



# Bickmore — Actuarial

## Actuarial Review of the Self-Insured Excess Liability Program

Funding guidelines for program year 2026-27  
Outstanding Liabilities as of June 30, 2026

*Presented to*  
Authority for California Cities Excess Liability

March 25, 2026





March 25, 2026

Authority for California Cities Excess Liability  
c/o Alliant Insurance Services  
Attn: Conor Boughey, Pool Administrator  
560 Mission Street, 6<sup>th</sup> Floor  
San Francisco, California 94105

Re: Actuarial Review of the Funding Requirements for the Excess Liability Program

Dear Mr. Boughey:

As you requested, we have completed our actuarial review of the funding requirements for the Authority for California Cities Excess Liability's (ACCEL, the Authority) excess liability program. Our conclusions are documented in the text and exhibits that follow.

At the undiscounted expected level, we estimate the program's liability for outstanding loss and allocated loss adjustment expenses (ALAE) to be approximately \$114,360,000 as of June 30, 2026. We understand the Authority has chosen to record its liability with recognition of investment income at 3.25% per year. Discounted for anticipated investment income, we estimate the program's liability for outstanding loss and ALAE will be \$103,229,000 as of that date. Further, we recommend the Authority fund a risk margin for potential adverse experience. Including a margin for adverse experience at the 90% confidence level, the required assets for outstanding loss and ALAE as of June 30, 2026 is projected to be \$167,475,000.

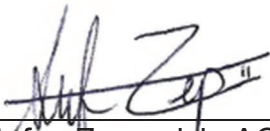
The unallocated loss adjustment expenses (ULAE) associated with open claims should be recognized as part of the program's claims liability. ULAE is the additional cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes, etc.). At the undiscounted expected level, our expected estimate of unpaid ULAE is \$2,889,000 as of June 30, 2026. Discounted for anticipated investment income, we estimate the program's liability for unpaid ULAE will be \$2,608,000 as of that date. Including a margin for adverse experience at the 90% confidence level, the required assets for outstanding ULAE as of June 30, 2026 is projected to be \$4,231,000.

The analysis which made it possible for us to draw our conclusions is based on the data provided by the Authority's program manager Alliant Insurance Services (Alliant). We have accepted all of this information without audit.

The first section of the attached report outlines the scope of our study, its background, and our conclusions, recommendations, detailed funding recommendations, assumptions, and approach to the project. The entire report has been developed for the internal use of the ACCEL, its auditors, and the representatives of its members. It is not intended for general circulation.

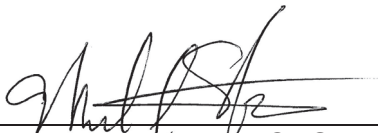
We appreciate the opportunity to be of service to ACCEL in preparing this report. Please feel free to call Stefan Zepernick at (279) 895-1461 or Mike Harrington at (916) 244-1162 with any questions you may have concerning this report.

Mike Harrington and Stefan Zepernick are members of the American Academy of Actuaries and Casualty Actuarial Society. They meet the *Qualification Standards* of the American Academy of Actuaries for *Issuing Statements of Actuarial Opinion in the United States* to render the actuarial opinion contained herein.



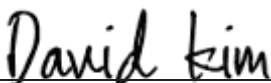
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Stefan Zepernick, ACAS, MAAA  
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## I. BACKGROUND AND PURPOSE OF STUDY

The Authority for California Cities Excess Liability (ACCEL, the Authority) began operations on April 1, 1986. Its purpose is to provide excess liability coverage and to purchase commercial excess insurance on a group basis for California cities. The Authority provides coverage above each member's self-insured retention (SIR), subject to an upper pool limit.

The program currently includes thirteen members: Anaheim, Bakersfield, Burbank, Modesto, Monterey, Mountain View, Ontario, Palo Alto, Salinas, Santa Barbara, Santa Cruz, Santa Monica, and Visalia.

Prior to July 1, 1990, the Authority pooled losses incurred by its members up to \$10,000,000 through two separate pools.

- The first pool was optional and covered the layer from \$500,000 to \$1,000,000 per occurrence (the \$500K pool) and operated during program years 1986-87 to 1989-90. This pool was funded by those members with \$500,000 self-insured retentions during that period. This coverage is no longer available. All claims for this pool have been closed and there are no unpaid losses remaining.
- The second pool was for the layer above \$1,000,000 per occurrence (the \$1M pool) and is funded by all members.

Effective July 1, 1990, ACCEL created a reinsurance pool within the \$9,000,000 excess of \$1,000,000 layer by purchasing \$5,000,000 excess of \$5,000,000 coverage. On July 1, 1997, ACCEL further reduced its exposure and purchased coverage of \$17,000,000 excess of \$3,000,000 coverage.

Due to favorable market conditions, ACCEL purchased coverage of \$19,000,000 excess of \$1,000,000 effective July 1, 1998. Six members with an SIR of \$500,000 purchased additional coverage of \$500,000 excess of \$500,000. On July 1, 2000, nine members purchased insurance of \$19,500,000 excess of \$500,000 and two members had coverage of \$19,000,000 excess of \$1,000,000. The ACCEL layer was fully insured with these limits through June 30, 2003.

Effective July 1, 2003, ACCEL purchased reinsurance covering \$20,000,000 excess of \$2,000,000 and pooled losses in the layer \$1,000,000 excess of \$1,000,000. All members had an SIR of \$1,000,000. Effective July 1, 2004, ACCEL pooled losses in the layer \$2,000,000 excess of \$1,000,000. ACCEL pooled losses in the layer \$4,000,000 excess of \$1,000,000 for the period between 2005-06 and 2015-16 years. For the 2016-17 year, ACCEL pooled losses in the layer \$2,000,000 excess of \$1,000,000.

For the 2020-21 program year, ACCEL created a corridor deductible of \$2,000,000 on top of their retention whereby the pool retains the first \$2,000,000 of any amounts that would normally be ceded to their reinsurers. As of the 2021-22 program year, ACCEL pools losses in the layer \$9,000,000 excess of \$1,000,000.

## **II. CONCLUSIONS AND RECOMMENDATIONS**

### **A. LIABILITY FOR OUTSTANDING CLAIMS**

At the undiscounted expected level, we estimate the program's liability for outstanding loss and allocated loss adjustment expenses (ALAE) to be approximately \$114,360,000 as of June 30, 2026. We understand the Authority has chosen to record its liability with recognition of investment income at 3.25% per year. Discounted for anticipated investment income, we estimate the program's liability for outstanding loss and ALAE will be \$103,229,000 as of that date. Further, we recommend the Authority fund a risk margin for potential adverse experience. Including a margin for adverse experience at the 90% confidence level, the required assets for outstanding loss and ALAE as of June 30, 2026 is projected to be \$167,475,000.

The unallocated loss adjustment expenses (ULAE) associated with open claims should be recognized as part of the program's claims liability. ULAE is the additional cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes, etc.). At the undiscounted expected level, our undiscounted expected estimate of unpaid ULAE is \$2,889,000 as of June 30, 2026. Discounted for anticipated investment income, we estimate the program's liability for unpaid ULAE will be \$2,608,000 as of that date. Including a margin for adverse experience at the 90% confidence level, the required assets for outstanding ULAE as of June 30, 2026 is projected to be \$4,231,000.

The tables below show our estimates of the program's claims liabilities as of December 31, 2025 and June 30, 2026, on both undiscounted and discounted bases for various confidence levels:

**Outstanding Liability as of December 31, 2025  
For Unpaid Loss and LAE**

Confidence Level	Loss and ALAE Undiscounted	Loss and ALAE Discounted	ULAE Undiscounted	ULAE Discounted
Expected	\$114,669,000	\$104,816,000	\$2,890,000	\$2,642,000
70%	135,567,000	123,919,000	3,417,000	3,124,000
75%	144,701,000	132,267,000	3,647,000	3,334,000
80%	155,382,000	142,031,000	3,916,000	3,580,000
85%	168,541,000	154,059,000	4,248,000	3,883,000
90%	186,033,000	170,048,000	4,689,000	4,286,000
95%	214,827,000	196,368,000	5,414,000	4,950,000
98%	281,087,000	256,935,000	7,084,000	6,476,000

**Outstanding Liability as of June 30, 2026  
For Unpaid Loss and LAE**

Confidence Level	Loss and ALAE Undiscounted	Loss and ALAE Discounted	ULAE Undiscounted	ULAE Discounted
Expected	\$114,360,000	\$103,229,000	\$2,889,000	\$2,608,000
70%	135,203,000	122,044,000	3,416,000	3,083,000
75%	144,311,000	130,266,000	3,646,000	3,291,000
80%	154,964,000	139,882,000	3,915,000	3,534,000
85%	168,087,000	151,727,000	4,246,000	3,833,000
90%	185,533,000	167,474,000	4,687,000	4,231,000
95%	214,249,000	193,396,000	5,412,000	4,886,000
98%	280,331,000	253,046,000	7,082,000	6,393,000

Discounted amounts in the tables above assume a 3.25% discount rate. Results at various alternative discount rates are shown in the supporting exhibits.

The outstanding liabilities presented in this section, including ALAE and ULAE, comply with the requirements promulgated by GASB #10. GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on ACCEL'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.

We generally recommend that risk pools maintain assets for historical liabilities at no less than the 90% confidence level. However, we understand that each entity is unique, and that proper funding levels can vary based on issues such as the organization's risk tolerance and financial circumstances. All of these items need to be considered when determining a surplus target, which may significantly exceed the 90% confidence level. A detailed assessment of an appropriate surplus target is beyond the scope of this study.

Our estimates of the program's expected claims liabilities, on both undiscounted and discounted bases, by program year are displayed in the following tables as of December 31, 2025 and June 30, 2026:

**Outstanding Liability at the Expected Level  
as of December 31, 2025**

Program Year	Loss and ALAE Undiscounted	Loss and ALAE Discounted
Prior	\$160,115	\$147,386
2013-2014	500,000	427,000
2014-2015	0	0
2015-2016	112,318	97,998
2016-2017	163,337	144,553
2017-2018	4,538,264	4,095,783
2018-2019	447,707	408,756
2019-2020	1,155,310	1,061,152
2020-2021	7,946,953	7,350,931
2021-2022	12,687,604	11,774,097
2022-2023	34,801,923	32,191,778
2023-2024	19,311,000	17,698,532
2024-2025	20,588,000	18,663,022
2025-2026	12,256,500	10,755,079
All Years	\$114,669,030	\$104,816,067

**Outstanding Liability at the Expected Level  
as of June 30, 2026**

Program Year	Undiscounted	Discounted
Prior	\$124,730	\$114,627
2013-2014	500,000	420,500
2014-2015	0	0
2015-2016	101,423	88,847
2016-2017	143,573	128,354
2017-2018	3,685,070	3,357,099
2018-2019	377,417	345,336
2019-2020	942,733	869,200
2020-2021	6,444,979	5,980,940
2021-2022	10,518,024	9,760,726
2022-2023	29,964,455	27,627,228
2023-2024	17,399,211	15,850,681
2024-2025	19,743,892	17,591,808
2025-2026	24,414,948	21,094,515
All Years	\$114,360,455	\$103,229,861

## **B. FUNDING RATES FOR FUTURE CLAIMS**

We present funding guidelines for claims incurred during program year 2026-27 at several confidence levels in the table below. Our recommendations are displayed as rates per \$100 of payroll for various layers. The recommended funding includes anticipated investment income at 3.25% per year.

### **Funding Guidelines for Discounted Claims Incurred in 2026-27**

Layer	Expected	75%	80%	85%	90%
\$1M-2M	\$0.464	\$0.600	\$0.648	\$0.708	\$0.788
\$1M-3M	0.768	0.993	1.073	1.172	1.304
\$1M-4M	0.942	1.218	1.316	1.438	1.599
\$1M-5M	1.118	1.446	1.562	1.707	1.898
\$1M-\$10M	1.593	2.060	2.225	2.432	2.705
\$5M-\$10M	0.476	0.615	0.665	0.727	0.808
\$1M-\$15M	1.916	2.477	2.676	2.925	3.253
\$10M-\$15M	0.322	0.416	0.450	0.492	0.547
\$15M-\$20M	0.304	0.393	0.425	0.464	0.516

The following table details the calculation of our funding guidelines in dollars at various confidence levels for the program's 2026-27 claims by different layers:

### **Funding Amount Guidelines for Discounted Claims Incurred in 2026-27**

Layer	Expected	75%	80%	85%	90%
\$1M-2M	\$9,765,000	\$12,628,000	\$13,638,000	\$14,901,000	\$16,584,000
\$1M-3M	16,163,000	20,899,000	22,582,000	24,666,000	27,444,000
\$1M-4M	19,825,000	25,634,000	27,696,000	30,264,000	33,652,000
\$1M-5M	23,529,000	30,432,000	32,874,000	35,925,000	39,945,000
\$1M-\$10M	33,526,000	43,355,000	46,827,000	51,184,000	56,929,000
\$5M-\$10M	10,018,000	12,943,000	13,996,000	15,300,000	17,005,000
\$1M-\$15M	40,324,000	52,131,000	56,319,000	61,559,000	68,462,000
\$10M-\$15M	6,777,000	8,755,000	9,471,000	10,355,000	11,512,000
\$15M-\$20M	6,398,000	8,271,000	8,945,000	9,765,000	10,860,000

We have assumed that payrolls for 2026-27 will be approximately \$2,104,592,000 based upon information provided by ACCEL.

The estimated program costs shown above do not include any provision for reinsurance premiums, claims administration fees, and other administrative costs associated with the ACCEL program. As with the program's outstanding claims, the Authority should fund a margin for adverse experience in addition to the expected cost of claims. We would recommend funding annual costs for excess liability programs in the 80% to 90% confidence level range.

### **C. COMPARISON WITH PRIOR RESULTS**

The following tables detail the changes in our estimates of the Authority's ultimate losses by program year from those of the prior report based upon losses valued as of 12/31/25:

<b>Comparison with Prior Undiscounted Estimated Ultimate Losses (Prior Based upon Losses Valued at December 31, 2024)</b>			
<b>Program Year</b>	<b>Prior Report 12/31/24</b>	<b>Current Report</b>	<b>Change</b>
Prior	\$57,454,000	\$58,204,000	\$750,000
2012-2013	4,207,000	4,207,000	0
2013-2014	12,963,000	13,463,000	500,000
2014-2015	5,957,000	5,957,000	0
2015-2016	3,094,000	3,045,000	(49,000)
2016-2017	13,686,000	15,581,000	1,895,000
2017-2018	18,488,000	20,373,000	1,885,000
2018-2019	11,743,000	13,173,000	1,430,000
2019-2020	12,610,000	11,976,000	(634,000)
2020-2021	16,201,000	19,687,000	3,486,000
2021-2022	18,786,000	22,804,000	4,018,000
2022-2023	21,893,000	38,888,000	16,995,000
2023-2024	20,886,000	19,311,000	(1,575,000)
2024-2025	25,170,000	20,588,000	(4,582,000)
2025-2026	26,358,000	24,513,000	(1,845,000)
All Years	\$269,496,000	\$291,770,000	\$22,274,000

As shown, overall we have increased our estimates of the program's ultimate losses by \$22,274,000 from those displayed in our prior actuarial report dated March 24, 2025. The increase is mainly due to adverse loss development in the 2020-21, 2021-2022 and 2022-23 program years.

At the time of the prior report (based upon losses valued at 12/31/24), we estimated the liability for outstanding claims as of June 30, 2025 to be \$80,352,000 at the discounted, expected level. Our current estimate as of June 30, 2026, is \$103,230,000, an increase in our assessment of the Authority's outstanding liabilities, as shown below:

**Comparison with Prior  
Outstanding Claim Liabilities for Loss and ALAE  
(Prior Based upon Losses Valued at December 31, 2024)**

	Prior Report at June 30, 2025	Current Report at June 30, 2026	Change
Case Reserves:	\$38,728,000	\$63,634,000	\$24,906,000
IBNR Reserves:	50,190,000	50,727,000	537,000
Total Reserves:	\$88,918,000	\$114,361,000	\$25,443,000
Offset for Investment Income:	(8,566,000)	(11,131,000)	(2,565,000)
Total Outstanding Claim Liabilities:	\$80,352,000	\$103,230,000	\$22,878,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2025 and June 30, 2026 as reflected in our prior and current reports respectively.

Estimated case reserves have increased by \$24,906,000 since the prior evaluation while our estimate of IBNR reserves have increased by \$537,000. The overall result is an increase of \$25,443,000 in total claim reserves. The offset for investment income increases with higher total reserves and a higher investment rate assumption. The net change due to the above factors is an overall increase of \$22,878,000 in our estimate of outstanding claim liabilities for loss and ALAE.

The following tables detail the changes in our estimates of the Authority's ultimate losses by program year from those of the prior report based upon losses valued as of 6/30/26:

**Comparison with Prior  
Undiscounted Estimated Ultimate Losses  
(Prior Based upon Losses Valued at June 30, 2025)**

Program Year	Prior Report 6/30/25	Current Report	Change
Prior	\$58,204,000	\$58,204,000	\$0
2012-2013	4,207,000	4,207,000	0
2013-2014	13,463,000	13,463,000	0
2014-2015	5,957,000	5,957,000	0
2015-2016	3,074,000	3,045,000	(29,000)
2016-2017	15,890,000	15,581,000	(309,000)
2017-2018	20,439,000	20,373,000	(66,000)
2018-2019	11,543,000	13,173,000	1,630,000
2019-2020	12,358,000	11,976,000	(382,000)
2020-2021	19,450,000	19,687,000	237,000
2021-2022	23,570,000	22,804,000	(766,000)
2022-2023	39,631,000	38,888,000	(743,000)
2023-2024	20,275,000	19,311,000	(964,000)
2024-2025	22,024,000	20,588,000	(1,436,000)
2025-2026	26,358,000	24,513,000	(1,845,000)
All Years	\$296,443,000	\$291,770,000	(\$4,673,000)

As shown, overall we have decreased our estimates of the program's ultimate losses by \$4,673,000 from those displayed in our prior actuarial report dated October 3, 2025.

At the time of the prior report (based upon losses valued at 6/30/25), we estimated the liability for outstanding claims as of June 30, 2025 to be \$99,504,000 at the discounted, expected level. Our current estimate as of June 30, 2026, is \$103,230,000, an increase in our assessment of the Authority's outstanding liabilities, as shown below:

**Comparison with Prior  
Outstanding Claim Liabilities for Loss and ALAE  
(Prior Based upon Losses Valued at June 30, 2025)**

	Prior Report at June 30, 2025	Current Report at June 30, 2026	Change
Case Reserves:	\$66,980,000	\$63,634,000	(\$3,346,000)
IBNR Reserves:	41,875,000	50,727,000	8,852,000
Total Reserves:	\$108,855,000	\$114,361,000	\$5,506,000
Offset for Investment Income:	(9,351,000)	(11,131,000)	(1,780,000)
Total Outstanding Claim Liabilities:	\$99,504,000	\$103,230,000	\$3,726,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2025 and June 30, 2026 as reflected in our prior and current reports respectively.

Estimated case reserves have decreased by \$3,346,000 while our estimate of IBNR reserves increased by \$8,852,000. The overall result is an increase of \$5,506,000 in total claim reserves. The offset for investment income increases with higher total reserves and a higher investment rate assumption. The net change due to the above factors is an overall increase of \$3,726,000 in our estimate of outstanding claim liabilities for loss and ALAE.

The following tables display a comparison of the Authority’s projected funding rates from current and prior reports valued at 12/31/25 by various layers and confidence levels. The assumed investment rate assumption is 3.25% for both current report and prior report.

**Comparison with Prior  
Undiscounted Expected Funding Rates**

Layer	Prior Report 2025-26	Current Report 2026-27	Percent Change
\$1M-2M	\$0.487	\$0.529	8.6%
\$1M-3M	0.800	0.875	9.4%
\$1M-4M	0.976	1.073	9.9%
\$1M-5M	1.142	1.273	11.5%
\$1M-10M	1.621	1.815	12.0%
\$5M-10M	0.479	0.542	13.2%
\$1M-\$15M	1.928	2.182	13.2%
\$10M-\$15M	0.307	0.367	19.5%
\$15M-\$20M	N/A	0.346	N/A

**Comparison with Prior  
Discounted Expected Funding Rates**

Layer	Prior Report 2025-26	Current Report 2026-27	Percent Change
\$1M-2M	\$0.431	\$0.464	7.7%
\$1M-3M	0.709	0.768	8.3%
\$1M-4M	0.865	0.942	8.9%
\$1M-5M	1.012	1.118	10.5%
\$1M-10M	1.436	1.593	10.9%
\$5M-10M	0.424	0.476	12.3%
\$1M-\$15M	1.708	1.916	12.2%
\$10M-\$15M	0.272	0.322	18.4%
\$15M-\$20M	N/A	0.304	N/A

**Comparison with Prior  
Discounted 80% Confidence Level Funding Rates**

Layer	Prior Report 2025-26	Current Report 2026-27	Percent Change
\$1M-2M	\$0.589	\$0.648	10.0%
\$1M-3M	0.969	1.073	10.7%
\$1M-4M	1.183	1.316	11.2%
\$1M-5M	1.384	1.562	12.9%
\$1M-10M	1.963	2.225	13.3%
\$5M-10M	0.580	0.665	14.7%
\$1M-\$15M	2.335	2.676	14.6%
\$10M-\$15M	0.372	0.450	21.0%
\$15M-\$20M	N/A	0.425	N/A

**Comparison with Prior  
Discounted 90% Confidence Level Funding Rates**

Layer	Prior Report 2025-26	Current Report 2026-27	Percent Change
\$1M-2M	\$0.709	\$0.788	11.1%
\$1M-3M	1.166	1.304	11.8%
\$1M-4M	1.422	1.599	12.4%
\$1M-5M	1.664	1.898	14.1%
\$1M-10M	2.361	2.705	14.6%
\$5M-10M	0.697	0.808	15.9%
\$1M-\$15M	2.809	3.253	15.8%
\$10M-\$15M	0.447	0.547	22.4%
\$15M-\$20M	N/A	0.516	N/A

**Comparison with Prior  
Discounted Pool Funding Rates**

Layer	Prior Report 2025-26	Current Report 2026-27	Percent Change
\$1M-5M*	\$1.664	\$1.898	14.1%
\$5M-10M*	0.580	0.665	14.7%
Pool Funding Rate	\$2.244	\$2.563	14.2%
\$10M-20M*	N/A	0.884	N/A

\* \$1M-\$5M layer is funded at 90% CL. \$5M-\$20M layer is funded at 80% CL.

As you can see, our projected funding rates for the 2026-27 program year have increased for all layers.

These increases are driven by the experience of the Authority over the past year. This is very similar to the increases other excess pools in the industry are receiving.

## **D. 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 an excess pooling 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 you have provided to us. We have accepted all of this information without audit and relied on its accuracy in preparing our estimates for this report. As always, the accuracy and relevance of our conclusions and recommendations are highly dependent on the accuracy and relevance of the underlying data.
- In ACCEL's case, we were provided a list of claims with incurred losses greater than \$25,000 as of December 31, 2025 from individual member cities. This file included ground up losses and allocated loss adjustment expenses reported separately for each claimant. We were also provided with pool loss runs as of December 31, 2025.
- We were provided with payrolls by City for the 1986-87 through 2026-27 program years.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of the development of such losses in the recent past. We have also assumed that the historical development patterns for a large group of California public entities with a self-insured excess liability program in the aggregate form a reasonable basis of comparison to the patterns from the Authority's data.
- We have assumed that there is a continuing relationship between past and future loss costs and between loss costs and payroll. These assumptions can be tenuous in a changing legal and social environment such as we face today.
- It is not possible to predict future claims costs precisely. Most of the cost of liability claims arises from a small number of incidents involving serious injury. Thus, changes in the circumstances surrounding these claims can have large effects on total costs. Therefore, the actual costs of the covered liability claims could differ significantly from our estimates.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on liability claims costs. This is one major reason

why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.

- At your instruction, we have assumed that funds held for investment will generate an annual return of 3.25% in the long run. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- We estimate that the costs associated with liability claims in the \$100,000 to \$1,000,000 per occurrence layer are increasing at 6% per year after changes in exposure.
- The claims costs we have estimated include indemnity payments and allocated loss adjustment expenses. We have not provided estimates for claims adjustment expenses not allocated to particular cases, reinsurance premiums, and Authority administrative expenses.
- We have assumed that all reinsurance coverage purchased by the Authority will prove to be valid and fully collectible.
- Our funding recommendations do not include provision for catastrophic events not in the program's history, such as earthquakes, flooding, fire or mass civil disorder.

## **E. OVERALL ANALYTICAL APPROACH**

The approach we have taken in developing this analysis is firmly grounded in the Authority's loss and exposure data. Our approach to the problem of estimating the program's ultimate pooled loss costs is a multi-step process. We estimated the cost of the \$100,000 to \$1 million layer. We then constructed a mathematical equation for the distribution of the Authority's losses by size by trending and developing the Authority's individual claims.

Next, using the loss distribution, the \$100,000 – \$1,000,000 ultimate loss rate, and our selected loss development patterns, we then estimated the ultimate losses of the excess layers for which the Authority is responsible.

The following actuarial techniques were applied to ACCEL's loss data to estimate the ultimate cost of claims in the \$100,000 - \$1,000,000 layer:

- ◆ Incurred Loss Development
- ◆ Paid Loss Development
- ◆ Bornhuetter-Ferguson Based on Incurred Losses
- ◆ Bornhuetter-Ferguson Based on Paid Losses
- ◆ Frequency Times Severity

Actuarial judgment was used to select among the ultimate losses indicated by the above methods.

The following actuarial techniques were applied to ACCEL's loss data to estimate the ultimate losses in the program's actual pooled layers:

- ◆ Incurred Loss Development
- ◆ Paid Loss Development
- ◆ Bornhuetter-Ferguson

Again, actuarial judgment was used to select among the ultimate losses indicated by the above methods, with heavy emphasis applied to the two methods based on incurred losses.

ULAE is calculated as 3.5% of the sum of all IBNR reserves and half of case reserves.

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Outstanding Liabilities as of December 31, 2025

Loss and Allocated Loss Adjustment Expenses (ALAE)

		Undiscounted	2.50% Discounted	2.75% Discounted	3.00% Discounted	<b>3.25% Discounted</b>	3.50% Discounted
Discount Factor			0.933	0.926	0.920	<b><u>0.914</u></b>	0.908
Confidence Level	CL Factor						
Expected	1.000	114,669,000	106,931,000	106,194,000	105,552,000	<b><u>104,816,000</u></b>	104,151,000
70%	1.182	135,567,000	126,419,000	125,548,000	124,789,000	<b><u>123,918,000</u></b>	123,133,000
75%	1.262	144,701,000	134,936,000	134,007,000	133,197,000	<b><u>132,268,000</u></b>	131,429,000
80%	1.355	155,382,000	144,896,000	143,898,000	143,028,000	<b><u>142,031,000</u></b>	141,130,000
85%	1.470	168,541,000	157,167,000	156,085,000	155,141,000	<b><u>154,059,000</u></b>	153,082,000
90%	1.622	186,033,000	173,479,000	172,284,000	171,242,000	<b><u>170,048,000</u></b>	168,970,000
95%	1.873	214,827,000	200,330,000	198,950,000	197,747,000	<b><u>196,368,000</u></b>	195,123,000
98%	2.451	281,087,000	262,118,000	260,313,000	258,739,000	<b><u>256,935,000</u></b>	255,305,000

Unallocated Loss Adjustment Expenses (ULAE)

		Undiscounted	2.50% Discounted	2.75% Discounted	3.00% Discounted	<b>3.25% Discounted</b>	3.50% Discounted
Discount Factor			0.933	0.926	0.920	<b><u>0.914</u></b>	0.908
Confidence Level	CL Factor						
Expected	1.000	2,890,000	2,695,000	2,676,000	2,660,000	<b><u>2,642,000</u></b>	2,625,000
70%	1.182	3,417,000	3,186,000	3,164,000	3,145,000	<b><u>3,123,000</u></b>	3,104,000
75%	1.262	3,647,000	3,401,000	3,377,000	3,357,000	<b><u>3,334,000</u></b>	3,312,000
80%	1.355	3,916,000	3,652,000	3,627,000	3,605,000	<b><u>3,580,000</u></b>	3,557,000
85%	1.470	4,248,000	3,961,000	3,934,000	3,910,000	<b><u>3,883,000</u></b>	3,858,000
90%	1.622	4,689,000	4,373,000	4,342,000	4,316,000	<b><u>4,286,000</u></b>	4,259,000
95%	1.873	5,414,000	5,049,000	5,014,000	4,984,000	<b><u>4,949,000</u></b>	4,917,000
98%	2.451	7,084,000	6,606,000	6,560,000	6,521,000	<b><u>6,475,000</u></b>	6,434,000

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Outstanding Liabilities as of June 30, 2026

Loss and Allocated Loss Adjustment Expenses (ALAE)

		Undiscounted	2.50% Discounted	2.75% Discounted	3.00% Discounted	<b>3.25% Discounted</b>	3.50% Discounted
Discount Factor			0.924	0.916	0.910	<b>0.903</b>	0.896
Confidence Level	CL Factor	Undiscounted	2.50% Discounted	2.75% Discounted	3.00% Discounted	<b>3.25% Discounted</b>	3.50% Discounted
Expected	1.000	114,360,000	105,617,000	104,791,000	104,065,000	<b>103,229,000</b>	102,480,000
70%	1.182	135,203,000	124,866,000	123,890,000	123,031,000	<b>122,044,000</b>	121,157,000
75%	1.262	144,311,000	133,278,000	132,235,000	131,319,000	<b>130,265,000</b>	129,319,000
80%	1.355	154,964,000	143,116,000	141,997,000	141,013,000	<b>139,882,000</b>	138,865,000
85%	1.470	168,087,000	155,236,000	154,022,000	152,955,000	<b>151,727,000</b>	150,625,000
90%	1.622	185,533,000	171,348,000	170,008,000	168,830,000	<b>167,475,000</b>	166,259,000
95%	1.873	214,249,000	197,868,000	196,321,000	194,961,000	<b>193,396,000</b>	191,991,000
98%	2.451	280,331,000	258,898,000	256,874,000	255,094,000	<b>253,047,000</b>	251,208,000

Unallocated Loss Adjustment Expenses (ULAE)

		Undiscounted	2.50% Discounted	2.75% Discounted	3.00% Discounted	<b>3.25% Discounted</b>	3.50% Discounted
Discount Factor			0.924	0.916	0.910	<b>0.903</b>	0.896
Confidence Level	CL Factor	Undiscounted	2.50% Discounted	2.75% Discounted	3.00% Discounted	<b>3.25% Discounted</b>	3.50% Discounted
Expected	1.000	2,889,000	2,668,000	2,647,000	2,629,000	<b>2,608,000</b>	2,589,000
70%	1.182	3,416,000	3,155,000	3,130,000	3,108,000	<b>3,084,000</b>	3,061,000
75%	1.262	3,646,000	3,367,000	3,341,000	3,318,000	<b>3,291,000</b>	3,267,000
80%	1.355	3,915,000	3,616,000	3,587,000	3,563,000	<b>3,534,000</b>	3,508,000
85%	1.470	4,246,000	3,921,000	3,891,000	3,864,000	<b>3,833,000</b>	3,805,000
90%	1.622	4,687,000	4,329,000	4,295,000	4,265,000	<b>4,231,000</b>	4,200,000
95%	1.873	5,412,000	4,998,000	4,959,000	4,925,000	<b>4,885,000</b>	4,850,000
98%	2.451	7,082,000	6,541,000	6,489,000	6,444,000	<b>6,393,000</b>	6,346,000

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Discounted Funding Rates and Amounts for 2026-27  
Discount Rate = 2.50%

Funding Rates per \$100 of Payroll						
CL Factor	Expected	Confidence Level				
		70%	75%	80%	85%	90%
	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	0.478	0.575	0.618	0.668	0.730	0.812
\$1M-3M	0.791	0.952	1.023	1.105	1.207	1.343
\$1M-4M	0.970	1.168	1.254	1.355	1.481	1.647
\$1M-5M	1.151	1.386	1.488	1.608	1.757	1.954
\$1M-10M	1.641	1.976	2.122	2.292	2.505	2.786
\$5M-\$10M	0.490	0.590	0.634	0.684	0.748	0.832
\$1M-\$15M	1.973	2.375	2.551	2.756	3.012	3.350
\$10M-\$15M	0.332	0.400	0.429	0.464	0.507	0.564
\$15M-\$20M	0.313	0.377	0.405	0.437	0.478	0.531
Indicated Funding Amounts*						
CL Factor	Expected	70%	75%	80%	85%	90%
	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	10,059,950	12,101,404	13,006,379	14,058,675	15,363,522	17,089,287
\$1M-3M	16,647,323	20,035,716	21,529,976	23,255,742	25,402,425	28,264,671
\$1M-4M	20,414,542	24,581,635	26,391,584	28,517,222	31,169,008	34,662,630
\$1M-5M	24,223,854	29,169,645	31,316,329	33,841,839	36,977,681	41,123,728
\$1M-10M	34,536,355	41,586,738	44,659,442	48,237,249	52,720,030	58,633,933
\$5M-\$10M	10,312,501	12,417,093	13,343,113	14,395,409	15,742,348	17,510,205
\$1M-\$15M	41,523,600	49,984,060	53,688,142	58,002,556	63,390,311	70,503,832
\$10M-\$15M	6,987,245	8,418,368	9,028,700	9,765,307	10,670,281	11,869,899
\$15M-\$20M	6,587,373	7,934,312	8,523,598	9,197,067	10,059,950	11,175,384

\* Assumes 2026-27 Payroll of \$2,104,592,000

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Discounted Funding Rates and Amounts for 2026-27  
Discount Rate = 2.75%

Funding Rates per \$100 of Payroll						
CL Factor	Expected	Confidence Level				
		70%	75%	80%	85%	90%
	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	0.473	0.569	0.612	0.661	0.722	0.803
\$1M-3M	0.783	0.943	1.012	1.094	1.195	1.329
\$1M-4M	0.960	1.156	1.241	1.341	1.465	1.630
\$1M-5M	1.139	1.371	1.473	1.591	1.739	1.934
\$1M-10M	1.625	1.956	2.101	2.270	2.481	2.759
\$5M-\$10M	0.485	0.584	0.627	0.677	0.740	0.824
\$1M-15M	1.953	2.351	2.525	2.728	2.981	3.316
\$10M-\$15M	0.328	0.395	0.424	0.458	0.501	0.557
\$15M-\$20M	0.310	0.373	0.401	0.433	0.473	0.526
Indicated Funding Amounts*						
CL Factor	Expected	70%	75%	80%	85%	90%
	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	9,954,720	11,975,128	12,880,103	13,911,353	15,195,154	16,899,874
\$1M-3M	16,478,955	19,846,303	21,298,471	23,024,236	25,149,874	27,970,028
\$1M-4M	20,204,083	24,329,084	26,117,987	28,222,579	30,832,273	34,304,850
\$1M-5M	23,971,303	28,853,956	31,000,640	33,484,059	36,598,855	40,702,809
\$1M-10M	34,199,620	41,165,820	44,217,478	47,774,238	52,214,928	58,065,693
\$5M-\$10M	10,207,271	12,290,817	13,195,792	14,248,088	15,573,981	17,341,838
\$1M-15M	41,102,682	49,478,958	53,140,948	57,413,270	62,737,888	69,788,271
\$10M-\$15M	6,903,062	8,313,138	8,923,470	9,639,031	10,544,006	11,722,577
\$15M-\$20M	6,524,235	7,850,128	8,439,414	9,112,883	9,954,720	11,070,154

\* Assumes 2026-27 Payroll of \$2,104,592,000

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Discounted Funding Rates and Amounts for 2026-27  
Discount Rate = 3.00%

Funding Rates per \$100 of Payroll						
CL Factor	Expected	Confidence Level				
		70%	75%	80%	85%	90%
	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	0.469	0.565	0.606	0.655	0.716	0.796
\$1M-3M	0.776	0.934	1.003	1.084	1.185	1.318
\$1M-4M	0.952	1.146	1.231	1.330	1.453	1.616
\$1M-5M	1.129	1.359	1.460	1.577	1.723	1.917
\$1M-10M	1.610	1.938	2.082	2.249	2.458	2.734
\$5M-\$10M	0.481	0.579	0.622	0.672	0.734	0.817
\$1M-15M	1.935	2.329	2.502	2.703	2.954	3.286
\$10M-\$15M	0.326	0.392	0.422	0.455	0.498	0.554
\$15M-\$20M	0.307	0.370	0.397	0.429	0.469	0.521
Indicated Funding Amounts*						
CL Factor	Expected	70%	75%	80%	85%	90%
	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	9,870,536	11,890,945	12,753,828	13,785,078	15,068,879	16,752,552
\$1M-3M	16,331,634	19,656,889	21,109,058	22,813,777	24,939,415	27,738,523
\$1M-4M	20,035,716	24,118,624	25,907,528	27,991,074	30,579,722	34,010,207
\$1M-5M	23,760,844	28,601,405	30,727,043	33,189,416	36,262,120	40,345,029
\$1M-10M	33,883,931	40,786,993	43,817,605	47,332,274	51,730,871	57,539,545
\$5M-\$10M	10,123,088	12,185,588	13,090,562	14,142,858	15,447,705	17,194,517
\$1M-15M	40,723,855	49,015,948	52,656,892	56,887,122	62,169,648	69,156,893
\$10M-\$15M	6,860,970	8,250,001	8,881,378	9,575,894	10,480,868	11,659,440
\$15M-\$20M	6,461,097	7,786,990	8,355,230	9,028,700	9,870,536	10,964,924

\* Assumes 2026-27 Payroll of \$2,104,592,000

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

**Discounted Funding Rates and Amounts for 2026-27**  
**Discount Rate = 3.25%**

Funding Rates per \$100 of Payroll

CL Factor	Expected	Confidence Level				
		70%	75%	80%	85%	90%
CL Factor	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	<b>0.464</b>	<b>0.559</b>	<b>0.600</b>	<b>0.648</b>	<b>0.708</b>	<b>0.788</b>
\$1M-3M	<b>0.768</b>	<b>0.925</b>	<b>0.993</b>	<b>1.073</b>	<b>1.172</b>	<b>1.304</b>
\$1M-4M	<b>0.942</b>	<b>1.134</b>	<b>1.218</b>	<b>1.316</b>	<b>1.438</b>	<b>1.599</b>
\$1M-5M	<b>1.118</b>	<b>1.346</b>	<b>1.446</b>	<b>1.562</b>	<b>1.707</b>	<b>1.898</b>
\$1M-10M	<b>1.593</b>	<b>1.918</b>	<b>2.060</b>	<b>2.225</b>	<b>2.432</b>	<b>2.705</b>
\$5M-\$10M	<b>0.476</b>	<b>0.573</b>	<b>0.615</b>	<b>0.665</b>	<b>0.727</b>	<b>0.808</b>
\$1M-15M	<b>1.916</b>	<b>2.307</b>	<b>2.477</b>	<b>2.676</b>	<b>2.925</b>	<b>3.253</b>
\$10M-\$15M	<b>0.322</b>	<b>0.388</b>	<b>0.416</b>	<b>0.450</b>	<b>0.492</b>	<b>0.547</b>
\$15M-\$20M	<b>0.304</b>	<b>0.366</b>	<b>0.393</b>	<b>0.425</b>	<b>0.464</b>	<b>0.516</b>

Indicated Funding Amounts\*

CL Factor	Expected	Confidence Level				
		70%	75%	80%	85%	90%
CL Factor	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	<b>9,765,307</b>	<b>11,764,669</b>	<b>12,627,552</b>	<b>13,637,756</b>	<b>14,900,511</b>	<b>16,584,185</b>
\$1M-3M	<b>16,163,267</b>	<b>19,467,476</b>	<b>20,898,599</b>	<b>22,582,272</b>	<b>24,665,818</b>	<b>27,443,880</b>
\$1M-4M	<b>19,825,257</b>	<b>23,866,073</b>	<b>25,633,931</b>	<b>27,696,431</b>	<b>30,264,033</b>	<b>33,652,426</b>
\$1M-5M	<b>23,529,339</b>	<b>28,327,808</b>	<b>30,432,400</b>	<b>32,873,727</b>	<b>35,925,385</b>	<b>39,945,156</b>
\$1M-10M	<b>33,526,151</b>	<b>40,366,075</b>	<b>43,354,595</b>	<b>46,827,172</b>	<b>51,183,677</b>	<b>56,929,214</b>
\$5M-\$10M	<b>10,017,858</b>	<b>12,059,312</b>	<b>12,943,241</b>	<b>13,995,537</b>	<b>15,300,384</b>	<b>17,005,103</b>
\$1M-15M	<b>40,323,983</b>	<b>48,552,937</b>	<b>52,130,744</b>	<b>56,318,882</b>	<b>61,559,316</b>	<b>68,462,378</b>
\$10M-\$15M	<b>6,776,786</b>	<b>8,165,817</b>	<b>8,755,103</b>	<b>9,470,664</b>	<b>10,354,593</b>	<b>11,512,118</b>
\$15M-\$20M	<b>6,397,960</b>	<b>7,702,807</b>	<b>8,271,047</b>	<b>8,944,516</b>	<b>9,765,307</b>	<b>10,859,695</b>

\* Assumes 2026-27 Payroll of \$2,104,592,000

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Discounted Funding Rates and Amounts for 2026-27  
Discount Rate = 3.50%

Funding Rates per \$100 of Payroll						
CL Factor	Expected	Confidence Level				
		70%	75%	80%	85%	90%
CL Factor	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	0.460	0.554	0.595	0.643	0.702	0.781
\$1M-3M	0.761	0.916	0.984	1.063	1.162	1.292
\$1M-4M	0.933	1.123	1.206	1.303	1.424	1.584
\$1M-5M	1.107	1.333	1.431	1.546	1.690	1.880
\$1M-10M	1.579	1.901	2.042	2.206	2.410	2.681
\$5M-\$10M	0.471	0.567	0.609	0.658	0.719	0.800
\$1M-15M	1.898	2.285	2.454	2.651	2.897	3.223
\$10M-\$15M	0.319	0.384	0.412	0.446	0.487	0.542
\$15M-\$20M	0.301	0.362	0.389	0.420	0.459	0.511
Indicated Funding Amounts*						
CL Factor	Expected	70%	75%	80%	85%	90%
CL Factor	1.000	1.204	1.293	1.397	1.527	1.698
Loss Layer						
\$1M-2M	9,681,123	11,659,440	12,522,322	13,532,527	14,774,236	16,436,864
\$1M-3M	16,015,945	19,278,063	20,709,185	22,371,813	24,455,359	27,191,329
\$1M-4M	19,635,843	23,634,568	25,381,380	27,422,834	29,969,390	33,336,737
\$1M-5M	23,297,833	28,054,211	30,116,712	32,536,992	35,567,605	39,566,330
\$1M-10M	33,231,508	40,008,294	42,975,769	46,427,300	50,720,667	56,424,112
\$5M-\$10M	9,912,628	11,933,037	12,816,965	13,848,215	15,132,016	16,836,736
\$1M-15M	39,945,156	48,089,927	51,646,688	55,792,734	60,970,030	67,831,000
\$10M-\$15M	6,713,648	8,081,633	8,670,919	9,386,480	10,249,363	11,406,889
\$15M-\$20M	6,334,822	7,618,623	8,186,863	8,839,286	9,660,077	10,754,465

\* Assumes 2026-27 Payroll of \$2,104,592,000

Authority for California Cities Excess Liability

Projected 2026-27 Funding Guidelines

Layer	Estimated 2026-27 Payroll (A)	Expected Ultimate Losses (B)	Discount Factor (C)	Discounted Expected Ultimate Losses (D)	70% Confidence Level (E)	75% Confidence Level (E)	80% Confidence Level (E)	85% Confidence Level (E)	90% Confidence Level (E)	95% Confidence Level (E)
\$1M-2M	\$21,045,920	\$11,133,292	87.8%	\$9,765,307	\$11,764,669	\$12,627,552	\$13,637,756	\$14,900,511	\$16,584,185	\$19,320,155
\$1M-3M	21,045,920	18,415,180	87.8%	16,163,267	19,467,476	20,898,599	22,582,272	24,665,818	27,443,880	31,989,798
\$1M-4M	21,045,920	22,582,272	87.8%	19,825,257	23,866,073	25,633,931	27,696,431	30,264,033	33,652,426	39,229,595
\$1M-5M	21,045,920	26,791,456	87.8%	23,529,339	28,327,808	30,432,400	32,873,727	35,925,385	39,945,156	46,553,575
\$1M-\$10M	21,045,920	38,198,345	87.8%	33,526,151	40,366,075	43,354,595	46,827,172	51,183,677	56,929,214	66,336,740
\$5M-\$10M	21,045,920	11,406,889	87.8%	10,017,858	12,059,312	12,943,241	13,995,537	15,300,384	17,005,103	19,825,257
\$1M-15M	21,045,920	45,922,197	87.8%	40,323,983	48,552,937	52,130,744	56,318,882	61,559,316	68,462,378	79,785,083
\$10M-15M	21,045,920	7,723,853	87.8%	6,776,786	8,165,817	8,755,103	9,470,664	10,354,593	11,512,118	13,406,251
\$15M-20M	21,045,920	7,281,888	87.8%	6,397,960	7,702,807	8,271,047	8,944,516	9,765,307	10,859,695	12,669,644

- (A) Provided by ACCEL.
- (B) (A) times funding rates from Exhibit 1, Page 2, (A).
- (C) From Exhibit 3.
- (D) (A) times funding rates from Exhibit 1, Page 2, (C).
- (E) (A) times funding rates from Exhibit 1, Page 2, (D).

Authority for California Cities Excess Liability

Projected 2026-27 Funding Guidelines  
Loss Rates per \$100 of Payroll

Layer	Expected Loss Rate Per \$100 of Payroll (A)	Discount Factor (B)	Discounted Expected Loss Rate Per \$100 of Payroll (C)	70%	75%	80%	85%	90%	95%
				Confidence Level (D)	Confidence Level (D)	Confidence Level (D)	Confidence Level (D)	Confidence Level (D)	Confidence Level (D)
\$1M-2M	\$0.529	87.8%	\$0.464	\$0.559	\$0.600	\$0.648	\$0.708	\$0.788	\$0.918
\$1M-3M	0.875	87.8%	0.768	0.925	0.993	1.073	1.172	1.304	1.520
\$1M-4M	1.073	87.8%	0.942	1.134	1.218	1.316	1.438	1.599	1.864
\$1M-5M	1.273	87.8%	1.118	1.346	1.446	1.562	1.707	1.898	2.212
\$1M-\$10M	1.815	87.8%	1.593	1.918	2.060	2.225	2.432	2.705	3.152
\$5M-\$10M	0.542	87.8%	0.476	0.573	0.615	0.665	0.727	0.808	0.942
\$1M-15M	2.182	87.8%	1.916	2.307	2.477	2.676	2.925	3.253	3.791
\$10M-15M	0.367	87.8%	0.322	0.388	0.416	0.450	0.492	0.547	0.637
\$15M-20M	0.346	87.8%	0.304	0.366	0.393	0.425	0.464	0.516	0.602

- Notes:
- (A) From Exhibit 1, Page 3 and members' loss distribution.
  - (B) From Exhibit 3.
  - (C) (A) \* (B)
  - (D) (C) times Confidence Level Factor from Exhibit 4.

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Selected Base Loss Rate (\$100K - \$1M Layer)

(A) Estimated based on \$1M Ultimate Less \$100K Ultimate	N/A
(B) Estimated based on \$100K - \$1M Analysis:	\$1.819
(C) Selected Base Loss Rate (\$100K - \$1M Layer):	\$1.819

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Funding Guidelines for Outstanding Losses  
as of December 31, 2025 and June 30, 2026

	<u>December 31, 2025</u>	<u>June 30, 2026</u>
(A) Estimated Ultimate Losses Incurred as of:	\$280,014,000	\$292,270,000
(B) Estimated Paid Losses as of:	165,345,000	177,910,000
(C) Estimated Liability for Claims Outstanding as of:	\$114,669,000	\$114,360,000
(D) Outstanding Liability Discount Factor:	91.4%	90.3%
(E) Discounted Outstanding Liability for Claims as of:	\$104,816,000	\$103,229,000
(F) Risk Margin at 90% Confidence Level:	65,232,000	64,245,000
(G) Required Funding at the 90% confidence Level:	\$170,048,000	\$167,474,000

## Notes:

- (A) From Appendix A, Page 1, Column (A).
- (B) Provided by ACCEL
- (C) (A) - (B)
- (D) From Exhibit 3
- (E) (C) \* (D)
- (F) (E) \* Confidence Level Factor from Exhibit 4
- (G) (E) + (F)

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

Discount Factors

Accident Year	Age	Discount Factors				
		Paid Loss Development Factor	Payment Pattern	Full Value Reserve	3.25% Discounted Reserve	Discount Factor
1990-1993	34.0	1.000	0.0%	0.0%	0.0%	100.0%
1993-1994	33.0	1.000	0.0%	0.0%	0.0%	100.0%
1994-1995	32.0	1.000	0.0%	0.0%	0.0%	100.0%
1995-1996	31.0	1.000	0.0%	0.0%	0.0%	100.0%
1996-1997	30.0	1.000	0.0%	0.0%	0.0%	100.0%
1997-1998	29.0	1.000	0.0%	0.0%	0.0%	100.0%
1998-1999	28.0	1.000	0.0%	0.0%	0.0%	100.0%
1999-2000	27.0	1.000	0.0%	0.0%	0.0%	92.6%
2000-2001	26.0	1.000	0.0%	0.0%	0.0%	83.4%
2001-2002	25.0	1.000	0.0%	0.1%	0.1%	83.4%
2002-2003	24.0	1.001	0.0%	0.1%	0.1%	90.1%
2003-2004	23.0	1.001	0.0%	0.1%	0.1%	90.1%
2004-2005	22.0	1.001	0.1%	0.2%	0.2%	95.2%
2005-2006	21.0	1.002	0.1%	0.3%	0.3%	93.6%
2006-2007	20.0	1.003	0.1%	0.4%	0.4%	92.9%
2007-2008	19.0	1.004	0.2%	0.6%	0.6%	92.2%
2008-2009	18.0	1.006	0.3%	0.9%	0.8%	91.9%
2009-2010	17.0	1.009	0.4%	1.3%	1.2%	91.9%
2010-2011	16.0	1.013	0.5%	1.8%	1.6%	91.7%
2011-2012	15.0	1.018	0.2%	2.0%	1.8%	89.8%
2012-2013	14.0	1.020	0.0%	2.0%	1.7%	86.7%
2013-2014	13.0	1.020	0.0%	2.0%	1.7%	84.1%
2014-2015	12.0	1.020	1.0%	2.9%	2.5%	86.9%
2015-2016	11.0	1.030	0.9%	3.8%	3.4%	87.6%
2016-2017	10.0	1.040	1.9%	5.7%	5.1%	89.4%
2017-2018	9.0	1.061	3.6%	9.3%	8.5%	91.1%
2018-2019	8.0	1.103	4.3%	13.6%	12.5%	91.5%
2019-2020	7.0	1.158	7.9%	21.5%	19.8%	92.2%
2020-2021	6.0	1.274	13.1%	34.6%	32.1%	92.8%
2021-2022	5.0	1.529	18.0%	52.6%	48.8%	92.8%
2022-2023	4.0	2.110	20.3%	72.9%	67.3%	92.2%
2023-2024	3.0	3.693	18.1%	91.0%	82.9%	91.1%
2024-2025	2.0	11.079	8.1%	99.1%	88.3%	89.1%
2025-2026	1.0	110.790	0.9%	100.0%	86.4%	86.4%

Discount Factor for Future Funding: 0.878

Accident Year	Accident Year Paid Loss Development Factor	Full Value Reserve	3.25% Discounted Reserve	12/31/25 Outstanding Loss	Discount Factor	12/31/25 Outstanding Loss		Discount Factor	6/30/26 Discounted Outstanding Loss
						Discounted	Outstanding		
1986-1992	1.000	0.00%	0.00%	0	100.0%	0	0	100.0%	0
1992-1993	1.000	0.00%	0.00%	0	100.0%	0	0	100.0%	0
1993-1994	1.000	0.00%	0.00%	0	100.0%	0	0	100.0%	0
1994-1995	1.000	0.00%	0.00%	0	96.3%	0	0	92.6%	0
1986-1992	1.000	0.00%	0.00%	0	100.0%	0	0	100.0%	0
1992-1993	1.000	0.00%	0.00%	0	100.0%	0	0	100.0%	0
1993-1994	1.000	0.00%	0.01%	0	100.0%	0	0	100.0%	0
1994-1995	1.000	0.01%	0.01%	0	96.3%	0	0	92.6%	0
1995-1996	1.000	0.01%	0.01%	0	88.0%	0	0	83.4%	0
1996-1997	1.000	0.02%	0.02%	0	83.4%	0	0	83.4%	0
1997-1998	1.000	0.04%	0.03%	0	86.8%	0	0	90.1%	0
2003-2004	1.001	0.06%	0.06%	0	90.1%	0	0	90.1%	0
2004-2005	1.001	0.10%	0.10%	0	92.7%	0	0	95.2%	0
2005-2006	1.001	0.10%	0.09%	0	94.4%	0	0	93.6%	0
2006-2007	1.002	0.20%	0.19%	0	93.3%	0	0	92.9%	0
2007-2008	1.003	0.30%	0.28%	0	92.6%	0	0	92.2%	0
2008-2009	1.004	0.40%	0.37%	160,115	92.1%	147,386	124,730	91.9%	114,627
2009-2010	1.006	0.60%	0.55%	0	91.9%	0	0	91.9%	0
2010-2011	1.009	0.89%	0.83%	0	91.8%	0	0	91.7%	0
2011-2012	1.018	1.77%	1.66%	0	90.8%	0	0	89.8%	0
2012-2013	1.020	1.96%	1.80%	0	88.3%	0	0	86.7%	0
2013-2014	1.020	1.96%	1.74%	500,000	85.4%	427,000	500,000	84.1%	420,500
2014-2015	1.020	1.96%	1.69%	0	85.5%	0	0	86.9%	0
2015-2016	1.030	2.91%	2.57%	112,318	87.3%	97,998	101,423	87.6%	88,847
2016-2017	1.040	3.85%	3.41%	163,337	88.5%	144,553	143,573	89.4%	128,354
2017-2018	1.061	5.75%	5.17%	4,538,264	90.3%	4,095,783	3,685,070	91.1%	3,357,099
2018-2019	1.103	9.34%	8.54%	447,707	91.3%	408,756	377,417	91.5%	345,336
2019-2020	1.158	13.64%	12.51%	1,155,310	91.9%	1,061,152	942,733	92.2%	869,200
2020-2021	1.274	21.51%	19.85%	7,946,953	92.5%	7,350,931	6,444,979	92.8%	5,980,940
2021-2022	1.529	34.60%	32.11%	12,687,604	92.8%	11,774,097	10,518,024	92.8%	9,760,726
2022-2023	2.110	52.61%	48.82%	34,801,923	92.5%	32,191,778	29,964,455	92.2%	27,627,228
2023-2024	3.693	72.92%	67.27%	19,311,000	91.7%	17,698,532	17,399,211	91.1%	15,850,681
2024-2025	11.079	90.97%	82.92%	20,588,000	90.7%	18,663,022	19,743,892	89.1%	17,591,808
2025-2026	110.790	99.10%	88.30%	12,256,500	87.8%	10,755,079	24,414,948	86.4%	21,094,515
Total				114,669,030		104,816,067	114,360,455		103,229,861

Discount Factor for Outstanding: 91.4% 90.3%

Authority for California Cities Excess Liability  
ACCEL Pooled Layer

## Confidence Level Factors

Probability	Projected Funding Factor	Outstanding Liability Factor
95	1.979	1.873
90	1.698	1.622
85	1.527	1.470
80	1.397	1.355
75	1.293	1.262
70	1.204	1.182
65	1.126	1.112
60	1.053	1.047
55	0.990	0.991
50	0.943	0.950
45	0.899	0.910
40	0.855	0.870
35	0.811	0.831
30	0.766	0.792
25	0.720	0.750

Authority for California Cities Excess Liability  
ACCEL Layer

Outstanding Liability at December 31, 2025

Accident Year	Ultimate Losses With Corridor (A)	12/31/25 Reported Loss (B)	12/31/25 IBNR (C)	12/31/25 Paid Loss (D)	12/31/25 Case Reserves (E)	12/31/25 Outstanding Loss (F)
1986-1987	0	0	0	0	0	0
1987-1988	500,000	500,000	0	500,000	0	0
1988-1989	0	0	0	0	0	0
1989-1990	0	0	0	0	0	0
Totals	\$500,000	\$500,000	\$0	\$500,000	\$0	\$0
1986-1992	12,225,733	12,225,733	0	12,225,733	0	0
1992-1993	10,538,558	10,538,558	0	10,538,558	0	0
1993-1994	877,168	877,168	0	877,168	0	0
1994-1995	1,439,192	1,439,192	0	1,439,192	0	0
1995-1996	912,141	912,141	0	912,141	0	0
1996-1997	2,388,970	2,388,970	0	2,388,970	0	0
1997-1998	2,083,463	2,083,463	0	2,083,463	0	0
2003-2004	3,526,085	3,526,085	0	3,526,085	0	0
2004-2005	9,967,624	9,967,624	0	9,967,624	0	0
2005-2006	4,457,753	4,457,753	0	4,457,753	0	0
2006-2007	621,098	621,098	0	621,098	0	0
2007-2008	4,851,132	4,851,132	0	4,851,132	0	0
2008-2009	3,937,934	3,937,934	0	3,777,819	160,115	160,115
2009-2010	0	0	0	0	0	0
2010-2011	375,159	375,159	0	375,159	0	0
2011-2012	2,274	2,274	0	2,274	0	0
2012-2013	4,206,743	4,206,743	0	4,206,743	0	0
2013-2014	13,463,065	13,463,065	0	12,963,065	500,000	500,000
2014-2015	5,957,013	5,957,013	0	5,957,013	0	0
2015-2016	3,045,000	2,932,682	112,318	2,932,682	0	112,318
2016-2017	15,581,000	15,417,663	163,337	15,417,663	0	163,337
2017-2018	20,373,000	20,184,736	188,264	15,834,736	4,350,000	4,538,264
2018-2019	13,173,000	12,725,293	447,707	12,725,293	0	447,707
2019-2020	11,976,000	10,945,690	1,030,310	10,820,690	125,000	1,155,310
2020-2021	19,687,000	17,430,047	2,256,953	11,740,047	5,690,000	7,946,953
2021-2022	22,804,000	19,916,396	2,887,604	10,116,396	9,800,000	12,687,604
2022-2023	38,888,000	36,651,077	2,236,923	4,086,077	32,565,000	34,801,923
2023-2024	19,311,000	11,000,000	8,311,000	0	11,000,000	19,311,000
2024-2025	20,588,000	0	20,588,000	0	0	20,588,000
2025-2026	12,256,500	0	12,256,500	0	0	12,256,500
Totals	\$279,513,605	\$229,034,690	\$50,478,915	\$164,844,575	\$64,190,115	\$114,669,030
Grand Totals	\$280,013,605	\$229,534,690	\$50,478,915	\$165,344,575	\$64,190,115	\$114,669,030

Notes:

- (A) From Appendix A, Page 3, Column (G).
- (B) Provided by ACCEL
- (C) (A) - (B)
- (D) Provided by ACCEL
- (F) (B) - (D)
- (F) (D) - (A)

Authority for California Cities Excess Liability  
ACCEL Layer

Outstanding Liability at June 30, 2026

Accident Year	Ultimate Losses (A)	6/30/2026 Reported Loss (B)	6/30/2026 IBNR (C)	6/30/2026 Paid Loss (D)	6/30/2026 Case Reserves (E)	6/30/2026 Outstanding Loss (F)
1986-1987	0	0	0	0	0	0
1987-1988	500,000	500,000	0	500,000	0	0
1988-1989	0	0	0	0	0	0
1989-1990	0	0	0	0	0	0
<b>Totals</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$0</b>
1986-1992	12,225,733	12,225,733	0	12,225,733	0	0
1992-1993	10,538,558	10,538,558	0	10,538,558	0	0
1993-1994	877,168	877,168	0	877,168	0	0
1994-1995	1,439,192	1,439,192	0	1,439,192	0	0
1995-1996	912,141	912,141	0	912,141	0	0
1996-1997	2,388,970	2,388,970	0	2,388,970	0	0
1997-1998	2,083,463	2,083,463	0	2,083,463	0	0
2003-2004	3,526,085	3,526,085	0	3,526,085	0	0
2004-2005	9,967,624	9,967,624	0	9,967,624	0	0
2005-2006	4,457,753	4,457,753	0	4,457,753	0	0
2006-2007	621,098	621,098	0	621,098	0	0
2007-2008	4,851,132	4,851,132	0	4,851,132	0	0
2008-2009	3,937,934	3,937,934	0	3,813,204	124,730	124,730
2009-2010	0	0	0	0	0	0
2010-2011	375,159	375,159	0	375,159	0	0
2011-2012	2,274	2,274	0	2,274	0	0
2012-2013	4,206,743	4,206,743	0	4,206,743	0	0
2013-2014	13,463,065	13,463,065	0	12,963,065	500,000	500,000
2014-2015	5,957,013	5,957,013	0	5,957,013	0	0
2015-2016	3,045,000	2,943,577	101,423	2,943,577	0	101,423
2016-2017	15,581,000	15,437,427	143,573	15,437,427	0	143,573
2017-2018	20,373,000	20,217,118	155,882	16,687,930	3,529,188	3,685,070
2018-2019	13,173,000	12,796,926	376,074	12,795,583	1,343	377,417
2019-2020	11,976,000	11,761,953	214,047	11,033,267	728,686	942,733
2020-2021	19,687,000	18,552,204	1,134,796	13,242,021	5,310,183	6,444,979
2021-2022	22,804,000	21,648,958	1,155,042	12,285,976	9,362,982	10,518,024
2022-2023	38,888,000	37,881,385	1,006,615	8,923,545	28,957,840	29,964,455
2023-2024	19,311,000	13,493,300	5,817,700	1,911,789	11,581,511	17,399,211
2024-2025	20,588,000	3,268,345	17,319,655	844,108	2,424,237	19,743,892
2025-2026	24,513,000	1,210,942	23,302,058	98,052	1,112,890	24,414,948
<b>Totals</b>	<b>\$291,770,105</b>	<b>\$241,043,240</b>	<b>\$50,726,865</b>	<b>\$177,409,650</b>	<b>\$63,633,590</b>	<b>\$114,360,455</b>
<b>Grand Totals</b>	<b>\$292,270,105</b>	<b>\$241,543,240</b>	<b>\$50,726,865</b>	<b>\$177,909,650</b>	<b>\$63,633,590</b>	<b>\$114,360,455</b>

Notes:

- (A) From Appendix A, Page 3, Column (G).
- (B) Projected based on Appendix A, Page 4, Column (B).
- (C) (A) - (B)
- (D) Projected based on Appendix A, Page 5, Column (B).
- (F) (B) - (D)
- (F) (D) - (A)

Authority for California Cities Excess Liability  
ACCEL Layer

Estimated Ultimate Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Expected Loss Method (C)	Prior Estimate of Ultimate Losses (D)	Selected Estimate of Ultimate Losses (E)	Selected Corridor Deductible Ultimate (F)	Selected Estimate of Ultimate Losses w/ Corridor (G)
1986-1987	0	0		0	0	0	0
1987-1988	500,000	500,000		500,000	500,000	0	500,000
1988-1989	0	0		0	0	0	0
1989-1990	0	0		0	0	0	0
Totals	\$500,000	\$500,000		\$500,000	\$500,000	\$0	\$500,000
1986-1992	12,225,733	12,225,733		12,225,733	12,225,733	0	12,225,733
1992-1993	10,538,558	10,538,558		10,538,558	10,538,558	0	10,538,558
1993-1994	877,168	877,168		877,168	877,168	0	877,168
1994-1995	1,439,192	1,439,192		1,439,192	1,439,192	0	1,439,192
1995-1996	912,141	912,141		912,141	912,141	0	912,141
1996-1997	2,388,970	2,391,359		2,388,970	2,388,970	0	2,388,970
1997-1998	2,083,463	2,085,546		2,083,463	2,083,463	0	2,083,463
2003-2004	3,526,085	3,529,611		3,526,085	3,526,085	0	3,526,085
2004-2005	9,967,624	9,977,591		9,967,624	9,967,624	0	9,967,624
2005-2006	4,457,753	4,462,211		4,457,753	4,457,753	0	4,457,753
2006-2007	621,098	623,582		621,098	621,098	0	621,098
2007-2008	4,855,983	4,880,239		4,851,132	4,851,132	0	4,851,132
2008-2009	3,945,810	3,811,819	3,947,000	3,937,935	3,937,934	0	3,937,934
2009-2010	0	0	21,000	0	0	0	0
2010-2011	378,534	381,905	425,000	375,159	375,159	0	375,159
2011-2012	2,297	2,319	61,000	2,274	2,274	0	2,274
2012-2013	4,269,844	4,290,878	4,299,000	4,206,743	4,206,743	0	4,206,743
2013-2014	13,732,327	13,222,327	13,591,000	13,463,065	13,463,065	0	13,463,065
2014-2015	6,105,938	6,135,724	6,129,000	5,957,013	5,957,013	0	5,957,013
2015-2016	3,020,662	3,049,989	3,158,000	3,074,000	3,045,000	0	3,045,000
2016-2017	16,034,370	16,358,140	15,745,000	15,890,000	15,581,000	0	15,581,000
2017-2018	21,416,005	17,465,714	20,562,000	20,439,000	20,373,000	0	20,373,000
2018-2019	13,908,745	14,735,890	13,621,000	11,543,000	13,173,000	0	13,173,000
2019-2020	12,565,652	13,785,559	12,462,000	12,358,000	11,976,000	0	11,976,000
2020-2021	21,508,679	17,950,533	19,932,000	19,450,000	17,687,000	2,000,000	19,687,000
2021-2022	28,261,366	21,345,595	25,623,000	23,569,611	22,804,000	0	22,804,000
2022-2023	72,825,691	15,089,884	47,098,000	39,631,000	38,888,000	0	38,888,000
2023-2024	43,714,000	0	29,365,000	20,275,000	19,311,000	0	19,311,000
2024-2025	0	0	27,359,000	22,024,000	20,588,000	0	20,588,000
2025-2026	0	0	32,626,000	26,357,885	24,513,000	0	24,513,000
Totals	\$315,583,688	\$201,569,207	\$276,024,000	\$296,442,602	\$289,770,105	\$2,000,000	\$291,770,105
Grand Totals	\$316,083,688	\$202,069,207		\$296,942,602	\$290,270,105	\$2,000,000	\$292,270,105

Notes:

- (A) From Appendix A, Page 4, Column (C).
- (B) From Appendix A, Page 5, Column (C).
- (C) From Appendix A, Page 6, Column (K).
- (D) From prior actuarial study.
- (E) Selected based on (A) through (D).
- (F) Based on Monte Carlo simulation.
- (G) (E) + (F)

Authority for California Cities Excess Liability  
ACCEL Layer

Reported Loss Development

Accident Year	Reported Losses as of 12/31/25 (A)	Reported Loss Development Factor (B)	Estimated Ultimate Losses (C)
1986-1987	0	1.000	0
1987-1988	500,000	1.000	500,000
1988-1989	0	1.000	0
1989-1990	0	1.000	0
<b>Totals</b>	<b>\$500,000</b>		<b>\$500,000</b>
1986-1992	12,225,733	1.000	12,225,733
1992-1993	10,538,558	1.000	10,538,558
1993-1994	877,168	1.000	877,168
1994-1995	1,439,192	1.000	1,439,192
1995-1996	912,141	1.000	912,141
1996-1997	2,388,970	1.000	2,388,970
1997-1998	2,083,463	1.000	2,083,463
2003-2004	3,526,085	1.000	3,526,085
2004-2005	9,967,624	1.000	9,967,624
2005-2006	4,457,753	1.000	4,457,753
2006-2007	621,098	1.000	621,098
2007-2008	4,851,132	1.001	4,855,983
2008-2009	3,937,934	1.002	3,945,810
2009-2010	0	1.004	0
2010-2011	375,159	1.009	378,534
2011-2012	2,274	1.010	2,297
2012-2013	4,206,743	1.015	4,269,844
2013-2014	13,463,065	1.020	13,732,327
2014-2015	5,957,013	1.025	6,105,938
2015-2016	2,932,682	1.030	3,020,662
2016-2017	15,417,663	1.040	16,034,370
2017-2018	20,184,736	1.061	21,416,005
2018-2019	12,725,293	1.093	13,908,745
2019-2020	10,945,690	1.148	12,565,652
2020-2021	17,430,047	1.234	21,508,679
2021-2022	19,916,396	1.419	28,261,366
2022-2023	36,651,077	1.987	72,825,691
2023-2024	11,000,000	3.974	43,714,000
2024-2025	0	27.818	0
2025-2026	0	417.270	0
<b>Totals</b>	<b>\$229,034,690</b>		<b>\$315,583,688</b>
<b>Grand Totals</b>	<b>\$229,534,690</b>		<b>\$316,083,688</b>

Notes:

- (A) Provided by ACCEL
- (B) (C) from Appendix B, Page 3.
- (C) (A) x (B).

Authority for California Cities Excess Liability  
ACCEL Layer

Paid Loss Development

Accident Year	Paid Losses as of 12/31/25 (A)	Paid Loss Development Factor (B)	Estimated Ultimate Losses (C)
1986-1987	0	1.000	0
1987-1988	500,000	1.000	500,000
1988-1989	0	1.000	0
1989-1990	0	1.000	0
<b>Totals</b>	<b>\$500,000</b>		<b>\$500,000</b>
1986-1992	12,225,733	1.000	12,225,733
1992-1993	10,538,558	1.000	10,538,558
1993-1994	877,168	1.000	877,168
1994-1995	1,439,192	1.000	1,439,192
1995-1996	912,141	1.000	912,141
1996-1997	2,388,970	1.001	2,391,359
1997-1998	2,083,463	1.001	2,085,546
2003-2004	3,526,085	1.001	3,529,611
2004-2005	9,967,624	1.001	9,977,591
2005-2006	4,457,753	1.001	4,462,211
2006-2007	621,098	1.004	623,582
2007-2008	4,851,132	1.006	4,880,239
2008-2009	3,777,819	1.009	3,811,819
2009-2010	0	1.013	0
2010-2011	375,159	1.018	381,905
2011-2012	2,274	1.020	2,319
2012-2013	4,206,743	1.020	4,290,878
2013-2014	12,963,065	1.020	13,222,327
2014-2015	5,957,013	1.030	6,135,724
2015-2016	2,932,682	1.040	3,049,989
2016-2017	15,417,663	1.061	16,358,140
2017-2018	15,834,736	1.103	17,465,714
2018-2019	12,725,293	1.158	14,735,890
2019-2020	10,820,690	1.274	13,785,559
2020-2021	11,740,047	1.529	17,950,533
2021-2022	10,116,396	2.110	21,345,595
2022-2023	4,086,077	3.693	15,089,884
2023-2024	0	11.079	0
2024-2025	0	110.790	0
2025-2026	0	2,215.800	0
<b>Totals</b>	<b>\$164,844,575</b>		<b>\$201,569,207</b>
<b>Grand Totals</b>	<b>\$165,344,575</b>		<b>\$202,069,207</b>

Notes:

- (A) Provided by ACCEL
- (B) (C) from Appendix B, Page 4.
- (C) (A) x (B).

Authority for California Cities Excess Liability  
ACCEL Layer

Expected Loss Methods

Program Year	Program Year 2026-2027 \$100K-\$1M Base Rate (A)	Trend Factor Program Year (B)	Program Year \$100K-\$1M Base Rate (C)	Factor to Self-Insured Layer (D)	Program Year Self-Insured Expected Rate (E)	Program Year Payroll (F)	Program Year Preliminary Ultimate Losses (G)	Percent of Ultimate Losses Not Reported (H)	Estimated Program Year IBNR at 12/31/25 (I)	Program Year Reported Losses at 12/31/25 (J)	Program Year Estimated Ultimate Losses (K)
2008-2009	\$1.819	0.350	0.637	0.700	0.446	\$10,609,082	\$4,733,000	0.2%	\$9,447	\$3,937,934	\$3,947,000
2009-2010	1.819	0.371	0.676	0.700	0.473	11,307,152	5,347,000	0.4%	21,303	0	21,000
2010-2011	1.819	0.394	0.716	0.700	0.501	11,075,957	5,552,000	0.9%	49,498	375,159	425,000
2011-2012	1.819	0.417	0.759	0.700	0.531	11,097,108	5,896,000	1.0%	58,376	2,274	61,000
2012-2013	1.819	0.442	0.805	0.700	0.563	11,095,468	6,249,000	1.5%	92,350	4,206,743	4,299,000
2013-2014	1.819	0.469	0.853	0.700	0.597	10,966,401	6,547,000	2.0%	128,373	13,463,065	13,591,000
2014-2015	1.819	0.497	0.904	0.700	0.633	11,164,240	7,065,000	2.4%	172,317	5,957,013	6,129,000
2015-2016	1.819	0.527	0.958	0.700	0.671	11,556,443	7,752,000	2.9%	225,786	2,932,682	3,158,000
2016-2017	1.819	0.558	1.016	0.700	0.711	11,986,752	8,523,000	3.8%	327,808	15,417,663	15,745,000
2017-2018	1.819	0.592	1.077	0.481	0.518	12,662,643	6,558,000	5.7%	377,039	20,184,736	20,562,000
2018-2019	1.819	0.627	1.141	0.700	0.799	13,177,894	10,528,000	8.5%	895,795	12,725,293	13,621,000
2019-2020	1.819	0.665	1.210	0.700	0.847	13,884,423	11,758,000	12.9%	1,515,840	10,945,690	12,462,000
2020-2021	1.819	0.705	1.282	0.700	0.898	14,699,647	13,195,000	19.0%	2,502,131	17,430,047	19,932,000
2021-2022	1.819	0.747	1.359	0.998	1.357	14,245,854	19,325,000	29.5%	5,706,254	19,916,396	25,623,000
2022-2023	1.819	0.792	1.441	0.998	1.438	14,625,633	21,031,000	49.7%	10,446,702	36,651,077	47,098,000
2023-2024	1.819	0.840	1.527	0.998	1.524	16,100,399	24,540,000	74.8%	18,364,862	11,000,000	29,365,000
2024-2025	1.819	0.890	1.619	0.998	1.616	17,564,897	28,379,000	96.4%	27,358,833	0	27,359,000
2025-2026	1.819	0.943	1.716	0.998	1.713	19,096,223	32,704,000	99.8%	32,625,624	0	32,626,000

Authority for California Cities Excess Liability  
ACCEL Layer

Expected Loss Rates

Accident Year	Program Year Payroll	Ultimate Loss	On-Level Losses	Loss Rate	Loss Rate Trend	Trended Loss Rate
1986-1987	1,008,086	0	0	0.000	3.819	0.000
1987-1988	998,109	500,000	500,000	0.501	3.603	1.805
1988-1989	1,146,083	0	0	0.000	3.399	0.000
1989-1990	1,208,157	0	0	0.000	3.207	0.000
Totals	\$4,360,436	\$500,000	\$500,000	0.115		0.451
1986-1992	5,277,443	12,225,733	12,225,733	2.317	9.152	21.205
1992-1993	5,310,299	10,538,558	10,538,558	1.985	8.634	17.138
1993-1994	5,635,666	877,168	877,168	0.156	8.145	1.271
1994-1995	6,004,411	1,439,192	1,439,192	0.240	7.684	1.844
1995-1996	6,102,690	912,141	912,141	0.149	7.249	1.080
1996-1997	6,502,472	2,388,970	2,388,970	0.367	6.839	2.510
1997-1998	6,972,985	2,083,463	2,083,463	0.299	6.452	1.929
2003-2004	9,103,267	3,526,085	3,526,085	0.387	3.819	1.478
2004-2005	9,374,402	9,967,624	9,967,624	1.063	3.603	3.830
2005-2006	9,850,045	4,457,753	4,457,753	0.453	3.399	1.540
2006-2007	10,305,894	621,098	621,098	0.060	3.207	0.192
2007-2008	10,609,082	4,851,132	4,851,132	0.457	3.025	1.382
2008-2009	11,307,152	3,937,934	3,937,934	0.348	2.854	0.993
2009-2010	11,075,957	0	0	0.000	2.692	0.000
2010-2011	11,097,108	375,159	375,159	0.034	2.540	0.086
2011-2012	11,095,468	2,274	2,274	0.000	2.396	0.000
2012-2013	10,966,401	4,206,743	4,206,743	0.384	2.260	0.868
2013-2014	11,164,240	13,463,065	13,463,065	1.206	2.132	2.571
2014-2015	11,556,443	5,957,013	5,957,013	0.515	2.011	1.036
2015-2016	11,986,752	3,045,000	3,045,000	0.254	1.897	0.482
2016-2017	12,662,643	15,581,000	15,581,000	1.230	1.790	2.202
2017-2018	13,177,894	20,373,000	20,373,000	1.546	1.689	2.611
2018-2019	13,884,423	13,173,000	13,173,000	0.949	1.593	1.512
2019-2020	14,699,647	11,976,000	11,976,000	0.815	1.503	1.225
2020-2021	14,245,854	19,687,000	19,687,000	1.382	1.418	1.960
2021-2022	14,625,633	22,804,000	22,804,000	1.559	1.338	2.086
2022-2023	16,100,399	38,888,000	38,888,000	2.415	1.262	3.048
2023-2024	17,564,897	19,311,000	19,311,000	1.099	1.191	1.309
2024-2025	19,096,223	20,588,000	20,588,000	1.078	1.124	1.212
2025-2026	20,432,923	24,513,000	24,513,000	1.200	1.060	1.272
Totals	\$337,788,714	\$291,770,105	\$291,770,105	0.864		2.662
86/87-97/98	70,133,680	48,416,687	48,416,687	0.690		5.383

Selected Trend: 1.060

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Estimated Loss Rates for the \$100,000 - \$1,000,000 Layer

Accident Year	Estimated Ultimate \$100K - \$1M Losses (C)	Payroll (\$00's) (D)	Loss Trend Factor (E)	Loss Rate at 2025-2026 Level (F)
2016-2017	21,564,000	15,815,641	1.689	2.303
2017-2018	15,090,000	16,063,853	1.594	1.497
2018-2019	13,914,000	16,508,579	1.504	1.268
2019-2020	14,962,000	17,051,591	1.419	1.245
2020-2021	22,742,000	16,126,307	1.338	1.887
2021-2022	20,471,000	16,146,699	1.262	1.600
2022-2023	29,464,000	17,340,130	1.191	2.024
2023-2024	24,526,000	18,460,707	1.124	1.493
2024-2025	29,139,000	19,573,629	1.060	1.578
Average 2016-17 - 2022-23:				1.689
Average 2017-18 - 2023-24:				1.573
Average 2020-21 - 2024-25:				1.716
Prior 2024-2025 Rate :				1.600
Selected 2025-2026 Rate :				1.716
Trend Factor to 2026-2027 :				1.060
Selected 2026-2027 Rate :				<b>\$1.819</b>

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Estimated Ultimate Losses for the \$100,000 to \$1,000,000 Layer

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)
2016-2017	21,339,794	21,787,535	21,347,779	21,770,140	21,564,010	21,564,000
2017-2018	15,139,089	15,041,363	15,143,923	15,041,747	15,090,009	15,090,000
2018-2019	13,763,989	14,064,622	13,766,681	14,047,434	13,914,004	13,914,000
2019-2020	15,270,540	14,653,407	15,251,473	14,696,904	14,962,026	14,962,000
2020-2021	22,193,854	24,638,617	21,968,538	23,514,684	18,813,156	22,742,000
2021-2022	20,760,623	19,754,400	20,759,204	20,181,887	22,841,552	20,471,000
2022-2023	33,819,534	32,877,296	31,182,468	27,745,257	35,111,670	29,464,000
2023-2024	21,929,104	18,480,156	24,169,525	24,883,298	35,037,370	24,526,000
2024-2025	27,199,471	15,535,028	29,347,231	28,931,553	51,324,546	29,139,000
Totals						\$191,872,000

Notes:

- (A) From Appendix B, Page 3, Column (D).
- (B) From Appendix B, Page 4, Column (D).
- (C) Based on results in Appendix B, Page 5.
- (D) Based on results in Appendix B, Page 6.
- (E) Based on results in Appendix B, Page 8.
- (F) Selected averages of (A), (B), (C), (D), and (E).

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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Reported Loss Development

Accident Year (A)	\$100K - \$1M Reported Losses as of 12/31/25 (B)	Reported Loss Development Factor (C)	Ultimate \$100K - \$1M Losses (D)	\$100K - \$1M Reported Losses of 12/31/25 (E)	Reported Loss Development Factor (F)	Ultimate \$100K - \$1M Losses (G)
2016-2017	21,024,428	1.015	21,339,794	21,024,428	1.015	21,339,794
2017-2018	14,842,244	1.020	15,139,089	14,842,244	1.020	15,139,089
2018-2019	13,363,096	1.030	13,763,989	13,363,096	1.030	13,763,989
2019-2020	14,683,212	1.040	15,270,540	14,683,212	1.040	15,270,540
2020-2021	20,324,042	1.092	22,193,854	20,324,042	1.092	22,193,854
2021-2022	17,286,114	1.201	20,760,623	17,286,114	1.201	20,760,623
2022-2023	25,032,964	1.351	33,819,534	25,032,964	1.351	33,819,534
2023-2024	11,596,565	1.891	21,929,104	11,596,565	1.891	21,929,104
2024-2025	6,392,355	4.255	27,199,471	6,392,355	4.255	27,199,471
Totals	\$144,545,020		\$191,415,998	\$144,545,020		\$191,415,998

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority. These losses exclude amount over the SIR.
- (C) Based upon Industry Loss Development Factors.
- (D) (B) x (C). These estimated losses exclude amount over the SIR.
- (E) Losses capped at the Authority's SIR. Amounts are provided by the Authority.
- (F) Based upon Industry Loss Development Factors.
- (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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Paid Loss Development

Accident Year (A)	\$100K - \$1M Paid Losses as of 12/31/25 (B)	Paid Loss Development Factor (C)	Ultimate \$100K - \$1M Losses (D)	\$100K - \$1M Paid Losses of 12/31/25 (E)	Paid Loss Development Factor (F)	Ultimate \$100K - \$1M Losses (G)
2016-2017	20,929,428	1.041	21,787,535	20,929,428	1.041	21,787,535
2017-2018	14,031,122	1.072	15,041,363	14,031,122	1.072	15,041,363
2018-2019	12,614,011	1.115	14,064,622	12,614,011	1.115	14,064,622
2019-2020	12,513,584	1.171	14,653,407	12,513,584	1.171	14,653,407
2020-2021	19,129,361	1.288	24,638,617	19,129,361	1.288	24,638,617
2021-2022	11,800,717	1.674	19,754,400	11,800,717	1.674	19,754,400
2022-2023	14,547,476	2.260	32,877,296	14,547,476	2.260	32,877,296
2023-2024	4,088,530	4.520	18,480,156	4,088,530	4.520	18,480,156
2024-2025	1,145,651	13.560	15,535,028	1,145,651	13.560	15,535,028
Totals	\$110,799,880		\$176,832,424	\$110,799,880		\$176,832,424

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the Authority. These losses exclude amount over the SIR.
- (C) Based upon Industry Loss Development Factors.
- (D) (B) x (C). These estimated losses exclude amount over the SIR.
- (E) Losses capped at the Authority's SIR. Amounts are provided by the Authority.
- (F) Based upon Industry Loss Development Factors.
- (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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Exposure and Development Method  
Based on Reported Losses

Accident Year	Composite Exposure (A)	Reported Losses as of 12/31/25 (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)
2016-2017	15,815,641	21,024,428	1.015	0.015	1.363	323,351	21,347,779
2017-2018	16,063,853	14,842,244	1.020	0.020	0.939	301,679	15,143,923
2018-2019	16,508,579	13,363,096	1.030	0.029	0.843	403,585	13,766,681
2019-2020	17,051,591	14,683,212	1.040	0.038	0.877	568,261	15,251,473
2020-2021	16,126,307	20,324,042	1.092	0.084	1.214	1,644,496	21,968,538
2021-2022	16,146,699	17,286,114	1.201	0.167	1.288	3,473,090	20,759,204
2022-2023	17,340,130	25,032,964	1.351	0.260	1.364	6,149,504	31,182,468
2023-2024	18,460,707	11,596,565	1.891	0.471	1.446	12,572,960	24,169,525
2024-2025	19,573,629	6,392,355	4.255	0.765	1.533	22,954,876	29,347,231
Totals	\$153,087,136	\$144,545,020				\$48,391,802	\$192,936,822

Notes:

- (A) Provided by the Authority.
- (B) Provided by the Authority. These losses exclude amounts incurred above the Authority's SIR for each year.
- (C) From Appendix B, Page 3, Column (F).
- (D)  $1 - 1/(C)$ .
- (E) From Appendix B, Page 7, 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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Exposure and Development Method  
Based on Paid Losses

Accident Year	Composite Exposure (A)	Paid Losses as of 12/31/25 (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)
2015-2016	15,343,043		1.021	0.021	0.907	292,239	
2016-2017	15,815,641	20,929,428	1.041	0.039	1.363	840,712	21,770,140
2017-2018	16,063,853	14,031,122	1.072	0.067	0.939	1,010,625	15,041,747
2018-2019	16,508,579	12,614,011	1.115	0.103	0.843	1,433,423	14,047,434
2019-2020	17,051,591	12,513,584	1.171	0.146	0.877	2,183,320	14,696,904
2020-2021	16,126,307	19,129,361	1.288	0.224	1.214	4,385,323	23,514,684
2021-2022	16,146,699	11,800,717	1.674	0.403	1.288	8,381,170	20,181,887
2022-2023	17,340,130	14,547,476	2.260	0.558	1.364	13,197,781	27,745,257
2023-2024	18,460,707	4,088,530	4.520	0.779	1.446	20,794,768	24,883,298
2024-2025	19,573,629	1,145,651	13.560	0.926	1.533	27,785,902	28,931,553
Totals	\$168,430,179	\$110,799,880				\$80,305,263	\$190,812,904

Notes:

- (A) Provided by the Authority.
- (B) Provided by the Authority. These losses exclude amounts paid above the Authority's SIR for each year.
- (C) From Appendix B, Page 4, Column (F).
- (D)  $1 - 1/(C)$ .
- (E) From Appendix B, Page 7, 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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Exposure and Development Method

Accident Year	Composite Exposure (A)	Ultimate \$100K - \$1M Losses (B)	Trend Factor (C)	Trended \$100K - \$1M Losses (D)	Trended \$100K - \$1M Loss Rate (E)	Trended \$100K - \$1M Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
2015-2016	15,343,043		1.791			0.907	1.000	0.907
2016-2017	15,815,641	21,564,000	1.689	36,421,596	2.303	1.363	1.000	1.363
2017-2018	16,063,853	15,090,000	1.594	24,053,460	1.497	0.939	1.000	0.939
2018-2019	16,508,579	13,914,000	1.504	20,926,656	1.268	0.843	1.000	0.843
2019-2020	17,051,591	14,962,000	1.419	21,231,078	1.245	0.877	1.000	0.877
2020-2021	16,126,307	23,416,000	1.338	31,330,608	1.943	1.214	1.000	1.214
2021-2022	16,146,699	20,761,000	1.262	26,200,382	1.623	1.288	1.000	1.288
2022-2023	17,340,130	33,348,000	1.191	39,717,468	2.290	1.364	1.000	1.364
2023-2024	18,460,707	20,779,000	1.124	23,355,596	1.265	1.446	1.000	1.446
2024-2025	19,573,629	27,199,000	1.060	28,830,940	1.473	1.533	1.000	1.533
Total/Avg	\$168,430,179	\$191,033,000		\$252,067,784	\$1.647			
16/17-22/23	115,052,800	143,055,000		199,881,248	\$1.737			
17/18-23/24	117,697,866	142,270,000		186,815,248	\$1.587			
18/19-24/25	121,207,642	154,379,000		191,592,728	\$1.581			
				Selected \$100K - \$1M Rate:	\$1.625			
				Prior:	\$1.580			
						2.8%		

Notes:

- (A) Provided by the Authority.
- (B) Selected average of results from Appendices B and B.
- (C) From Appendix E, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected \$100K - \$1M Rate / (C). For 2019-2020 and prior (B) / (A).
- (G) Based on a Burr 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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M An

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Ultimate Claims (B)	Ultimate Program Losses (C)
2016-2017	331,754	65	21,564,010
2017-2018	264,737	57	15,090,009
2018-2019	267,577	52	13,914,004
2019-2020	241,323	62	14,962,026
2020-2021	303,438	62	18,813,156
2021-2022	321,712	71	22,841,552
2022-2023	340,890	103	35,111,670
2023-2024	361,210	97	35,037,370
2024-2025	383,019	134	51,324,546
Total		703	\$228,658,343

Notes:

- (A) From Appendix B, Page 9, Column (H).
- (B) From Appendix B, Page 9, 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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Frequency and Severity Method

Accident Year	Ultimate	Ultimate Claims (B)	Ultimate	Trend Factor (D)	Trended		Factor to SIR (G)	Program Severity (H)
	\$100K - \$1M Losses (A)		\$100K - \$1M Severity (C)		\$100K - \$1M Severity (E)	\$100K - \$1M Severity (F)		
2016-2017	21,564,000	65	331,754	1.689	560,333	331,754	1.000	331,754
2017-2018	15,090,000	57	264,737	1.594	421,991	264,737	1.000	264,737
2018-2019	13,914,000	52	267,577	1.504	402,436	267,577	1.000	267,577
2019-2020	14,962,000	62	241,323	1.419	342,437	241,323	1.000	241,323
2020-2021	22,742,000	62	366,806	1.338	490,786	303,438	1.000	303,438
2021-2022	20,471,000	71	288,324	1.262	363,865	321,712	1.000	321,712
2022-2023	29,464,000	103	286,058	1.191	340,695	340,890	1.000	340,890
2023-2024	24,526,000	97	252,845	1.124	284,198	361,210	1.000	361,210
2024-2025	29,139,000	134	217,455	1.060	230,502	383,019	1.000	383,019

Average \$100K - \$1M Severity: \$381,916  
Average 16/17-22/23 \$100K - \$1M Severity: \$417,506  
Average 16/17-23/24 \$100K - \$1M Severity: \$400,843

Selected \$100K - \$1M Severity: \$406,000  
Prior: \$400,000

Notes:

- (A) Selected average of results from Appendices B, B, and B.
- (B) Appendix B, Page 10, Column (C).
- (C) (A) / (B).
- (D) From Appendix E, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Burr 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.

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Frequency and Severity Method  
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Composite Exposure (10,000s) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
2016-2017	65	67	65	1,581.564	0.041	1.000	0.041
2017-2018	57	55	57	1,606.385	0.035	1.000	0.035
2018-2019	52	55	52	1,650.858	0.031	1.000	0.031
2019-2020	62	66	62	1,705.159	0.036	1.000	0.036
2020-2021	62	58	62	1,612.631	0.038	1.000	0.038
2021-2022	71	66	71	1,614.670	0.044	1.000	0.044
2022-2023	103	81	103	1,734.013	0.059	1.000	0.059
2023-2024	97	50	97	1,846.071	0.053	1.000	0.053
2024-2025	134	95	134	1,957.363	0.068	1.000	0.068
Total	703	593	703	15,308.714			0.046

(H) Selected 2025-2026 Frequency: 0.045  
Prior: 0.043

Program Year:	2025-2026	2026-2027
(I) Trend Factor:	1.000	1.000
(J) Selected Frequency:	0.045	0.045
(K) Composite Exposure:	2,043.292	2,104.592
(L) Ultimate Claims:	92	95

Notes:

- (A) From Appendix B, Page 11, (C).
- (B) From Appendix B, Page 12, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix N, Page 2, (G).
- (E) (C) / (D).
- (F) From Appendix E.
- (G) (E) x (F).
- (H) The selected frequency of .045 is based on (G).
- (I) From Appendix E.
- (J) (H) x (I).
- (K) From Appendix N, Page 2, (G).
- (L) (J) x (K).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per 10,000 units of composite exposure, Appendix E, page2, Item (G).

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Frequency and Severity Method  
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2025 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2016-2017	64	1.022	65	0.041
2017-2018	55	1.032	57	0.035
2018-2019	50	1.042	52	0.031
2019-2020	59	1.052	62	0.036
2020-2021	58	1.063	62	0.038
2021-2022	66	1.074	71	0.044
2022-2023	91	1.128	103	0.059
2023-2024	78	1.241	97	0.053
2024-2025	54	2.482	134	0.068
Total	575		703	0.046

Notes:

- (A) Provided by the Authority.
- (B) From Appendix B, Page 15.
- (C) (A) x (B).
- (D) (C) / [Appendix B, Page 10, (D)] x [Appendix B, Page 10, (F)].

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

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Frequency and Severity Method  
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2025 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2016-2017	62	1.082	67	0.042
2017-2018	50	1.109	55	0.034
2018-2019	47	1.164	55	0.033
2019-2020	54	1.222	66	0.039
2020-2021	43	1.344	58	0.036
2021-2022	39	1.680	66	0.041
2022-2023	32	2.520	81	0.047
2023-2024	8	6.300	50	0.027
2024-2025	3	31.500	95	0.049
Total	338		593	0.039

Notes:

- (A) Provided by the Authority.
- (B) From Appendix B, Page 16.
- (C) (A) x (B).
- (D) (C) / [Appendix B, Page 10, (D)] x [Appendix B, Page 10, (F)].

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

Authority for California Cities Excess Liability - Liability (\$100K - \$1M Analysis)

Loss Rate Trend

Accident Year	Payroll	Preliminary Ultimate Loss	Untrended Loss Rate	Trended Loss Rate
2016-2017	15,815,641	21,564,000	1.363	2.304
2017-2018	16,063,853	15,090,000	0.939	1.497
2018-2019	16,508,579	13,914,000	0.843	1.267
2019-2020	17,051,591	14,962,000	0.877	1.245
2020-2021	16,126,307	23,079,000	1.431	1.915
2021-2022	16,146,699	20,996,000	1.300	1.642
2022-2023	17,340,130	29,915,000	1.725	2.055
2023-2024	18,460,707	23,980,000	1.299	1.460
2024-2025	19,573,629	26,362,000	1.347	1.428

Exponential Trends

Years	R-square	Fitted Trend
16/17-22/23	0.273	1.070
19/20-24/25	0.266	1.063
20/21-24/25	0.027	0.988
16/17-24/25	0.258	1.047
	Prior Trend:	1.050
	Selected Trend:	1.060

Authority for California Cities Excess Liability

Historical Payroll by Member

Member	1988-89 Payroll (\$00)	1989-90 Payroll (\$00)	1990-91 Payroll (\$00)	1991-92 Payroll (\$00)	1992-93 Payroll (\$00)	1993-94 Payroll (\$00)	1994-95 Payroll (\$00)	1995-96 Payroll (\$00)	1996-97 Payroll (\$00)	1997-98 Payroll (\$00)	1998-99 Payroll (\$00)	1999-00 Payroll (\$00)	2000-01 Payroll (\$00)
Anaheim	945,634	887,693	997,604	1,032,792	1,017,556	1,106,327	1,138,132	1,159,649	1,186,315	1,183,599	1,221,632	1,347,535	1,393,423
Bakersfield	385,888	427,532	456,470	479,556	490,078	463,172	544,562	558,232	592,428	626,800	656,309	672,981	679,346
Burbank	435,541	517,034	546,240	570,952	606,092	612,781	633,112	651,359	628,837	665,202	0	0	0
Gardena	150,116	155,950	167,690	183,626	0	0	0	0	0	0	0	0	0
Modesto	340,582	340,582	403,120	486,797	492,189	479,750	496,562	535,022	533,981	596,710	599,204	621,472	656,651
Monterey	0	150,186	167,555	177,538	176,550	181,500	206,054	212,611	225,039	235,554	246,524	262,721	284,379
Mountain View	0	0	0	0	310,326	292,142	307,338	325,808	341,322	360,295	409,155	408,020	434,816
Ontario	325,401	368,037	425,392	459,269	440,000	517,000	518,010	524,206	574,396	582,744	589,308	605,886	637,469
Palo Alto	409,895	441,571	469,616	500,629	526,146	552,171	606,885	575,477	607,900	677,305	722,355	727,013	771,366
Salinas	0	0	0	0	0	0	0	0	0	0	0	0	0
Santa Barbara	342,392	355,513	393,889	438,230	421,442	464,065	494,001	496,728	525,742	562,649	587,051	644,650	658,205
Santa Cruz	0	0	0	0	0	0	0	0	164,906	327,837	330,666	368,019	383,500
Santa Monica	556,978	610,936	682,891	758,378	657,800	770,000	856,975	863,634	912,836	943,294	997,024	1,028,662	1,156,953
Visalia	137,709	144,025	165,025	189,676	172,119	196,757	202,780	199,965	208,770	210,996	218,084	237,134	256,559
<b>Total</b>	<b>4,030,134</b>	<b>4,399,059</b>	<b>4,875,491</b>	<b>5,277,443</b>	<b>5,310,299</b>	<b>5,635,666</b>	<b>6,004,411</b>	<b>6,102,690</b>	<b>6,502,472</b>	<b>6,972,985</b>	<b>6,577,313</b>	<b>6,924,094</b>	<b>7,312,668</b>

Member	2001-02 Payroll (\$00)	2002-03 Payroll (\$00)	2003-04 Payroll (\$00)	2004-05 Payroll (\$00)	2005-06 Payroll (\$00)	2006-07 Payroll (\$00)	2007-08 Payroll (\$00)	2008-09 Payroll (\$00)	2009-10 Payroll (\$00)	2010-11 Payroll (\$00)	2011-12 Payroll (\$00)	2012-13 Payroll (\$00)	2013-14 Payroll (\$00)
Anaheim	1,497,038	1,571,861	1,686,921	1,702,110	1,874,760	1,933,055	1,936,850	2,133,195	2,081,250	2,049,763	1,963,200	1,975,427	2,031,900
Bakersfield	710,898	746,845	769,039	775,782	828,105	889,657	928,430	916,017	882,235	882,175	913,612	974,793	981,145
Burbank	0	0	0	963,640	961,084	1,080,588	1,021,641	1,190,705	1,104,309	1,219,034	1,095,927	1,080,687	1,058,814
Gardena	0	0	0	0	0	0	0	0	0	0	0	0	0
Modesto	711,909	761,554	745,169	757,072	777,859	808,720	836,950	811,447	796,393	741,932	730,670	723,669	721,682
Monterey	307,684	320,894	313,632	313,439	315,127	303,985	340,838	362,102	375,986	371,980	362,541	361,402	362,125
Mountain View	470,177	517,208	479,749	474,925	505,565	558,760	579,550	628,761	632,482	629,984	618,793	624,667	633,130
Ontario	683,592	692,474	710,686	732,721	783,778	808,309	827,467	855,991	836,504	821,292	837,165	724,834	734,451
Palo Alto	875,829	907,965	976,695	964,635	910,388	920,271	964,648	980,859	1,000,933	992,673	1,041,460	919,927	996,990
Salinas	0	0	0	0	0	0	0	0	0	0	0	0	0
Santa Barbara	688,383	715,412	731,380	739,835	827,558	767,235	826,778	882,947	844,604	828,178	824,422	865,528	881,841
Santa Cruz	421,614	414,665	404,596	405,476	415,167	494,206	483,045	537,520	506,288	506,381	511,940	521,594	544,821
Santa Monica	1,234,923	1,274,089	1,221,506	1,263,241	1,350,510	1,445,204	1,539,768	1,662,386	1,668,433	1,714,221	1,851,043	1,830,595	1,850,554
Visalia	257,861	290,675	269,603	281,525	300,145	295,903	323,116	345,222	346,541	339,496	344,696	363,276	366,787
<b>Total</b>	<b>7,859,909</b>	<b>8,213,644</b>	<b>8,308,977</b>	<b>9,374,402</b>	<b>9,850,045</b>	<b>10,305,894</b>	<b>10,609,082</b>	<b>11,307,152</b>	<b>11,075,957</b>	<b>11,097,108</b>	<b>11,095,468</b>	<b>10,966,401</b>	<b>11,164,240</b>

Member	2014-15 Payroll (\$00)	2015-16 Payroll (\$00)	2016-17 Payroll (\$00)	2017-18 Payroll (\$00)	2018-19 Payroll (\$00)	2019-20 Payroll (\$00)	2020-21 Payroll (\$00)	2021-22 Payroll (\$00)	2022-23 Payroll (\$00)	2023-24 Payroll (\$00)	2024-25 Payroll (\$00)	Projected 2025-26 Payroll (\$00)	Projected 2026-27 Payroll (\$00)
Anaheim	2,106,346	2,269,090	2,503,567	2,510,955	2,541,363	2,644,993	2,467,744	2,524,502	2,752,139	3,043,162	3,281,050	3,550,366	3,656,880
Bakersfield	1,007,547	1,032,898	1,023,381	1,047,246	1,056,662	1,119,015	1,175,926	1,383,385	1,537,148	1,612,991	1,689,076	1,877,757	1,934,090
Burbank	1,050,336	1,057,419	1,084,724	1,113,654	1,099,703	1,144,989	1,187,912	1,264,103	1,264,596	1,470,914	1,569,212	1,733,170	1,785,160
Gardena	0	0	0	0	0	0	0	0	0	0	0	0	0
Modesto	711,912	761,798	799,877	845,531	874,961	900,948	907,122	957,590	1,098,928	1,093,209	1,194,924	1,314,995	1,354,440
Monterey	367,532	374,195	386,413	418,860	427,155	438,191	378,567	383,729	408,539	431,828	480,998	501,453	516,500
Mountain View	660,314	684,770	734,551	765,191	812,882	842,032	853,958	843,718	977,194	1,036,596	1,115,462	1,206,133	1,242,320
Ontario	774,343	825,770	890,589	995,163	1,065,971	1,161,650	1,137,193	1,132,120	1,281,217	1,521,660	1,710,396	1,859,112	1,914,890
Palo Alto	1,064,558	981,613	1,041,359	1,166,441	1,221,880	1,260,264	1,231,253	1,212,621	1,302,848	1,512,615	1,882,608	1,790,749	1,844,470
Salinas	0	0	0	0	325,886	645,800	650,909	655,678	694,910	714,314	775,280	802,389	826,460
Santa Barbara	905,611	929,442	977,924	990,759	997,851	1,013,615	987,542	1,011,556	1,132,001	1,215,482	1,297,179	1,400,552	1,442,570
Santa Cruz	579,725	607,172	638,596	660,528	675,872	696,599	683,903	707,306	754,883	819,336	879,115	932,708	960,690
Santa Monica	1,902,819	2,007,425	2,106,921	2,176,626	2,274,811	2,301,342	2,062,191	1,985,583	2,275,585	2,440,181	2,530,104	2,683,077	2,763,570
Visalia	425,402	455,159	474,743	486,940	509,425	530,238	521,633	563,741	620,411	652,608	690,821	780,464	803,880
<b>Total</b>	<b>11,556,443</b>	<b>11,986,752</b>	<b>12,662,643</b>	<b>13,177,894</b>	<b>13,884,423</b>	<b>14,699,647</b>	<b>14,245,854</b>	<b>14,625,633</b>	<b>16,100,399</b>	<b>17,564,897</b>	<b>19,096,223</b>	<b>20,432,923</b>	<b>21,045,920</b>

Data provided by ACCEL.

## Authority for California Cities Excess Liability

## Outstanding Liabilities for ULAE

	12/31/25	6/30/2026
(A) Selected ULAE Factor	3.5%	3.5%
(B) Provision for Unpaid ULAE :		
IBNR at 6/30/26	\$50,479,000	\$50,727,000
Half of Case Reserves at 6/30/26	32,095,000	31,817,000
Computation Base	\$82,574,000	\$82,544,000
Provision for Unpaid ULAE at 6/30/26	\$2,890,000	\$2,889,000
(C) Discount factor at 3.25%:	0.914	0.903
(D) Discounted Unpaid ULAE:	\$2,642,000	\$2,608,000
(E) 90% Confidence Level Factor:	1.622	1.622
(F) Discounted Unpaid ULAE at 90% Confidence Level:	4,286,000	4,231,000