



Friday, September 1, 2017

Mr. Trevor DeAnda
Associate Risk Analyst
Administration Division
State of California
Department of General Services
707 Third Street
West Sacramento, CA 95605

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

Dear Mr. DeAnda:

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

- We estimate the program's liability for outstanding claims to be \$2,388,000 and \$2,650,000 as of June 30, 2017 and June 30, 2018, respectively.
- Assuming an SIR of \$1,000,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2017-18 and 2018-19 program years to be \$763,000 and \$781,000, respectively.
- For budgeting purposes, the expected costs of 2017-18 and 2018-19 claims translate to rates of \$9.47 and \$9.60 per \$100 of payroll, respectively.

These amounts include allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes).

The \$2,388,000 estimate is the minimum liability to be booked by BEP at June 30, 2017 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires BEP to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

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

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Our conclusions regarding BEP's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2017 are summarized in the table below.

**Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2017**

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,246,000					
ULAE	142,000					
Investment Income Offset	<u>0</u>					
Discounted Loss and LAE	\$2,388,000	\$2,710,000	\$2,856,000	\$3,026,000	\$3,236,000	\$3,515,000
Assets	<u>914,000</u>					
Deficit	(\$1,474,000)	(\$1,796,000)	(\$1,942,000)	(\$2,112,000)	(\$2,322,000)	(\$2,601,000)

Given estimated program assets of \$914,000 as of June 30, 2017, the program was funded below the expected confidence level.

The following tables show BEP's liability for unpaid loss and loss adjustment expenses (LAE) and the deficit at June 30, 2018 and June 30, 2019 assuming 2017-18 and 2018-19 funding at expected, 75%, and 85% confidence level.

2017-18 and 2018-19 Funding at Expected Confidence Level

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2018

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,515,000					
ULAE	135,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,650,000	\$3,008,000	\$3,169,000	\$3,358,000	\$3,591,000	\$3,901,000
Assets	<u>1,177,000</u>					
Deficit	(\$1,473,000)	(\$1,831,000)	(\$1,992,000)	(\$2,181,000)	(\$2,414,000)	(\$2,724,000)

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

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,742,000					
ULAE	132,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,874,000	\$3,262,000	\$3,437,000	\$3,641,000	\$3,894,000	\$4,231,000
Assets	<u>1,399,000</u>	<u>1,399,000</u>	<u>1,399,000</u>	<u>1,399,000</u>	<u>1,399,000</u>	<u>1,399,000</u>
Deficit	(\$1,475,000)	(\$1,863,000)	(\$2,038,000)	(\$2,242,000)	(\$2,495,000)	(\$2,832,000)

2017-18 and 2018-19 Funding at 75% Confidence Level

Business Enterprise Program
 Self-Insured Workers' Compensation Program
 Estimated Liability for Unpaid Loss and LAE
 at June 30, 2018

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,515,000					
ULAE	135,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,650,000	\$3,008,000	\$3,169,000	\$3,358,000	\$3,591,000	\$3,901,000
Assets	1,475,000					
Deficit	(\$1,175,000)	(\$1,533,000)	(\$1,694,000)	(\$1,883,000)	(\$2,116,000)	(\$2,426,000)

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

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,742,000					
ULAE	132,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,874,000	\$3,262,000	\$3,437,000	\$3,641,000	\$3,894,000	\$4,231,000
Assets	2,002,000	2,002,000	2,002,000	2,002,000	2,002,000	2,002,000
Deficit	(\$872,000)	(\$1,260,000)	(\$1,435,000)	(\$1,639,000)	(\$1,892,000)	(\$2,229,000)

2017-18 and 2018-19 Funding at 85% Confidence Level

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2018

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,515,000					
ULAE	135,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,650,000	\$3,008,000	\$3,169,000	\$3,358,000	\$3,591,000	\$3,901,000
Assets	1,793,000					
Deficit	(\$857,000)	(\$1,215,000)	(\$1,376,000)	(\$1,565,000)	(\$1,798,000)	(\$2,108,000)

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

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,742,000					
ULAE	132,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$2,874,000	\$3,262,000	\$3,437,000	\$3,641,000	\$3,894,000	\$4,231,000
Assets	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000
Deficit	(\$229,000)	(\$617,000)	(\$792,000)	(\$996,000)	(\$1,249,000)	(\$1,586,000)

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on BEP's financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider

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funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Business Enterprise Program for the 2017-18 fiscal year.

Business Enterprise Program Self-Insured Workers' Compensation Program Funding Guidelines for 2017-18 Self-Insured Retention (SIR) of \$1,000,000						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$727,000					
ULAE	36,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$763,000	\$941,000	\$1,061,000	\$1,203,000	\$1,379,000	\$1,618,000
Excess Insurance	107,000	107,000	107,000	107,000	107,000	107,000
Indicated Funding	\$870,000	\$1,048,000	\$1,168,000	\$1,310,000	\$1,486,000	\$1,725,000
Rate per \$100 of 2017-18 Payroll	\$10.796	\$13.005	\$14.495	\$16.257	\$18.441	\$21.407

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2017.

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The table below shows our funding recommendations for Business Enterprise Program for the 2018-19 fiscal year.

	Business Enterprise Program Self-Insured Workers' Compensation Program Funding Guidelines for 2018-19 Self-Insured Retention (SIR) of \$1,000,000					
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$743,000					
ULAE	38,000					
Investment Income Offset	0					
Discounted Loss and LAE	\$781,000	\$963,000	\$1,086,000	\$1,232,000	\$1,411,000	\$1,657,000
Excess Insurance	107,000	107,000	107,000	107,000	107,000	107,000
Indicated Funding	\$888,000	\$1,070,000	\$1,193,000	\$1,339,000	\$1,518,000	\$1,764,000
Rate per \$100 of 2018-19 Payroll	\$10.911	\$13.147	\$14.658	\$16.452	\$18.651	\$21.674

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2018.

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

We appreciate the opportunity to be of service to Business Enterprise Program in preparing this report. Please feel free to call Becky Richard at (916) 244-1183 or Robin Davis at (916) 244-1133 with any questions you may have concerning this report.

Sincerely,

Bickmore

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I. BACKGROUND

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

As of June 30, 2017, BEP had assets of \$914,000 for the program.

The purpose of this review is to provide a guide to BEP to determine reasonable funding levels for its self-insurance program according to the funding policy BEP has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate BEP's liability for outstanding claims as of June 30, 2017 and June 30, 2018, project ultimate loss costs for 2017-18 and 2018-19, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

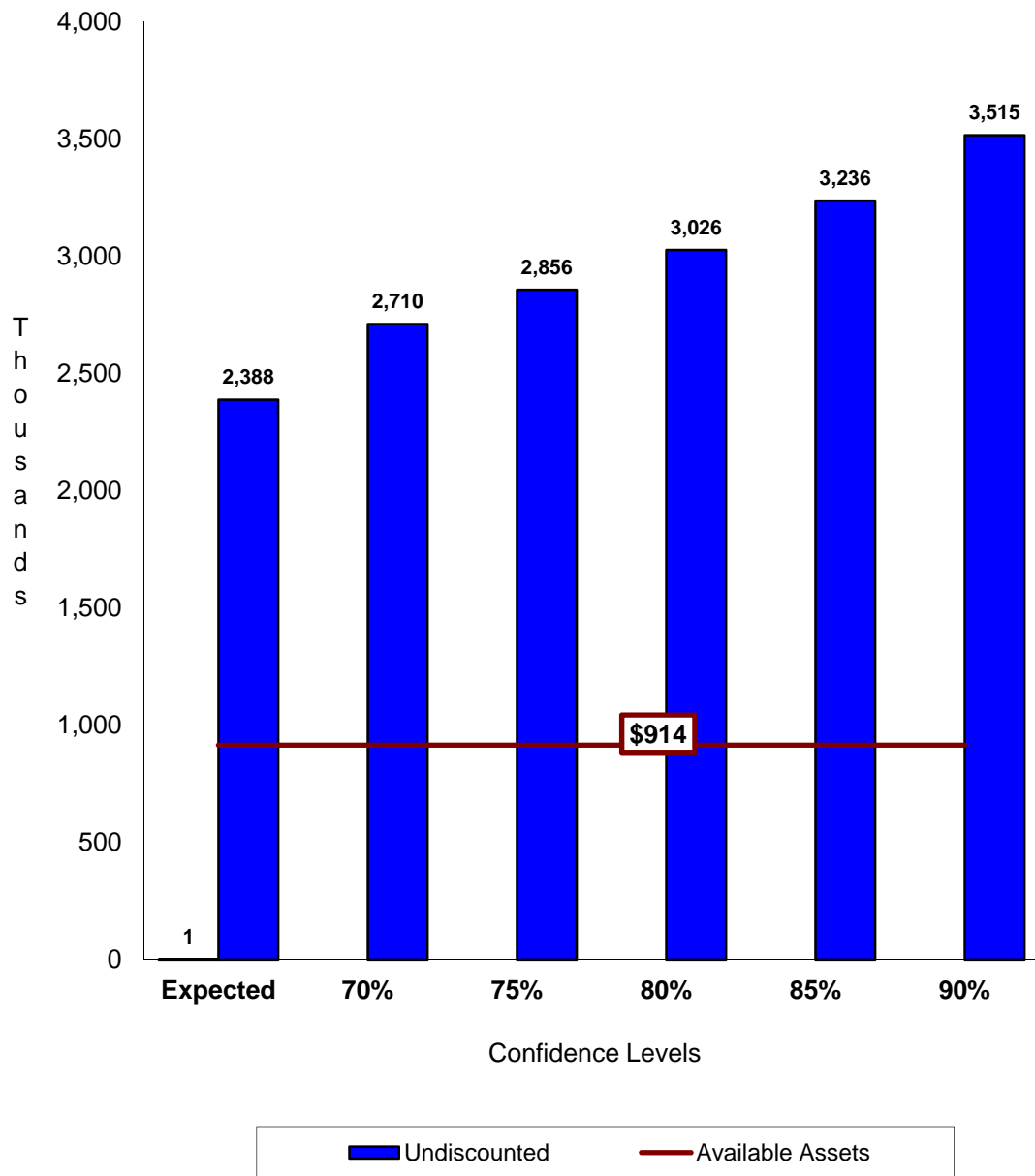
Graphs 1a and 1b on the following pages summarize our assessment of BEP's funding position as of June 30, 2017 and June 30, 2018. The dark-colored bars indicate our estimates of the program's liability for outstanding claims before recognition of the investment income that can be earned on the assets held before the claim payments come due.

Our best estimate of the full value of BEP's liability for outstanding claims within its self-insured retention (SIR) is \$2,388,000 as of June 30, 2017, and \$2,650,000 as of June 30, 2018. These amounts include losses, allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

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

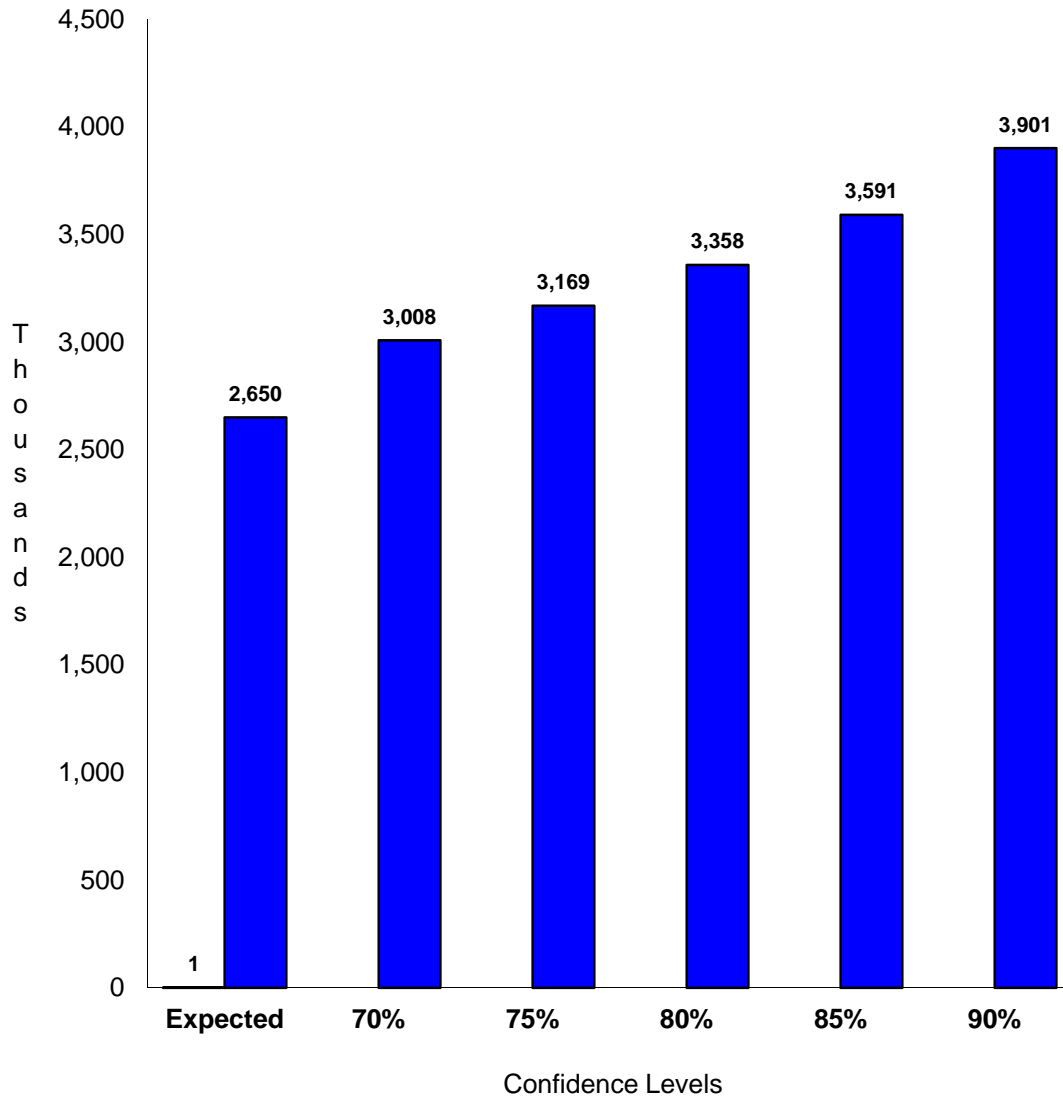
Graph 1a

Business Enterprise Program
Workers' Compensation
Available Assets vs Outstanding Liability (\$000's)
at June 30, 2017



Graph 1b

Business Enterprise Program
Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2018



■ Undiscounted

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, 2017, before recognition of investment income.

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2017

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2005-06	11,434	5,321	16,755
2006-07	29,362	5,073	34,435
2007-08	66	21,339	21,405
2008-09	8,844	15,657	24,501
2009-10	30,692	62,868	93,560
2010-11	13,746	35,516	49,262
2011-12	0	19,784	19,784
2012-13	36,218	84,859	121,077
2013-14	160,744	185,276	346,020
2014-15	134,436	242,169	376,605
2015-16	156,976	363,439	520,415
2016-17	75,664	546,436	622,100
Loss and ALAE	\$658,182	\$1,587,737	\$2,245,919
ULAE		141,890	141,890
Total	\$658,182	\$1,729,627	\$2,387,809

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, 2018, before recognition of investment income.

Business Enterprise Program
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE at June 30, 2018

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2005-06	10,267	3,321	13,588
2006-07	24,716	3,073	27,789
2007-08	97	12,339	12,436
2008-09	6,563	9,657	16,220
2009-10	13,233	44,868	58,101
2010-11	9,790	26,516	36,306
2011-12	489	14,784	15,273
2012-13	22,890	65,859	88,749
2013-14	114,817	142,276	257,093
2014-15	139,764	167,169	306,933
2015-16	212,047	246,439	458,486
2016-17	163,994	360,436	524,430
2017-18	104,374	595,000	699,374
Loss and ALAE	\$823,041	\$1,691,737	\$2,514,778
ULAE		134,703	134,703
Total	\$823,041	\$1,826,440	\$2,649,481

B. PROGRAM FUNDING: GOALS AND OBJECTIVES

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

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

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

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

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

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

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

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

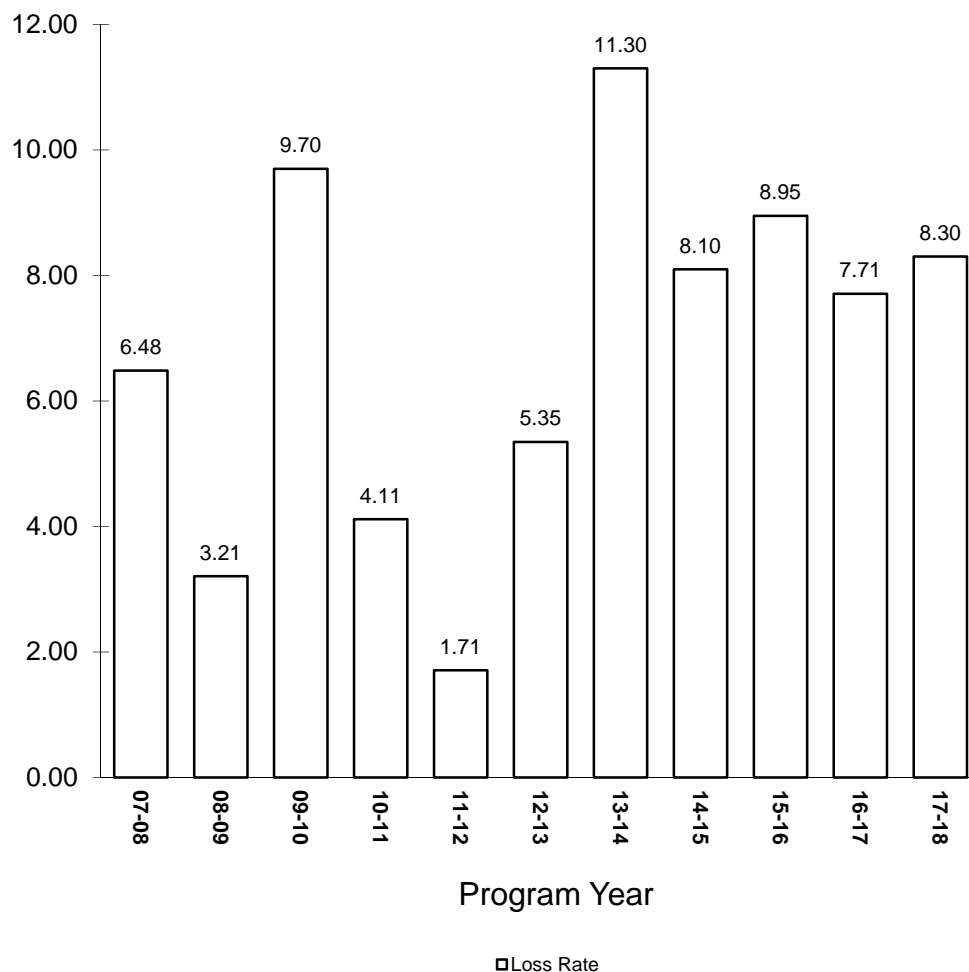
Program assets were \$914,000 at June 30, 2017, resulting in the program being funded below the expected confidence level.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The loss rate (based on losses limited to \$100,000 per occurrence) has varied over the last ten years, ranging from a high of \$11.30 per \$100 of payroll for the 2013-14 program year, to a low of \$1.71 per \$100 of payroll for the 2011-12 program year. We selected a loss rate of \$8.30 per \$100 of payroll for the 2017-18 program year based on the average of the last five years. See graph below.

Graph 2

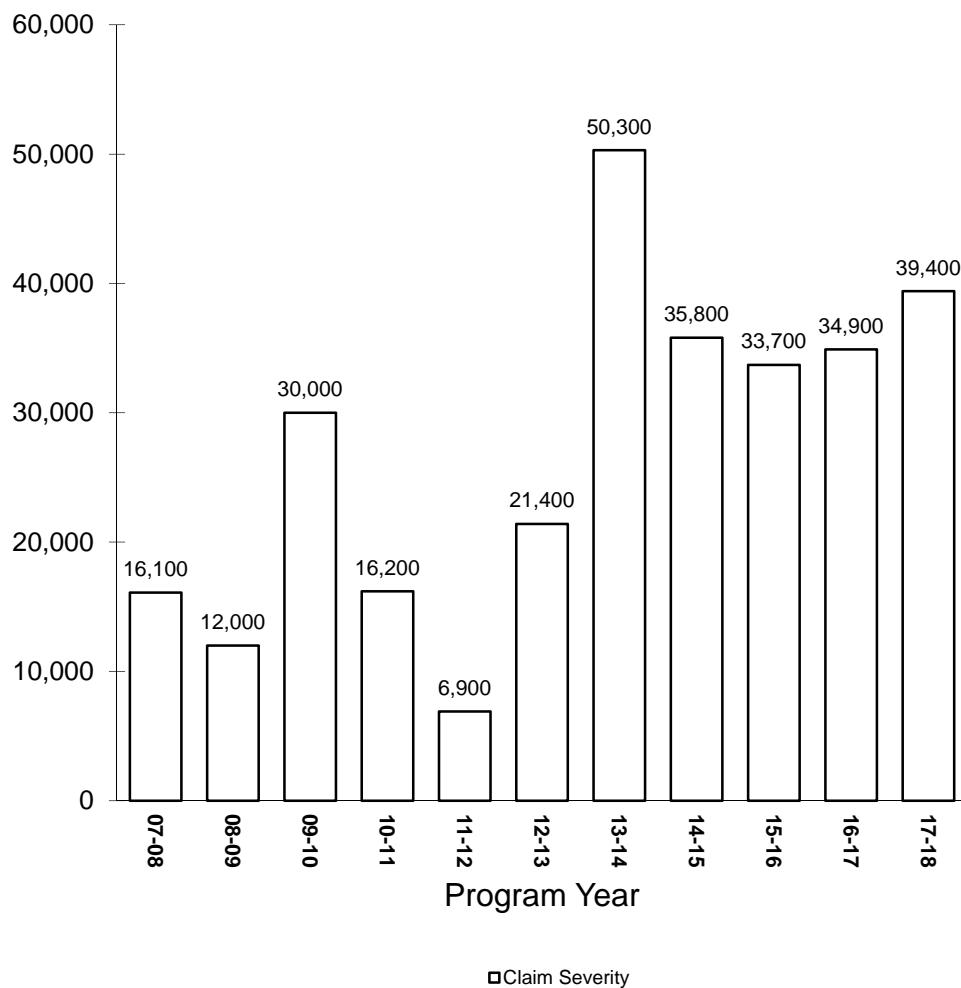
Business Enterprise Program-
Workers' Compensation
Dollars of Loss per
\$100 of Payroll



The average dollars of loss per claim (based on losses limited to \$100,000 per occurrence) has followed a generally increasing trend, with an average of \$16,200 per claim for the first five years, and an average of \$35,200 per claim for the last five years. We selected a severity of \$39,400 per claim for the 2017-18 program year based on the average of the last four years. See graph below.

Graph 3

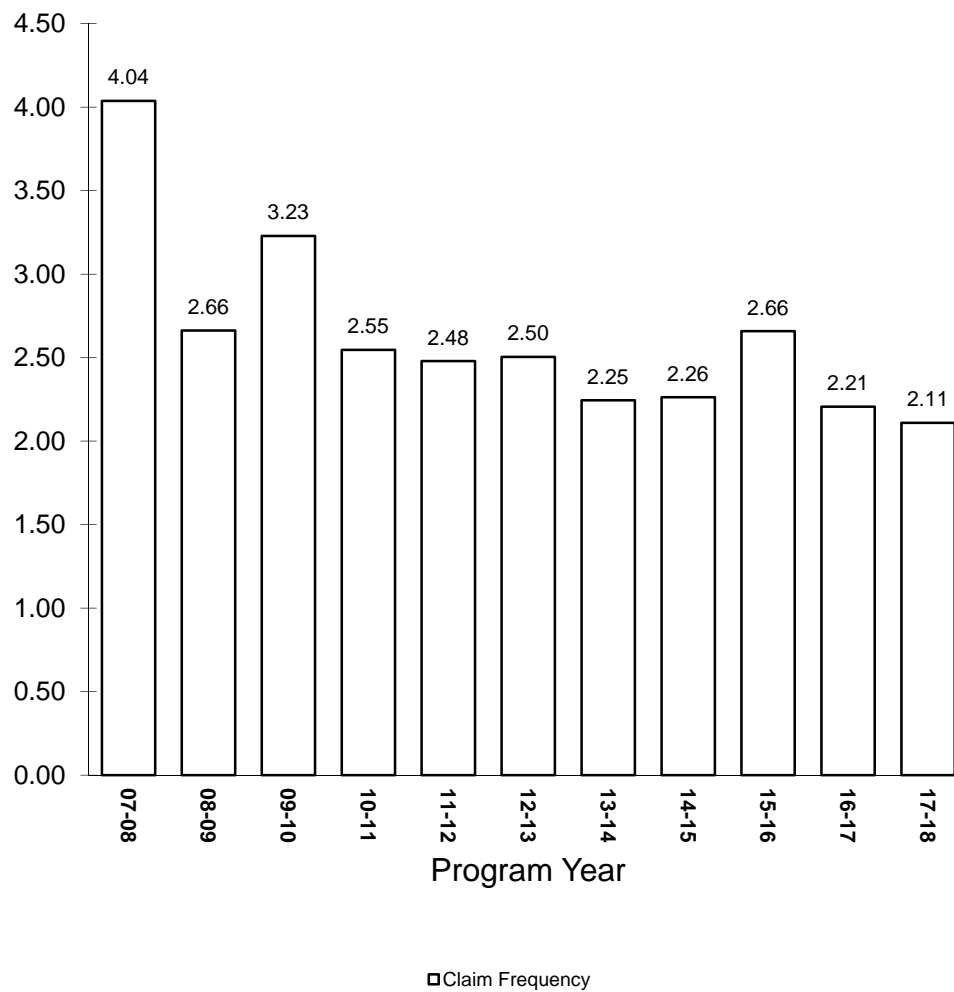
Business Enterprise Program -
Workers' Compensation
Dollars of Loss per Claim



The frequency has followed a generally decreasing trend, with an average of 2.99 claims per \$1 million of payroll for the first five years, and an average of 2.38 claims per \$1 million of payroll for the last five years. We selected a frequency of 2.11 claims per \$1 million of payroll for the 2017-18 program year based on this decreasing trend. See graph below.

Graph 4

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



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for Business Enterprise Program was dated January 12, 2016. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 6/30/15 evaluation date of the prior report and the 6/30/17 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$1,000	(\$20,000)	(\$21,000)
2002-03	0	0	0
2003-04	4,000	(14,000)	(18,000)
2004-05	0	0	0
2005-06	14,000	0	(14,000)
2006-07	8,000	24,000	16,000
2007-08	23,000	48,000	25,000
2008-09	18,000	42,000	24,000
2009-10	42,000	110,000	68,000
2010-11	31,000	4,000	(27,000)
2011-12	56,000	(17,000)	(73,000)
2012-13	83,000	46,000	(37,000)
2013-14	144,000	329,000	185,000
2014-15	218,000	301,000	83,000
2015-16	263,000	361,000	98,000
2016-17	133,000	119,000	(14,000)
Total	\$1,038,000	\$1,333,000	\$295,000

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$1,038,000 between the two evaluation dates. However, actual development was approximately \$1,333,000; or about \$295,000 greater than expected, primarily due to the greater than anticipated development in the most recent four years.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 6/30/15 evaluation date of the prior report and the 6/30/17 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$1,000	(\$20,000)	(\$21,000)
2002-03	0	0	0
2003-04	14,000	1,000	(13,000)
2004-05	0	0	0
2005-06	27,000	4,000	(23,000)
2006-07	17,000	12,000	(5,000)
2007-08	58,000	110,000	52,000
2008-09	30,000	56,000	26,000
2009-10	63,000	144,000	81,000
2010-11	42,000	4,000	(38,000)
2011-12	92,000	53,000	(39,000)
2012-13	85,000	66,000	(19,000)
2013-14	122,000	316,000	194,000
2014-15	127,000	237,000	110,000
2015-16	109,000	204,000	95,000
2016-17	22,000	43,000	21,000
Total	\$809,000	\$1,230,000	\$421,000

As shown, actual paid development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$809,000 between the two evaluation dates. However, actual development was approximately \$1,230,000; or about \$421,000 greater than expected, primarily due to the most recent four years.

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

Change in Ultimate Loss and ALAE

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$7,467,000	\$7,445,000	(\$22,000)
2002-03	289,000	289,000	0
2003-04	706,000	687,000	(19,000)
2004-05	9,000	9,000	0
2005-06	376,000	364,000	(12,000)
2006-07	196,000	212,000	16,000
2007-08	526,000	552,000	26,000
2008-09	234,000	257,000	23,000
2009-10	656,000	734,000	78,000
2010-11	356,000	313,000	(43,000)
2011-12	258,000	134,000	(124,000)
2012-13	486,000	438,000	(48,000)
2013-14	755,000	950,000	195,000
2014-15	583,000	674,000	91,000
2015-16	598,000	724,000	126,000
2016-17	618,000	665,000	47,000
Total	\$14,113,000	\$14,447,000	\$334,000

As shown, overall we have increased our estimated ultimates by \$334,000 since our prior report. These changes mostly correspond with the actual minus expected figures from the previous pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2015 to be \$2,008,000 at the undiscounted, expected level. Our current estimate as of June 30, 2017, is \$2,388,000 at the undiscounted, expected level, an increase in our assessment of BEP's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and ALAE

	Prior Report at June 30, 2015	Current Report at June 30, 2017	Change
(A) Case Reserves:	\$554,000	\$658,000	\$104,000
(B) IBNR Reserves:	1,370,000	1,588,000	218,000
(C) Claims Administration Reserves:	84,000	142,000	58,000
(D) Total Reserves:	\$2,008,000	\$2,388,000	\$380,000

As shown, our estimate of outstanding claims liabilities at the undiscounted, expected level has increased between June 30, 2015 and June 30, 2017 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by the adverse loss development discussed in the tables above. Reserves for claims administration fees have increased due to an increase in the TPA fees and our estimate of ULAE per claim cost. As in the prior report, we have not included a discount for investment income. The net change due to the above factors is an overall increase of \$380,000 in our estimate of outstanding claim liabilities for loss and ALAE.

At the time of the prior report, available assets were estimated to be \$2,063,000 as of June 30, 2015, which corresponded to the then-estimated discounted liability for outstanding claims between the expected and 70% confidence levels. Available assets are currently estimated to be \$914,000 as of June 30, 2017, which corresponds to the currently estimated liability for outstanding claims below the expected confidence level. It can be summarized as follows:

	Prior Report at June 30, 2015	Current Report at June 30, 2017	Change
(A) Outstanding Liability at the Discounted Expected Level:	\$2,008,000	\$2,388,000	\$380,000
(B) Estimated Assets At June 30:	2,063,000	914,000	(1,149,000)
(C) Surplus/(Deficit):	\$55,000	(\$1,474,000)	(\$1,529,000)

As you can see, our estimate of the program's funding margin at the discounted, expected level has decreased by \$1,529,000 between June 30, 2015 (as previously estimated) and June 30, 2017 (as currently estimated). This is driven by a decrease in the estimated fund assets between the two points, coupled with an increase in the estimated outstanding liability.

At the time of the prior report, our funding estimate for the 2015-16 year was \$633,000 at the undiscounted 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 2017-18 year is \$763,000 at the undiscounted expected level is an increase in the program’s expected loss costs, as shown in the table below:

Comparison of Funding for Loss and LAE

	Prior Report 2015-16 SIR = \$1,000,000	Current Report 2017-18 SIR = \$1,000,000	Change
(A) Ultimate Loss and ALAE:	\$598,000	\$727,000	\$129,000
(B) Ultimate Claims Administration (ULAE):	35,000	36,000	1,000
(C) Total Claim Costs:	\$633,000	\$763,000	\$130,000
(D) Funding per \$100 of Payroll:	\$7.915	\$9.469	\$1.554

As you can see, our funding recommendations at the undiscounted, expected level have increased between 2015-16 and 2017-18, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$129,000, driven primarily by the adverse loss experience of the most recent accident years. Our estimate for claims administration costs has increased \$1,000 and we have excluded a discount for investment income. The net change due to the above factors is an overall increase of \$130,000 in our annual funding estimate for loss and LAE.

E. DATA PROVIDED FOR THE ANALYSIS

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

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$1,000,000 per occurrence for 2017-18 and 2018-19 (See Appendix K).
- We received loss data evaluated as of 6/30/16 and 6/30/17 (See Appendix L). We also utilized the data from BEP's most recent actuarial study for our assessment of loss development.
- We have assumed that BEP's payroll for 2016-17 through 2018-19 will be 1% greater than the payroll provided for the 2015-16 year, based upon information provided by BEP (See Appendix M).
- We have assumed no interest rate based upon information provided by BEP.

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

III. ASSUMPTIONS AND LIMITATIONS

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

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by BEP. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entities with self-insured workers' compensation programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for other California public entities with self-insured workers' compensation programs in the aggregate form a reasonable basis of comparison to the patterns from Business Enterprise Program's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public entities with self-insured workers' compensation programs.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of workers' compensation claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers' Compensation Insurance Rating Bureau of California (WCIRB). See Appendix E for a display of the benefit level cost indices by fiscal year.

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- We have assumed that the loss rate trend associated with claim costs increases at 0.9% per year. We have assumed that claim severity increases at 3.0% per year, and that claim frequency decreases at 2.0% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have included estimates for excess insurance contributions, but excluded other expenses associated with the program based upon information provided by BEP.
- Our funding recommendations do not include provisions for catastrophic events not in BEP's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than BEP's excess coverage.
- BEP's assets available for the program were \$914,000 as of June 30, 2017.

IV. GLOSSARY OF ACTUARIAL TERMS

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

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

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

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

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

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

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

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

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

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

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

Loss Rate - Ultimate losses per \$100 of payroll.

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

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

Paid Losses - Losses actually paid on all reported claims.

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

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

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

Severity - Average claim cost.

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

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

Business Enterprise Program - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2017

(A) Estimated Ultimate Losses Incurred through 6/30/17: (From Appendix G)	\$14,449,000
(B) Estimated Paid Losses through 6/30/17: (From Appendix G)	12,203,000
(C) Estimated Liability for Claims Outstanding at 6/30/17: (From Appendix G)	<u>\$2,246,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/17: (From Appendix F)	142,000
(E) Total Outstanding Liability for Claims at 6/30/17: ((C) + (D))	<u>\$2,388,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 0.0%.): (Appendix I, Page 1, (G))	1.000
(G) Discounted Outstanding Liability for Claims at 6/30/17: ((E) x (F))	<u>\$2,388,000</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.135	1.196	1.267	1.355	1.472
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	322,000	468,000	638,000	848,000	1,127,000
(J) Total Required Assets at 6/30/17: ((G) + (I))	<u>\$2,710,000</u>	<u>\$2,856,000</u>	<u>\$3,026,000</u>	<u>\$3,236,000</u>	<u>\$3,515,000</u>
(K) Estimated Total Assets at 6/30/17: (From Appendix L)	\$914,000	\$914,000	\$914,000	\$914,000	\$914,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>(\$1,796,000)</u>	<u>(\$1,942,000)</u>	<u>(\$2,112,000)</u>	<u>(\$2,322,000)</u>	<u>(\$2,601,000)</u>

Business Enterprise Program - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2018

(A) Estimated Ultimate Losses Incurred through 6/30/18: (From Appendix G)	\$15,176,000
(B) Estimated Paid Losses through 6/30/18: (From Appendix G)	12,661,000
(C) Estimated Liability for Claims Outstanding at 6/30/18: (From Appendix G)	<u>\$2,515,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/18: (From Appendix F)	135,000
(E) Total Outstanding Liability for Claims at 6/30/18: ((C) + (D))	<u>\$2,650,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 0.0%.): (Appendix I, Page 1, (H))	1.000
(G) Discounted Outstanding Liability for Claims at 6/30/18: ((E) x (F))	<u>\$2,650,000</u>

	Marginally Acceptable		Recommended		Conservative
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.135	1.196	1.267	1.355	1.472
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	358,000	519,000	708,000	941,000	1,251,000
(J) Total Required Assets at 6/30/18: ((G) + (I))	<u>\$3,008,000</u>	<u>\$3,169,000</u>	<u>\$3,358,000</u>	<u>\$3,591,000</u>	<u>\$3,901,000</u>
(K) Estimated Total Assets at 6/30/18: (From)	\$1,177,000	\$1,177,000	\$1,177,000	\$1,177,000	\$1,177,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>(\$1,831,000)</u>	<u>(\$1,992,000)</u>	<u>(\$2,181,000)</u>	<u>(\$2,414,000)</u>	<u>(\$2,724,000)</u>

Business Enterprise Program - Workers' Compensation

Funding Guidelines for Outstanding Liabilities at
June 30, 2019

(A) Estimated Ultimate Losses Incurred through 6/30/19: (From Appendix G)	\$15,919,000
(B) Estimated Paid Losses through 6/30/19: (From Appendix G)	13,177,000
(C) Estimated Liability for Claims Outstanding at 6/30/19: (From Appendix G)	<u>\$2,742,000</u>
(D) Estimated Liability for Outstanding Claims Administration Fees at 6/30/19: (From Appendix F)	132,000
(E) Total Outstanding Liability for Claims at 6/30/19: ((C) + (D))	<u>\$2,874,000</u>
(F) Reserve Discount Factor (Based on a Discount Rate of 0.0%.): (Appendix I, Page 1, (H))	1.000
(G) Discounted Outstanding Liability for Claims at 6/30/19: ((E) x (F))	<u>\$2,874,000</u>

	Marginally Acceptable	75%	Recommended	85%	Conservative
Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H) Confidence Level Factor: (From Appendix J)	1.135	1.196	1.267	1.355	1.472
(I) Margin for Adverse Experience: ((G) x [(H) - 1])	388,000	563,000	767,000	1,020,000	1,357,000
(J) Total Required Assets at 6/30/19: ((G) + (I))	<u>\$3,262,000</u>	<u>\$3,437,000</u>	<u>\$3,641,000</u>	<u>\$3,894,000</u>	<u>\$4,231,000</u>
(K) Estimated Total Assets at 6/30/19: (From Appendix L)	\$1,399,000	\$1,399,000	\$1,399,000	\$1,399,000	\$1,399,000
(L) Indicated Funding Redundancy/ (Deficiency): ((K) - (J))	<u>(\$1,863,000)</u>	<u>(\$2,038,000)</u>	<u>(\$2,242,000)</u>	<u>(\$2,495,000)</u>	<u>(\$2,832,000)</u>

Business Enterprise Program - Workers' Compensation

Funding Options for Program Year 2017-2018 (SIR = \$1,000,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2017-2018: (From Appendix G)	\$727,000	\$9.022			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2017-2018: (From Exhibit 5, Page 1, item (L))	36,000	0.447			
(C) Total Claims Costs Incurred in Accident Year 2017-2018: ((A) + (B))	<u>\$763,000</u>	<u>\$9.469</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 0.0%.): (Appendix I, Page 2, (G))	1.000				
(E) Discounted Total Claims Costs Incurred in Accident Year 2017-2018: ((C) x (D))	<u>\$763,000</u>	<u>\$9.469</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix J)	1.233	1.391	1.577	1.807	2.121
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	178,000	298,000	440,000	616,000	855,000
(H) Recommended Funding in 2017-2018 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$941,000</u>	<u>\$1,061,000</u>	<u>\$1,203,000</u>	<u>\$1,379,000</u>	<u>\$1,618,000</u>
(I) Budgeted Non Claims Related Expenses: (Provided by the BEP)	107,000	107,000	107,000	107,000	107,000
(J) Recommended Funding in 2017-2018 for Claims Costs, Other Expenses, and Non Claims Related Expenses: ((H) + (I))	<u>\$1,048,000</u>	<u>\$1,168,000</u>	<u>\$1,310,000</u>	<u>\$1,486,000</u>	<u>\$1,725,000</u>
(K) Rate per \$100 of Payroll: ((J) / \$80,582)	\$13.005	\$14.495	\$16.257	\$18.441	\$21.407

Payroll rates are per hundred dollars of 2017-2018 payroll of \$8,058,200.

Business Enterprise Program - Workers' Compensation

Funding Options for Program Year 2018-2019 (SIR = \$1,000,000)
Five-Year Funding Plan

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2018-2019: (From Appendix G)	\$743,000	\$9.129			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2018-2019: (From Exhibit 5, Page 1, item (L))	38,000	0.467			
(C) Total Claims Costs Incurred in Accident Year 2018-2019: ((A) + (B))	\$781,000	\$9.596			
(D) Loss Discount Factor (Based on a Discount Rate of 0.0%.): (Appendix I, Page 2, (G))	1.000				
(E) Discounted Total Claims Costs Incurred in Accident Year 2018-2019: ((C) x (D))	\$781,000	\$9.596			
	Marginally Acceptable	Recommended	Conservative		
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix J)	1.233	1.391	1.577	1.807	2.121
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	182,000	305,000	451,000	630,000	876,000
(H) Recommended Funding in 2018-2019 for Claims Costs and Other Expenses: ((E) + (G))	\$963,000	\$1,086,000	\$1,232,000	\$1,411,000	\$1,657,000
(I) Budgeted Non Claims Related Expenses: (Provided by the BEP)	107,000	107,000	107,000	107,000	107,000
(J) Recommended Funding in 2018-2019 for Claims Costs, Other Expenses, and Non Claims Related Expenses: ((H) + (I))	\$1,070,000	\$1,193,000	\$1,339,000	\$1,518,000	\$1,764,000
(K) Rate per \$100 of Payroll: ((J) / \$81,388)	\$13.147	\$14.658	\$16.452	\$18.651	\$21.674

Payroll rates are per hundred dollars of 2018-2019 payroll of \$8,138,800.

Business Enterprise Program - Workers' Compensation

IBNR as of 6/30/18 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 6/30/17 (B)	Estimated IBNR as of 6/30/17 (C)	Estimated Percent of IBNR Reported Between 7/1/17 and 6/30/18 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/18 (F)
Prior	\$5,130,932	\$5,130,932	\$0	100.0%	\$0	\$0
1997-1998	386,347	386,347	0	100.0%	0	0
1998-1999	262,907	262,907	0	100.0%	0	0
1999-2000	471,264	471,264	0	100.0%	0	0
2000-2001	284,492	284,492	0	100.0%	0	0
2001-2002	910,416	910,416	0	100.0%	0	0
2002-2003	289,479	289,479	0	100.0%	0	0
2003-2004	686,652	686,652	0	100.0%	0	0
2004-2005	9,199	9,199	0	90.8%	0	0
2005-2006	364,000	358,679	5,321	30.9%	2,000	3,321
2006-2007	212,000	206,927	5,073	30.0%	2,000	3,073
2007-2008	552,000	530,661	21,339	41.5%	9,000	12,339
2008-2009	257,000	241,343	15,657	36.1%	6,000	9,657
2009-2010	734,000	671,132	62,868	29.3%	18,000	44,868
2010-2011	313,000	277,484	35,516	25.0%	9,000	26,516
2011-2012	134,000	114,216	19,784	24.5%	5,000	14,784
2012-2013	438,000	353,141	84,859	22.6%	19,000	65,859
2013-2014	950,000	764,724	185,276	23.3%	43,000	142,276
2014-2015	674,000	431,831	242,169	30.9%	75,000	167,169
2015-2016	724,000	360,561	363,439	32.1%	117,000	246,439
2016-2017	665,000	118,564	546,436	34.0%	186,000	360,436
2017-2018	727,000			18.2%	132,000	595,000
Totals	\$15,175,688	\$12,860,951	\$1,587,737		\$623,000	\$1,691,737

Notes:

- (A) From Exhibit 4, Page 1.
- (B) Provided by the BEP. These losses exclude amounts incurred above the BEP's SIR for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 7/1/17 and 6/30/18. The percentage is based on the development pattern selected in Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/18. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

Business Enterprise Program - Workers' Compensation

Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)
Prior	\$5,130,932	\$5,130,932			\$5,130,535	\$5,130,932
1997-1998	386,347	386,347			386,365	386,347
1998-1999	262,907	262,907			262,899	262,907
1999-2000	471,264	471,264			471,240	471,264
2000-2001	284,492	284,492			284,491	284,492
2001-2002	910,416	910,416	910,416	910,416	910,395	910,416
2002-2003	289,479	289,768	289,479	289,768	289,485	289,479
2003-2004	687,339	689,399	687,339	689,399	686,664	686,652
2004-2005	9,300	9,466	9,306	9,470	9,672	9,199
2005-2006	364,418	359,746	364,780	360,591	381,409	364,000
2006-2007	211,686	185,555	211,805	187,100	221,743	212,000
2007-2008	551,887	573,043	552,626	573,370	578,000	552,000
2008-2009	256,789	261,794	257,448	262,562	268,485	257,000
2009-2010	733,547	781,337	736,327	778,500	767,016	734,000
2010-2011	313,002	349,189	314,477	343,944	327,389	313,000
2011-2012	134,432	167,212	135,232	158,630	140,068	134,000
2012-2013	438,248	558,418	476,974	592,675	612,560	438,000
2013-2014	1,023,965	1,445,928	925,737	974,374	572,418	950,000
2014-2015	681,429	1,040,883	667,013	756,192	610,524	674,000
2015-2016	782,778	1,076,761	713,678	734,899	764,925	724,000
2016-2017	650,442	1,135,992	663,559	683,836	691,200	665,000
Totals						\$14,448,688
			Projected Losses for the Year 2017-2018 (G)			\$727,000
			Projected Losses for the Year 2018-2019 (H)			\$743,000

Notes:

- (A) From Appendix A, Page 1, Column (G).
- (B) From Appendix B, Page 1, Column (G).
- (C) From Appendix C, Page 1, Column (G).
- (D) From Appendix C, Page 2, Column (G).
- (E) From Appendix D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 5, Page 1, Line (K).
- (H) From Exhibit 5, Page 1, Line (K).

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

Business Enterprise Program - Workers' Compensation
Estimated Ultimate Limited Losses Capped at \$250,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
Prior	\$5,130,932	\$5,130,932			\$5,130,535	\$5,130,932
1997-1998	386,347	386,347			386,365	386,347
1998-1999	262,907	262,907			262,899	262,907
1999-2000	471,264	471,264			471,240	471,264
2000-2001	284,492	284,492			284,491	284,492
2001-2002	910,416	910,416	910,416	910,416	910,395	910,416
2002-2003	289,479	289,768	289,479	289,768	289,485	289,479
2003-2004	687,339	689,399	687,339	689,399	686,664	686,652
2004-2005	9,236	9,282	9,236	9,282	9,204	9,199
2005-2006	361,548	352,106	361,575	352,312	361,997	362,000
2006-2007	209,617	181,116	209,657	181,765	209,994	210,000
2007-2008	545,520	557,655	545,404	557,350	546,006	546,000
2008-2009	253,169	254,121	253,232	254,000	253,008	253,000
2009-2010	721,467	755,719	721,600	750,748	721,008	721,000
2010-2011	307,175	336,002	307,260	329,735	307,002	307,000
2011-2012	131,463	160,017	131,382	151,693	131,005	131,000
2012-2013	426,947	530,846	456,156	556,893	571,420	427,000
2013-2014	946,820	1,365,599	866,120	934,405	532,584	906,000
2014-2015	653,792	974,861	633,952	711,774	566,460	644,000
2015-2016	742,395	1,001,027	672,123	686,687	707,742	707,000
2016-2017	614,517	1,054,697	614,653	632,429	637,758	615,000
Totals						\$14,260,688
						Projected Losses for the Year 2017-2018 (G)
						\$669,000
						Projected Losses for the Year 2018-2019 (H)
						\$682,000

Notes:

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

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

Business Enterprise Program - Workers' Compensation

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

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended Payroll (\$00) (D)	Trended Limited Loss Rate (E)
2001-2002	910,416	0.970	883,104	121,418	7.273
2002-2003	289,479	1.013	293,242	120,949	2.425
2003-2004	686,652	1.244	854,195	117,737	7.255
2004-2005	9,199	1.587	14,599	115,340	0.127
2005-2006	362,000	1.703	616,486	113,147	5.449
2006-2007	210,000	1.594	334,740	110,928	3.018
2007-2008	546,000	1.463	798,798	107,782	7.411
2008-2009	253,000	1.348	341,044	98,502	3.462
2009-2010	721,000	1.219	878,899	90,619	9.699
2010-2011	307,000	1.165	357,655	88,718	4.031
2011-2012	131,000	1.162	152,222	88,900	1.712
2012-2013	427,000	1.154	492,758	90,413	5.450
2013-2014	906,000	1.136	1,029,216	88,514	11.628
2014-2015	644,000	1.092	703,248	85,665	8.209
2015-2016	707,000	1.041	735,987	83,023	8.865
2016-2017	615,000	1.011	621,765	81,779	7.603
Totals	\$7,724,746		\$9,107,958	1,603,434	\$5.680
12/13-16/17	3,299,000		3,582,974	429,394	8.344
14/15-16/17	1,966,000		2,061,000	250,467	8.229
				(F) Selected Limited Rate:	\$8.300
				Prior:	\$6.550
Program Year:		2017-2018	2018-2019		
(G) Factor to SIR:		1.087	1.090		
(H) Trend Factor:		1.000	1.009		
(I) Program Rate:		\$9.020	\$9.128		
(J) Trended Payroll (\$00):		80,582	81,388		
(K) Projected Program Losses:		727,000	743,000		
(L) Projected ULAE:		36,000	38,000		
(M) Projected Loss and ULAE:		\$763,000	\$781,000		

Notes appear on the next page.

Business Enterprise Program - Workers' Compensation

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

Notes:

- (A) From Exhibit 4, Page 2, Column (F).
For purposes of projecting future losses, losses are capped at \$250,000 per occurrence.
- (B) From Appendix E, Page 1, 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 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 the BEP's historical claims administration expenses.
- (M) $(K) + (L)$.

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

Business Enterprise Program - Workers' Compensation

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 6/30/17 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses of 6/30/17 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
Prior	\$5,130,932	1.000	\$5,130,932	\$5,130,932	1.000	\$5,130,932
1997-1998	386,347	1.000	386,347	386,347	1.000	386,347
1998-1999	262,907	1.000	262,907	262,907	1.000	262,907
1999-2000	471,264	1.000	471,264	471,264	1.000	471,264
2000-2001	284,492	1.000	284,492	284,492	1.000	284,492
2001-2002	910,416	1.000	910,416	910,416	1.000	910,416
2002-2003	289,479	1.000	289,479	289,479	1.000	289,479
2003-2004	686,652	1.001	687,339	686,652	1.001	687,339
2004-2005	9,199	1.004	9,236	9,199	1.011	9,300
2005-2006	358,679	1.008	361,548	358,679	1.016	364,418
2006-2007	206,927	1.013	209,617	206,927	1.023	211,686
2007-2008	530,661	1.028	545,520	530,661	1.040	551,887
2008-2009	241,343	1.049	253,169	241,343	1.064	256,789
2009-2010	671,132	1.075	721,467	671,132	1.093	733,547
2010-2011	277,484	1.107	307,175	277,484	1.128	313,002
2011-2012	114,216	1.151	131,463	114,216	1.177	134,432
2012-2013	353,141	1.209	426,947	353,141	1.241	438,248
2013-2014	731,700	1.294	946,820	764,724	1.339	1,023,965
2014-2015	431,831	1.514	653,792	431,831	1.578	681,429
2015-2016	360,561	2.059	742,395	360,561	2.171	782,778
2016-2017	118,564	5.183	614,517	118,564	5.486	650,442
Totals	\$12,827,927		\$14,346,842	\$12,860,951		\$14,575,099

Notes:

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

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

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

Business Enterprise Program - Workers' Compensation
Reported Loss Development

Accident Year	Limited Losses Reported as of:									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										291,210
2003-2004									706,532	650,323
2004-2005								9,199	9,199	9,199
2005-2006							326,969	308,417	329,346	358,679
2006-2007						245,364	129,975	168,536	182,891	204,024
2007-2008					617,418	477,012	464,905	482,352	509,144	530,661
2008-2009				183,299	200,414	177,181	199,018	252,209	241,343	
2009-2010			357,638	381,496	458,109	560,851	671,945	671,132		
2010-2011		181,558	227,446	241,045	273,448	277,620	277,484			
2011-2012	81,772	61,320	89,786	131,415	115,507	114,216				
2012-2013	128,563	229,443	307,208	347,727	353,141					
2013-2014	117,207	435,610	625,172	731,700						
2014-2015	130,805	329,780	431,831							
2015-2016	94,579	360,561								
2016-2017	118,564									

Reported Loss Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										0.994
2003-2004									0.920	1.061
2004-2005								1.000	1.000	1.000
2005-2006							0.943	1.068	1.089	1.000
2006-2007						0.530	1.297	1.085	1.116	1.014
2007-2008					0.773	0.975	1.038	1.056	1.042	
2008-2009				1.093	0.884	1.123	1.267	0.957		
2009-2010			1.067	1.201	1.224	1.198	0.999			
2010-2011		1.253	1.060	1.134	1.015	1.000				
2011-2012	0.750	1.464	1.464	0.879	0.989					
2012-2013	1.785	1.339	1.132	1.016						
2013-2014	3.717	1.435	1.170							
2014-2015	2.521	1.309								
2015-2016	3.812									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages	2.517	1.360	1.179	1.065	0.977	0.965	1.109	1.033	1.033	1.014
3-yr	3.287	1.371	1.185	1.030	1.125	1.131	1.052	1.034	1.070	1.005
4-yr	2.877	1.377	1.162	1.089	1.079	1.081	1.074	1.042	1.070	1.035
Comparative Factors	1.470	1.120	1.025	1.015	1.010	1.010	1.009	1.008	1.007	1.006
Prior	2.000	1.330	1.150	1.120	1.050	1.040	1.040	1.030	1.020	1.015
Selected	2.517	1.360	1.170	1.070	1.050	1.040	1.030	1.025	1.020	1.015
Cumulated	5.183	2.059	1.514	1.294	1.209	1.151	1.107	1.075	1.049	1.028

Business Enterprise Program - Workers' Compensation
Reported Loss Development

Accident Year	Limited Losses Reported as of:										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1996-1997						399,799	399,799	399,799	399,799	399,799	399,799
1997-1998					397,515	397,515	397,515	397,515	397,515	397,515	386,347
1998-1999				262,907	262,907	262,907	262,907	262,907	262,907		
1999-2000			471,264	471,264	471,264	471,264	471,264	471,264			
2000-2001		284,492	284,492	284,492	284,492	284,492	284,492				
2001-2002	910,416	910,416	910,416	910,416	910,416	910,416					
2002-2003	289,479	289,479	289,479	289,479	289,479						
2003-2004	690,187	701,068	701,108	686,652							
2004-2005	9,199	9,199	9,199								
2005-2006	358,679	358,679									
2006-2007	206,927										
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1996-1997						1.000	1.000	1.000	1.000	1.000	
1997-1998					1.000	1.000	1.000	1.000	0.972		
1998-1999				1.000	1.000	1.000	1.000	1.000			
1999-2000			1.000	1.000	1.000	1.000	1.000				
2000-2001		1.000	1.000	1.000	1.000	1.000					
2001-2002	1.000	1.000	1.000	1.000	1.000						
2002-2003	1.000	1.000	1.000	1.000							
2003-2004	1.016	1.000	0.979								
2004-2005	1.000	1.000									
2005-2006	1.000										
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
Average Dollar-Weighted Averages	1.003	1.000	0.996	1.000	1.000	1.000	1.000	1.000	0.986	1.000	
3-yr	1.010	1.000	0.992	1.000	1.000	1.000	1.000	1.000			
4-yr	1.008	1.000	0.993	1.000	1.000	1.000	1.000				
Comparative Factors	1.005	1.005	1.004	1.003	1.003	1.003	1.003	1.002	1.002	1.002	1.006
Prior	1.005	1.004	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.005	1.004	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.013	1.008	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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

Accident Year	<u>Losses Reported as of:</u>									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004									46,870	
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014				33,024						
2014-2015										
2015-2016										
2016-2017										

	<u>Reported Loss Development Factors:</u>									
	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages										
3-yr										
4-yr										
Comparative Factors										
Prior	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Selected	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Cumulated	18.101	6.582	3.464	2.510	1.976	1.749	1.590	1.472	1.376	1.304

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

Accident Year	<u>Losses Reported as of:</u>					
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months
1996-1997						
1997-1998						
1998-1999						
1999-2000						
2000-2001						
2001-2002	87,599	87,599	87,599	87,599	87,599	87,599
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007						
2007-2008						
2008-2009						
2009-2010						
2010-2011						
2011-2012						
2012-2013						
2013-2014						
2014-2015						
2015-2016						
2016-2017						

Reported Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-Ult. Months
1996-1997						
1997-1998						
1998-1999						
1999-2000						
2000-2001						
2001-2002	1.000	1.000	1.000	1.000	1.000	
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007						
2007-2008						
2008-2009						
2009-2010						
2010-2011						
2011-2012						
2012-2013						
2013-2014						
2014-2015						
2015-2016						

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-Ult. Months				
Average Dollar-Weighted Averages	1.000	1.000	1.000	1.000	1.000					
3-yr										
4-yr										
Comparative Factors	1.040	1.029	1.030	1.026	1.024	1.071				
Prior	1.040	1.029	1.030	1.026	1.024	1.020	1.015	1.011	1.008	1.015
Selected	1.040	1.029	1.030	1.026	1.024	1.071				
Cumulated	1.242	1.194	1.160	1.126	1.097	1.071				

Business Enterprise Program - Workers' Compensation

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 6/30/17 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses of 6/30/17 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
Prior	\$5,130,932	1.000	\$5,130,932	\$5,130,932	1.000	\$5,130,932
1997-1998	386,347	1.000	386,347	386,347	1.000	386,347
1998-1999	262,907	1.000	262,907	262,907	1.000	262,907
1999-2000	471,264	1.000	471,264	471,264	1.000	471,264
2000-2001	284,492	1.000	284,492	284,492	1.000	284,492
2001-2002	910,416	1.000	910,416	910,416	1.000	910,416
2002-2003	289,479	1.001	289,768	289,479	1.001	289,768
2003-2004	686,652	1.004	689,399	686,652	1.004	689,399
2004-2005	9,199	1.009	9,282	9,199	1.029	9,466
2005-2006	347,245	1.014	352,106	347,245	1.036	359,746
2006-2007	177,565	1.020	181,116	177,565	1.045	185,555
2007-2008	530,595	1.051	557,655	530,595	1.080	573,043
2008-2009	232,499	1.093	254,121	232,499	1.126	261,794
2009-2010	640,440	1.180	755,719	640,440	1.220	781,337
2010-2011	263,738	1.274	336,002	263,738	1.324	349,189
2011-2012	114,216	1.401	160,017	114,216	1.464	167,212
2012-2013	316,923	1.675	530,846	316,923	1.762	558,418
2013-2014	603,980	2.261	1,365,599	603,980	2.394	1,445,928
2014-2015	297,395	3.278	974,861	297,395	3.500	1,040,883
2015-2016	203,585	4.917	1,001,027	203,585	5.289	1,076,761
2016-2017	42,900	24.585	1,054,697	42,900	26.480	1,135,992
Totals	\$12,202,769		\$15,958,573	\$12,202,769		\$16,370,849

Notes:

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

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

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

Business Enterprise Program - Workers' Compensation
Paid Loss Development

Accident Year	Limited Losses Paid as of:									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										289,479
2003-2004									633,527	646,738
2004-2005								9,199	9,199	
2005-2006							256,079	279,128	318,217	343,666
2006-2007						93,381	109,059	140,282	165,157	170,372
2007-2008					288,703	379,507	393,930	420,497	459,625	530,595
2008-2009				98,049	132,772	159,257	176,524	210,588	232,499	
2009-2010			179,360	284,712	387,909	496,374	605,170	640,440		
2010-2011		94,890	159,259	205,838	260,161	264,333	263,738			
2011-2012	22,405	29,065	37,457	61,568	102,644	114,216				
2012-2013	44,932	182,864	250,903	288,385	316,923					
2013-2014	28,675	288,207	405,203	603,980						
2014-2015	60,063	114,567	297,395							
2015-2016	27,389	203,585								
2016-2017	42,900									

Paid Loss Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										1.000
2003-2004									1.021	1.056
2004-2005								1.000	1.000	1.000
2005-2006							1.090	1.140	1.080	1.004
2006-2007						1.168	1.286	1.177	1.032	1.042
2007-2008					1.315	1.038	1.067	1.093	1.154	
2008-2009				1.354	1.199	1.108	1.193	1.104		
2009-2010			1.587	1.362	1.280	1.219	1.058			
2010-2011		1.678	1.292	1.264	1.016	0.998				
2011-2012	1.297	1.289	1.644	1.667	1.113					
2012-2013	4.070	1.372	1.149	1.099						
2013-2014	10.051	1.406	1.491							
2014-2015	1.907	2.596								
2015-2016	7.433									

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages	4.952	1.668	1.433	1.349	1.185	1.106	1.139	1.103	1.057	1.020
3-yr	5.222	1.628	1.375	1.223	1.165	1.136	1.082	1.111	1.108	1.016
4-yr	4.900	1.612	1.360	1.270	1.171	1.108	1.099	1.119	1.107	1.038
Comparative Factors										
Prior	2.500	1.400	1.170	1.090	1.050	1.033	1.020	1.015	1.012	1.010
Selected	5.000	1.460	1.450	1.330	1.260	1.080	1.080	1.080	1.040	1.030
Cumulated	5.000	1.500	1.450	1.350	1.195	1.100	1.080	1.080	1.040	1.030
	24.585	4.917	3.278	2.261	1.675	1.401	1.274	1.180	1.093	1.051

Business Enterprise Program - Workers' Compensation
Paid Loss Development

Accident Year	Limited Losses Paid as of:										
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months	204 Months	216 Months	228 Months	240 Months	252 Months
1996-1997						399,799	399,799	399,799	399,799	399,799	399,799
1997-1998					397,515	397,515	397,515	397,515	397,515	397,515	386,347
1998-1999				262,907	262,907	262,907	262,907	262,907	262,907		
1999-2000			471,264	471,264	471,264	471,264	471,264	471,264			
2000-2001		284,492	284,492	284,492	284,492	284,492	284,492				
2001-2002	910,416	910,416	910,416	910,416	910,416	910,416					
2002-2003	289,479	289,479	289,479	289,479	289,479						
2003-2004	682,799	686,053	686,093	686,652							
2004-2005	9,199	9,199	9,199								
2005-2006	344,963	347,245									
2006-2007	177,565										
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											
2016-2017											

Paid Loss Development Factors:

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
1996-1997						1.000	1.000	1.000	1.000	1.000	
1997-1998					1.000	1.000	1.000	1.000	0.972		
1998-1999				1.000	1.000	1.000	1.000	1.000			
1999-2000			1.000	1.000	1.000	1.000	1.000				
2000-2001		1.000	1.000	1.000	1.000	1.000					
2001-2002	1.000	1.000	1.000	1.000	1.000						
2002-2003	1.000	1.000	1.000	1.000							
2003-2004	1.005	1.000	1.001								
2004-2005	1.000	1.000									
2005-2006	1.007										
2006-2007											
2007-2008											
2008-2009											
2009-2010											
2010-2011											
2011-2012											
2012-2013											
2013-2014											
2014-2015											
2015-2016											

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-204 Months	204-216 Months	216-228 Months	228-240 Months	240-252 Months	252-Ult. Months
Average Dollar-Weighted Averages	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.986	1.000	
3-yr	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
4-yr	1.004	1.000	1.000	1.000	1.000	1.000	1.000				
Comparative Factors											
Prior	1.009	1.008	1.007	1.006	1.005	1.005	1.004	1.004	1.004	1.004	1.013
Selected	1.006	1.005	1.005	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.020	1.014	1.009	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000

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

Accident Year	<u>Losses Paid as of:</u>		36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months
	12 Months	24 Months								
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										
2016-2017										

	<u>Paid Loss Development Factors:</u>									
	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
1996-1997										
1997-1998										
1998-1999										
1999-2000										
2000-2001										
2001-2002										
2002-2003										
2003-2004										
2004-2005										
2005-2006										
2006-2007										
2007-2008										
2008-2009										
2009-2010										
2010-2011										
2011-2012										
2012-2013										
2013-2014										
2014-2015										
2015-2016										

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months
Average Dollar-Weighted Averages										
3-yr										
4-yr										
Comparative Factors										
Prior	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Selected	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Cumulated	331.020	82.755	26.695	11.123	6.356	4.237	3.259	2.607	2.219	2.017

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

Accident Year	<u>Losses Paid as of:</u>					
	132 Months	144 Months	156 Months	168 Months	180 Months	192 Months
1996-1997						
1997-1998						
1998-1999						
1999-2000						
2000-2001						
2001-2002	87,599	87,599	87,599	87,599	87,599	87,599
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007						
2007-2008						
2008-2009						
2009-2010						
2010-2011						
2011-2012						
2012-2013						
2013-2014						
2014-2015						
2015-2016						
2016-2017						

	<u>Paid Loss Development Factors:</u>					
	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-Ult. Months
1996-1997						
1997-1998						
1998-1999						
1999-2000						
2000-2001						
2001-2002	1.000	1.000	1.000	1.000	1.000	
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007						
2007-2008						
2008-2009						
2009-2010						
2010-2011						
2011-2012						
2012-2013						
2013-2014						
2014-2015						
2015-2016						

	132-144 Months	144-156 Months	156-168 Months	168-180 Months	180-192 Months	192-Ult. Months				
Average Dollar-Weighted Averages	1.000	1.000	1.000	1.000	1.000					
3-yr										
4-yr										
Comparative Factors	1.070	1.055	1.045	1.035	1.035	1.478				
Prior	1.070	1.055	1.045	1.035	1.035	1.030	1.030	1.030	1.030	1.313
Selected	1.070	1.055	1.045	1.035	1.035	1.478				
Cumulated	1.868	1.746	1.655	1.584	1.530	1.478				

Business Enterprise Program - Workers' Compensation

Exposure and Development Method
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 6/30/17 (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)
2001-2002	121,418	910,416	1.000	0.000	7.498	0	910,416
2002-2003	120,949	289,479	1.000	0.000	2.393	0	289,479
2003-2004	117,737	686,652	1.001	0.001	5.832	687	687,339
2004-2005	115,340	9,199	1.011	0.011	0.084	107	9,306
2005-2006	113,147	358,679	1.016	0.016	3.370	6,101	364,780
2006-2007	110,928	206,927	1.023	0.022	1.999	4,878	211,805
2007-2008	107,782	530,661	1.040	0.038	5.363	21,965	552,626
2008-2009	98,502	241,343	1.064	0.060	2.725	16,105	257,448
2009-2010	90,619	671,132	1.093	0.085	8.464	65,195	736,327
2010-2011	88,718	277,484	1.128	0.113	3.690	36,993	314,477
2011-2012	88,900	114,216	1.177	0.150	1.576	21,016	135,232
2012-2013	90,413	353,141	1.241	0.194	7.060	123,833	476,974
2013-2014	88,514	764,724	1.339	0.253	7.190	161,013	925,737
2014-2015	85,665	431,831	1.578	0.366	7.501	235,182	667,013
2015-2016	83,023	360,561	2.171	0.539	7.891	353,117	713,678
2016-2017	81,779	118,564	5.486	0.818	8.147	544,995	663,559
Totals	1,603,434	\$6,325,009				\$1,591,187	\$7,916,196

Notes:

- (A) From Appendix N, Column (C).
- (B) Provided by the BEP. These losses exclude amounts incurred above the BEP's SIR for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From 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 exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

Business Enterprise Program - Workers' Compensation

Exposure and Development Method
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 6/30/17 (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)
2001-2002	121,418	910,416	1.000	0.000	7.498	0	910,416
2002-2003	120,949	289,479	1.001	0.001	2.393	289	289,768
2003-2004	117,737	686,652	1.004	0.004	5.832	2,747	689,399
2004-2005	115,340	9,199	1.029	0.028	0.084	271	9,470
2005-2006	113,147	347,245	1.036	0.035	3.370	13,346	360,591
2006-2007	110,928	177,565	1.045	0.043	1.999	9,535	187,100
2007-2008	107,782	530,595	1.080	0.074	5.363	42,775	573,370
2008-2009	98,502	232,499	1.126	0.112	2.725	30,063	262,562
2009-2010	90,619	640,440	1.220	0.180	8.464	138,060	778,500
2010-2011	88,718	263,738	1.324	0.245	3.690	80,206	343,944
2011-2012	88,900	114,216	1.464	0.317	1.576	44,414	158,630
2012-2013	90,413	316,923	1.762	0.432	7.060	275,752	592,675
2013-2014	88,514	603,980	2.394	0.582	7.190	370,394	974,374
2014-2015	85,665	297,395	3.500	0.714	7.501	458,797	756,192
2015-2016	83,023	203,585	5.289	0.811	7.891	531,314	734,899
2016-2017	81,779	42,900	26.480	0.962	8.147	640,936	683,836
Totals	1,603,434	\$5,666,827				\$2,638,899	\$8,305,726

Notes:

- (A) From Appendix N, Column (C).
- (B) Provided by the BEP. These losses exclude amounts paid above the BEP's SIR for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D) $1 - 1/(C)$.
- (E) From 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 exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unpaid will cost what this relationship would suggest.

Business Enterprise Program - Workers' Compensation

Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to SIR (G)	Program Loss Rate (H)
2001-2002	121,418	910,416	0.970	883,104	7.273	7.498	1.000	7.498
2002-2003	120,949	289,479	1.013	293,242	2.425	2.393	1.000	2.393
2003-2004	117,737	686,652	1.244	854,195	7.255	5.832	1.000	5.832
2004-2005	115,340	9,199	1.587	14,599	0.127	0.080	1.051	0.084
2005-2006	113,147	362,000	1.703	616,486	5.449	3.199	1.054	3.370
2006-2007	110,928	210,000	1.594	334,740	3.018	1.893	1.056	1.999
2007-2008	107,782	546,000	1.463	798,798	7.411	5.066	1.059	5.363
2008-2009	98,502	253,000	1.348	341,044	3.462	2.568	1.061	2.725
2009-2010	90,619	721,000	1.219	878,899	9.699	7.956	1.064	8.464
2010-2011	88,718	307,000	1.165	357,655	4.031	3.460	1.066	3.690
2011-2012	88,900	131,000	1.162	152,222	1.712	1.474	1.069	1.576
2012-2013	90,413	427,000	1.154	492,758	5.450	6.586	1.072	7.060
2013-2014	88,514	947,000	1.136	1,075,792	12.154	6.690	1.075	7.190
2014-2015	85,665	654,000	1.092	714,168	8.337	6.960	1.078	7.501
2015-2016	83,023	742,000	1.041	772,422	9.304	7.301	1.081	7.891
2016-2017	81,779	615,000	1.011	621,765	7.603	7.517	1.084	8.147
Total/Avg	1,603,434	\$7,810,746		\$9,201,889	\$5.739			
12/13-16/17	429,394	3,385,000		3,676,905	8.563			
14/15-16/17	250,467	2,011,000		2,108,355	8.418			
				Selected Limited Rate:	\$7.600			
				Prior:	\$6.650			

Notes:

- (A) From Appendix N, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2011-2012 and prior (B) / (A).
- (G) Based on a Weibull distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

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

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
Prior	\$5,945	863	\$5,130,535
1997-1998	7,885	49	386,365
1998-1999	6,741	39	262,899
1999-2000	8,415	56	471,240
2000-2001	6,053	47	284,491
2001-2002	20,231	45	910,395
2002-2003	6,433	45	289,485
2003-2004	15,606	44	686,664
2004-2005	372	26	9,672
2005-2006	16,583	23	381,409
2006-2007	7,153	31	221,743
2007-2008	17,000	34	578,000
2008-2009	12,785	21	268,485
2009-2010	31,959	24	767,016
2010-2011	17,231	19	327,389
2011-2012	7,372	19	140,068
2012-2013	30,628	20	612,560
2013-2014	31,801	18	572,418
2014-2015	33,918	18	610,524
2015-2016	36,425	21	764,925
2016-2017	38,400	18	691,200
Total		1,480	\$14,367,483

Notes:

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

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to SIR (G)	Program Severity (H)
Prior	\$5,130,932	863	\$5,945	2.756	\$16,384	\$5,945	1.000	\$5,945
1997-1998	386,347	49	7,885	2.015	15,888	7,885	1.000	7,885
1998-1999	262,907	39	6,741	1.746	11,770	6,741	1.000	6,741
1999-2000	471,264	56	8,415	1.520	12,791	8,415	1.000	8,415
2000-2001	284,492	47	6,053	1.387	8,396	6,053	1.000	6,053
2001-2002	910,416	45	20,231	1.351	27,332	20,231	1.000	20,231
2002-2003	289,479	45	6,433	1.383	8,897	6,433	1.000	6,433
2003-2004	686,652	44	15,606	1.663	25,953	15,606	1.000	15,606
2004-2005	9,199	26	354	2.078	736	354	1.051	372
2005-2006	362,000	23	15,739	2.183	34,358	15,739	1.054	16,583
2006-2007	210,000	31	6,774	2.002	13,562	6,774	1.056	7,153
2007-2008	546,000	34	16,059	1.799	28,890	16,059	1.059	17,000
2008-2009	253,000	21	12,048	1.624	19,566	12,048	1.061	12,785
2009-2010	721,000	24	30,042	1.439	43,230	30,042	1.064	31,959
2010-2011	307,000	19	16,158	1.348	21,781	16,158	1.066	17,231
2011-2012	131,000	19	6,895	1.316	9,074	6,895	1.069	7,372
2012-2013	427,000	20	21,350	1.281	27,349	28,571	1.072	30,628
2013-2014	906,000	18	50,333	1.237	62,262	29,588	1.075	31,801
2014-2015	644,000	18	35,778	1.163	41,610	31,470	1.078	33,918
2015-2016	707,000	21	33,667	1.086	36,562	33,702	1.081	36,425
2016-2017	615,000	18	34,167	1.033	35,295	35,431	1.084	38,400

Average Limited Severity: \$23,890
Average 11/12-15/16 Limited Severity: 35,371
Average 14/15-16/17 Limited Severity: 37,822

Selected Limited Severity: \$36,600
Prior: \$30,250

Notes:

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

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

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
Prior	863	867	863	0.0		0.655	
1997-1998	49	49	49	0.0		0.668	
1998-1999	39	39	39	0.0		0.682	
1999-2000	56	56	56	0.0		0.696	
2000-2001	47	47	47	0.0		0.710	
2001-2002	45	45	45	12.1	3.706	0.725	2.687
2002-2003	45	45	45	12.1	3.721	0.740	2.754
2003-2004	44	45	44	11.8	3.737	0.755	2.821
2004-2005	26	26	26	11.5	2.254	0.769	1.733
2005-2006	23	22	23	11.3	2.033	0.785	1.596
2006-2007	31	31	31	11.1	2.795	0.801	2.239
2007-2008	34	33	34	10.8	3.155	0.817	2.578
2008-2009	21	21	21	9.9	2.132	0.834	1.778
2009-2010	24	23	24	9.1	2.648	0.851	2.253
2010-2011	19	19	19	8.9	2.142	0.868	1.859
2011-2012	19	20	19	8.9	2.137	0.886	1.893
2012-2013	20	20	20	9.0	2.212	0.904	2.000
2013-2014	18	16	18	8.9	2.034	0.922	1.875
2014-2015	18	15	18	8.6	2.101	0.942	1.979
2015-2016	21	21	21	8.3	2.529	0.961	2.430
2016-2017	11	3	18	8.2	2.152	0.980	2.109
Total	1,473	1,463	1,480	160.3			2.184
11/12-15/16	96	92	96	43.7			2.031
						(H) Selected Frequency:	2.150
						Prior:	2.150
Program Year:				2017-2018	2018-2019		
(I) Trend Factor:				1.000	0.980		
(J) Selected Frequency:				2.150	2.107		
(K) Est. Payroll (\$000,000):				8.1	8.1		
(L) Ultimate Claims:				17	17		

Notes:

- (A) From Appendix D, Page 4, (C).
- (B) From Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) From Appendix N, Column (C) / 10,000.
- (E) (C) / (D).
- (F) From Appendix E, Page 1, Column (H).
- (G) (E) x (F).
- (H) The selected frequency of 2.150 is based on (G).
- (I) From Appendix E, Page 1, Column (H).
- (J) (H) x (I).
- (K) From Appendix N, Column (C) / 10,000.
- (L) (J) x (K).

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

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method
Reported Claim Count Development

Accident Year	Claims Reported as of 6/30/2017 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
Prior	863	1.000	863	
1997-1998	49	1.000	49	
1998-1999	39	1.000	39	
1999-2000	56	1.000	56	
2000-2001	47	1.000	47	
2001-2002	45	1.000	45	2.687
2002-2003	45	1.000	45	2.753
2003-2004	44	1.000	44	2.822
2004-2005	26	1.000	26	1.733
2005-2006	23	1.000	23	1.596
2006-2007	31	1.000	31	2.238
2007-2008	34	1.000	34	2.577
2008-2009	21	1.000	21	1.778
2009-2010	24	1.000	24	2.254
2010-2011	19	1.001	19	1.859
2011-2012	19	1.002	19	1.894
2012-2013	20	1.004	20	2.000
2013-2014	18	1.007	18	1.875
2014-2015	18	1.011	18	1.979
2015-2016	20	1.041	21	2.431
2016-2017	9	1.197	11	1.318
Total	1,470		1,473	2.143

Notes:

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

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by the BEP. These numbers of claims tend to "develop" or change from period to period as more claims are filed. This development tends to follow quantifiable patterns over time.

Business Enterprise Program - Workers' Compensation

Frequency and Severity Method
Closed Claim Count Development

Accident Year	Claims Closed as of 6/30/2017 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
Prior	863	1.005	867	
1997-1998	49	1.006	49	
1998-1999	39	1.007	39	
1999-2000	56	1.008	56	
2000-2001	47	1.009	47	
2001-2002	45	1.010	45	2.687
2002-2003	45	1.011	45	2.753
2003-2004	44	1.012	45	2.886
2004-2005	26	1.013	26	1.733
2005-2006	22	1.015	22	1.526
2006-2007	30	1.018	31	2.238
2007-2008	32	1.022	33	2.501
2008-2009	20	1.027	21	1.778
2009-2010	22	1.035	23	2.160
2010-2011	18	1.045	19	1.859
2011-2012	19	1.061	20	1.993
2012-2013	18	1.088	20	2.000
2013-2014	14	1.151	16	1.667
2014-2015	12	1.247	15	1.649
2015-2016	15	1.372	21	2.431
2016-2017	1	2.744	3	0.360
Total	1,437		1,463	2.060

Notes:

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

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by the BEP. These numbers of closed claims tend to "develop" or change from period to period as more claims are closed. This development tends to follow quantifiable patterns over time.

Business Enterprise Program - Workers' Compensation
Reported Claim Count Development

Accident Year	Claims Reported as of:												
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1996-1997													
1997-1998													
1998-1999													
1999-2000													56
2000-2001												47	47
2001-2002											45	45	45
2002-2003										45	45	45	45
2003-2004									44	44	44	44	44
2004-2005								26	26	26	26	26	26
2005-2006							23	23	23	23	23	23	
2006-2007						30	31	31	31	31	31		
2007-2008					34	34	34	34	34	34			
2008-2009				21	21	21	21	21	21				
2009-2010			23	23	24	24	24	24					
2010-2011		18	19	19	19	19	19						
2011-2012	17	18	19	19	19	19							
2012-2013	20	20	20	20	20								
2013-2014	15	17	18	18									
2014-2015	13	18	18										
2015-2016	17	20											
2016-2017	9												

Reported Claim Count Development Factors:

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
1996-1997													
1997-1998													
1998-1999													
1999-2000													1.000
2000-2001												1.000	1.000
2001-2002											1.000	1.000	1.000
2002-2003										1.000	1.000	1.000	1.000
2003-2004									1.000	1.000	1.000	1.000	1.000
2004-2005								1.000	1.000	1.000	1.000	1.000	
2005-2006							1.000	1.000	1.000	1.000	1.000		
2006-2007						1.033	1.000	1.000	1.000	1.000			
2007-2008					1.000	1.000	1.000	1.000	1.000				
2008-2009				1.000	1.000	1.000	1.000	1.000					
2009-2010			1.000	1.043	1.000	1.000	1.000						
2010-2011		1.056	1.000	1.000	1.000	1.000							
2011-2012	1.059	1.056	1.000	1.000	1.000								
2012-2013	1.000	1.000	1.000	1.000									
2013-2014	1.133	1.059	1.000										
2014-2015	1.385	1.000											
2015-2016	1.176												

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168
	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months	Months
Average Claim-Weighted Averages	1.151	1.034	1.000	1.009	1.000	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	1.222	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	1.154	1.027	1.000	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors	1.100	1.007	1.004	1.003	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Prior	1.060	1.036	1.010	1.010	1.005	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.150	1.030	1.004	1.003	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.197	1.041	1.011	1.007	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000

Business Enterprise Program - Workers' Compensation
Closed Claim Development

Accident Year	Claims Closed as of:												
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months	144 Months	156 Months
1996-1997													
1997-1998													
1998-1999													
1999-2000													56
2000-2001												47	47
2001-2002											45	45	45
2002-2003										44	45	45	45
2003-2004									43	43	43	43	44
2004-2005								26	26	26	26	26	26
2005-2006							21	22	22	22	22	22	
2006-2007						29	29	29	30	30	30		
2007-2008					26	29	32	33	32	32			
2008-2009				19	19	19	19	20	20				
2009-2010			16	19	20	21	22	22					
2010-2011		15	15	16	18	18	18						
2011-2012	7	15	17	17	19	19							
2012-2013	5	16	18	18	18								
2013-2014	4	8	14	14									
2014-2015	5	12	12										
2015-2016	14	15											
2016-2017	1												

Closed Claim Count Development Factors:

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
1996-1997													
1997-1998													
1998-1999													
1999-2000													1.000
2000-2001												1.000	1.000
2001-2002											1.000	1.000	1.000
2002-2003										1.023	1.000	1.000	1.000
2003-2004									1.000	1.000	1.000	1.023	1.000
2004-2005								1.000	1.000	1.000	1.000	1.000	
2005-2006							1.048	1.000	1.000	1.000	1.000		
2006-2007						1.000	1.000	1.034	1.000	1.000			
2007-2008					1.115	1.103	1.031	0.970	1.000				
2008-2009				1.000	1.000	1.000	1.053	1.000					
2009-2010			1.188	1.053	1.050	1.048	1.000						
2010-2011		1.000	1.067	1.125	1.000	1.000							
2011-2012	2.143	1.133	1.000	1.118	1.000								
2012-2013	3.200	1.125	1.000	1.000									
2013-2014	2.000	1.750	1.000										
2014-2015	2.400	1.000											
2015-2016	1.071												

	12-24 Months	24-36 Months	36-48 Months	48-60 Months	60-72 Months	72-84 Months	84-96 Months	96-108 Months	108-120 Months	120-132 Months	132-144 Months	144-156 Months	156-168 Months
Average Claim-Weighted Averages	2.163	1.202	1.051	1.059	1.033	1.030	1.026	1.001	1.000	1.005	1.000	1.005	1.000
3-yr	1.522	1.222	1.000	1.078	1.018	1.017	1.027	1.000	1.000	1.000	1.000	1.009	1.000
4-yr	1.821	1.196	1.016	1.071	1.013	1.046	1.020	1.000	1.000	1.000	1.000	1.006	1.000
Comparative Factors	1.600	1.080	1.050	1.030	1.025	1.015	1.010	1.008	1.005	1.004	1.003	1.002	1.001
Prior	2.450	1.087	1.083	1.058	1.050	1.035	1.025	1.012	1.010	1.009	1.005	1.003	1.001
Selected	2.000	1.100	1.083	1.058	1.025	1.015	1.010	1.008	1.005	1.004	1.003	1.002	1.001
Cumulated	2.744	1.372	1.247	1.151	1.088	1.061	1.045	1.035	1.027	1.022	1.018	1.015	1.013

Business Enterprise Program - Workers' Compensation

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2017-2018 Loss Rate Level (B)	Factor to 2018-2019 Loss Rate Level (C)	Factor to 2019-2020 Loss Rate Level (D)	Factor to 2020-2021 Loss Rate Level (E)	Factor to 2017-2018 Frequency Level (F)	Factor to 2018-2019 Frequency Level (G)	Factor to 2019-2020 Frequency Level (H)	Factor to 2020-2021 Frequency Level (I)	Factor to 2017-2018 Severity Level (J)
Prior	1.480	1.786	1.802	1.818	1.834	0.655	0.642	0.629	0.616	2.756
1997-1998	1.114	1.333	1.344	1.356	1.369	0.668	0.655	0.642	0.629	2.015
1998-1999	0.995	1.179	1.189	1.200	1.211	0.682	0.669	0.655	0.642	1.746
1999-2000	0.892	1.048	1.057	1.066	1.076	0.696	0.682	0.668	0.655	1.520
2000-2001	0.839	0.976	0.984	0.993	1.002	0.710	0.696	0.682	0.668	1.387
2001-2002	0.841	0.970	0.979	0.987	0.996	0.725	0.710	0.696	0.682	1.351
2002-2003	0.887	1.013	1.022	1.031	1.041	0.740	0.725	0.710	0.696	1.383
2003-2004	1.099	1.244	1.255	1.266	1.278	0.755	0.740	0.724	0.710	1.663
2004-2005	1.414	1.587	1.601	1.616	1.630	0.769	0.754	0.739	0.724	2.078
2005-2006	1.530	1.703	1.718	1.734	1.749	0.785	0.770	0.754	0.739	2.183
2006-2007	1.445	1.594	1.608	1.623	1.637	0.801	0.785	0.769	0.754	2.002
2007-2008	1.338	1.463	1.476	1.489	1.502	0.817	0.801	0.785	0.769	1.799
2008-2009	1.244	1.348	1.360	1.372	1.385	0.834	0.818	0.801	0.785	1.624
2009-2010	1.135	1.219	1.230	1.241	1.252	0.851	0.834	0.817	0.801	1.439
2010-2011	1.095	1.165	1.176	1.186	1.197	0.868	0.851	0.834	0.817	1.348
2011-2012	1.102	1.162	1.172	1.182	1.193	0.886	0.869	0.851	0.834	1.316
2012-2013	1.104	1.154	1.164	1.174	1.185	0.904	0.886	0.868	0.851	1.281
2013-2014	1.098	1.136	1.147	1.157	1.167	0.922	0.904	0.886	0.868	1.237
2014-2015	1.064	1.092	1.101	1.111	1.121	0.942	0.923	0.904	0.886	1.163
2015-2016	1.023	1.041	1.051	1.060	1.069	0.961	0.942	0.922	0.904	1.086
2016-2017	1.003	1.011	1.020	1.029	1.039	0.980	0.960	0.941	0.922	1.033
2017-2018	1.000	1.000	1.009	1.018	1.027	1.000	0.980	0.960	0.941	1.000
2018-2019	1.000	--	1.000	1.009	1.018	--	1.000	0.980	0.960	--
2019-2020	1.000	--	--	1.000	1.009	--	--	1.000	0.980	--
2020-2021	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) Based on WCIRB.
- (B) - (E) (A) adjusted for a 0.9% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 3.0% annual severity trend.

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

Business Enterprise Program - Workers' Compensation

Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
Prior	\$5,130,932	863	1.480	8,802		
1997-1998	386,347	49	1.114	8,787		
1998-1999	262,907	39	0.995	6,706		
1999-2000	471,264	56	0.892	7,508		
2000-2001	284,492	47	0.839	5,076		
2001-2002	910,416	45	0.841	17,024	121,418	3.706
2002-2003	289,479	45	0.887	5,707	120,949	3.721
2003-2004	686,652	44	1.099	17,145	117,737	3.737
2004-2005	9,199	26	1.414	500	115,340	2.254
2005-2006	362,000	23	1.530	24,086	113,147	2.033
2006-2007	210,000	31	1.445	9,789	110,928	2.795
2007-2008	546,000	34	1.338	21,483	107,782	3.155
2008-2009	253,000	21	1.244	14,990	98,502	2.132
2009-2010	721,000	24	1.135	34,108	90,619	2.648
2010-2011	307,000	19	1.095	17,694	88,718	2.142
2011-2012	131,000	19	1.102	7,596	88,900	2.137
2012-2013	427,000	20	1.104	23,576	90,413	2.212
2013-2014	947,000	18	1.098	57,766	88,514	2.034
2014-2015	654,000	18	1.064	38,653	85,665	2.101
2015-2016	742,000	21	1.023	36,159	83,023	2.529
2016-2017	615,000	18	1.003	34,254	81,779	2.201

	<u>Severity Trend Factors</u>	<u>Frequency Trend Factors</u>
Latest 10 x 2016-2017	1.133	0.973
Latest 5 x 2016-2017	1.435	1.029
Prior	1.025	0.980
Default	1.025	0.980
Selected Residual Trend	1.030	0.980

Notes:

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

Business Enterprise Program - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/17

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2017-2018	41.0	\$788	1.000	\$788	\$32,308
2018-2019	25.3	788	1.050	827	20,923
2019-2020	18.2	788	1.103	869	15,816
2020-2021	13.3	788	1.158	913	12,143
2021-2022	11.0	788	1.216	958	10,538
2022-2023	8.7	788	1.277	1,006	8,752
2023-2024	7.3	788	1.341	1,057	7,716
2024-2025	5.8	788	1.408	1,110	6,438
2025-2026	4.6	788	1.478	1,165	5,359
2026-2027	3.4	788	1.552	1,223	4,158
2027-2028	2.7	788	1.630	1,284	3,467
2028-2029	2.2	788	1.712	1,349	2,968
2029-2030	1.8	788	1.798	1,417	2,551
2030-2031	1.8	788	1.888	1,488	2,678
2031-2032	1.5	788	1.982	1,562	2,343
2032-2033	1.1	788	2.081	1,640	1,804
2033-2034	0.7	788	2.185	1,722	1,205
2034-2035	0.4	788	2.294	1,808	723
(G) Total ULAE Outstanding as of 6/30/17:					\$141,890

Notes:

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

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

Business Enterprise Program - Workers' Compensation

Outstanding Liability for
Unallocated Loss Adjustment Expenses
as of 6/30/18

Fiscal Year (A)	Number of Claims Active During Fiscal Year (B)	Average ULAE Charge per Active Claim (C)	Inflation Trend Factor (D)	Trended ULAE Charge per Active Claim (E)	ULAE Paid During Year (F)
2018-2019	35.2	\$788	1.050	\$827	\$29,110
2019-2020	23.1	788	1.103	869	20,074
2020-2021	16.8	788	1.158	913	15,338
2021-2022	13.3	788	1.216	958	12,741
2022-2023	10.1	788	1.277	1,006	10,161
2023-2024	8.3	788	1.341	1,057	8,773
2024-2025	6.5	788	1.408	1,110	7,215
2025-2026	5.1	788	1.478	1,165	5,942
2026-2027	3.8	788	1.552	1,223	4,647
2027-2028	3.0	788	1.630	1,284	3,852
2028-2029	2.4	788	1.712	1,349	3,238
2029-2030	2.0	788	1.798	1,417	2,834
2030-2031	2.0	788	1.888	1,488	2,976
2031-2032	1.7	788	1.982	1,562	2,655
2032-2033	1.3	788	2.081	1,640	2,132
2033-2034	0.9	788	2.185	1,722	1,550
2034-2035	0.6	788	2.294	1,808	1,085
2035-2036	0.2	788	2.409	1,898	380

(G) Total ULAE Outstanding as of 6/30/18: \$134,703

Notes:

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

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

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2017</u>	<u>Calendar Period</u>	
		<u>7/1/2017</u> <u>to</u> <u>6/30/2018</u>	<u>7/1/2018</u> <u>to</u> <u>6/30/2019</u>
Prior			
Ultimate Loss	\$6,535,942	\$6,535,942	\$6,535,942
Paid in Calendar Period	-		
Paid to Date	6,535,942	6,535,942	6,535,942
Outstanding Liability			
2001-2002			
Ultimate Loss	\$910,416	\$910,416	\$910,416
Paid in Calendar Period	-		
Paid to Date	910,416	910,416	910,416
Outstanding Liability			
2002-2003			
Ultimate Loss	\$289,479	\$289,479	\$289,479
Paid in Calendar Period	-		
Paid to Date	289,479	289,479	289,479
Outstanding Liability			
2003-2004			
Ultimate Loss	\$686,652	\$686,652	\$686,652
Paid in Calendar Period	-		
Paid to Date	686,652	686,652	686,652
Outstanding Liability			
2004-2005			
Ultimate Loss	\$9,199	\$9,199	\$9,199
Paid in Calendar Period	-		
Paid to Date	9,199	9,199	9,199
Outstanding Liability			
2005-2006			
Ultimate Loss	\$364,000	\$364,000	\$364,000
Paid in Calendar Period	-	3,167	11,672
Paid to Date	347,245	350,412	362,084
Outstanding Liability	16,755	13,588	1,916
2006-2007			
Ultimate Loss	\$212,000	\$212,000	\$212,000
Paid in Calendar Period	-	6,646	5,252
Paid to Date	177,565	184,211	189,463
Outstanding Liability	34,435	27,789	22,537
2007-2008			
Ultimate Loss	\$552,000	\$552,000	\$552,000
Paid in Calendar Period	-	8,969	2,400
Paid to Date	530,595	539,564	541,964
Outstanding Liability	21,405	12,436	10,036

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2017</u>	<u>Calendar Period</u>	
		<u>7/1/2017</u> <u>to</u> <u>6/30/2018</u>	<u>7/1/2018</u> <u>to</u> <u>6/30/2019</u>
2008-2009			
Ultimate Loss	\$257,000	\$257,000	\$257,000
Paid in Calendar Period	-	8,281	6,796
Paid to Date	232,499	240,780	247,576
Outstanding Liability	24,501	16,220	9,424
2009-2010			
Ultimate Loss	\$734,000	\$734,000	\$734,000
Paid in Calendar Period	-	35,459	19,638
Paid to Date	640,440	675,899	695,537
Outstanding Liability	93,560	58,101	38,463
2010-2011			
Ultimate Loss	\$313,000	\$313,000	\$313,000
Paid in Calendar Period	-	12,956	13,760
Paid to Date	263,738	276,694	290,454
Outstanding Liability	49,262	36,306	22,546
2011-2012			
Ultimate Loss	\$134,000	\$134,000	\$134,000
Paid in Calendar Period	-	4,511	4,017
Paid to Date	114,216	118,727	122,744
Outstanding Liability	19,784	15,273	11,256
2012-2013			
Ultimate Loss	\$438,000	\$438,000	\$438,000
Paid in Calendar Period	-	32,328	20,235
Paid to Date	316,923	349,251	369,486
Outstanding Liability	121,077	88,749	68,514
2013-2014			
Ultimate Loss	\$950,000	\$950,000	\$950,000
Paid in Calendar Period	-	88,927	68,644
Paid to Date	603,980	692,907	761,551
Outstanding Liability	346,020	257,093	188,449
2014-2015			
Ultimate Loss	\$674,000	\$674,000	\$674,000
Paid in Calendar Period	-	69,672	78,882
Paid to Date	297,395	367,067	445,949
Outstanding Liability	376,605	306,933	228,051
2015-2016			
Ultimate Loss	\$724,000	\$724,000	\$724,000
Paid in Calendar Period	-	61,929	84,820
Paid to Date	203,585	265,514	350,334
Outstanding Liability	520,415	458,486	373,666

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>6/30/2017</u>	<u>Calendar Period</u>	
		<u>7/1/2017</u> <u>to</u> <u>6/30/2018</u>	<u>7/1/2018</u> <u>to</u> <u>6/30/2019</u>
2016-2017			
Ultimate Loss	\$665,000	\$665,000	\$665,000
Paid in Calendar Period	-	97,670	62,407
Paid to Date	42,900	140,570	202,977
Outstanding Liability	622,100	524,430	462,023
2017-2018			
Ultimate Loss	-	\$727,000	\$727,000
Paid in Calendar Period	-	27,626	109,802
Paid to Date	-	27,626	137,428
Outstanding Liability	-	699,374	589,572
2018-2019			
Ultimate Loss	-	-	\$743,000
Paid in Calendar Period	-	-	28,234
Paid to Date	-	-	28,234
Outstanding Liability	-	-	714,766
Totals			
Ultimate Loss	\$14,448,688	\$15,175,688	\$15,918,688
Paid in Calendar Period	-	458,141	516,559
Paid to Date	12,202,769	12,660,910	13,177,469
Outstanding Liability	2,245,919	2,514,778	2,741,219
Total Outstanding ULAE	141,890	134,703	131,976
Outstanding Liability plus ULAE	2,387,809	2,649,481	2,873,195

Notes appear on the next page.

Business Enterprise Program - Workers' Compensation

Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2015-2016, \$61,929 is expected to be paid between 7/1/17 and 6/30/18, \$265,514 will have been paid by 6/30/18, and the reserve for remaining payments on these claims should be \$458,486.
- Ultimate Losses for each accident year are from Exhibit 4, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, $\$84,820 = \$458,486 \times 18.5\%$.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, $\$350,334 = \$84,820 + \$265,514$.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, $\$458,486 = \$724,000 - \$265,514$.

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.

Business Enterprise Program - Workers' Compensation

Short- and Long-Term Liabilities

<u>Liabilities as of 6/30/17:</u>		<u>Expected</u>	<u>Discounted</u>
<u>Current (Short Term)</u>	Loss and ALAE:	\$430,515	\$430,515
	ULAE:	32,308	32,308
	Short-Term Loss and LAE:	<u>\$462,823</u>	<u>\$462,823</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$1,815,404	\$1,815,404
	ULAE:	109,582	109,582
	Long-Term Loss and LAE:	<u>\$1,924,986</u>	<u>\$1,924,986</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,245,919	\$2,245,919
	ULAE:	141,890	141,890
	Total Loss and LAE:	<u>\$2,387,809</u>	<u>\$2,387,809</u>

<u>Liabilities as of 6/30/18:</u>			
<u>Current (Short Term)</u>	Loss and ALAE:	\$488,325	\$488,325
	ULAE:	29,110	29,110
	Short-Term Loss and LAE:	<u>\$517,435</u>	<u>\$517,435</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$2,026,453	\$2,026,453
	ULAE:	105,593	105,593
	Long-Term Loss and LAE:	<u>\$2,132,046</u>	<u>\$2,132,046</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,514,778	\$2,514,778
	ULAE:	134,703	134,703
	Total Loss and LAE:	<u>\$2,649,481</u>	<u>\$2,649,481</u>

		<u>Discounted with a Margin for Contingencies</u>				
		<u>70%</u>	<u>75%</u>	<u>80%</u>	<u>85%</u>	<u>90%</u>
		<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>	<u>Confidence</u>
<u>Liabilities as of 6/30/17:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$488,635	\$514,896	\$545,463	\$583,348	\$633,718
	ULAE:	36,670	38,640	40,934	43,777	47,557
	Short-Term Loss and LAE:	<u>\$525,305</u>	<u>\$553,536</u>	<u>\$586,397</u>	<u>\$627,125</u>	<u>\$681,275</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$2,060,483	\$2,171,223	\$2,300,116	\$2,459,872	\$2,672,275
	ULAE:	124,375	131,061	138,841	148,484	161,305
	Long-Term Loss and LAE:	<u>\$2,184,858</u>	<u>\$2,302,284</u>	<u>\$2,438,957</u>	<u>\$2,608,356</u>	<u>\$2,833,580</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,549,118	\$2,686,119	\$2,845,579	\$3,043,220	\$3,305,993
	ULAE:	161,045	169,701	179,775	192,261	208,862
	Total Loss and LAE:	<u>\$2,710,163</u>	<u>\$2,855,820</u>	<u>\$3,025,354</u>	<u>\$3,235,481</u>	<u>\$3,514,855</u>
<u>Liabilities as of 6/30/18:</u>						
<u>Current (Short Term)</u>	Loss and ALAE:	\$554,249	\$584,037	\$618,708	\$661,680	\$718,814
	ULAE:	33,040	34,816	36,882	39,444	42,850
	Short-Term Loss and LAE:	<u>\$587,289</u>	<u>\$618,853</u>	<u>\$655,590</u>	<u>\$701,124</u>	<u>\$761,664</u>
<u>Non-Current (Long Term)</u>	Loss and ALAE:	\$2,300,024	\$2,423,637	\$2,567,516	\$2,745,844	\$2,982,939
	ULAE:	119,848	126,289	133,786	143,079	155,433
	Long-Term Loss and LAE:	<u>\$2,419,872</u>	<u>\$2,549,926</u>	<u>\$2,701,302</u>	<u>\$2,888,923</u>	<u>\$3,138,372</u>
<u>Total Liability</u>	Loss and ALAE:	\$2,854,273	\$3,007,674	\$3,186,224	\$3,407,524	\$3,701,753
	ULAE:	152,888	161,105	170,668	182,523	198,283
	Total Loss and LAE:	<u>\$3,007,161</u>	<u>\$3,168,779</u>	<u>\$3,356,892</u>	<u>\$3,590,047</u>	<u>\$3,900,036</u>

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

Business Enterprise Program - Workers' Compensation

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 6/30/17 (A)	Discount Factor (B)	Discounted Reserve at 6/30/17 (C)	Full Value of Reserve at 6/30/18 (D)	Discount Factor (E)	Discounted Reserve at 6/30/18 (F)
2005-2006	16,755	1.000	16,755	13,588	1.000	13,588
2006-2007	34,435	1.000	34,435	27,789	1.000	27,789
2007-2008	21,405	1.000	21,405	12,436	1.000	12,436
2008-2009	24,501	1.000	24,501	16,220	1.000	16,220
2009-2010	93,560	1.000	93,560	58,101	1.000	58,101
2010-2011	49,262	1.000	49,262	36,306	1.000	36,306
2011-2012	19,784	1.000	19,784	15,273	1.000	15,273
2012-2013	121,077	1.000	121,077	88,749	1.000	88,749
2013-2014	346,020	1.000	346,020	257,093	1.000	257,093
2014-2015	376,605	1.000	376,605	306,933	1.000	306,933
2015-2016	520,415	1.000	520,415	458,486	1.000	458,486
2016-2017	622,100	1.000	622,100	524,430	1.000	524,430
2017-2018	0	-	-	699,374	1.000	699,374
Totals	\$2,245,919		\$2,245,919	\$2,514,778		\$2,514,778

(G) Discount Factor at 6/30/17 for Overall Reserve:	1.000
(H) Discount Factor at 6/30/18 for Overall Reserve:	1.000

Notes:

- (A) From Appendix G, Outstanding Liability at 6/30/17.
- (B) Based on Appendix I, Page 2, Column (E).
- (C) (A) x (B).
- (D) From Appendix G, Outstanding Liability at 6/30/18.
- (E) Based on 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 1.000, the discounted liability for outstanding claims is 100.0% of the full value.

Business Enterprise Program - Workers' Compensation

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	1.8%	0.0%	0.018	0.018	1.000
21	0.2%	0.0%	0.020	0.020	1.000
20	0.2%	0.0%	0.022	0.022	1.000
19	0.2%	0.0%	0.023	0.023	1.000
18	0.2%	0.0%	0.025	0.025	1.000
17	0.1%	0.0%	0.026	0.026	1.000
16	0.3%	0.0%	0.029	0.029	1.000
15	0.5%	0.0%	0.034	0.034	1.000
14	0.7%	0.0%	0.041	0.041	1.000
13	0.6%	0.0%	0.048	0.048	1.000
12	0.9%	0.0%	0.057	0.057	1.000
11	2.9%	0.0%	0.086	0.086	1.000
10	3.8%	0.0%	0.124	0.124	1.000
9	6.7%	0.0%	0.191	0.191	1.000
8	6.3%	0.0%	0.254	0.254	1.000
7	7.1%	0.0%	0.326	0.326	1.000
6	11.3%	0.0%	0.439	0.439	1.000
5	14.8%	0.0%	0.587	0.587	1.000
4	13.0%	0.0%	0.717	0.717	1.000
3	9.5%	0.0%	0.812	0.812	1.000
2	15.0%	0.0%	0.962	0.962	1.000
1	3.8%	0.0%	1.000	1.000	1.000
(G) Discount Factor for Future Funding:				2017-2018	1.000
				2018-2019	1.000

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B, Page 2.
- (C) Assumed Investment Income Rates.
- (D) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2, 96.2% = $[81.2\% / 1.000] + [15.0\% / (1.000)]$.
- (E) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (F) (D) / (E).
- (G) (F) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 1.00, on a discounted basis, \$1.00 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

Business Enterprise Program - Workers' Compensation

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	2.644	1.666
90%	2.121	1.472
85%	1.807	1.355
80%	1.577	1.267
75%	1.391	1.196
70%	1.233	1.135
65%	1.094	1.082
60%	0.972	1.033
55%	0.864	0.988
50%	0.767	0.946
45%	0.679	0.905
40%	0.598	0.865
35%	0.523	0.826
30%	0.452	0.786
25%	0.384	0.744

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 2.121 times the average expected amount of losses.

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

Business Enterprise Program - Workers' Compensation

Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/1987	6/30/1997	Prior	\$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	250,000	(none)
7/1/2001	6/30/2002	2001-2002	250,000	(none)
7/1/2002	6/30/2003	2002-2003	250,000	(none)
7/1/2003	6/30/2004	2003-2004	250,000	(none)
7/1/2004	6/30/2005	2004-2005	1,000,000	(none)
7/1/2005	6/30/2006	2005-2006	1,000,000	(none)
7/1/2006	6/30/2007	2006-2007	1,000,000	(none)
7/1/2007	6/30/2008	2007-2008	1,000,000	(none)
7/1/2008	6/30/2009	2008-2009	1,000,000	(none)
7/1/2009	6/30/2010	2009-2010	1,000,000	(none)
7/1/2010	6/30/2011	2010-2011	1,000,000	(none)
7/1/2011	6/30/2012	2011-2012	1,000,000	(none)
7/1/2012	6/30/2013	2012-2013	1,000,000	(none)
7/1/2013	6/30/2014	2013-2014	1,000,000	(none)
7/1/2014	6/30/2015	2014-2015	1,000,000	(none)
7/1/2015	6/30/2016	2015-2016	1,000,000	(none)
7/1/2016	6/30/2017	2016-2017	1,000,000	(none)
7/1/2017	6/30/2018	2017-2018	1,000,000	(none)
7/1/2018	6/30/2019	2018-2019	1,000,000	(none)
	Third Party Claims Administrator		Begin Date	End Date
	LWP		7/1/2017	Current
	Carl Warren		5/23/2012	7/1/2017
	State Fund		Prior	5/22/2012

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

Business Enterprise Program - Workers' Compensation

Estimated Total Assets as of 6/30/18

(A) <u>Total Assets as of 6/30/17:</u>	\$914,000
(B) <u>Total Income to Fund during 2017-2018</u>	
Contributions:	\$870,000
Interest:	0
Other:	0
Total Income:	<u>\$870,000</u>
(C) <u>Total Payments from Fund during 2017-2018</u>	
Loss and ALAE:	\$458,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	42,000
Excess Insurance:	107,000
Other:	0
Total Payments:	<u>\$607,000</u>
(D) <u>Estimated Total Assets as of 6/30/18:</u>	\$1,177,000

Notes:

- (A) Provided by the BEP.
- (B) Provided by the BEP.
- (C) Provided by the BEP. Loss and ALAE paid is estimated in Appendix G.
- (D) (A) + (B) - (C).

Business Enterprise Program - Workers' Compensation

Estimated Total Assets as of 6/30/19

(A) <u>Estimated Total Assets as of 6/30/18:</u>	\$1,177,000
(B) <u>Total Income to Fund during 2018-2019</u>	
Contributions:	\$888,000
Interest:	0
Other:	0
Total Income:	<u>\$888,000</u>
(C) <u>Total Payments from Fund during 2018-2019</u>	
Loss and ALAE:	\$517,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	42,000
Excess Insurance:	107,000
Other:	0
Total Payments:	<u>\$666,000</u>
(D) <u>Estimated Total Assets as of 6/30/19:</u>	\$1,399,000

Notes:

- (A) Appendix L, Page 1, Line (D).
- (B) Provided by the BEP.
- (C) Provided by the BEP. Loss and ALAE paid is estimated in Appendix G.
- (D) (A) + (B) - (C).

Business Enterprise Program - Workers' Compensation

Estimated Total Assets as of 6/30/20

(A) <u>Estimated Total Assets as of 6/30/19:</u>	\$1,399,000
(B) <u>Total Income to Fund during 2019-2020</u>	
Contributions:	\$0
Interest:	0
Other:	0
Total Income:	<u>\$0</u>
(C) <u>Total Payments from Fund during 2019-2020</u>	
Loss and ALAE:	\$538,000
Additional Allocated Loss Adjustment Expense:	0
In-House Unallocated Loss Adjustment Expense:	0
Fees to Outside Administrator (TPA):	0
Excess Insurance:	0
Other:	0
Total Payments:	<u>\$538,000</u>
(D) <u>Estimated Total Assets as of 6/30/20:</u>	\$861,000

Notes:

- (A) Appendix L, Page 2, Line (D).
- (B) Provided by the BEP.
- (C) Provided by the BEP. Loss and ALAE paid is estimated in Appendix G.
- (D) (A) + (B) - (C).

Business Enterprise Program - Workers' Compensation

Incurred Losses as of 6/30/17

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over SIR (F)	Incurred Over \$250,000 (G)	Incurred Capped at \$250,000 (H)	Incurred \$250,000 to SIR Layer (I)	Incurred Capped at SIR (J)	Incurred Capped at SIR & Aggregate (K)
Prior	\$5,205,007	\$0	\$4,300	\$5,200,706	\$69,775	\$69,775	\$5,130,932	\$0	\$5,130,932	\$5,130,932
1997-1998	391,931	0	5,584	386,347	0	0	386,347	0	386,347	386,347
1998-1999	262,907	0	0	262,907	0	0	262,907	0	262,907	262,907
1999-2000	471,264	0	0	471,264	0	0	471,264	0	471,264	471,264
2000-2001	284,492	0	0	284,492	0	0	284,492	0	284,492	284,492
2001-2002	998,015	0	0	998,015	87,599	87,599	910,416	0	910,416	910,416
2002-2003	289,479	0	0	289,479	0	0	289,479	0	289,479	289,479
2003-2004	686,652	0	0	686,652	0	0	686,652	0	686,652	686,652
2004-2005	9,199	0	0	9,199	0	0	9,199	0	9,199	9,199
2005-2006	358,679	0	0	358,679	0	0	358,679	0	358,679	358,679
2006-2007	206,927	0	0	206,927	0	0	206,927	0	206,927	206,927
2007-2008	530,661	0	0	530,661	0	0	530,661	0	530,661	530,661
2008-2009	241,343	0	0	241,343	0	0	241,343	0	241,343	241,343
2009-2010	671,132	0	0	671,132	0	0	671,132	0	671,132	671,132
2010-2011	277,484	0	0	277,484	0	0	277,484	0	277,484	277,484
2011-2012	114,216	0	0	114,216	0	0	114,216	0	114,216	114,216
2012-2013	353,141	0	0	353,141	0	0	353,141	0	353,141	353,141
2013-2014	764,724	0	0	764,724	0	33,024	731,700	33,024	764,724	764,724
2014-2015	431,831	0	0	431,831	0	0	431,831	0	431,831	431,831
2015-2016	360,561	0	0	360,561	0	0	360,561	0	360,561	360,561
2016-2017	118,564	0	0	118,564	0	0	118,564	0	118,564	118,564
2017-2018	0	0	0	0	0	0	0	0	0	0
Total	\$13,028,210	\$0	\$9,884	\$13,018,326	\$157,374	\$190,398	\$12,827,928	\$33,024	\$12,860,952	\$12,860,952

Notes:

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

Business Enterprise Program - Workers' Compensation

Paid Losses as of 6/30/17

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over SIR (F)	Paid Over \$250,000 (G)	Paid Capped at \$250,000 (H)	Paid \$250,000 to SIR Layer (I)	Paid Capped at SIR (J)	Paid Capped at SIR & Aggregate (K)
Prior	\$5,205,007	\$0	\$4,300	\$5,200,706	\$69,775	\$69,775	\$5,130,932	\$0	\$5,130,932	\$5,130,932
1997-1998	391,931	0	5,584	386,347	0	0	386,347	0	386,347	386,347
1998-1999	262,907	0	0	262,907	0	0	262,907	0	262,907	262,907
1999-2000	471,264	0	0	471,264	0	0	471,264	0	471,264	471,264
2000-2001	284,492	0	0	284,492	0	0	284,492	0	284,492	284,492
2001-2002	998,015	0	0	998,015	87,599	87,599	910,416	0	910,416	910,416
2002-2003	289,479	0	0	289,479	0	0	289,479	0	289,479	289,479
2003-2004	686,652	0	0	686,652	0	0	686,652	0	686,652	686,652
2004-2005	9,199	0	0	9,199	0	0	9,199	0	9,199	9,199
2005-2006	347,245	0	0	347,245	0	0	347,245	0	347,245	347,245
2006-2007	177,565	0	0	177,565	0	0	177,565	0	177,565	177,565
2007-2008	530,595	0	0	530,595	0	0	530,595	0	530,595	530,595
2008-2009	232,499	0	0	232,499	0	0	232,499	0	232,499	232,499
2009-2010	640,440	0	0	640,440	0	0	640,440	0	640,440	640,440
2010-2011	263,738	0	0	263,738	0	0	263,738	0	263,738	263,738
2011-2012	114,216	0	0	114,216	0	0	114,216	0	114,216	114,216
2012-2013	316,923	0	0	316,923	0	0	316,923	0	316,923	316,923
2013-2014	603,980	0	0	603,980	0	0	603,980	0	603,980	603,980
2014-2015	297,395	0	0	297,395	0	0	297,395	0	297,395	297,395
2015-2016	203,585	0	0	203,585	0	0	203,585	0	203,585	203,585
2016-2017	42,900	0	0	42,900	0	0	42,900	0	42,900	42,900
2017-2018	0	0	0	0	0	0	0	0	0	0
Total	\$12,370,026	\$0	\$9,884	\$12,360,142	\$157,374	\$157,374	\$12,202,768	\$0	\$12,202,768	\$12,202,768

Notes:

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

Business Enterprise Program - Workers' Compensation

Case Reserves as of 6/30/17

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over SIR (F)	Reserves Over \$250,000 (G)	Reserves Capped at \$250,000 (H)	Reserves \$250,000 to SIR Layer (I)	Reserves Capped at SIR (J)	Reserves Capped at SIR & Aggregate (K)
Prior	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1997-1998	0	0	0	0	0	0	0	0	0	0
1998-1999	0	0	0	0	0	0	0	0	0	0
1999-2000	0	0	0	0	0	0	0	0	0	0
2000-2001	0	0	0	0	0	0	0	0	0	0
2001-2002	0	0	0	0	0	0	0	0	0	0
2002-2003	0	0	0	0	0	0	0	0	0	0
2003-2004	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0
2005-2006	11,434	0	0	11,434	0	0	11,434	0	11,434	11,434
2006-2007	29,362	0	0	29,362	0	0	29,362	0	29,362	29,362
2007-2008	66	0	0	66	0	0	66	0	66	66
2008-2009	8,845	0	0	8,845	0	0	8,845	0	8,845	8,845
2009-2010	30,692	0	0	30,692	0	0	30,692	0	30,692	30,692
2010-2011	13,747	0	0	13,747	0	0	13,747	0	13,747	13,747
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	36,218	0	0	36,218	0	0	36,218	0	36,218	36,218
2013-2014	160,744	0	0	160,744	0	33,024	127,720	33,024	160,744	160,744
2014-2015	134,437	0	0	134,437	0	0	134,437	0	134,437	134,437
2015-2016	156,975	0	0	156,975	0	0	156,975	0	156,975	156,975
2016-2017	75,663	0	0	75,663	0	0	75,663	0	75,663	75,663
2017-2018	0	0	0	0	0	0	0	0	0	0
Total	\$658,184	\$0	\$0	\$658,184	\$0	\$33,024	\$625,160	\$33,024	\$658,184	\$658,184

Notes:

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

Business Enterprise Program - Workers' Compensation

Claim Counts as of 6/30/17

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)
Prior	863	0	0	863	863	0	0	863	0	0
1997-1998	49	0	0	49	49	0	0	49	0	0
1998-1999	39	0	0	39	39	0	0	39	0	0
1999-2000	56	0	0	56	56	0	0	56	0	0
2000-2001	47	0	0	47	47	0	0	47	0	0
2001-2002	45	0	0	45	45	0	0	45	0	0
2002-2003	45	0	0	45	45	0	0	45	0	0
2003-2004	44	0	0	44	44	0	0	44	0	0
2004-2005	26	0	0	26	26	0	0	26	0	0
2005-2006	23	0	0	23	22	0	0	22	1	1
2006-2007	31	0	0	31	30	0	0	30	1	1
2007-2008	34	0	0	34	32	0	0	32	2	2
2008-2009	21	0	0	21	20	0	0	20	1	1
2009-2010	24	0	0	24	22	0	0	22	2	2
2010-2011	19	0	0	19	18	0	0	18	1	1
2011-2012	19	0	0	19	19	0	0	19	0	0
2012-2013	20	0	0	20	18	0	0	18	2	2
2013-2014	18	0	0	18	14	0	0	14	4	4
2014-2015	18	0	0	18	12	0	0	12	6	6
2015-2016	20	0	0	20	15	0	0	15	5	5
2016-2017	9	0	0	9	1	0	0	1	8	8
2017-2018	0	0	0	0	0	0	0	0	0	0
Total	1,470	0	0	1,470	1,437	0	0	1,437	33	33

Notes:

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

Business Enterprise Program - Workers' Compensation

Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2001-2002	81,818	1.484	121,418
2002-2003	83,528	1.448	120,949
2003-2004	83,324	1.413	117,737
2004-2005	83,640	1.379	115,340
2005-2006	84,124	1.345	113,147
2006-2007	84,549	1.312	110,928
2007-2008	84,205	1.280	107,782
2008-2009	78,865	1.249	98,502
2009-2010	74,339	1.219	90,619
2010-2011	74,616	1.189	88,718
2011-2012	76,638	1.160	88,900
2012-2013	79,870	1.132	90,413
2013-2014	80,176	1.104	88,514
2014-2015	79,540	1.077	85,665
2015-2016	78,994	1.051	83,023
2016-2017	79,784	1.025	81,779
2017-2018	80,582	1.000	80,582
2018-2019	81,388	1.000	81,388

Notes:

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