Riverside Community College District

Actuarial Loss Reserve Review

Workers' Compensation

And General / Employment Practices Liability

As of June 30, 2013

July 18, 2013

July 18, 2013

Mr. Michael Simmons
Director, Risk Management
Riverside Community College District
4800 Magnolia Ave
Riverside, CA 92506

Dear Mr. Simmons:

Enclosed is our actuarial report for Riverside Community College District's retained loss reserves for Workers' Compensation and Liability. The unpaid claim estimates are for reporting purposes as of 6/30/2013. Also contained in the report is a loss forecast for the upcoming policy period for workers' compensation and liability.
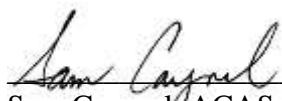
We have enjoyed working with you on this important project and look forward to providing you with actuarial services in the future. If you have any questions regarding this report, or need assistance with any other matter, feel free to contact Dustin Gary at (913) 317-8681.

Sincerely,

Centric Actuarial Solutions, LLC

Dustin Gary, FCAS, MAAA
Consulting Actuary

Sam Cargnel, ACAS
Consulting Actuary

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EXHIBITS

SECTION 1: BACKGROUND AND SCOPE

Company Background

Opening in September 1916, Riverside Community College District ("RCCD") is the seventh oldest community college in California. RCCD is a three-college higher education system serving 1.4 million people living in Riverside County with enrollment exceeding 35,000 students. Colleges are located in the cities of Riverside, Moreno Valley, and Norco—three of the fastest growing areas in the county. Riverside Community College District is committed to excellence. Some 368 full-time faculty and 831 associated faculty, together with 703 professional and support staff, are involved in the continual development of programs to prepare a qualified workforce for the 21 century.

Insurance Program Overview

RCCD self-insures its workers' compensation and general and employment practices liability exposures. The current SIR is $500,000 for workers' compensation and $250,000 for liability. York serves as RCCD's third party administrator for workers' compensation claims and Corvel currently handles the liability claims.

Scope of Analysis

Riverside Community College District ("RCCD") has engaged Centric Actuarial Solutions, LLC ("Centric") to complete an independent actuarial analysis of its self-insured workers' compensation and liability programs. In our analysis, we have performed the following:

- Estimated the ultimate loss and allocated loss adjustment expense (ALAE) reserves for workers' compensation and liability as of 6/30/2013. The indicated loss and ALAE reserves are limited to RCCD's historical self-insured retentions.

- Forecasted expected ultimate losses and ALAE for the 2013-14 policy period for workers' compensation and liability.

A summary of our findings can be found in Section 5 of this report. The remainder of this document outlines important reliances and limitations associated with our work, rules for distributing the report, and a description of the methodology employed in our analysis.

Purpose

It is our understanding that the estimates contained in this analysis will be used by RCCD for financial reporting and budgeting purposes.

Acknowledgment of Qualifications

I, Dustin Gary, am a consulting actuary with Centric Actuarial Solutions. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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SECTION 2: RELIANCES AND LIMITATIONS

Data

In preparing our analysis, we relied on data and other information supplied to us by RCCD. We have performed a general review of the reasonableness and consistency of the data, but have not audited or verified this information for accuracy. The results of our analysis are dependent upon the accuracy and completeness of the underlying data. Any discrepancies in the information provided to us should be reported immediately so that we can produce an amended report.

Excess Insurance

We have assumed that insurance above RCCD's stated retentions is valid and collectible. We have made no effort to evaluate the financial condition of RCCD's excess insurers or their ability to pay claims. Liabilities may exist in addition to those outlined in this report for any recoveries which are not collectible.

Assets

We have not examined nor have we attempted to place a value on the assets underlying RCCD's loss reserves.

Covered Claims

We have only provided estimates for the policy periods and lines of business identified in our analysis. Liabilities may exist in addition to those outlined in this report for prior policy periods or lines of business which we were not requested to review.

Inherent Uncertainty

Any estimate of loss liabilities and future loss events is subject to considerable uncertainty. Although we have employed generally accepted actuarial techniques and methodologies in our analysis, actual loss results will undoubtedly vary from our estimates, perhaps significantly. There can be no guarantee that actual losses will not exceed the level indicated by our estimates.

The calculations and estimates contained in this report rely on the assumption that future loss activity will resemble events of the past after adjustments for changes in historical claim costs. Factors that influence the future cost of claims include inflation, legislative changes, claim settlement practices, litigation rates, and emergence of large losses. Changes in any of these factors contribute to the variability of actual results from their expected value. In performing our analysis, we have not anticipated any major changes to the legal, social, or economic environment nor have we made provisions for new types or classes of losses not represented in RCCD's historical loss experience.

Industry Information

In certain cases, we have relied upon insurance industry benchmarks to supplement RCCD's own loss data. Assumptions regarding future loss development, payout patterns, loss rates, increased limits experience, frequency/severity trends and benefit level changes have been partially based on these industry benchmarks. An additional element of uncertainty is added due to the reliance on this information. We have made every effort to ensure that the benchmarks used in our analysis are based on the latest available industry data and provide a reasonable indication of RCCD's future loss experience.

California En Banc Decisions

On February 3, 2009, the Workers' Compensation Appeals Board ("WCAB") issued two en banc decisions related to the 2005 Permanent Disability Rating Schedule (PDRS). These are referred to collectively as the Ogilvie and Almaraz/Guzman decisions. The WCIRB believes the decisions impact claims in the following areas:

1) The average permanent disability ratings of current permanent disability claims, 2) The proportion of lost-time claims that will receive a permanent disability rating, 3) The frequency of indemnity claims, and 4) The level of frictional costs.

The cost impact of these decisions has, to a large extent, been reflected in the experience that has emerged through the valuation date of our study. We have not made any additional adjustments to our estimates for the impact of the WCAB decisions. We will revise our estimates, if necessary, in future actuarial studies if the actual loss experience develops differently than we have projected.

Risk Factors

There are a variety of risk factors that may contribute to the variability of actual results from our estimates. First, workers' compensation and liability are long-tailed lines of insurance meaning that it may take several years, perhaps in excess of twenty, for all claims from a particular policy period to close. It is difficult, if not impossible, to predict the impact of medical inflation, legislative changes, and other factors that will influence the cost of claims this far into the future.

There has been a sudden spike in workers' compensation costs beginning with the 7/1/09 policy year. Prior to this time period, the losses as a rate to $100 of payroll averaged well below $1.00. The loss rates for each of the three most recent years have either already or are expected to develop past $1.00 per $100 of payroll. While frequency has remained relatively flat over the years, severity has seen a huge spike. In particular, there are several claims in excess of $100,000 for the 7/1/09 policy year. The sudden increase in claim severity makes it difficult to predict the ultimate losses for the more recent years as well as the forecast for the upcoming policy year.

There is considerable uncertainty associated with our estimates for general and employment practices liability because of the small volume of claims each year. Over the last several years, RCCD has averaged less than five claims per year. Several of the claims that have been reported, particularly those related to Employment Practices Liability, are large claims generally in excess of $250,000. Many of these claims have few if any payments at this point in time. Our estimates could be subject to significant adverse deviation given the low frequency/high severity nature of these claims.

SECTION 3: DISTRIBUTION AND USE

This report has been prepared for the use of RCCD management with the intended purpose of evaluating RCCD's liabilities and expected future losses. We understand that RCCD may wish to supply copies of the final report to management, auditors, and its excess insurers. We hereby grant permission for such distribution provided that the report is distributed in its entirety and RCCD makes the parties aware that we are available to answer any questions they may have. The report shall not be furnished in whole or in part to any other person without our prior written consent. Furthermore, Centric Actuarial Solutions, LLC does not intend to benefit any third party recipient of this report or create any legal duty to a third party.

SECTION 4: DISCLOSURES

Intended Measure of Estimates

The unpaid claim estimates contained in our analysis should be considered actuarial central estimates. An actuarial central estimate represents the expected value over the range of reasonably possible outcomes. In our report, the term "unpaid claim estimate" is defined as the amount necessary to settle 1) all remaining open claims, 2) claims that have occurred but not yet been reported, and 3) claims that may re-open in the future and require additional payments. Unless otherwise noted, our unpaid claim estimates do not contain a provision for items commonly found in retrospective rating insurance programs such as loss-based taxes, loss conversion charges, or contingent premiums.

Reasonableness

We have compiled and reviewed various diagnostic measures to evaluate the reasonableness of our estimates and believe them to be valid based on the results of these tests. This information is available upon request.

Terminology

By its strict definition, the term "reserve" refers to an amount booked in a financial statement, but as is common in the insurance industry, we often use this term as a substitute for "unpaid claim estimate". We may also use the words "liability" and "accrual" to mean "unpaid claim estimate". Incurred but Not Reported ("IBNR") reserves in the context of this report contain both development on known claims and a provision for late reported claims ("True IBNR").

Recoverables

The estimates contained in our analysis are limited to RCCD's deductible or retention levels and are net of excess insurance and subrogation recoveries.

Discounting

The estimates contained in our analysis are presented on a nominal basis.

Loss Adjustment Expenses

Loss adjustment expenses ("LAE") are generally split between allocated loss adjustment expenses ("ALAE") and unallocated loss adjustment expenses ("ULAE"). ALAE includes expenses such as legal fees that can be assigned directly to a specific claim and usually are shown on the loss run along with medical and indemnity costs. We have grouped ALAE with losses in our analysis and our estimates contain a provision for unpaid ALAE amounts.

ULAE costs cannot readily be allocated to a specific claim file. These expenses include the salaries and overhead of a claims department, or in the case of a self insured organization, the amount paid to a TPA to administer claims. We have <u>not</u> estimated the liability for unpaid ULAE in our analysis.

SECTION 5: SUMMARY OF FINDINGS

Tables 1 and 2 summarize the estimated liability for unpaid claims by policy year.

Table 1

Workers' Compensation as of 6/30/2013		
Policy Year Inception	**Ultimate Loss and ALAE**	**Paid Loss and ALAE**	**Loss and ALAE Liability**
7/1/97	700,000	665,938	34,062
7/1/98	400,000	315,453	84,547
7/1/99	800,000	726,037	73,963
7/1/00	250,000	181,092	68,908
7/1/01	900,000	774,356	125,644
7/1/02	550,000	467,054	82,946
7/1/03	750,000	647,315	102,685
7/1/04	725,000	574,681	150,319
7/1/05	795,963	795,963	0
7/1/06	441,633	441,633	0
7/1/07	500,000	393,320	106,680
7/1/08	124,817	124,817	0
7/1/09	2,000,000	1,194,000	806,000
7/1/10	1,300,000	697,785	602,215
7/1/11	1,300,000	408,434	891,566
7/1/12	1,200,000	138,188	1,061,812
All Years	**12,737,413**	**8,546,066**	**4,191,347**

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Table 2

General and Employment Practices Liability as of 6/30/2013			
Policy Year Inception	**Ultimate Loss and ALAE**	**Paid Loss and ALAE**	**Loss and ALAE Liability**
7/1/07	78,440	78,440	0
7/1/08	63,163	63,163	0
7/1/09	350,000	214,354	135,646
7/1/10	900,000	553,776	346,224
7/1/11	350,000	14,021	335,979
7/1/12	400,000	8,729	391,271
All Years	**2,141,603**	**932,483**	**1,209,120**

Table 3 displays forecasted ultimate losses and ALAE by line of business for the 2013 policy period. The results should be considered actuarial central estimates. We have estimated the exposures listed in the table for the upcoming policy year. Projected losses should be modified if the exposure estimates change.

Table 3

Expected Loss and ALAE for 7/1/2013 – 6/30/2014			
Line of Business	**Loss Rate**	**Exposure**	**Losses**
Workers' Compensation	$1.25	106,000,000	1,330,000
GL / EPLI	$0.45	106,000,000	480,000

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Table 4 provides a range of reserve estimates as of 6/30/2013. The range below is meant to be a measure of the reasonable range around the actuarial central estimate and each value within the range should be considered a reasonable value on a stand-alone basis. It is important to note that the range is narrower, perhaps considerably, than the range of possible outcomes and does not represent any sort of confidence level around the mean of the underlying statistical distribution.

Table 4

Range for Unpaid Claim Liability as of 6/30/2013		
	Low Estimate	Central Estimate	High Estimate
Workers' Comp	3,772,212	4,191,347	4,610,482
GL & EPLI	1,088,208	1,209,120	1,330,032
Total	4,860,420	5,400,467	5,940,514

SECTION 6: ANALYSIS

Loss Data

RCCD provided us with historical claim detail loss runs by policy year and by line of business. The loss information was valued as of 5/31/2013.

Exposure Data

RCCD supplied historical and projected payroll which was used as the exposure base in our report.

Loss Development Factors

For workers' compensation, we supplemented RCCD's historical loss development data with Industry benchmark data obtained from the WCIRB to determine the loss development factors used in our analysis. For general liability, we used insurance industry development patterns obtained from Schedule P data obtained from the NAIC.

Methodology

An outline of the methodology used to estimate RCCD's retained loss reserves is found below. The section entitled *Actuarial Techniques* contains a detailed discussion of the actuarial procedures employed to estimate ultimate losses by policy year.

- Develop claim counts to an ultimate basis and review frequency by policy year.

- Develop a preliminary estimate of ultimate losses and calculate loss severities and loss rates by policy year.

- Review frequency, severity, and loss rates to determine annual trend percentages to apply to historical losses.

- Apply trend, benefit level, and other adjustment factors to losses to convert them into cost levels expected in the prospective policy term.

- Examine historical adjusted loss rates and select estimated loss rate for the prospective policy period.

- Apply Paid/Incurred Loss Development, Expected Loss, Paid/Incurred Bornhuetter-Ferguson and Frequency/Severity Methods to project estimates for ultimate retained losses in historical policy years.

- Review results of the various actuarial projection methods to select ultimate retained losses by policy year.

- Examine various diagnostic measures to evaluate reasonableness of selections.

- Subtract paid losses from the selected ultimate loss amounts to yield loss reserve estimates.

Actuarial Techniques

Several different actuarial procedures have been applied to estimate the ultimate value of losses for each policy year. Each actuarial technique provides a measure of loss development, or the expected change in value of losses from the evaluation date to the point in which all claims have closed. The following reasons contribute to the growth in losses as a policy period ages:

- It is difficult for claims adjusters to accurately estimate the settlement value of a particular claim when it is first reported. The case reserve is constantly being adjusted up or down as additional information is learned about a claim. Generally, an upward trend in the aggregate value of a group of claims is observed as a policy period matures.
- Some claims may take several years to be reported. A significant portion of claims for some long-tail lines of insurance, such as general liability, are not reported until well after the end of a policy period.
- Specific claims re-open after initially being closed and may require additional loss payments.

A description of the actuarial methods used in this analysis can be found below.

Incurred Loss Development Method

In this methodology, incurred losses for each policy period are multiplied by loss development factors (LDFs) to arrive at estimates for each period's ultimate loss value. The LDFs are ratios that measure the growth of a body of losses from an immature period to the point when all claims have closed. To calculate the LDFs used in this methodology, incurred losses are organized by policy year and displayed at multiple evaluation dates in the form of a loss triangle. The evaluation dates are usually in annual

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increments and are used to determine the age of each policy period, or the length of time in months from the policy inception. Age-to-age LDFs are calculated for each period by dividing the incurred losses at a particular evaluation age by those from the evaluation age immediately preceding it. Cumulative LDFs are derived by multiplying successive age-to-age LDFs.

The Incurred Loss Development Method assumes that case reserve adequacy remains consistent over time. It also assumes that there have been no major changes in claim settlement rates.

Paid Loss Development Method

This methodology is similar to the Incurred Loss Development Method except that the LDFs are calculated based on and applied to paid losses instead of incurred losses. The Paid Loss Development assumes that the relative speed at which claims are settled remains consistent over time. A disadvantage of this method is that it ignores any information provided by the case reserves in determining the ultimate settlement value of claims. An advantage of this method is that it is not distorted by unusual changes in case reserves.

Expected Loss Method

This technique relies on historical loss experience to derive estimates for the ultimate loss value in a particular policy period. Unlike the methods above, this procedure does not rely on the loss experience for the policy period being estimated. The inherent assumption in this method is that the loss experience for the policy period being estimated will resemble the average experience of historical periods after adjustments are made for loss trends and exposure changes. This method works particularly well for immature policy periods with limited or sporadic loss activity.

Paid/Incurred Bornhuetter-Ferguson Methods

These techniques blend the results of the loss development and expected loss methods. To calculate ultimate loss values using the Bornhuetter-Ferguson method, a weighted average of the results using the methods above is calculated according to the formula: B-F = (1/LDF) x (Loss Development Method) + (1-1/LDF) x (Expected Loss Method). The Bornhuetter-Ferguson methodology can be applied to either paid or incurred losses.

Frequency/Severity Method

This method begins with an estimate of the ultimate value for the severity, or average cost per claim, of a particular policy period. Once this figure has been determined, the ultimate claim count is calculated and the numbers are multiplied together to arrive at a forecast of the period's ultimate losses. To estimate the severity for a particular policy period, historical severity figures are examined and adjusted for anticipated changes in claim costs. Factors influencing the cost of claims include medical inflation, retention, and mix of claims by state and type.

SECTION 7: GLOSSARY

Accident Date - The date at which an accident giving rise to a claim occurs.

Age - A measure of the relative maturity of a policy period. The age is determined by counting the number of months between the policy inception date and evaluation date.

Allocated Loss Adjustment Expense (ALAE) - Claim expenses, such as legal fees, that can be assigned to a specific claim.

Benefit Level Factor - A ratio applied to historical losses to adjust for legislative changes made to the workers' compensation system.

Case Reserve - The dollar amount, as estimated by the claims adjuster, necessary to settle an individual open claim.

Confidence Level - The probability that losses will not exceed stated estimates.

Discounted Value - The value of loss reserves or other loss estimates after reflection of the time value of money.

Evaluation Date - The "as-of" date, or date in which losses are valued on the loss run or other loss report.

Exposure - A relative measure of risk such as payroll, revenue, auto count, or bed count.

Frequency - The number of claims per some unit of exposure.

Incurred But Not Reported (IBNR) - Losses that have occurred, but have either not been reported or have not yet developed. IBNR can be used to describe claim counts or loss dollars.

Incurred Losses and ALAE - The sum of Paid Losses and ALAE plus Case Reserves for a group of claims. This number is a fixed amount as of a certain point in time.

Industry Data - Generic term used to describe miscellaneous insurance company statistics gathered and published by various organizations affiliated with the insurance industry.

Loss Development - The change in losses between two evaluation dates.

Loss Development Factor (LDF) - A ratio applied to paid or incurred losses as of a certain date to estimate their ultimate value.

Loss Rate - Ultimate loss dollars per some unit of exposure.

Paid Losses and ALAE - The dollar amount actually paid to claimants including partial payments on open claims and total payments on closed claims as of a particular date.

Pure Premium - See "Loss Rate".

Report Date - The date in which a claim is made.

Retroactive Date - For claims-made policies, the date at which a claim must have occurred on or after to be covered by the policy.

Severity - The average cost per claim.

Trend Factor - A ratio applied to historical losses to adjust for changes in claim cost levels between the historical and prospective periods.

Ultimate Losses and ALAE - The amount of dollars paid when all claims from a specific period have been settled. This value is the sum of paid losses, case reserves, and IBNR as of a particular date and could change over time.

Unallocated Loss Adjustment Expenses (ULAE) - Claim handling charges and other claim expenses not assigned to specific claims.

LIST OF EXHIBITS

Two sets of exhibits are included, one for each line of business.

<u>Exhibits</u>

Exhibit 1

RCCD
Summary of Program Provisions
Workers' Compensation

Policy Inception	Per Occurrence Retention	Excess Insurance	Claims Adjusting	ALAE	ULAE
07/01/97	$250,000		York	Included	N/A
07/01/98	$250,000		York	Included	N/A
07/01/99	$250,000		York	Included	N/A
07/01/00	$250,000		York	Included	N/A
07/01/01	$250,000		York	Included	N/A
07/01/02	$250,000		York	Included	N/A
07/01/03	$250,000		York	Included	N/A
07/01/04	$350,000		York	Included	N/A
07/01/05	$350,000		York	Included	N/A
07/01/06	$350,000		York	Included	N/A
07/01/07	$350,000		York	Included	N/A
07/01/08	$350,000		York	Included	N/A
07/01/09	$350,000		York	Included	N/A
07/01/10	$350,000		York	Included	N/A
07/01/11	$500,000		York	Included	N/A
07/01/12	$500,000		York	Included	N/A

Exhibit 2

RCCD
Summary of Historical Loss Data
Workers' Compensation

(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
Policy Inception	Evaluation Date	Open Claim Count	Closed Claim Count	Total Claim Count	Paid Losses & ALAE	Case Reserves	Incurred Losses & ALAE
07/01/97	06/30/13	1	56	57	665,938	8,702	674,641
07/01/98	06/30/13	1	63	64	315,453	55,790	371,243
07/01/99	06/30/13	2	56	58	726,037	13,808	739,845
07/01/00	06/30/13	3	35	38	181,092	37,970	219,062
07/01/01	06/30/13	2	36	38	774,356	67,667	842,023
07/01/02	06/30/13	1	49	50	467,054	14,843	481,897
07/01/03	06/30/13	2	59	61	775,616	47,552	823,168
07/01/04	06/30/13	3	44	47	574,681	91,959	666,641
07/01/05	06/30/13	0	59	59	795,963	0	795,963
07/01/06	06/30/13	0	59	59	441,633	0	441,633
07/01/07	06/30/13	2	64	66	393,320	4,595	397,915
07/01/08	06/30/13	0	53	53	124,817	0	124,817
07/01/09	06/30/13	8	45	53	1,194,000	503,786	1,697,786
07/01/10	06/30/13	7	52	59	697,785	202,875	900,660
07/01/11	06/30/13	10	48	58	408,434	274,847	683,281
07/01/12	06/30/13	14	27	41	138,188	181,179	319,367

Data Source: Claim Summary Loss Runs Provided by RCCD.   Incident only claims removed from claim count.

Exhibit 3

RCCD

Claims > $250,000 Incurred
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Accident	Policy	Paid	Case	Incurred
Claim Number	Name	Date	Year	Loss & ALAE	Reserves	Loss & ALAE
0433000034	RANGEL, SYLVIA	12/01/03	07/01/03	378,301	15,582	393,883
0533000031	SEMONELLA, JOAN	03/02/05	07/01/04	213,598	37,150	250,748
10123456979	Jackson, Robin Louise	09/12/09	07/01/09	154,500	242,701	397,200
10123456986	Cornejo, Efren	10/13/09	07/01/09	205,712	101,942	307,654

Exhibit 4

RCCD
Summary of Limited Paid Losses by Policy Year
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)
Policy Inception	Per Occurrence Retention	Unlimited Paid	Excess Loss	Number of Excess Losses	Limited Paid
07/01/97	250,000	665,938	0	0	665,938
07/01/98	250,000	315,453	0	0	315,453
07/01/99	250,000	726,037	0	0	726,037
07/01/00	250,000	181,092	0	0	181,092
07/01/01	250,000	774,356	0	0	774,356
07/01/02	250,000	467,054	0	0	467,054
07/01/03	250,000	775,616	128,301	1	647,315
07/01/04	350,000	574,681	0	0	574,681
07/01/05	350,000	795,963	0	0	795,963
07/01/06	350,000	441,633	0	0	441,633
07/01/07	350,000	393,320	0	0	393,320
07/01/08	350,000	124,817	0	0	124,817
07/01/09	350,000	1,194,000	0	0	1,194,000
07/01/10	350,000	697,785	0	0	697,785
07/01/11	500,000	408,434	0	0	408,434
07/01/12	500,000	138,188	0	0	138,188

Exhibit 5

RCCD

Summary of Limited Incurred Losses by Policy Year
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)
Policy Inception	Per Occurrence Retention	Unlimited Incurred	Excess Loss	Number of Excess Losses	Limited Incurred
07/01/97	250,000	674,641	0	0	674,641
07/01/98	250,000	371,243	0	0	371,243
07/01/99	250,000	739,845	0	0	739,845
07/01/00	250,000	219,062	0	0	219,062
07/01/01	250,000	842,023	0	0	842,023
07/01/02	250,000	481,897	0	0	481,897
07/01/03	250,000	823,168	143,883	1	679,285
07/01/04	350,000	666,641	0	0	666,641
07/01/05	350,000	795,963	0	0	795,963
07/01/06	350,000	441,633	0	0	441,633
07/01/07	350,000	397,915	0	0	397,915
07/01/08	350,000	124,817	0	0	124,817
07/01/09	350,000	1,697,786	47,200	1	1,650,585
07/01/10	350,000	900,660	0	0	900,660
07/01/11	500,000	683,281	0	0	683,281
07/01/12	500,000	319,367	0	0	319,367

Exhibit 6

RCCD
Development of Preliminary Ultimate Losses
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Paid	Incurred					Paid Loss	Incurred Loss	Selected
Policy	Losses	Losses	Evaluation	Age in	Paid	Incurred	Development	Development	Ultimate Losses
Inception	$0 - $500,000	$0 - $500,000	Date	Months	LDF	LDF	Method	Method	$0 - $500,000
07/01/01	774,356	842,023	06/30/13	144	1.130	1.084	875,072	912,965	894,018
07/01/02	467,054	481,897	06/30/13	132	1.149	1.095	536,750	527,824	532,287
07/01/03	775,616	823,168	06/30/13	120	1.184	1.109	918,098	912,791	915,444
07/01/04	574,681	666,641	06/30/13	108	1.222	1.129	702,318	752,407	727,362
07/01/05	795,963	795,963	06/30/13	96	1.281	1.151	1,019,686	916,335	795,963
07/01/06	441,633	441,633	06/30/13	84	1.357	1.199	599,485	529,731	441,633
07/01/07	393,320	397,915	06/30/13	72	1.452	1.256	571,277	499,924	535,601
07/01/08	124,817	124,817	06/30/13	60	1.561	1.307	194,806	163,088	124,817
07/01/09	1,194,000	1,697,786	06/30/13	48	1.748	1.385	2,087,134	2,351,451	2,219,293
07/01/10	697,785	900,660	06/30/13	36	2.098	1.524	1,463,691	1,372,167	1,417,929
07/01/11	408,434	683,281	06/30/13	24	3.146	1.900	1,285,110	1,298,462	1,291,786
07/01/12	138,188	319,367	06/30/13	12	10.411	3.443	1,438,700	1,099,438	1,269,069

Notes:

(2) From Exhibits 2 and 3
(3) From Exhibits 2 and 3
(6) From Exhibit 19
(7) From Exhibit 20
(8) = (2) x (6)
(9) = (3) x (7)
(10) Selection based on judgment using results of Methods in Columns (8) and (9)

Exhibit 7

RCCD

Development of Ultimate Claim Count
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)
Policy Inception	Evaluation Date	Age In Months	Total Claim Count	Claim Count LDF	Ultimate Claim Count
07/01/01	06/30/13	144	38	1.000	38
07/01/02	06/30/13	132	50	1.000	50
07/01/03	06/30/13	120	61	1.000	61
07/01/04	06/30/13	108	47	1.000	47
07/01/05	06/30/13	96	59	1.000	59
07/01/06	06/30/13	84	59	1.000	59
07/01/07	06/30/13	72	66	1.000	66
07/01/08	06/30/13	60	53	1.000	53
07/01/09	06/30/13	48	53	1.005	53
07/01/10	06/30/13	36	59	1.009	60
07/01/11	06/30/13	24	58	1.014	59
07/01/12	06/30/13	12	41	1.082	44

Notes:

(4) From Exhibit 2
(5) Based on Industry Information
(6) = (4) x (5)

Exhibit 8

RCCD
Development of Frequency Trend
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Payroll			Frequency	
Policy		Trend	Trended	Ultimate	per $1M	Percentage
Inception	Payroll	Factor	Payroll	Claim Count	Payroll	Change
07/01/01	$94,886,966	1.426	$135,286,125	38	0.28	
07/01/02	$97,733,575	1.384	$135,286,125	50	0.37	31.6%
07/01/03	$100,665,583	1.344	$135,286,125	61	0.45	22.0%
07/01/04	$103,685,550	1.305	$135,286,125	47	0.35	-23.0%
07/01/05	$106,796,117	1.267	$135,286,125	59	0.44	25.5%
07/01/06	$110,000,000	1.230	$135,286,125	59	0.44	0.0%
07/01/07	$109,395,773	1.194	$130,624,274	66	0.51	15.9%
07/01/08	$116,511,097	1.159	$135,068,294	53	0.39	-22.3%
07/01/09	$115,408,330	1.126	$129,893,093	53	0.41	4.0%
07/01/10	$113,836,468	1.093	$124,392,182	60	0.48	18.2%
07/01/11	$105,846,966	1.061	$112,293,047	59	0.53	8.9%
07/01/12	$103,044,365	1.030	$106,135,696	44	0.41	-21.1%

Exponential Curve Fit to Historical Frequency--All:	-0.5%
WCIRB Industry Frequency Trend:	0.0%
Selected Frequency Trend:	**0.0%**

Notes:

(2) Payroll provided by RCCD
(3) Payroll Trend of 3% per year based on Industry Information
(4) = (2) x (3)
(5) From Exhibit 7, Column 6
(6) = (5) / (4) x 1M
(7) Year over Year Percentage Change

Exhibit 9

RCCD
Development of Severity Trend
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Selected	Benefit	Adjusted			
Policy	Ultimate Losses	Level	Ultimate Losses	Ultimate	Severity	Percentage
Inception	$0 - $500,000	Factor	$0 - $500,000	Claim Count	$0 - $500,000	Change
07/01/01	894,018	0.518	463,132	38	12,188	
07/01/02	532,287	0.505	268,816	50	5,376	-55.9%
07/01/03	915,444	0.619	566,330	61	9,284	72.7%
07/01/04	727,362	0.881	640,890	47	13,636	46.9%
07/01/05	795,963	1.037	825,093	59	13,985	2.6%
07/01/06	441,633	1.047	462,248	59	7,835	-44.0%
07/01/07	535,601	1.027	549,881	66	8,332	6.3%
07/01/08	124,817	1.009	125,880	53	2,375	-71.5%
07/01/09	2,219,293	1.002	2,222,623	53	41,936	1665.7%
07/01/10	1,417,929	1.001	1,419,347	60	23,656	-43.6%
07/01/11	1,291,786	1.001	1,292,432	59	21,906	-7.4%
07/01/12	1,269,069	1.000	1,269,069	44	28,842	31.7%

Exponential Curve Fit to Historical Severity: 10.4%

WCIRB Industry Severity Trend: 5.0%

Selected Severity Trend: **6.5%**

Notes:

(2) From Exhibit 6, Column 10
(3) Benefit Level Factors based on NCCI Adjustments for California
(4) = (2) x (3)
(5) = From Exhibit 7, Column 6
(6) = (4) / (5)
(7) Year over Year Percentage Change

Exhibit 10

RCCD
Development of Forecasted Losses for Upcoming Policy Year 2013-14
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Policy Inception	Payroll	Payroll Trend Factor	Trended Payroll	Selected Ultimate Losses $0 - $500,000	Benefit Level Factor	Frequency Trend Factor	Severity Trend Factor	Trended Ultimate Losses $0 - $500,000	Loss Rate per $100 of Payroll
07/01/01	94,886,966	1.426	135,286,125	894,018	0.518	1.000	2.129	986,052	0.73
07/01/02	97,733,575	1.384	135,286,125	532,287	0.505	1.000	1.999	537,404	0.40
07/01/03	100,665,583	1.344	135,286,125	915,444	0.619	1.000	1.877	1,063,080	0.79
07/01/04	103,685,550	1.305	135,286,125	727,362	0.881	1.000	1.763	1,129,613	0.83
07/01/05	106,796,117	1.267	135,286,125	795,963	1.037	1.000	1.655	1,365,526	1.01
07/01/06	110,000,000	1.230	135,286,125	441,633	1.047	1.000	1.554	718,327	0.53
07/01/07	109,395,773	1.194	130,624,274	535,601	1.027	1.000	1.459	802,355	0.61
07/01/08	116,511,097	1.159	135,068,294	124,817	1.009	1.000	1.370	172,467	0.13
07/01/09	115,408,330	1.126	129,893,093	2,219,293	1.002	1.000	1.286	2,859,329	2.20
07/01/10	113,836,468	1.093	124,392,182	1,417,929	1.001	1.000	1.208	1,714,499	1.38
07/01/11	105,846,966	1.061	112,293,047	1,291,786	1.001	1.000	1.134	1,465,908	1.31
07/01/12	103,044,365	1.030	106,135,696	1,269,069	1.000	1.000	1.065	1,351,558	1.27

7-Year Wtd Average:	1.04
5-Year Wtd Average:	1.24
3-Year Wtd Average:	1.32
(11) Selected:	**1.25**

Notes:

(2) From Exhibit 8, Column 2
(3) Payroll Trend of 3% per year based on Industry Information
(4) = (2) x (3)
(5) From Exhibit 6, Column 10
(6) From Exhibit 9, Column 3
(7) 0.0% Trend per Year (from Exhibit 8)
(8) 6.5% Trend per Year (from Exhibit 9)
(9) = (5) x (6) x (7) x (8)
(10) = (9) / (4) x 100
(11) Forecast Loss Rate selected from Historical Averages
(12) Provided by RCCD
(13) = (11) x (12) / 100

(12) Forecasted Payroll 2013 - 14: $106,000,000
(13) Forecasted Losses 2013 - 14: **1,330,000**

Exhibit 11

RCCD
Calculation of Indicated Loss Reserves
Workers' Compensation
as of 6/30/2013

(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)
Policy Inception	Per Occurrence Retention	Ultimate Losses at Historical Retentions	Incurred Losses at Historical Retentions	Paid Losses at Historical Retentions	Indicated Loss & ALAE Reserves	Limited Case Reserves	IBNR
07/01/97	250,000	700,000	674,641	665,938	34,062	8,702	25,359
07/01/98	250,000	400,000	371,243	315,453	84,547	55,790	28,757
07/01/99	250,000	800,000	739,845	726,037	73,963	13,808	60,155
07/01/00	250,000	250,000	219,062	181,092	68,908	37,970	30,938
07/01/01	250,000	900,000	842,023	774,356	125,644	67,667	57,977
07/01/02	250,000	550,000	481,897	467,054	82,946	14,843	68,103
07/01/03	250,000	750,000	679,285	647,315	102,685	31,970	70,715
07/01/04	350,000	725,000	666,641	574,681	150,319	91,959	58,359
07/01/05	350,000	795,963	795,963	795,963	0	0	0
07/01/06	350,000	441,633	441,633	441,633	0	0	0
07/01/07	350,000	500,000	397,915	393,320	106,680	4,595	102,085
07/01/08	350,000	124,817	124,817	124,817	0	0	0
07/01/09	350,000	2,000,000	1,650,585	1,194,000	806,000	456,586	349,415
07/01/10	350,000	1,300,000	900,660	697,785	602,215	202,875	399,340
07/01/11	500,000	1,300,000	683,281	408,434	891,566	274,847	616,719
07/01/12	500,000	1,200,000	319,367	138,188	1,061,812	181,179	880,633
Total		**12,737,413**	**9,988,857**	**8,546,066**	**4,191,347**	**1,442,791**	**2,748,556**

Notes:

(4) From Exhibit 12, Column 9.
(5) From Exhibit 5, Column 6
(6) From Exhibit 4, Column 6
(7) = (4) - (6)
(8) = (5) - (6)
(9) = (4) - (5)

Exhibit 12

RCCD
Selection of Ultimate Losses & ALAE
Workers' Compensation

(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
Policy Inception	Incurred Losses at Historical Retentions		Paid Loss Development Method	Incurred Loss Development Method	Expected Loss Method	Paid B-F Method	Incurred B-F Method	Frequency/ Severity Method	Selected Ultimate Losses & ALAE
07/01/97	674,641	1	714,524	710,399					**700,000**
07/01/98	371,243	1	340,928	393,052					**400,000**
07/01/99	739,845	2	794,684	788,781					**800,000**
07/01/00	219,062	3	200,513	235,070					**250,000**
07/01/01	842,023	2	875,072	912,965					**900,000**
07/01/02	481,897	1	536,750	527,824					**550,000**
07/01/03	679,285	2	766,228	753,242					**750,000**
07/01/04	666,641	3	702,318	752,407					**725,000**
07/01/05	795,963	0	1,019,686	916,335					**795,963**
07/01/06	441,633	0	599,485	529,731	1,039,686	715,396	614,540		**441,633**
07/01/07	397,915	2	571,277	499,924	1,089,954	732,849	620,319		**500,000**
07/01/08	124,817	0	194,806	163,088	1,221,894	563,813	411,550		**124,817**
07/01/09	1,650,585	8	2,087,134	2,286,078	1,260,220	1,733,278	2,000,906		**2,000,000**
07/01/10	900,660	7	1,463,691	1,372,167	1,285,938	1,370,678	1,342,537		**1,300,000**
07/01/11	683,281	10	1,285,110	1,298,462	1,236,934	1,252,245	1,269,311	1,144,972	**1,300,000**
07/01/12	319,367	14	1,438,700	1,099,438	1,245,724	1,264,260	1,203,231	909,834	**1,200,000**

Notes:

(2) From Exhibit 5, Column 6
(3) From Exhibit 13, Column 7
(4) From Exhibit 14, Column 7
(5) From Exhibit 15, Column 8
(6) From Exhibit 16, Column 8
(7) From Exhibit 17, Column 8
(8) From Exhibit 18, Column 12
(9) Selection based on judgment using results of Methods in Columns (3) through (8)

Exhibit 13

RCCD
Paid Loss Development Method
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Paid Losses		Ultimate Losses
Policy		Evaluation	Age	at Historical	Paid	at Historical
Inception	Retention	Date	In Months	Retentions	LDF	Retentions
07/01/97	$250,000	06/30/13	192	665,938	1.073	714,524
07/01/98	$250,000	06/30/13	180	315,453	1.081	340,928
07/01/99	$250,000	06/30/13	168	726,037	1.095	794,684
07/01/00	$250,000	06/30/13	156	181,092	1.107	200,513
07/01/01	$250,000	06/30/13	144	774,356	1.130	875,072
07/01/02	$250,000	06/30/13	132	467,054	1.149	536,750
07/01/03	$250,000	06/30/13	120	647,315	1.184	766,228
07/01/04	$350,000	06/30/13	108	574,681	1.222	702,318
07/01/05	$350,000	06/30/13	96	795,963	1.281	1,019,686
07/01/06	$350,000	06/30/13	84	441,633	1.357	599,485
07/01/07	$350,000	06/30/13	72	393,320	1.452	571,277
07/01/08	$350,000	06/30/13	60	124,817	1.561	194,806
07/01/09	$350,000	06/30/13	48	1,194,000	1.748	2,087,134
07/01/10	$350,000	06/30/13	36	697,785	2.098	1,463,691
07/01/11	$500,000	06/30/13	24	408,434	3.146	1,285,110
07/01/12	$500,000	06/30/13	12	138,188	10.411	1,438,700

Notes:

(6) From Exhibit 19
(7) = (5) x (6).

Exhibit 14

RCCD
Incurred Loss Development Method
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Incurred Losses		Ultimate Losses
Policy		Evaluation	Age	at Historical	Incurred	at Historical
Inception	Retention	Date	In Months	Retentions	LDF	Retentions
07/01/97	$250,000	06/30/13	192	674,641	1.053	710,399
07/01/98	$250,000	06/30/13	180	371,243	1.059	393,052
07/01/99	$250,000	06/30/13	168	739,845	1.066	788,781
07/01/00	$250,000	06/30/13	156	219,062	1.073	235,070
07/01/01	$250,000	06/30/13	144	842,023	1.084	912,965
07/01/02	$250,000	06/30/13	132	481,897	1.095	527,824
07/01/03	$250,000	06/30/13	120	679,285	1.109	753,242
07/01/04	$350,000	06/30/13	108	666,641	1.129	752,407
07/01/05	$350,000	06/30/13	96	795,963	1.151	916,335
07/01/06	$350,000	06/30/13	84	441,633	1.199	529,731
07/01/07	$350,000	06/30/13	72	397,915	1.256	499,924
07/01/08	$350,000	06/30/13	60	124,817	1.307	163,088
07/01/09	$350,000	06/30/13	48	1,650,585	1.385	2,286,078
07/01/10	$350,000	06/30/13	36	900,660	1.524	1,372,167
07/01/11	$500,000	06/30/13	24	683,281	1.900	1,298,462
07/01/12	$500,000	06/30/13	12	319,367	3.443	1,099,438

Notes:

(6) From Exhibit 20
(7) = (5) x (6).

Exhibit 15

RCCD
Expected Loss Method
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Policy Inception	Retention	Initial Loss Rate	Limit Adjustment Factor	Detrend Factor	Expected Loss Rate	Payroll	Ultimate Losses at Historical Retentions
07/01/06	$350,000	1.25	1.000	0.756	0.95	$110,000,000	1,039,686
07/01/07	$350,000	1.25	1.000	0.797	1.00	$109,395,773	1,089,954
07/01/08	$350,000	1.25	1.000	0.839	1.05	$116,511,097	1,221,894
07/01/09	$350,000	1.25	1.000	0.874	1.09	$115,408,330	1,260,220
07/01/10	$350,000	1.25	1.000	0.904	1.13	$113,836,468	1,285,938
07/01/11	$500,000	1.25	1.000	0.935	1.17	$105,846,966	1,236,934
07/01/12	$500,000	1.25	1.000	0.967	1.21	$103,044,365	1,245,724

Notes:

(3) From Exhibit 10
(4) Adjustment for Differences in Historical Retention vs. Forecast Retention
(5) Adjustment for Benefit Level, Frequency and Severity Trends
(6) = (3) x (4) x (5)
(8) = (6) x (7) / 100

Exhibit 16

RCCD
Paid Bornhuetter-Ferguson Method
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Expected	Paid Loss		Weight- Expected	Weight- Paid Loss	Ultimate Losses
Policy		Loss	Development	Paid	Loss	Development	at Historical
Inception	Retention	Method	Method	LDF	Method	Method	Retentions
07/01/06	$350,000	1,039,686	599,485	1.357	26.3%	73.7%	715,396
07/01/07	$350,000	1,089,954	571,277	1.452	31.2%	68.8%	732,849
07/01/08	$350,000	1,221,894	194,806	1.561	35.9%	64.1%	563,813
07/01/09	$350,000	1,260,220	2,087,134	1.748	42.8%	57.2%	1,733,278
07/01/10	$350,000	1,285,938	1,463,691	2.098	52.3%	47.7%	1,370,678
07/01/11	$500,000	1,236,934	1,285,110	3.146	68.2%	31.8%	1,252,245
07/01/12	$500,000	1,245,724	1,438,700	10.411	90.4%	9.6%	1,264,260

Notes:

(3) From Exhibit 15, Column 8
(4) From Exhibit 13, Column 7
(6) = 1 - [1 / (5)]
(7) = 1 / (5)
(8) = [(3) x (6)] + [(4) x (7)]

Exhibit 17

RCCD
Incurred Bornhuetter-Ferguson Method
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
					Weight-	Weight-	
		Expected	Incurred Loss		Expected	Incurred Loss	Ultimate Losses
Policy		Loss	Development	Incurred	Loss	Development	at Historical
Inception	Retention	Method	Method	LDF	Method	Method	Retentions
07/01/06	$350,000	1,039,686	529,731	1.199	16.6%	83.4%	614,540
07/01/07	$350,000	1,089,954	499,924	1.256	20.4%	79.6%	620,319
07/01/08	$350,000	1,221,894	163,088	1.307	23.5%	76.5%	411,550
07/01/09	$350,000	1,260,220	2,286,078	1.385	27.8%	72.2%	2,000,906
07/01/10	$350,000	1,285,938	1,372,167	1.524	34.4%	65.6%	1,342,537
07/01/11	$500,000	1,236,934	1,298,462	1.900	47.4%	52.6%	1,269,311
07/01/12	$500,000	1,245,724	1,099,438	3.443	71.0%	29.0%	1,203,231

Notes:

(3) From Exhibit 15, Column 8
(4) From Exhibit 14, Column 7
(6) = 1 - [1 / (5)]
(7) = 1 / (5)
(8) = [(3) x (6)] + [(4) x (7)]

Exhibit 18

RCCD
Frequency/Severity Method
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)
		Initial	Severity	Severity-	Severity-
Policy		Severity	Trend	7/1/2011	7/1/2012
Inception	Retention	$0 - $500,000	Factor	Dollars	Dollars
07/01/01	$250,000	12,188	2.129	22,878	24,365
07/01/02	$250,000	5,376	1.999	9,476	10,092
07/01/03	$250,000	9,284	1.877	15,365	16,364
07/01/04	$350,000	13,636	1.763	21,190	22,567
07/01/05	$350,000	13,985	1.655	20,406	21,732
07/01/06	$350,000	7,835	1.554	10,734	11,432
07/01/07	$350,000	8,332	1.459	10,718	11,415
07/01/08	$350,000	2,375	1.370	2,869	3,055
07/01/09	$350,000	41,936	1.286	47,565	50,657
07/01/10	$350,000	23,656	1.208	25,193	26,831
07/01/11	$500,000	------	1.134	------	------
07/01/12	$500,000	------	1.065	------	------

		All-year Average:	18,639	19,851
		5-year Average:	19,416	20,678

			07/01/11	07/01/12
(7)	Selected Severity:		19,416	20,678
(8)	Benefit Level Factor:		1.001	1.000
(9)	Limit Adjustment Factor:		1.000	1.000
(10)	Adjusted Severity:		19,406	20,678
(11)	Ultimate Claim Count:		59	44
(12)	Ultimate Losses at Historical Retentions:		1,144,972	909,834

Notes:

(3) From Exhibit 9, Column 6
(4) From Exhibit 10, Column 8
(5) = (3) x [(4) / (Severity Trend Factor for 2011)]
(6) = (3) x [(4) / (Severity Trend Factor for 2012)]
(7) Selected from Averages

(8) From Exhibit 10, Column 6
(9) Adjustment for Limit
(10) = (7) / (8) x (9)
(11) From Exhibit 7, Column 6
(12) = (10) x (11)

Exhibit 19

RCCD
Paid Loss Development Triangle
Workers' Compensation
Limited to $500,000

Months of Development

Policy Inception	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
07/01/97												514,774	529,248	537,252	553,199	665,938
07/01/98											252,412	264,391	271,651	294,422	315,453	
07/01/99										701,342	703,903	706,687	718,982	726,037		
07/01/00									232,584	238,145	244,674	244,674	181,092			
07/01/01								656,996	663,673	671,471	691,456	774,356				
07/01/02							367,620	380,173	382,124	400,649	467,054					
07/01/03						615,622	662,102	723,336	747,880	775,616						
07/01/04					455,247	473,906	490,315	519,743	574,681							
07/01/05				610,196	710,698	745,581	775,558	795,963								
07/01/06			230,278	263,096	283,273	297,925	441,633									
07/01/07		251,807	304,762	318,047	350,288	393,320										
07/01/08	61,023	92,290	107,178	110,548	124,817											
07/01/09	182,954	540,047	810,735	1,194,000												
07/01/10	121,566	393,565	697,785													
07/01/11	109,283	408,434														
07/01/12	138,188															

Age-to-Age Loss Development Factors

Policy Inception	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	168-180	180-192	192-Ult
07/01/97												1.028	1.015	1.030	1.204	
07/01/98											1.047	1.027	1.084	1.071		
07/01/99										1.004	1.004	1.017	1.010			
07/01/00									1.024	1.027	1.000	0.740				
07/01/01								1.010	1.012	1.030	1.120					
07/01/02							1.034	1.005	1.048	1.166						
07/01/03						1.076	1.092	1.034	1.037							
07/01/04					1.041	1.035	1.060	1.106								
07/01/05				1.165	1.049	1.040	1.026									
07/01/06			1.143	1.077	1.052	1.482										
07/01/07		1.210	1.044	1.101	1.123											
07/01/08	1.512	1.161	1.031	1.129												
07/01/09	2.952	1.501	1.473													
07/01/10	3.237	1.773														
07/01/11	3.737															
Averages																
3-Year	3.309	1.479	1.183	1.102	1.075	1.186	1.060	1.048	1.032	1.074	1.041	0.928	1.036	1.051	1.204	
4-Year	2.860	1.411	1.173	1.118	1.066	1.158	1.053	1.039	1.030	1.057	1.043	0.953				
Industry	2.710	1.535	1.282	1.148	1.099	1.070	1.052	1.042	1.023	1.018	1.017	1.021	1.012	1.013	1.007	1.073
Selected																
Age-to-Age LDF	3.309	1.500	1.200	1.120	1.075	1.070	1.060	1.048	1.032	1.030	1.017	1.021	1.012	1.013	1.007	
Cumulative LDF	10.411	3.146	2.098	1.748	1.561	1.452	1.357	1.281	1.222	1.184	1.149	1.130	1.107	1.095	1.081	1.073

Exhibit 20

RCCD
Incurred Loss Development Triangle
Workers' Compensation
Limited to $500,000

Months of Development

Policy Inception	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
07/01/97												589,550	594,550	594,557	627,695	674,641
07/01/98											317,319	342,577	346,279	337,743	371,243	
07/01/99										718,483	743,104	753,639	755,067	739,845		
07/01/00									307,156	307,156	286,272	276,066	219,062			
07/01/01								745,472	742,808	743,119	755,795	842,023				
07/01/02							424,737	403,295	404,162	530,645	481,897					
07/01/03						713,907	691,958	824,809	799,102	823,168						
07/01/04					578,956	614,740	586,302	647,002	666,641							
07/01/05				784,860	811,628	797,908	862,718	795,963								
07/01/06			331,237	337,935	339,201	379,475	441,633									
07/01/07		423,506	445,599	428,140	467,619	397,915										
07/01/08	96,650	170,213	167,981	151,937	124,817											
07/01/09	566,453	896,591	1,447,165	1,697,786												
07/01/10	360,528	789,325	900,660													
07/01/11	411,001	683,281														
07/01/12	319,367															

Age-to-Age Loss Development Factors

Policy Inception	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	168-180	180-192	192-Ult
07/01/97												1.008	1.000	1.056	1.075	
07/01/98											1.080	1.011	0.975	1.099		
07/01/99										1.034	1.014	1.002	0.980			
07/01/00									1.000	0.932	0.964	0.794				
07/01/01								0.996	1.000	1.017	1.114					
07/01/02							0.950	1.002	1.313	0.908						
07/01/03						0.969	1.192	0.969	1.030							
07/01/04					1.062	0.954	1.104	1.030								
07/01/05				1.034	0.983	1.081	0.923									
07/01/06			1.020	1.004	1.119	1.164										
07/01/07		1.052	0.961	1.092	0.851											
07/01/08	1.761	0.987	0.904	0.822												
07/01/09	1.583	1.614	1.173													
07/01/10	2.189	1.141														
07/01/11	1.662															

Averages

	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	168-180	180-192	192-Ult
3-Year	1.812	1.247	1.013	0.972	0.984	1.066	1.073	1.000	1.114	0.952	1.031	0.935	0.985	1.077	1.075	
4-Year	1.799	1.199	1.015	0.988	1.004	1.042	1.042	0.999	1.086	0.973	1.043	0.954				
Industry	1.745	1.268	1.136	1.087	1.060	1.047	1.039	1.027	1.018	1.012	1.010	1.010	1.007	1.007	1.005	1.053

Selected

	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	168-180	180-192	192-Ult
Age-to-Age LDF	1.812	1.247	1.100	1.060	1.040	1.047	1.042	1.020	1.018	1.012	1.010	1.010	1.007	1.007	1.005	
Cumulative LDF	3.443	1.900	1.524	1.385	1.307	1.256	1.199	1.151	1.129	1.109	1.095	1.084	1.073	1.066	1.059	1.053

Exhibit 21

RCCD
Reported Claim Count Triangle
Workers' Compensation
Excludes $0 Claims

Months of Development

Policy Inception	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
07/01/97												57	57	57	57
07/01/98											64	64	64	64	64
07/01/99										58	58	58	58	58	
07/01/00									37	37	38	38	38		
07/01/01								38	38	38	38	38			
07/01/02							48	49	49	50	50				
07/01/03						61	61	61	61	61					
07/01/04					47	47	47	47	47						
07/01/05				58	58	58	59	59							
07/01/06			59	59	59	59	59								
07/01/07		65	65	66	66	66									
07/01/08	44	52	52	52	53										
07/01/09	48	53	53	53											
07/01/10	58	58	59												
07/01/11	53	58													
07/01/12	41														

Age-to-Age Loss Development Factors

Policy Inception	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	168-180	180-Ult
07/01/97												1.000	1.000	1.000	
07/01/98											1.000	1.000	1.000	1.000	
07/01/99										1.000	1.000	1.000	1.000		
07/01/00									1.000	1.027	1.000	1.000			
07/01/01								1.000	1.000	1.000	1.000				
07/01/02							1.021	1.000	1.020	1.000					
07/01/03						1.000	1.000	1.000	1.000						
07/01/04					1.000	1.000	1.000	1.000							
07/01/05				1.000	1.000	1.017	1.000								
07/01/06			1.000	1.000	1.000	1.000									
07/01/07		1.000	1.015	1.000	1.000										
07/01/08	1.182	1.000	1.000	1.019											
07/01/09	1.104	1.000	1.000												
07/01/10	1.000	1.017													
07/01/11	1.094														
Averages															
3-Year	1.066	1.006	1.005	1.006	1.000	1.006	1.000	1.000	1.007	1.009	1.000	1.000	1.000	1.000	0.000
4-Year	1.095	1.004	1.004	1.005	1.000	1.004	1.005	1.000	1.005	1.007	1.000	1.000			
Industry	1.059	1.010	1.002	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected															
Age-to-Age LDF	1.066	1.006	1.004	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative LDF	1.082	1.014	1.009	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Note: Cumulative LDF row also shows a final 180-Ult value of 1.000.

Exhibit 1

RCCD
Summary of Program Provisions
General and Employment Practices Liability

Policy Inception	Per Occurrence Retention	Excess Insurance	Claims Adjusting	ALAE	ULAE
07/01/06	$100,000		Corvel	Included	N/A
07/01/07	$100,000		Corvel	Included	N/A
07/01/08	$100,000		Corvel	Included	N/A
07/01/09	$100,000		Corvel	Included	N/A
07/01/10	$250,000		Corvel	Included	N/A
07/01/11	$250,000		Corvel	Included	N/A
07/01/12	$250,000		Corvel	Included	N/A

Exhibit 2

RCCD
Summary of Historical Loss Data
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
Policy Inception	Evaluation Date	Open Claim Count	Closed Claim Count	Total Claim Count	Paid Losses & ALAE	Case Reserves	Incurred Losses & ALAE
07/01/07	05/31/13	0	2	2	78,440	0	78,440
07/01/08	05/31/13	0	1	1	63,163	0	63,163
07/01/09	05/31/13	2	1	3	558,825	171,004	729,829
07/01/10	05/31/13	3	6	9	758,280	237,418	995,698
07/01/11	05/31/13	3	0	3	7,930	172,070	180,000
07/01/12	05/31/13	1	0	1	0	1,670	1,670

Data Source: Claim Summary Loss Runs Provided by RCCD.   Incident only claims removed from claim count.

Exhibit 3

RCCD
Claims > $100,000 Incurred
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Accident	Policy	Paid	Case	Incurred
Claim Number	Name	Date	Year	Loss & ALAE	Reserves	Loss & ALAE
'11-90330'	Radford, Tracie	07/01/09	07/01/09	194,829	0	194,829
'10-81421'	Corral, Sheri	09/01/09	07/01/09	363,997	86,003	450,000
'11-90071'	Allahyari, Reza	10/22/10	07/01/10	0	125,000	125,000
'11-97123'	Hernandez, Richard	01/18/11	07/01/10	366,275	0	366,275
'11-94596'	Berber, Alicia	02/14/11	07/01/10	346,586	0	346,586

Exhibit 4

RCCD
Summary of Limited Paid Losses by Policy Year
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)
Policy Inception	Per Occurrence Retention	Unlimited Paid	Excess Loss	Number of Excess Losses	Limited Paid
07/01/07	100,000	78,440	0	0	78,440
07/01/08	100,000	63,163	0	0	63,163
07/01/09	100,000	558,825	358,825	2	200,000
07/01/10	250,000	758,280	212,861	2	545,419
07/01/11	250,000	7,930	0	0	7,930
07/01/12	250,000	0	0	0	0

Exhibit 5

RCCD

Summary of Limited Incurred Losses by Policy Year
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)
Policy Inception	Per Occurrence Retention	Unlimited Incurred	Excess Loss	Number of Excess Losses	Limited Incurred
07/01/07	100,000	78,440	0	0	78,440
07/01/08	100,000	63,163	0	0	63,163
07/01/09	100,000	729,829	444,829	2	285,000
07/01/10	250,000	995,698	212,861	2	782,837
07/01/11	250,000	180,000	0	0	180,000
07/01/12	250,000	1,670	0	0	1,670

Exhibit 6

RCCD
Development of Preliminary Ultimate Losses
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Policy Inception	Paid Losses $0 - $250,000	Incurred Losses $0 - $250,000	Evaluation Date	Age in Months	Paid LDF	Incurred LDF	Paid Loss Development Method	Incurred Loss Development Method	Selected Ultimate Losses $0 - $250,000
07/01/07	78,440	78,440	05/31/13	71	1.297	1.142	101,775	89,566	78,440
07/01/08	63,163	63,163	05/31/13	59	1.431	1.187	90,380	74,961	63,163
07/01/09	444,829	529,829	05/31/13	47	1.692	1.267	752,439	671,528	671,528
07/01/10	545,419	782,837	05/31/13	35	2.201	1.427	1,200,716	1,117,163	1,117,163
07/01/11	7,930	180,000	05/31/13	23	3.330	1.781	26,408	320,502	320,502
07/01/12	0	1,670	05/31/13	11	7.001	2.996	0	5,004	5,004

Notes:

(2) From Exhibits 2 and 3
(3) From Exhibits 2 and 3
(6) From Industry Information
(7) From Industry Information
(8) = (2) x (6)
(9) = (3) x (7)
(10) Selection based on judgment using results of Methods in Columns (8) and (9)

Exhibit 7

RCCD
Development of Forecasted Losses for Upcoming Policy Year 2013-14
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Policy Inception	Payroll	Payroll Trend Factor	Trended Payroll	Selected Ultimate Losses $0 - $250,000	Frequency Trend Factor	Severity Trend Factor	Trended Ultimate Losses $0 - $250,000	Loss Rate per $100 of Payroll
07/01/07	109,395,773	1.194	130,624,274	78,440	1.000	1.265	99,252	0.08
07/01/08	116,511,097	1.159	135,068,294	63,163	1.000	1.217	76,848	0.06
07/01/09	115,408,330	1.126	129,893,093	671,528	1.000	1.170	785,592	0.60
07/01/10	113,836,468	1.093	124,392,182	1,117,163	1.000	1.125	1,256,656	1.01
07/01/11	105,846,966	1.061	112,293,047	320,502	1.000	1.082	346,655	0.31
07/01/12	103,044,365	1.030	106,135,696	5,004	1.000	1.040	5,204	0.00

6-Year Wtd Average:	0.35
5-Year Wtd Average:	0.41
3-Year Wtd Average:	0.47

Notes:

(2) From Exhibit 8, Column 2
(3) Payroll Trend of 3% per year based on Industry Information
(4) = (2) x (3)
(5) From Exhibit 6, Column 10
(6) 0.0% Trend per Year (from Industry Information)
(7) 4.0% Trend per Year (from Industry Information)
(8) = (5) x (6) x (7)
(9) = (8) / (4) x 100
(10) Forecast Loss Rate selected from Historical Averages
(11) Provided by RCCD
(12) = (10) x (11) / 100

(10) Selected: **0.45**

(11) Forecasted Payroll 2013 - 14: $106,000,000
(12) Forecasted Losses 2013 - 14: **480,000**

Exhibit 8

RCCD

Calculation of Indicated Loss Reserves
General and Employment Practices Liability
as of 5/31/2013

(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)
Policy Inception	Per Occurrence Retention	Ultimate Losses at Historical Retentions	Incurred Losses at Historical Retentions	Paid Losses at Historical Retentions	Indicated Loss & ALAE Reserves	Limited Case Reserves	IBNR
07/01/07	100,000	78,440	78,440	78,440	0	0	0
07/01/08	100,000	63,163	63,163	63,163	0	0	0
07/01/09	100,000	350,000	285,000	200,000	150,000	85,000	65,000
07/01/10	250,000	900,000	782,837	545,419	354,581	237,418	117,163
07/01/11	250,000	350,000	180,000	7,930	342,070	172,070	170,000
07/01/12	250,000	366,667	1,670	0	366,667	1,670	364,997
Total		**2,108,270**	**1,391,111**	**894,952**	**1,213,318**	**496,158**	**717,159**

Notes:

(4) From Exhibit 12, Column 9
(5) From Exhibit 5, Column 6
(6) From Exhibit 4, Column 6
(7) = (4) - (6)
(8) = (5) - (6)
(9) = (4) - (5)

Exhibit 13

RCCD

Calculation of Indicated Loss Reserves
General and Employment Practices Liability
as of 6/30/2013

(1) Policy Inception	(2) Ultimate Losses at Historical Retentions	(3) Incurred Losses as of 5/31/2013	(4) Paid Losses as of 5/31/2013	(5) Estimated Incurred Losses 6/1/2013 to 6/30/2013	(6) Estimated Paid Losses 6/1/2013 to 6/30/2013	(7) Indicated Loss & ALAE Reserves 6/30/2013	(8) Limited Case Reserves 6/30/2013	(9) IBNR 6/30/2013
07/01/07	78,440	78,440	78,440	0	0	0	0	0
07/01/08	63,163	63,163	63,163	0	0	0	0	0
07/01/09	350,000	285,000	200,000	2,251	14,354	135,646	72,897	62,749
07/01/10	900,000	782,837	545,419	4,341	8,357	346,224	233,401	112,822
07/01/11	350,000	180,000	7,930	6,654	6,091	335,979	172,634	163,346
07/01/12	400,000	1,670	0	21,435	8,729	391,271	14,376	376,895
Total	**2,141,603**	**1,391,111**	**894,952**	**34,680**	**37,531**	**1,209,120**	**493,308**	**715,812**

Notes:

(3) From Exhibit 12, Column 4
(4) From Exhibit 12, Column 5
(5) and (6) Estimated based on RCCDPaid/Incurred Development Patterns
(7) = (2) - (4) - (6)
(8) = [(3) + (5)] - [(4) + (6)]
(9) = (7) - (8)

Exhibit 9

RCCD

Selection of Ultimate Losses & ALAE
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Policy Inception	Incurred Losses at Historical Retentions	Paid Loss Development Method	Incurred Loss Development Method	Expected Loss Method	Paid B-F Method	Incurred B-F Method	Frequency/ Severity Method	Selected Ultimate Losses & ALAE
07/01/07	78,440	101,775	87,977	418,099	174,302	123,764		**78,440**
07/01/08	63,163	90,380	73,278	449,616	198,561	125,227		**63,163**
07/01/09	285,000	338,305	350,364	449,684	383,839	368,893		**350,000**
07/01/10	782,837	1,200,716	1,117,163	497,629	817,003	931,759		**900,000**
07/01/11	180,000	26,408	320,502	467,196	334,831	384,810	366,519	**350,000**
07/01/12	1,670	0	5,004	459,241	393,641	307,647	381,180	**400,000**

Notes:

(2) From Exhibit 5, Column 6
(3) From Exhibit 10, Column 7
(4) From Exhibit 11, Column 7
(5) From Exhibit 12, Column 8
(6) From Exhibit 13, Column 8
(7) From Exhibit 14, Column 8
(8) From Exhibit 15, Column 12
(9) Selection based on judgment using results of Methods in Columns (3) through (8)

Exhibit 10

RCCD
Paid Loss Development Method
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Paid Losses		Ultimate Losses
Policy		Evaluation	Age	at Historical	Paid	at Historical
Inception	Retention	Date	In Months	Retentions	LDF	Retentions
07/01/07	$100,000	05/31/13	71	78,440	1.297	101,775
07/01/08	$100,000	05/31/13	59	63,163	1.431	90,380
07/01/09	$100,000	05/31/13	47	200,000	1.692	338,305
07/01/10	$250,000	05/31/13	35	545,419	2.201	1,200,716
07/01/11	$250,000	05/31/13	23	7,930	3.330	26,408
07/01/12	$250,000	05/31/13	11	0	7.001	0

Notes:

(6) From Industry Information
(7) = (5) x (6).

Exhibit 11

RCCD

Incurred Loss Development Method
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Incurred Losses		Ultimate Losses
Policy		Evaluation	Age	at Historical	Incurred	at Historical
Inception	Retention	Date	In Months	Retentions	LDF	Retentions
07/01/07	$100,000	05/31/13	71	78,440	1.122	87,977
07/01/08	$100,000	05/31/13	59	63,163	1.160	73,278
07/01/09	$100,000	05/31/13	47	285,000	1.229	350,364
07/01/10	$250,000	05/31/13	35	782,837	1.427	1,117,163
07/01/11	$250,000	05/31/13	23	180,000	1.781	320,502
07/01/12	$250,000	05/31/13	11	1,670	2.996	5,004

Notes:

(6) From Industry Information
(7) = (5) x (6).

Exhibit 12

RCCD

Expected Loss Method
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Limit				Ultimate Losses
Policy		Initial	Adjustment	Detrend	Expected		at Historical
Inception	Retention	Loss Rate	Factor	Factor	Loss Rate	Payroll	Retentions
07/01/07	$100,000	0.45	0.900	0.944	0.38	$109,395,773	418,099
07/01/08	$100,000	0.45	0.900	0.953	0.39	$116,511,097	449,616
07/01/09	$100,000	0.45	0.900	0.962	0.39	$115,408,330	449,684
07/01/10	$250,000	0.45	1.000	0.971	0.44	$113,836,468	497,629
07/01/11	$250,000	0.45	1.000	0.981	0.44	$105,846,966	467,196
07/01/12	$250,000	0.45	1.000	0.990	0.45	$103,044,365	459,241

Notes:

(3) From Exhibit 7
(4) Adjustment for Differences in Historical Retention vs. Forecast Retention
(5) Adjustment for Benefit Level, Frequency and Severity Trends
(6) = (3) x (4) x (5)
(8) = (6) x (7) / 100

Exhibit 13

RCCD

Paid Bornhuetter-Ferguson Method
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
					Weight- Expected	Weight- Paid Loss	Ultimate Losses
Policy		Expected Loss	Paid Loss Development	Paid	Loss	Development	at Historical
Inception	Retention	Method	Method	LDF	Method	Method	Retentions
07/01/07	$100,000	418,099	101,775	1.297	22.9%	77.1%	174,302
07/01/08	$100,000	449,616	90,380	1.431	30.1%	69.9%	198,561
07/01/09	$100,000	449,684	338,305	1.692	40.9%	59.1%	383,839
07/01/10	$250,000	497,629	1,200,716	2.201	54.6%	45.4%	817,003
07/01/11	$250,000	467,196	26,408	3.330	70.0%	30.0%	334,831
07/01/12	$250,000	459,241	0	7.001	85.7%	14.3%	393,641

Notes:

(3) From Exhibit 12, Column 8
(4) From Exhibit 10, Column 7
(6) = 1 - [1 / (5)]
(7) = 1 / (5)
(8) = [(3) x (6)] + [(4) x (7)]

Exhibit 14

RCCD

Incurred Bornhuetter-Ferguson Method
General and Employment Practices Liability

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Policy Inception	Retention	Expected Loss Method	Incurred Loss Development Method	Incurred LDF	Weight-Expected Loss Method	Weight-Incurred Loss Development Method	Ultimate Losses at Historical Retentions
07/01/07	$100,000	418,099	87,977	1.122	10.8%	89.2%	123,764
07/01/08	$100,000	449,616	73,278	1.160	13.8%	86.2%	125,227
07/01/09	$100,000	449,684	350,364	1.229	18.7%	81.3%	368,893
07/01/10	$250,000	497,629	1,117,163	1.427	29.9%	70.1%	931,759
07/01/11	$250,000	467,196	320,502	1.781	43.8%	56.2%	384,810
07/01/12	$250,000	459,241	5,004	2.996	66.6%	33.4%	307,647

Notes:

(3) From Exhibit 12, Column 8
(4) From Exhibit 11, Column 7
(6) = 1 - [1 / (5)]
(7) = 1 / (5)
(8) = [(3) x (6)] + [(4) x (7)]

Exhibit 15

RCCD
Frequency/Severity Method
General Liability

(1)	(2)	(3)	(4)	(5)	(6)
Policy Inception	Retention	Initial Severity $0 - $250,000	Severity Trend Factor	Severity- 7/1/2011 Dollars	Severity- 7/1/2012 Dollars
07/01/07	$100,000	39,472	1.265	46,177	48,024
07/01/08	$100,000	63,290	1.217	71,192	74,040
07/01/09	$100,000	223,954	1.170	242,229	251,918
07/01/10	$250,000	124,129	1.125	129,094	134,258
07/01/11	$250,000	------	1.082	------	------
07/01/12	$250,000	------	1.040	------	------
			All-year Average:	122,173	127,060

			07/01/11	07/01/12
(7)	Selected Severity:		122,173	127,060
(8)	Benefit Level Factor:		1.000	1.000
(9)	Limit Adjustment Factor:		1.000	1.000
(10)	Adjusted Severity:		122,173	127,060
(11)	Ultimate Claim Count:		3	3
(12)	Ultimate Losses at Historical Retentions:		366,519	381,180

Notes:

(3) From Exhibits 2, 4
(4) From Exhibit 7, Column 8
(5) = (3) x [(4) / (Severity Trend Factor for 2011)]
(6) = (3) x [(4) / (Severity Trend Factor for 2012)]
(7) Selected from Averages

(8) From Exhibit 7, Column 6
(9) Adjustment for Limit
(10) = (7) / (8) x (9)
(11) Based on judgment
(12) = (10) x (11)