4)	Frequency Times Severity (5)	Selected Ultimate Losses (6)
1985-86	\$528,354	\$522,833	\$531,614			\$530,000
1986-87	1,070,717	1,064,701	1,074,391			1,070,000
1987-88	135,264	141,990	130,919			130,919
1988-89	719,429	755,539	693,710			693,710
1989-90	782,092	822,020	751,039			751,039
1990-91	1,364,444	1,380,503	1,351,283			1,370,000
1991-92	1,301,804	1,355,471	1,257,371			1,300,000
1992-93	1,748,383	1,822,415	1,687,660			1,750,000
1993-94	1,106,260	1,171,753	1,052,076			1,052,076
1994-95	810,505	852,600	774,575			810,000
1995-96	897,935	953,438	847,906			847,906
1996-97	1,787,949	1,750,120	1,824,495			1,790,000
1997-98	1,178,683	1,171,882	1,185,689	\$1,218,414	\$1,692,433	1,190,000
1998-99	1,563,661	1,586,424	1,537,865	1,583,164	1,685,827	1,570,000
1999-00	1,614,133	1,370,123	1,937,737	1,672,521	2,062,290	1,650,000
2000-01	4,075,212	3,423,719	4,914,776	3,922,683	3,076,017	4,080,000
2001-02	2,715,811	2,746,975	2,682,889	2,719,810	3,429,582	2,720,000
2002-03	2,909,279	3,129,245	2,703,120	2,923,419	3,182,087	2,970,000
2003-04	2,580,205	2,585,427	2,575,538	2,705,364	3,199,765	2,730,000
2004-05	3,014,843	2,560,932	3,361,123	3,018,692	3,252,800	2,990,000
2005-06	3,371,136	2,266,703	4,079,823	3,474,367	2,753,323	3,420,000
2006-07	7,177,808	5,396,248	8,112,815	5,631,893	3,170,874	5,600,000
2007-08	3,761,498	3,360,427	3,946,469	3,518,676	2,967,000	3,600,000
Total	\$46,215,405	\$42,191,488	\$49,014,881			\$44,615,650
97/98-07/08	\$33,962,269	\$29,598,105	\$37,037,842	\$32,389,001	\$30,471,998	\$32,520,000

- (1) Page 31, Column (3).  
(2) Page 32, Column (3).  
(3) Page 33, Column (6).  
(4) Page 34, Column (6).  
(5) Page 38, Column (4).  
(6) Selected on the basis of (1) - (5).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Reported Loss Development  
Unlimited Losses

Program Year	Cumulative Reported Losses as of 6/30/08 (1)	Reported Development Factor as of 6/30/08 (2)	Projected Ultimate Losses (3)
1985-86	\$513,266	1.029	\$528,354
1986-87	1,038,668	1.031	1,070,717
1987-88	130,919	1.033	135,264
1988-89	693,710	1.037	719,429
1989-90	751,039	1.041	782,092
1990-91	1,305,788	1.045	1,364,444
1991-92	1,242,638	1.048	1,301,804
1992-93	1,665,572	1.050	1,748,383
1993-94	1,052,076	1.052	1,106,260
1994-95	768,893	1.054	810,505
1995-96	847,906	1.059	897,935
1996-97	1,677,374	1.066	1,787,949
1997-98	1,097,563	1.074	1,178,683
1998-99	1,443,458	1.083	1,563,661
1999-00	1,471,798	1.097	1,614,133
2000-01	3,649,229	1.117	4,075,212
2001-02	2,373,531	1.144	2,715,811
2002-03	2,462,613	1.181	2,909,279
2003-04	2,092,545	1.233	2,580,205
2004-05	2,304,439	1.308	3,014,843
2005-06	2,340,763	1.440	3,371,136
2006-07	4,118,074	1.743	7,177,808
2007-08	1,203,105	3.126	3,761,498
Total	\$36,244,965		\$46,215,405

## Notes:

- (1) Provided by JT2.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Paid Loss Projection  
Unlimited Losses

Program Year	Cumulative Paid Losses as of 6/30/08 <u>(1)</u>	Paid Development Factor as of 6/30/08 <u>(2)</u>	Projected Ultimate Losses <u>(3)</u>
1985-86	\$484,417	1.079	\$522,833
1986-87	984,705	1.081	1,064,701
1987-88	130,919	1.085	141,990
1988-89	693,710	1.089	755,539
1989-90	751,039	1.095	822,020
1990-91	1,255,406	1.100	1,380,503
1991-92	1,226,537	1.105	1,355,471
1992-93	1,641,327	1.110	1,822,415
1993-94	1,052,076	1.114	1,171,753
1994-95	762,936	1.118	852,600
1995-96	847,906	1.124	953,438
1996-97	1,543,139	1.134	1,750,120
1997-98	1,022,880	1.146	1,171,882
1998-99	1,371,446	1.157	1,586,424
1999-00	1,171,386	1.170	1,370,123
2000-01	2,835,896	1.207	3,423,719
2001-02	2,144,546	1.281	2,746,975
2002-03	2,275,884	1.375	3,129,245
2003-04	1,723,566	1.500	2,585,427
2004-05	1,495,340	1.713	2,560,932
2005-06	1,065,792	2.127	2,266,703
2006-07	1,708,701	3.158	5,396,248
2007-08	434,224	7.739	3,360,427
Total	\$28,623,776		\$42,191,488

## Notes:

- (1) Provided by JT2.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

IBNR to Case Reserves Ratio Method  
Unlimited Losses

Program Year	Reported Development Factor as of 6/30/08 (1)	Paid Development Factor as of 6/30/08 (2)	IBNR to Case Reserves Ratio (3)	Case Reserves 6/30/08 (4)	Estimated IBNR Losses as of 6/30/08 (5)	Estimated Ultimate Losses (6)
1985-86	1.029	1.079	0.636	\$28,850	\$18,348	\$531,614
1986-87	1.031	1.081	0.662	53,963	35,723	1,074,391
1987-88	1.033	1.085	0.701	0	0	130,919
1988-89	1.037	1.089	0.776	0	0	693,710
1989-90	1.041	1.095	0.851	0	0	751,039
1990-91	1.045	1.100	0.903	50,382	45,495	1,351,283
1991-92	1.048	1.105	0.915	16,102	14,733	1,257,371
1992-93	1.050	1.110	0.911	24,245	22,088	1,687,660
1993-94	1.052	1.114	0.921	0	0	1,052,076
1994-95	1.054	1.118	0.954	5,956	5,682	774,575
1995-96	1.059	1.124	1.014	0	0	847,906
1996-97	1.066	1.134	1.096	134,235	147,121	1,824,495
1997-98	1.074	1.146	1.180	74,683	88,126	1,185,689
1998-99	1.083	1.157	1.311	72,012	94,407	1,537,865
1999-00	1.097	1.170	1.551	300,412	465,939	1,937,737
2000-01	1.117	1.207	1.556	813,334	1,265,547	4,914,776
2001-02	1.144	1.281	1.351	228,984	309,358	2,682,889
2002-03	1.181	1.375	1.288	186,729	240,507	2,703,120
2003-04	1.233	1.500	1.309	368,979	482,993	2,575,538
2004-05	1.308	1.713	1.306	809,099	1,056,684	3,361,123
2005-06	1.440	2.127	1.364	1,274,971	1,739,060	4,079,823
2006-07	1.743	3.158	1.658	2,409,373	3,994,741	8,112,815
2007-08	3.126	7.739	3.568	768,880	2,743,364	3,946,469
Total				\$7,621,188	\$12,769,916	\$49,014,881

## Notes:

- (1) Page 31, Column (2).
- (2) Page 32, Column (2).
- (3)  $[(1) - 1.000] \times (2) / [(2) - (1)]$ .
- (4) Page 31, Column (1) - Page 32, Column (1).
- (5) (3) x (4), rounded.
- (6) (5) + Page 31, Column (1).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Bornhuetter-Ferguson Using Reported Losses

Program Year	<i>A Priori</i> Ultimate Losses (1)	Cumulative Reported Loss Development Factors (2)	Percentage of Losses Not Yet Reported (3)	Expected Unreported Losses (4)	Losses Reported as of 6/30/08 (5)	Estimated Ultimate Losses (6)
1997-98	\$1,751,470	1.074	6.9%	\$120,851	\$1,097,563	\$1,218,414
1998-99	1,814,368	1.083	7.7%	139,706	1,443,458	1,583,164
1999-00	2,280,943	1.097	8.8%	200,723	1,471,798	1,672,521
2000-01	2,604,323	1.117	10.5%	273,454	3,649,229	3,922,683
2001-02	2,748,248	1.144	12.6%	346,279	2,373,531	2,719,810
2002-03	2,992,246	1.181	15.4%	460,806	2,462,613	2,923,419
2003-04	3,242,430	1.233	18.9%	612,819	2,092,545	2,705,364
2004-05	3,026,495	1.308	23.6%	714,253	2,304,439	3,018,692
2005-06	3,704,587	1.440	30.6%	1,133,604	2,340,763	3,474,367
2006-07	3,553,565	1.743	42.6%	1,513,819	4,118,074	5,631,893
2007-08	3,405,251	3.126	68.0%	2,315,571	1,203,105	3,518,676
	\$31,123,926			\$7,831,885	\$24,557,116	\$32,389,001

## Notes:

- (1) Page 35, Column (4).
- (2) Page 31, Column (2).
- (3)  $100\% - [1.000 / (2)]$ .
- (4)  $(1) \times (3)$ .
- (5) Page 31, Column (1).
- (6)  $(4) + (5)$ .

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

*A Priori* Losses for Bornhuetter-Ferguson

Program Year	<i>A Priori</i> Loss Rate (1)	Factor to Remove Trend (2)	Trended Payroll (\$00's) (3)	<i>A Priori</i> Ultimate Losses (4)
1997-98	\$7.98	0.724	\$303,152	\$1,751,470
1998-99	7.98	0.750	303,152	1,814,368
1999-00	7.98	0.781	365,983	2,280,943
2000-01	7.98	0.942	346,450	2,604,323
2001-02	7.98	0.915	376,385	2,748,248
2002-03	7.98	0.889	421,787	2,992,246
2003-04	7.98	0.864	470,277	3,242,430
2004-05	7.98	0.839	452,038	3,026,495
2005-06	7.98	0.999	464,699	3,704,587
2006-07	7.98	1.000	445,309	3,553,565
2007-08	7.98	1.000	426,723	3,405,251
Total			\$4,375,955	\$31,123,926

## Notes:

- (1) Page 36, Item (5).
- (2) Estimated by BAC.
- (3) Page 57, Column (3).
- (4) (1) x (2) x (3).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

*A Priori* Loss Rate for Bornhuetter-Ferguson Method

Program Year	<i>A Priori</i> Ultimate Losses (1)	Estimated Pure Premium Trend (2)	Trended Payroll (\$00's) (3)	Constant Dollar Loss Rate (4)
1997-98	\$1,175,392	1.381	\$303,152	\$5.36
1998-99	1,574,669	1.333	303,152	6.93
1999-00	1,496,055	1.281	365,983	5.24
2000-01	3,762,157	1.061	346,450	11.52
2001-02	2,730,515	1.092	376,385	7.93
2002-03	3,010,934	1.125	421,787	8.03
2003-04	2,582,561	1.158	470,277	6.36
2004-05	2,818,264	1.192	452,038	7.43
2005-06	2,925,213	1.001	464,699	6.30
2006-07	6,544,224	1.000	445,309	14.70
2007-08	3,646,091	1.000	426,723	8.54
Total	\$32,266,075		\$4,375,955	\$8.03
97/98-06/07	\$28,619,984		\$3,949,232	\$7.98
			(5) Selected A Priori 2007-08 Loss Rate:	\$7.98

## Notes:

- (1) Page 37, Column (3).
- (2) Estimated by BAC.
- (3) Page 57, Column (3).
- (4)  $(1) \times (2) / (3)$ .
- (5) Selected on the basis of (4).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

*A Priori* Ultimate losses

Program Year	Reported Loss Projection (1)	Paid Loss Projection (2)	<i>A Priori</i> Selection (3)
1985-86	\$528,354	\$522,833	\$525,659
1986-87	1,070,717	1,064,701	1,067,780
1987-88	135,264	141,990	138,545
1988-89	719,429	755,539	737,042
1989-90	782,092	822,020	801,559
1990-91	1,364,444	1,380,503	1,372,269
1991-92	1,301,804	1,355,471	1,327,921
1992-93	1,748,383	1,822,415	1,784,361
1993-94	1,106,260	1,171,753	1,138,065
1994-95	810,505	852,600	830,938
1995-96	897,935	953,438	924,855
1996-97	1,787,949	1,750,120	1,769,621
1997-98	1,178,683	1,171,882	1,175,392
1998-99	1,563,661	1,586,424	1,574,669
1999-00	1,614,133	1,370,123	1,496,055
2000-01	4,075,212	3,423,719	3,762,157
2001-02	2,715,811	2,746,975	2,730,515
2002-03	2,909,279	3,129,245	3,010,934
2003-04	2,580,205	2,585,427	2,582,561
2004-05	3,014,843	2,560,932	2,818,264
2005-06	3,371,136	2,266,703	2,925,213
2006-07	7,177,808	5,396,248	6,544,224
2007-08	3,761,498	3,360,427	3,646,091
Total	\$46,215,405	\$42,191,488	\$44,684,690

## Notes:

- (1) Page 31, Column (3).
- (2) Page 32, Column (3).
- (3) Selected on the basis of (1) and (2).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Frequency Times Severity Method

Program Year	Selected Claim Severity (1)	Factor to Remove Trend (2)	Selected Ultimate Claims (3)	Estimated Ultimate Losses (4)
1996-97	\$23,000	0.541	136	\$1,692,433
1997-98	23,000	0.577	127	1,685,827
1998-99	23,000	0.618	145	2,062,290
1999-00	23,000	0.769	174	3,076,017
2000-01	23,000	0.769	194	3,429,582
2001-02	23,000	0.769	180	3,182,087
2002-03	23,000	0.769	181	3,199,765
2003-04	23,000	0.769	184	3,252,800
2004-05	23,000	0.943	127	2,753,323
2005-06	23,000	0.971	142	3,170,874
2006-07	23,000	1.000	129	2,967,000
Total				\$30,471,998

## Notes:

- (1) Page 39, Item (5).
- (2) Estimated by BAC.
- (3) Page 40, Column (3).
- (4) (1) x (2) x (3).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Calculation of Expected Claim Severity  
Frequency Times Severity Method

Program Year	<i>A Priori</i> Ultimate Losses (1)	Estimated Severity Trend (2)	Selected Claim Count (3)	Trended Claim Severity (4)
1997-98	\$1,175,392	1.848	136	\$15,973
1998-99	1,574,669	1.733	127	21,483
1999-00	1,496,055	1.617	145	16,685
2000-01	3,762,157	1.301	174	28,130
2001-02	2,730,515	1.301	194	18,312
2002-03	3,010,934	1.301	180	21,763
2003-04	2,582,561	1.301	181	18,564
2004-05	2,818,264	1.301	184	19,927
2005-06	2,925,213	1.061	127	24,436
2006-07	6,544,224	1.030	142	47,469
2007-08	3,646,091	1.000	129	28,264
Total	\$32,266,075		1,719	\$23,386
97/98-06/07	\$28,619,984		1,590	\$23,000
			(5) Selected Severity:	\$23,000

## Notes:

- (1) Page 37, Column (3).
- (2) Estimated by BAC.
- (3) Page 40, Column (3).
- (4)  $(1) \times (2) / (3)$ .
- (5) Selected on the basis of (4).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Selected Claim Counts

Program Year	Reported Claim Count Projection (1)	Bornhuetter- Ferguson Method (2)	Selected Claim Count (3)
1985-86	9		9
1986-87	12		12
1987-88	11		11
1988-89	34		34
1989-90	81		81
1990-91	163		163
1991-92	149		149
1992-93	107		107
1993-94	127		127
1994-95	137		137
1995-96	136		136
1996-97	122		122
1997-98	136		136
1998-99	127		127
1999-00	145		145
2000-01	174		174
2001-02	194		194
2002-03	180		180
2003-04	181		181
2004-05	184		184
2005-06	127		127
2006-07	142		142
2007-08	128	129	129
Total	2,806		2,807

## Notes:

- (1) Page 41, Column (3).
- (2) , Column (6).
- (3) Selected on the basis of (1) and (2).

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Projection of Ultimate Claim Counts  
Projection of Reported Claims

Program Year	Total Claims Reported 6/30/08 (1)	Development Factors as of 6/30/08 (2)	Projected Ultimate Claims (3)
1985-86	9	1.000	9
1986-87	12	1.000	12
1987-88	11	1.000	11
1988-89	34	1.000	34
1989-90	81	1.000	81
1990-91	163	1.000	163
1991-92	149	1.000	149
1992-93	107	1.000	107
1993-94	127	1.000	127
1994-95	137	1.000	137
1995-96	136	1.000	136
1996-97	122	1.001	122
1997-98	136	1.002	136
1998-99	127	1.002	127
1999-00	144	1.004	145
2000-01	173	1.005	174
2001-02	193	1.005	194
2002-03	179	1.007	180
2003-04	179	1.008	181
2004-05	182	1.009	184
2005-06	126	1.011	127
2006-07	140	1.017	142
2007-08	116	1.100	128
<b>Total</b>	<b>2,783</b>		<b>2,806</b>

## Notes:

- (1) Provided by JT2.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Projection of Ultimate Claim Counts  
Bornhuetter-Ferguson Method

Program Year	A Priori Claim Count (1)	Claim Development Factor (2)	Estimated Percentage of Claims Unreported (3)	Estimated Unreported Claims (4)	Reported Claims as of 6/30/08 (5)	Projected Ultimate Claims (6)
2007-08	148	1.100	9.1%	13	116	129

## Notes:

- (1) Page 43, Item (6).
- (2) Page 41, Column (2).
- (3)  $100\% - [1,000 / (2)]$ .
- (4)  $(1) \times (3)$ .
- (5) Page 41, Column (1).
- (6)  $(4) + (5)$ .

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Calculation of Expected Claim Counts  
A Priori Claim Count

Program Year	Projected Ultimate Claim Counts (1)	Trended Payroll (\$Millions) (2)	Indicated Claim Frequency (3)
2000-01	174	\$34.6	5.02
2001-02	194	37.6	5.15
2002-03	180	42.2	4.27
2003-04	181	47.0	3.85
2004-05	184	45.2	4.07
2005-06	127	46.5	2.73
2006-07	142	44.5	3.19
2007-08	128	42.7	3.00
Total	1,310	\$340.4	3.85
03/04-06/07	634	\$183.2	3.46
		(4) Selected Claim Frequency:	3.46
		(5) 2007-08 Trended Payroll (\$Millions):	\$42.7
		(6) 2007-08 A Priori Claim Count:	148

## Notes:

- (1) Page 41, Column (3).
- (2) Page 57, Column (3) / 10,000.
- (3) (1) / (2).
- (4) Selected on the basis of (3).
- (5) Page 57, Column (3) / 10,000.
- (6) (4) x (5).

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Future Loss Exhibits**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Projected Ultimate Unlimited Loss Rate for 2008-09

Program Year	2007-08 Level Loss Rate <u>(1)</u>	Expected Increase for 2008-09 <u>(2)</u>	Untrended Payroll (\$00's) <u>(3)</u>	Projected Ultimate Losses <u>(4)</u>	Projected 2008-09 Unlimited Loss Rate <u>(5)</u>
2008-09	\$8.27	0.962	\$443,792	\$3,532,585	\$7.96

Notes:

- (1) Page 46, Item (11).
- (2) -3.8% Expected Increase Estimated by BAC.
- (3) Page 57, Column (2).
- (4) (1) x (2) x (3), rounded.
- (5) (4) / (3), rounded.

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Projected Future Loss Rate

Program Year	Estimated Ultimate Losses (1)	Pure Premium Trend (2)	Trended Payroll (\$00's) (3)	Trended Loss Rate (4)
1997-98	\$530,000	1.426	\$303,152	\$2.49
1998-99	1,570,000	1.381	303,152	7.15
1999-00	1,650,000	1.333	365,983	6.01
2000-01	4,080,000	1.281	346,450	15.09
2001-02	2,720,000	1.061	376,385	7.67
2002-03	2,970,000	1.092	421,787	7.69
2003-04	2,730,000	1.125	470,277	6.53
2004-05	2,990,000	1.158	452,038	7.66
2005-06	3,420,000	1.192	464,699	8.77
2006-07	5,600,000	1.001	445,309	12.59
2007-08	3,600,000	1.000	426,723	8.44
Total	\$31,860,000		\$4,375,955	\$8.19
97/98-06/07	\$28,260,000		\$3,949,232	\$8.17

(5) Selected Loss Rate: \$8.19

Program Year	Largest Claim (6)	Severity Trend (7)	LDF (8)	Trended Developed Max Claim (9)
1999-00	\$454,538	1.617	1.097	\$806,134
2000-01	612,671	1.301	1.117	890,153
2001-02	375,980	1.301	1.144	559,704
2002-03	357,178	1.301	1.181	548,987
2003-04	242,892	1.301	1.233	389,656
2004-05	390,493	1.301	1.308	664,662
2005-06	454,105	1.061	1.440	693,825
2006-07	748,292	1.030	1.743	1,343,402

(10) Factor for Unlimited Retention: 1.010

(11) Unlimited 2007-08 Rate: **\$8.27**

Notes:

- (1) Page 30, Column (6).
- (2) Page 36, Column (2).
- (3) Page 57, Column (3).
- (4)  $(1) \times (2) / (3)$ .
- (5) Based on Column (4).
- (6) Provided by JT2.
- (7) Page 39, Column (2). Indexed to 2008-09.
- (8) Page 31, Column (2).
- (9)  $(6) \times (7) \times (8)$ .
- (10) Estimated by BAC.
- (11)  $(5) \times (10)$ .

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Discounting Exhibits**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Discounted Value of Unpaid Losses as of June 30, 2008  
Assuming a 3.0% Interest Rate

Program Year	Projected Unpaid Losses (1)	Discount Factor (2)	Discounted Unpaid Losses (3)
1985-86	\$31,613	0.733	\$23,165
1986-87	0	0.715	0
1987-88	0	0.706	0
1988-89	0	0.698	0
1989-90	0	0.693	0
1990-91	43,500	0.686	29,832
1991-92	63,463	0.680	43,130
1992-93	70,890	0.672	47,674
1993-94	0	0.660	0
1994-95	37,064	0.650	24,080
1995-96	0	0.647	0
1996-97	77,457	0.649	50,291
1997-98	167,120	0.653	109,160
1998-99	187,748	0.655	122,898
1999-00	288,614	0.636	183,680
2000-01	536,322	0.688	368,750
2001-02	535,454	0.719	385,197
2002-03	654,116	0.754	493,271
2003-04	926,434	0.779	721,603
2004-05	1,424,660	0.792	1,128,801
2005-06	2,134,208	0.810	1,729,351
2006-07	3,591,299	0.826	2,964,727
2007-08	2,965,776	0.861	2,552,950
<b>Total</b>	<b>\$13,735,738</b>		<b>\$10,978,560</b>

(4) Indicated Discount Factor: 0.799

## Notes:

- (1) Page 21, Column (6).
- (2) (3) / (1).
- (3) Based upon a 3.0% interest rate.
- (4) [ Sum of Column (3) ] / [ Sum of Column (1) ].

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Discounted Value of 2008-09 Losses as of July 1, 2008  
Assuming a 3.0% Interest rate

Unlimited Losses

Program Year	Projected Loss Payments (1)	Discounted Value Factor (2)	Discounted Value of Payments (3)
2008-09	\$406,028	0.985	\$400,071
2009-10	754,720	0.957	721,988
2010-11	554,171	0.929	514,696
2011-12	404,382	0.902	364,638
2012-13	286,861	0.875	251,133
2013-14	210,671	0.850	179,061
2014-15	156,790	0.825	129,383
2015-16	119,903	0.801	96,062
2016-17	89,927	0.778	69,948
2017-18	59,400	0.755	44,857
2018-19	41,930	0.733	30,742
2019-20	35,860	0.712	25,526
2020-21	29,815	0.691	20,605
2021-22	20,590	0.671	13,815
2022-23	7,312	0.651	4,763
2023-24	7,733	0.632	4,891
2024-25	12,580	0.614	7,724
2025-26	13,685	0.596	8,158
2026-27	14,091	0.579	8,156
2027-28	18,402	0.562	10,341
2028-29	12,922	0.546	7,050
2029-30	10,361	0.530	5,488
2030-31	6,462	0.514	3,323
2031-32	10,707	0.499	5,346
2032-33	6,148	0.485	2,980
33-34 to 48-49	241,133	0.371	89,577
Total	\$3,532,585		\$3,020,322

(4) Indicated Discount Factor: 0.855

Notes:

- (1) Based upon the observed payment pattern.
- (2) Based upon a 3.0% interest rate.
- (3) (1) x (2).
- (4) [ Sum of Column (3) ] / [ Sum of Column (1) ].

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Discounted Value of 2008-09 Losses as of July 1, 2008  
Assuming a 3.0% Interest rate

\$1 Million SIR

Program Year	Projected Loss Payments <u>(1)</u>	Discounted Value Factor <u>(2)</u>	Discounted Value of Payments <u>(3)</u>
2008-09	\$398,823	0.985	\$392,972
2009-10	740,635	0.957	708,514
2010-11	543,672	0.929	504,945
2011-12	397,198	0.902	358,160
2012-13	282,085	0.875	246,952
2013-14	207,155	0.850	176,072
2014-15	154,327	0.825	127,350
2015-16	116,440	0.801	93,288
2016-17	87,814	0.778	68,304
2017-18	58,299	0.755	44,026
2018-19	41,153	0.733	30,173
2019-20	35,196	0.712	25,053
2020-21	29,262	0.691	20,223
2021-22	20,208	0.671	13,559
2022-23	7,177	0.651	4,675
2023-24	7,590	0.632	4,800
2024-25	12,346	0.614	7,581
2025-26	13,432	0.596	8,007
2026-27	13,830	0.579	8,005
2027-28	18,061	0.562	10,149
2028-29	12,683	0.546	6,919
2029-30	10,169	0.530	5,386
2030-31	6,342	0.514	3,261
2031-32	10,508	0.499	5,246
2032-33	6,034	0.485	2,925
33-34 to 48-49	236,663	0.371	87,916
Total	\$3,467,102		\$2,964,461

(4) Indicated Discount Factor: 0.855

Notes:

- (1) Based upon the observed payment pattern.
- (2) Based upon a 3.0% interest rate.
- (3) (1) x (2).
- (4) [ Sum of Column (3) ] / [ Sum of Column (1) ].

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Discounted Value of 2008-09 Losses as of July 1, 2008  
Assuming a 3.0% Interest rate

\$750,000 SIR

Program Year	Projected Loss Payments <u>(1)</u>	Discounted Value Factor <u>(2)</u>	Discounted Value of Payments <u>(3)</u>
2008-09	\$396,432	0.985	\$390,616
2009-10	733,019	0.957	701,228
2010-11	535,356	0.929	497,221
2011-12	392,068	0.902	353,534
2012-13	277,775	0.875	243,179
2013-14	203,905	0.850	173,309
2014-15	151,749	0.825	125,223
2015-16	109,015	0.801	87,338
2016-17	87,758	0.778	68,261
2017-18	54,282	0.755	40,992
2018-19	40,532	0.733	29,717
2019-20	34,664	0.712	24,675
2020-21	28,820	0.691	19,917
2021-22	19,903	0.671	13,354
2022-23	7,068	0.651	4,604
2023-24	7,475	0.632	4,728
2024-25	12,160	0.614	7,467
2025-26	13,229	0.596	7,886
2026-27	13,621	0.579	7,884
2027-28	17,789	0.562	9,996
2028-29	12,491	0.546	6,815
2029-30	10,015	0.530	5,305
2030-31	6,246	0.514	3,212
2031-32	10,350	0.499	5,167
2032-33	5,943	0.485	2,881
33-34 to 48-49	233,090	0.371	86,589
<b>Total</b>	<b>\$3,414,756</b>		<b>\$2,921,098</b>

(4) Indicated Discount Factor: 0.855

Notes:

- (1) Based upon the observed payment pattern.
- (2) Based upon a 3.0% interest rate.
- (3) (1) x (2).
- (4) [ Sum of Column (3) ] / [ Sum of Column (1) ].

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Discounted Value of 2008-09 Losses as of July 1, 2008  
Assuming a 3.0% Interest rate

\$500,000 SIR

Program Year	Projected Loss Payments (1)	Discounted Value Factor (2)	Discounted Value of Payments (3)
2008-09	\$389,947	0.985	\$384,226
2009-10	713,269	0.957	682,335
2010-11	515,014	0.929	478,329
2011-12	375,249	0.902	338,368
2012-13	264,667	0.875	231,704
2013-14	193,397	0.850	164,378
2014-15	143,344	0.825	118,287
2015-16	90,847	0.801	72,783
2016-17	92,283	0.778	71,780
2017-18	40,261	0.755	30,404
2018-19	42,462	0.733	31,132
2019-20	32,962	0.712	23,463
2020-21	27,400	0.691	18,936
2021-22	17,735	0.671	11,900
2022-23	6,336	0.651	4,128
2023-24	5,774	0.632	3,651
2024-25	11,651	0.614	7,154
2025-26	12,675	0.596	7,556
2026-27	13,051	0.579	7,554
2027-28	17,044	0.562	9,578
2028-29	11,969	0.546	6,529
2029-30	9,596	0.530	5,083
2030-31	5,985	0.514	3,078
2031-32	9,917	0.499	4,951
2032-33	5,695	0.485	2,760
33-34 to 48-49	223,336	0.371	82,965
Total	\$3,271,866		\$2,803,012

(4) Indicated Discount Factor: 0.857

## Notes:

- (1) Based upon the observed payment pattern.
- (2) Based upon a 3.0% interest rate.
- (3) (1) x (2).
- (4) [ Sum of Column (3) ] / [ Sum of Column (1) ].

**Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program**

**Actuarial Analysis of the  
Workers' Compensation Program**

**Claims Data Exhibits**

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Cumulative Reported Losses (\$000's) as of December 31, 2007 - Unlimited

Year	Months of Development																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
	8	15	20	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246	258	270	282	294	306	318	330	342	354	366	378	390	402	414	426	438	450	462	474	486	498	510	522	534	546	558	570	582	594	606	618	630	642	654	666	678	690	702	714	726	738	750	762	774	786	798	810	822	834	846	858	870	882	894	906	918	930	942	954	966	978	990	1002	1014	1026	1038	1050	1062	1074	1086	1098	1110	1122	1134	1146	1158	1170	1182	1194	1206	1218	1230	1242	1254	1266	1278	1290	1302	1314	1326	1338	1350	1362	1374	1386	1398	1410	1422	1434	1446	1458	1470	1482	1494	1506	1518	1530	1542	1554	1566	1578	1590	1602	1614	1626	1638	1650	1662	1674	1686	1698	1710	1722	1734	1746	1758	1770	1782	1794	1806	1818	1830	1842	1854	1866	1878	1890	1902	1914	1926	1938	1950	1962	1974	1986	1998	2010	2022	2034	2046	2058	2070	2082	2094	2106	2118	2130	2142	2154	2166	2178	2190	2202	2214	2226	2238	2250	2262	2274	2286	2298	2310	2322	2334	2346	2358	2370	2382	2394	2406	2418	2430	2442	2454	2466	2478	2490	2502	2514	2526	2538	2550	2562	2574	2586	2598	2610	2622	2634	2646	2658	2670	2682	2694	2706	2718	2730	2742	2754	2766	2778	2790	2802	2814	2826	2838	2850	2862	2874	2886	2898	2910	2922	2934	2946	2958	2970	2982	2994	3006	3018	3030	3042	3054	3066	3078	3090	3102	3114	3126	3138	3150	3162	3174	3186	3198	3210	3222	3234	3246	3258	3270	3282	3294	3306	3318	3330	3342	3354	3366	3378	3390	3402	3414	3426	3438	3450	3462	3474	3486	3498	3510	3522	3534	3546	3558	3570	3582	3594	3606	3618	3630	3642	3654	3666	3678	3690	3702	3714	3726	3738	3750	3762	3774	3786	3798	3810	3822	3834	3846	3858	3870	3882	3894	3906	3918	3930	3942	3954	3966	3978	3990	4002	4014	4026	4038	4050	4062	4074	4086	4098	4110	4122	4134	4146	4158	4170	4182	4194	4206	4218	4230	4242	4254	4266	4278	4290	4302	4314	4326	4338	4350	4362	4374	4386	4398	4410	4422	4434	4446	4458	4470	4482	4494	4506	4518	4530	4542	4554	4566	4578	4590	4602	4614	4626	4638	4650	4662	4674	4686	4698	4710	4722	4734	4746	4758	4770	4782	4794	4806	4818	4830	4842	4854	4866	4878	4890	4902	4914	4926	4938	4950	4962	4974	4986	4998	5010	5022	5034	5046	5058	5070	5082	5094	5106	5118	5130	5142	5154	5166	5178	5190	5202	5214	5226	5238	5250	5262	5274	5286	5298	5310	5322	5334	5346	5358	5370	5382	5394	5406	5418	5430	5442	5454	5466	5478	5490	5502	5514	5526	5538	5550	5562	5574	5586	5598	5610	5622	5634	5646	5658	5670	5682	5694	5706	5718	5730	5742	5754	5766	5778	5790	5802	5814	5826	5838	5850	5862	5874	5886	5898	5910	5922	5934	5946	5958	5970	5982	5994	6006	6018	6030	6042	6054	6066	6078	6090	6102	6114	6126	6138	6150	6162	6174	6186	6198	6210	6222	6234	6246	6258	6270	6282	6294	6306	6318	6330	6342	6354	6366	6378	6390	6402	6414	6426	6438	6450	6462	6474	6486	6498	6510	6522	6534	6546	6558	6570	6582	6594	6606	6618	6630	6642	6654	6666	6678	6690	6702	6714	6726	6738	6750	6762	6774	6786	6798	6810	6822	6834	6846	6858	6870	6882	6894	6906	6918	6930	6942	6954	6966	6978	6990	7002	7014	7026	7038	7050	7062	7074	7086	7098	7110	7122	7134	7146	7158	7170	7182	7194	7206	7218	7230	7242	7254	7266	7278	7290	7302	7314	7326	7338	7350	7362	7374	7386	7398	7410	7422	7434	7446	7458	7470	7482	7494	7506	7518	7530	7542	7554	7566	7578	7590	7602	7614	7626	7638	7650	7662	7674	7686	7698	7710	7722	7734	7746	7758	7770	7782	7794	7806	7818	7830	7842	7854	7866	7878	7890	7902	7914	7926	7938	7950	7962	7974	7986	7998	8010	8022	8034	8046	8058	8070	8082	8094	8106	8118	8130	8142	8154	8166	8178	8190	8202	8214	8226	8238	8250	8262	8274	8286	8298	8310	8322	8334	8346	8358	8370	8382	8394	8406	8418	8430	8442	8454	8466	8478	8490	8502	8514	8526	8538	8550	8562	8574	8586	8598	8610	8622	8634	8646	8658	8670	8682	8694	8706	8718	8730	8742	8754	8766	8778	8790	8802	8814	8826	8838	8850	8862	8874	8886	8898	8910	8922	8934	8946	8958	8970	8982	8994	9006	9018	9030	9042	9054	9066	9078	9090	9102	9114	9126	9138	9150	9162	9174	9186	9198	9210	9222	9234	9246	9258	9270	9282	9294	9306	9318	9330	9342	9354	9366	9378	9390	9402	9414	9426	9438	9450	9462	9474	9486	9498	9510	9522	9534	9546	9558	9570	9582	9594	9606	9618	9630	9642	9654	9666	9678	9690	9702	9714	9726	9738	9750	9762	9774	9786	9798	9810	9822	9834	9846	9858	9870	9882	9894	9906	9918	9930	9942	9954	9966	9978	9990	10002	10014	10026	10038	10050	10062	10074	10086	10098	10110	10122	10134	10146	10158	10170	10182	10194	10206	10218	10230	10242	10254	10266	10278	10290	10302	10314	10326	10338	10350	10362	10374	10386	10398	10410	10422	10434	10446	10458	10470	10482	10494	10506	10518	10530	10542	10554	10566	10578	10590	10602	10614	10626	10638	10650	10662	10674	10686	10698	10710	10722	10734	10746	10758	10770	10782	10794	10806	10818	10830	10842	10854	10866	10878	10890	10902	10914	10926	10938	10950	10962	10974	10986	10998	11010	11022	11034	11046	11058	11070	11082	11094	11106	11118	11130	11142	11154	11166	11178	11190	11202	11214	11226	11238	11250	11262	11274	11286	11298	11310	11322	11334	11346	11358	11370	11382	11394	11406	11418	11430	11442	11454	11466	11478	11490	11502	11514	11526	11538	11550	11562	11574	11586	11598	11610	11622	11634	11646	11658	11670	11682	11694	11706	11718	11730	11742	11754	11766	11778	11790	11802	11814	11826	11838	11850	11862	11874	11886	11898	11910	11922	11934	11946	11958	11970	11982	11994	12006	12018	12030	12042	12054	12066	12078	12090	12102	12114	12126	12138	12150	12162	12174	12186	12198	12210	12222	12234	12246	12258	12270	12282	12294	12306	12318	12330	12342	12354	12366	12378	12390	12402	12414	12426	12438	12450	12462	12474	12486	12498	12510	12522	12534	12546	12558	12570	12582	12594	12606	12618	12630	12642	12654	12666	12678	12690	12702	12714	12726	12738	12750	12762	12774	12786	12798	12810	12822	12834	12846	12858	12870	12882	12894	12906	12918	12930	12942	12954	12966	12978	12990	13002	13014	13026	13038	13050	13062	13074	13086	13098	13110	13122	13134	13146	13158	13170	13182	13194	13206	13218	13230	13242	13254	13266	13278	13290	13302	13314	13326	13338	13350	13362	13374	13386	13398	13410	13422	13434	13446	13458	13470	13482	13494	13506	13518	13530	13542	13554	13566	13578	13590	13602	13614	13626	13638	13650	13662	13674	13686	13698	13710	13722	13734	13746	13758	13770	13782	13794	13806	13818	13830	13842	13854	13866	13878	13890	13902	13914	13926	13938	13950	13962	13974	13986	13998	14010	14022	14034	14046	14058	14070	14082	14094	14106	14118	14130	14142	14154	14166	14178	14190	14202	14214	14226	14238	14250	14262	14274	14286	14298	14310	14322	14334	14346	14358	14370	14382	14394	14406	14418	14430	14442	14454	14466	14478	14490	14502	14514	14526	14538	14550	14562	14574	14586	14598	14610	14622	14634	14646	14658	14670	14682	14694	14706	14718	14730	14742	14754	14766	14778	14790	14802	14814	14826	14838	14850	14862	14874	14886	14898	14910	14922	14934	14946	14958	14970	14982	14994	15006	15018	15030	15042	15054	15066	15078	15090	15102	15114	15126	15138	15150	15162	15174	15186	15198	15210	15222	15234	15246	15258	15270	15282	15294	15306	15318	15330	15342	15354	15366	15378	15390	15402	15414	15426	15438	15450	15462	15474	15486	15498	15510	15522	15534	15546	15558	15570	15582	15594	15606	15618	15630	15642	15654	15666	15678	15690	15702	15714	15726	15738

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Cumulative Paid Losses (\$000s) as of December 31, 2007 - Unfunded

Program	Mechanical/Development																											
	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08
1985																												
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2007																												
2008																												
ALLRISK	5,138																											
REFERENCE	4,075																											
SELECTED	6,138																											
CUMULATIVE	23,004	4,483	2,486	1,873	1,580	1,427	1,237	1,239	1,178	1,161	1,152	1,139	1,129	1,120	1,115	1,112	1,108	1,102	1,097	1,092	1,087	1,082	1,076	1,071	1,065	1,060	1,055	
DEFERRED FACTOR	7,739	3,158	2,127	1,713	1,526	1,316	1,281	1,207	1,170	1,157	1,146	1,134	1,124	1,116	1,114	1,110	1,105	1,100	1,095	1,089	1,084	1,079	1,074	1,069	1,064	1,059	1,054	

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Cumulative Number of Reported Losses as of December 31, 2007

Months of Development

Program Year	18-19	20-30	31-42	43-54	55-66	67-78	79-90	91-102	103-114	115-126	127-138	139-150	151-162	163-174	175-186	187-198	199-210	211-222	223-234	235-246	247-258	259-270	271-282	
1986																								
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ALL YR VOL	2,003	1,011	1,002	1,001	1,000	1,004	1,000	1,000	1,002	1,002	1,000	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
SELECTED	2,003	1,011	1,002	1,001	1,000	1,004	1,000	1,000	1,002	1,002	1,000	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
CUMULATIVE	2,048	1,023	1,012	1,010	1,008	1,008	1,005	1,005	1,003	1,002	1,002	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
06/30/08 FACTOR	1,100	1,017	1,011	1,009	1,008	1,007	1,005	1,005	1,004	1,002	1,002	1,001	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Monterey Bay Area Self Insurance Authority  
Workers' Compensation Program

Program Information

Program Year	Self-Insured Retention (SIR) (1)	Payroll (\$00's) (2)	Payroll Trended to 2007-08 (\$00's) (3)
1985-86	\$150,000	\$0	\$0
1986-87	200,000	0	0
1987-88	250,000	0	0
1988-89	250,000	0	0
1989-90	250,000	0	0
1990-91	300,000	0	0
1991-92	250,000	0	0
1992-93	250,000	168,330	303,152
1993-94	275,000	175,063	303,152
1994-95	300,000	182,066	303,152
1995-96	300,000	189,348	303,152
1996-97	300,000	196,922	303,152
1997-98	300,000	204,799	303,152
1998-99	300,000	212,991	303,152
1999-00	300,000	267,420	365,983
2000-01	300,000	263,274	346,450
2001-02	350,000	297,462	376,385
2002-03	500,000	346,678	421,787
2003-04	NO XS	401,995	470,277
2004-05	500,000	401,860	452,038
2005-06	500,000	429,640	464,699
2006-07	500,000	428,182	445,309
2007-08	500,000	426,723	426,723
2008-09	?	443,792	426,723

Notes:

- (1) Provided by MBASIA.
- (2) Provided by MBASIA. 2008-09 estimated by BAC.  
1997-98 & prior estimated by BAC.
- (3) 4.0% trend to 2007-08.

**Robert Galvan**

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**From:** Bob Davidson [bob.davidson@hollister.ca.gov]  
**Sent:** Thursday, March 19, 2009 4:48 PM  
**To:** 'Brett Miller'; 'Robert Galvan'  
**Subject:** New accounts for upcoming budget year

Brett and Robert,

This a follow up to discussions I had at the budget kick off presentation and today with Brett.

With the new requirement to only assign costs for items costing \$5000 or more to the 750 range of accounts it will be necessary to move nearly all previously budgeted 750 expenditures into the Services and Supplies category. If I were to use the set of account numbers currently available in that category it could appear to the uninformed that those expenses are strictly for the support of the IT Division, just 2 people. In order to reduce the likelihood of anyone getting that impression I would like to have new account numbers created for IT Division use and to have them named to help with conveying that they are for support of the entire city.

Here are my suggestions:

731.01 CITY NW AND COMPUTER REPAIRS  
731.02 CITY COMPUTER REPLACEMENT  
731.03 CITY NW AND COMPUTER SOFTWARE  
731.04 CITY PHONE SYSTEM REPAIRS

Let me know if this is OK or not.

Thank you.

Bob Davidson  
IS Manager  
City of Hollister  
375 Fifth St.  
Hollister, CA 95023  
831-636-4312