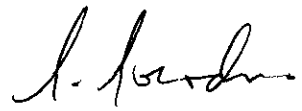


# OAKLAND CITY COUNCIL



RESOLUTION NO. 79702 C. M. S.

OFFICE OF THE CITY CLERK  
OAKLAND

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

2005 DEC 28 PM 4:37

## RESOLUTION AUTHORIZING THE APPROPRIATION OF MONIES FROM THE SELF-INSURANCE GENERAL LIABILITY FUND (FUND 1100) TO DEPARTMENTS FOR FY 2006-07 ALLOCATION OF GENERAL LIABILITY COSTS BASED ON IMPLEMENTATION OF THE "PHOENIX MODEL" OF RISK MANAGEMENT COST ALLOCATION

WHEREAS, in 2004, the City Council adopted the Risk Management Cost Allocation Program (RMCAP) to monitor the liability claim and litigation payouts incurred by certain City agencies/departments; and

WHEREAS, the RMCAP is modeled after a program currently utilized by the City of Phoenix, Arizona; and

WHEREAS, the RMCAP budgeted appropriations for claims/litigation payouts in those agencies/departments based upon historical performance and future projections; and

WHEREAS, the current expenditure baseline budget for Fiscal Year 2006-07 reflects funding allocations estimated in FY 2004-05, recognizing that a mid-cycle adjustment would likely be necessary; and

WHEREAS, actuarial analysis of claims/litigation payout performance for the past 5 fiscal years has recommended budgetary appropriations for the upcoming budget cycle as listed below:

<b>Department</b>	<b>2006-07 Projected Loss / Proposed Budget</b>
Fire Services Agency	\$ 1,676,708
Parks and Recreation	\$ 253,084
Police Services Agency	\$ 3,484,761
Public Works Agency	\$ 4,203,089
Other Departments	\$ 1,608,912
<b>Total</b>	<b>\$11,226,554</b>

WHEREAS, the recommended allocation for Fiscal Year 2006-07 reflects a reduction of \$60,661 from the amounts in the Fiscal Year 2005-07 Adopted Budget; and

WHEREAS, the recommended allocation for Fiscal Year 2006-07 would also realign departmental funding as reflected in the table below:

Department	FY 2006-07 Adopted Budget	FY 2006-07 Proposed Budget	FY 2006-07 Increase/ (Decrease)
Fire Department	\$845,435	\$1,676,708	\$831,273
Parks and Recreation	\$253,896	\$253,084	(\$812)
Police Services Agency	\$3,966,053	\$3,484,761	(\$481,292)
Public Works Agency	\$4,513,977	\$4,203,089	(\$310,888)
Other Departments	\$1,707,854	\$1,608,912	(\$98,942)
<b>Total</b>	<b>\$11,287,215</b>	<b>\$11,226,554</b>	<b>(\$60,661)</b>

and

WHEREAS, there is no impact on departments that receive a net reduction in their Public Liability Fund (Fund 1100) appropriations; now, therefore be it

RESOLVED: That funds be allocated from the self-insurance fund, non-departmental account to establish the actuarially recommended appropriations for claims/litigation payments for the departments/agencies and in the amounts listed above, for Fiscal Year 2006-07.

IN COUNCIL, OAKLAND, CALIFORNIA, **FEB 07 2006**, 20\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND  
PRESIDENT DE LA FUENTE **- 8**

NOES - **0**

ABSENT - **0**

ABSTENTION - **0**

ATTEST:

  
LATONDA SIMMONS

City Clerk and Clerk of the Council of  
the City of Oakland, California



ATTACHMENT B

**City of Oakland,  
California**

**Actuarial Study of the  
Self-Insured Liability Program  
as of June 30, 2005**

**November 4, 2005**



November 4, 2005

904-008

City of Oakland  
150 Frank H. Ogawa Plaza, Second Floor  
Oakland, California 94612

Attn: Ms. Deb Cornwell  
Insurance Manager

**Actuarial Study of the  
Self-Insured Liability Program  
as of June 30, 2005**

This study has been completed for the City of Oakland, California, for the specific objectives listed in the study. It contains the analysis and conclusions of our work.


Each section and appendix of the study is an integral part of the whole. We recommend a review of the entire study prior to reliance upon this study.

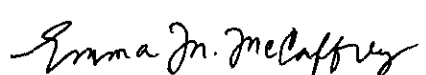
No key personnel have a relationship with the City of Oakland, California, that may impair our objectivity.

Please call if you have any questions. Thank you for the opportunity to be of service.

Respectfully submitted,

*ARM TECH*

By   
Mujtaba Datoo, ACAS, MAAA  
Actuarial Practice Leader

By   
Emma M. McCaffrey, ACAS, MAAA  
Senior Consultant and Actuary

MD/EMM:blc

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B	Glossary of Actuarial Terms
C	Exhibits

## **I. Background**

The City of Oakland (the City) was fully self-insured for liability (combined general and automobile liability) until November 11, 1998. Effective November 11, 1998, the City purchased excess insurance with a self-insured retention (SIR) of \$2 million and a \$25 million aggregate.

## II. Objectives

The specific objectives of this study are:

1. **Estimate Outstanding Losses.** Estimate outstanding losses (including allocated loss adjustment expenses [ALAE]) as of June 30, 2005.

The estimated outstanding losses are the cost of unpaid claims. The estimated outstanding losses include case reserves, the development of known claims and incurred but not reported (IBNR) claims. ALAE are the direct expenses for settling specific claims. The amounts are limited to the self-insured retention.

2. **Project Ultimate Losses.** Project ultimate losses (including ALAE) for 2005/06 and 2006/07.

The projected ultimate losses are the accrual value of losses with accident dates during 2005/06 and 2006/07, regardless of report or payment date. The amounts are limited to the self-insured retention.

3. **Project Losses Paid.** Project losses paid during the 2005/06 and 2006/07 years.

The projected losses paid are the claim disbursements during 2005/06 and 2006/07, regardless of accident or report date. The amounts are limited to the self-insured retention.

4. **Recommend Funding.** Recommend funding by City department for 2005/06 and 2006/07.

The recommend funding is based on expected loss payments in 2005/06 and 2006/07. The funding is allocated by City department based on each department's exposure to loss and actual loss experience.

5. **Analysis by Department and Cause of Loss.** Analyze frequency (number of claims per exposure), severity (average cost per claim), and loss rate (cost per exposure) by City department. Review frequency and severity by cause of loss.

6. **Affirm GASB Statement No. 10.** Provide a statement affirming the conclusions of this report are consistent with Governmental Accounting Standards Board (GASB) Statement No. 10.

### III. Conclusions

We have reached the following conclusions:

#### 1. Estimate Outstanding Losses

We estimate outstanding losses as of June 30, 2005 to be as shown in Table III-1.

**Table III-1**  
**Estimated Outstanding Losses**  
**June 30, 2005**

(A)	Estimated outstanding losses	\$35,723,150
(B)	Present value of estimated outstanding losses	33,203,655

Note: (A) and (B) are from Exhibit LI-12.

The present value of the estimated outstanding losses is the estimated outstanding losses discounted to reflect future investment earnings. It is based on a 3.0% interest rate.

All costs other than losses are additional.

GASB Statement No. 10 specifies that a liability for outstanding unallocated loss adjustment expenses (ULAE) needs to be established for governmental entities. ULAE are primarily composed of future claims administration for open claims. They are typically 5% to 10% of the estimated outstanding losses.



## 2. Project Ultimate Losses

We project ultimate losses for 2005/06 and 2006/07 to be as shown in Tables III-2A and III-2B.

**Table III-2A**  
**Projected Ultimate Losses**  
**2005/06**

	<b>Item (1)</b>	<b>Amount (2)</b>	<b>Rate per \$100 of Payroll (3)</b>
(A)	Projected ultimate losses	\$10,419,387	\$3.77
(B)	Present value of projected ultimate losses	9,410,647	3.41

Note: (A) and (B) are from Exhibit LI-10.

**Table III-2B**  
**Projected Ultimate Losses**  
**2006/07**

	<b>Item (1)</b>	<b>Amount (2)</b>	<b>Rate per \$100 of Payroll (3)</b>
(A)	Projected ultimate losses	\$11,054,530	\$3.85
(B)	Present value of projected ultimate losses	9,984,299	3.48

Note: (A) and (B) are from Exhibit LI-10.

The present value of the projected ultimate losses is based on a 3.0% interest rate.

All costs other than losses are additional.

Projected ultimate losses for eight additional years (2007/08 through 2014/15) are shown in Exhibit LI-10. We emphasize that due to the length of the projection period, there will be greater than normal variability in the estimates.

### 3. Project Losses Paid

We project losses paid during 2005/06 and 2006/07 to be as shown in Table III-3.

**Table III-3**  
**Projected Losses Paid**  
**2005/06 and 2006/07**

Item (1)	2005/06 (2)	2006/07 (3)
(A) Projected losses paid	\$11,382,712	\$11,226,554

Note: (2) is from Exhibit LI-13.  
(3) is from Exhibit LI-14.

All costs other than losses are additional.

Projected losses paid for eight additional years (2007/08 through 2014/15) are shown in Exhibits LI-15 through LI-22. We emphasize that due to the length of the projection period, there will be greater than normal variability in the estimates.

#### 4. Recommend Funding

The City requested that ARM Tech develop a cost allocation plan that is similar to that employed by the City of Phoenix. Based on discussions with staff of the City of Phoenix, we learned that they allocate their costs by department based on five years of claim and exposure data (number of employees). The allocation is provided in Exhibits LI-28 through LI-34.

We recommend funding by City department for 2005/06 and 2006/07 to be as shown in Table III-6.

**Table III-6  
Recommended Funding by Department  
2005/06 and 2006/07**

Department (1)	Projected Loss Funds 2005/06 (2)	Projected Loss Funds 2006/07 (3)
(A) Fire Department	\$1,700,031	\$1,676,708
(B) Parks and Recreation	256,604	253,084
(C) Police Services Agency	3,533,233	3,484,761
(D) Public Works	4,261,553	4,203,089
(E) Other	1,631,291	1,608,912
(F) Total	\$11,382,712	\$11,226,554

Note: (2) is from Exhibit LI-28.  
(3) is from Exhibit LI-29.

We have shown the funding needs based on expected payments in 2005/06 and 2006/07. Outside legal expenses are included. Other costs including excess insurance, claims adjusting, and other administrative expenses are not included.

There are two primary goals of the cost allocation plan (the Plan):

1. To allocate and budget funds sufficient to cover the City's risk funding needs.
2. To charge loss funds in an equitable way that rewards departments with better-than-expected loss experience and provides incentives for all departments to improve risk management practices.

The Plan accomplishes this by looking at five years of exposures (i.e., payroll) in Exhibit LI-28 and five years of incurred losses in Exhibit LI-29. One would expect a department with 5% of exposures to have 5% of losses. Relative loss rates are calculated in Exhibits LI-30 and LI-31 to demonstrate department departure from this expectation.

Next, the Plan compares each department's experience to the overall City average. Experience modification factors (Xmods) are calculated in Exhibit LI-32 to measure department departure from the average.

In Exhibit LI-33, each department's Xmod is applied to its current exposure to generate a "weighted exposure," share of weighted exposure to be applied to the City's project funding needs for 2005/06. A similar calculation is performed in Exhibit LI-34 for 2006/07.

The exhibits are described in greater detail below.

1. **LI-28** shows **Payroll** for the five-year period 2000/01 through 2004/05 and calculates each department's percent of payroll.
2. **LI-29** shows **Unlimited Losses** for 2000/01 through 2004/05 and calculates each department's percent of losses.
3. **LI-30** calculates **Relative Loss Rates** for each of the five years from 2000/01 through 2004/05. The percent of losses divided by the percent of payroll is the relative loss rate.

A relative loss rate greater than 1.000 means the department has proportionally more capped losses than payroll. This indicates relatively poor loss experience. A relative loss rate less than 1.000 indicates relatively good experience.

4. **LI-31** calculates an **Average Relative Loss Rate** for years 2000/01 through 2004/05. A five-year average provides stability and mitigates the effects of one bad year a department may have experienced.
5. **LI-32** calculates an **Experience Modification** factor (**Xmod**) for each department. This is a measure of whether a department's loss experience is better or worse than the City's average.

The "Weight" column shows the weight given to each department's own loss experience. If little weight is given to a department's own loss experience:

- Its experience modification will be close to 1.000, regardless of how good or bad its loss experience.
- Its share of total costs will be close to its share of payroll, regardless of how good or bad its loss experience.

If a lot of weight is given to a department's own loss experience, its

experience modification factor will be able to move away from 1.000.

For most organizations, smaller departments do not want costs to fluctuate much from year to year, and individual loss experience is not a good predictor of long-term trends. For this reason, little weight is given to the loss experience of smaller departments. The opposite is true for large departments.

The minimum weight is 10%. A minimum weight was assigned, so even a small department would be given some credit for its own loss experience. The largest department is assigned a weight of 75%.

8. **LI-33** calculates each department's recommended funding ("**Projected Loss Funds**") for 2005/06. A department's final loss funds is obtained by:
  - a. Calculating each department's "experience weighted exposure" for the year in which costs are to be allocated. Experience weighted exposure is payroll for the year multiplied by the Xmod calculated in Exhibit LI-32.
  - b. Calculating each department's percent of experience weighted exposure.
  - c. Multiplying the total funding needs by each department's percentage of experience weighted exposure.
9. **LI-34** calculates each department's recommended funding ("**Projected Loss Funds**") for 2006/07, in a manner consistent with that used in Exhibit LI-33.

The following points are of importance.

1. **Equity.** The proposed rating plan is an equitable way to determine each department's loss funds. It recognizes each department's exposure to loss and actual loss experience.
2. **Experience period.** We have used five years of loss experience. This is long enough to smooth the results of a single year (good or bad).

## 5. Analysis by Department and Cause of Loss

The frequency, severity, and loss rate by City department is summarized in Table III-5A. Further analysis by department by year is provided in Exhibit LI-25.

**Table III-5A  
Analysis by Department  
2000/01 through 2004/05**

	<b>Department (1)</b>	<b>Number of Claims per \$1 Million of Payroll (2)</b>	<b>Average Cost per Claim (3)</b>	<b>Rate per \$100 of Payroll (4)</b>
(A)	Fire Department	0.41	\$22,383	\$0.92
(B)	Parks and Recreation	5.95	2,358	1.40
(C)	Police Services Agency	2.89	11,351	3.28
(D)	Public Works	9.57	7,351	7.03
(E)	Other	1.09	7,142	0.78
(F)	Total	2.87	\$8,612	\$2.48

Note: (A) through (F) are from Exhibit LI-25.

Exhibit LI-26 shows the cumulative payments as of June 30, 2005 by department for the latest six claim periods from 1999/00 to 2004/05. Table III-5B shows the five year summary.

**Table III-5B  
Payments by Department  
1999/00 through 2004/05 as of June 30, 2005**

	<b>Department (1)</b>	<b>Total Paid (2)</b>
(A)	Fire Department	\$562,512
(B)	Parks and Recreation	1,371,839
(C)	Police Services Agency	17,070,863
(D)	Public Works	8,951,064
(E)	Other	3,379,381
(F)	Total	\$31,335,659

Note: (A) through (F) are from Exhibit LI-26.

Exhibit LI-27 shows the top three categories of loss by frequency and average payment. This is shown by department and represents the combined loss experience from 2000/01 through 2004/05 valued as of June 30, 2005.

## **6. Affirm GASB Statement No. 10**

We affirm the conclusions of this report are consistent with GASB Statement No. 10.

**Appendix A**  
**Conditions and Limitations**



## Conditions and Limitations

It is important to understand the conditions and limitations listed below. Each chapter and section is an integral part of the whole study. If there are questions, please contact ARM Tech for clarification.

- **Data Quality.** We relied upon data provided by the organization shown on the transmittal page or its designated agents. The data was used without verification or audit, other than checks for reasonableness. Unless otherwise stated, we assumed the data to be correct and complete.
- **Economic Environment.** Unless otherwise stated, we assumed the current economic conditions will continue in the foreseeable future.
- **Insurance Coverage.** Unless otherwise stated, we assumed no insurance coverage changes (including coverage provided by the organization to others) subsequent to the date this study was prepared. This includes coverage language, self-insured retention, limitations and similar issues.
- **Insurance Solvency.** Unless otherwise stated, we assumed all insurance purchased by the organization is from solvent sources payable in accordance with terms of the coverage document.
- **Interest Rate.** The exhibits specify the annual interest rate used.
- **Methodology.** In this study, different actuarial methods were applied. In some instances, the methods yield significantly disparate results. The estimates, projections and recommendations in this study reflect our judgments as to the best method or combination of methods that are most reliable and reflective of the exposure to loss.
- **Reproduction.** This study may only be reproduced in its entirety.
- **Risk and Variability.** Insurance is an inherently risky enterprise. Actual losses may vary significantly from our estimates, projections and recommendations. They may emerge higher or lower.

- **Statutory and Judicial Changes.** Legislatures and judiciaries may change statutes that govern indemnification. This includes benefit levels for workers compensation, immunities and limitations for liability, and other similar issues. Unless otherwise stated, we assumed no statutory changes subsequent to the date this study was prepared.
- **Supplemental Data.** In addition to the data provided by the organization, we supplemented our analysis with data from similar organizations and insurance industry statistics, as we deemed appropriate.
- **Usage.** This study has been prepared for the usage of the organization shown on the transmittal page. It was not prepared for and may not be appropriate for use by other organizations. Other organizations should obtain written permission from ARM Tech prior to use of this study.

**Appendix B**  
**Glossary of Actuarial Terms**

## Glossary of Actuarial Terms

### Actuarial Methods (Most Common)

A major objective of an actuarial study is to statistically project ultimate losses. The following actuarial methods are the most common:

- Developed Paid Losses
- Developed Reported Incurred Losses
- Developed Case Reserves
- Frequency Times Severity Analysis
- Loss Rate Analysis

The following describes each method:

1. **Developed Paid Losses.** Paid losses represent the amounts actually paid to claimants (less excess insurance recoveries). As time goes on, loss payments continue until all claims are closed and there are no remaining payments expected. At this time, the ultimate losses for the claim period are known. This common process is called “paid loss development.”

Paid loss development is an extrapolation of actual dollars paid. It does not depend on case reserve estimates. A potential shortcoming of utilizing this method is that only a small fraction of total payments have been made for the most recent claim periods. Extrapolating ultimate losses based on small amounts of actual payments may be speculative. A second potential shortcoming is that payment patterns can change over time.

2. **Developed Reported Incurred Losses.** Reported incurred losses are paid losses plus case reserves. In most programs, total reported incurred losses underestimate the ultimate losses. Over time, as more information about a body of claims becomes known, they are adjusted either up or down until they are closed. Though many individual claims settle for less than what was estimated, these decreases are generally more than offset by increases in the cost of other claims for which new information has emerged.

The net effect is that total estimated costs are often revised upward over time. This normal process is called “reported incurred loss development.” Actuaries typically

review the development patterns of the recent past to make projections of the expected future loss development and, therefore, estimations of ultimate losses.

3. **Developed Case Reserves.** The developed case reserves method is a hybrid of the paid loss development and reported incurred loss development methods. It relies on the historical adequacy of case reserves to predict ultimate losses.
4. **Frequency Times Severity Analysis.** The frequency times severity analysis is an actuarial method that uses a preliminary projection of ultimate losses to project claims severity. The claims severity times the number of claims is a predictor of ultimate losses. The focus of the frequency times severity analysis is that ultimate losses each period are dependent on the number of claims.
5. **Loss Rate Analysis.** The loss rate analysis is based on the historical loss rates per exposure unit (such as payroll, vehicles or property value). The loss rates (projected ultimate losses divided by exposure units) are trended to reflect the effect of claim cost inflation and retention changes. The trended loss rates represent the rates that one would see if all of the claims had been handled in the claim cost environment that will be present in the upcoming period. The trended loss rate times the projected exposure units is a predictor of losses.
6. **Bornhuetter-Ferguson Method (B-F).** The B-F method is an actuarial method that weights a preliminary projection of ultimate losses with projections of ultimate losses determined by other actuarial methods (usually the developed paid losses and developed reported incurred losses methods). For less mature claim periods, the B-F method leans more heavily to the preliminary projection. It gradually converges to the projections of ultimate losses determined by the other actuarial methods as the claim periods mature.

## Actuary

A specialist trained in mathematics, statistics, and finance who is responsible for rate, reserve, and dividend calculations and other statistical studies.

## Allocated Loss Adjustment Expenses

Allocated loss adjustment expenses (ALAE) are the direct expenses to settle specific claims. These expenses are primarily legal expenses.

Governmental Accounting Standards Board (GASB) Statement No. 10 requires that ALAE be included in financial statements and that they be calculated by actuarial methods.

## **American Academy of Actuaries**

A society concerned with the development of education in the field of actuarial science and with the enhancement of standards in the actuarial field. Members may use the designation MAAA (Member, American Academy of Actuaries).

## **Benefits**

The financial reimbursement and other services provided insureds by insurers under the terms of an insurance contract. An example would be the benefits listed under a life or health insurance policy or benefits as prescribed by a workers compensation law.

## **Casualty Actuarial Society**

A professional society for actuaries in areas of property and casualty insurance work. This society grants the designation of Associate of the Casualty Actuarial Society (ACAS) and Fellow of the Casualty Actuarial Society (FCAS).

## **Claim**

Demand by an individual or entity to recover for a loss.

## **Claims Made**

A policy written on this basis covers only those claims that are made during the policy period. Coverage for prior acts is provided back to what is known as the retroactive date, which is the effective date of the original claims made policy with the same insurer.

## **Composite Rate**

A single rate with a single basis of premium (e.g., payroll or sales). For this single rate the insured is covered for a variety of hazards, such as premises and operations, completed operations, products liability, and automobile. Its primary value is to compute premium simply.

## **Confidence Level**

A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

Confidence levels are determined based on mathematical models. Coverages that are low frequency and high severity (such as excess liability) are subject to greater risk than coverages that are high frequency and low severity (such as automobile physical damage). Therefore, they need a greater margin to attain a given confidence level.

GASB Statement No. 10 requires public entities to use “expected” amounts as a liability in financial statements. Expected corresponds to approximately a 55% confidence level. Amounts above expected are prudent, but should be considered equity (not a liability).

## **Coverage**

The scope of the protection provided under a contract of insurance.

## **Credibility**

Credibility is the belief that the sample data is an accurate reflection of the larger population. Credibility is highest when the sample data is large and the standard deviation (discussed later) of the larger population is low.

## **Dates**

There are at least three milestone dates in a claim. They are the date of injury or accident, the date of report and the date of closure. It is best if each of these dates is recorded. Some organizations may also keep the date a claim becomes a lawsuit, as opposed to a demand. ARM Tech recommends this additional level of detail, especially if the data is to be used for litigation management.

## **Deductible**

The portion of an insured loss to be borne by the insured before he is entitled to recovery from the insurer. Deductibles may be expressed as a dollar amount, percentage or waiting period.

## **Disability**

A condition that curtails a person's ability to carry on his normal pursuits. A disability may be partial or total, and temporary or permanent.

## **Dividend (Policyholder)**

The return of part of the premium paid for a policy issued on a participating basis by either a mutual or a stock insurer.

## **Estimated Outstanding Losses**

Estimated outstanding losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

Estimated outstanding losses are calculated as projected ultimate losses less paid losses. Alternatively, they are the sum of case reserves and incurred but not reported (IBNR) claims.

Estimated outstanding losses are usually the largest single item listed as a liability on the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claims liabilities and unpaid claims.

## **Experience Rating**

A method of adjusting the premium for a risk based on past loss experience for that risk compared to loss experience for an average risk.



## Exposure Data

Exposure data refers to the activities of the organization. For example, payroll is the most common exposure measure for workers compensation. ARM Tech suggests collecting exposure data with the following characteristics:

- **Readily Available.** The exposure data should be easily obtained. It is best if it is a byproduct of other activities, although this is not always possible. If getting data is arduous, it may discourage collection.
- **Vary With Losses.** The exposure data should correlate directly with losses. The ideal situation is where exposure and expected losses move in tandem. The exposure base needs to be fitting to the coverage. For example, the number of employees may vary with property losses (more employees = more office space = more losses), but property value is a clearly superior exposure base for property losses.

## Generally Accepted Accounting Principles (GAAP)

These principles are intended to produce financial results (in the insurance industry) consistent with those of other industries and to assure consistency in financial reporting.

## Incurred But Not Reported

IBNR is really comprised of two distinct items. These are the development of known case reserves (incurred but not enough reported [IBNER] and incurred but not yet reported [IBNYR]).

IBNER are the actuary's estimate of the inadequacy of case reserves. Most claims settle at amounts close to what is set by the claims administrator. Some claims close favorably and some emerge as more expensive. On balance, case reserves tend to be too low (especially for recent years). IBNER is the actuary's estimate of the amount total case reserves will rise upon closure.

IBNYR refers to those claims that have occurred, but have not yet been reported. A classic example is medical malpractice claim reported several years after the medical procedure was performed.

## **Insurance Services Office (ISO)**

An organization of the property and casualty insurance business designed to gather statistics, promulgate rates, and develop policy forms.

## **Investment Income**

The return received by entities from their investment portfolios, including interest, dividends and realized capital gains on stocks. Realized capital gains means the profit realized on assets that have actually been sold for more their purchase price.

## **Limited**

Most programs purchase excess insurance for catastrophic claims. For example, they may purchase coverage for claims above a \$500,000 per occurrence self-insured retention. "Limited" refers to an estimate or projection being limited to the self-insured retention. In contrast, "unlimited" means a loss projection not limited to the self-insured retention.

Other common names for limited are net of excess insurance or capped losses.

## **Loss Development**

The difference between the amount of losses initially estimated by the insurer and the amount reported in an evaluation on a later date. Loss development is typically measured for paid losses, reported incurred losses and claim counts.

## **Manual Rates**

Usually, the published rate for some unit of insurance. An example is in the workers compensation manual, where the rates shown apply to each \$100 of the payroll of the insured, \$100 being the "unit."

## **National Council on Compensation Insurance (NCCI)**

An association of workers compensation insurance companies whose main functions are collecting statistics and calculating rates, establishing policy wording, developing experience and retrospective rating plans, and serving as the filing organization for member companies.

## **Net**

Many pooling programs assign deductibles to members. For example, each member may have a \$5,000 per claim deductible. "Net" refers to a loss estimate or projection that excludes amounts below member deductibles.

## **Occurrence**

An event that results in an insured loss. In some lines of insurance, such as general liability, it is distinguished from accident in that the loss does not have to be sudden and fortuitous and can result from continuous or repeated exposure that results in bodily injury or property damage neither expected nor intended by the insured.

## **Pool**

An organization of entities through which particular types of risks are written with the premiums, losses, and expenses shared in agreed amounts among the members belonging to the organization.

## **Premium**

The price of insurance protection for a specified risk for a specified period of time.

## **Present Value**

The amount of money that future amounts receivable are currently worth. For example, a Life Insurance policy may provide for payments to be made monthly for ten years. The present value of that money would be less than the total amount of the regular periodic payments for 10 years because of the amount of interest that a present lump sum could earn during the term than the payments otherwise would have been made.

## **Probability**

The probability is the likelihood of an event. It is a measure of how likely a value or event is to occur. It can be measured from data by calculating the number of occurrences of the value or event divided by the total number of occurrences. This calculation can be converted to a percentage. For example, tossing a coin has a 50% probability of heads or tails.

## **Projected Losses Paid**

Projected losses paid are the projected claims disbursements in a period, regardless of when the claim occurred. They typically include indemnification and ALAE, but not unallocated loss adjustment expenses (ULAE).

“Projected losses paid” is a cash-flow analysis that can be used in making investment decisions.

## **Projected Ultimate Losses**

Projected ultimate losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected ultimate losses are the total loss costs for a particular period. They typically include indemnification and ALAE, but not ULAE.

Other common names for projected ultimate losses are expected losses, ultimate losses and total losses.

## **Rate**

The cost of a given unit of insurance. For example, in life insurance, it is the price of \$1,000 of the face amount. In property insurance, it is the rate per \$100 of value to be insured. The premium is the rate multiplied by the number of units of insurance purchased.

## **Retrospective Rating**

A method for which the final premium is not determined until the end of the coverage period, and is based on the insured’s own loss experience for that same period. It is usually subject to a maximum and minimum premium. A plan of this type can be used in various types of insurance, especially workers compensation and liability, and is usually elected by only very large insureds.

## **Salvage**

Property taken over by an entity to reduce its loss. Automobile physical damage losses can be reduced by the sale of recovered vehicles.

## **Schedule Rating**

The application of debits or credits within established ranges for various characteristics of a risk according to an established schedule of items. Under liability and automobile insurance, the schedule rating plan allows credits and debits for various good or bad features of a particular commercial risk. An example in automobile schedule rating would be allowing credits for driver training classes or fleet maintenance programs.

## **Self-Insurance Retention (SIR)**

That portion of a risk or potential loss assumed by an insured. It is often in the form of a per occurrence deductible.

## **Society of Actuaries (SOA)**

A professional society for actuaries in areas of pensions, and life and health insurance work. The SOA grants the designation Associate of the Society of Actuaries (ASA) and Fellow of the Society of Actuaries (FSA).

## **Standard Premium**

Most often used in connection with retrospective rating for Workers Compensation and General Liability Insurance. It is the premium of which the basic premium is a percentage and is developed by applying the regular rates to an insured's payroll.

## **State Fund**

A fund set up by a state government to finance a mandatory insurance system, such as Workers Compensation or non-occupational disability benefits. Such a fund may be monopolistic, i.e., purchasers of the type of insurance required must place it in the state fund; or it may be competitive, i.e., an alternative to private insurance if the purchaser desires to use it.

## **Statutory Accounting Principles (SAP)**

Those principles required by statute that must be followed by an insurance company or other similar entity when submitting its financial statement to the state insurance department. Such principles differ from (GAAP) in some important respects. For one thing SAP requires that expenses must be recorded immediately and cannot be deferred to track with premiums as they are earned and taken into revenue.

## **Unallocated Loss Adjustment Expenses**

Unallocated loss adjustment expenses (ULAE) are the indirect expenses to settle claims. These expenses are primarily administration and claims handling expenses.

GASB Statement No. 10 requires that ULAE be included in financial statements and that they be calculated by actuarial methods.

**Appendix C**  
**Exhibits**

## Exhibits

The attached exhibits detail our analysis.



CITY OF OAKLAND  
LIABILITY

Exhibit LI-1

Data Summary as of June 30, 2005

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/05 (4)	Payroll (000) (5)	Reported Claims 6/30/05 (6)	Open Claims 6/30/05 (7)	Limited Paid Losses 6/30/05 (8)	Limited Case Reserves 6/30/05 (9)	Limited Reported Incurred Losses 6/30/05 (10)
to 1988/89	Unlimited	None	204.0	Not Provided	21	0	\$185,027	\$0	\$185,027
1989/90	Unlimited	None	192.0	Not Provided	9	1	256,407	75,208	331,615
1990/91	Unlimited	None	180.0	Not Provided	11	0	13,162	0	13,162
1991/92	Unlimited	None	168.0	Not Provided	9	0	92,502	0	92,502
1992/93	Unlimited	None	156.0	Not Provided	11	0	229,267	0	229,267
1993/94	Unlimited	None	144.0	Not Provided	105	0	3,234,431	0	3,234,431
1994/95	Unlimited	None	132.0	Not Provided	850	0	5,558,173	0	5,558,173
1995/96	Unlimited	None	120.0	Not Provided	1,132	3	7,022,529	3,330,202	10,352,731
1996/97	Unlimited	None	108.0	Not Provided	1,169	1	6,250,277	3,625	6,253,903
1997/98	Unlimited	None	96.0	Not Provided	1,061	6	7,386,856	433,086	7,819,942
1998/99	2,000,000	None	84.0	Not Provided	1,059	3	4,785,668	64,838	4,850,507
1999/00	2,000,000	None	72.0	256,973	1,217	7	8,778,425	101,000	8,879,425
2000/01	2,000,000	None	60.0	273,627	1,198	12	8,773,876	983,116	9,756,992
2001/02	2,000,000	None	48.0	293,519	948	28	6,045,084	2,393,467	8,438,551
2002/03	2,000,000	None	36.0	305,541	939	51	4,849,350	3,764,972	8,614,322
2003/04	2,000,000	None	24.0	307,406	745	59	2,444,222	4,259,891	6,704,113
2004/05	2,000,000	None	12.0	315,491	469	105	444,702	2,258,982	2,703,684
Total					10,953	276	\$66,349,961	\$17,668,388	\$84,018,348

(8), (9) and (10) are net of specific self insured retention.

Data was provided by the City.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-2

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)	Months of Development (5)	Percent Losses Paid (6)	Percent Losses Reported (7)	Percent Claims Reported (8)
360.0	100.0%	100.0%	100.0%	354.0	100.0%	100.0%	100.0%
348.0	100.0%	100.0%	100.0%	342.0	100.0%	100.0%	100.0%
336.0	100.0%	100.0%	100.0%	330.0	100.0%	100.0%	100.0%
324.0	100.0%	100.0%	100.0%	318.0	100.0%	100.0%	100.0%
312.0	100.0%	100.0%	100.0%	306.0	100.0%	100.0%	100.0%
300.0	100.0%	100.0%	100.0%	294.0	100.0%	100.0%	100.0%
288.0	100.0%	100.0%	100.0%	282.0	100.0%	100.0%	100.0%
276.0	100.0%	100.0%	100.0%	270.0	100.0%	100.0%	100.0%
264.0	100.0%	100.0%	100.0%	258.0	100.0%	100.0%	100.0%
252.0	100.0%	100.0%	100.0%	246.0	100.0%	100.0%	100.0%
240.0	100.0%	100.0%	100.0%	234.0	100.0%	100.0%	100.0%
228.0	100.0%	100.0%	100.0%	222.0	99.9%	100.0%	100.0%
216.0	99.9%	100.0%	100.0%	210.0	99.9%	100.0%	100.0%
204.0	99.9%	100.0%	100.0%	198.0	99.9%	100.0%	100.0%
192.0	99.9%	100.0%	100.0%	186.0	99.8%	100.0%	100.0%
180.0	99.8%	100.0%	100.0%	174.0	99.8%	100.0%	100.0%
168.0	99.7%	100.0%	100.0%	162.0	99.7%	100.0%	100.0%
156.0	99.6%	100.0%	100.0%	150.0	99.6%	100.0%	100.0%
144.0	99.5%	100.0%	100.0%	138.0	99.4%	100.0%	100.0%
132.0	99.3%	100.0%	100.0%	126.0	99.1%	100.0%	100.0%
120.0	99.0%	99.9%	100.0%	114.0	98.7%	99.7%	100.0%
108.0	98.5%	99.5%	100.0%	102.0	96.8%	98.7%	100.0%
96.0	95.1%	97.8%	100.0%	90.0	93.1%	96.8%	100.0%
84.0	91.1%	95.8%	100.0%	78.0	87.7%	94.2%	100.0%
72.0	84.3%	92.5%	100.0%	66.0	80.1%	90.5%	100.0%
60.0	75.8%	88.5%	100.0%	54.0	70.0%	85.4%	99.9%
48.0	64.2%	82.3%	99.8%	42.0	56.4%	76.2%	99.6%
36.0	48.6%	70.0%	99.3%	30.0	39.1%	61.7%	98.4%
24.0	29.6%	53.4%	97.4%	18.0	21.6%	42.3%	84.8%
12.0	13.5%	31.1%	72.2%	6.0	6.8%	15.6%	36.1%

(2), (3) and (4) are based on other similar programs with which we are familiar.

(6), (7) and (8) are interpolated, based on (2), (3) and (4), respectively.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-3

Developed Limited Paid Losses

Claim Period (1)	Months of Development 6/30/05 (2)	Limited Paid Losses 6/30/05 (3)	Percent Losses Paid (4)	Developed Limited Paid Losses (3)/(4) (5)
to 1988/89	204.0	\$185,027	99.9%	\$185,187
1989/90	192.0	256,407	99.9%	256,724
1990/91	180.0	13,162	99.8%	13,186
1991/92	168.0	92,502	99.7%	92,736
1992/93	156.0	229,267	99.6%	230,096
1993/94	144.0	3,234,431	99.5%	3,251,158
1994/95	132.0	5,558,173	99.3%	5,599,328
1995/96	120.0	7,022,529	99.0%	7,097,048
1996/97	108.0	6,250,277	98.5%	6,345,459
1997/98	96.0	7,386,856	95.1%	7,767,462
1998/99	84.0	4,785,668	91.1%	5,253,204
1999/00	72.0	8,778,425	84.3%	10,040,836 *
2000/01	60.0	8,773,876	75.8%	10,936,512 *
2001/02	48.0	6,045,084	64.2%	9,416,019
2002/03	36.0	4,849,350	48.6%	9,978,087
2003/04	24.0	2,444,222	29.6%	8,257,507
2004/05	12.0	444,702	13.5%	3,294,091

\* - Indicates large claim(s) limited to retention. For details, see Exhibit LI-24.

(3) is from Exhibit LI-1.

(4) is from Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-4

Developed Limited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/05 (2)	Limited Reported Incurred Losses 6/30/05 (3)	Percent Losses Reported (4)	Developed Limited Reported Incurred Losses (3)/(4) (5)
to 1988/89	204.0	\$185,027	100.0%	\$185,027
1989/90	192.0	331,615	100.0%	331,615
1990/91	180.0	13,162	100.0%	13,162
1991/92	168.0	92,502	100.0%	92,502
1992/93	156.0	229,267	100.0%	229,268
1993/94	144.0	3,234,431	100.0%	3,234,486
1994/95	132.0	5,558,173	100.0%	5,558,799
1995/96	120.0	10,352,731	99.9%	10,360,501
1996/97	108.0	6,253,903	99.5%	6,285,329
1997/98	96.0	7,819,942	97.8%	7,995,851
1998/99	84.0	4,850,507	95.8%	5,063,159
1999/00	72.0	8,879,425	92.5%	9,437,217 *
2000/01	60.0	9,756,992	88.5%	10,764,963 *
2001/02	48.0	8,438,551	82.3%	10,253,403
2002/03	36.0	8,614,322	70.0%	11,611,805 *
2003/04	24.0	6,704,113	53.4%	10,809,201 *
2004/05	12.0	2,703,684	31.1%	5,087,987 *

\* - Indicates large claim(s) limited to retention. For details, see Exhibit LI-24.

(3) is from Exhibit LI-1.

(4) is from Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-5

Developed Limited Case Reserves

Claim Period (1)	Months of Development 6/30/05 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/05 (((4)-(3))/ (100.0%-(3)) (5)	Limited Paid Losses 6/30/05 (6)	Limited Case Reserves 6/30/05 (7)	Developed Limited Case Reserves (6)+((7)/(5) (3)
to 1988/89	204.0	99.9%	100.0%	100.0%	\$185,027	\$0	\$185,027
1989/90	192.0	99.9%	100.0%	100.0%	256,407	75,208	331,616
1990/91	180.0	99.8%	100.0%	100.0%	13,162	0	13,162
1991/92	168.0	99.7%	100.0%	100.0%	92,502	0	92,502
1992/93	156.0	99.6%	100.0%	99.9%	229,267	0	229,267
1993/94	144.0	99.5%	100.0%	99.7%	3,234,431	0	3,234,431
1994/95	132.0	99.3%	100.0%	98.5%	5,558,173	0	5,558,173
1995/96	120.0	99.0%	99.9%	92.9%	7,022,529	3,330,202	10,608,900
1996/97	108.0	98.5%	99.5%	66.7%	6,250,277	3,625	6,255,715
1997/98	96.0	95.1%	97.8%	55.1%	7,386,856	433,086	8,172,827
1998/99	84.0	91.1%	95.8%	52.8%	4,785,668	64,838	4,908,447
1999/00	72.0	84.3%	92.5%	52.2%	8,778,425	101,000	8,971,804
2000/01	60.0	75.8%	88.5%	52.5%	8,773,876	983,116	10,647,216
2001/02	48.0	64.2%	82.3%	50.6%	6,045,084	2,393,467	10,779,123
2002/03	36.0	48.6%	70.0%	41.6%	4,849,350	3,764,972	12,156,142 *
2003/04	24.0	29.6%	53.4%	33.8%	2,444,222	4,259,891	11,407,522 *
2004/05	12.0	13.5%	31.1%	20.3%	444,702	2,258,982	5,033,285 *

\* - Indicates large claim(s) limited to retention. For details, see Exhibit LI-24.

(3) and (4) are from Exhibit LI-2.

(6) and (7) are from Exhibit LI-1.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-6

Preliminary Projected Ultimate Limited Losses to 2004/05

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	Preliminary Projected Ultimate Limited Losses (5)
to 1988/89	\$185,187	\$185,027	\$185,027	\$185,027
1989/90	256,724	331,615	331,616	339,136
1990/91	13,186	13,162	13,162	13,162
1991/92	92,736	92,502	92,502	92,502
1992/93	230,096	229,268	229,267	229,267
1993/94	3,251,158	3,234,486	3,234,431	3,234,431
1994/95	5,599,328	5,558,799	5,558,173	5,558,173
1995/96	7,097,048	10,360,501	10,608,900	10,685,751
1996/97	6,345,459	6,285,329	6,255,715	6,294,484
1997/98	7,767,462	7,995,851	8,172,827	7,980,427
1998/99	5,253,204	5,063,159	4,908,447	5,073,759
1999/00	10,040,836	9,437,217	8,971,804	9,478,679
2000/01	10,936,512	10,764,963	10,647,216	10,781,103
2001/02	9,416,019	10,253,403	10,779,123	10,159,904
2002/03	9,978,087	11,611,805	12,156,142	11,284,990
2003/04	8,257,507	10,809,201	11,407,522	10,223,189
2004/05	3,294,091	5,087,987	5,033,285	4,533,407

(2) is from Exhibit LI-3.

(3) is from Exhibit LI-4.

(4) is from Exhibit LI-5.

(5) is based on (2) to (4), weighted as follows:

Subject to a minimum of Exhibit LI-1, (10) and minimum 10% of case reserves as IBNR, unless all claims are closed.

Claim Period	Developed Limited Paid Losses	Developed Limited Reported Incurred Losses	Developed Limited Case Reserves
to 1990/91	30.0%	40.0%	30.0%
1991/92	30.0%	40.0%	30.0%
1992/93	30.0%	40.0%	30.0%
1993/94	30.0%	40.0%	30.0%
1994/95	30.0%	40.0%	30.0%
1995/96	30.0%	40.0%	30.0%
1996/97	30.0%	40.0%	30.0%
1997/98	30.0%	40.0%	30.0%
1998/99	30.0%	40.0%	30.0%
1999/00	30.0%	40.0%	30.0%
2000/01	30.0%	40.0%	30.0%
2001/02	30.0%	40.0%	30.0%
2002/03	30.0%	40.0%	30.0%
2003/04	30.0%	40.0%	30.0%
2004/05	30.0%	40.0%	30.0%

CITY OF OAKLAND  
LIABILITY

Exhibit LI-7

Bornhuetter - Ferguson Analysis

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)*10 (4)	Loss Rate Trend (2005/06 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)*X(5) (6)	Projected A-priori Loss Rate per \$100 of Payroll (7)/(5) (8)
2000/01	\$10,781,103	\$273,627	3.94	1.104	\$4.35	\$3.50
2001/02	10,159,904	293,519	3.46	1.082	3.75	3.57
2002/03	11,284,990	305,541	3.69	1.061	3.92	3.65
2003/04	10,223,189	307,406	3.33	1.040	3.46	3.72
2004/05	4,533,407	315,491	1.44	1.020	1.47	3.79
(7) Projected 2005/06 a-priori loss rate per \$100 of Payroll						\$3.87

II. Bornhuetter - Ferguson Analysis Based on Limited Paid Losses

Claim Period (1)	Limited Paid Losses 6/30/05 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses (100.0%-(3)) X(4)X(5)X10 (6)	B-F Ultimate Limited Paid Losses (2)+(6) (7)
2000/01	\$8,773,876	75.8%	\$3.50	\$273,627	\$2,320,511	\$11,094,387
2001/02	6,045,084	64.2%	3.57	293,519	3,756,028	9,801,113
2002/03	4,849,350	48.6%	3.65	305,541	5,725,873	10,575,223
2003/04	2,444,222	29.6%	3.72	307,406	8,048,124	10,492,346
2004/05	444,702	13.5%	3.79	315,491	10,351,733	10,796,435

III. Bornhuetter - Ferguson Analysis Based on Limited Reported Incurred Losses

Claim Period (1)	Limited Reported Incurred Losses 6/30/05 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses (100.0%-(3)) X(4)X(5)X10 (6)	B-F Ultimate Limited Reported Losses (2)+(6) (7)
2000/01	\$9,756,992	88.5%	\$3.50	\$273,627	\$1,102,722	\$10,859,714
2001/02	8,438,551	82.3%	3.57	293,519	1,857,031	10,295,582
2002/03	8,614,322	70.0%	3.65	305,541	3,341,949	11,956,271
2003/04	6,704,113	53.4%	3.72	307,406	5,327,309	12,031,423
2004/05	2,703,684	31.1%	3.79	315,491	8,245,484	10,949,168

Section I, (2) is from Exhibit LI-6.

Section I, (3), Section II, (5) and Section III, (5) are from Exhibit LI-10.

Section I, (5) is based on a 2% trend.

Section I, (7) is based on Section I, (6) and the following weights:

Claim Period	Weight
2000/01	25.0%
2001/02	25.0%
2002/03	25.0%
2003/04	25.0%
2004/05	0.0%

Sections II and III, (2) are from Exhibit LI-1.

Sections II and III, (3) are from Exhibit LI-2.

Sections II and III, (4) are from Section I, (8).

CITY OF OAKLAND  
LIABILITY

Exhibit LI-8

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/05 (2)	Reported Claims 6/30/05 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)
2000/01	60.0	1,198	100.0%	1,198
2001/02	48.0	948	99.8%	950
2002/03	36.0	939	99.3%	946
2003/04	24.0	745	97.4%	765
2004/05	12.0	469	72.2%	650

ii. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2005/06 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2005/06 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
2000/01	\$10,781,103	1,198	\$8,999	1.280	\$11,518	\$10,378	\$12,432,486
2001/02	10,159,904	950	10,695	1.218	13,029	10,903	10,357,672
2002/03	11,284,990	946	11,929	1.160	13,833	11,454	10,835,952
2003/04	10,223,189	765	13,364	1.104	14,750	12,034	9,206,081
2004/05	4,533,407	650	6,974	1.051	7,327	12,643	8,217,961

(7) Projected 2005/06 average claim severity

\$13,283

Section I, (3) is from Exhibit LI-1.

Section I, (4) is from Exhibit LI-2.

Section II, (2) is from Exhibit LI-6.

Section II, (3) is from Section I, (5).

Section II, (5) is based on a 5.1% trend.

Section II, (7) is based on (6) and the following weights:

Claim Period	Weight
2000/01	25.0%
2001/02	25.0%
2002/03	25.0%
2003/04	25.0%
2004/05	0.0%



CITY OF OAKLAND  
LIABILITY

Exhibit LI-9

Projected Ultimate Limited Losses to 2004/05

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	B-F Ultimate Limited Paid Losses (5)	B-F Ultimate Limited Reported Losses (6)	Frequency Times Severity (7)	Projected Ultimate Limited Losses (8)
to 1988/89	\$185,187	\$185,027	\$185,027				\$185,027
1989/90	256,724	331,615	331,616				339,136
1990/91	13,186	13,162	13,162				13,162
1991/92	92,736	92,502	92,502				92,502
1992/93	230,096	229,268	229,267				229,267
1993/94	3,251,158	3,234,486	3,234,431				3,234,431
1994/95	5,599,328	5,558,799	5,558,173				5,558,173
1995/96	7,097,048	10,360,501	10,608,900				10,685,751
1996/97	6,345,459	6,285,329	6,255,715				6,294,484
1997/98	7,767,462	7,995,851	8,172,827				7,980,427
1998/99	5,253,204	5,063,159	4,908,447				5,073,759
1999/00	10,040,836	9,437,217	8,971,804				9,478,679
2000/01	10,936,512	10,764,963	10,647,216	11,094,387	10,859,714	12,432,486	10,781,103
2001/02	9,416,019	10,253,403	10,779,123	9,801,113	10,295,582	10,357,672	10,159,904
2002/03	9,978,087	11,611,805	12,156,142	10,575,223	11,956,271	10,835,952	11,284,990
2003/04	8,257,507	10,809,201	11,407,522	10,492,346	12,031,423	9,206,081	10,694,457
2004/05	3,294,091	5,087,987	5,033,285	10,796,435	10,949,168	8,217,961	9,987,855

(2) is from Exhibit LI-3.

(3) is from Exhibit LI-4.

(4) is from Exhibit LI-5.

(5) and (6) are from Exhibit LI-7.

(7) is from Exhibit LI-8.

(8) is based on (2) to (7), weighted as follows:

Subject to a minimum of Exhibit LI-1, (10) and minimum 10% of case reserves as IBNR, unless all claims are closed.

Claim Period	Developed Limited Paid Losses	Developed Limited Reported Incurred Losses	Developed Limited Case Reserves	B-F Ultimate Limited Paid Losses	B-F Ultimate Limited Reported Losses	Frequency Times Severity
to 1990/91	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1991/92	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1992/93	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1993/94	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1994/95	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1995/96	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1996/97	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1997/98	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1998/99	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
1999/00	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
2000/01	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
2001/02	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
2002/03	30.0%	40.0%	30.0%	0.0%	0.0%	0.0%
2003/04	10.0%	20.0%	20.0%	20.0%	20.0%	10.0%
2004/05	0.0%	0.0%	0.0%	33.3%	33.3%	33.3%

CITY OF OAKLAND  
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Exhibit LI-10

Projected Ultimate Limited Losses for 2005/06 and Subsequent

Claim Period (1)	Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)*10 (4)	Loss Rate Trend (2005/06 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)*(5) (6)
2000/01	\$10,781,103	\$273,627	\$3.94	1.104	\$4.35
2001/02	10,159,904	293,519	3.46	1.082	3.75
2002/03	11,284,990	305,541	3.69	1.061	3.92
2003/04	10,694,457	307,406	3.48	1.040	3.62
2004/05	9,987,855	315,491	3.17	1.020	3.23
Total	\$52,908,310	\$1,495,583	\$3.54		\$3.77

Claim Period (1)	Projected Limited Loss Rate per \$100 of Payroll (7)	Projected Payroll (000) (8)	Projected Ultimate Limited Losses (7)*(8)*10 (9)	Present Value Factor (10)	Present Value of Projected Limited Loss Rate per \$100 of Payroll (7)*(10) (11)	Present Value of Projected Ultimate Limited Losses (8)*(11)*10 (12)
2005/06	\$3.77	\$276,156	\$10,419,387	0.90	\$3.41	\$9,410,647
2006/07	3.85	287,245	11,054,530	0.90	3.48	9,984,259
2007/08	3.93	294,711	11,568,682	0.90	3.55	10,448,674
2008/09	4.00	302,415	12,108,518	0.90	3.62	10,936,246
2009/10	4.08	310,365	12,675,404	0.90	3.69	11,448,250
2010/11	4.17	319,676	13,316,779	0.90	3.76	12,027,531
2011/12	4.25	329,267	13,990,608	0.90	3.84	12,636,124
2012/13	4.33	339,145	14,698,533	0.90	3.91	13,275,512
2013/14	4.42	349,319	15,442,279	0.90	3.99	13,947,253
2014/15	4.51	359,799	16,223,658	0.90	4.07	14,652,984

(2) is from Exhibit LI-9.

(3) was provided by the City.

(5) is based on a 2% trend.

(7) for 2005/06 is based on (6) and the following weights:

Claim Period	Weight
2000/01	20.0%
2001/02	20.0%
2002/03	20.0%
2003/04	20.0%
2004/05	20.0%

(7) for 2006/07 and subsequent are based on 2005/06 plus a 2% trend.

(8) was provided by the City.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

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Exhibit LI-11

Estimated Outstanding Losses as of June 30, 2005

Claim Period (1)	Limited Paid Losses 6/30/05 (2)	Limited Case Reserves 6/30/05 (3)	Limited Reported Incurred Losses 6/30/05 (4)	Projected Ultimate Limited Losses (5)	Estimated Outstanding Losses 6/30/05 (5)-(2) (6)	Estimated IBNR 6/30/05 (6)-(3) (7)
to 1988/89	\$185,027	\$0	\$185,027	\$185,027	\$0	\$0
1989/90	256,407	75,208	331,615	339,136	82,729	7,521
1990/91	13,162	0	13,162	13,162	0	0
1991/92	92,502	0	92,502	92,502	0	0
1992/93	229,267	0	229,267	229,267	0	0
1993/94	3,234,431	0	3,234,431	3,234,431	0	0
1994/95	5,558,173	0	5,558,173	5,558,173	0	0
1995/96	7,022,529	3,330,202	10,352,731	10,685,751	3,663,222	333,020
1996/97	6,250,277	3,625	6,253,903	6,294,484	44,207	40,532
1997/98	7,386,856	433,086	7,819,942	7,980,427	593,571	160,435
1998/99	4,785,668	64,838	4,850,507	5,073,759	288,091	223,253
1999/00	8,778,425	101,000	8,879,425	9,478,679	700,254	599,254
2000/01	8,773,876	983,116	9,756,992	10,781,103	2,007,228	1,024,112
2001/02	6,045,084	2,393,467	8,438,551	10,159,904	4,114,820	1,721,353
2002/03	4,849,350	3,764,972	8,614,322	11,284,990	6,435,640	2,670,668
2003/04	2,444,222	4,259,891	6,704,113	10,694,457	8,250,235	3,990,344
2004/05	444,702	2,258,982	2,703,684	9,987,855	9,543,153	7,284,171
Total	\$66,349,961	\$17,668,388	\$84,018,348	\$102,073,109	\$35,723,150	\$18,054,763

(2), (3) and (4) are net of specific self insured retention and aggregate retention.

(5) is from Exhibit LI-9.

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Exhibit LI-12

Present Value of Estimated Outstanding Losses as of June 30, 2005

Claim Period (1)	Estimated Outstanding Losses 6/30/05 (2)	Present Value Factor (3)	Present Value of Estimated Outstanding Losses 6/30/05 (2)X(3) (4)	Anticipated Future Investment Income (2)-(4) (5)
to 1988/89	\$0	0.93	\$0	\$0
1989/90	82,729	0.92	76,505	6,224
1990/91	0	0.92	0	0
1991/92	0	0.92	0	0
1992/93	0	0.92	0	0
1993/94	0	0.92	0	0
1994/95	0	0.92	0	0
1995/96	3,663,222	0.92	3,380,990	282,232
1996/97	44,207	0.92	40,797	3,410
1997/98	593,571	0.96	568,635	24,936
1998/99	288,091	0.95	275,103	12,988
1999/00	700,254	0.95	666,869	33,385
2000/01	2,007,228	0.95	1,898,682	108,546
2001/02	4,114,820	0.94	3,868,210	246,610
2002/03	6,435,640	0.93	6,015,615	420,025
2003/04	8,250,235	0.93	7,660,443	589,792
2004/05	9,543,153	0.92	8,751,806	791,347
Total	\$35,723,150		\$33,203,655	\$2,519,495

(2) is from Exhibit LI-11.

(3) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

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Exhibit LI-13

Projected Losses Paid July 1, 2005 to June 30, 2006

Claim Period (1)	Months of Development 6/30/05 (2)	Percent Losses Paid (3)	Months of Development 6/30/06 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/05 to 6/30/06 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/05 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/06 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/06 (9)X(10) (11)
to 1988/89	204.0	99.9%	216.0	99.9%	30.0%	\$0	\$0	\$0	0.93	\$0
1989/90	192.0	99.9%	204.0	99.9%	30.0%	82,729	24,819	57,910	0.93	53,596
1990/91	180.0	99.8%	192.0	99.9%	30.0%	0	0	0	0.92	0
1991/92	168.0	99.7%	180.0	99.8%	30.0%	0	0	0	0.92	0
1992/93	156.0	99.6%	168.0	99.7%	30.0%	0	0	0	0.92	0
1993/94	144.0	99.5%	156.0	99.6%	30.0%	0	0	0	0.92	0
1994/95	132.0	99.3%	144.0	99.5%	30.0%	0	0	0	0.92	0
1995/96	120.0	99.0%	132.0	99.3%	30.0%	3,663,222	1,098,967	2,564,255	0.92	2,367,010
1996/97	108.0	98.5%	120.0	99.0%	30.0%	44,207	13,262	30,945	0.92	28,561
1997/98	96.0	95.1%	108.0	98.5%	69.4%	593,571	411,866	181,705	0.92	167,689
1998/99	84.0	91.1%	96.0	95.1%	44.9%	288,091	129,479	158,612	0.96	151,949
1999/00	72.0	84.3%	84.0	91.1%	43.3%	700,254	303,295	396,959	0.95	379,063
2000/01	60.0	75.8%	72.0	84.3%	35.1%	2,007,228	705,018	1,302,210	0.95	1,240,126
2001/02	48.0	64.2%	60.0	75.8%	32.4%	4,114,820	1,333,294	2,781,526	0.95	2,631,108
2002/03	36.0	48.6%	48.0	64.2%	30.4%	6,435,640	1,953,229	4,482,411	0.94	4,213,770
2003/04	24.0	29.6%	36.0	48.6%	27.0%	8,250,235	2,226,626	6,023,609	0.93	5,630,475
2004/05	12.0	13.5%	24.0	29.6%	18.6%	9,543,153	1,776,240	7,766,913	0.93	7,211,672
2005/06	0.0	0.0%	12.0	13.5%	13.5%	10,419,387	1,406,617	9,012,770	0.92	8,265,404
Total						\$46,142,537	\$11,382,712	\$34,759,825		\$32,340,423

(3) and (5) are from Exhibit LI-2.

(7) to 2004/05 is from Exhibit LI-11. The amount for 2005/06 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

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Exhibit LI-14

Projected Losses Paid July 1, 2006 to June 30, 2007

Claim Period (1)	Months of Development 6/30/06 (2)	Percent Losses Paid (3)	Months of Development 6/30/07 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/06 to 6/30/07 ((5)-(3))/(100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/06 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/07 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/07 (9)X(10) (11)
to 1988/89	216.0	99.9%	228.0	100.0%	30.0%	\$0	\$0	\$0	0.93	\$0
1989/90	204.0	99.9%	216.0	99.9%	30.0%	57,910	17,373	40,537	0.93	37,557
1990/91	192.0	99.9%	204.0	99.9%	30.0%	0	0	0	0.93	0
1991/92	180.0	99.8%	192.0	99.9%	30.0%	0	0	0	0.92	0
1992/93	168.0	99.7%	180.0	99.8%	30.0%	0	0	0	0.92	0
1993/94	156.0	99.6%	168.0	99.7%	30.0%	0	0	0	0.92	0
1994/95	144.0	99.5%	156.0	99.6%	30.0%	0	0	0	0.92	0
1995/96	132.0	99.3%	144.0	99.5%	30.0%	2,564,255	769,277	1,794,978	0.92	1,667,209
1996/97	120.0	99.0%	132.0	99.3%	30.0%	30,945	9,284	21,661	0.92	19,995
1997/98	108.0	98.5%	120.0	99.0%	30.0%	181,705	54,512	127,193	0.92	117,393
1998/99	96.0	95.1%	108.0	98.5%	69.4%	158,612	110,057	48,555	0.92	44,810
1999/00	84.0	91.1%	96.0	95.1%	44.9%	396,959	178,409	218,550	0.96	209,369
2000/01	72.0	84.3%	84.0	91.1%	43.3%	1,302,210	564,015	738,195	0.95	704,915
2001/02	60.0	75.8%	72.0	84.3%	35.1%	2,781,526	976,982	1,804,544	0.95	1,718,511
2002/03	48.0	64.2%	60.0	75.8%	32.4%	4,482,411	1,452,401	3,030,010	0.95	2,866,155
2003/04	36.0	48.6%	48.0	64.2%	30.4%	6,023,609	1,828,177	4,195,432	0.94	3,943,990
2004/05	24.0	29.6%	36.0	48.6%	27.0%	7,766,913	2,096,184	5,670,729	0.93	5,300,626
2005/06	12.0	13.5%	24.0	29.6%	18.6%	9,012,770	1,677,521	7,335,249	0.93	6,810,867
2006/07	0.0	0.0%	12.0	13.5%	13.5%	11,054,530	1,492,362	9,562,168	0.92	8,769,245
Total						\$45,814,355	\$11,226,554	\$34,587,801		\$32,200,642

(3) and (5) are from Exhibit LI-2.

(7) to 2005/06 is from Exhibit LI-13, (9). The amount for 2006/07 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

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Exhibit LI-15

Projected Losses Paid July 1, 2007 to June 30, 2008

Claim Period (1)	Months of Development 6/30/07 (2)	Percent Losses Paid (3)	Months of Development 6/30/08 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/07 to 6/30/08 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/07 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/08 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/08 (9)X(10) (11)
to 1988/89	228.0	100.0%	240.0	100.0%	30.0%	\$0	\$0	\$0	0.93	\$0
1989/90	216.0	99.9%	228.0	100.0%	30.0%	40,537	12,161	28,376	0.93	26,327
1990/91	204.0	99.9%	216.0	99.9%	30.0%	0	0	0	0.93	0
1991/92	192.0	99.9%	204.0	99.9%	30.0%	0	0	0	0.93	0
1992/93	180.0	99.8%	192.0	99.9%	30.0%	0	0	0	0.92	0
1993/94	168.0	99.7%	180.0	99.8%	30.0%	0	0	0	0.92	0
1994/95	156.0	99.6%	168.0	99.7%	30.0%	0	0	0	0.92	0
1995/96	144.0	99.5%	156.0	99.6%	30.0%	1,794,978	538,493	1,256,485	0.92	1,160,334
1996/97	132.0	99.3%	144.0	99.5%	30.0%	21,661	6,498	15,163	0.92	13,999
1997/98	120.0	99.0%	132.0	99.3%	30.0%	127,193	38,158	89,035	0.92	82,186
1998/99	108.0	98.5%	120.0	99.0%	30.0%	48,555	14,567	33,988	0.92	31,369
1999/00	96.0	95.1%	108.0	98.5%	69.4%	218,550	151,647	66,903	0.92	61,742
2000/01	84.0	91.1%	96.0	95.1%	44.9%	738,195	331,773	406,422	0.96	389,348
2001/02	72.0	84.3%	84.0	91.1%	43.3%	1,804,544	781,586	1,022,958	0.95	976,840
2002/03	60.0	75.8%	72.0	84.3%	35.1%	3,030,010	1,064,260	1,965,750	0.95	1,872,031
2003/04	48.0	64.2%	60.0	75.8%	32.4%	4,195,432	1,359,414	2,836,018	0.95	2,682,653
2004/05	36.0	48.6%	48.0	64.2%	30.4%	5,670,729	1,721,077	3,949,652	0.94	3,712,940
2005/06	24.0	29.6%	36.0	48.6%	27.0%	7,335,249	1,979,684	5,355,565	0.93	5,006,031
2006/07	12.0	13.5%	24.0	29.6%	18.6%	9,562,168	1,779,779	7,782,389	0.93	7,226,042
2007/08	0.0	0.0%	12.0	13.5%	13.5%	11,568,682	1,561,772	10,006,910	0.92	9,177,107
<b>Total</b>						<b>\$46,156,483</b>	<b>\$11,340,868</b>	<b>\$34,815,614</b>		<b>\$32,418,949</b>

(3) and (5) are from Exhibit LI-2.

(7) to 2006/07 is from Exhibit LI-14, (9). The amount for 2007/08 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

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Exhibit LI-16

Projected Losses Paid July 1, 2008 to June 30, 2009

Claim Period (1)	Months of Development 6/30/08 (2)	Percent Losses Paid (3)	Months of Development 6/30/09 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/08 to 6/30/09 ((5)-(3))/((100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/08 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/09 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/09 (9)X(10) (11)
to 1988/89	240.0	100.0%	252.0	100.0%	30.0%	\$0	\$0	\$0	0.93	\$0
1989/90	228.0	100.0%	240.0	100.0%	30.0%	28,376	8,513	19,863	0.93	18,462
1990/91	216.0	99.9%	228.0	100.0%	30.0%	0	0	0	0.93	0
1991/92	204.0	99.9%	216.0	99.9%	30.0%	0	0	0	0.93	0
1992/93	192.0	99.9%	204.0	99.9%	30.0%	0	0	0	0.93	0
1993/94	180.0	99.8%	192.0	99.9%	30.0%	0	0	0	0.92	0
1994/95	168.0	99.7%	180.0	99.8%	30.0%	0	0	0	0.92	0
1995/96	156.0	99.6%	168.0	99.7%	30.0%	1,256,485	376,946	879,539	0.92	812,506
1996/97	144.0	99.5%	156.0	99.6%	30.0%	15,163	4,549	10,614	0.92	9,802
1997/98	132.0	99.3%	144.0	99.5%	30.0%	89,035	26,711	62,324	0.92	57,540
1998/99	120.0	99.0%	132.0	99.3%	30.0%	33,998	10,196	23,792	0.92	21,962
1999/00	108.0	98.5%	120.0	99.0%	30.0%	66,903	20,071	46,832	0.92	43,224
2000/01	96.0	95.1%	108.0	98.5%	69.4%	406,422	282,007	124,415	0.92	114,818
2001/02	84.0	91.1%	96.0	95.1%	44.9%	1,022,958	459,756	563,202	0.96	539,542
2002/03	72.0	84.3%	84.0	91.1%	43.3%	1,965,750	851,408	1,114,342	0.95	1,064,105
2003/04	60.0	75.8%	72.0	84.3%	35.1%	2,836,018	996,122	1,839,896	0.95	1,752,177
2004/05	48.0	64.2%	60.0	75.8%	32.4%	3,949,652	1,279,776	2,669,876	0.95	2,525,496
2005/06	36.0	48.6%	48.0	64.2%	30.4%	5,355,585	1,625,424	3,730,141	0.94	3,506,585
2006/07	24.0	29.6%	36.0	48.6%	27.0%	7,782,389	2,100,361	5,682,028	0.93	5,311,188
2007/08	12.0	13.6%	24.0	29.6%	18.6%	10,006,910	1,862,558	8,144,352	0.93	7,562,129
2008/09	0.0	0.0%	12.0	13.5%	13.5%	12,108,518	1,634,650	10,473,868	0.92	9,605,344
Total						\$46,924,132	\$11,539,048	\$35,385,084		\$32,944,880

(3) and (5) are from Exhibit LI-2.

(7) to 2007/08 is from Exhibit LI-15, (9). The amount for 2008/09 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.



CITY OF OAKLAND  
LIABILITY

Exhibit LI-17

Projected Losses Paid July 1, 2009 to June 30, 2010

Claim Period (1)	Months of Development 6/30/09 (2)	Percent Losses Paid (3)	Months of Development 6/30/10 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/09 to 6/30/10 ((5)-(3))/(100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/09 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/10 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/10 (9)X(10) (11)
to 1988/89	252.0	100.0%	264.0	100.0%	30.0%	\$0	\$0	\$0	0.93	\$0
1989/90	240.0	100.0%	252.0	100.0%	30.0%	19,863	5,959	13,904	0.93	12,954
1990/91	228.0	100.0%	240.0	100.0%	30.0%	0	0	0	0.93	0
1991/92	216.0	99.9%	228.0	100.0%	30.0%	0	0	0	0.93	0
1992/93	204.0	99.9%	216.0	99.9%	30.0%	0	0	0	0.93	0
1993/94	192.0	99.9%	204.0	99.9%	30.0%	0	0	0	0.93	0
1994/95	180.0	99.8%	192.0	99.9%	30.0%	0	0	0	0.92	0
1995/96	168.0	99.7%	180.0	99.8%	30.0%	879,539	263,862	615,677	0.92	569,010
1996/97	156.0	99.6%	168.0	99.7%	30.0%	10,614	3,184	7,430	0.92	6,864
1997/98	144.0	99.5%	156.0	99.6%	30.0%	62,324	18,697	43,627	0.92	40,288
1998/99	132.0	99.3%	144.0	99.5%	30.0%	23,792	7,138	16,654	0.92	15,376
1999/00	120.0	99.0%	132.0	99.3%	30.0%	46,832	14,050	32,782	0.92	30,260
2000/01	108.0	98.5%	120.0	99.0%	30.0%	124,415	37,325	87,090	0.92	80,380
2001/02	96.0	95.1%	108.0	98.5%	69.4%	563,202	390,793	172,409	0.92	159,110
2002/03	84.0	91.1%	96.0	95.1%	44.9%	1,114,342	500,828	613,514	0.96	587,740
2003/04	72.0	84.3%	84.0	91.1%	43.3%	1,839,896	796,898	1,042,998	0.95	995,977
2004/05	60.0	75.8%	72.0	84.3%	35.1%	2,669,876	937,766	1,732,110	0.95	1,649,530
2005/06	48.0	64.2%	60.0	75.8%	32.4%	3,730,141	1,208,649	2,521,492	0.95	2,385,136
2006/07	36.0	48.6%	48.0	64.2%	30.4%	5,682,028	1,724,507	3,957,521	0.94	3,720,338
2007/08	24.0	29.6%	36.0	48.6%	27.0%	8,144,352	2,198,050	5,946,302	0.93	5,558,214
2008/09	12.0	13.5%	24.0	29.6%	18.6%	10,473,868	1,949,471	8,524,397	0.93	7,915,005
2009/10	0.0	0.0%	12.0	13.5%	13.5%	12,675,404	1,711,180	10,964,224	0.92	10,055,038
<b>Total</b>						<b>\$48,060,488</b>	<b>\$11,768,357</b>	<b>\$36,292,131</b>		<b>\$33,781,220</b>

(3) and (5) are from Exhibit LI-2.

(7) to 2008/09 is from Exhibit LI-16, (9). The amount for 2009/10 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-18

Projected Losses Paid July 1, 2010 to June 30, 2011

Claim Period (1)	Months of Development 6/30/10 (2)	Percent Losses Paid (3)	Months of Development 6/30/11 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/10 to 6/30/11 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/10 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/11 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/11 (9)X(10) (11)
to 1988/89	264.0	100.0%	276.0	100.0%	30.0%	\$0	\$0	\$0	0.94	\$0
1989/90	252.0	100.0%	264.0	100.0%	30.0%	13,904	4,171	9,733	0.93	9,096
1990/91	240.0	100.0%	252.0	100.0%	30.0%	0	0	0	0.93	0
1991/92	228.0	100.0%	240.0	100.0%	30.0%	0	0	0	0.93	0
1992/93	216.0	99.9%	228.0	100.0%	30.0%	0	0	0	0.93	0
1993/94	204.0	99.9%	216.0	99.9%	30.0%	0	0	0	0.93	0
1994/95	192.0	99.9%	204.0	99.9%	30.0%	0	0	0	0.93	0
1995/96	180.0	99.8%	192.0	99.9%	30.0%	615,677	184,703	430,974	0.92	398,548
1996/97	168.0	99.7%	180.0	99.8%	30.0%	7,430	2,229	5,201	0.92	4,807
1997/98	156.0	99.6%	168.0	99.7%	30.0%	43,627	13,088	30,539	0.92	28,211
1998/99	144.0	99.5%	156.0	99.6%	30.0%	16,654	4,996	11,658	0.92	10,766
1999/00	132.0	99.3%	144.0	99.5%	30.0%	32,782	9,835	22,947	0.92	21,186
2000/01	120.0	99.0%	132.0	99.3%	30.0%	87,090	26,127	60,963	0.92	56,274
2001/02	108.0	98.5%	120.0	99.0%	30.0%	172,409	51,723	120,686	0.92	111,388
2002/03	96.0	95.1%	108.0	98.5%	69.4%	613,514	425,704	187,810	0.92	173,323
2003/04	84.0	91.1%	96.0	95.1%	44.9%	1,042,998	468,763	574,235	0.96	550,111
2004/05	72.0	84.3%	84.0	91.1%	43.3%	1,732,110	750,213	981,897	0.95	937,631
2005/06	60.0	75.8%	72.0	84.3%	35.1%	2,521,492	885,648	1,635,844	0.95	1,557,854
2006/07	48.0	64.2%	60.0	75.8%	32.4%	3,957,521	1,282,325	2,675,196	0.95	2,530,528
2007/08	36.0	48.6%	48.0	64.2%	30.4%	5,946,302	1,804,714	4,141,588	0.94	3,893,373
2008/09	24.0	29.6%	36.0	48.6%	27.0%	8,524,397	2,300,619	6,223,778	0.93	5,817,580
2009/10	12.0	13.5%	24.0	29.6%	18.6%	10,964,224	2,040,740	8,923,484	0.93	8,285,562
2010/11	0.0	0.0%	12.0	13.5%	13.5%	13,316,779	1,797,765	11,519,014	0.92	10,563,823
<b>Total</b>						<b>\$49,608,910</b>	<b>\$12,053,363</b>	<b>\$37,555,547</b>		<b>\$34,950,061</b>

(3) and (5) are from Exhibit LI-2.

(7) to 2009/10 is from Exhibit LI-17, (9). The amount for 2010/11 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-19

Projected Losses Paid July 1, 2011 to June 30, 2012

Claim Period (1)	Months of Development 6/30/11 (2)	Percent Losses Paid (3)	Months of Development 6/30/12 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/11 to 6/30/12 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/11 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/12 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/12 (9)X(10) (11)
to 1988/89	276.0	100.0%	288.0	100.0%	30.0%	\$0	\$0	\$0	0.94	\$0
1989/90	264.0	100.0%	276.0	100.0%	30.0%	9,733	2,920	6,813	0.94	6,391
1990/91	252.0	100.0%	264.0	100.0%	30.0%	0	0	0	0.93	0
1991/92	240.0	100.0%	252.0	100.0%	30.0%	0	0	0	0.93	0
1992/93	228.0	100.0%	240.0	100.0%	30.0%	0	0	0	0.93	0
1993/94	216.0	99.9%	228.0	100.0%	30.0%	0	0	0	0.93	0
1994/95	204.0	99.9%	216.0	99.9%	30.0%	0	0	0	0.93	0
1995/96	192.0	99.9%	204.0	99.9%	30.0%	430,974	129,292	301,682	0.93	279,209
1996/97	180.0	99.8%	192.0	99.9%	30.0%	5,201	1,560	3,641	0.92	3,367
1997/98	168.0	99.7%	180.0	99.8%	30.0%	30,539	9,162	21,377	0.92	19,757
1998/99	156.0	99.6%	168.0	99.7%	30.0%	11,658	3,497	8,161	0.92	7,539
1999/00	144.0	99.5%	156.0	99.6%	30.0%	22,947	6,884	16,063	0.92	14,834
2000/01	132.0	99.3%	144.0	99.5%	30.0%	60,963	18,289	42,674	0.92	39,399
2001/02	120.0	99.0%	132.0	99.3%	30.0%	120,666	36,206	84,460	0.92	77,982
2002/03	108.0	98.5%	120.0	99.0%	30.0%	187,810	56,343	131,467	0.92	121,338
2003/04	96.0	95.1%	108.0	98.5%	69.4%	574,235	398,449	175,786	0.92	162,227
2004/05	84.0	91.1%	96.0	95.1%	44.9%	961,897	441,302	540,595	0.96	517,884
2005/06	72.0	84.3%	84.0	91.1%	43.3%	1,635,844	708,518	927,326	0.95	885,520
2006/07	60.0	75.8%	72.0	84.3%	35.1%	2,675,196	939,635	1,735,561	0.95	1,652,817
2007/08	48.0	64.2%	60.0	75.8%	32.4%	4,141,588	1,341,967	2,799,621	0.95	2,648,225
2008/09	36.0	48.6%	48.0	64.2%	30.4%	6,223,778	1,888,929	4,334,849	0.94	4,075,052
2009/10	24.0	29.6%	36.0	48.6%	27.0%	8,923,484	2,408,327	6,515,157	0.93	6,089,942
2010/11	12.0	13.5%	24.0	29.6%	18.6%	11,519,014	2,144,001	9,375,013	0.93	8,704,813
2011/12	0.0	0.0%	12.0	13.5%	13.5%	13,990,608	1,888,732	12,101,876	0.92	11,098,352
<b>Total</b>						<b>\$51,546,155</b>	<b>\$12,424,013</b>	<b>\$39,122,142</b>		<b>\$36,404,648</b>

(3) and (5) are from Exhibit LI-2.

(7) to 2010/11 is from Exhibit LI-18, (9). The amount for 2011/12 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-20

Projected Losses Paid July 1, 2012 to June 30, 2013

Claim Period (1)	Months of Development 6/30/12 (2)	Percent Losses Paid (3)	Months of Development 6/30/13 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/12 to 6/30/13 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/12 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/13 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/13 (9)X(10) (11)
to 1988/89	288.0	100.0%	300.0	100.0%	30.0%	\$0	\$0	\$0	0.95	\$0
1989/90	276.0	100.0%	288.0	100.0%	30.0%	6,813	2,044	4,769	0.94	4,495
1990/91	264.0	100.0%	276.0	100.0%	30.0%	0	0	0	0.94	0
1991/92	252.0	100.0%	264.0	100.0%	30.0%	0	0	0	0.93	0
1992/93	240.0	100.0%	252.0	100.0%	30.0%	0	0	0	0.93	0
1993/94	228.0	100.0%	240.0	100.0%	30.0%	0	0	0	0.93	0
1994/95	216.0	99.9%	228.0	100.0%	30.0%	0	0	0	0.93	0
1995/96	204.0	99.9%	216.0	99.9%	30.0%	301,682	90,505	211,177	0.93	195,654
1996/97	192.0	99.9%	204.0	99.9%	30.0%	3,641	1,092	2,549	0.93	2,359
1997/98	180.0	99.8%	192.0	99.9%	30.0%	21,377	6,413	14,964	0.92	13,838
1998/99	168.0	99.7%	180.0	99.8%	30.0%	8,161	2,448	5,713	0.92	5,280
1999/00	156.0	99.6%	168.0	99.7%	30.0%	16,063	4,819	11,244	0.92	10,387
2000/01	144.0	99.5%	156.0	99.6%	30.0%	42,674	12,802	29,872	0.92	27,586
2001/02	132.0	99.3%	144.0	99.5%	30.0%	84,480	25,344	59,136	0.92	54,597
2002/03	120.0	99.0%	132.0	99.3%	30.0%	131,467	39,440	92,027	0.92	84,948
2003/04	108.0	98.5%	120.0	99.0%	30.0%	175,786	52,736	123,050	0.92	113,570
2004/05	96.0	95.1%	108.0	98.5%	69.4%	540,595	375,107	165,488	0.92	152,723
2005/06	84.0	91.1%	96.0	95.1%	44.9%	827,326	416,776	510,550	0.96	489,102
2006/07	72.0	84.3%	84.0	91.1%	43.3%	1,735,561	751,708	983,853	0.95	939,498
2007/08	60.0	75.8%	72.0	84.3%	35.1%	2,799,621	983,338	1,816,283	0.95	1,729,690
2008/09	48.0	64.2%	60.0	75.8%	32.4%	4,334,849	1,404,588	2,930,261	0.95	2,771,800
2009/10	36.0	48.6%	48.0	64.2%	30.4%	6,515,157	1,977,363	4,537,794	0.94	4,265,834
2010/11	24.0	29.6%	36.0	48.6%	27.0%	9,375,013	2,530,188	6,844,825	0.93	6,398,094
2011/12	12.0	13.5%	24.0	29.6%	18.6%	12,101,876	2,252,488	9,849,388	0.93	9,145,275
2012/13	0.0	0.0%	12.0	13.5%	13.5%	14,698,533	1,984,302	12,714,231	0.92	11,659,929
<b>Total</b>						<b>\$53,820,875</b>	<b>\$12,913,501</b>	<b>\$40,907,174</b>		<b>\$38,064,659</b>

(3) and (5) are from Exhibit LI-2.

(7) to 2011/12 is from Exhibit LI-19, (9). The amount for 2012/13 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-21

Projected Losses Paid July 1, 2013 to June 30, 2014

Claim Period (1)	Months of Development 6/30/13 (2)	Percent Losses Paid (3)	Months of Development 6/30/14 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/13 to 6/30/14 ((5)-(3))/ (100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/13 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/14 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/14 (9)X(10) (11)
to 1988/89	300.0	100.0%	312.0	100.0%	30.0%	\$0	\$0	\$0	0.96	\$0
1989/90	288.0	100.0%	300.0	100.0%	30.0%	4,769	1,431	3,338	0.95	3,165
1990/91	276.0	100.0%	288.0	100.0%	30.0%	0	0	0	0.94	0
1991/92	264.0	100.0%	276.0	100.0%	30.0%	0	0	0	0.94	0
1992/93	252.0	100.0%	264.0	100.0%	30.0%	0	0	0	0.93	0
1993/94	240.0	100.0%	252.0	100.0%	30.0%	0	0	0	0.93	0
1994/95	228.0	100.0%	240.0	100.0%	30.0%	0	0	0	0.93	0
1995/96	216.0	99.9%	228.0	100.0%	30.0%	211,177	63,353	147,824	0.93	137,150
1996/97	204.0	99.9%	216.0	99.9%	30.0%	2,549	765	1,784	0.93	1,653
1997/98	192.0	99.9%	204.0	99.9%	30.0%	14,964	4,489	10,475	0.93	9,695
1998/99	180.0	99.8%	192.0	99.9%	30.0%	5,713	1,714	3,999	0.92	3,698
1999/00	168.0	99.7%	180.0	99.8%	30.0%	11,244	3,373	7,871	0.92	7,274
2000/01	156.0	99.6%	168.0	99.7%	30.0%	29,872	8,962	20,910	0.92	19,316
2001/02	144.0	99.5%	156.0	99.6%	30.0%	59,136	17,741	41,395	0.92	38,227
2002/03	132.0	99.3%	144.0	99.5%	30.0%	92,027	27,608	64,419	0.92	59,475
2003/04	120.0	99.0%	132.0	99.3%	30.0%	123,050	36,915	86,135	0.92	79,509
2004/05	108.0	98.5%	120.0	99.0%	30.0%	165,488	49,646	115,842	0.92	106,917
2005/06	96.0	95.1%	108.0	98.5%	69.4%	510,550	354,259	156,291	0.92	144,235
2006/07	84.0	91.1%	96.0	95.1%	44.9%	983,853	442,181	541,672	0.96	518,916
2007/08	72.0	84.3%	84.0	91.1%	43.3%	1,816,283	786,670	1,029,613	0.95	983,195
2008/09	60.0	75.8%	72.0	84.3%	35.1%	2,930,261	1,029,224	1,901,037	0.95	1,810,403
2009/10	48.0	64.2%	60.0	75.8%	32.4%	4,537,794	1,470,347	3,067,447	0.95	2,901,567
2010/11	36.0	48.6%	48.0	64.2%	30.4%	6,844,825	2,077,418	4,767,407	0.94	4,481,685
2011/12	24.0	29.6%	36.0	48.6%	27.0%	8,849,388	2,658,216	7,191,172	0.93	6,721,837
2012/13	12.0	13.5%	24.0	29.6%	18.6%	12,714,231	2,366,464	10,347,767	0.93	9,608,026
2013/14	0.0	0.0%	12.0	13.5%	13.5%	15,442,279	2,084,708	13,357,571	0.92	12,249,921
Total						\$56,349,453	\$13,485,484	\$42,863,969		\$39,885,864

(3) and (5) are from Exhibit LI-2.

(7) to 2012/13 is from Exhibit LI-20, (9). The amount for 2013/14 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-22

Projected Losses Paid July 1, 2014 to June 30, 2015

Claim Period (1)	Months of Development 6/30/14 (2)	Percent Losses Paid (3)	Months of Development 6/30/15 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/14 to 6/30/15 ((5)-(3))/(100.0%-(3)) (6)	Estimated Outstanding Losses 6/30/14 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/15 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/15 (9)X(10) (11)
to 1988/89	312.0	100.0%	324.0	100.0%	30.0%	\$0	\$0	\$0	0.36	\$0
1989/90	300.0	100.0%	312.0	100.0%	30.0%	3,338	1,001	2,337	0.36	2,232
1990/91	288.0	100.0%	300.0	100.0%	30.0%	0	0	0	0.35	0
1991/92	276.0	100.0%	288.0	100.0%	30.0%	0	0	0	0.34	0
1992/93	264.0	100.0%	276.0	100.0%	30.0%	0	0	0	0.34	0
1993/94	252.0	100.0%	264.0	100.0%	30.0%	0	0	0	0.33	0
1994/95	240.0	100.0%	252.0	100.0%	30.0%	0	0	0	0.33	0
1995/96	228.0	100.0%	240.0	100.0%	30.0%	147,824	44,347	103,477	0.33	96,181
1996/97	216.0	99.9%	228.0	100.0%	30.0%	1,784	535	1,249	0.33	1,159
1997/98	204.0	99.9%	216.0	99.9%	30.0%	10,475	3,143	7,332	0.33	6,793
1998/99	192.0	99.9%	204.0	99.9%	30.0%	3,999	1,200	2,799	0.33	2,590
1999/00	180.0	99.8%	192.0	99.9%	30.0%	7,871	2,361	5,510	0.32	5,095
2000/01	168.0	99.7%	180.0	99.8%	30.0%	20,910	6,273	14,637	0.32	13,528
2001/02	156.0	99.6%	168.0	99.7%	30.0%	41,395	12,419	28,976	0.32	26,768
2002/03	144.0	99.5%	156.0	99.6%	30.0%	64,419	19,326	45,093	0.32	41,642
2003/04	132.0	99.3%	144.0	99.5%	30.0%	86,135	25,841	60,294	0.32	55,666
2004/05	120.0	99.0%	132.0	99.3%	30.0%	115,842	34,753	81,089	0.32	74,852
2005/06	108.0	98.5%	120.0	99.0%	30.0%	156,291	46,887	109,404	0.32	100,975
2006/07	96.0	95.1%	108.0	98.5%	69.4%	541,672	375,854	165,818	0.32	153,028
2007/08	84.0	91.1%	96.0	95.1%	44.9%	1,029,613	462,747	566,866	0.36	543,052
2008/09	72.0	84.3%	84.0	91.1%	43.3%	1,901,037	823,379	1,077,658	0.35	1,029,074
2009/10	60.0	75.8%	72.0	84.3%	35.1%	3,067,447	1,077,409	1,990,038	0.35	1,895,161
2010/11	48.0	64.2%	60.0	75.8%	32.4%	4,767,407	1,544,746	3,222,661	0.35	3,048,388
2011/12	36.0	48.6%	48.0	64.2%	30.4%	7,191,172	2,182,535	5,008,637	0.34	4,708,458
2012/13	24.0	29.6%	36.0	48.6%	27.0%	10,347,767	2,792,721	7,555,046	0.33	7,061,962
2013/14	12.0	13.5%	24.0	29.6%	18.6%	13,357,571	2,486,207	10,871,364	0.33	10,094,193
2014/15	0.0	0.0%	12.0	13.5%	13.5%	16,223,658	2,190,194	14,033,464	0.32	12,869,767
<b>Total</b>						<b>\$59,087,627</b>	<b>\$14,133,878</b>	<b>\$44,953,749</b>		<b>\$41,830,564</b>

(3) and (5) are from Exhibit LI-2.

(7) to 2013/14 is from Exhibit LI-21, (9). The amount for 2014/15 is from Exhibit LI-10.

(10) is based on a 3% interest rate and the payout pattern in Exhibit LI-2.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-23

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
7/1/1992	1.005	1.005
1/1/1994	0.889	0.893
7/1/1994	1.042	0.931
7/1/1995	1.023	0.952
7/1/1996	1.020	0.971
4/1/1999	1.008	0.979
6/29/2001	1.011	0.990
1/1/2003	1.059	1.048
1/1/2004	0.923	0.968
7/1/2004	0.853	0.826
1/1/2005	1.023	0.845
1/1/2006	1.021	0.862

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2005/06 = 1.000) (2)	Residual Trend (2005/06 = 1.000) (3)	Retention index (2005/06 = 1.000) (4)	Loss Rate Trend (2005/06 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2005/06 = 1.000) (6)	Severity Trend (2005/06 = 1.000) (5)X(6) (7)
2000/01	1.000	1.104	1.000	1.104	1.159	1.280
2001/02	1.000	1.082	1.000	1.082	1.126	1.218
2002/03	1.000	1.061	1.000	1.061	1.093	1.160
2003/04	1.000	1.040	1.000	1.040	1.061	1.104
2004/05	1.000	1.020	1.000	1.020	1.030	1.051
2005/06	1.000	1.000	1.000	1.000	1.000	1.000
2006/07	1.000	0.980	1.000	0.980	0.971	0.952
2007/08	1.000	0.961	1.000	0.961	0.943	0.906
2008/09	1.000	0.942	1.000	0.942	0.915	0.862
2009/10	1.000	0.924	1.000	0.924	0.888	0.821
2010/11	1.000	0.906	1.000	0.906	0.863	0.781
2011/12	1.000	0.888	1.000	0.888	0.837	0.744
2012/13	1.000	0.871	1.000	0.871	0.813	0.708
2013/14	1.000	0.853	1.000	0.853	0.789	0.674
2014/15	1.000	0.837	1.000	0.837	0.766	0.641

Section I, (2) and (3) reflect NCCI data.

Section II, (2) is based on Section I, (2).

Section II, (3) is based on 2% trend per actuarial judgment.

Section II, (4) is based on industry statistics and actuarial judgment.

Section II, (6) is based on 3% trend.

CITY OF OAKLAND  
LIABILITY

Exhibit LI-24

List of Large Claims

Claim Number (1)	Cause of Loss (2)	Date of Loss (3)	Claim Period (4)	Specific Self-Insured Retention (5)	Limited Paid Losses 6/30/05 (6)	Limited Case Reserves 6/30/05 (7)	Limited Reported Incurred Losses 6/30/05 (8)
95323	Police: Force - Civil Rights	6/5/1994	1993/94	Unlimited	\$1,495,448	\$0	\$1,495,448
96157	Personnel/Labor: Sexual Harrassment	8/18/1994	1994/95	Unlimited	1,074,202	0	1,074,202
98011	Collections: Licenses/Taxes	1/1/1996	1995/96	Unlimited	604,874	3,325,000	3,929,874
X00193	City Govt.: Municipal Finance	1/1/1996	1995/96	Unlimited	2,370,051	0	2,370,051
20752	Police: Force - Civil Rights	6/27/2000	1999/00	2,000,000	2,000,000 *	0	2,000,000 *
21037	City Vehicle Against Another Vehicle	9/9/2000	2000/01	2,000,000	2,000,000 *	0	2,000,000 *
23333	Police: Force - Civil Rights	4/7/2003	2002/03	2,000,000	566,307	1,319,751 *	1,886,059 *
23841	Dangerous Condition: Streets/Signs/Light	8/6/2003	2003/04	2,000,000	142,279	1,857,721 *	2,000,000 *
X02454	Personnel/Labor: Compensation & Benefits	11/9/2004	2004/05	2,000,000	13,851	1,729,469 *	1,743,320 *

The claim(s) indicated by a "\*" have been limited in development.

(1) through (7) were provided by the City.



CITY OF OAKLAND  
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Exhibit LI-25

Number of Claims per \$1 Million of Payroll, Average Cost per Claim, and Loss Rate by Department

Department (1)	2000/01 (2)	2001/02 (3)	2002/03 (4)	2003/04 (5)	2004/05 (6)	2000/01 to 2004/05 (7)
<b>I. Payroll</b>						
Fire Department	\$54,545,223	\$58,673,419	\$60,180,191	\$59,453,316	\$64,410,370	\$297,262,519
Parks and Recreation	16,250,373	15,514,580	15,787,216	16,261,800	9,421,343	73,235,313
Police Services Agency	91,836,762	101,241,846	104,383,851	104,008,924	105,567,030	507,038,413
Public Works	32,360,458	34,096,186	37,591,169	38,367,768	46,429,594	188,845,175
Other	78,634,129	83,993,018	87,598,139	89,314,027	89,662,586	429,201,898
<b>Total</b>	<b>\$273,626,944</b>	<b>\$293,519,049</b>	<b>\$305,540,566</b>	<b>\$307,405,834</b>	<b>\$315,490,924</b>	<b>\$1,495,583,317</b>
<b>II. Number of Reported Claims as of June 30, 2005</b>						
Fire Department	32	29	20	26	15	122
Parks and Recreation	146	126	112	45	7	436
Police Services Agency	394	338	307	283	143	1,465
Public Works	426	361	413	334	273	1,807
Other	200	94	87	57	31	469
<b>Total</b>	<b>1,198</b>	<b>948</b>	<b>939</b>	<b>745</b>	<b>469</b>	<b>4,299</b>
<b>III. Reported Incurred Losses as of June 30, 2005</b>						
Fire Department	\$87,667	\$228,782	\$540,251	\$90,583	\$1,783,386	\$2,730,669
Parks and Recreation	348,698	387,066	208,218	80,663	3,582	1,028,226
Police Services Agency	6,260,767	3,157,840	4,886,347	2,002,876	321,903	16,629,732
Public Works	1,872,994	3,989,083	2,131,474	4,777,120	512,874	13,283,544
Other	1,303,203	675,780	848,032	440,876	81,939	3,349,830
<b>Total</b>	<b>\$9,873,328</b>	<b>\$8,438,551</b>	<b>\$8,614,322</b>	<b>\$7,392,118</b>	<b>\$2,703,684</b>	<b>\$37,022,003</b>
<b>IV. Number of Claims per \$1 Million of Payroll [Section II / (Section I / \$1,000,000)]</b>						
Fire Department	0.59	0.49	0.33	0.44	0.23	0.41
Parks and Recreation	8.98	8.12	7.09	2.77	0.74	5.95
Police Services Agency	4.29	3.34	2.94	2.72	1.35	2.89
Public Works	13.16	10.59	10.99	8.71	5.88	9.57
Other	2.54	1.12	0.99	0.64	0.35	1.09
<b>Total</b>	<b>4.38</b>	<b>3.23</b>	<b>3.07</b>	<b>2.42</b>	<b>1.49</b>	<b>2.87</b>
<b>V. Average Cost per Claim (Section III / Section II)</b>						
Fire Department	\$2,740	\$7,889	\$27,013	\$3,484	\$118,892	\$22,383
Parks and Recreation	2,388	3,072	1,859	1,793	512	2,358
Police Services Agency	15,890	9,343	15,916	7,077	2,251	11,351
Public Works	4,397	11,050	5,161	14,303	1,879	7,351
Other	6,516	7,189	9,747	7,735	2,643	7,142
<b>Total</b>	<b>\$8,242</b>	<b>\$8,901</b>	<b>\$9,174</b>	<b>\$9,922</b>	<b>\$5,765</b>	<b>\$8,612</b>
<b>VI. Loss Rate per \$100 of Payroll [Section III / (Section I / \$100)]</b>						
Fire Department	\$0.16	\$0.39	\$0.90	\$0.15	\$2.77	\$0.92
Parks and Recreation	2.15	2.49	1.32	0.50	0.04	1.40
Police Services Agency	6.82	3.12	4.68	1.93	0.30	3.28
Public Works	5.79	11.70	5.67	12.45	1.10	7.03
Other	1.66	0.80	0.97	0.49	0.09	0.78
<b>Total</b>	<b>\$3.61</b>	<b>\$2.87</b>	<b>\$2.82</b>	<b>\$2.40</b>	<b>\$0.86</b>	<b>\$2.48</b>

I, II, and III were provided by the City.

Claim counts and loss amounts are on a reported basis. They have not been developed to ultimate values.

CITY OF OAKLAND  
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Exhibit LI-26

Paid Losses by Department

I. As of June 30, 2004

Claim Period (1)	Fire Department (2)	Parks and Recreation (3)	Police Services Agency (4)	Public Works (5)	Other (6)	Limited Paid Losses 6/30/05 (7)
1999/00	\$22,080	\$264,850	\$4,014,365	\$2,554,528	\$313,316	\$7,169,138
2000/01	55,920	186,687	3,313,724	1,186,864	1,021,330	5,764,525
2001/02	54,828	339,877	903,981	880,317	285,252	2,464,254
2002/03	35,679	99,333	386,298	440,920	390,408	1,352,638
2003/04	87,007	26,470	77,540	67,201	96,294	354,511
Total	\$255,513	\$917,217	\$8,695,908	\$5,129,830	\$2,106,599	\$17,105,067

II. As of June 30, 2005

Claim Period (1)	Fire Department (2)	Parks and Recreation (3)	Police Services Agency (4)	Public Works (5)	Other (6)	Limited Paid Losses 6/30/05 (7)
1999/00	\$16,722	\$423,613	\$5,456,702	\$2,282,852	\$598,537	\$8,778,425
2000/01	87,667	348,698	5,164,042	1,872,994	1,300,476	8,773,876
2001/02	151,173	387,066	2,614,325	2,260,394	632,127	6,045,084
2002/03	171,394	128,218	2,905,945	1,196,737	447,057	4,849,350
2003/04	90,581	80,663	818,599	1,089,088	365,291	2,444,222
2004/05	44,976	3,582	111,251	249,000	35,893	444,702
Total	\$562,512	\$1,371,839	\$17,070,863	\$8,951,064	\$3,379,381	\$31,335,659

III. Actual Paid During 2004/05 [Section II - Section I]

Claim Period (1)	Fire Department (2)	Parks and Recreation (3)	Police Services Agency (4)	Public Works (5)	Other (6)	Limited Paid Losses 6/30/05 (7)
1999/00	-\$5,358	\$158,763	\$1,442,337	-\$271,676	\$285,221	\$1,609,287
2000/01	31,747	162,011	1,850,318	686,130	279,146	3,009,351
2001/02	96,345	47,189	1,710,344	1,380,077	346,876	3,580,830
2002/03	135,715	28,885	2,519,646	755,816	56,649	3,496,712
2003/04	3,574	54,193	741,059	1,021,886	268,997	2,089,711
2004/05	44,976	3,582	111,251	249,000	35,893	444,702
Total	\$306,999	\$454,622	\$8,374,955	\$3,821,234	\$1,272,782	\$14,230,593

(2) through (6) are net of the City's specific self insured retention of \$2 million.

Data was provided by the City.

CITY OF OAKLAND  
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Exhibit LI-27

Analysis by Cause of Loss  
Claim Periods 2000/01 through 2004/05 as of June 30, 2005

I. Fire Department

a. Top Three Loss Categories (Frequency)

Cause	Count	Total Paid
City Vehicle Against Another Vehicle	68	\$229,951
Fire Dept.: Fire Response Related Dmgs.	19	15,167
Misc.	12	63,689

b. Top Three Average Payment Categories

Cause	Count	Total Paid	Average Payment
Personnel/Labor: A.D.A.	2	\$61,558	\$30,779
Personnel/Labor	3	73,843	24,614
Personnel/Labor: Employment Discriminati	2	44,430	22,215

II. Parks and Recreation

a. Top Three Loss Categories (Frequency)

Cause	Count	Total Paid
Dangerous Condition: - Trees	311	\$304,251
City Vehicle Against Another Vehicle	28	329,360
Dangerous Cond.: Operations-Maintenance	22	19,830

b. Top Three Average Payment Categories

Cause	Count	Total Paid	Average Payment
Personnel/Labor	7	\$122,398	\$17,485
Dangerous Condition: OPR - Golf Courses	3	40,309	13,436
Personnel/Labor: Wrongful Termination	3	39,620	13,207

III. Police Services Agency

a. Top Three Loss Categories (Frequency)

Cause	Count	Total Paid
City Vehicle Against Another Vehicle	280	\$3,006,819
Police: Force - Civil Rights	218	3,600,848
Police-Non/vehicle Related Property Loss	185	138,140

b. Top Three Average Payment Categories

Cause	Count	Total Paid	Average Payment
Police: Force - Wrongful Death	13	\$954,508	\$73,424
Personnel/Labor: Employment Discriminati	2	109,787	54,894
Personnel/Labor: Wrongful Termination	9	411,531	45,726

IV. Public Works

a. Top Three Loss Categories (Frequency)

Cause	Count	Total Paid
Dangerous Condition: Streets	493	\$495,812
Dangerous Cond.: Sidewalks: Trip & Falls	372	2,083,315
Dangerous Condition: Sewers & Floods	234	1,056,822

b. Top Three Average Payment Categories

Cause	Count	Total Paid	Average Payment
Personnel/Labor: Grievance- Suspension	2	\$28,656	\$20,265
Dangerous Condition: Streets/Signs/Light	62	864,059	13,387
Misc.	19	229,775	9,664

V. Other

a. Top Three Loss Categories (Frequency)

Cause	Count	Total Paid
Misc.	180	\$90,178
Code Enforcement	68	152,760
City Vehicle Against Another Vehicle	44	81,468

b. Top Three Average Payment Categories

Cause	Count	Total Paid	Average Payment
City Govt.: Municipal Code	1	\$204,215	\$77,727
Records: Public Records Act	2	234,772	73,911
Personnel/Labor: Sexual Harrassment	3	314,149	62,313

Data was provided by the City.

CITY OF OAKLAND  
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Exhibit LI-28

Historical Payroll and Percent Payroll

Dept Code (1)	Department (2)	2000/01 Payroll (3)	2000/01 Percent Payroll (3)/Total(3) (4)	2001/02 Payroll (5)	2001/02 Percent Payroll (5)/Total(5) (6)	2002/03 Payroll (7)	2002/03 Percent Payroll (7)/Total(7) (8)	2003/04 Payroll (9)	2003/04 Percent Payroll (9)/Total(9) (10)	2004/05 Payroll (11)	2004/05 Percent Payroll (11)/Total(11) (12)	2000/01 to 2004/05 Payroll (3)+(5)+(7)+(9)+(11) (13)	2000/01 to 2004/05 Percent Payroll (13)/Total(13) (14)
DP200	Fire Department	\$54,545,223	19.93%	\$58,673,419	19.99%	\$60,180,191	19.70%	\$59,453,316	19.34%	\$64,410,370	20.42%	\$297,262,519	19.88%
DP500	Parks and Recreation	9,139,564	3.34%	8,726,120	2.97%	6,879,463	2.31%	9,146,891	2.98%	9,427,443	2.99%	45,813,287	3.03%
DP1000	Police Services Agency	91,836,762	33.56%	101,241,846	34.49%	104,383,851	34.16%	104,008,924	33.83%	105,567,030	33.46%	507,038,413	33.90%
DP300	Public Works	59,470,866	21.73%	40,884,646	13.93%	44,490,922	14.58%	45,483,177	14.80%	46,429,594	14.57%	216,767,205	14.49%
Misc.	Other	78,634,129	28.74%	83,993,018	28.62%	87,598,139	28.67%	89,314,027	29.05%	89,662,586	28.42%	429,201,898	28.70%
<b>Total</b>		<b>\$273,626,944</b>	<b>100.00%</b>	<b>\$293,519,049</b>	<b>100.00%</b>	<b>\$305,540,566</b>	<b>100.00%</b>	<b>\$307,405,834</b>	<b>100.00%</b>	<b>\$315,490,924</b>	<b>100.00%</b>	<b>\$1,495,583,317</b>	<b>100.00%</b>

(3), (5), (7), (9) and (11) were provided by the City. Parks and Recreation was adjusted to reflect the movement of Parks Maintenance to Public Works.

CITY OF OAKLAND  
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Exhibi. LI-29

Calculation of Percent of Unlimited Reported Incurred Losses

Dept Code (1)	Department (2)	Reported Incurred Losses 6/30/05 (3)	Percent Reported Incurred Losses (3)/Total(3) (4)
<b>I. 2000/01</b>			
DP200	Fire Department	\$87,667	0.69%
DP5000	Parks and Recreation	188,343	1.91%
DP1000	Police Services Agency	5,260,747	63.41%
DP300	Public Works	2,033,349	20.59%
Misc.	Other	1,309,203	13.30%
<b>Total</b>		<b>\$8,873,328</b>	<b>100.00%</b>

II. 2001/02

DP200	Fire Department	\$228,782	2.71%
DP5000	Parks and Recreation	16,942	2.57%
DP1000	Police Services Agency	3,157,840	37.42%
DP300	Public Works	4,888,208	49.29%
Misc.	Other	675,780	8.01%
<b>Total</b>		<b>\$8,438,551</b>	<b>100.00%</b>

III. 2002/03

DP200	Fire Department	\$540,251	5.27%
DP5000	Parks and Recreation	5,430	0.06%
DP1000	Police Services Agency	4,886,347	56.72%
DP300	Public Works	2,334,261	27.10%
Misc.	Other	248,032	9.84%
<b>Total</b>		<b>\$8,614,322</b>	<b>100.00%</b>

IV. 2003/04

DP200	Fire Department	\$90,583	1.23%
DP5000	Parks and Recreation	2,267	0.26%
DP1000	Police Services Agency	2,002,876	27.09%
DP300	Public Works	4,638,641	65.48%
Misc.	Other	440,876	5.96%
<b>Total</b>		<b>\$7,392,118</b>	<b>100.00%</b>

V. 2004/05

DP200	Fire Department	\$2,033,086	85.96%
DP5000	Parks and Recreation	3,582	0.13%
DP1000	Police Services Agency	321,363	13.13%
DP300	Public Works	512,874	18.97%
Misc.	Other	119,339	3.08%
<b>Total</b>		<b>\$2,703,654</b>	<b>100.00%</b>

(3), (4) and (5) were provided by the City. Parks Maintenance is included in Public Works.

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Exhibit LI-30

Calculation of Relative Loss Rate

Dept Code (1)	Department (2)	Percent Payroll (3)	Percent Reported Incurred Losses Capped at \$50,000 (4)	Relative Loss Rate (4)/(3) (5)
<b>I. 2000/01</b>				
DP200	Fire Department	19.93%	0.30%	0.015
DP5000	Parks and Recreation	3.34%	1.91%	0.571
DP1000	Police Services Agency	33.54%	63.41%	1.889
DP300	Public Works	14.43%	20.59%	1.428
Misc.	Other	28.74%	18.20%	0.638
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>	<b>1.000</b>

II. 2001/02

DP200	Fire Department	19.99%	2.71%	0.136
DP5000	Parks and Recreation	2.97%	2.57%	0.865
DP1000	Police Services Agency	34.49%	37.42%	1.085
DP300	Public Works	19.83%	49.29%	2.488
Misc.	Other	28.62%	8.01%	0.280
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>	<b>1.000</b>

III. 2002/03

DP200	Fire Department	19.70%	0.27%	0.318
DP5000	Parks and Recreation	2.91%	0.06%	0.022
DP1000	Police Services Agency	34.15%	36.72%	1.080
DP300	Public Works	14.56%	27.10%	1.861
Misc.	Other	28.67%	9.84%	0.343
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>	<b>1.000</b>

IV. 2003/04

DP200	Fire Department	19.34%	1.23%	0.063
DP5000	Parks and Recreation	2.68%	0.26%	0.087
DP1000	Police Services Agency	33.83%	27.09%	0.801
DP300	Public Works	15.15%	22.83%	1.506
Misc.	Other	29.05%	5.96%	0.205
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>	<b>1.000</b>

V. 2004/05

DP200	Fire Department	20.42%	65.96%	3.231
DP5000	Parks and Recreation	2.99%	0.13%	0.044
DP1000	Police Services Agency	33.46%	30.93%	0.923
DP300	Public Works	14.72%	18.97%	1.289
Misc.	Other	28.42%	3.03%	0.107
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>	<b>1.000</b>

(3) is from Exhibit LI-28.

(4) is from Exhibit LI-29.

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Exhibit LI-31

Calculation of Average Relative Loss Rate

Dept Code (1)	Department (2)	2000/01 Relative Loss Rate (3)	2001/02 Relative Loss Rate (4)	2002/03 Relative Loss Rate (5)	2003/04 Relative Loss Rate (6)	2004/05 Relative Loss Rate (7)	Average 2000/01 to 2004/05 Relative Loss Rate Average [(3)-(7)] (8)
DP200	Fire Department	0.045	0.136	0.318	0.063	3.231	0.759
DP5000	Police	1.571	0.885	0.122	0.011	0.018	0.818
DP1000	Police Services Agency	1.889	1.085	1.660	0.801	0.356	1.158
DP300	Public Works	0.722	0.358	0.311	0.277	1.280	2.506
Misc.	Other	0.459	0.280	0.343	0.205	0.107	0.279
Total		1.000	1.000	1.000	1.000	1.000	1.000

(3) to (7) are from Exhibit LI-30.

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Exhibit LI-32

Calculation of Experience Modification Factors

Dept Code (1)	Department (2)	2000/01 to 2004/05 Percent Payroll (3)	Average 2000/01 to 2004/05 Relative Loss Rate (4)	Weight (3)/[(3)+ Max(3)] (5)	Experience Modification Factor [(4)X(5)]+ [1.000-(5)] (6)
DP200	Fire Department	19.88%	0.759	0.638	0.829
DP5000	Parks and Recreation	3.03%	0.318	0.211	0.839
DP1000	Police Services Agency	33.90%	1.158	0.750	1.096
DP300	Public Works	1.19%	0.223	0.149	1.610
Misc.	Other	28.70%	0.279	0.717	0.473
Total		100.00%	1.000		1.000

(3) is from Exhibit LI-28.

(4) is from Exhibit LI-31.

Weight is designed to give the largest member a weight of .750 and the rest proportionally smaller weights subject to a .100 minimum.

(6) is subject to an off-balance factor.



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Exhibit LI-33

Calculation of 2005/06 Projected Premium

Dept Code (1)	Department (2)	Projected 2005/06 Payroll (3)	2005/06 Experience Modification Factor (4)	Experience Rated Projected 2005/06 Payroll (3)X(4) (5)	2005/06 Percent Funding (5)/Total(5) (6)	2005/06 Projected Loss Funds (6)XTotal(7) (7)
DP200	Fire Department	\$66,662,020	0.829	\$55,270,557	14.94%	\$1,700,031
DP5000	Public Works Department	6,342,588	0.837	5,310,810	2.25%	259,704
DP1000	Police Services Agency	104,784,691	1.096	114,870,705	31.04%	3,533,233
DP300	Public Works	112,138,785	0.473	53,035,725	14.33%	1,631,291
Misc.	Other					
Total		\$370,069,053	1.000	\$370,069,053	100.00%	\$11,382,712

(3) was provided by the City.

(4) is from Exhibit LI-32.

Total (7) is from Exhibit LI-14.

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Exhibit LI-34

Calculation of 2006/07 Projected Premium

Dept Code (1)	Department (2)	Projected 2006/07 Payroll (3)	2006/07 Experience Modification Factor (4)	Experience Rated Projected 2006/07 Payroll (3)X(4) (5)	2006/07 Percent Funding (5)/Total(5) (6)	2006/07 Projected Loss Funds (6)XTotal(7) (7)
DP200	Fire Department	\$68,661,880	0.829	\$56,928,674	14.94%	\$1,676,708
DP5000	Parks and Recreation	10,248,350	0.939	9,623,588	2.26%	253,184
DP1000	Police Services Agency	107,928,232	1.096	118,316,826	31.04%	3,484,761
DP300	Public Works	17,832,245	1.310	23,360,233	6.37%	603,186
Misc.	Other	115,502,948	0.473	54,626,797	14.33%	1,608,912
Total		\$381,171,125	1.000	\$381,171,125	100.00%	\$11,226,554

(3) is based on payroll for 2005/06 plus a 3.0% trend.

(4) is from Exhibit LI-32.

Total (7) is from Exhibit LI-14.