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Tuesday, April 14, 2015

Mr. Herb Pike
Finance Director
Association of Bay Area Governments
101 Eighth Street
Oakland, CA 94607

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

Dear Mr. Pike:

As you requested, we have completed our review of ABAG's self-insured workers' compensation program (SHARP). Assuming an SIR of \$250,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2015-16 program year to be \$320,000. This amount includes allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of SHARP's claims, assuming a 3% return on investments per year. For budgeting purposes, the expected cost of 2015-16 claims translates to a rate of \$1.40 per \$100 payroll.

In addition, we estimate the program's liability for outstanding claims to be \$885,000 as of June 30, 2015, again including ALAE and ULAE, and discounted for anticipated investment income. Given estimated program assets of \$4,405,000 as of June 30, 2015, the program is funded well above the 85% confidence level (see Graph on Page 9.)

The \$885,000 estimate is the minimum liability to be booked by SHARP at June 30, 2015 in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SHARP to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

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Our conclusions regarding SHARP’s liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2015 are summarized in the table below.

ABAG SHARP
Self-Insured Workers’ Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2015
3% Discount Rate

	Expected	65% CL	Marginally Acceptable 70% CL	Recommended Range		
				Low 75% CL	Target 80% CL	High 85% CL
Loss and ALAE	\$1,024,000					
ULAE	31,000					
Investment Income Offset	(170,000)					
Discounted Loss and LAE	\$885,000	\$967,000	\$1,021,000	\$1,081,000	\$1,151,000	\$1,240,000
Available Funding	4,405,000					
Surplus or (Deficit)	\$3,520,000	\$3,438,000	\$3,384,000	\$3,324,000	\$3,254,000	\$3,165,000

The following table shows estimated liability for unpaid loss and LAE at various discount rate assumptions at the expected confidence level.

ABAG SHARP
Self-Insured Workers’ Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2015

Discount Rate	Outstanding Liability
2.0%	\$935,000
3.0%	\$885,000
4.0%	\$842,000

GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on the SHARP’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 margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level. We consider funding to the 70% confidence level to be marginally acceptable, and to the 90% confidence level to be conservative.

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The table below shows funding recommendations for SHARP for the 2015-16 fiscal year assuming a \$250,000 self-insured retention. We recommend that SHARP contribute between \$774,000 and \$890,000 during 2015-16.

**ABAG SHARP
Self-Insured Workers' Compensation Program
Funding Guidelines for 2015-16
Self-Insured Retention (SIR) of \$250,000
3% Discount Rate**

	Expected	65% CL	Marginally Acceptable 70% CL	Recommended Range		
				Low 75% CL	Target 80% CL	High 85% CL
Loss and ALAE	\$344,000					
ULAE	15,000					
Investment Income Offset	(39,000)					
Discounted Loss and LAE	\$320,000	\$363,000	\$401,000	\$444,000	\$496,000	\$560,000
Non-claims Related Expenses	98,000	98,000	98,000	98,000	98,000	98,000
Excess Insurance	227,000	227,000	227,000	227,000	227,000	227,000
Indicated Funding	\$645,000	\$688,000	\$726,000	\$769,000	\$821,000	\$885,000
Rate per \$100 of 2014-15 Payroll	\$2.82	\$3.01	\$3.17	\$3.36	\$3.59	\$3.87

The following table shows projected ultimate costs for loss and LAE for SHARP for the 2015-16 fiscal year assuming a \$250,000 self-insured retention at various discount rate assumptions at the expected confidence level.

**ABAG SHARP
Self-Insured Workers' Compensation Program
Loss & LAE for 2015-16
Self-Insured Retention (SIR) of \$250,000**

Discount Rate	Loss & LAE
2.0%	\$331,000
3.0%	320,000
4.0%	310,000

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2015. They are for losses, loss adjustment expenses, excess insurance premiums, and other expenses associated with the program.

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We provide the following allocation of deposit premiums, which include ultimate loss and ALAE, non-claims related expenses and excess insurance costs at the 60%, 65%, 70% and 75% confidence levels on a discounted basis assuming a 3% discount rate. This is shown in further detail on Rate Appendix O.

2015-16 Deposit Premiums to Members

	60% Confidence Level	65% Confidence Level	70% Confidence Level	75% Confidence Level
ABAG	\$58,362	\$60,611	\$63,125	\$65,969
Saratoga	147,692	155,553	164,339	174,281
Town of LAH	68,548	71,437	74,666	78,319
Town of Ross	115,408	121,240	127,760	135,137
American Canyon	263,990	279,158	296,111	315,294
Total	\$654,000	\$688,000	\$726,000	\$769,000

The following table displays a comparison of the deposit premium allocations from the prior report to the current report at 65% confidence level.

	Prior Report 2014-15 65% CL	Current Report 2015-16 65% CL	Change	Percent Change
ABAG	\$61,538	\$60,611	(\$927)	-1.5%
Saratoga	146,724	155,553	8,829	6.0%
Town of LAH	59,964	71,437	11,472	19.1%
Town of Ross	123,347	121,240	(2,106)	-1.7%
American Canyon	321,426	279,158	(42,268)	-13.1%
Total	\$713,000	\$688,000	(\$25,000)	-3.5%

The following table displays a comparison of premium rate per \$100 of payroll from the prior report to the current report at 65% confidence level.

	Prior Report 2014-15 65% CL	Current Report 2015-16 65% CL	Change	Percent Change
ABAG	\$0.854	\$0.910	\$0.056	6.5%
Saratoga	2.490	2.611	0.121	4.8%
Town of LAH	3.538	3.407	(0.131)	-3.7%
Town of Ross	6.324	6.266	(0.058)	-0.9%
American Canyon	5.251	4.476	(0.775)	-14.8%
Total	\$3.118	\$3.006	(\$0.113)	-3.6%

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The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863 and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for the SHARP's internal use. It is not intended for general circulation.

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

Sincerely,

Bickmore

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I. BACKGROUND

SHARP began its self-insured workers' compensation program on January 1, 1986. Its current self-insured retention is \$250,000. SHARP members jointly purchase excess coverage for workers compensation claims exceeding the SIR up to \$5 million provided by the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) and up to \$200 million provided by CSAC-EIA. The excess coverage for employer's liability claims are provided by LAWCX up to \$5 million. Claims administration services are provided by York Insurance Services Group. Additional background on the program is given in Reserves Appendix K.

As of June 30, 2015, SHARP expects to have available assets of \$4,405,000 for the program. Additional background on program funding is given in Reserves Appendix L.

Current SHARP membership includes the following:

- Association of Bay Area Governments
- City of Saratoga
- Town of Loss Altos Hills
- Town of Ross
- City of American Canyon

It should be noted that the Town of Ross's Fire Department withdrew from the pool effective July 1, 2012, while the City of American Canyon joined the pool effective July 1, 2012.

The purpose of this review is to provide a guide to SHARP to determine reasonable funding levels for its self-insurance program according to the funding policy SHARP has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SHARP's liability for outstanding claims as of June 30, 2015, project ultimate loss costs for 2015-16, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS AS OF JUNE 30, 2015

Graph 1 on the following page summarizes our assessment of SHARP's funding position as of June 30, 2015. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due. The horizontal line across the graph indicates SHARP 's available assets at June 30th.

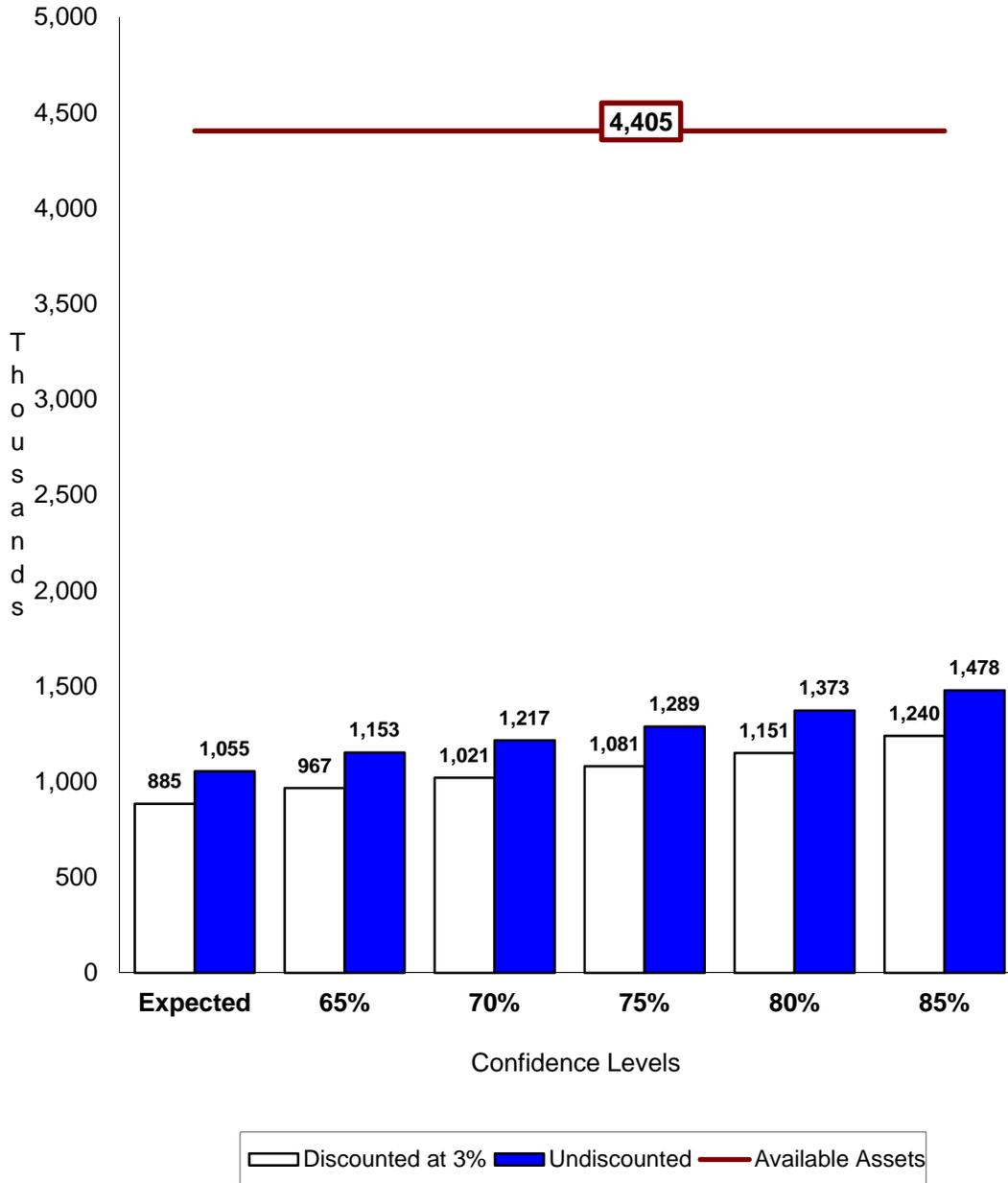
Our best estimate of the full value of the SHARP's liability for outstanding claims within its self-insured retention (SIR) is \$1,055,000 as of June 30, 2015. This amount includes losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs will be greater than the best estimate. We generally measure the amount of this margin by thinking in terms of the probability distribution of actual possible results around our best estimate. As the margin grows, the probability that the corresponding funding amount will be sufficient to meet actual claim liabilities increases. We typically refer to this probability as the "confidence level" of funding. Graph 1 shows the liabilities for outstanding claims at several confidence levels that are typically of interest to risk managers in formulating funding policies for self-insurance programs.

SHARP can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 3%, we estimate the impact of investment income earnings to be about 16.2% if the program is funded within the range indicated in the graph, resulting in a discounted liability for outstanding claims of \$885,000 as of June 30, 2015.

Investment income earnings will be less than this when the program does not maintain sufficient funding, and more when there is excess funding. Thus, thinking in terms of liabilities discounted for investment income can actually mask funding deficiencies and redundancies that might otherwise be obvious. However, the discounted liabilities do represent legitimate funding targets. The light-colored bars on Graph 1 show our estimates of SHARP's discounted liability for outstanding claims.

ABAG SHARP
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2015



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The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2015, before recognition of investment income.

SHARP
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2015

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2005-06	0	0	0
2006-07	0	0	0
2007-08	0	0	0
2008-09	84,421	31,676	116,097
2009-10	9,993	44,586	54,579
2010-11	254,274	17,259	271,533
2011-12	100,965	34,343	135,308
2012-13	42,948	132,893	175,841
2013-14	42,634	227,580	270,214
Loss and ALAE	\$535,235	\$488,337	\$1,023,572
ULAE		30,711	30,711
Total	\$535,235	\$519,048	\$1,054,283

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

As self-insurance programs have proliferated among public entities, it has become apparent that there is a large measure of inconsistency in the way in which these programs recognize and account for their claims costs. This is the result of the fact that there have been several different sources of guidance available, none of which has been completely relevant to public entity self-insurance programs.

According to the Governmental Accounting Standards Board (GASB), the most relevant source of guidance on the subject is Financial Accounting Standards Board Statement #60. A liability for unpaid claim costs, including all loss adjustment expenses, should be accrued at the time the self-insured events occur. This liability should include an allowance for incurred but not reported claims. It may be discounted for investment income at an appropriate rate of return, provided the discounting is disclosed. The regulations detailing the way in which this must be done are outlined in GASB's statements #10 and #30. These regulations are required to be applied by SHARP.

GASB #10 and #30 do not address funding requirements. They do, however, allow a range of funded amounts to be recognized for accounting purposes, specifically GASB #10 and #30 allow recognition of a funding margin for unexpectedly adverse loss experience. Thus, it is possible to formulate a funding policy from a range of alternatives all acceptable for accounting purposes. The uncertainty in any estimate of the program's liability for outstanding claims should be taken into consideration in determining funding policy, but it may be offset by recognizing anticipated investment income earnings. This usually means developing a funding program based on discounted claims costs with some margin for unexpected adverse loss experience.

The amount of the margin should be a question of long-term funding policy. We recommend that the margin be determined by thinking in terms of the probability that a given level of funding will prove to be adequate. For example, a reasonable goal might be to maintain a fund at the 85% confidence level.

A key factor to consider in determining funding policy is the degree to which stability is required in the level of contributions to the program from year to year. If you elect to fund at a low confidence level, the chances are much greater that future events will prove that additional contributions should have been made for current claims. The additional contributions for years by that time long past may be required at the same time that costs are increasing dramatically on then-current claims. The additional burden of funding increases on past years as well as current years may well be prohibitive.

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We generally recommend maintaining program funding at the 80% confidence level, after recognition of investment income, with a recommended range of the 75% to 85% confidence levels. We tend to think of the 70% confidence level as marginally acceptable and of the 90% confidence level as conservative. We recommend the 75% to 85% confidence level range because the probabilities are reasonably high that resulting funding will be sufficient to meet claim liabilities, yet the required margins are not so large that they will cause most self-insured entities to experience undue financial hardship. In addition, within this range, anticipated investment income generally offsets the required margin for the most part, which means that it is also reasonable to think of the liabilities as being stated on an undiscounted basis.

We also strongly believe, however, that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the assumptions underlying the actuarial analysis, the SHARP's other budgetary constraints, and the relative level of risk it is believed appropriate to assume. This means formulating both short- and long-term funding goals, which may be the same in some years, but different in others.

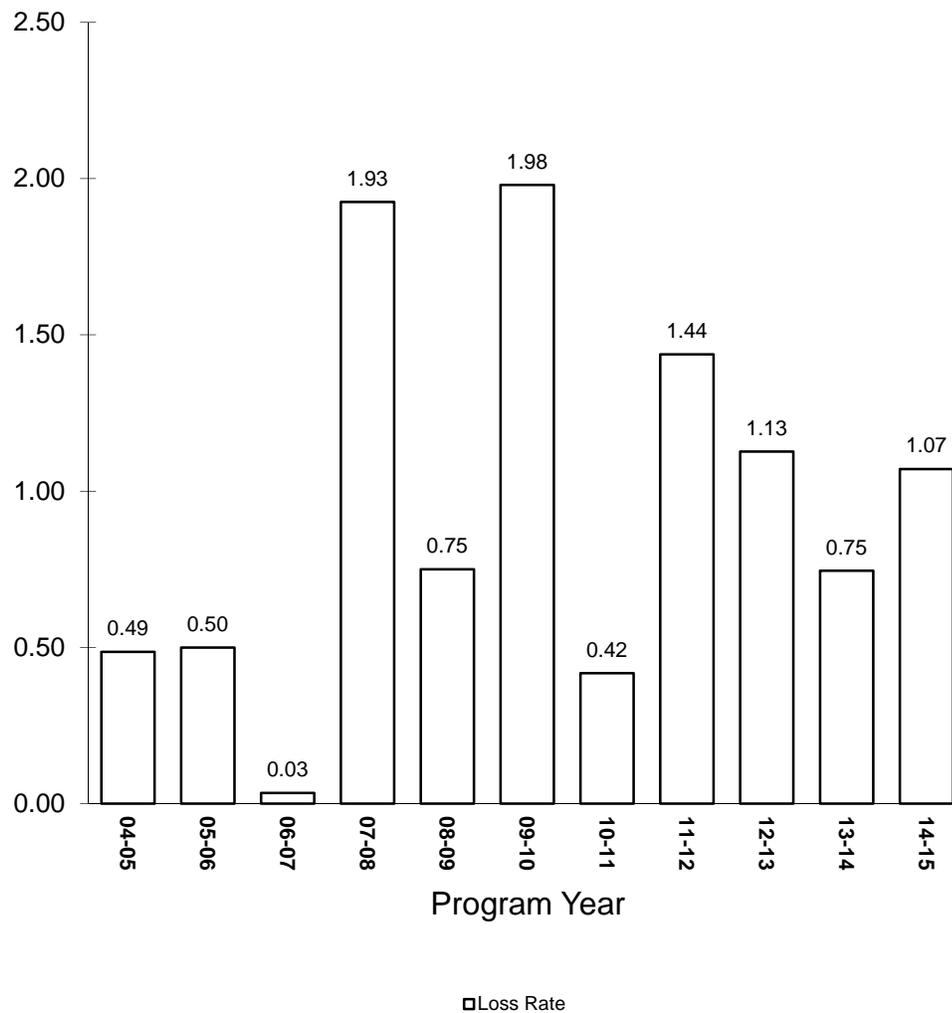
In general, we recommend that you fund each year's claims costs in that year. When surpluses or deficiencies have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained. We also recommend that you reduce surplus funding more slowly than you would accumulate funding to make up a deficiency.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

SHARP's losses per \$100 of payroll (based on losses limited to \$100,000 per occurrence), or loss rate, has varied substantially over the past ten years. The loss rate averaged \$0.34 in the period between 2004-05 and 2006-07. During the most recent six years, the average loss rate increased to \$1.08. Our current selection of \$1.07 for the 2014-15 year is based this upward trend.

Graph 2

ABAG SHARP - Workers' Compensation
Dollars of Loss per
\$100 of Payroll



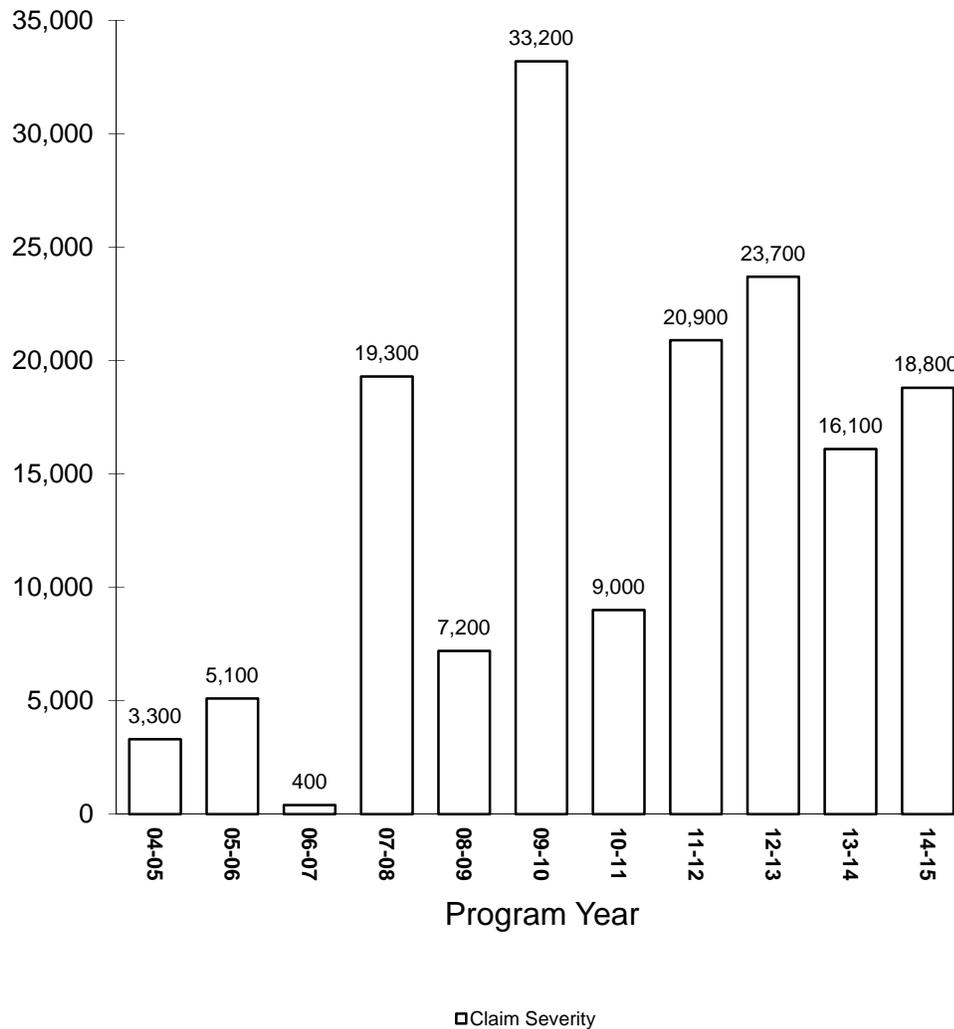
It should be noted that American Canyon's losses are included for 2007-08 and later years.

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Similar to the loss rate, SHARP's average cost per claim (based on losses limited to \$100,000 per occurrence), or severity, can be broken into a period of relatively low severity between 2004-05 and 2006-07, and relatively high severity between 2007-08 and 2013-14. Our selection for the 2014-15 year is \$18,800 based on this upward trend.

Graph 3

ABAG SHARP - Workers' Compensation
Dollars of Loss per Claim

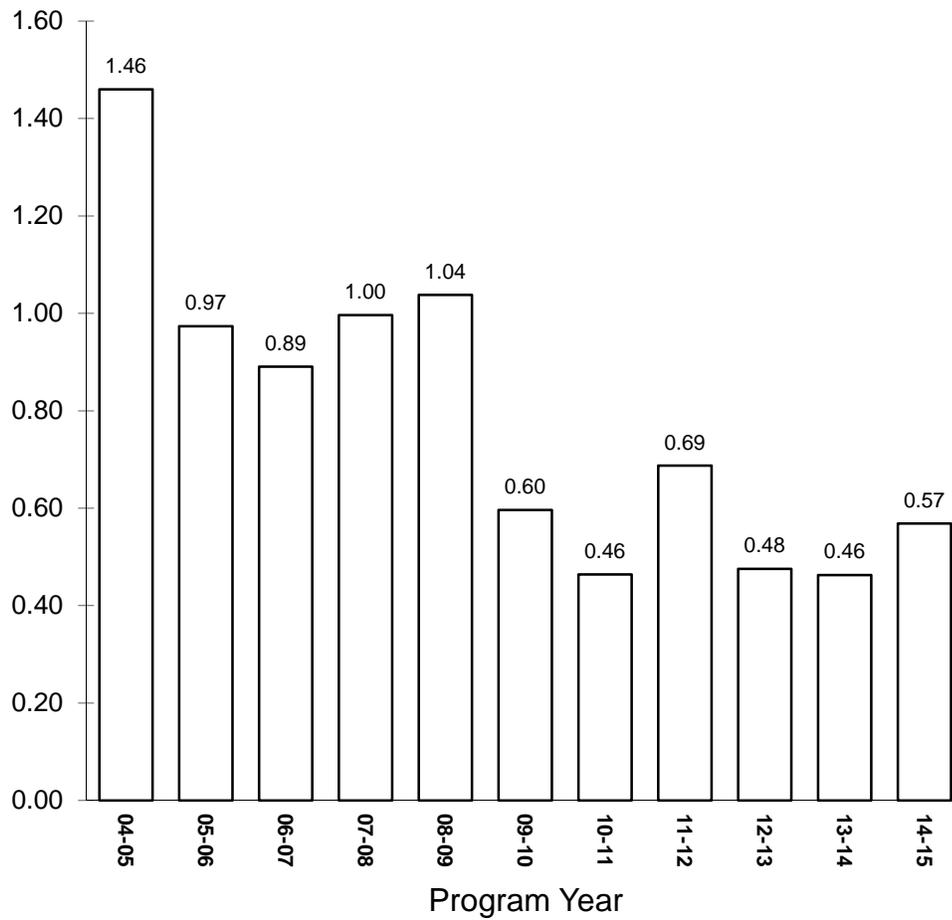


It should be noted that American Canyon's losses are included for 2007-08 and later years.

SHARP's number of claims per \$1 million of payroll, or frequency, has generally followed a decreasing trend. We selected a frequency of 0.57 per \$1 million of payroll for 2014-15 based on this decreasing trend.

Graph 4

ABAG SHARP - Workers' Compensation
Number of Claims per
\$1 Million of Payroll



□ Claim Frequency

D. COMPARISON WITH OUR PREVIOUS RESULTS

The most recent report for SHARP was dated May 20, 2014. In the table below we display actual versus expected development of incurred losses and ALAE by accident year since our prior report.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$1,463	\$1,463
2005-06	1,000	(15,690)	(16,690)
2006-07	0	0	0
2007-08	0	(65)	(65)
2008-09	0	0	0
2009-10	7,000	62,062	55,062
2010-11	9,000	(35,114)	(44,114)
2011-12	19,000	24,383	5,383
2012-13	62,000	94,800	32,800
2013-14	125,000	60,607	(64,393)
Total	\$223,000	\$192,446	(\$30,554)

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions in the prior report, it was expected that incurred losses would increase by \$223,000 between the two evaluation dates. However, actual development was \$192,000; or \$31,000 less than expected.

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In the table below we display actual versus expected development of paid losses and ALAE by accident year since our prior report.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$1,463	\$1,463
2005-06	6,000	0	(6,000)
2006-07	0	0	0
2007-08	0	(65)	(65)
2008-09	0	0	0
2009-10	14,000	16,005	2,005
2010-11	22,000	20,561	(1,439)
2011-12	91,000	13,247	(77,753)
2012-13	64,000	16,730	(47,270)
2013-14	98,000	20,411	(77,589)
Total	\$295,000	\$88,352	(\$206,648)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions in the prior report, it was expected that paid losses would increase by \$295,000 between the two evaluation dates. However, actual development was \$88,000; or \$207,000 less than expected.

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In the table below we display the change in our estimates of the program's ultimate losses and ALAE by accident year.

Change in Ultimate Loss and ALAE

Accident Year	Prior Report	Current Report	Change In Ultimate
1993-94	\$29,418	\$29,418	\$0
1994-95	125,740	125,740	0
1995-96	174,159	174,159	0
1996-97	22,093	22,093	0
1997-98	268,753	268,753	0
1998-99	157,580	157,580	0
1999-00	151,151	151,151	0
2000-01	1,156	1,156	0
2001-02	71,958	71,958	0
2002-03	31,362	31,362	0
2003-04	43,015	43,015	0
2004-05	58,395	59,858	1,463
2005-06	79,000	61,573	(17,427)
2006-07	4,599	4,599	0
2007-08	364,291	364,226	(65)
2008-09	115,576	115,576	0
2009-10	435,000	508,000	73,000
2010-11	134,000	116,000	(18,000)
2011-12	415,000	396,000	(19,000)
2012-13	250,000	230,000	(20,000)
2013-14	339,000	229,000	(110,000)
Total	\$3,271,246	\$3,161,217	(\$110,029)

As shown, overall we have decreased our estimated ultimates by \$110,000 since our prior report. The changes in ultimate losses track reasonably with the actual versus expected loss development mentioned previously.

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At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2014 to be \$766,000 at the discounted expected level. Our current estimate as of June 30, 2015 is \$885,000, an increase in our assessment of SHARP's outstanding liabilities, as shown below:

Outstanding Claim Liabilities

	Prior Report at June 30, 2014	Current Report at June 30, 2015	Change
(A) Case Reserves:	\$394,000	\$536,000	\$142,000
(B) IBNR Reserves:	406,000	488,000	82,000
(C) Claims Administration Reserves:	44,000	31,000	(13,000)
(D) Total Reserves:	\$844,000	\$1,055,000	\$211,000
(E) Offset for Investment Income:	(78,000)	(170,000)	(92,000)
(F) Total Outstanding Claim Liabilities:	\$766,000	\$885,000	\$119,000

As shown, our estimate of outstanding claims liabilities at the discounted expected level has increased between June 30, 2014 and June 30, 2015, as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by less than expected payment in the last twelve months. Reserves for future claims administration expenses are expected to be smaller, resulting in a \$211,000 increase in total claim reserves. The Investment income is expected to be higher. The net change due to the above factors is an overall increase of \$119,000 in our estimate of outstanding claim liabilities for loss and LAE.

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At the time of the prior report, available assets were estimated to be \$4,024,000 as of June 30, 2014, which corresponded to the then-estimated discounted liability for outstanding claims well above the 85% confidence level. Available assets are currently estimated to be \$4,405,000 as of June 30, 2015, which again corresponds to the currently estimated liability for outstanding claims well above the 85% confidence level. It can be summarized as follows:

Funding Margin

	Prior Report at June 30, 2014	Current Report at June 30, 2015	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$766,000	\$885,000	\$119,000
(B) Estimated Assets At June 30:	4,024,000	4,405,000	381,000
(C) Surplus/(Deficit):	\$3,258,000	\$3,520,000	\$262,000

As you can see, our estimate of the program's funding margin at the discounted expected confidence level has increased by \$262,000 between June 30, 2014 (as previously estimated) and June 30, 2015 (as currently estimated) at the discounted expected level. This is driven by an increase in estimated fund assets between the two points, partially offset by an increase in the estimated outstanding liability.

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At the time of the prior report, our funding estimate for the 2014-15 year was \$372,000 at the discounted expected level. That amount included allocated loss adjustment expenses (ALAE), unallocated loss adjustment expenses (ULAE), and a discount for anticipated investment income. Our current estimate for the 2015-16 year is \$320,000 at the discounted expected level, a decrease in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2014-15 SIR = \$250,000	Current Report 2015-16 SIR = \$250,000	Change
(A) Ultimate Loss and ALAE:	\$382,000	\$344,000	(\$38,000)
(B) Ultimate Claims Administration (ULAE):	24,000	15,000	(9,000)
(C) Total Claim Costs:	\$406,000	\$359,000	(\$47,000)
(D) Offset for Investment Income:	(34,000)	(39,000)	(5,000)
(E) Total Recommended Funding:	\$372,000	\$320,000	(\$52,000)
(F) Funding per \$100 of Payroll:	\$1.63	\$1.40	(\$0.23)

As you can see, our funding recommendations at the discounted expected level have decreased between 2014-15 and 2015-16, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have decreased by \$38,000, primarily due to aforementioned favorable loss. In addition, claims administration costs are expected to be slightly smaller, resulting in an overall decrease in total claim costs of \$47,000. The offset for investment income is expected to be greater due to change in assumed paid development. The net change due to the above factors is an overall decrease of \$52,000 in our annual funding estimate for loss and LAE. As shown, the resulting funding rate per \$100 of payroll has decreased to \$1.40 per \$100 of payroll, a 14.1% decrease.

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E. DATA ISSUES

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$250,000 per occurrence for 2015-16 (See Reserves Appendix K).
- We estimated the 6/30/2015 asset balance starting with the 12/31/2014 asset balance, and adjusting for anticipated revenue and expense for the remainder of the fiscal year (see Reserves Appendix L).
- We received loss data evaluated as of 12/31/2014 (See Reserves Appendix M). We also utilized the data from SHARP's most recent actuarial study for our assessment of loss development.
- We have assumed payroll for 2015-16 will be \$22,888,576 based upon information provided by SHARP (See Reserves Appendix N).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by SHARP. We have accepted all of this information without audit. We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entities with self-insured workers' compensation programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California public entities with self-insured workers' compensation programs in the aggregate form a reasonable basis of comparison to the patterns from SHARP's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial reviews of other California public entities with self-insured workers' compensation programs.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the cost of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.

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- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California. See Reserves Appendix E for a display of the benefit level cost indices by fiscal year.
- We have assumed that the loss rate trend associated with claim costs increases at 0.5% per year. We have assumed that claim severity increases at 2.5% per year, and that claim frequency decreases at 2.0% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- At SHARP's instruction, we have assumed that assets held for investment will generate an average annual return of 3% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by SHARP.
- Our funding recommendations do not include provision for catastrophic events not in SHARP's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than the SHARP's excess coverage.
- SHARP's assets available for the program are expected to be \$4,405,000 as of June 30, 2015 for use in this report. This is shown in further detail in Reserves Appendix L.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of workers' compensation benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

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Loss Rate - Ultimate losses per \$100 payroll.

Non-Claims Related Expenses – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2015

(A) Estimated Ultimate Losses Incurred through 6/30/15: (From Reserves Appendix G)	\$3,485,000
(B) Estimated Paid Losses through 6/30/15: (From Reserves Appendix G)	2,462,000
(C) Estimated Liability for Claims Outstanding at 6/30/15: (From Reserves Appendix G)	<u>\$1,024,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/15: (From Reserves Appendix F)	31,000
(E) Total Outstanding Liability for Claims at 6/30/15: ((C) + (D))	<u>\$1,055,000</u>
(F) Reserve Discount Factor (Reserves Appendix I, , (H))	0.839
(G) Discounted Outstanding Liability for Claims at 6/30/15: ((E) x (F))	<u>\$885,000</u>

Confidence Level of Adequacy:	Marginally Acceptable		Recommended		
	65%	70%	75%	80%	85%
(H) Confidence Level Factor: (From Reserves Appendix J)	1.093	1.154	1.222	1.301	1.401
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	82,000	136,000	196,000	266,000	355,000
(J) Total Required Available Funding at 6/30/15: ((G) + (I))	<u>\$967,000</u>	<u>\$1,021,000</u>	<u>\$1,081,000</u>	<u>\$1,151,000</u>	<u>\$1,240,000</u>
(K) Estimated Actual Funding at 6/30/15: (From Reserves Appendix L)	\$4,405,000	\$4,405,000	\$4,405,000	\$4,405,000	\$4,405,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K)-(J))	<u>\$3,438,000</u>	<u>\$3,384,000</u>	<u>\$3,324,000</u>	<u>\$3,254,000</u>	<u>\$3,165,000</u>

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Funding Options for Program Year 2015-2016 (SIR = \$250,000)
One-Year Funding Plan

	Marginally Acceptable		Recommended		
	65%	70%	75%	80%	85%
(A) Estimated Ultimate Losses Incurred in Accident Year 2015-2016: (From Appendix G)					
(B) Estimated Claims Administration Fees Incurred in Accident Year 2015-2016: (From Rate Exhibit 3, Page 1, item (L))					
(C) Total Claims Costs Incurred in Accident Year 2015-2016: ((A) + (B))					
(D) Loss Discount Factor: (Rate Appendix I, , (F))					
(E) Discounted Total Claims Costs Incurred in Accident Year 2015-2016: ((C) x (D))					
(F) Confidence Level Factor: (From Rate Appendix J)	1.135	1.253	1.389	1.549	1.750
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	43,000	81,000	124,000	176,000	240,000
(H) Recommended Funding in 2015-2016 for Claims Costs and Other Expenses ((E) + (G))	\$363,000	\$401,000	\$444,000	\$496,000	\$560,000
(I) Budgeted Non Claims Related Expenses (Provided by ABAG)	98,000	98,000	98,000	98,000	98,000
(J) Budgeted Excess Insurance (Provided by ABAG)	227,000	227,000	227,000	227,000	227,000
(K) Recommended Funding Including Recognition of the June 30, 2015 Redundancy/(Deficiency): ((H) + (I) + (J))	\$688,000	\$726,000	\$769,000	\$821,000	\$885,000
(L) Rate per \$100 of payroll: ((K) / \$228,886)	\$3.006	\$3.172	\$3.360	\$3.587	\$3.867

Payroll rates are per hundred dollars of 2015-2016 payroll of \$22,888,600.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

IBNR as of 6/30/15 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/14 (B)	Estimated IBNR as of 12/31/2014 (C)	Estimated Percent of IBNR Reported Between 1/1/15 and 6/30/2015 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/2015 (F)
1993-1994	\$29,418	\$29,418	\$0	12.4%	\$0	\$0
1994-1995	125,740	125,740	0	9.9%	0	0
1995-1996	174,159	174,159	0	15.2%	0	0
1996-1997	22,093	22,093	0	11.6%	0	0
1997-1998	268,753	268,753	0	9.3%	0	0
1998-1999	157,580	157,580	0	11.3%	0	0
1999-2000	151,151	151,151	0	9.1%	0	0
2000-2001	1,156	1,156	0	-30.8%	0	0
2001-2002	71,958	71,958	0	8.9%	0	0
2002-2003	31,362	31,362	0	9.2%	0	0
2003-2004	43,015	43,015	0	9.4%	0	0
2004-2005	59,858	59,858	0	7.8%	0	0
2005-2006	61,573	61,573	0	8.5%	0	0
2006-2007	4,599	4,599	0	8.7%	0	0
2007-2008	364,226	364,226	0	8.6%	0	0
2008-2009	115,576	115,576	0	25.9%	0	0
2009-2010	508,000	472,324	35,676	10.2%	4,000	31,676
2010-2011	116,000	66,414	49,586	9.5%	5,000	44,586
2011-2012	396,000	376,741	19,259	9.7%	2,000	17,259
2012-2013	230,000	189,657	40,343	14.3%	6,000	34,343
2013-2014	229,000	62,107	166,893	20.5%	34,000	132,893
2014-2015	324,000	47,420	115,000	17.6%	49,000	227,580
Totals	\$3,485,217	\$2,896,880	\$426,757		\$100,000	\$488,337

Notes:

- (A) From Reserves Exhibit 4, Page 1.
- (B) Provided by ABAG. These losses exclude amounts incurred above the Pool's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/15 and 6/30/15. The percentage is based on the development pattern selected in Reserves Appendix A.
- (E) (C) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/15. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Ultimate Program Losses Adjusted For Expected Impact of Legislation

Accident Year	Pre-Ruling Selected Ultimate (A)	Paid Losses as of 12/31/14 (B)	Outstanding Losses as of 12/31/2014 (C)	Percentage Impact From Legislation (D)	Post-Ruling Adjusted Ultimate (E)
1993-1994	29,418	29,418		0.00%	\$29,418
1994-1995	125,740	125,740		0.00%	125,740
1995-1996	174,159	174,159		0.00%	174,159
1996-1997	22,093	22,093		0.00%	22,093
1997-1998	268,753	268,753		0.00%	268,753
1998-1999	157,580	157,580		0.00%	157,580
1999-2000	151,151	151,151		0.00%	151,151
2000-2001	1,156	1,156		0.00%	1,156
2001-2002	71,958	71,958		0.00%	71,958
2002-2003	31,362	31,362		0.00%	31,362
2003-2004	43,015	43,015		0.00%	43,015
2004-2005	59,858	59,858		0.00%	59,858
2005-2006	61,573	61,573		0.00%	61,573
2006-2007	4,599	4,599		0.00%	4,599
2007-2008	364,226	364,226		0.00%	364,226
2008-2009	115,576	115,576		0.00%	115,576
2009-2010	508,000	382,354	125,646	0.00%	508,000
2010-2011	116,000	56,481	59,519	0.00%	116,000
2011-2012	396,000	94,297	301,703	0.00%	396,000
2012-2013	230,000	72,665	157,335	0.00%	230,000
2013-2014	229,000	20,411	208,589	0.00%	229,000
Totals	\$3,161,217	\$2,308,425	\$852,792		\$3,161,217
2014-2015	\$324,000	\$7,219	\$316,781	0.00%	\$324,000
2015-2016	344,000	0	344,000	0.00%	344,000

Notes:

- (A) From Reserves Exhibit 4, Page 2.
- (B) Provided by ABAG.
- (C) (A) - (B).
- (D) Based on WCIRB Estimated Impact of SB863.
Trending includes the estimated impact of these rulings for forecast years.
- (E) (B) + (C) * [1 + (D)].

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Estimated Ultimate Limited Losses Capped at \$100,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
1993-1994	\$29,418	\$29,418	\$29,418	\$29,418	\$29,421	\$29,418
1994-1995	125,740	125,740	125,740	125,740	125,730	125,740
1995-1996	173,204	173,204	173,204	173,204	173,206	173,204
1996-1997	22,093	22,093	22,093	22,093	22,087	22,093
1997-1998	168,856	168,856	168,856	168,856	168,864	168,856
1998-1999	157,580	157,580	157,580	157,580	157,586	157,580
1999-2000	151,151	151,151	151,151	151,151	151,151	151,151
2000-2001	1,156	1,156	1,156	1,156	1,155	1,156
2001-2002	71,958	72,030	71,958	72,030	71,960	71,958
2002-2003	31,362	31,456	31,362	31,456	31,360	31,362
2003-2004	43,058	43,230	43,058	43,230	43,020	43,015
2004-2005	60,038	60,337	60,037	60,336	59,850	59,858
2005-2006	61,942	62,312	61,942	62,312	61,572	61,573
2006-2007	4,645	4,677	4,645	4,677	4,596	4,599
2007-2008	294,129	297,606	294,128	297,316	289,785	289,782
2008-2009	118,465	119,852	118,348	119,734	115,584	115,576
2009-2010	331,638	253,152	323,834	248,130	100,840	332,000
2010-2011	71,926	62,468	80,191	73,658	86,816	72,000
2011-2012	255,310	112,591	246,768	123,265	134,292	251,000
2012-2013	239,157	106,309	233,863	140,148	116,020	237,000
2013-2014	121,419	49,272	170,819	150,954	123,260	161,000
Totals						\$2,559,921

Notes:

- (A) From Reserves Appendix A, Page 1, Column (D).
- (B) From Reserves Appendix B, Page 1, Column (D).
- (C) Based on results in Reserves Appendix C, Page 1.
- (D) Based on results in Reserves Appendix C, Page 2.
- (E) Based on results in Reserves Appendix D, Page 1.
- (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.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/14 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 12/31/14 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1993-1994	\$29,418	1.000	\$29,418	\$29,418	1.008	\$29,653
1994-1995	125,740	1.000	125,740	125,740	1.010	126,997
1995-1996	173,204	1.000	173,204	174,159	1.013	176,423
1996-1997	22,093	1.000	22,093	22,093	1.017	22,469
1997-1998	168,856	1.000	168,856	268,753	1.021	274,397
1998-1999	157,580	1.000	157,580	157,580	1.026	161,677
1999-2000	151,151	1.000	151,151	151,151	1.032	155,988
2000-2001	1,156	1.000	1,156	1,156	1.019	1,178
2001-2002	71,958	1.000	71,958	71,958	1.022	73,541
2002-2003	31,362	1.000	31,362	31,362	1.026	32,177
2003-2004	43,015	1.001	43,058	43,015	1.031	44,348
2004-2005	59,858	1.003	60,038	59,858	1.037	62,073
2005-2006	61,573	1.006	61,942	61,573	1.045	64,344
2006-2007	4,599	1.010	4,645	4,599	1.055	4,852
2007-2008	289,782	1.015	294,129	364,226	1.066	388,265
2008-2009	115,576	1.025	118,465	115,576	1.147	132,566
2009-2010	315,545	1.051	331,638	472,324	1.193	563,483
2010-2011	66,414	1.083	71,926	66,414	1.250	83,018
2011-2012	226,741	1.126	255,310	376,741	1.329	500,689
2012-2013	189,657	1.261	239,157	189,657	1.531	290,365
2013-2014	62,107	1.955	121,419	62,107	2.423	150,485
Totals	\$2,367,385		\$2,534,245	\$2,849,460		\$3,338,988

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by ABAG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Reserves Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Pool's SIR. Amounts are provided by ABAG.
- (F) Derived from factors on Reserves Appendix A, Page 4.
- (G) (E) x (F).

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1993-1994								29,418	29,418	29,418	29,418
1994-1995							125,740	125,740	125,740	125,740	125,740
1995-1996						112,215	173,204	173,204	173,204	173,204	173,204
1996-1997					22,093	22,093	22,093	22,093	22,093	22,093	22,093
1997-1998				151,570	176,261	176,261	213,461	213,461	213,758	213,758	210,276
1998-1999			93,745	184,228	170,247	167,614	178,754	157,580	157,580	157,580	157,580
1999-2000		36,996	136,671	166,960	225,795	151,511	136,825	176,624	176,539	176,539	169,094
2000-2001	7,008	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	4,000	34,571	54,988	85,865	96,528	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	60,703	37,505	58,423	40,447	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	9,288	62,237	61,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	40,746	66,443	77,832	86,799	67,911	67,911	67,911	67,911	121,845	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	17,133	76,025	77,263	77,263	61,573	
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599		
2007-2008	48,542	142,627	303,952	297,751	289,654	289,654	289,782	289,782			
2008-2009	25,267	105,061	115,373	130,560	150,116	115,576	115,576				
2009-2010	33,372	241,819	265,864	298,131	266,057	315,545					
2010-2011	2,992	20,124	87,062	101,528	66,414						
2011-2012	56,920	103,910	202,358	226,741							
2012-2013	74,101	94,857	189,657								
2013-2014	1,500	62,107									
2014-2015	47,420										

Reported Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1993-1994								1.000	1.000	1.000	1.000
1994-1995							1.000	1.000	1.000	1.000	1.000
1995-1996						1.544	1.000	1.000	1.000	1.000	1.000
1996-1997					1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.163	1.000	1.211	1.000	1.001	1.000	0.984	0.794
1998-1999			1.965	0.924	0.985	1.066	0.882	1.000	1.000	1.000	1.000
1999-2000		3.694	1.222	1.352	0.671	0.903	1.291	1.000	1.000	0.958	0.894
2000-2001	1.074	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	8.643	1.591	1.562	1.124	0.745	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	0.618	1.558	0.692	0.775	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	6.701	0.995	0.694	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.631	1.171	1.115	0.782	1.000	1.000	1.000	1.794	0.479	1.025	
2005-2006	12.471	1.147	1.033	1.000	1.779	4.437	1.016	1.000	0.797		
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000			
2007-2008	2.938	2.131	0.980	0.973	1.000	1.000	1.000				
2008-2009	4.158	1.098	1.132	1.150	0.770	1.000					
2009-2010	7.246	1.099	1.121	0.892	1.186						
2010-2011	6.726	4.326	1.166	0.654							
2011-2012	1.826	1.947	1.120								
2012-2013	1.280	1.999									
2013-2014	41.405										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average Dollar-weighted Averages	7.141	1.715	1.129	0.985	1.010	1.297	1.014	1.057	0.944	0.997	0.972
3-yr	1.969	2.189	1.128	0.910	1.021	1.000	1.003	1.360	0.673	1.011	1.000
4-yr	2.074	1.617	1.129	0.933	1.021	1.138	1.003	1.280	0.711	1.007	1.000
Comparative Factors	2.729	1.231	1.056	1.015	1.009	1.007	1.007	1.007	1.007	1.006	1.006
Prior	4.000	1.450	1.100	1.040	1.030	1.025	1.010	1.005	1.004	1.003	1.002
Selected	4.500	1.550	1.120	1.040	1.030	1.025	1.010	1.005	1.004	1.003	1.002
Cumulated	8.798	1.955	1.261	1.126	1.083	1.051	1.025	1.015	1.010	1.006	1.003

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported Loss Development

Limited Losses Reported as of:

Accident Year	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
1993-1994	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418
1994-1995	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740
1995-1996	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	
1996-1997	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093			
1997-1998	166,873	167,718	177,718	168,856	168,856	168,856	168,856				
1998-1999	157,580	157,580	157,580	157,580	157,580	157,580					
1999-2000	151,151	151,151	151,151	151,151	151,151						
2000-2001	1,156	1,156	1,156	1,156							
2001-2002	71,958	71,958	71,958								
2002-2003	31,362	31,362									
2003-2004	43,015										
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
1993-1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1994-1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995-1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1996-1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1997-1998	1.005	1.060	0.950	1.000	1.000	1.000					
1998-1999	1.000	1.000	1.000	1.000	1.000						
1999-2000	1.000	1.000	1.000	1.000							
2000-2001	1.000	1.000	1.000								
2001-2002	1.000	1.000									
2002-2003	1.000										
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
Average Dollar-weighted Averages	1.001	1.007	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	0.982	1.000	1.000	1.000	1.000				
Comparative Factors	1.006	1.006	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.001	1.010
Prior	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Selected	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1997-1998				31,231	121,231	295,312	295,312	279,463	149,508	99,896	99,896
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			166,735	232,304	248,877	262,862	136,643	136,578			
2008-2009			5,512	5,419	40,360						
2009-2010		9,367	10,000	162,185	144,205	156,779					
2010-2011											
2011-2012			163,501	174,416							
2012-2013											
2013-2014											
2014-2015											

	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1997-1998				3.882	2.436	1.000	0.946	0.535	0.668	1.000	1.000
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			1.393	1.071	1.056	0.520	1.000				
2008-2009			0.983	7.448							
2009-2010		1.068	16.219	0.889	1.087						
2010-2011											
2011-2012			1.067								
2012-2013											
2013-2014											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average Dollar-weighted Averages		1.068	4.916	3.323	1.526	0.760	0.982	0.768	0.834	1.000	1.000
3-yr											
4-yr											
Comparative Factors	3.803	1.969	1.475	1.253	1.158	1.126	1.102	1.084	1.069	1.054	1.048
Prior	3.895	2.295	1.626	1.342	1.210	1.118	1.090	1.074	1.045	1.035	1.025
Selected	3.803	1.969	1.475	1.253	1.158	1.126	1.102	1.084	1.069	1.054	1.048
Cumulated	35.292	9.280	4.713	3.195	2.550	2.202	1.956	1.775	1.637	1.531	1.453

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	Losses Reported as of:								
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months
1997-1998	99,896	99,896	99,896	99,896	99,896	99,896	99,896	99,896	
1998-1999									
1999-2000									
2000-2001									
2001-2002									
2002-2003									
2003-2004									
2004-2005									
2005-2006									
2006-2007									
2007-2008									
2008-2009									
2009-2010									
2010-2011									
2011-2012									
2012-2013									
2013-2014									
2014-2015									
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months
1997-1998	1.000	1.000	1.000	1.000	1.000	1.000			
1998-1999									
1999-2000									
2000-2001									
2001-2002									
2002-2003									
2003-2004									
2004-2005									
2005-2006									
2006-2007									
2007-2008									
2008-2009									
2009-2010									
2010-2011									
2011-2012									
2012-2013									
2013-2014									
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr									
4-yr									
Comparative Factors	1.043	1.037	1.034	1.032	1.031	1.027	1.023	1.020	1.087
Prior	1.020	1.015	1.010	1.005	1.000	1.000	1.000	1.000	1.000
Selected	1.043	1.037	1.034	1.032	1.031	1.027	1.023	1.020	1.087
Cumulated	1.386	1.329	1.282	1.240	1.202	1.166	1.135	1.109	1.087

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/14 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 12/31/14 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1993-1994	\$29,418	1.000	\$29,418	\$29,418	1.042	\$30,654
1994-1995	125,740	1.000	125,740	125,740	1.045	131,398
1995-1996	173,204	1.000	173,204	174,159	1.051	183,041
1996-1997	22,093	1.000	22,093	22,093	1.056	23,330
1997-1998	168,856	1.000	168,856	268,753	1.063	285,684
1998-1999	157,580	1.000	157,580	157,580	1.069	168,453
1999-2000	151,151	1.000	151,151	151,151	1.076	162,638
2000-2001	1,156	1.000	1,156	1,156	1.042	1,205
2001-2002	71,958	1.001	72,030	71,958	1.048	75,412
2002-2003	31,362	1.003	31,456	31,362	1.054	33,056
2003-2004	43,015	1.005	43,230	43,015	1.061	45,639
2004-2005	59,858	1.008	60,337	59,858	1.069	63,988
2005-2006	61,573	1.012	62,312	61,573	1.080	66,499
2006-2007	4,599	1.017	4,677	4,599	1.092	5,022
2007-2008	289,782	1.027	297,606	364,226	1.110	404,291
2008-2009	115,576	1.037	119,852	115,576	1.236	142,852
2009-2010	238,149	1.063	253,152	382,354	1.291	493,619
2010-2011	56,481	1.106	62,468	56,481	1.370	77,379
2011-2012	94,297	1.194	112,591	94,297	1.509	142,294
2012-2013	72,665	1.463	106,309	72,665	1.884	136,901
2013-2014	20,411	2.414	49,272	20,411	3.156	64,417
Totals	\$1,988,924		\$2,104,490	\$2,308,425		\$2,737,772

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by ABAG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Reserves Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Pool's SIR. Amounts are provided by ABAG.
- (F) Derived from factors on Reserves Appendix B, Page 4.
- (G) (E) x (F).

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1993-1994								29,418	29,418	29,418	29,418
1994-1995							125,740	125,740	125,740	125,740	125,740
1995-1996						112,215	173,204	173,204	173,204	173,204	173,204
1996-1997					22,093	22,093	22,093	22,093	22,093	22,093	22,093
1997-1998				148,284	151,806	155,641	158,091	161,966	163,147	166,697	166,873
1998-1999			96,625	100,972	132,955	143,401	147,580	157,580	157,580	157,580	157,580
1999-2000		26,971	107,159	123,676	130,316	131,825	131,874	148,265	150,264	151,151	151,151
2000-2001	7,023	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	189	15,371	27,283	51,351	53,232	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	3,746	19,404	27,715	30,275	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	2,447	33,483	42,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	14,656	32,711	45,871	46,987	47,612	47,852	47,855	50,938	56,191	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	9,633	54,718	61,573	61,573	61,573	
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599		
2007-2008	2,392	63,598	261,957	289,654	289,654	289,654	289,782				
2008-2009	2,772	87,203	91,399	102,811	115,576	115,576	115,576				
2009-2010	9,490	73,649	93,054	182,921	222,144	238,149					
2010-2011	2,992	14,792	26,633	35,920	56,481						
2011-2012	35,690	57,935	81,050	94,297							
2012-2013	11,780	55,935	72,665								
2013-2014		20,411									
2014-2015	7,219										

	<u>Paid Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1993-1994								1.000	1.000	1.000	1.000
1994-1995							1.000	1.000	1.000	1.000	1.000
1995-1996						1.544	1.000	1.000	1.000	1.000	1.000
1996-1997					1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.024	1.025	1.016	1.025	1.007	1.022	1.001	1.000
1998-1999			1.045	1.317	1.079	1.029	1.068	1.000	1.000	1.000	1.000
1999-2000		3.973	1.154	1.054	1.012	1.000	1.124	1.013	1.006	1.000	1.000
2000-2001	1.072	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	81.492	1.775	1.882	1.037	1.352	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	5.180	1.428	1.092	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	13.683	1.283	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.232	1.402	1.024	1.013	1.005	1.000	1.064	1.103	1.039	1.025	
2005-2006	12.471	1.147	1.033	1.000	1.000	5.680	1.125	1.000	1.000		
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000			
2007-2008	26.588	4.119	1.106	1.000	1.000	1.000	1.000				
2008-2009	31.459	1.048	1.125	1.124	1.000	1.000					
2009-2010	7.761	1.263	1.966	1.214	1.072						
2010-2011	4.944	1.801	1.349	1.572							
2011-2012	1.623	1.399	1.163								
2012-2013	4.748	1.299									
2013-2014											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	15.116	1.657	1.210	1.099	1.039	1.376	1.029	1.009	1.005	1.002	1.000
Dollar-weighted Averages											
3-yr		1.402	1.560	1.226	1.026	1.000	1.020	1.045	1.014	1.011	1.000
4-yr		1.351	1.424	1.119	1.025	1.108	1.025	1.033	1.011	1.007	1.000
Comparative Factors											
Prior	3.604	1.651	1.223	1.113	1.072	1.046	1.034	1.028	1.018	1.014	1.013
Selected	10.000	1.700	1.200	1.070	1.030	1.025	1.010	1.010	1.005	1.004	1.003
Cumulated	10.000	1.650	1.225	1.080	1.040	1.025	1.010	1.010	1.005	1.004	1.003
	24.140	2.414	1.463	1.194	1.106	1.063	1.037	1.027	1.017	1.012	1.008

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid Loss Development

Limited Losses Paid as of:

Accident Year	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
1993-1994	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418
1994-1995	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740
1995-1996	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204
1996-1997	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093
1997-1998	166,873	167,718	168,611	168,856	168,856	168,856	168,856	168,856	168,856	168,856	168,856
1998-1999	157,580	157,580	157,580	157,580	157,580	157,580	157,580	157,580	157,580	157,580	157,580
1999-2000	151,151	151,151	151,151	151,151	151,151	151,151	151,151	151,151	151,151	151,151	151,151
2000-2001	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	31,362	31,362	31,362	31,362	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
1993-1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994-1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995-1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996-1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998	1.005	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998-1999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999-2000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000-2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013-2014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
Average	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-weighted Averages											
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors											
Prior	1.013	1.011	1.010	1.008	1.008	1.006	1.006	1.006	1.006	1.003	1.030
Selected	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	1.005	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1997-1998				67,024	77,686	90,166	95,651	100,799	102,337	99,896	99,896
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			23,565	126,631	113,197	128,886	136,643	136,578			
2008-2009											
2009-2010				144,205	144,205	144,205					
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											

	<u>Paid Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1997-1998				1.159	1.161	1.061	1.054	1.015	0.976	1.000	1.000
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			5.374	0.894	1.139	1.060	1.000				
2008-2009											
2009-2010				1.000	1.000						
2010-2011											
2011-2012											
2012-2013											
2013-2014											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average Dollar-weighted Averages			5.374	1.018	1.100	1.061	1.018	1.008	0.988	1.000	1.000
3-yr											
4-yr											
Comparative Factors	5.508	2.945	2.004	1.586	1.379	1.265	1.202	1.150	1.117	1.097	1.077
Prior	4.503	3.111	2.662	2.047	1.623	1.380	1.272	1.208	1.135	1.090	1.060
Selected	5.508	2.945	2.004	1.586	1.379	1.265	1.202	1.150	1.117	1.097	1.077
Cumulated	334.303	60.694	20.609	10.284	6.484	4.702	3.717	3.092	2.689	2.407	2.194

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	Losses Paid as of:								
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months
1997-1998	99,896	99,896	99,896	99,896	99,896	99,896	99,896	99,896	
1998-1999									
1999-2000									
2000-2001									
2001-2002									
2002-2003									
2003-2004									
2004-2005									
2005-2006									
2006-2007									
2007-2008									
2008-2009									
2009-2010									
2010-2011									
2011-2012									
2012-2013									
2013-2014									
2014-2015									
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months
1997-1998	1.000	1.000	1.000	1.000	1.000	1.000			
1998-1999									
1999-2000									
2000-2001									
2001-2002									
2002-2003									
2003-2004									
2004-2005									
2005-2006									
2006-2007									
2007-2008									
2008-2009									
2009-2010									
2010-2011									
2011-2012									
2012-2013									
2013-2014									
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr									
4-yr									
Comparative Factors	1.065	1.058	1.055	1.052	1.042	1.035	1.035	1.033	1.412
Prior	1.040	1.030	1.020	1.010	1.000	1.000	1.000	1.000	1.000
Selected	1.065	1.058	1.055	1.052	1.042	1.035	1.035	1.033	1.412
Cumulated	2.037	1.913	1.808	1.714	1.629	1.563	1.510	1.459	1.412

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/14 (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)
1993-1994	\$106,179	\$29,418	1.008	0.008	\$0.328	\$279	\$29,697
1994-1995	103,587	125,740	1.010	0.010	1.447	1,499	127,239
1995-1996	108,005	174,159	1.013	0.013	1.922	2,699	176,858
1996-1997	100,720	22,093	1.017	0.017	0.264	452	22,545
1997-1998	98,265	268,753	1.021	0.021	2.081	4,294	273,047
1998-1999	101,522	157,580	1.026	0.025	1.890	4,797	162,377
1999-2000	114,055	151,151	1.032	0.031	1.623	5,738	156,889
2000-2001	117,984	1,156	1.019	0.019	0.011	25	1,181
2001-2002	134,181	71,958	1.022	0.022	0.595	1,756	73,714
2002-2003	148,225	31,362	1.026	0.025	0.236	875	32,237
2003-2004	163,848	43,015	1.031	0.030	0.294	1,445	44,460
2004-2005	157,808	59,858	1.037	0.036	0.424	2,409	62,267
2005-2006	153,946	61,573	1.045	0.043	0.448	2,966	64,539
2006-2007	164,229	4,599	1.055	0.052	0.031	265	4,864
2007-2008	178,970	364,226	1.066	0.062	1.824	20,239	384,465
2008-2009	178,796	115,576	1.147	0.128	0.832	19,041	134,617
2009-2010	189,863	472,324	1.193	0.162	1.154	35,495	507,819
2010-2011	190,347	66,414	1.250	0.200	1.224	46,597	113,011
2011-2012	188,029	376,741	1.329	0.248	1.245	58,056	434,797
2012-2013	221,070	189,657	1.531	0.347	1.272	97,577	287,234
2013-2014	221,441	62,107	2.423	0.587	1.332	173,141	235,248
Totals	\$3,141,070	\$2,849,460				\$479,645	\$3,329,105

Notes:

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

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and payroll 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.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/14 (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)
1993-1994	\$106,179	\$29,418	1.042	0.040	\$0.328	\$1,393	\$30,811
1994-1995	103,587	125,740	1.045	0.043	1.447	6,445	132,185
1995-1996	108,005	174,159	1.051	0.049	1.922	10,172	184,331
1996-1997	100,720	22,093	1.056	0.053	0.264	1,409	23,502
1997-1998	98,265	268,753	1.063	0.059	2.081	12,065	280,818
1998-1999	101,522	157,580	1.069	0.065	1.890	12,472	170,052
1999-2000	114,055	151,151	1.076	0.071	1.623	13,143	164,294
2000-2001	117,984	1,156	1.042	0.040	0.011	52	1,208
2001-2002	134,181	71,958	1.048	0.046	0.595	3,673	75,631
2002-2003	148,225	31,362	1.054	0.051	0.236	1,784	33,146
2003-2004	163,848	43,015	1.061	0.057	0.294	2,746	45,761
2004-2005	157,808	59,858	1.069	0.065	0.424	4,349	64,207
2005-2006	153,946	61,573	1.080	0.074	0.448	5,104	66,677
2006-2007	164,229	4,599	1.092	0.084	0.031	428	5,027
2007-2008	178,970	364,226	1.110	0.099	1.824	32,318	396,544
2008-2009	178,796	115,576	1.236	0.191	0.832	28,413	143,989
2009-2010	189,863	382,354	1.291	0.225	1.154	49,298	431,652
2010-2011	190,347	56,481	1.370	0.270	1.224	62,906	119,387
2011-2012	188,029	94,297	1.509	0.337	1.245	78,890	173,187
2012-2013	221,070	72,665	1.884	0.469	1.272	131,883	204,548
2013-2014	221,441	20,411	3.156	0.683	1.332	201,457	221,868
Totals	\$3,141,070	\$2,308,425				\$660,400	\$2,968,825

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Trended Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
1993-1994	\$106,179	\$29,418	1.984	\$58,365	\$0.550	\$0.277	1.186	\$0.328
1994-1995	103,587	125,740	1.858	233,625	2.255	1.214	1.192	1.447
1995-1996	108,005	173,204	1.695	293,581	2.718	1.604	1.198	1.922
1996-1997	100,720	22,093	1.510	33,360	0.331	0.219	1.204	0.264
1997-1998	98,265	168,856	1.300	219,513	2.234	1.718	1.211	2.081
1998-1999	101,522	157,580	1.149	181,059	1.783	1.552	1.218	1.890
1999-2000	114,055	151,151	1.020	154,174	1.352	1.325	1.225	1.623
2000-2001	117,984	1,156	0.952	1,101	0.009	0.010	1.108	0.011
2001-2002	134,181	71,958	0.949	68,288	0.509	0.536	1.111	0.595
2002-2003	148,225	31,362	0.997	31,268	0.211	0.212	1.113	0.236
2003-2004	163,848	43,015	1.231	52,951	0.323	0.263	1.116	0.294
2004-2005	157,808	59,858	1.577	94,396	0.598	0.379	1.119	0.424
2005-2006	153,946	61,573	1.687	103,874	0.675	0.400	1.121	0.448
2006-2007	164,229	4,599	1.575	7,243	0.044	0.028	1.124	0.031
2007-2008	178,970	289,782	1.443	418,155	2.336	1.619	1.127	1.824
2008-2009	178,796	115,576	1.325	153,138	0.856	0.646	1.288	0.832
2009-2010	189,863	332,000	1.190	395,080	2.081	0.891	1.295	1.154
2010-2011	190,347	72,000	1.128	81,216	0.427	0.940	1.302	1.224
2011-2012	188,029	255,000	1.115	284,325	1.512	0.951	1.309	1.245
2012-2013	221,070	239,000	1.097	262,183	1.186	0.966	1.317	1.272
2013-2014	221,441	121,000	1.054	127,534	0.576	1.006	1.324	1.332
Total/Avg	\$3,141,070	\$2,525,921		\$3,254,429	\$1.036			
04/05-13/14	1,844,499	1,550,388		1,927,144	\$1.045			
08/09-13/14	1,189,546	1,134,576		1,303,476	\$1.096			
				Selected Limited Rate:	\$1.060			
				Prior:	\$1.050			

Notes:

- (A) From Reserves Appendix N, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Reserves Appendix E, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2008-2009 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
1993-1994	\$1,661	21	\$34,881
1994-1995	4,541	33	149,853
1995-1996	9,433	22	207,526
1996-1997	2,046	13	26,598
1997-1998	8,523	24	204,552
1998-1999	10,100	19	191,900
1999-2000	14,240	13	185,120
2000-2001	427	3	1,281
2001-2002	5,708	14	79,912
2002-2003	2,182	16	34,912
2003-2004	4,002	12	48,024
2004-2005	3,721	18	66,978
2005-2006	5,752	12	69,024
2006-2007	430	12	5,160
2007-2008	21,767	15	326,505
2008-2009	9,302	16	148,832
2009-2010	13,063	10	130,630
2010-2011	14,134	8	113,072
2011-2012	14,653	12	175,836
2012-2013	15,281	10	152,810
2013-2014	16,321	10	163,210
Total		313	\$2,516,616

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
1993-1994	\$29,418	21	\$1,401	3.008	\$4,214	\$1,401	1.186	\$1,661
1994-1995	125,740	33	3,810	2.762	10,523	3,810	1.192	4,541
1995-1996	173,204	22	7,873	2.472	19,462	7,873	1.198	9,433
1996-1997	22,093	13	1,699	2.160	3,670	1,699	1.204	2,046
1997-1998	168,856	24	7,036	1.825	12,841	7,036	1.211	8,523
1998-1999	157,580	19	8,294	1.581	13,113	8,294	1.218	10,100
1999-2000	151,151	13	11,627	1.375	15,987	11,627	1.225	14,240
2000-2001	1,156	3	385	1.258	484	385	1.108	427
2001-2002	71,958	14	5,140	1.229	6,317	5,140	1.111	5,708
2002-2003	31,362	16	1,960	1.266	2,481	1,960	1.113	2,182
2003-2004	43,015	12	3,585	1.532	5,492	3,585	1.116	4,002
2004-2005	59,858	18	3,325	1.925	6,401	3,325	1.119	3,721
2005-2006	61,573	12	5,131	2.017	10,349	5,131	1.121	5,752
2006-2007	4,599	12	383	1.845	707	383	1.124	430
2007-2008	289,782	15	19,319	1.658	32,031	19,319	1.127	21,767
2008-2009	115,576	16	7,224	1.492	10,778	7,224	1.288	9,302
2009-2010	332,000	10	33,200	1.314	43,625	10,084	1.295	13,063
2010-2011	72,000	8	9,000	1.221	10,989	10,852	1.302	14,134
2011-2012	251,000	12	20,917	1.184	24,766	11,191	1.309	14,653
2012-2013	237,000	10	23,700	1.142	27,065	11,602	1.317	15,281
2013-2014	161,000	10	16,100	1.075	17,308	12,326	1.324	16,321

Average Limited Severity: \$13,267

Selected Limited Severity: \$13,250

Prior: \$12,800

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
1993-1994	21	21	21	11	1.978	0.655	1.296
1994-1995	33	33	33	10	3.186	0.668	2.128
1995-1996	22	22	22	11	2.037	0.682	1.389
1996-1997	13	13	13	10	1.291	0.696	0.899
1997-1998	24	23	24	10	2.442	0.710	1.734
1998-1999	19	18	19	10	1.872	0.725	1.357
1999-2000	13	11	13	11	1.140	0.740	0.844
2000-2001	3	3	3	12	0.254	0.755	0.192
2001-2002	14	13	14	13	1.043	0.769	0.802
2002-2003	16	13	16	15	1.079	0.785	0.847
2003-2004	12	11	12	16	0.732	0.801	0.586
2004-2005	18	16	18	16	1.141	0.817	0.932
2005-2006	12	11	12	15	0.779	0.834	0.650
2006-2007	12	12	12	16	0.731	0.851	0.622
2007-2008	15	15	15	18	0.838	0.868	0.727
2008-2009	16	16	16	18	0.895	0.886	0.793
2009-2010	10	8	10	19	0.527	0.904	0.476
2010-2011	8	7	8	19	0.420	0.922	0.387
2011-2012	12	9	12	19	0.638	0.942	0.601
2012-2013	10	10	10	22	0.452	0.961	0.434
2013-2014	10	10	10	22	0.452	0.980	0.443
Total	313	295	313	314.107			0.779

(H) Selected 2014-2015 Frequency: 0.590
Prior: 0.750

Program Year:	2014-2015	2015-2016
(I) Trend Factor:	1.000	0.980
(J) Selected Frequency:	0.590	0.578
(K) Estimated Payroll (\$000,000):	\$23	\$23
(L) Ultimate Claims:	13	13

Notes:

- (A) From Reserves Appendix D, Page 4, (C).
- (B) From Reserves Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Reserves Appendix N, Column (C) divided by 10
- (E) (C) / (D).
- (F) From Reserves Appendix E.
- (G) (E) x (F).
- (H) The selected frequency of .590 is based on (G).
- (I) From Reserves Appendix E.
- (J) (H) x (I).
- (K) From Reserves Appendix N, Column (C) divided by
- (L) (J) x (K).

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2014 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1993-1994	21	1.000	21	1.295
1994-1995	33	1.000	33	2.128
1995-1996	22	1.000	22	1.389
1996-1997	13	1.000	13	0.898
1997-1998	24	1.000	24	1.734
1998-1999	19	1.000	19	1.357
1999-2000	13	1.000	13	0.843
2000-2001	3	1.000	3	0.192
2001-2002	14	1.000	14	0.802
2002-2003	16	1.000	16	0.847
2003-2004	12	1.000	12	0.587
2004-2005	18	1.000	18	0.932
2005-2006	12	1.000	12	0.650
2006-2007	12	1.000	12	0.622
2007-2008	15	1.000	15	0.727
2008-2009	16	1.000	16	0.793
2009-2010	10	1.000	10	0.476
2010-2011	8	1.000	8	0.388
2011-2012	12	1.000	12	0.601
2012-2013	10	1.000	10	0.435
2013-2014	10	1.045	10	0.443
Total	313		313	0.779

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2014 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1993-1994	21	1.000	21	1.295
1994-1995	33	1.000	33	2.128
1995-1996	22	1.000	22	1.389
1996-1997	13	1.000	13	0.898
1997-1998	23	1.000	23	1.662
1998-1999	18	1.000	18	1.285
1999-2000	11	1.000	11	0.714
2000-2001	3	1.001	3	0.192
2001-2002	13	1.002	13	0.745
2002-2003	13	1.003	13	0.688
2003-2004	11	1.004	11	0.538
2004-2005	16	1.006	16	0.828
2005-2006	11	1.009	11	0.596
2006-2007	12	1.013	12	0.622
2007-2008	15	1.018	15	0.727
2008-2009	16	1.028	16	0.793
2009-2010	8	1.043	8	0.381
2010-2011	7	1.064	7	0.339
2011-2012	8	1.096	9	0.451
2012-2013	8	1.206	10	0.435
2013-2014	7	1.447	10	0.443
Total	289		295	0.732

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported Claim Count Development

Accident Year	Number of Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1993-1994								21	21	21	21	21	21	21
1994-1995							33	33	33	33	33	33	33	33
1995-1996						22	22	22	22	22	22	22	22	22
1996-1997					13	13	13	13	13	13	13	13	13	13
1997-1998				24	24	24	24	24	24	24	24	24	24	24
1998-1999			19	19	19	19	19	19	19	19	19	19	19	19
1999-2000		13	13	13	13	13	13	13	13	13	13	13	13	13
2000-2001	2	3	3	3	3	3	3	3	3	3	3	3	3	3
2001-2002	3	14	14	14	14	14	14	14	14	14	14	14	14	14
2002-2003	9	16	16	16	16	16	16	16	16	16	16	16	16	16
2003-2004	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2004-2005	8	18	18	18	18	18	18	18	18	18	18	18	18	18
2005-2006	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2006-2007	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2007-2008	3	15	15	15	15	15	15	15	15	15	15	15	15	15
2008-2009	4	15	16	16	16	16	16	16	16	16	16	16	16	16
2009-2010	3	9	10	10	10	10	10	10	10	10	10	10	10	10
2010-2011	4	8	8	8	8	8	8	8	8	8	8	8	8	8
2011-2012	7	11	12	12	12	12	12	12	12	12	12	12	12	12
2012-2013	7	10	10	10	10	10	10	10	10	10	10	10	10	10
2013-2014	1	10	10	10	10	10	10	10	10	10	10	10	10	10
2014-2015	6	6	6	6	6	6	6	6	6	6	6	6	6	6

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1993-1994								1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994-1995							1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995-1996						1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996-1997					1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998-1999			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999-2000		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000-2001	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	4.667	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	1.778	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	5.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	3.750	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	3.000	1.111	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.571	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013	1.429	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013-2014	10.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	3.282	1.019	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Claim-weighted Averages														
3-yr	2.067	1.034	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	2.053	1.053	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors														
Prior	2.452	1.034	1.008	1.004	1.004	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Selected	3.000	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	3.250	1.045	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	3.396	1.045	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1993-1994								20	21	21	21	21	21	21
1994-1995							32	32	33	33	33	33	33	33
1995-1996						20	22	22	22	22	22	22	22	22
1996-1997					12	13	13	13	13	13	13	13	13	13
1997-1998				20	22	22	22	22	22	23	23	24	24	23
1998-1999			13	15	17	18	18	19	19	19	19	19	19	19
1999-2000		5	9	10	10	12	12	12	12	12	12	13	13	13
2000-2001		1	2	3	3	3	3	3	3	3	3	3	3	3
2001-2002	1	12	12	13	13	14	14	14	14	14	14	14	14	13
2002-2003	3	14	14	15	16	16	16	16	16	16	16	16	16	13
2003-2004	1	10	12	12	12	12	12	12	12	12	12	11		
2004-2005	3	15	16	16	17	17	17	17	17	18	16			
2005-2006	4	12	12	12	12	11	11	11	11	11				
2006-2007	4	12	12	12	12	12	12	12	12					
2007-2008	1	10	11	12	13	13	15	15						
2008-2009	1	14	14	14	14	16	16							
2009-2010	1	6	6	7	8	8								
2010-2011	4	7	7	7	7									
2011-2012	5	7	9	8										
2012-2013		8	8											
2013-2014		7												
2014-2015	2													

Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1993-1994								1.050	1.000	1.000	1.000	1.000	1.000	1.000
1994-1995							1.000	1.031	1.000	1.000	1.000	1.000	1.000	1.000
1995-1996						1.100	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996-1997					1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.100	1.000	1.000	1.000	1.000	1.045	1.000	1.043	1.000	0.958	1.043
1998-1999			1.154	1.133	1.059	1.000	1.056	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999-2000		1.800	1.111	1.000	1.200	1.000	1.000	1.000	1.000	1.000	1.083	1.000	1.000	1.000
2000-2001		2.000	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	12.000	1.000	1.083	1.000	1.077	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.929	
2002-2003	4.667	1.000	1.071	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.813		
2003-2004	10.000	1.200	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.917			
2004-2005	5.000	1.067	1.000	1.063	1.000	1.000	1.000	1.000	1.059	0.889				
2005-2006	3.000	1.000	1.000	1.000	0.917	1.000	1.000	1.000	1.000					
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
2007-2008	10.000	1.100	1.091	1.083	1.000	1.154	1.000							
2008-2009	14.000	1.000	1.000	1.000	1.143	1.000								
2009-2010	6.000	1.000	1.167	1.143	1.000									
2010-2011	1.750	1.000	1.000	1.000										
2011-2012	1.400	1.286	0.889											
2012-2013		1.000												
2013-2014														

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	6.438	1.175	1.076	1.042	1.034	1.018	1.004	1.006	1.008	0.991	1.004	0.981	0.987	1.005
Claim-weighted Averages														
3-yr		1.091	1.000	1.036	1.057	1.049	1.000	1.000	1.025	0.957	0.976	0.909	0.967	1.000
4-yr		1.071	1.000	1.050	1.043	1.038	1.000	1.000	1.018	0.967	0.978	0.935	0.980	1.017
Comparative Factors														
Prior	2.771	1.251	1.073	1.053	1.034	1.023	1.017	1.014	1.012	1.008	1.008	1.005	1.004	1.004
Selected	5.000	1.200	1.100	1.030	1.020	1.015	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	5.000	1.200	1.100	1.030	1.020	1.015	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
	7.235	1.447	1.206	1.096	1.064	1.043	1.028	1.018	1.013	1.009	1.006	1.004	1.003	1.002

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2014-2015 Loss Rate Level (B)	Factor to 2015-2016 Loss Rate Level (C)	Factor to 2016-2017 Loss Rate Level (D)	Factor to 2017-2018 Loss Rate Level (E)	Factor to 2014-2015 Frequency Level (F)	Factor to 2015-2016 Frequency Level (G)	Factor to 2016-2017 Frequency Level (H)	Factor to 2017-2018 Frequency Level (I)	Factor to 2014-2015 Severity Level (J)
1993-1994	1.792	1.984	2.097	2.204	2.316	0.655	0.642	0.629	0.616	3.008
1994-1995	1.686	1.858	1.963	2.063	2.168	0.668	0.655	0.642	0.629	2.762
1995-1996	1.547	1.695	1.791	1.882	1.977	0.682	0.669	0.655	0.642	2.472
1996-1997	1.385	1.510	1.596	1.677	1.762	0.696	0.682	0.668	0.655	2.160
1997-1998	1.200	1.300	1.374	1.444	1.517	0.710	0.696	0.682	0.668	1.825
1998-1999	1.065	1.149	1.215	1.276	1.341	0.725	0.710	0.696	0.682	1.581
1999-2000	0.950	1.020	1.078	1.133	1.190	0.740	0.725	0.710	0.696	1.375
2000-2001	0.891	0.952	1.006	1.057	1.111	0.755	0.740	0.724	0.710	1.258
2001-2002	0.892	0.949	1.003	1.054	1.108	0.769	0.754	0.739	0.724	1.229
2002-2003	0.941	0.997	1.054	1.107	1.164	0.785	0.770	0.754	0.739	1.266
2003-2004	1.168	1.231	1.301	1.367	1.437	0.801	0.785	0.769	0.754	1.532
2004-2005	1.503	1.577	1.667	1.751	1.840	0.817	0.801	0.785	0.769	1.925
2005-2006	1.615	1.687	1.783	1.873	1.968	0.834	0.818	0.801	0.785	2.017
2006-2007	1.515	1.575	1.664	1.749	1.837	0.851	0.834	0.817	0.801	1.845
2007-2008	1.395	1.443	1.526	1.603	1.684	0.868	0.851	0.834	0.817	1.658
2008-2009	1.287	1.325	1.400	1.471	1.546	0.886	0.869	0.851	0.834	1.492
2009-2010	1.161	1.190	1.258	1.321	1.388	0.904	0.886	0.868	0.851	1.314
2010-2011	1.106	1.128	1.192	1.252	1.316	0.922	0.904	0.886	0.868	1.221
2011-2012	1.099	1.115	1.179	1.239	1.302	0.942	0.923	0.904	0.886	1.184
2012-2013	1.086	1.097	1.160	1.218	1.280	0.961	0.942	0.922	0.904	1.142
2013-2014	1.049	1.054	1.114	1.170	1.230	0.980	0.960	0.941	0.922	1.075
2014-2015	1.000	1.000	1.057	1.111	1.167	1.000	0.980	0.960	0.941	1.000
2015-2016	0.951	--	1.000	1.051	1.104	--	1.000	0.980	0.960	--
2016-2017	0.909	--	--	1.000	1.051	--	--	1.000	0.980	--
2017-2018	0.870	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on WCIRB.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 2.5% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/15

Fiscal Year (A)	Number of Claims Open During Fiscal Year (B)	Average ULAE Charge per Open Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Open Claim (E)	ULAE Paid During Year (F)
2015-2016	16	\$482	1.050	\$506	\$8,096
2016-2017	10	482	1.103	532	5,320
2017-2018	7	482	1.158	558	3,906
2018-2019	6	482	1.216	586	3,516
2019-2020	5	482	1.277	616	3,080
2020-2021	4	482	1.341	646	2,584
2021-2022	3	482	1.408	679	2,037
2022-2023	2	482	1.478	712	1,424
2023-2024	1	482	1.552	748	748
2024-2025	0	482	1.630	786	0
2025-2026	0	482	1.712	825	0
2026-2027	0	482	1.798	867	0
2027-2028	0	482	1.888	910	0
2028-2029	0	482	1.982	955	0
2029-2030	0	482	2.081	1,003	0
2030-2031	0	482	2.185	1,053	0
2031-2032	0	482	2.294	1,106	0
2032-2033	0	482	2.409	1,161	0
(G) Total ULAE Outstanding as of 6/30/15:					\$30,711

Notes:

- (A) We assume fiscal years will be 7/1 to 6/30.
- (B) Based on an estimated claim closing pattern.
- (C) Based on claims administration payment information provided by ABAG.
- (D) We assume ULAE costs will increase at 5.0% per year.
- (E) (C) x (D).
- (F) (B) x (E).
- (G) Total of Column (F).

This exhibit shows the calculation of the outstanding ULAE based on the expected pattern of claims closings and assumptions about future claims administration costs per open claim.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2014</u>	<u>Calendar Period</u>	
		<u>1/1/2015</u> <u>to</u> <u>6/30/2015</u>	<u>7/1/2015</u> <u>to</u> <u>6/30/2016</u>
Prior			
Ultimate Loss	\$620,163	\$620,163	\$620,163
Paid in Calendar Period	-		
Paid to Date	620,163	620,163	620,163
Outstanding Liability			
1998-1999			
Ultimate Loss	\$157,580	\$157,580	\$157,580
Paid in Calendar Period	-		
Paid to Date	157,580	157,580	157,580
Outstanding Liability			
1999-2000			
Ultimate Loss	\$151,151	\$151,151	\$151,151
Paid in Calendar Period	-		
Paid to Date	151,151	151,151	151,151
Outstanding Liability			
2000-2001			
Ultimate Loss	\$1,156	\$1,156	\$1,156
Paid in Calendar Period	-		
Paid to Date	1,156	1,156	1,156
Outstanding Liability			
2001-2002			
Ultimate Loss	\$71,958	\$71,958	\$71,958
Paid in Calendar Period	-		
Paid to Date	71,958	71,958	71,958
Outstanding Liability			
2002-2003			
Ultimate Loss	\$31,362	\$31,362	\$31,362
Paid in Calendar Period	-		
Paid to Date	31,362	31,362	31,362
Outstanding Liability			
2003-2004			
Ultimate Loss	\$43,015	\$43,015	\$43,015
Paid in Calendar Period	-		
Paid to Date	43,015	43,015	43,015
Outstanding Liability			

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2014</u>	<u>Calendar Period</u>	
		<u>1/1/2015</u> <u>to</u> <u>6/30/2015</u>	<u>7/1/2015</u> <u>to</u> <u>6/30/2016</u>
2004-2005			
Ultimate Loss	\$59,858	\$59,858	\$59,858
Paid in Calendar Period	-		
Paid to Date	59,858	59,858	59,858
Outstanding Liability			
2005-2006			
Ultimate Loss	\$61,573	\$61,573	\$61,573
Paid in Calendar Period	-		
Paid to Date	61,573	61,573	61,573
Outstanding Liability			
2006-2007			
Ultimate Loss	\$4,599	\$4,599	\$4,599
Paid in Calendar Period	-		
Paid to Date	4,599	4,599	4,599
Outstanding Liability			
2007-2008			
Ultimate Loss	\$364,226	\$364,226	\$364,226
Paid in Calendar Period	-		
Paid to Date	364,226	364,226	364,226
Outstanding Liability			
2008-2009			
Ultimate Loss	\$115,576	\$115,576	\$115,576
Paid in Calendar Period	-		
Paid to Date	115,576	115,576	115,576
Outstanding Liability			
2009-2010			
Ultimate Loss	\$508,000	\$508,000	\$508,000
Paid in Calendar Period	-	9,549	35,061
Paid to Date	382,354	391,903	426,964
Outstanding Liability	125,646	116,097	81,036
2010-2011			
Ultimate Loss	\$116,000	\$116,000	\$116,000
Paid in Calendar Period	-	4,940	8,678
Paid to Date	56,481	61,421	70,099
Outstanding Liability	59,519	54,579	45,901

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2014</u>	<u>Calendar Period</u>	
		<u>1/1/2015</u> <u>to</u> <u>6/30/2015</u>	<u>7/1/2015</u> <u>to</u> <u>6/30/2016</u>
2011-2012			
Ultimate Loss	\$396,000	\$396,000	\$396,000
Paid in Calendar Period	-	30,170	50,234
Paid to Date	94,297	124,467	174,701
Outstanding Liability	301,703	271,533	221,299
2012-2013			
Ultimate Loss	\$230,000	\$230,000	\$230,000
Paid in Calendar Period	-	22,027	33,421
Paid to Date	72,665	94,692	128,113
Outstanding Liability	157,335	135,308	101,887
2013-2014			
Ultimate Loss	\$229,000	\$229,000	\$229,000
Paid in Calendar Period	-	32,748	52,752
Paid to Date	20,411	53,159	105,911
Outstanding Liability	208,589	175,841	123,089
2014-2015			
Ultimate Loss	\$162,000	\$324,000	\$324,000
Paid in Calendar Period	-	46,567	81,605
Paid to Date	7,219	53,786	135,391
Outstanding Liability	154,781	270,214	188,609
2015-2016			
Ultimate Loss	-	-	\$344,000
Paid in Calendar Period	-	-	59,856
Paid to Date	-	-	59,856
Outstanding Liability	-	-	284,144
Totals			
Ultimate Loss	\$3,323,217	\$3,485,217	\$3,829,217
Paid in Calendar Period	-	146,001	321,607
Paid to Date	2,315,644	2,461,645	2,783,252
Outstanding Liability	1,007,573	1,023,572	1,045,965
Total Outstanding ULAE	32,000	30,711	34,462
Outstanding Liability plus ULAE	1,039,573	1,054,283	1,080,427

Notes appear on the next page.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2012-2013, \$22,027 is expected to be paid between 1/1/15 and 6/30/15, \$94,692 will have been paid by 6/30/15, and the reserve for remaining payments on these claims should be \$135,308.
- Ultimate Losses for each accident year are from Reserves Exhibit 4, Page 2.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, $\$33,421 = \$135,308 \times 24.7\%$.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, $\$128,113 = \$33,421 + \$94,692$.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, $\$135,308 = \$230,000 - \$94,692$.

This exhibit shows the calculation of the liability for outstanding claims as of the date of evaluation, the end of the current fiscal year, and the end of the coming fiscal year. It also shows the expected claims payout during the remainder of the current fiscal year and the coming fiscal year. Refer to the Totals at the end of the exhibit for the balance sheet information. The top parts of the exhibit show information for each program year.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Short- and Long-Term Liabilities

<u>Liabilities as of 12/31/14:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$99,434	\$97,975
	ULAE:	13,014	12,823
	Short-Term Loss and LAE:	<u>\$112,448</u>	<u>\$110,798</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$908,139	\$749,801
	ULAE:	18,986	13,614
	Long-Term Loss and LAE:	<u>\$927,125</u>	<u>\$763,415</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,007,573	\$847,776
	ULAE:	32,000	26,437
	Total Loss and LAE:	<u>\$1,039,573</u>	<u>\$874,213</u>
<u>Liabilities as of 6/30/15:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$261,751	\$257,911
	ULAE:	8,096	7,977
	Short-Term Loss and LAE:	<u>\$269,847</u>	<u>\$265,888</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$761,821	\$600,917
	ULAE:	22,615	17,784
	Long-Term Loss and LAE:	<u>\$784,436</u>	<u>\$618,701</u>
<u>Total Liability</u>	Loss and ALAE:	\$1,023,572	\$858,828
	ULAE:	30,711	25,761
	Total Loss and LAE:	<u>\$1,054,283</u>	<u>\$884,589</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 12/31/14:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$113,063	\$119,725	\$127,465	\$137,263	\$150,098
	ULAE:	14,798	15,670	16,683	17,965	19,645
	Short-Term Loss and LAE:	<u>\$127,861</u>	<u>\$135,395</u>	<u>\$144,148</u>	<u>\$155,228</u>	<u>\$169,743</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$865,271	\$916,257	\$975,492	\$1,050,471	\$1,148,695
	ULAE:	15,710	16,636	17,711	19,073	20,856
	Long-Term Loss and LAE:	<u>\$880,981</u>	<u>\$932,893</u>	<u>\$993,203</u>	<u>\$1,069,544</u>	<u>\$1,169,551</u>
<u>Total Liability</u>	Loss and ALAE:	\$978,334	\$1,035,982	\$1,102,957	\$1,187,734	\$1,298,793
	ULAE:	30,508	32,306	34,394	37,038	40,501
	Total Loss and LAE:	<u>\$1,008,842</u>	<u>\$1,068,288</u>	<u>\$1,137,351</u>	<u>\$1,224,772</u>	<u>\$1,339,294</u>
<u>Liabilities as of 6/30/15:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$297,629	\$315,167	\$335,542	\$361,333	\$395,120
	ULAE:	9,205	9,748	10,378	11,176	12,221
	Short-Term Loss and LAE:	<u>\$306,834</u>	<u>\$324,915</u>	<u>\$345,920</u>	<u>\$372,509</u>	<u>\$407,341</u>
<u>Non-current (Long Term)</u>	Loss and ALAE:	\$693,459	\$734,321	\$781,793	\$841,885	\$920,604
	ULAE:	20,523	21,732	23,137	24,915	27,245
	Long-Term Loss and LAE:	<u>\$713,982</u>	<u>\$756,053</u>	<u>\$804,930</u>	<u>\$866,800</u>	<u>\$947,849</u>
<u>Total Liability</u>	Loss and ALAE:	\$991,088	\$1,049,488	\$1,117,335	\$1,203,218	\$1,315,724
	ULAE:	29,728	31,480	33,515	36,091	39,466
	Total Loss and LAE:	<u>\$1,020,816</u>	<u>\$1,080,968</u>	<u>\$1,150,850</u>	<u>\$1,239,309</u>	<u>\$1,355,190</u>

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/14 (A)	Discount Factor (B)	Discounted Reserve at 12/31/14 (C)	Full Value of Reserve at 6/30/15 (D)	Discount Factor (E)	Discounted Reserve at 6/30/15 (F)
2009-2010	\$125,646	0.798	\$100,261	\$116,097	0.794	\$92,224
2010-2011	59,519	0.807	48,044	54,579	0.802	43,749
2011-2012	301,703	0.824	248,513	271,533	0.813	220,718
2012-2013	157,335	0.848	133,374	135,308	0.835	112,920
2013-2014	208,589	0.871	181,584	175,841	0.861	151,378
2014-2015	154,781	0.879	136,000	270,214	0.880	237,839
Totals	\$1,007,573		\$847,776	\$1,023,572		\$858,828

(G) Discount Factor at 12/31/14 for Overall Reserve:	0.841
(H) Discount Factor at 6/30/15 for Overall Reserve:	0.839

Notes:

- (A) From Reserves Appendix G.
- (B) From Appendix I, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Reserves Appendix G.
- (E) From Appendix I, Page 2, Column (E).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.841, the discounted liability for outstanding claims is 84.1% of the full value.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Confidence Level Table

Probability	Outstanding Losses
95%	1.749
90	1.532
85	1.401
80	1.301
75	1.222
70	1.154
65	1.093
60	1.038
55	0.988
50	0.940
45	0.894
40	0.849
35	0.804
30	0.759
25	0.711

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.532 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/1993	6/30/1994	1993-1994	\$250,000	(none)
7/1/1994	6/30/1995	1994-1995	250,000	(none)
7/1/1995	6/30/1996	1995-1996	250,000	(none)
7/1/1996	6/30/1997	1996-1997	250,000	(none)
7/1/1997	6/30/1998	1997-1998	250,000	(none)
7/1/1998	6/30/1999	1998-1999	250,000	(none)
7/1/1999	6/30/2000	1999-2000	250,000	(none)
7/1/2000	6/30/2001	2000-2001	150,000	(none)
7/1/2001	6/30/2002	2001-2002	150,000	(none)
7/1/2002	6/30/2003	2002-2003	150,000	(none)
7/1/2003	6/30/2004	2003-2004	150,000	(none)
7/1/2004	6/30/2005	2004-2005	150,000	(none)
7/1/2005	6/30/2006	2005-2006	150,000	(none)
7/1/2006	6/30/2007	2006-2007	150,000	(none)
7/1/2007	6/30/2008	2007-2008	150,000	(none)
7/1/2008	6/30/2009	2008-2009	250,000	(none)
7/1/2009	6/30/2010	2009-2010	250,000	(none)
7/1/2010	6/30/2011	2010-2011	250,000	(none)
7/1/2011	6/30/2012	2011-2012	250,000	(none)
7/1/2012	6/30/2013	2012-2013	250,000	(none)
7/1/2013	6/30/2014	2013-2014	250,000	(none)
7/1/2014	6/30/2015	2014-2015	250,000	(none)
7/1/2015	6/30/2016	2015-2016	250,000	(none)
	Third Party Claims Administrator		Begin Date	End Date
	York Insurance Services			Current

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Estimated Fund Balance as of 6/30/15

(A) <u>Estimated Fund Balance as of 12/31/14:</u>	\$4,479,000
(B) <u>Total Income to Fund from 1/1/15 - 6/30/15:</u>	
Contributions:	\$357,000
Interest:	38,000
Other:	1,000
Total Income:	<u>\$396,000</u>
(C) <u>Total Payments from Fund from 1/1/15 - 6/30/15:</u>	
Loss and ALAE:	\$360,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	10,000
Excess Insurance:	0
Other:	100,000
Total Payments:	<u>\$470,000</u>
(D) <u>Estimated Fund Balance as of 6/30/15:</u>	\$4,405,000

Notes:

- (A) Provided by ABAG.
- (B) Provided by ABAG.
- (C) Provided by ABAG.
- (D) (A) + (B) - (C).

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Reported Loss Data as of 12/31/14

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred to SIR Layer \$100,000 (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
1993-1994	\$29,418	\$0	\$0	\$29,418	\$0	\$0	\$29,418	\$0	\$29,418	\$29,418
1994-1995	125,740	0	0	125,740	0	0	125,740	0	125,740	125,740
1995-1996	174,159	0	0	174,159	0	955	173,204	955	174,159	174,159
1996-1997	22,093	0	0	22,093	0	0	22,093	0	22,093	22,093
1997-1998	268,753	0	0	268,753	0	99,896	168,856	99,896	268,753	268,753
1998-1999	157,580	0	0	157,580	0	0	157,580	0	157,580	157,580
1999-2000	151,151	0	0	151,151	0	0	151,151	0	151,151	151,151
2000-2001	1,156	0	0	1,156	0	0	1,156	0	1,156	1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	33,195	0	1,833	31,362	0	0	31,362	0	31,362	31,362
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,631	70,883	55,153	426,360	62,134	136,578	289,782	74,444	364,226	364,226
2008-2009	82,671	32,904	0	115,576	0	0	115,576	0	115,576	115,576
2009-2010	463,293	9,031	0	472,324	0	156,779	315,545	156,779	472,324	472,324
2010-2011	65,561	853	0	66,414	0	0	66,414	0	66,414	66,414
2011-2012	397,194	3,963	0	401,157	24,416	174,416	226,741	150,000	376,741	376,741
2012-2013	184,666	4,991	0	189,657	0	0	189,657	0	189,657	189,657
2013-2014	62,107	0	0	62,107	0	0	62,107	0	62,107	62,107
2014-2015	47,420	0	0	47,420	0	0	47,420	0	47,420	47,420
Total	\$2,899,478	\$148,939	\$64,986	\$2,983,430	\$86,550	\$568,624	\$2,414,806	\$482,074	\$2,896,880	\$2,896,880

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by ABAG.
- (C) 4850
- (D) Subro Recoveries
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of SIR.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Reserves Appendix K.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Paid Loss Data as of 12/31/14

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
1993-1994	\$29,418	\$0	\$0	\$29,418	\$0	\$0	\$29,418	\$0	\$29,418	\$29,418
1990-1991	125,740	0	0	125,740	0	0	125,740	0	125,740	125,740
1990-1991	174,159	0	0	174,159	0	955	173,204	955	174,159	174,159
1996-1997	22,093	0	0	22,093	0	0	22,093	0	22,093	22,093
1997-1998	268,753	0	0	268,753	0	99,896	168,856	99,896	268,753	268,753
1998-1999	157,580	0	0	157,580	0	0	157,580	0	157,580	157,580
1999-2000	151,151	0	0	151,151	0	0	151,151	0	151,151	151,151
2000-2001	1,156	0	0	1,156	0	0	1,156	0	1,156	1,156
2001-2002	79,958	0	8,000	71,958	0	0	71,958	0	71,958	71,958
2002-2003	33,195	0	1,833	31,362	0	0	31,362	0	31,362	31,362
2003-2004	43,015	0	0	43,015	0	0	43,015	0	43,015	43,015
2004-2005	56,321	3,537	0	59,858	0	0	59,858	0	59,858	59,858
2005-2006	38,796	22,777	0	61,573	0	0	61,573	0	61,573	61,573
2006-2007	4,599	0	0	4,599	0	0	4,599	0	4,599	4,599
2007-2008	410,631	70,883	55,153	426,360	62,134	136,578	289,782	74,444	364,226	364,226
2008-2009	82,671	32,904	0	115,576	0	0	115,576	0	115,576	115,576
2009-2010	373,323	9,031	0	382,354	0	144,205	238,149	144,205	382,354	382,354
2010-2011	55,628	853	0	56,481	0	0	56,481	0	56,481	56,481
2011-2012	90,334	3,963	0	94,297	0	0	94,297	0	94,297	94,297
2012-2013	67,674	4,991	0	72,665	0	0	72,665	0	72,665	72,665
2013-2014	20,411	0	0	20,411	0	0	20,411	0	20,411	20,411
2014-2015	7,219	0	0	7,219	0	0	7,219	0	7,219	7,219
Total	\$2,293,826	\$148,939	\$64,986	\$2,377,778	\$62,134	\$381,634	\$1,996,144	\$319,500	\$2,315,644	\$2,315,644

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by ABAG.
- (C) 4850
- (D) Subro Recoveries
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of SIR.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Reserves Appendix K.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Claim Count Data as of 12/31/14

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
1993-1994	21	0	0	21	21	0	0	21	0	0
1994-1995	33	0	0	33	33	0	0	33	0	0
1995-1996	22	0	0	22	22	0	0	22	0	0
1996-1997	13	0	0	13	13	0	0	13	0	0
1997-1998	24	0	0	24	23	0	0	23	1	1
1998-1999	19	0	0	19	18	0	0	18	1	1
1999-2000	13	0	0	13	11	0	0	11	2	2
2000-2001	3	0	0	3	3	0	0	3	0	0
2001-2002	14	0	0	14	13	0	0	13	1	1
2002-2003	16	0	0	16	13	0	0	13	3	3
2003-2004	12	0	0	12	11	0	0	11	1	1
2004-2005	18	0	0	18	16	0	0	16	2	2
2005-2006	12	0	0	12	11	0	0	11	1	1
2006-2007	12	0	0	12	12	0	0	12	0	0
2007-2008	15	0	0	15	15	0	0	15	0	0
2008-2009	16	0	0	16	16	0	0	16	0	0
2009-2010	10	0	0	10	8	0	0	8	2	2
2010-2011	8	0	0	8	7	0	0	7	1	1
2011-2012	12	0	0	12	8	0	0	8	4	4
2012-2013	10	0	0	10	8	0	0	8	2	2
2013-2014	10	0	0	10	7	0	0	7	3	3
2014-2015	6	0	0	6	2	0	0	2	4	4
Total	319	0	0	319	291	0	0	291	28	28

Notes:

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure Measures

Accident Year	Total Payroll (\$00) (B)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
1993-1994	63,240	1.679	106,179
1994-1995	63,240	1.638	103,587
1995-1996	67,587	1.598	108,005
1996-1997	64,606	1.559	100,720
1997-1998	64,606	1.521	98,265
1998-1999	68,411	1.484	101,522
1999-2000	78,767	1.448	114,055
2000-2001	83,499	1.413	117,984
2001-2002	97,303	1.379	134,181
2002-2003	110,205	1.345	148,225
2003-2004	124,884	1.312	163,848
2004-2005	123,288	1.280	157,808
2005-2006	123,256	1.249	153,946
2006-2007	134,724	1.219	164,229
2007-2008	150,521	1.189	178,970
2008-2009	154,135	1.160	178,796
2009-2010	167,723	1.132	189,863
2010-2011	172,416	1.104	190,347
2011-2012	174,586	1.077	188,029
2012-2013	210,343	1.051	221,070
2013-2014	216,040	1.025	221,441
2014-2015	228,641	1.000	228,641
2015-2016	228,886	1.000	228,886

Notes:

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

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

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended Payroll (\$00) (D)	Trended Limited Loss Rate (E)
1993-1994	\$29,418	1.984	\$58,365	\$106,179	\$0.550
1994-1995	125,740	1.858	233,625	103,587	2.255
1995-1996	173,204	1.695	293,581	108,005	2.718
1996-1997	22,093	1.510	33,360	100,720	0.331
1997-1998	168,856	1.300	219,513	98,265	2.234
1998-1999	157,580	1.149	181,059	101,522	1.783
1999-2000	151,151	1.020	154,174	114,055	1.352
2000-2001	1,156	0.952	1,101	117,984	0.009
2001-2002	71,958	0.949	68,288	134,181	0.509
2002-2003	31,362	0.997	31,268	148,225	0.211
2003-2004	41,901	1.231	51,580	157,394	0.328
2004-2005	54,876	1.577	86,539	150,953	0.573
2005-2006	61,331	1.687	103,465	147,158	0.703
2006-2007	4,168	1.575	6,565	157,504	0.042
2007-2008	334,048	1.443	482,031	228,538	2.109
2008-2009	51,302	1.325	67,975	227,515	0.299
2009-2010	288,000	1.190	342,720	235,402	1.456
2010-2011	133,000	1.128	150,024	235,891	0.636
2011-2012	299,000	1.115	333,385	234,152	1.424
2012-2013	162,000	1.097	177,714	221,070	0.804
2013-2014	159,000	1.054	167,586	221,441	0.757
Totals	\$2,521,144		\$3,243,918	\$3,349,741	\$0.968
07/08-12/13	1,267,350		1,553,849	1,382,568	\$1.124
07/08-13/14	1,426,350		1,721,435	1,604,009	\$1.073
			(F) Selected Limited Rate:		\$1.070
			Prior:		\$1.140

Program Year:	2014-2015	2015-2016
(G) Factor to SIR:	1.322	1.329
(H) Trend Factor:	1.000	1.057
(I) Program Rate:	\$1.415	\$1.503
(J) Estimated Payroll (\$00):	\$228,641	\$228,886
(K) Projected Program Losses:	324,000	344,000
(L) Projected ULAE:	14,000	15,000
(M) Projected Loss and ULAE:	\$338,000	\$359,000

Notes appear on the next page.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

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

Notes:

- (A) From Exhibit 4, Page 3, Column (F).
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Rate Appendix E, Column (B).
- (C) $(A) \times (B)$.
- (D) From Appendix N, Column (C).
- (E) $(C) / (D)$.
- (F) Selected based on (E).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) From Rate Appendix E.
 - (I) $(F) \times (G) \times (H)$.
- (J) From Appendix N, Column (C).
- (K) $(I) \times (J)$.
- (L) Based on an estimated claim closing pattern and ABAG's historical claims administration expenses.
- (M) $(K) + (L)$.

This exhibit shows the calculation of future loss costs based on the past loss rates per \$100 of payroll. The projections will be accurate only to the extent that what has happened in the past is representative of what will happen in the future.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/14 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 12/31/14 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
1993-1994	\$29,418	1.000	\$29,418	\$29,418	1.008	\$29,653
1994-1995	125,740	1.000	125,740	125,740	1.010	126,997
1995-1996	173,204	1.000	173,204	174,159	1.013	176,423
1996-1997	22,093	1.000	22,093	22,093	1.017	22,469
1997-1998	168,856	1.000	168,856	268,753	1.021	274,397
1998-1999	157,580	1.000	157,580	157,580	1.025	161,520
1999-2000	151,151	1.000	151,151	151,151	1.031	155,837
2000-2001	1,156	1.000	1,156	1,156	1.019	1,178
2001-2002	71,958	1.000	71,958	71,958	1.022	73,541
2002-2003	31,362	1.000	31,362	31,362	1.025	32,146
2003-2004	41,901	1.001	41,943	41,901	1.030	43,158
2004-2005	54,876	1.003	55,041	54,876	1.036	56,852
2005-2006	61,331	1.006	61,699	61,331	1.044	64,030
2006-2007	4,168	1.010	4,210	4,168	1.053	4,389
2007-2008	334,048	1.015	339,059	408,451	1.065	435,000
2008-2009	51,302	1.025	52,585	51,302	1.144	58,689
2009-2010	274,176	1.051	288,159	430,955	1.190	512,836
2010-2011	123,361	1.083	133,600	123,361	1.246	153,708
2011-2012	269,803	1.126	303,798	419,803	1.324	555,819
2012-2013	124,119	1.261	156,514	124,119	1.524	189,157
2013-2014	62,107	1.955	121,419	62,107	2.411	149,740
Totals	\$2,333,710		\$2,490,545	\$2,815,744		\$3,277,539

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by ABAG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Rate Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Pool's SIR. Amounts are provided by ABAG.
- (F) Derived from factors on Rate Appendix A, Page 4.
- (G) (E) x (F).

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1993-1994								29,418	29,418	29,418	29,418
1994-1995							125,740	125,740	125,740	125,740	125,740
1995-1996						112,215	173,204	173,204	173,204	173,204	173,204
1996-1997					22,093	22,093	22,093	22,093	22,093	22,093	22,093
1997-1998				151,570	176,261	176,261	213,461	213,461	213,758	213,758	210,276
1998-1999			93,745	184,228	170,247	167,614	178,754	157,580	157,580	157,580	157,580
1999-2000		36,996	136,671	166,960	225,795	151,511	136,825	176,624	176,539	176,539	169,094
2000-2001	7,008	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	4,000	34,571	54,988	85,865	96,528	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	60,703	37,505	58,423	40,447	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	9,288	62,237	61,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	40,746	66,443	77,832	86,799	67,911	67,911	67,911	67,911	121,845	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	17,133	76,025	77,263	77,263	61,573	
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599		
2007-2008	48,542	142,627	303,952	297,751	289,654	289,654	234,782	360,665			
2008-2009	25,267	105,061	115,373	130,560	150,116	115,576	115,576				
2009-2010	33,372	241,819	265,864	298,131	266,057	324,254					
2010-2011	2,992	20,124	87,062	101,528	66,414						
2011-2012	56,920	103,910	202,358	226,741							
2012-2013	74,101	94,857	88,052								
2013-2014	1,500	49,544									
2014-2015	14,968										

	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1993-1994								1.000	1.000	1.000	1.000
1994-1995							1.000	1.000	1.000	1.000	1.000
1995-1996						1.544	1.000	1.000	1.000	1.000	1.000
1996-1997					1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.163	1.000	1.211	1.000	1.001	1.000	0.984	0.794
1998-1999			1.965	0.924	0.985	1.066	0.882	1.000	1.000	1.000	1.000
1999-2000		3.694	1.222	1.352	0.671	0.903	1.291	1.000	1.000	0.958	0.894
2000-2001	1.074	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	8.643	1.591	1.562	1.124	0.745	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	0.618	1.558	0.692	0.775	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	6.701	0.995	0.694	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	1.631	1.171	1.115	0.782	1.000	1.000	1.000	1.794	0.479	1.025	
2005-2006	12.471	1.147	1.033	1.000	1.779	4.437	1.016	1.000	0.797		
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000			
2007-2008	2.938	2.131	0.980	0.973	1.000	0.811	1.536				
2008-2009	4.158	1.098	1.132	1.150	0.770	1.000					
2009-2010	7.246	1.099	1.121	0.892	1.219						
2010-2011	6.726	4.326	1.166	0.654							
2011-2012	1.826	1.947	1.120								
2012-2013	1.280	0.928									
2013-2014	33.029										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average Dollar-weighted Averages	6.543	1.639	1.129	0.985	1.012	1.284	1.052	1.057	0.944	0.997	0.972
3-yr	1.874	1.724	1.128	0.910	1.034	0.866	1.403	1.360	0.673	1.011	1.000
4-yr	1.981	1.396	1.129	0.933	1.033	1.009	1.332	1.280	0.711	1.007	1.000
Comparative Factors	2.729	1.231	1.056	1.015	1.009	1.007	1.007	1.007	1.007	1.006	1.006
Prior	4.000	1.450	1.100	1.040	1.030	1.025	1.010	1.005	1.004	1.003	1.002
Selected	4.500	1.550	1.120	1.040	1.030	1.025	1.010	1.005	1.004	1.003	1.002
Cumulated	8.798	1.955	1.261	1.126	1.083	1.051	1.025	1.015	1.010	1.006	1.003

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported Loss Development

Limited Losses Reported as of:

Accident Year	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
1993-1994	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418
1994-1995	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740
1995-1996	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	
1996-1997	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093		
1997-1998	166,873	167,718	177,718	168,856	168,856	168,856	168,856				
1998-1999	157,580	157,580	157,580	157,580	157,580	157,580					
1999-2000	151,151	151,151	151,151	151,151	151,151						
2000-2001	1,156	1,156	1,156	1,156							
2001-2002	71,958	71,958	71,958								
2002-2003	31,362	31,362									
2003-2004	43,015										
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
1993-1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1994-1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995-1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1996-1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1997-1998	1.005	1.060	0.950	1.000	1.000	1.000					
1998-1999	1.000	1.000	1.000	1.000	1.000						
1999-2000	1.000	1.000	1.000	1.000							
2000-2001	1.000	1.000	1.000								
2001-2002	1.000	1.000									
2002-2003	1.000										
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
Average Dollar-weighted Averages	1.001	1.007	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	0.982	1.000	1.000	1.000	1.000				
Comparative Factors	1.006	1.006	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.001	1.010
Prior	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.000
Selected	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1997-1998				31,231	121,231	295,312	295,312	279,463	149,508	99,896	99,896
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			166,735	232,304	248,877	262,862	191,643	65,695			
2008-2009			5,512	5,419	40,360						
2009-2010		9,367	10,000	162,185	144,205	148,070					
2010-2011											
2011-2012			163,501	174,416							
2012-2013											
2013-2014											
2014-2015											

	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1997-1998				3.882	2.436	1.000	0.946	0.535	0.668	1.000	1.000
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			1.393	1.071	1.056	0.729	0.343				
2008-2009			0.983	7.448							
2009-2010		1.068	16.219	0.889	1.027						
2010-2011											
2011-2012			1.067								
2012-2013											
2013-2014											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average Dollar-weighted Averages		1.068	4.916	3.323	1.506	0.865	0.763	0.768	0.834	1.000	1.000
3-yr											
4-yr											
Comparative Factors	3.803	1.969	1.475	1.253	1.158	1.126	1.102	1.084	1.069	1.054	1.048
Prior	3.895	2.295	1.626	1.342	1.210	1.118	1.090	1.074	1.045	1.035	1.025
Selected	3.803	1.969	1.475	1.253	1.158	1.126	1.102	1.084	1.069	1.054	1.048
Cumulated	35.292	9.280	4.713	3.195	2.550	2.202	1.956	1.775	1.637	1.531	1.453

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	Losses Reported as of:										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months		
1997-1998	99,896	99,896	99,896	99,896	99,896	99,896	99,896	99,896			
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months		
1997-1998	1.000	1.000	1.000	1.000	1.000	1.000					
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months		
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
3-yr											
4-yr											
Comparative Factors	1.043	1.037	1.034	1.032	1.031	1.027	1.023	1.020	1.087		
Prior	1.020	1.015	1.010	1.005	1.000	1.000	1.000	1.000	1.000	0.000	0.000
Selected	1.043	1.037	1.034	1.032	1.031	1.027	1.023	1.020	1.087	0.000	
Cumulated	1.386	1.329	1.282	1.240	1.202	1.166	1.135	1.109	1.087		

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/14 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 12/31/14 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
1993-1994	\$29,418	1.000	\$29,418	\$29,418	1.041	\$30,624
1994-1995	125,740	1.000	125,740	125,740	1.044	131,273
1995-1996	173,204	1.000	173,204	174,159	1.049	182,693
1996-1997	22,093	1.000	22,093	22,093	1.055	23,308
1997-1998	168,856	1.000	168,856	268,753	1.061	285,147
1998-1999	157,580	1.000	157,580	157,580	1.067	168,138
1999-2000	151,151	1.000	151,151	151,151	1.074	162,336
2000-2001	1,156	1.000	1,156	1,156	1.041	1,203
2001-2002	71,958	1.001	72,030	71,958	1.046	75,268
2002-2003	31,362	1.003	31,456	31,362	1.053	33,024
2003-2004	41,901	1.005	42,111	41,901	1.059	44,373
2004-2005	54,876	1.008	55,315	54,876	1.068	58,608
2005-2006	61,331	1.012	62,067	61,331	1.078	66,115
2006-2007	4,168	1.017	4,239	4,168	1.090	4,543
2007-2008	334,048	1.027	343,067	408,451	1.108	452,564
2008-2009	51,302	1.037	53,200	51,302	1.231	63,153
2009-2010	236,051	1.063	250,922	380,256	1.285	488,629
2010-2011	113,428	1.106	125,451	113,428	1.363	154,602
2011-2012	127,098	1.194	151,755	127,098	1.501	190,774
2012-2013	62,341	1.463	91,205	62,341	1.873	116,765
2013-2014	20,411	2.414	49,272	20,411	3.135	63,988
Totals	\$2,039,473		\$2,161,288	\$2,358,933		\$2,797,128

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by ABAG. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Rate Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at the Pool's SIR. Amounts are provided by ABAG.
- (F) Derived from factors on Rate Appendix B, Page 4.
- (G) (E) x (F).

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1993-1994								29,418	29,418	29,418	29,418
1994-1995							125,740	125,740	125,740	125,740	125,740
1995-1996						112,215	173,204	173,204	173,204	173,204	173,204
1996-1997					22,093	22,093	22,093	22,093	22,093	22,093	22,093
1997-1998				148,284	151,806	155,641	158,091	161,966	163,147	166,697	166,873
1998-1999			96,625	100,972	132,955	143,401	147,580	157,580	157,580	157,580	157,580
1999-2000		26,971	107,159	123,676	130,316	131,825	131,874	148,265	150,264	151,151	151,151
2000-2001	7,023	7,526	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
2001-2002	189	15,371	27,283	51,351	53,232	71,958	71,958	71,958	71,958	71,958	71,958
2002-2003	3,746	19,404	27,715	30,275	31,362	31,362	31,362	31,362	31,362	31,362	31,362
2003-2004	2,447	33,483	42,946	43,015	43,015	43,015	43,015	43,015	43,015	43,015	43,015
2004-2005	14,656	32,711	45,871	46,987	47,612	47,852	47,855	50,938	56,191	58,395	59,858
2005-2006	652	8,131	9,327	9,633	9,633	9,633	54,718	61,573	61,573	61,573	
2006-2007	1,275	4,158	4,599	4,599	4,599	4,599	4,599	4,599	4,599		
2007-2008	2,392	63,598	261,957	289,654	289,654	289,654	234,782	360,665			
2008-2009	2,772	87,203	91,399	102,811	115,576	115,576	115,576				
2009-2010	9,490	73,649	93,054	182,921	222,144	246,858					
2010-2011	2,992	14,792	26,633	35,920	56,481						
2011-2012	35,690	57,935	81,050	94,297							
2012-2013	11,780	55,935	32,839								
2013-2014		11,729									
2014-2015	2,533										

	<u>Paid Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1993-1994								1.000	1.000	1.000	1.000
1994-1995							1.000	1.000	1.000	1.000	1.000
1995-1996						1.544	1.000	1.000	1.000	1.000	1.000
1996-1997					1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.024	1.025	1.016	1.025	1.007	1.022	1.001	1.000
1998-1999			1.045	1.317	1.079	1.029	1.068	1.000	1.000	1.000	1.000
1999-2000		3.973	1.154	1.054	1.012	1.000	1.124	1.013	1.006	1.000	1.000
2000-2001	1.072	0.154	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	81.492	1.775	1.882	1.037	1.352	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	5.180	1.428	1.092	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	13.683	1.283	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.232	1.402	1.024	1.013	1.005	1.000	1.064	1.103	1.039	1.025	
2005-2006	12.471	1.147	1.033	1.000	1.000	5.680	1.125	1.000	1.000		
2006-2007	3.261	1.106	1.000	1.000	1.000	1.000	1.000	1.000			
2007-2008	26.588	4.119	1.106	1.000	1.000	0.811	1.536				
2008-2009	31.459	1.048	1.125	1.124	1.000	1.000					
2009-2010	7.761	1.263	1.966	1.214	1.111						
2010-2011	4.944	1.801	1.349	1.572							
2011-2012	1.623	1.399	1.163								
2012-2013	4.748	0.587									
2013-2014											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	15.116	1.606	1.210	1.099	1.042	1.363	1.067	1.009	1.005	1.002	1.000
Dollar-weighted Averages											
3-yr		1.092	1.560	1.226	1.039	0.866	1.451	1.045	1.014	1.011	1.000
4-yr		1.155	1.424	1.119	1.039	0.977	1.397	1.033	1.011	1.007	1.000
Comparative Factors											
Prior	3.604	1.651	1.223	1.113	1.072	1.046	1.034	1.028	1.018	1.014	1.013
Selected	10.000	1.700	1.200	1.070	1.030	1.025	1.010	1.010	1.005	1.004	1.003
Cumulated	10.000	1.650	1.225	1.080	1.040	1.025	1.010	1.010	1.005	1.004	1.003
	24.140	2.414	1.463	1.194	1.106	1.063	1.037	1.027	1.017	1.012	1.008

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid Loss Development

Limited Losses Paid as of:

Accident Year	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months	246 Months	258 Months
1993-1994	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418	29,418
1994-1995	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740	125,740
1995-1996	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	173,204	
1996-1997	22,093	22,093	22,093	22,093	22,093	22,093	22,093	22,093			
1997-1998	166,873	167,718	168,611	168,856	168,856	168,856	168,856				
1998-1999	157,580	157,580	157,580	157,580	157,580	157,580					
1999-2000	151,151	151,151	151,151	151,151	151,151						
2000-2001	1,156	1,156		1,156							
2001-2002	71,958	71,958	71,958								
2002-2003	31,362	31,362									
2003-2004	43,015										
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
1993-1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1994-1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1995-1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1996-1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1997-1998	1.005	1.005	1.001	1.000	1.000	1.000					
1998-1999	1.000	1.000	1.000	1.000	1.000						
1999-2000	1.000	1.000	1.000	1.000							
2000-2001	1.000	1.000	1.000								
2001-2002	1.000	1.000									
2002-2003	1.000										
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-246 Months	246-258 Months	258-Ult. Months
Average	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Dollar-weighted Averages											
3-yr	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.001	1.000	1.000	1.000	1.000				
Comparative Factors											
Prior	1.013	1.011	1.010	1.008	1.008	1.006	1.006	1.006	1.006	1.003	1.030
Selected	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.000
Cumulated	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Cumulated	1.005	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
1997-1998				67,024	77,686	90,166	95,651	100,799	102,337	99,896	99,896
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			23,565	126,631	113,197	128,886	191,643	65,695			
2008-2009											
2009-2010				144,205	144,205	135,496					
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											

	<u>Paid Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
1997-1998				1.159	1.161	1.061	1.054	1.015	0.976	1.000	1.000
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008			5.374	0.894	1.139	1.487	0.343				
2008-2009											
2009-2010				1.000	0.940						
2010-2011											
2011-2012											
2012-2013											
2013-2014											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average Dollar-weighted Averages			5.374	1.018	1.080	1.274	0.799	1.008	0.988	1.000	1.000
3-yr											
4-yr											
Comparative Factors	5.508	2.945	2.004	1.586	1.379	1.265	1.202	1.150	1.117	1.097	1.077
Prior	4.503	3.111	2.662	2.047	1.623	1.380	1.272	1.208	1.135	1.090	1.060
Selected	5.508	2.945	2.004	1.586	1.379	1.265	1.202	1.150	1.117	1.097	1.077
Cumulated	334.303	60.694	20.609	10.284	6.484	4.702	3.717	3.092	2.689	2.407	2.194

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	Losses Paid as of:										
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months	222 Months	234 Months		
1997-1998	99,896	99,896	99,896	99,896	99,896	99,896	99,896	99,896			
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months		
1997-1998	1.000	1.000	1.000	1.000	1.000	1.000					
1998-1999											
1999-2000											
2000-2001											
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-222 Months	222-234 Months	234-Ult. Months		
Average Dollar-weighted Averages	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
3-yr											
4-yr											
Comparative Factors	1.065	1.058	1.055	1.052	1.042	1.035	1.035	1.033	1.412		
Prior	1.040	1.030	1.020	1.010	1.000	1.000	1.000	1.000	1.000	0.000	0.000
Selected	1.065	1.058	1.055	1.052	1.042	1.035	1.035	1.033	1.412	0.000	
Cumulated	2.037	1.913	1.808	1.714	1.629	1.563	1.510	1.459	1.412		

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/14 (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)
1993-1994	\$106,179	\$29,418	1.008	0.008	\$0.327	\$278	\$29,696
1994-1995	103,587	125,740	1.010	0.010	1.440	1,492	127,232
1995-1996	108,005	174,159	1.013	0.013	1.913	2,686	176,845
1996-1997	100,720	22,093	1.017	0.017	0.262	449	22,542
1997-1998	98,265	268,753	1.021	0.021	2.071	4,274	273,027
1998-1999	101,522	157,580	1.025	0.024	1.880	4,581	162,161
1999-2000	114,055	151,151	1.031	0.030	1.614	5,523	156,674
2000-2001	117,984	1,156	1.019	0.019	0.011	25	1,181
2001-2002	134,181	71,958	1.022	0.022	0.594	1,753	73,711
2002-2003	148,225	31,362	1.025	0.024	0.235	836	32,198
2003-2004	157,394	41,901	1.030	0.029	0.296	1,351	43,252
2004-2005	150,953	54,876	1.036	0.035	0.406	2,145	57,021
2005-2006	147,158	61,331	1.044	0.042	0.466	2,880	64,211
2006-2007	157,504	4,168	1.053	0.050	0.029	228	4,396
2007-2008	228,538	408,451	1.065	0.061	1.642	22,891	431,342
2008-2009	227,515	51,302	1.144	0.126	0.288	8,256	59,558
2009-2010	235,402	430,955	1.190	0.160	1.125	42,372	473,327
2010-2011	235,891	123,361	1.246	0.197	1.193	55,439	178,800
2011-2012	234,152	419,803	1.324	0.245	1.213	69,586	489,389
2012-2013	221,070	124,119	1.524	0.344	1.240	94,300	218,419
2013-2014	221,441	62,107	2.411	0.585	1.298	168,147	230,254
Totals	\$3,349,741	\$2,815,744				\$489,492	\$3,305,236

Notes:

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

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and payroll 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.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/14 (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)
1993-1994	\$106,179	\$29,418	1.041	0.039	\$0.327	\$1,354	\$30,772
1994-1995	103,587	125,740	1.044	0.042	1.440	6,265	132,005
1995-1996	108,005	174,159	1.049	0.047	1.913	9,711	183,870
1996-1997	100,720	22,093	1.055	0.052	0.262	1,372	23,465
1997-1998	98,265	268,753	1.061	0.057	2.071	11,600	280,353
1998-1999	101,522	157,580	1.067	0.063	1.880	12,024	169,604
1999-2000	114,055	151,151	1.074	0.069	1.614	12,702	163,853
2000-2001	117,984	1,156	1.041	0.039	0.011	51	1,207
2001-2002	134,181	71,958	1.046	0.044	0.594	3,507	75,465
2002-2003	148,225	31,362	1.053	0.050	0.235	1,742	33,104
2003-2004	157,394	41,901	1.059	0.056	0.296	2,609	44,510
2004-2005	150,953	54,876	1.068	0.064	0.406	3,922	58,798
2005-2006	147,158	61,331	1.078	0.072	0.466	4,937	66,268
2006-2007	157,504	4,168	1.090	0.083	0.029	379	4,547
2007-2008	228,538	408,451	1.108	0.097	1.642	36,400	444,851
2008-2009	227,515	51,302	1.231	0.188	0.288	12,319	63,621
2009-2010	235,402	380,256	1.285	0.222	1.125	58,792	439,048
2010-2011	235,891	113,428	1.363	0.266	1.193	74,857	188,285
2011-2012	234,152	127,098	1.501	0.334	1.213	94,865	221,963
2012-2013	221,070	62,341	1.873	0.466	1.240	127,743	190,084
2013-2014	221,441	20,411	3.135	0.681	1.298	195,740	216,151
Totals	\$3,349,741	\$2,358,933				\$672,891	\$3,031,824

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Trended Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
1993-1994	\$106,179	\$29,418	1.984	\$58,365	\$0.550	\$0.277	1.180	\$0.327
1994-1995	103,587	125,740	1.858	233,625	2.255	1.214	1.186	1.440
1995-1996	108,005	173,204	1.695	293,581	2.718	1.604	1.192	1.913
1996-1997	100,720	22,093	1.510	33,360	0.331	0.219	1.199	0.262
1997-1998	98,265	168,856	1.300	219,513	2.234	1.718	1.205	2.071
1998-1999	101,522	157,580	1.149	181,059	1.783	1.552	1.211	1.880
1999-2000	114,055	151,151	1.020	154,174	1.352	1.325	1.218	1.614
2000-2001	117,984	1,156	0.952	1,101	0.009	0.010	1.105	0.011
2001-2002	134,181	71,958	0.949	68,288	0.509	0.536	1.107	0.594
2002-2003	148,225	31,362	0.997	31,268	0.211	0.212	1.110	0.235
2003-2004	157,394	41,901	1.231	51,580	0.328	0.266	1.113	0.296
2004-2005	150,953	54,876	1.577	86,539	0.573	0.364	1.116	0.406
2005-2006	147,158	61,331	1.687	103,465	0.703	0.417	1.118	0.466
2006-2007	157,504	4,168	1.575	6,565	0.042	0.026	1.120	0.029
2007-2008	228,538	334,048	1.443	482,031	2.109	1.462	1.123	1.642
2008-2009	227,515	51,302	1.325	67,975	0.299	0.225	1.279	0.288
2009-2010	235,402	288,000	1.190	342,720	1.456	0.874	1.287	1.125
2010-2011	235,891	134,000	1.128	151,152	0.641	0.922	1.294	1.193
2011-2012	234,152	304,000	1.115	338,960	1.448	0.933	1.301	1.213
2012-2013	221,070	157,000	1.097	172,229	0.779	0.948	1.308	1.240
2013-2014	221,441	121,000	1.054	127,534	0.576	0.987	1.315	1.298
Total/Avg	\$3,349,741	\$2,484,144		\$3,205,084	\$0.957			
07/08-12/13	1,382,568	1,268,350		1,555,067	\$1.125			
07/08-13/14	1,604,009	1,389,350		1,682,601	\$1.049			

Selected Limited Rate: \$1.040
Prior: \$1.120

Notes:

- (A) From Appendix N, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Rate Appendix E, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2008-2009 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
1993-1994	\$1,653	21	\$34,713
1994-1995	4,520	33	149,160
1995-1996	9,388	22	206,536
1996-1997	2,036	13	26,468
1997-1998	8,481	24	203,544
1998-1999	10,048	19	190,912
1999-2000	14,165	13	184,145
2000-2001	425	3	1,275
2001-2002	5,692	14	79,688
2002-2003	2,176	16	34,816
2003-2004	4,663	10	46,630
2004-2005	4,081	15	61,215
2005-2006	6,232	11	68,552
2006-2007	519	9	4,671
2007-2008	16,312	23	375,176
2008-2009	2,524	26	65,624
2009-2010	13,320	21	279,720
2010-2011	14,410	17	244,970
2011-2012	14,938	20	298,760
2012-2013	15,577	9	140,193
2013-2014	16,634	10	166,340
Total		349	\$2,863,108

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
1993-1994	\$29,418	21	\$1,401	3.008	\$4,214	\$1,401	1.180	\$1,653
1994-1995	125,740	33	3,810	2.762	10,523	3,810	1.186	4,520
1995-1996	173,204	22	7,873	2.472	19,462	7,873	1.192	9,388
1996-1997	22,093	13	1,699	2.160	3,670	1,699	1.199	2,036
1997-1998	168,856	24	7,036	1.825	12,841	7,036	1.205	8,481
1998-1999	157,580	19	8,294	1.581	13,113	8,294	1.211	10,048
1999-2000	151,151	13	11,627	1.375	15,987	11,627	1.218	14,165
2000-2001	1,156	3	385	1.258	484	385	1.105	425
2001-2002	71,958	14	5,140	1.229	6,317	5,140	1.107	5,692
2002-2003	31,362	16	1,960	1.266	2,481	1,960	1.110	2,176
2003-2004	41,901	10	4,190	1.532	6,419	4,190	1.113	4,663
2004-2005	54,876	15	3,658	1.925	7,042	3,658	1.116	4,081
2005-2006	61,331	11	5,576	2.017	11,247	5,576	1.118	6,232
2006-2007	4,168	9	463	1.845	854	463	1.120	519
2007-2008	334,048	23	14,524	1.658	24,081	14,524	1.123	16,312
2008-2009	51,302	26	1,973	1.492	2,944	1,973	1.279	2,524
2009-2010	288,000	21	13,714	1.314	18,020	10,350	1.287	13,320
2010-2011	133,000	17	7,824	1.221	9,553	11,138	1.294	14,410
2011-2012	299,000	20	14,950	1.184	17,701	11,486	1.301	14,938
2012-2013	162,000	9	18,000	1.142	20,556	11,909	1.308	15,577
2013-2014	159,000	10	15,900	1.075	17,093	12,651	1.315	16,634

Average Limited Severity: \$10,695
09/10-13/14 Average Limited Severity: \$12,909
10/11-13/14 Average Limited Severity: \$14,311

Selected Limited Severity: \$13,600
Prior: \$12,900

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
1993-1994	21	21	21	11	1.978	0.655	1.296
1994-1995	33	33	33	10	3.186	0.668	2.128
1995-1996	22	22	22	11	2.037	0.682	1.389
1996-1997	13	13	13	10	1.291	0.696	0.899
1997-1998	24	23	24	10	2.442	0.710	1.734
1998-1999	19	18	19	10	1.872	0.725	1.357
1999-2000	13	11	13	11	1.140	0.740	0.844
2000-2001	3	3	3	12	0.254	0.755	0.192
2001-2002	14	13	14	13	1.043	0.769	0.802
2002-2003	16	13	16	15	1.079	0.785	0.847
2003-2004	10	9	10	16	0.635	0.801	0.509
2004-2005	15	13	15	15	0.994	0.817	0.812
2005-2006	11	10	11	15	0.747	0.834	0.623
2006-2007	9	9	9	16	0.571	0.851	0.486
2007-2008	23	23	23	23	1.006	0.868	0.873
2008-2009	26	27	26	23	1.143	0.886	1.013
2009-2010	21	21	21	24	0.892	0.904	0.806
2010-2011	17	17	17	24	0.721	0.922	0.665
2011-2012	20	19	20	23	0.854	0.942	0.804
2012-2013	9	10	9	22	0.407	0.961	0.391
2013-2014	10	10	10	22	0.452	0.980	0.443
Total	349	338	349	334.974			0.830

(H) Selected 2014-2015 Frequency: 0.590
Prior: 0.750

Program Year:	2014-2015	2015-2016
(I) Trend Factor:	1.000	0.980
(J) Selected Frequency:	0.590	0.578
(K) Estimated Payroll (\$000,000):	\$23	\$23
(L) Ultimate Claims:	13	13

Notes:

- (A) From Rate Appendix D, Page 4, (C).
- (B) From Rate Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix N, Column (C) divided by 10,000.
- (E) (C) / (D).
- (F) From Rate Appendix E.
- (G) (E) x (F).
- (H) The selected frequency of .590 is based on (G).
- (I) From Rate Appendix E.
- (J) (H) x (I).
- (K) From Appendix N, Column (C) divided by 10,000.
- (L) (J) x (K).

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2014 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1993-1994	21	1.000	21	1.295
1994-1995	33	1.000	33	2.128
1995-1996	22	1.000	22	1.389
1996-1997	13	1.000	13	0.898
1997-1998	24	1.000	24	1.734
1998-1999	19	1.000	19	1.357
1999-2000	13	1.000	13	0.843
2000-2001	3	1.000	3	0.192
2001-2002	14	1.000	14	0.802
2002-2003	16	1.000	16	0.847
2003-2004	10	1.000	10	0.509
2004-2005	15	1.000	15	0.812
2005-2006	11	1.000	11	0.623
2006-2007	9	1.000	9	0.486
2007-2008	23	1.000	23	0.874
2008-2009	26	1.000	26	1.013
2009-2010	21	1.000	21	0.806
2010-2011	17	1.000	17	0.664
2011-2012	20	1.000	20	0.805
2012-2013	9	1.000	9	0.391
2013-2014	10	1.045	10	0.443
Total	349		349	0.830

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2014 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
1993-1994	21	1.000	21	1.295
1994-1995	33	1.000	33	2.128
1995-1996	22	1.000	22	1.389
1996-1997	13	1.000	13	0.898
1997-1998	23	1.000	23	1.662
1998-1999	18	1.000	18	1.285
1999-2000	11	1.000	11	0.714
2000-2001	3	1.001	3	0.192
2001-2002	13	1.002	13	0.745
2002-2003	13	1.003	13	0.688
2003-2004	9	1.004	9	0.458
2004-2005	13	1.006	13	0.704
2005-2006	10	1.009	10	0.567
2006-2007	9	1.013	9	0.486
2007-2008	23	1.018	23	0.874
2008-2009	26	1.028	27	1.051
2009-2010	20	1.043	21	0.806
2010-2011	16	1.064	17	0.664
2011-2012	17	1.096	19	0.764
2012-2013	8	1.206	10	0.435
2013-2014	7	1.447	10	0.443
Total	328		338	0.805

Notes:

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

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Reported Claim Count Development

Accident Year	Number of Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1993-1994								21	21	21	21	21	21	21
1994-1995							33	33	33	33	33	33	33	33
1995-1996						22	22	22	22	22	22	22	22	22
1996-1997					13	13	13	13	13	13	13	13	13	13
1997-1998				24	24	24	24	24	24	24	24	24	24	24
1998-1999			19	19	19	19	19	19	19	19	19	19	19	19
1999-2000		13	13	13	13	13	13	13	13	13	13	13	13	13
2000-2001	2	3	3	3	3	3	3	3	3	3	3	3	3	3
2001-2002	3	14	14	14	14	14	14	14	14	14	14	14	14	14
2002-2003	9	16	16	16	16	16	16	16	16	16	16	16	16	16
2003-2004	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2004-2005	8	18	18	18	18	18	18	18	18	18	18	18	18	18
2005-2006	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2006-2007	4	12	12	12	12	12	12	12	12	12	12	12	12	12
2007-2008	3	15	15	15	15	15	15	15	15	15	15	15	15	15
2008-2009	4	15	16	16	16	16	16	16	16	16	16	16	16	16
2009-2010	3	9	10	10	10	10	10	10	10	10	10	10	10	10
2010-2011	4	8	8	8	8	8	8	8	8	8	8	8	8	8
2011-2012	7	11	12	12	12	12	12	12	12	12	12	12	12	12
2012-2013	7	10	5	5	5	5	5	5	5	5	5	5	5	5
2013-2014	1	7	7	7	7	7	7	7	7	7	7	7	7	7
2014-2015	2	2	2	2	2	2	2	2	2	2	2	2	2	2

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1993-1994								1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994-1995							1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995-1996						1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996-1997					1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998-1999			1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999-2000		1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000-2001	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	4.667	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002-2003	1.778	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003-2004	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004-2005	2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005-2006	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007-2008	5.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008-2009	3.750	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009-2010	3.000	1.111	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010-2011	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011-2012	1.571	1.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012-2013	1.429	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.500
2013-2014	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	3.068	0.984	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Claim-weighted Averages														
3-yr	1.867	0.862	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.895	0.921	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors														
Prior	2.452	1.034	1.008	1.004	1.004	1.002	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001
Selected	3.000	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	3.250	1.045	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	3.396	1.045	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
1993-1994								20	21	21	21	21	21	21
1994-1995							32	32	33	33	33	33	33	33
1995-1996						20	22	22	22	22	22	22	22	22
1996-1997					12	13	13	13	13	13	13	13	13	13
1997-1998				20	22	22	22	22	22	23	23	24	24	23
1998-1999			13	15	17	18	18	19	19	19	19	19	19	19
1999-2000		5	9	10	10	12	12	12	12	12	12	13	13	13
2000-2001		1	2	3	3	3	3	3	3	3	3	3	3	3
2001-2002	1	12	12	13	13	14	14	14	14	14	14	14	13	13
2002-2003	3	14	14	15	16	16	16	16	16	16	16	13	13	
2003-2004	1	10	12	12	12	12	12	12	12	12	11	11		
2004-2005	3	15	16	16	17	17	17	17	17	17	16			
2005-2006	4	12	12	12	12	11	11	11	11	11				
2006-2007	4	12	12	12	12	12	12	12	12					
2007-2008	1	10	11	12	13	13	15	15						
2008-2009	1	14	14	14	14	16	16							
2009-2010	1	6	6	7	8	8								
2010-2011	4	7	7	7	7									
2011-2012	5	7	8	8										
2012-2013		8	4											
2013-2014		5												
2014-2015														

Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
1993-1994								1.050	1.000	1.000	1.000	1.000	1.000	1.000
1994-1995							1.000	1.031	1.000	1.000	1.000	1.000	1.000	1.000
1995-1996						1.100	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996-1997					1.083	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997-1998				1.100	1.000	1.000	1.000	1.000	1.045	1.000	1.043	1.000	0.958	1.043
1998-1999			1.154	1.133	1.059	1.000	1.056	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999-2000		1.800	1.111	1.000	1.200	1.000	1.000	1.000	1.000	1.000	1.083	1.000	1.000	0.846
2000-2001		2.000	1.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001-2002	12.000	1.000	1.083	1.000	1.077	1.000	1.000	1.000	1.000	1.000	1.000	0.929	1.000	
2002-2003	4.667	1.000	1.071	1.067	1.000	1.000	1.000	1.000	1.000	1.000	0.813	1.000		
2003-2004	10.000	1.200	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.917	1.000			
2004-2005	5.000	1.067	1.000	1.063	1.000	1.000	1.000	1.000	1.000	0.941				
2005-2006	3.000	1.000	1.000	1.000	0.917	1.000	1.000	1.000	1.000					
2006-2007	3.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
2007-2008	10.000	1.100	1.091	1.083	1.000	1.154	1.000							
2008-2009	14.000	1.000	1.000	1.000	1.143	1.000								
2009-2010	6.000	1.000	1.167	1.143	1.000									
2010-2011	1.750	1.000	1.000	1.000										
2011-2012	1.400	1.143	1.000											
2012-2013		0.500												
2013-2014														

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
Average	6.438	1.129	1.084	1.042	1.034	1.018	1.004	1.006	1.003	0.988	0.994	0.993	0.995	0.986
Claim-weighted Averages														
3-yr		0.864	1.048	1.036	1.057	1.049	1.000	1.000	1.000	0.956	0.927	0.967	1.000	0.943
4-yr		0.893	1.029	1.050	1.043	1.038	1.000	1.000	1.000	0.966	0.932	0.977	1.000	0.983
Comparative Factors														
Prior	2.771	1.251	1.073	1.053	1.034	1.023	1.017	1.014	1.012	1.008	1.008	1.005	1.004	1.004
Selected	5.000	1.200	1.100	1.030	1.020	1.015	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	5.000	1.200	1.100	1.030	1.020	1.015	1.010	1.005	1.004	1.003	1.002	1.001	1.001	1.001
Cumulated	7.235	1.447	1.206	1.096	1.064	1.043	1.028	1.018	1.013	1.009	1.006	1.004	1.003	1.002

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2014-2015 Loss Rate Level (B)	Factor to 2015-2016 Loss Rate Level (C)	Factor to 2016-2017 Loss Rate Level (D)	Factor to 2017-2018 Loss Rate Level (E)	Factor to 2014-2015 Frequency Level (F)	Factor to 2015-2016 Frequency Level (G)	Factor to 2016-2017 Frequency Level (H)	Factor to 2017-2018 Frequency Level (I)	Factor to 2014-2015 Severity Level (J)
1993-1994	1.792	1.984	2.097	2.204	2.316	0.655	0.642	0.629	0.616	3.008
1994-1995	1.686	1.858	1.963	2.063	2.168	0.668	0.655	0.642	0.629	2.762
1995-1996	1.547	1.695	1.791	1.882	1.977	0.682	0.669	0.655	0.642	2.472
1996-1997	1.385	1.510	1.596	1.677	1.762	0.696	0.682	0.668	0.655	2.160
1997-1998	1.200	1.300	1.374	1.444	1.517	0.710	0.696	0.682	0.668	1.825
1998-1999	1.065	1.149	1.215	1.276	1.341	0.725	0.710	0.696	0.682	1.581
1999-2000	0.950	1.020	1.078	1.133	1.190	0.740	0.725	0.710	0.696	1.375
2000-2001	0.891	0.952	1.006	1.057	1.111	0.755	0.740	0.724	0.710	1.258
2001-2002	0.892	0.949	1.003	1.054	1.108	0.769	0.754	0.739	0.724	1.229
2002-2003	0.941	0.997	1.054	1.107	1.164	0.785	0.770	0.754	0.739	1.266
2003-2004	1.168	1.231	1.301	1.367	1.437	0.801	0.785	0.769	0.754	1.532
2004-2005	1.503	1.577	1.667	1.751	1.840	0.817	0.801	0.785	0.769	1.925
2005-2006	1.615	1.687	1.783	1.873	1.968	0.834	0.818	0.801	0.785	2.017
2006-2007	1.515	1.575	1.664	1.749	1.837	0.851	0.834	0.817	0.801	1.845
2007-2008	1.395	1.443	1.526	1.603	1.684	0.868	0.851	0.834	0.817	1.658
2008-2009	1.287	1.325	1.400	1.471	1.546	0.886	0.869	0.851	0.834	1.492
2009-2010	1.161	1.190	1.258	1.321	1.388	0.904	0.886	0.868	0.851	1.314
2010-2011	1.106	1.128	1.192	1.252	1.316	0.922	0.904	0.886	0.868	1.221
2011-2012	1.099	1.115	1.179	1.239	1.302	0.942	0.923	0.904	0.886	1.184
2012-2013	1.086	1.097	1.160	1.218	1.280	0.961	0.942	0.922	0.904	1.142
2013-2014	1.049	1.054	1.114	1.170	1.230	0.980	0.960	0.941	0.922	1.075
2014-2015	1.000	1.000	1.057	1.111	1.167	1.000	0.980	0.960	0.941	1.000
2015-2016	0.951	--	1.000	1.051	1.104	--	1.000	0.980	0.960	--
2016-2017	0.909	--	--	1.000	1.051	--	--	1.000	0.980	--
2017-2018	0.870	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on WCIRB.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 2.5% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in statutory workers' compensation benefit levels and changes in actual claims costs in excess of changes in payroll. Changes in the ways in which claims are filed as a result of greater awareness of workers' compensation benefits are not generally reflected in the statutory benefit level factors shown above, but may be part of the reason for changes in actual claims costs in excess of payroll changes.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Discounted* Reserves (C)	Undiscounted Reserves (D)	Discount Factor (E)
22	6.5%	0.064	0.065	0.985
21	0.4%	0.067	0.070	0.958
20	0.5%	0.070	0.075	0.934
19	0.5%	0.073	0.080	0.912
18	0.6%	0.077	0.086	0.892
17	0.7%	0.081	0.093	0.875
16	0.7%	0.085	0.099	0.858
15	0.8%	0.091	0.107	0.845
14	0.9%	0.096	0.116	0.833
13	0.9%	0.103	0.125	0.821
12	1.0%	0.109	0.135	0.811
11	1.3%	0.119	0.147	0.804
10	1.4%	0.129	0.161	0.798
9	1.7%	0.141	0.178	0.795
8	2.0%	0.157	0.197	0.793
7	2.6%	0.178	0.224	0.795
6	3.7%	0.209	0.260	0.802
5	5.3%	0.255	0.314	0.814
4	9.6%	0.342	0.410	0.836
3	16.9%	0.499	0.579	0.862
2	24.7%	0.728	0.826	0.882
1	17.4%	0.878	1.000	0.878
(F) Discount Factor for Future Funding:				0.891
* Assumed Investment Rate:				3.0%

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Rate Appendix B, Page 2.
- (C) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, 72.8% = [49.9% / 1.030] + [24.7% / (1.015)].
- (D) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (E) (C) / (D).
- (F) (E) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 0.89, on a discounted basis, \$0.89 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Confidence Level Table

Probability	Projected Losses
95%	2.480
90	2.025
85	1.750
80	1.549
75	1.389
70	1.253
65	1.135
60	1.029
55	0.933
50	0.842
45	0.755
40	0.669
35	0.583
30	0.497
25	0.413

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 2.025 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Exposure Measures

Accident Year	Total Payroll (\$00) (B)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
1993-1994	63,240	1.679	106,179
1994-1995	63,240	1.638	103,587
1995-1996	67,587	1.598	108,005
1996-1997	64,606	1.559	100,720
1997-1998	64,606	1.521	98,265
1998-1999	68,411	1.484	101,522
1999-2000	78,767	1.448	114,055
2000-2001	83,499	1.413	117,984
2001-2002	97,303	1.379	134,181
2002-2003	110,205	1.345	148,225
2003-2004	119,965	1.312	157,394
2004-2005	117,932	1.280	150,953
2005-2006	117,821	1.249	147,158
2006-2007	129,207	1.219	157,504
2007-2008	192,210	1.189	228,538
2008-2009	196,134	1.160	227,515
2009-2010	207,952	1.132	235,402
2010-2011	213,669	1.104	235,891
2011-2012	217,411	1.077	234,152
2012-2013	210,343	1.051	221,070
2013-2014	216,040	1.025	221,441
2014-2015	228,641	1.000	228,641
2015-2016	228,886	1.000	228,886

Notes:

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

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Allocation of 2015-16 Costs to Members
60% Confidence Level Funding - Discounted - \$250,000 SIR
All Members

	Code	ABAG	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total	
(1) Estimated 2015-16 Payroll By Classification	8742	749,660	0	0	0	0	749,660	
	8810	5,912,378	3,570,200	1,182,617	103,000	2,166,980	12,935,175	
	9410	0	1,226,319	660,454	792,000	1,620,600	4,299,373	
	9420	0	1,161,289	253,879	165,000	1,185,100	2,765,268	
	7720	0	0	0	875,000	8,700	883,700	
	7706	0	0	0	0	0	0	
	7207	0	0	0	0	0	0	
	7520	0	0	0	0	397,600	397,600	
	7580	0	0	0	0	668,700	668,700	
	9422	0	0	0	0	189,100	189,100	
	7382	0	0	0	0	0	0	
		6,662,038	5,957,808	2,096,950	1,935,000	6,236,780	22,888,576	
		2015-16 Discounted Loss Rate						
(2) Expected 2015-16 Loss & ALAE - Discounted at 60% Confidence Level	8742	0.42	3,117	0	0	0	3,117	
	8810	0.34	20,146	12,165	4,030	351	44,076	
	9410	1.21	0	14,859	8,003	9,597	52,096	
	9420	5.41	0	62,769	13,723	8,918	149,467	
	7720	2.78	0	0	0	24,296	24,537	
	7706	3.35	0	0	0	0	0	
	7207	7.48	0	0	0	0	0	
	7520	2.89	0	0	0	11,478	11,478	
	7580	3.38	0	0	0	22,604	22,604	
	9422	3.76	0	0	0	7,112	7,112	
	7382	6.73	0	0	0	0	0	
(3) Total Expected Loss & ALAE			23,263	89,794	25,755	43,162	132,512	314,485
(4) Experience Modification			89.4%	81.0%	103.7%	125.0%	105.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE			20,802	72,713	26,721	53,952	140,298	314,485
(6) Administration			18,067	18,067	18,067	18,067	18,067	90,337
(7) Claims Administration			3,000	3,000	3,000	3,000	3,000	15,000
(8) Self-Insurance Assessment			1,500	1,500	1,500	1,500	1,500	7,500
(9) Excess Insurance Costs			14,994	52,411	19,260	38,888	101,125	226,678
(10) Funding Redundancy/(Deficiency)			0	0	0	0	0	0
(11) Total Premium Deposit			58,362	147,692	68,548	115,408	263,990	654,000

- (1) Provided by ABAG.
- (2) = (1) / 100 X 2015/16 loss rate at 60% confidence level for each code from Rate Appendix P, Page 1.
- (3) Sum (2) over all codes.
- (4) Developed in Rate Appendix P, Page 2.
- (5) = (3) x (4).
- (6), (7) 2015/16 budgeted totals provided by ABAG.
- (8) Provided by ABAG.
- (9) Total provided by ABAG, allocated based on (5).
- (10) From Exhibit II, row (J).
- (11) = (5) + (6) + (7) + (8) + (9) - (10).

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Allocation of 2015-16 Costs to Members
65% Confidence Level Funding - Discounted - \$250,000 SIR
All Members

	Code	ABAG	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total
(1) Estimated 2015-16 Payroll By Classification	8742	749,660	0	0	0	0	749,660
	8810	5,912,378	3,570,200	1,182,617	103,000	2,166,980	12,935,175
	9410	0	1,226,319	660,454	792,000	1,620,600	4,299,373
	9420	0	1,161,289	253,879	165,000	1,185,100	2,765,268
	7720	0	0	0	875,000	8,700	883,700
	7706	0	0	0	0	0	0
	7207	0	0	0	0	0	0
	7520	0	0	0	0	397,600	397,600
	7580	0	0	0	0	668,700	668,700
	9422	0	0	0	0	189,100	189,100
	7382	0	0	0	0	0	0
		6,662,038	5,957,808	2,096,950	1,935,000	6,236,780	22,888,576
		2015-16 Discounted Loss Rate					
(2) Expected 2015-16 Loss & ALAE - Discounted	8742	0.46	3,454	0	0	0	3,454
	8810	0.38	22,324	13,480	4,465	389	48,841
at 65% Confidence Level	9410	1.34	0	16,466	8,868	10,634	57,728
	9420	5.99	0	69,555	15,206	9,883	165,626
	7720	3.08	0	0	0	26,922	27,190
	7706	3.71	0	0	0	0	0
	7207	8.29	0	0	0	0	0
	7520	3.20	0	0	0	12,718	12,718
	7580	3.75	0	0	0	25,047	25,047
	9422	4.17	0	0	0	7,881	7,881
	7382	7.46	0	0	0	0	0
(3) Total Expected Loss & ALAE		25,778	99,502	28,539	47,828	146,838	348,485
(4) Experience Modification		89.4%	81.0%	103.7%	125.0%	105.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		23,050	80,574	29,609	59,785	155,466	348,485
(6) Administration		18,067	18,067	18,067	18,067	18,067	90,337
(7) Claims Administration		3,000	3,000	3,000	3,000	3,000	15,000
(8) Self-Insurance Assessment		1,500	1,500	1,500	1,500	1,500	7,500
(9) Excess Insurance Costs		14,994	52,411	19,260	38,888	101,125	226,678
(10) Funding Redundancy/(Deficiency)		0	0	0	0	0	0
(11) Total Premium Deposit		60,611	155,553	71,437	121,240	279,158	688,000

- (1) Provided by ABAG.
- (2) = (1) / 100 X 2015/16 loss rate at 65% confidence level for each code from Rate Appendix P, Page 1.
- (3) Sum (2) over all codes.
- (4) Developed in Rate Appendix P, Page 2.
- (5) = (3) x (4).
- (6), (7) 2015/16 budgeted totals provided by ABAG.
- (8) Provided by ABAG.
- (9) Total provided by ABAG, allocated based on (5).
- (10) From Exhibit II, row (J).
- (11) = (5) + (6) + (7) + (8) + (9) - (10).

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Allocation of 2015-16 Costs to Members
70% Confidence Level Funding - Discounted - \$250,000 SIR
All Members

	Code	ABAG	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total
(1) Estimated 2015-16 Payroll By Classification	8742	749,660	0	0	0	0	749,660
	8810	5,912,378	3,570,200	1,182,617	103,000	2,166,980	12,935,175
	9410	0	1,226,319	660,454	792,000	1,620,600	4,299,373
	9420	0	1,161,289	253,879	165,000	1,185,100	2,765,268
	7720	0	0	0	875,000	8,700	883,700
	7706	0	0	0	0	0	0
	7207	0	0	0	0	0	0
	7520	0	0	0	0	397,600	397,600
	7580	0	0	0	0	668,700	668,700
	9422	0	0	0	0	189,100	189,100
	7382	0	0	0	0	0	0
		6,662,038	5,957,808	2,096,950	1,935,000	6,236,780	22,888,576
		2015-16 Discounted Loss Rate					
(2) Expected 2015-16 Loss & ALAE - Discounted at 70% Confidence Level	8742	0.51	3,831	0	0	0	3,831
	8810	0.42	24,758	14,950	4,952	431	54,166
	9410	1.49	0	18,261	9,835	11,794	64,023
	9420	6.64	0	77,140	16,864	10,960	183,686
	7720	3.41	0	0	0	29,858	30,155
	7706	4.12	0	0	0	0	0
	7207	9.20	0	0	0	0	0
	7520	3.55	0	0	0	14,105	14,105
	7580	4.15	0	0	0	27,779	27,779
	9422	4.62	0	0	0	8,740	8,740
	7382	8.27	0	0	0	0	0
(3) Total Expected Loss & ALAE		28,589	110,352	31,651	53,043	162,850	386,485
(4) Experience Modification		89.4%	81.0%	103.7%	125.0%	105.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE		25,564	89,361	32,838	66,304	172,418	386,485
(6) Administration		18,067	18,067	18,067	18,067	18,067	90,337
(7) Claims Administration		3,000	3,000	3,000	3,000	3,000	15,000
(8) Self-Insurance Assessment		1,500	1,500	1,500	1,500	1,500	7,500
(9) Excess Insurance Costs		14,994	52,411	19,260	38,888	101,125	226,678
(10) Funding Redundancy/(Deficiency)		0	0	0	0	0	0
(11) Total Premium Deposit		63,125	164,339	74,666	127,760	296,111	726,000

- (1) Provided by ABAG.
- (2) = (1) / 100 X 2015/16 loss rate at 70% confidence level for each code from Rate Appendix P, Page 1.
- (3) Sum (2) over all codes.
- (4) Developed in Rate Appendix P, Page 2.
- (5) = (3) x (4).
- (6), (7) 2015/16 budgeted totals provided by ABAG.
- (8) Provided by ABAG.
- (9) Total provided by ABAG, allocated based on (5).
- (10) From Exhibit II, row (J).
- (11) = (5) + (6) + (7) + (8) + (9) - (10).

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Allocation of 2015-16 Costs to Members
75% Confidence Level Funding - Discounted - \$250,000 SIR
All Members

	Code	ABAG	City of Saratoga	Town of Los Altos Hills	Town of Ross	City of American Canyon	Total	
(1) Estimated 2015-16 Payroll By Classification	8742	749,660	0	0	0	0	749,660	
	8810	5,912,378	3,570,200	1,182,617	103,000	2,166,980	12,935,175	
	9410	0	1,226,319	660,454	792,000	1,620,600	4,299,373	
	9420	0	1,161,289	253,879	165,000	1,185,100	2,765,268	
	7720	0	0	0	875,000	8,700	883,700	
	7706	0	0	0	0	0	0	
	7207	0	0	0	0	0	0	
	7520	0	0	0	0	397,600	397,600	
	7580	0	0	0	0	668,700	668,700	
	9422	0	0	0	0	189,100	189,100	
	7382	0	0	0	0	0	0	
		6,662,038	5,957,808	2,096,950	1,935,000	6,236,780	22,888,576	
		2015-16 Discounted Loss Rate						
(2) Expected 2015-16 Loss & ALAE - Discounted at 75% Confidence Level	8742	0.57	4,257	0	0	0	4,257	
	8810	0.47	27,513	16,614	5,503	479	60,193	
	9410	1.65	0	20,293	10,929	13,106	71,146	
	9420	7.38	0	85,723	18,741	12,180	204,123	
	7720	3.79	0	0	33,180	330	33,510	
	7706	4.58	0	0	0	0	0	
	7207	10.22	0	0	0	0	0	
	7520	3.94	0	0	0	15,675	15,675	
	7580	4.62	0	0	0	30,869	30,869	
	9422	5.14	0	0	0	9,713	9,713	
	7382	9.19	0	0	0	0	0	
(3) Total Expected Loss & ALAE			31,770	122,629	35,173	58,945	180,968	429,485
(4) Experience Modification			89.4%	81.0%	103.7%	125.0%	105.9%	100.0%
(5) Risk Premium Deposit - Loss & ALAE			28,408	99,303	36,492	73,681	191,601	429,485
(6) Administration			18,067	18,067	18,067	18,067	18,067	90,337
(7) Claims Administration			3,000	3,000	3,000	3,000	3,000	15,000
(8) Self-Insurance Assessment			1,500	1,500	1,500	1,500	1,500	7,500
(9) Excess Insurance Costs			14,994	52,411	19,260	38,888	101,125	226,678
(10) Funding Redundancy/(Deficiency)			0	0	0	0	0	0
(11) Total Premium Deposit			65,969	174,281	78,319	135,137	315,294	769,000

- (1) Provided by ABAG.
- (2) = (1) / 100 X 2015/16 loss rate at 75% confidence level for each code from Rate Appendix P, Page 1.
- (3) Sum (2) over all codes.
- (4) Developed in Rate Appendix P, Page 2.
- (5) = (3) x (4).
- (6), (7) 2015/16 budgeted totals provided by ABAG.
- (8) Provided by ABAG.
- (9) Total provided by ABAG, allocated based on (5).
- (10) From Exhibit II, row (J).
- (11) = (5) + (6) + (7) + (8) + (9) - (10).

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Allocation of 2015-16 Expected Loss Rate to Classification - Discounted Basis - \$250,000 SIR
All Members

Classification Code (1)	Estimated 2015-16 Payroll (2)	WCIRB Pure Premium (3)	WCIRB Relativity (4)	Expected Level Undiscounted Pure Premium (5)	Expected Level Discounted Pure Premium (6)	60% Confidence Level Discounted Pure Premium (7)	65% Confidence Level Discounted Pure Premium (8)	70% Confidence Level Discounted Pure Premium (9)	75% Confidence Level Discounted Pure Premium (10)
8742	749,660	0.360	0.30	0.45	0.41	0.42	0.46	0.51	0.57
8810	12,935,175	0.295	0.25	0.37	0.33	0.34	0.38	0.42	0.47
9410	4,299,373	1.049	0.88	1.33	1.18	1.21	1.34	1.49	1.65
9420	2,765,268	4.681	3.93	5.91	5.27	5.41	5.99	6.64	7.38
7720	883,700	2.405	2.02	3.04	2.71	2.78	3.08	3.41	3.79
7706	0	2.903	2.44	3.67	3.27	3.35	3.71	4.12	4.58
7207	0	6.481	5.45	8.19	7.30	7.48	8.29	9.20	10.22
7520	397,600	2.500	2.10	3.16	2.81	2.89	3.20	3.55	3.94
7580	668,700	2.927	2.46	3.70	3.30	3.38	3.75	4.15	4.62
9422	189,100	3.257	2.74	4.11	3.67	3.76	4.17	4.62	5.14
7382	0	5.828	4.90	7.36	6.56	6.73	7.46	8.27	9.19
Total/Average	22,888,576	1.190		1.50	1.34	1.37	1.52	1.69	1.88

(2) Provided by ABAG.

(3) From WCIRB, effective 1/1/2015 minus 9.7% for ULAE.

(4) (3) / (3) Average

(5) = (4) x selected 2015/16 loss rate of \$1.503 from Rate Exhibit 3, Page 1.

(6) = (5) x discount factor of 0.891 from Rate Appendix I.

(7) = (6) x 1.253, 70% confidence factor from Rate Appendix J.

(8) = (6) x 1.389, 75% confidence factor from Rate Appendix J.

(9) = (6) x 1.549, 80% confidence factor from Rate Appendix J.

(10) = (6) x 1.750, 85% confidence factor from Rate Appendix J.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Calculation of Experience Modifications - \$250,000 SIR
All Members

Members	Limited Incurred Losses (1)	Expected Losses (2)	Percent of Limited Incurred Losses (3)	Percent of Expected Losses (4)	Indicated Differential (5)	Weights (6)	Indicated Experience Modification (7)	Adjusted Experience Modification (8)
ABAG	960	107,186	0.2%	8.3%	0.027	17.7%	82.8%	89.4%
Saratoga	47,459	382,775	11.0%	29.8%	0.369	43.4%	72.7%	81.0%
Los Altos Hills	28,903	109,937	6.7%	8.5%	0.783	18.0%	96.1%	103.7%
Ross	181,979	152,389	42.1%	11.8%	3.557	23.4%	159.7%	125.0%
American Canyon	172,492	533,840	39.9%	41.5%	0.962	51.6%	98.1%	105.9%
Total/Average	431,794	1,286,127	100.0%	100.0%				

(1) Provided by ABAG, 2009-2010 through 2013-2014, limited to \$25,000 per claim, evaluated as of 12/31/14.
Losses exclude Ross Fire Department.

(2) Developed in Rate Appendix P, Page 2.

(3) = (1) / (1) Total

(4) = (2) / (2) Total

(5) = (3) / (4)

(6) = (2) / [(2) + 500,000] with a minimum of 5.0%

(7) (6) x (5) + [1.0 - (6)]

(8) Limited to minimum of 75% and maximum of 125% then adjusted for off-balance.

ABAG SHARED RISK POOL (SHARP) - Workers' Compensation

Calculation of Expected Losses by Member - \$250,000 SIR
All Members

Members	Classification Codes											Total	
	8,742	8,810	9,410	9,420	7,720	7,706	7207	7520	7580	9422	7382		
(1) Five Year Payrolls													
ABAG	5,395,075	29,741,322	0	0	0	0	0	0	0	0	0	0	35,136,396
Saratoga	0	16,338,064	5,734,682	5,862,054	0	0	0	0	0	0	0	0	27,934,800
Los Altos Hills	0	4,697,720	3,134,366	1,215,732	0	0	96,888	0	0	0	0	0	9,144,706
Ross	0	346,748	2,084,520	707,175	4,008,743	0	0	0	0	0	0	0	7,147,186
American Canyon	0	8,832,806	7,014,865	6,099,020	0	0	0	1,688,130	2,732,538	807,995	3,101	0	27,178,455
(2) WCIRB Loss Rates for Experience Rating													
	0.360	0.295	1.049	4.681	2.405	2.903	6.481	2.500	2.927	3.257	5.828		
(3) Expected Losses													
ABAG	19,426	87,760	0	0	0	0	0	0	0	0	0	0	107,186
Saratoga	0	48,210	60,175	274,390	0	0	0	0	0	0	0	0	382,775
Los Altos Hills	0	13,862	32,889	56,906	0	0	6,279	0	0	0	0	0	109,937
Ross	0	1,023	21,873	33,101	96,391	0	0	0	0	0	0	0	152,389
American Canyon	0	26,064	73,608	285,482	0	0	0	42,201	79,988	26,316	181	0	533,840

(1) Provided by ABAG, 2009-2010 through 2013-2014.
 (2) From WCIRB, effective 1/1/2015 minus 9.7% for ULAE.
 (3) [(1) / 100] x (2)