

Monterey Bay Area Self Insurance Authority

**An Actuarial Review of the
Liability Self-Insurance Program**

**BAY ACTUARIAL CONSULTANTS
Moraga, California
August 18, 2009**

Bay Actuarial Consultants

August 18, 2009

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

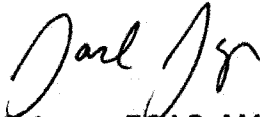
Dear Mr. Rice:

We are pleased to present Bay Actuarial's Actuarial Review of the Monterey Bay Area Self Insurance Authority's General and Auto Liability self-insurance 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 Liability Self-Insurance Program

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Monterey Bay Area Self Insurance Authority

**An Actuarial Review of the
Liability Self-Insurance Program**

Introduction

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 Hunt & Ferguson. 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 so they are uncertain. This 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 that may affect the tort liability system, changes in the rate of inflation, and the outcomes of current and future litigation and settlement negotiations. Our projections are based upon the Authority's historical experience. We have not anticipated 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 seven sections: the *Management Summary*, the *Technical Approach* section, the *Summary Exhibits*, the *Fiscal Year End Exhibits*, the *Loss Projection Exhibits*, the *Future Loss Exhibits*, and the *Discounting 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 Liability Self-Insurance Program

Management Summary

Projected 2009-10 Losses and Loss Rates

Table I, below, shows the projected 2009-10 losses and loss rates at various probability levels, discounted and undiscounted. We used a 3% interest rate to perform the discounting calculations. The items in Table 1 do not include claims handling fees ("ULAE"), administrative costs, or the cost of excess insurance coverage. The losses have been calculated assuming that CARMA will cover any individual losses that exceed \$1,000,000.

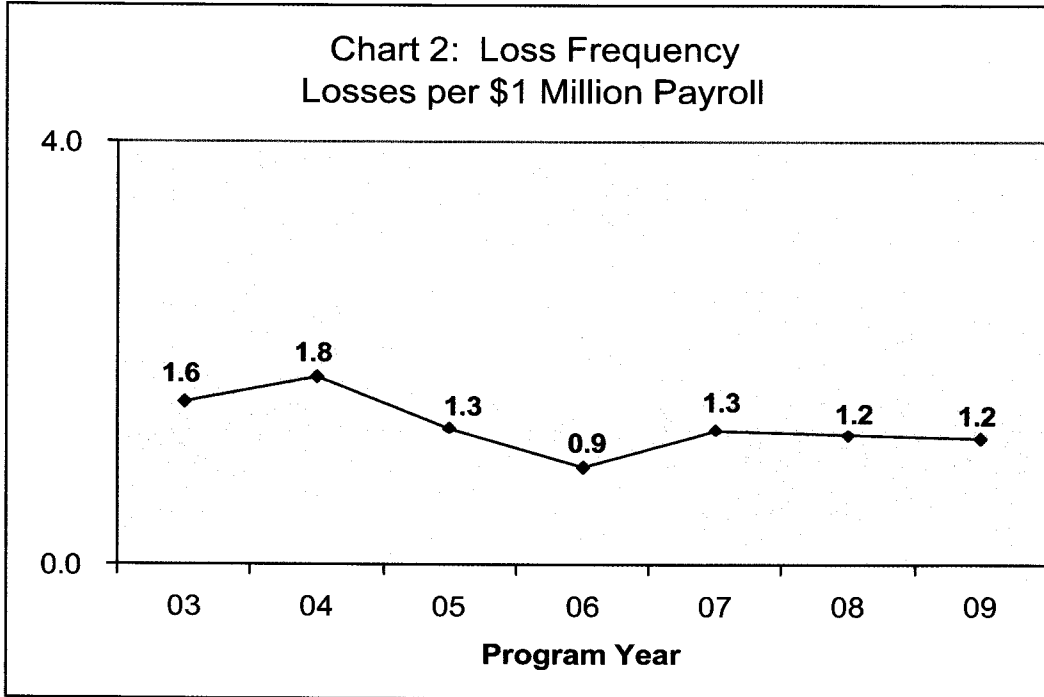
Table I shows actuarial central estimates, as well as estimates at various probability levels. The probability level rates correspond to the estimated probabilities that the indicated rate will be adequate. For example, we estimate that there is a 70% probability that the actual 2009-10 discounted loss rate will be less than \$2.77.

Table III on page 10 shows factors to adjust these rates for interest rates other than 3%.

Table I. Projected 2009-10 Losses and Loss Rates (Limited to \$1,000,000 SIR)				
Probability Level	Undiscounted Losses	Discounted Losses	Undiscounted Loss Rate	Discounted Loss Rate
Central Estimate	\$1,174,118	\$1,066,099	\$2.59	\$2.35
70%	1,432,208	1,300,445	3.16	2.87
80%	1,721,643	1,563,252	3.80	3.45
90%	2,170,768	1,971,057	4.79	4.35

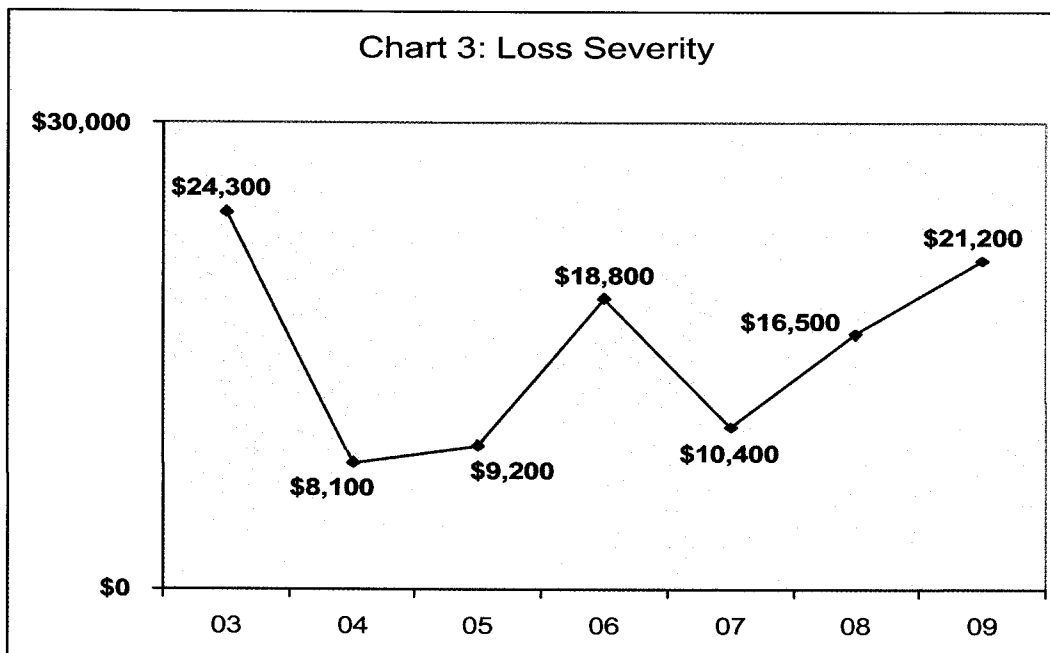
Loss Frequency

Loss "frequency" is the number of losses divided by payroll. Chart 2 displays recent loss frequency.



Average Loss Size

The average loss size is the estimated ultimate losses divided by the number of losses. Chart 3 displays the estimated average cost per loss for recent years.



Short-Term Liability

Short-term liabilities are those expected to be expended within twelve months. The total 6/30/09 liability of **\$2,239,507** is composed of **\$692,000** short-term and **\$1,547,507** long-term.

Alternative Interest Rates

Table III shows the factors one would use to 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%
Rates	1.101	1.066	1.032	1.000	0.970	0.942
Liabilities	1.067	1.044	1.021	1.000	0.980	0.961

Monterey Bay Area Self Insurance Authority

An Actuarial Review of the Liability Self-Insurance 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 liabilities for unpaid losses as of June 30, 2009. Summary Exhibit 2 shows our projected rate for the 2009-10 program year, which runs from July 1, 2009 to June 30, 2010. Summary Exhibit 3 shows the projected unpaid losses as of June 30, 2009 by program year on both discounted and non-discounted bases.

Fiscal Year End Exhibits

These Exhibits show the calculation of the estimated unpaid losses as of June 30, 2009.

Loss Projection Exhibits

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

Five different actuarial methods are used:

- 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.

Monterey Bay Area Self Insurance Authority

**Actuarial Analysis of the
General and Auto Liability Program**

Summary Exhibits

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Projected Loss Funding Rate for 2009-10
Losses Limited to \$1,000,000

Loss Rates

\$2.35

- (1) Discounted Loss Rate:
(as of July 1, 2009, 3.0% interest rate)

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
50%	0.86	2.02
Central Estimate	1.00	\$2.35
60%	1.03	2.42
70%	1.22	2.87
80%	1.47	3.45
90%	1.85	4.35

* Multiply by 1.101 to obtain undiscounted values.

Notes:

- (1) [Page 50, Column (11)] x [Page 55, Column (4)].
- (2) Estimated probability that funding will be adequate.
- (3) Estimated by BAC.
- (4) (1) x (3).

Monterey Bay Area Self Insurance Authority

**Actuarial Analysis of the
General and Auto Liability Program**

Fiscal Year End Exhibit

Monterey Bay Area Self Insurance Authority

**Actuarial Analysis of the
General and Auto Liability Program**

Loss Projection Exhibits

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Reported Loss Development
Losses Limited to SIR

Program Year	Cumulative Reported Losses as of 6/30/09 (1)	Reported Development Factor as of 6/30/09 (2)	Projected Ultimate Losses (3)
1999-00	\$556,635	1.001	\$557,431
2000-01	343,396	1.005	345,088
2001-02	762,346	1.013	772,609
2002-03	1,280,723	1.027	1,315,871
2003-04	541,777	1.050	568,975
2004-05	432,832	1.069	462,600
2005-06	687,180	1.081	742,774
2006-07	463,101	1.171	542,338
2007-08	499,682	1.645	821,983
2008-09	354,490	4.119	1,460,262
Total	\$5,922,162		\$7,589,931

Notes:

- (1) Provided by Hunt & Ferguson.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

IBNR to Case Reserves Ratio Method
Losses Limited to SIR

Program Year	Reported Development Factor as of 6/30/09 (1)	Paid Development Factor as of 6/30/09 (2)	IBNR to Case Reserves Ratio (3)	Case Reserves 6/30/09 (4)	Estimated IBNR Losses as of 6/30/09 (5)	Estimated Ultimate Losses (6)
1999-00	1.001	1.010	0.171	\$0	\$0	\$556,635
2000-01	1.005	1.025	0.252	0	0	343,396
2001-02	1.013	1.047	0.416	0	0	762,346
2002-03	1.027	1.076	0.609	59,832	36,437	1,317,160
2003-04	1.050	1.129	0.721	3,962	2,857	544,634
2004-05	1.069	1.227	0.532	24,718	13,150	445,982
2005-06	1.081	1.335	0.424	124,808	52,919	740,099
2006-07	1.171	1.739	0.524	106,690	55,906	519,007
2007-08	1.645	3.880	1.120	223,375	250,180	749,862
2008-09	4.119	17.572	4.075	275,907	1,124,322	1,478,812
Total				\$819,292	\$1,535,771	\$7,457,933

Notes:

- (1) Page 22, Column (2).
- (2) Page 23, Column (2).
- (3) $[(1) - 1.000] \times (2) / [(2) - (1)]$.
- (4) Page 22, Column (1) - Page 23, Column (1).
- (5) (3) x (4), rounded.
- (6) (5) + Page 22, Column (1).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

A Priori Losses for Bornhuetter-Ferguson
Losses Limited to SIR

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)
1999-00	\$2.11	0.693	\$380,622	\$556,557
2000-01	\$2.11	0.709	360,308	539,018
2001-02	\$2.11	0.725	391,440	598,805
2002-03	\$2.11	0.741	438,658	685,846
2003-04	\$2.11	0.889	489,088	917,427
2004-05	\$2.11	0.911	470,120	903,669
2005-06	\$2.11	0.932	483,287	950,393
2006-07	\$2.11	0.954	463,121	932,235
2007-08	\$2.11	0.977	453,117	934,086
2008-09	\$2.11	1.000	435,689	919,304
Total			\$4,365,450	\$7,937,340

Notes:

- (1) Page 27, Item (5).
- (2) Estimated by BAC.
- (3) Page 56, Column (3).
- (4) (1) x (2) x (3).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

A Priori Ultimate losses
Losses Limited to SIR

Program Year	Reported Loss Projection (1)	Paid Loss Projection (2)	<i>A Priori</i> Selection (3)
1999-00	\$557,431	\$562,119	\$559,765
2000-01	345,088	351,968	348,494
2001-02	772,609	798,447	785,315
2002-03	1,315,871	1,313,543	1,314,734
2003-04	568,975	607,113	587,356
2004-05	462,600	500,882	480,419
2005-06	742,774	751,027	746,466
2006-07	542,338	619,666	573,461
2007-08	821,983	1,072,193	896,475
2008-09	1,460,262	1,380,841	1,445,179
Total	\$7,589,931	\$7,957,799	\$7,737,664

Notes:

- (1) Page 22, Column (3).
- (2) Page 23, Column (3).
- (3) Selected on the basis of (1) and (2).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Calculation of Expected Claim Severity
Frequency Times Severity Method
At \$1M SIR

Program Year	A Priori Ultimate Losses (1)	Estimated Severity Trend (2)	Selected Claim Count (3)	Trended Claim Severity (4)
1999-00	\$785,315	1.442	37	\$30,611
2000-01	785,315	1.411	67	16,537
2001-02	785,315	1.380	69	15,709
2002-03	1,314,734	1.350	54	32,877
2003-04	587,356	1.125	72	9,175
2004-05	480,419	1.098	52	10,145
2005-06	746,466	1.073	40	20,016
2006-07	573,461	1.048	55	10,925
2007-08	896,475	1.024	54	16,993
2008-09	1,445,179	1.000	52	27,792
Total	\$8,400,035		552	\$19,078
99/00-07/08	\$6,954,856		500	\$18,110
			(5) Selected Severity:	\$18,100

Notes:

- (1) Page 28, Column (3).
- (2) Estimated by BAC.
- (3) Page 31, Column (3).
- (4) $(1) \times (2) / (3)$.
- (5) Selected on the basis of (4).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Projection of Ultimate Claim Counts
Projection of Reported Claims

Program Year	Total Claims Reported 6/30/09 (1)	Development Factors as of 6/30/09 (2)	Projected Ultimate Claims (3)
1999-00	37	1.000	37
2000-01	67	1.000	67
2001-02	69	1.000	69
2002-03	54	1.001	54
2003-04	72	1.002	72
2004-05	52	1.003	52
2005-06	40	1.004	40
2006-07	55	1.001	55
2007-08	53	1.013	54
2008-09	45	1.150	52
Total	544		552

Notes:

- (1) Provided by Hunt & Ferguson.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority
General and Auto Liability 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)
2001-02	69	\$39.1	1.76
2002-03	54	43.9	1.23
2003-04	72	48.9	1.47
2004-05	52	47.0	1.11
2005-06	40	48.3	0.83
2006-07	55	46.3	1.19
2007-08	54	45.3	1.19
2008-09	52	43.6	1.19
Total	448	\$362.5	1.24
02/03-07/08	327	\$279.7	1.17

(4) Selected Claim Frequency: 1.17

(5) 2008-09 Trended Payroll (\$Millions): \$43.6

(6) 2008-09 A Priori Claim Count: 51

Notes:

- (1) Page 32, Column (3).
- (2) Page 56, Column (3) / 10,000.
- (3) (1) / (2).
- (4) Selected on the basis of (3).
- (5) Page 56, Column (3) / 10,000.
- (6) (4) x (5).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Selected Ultimate Losses
Losses Limited to \$250,000

Program Year	Reported Projection (1)	Paid Projection (2)	IBNR to Case Reserves Ratio (3)	B-F Method Using Reported (4)	B-F Method Using Paid (5)	Selected Ultimate Losses (6)
1999-00	\$545,436	\$547,205	\$544,503	\$545,602	\$547,249	\$544,503
2000-01	344,850	348,534	343,396	345,552	351,481	343,396
2001-02	769,017	787,133	762,346	767,735	780,909	762,346
2002-03	1,073,947	1,052,160	1,082,998	1,065,948	1,026,717	1,070,000
2003-04	498,766	521,115	486,619	507,094	542,925	486,619
2004-05	446,559	460,955	441,879	460,846	512,036	460,000
2005-06	715,554	692,328	720,629	725,196	741,045	720,000
2006-07	518,728	559,916	507,804	562,850	694,811	570,000
2007-08	730,656	883,618	689,997	785,953	898,676	800,000
2008-09	1,117,089	1,082,876	1,123,995	931,154	861,259	1,020,000
Total	\$6,760,602	\$6,935,840	\$6,704,165	\$6,697,929	\$6,957,108	\$6,776,864

Notes:

- (1) Page 37, Column (3).
- (2) Page 38, Column (3).
- (3) Page 39, Column (6).
- (4) Page 40, Column (6).
- (5) Page 41, Column (6).
- (6) Selected on the basis of (1) - (5).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Paid Loss Development
Losses Limited to \$250,000

Program Year	Cumulative Paid Losses as of 6/30/09 <u>(1)</u>	Paid Development Factor as of 6/30/09 <u>(2)</u>	Projected Ultimate Losses <u>(3)</u>
1999-00	\$544,503	1.005	\$547,205
2000-01	343,396	1.015	348,534
2001-02	762,346	1.033	787,133
2002-03	996,960	1.055	1,052,160
2003-04	486,619	1.071	521,115
2004-05	408,114	1.129	460,955
2005-06	562,371	1.231	692,328
2006-07	356,410	1.571	559,916
2007-08	276,308	3.198	883,618
2008-09	78,583	13.780	1,082,876
Total	\$4,815,610		\$6,935,840

Notes:

- (1) Provided by Hunt & Ferguson.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Bornhuetter-Ferguson Using Reported Losses
Losses Limited to \$250,000

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 6/30/09 (5)	Estimated Ultimate Losses (6)
1999-00	\$549,293	1.002	0.2%	\$1,099	\$544,503	\$545,602
2000-01	539,018	1.004	0.4%	2,156	343,396	345,552
2001-02	598,805	1.009	0.9%	5,389	762,346	767,735
2002-03	572,247	1.016	1.6%	9,156	1,056,792	1,065,948
2003-04	853,124	1.025	2.4%	20,475	486,619	507,094
2004-05	903,669	1.032	3.1%	28,014	432,832	460,846
2005-06	950,393	1.041	4.0%	38,016	687,180	725,196
2006-07	932,235	1.120	10.7%	99,749	463,101	562,850
2007-08	905,922	1.462	31.6%	286,271	499,682	785,953
2008-09	844,311	3.151	68.3%	576,664	354,490	931,154
	\$7,649,016			\$1,066,989	\$5,630,940	\$6,697,929

Notes:

- (1) Page 21, Column (6), adjusted for \$250K limit.
- (2) Page 37, Column (2).
- (3) $100\% - [1.000 / (2)]$.
- (4) $(1) \times (3)$.
- (5) Page 37, Column (1).
- (6) $(4) + (5)$.

Monterey Bay Area Self Insurance Authority

**Actuarial Analysis of the
General and Auto Liability Program**

**Limited Loss Analysis
Losses Limited to \$100,000 per Loss**

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Reported Loss Development
Losses Limited to \$100,000

Program Year	Cumulative Reported Losses as of 6/30/09 (1)	Reported Development Factor as of 6/30/09 (2)	Projected Ultimate Losses (3)
1999-00	\$394,503	1.001	\$394,724
2000-01	343,396	1.001	343,877
2001-02	705,094	1.004	707,818
2002-03	665,522	1.007	670,200
2003-04	336,619	1.009	339,648
2004-05	403,352	1.014	409,080
2005-06	605,685	1.025	621,122
2006-07	393,101	1.080	424,560
2007-08	432,182	1.341	579,737
2008-09	354,490	2.698	956,382
Total	\$4,633,944		\$5,447,148

Notes:

- (1) Provided by Hunt & Ferguson.
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

IBNR to Case Reserves Ratio Method
Losses Limited to \$100,000

Program Year	Limited Reported LDF as of 06/30/09 (1)	Limited Paid LDF as of 06/30/09 (2)	IBNR to Case Reserves Ratio (3)	Limited Case Reserves as of 06/30/09 (4)	Estimated IBNR as of 06/30/09 (5)	Estimated Ultimate Limited Losses (6)
1999-00	1.001	1.003	0.254	\$0	\$0	\$394,503
2000-01	1.001	1.009	0.180	0	0	343,396
2001-02	1.004	1.015	0.368	0	0	705,094
2002-03	1.007	1.018	0.647	2,966	1,919	667,441
2003-04	1.009	1.020	0.823	0	0	336,619
2004-05	1.014	1.059	0.333	24,718	8,231	411,583
2005-06	1.025	1.148	0.239	91,773	21,934	627,619
2006-07	1.080	1.450	0.314	97,450	30,599	423,700
2007-08	1.341	2.791	0.657	216,233	142,065	574,247
2008-09	2.698	11.114	2.242	275,907	618,584	973,074
Total				\$709,048	\$823,332	\$5,457,276

Notes:

- (1) Page 44, Column (2).
- (2) Page 45, Column (2).
- (3) $[(1) - 1.000] \times (2) / [(2) - (1)]$.
- (4) Page 44, Column (1) - Page 45, Column (1).
- (5) (3) x (4), rounded.
- (6) (5) + Page 44, Column (1).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Bornhuetter-Ferguson Using Paid Losses
Losses Limited to \$100,000

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 6/30/09 (5)	Estimated Ultimate Losses (6)
1999-00	\$397,532	1.003	0.3%	\$1,193	\$394,503	\$395,696
2000-01	539,018	1.009	0.9%	4,851	343,396	348,247
2001-02	545,501	1.015	1.4%	7,637	705,094	712,731
2002-03	411,086	1.018	1.8%	7,400	662,556	669,956
2003-04	611,317	1.020	2.0%	12,226	336,619	348,845
2004-05	816,442	1.059	5.6%	45,721	378,634	424,355
2005-06	770,276	1.148	12.9%	99,366	513,912	613,278
2006-07	718,367	1.450	31.0%	222,694	295,650	518,344
2007-08	642,906	2.791	64.2%	412,746	215,949	628,695
2008-09	597,766	11.114	91.0%	543,967	78,583	622,550
	\$6,050,211			\$1,357,801	\$3,924,896	\$5,282,697

Notes:

- (1) Page 47, Column (1).
- (2) Page 45, Column (2).
- (3) $100\% - [1.000 / (2)]$.
- (4) $(1) \times (3)$.
- (5) Page 45, Column (1).
- (6) $(4) + (5)$.

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Projected \$1M Loss Rate for 2009-10

Based on \$100K Limit Analysis

Program Year	100K Limit Loss Rate (1)	Factor for \$1M SIR (2)	Projected \$1M SIR Loss Rate (3)
2009-10	\$1.33	2.060	\$2.74

Based on \$250K Limit Analysis

Program Year	250K Limit Loss Rate (4)	Factor for \$1M SIR (5)	Projected \$1M SIR Loss Rate (6)
2009-10	\$1.73	1.455	\$2.52

Program Year	Selected 2009-10 \$1M SIR Loss Rate (7)	Projected Trended Payroll (\$00's) (8)	Projected Ultimate Losses (9)	Projected Untrended Payroll (\$00's) (10)	Selected 2009-10 \$1M SIR Nominal Loss Rate (11)
2009-10	\$2.69	\$435,689	\$1,174,118	\$453,117	\$2.59

Notes:

- (1) Page 51, Item (5).
- (2) Estimated by BAC.
- (3) (1) x (2), rounded.
- (4) Page 52, Item (5).
- (5) Estimated by BAC.
- (6) (4) x (5), rounded.
- (7) Based on (3) & (6).
- (8) Page 56, Column (3).
- (9) (7) x (8), rounded.
- (10) Page 56, Column (2).
- (11) (9) / (10), rounded.

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Projected Future Loss Rate
Losses Limited to \$250,000

Program Year	Estimated Ultimate Losses (1)	Trend Factor (2)	Trended Payroll (\$00's) (3)	Trended Loss Rate (4)
1999-00	\$544,503	1.221	\$380,622	\$1.75
2000-01	343,396	1.196	360,308	1.14
2001-02	762,346	1.172	391,440	2.28
2002-03	1,070,000	1.149	438,658	2.80
2003-04	486,619	1.126	489,088	1.12
2004-05	460,000	1.103	470,120	1.08
2005-06	720,000	1.081	483,287	1.61
2006-07	570,000	1.060	463,121	1.30
2007-08	800,000	1.040	453,117	1.84
2008-09	1,020,000	1.020	435,689	2.39
Total	\$5,126,619		\$3,233,079	\$1.73
		(5) Selected 2009-10 250K Limit Loss Rate:		\$1.73

Notes:

- (1) Page 36, Column (6).
- (2) Estimated by BAC.
- (3) Page 56, Column (3).
- (4) $(1) \times (2) / (3)$.
- (5) Selected on the basis of (4).

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Discounted Value of Unpaid Losses as of June 30, 2009
Assuming a 3.0% Interest Rate

Program Year	Projected Unpaid Losses (1)	Discount Factor (2)	Discounted Unpaid Losses (3)
1999-00	\$0	0.985	\$0
2000-01	0	0.974	0
2001-02	0	0.964	0
2002-03	89,108	0.954	84,971
2003-04	42,185	0.949	40,014
2004-05	71,886	0.946	67,978
2005-06	187,629	0.936	175,574
2006-07	213,590	0.940	200,753
2007-08	613,692	0.944	579,117
2008-09	1,021,417	0.931	950,836
Total	\$2,239,507		\$2,099,243

(4) Indicated Discount Factor: 0.937

Notes:

- (1) Page 19, Column (6).
- (2) (3) / (1).
- (3) Based upon a 3.0% interest rate.
- (4) [Sum of Column (3)] / [Sum of Column (1)].

Program Information

Monterey Bay Area Self Insurance Authority
General and Auto Liability Program

Program Information
Program Years run July 1 to June 30

Program Year	Self-Insured Retention (SIR) (1)	Payroll (\$00's) (2)	Payroll Trended to 2008-09 (\$00's) (3)
1999-00	\$500,000	\$267,420	\$380,622
2000-01	500,000	263,274	360,308
2001-02	500,000	297,462	391,440
2002-03	500,000	346,678	438,658
2003-04	1,000,000	401,995	489,088
2004-05	1,000,000	401,860	470,120
2005-06	1,000,000	429,640	483,287
2006-07	1,000,000	428,182	463,121
2007-08	1,000,000	435,689	453,117
2008-09	1,000,000	435,689	435,689
2009-10	?	453,117	435,689

Notes:

- (1) Provided by MBASIA.
- (2) Provided by MBASIA.
- (3) Payroll trended to 2008-09.