Riverside Community College District

Actuarial Loss Reserve Review

Workers' Compensation

And General / Employment Practices Liability

As of June 30, 2014

Centric
ACTUARIAL SOLUTIONS

July 15, 2014

6800 College Boulevard
Suite 245
Overland Park, KS 66211
Tel (913) 317-8681
E-mail: Info@CentricActuaries.com
www.CentricActuaries.com

July 15, 2014

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 6/30/2014. Also contained in the report is a loss forecast for the upcoming policy period for workers' compensation and liability.
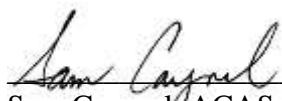
We have enjoyed working with you on this important project and look forward to providing you with actuarial services in the future. If you have any questions regarding this report, or need assistance with any other matter, feel free to contact Dustin Gary at (913) 317-8681.

Sincerely,

Centric Actuarial Solutions, LLC

Dustin Gary, FCAS, MAAA
Consulting Actuary

Sam Cargnel, ACAS
Consulting Actuary

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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 Carl Warren 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 6/30/2014. The indicated loss and ALAE reserves are limited to RCCD's historical self-insured retentions.

- Forecasted expected ultimate losses and ALAE for the 2014-15 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.

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.

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 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 not 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 6/30/2014			
Policy Year Inception	**Ultimate Loss and ALAE**	**Paid Loss and ALAE**	**Loss and ALAE Liability**
7/1/97	666,948	666,948	0
7/1/98	412,773	412,773	0
7/1/99	800,000	752,725	47,275
7/1/00	181,092	181,092	0
7/1/01	802,109	802,109	0
7/1/02	550,000	450,857	99,143
7/1/03	586,199	586,199	0
7/1/04	800,000	650,871	149,129
7/1/05	796,603	796,603	0
7/1/06	450,674	450,674	0
7/1/07	393,411	393,411	0
7/1/08	127,175	127,175	0
7/1/09	2,100,000	1,622,726	477,274
7/1/10	1,600,000	997,958	602,042
7/1/11	1,400,000	674,315	725,685
7/1/12	1,000,000	411,577	588,423
7/1/13	1,300,000	151,479	1,148,521
All Years	**13,966,984**	**10,129,492**	**3,837,492**

Table 2

General and Employment Practices Liability as of 6/30/2014			
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	280,994	280,994	0
7/1/10	1,000,000	600,529	399,471
7/1/11	600,000	58,254	541,746
7/1/12	200,000	4,311	195,689
7/1/13	300,000	5,740	294,260
All Years	**2,522,597**	**1,091,431**	**1,431,166**

Table 3 displays forecasted ultimate losses and ALAE by line of business for the 2014 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 7/1/2014 – 6/30/2015			
Line of Business	**Loss Rate**	**Exposure**	**Losses**
Workers' Compensation	$1.28	109,000,000	1,400,000
GL / EPLI	$0.35	109,000,000	380,000

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Table 4 provides a range of reserve estimates as of 6/30/2014. 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 6/30/2014			
	Low Estimate	Central Estimate	High Estimate
Workers' Comp	3,453,743	3,837,492	4,221,241
GL & EPLI	1,288,049	1,431,166	1,574,283
Total	4,741,792	5,268,658	5,795,524

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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 6/30/2014.

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

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
07/01/13	$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	06/30/14	0	57	57	667,357	0	667,357
07/01/98	06/30/14	0	64	64	412,773	0	412,773
07/01/99	06/30/14	1	57	58	752,725	8,771	761,497
07/01/00	06/30/14	0	38	38	181,092	0	181,092
07/01/01	06/30/14	0	38	38	802,109	0	802,109
07/01/02	06/30/14	1	49	50	450,857	31,482	482,339
07/01/03	06/30/14	0	61	61	1,027,272	0	1,027,272
07/01/04	06/30/14	1	46	47	650,871	93,045	743,916
07/01/05	06/30/14	0	59	59	796,603	0	796,603
07/01/06	06/30/14	0	59	59	450,674	0	450,674
07/01/07	06/30/14	0	66	66	393,411	0	393,411
07/01/08	06/30/14	0	53	53	127,175	0	127,175
07/01/09	06/30/14	2	52	54	1,622,726	365,224	1,987,951
07/01/10	06/30/14	5	54	59	997,958	202,297	1,200,255
07/01/11	06/30/14	7	52	59	674,315	190,730	865,045
07/01/12	06/30/14	2	43	45	411,577	53,235	464,813
07/01/13	06/30/14	14	32	46	151,479	162,258	313,737

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
9833000061	MULLEN, BARBARA	02/24/98	07/01/97	250,409	0	250,409
0433000034	RANGEL, SYLVIA	12/01/03	07/01/03	691,073	0	691,073
0533000031	SEMONELLA, JOAN	03/02/05	07/01/04	219,276	92,940	312,215
10123456979	Jackson, Robin Louise	09/12/09	07/01/09	198,709	356,067	554,776
10123456986	Cornejo, Efren	10/13/09	07/01/09	345,015	0	345,015
11123457092	Carbajal, Marc	06/13/11	07/01/10	224,484	32,140	256,624

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	667,357	409	1	666,948
07/01/98	250,000	412,773	0	0	412,773
07/01/99	250,000	752,725	0	0	752,725
07/01/00	250,000	181,092	0	0	181,092
07/01/01	250,000	802,109	0	0	802,109
07/01/02	250,000	450,857	0	0	450,857
07/01/03	250,000	1,027,272	441,073	1	586,199
07/01/04	350,000	650,871	0	0	650,871
07/01/05	350,000	796,603	0	0	796,603
07/01/06	350,000	450,674	0	0	450,674
07/01/07	350,000	393,411	0	0	393,411
07/01/08	350,000	127,175	0	0	127,175
07/01/09	350,000	1,622,726	0	0	1,622,726
07/01/10	350,000	997,958	0	0	997,958
07/01/11	500,000	674,315	0	0	674,315
07/01/12	500,000	411,577	0	0	411,577
07/01/13	500,000	151,479	0	0	151,479

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	667,357	409	1	666,948
07/01/98	250,000	412,773	0	0	412,773
07/01/99	250,000	761,497	0	0	761,497
07/01/00	250,000	181,092	0	0	181,092
07/01/01	250,000	802,109	0	0	802,109
07/01/02	250,000	482,339	0	0	482,339
07/01/03	250,000	1,027,272	441,073	1	586,199
07/01/04	350,000	743,916	0	0	743,916
07/01/05	350,000	796,603	0	0	796,603
07/01/06	350,000	450,674	0	0	450,674
07/01/07	350,000	393,411	0	0	393,411
07/01/08	350,000	127,175	0	0	127,175
07/01/09	350,000	1,987,951	204,776	1	1,783,175
07/01/10	350,000	1,200,255	0	0	1,200,255
07/01/11	500,000	865,045	0	0	865,045
07/01/12	500,000	464,813	0	0	464,813
07/01/13	500,000	313,737	0	0	313,737

Exhibit 6

RCCD
Development of Preliminary Ultimate Losses
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Policy Inception	Paid Losses $0 - $500,000	Incurred Losses $0 - $500,000	Evaluation Date	Age in Months	Paid LDF	Incurred LDF	Paid Loss Development Method	Incurred Loss Development Method	Selected Ultimate Losses $0 - $500,000
07/01/01	802,109	802,109	06/30/14	156	1.128	1.071	905,030	859,440	802,109
07/01/02	450,857	482,339	06/30/14	144	1.157	1.077	521,425	519,398	520,411
07/01/03	836,199	836,199	06/30/14	132	1.188	1.098	993,507	918,455	836,199
07/01/04	650,871	743,916	06/30/14	120	1.236	1.109	804,246	825,265	814,756
07/01/05	796,603	796,603	06/30/14	108	1.298	1.165	1,034,285	927,899	796,603
07/01/06	450,674	450,674	06/30/14	96	1.339	1.188	603,366	535,453	450,674
07/01/07	393,411	393,411	06/30/14	84	1.401	1.233	551,292	485,006	393,411
07/01/08	127,175	127,175	06/30/14	72	1.499	1.271	190,686	161,697	127,175
07/01/09	1,622,726	1,933,175	06/30/14	60	1.584	1.322	2,571,097	2,556,269	2,563,683
07/01/10	997,958	1,200,255	06/30/14	48	1.848	1.415	1,843,961	1,698,215	1,771,088
07/01/11	674,315	865,045	06/30/14	36	2.262	1.591	1,525,164	1,376,386	1,450,775
07/01/12	411,577	464,813	06/30/14	24	3.393	1.989	1,396,357	924,463	1,042,436
07/01/13	151,479	313,737	06/30/14	12	11.256	3.441	1,705,063	1,079,653	1,392,358

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	06/30/14	156	38	1.000	38
07/01/02	06/30/14	144	50	1.000	50
07/01/03	06/30/14	132	61	1.000	61
07/01/04	06/30/14	120	47	1.000	47
07/01/05	06/30/14	108	59	1.000	59
07/01/06	06/30/14	96	59	1.000	59
07/01/07	06/30/14	84	66	1.000	66
07/01/08	06/30/14	72	53	1.000	53
07/01/09	06/30/14	60	54	1.000	54
07/01/10	06/30/14	48	59	1.008	59
07/01/11	06/30/14	36	59	1.011	60
07/01/12	06/30/14	24	45	1.022	46
07/01/13	06/30/14	12	46	1.120	52

Notes:

(4) From Exhibit 2
(5) From Exhibit 21
(6) = (4) x (5)

Exhibit 8

RCCD
Development of Frequency Trend
Workers' Compensation

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Policy Inception	Payroll	Payroll Trend Factor	Trended Payroll	Ultimate Claim Count	Frequency per $1M Payroll	Percentage Change
07/01/01	$94,886,966	1.469	$139,344,709	38	0.27	
07/01/02	$97,733,575	1.426	$139,344,709	50	0.36	31.6%
07/01/03	$100,665,583	1.384	$139,344,709	61	0.44	22.0%
07/01/04	$103,685,550	1.344	$139,344,709	47	0.34	-23.0%
07/01/05	$106,796,117	1.305	$139,344,709	59	0.42	25.5%
07/01/06	$110,000,000	1.267	$139,344,709	59	0.42	0.0%
07/01/07	$109,395,773	1.230	$134,543,002	66	0.49	15.9%
07/01/08	$116,511,097	1.194	$139,120,343	53	0.38	-22.3%
07/01/09	$115,408,330	1.159	$133,789,885	54	0.40	5.9%
07/01/10	$113,836,468	1.126	$128,123,947	59	0.46	14.1%
07/01/11	$105,846,966	1.093	$115,661,838	60	0.52	12.7%
07/01/12	$103,044,365	1.061	$109,319,767	46	0.42	-18.9%
07/01/13	$106,000,000	1.030	$109,180,000	52	0.48	13.2%

Exponential Curve Fit to Historical Frequency--All: 1.3%

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	802,109	0.518	415,520	38	10,935	
07/01/02	520,411	0.505	262,818	50	5,256	-51.9%
07/01/03	836,199	0.619	517,306	61	8,480	61.3%
07/01/04	814,756	0.881	717,893	47	15,274	80.1%
07/01/05	796,603	1.037	825,757	59	13,996	-8.4%
07/01/06	450,674	1.047	471,711	59	7,995	-42.9%
07/01/07	393,411	1.027	403,901	66	6,120	-23.5%
07/01/08	127,175	1.009	128,257	53	2,420	-60.5%
07/01/09	2,563,683	1.002	2,567,530	54	47,547	1864.8%
07/01/10	1,771,088	1.001	1,772,859	59	30,048	-36.8%
07/01/11	1,450,775	1.001	1,451,500	60	24,192	-19.5%
07/01/12	1,042,436	1.000	1,042,436	46	22,662	-6.3%
07/01/13	1,392,358	1.000	1,391,662	52	26,763	18.1%

Exponential Curve Fit to Historical Severity (Last 3):	5.1%
WCIRB Industry Severity Trend:	5.0%
Selected Severity Trend:	**5.0%**

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 2014-15
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	1.469	139,344,709	802,109	0.518	1.000	1.886	783,524	0.56
07/01/02	97,733,575	1.426	139,344,709	520,411	0.505	1.000	1.796	471,984	0.34
07/01/03	100,665,583	1.384	139,344,709	836,199	0.619	1.000	1.710	884,769	0.63
07/01/04	103,685,550	1.344	139,344,709	814,756	0.881	1.000	1.629	1,169,373	0.84
07/01/05	106,796,117	1.305	139,344,709	796,603	1.037	1.000	1.551	1,281,020	0.92
07/01/06	110,000,000	1.267	139,344,709	450,674	1.047	1.000	1.477	696,933	0.50
07/01/07	109,395,773	1.230	134,543,002	393,411	1.027	1.000	1.407	568,329	0.42
07/01/08	116,511,097	1.194	139,120,343	127,175	1.009	1.000	1.340	171,877	0.12
07/01/09	115,408,330	1.159	133,789,885	2,563,683	1.002	1.000	1.276	3,276,891	2.45
07/01/10	113,836,468	1.126	128,123,947	1,771,088	1.001	1.000	1.216	2,154,921	1.68
07/01/11	105,846,966	1.093	115,661,838	1,450,775	1.001	1.000	1.158	1,680,293	1.45
07/01/12	103,044,365	1.061	109,319,767	1,042,436	1.000	1.000	1.103	1,149,286	1.05
07/01/13	106,000,000	1.030	109,180,000	1,392,358	1.000	1.000	1.050	1,461,245	1.34

7-Year Wtd Average:	1.42
5-Year Wtd Average:	1.63
3-Year Wtd Average:	1.28

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) 5.0% 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

(11) Selected: **1.28**

(12) Forecasted Payroll 2014 - 15: $109,000,000
(13) Forecasted Losses 2014 - 15: **1,400,000**

Exhibit 11

RCCD
Calculation of Indicated Loss Reserves
Workers' Compensation
as of 6/30/2014

(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	666,948	666,948	666,948	0	0	0
07/01/98	250,000	412,773	412,773	412,773	0	0	0
07/01/99	250,000	800,000	761,497	752,725	47,275	8,771	38,503
07/01/00	250,000	181,092	181,092	181,092	0	0	0
07/01/01	250,000	802,109	802,109	802,109	0	0	0
07/01/02	250,000	550,000	482,339	450,857	99,143	31,482	67,661
07/01/03	250,000	586,199	586,199	586,199	0	0	0
07/01/04	350,000	800,000	743,916	650,871	149,129	93,045	56,084
07/01/05	350,000	796,603	796,603	796,603	0	0	0
07/01/06	350,000	450,674	450,674	450,674	0	0	0
07/01/07	350,000	393,411	393,411	393,411	0	0	0
07/01/08	350,000	127,175	127,175	127,175	0	0	0
07/01/09	350,000	2,100,000	1,783,175	1,622,726	477,274	160,449	316,825
07/01/10	350,000	1,600,000	1,200,255	997,958	602,042	202,297	399,745
07/01/11	500,000	1,400,000	865,045	674,315	725,685	190,730	534,955
07/01/12	500,000	1,000,000	464,813	411,577	588,423	53,235	535,187
07/01/13	500,000	1,300,000	313,737	151,479	1,148,521	162,258	986,263
Total		**13,966,984**	**11,031,760**	**10,129,492**	**3,837,492**	**902,269**	**2,935,223**

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	666,948	717,022	700,355					**666,948**
07/01/98	412,773	446,234	434,968					**412,773**
07/01/99	761,497	820,268	806,880					**800,000**
07/01/00	181,092	200,322	193,070					**181,092**
07/01/01	802,109	905,030	859,440					**802,109**
07/01/02	482,339	521,425	519,398					**550,000**
07/01/03	586,199	696,476	643,863					**586,199**
07/01/04	743,916	804,246	825,265					**800,000**
07/01/05	796,603	1,034,285	927,899					**796,603**
07/01/06	450,674	603,366	535,453	1,153,379	742,557	633,291		**450,674**
07/01/07	393,411	551,292	485,006	1,192,115	734,813	618,545		**393,411**
07/01/08	127,175	190,686	161,697	1,317,598	566,025	408,484		**127,175**
07/01/09	1,783,175	2,571,097	2,357,922	1,339,786	2,116,918	2,109,750		**2,100,000**
07/01/10	1,200,255	1,843,961	1,698,215	1,347,873	1,616,357	1,595,486		**1,600,000**
07/01/11	865,045	1,525,164	1,376,386	1,278,248	1,387,416	1,339,926		**1,400,000**
07/01/12	464,813	1,396,357	924,463	1,269,200	1,306,680	1,095,869	1,346,183	**1,000,000**
07/01/13	313,737	1,705,063	1,079,653	1,331,622	1,364,799	1,258,402	1,598,660	**1,300,000**

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)
Policy Inception	Retention	Evaluation Date	Age In Months	Paid Losses at Historical Retentions	Paid LDF	Ultimate Losses at Historical Retentions
07/01/97	$250,000	06/30/14	204	666,948	1.075	717,022
07/01/98	$250,000	06/30/14	192	412,773	1.081	446,234
07/01/99	$250,000	06/30/14	180	752,725	1.090	820,268
07/01/00	$250,000	06/30/14	168	181,092	1.106	200,322
07/01/01	$250,000	06/30/14	156	802,109	1.128	905,030
07/01/02	$250,000	06/30/14	144	450,857	1.157	521,425
07/01/03	$250,000	06/30/14	132	586,199	1.188	696,476
07/01/04	$350,000	06/30/14	120	650,871	1.236	804,246
07/01/05	$350,000	06/30/14	108	796,603	1.298	1,034,285
07/01/06	$350,000	06/30/14	96	450,674	1.339	603,366
07/01/07	$350,000	06/30/14	84	393,411	1.401	551,292
07/01/08	$350,000	06/30/14	72	127,175	1.499	190,686
07/01/09	$350,000	06/30/14	60	1,622,726	1.584	2,571,097
07/01/10	$350,000	06/30/14	48	997,958	1.848	1,843,961
07/01/11	$500,000	06/30/14	36	674,315	2.262	1,525,164
07/01/12	$500,000	06/30/14	24	411,577	3.393	1,396,357
07/01/13	$500,000	06/30/14	12	151,479	11.256	1,705,063

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	06/30/14	204	666,948	1.050	700,355
07/01/98	$250,000	06/30/14	192	412,773	1.054	434,968
07/01/99	$250,000	06/30/14	180	761,497	1.060	806,880
07/01/00	$250,000	06/30/14	168	181,092	1.066	193,070
07/01/01	$250,000	06/30/14	156	802,109	1.071	859,440
07/01/02	$250,000	06/30/14	144	482,339	1.077	519,398
07/01/03	$250,000	06/30/14	132	586,199	1.098	643,863
07/01/04	$350,000	06/30/14	120	743,916	1.109	825,265
07/01/05	$350,000	06/30/14	108	796,603	1.165	927,899
07/01/06	$350,000	06/30/14	96	450,674	1.188	535,453
07/01/07	$350,000	06/30/14	84	393,411	1.233	485,006
07/01/08	$350,000	06/30/14	72	127,175	1.271	161,697
07/01/09	$350,000	06/30/14	60	1,783,175	1.322	2,357,922
07/01/10	$350,000	06/30/14	48	1,200,255	1.415	1,698,215
07/01/11	$500,000	06/30/14	36	865,045	1.591	1,376,386
07/01/12	$500,000	06/30/14	24	464,813	1.989	924,463
07/01/13	$500,000	06/30/14	12	313,737	3.441	1,079,653

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)
			Limit				Ultimate Losses
Policy		Initial	Adjustment	Detrend	Expected		at Historical
Inception	Retention	Loss Rate	Factor	Factor	Loss Rate	Payroll	Retentions
07/01/06	$350,000	1.28	1.000	0.819	1.05	$110,000,000	1,153,379
07/01/07	$350,000	1.28	1.000	0.851	1.09	$109,395,773	1,192,115
07/01/08	$350,000	1.28	1.000	0.883	1.13	$116,511,097	1,317,598
07/01/09	$350,000	1.28	1.000	0.907	1.16	$115,408,330	1,339,786
07/01/10	$350,000	1.28	1.000	0.925	1.18	$113,836,468	1,347,873
07/01/11	$500,000	1.28	1.000	0.943	1.21	$105,846,966	1,278,248
07/01/12	$500,000	1.28	1.000	0.962	1.23	$103,044,365	1,269,200
07/01/13	$500,000	1.28	1.000	0.981	1.26	$106,000,000	1,331,622

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)
Policy Inception	Retention	Expected Loss Method	Paid Loss Development Method	Paid LDF	Weight-Expected Loss Method	Weight-Paid Loss Development Method	Ultimate Losses at Historical Retentions
07/01/06	$350,000	1,153,379	603,366	1.339	25.3%	74.7%	742,557
07/01/07	$350,000	1,192,115	551,292	1.401	28.6%	71.4%	734,813
07/01/08	$350,000	1,317,598	190,686	1.499	33.3%	66.7%	566,025
07/01/09	$350,000	1,339,786	2,571,097	1.584	36.9%	63.1%	2,116,918
07/01/10	$350,000	1,347,873	1,843,961	1.848	45.9%	54.1%	1,616,357
07/01/11	$500,000	1,278,248	1,525,164	2.262	55.8%	44.2%	1,387,416
07/01/12	$500,000	1,269,200	1,396,357	3.393	70.5%	29.5%	1,306,680
07/01/13	$500,000	1,331,622	1,705,063	11.256	91.1%	8.9%	1,364,799

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)
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
07/01/06	$350,000	1,153,379	535,453	1.188	15.8%	84.2%	633,291
07/01/07	$350,000	1,192,115	485,006	1.233	18.9%	81.1%	618,545
07/01/08	$350,000	1,317,598	161,697	1.271	21.4%	78.6%	408,484
07/01/09	$350,000	1,339,786	2,357,922	1.322	24.4%	75.6%	2,109,750
07/01/10	$350,000	1,347,873	1,698,215	1.415	29.3%	70.7%	1,595,486
07/01/11	$500,000	1,278,248	1,376,386	1.591	37.2%	62.8%	1,339,926
07/01/12	$500,000	1,269,200	924,463	1.989	49.7%	50.3%	1,095,869
07/01/13	$500,000	1,331,622	1,079,653	3.441	70.9%	29.1%	1,258,402

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	7/1/2012	7/1/2013
Inception	Retention	$0 - $500,000	Factor	Dollars	Dollars
07/01/01	$250,000	10,935	1.886	18,702	19,637
07/01/02	$250,000	5,256	1.796	8,562	8,990
07/01/03	$250,000	8,480	1.710	13,156	13,814
07/01/04	$350,000	15,274	1.629	22,567	23,695
07/01/05	$350,000	13,996	1.551	19,694	20,678
07/01/06	$350,000	7,995	1.477	10,714	11,250
07/01/07	$350,000	6,120	1.407	7,810	8,201
07/01/08	$350,000	2,420	1.340	2,941	3,089
07/01/09	$350,000	47,547	1.276	55,041	57,793
07/01/10	$350,000	30,048	1.216	33,128	34,785
07/01/11	$500,000	24,192	1.158	25,401	26,671
07/01/12	$500,000	------	1.103	------	------
07/01/13	$500,000	------	1.050	------	------

| | | | All-year Average: | 19,793 | 20,782 |
| | | | 2-year Average: | 29,265 | 30,728 |

				07/01/12	07/01/13
(7)			Selected Severity:	29,265	30,728
(8)			Benefit Level Factor:	1.000	1.000
(9)			Limit Adjustment Factor:	1.000	1.000
(10)			Adjusted Severity:	29,265	30,743
(11)			Ultimate Claim Count:	46	52
(12)			Ultimate Losses at Historical Retentions:	1,346,183	1,598,660

Notes:

(3) From Exhibit 9, Column 6
(4) From Exhibit 10, Column 8
(5) = (3) x [(4) / (Severity Trend Factor for 2012)]
(6) = (3) x [(4) / (Severity Trend Factor for 2013)]
(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	204
07/01/97												514,774	529,248	537,252	553,199	665,938	667,357
07/01/98											252,412	264,391	271,651	294,422	315,453	412,773	
07/01/99										701,342	703,903	706,687	718,982	726,037	752,725		
07/01/00									232,584	238,145	244,674	244,674	181,092	181,092			
07/01/01								656,996	663,673	671,471	691,456	774,356	802,109				
07/01/02							367,620	380,173	382,124	400,649	467,054	450,857					
07/01/03						615,622	662,102	723,336	747,880	775,616	836,199						
07/01/04					455,247	473,906	490,315	519,743	574,681	650,871							
07/01/05				610,196	710,698	745,581	775,558	795,963	796,603								
07/01/06			230,278	263,096	283,273	297,925	441,633	450,674									
07/01/07		251,807	304,762	318,047	350,288	393,320	393,411										
07/01/08	61,023	92,290	107,178	110,548	124,817	127,175											
07/01/09	182,954	540,047	810,735	1,194,000	1,622,726												
07/01/10	121,566	393,565	697,785	997,958													
07/01/11	109,283	408,434	674,315														
07/01/12	138,188	411,577															
07/01/13	151,479																

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	192-204	204-Ult
07/01/97												1.028	1.015	1.030	1.204	1.002	
07/01/98											1.047	1.027	1.084	1.071	1.309		
07/01/99										1.004	1.004	1.017	1.010	1.037			
07/01/00									1.024	1.027	1.000	0.740	1.000				
07/01/01								1.010	1.012	1.030	1.120	1.036					
07/01/02							1.034	1.005	1.048	1.166	0.965						
07/01/03						1.076	1.092	1.034	1.037	1.078							
07/01/04					1.041	1.035	1.060	1.106	1.133								
07/01/05				1.165	1.049	1.040	1.026	1.001									
07/01/06			1.143	1.077	1.052	1.482	1.020										
07/01/07		1.210	1.044	1.101	1.123	1.000											
07/01/08	1.512	1.161	1.031	1.129	1.019												
07/01/09	2.952	1.501	1.473	1.359													
07/01/10	3.237	1.773	1.430														
07/01/11	3.737	1.651															
07/01/12	2.978																
Averages																	
3-Year	3.318	1.642	1.311	1.197	1.064	1.174	1.036	1.047	1.073	1.091	1.028	0.931	1.031	1.046	1.256	1.002	
5-Year	2.883	1.459	1.224	1.166	1.057	1.127	1.047	1.031	1.051	1.061	1.027	0.970	1.027				
Industry	2.684	1.535	1.276	1.149	1.096	1.068	1.048	1.046	1.020	1.019	1.018	1.019	1.013	1.015	1.008	1.006	1.075
Selected																	
Age-to-Age LDF	3.318	1.500	1.224	1.166	1.057	1.070	1.047	1.031	1.051	1.040	1.027	1.025	1.020	1.015	1.008	1.006	
Cumulative LDF	11.256	3.393	2.262	1.848	1.584	1.499	1.401	1.339	1.298	1.236	1.188	1.157	1.128	1.106	1.090	1.081	1.075

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	204
07/01/97												589,550	594,550	594,557	627,695	674,641	667,357
07/01/98											317,319	342,577	346,279	337,743	371,243	412,773	
07/01/99										718,483	743,104	753,639	755,067	739,845	761,497		
07/01/00									307,156	307,156	286,272	276,066	219,062	181,092			
07/01/01								745,472	742,808	743,119	755,795	842,023	802,109				
07/01/02							424,737	403,295	404,162	530,645	481,897	482,339					
07/01/03						713,907	691,958	824,809	799,102	823,168	836,199						
07/01/04					578,956	614,740	586,302	647,002	666,641	743,916							
07/01/05				784,860	811,628	797,908	862,718	795,963	796,403								
07/01/06			331,237	337,935	339,201	379,475	441,633	450,674									
07/01/07		423,506	445,599	428,140	467,619	397,915	393,411										
07/01/08	96,650	170,213	167,981	151,937	124,817	127,175											
07/01/09	566,453	896,591	1,447,165	1,697,786	1,933,175												
07/01/10	360,528	789,325	900,660	1,200,255													
07/01/11	411,001	683,281	865,045														
07/01/12	319,367	464,813															
07/01/13	313,737																

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	192-204	204-Ult
07/01/97												1.008	1.000	1.056	1.075	0.989	
07/01/98											1.080	1.011	0.975	1.099	1.112		
07/01/99										1.034	1.014	1.002	0.980	1.029			
07/01/00									1.000	0.932	0.964	0.794	0.827				
07/01/01								0.996	1.000	1.017	1.114	0.953					
07/01/02							0.950	1.002	1.313	0.908	1.001						
07/01/03						0.969	1.192	0.969	1.030	1.016							
07/01/04					1.062	0.954	1.104	1.030	1.116								
07/01/05				1.034	0.983	1.081	0.923	1.001									
07/01/06			1.020	1.004	1.119	1.164	1.020										
07/01/07		1.052	0.961	1.092	0.851	0.989											
07/01/08	1.761	0.987	0.904	0.822	1.019												
07/01/09	1.583	1.614	1.173	1.139													
07/01/10	2.189	1.141	1.333														
07/01/11	1.662	1.266															
07/01/12	1.455																

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	192-204	204-Ult
3-Year	1.769	1.340	1.137	1.017	0.996	1.078	1.016	1.000	1.153	0.980	1.026	0.916	0.927	1.061	1.093	0.989	
5-Year	1.730	1.212	1.078	1.018	1.007	1.031	1.038	1.000	1.092	0.981	1.035	0.953	0.945				
Industry	1.748	1.263	1.125	1.076	1.049	1.047	1.032	1.030	1.016	1.012	1.010	1.010	1.007	1.006	1.006	1.004	1.050

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	192-204	204-Ult
Age-to-Age LDF	1.730	1.250	1.125	1.070	1.040	1.031	1.038	1.020	1.050	1.010	1.020	1.005	1.005	1.006	1.006	1.004	
Cumulative LDF	3.441	1.989	1.591	1.415	1.322	1.271	1.233	1.188	1.165	1.109	1.098	1.077	1.071	1.066	1.060	1.054	1.050

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	58
07/01/00									37	37	38	38	38	38	
07/01/01								38	38	38	38	38	38		
07/01/02							48	49	49	50	50	50			
07/01/03						61	61	61	61	61	61				
07/01/04					47	47	47	47	47	47					
07/01/05				58	58	58	59	59	59						
07/01/06			59	59	59	59	59	59							
07/01/07		65	65	66	66	66	66								
07/01/08	44	52	52	52	53	53									
07/01/09	48	53	53	53	54										
07/01/10	58	58	59	59											
07/01/11	53	58	59												
07/01/12	41	45													
07/01/13	46														

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	1.000	
07/01/00									1.000	1.027	1.000	1.000	1.000		
07/01/01								1.000	1.000	1.000	1.000	1.000			
07/01/02							1.021	1.000	1.020	1.000	1.000				
07/01/03						1.000	1.000	1.000	1.000	1.000					
07/01/04					1.000	1.000	1.000	1.000	1.000						
07/01/05				1.000	1.000	1.017	1.000	1.000							
07/01/06			1.000	1.000	1.000	1.000	1.000								
07/01/07		1.000	1.015	1.000	1.000	1.000									
07/01/08	1.182	1.000	1.000	1.019	1.000										
07/01/09	1.104	1.000	1.000	1.019											
07/01/10	1.000	1.017	1.000												
07/01/11	1.094	1.017													
07/01/12	1.098														
Averages															
3-Year	1.064	1.011	1.000	1.013	1.000	1.006	1.000	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.000
5-Year	1.096	1.007	1.003	1.008	1.000	1.003	1.004	1.000	1.004	1.005	1.000	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	1.096	1.011	1.003	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Cumulative LDF	1.120	1.022	1.011	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	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
07/01/13	$250,000		Carl Warren	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	06/30/14	0	2	2	78,440	0	78,440
07/01/08	06/30/14	0	1	1	63,163	0	63,163
07/01/09	06/30/14	0	3	3	735,900	0	735,900
07/01/10	06/30/14	2	6	8	813,390	261,361	1,074,751
07/01/11	06/30/14	2	0	2	58,254	436,442	494,696
07/01/12	06/30/14	1	2	3	4,311	70	4,381
07/01/13	06/30/14	3	2	5	5,740	10,008	15,748

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	460,077	0	460,077
'11-97123'	Hernandez, Richard	01/18/11	07/01/10	366,275	0	366,275
'11-98152'	Garcia, John	01/31/11	07/01/10	90,192	213,861	304,053
'11-94596'	Berber, Alicia	02/14/11	07/01/10	346,586	0	346,586
13-09351	Broyles, Lloyd	12/30/11	07/01/11	17,570	250,000	267,570
12-04721	Gomez, Salvador	01/02/12	07/01/11	40,684	186,442	227,126

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	735,900	454,906	2	280,994
07/01/10	250,000	813,390	212,861	2	600,529
07/01/11	250,000	58,254	0	0	58,254
07/01/12	250,000	4,311	0	0	4,311
07/01/13	250,000	5,740	0	0	5,740

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	735,900	454,906	2	280,994
07/01/10	250,000	1,074,751	266,914	3	807,837
07/01/11	250,000	494,696	17,570	1	477,126
07/01/12	250,000	4,381	0	0	4,381
07/01/13	250,000	15,748	0	0	15,748

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	06/30/14	84	1.230	1.103	96,502	86,550	78,440
07/01/08	63,163	63,163	06/30/14	72	1.304	1.132	82,377	71,512	63,163
07/01/09	525,823	525,823	06/30/14	60	1.443	1.181	758,944	620,931	525,823
07/01/10	600,529	807,837	06/30/14	48	1.716	1.265	1,030,468	1,022,194	1,026,331
07/01/11	58,254	477,126	06/30/14	36	2.295	1.433	133,707	683,644	683,644
07/01/12	4,311	4,381	06/30/14	24	3.590	1.797	15,474	7,872	11,673
07/01/13	5,740	15,748	06/30/14	12	8.192	2.970	47,024	46,777	46,901

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 2014-15
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	1.230	134,543,002	78,440	1.000	1.316	103,222	0.08
07/01/08	116,511,097	1.194	139,120,343	63,163	1.000	1.265	79,921	0.06
07/01/09	115,408,330	1.159	133,789,885	525,823	1.000	1.217	639,744	0.48
07/01/10	113,836,468	1.126	128,123,947	1,026,331	1.000	1.170	1,200,662	0.94
07/01/11	105,846,966	1.093	115,661,838	683,644	1.000	1.125	769,006	0.66
07/01/12	103,044,365	1.061	109,319,767	11,673	1.000	1.082	12,625	0.01
07/01/13	106,000,000	1.030	109,180,000	46,901	1.000	1.040	48,777	0.04

7-Year Wtd Average:	0.33
5-Year Wtd Average:	0.45
3-Year Wtd Average:	0.25
(10) Selected:	**0.35**

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

(11) Forecasted Payroll 2014 - 15: $109,000,000
(12) Forecasted Losses 2014 - 15: **380,000**

Exhibit 8

RCCD

Calculation of Indicated Loss Reserves
General and Employment Practices Liability
as of 6/30/2014

(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	280,994	280,994	280,994	0	0	0
07/01/10	250,000	1,000,000	807,837	600,529	399,471	207,308	192,163
07/01/11	250,000	600,000	477,126	58,254	541,746	418,872	122,874
07/01/12	250,000	200,000	4,381	4,311	195,689	70	195,619
07/01/13	250,000	300,000	15,748	5,740	294,260	10,008	284,252
Total		**2,522,597**	**1,727,689**	**1,091,431**	**1,431,166**	**636,258**	**794,908**

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 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	96,502	86,550	322,061	138,720	108,617		**78,440**
07/01/08	63,163	82,377	71,512	346,339	143,944	103,600		**63,163**
07/01/09	280,994	405,572	331,819	346,391	387,394	334,051		**280,994**
07/01/10	807,837	1,030,468	1,022,194	383,323	760,462	888,221		**1,000,000**
07/01/11	477,126	133,707	683,644	359,880	261,340	585,840		**600,000**
07/01/12	4,381	15,474	7,872	353,753	259,516	161,256	650,861	**200,000**
07/01/13	15,748	47,024	46,777	367,433	328,322	259,481	676,896	**300,000**

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	06/30/14	84	78,440	1.230	96,502
07/01/08	$100,000	06/30/14	72	63,163	1.304	82,377
07/01/09	$100,000	06/30/14	60	280,994	1.443	405,572
07/01/10	$250,000	06/30/14	48	600,529	1.716	1,030,468
07/01/11	$250,000	06/30/14	36	58,254	2.295	133,707
07/01/12	$250,000	06/30/14	24	4,311	3.590	15,474
07/01/13	$250,000	06/30/14	12	5,740	8.192	47,024

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)
Policy Inception	Retention	Evaluation Date	Age In Months	Incurred Losses at Historical Retentions	Incurred LDF	Ultimate Losses at Historical Retentions
07/01/07	$100,000	06/30/14	84	78,440	1.103	86,550
07/01/08	$100,000	06/30/14	72	63,163	1.132	71,512
07/01/09	$100,000	06/30/14	60	280,994	1.181	331,819
07/01/10	$250,000	06/30/14	48	807,837	1.265	1,022,194
07/01/11	$250,000	06/30/14	36	477,126	1.433	683,644
07/01/12	$250,000	06/30/14	24	4,381	1.797	7,872
07/01/13	$250,000	06/30/14	12	15,748	2.970	46,777

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)
Policy Inception	Retention	Initial Loss Rate	Limit Adjustment Factor	Detrend Factor	Expected Loss Rate	Payroll	Ultimate Losses at Historical Retentions
07/01/07	$100,000	0.35	0.900	0.935	0.29	$109,395,773	322,061
07/01/08	$100,000	0.35	0.900	0.944	0.30	$116,511,097	346,339
07/01/09	$100,000	0.35	0.900	0.953	0.30	$115,408,330	346,391
07/01/10	$250,000	0.35	1.000	0.962	0.34	$113,836,468	383,323
07/01/11	$250,000	0.35	1.000	0.971	0.34	$105,846,966	359,880
07/01/12	$250,000	0.35	1.000	0.981	0.34	$103,044,365	353,753
07/01/13	$250,000	0.35	1.000	0.990	0.35	$106,000,000	367,433

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)
		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
07/01/07	$100,000	322,061	96,502	1.230	18.7%	81.3%	138,720
07/01/08	$100,000	346,339	82,377	1.304	23.3%	76.7%	143,944
07/01/09	$100,000	346,391	405,572	1.443	30.7%	69.3%	387,394
07/01/10	$250,000	383,323	1,030,468	1.716	41.7%	58.3%	760,462
07/01/11	$250,000	359,880	133,707	2.295	56.4%	43.6%	261,340
07/01/12	$250,000	353,753	15,474	3.590	72.1%	27.9%	259,516
07/01/13	$250,000	367,433	47,024	8.192	87.8%	12.2%	328,322

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	322,061	86,550	1.103	9.4%	90.6%	108,617
07/01/08	$100,000	346,339	71,512	1.132	11.7%	88.3%	103,600
07/01/09	$100,000	346,391	331,819	1.181	15.3%	84.7%	334,051
07/01/10	$250,000	383,323	1,022,194	1.265	21.0%	79.0%	888,221
07/01/11	$250,000	359,880	683,644	1.433	30.2%	69.8%	585,840
07/01/12	$250,000	353,753	7,872	1.797	44.3%	55.7%	161,256
07/01/13	$250,000	367,433	46,777	2.970	66.3%	33.7%	259,481

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- 7/1/2012 Dollars	Severity- 7/1/2013 Dollars
07/01/07	$100,000	39,472	1.316	48,024	49,945
07/01/08	$100,000	63,289	1.265	74,040	77,001
07/01/09	$100,000	175,362	1.217	197,258	205,149
07/01/10	$250,000	128,291	1.170	138,760	144,310
07/01/11	$250,000	341,822	1.125	355,495	369,715
07/01/12	$250,000	------	1.082	------	------
07/01/13	$250,000	------	1.040	------	------
			All-year Average:	162,715	169,224

			07/01/12	07/01/13
(7)	Selected Severity:		162,715	169,224
(8)	Benefit Level Factor:		1.000	1.000
(9)	Limit Adjustment Factor:		1.000	1.000
(10)	Adjusted Severity:		162,715	169,224
(11)	Ultimate Claim Count:		4	4
(12)	Ultimate Losses at Historical Retentions:		650,861	676,896

Notes:

(3) From Exhibits 2, 4
(4) From Exhibit 7, Column 8
(5) = (3) x [(4) / (Severity Trend Factor for 2012)]
(6) = (3) x [(4) / (Severity Trend Factor for 2013)]
(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)