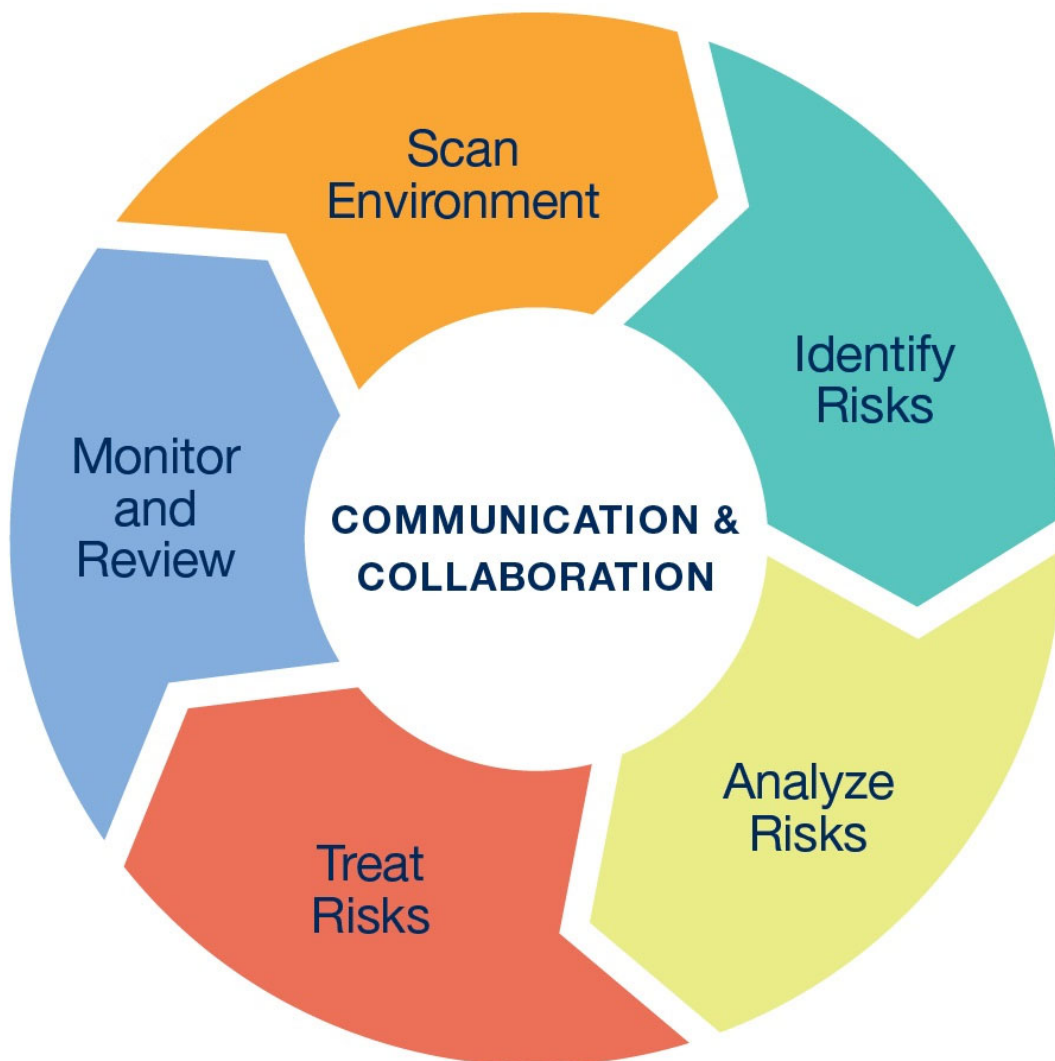


CITY OF OAKLAND

WORKERS' COMPENSATION ANNUAL REPORT FY 2021-22



Human Resources Management, Risk Division
150 Frank H. Ogawa Plaza, Suite 3332, Oakland, CA 94612
Phone: 510-238-7660

Oakland's Workers' Compensation program falls under the City's Human Resources Management Department. The program resides in the Risk Division, is managed by the Manager of Risk and Benefits, and is administered by a contracted third party.

This report summarizes Oakland's Workers' Compensation Program for Fiscal Year 2021-22. It presents key program metrics along with comparisons between departments and previous years.



CITY OF OAKLAND

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TABLE OF CONTENTS

Citywide Overview	3
Third Party Claims Administrator	5
Initiatives	9
Year-over-Year Comparisons	11
Claim Management Programs	15
Return to Work Statistics	16
Program Expenditure Categories	18
Claims by Department	21
Police Department	22
Fire Department	24
Public Works	26
Office of Parks and Recreation	28
All Other Departments	30
Schedule of Exhibits	31

Prior Claims (July 2, 1971—Jun 30, 2021):	1010
New Claims during 21-22:	1071
Claims reopened / reclassified	88
Claims closed during 21-22:	(1005)
Total Open Claims as of June 30, 2022:	1164
Total Expenses for 21-22	\$25,633,796
Est. Outstanding Losses @ 50% Conf. as of June 30, 2022 (AON)	\$69,530,774
Est. Outstanding Losses (PDV)	\$61,678,900
2021/22 Final EWC Premium	\$2,677,613
TPA Annual Performance Audit (JT2)	91.65%



CITY OF OAKLAND

TOTAL COST SUMMARY

ANNUAL REPORT FISCAL YEAR 2021-22

The total cost of the Workers' Compensation Program for Fiscal Year 2021-22:

Settlements: Permanent Disability:	\$3,722,094	Medical WC Disability Medical First Aid Only Claims	\$7,418,063 \$6,020
		Total Medical:	\$7,424,083
Temporary Disability Non-4850 Temporary Disability MOU Benefit (non-sworn)	\$1,315,488 \$324,045	Operational Expenses Sub-total Contributions—Excess Ins.	\$23,817,453 (829,132)
Total Non-4850 Pay	\$1,639,534	Total Operational Expenses:	\$22,988,320
4850 Oakland Police Dept. Oakland Fire Dept. Total 4850 Pay	\$3,609,925 \$5,734,673 \$9,344,598		
Subtotal—Temp. Disability	\$10,984,132		
Total Disability Payments:	\$14,706,226		
Other Claim Cost Rehabilitation Investigation Expenses Legal ADR (OPOA) Utilization Review Return to Work Services Injury Report Line 10% Penalties	\$71,326 \$86,726 \$827,585 \$107,521 \$347,825 \$183,758 \$58,400 \$4,003	Administration Expenses TPA Contract Bill Review Misc. Fees	\$2,024,174 \$594,616 \$26,686
Other Claim Cost Total:	\$1,687,143	Total Administration Expenses:	\$2,645,476

Total Operational Expenses + Admin Expense = **\$25,633,796**

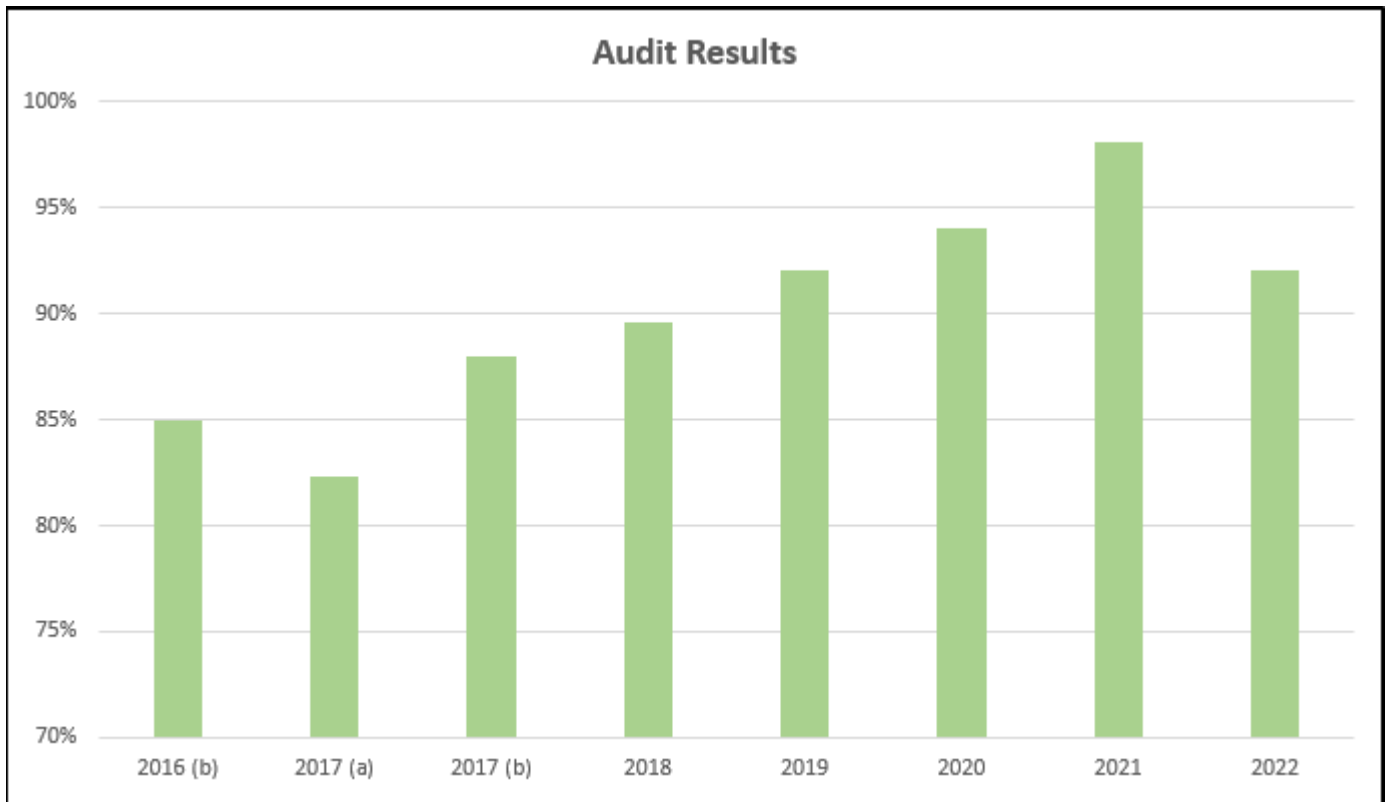


The purpose of a Third Party Administrator (TPA) is to manage the City’s workers’ compensation program by complying with the requirements of the California Division of Industrial Relations (DIR) and Division of Workers’ Compensation (DWC).

The success of the City’s Self-Insured Workers’ Compensation program relies heavily on a successful partnership with the City’s TPA. Since 2001, the City has partnered with JT2 Integrated Resources. JT2’s performance has been measured by regular audit, against a performance standard established by PRISM.

The City has instituted a number of different analytical tools to assess the performance of the TPA, including annual Claims Audits, annual Actuarial Reviews, quarterly Financial Reviews, quarterly Fraud Status Updates, and intermittent miscellaneous reviews, such as Fraud Program review and Contract Compliance Assessments. In the past year, the City commissioned a number of these tools, including Actuarial Assessment, Fraud Assessment, and a Claims Audit. The results of these assessment efforts are found in the included Appendices. The overall score for claims audits over time follows below.

Exhibit 5-A



Performance Strengths

Outstanding results in were achieved in the categories of adjuster caseload, initial reserves for probable value, medical bills paid timely, apportionment ruled in/out, apportionment pursued appropriately, proactive return to work, TD/4850 reserves separate, settlement valuations, member settlement authority requested, periodic contact with third party, subrogation pursued for max recovery, approval to accept/waive/settle subrogation, and timely excess reimbursement requests.

Performance Improvement Recommendations

Upon notice of a surgery approval, we recommend that a diary be set 1-2 business days after the procedure to contact the employee within three business days. The earlier diary date will assist with accommodating any unplanned delays in getting the contact done. When the employee is off work, we recommend a separate 25-day diary for ongoing contact to ensure the 30-day standard is met.

There needs to be continued focus on timely and appropriately adjusting of the reserves based upon new information, as well as at each diary review for the plan of action update. Additionally, OSIP compliant reserve reviews must be completed annually.

There was a theme of cases being worked up for settlement well beyond the standard to pursue resolution within 10 working days of receipt of information that would allow the claim to be finalized. Upon receipt of information that would allow the claim to be finalized we recommend a diary be set to ensure that resolution is pursued within 10 days with timely follow up efforts demonstrated until settlement or closure is achieved.

When potential subrogation is identified, we recommend a diary be set to ensure compliance with all timeframes for notification and follow up.

Overview

Exhibit 6-A

Category	Points Available	Points	Score	%
Claim Handling - Administrative	1725	1613	Exceeds Expectations	93.51%
Caseload	1	1	Exceeds Expectations	100.00%
Case Review and Documentation	1486	1395	Exceeds Expectations	93.88%
Communication	12	5	Unsatisfactory	41.67%
Fiscal Handling	50	43	Meets Expectations	86.00%
Claim Creation	84	80	Exceeds Expectations	95.24%
Reserves	92	89	Exceeds Expectations	96.74%
Claims Handling - Technical	705	614	Meets Expectations	87.09%
Payments	108	108	Exceeds Expectations	100.00%
Apportionment	58	58	Exceeds Expectations	100.00%
Disability Management	23	22	Exceeds Expectations	95.65%
Reserving	367	304	Meets Expectations	82.83%
Resolution of Claim	63	48	Below Expectations	76.19%
Settlement Authority	26	26	Exceeds Expectations	100.00%
Litigated Cases	32	28	Meets Expectations	87.50%
Subrogation	6	4	Unsatisfactory	66.67%
Excess Coverage	22	16	Below Expectations	72.73%
Overall Score	2430	2227	Exceeds Expectations	91.65%

In addition to the Claims Management Audits, other data is collected to monitor claims administration performance. Two examples are Closing Ratio and Fraud Investigation.

Closing Ratio: The ratio of claims closed over claims opened during a specific period of time. A Closing Ratio value of greater than one is desirable because it indicates that more claims are being closed than opened, reducing the City’s total number of open claims.

Claims Productivity Ratio by Fiscal Year			Exhibit 7-A
Fiscal Year	# Claims Closed	# Claims Opened	Closing Ratio
FY16-17	634	569	111%
FY17-18	636	515	123%
FY18-19	796	552	144%
FY19-20	700	511	137%
FY20-21	732	762	96%*
FY21-22	1005	1388	72%

*Beginning in FY 20-21 the # of opened claims includes claims that were reopened or reclassified.

Fraud Investigations have 3 parts:

1. Surveillance (observation of individual without contact with the subject).
2. Field Investigations (progression of surveillance, and taking statements from the subject & others).
3. Fraud Referral (the case meets the standard for fraud set by the District Attorney).

Fraud Investigation Activity

Exhibit 7-B

Indemnity Claims Filed FY2019-20	Service Referrals	Surveillance	Fraud Referral (FD-1) Submission	Background Checks	Denied Claims
997	121	4	0	36	100

An Agreed Medical Examination (AME) is a tool approved by the State of California as a method of seeking third opinion resolutions on disputed medical cases. This typically occurs when an employee’s treating physician and the employer’s physician disagree on the severity of injury and degree of disability caused by the injury. When such disagreement exists, either party (employee or employer) has the option to invoke an AME. However, both parties must agree to the need for the exam. Additionally, the State of California requires that the injured worker have legal representation to qualify for an AME. If the employee does not have legal counsel, the City cannot require the employee to participate in the AME process.

The physician selection process is managed by the State of California. When a request for an QME is received, the State provides a “panel list” of physicians to the parties from which to select. The State of California establishes the panel. Typically it takes several months for an Examination appointment due to the number of State-wide Workers’ Compensation cases that are in dispute.

The City of Oakland relies heavily on AMEs to bring resolution to Workers’ Compensation cases. The exhibit below illustrates the number of AME and Qualified Medical Examination processes utilized for the current Fiscal Year and for the four previous Fiscal Years. In addition, this exhibit reflects the number of cases settled on the basis of the opinion of the employee’s Primary Treating Physician (PTP).

Medical Legal Statistics by Fiscal Year					Exhibit 8-A
Fiscal Year	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Number of Claims Settled	182	89	162	129	124
Agreed Medical Examiner	121	37	79	70	37
PTP (Primary Treating Physician)	24	12	25	26	57
Panel QME (Employee Unrepresented by Attorney)	0	0	0	2	22
QME (Employee Represented by Attorney)	37	39	54	31	8
Other	0	1	5	0	0



Ongoing

- Monthly disability review meetings with department representatives to discuss active claims and identify cases for investigation and/or transitional duty assignments.
- Telephonic injury reporting to triage Workers' Compensation claims reporting.
- Participation in Medical Provider Network (MPN) through WellComp, a MPN sponsored by PRIMS (formally CSAC-EIA).
- Ongoing examination of City's disability programs
- Continuing education

New Initiatives

- Oakland Police Officer Association - Alternative Dispute Resolution Carve-Out
 - Approved by the DIR on December 9, 2019
 - First Audit completed on April 11, 2022
- Maintain shift in settlement philosophy
 - Intended to address future liabilities
 - Working closely with Finance to balance annual cost vs. outstanding loss
- Continual reevaluation of workflow and processing due to COVID-19 claims.
- RFP issued for TPA services in December 2022. Ongoing, but negatively effected by the 2023 cyberattack.



As a form of Risk Transfer, the City purchases Excess Workers' Compensation (EWC) coverage through PRISM. The EWC Program provides bodily injury coverage for employees if they are injured on the job. Coverage includes reimbursement for payments above the City's Self Insured Retention of \$750,000. Covered expenses include compensation for loss of earnings at statutory rates, medical benefits, and some allocated expenses.

The EWC Program provides the following special coverage features:

- Volunteers included (subject to resolution by employer prior to injury)
- Defense costs included within SIR and limit
- No terrorism exclusion
- Other states coverage (while in course and scope)
- EIA staff will coordinate a claims audit every 2 years
- 183 Members covering \$34B in total payroll.

2021/22 Final EWC Premium: \$2,677,613

EWC Insurance Retention Review

Each year the City reviews it's EWC coverage and other possible placements before renewing with PRISM. As in previous years, PRISM continues to be the City's most cost efficient partner.

A memorandum dated February 14, 2023 which discusses the workers' compensation excess insurance market is included in the appendices.



As a Self-Insured employer, the City is required to submit a Self-Insured Annual Report (SIA) to the State of California each year. The SIA serves two purposes. First, it enables the State to determine the annual Workers' Compensation Assessments to employers. Second, it provides the City comparison information for year to year program performance. The table below shows the City's performance for the past five fiscal years and the following pages compare City's Workers' Compensation experience against itself.

COO Self-Insured Annual Report to State of California						Exhibit 11-A
Fiscal Year	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY21-22	
Indemnity Claims Rec'd	233	191	218	351	757	
Medical Only Claims Rec'd	191	242	222	218	240	
Total # of Claims Rec'd	424	433	440	569	997	
Total Benefits Paid (Disability & Medical Expenses Only)	\$14,697,608	\$18,300,670	\$17,952,696	\$16,399,725	\$22,149,714	
Total Future Liability	\$48,486,464	\$65,332,189	\$55,020,690	\$54,083,071	\$49,309,192	
# of Employee (FTE)	5283	5031	4701	5062	5062	
Total Reported Payroll	\$375,381,194	\$400,535,932	\$419,087,238	\$436,153,371	\$480,601,252	
Total # Claims/100 FTE	8.03	8.63	9.36	11.24	19.7	
Total Benefits Paid/100 FTE	\$278,206	\$363,758	\$381,891	\$323,977	\$437,568	
Total # Claims per \$1M Payroll	1.13	1.08	1.05	1.30	2.07	
Total Benefits Paid per \$1M Payroll	\$39,154	\$45,690	\$42,838	\$37,601	\$46,088	
Average Cost per Claim	\$34,664	\$37,856	\$40,801	\$28,822*	\$22,216*	

*Average cost per claim was driven down due to a high occurrence of low-cost COVID-19 claims.

Exhibit 12-A

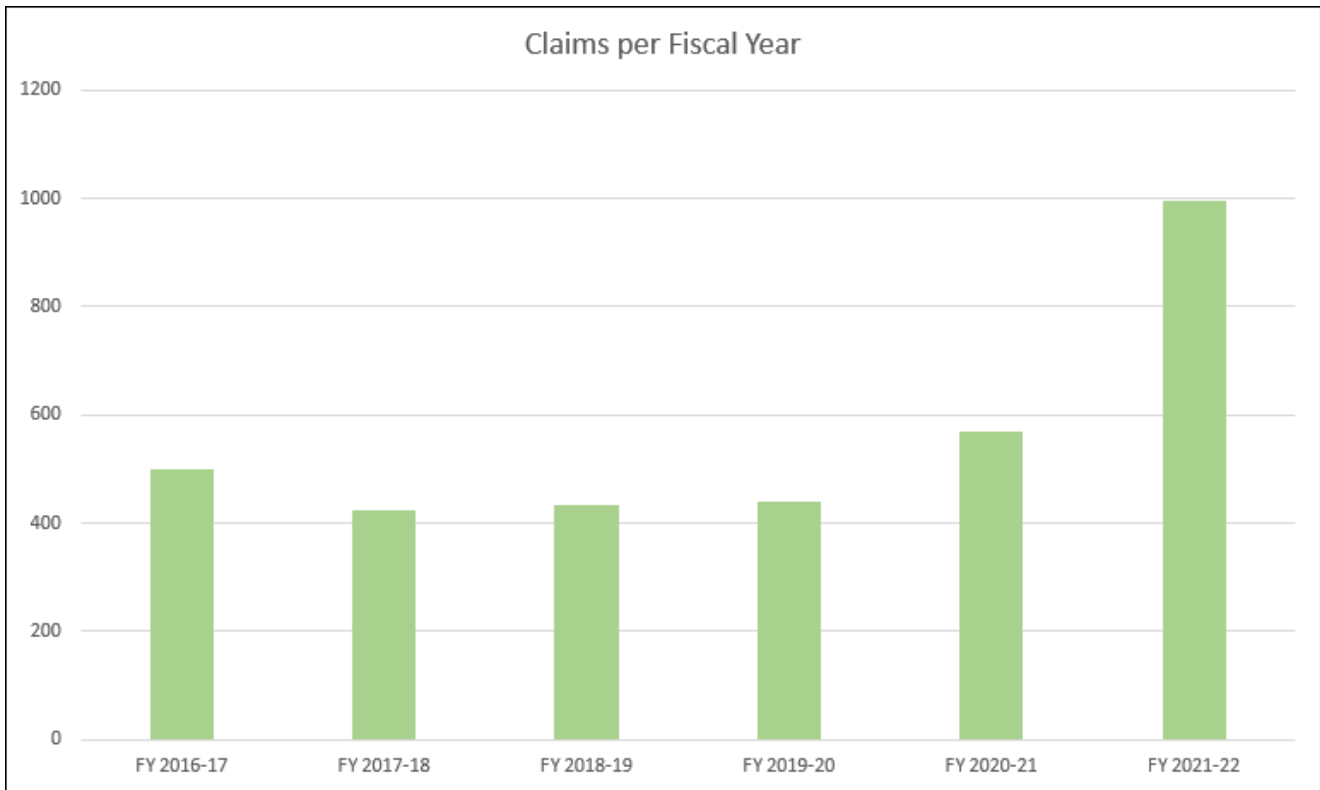
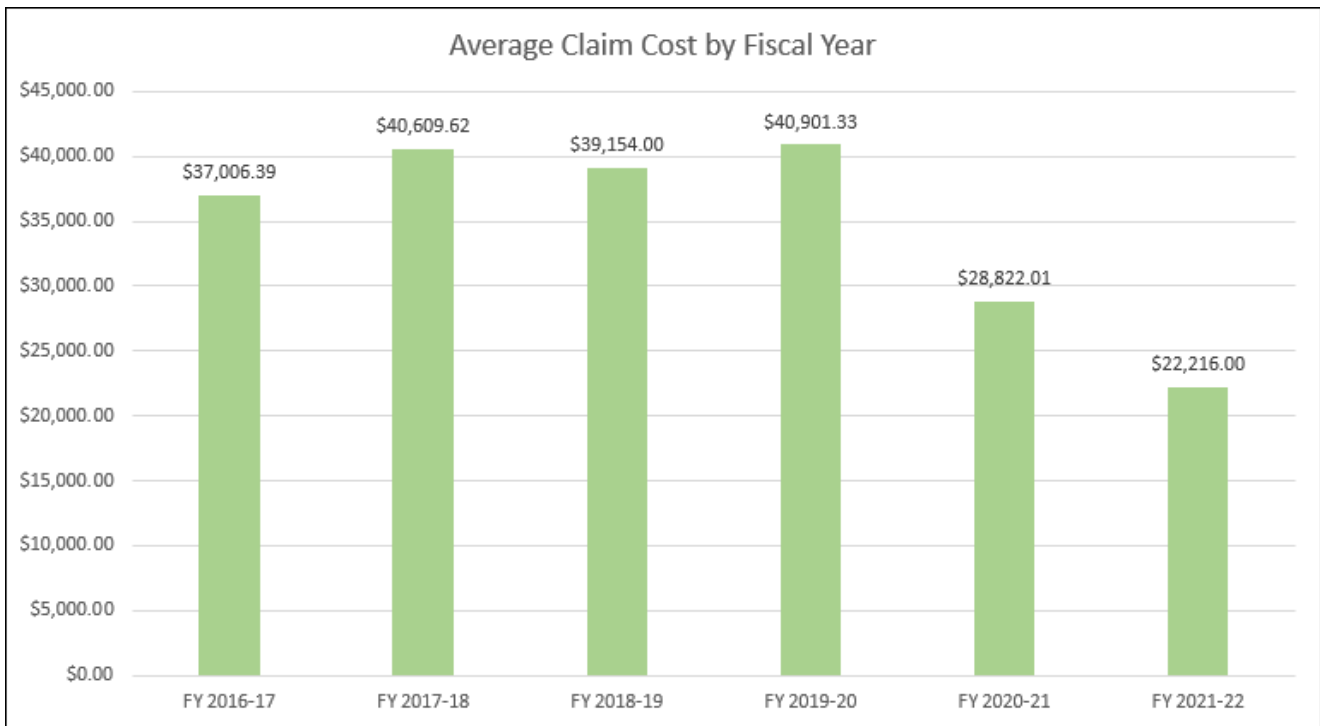


Exhibit 12-B



COVID-19 claims continue to dominate the reports. Because most COVID-19 claims have low to no cost, cost per claim were significantly lower in COVID years than in years without significant COVID-19 claims.

Exhibit 13-A

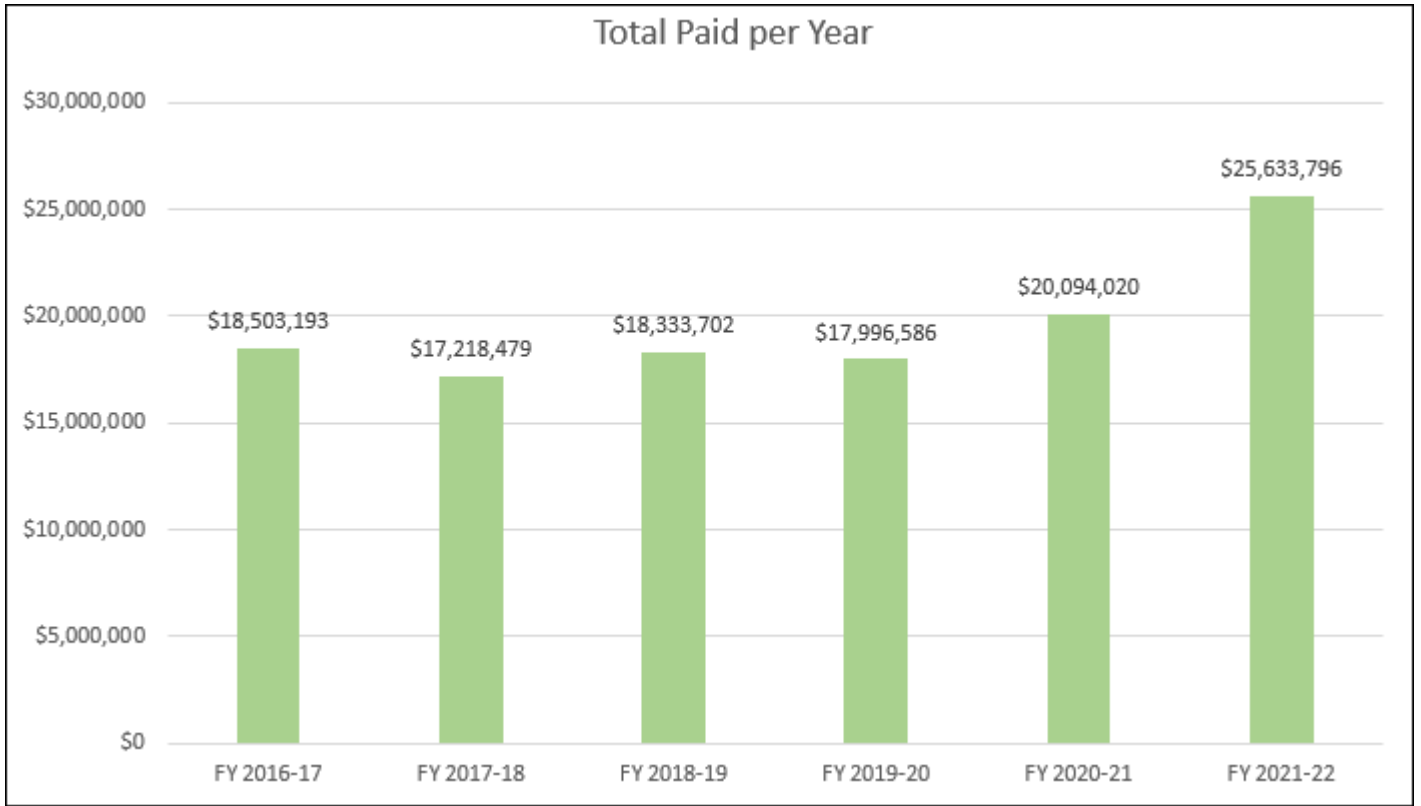


Exhibit 13-B

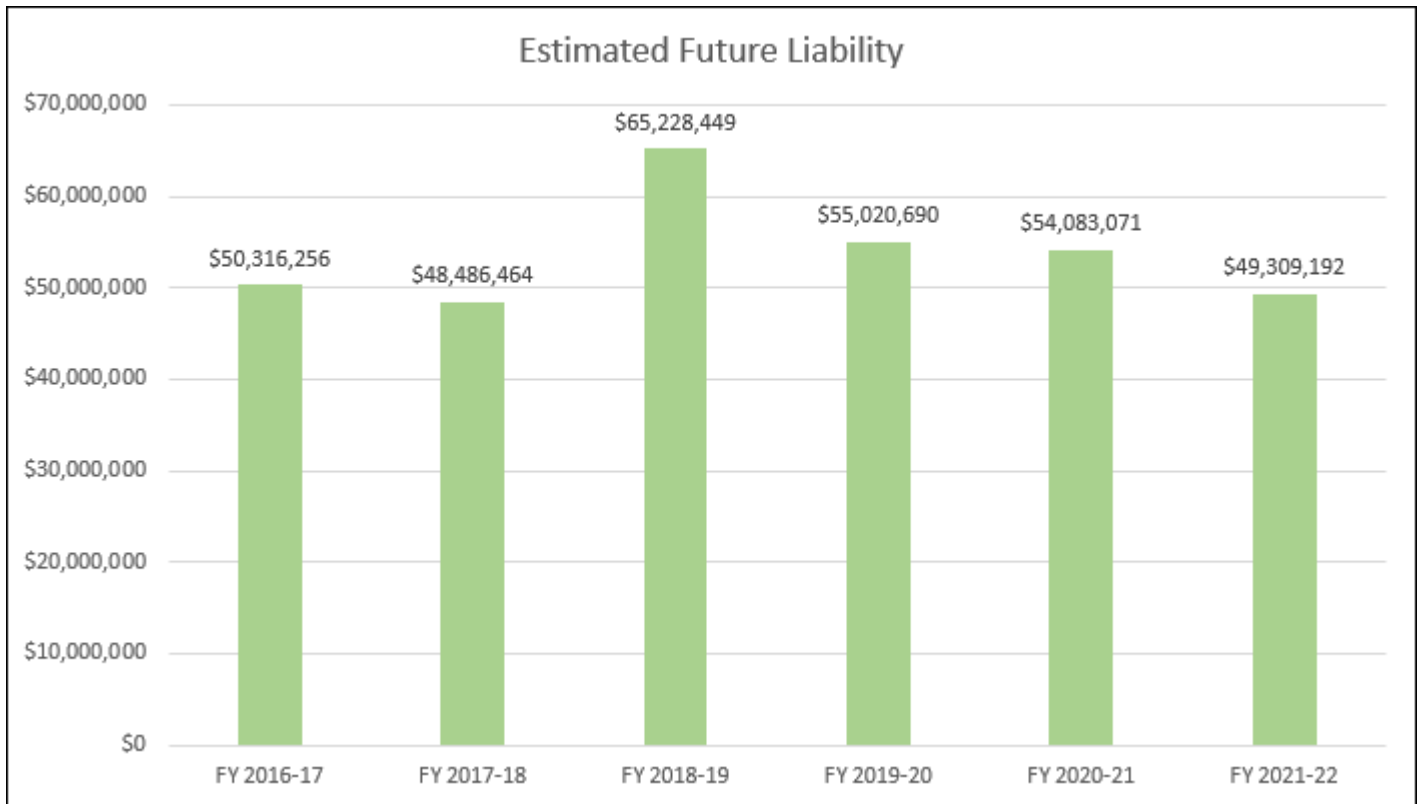


Exhibit 14-A

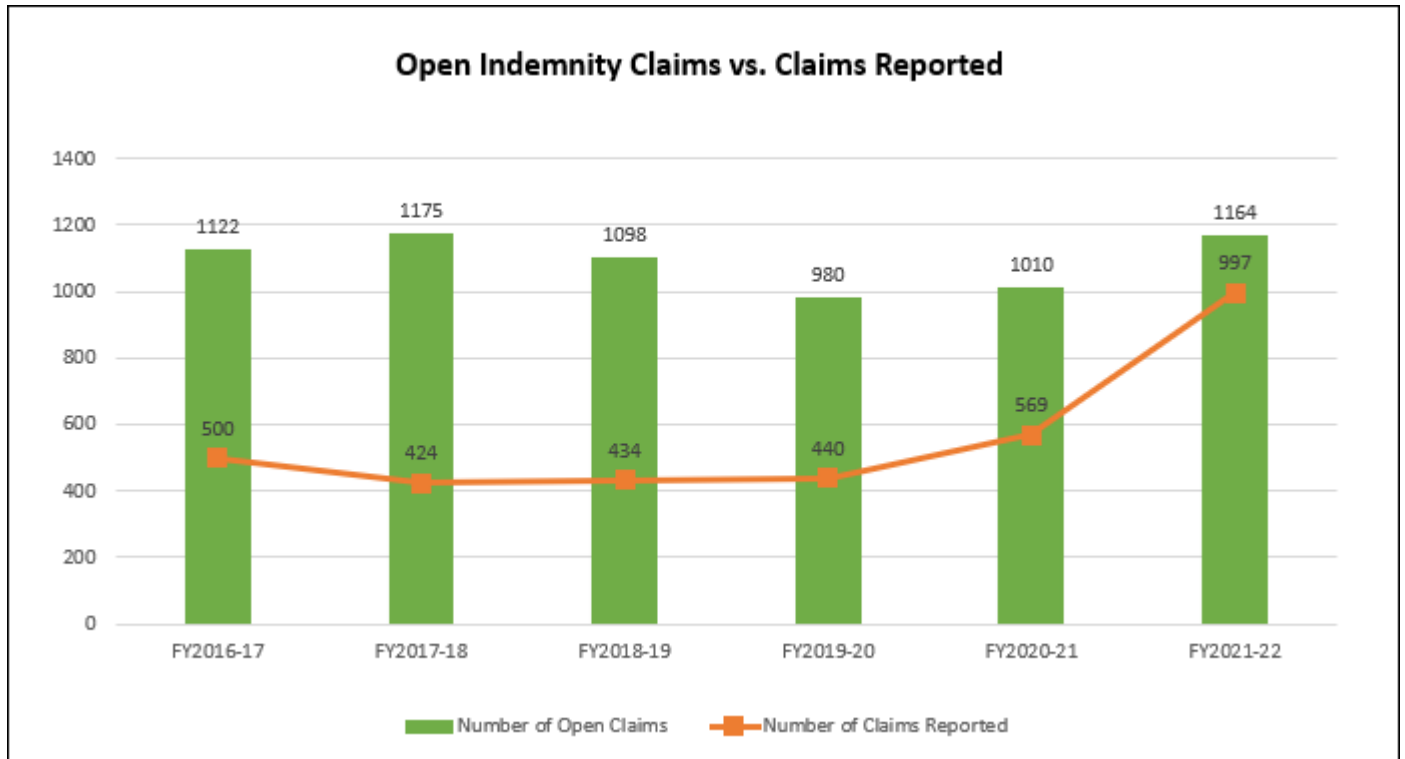
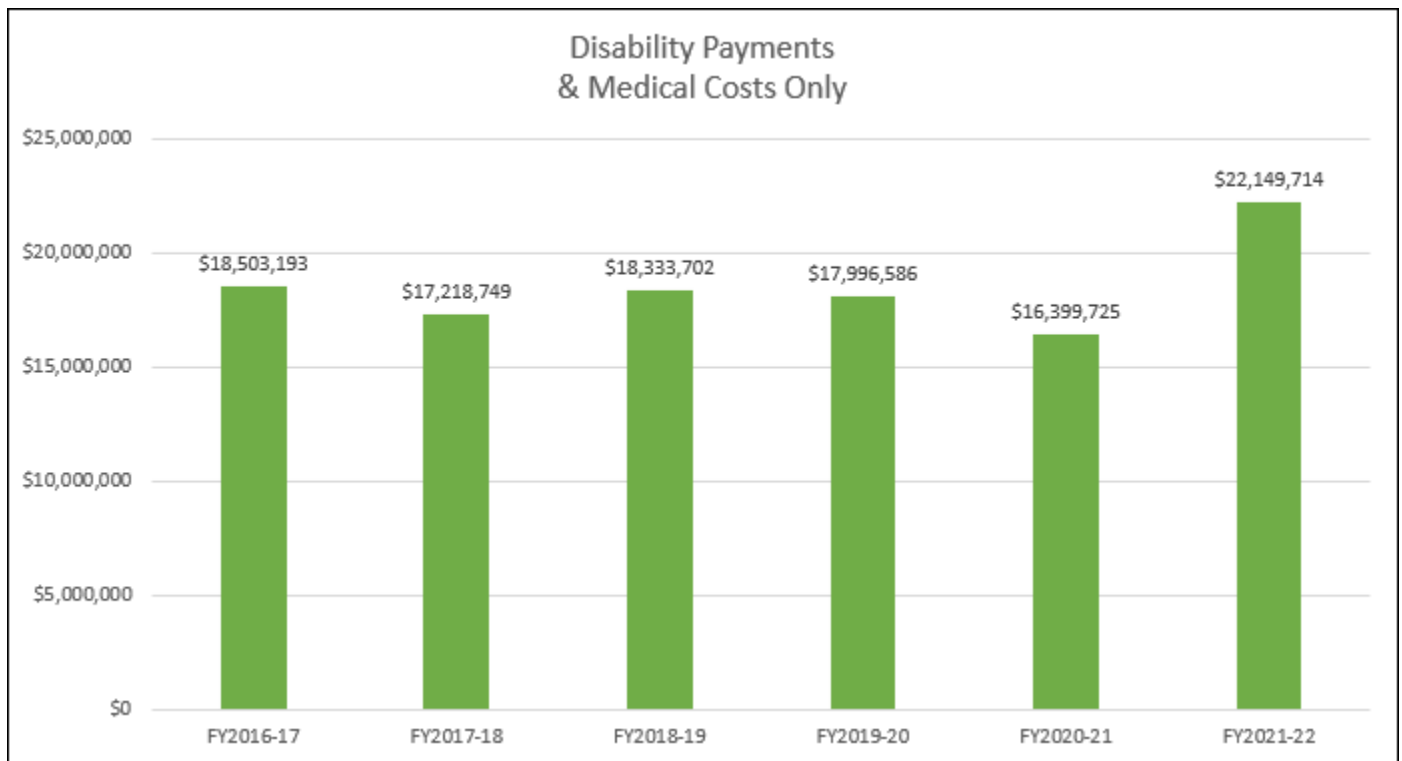


Exhibit 14-B



Although disability and medical payments increased over prior years, estimated future liabilities for all open claims decreased significantly.

Exhibit 15-A

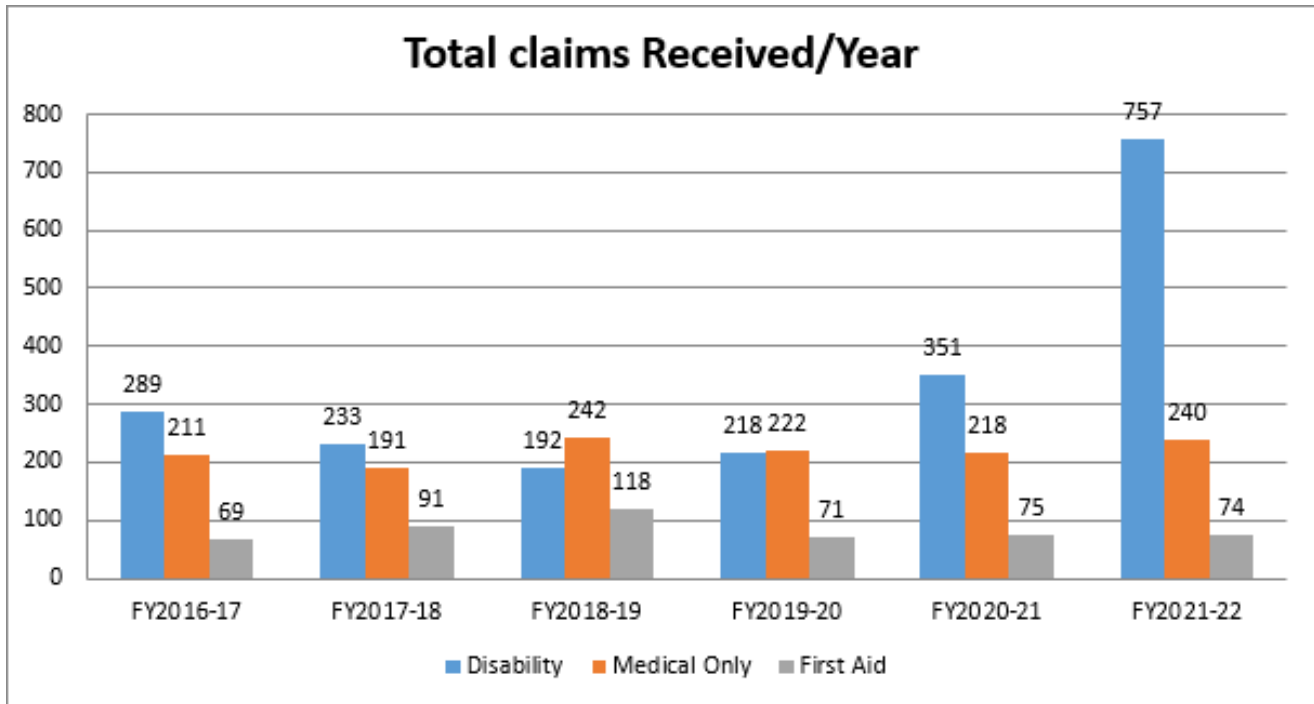


Exhibit 15-B

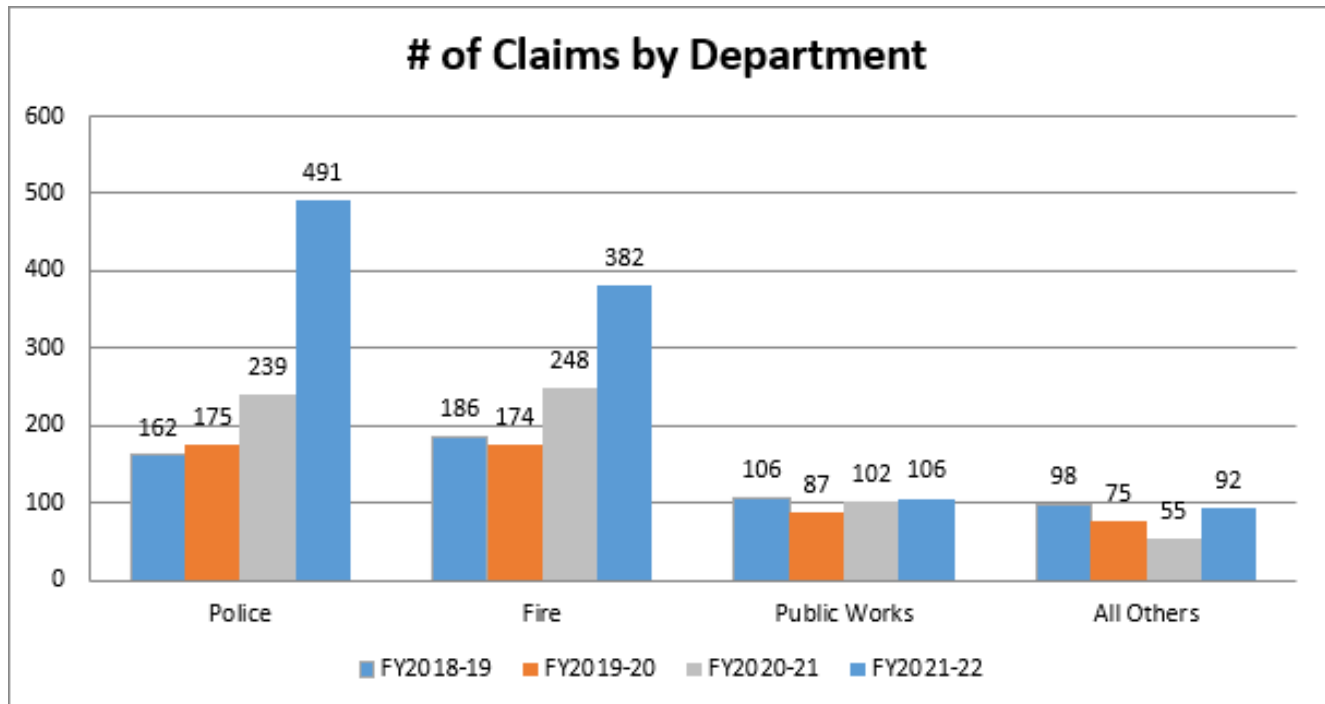


Exhibit 16-A



City of Oakland
RTW Claim Status Analysis

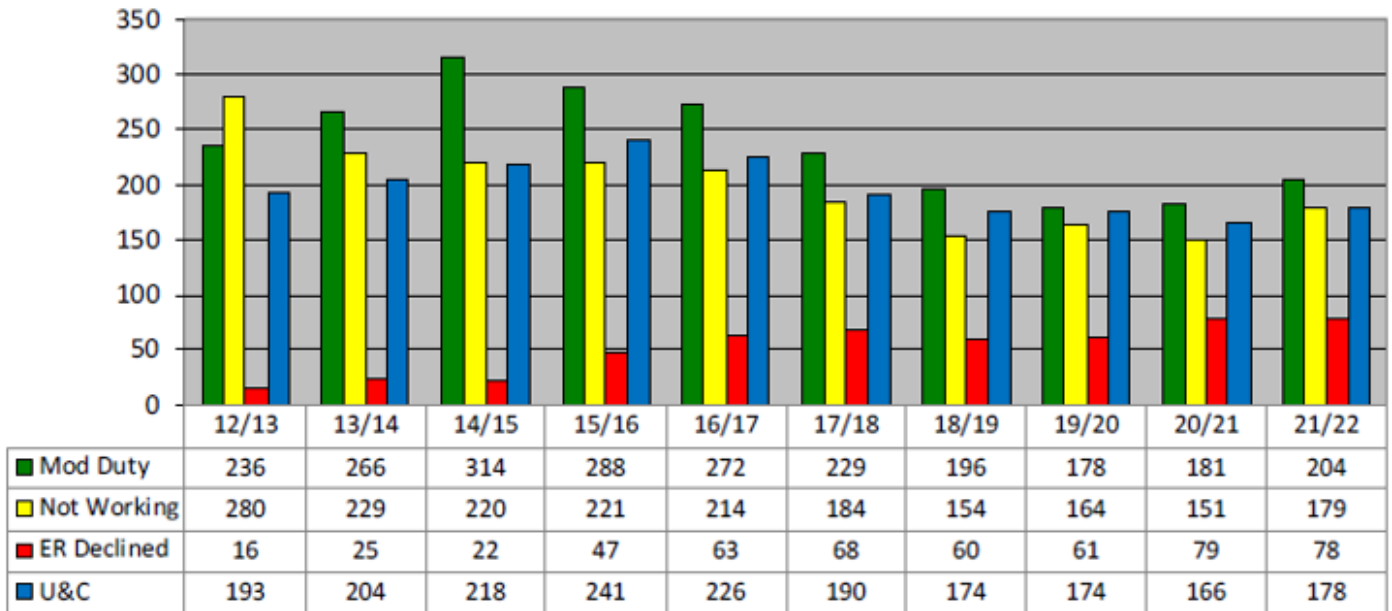
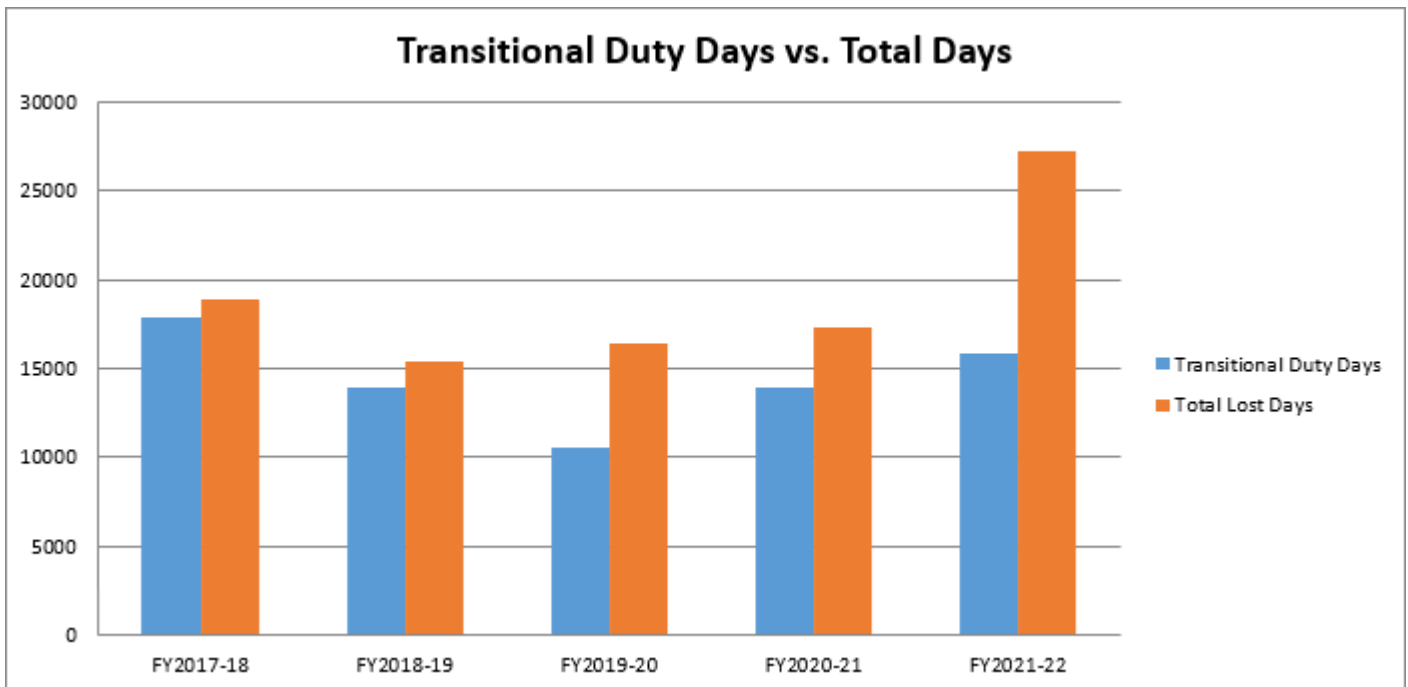


Exhibit 16-B

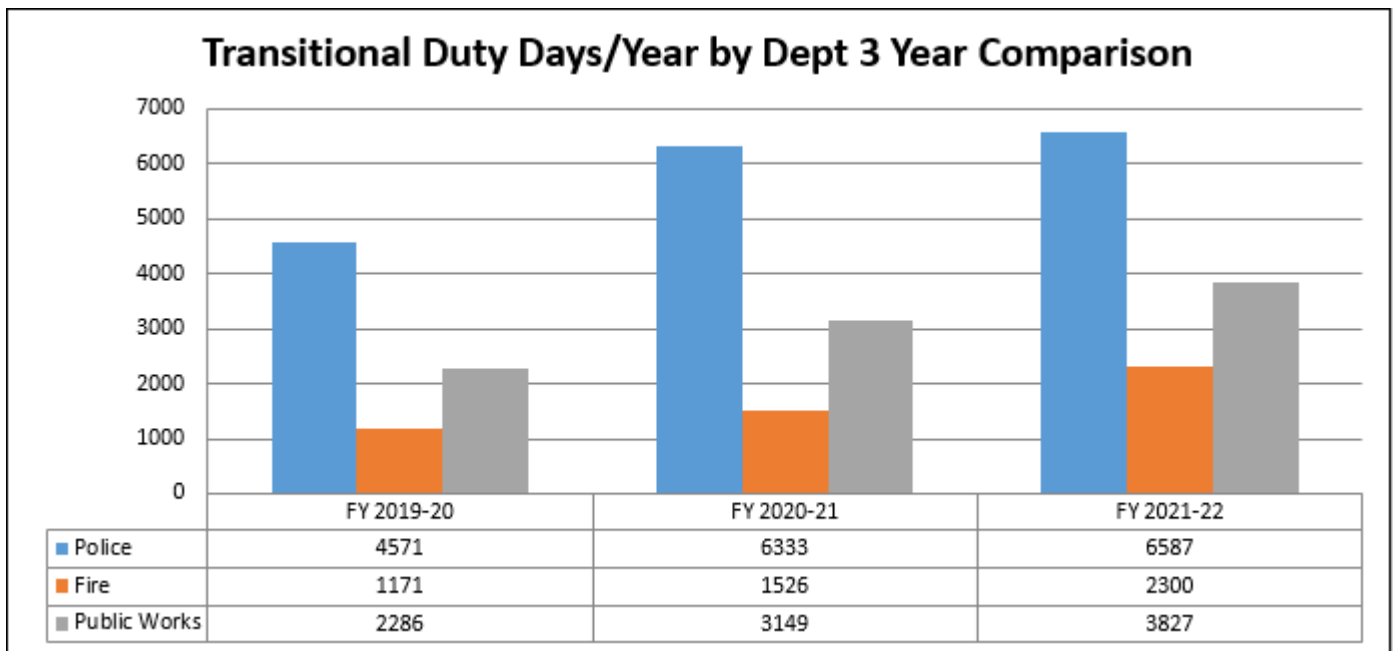


The number of Transitional Duty (TD) increased somewhat from the previous fiscal year. The rather modest increase is not directly correlated with the increase in claims frequency due to the relative difficulty of providing modified duty for COVID-19 claims.

Factors to consider:

- Medical Providers releasing more employees to Modified Duty than the previous year.
- Entities learning to operate more efficiently in a post COVID-19 regime.
- Both the City and third party administration adjusting to remote work.

Exhibit 17-A



PROGRAM EXPENDITURES

ANNUAL REPORT FISCAL YEAR 2021-22

The primary expenditures in Oakland’s WC Program are Indemnity Payments (Permanent Disability payments), Temporary Disability payments, and Medical Expenditures. Appendix A defines these terms and Appendix B provides a detailed breakdown of program expenditures over the past 5 years. The following graphs show five-year histories for each primary expenditure type.

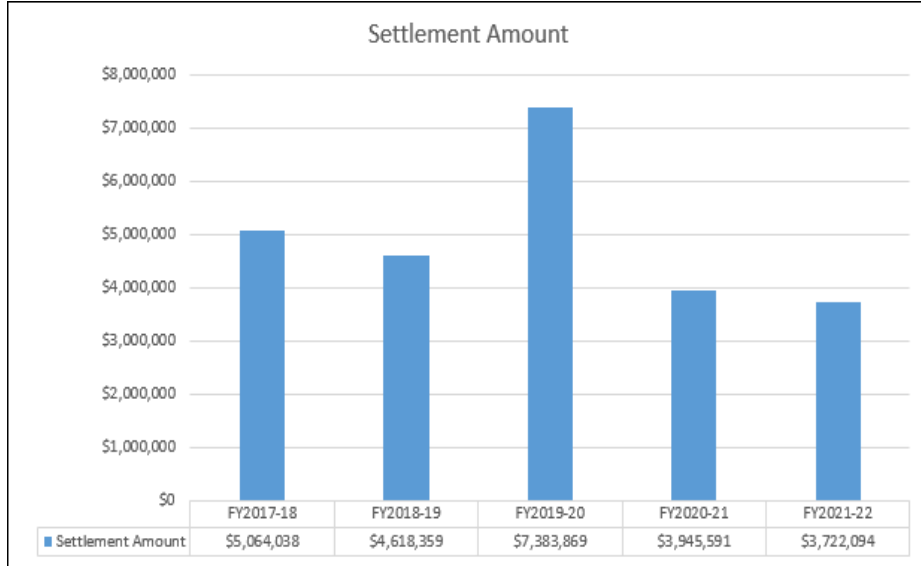


Exhibit 18-A

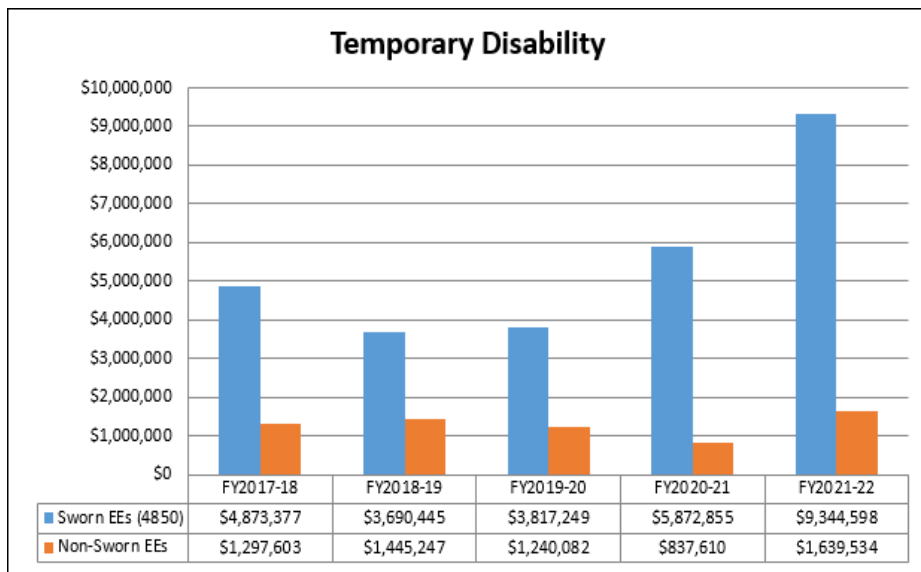


Exhibit 18-B

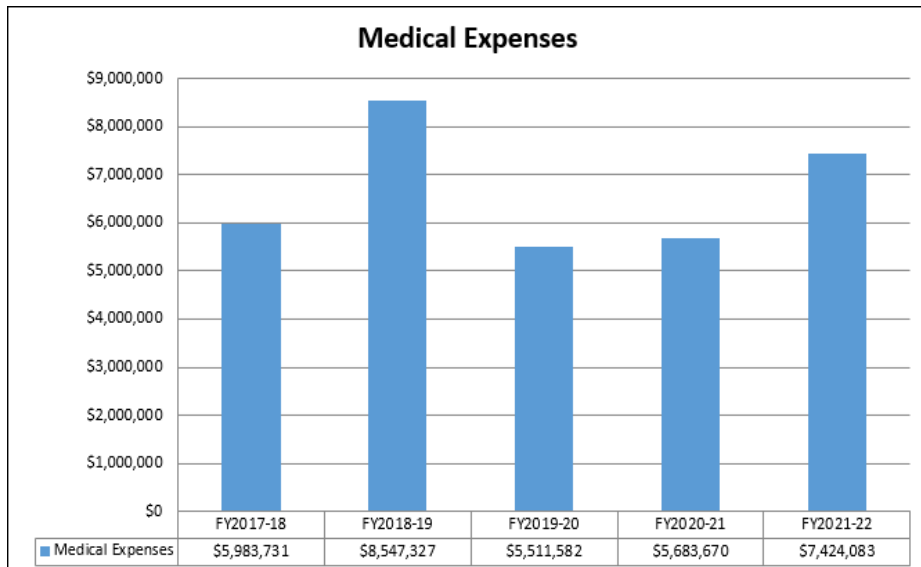


Exhibit 18-C

Exhibit 19-A

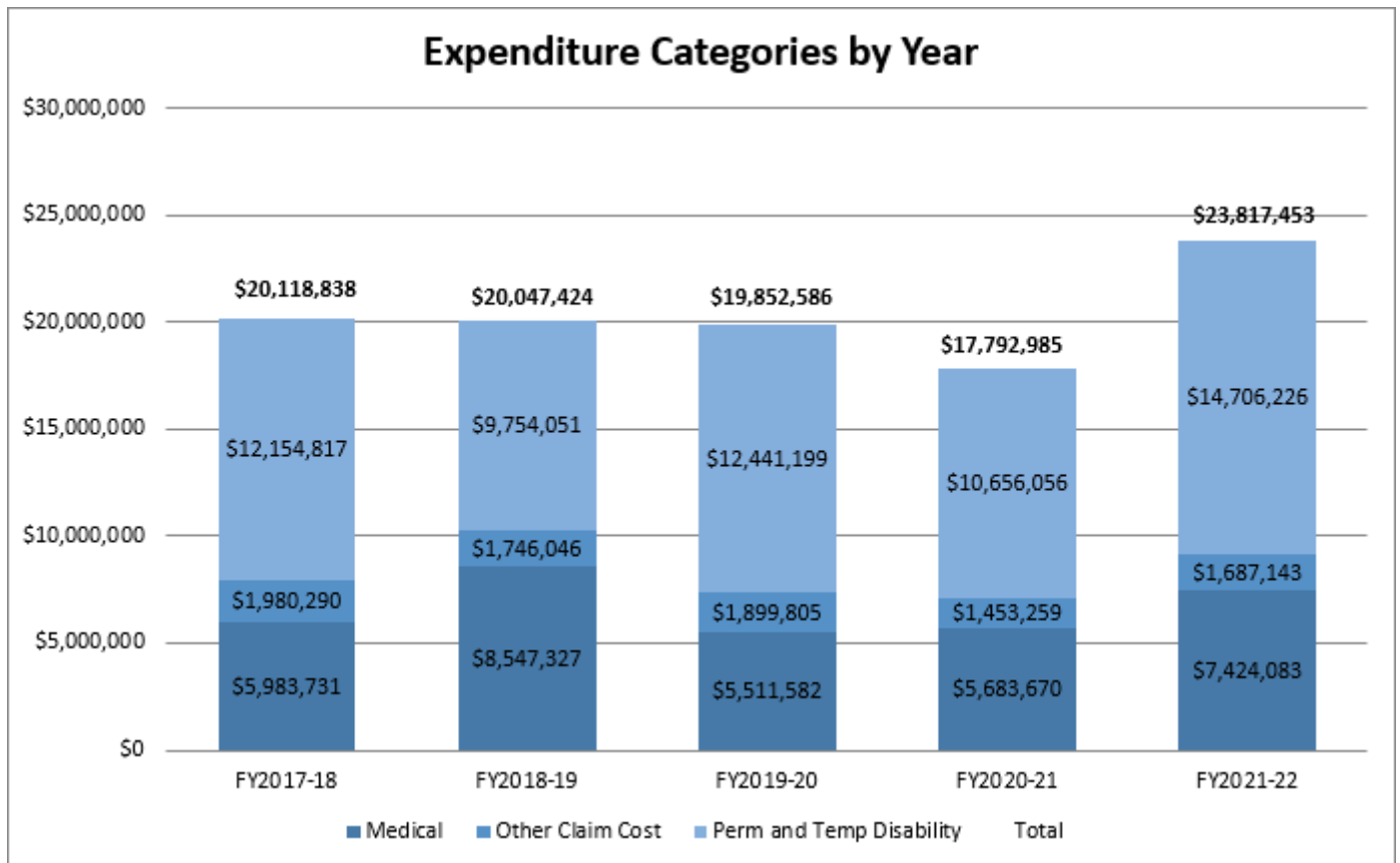


Exhibit 19-B

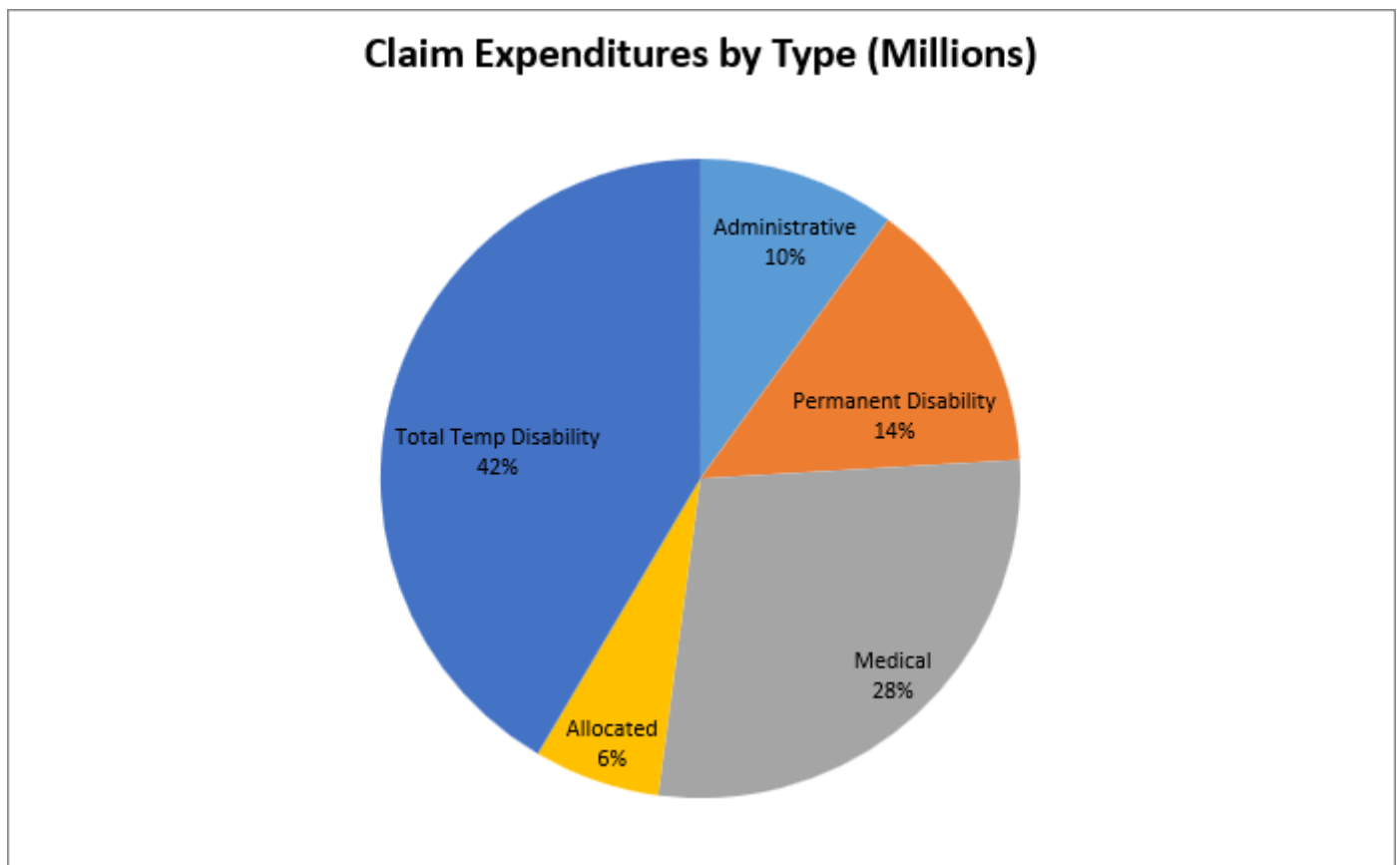


Exhibit 20-A

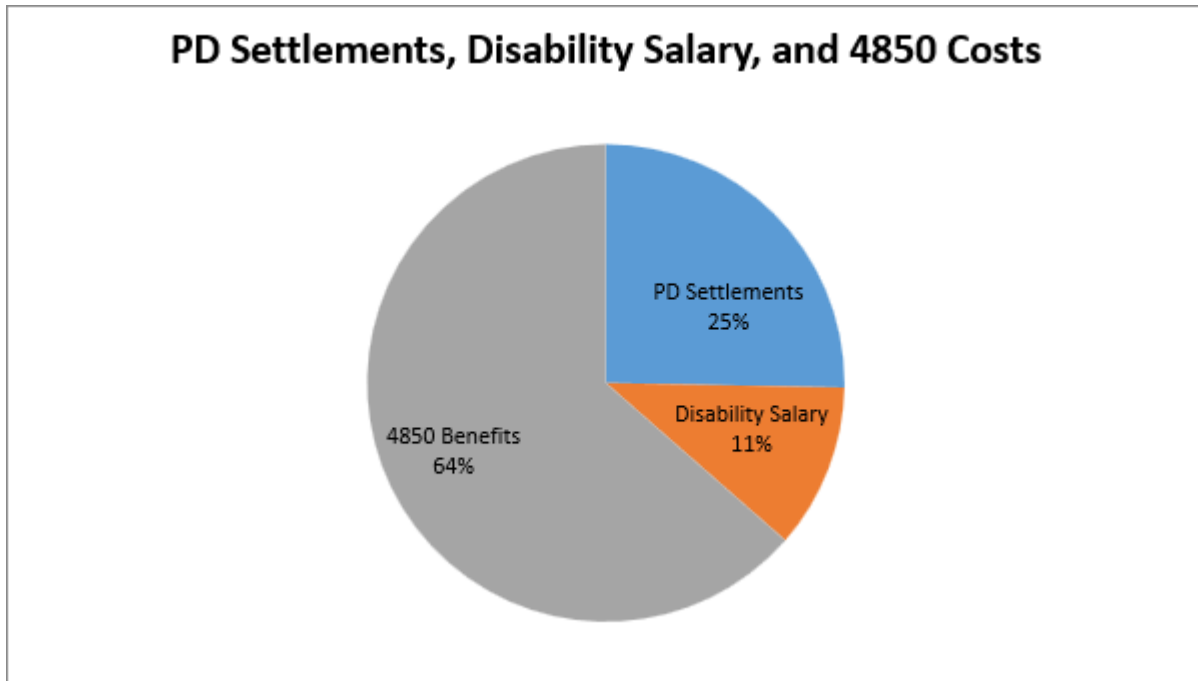
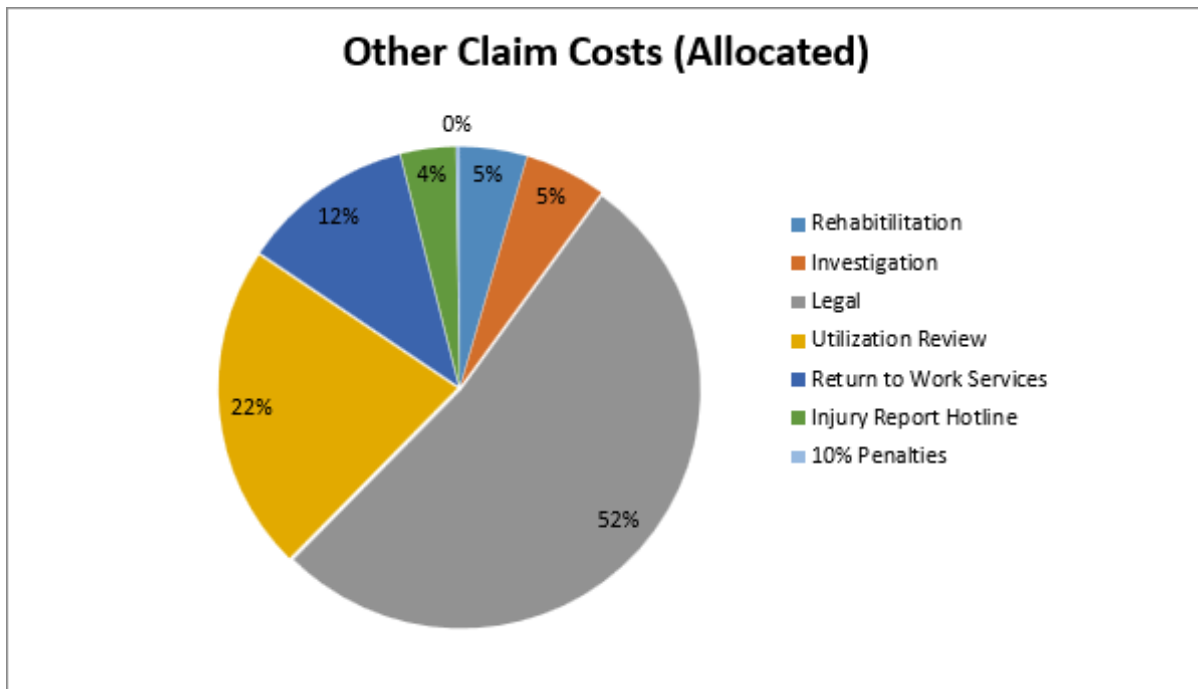


Exhibit 20-B



CLAIMS BY DEPARTMENT

ANNUAL REPORT FISCAL YEAR 2021-22

Exhibit 21-A

Frequency	Number of Claims by Dept. FY2019-20 through FY2021-22											
	FY2019-20				FY2020-21				FY2021-22			
Department	First Aid	M.O.	Disability	All	First Aid	M.O.	Disability	All	First Aid	M.O.	Disability	All
City Administration	3	5	3	11	1	3	1	5	1	8	9	18
Police	23	68	84	175	10	78	151	239	23	99	369	491
Fire	23	65	86	174	46	52	150	248	25	54	303	382
Public Works	9	50	28	87	13	51	38	102	11	52	43	106
City Attorney	0	0	1	1	0	1	0	1	0	0	0	0
Unknown	0	0	0	0	0	0	1	1	0	0	0	0
Parks & Recreation	7	3	3	13	1	4	0	5	9	9	3	21
Library	5	6	1	12	1	6	1	8	2	6	4	12
Office of The Mayor	0	0	0	0	0	1	1	2	0	0	0	0
Human Services	0	8	7	15	0	3	0	3	0	8	8	16
Financial Mgmt	1	1	1	3	0	2	1	3	0	0	4	4
Dept. Of Info & Tech	0	0	0	0	0	1	0	1	0	0	0	0
CEDA	0	0	0	0	0	0	0	0	0	0	1	1
Housing & Comm Dev.	0	1	0	1	0	0	0	0	1	0	2	3
Planning & Bldg	0	2	0	2	0	2	1	3	0	1	1	2
Economic & Workforce Development	0	1	0	1	0	0	0	0	0	0	1	1
Department of Transportation	0	12	4	16	3	14	6	23	1	4	9	14
Totals	71	222	218	511	75	218	351	644	74	240	757	1071

Exhibit 21-B

Severity	Estimated Future Liability by Department		
	FY2019-20	FY2020-21	FY2021-22
Department			
City Administration	\$6,808	\$28,529	\$46,643
Police	\$1,592,154	\$2,134,758	\$2,837,533
Fire	\$2,041,466	\$3,394,267	\$2,733,793
Public Works	\$494,107	\$571,823	\$345,699
City Attorney	\$0	\$0	\$0
Unknown	\$0	\$0	\$0
Parks & Recreation	\$49,892	\$4,025	\$4,324
Library	\$7,671	\$4,810	\$76,073
Human Services	\$121,939	\$9,000	\$145,806
Financial Mgmt	\$0	\$0	\$65,533
Dept. Of Info & Tech	\$0	\$0	\$0
CEDA	\$0	\$0	\$18,638
Housing & Comm Dev.	\$6,633	\$0	\$0
Office of the Mayor	\$0	\$11,550	\$0
Planning & Bldg	\$5,065	\$27,299	\$0
Economic & Workforce Development	\$0	\$0	\$6,350
Department of Transportation	\$40,115	\$79,025	\$79,226
Totals	\$4,365,850	\$6,265,087	\$6,359,616

Exhibit 22-A

	PD Claims	% of City Claims	PD Claims Cost	% of City Cost	Average Incurred Claim Cost
FY2021-22	491	45.85%	\$5,278,847	40.56%	\$10,751.22
3 Year Avg	302	40.66%	\$3,824,978	37.53%	\$12,679.49

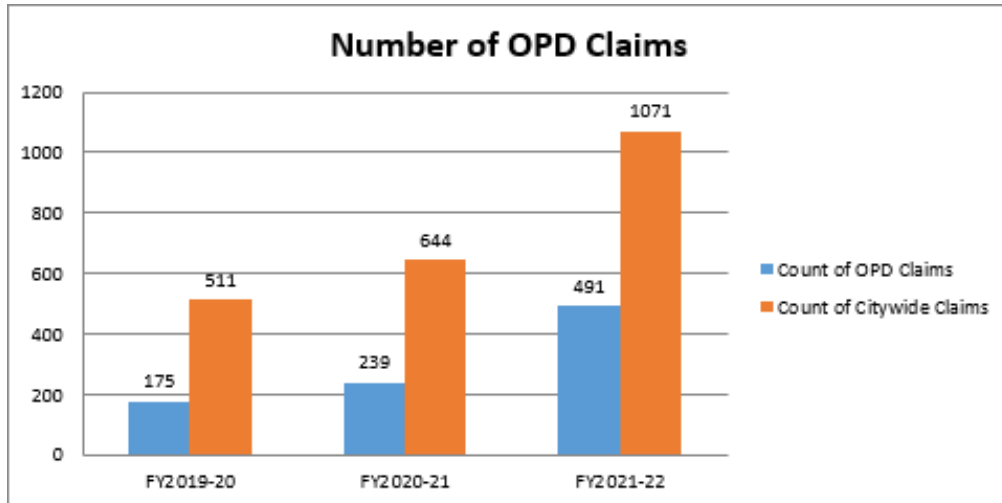


Exhibit 22-B

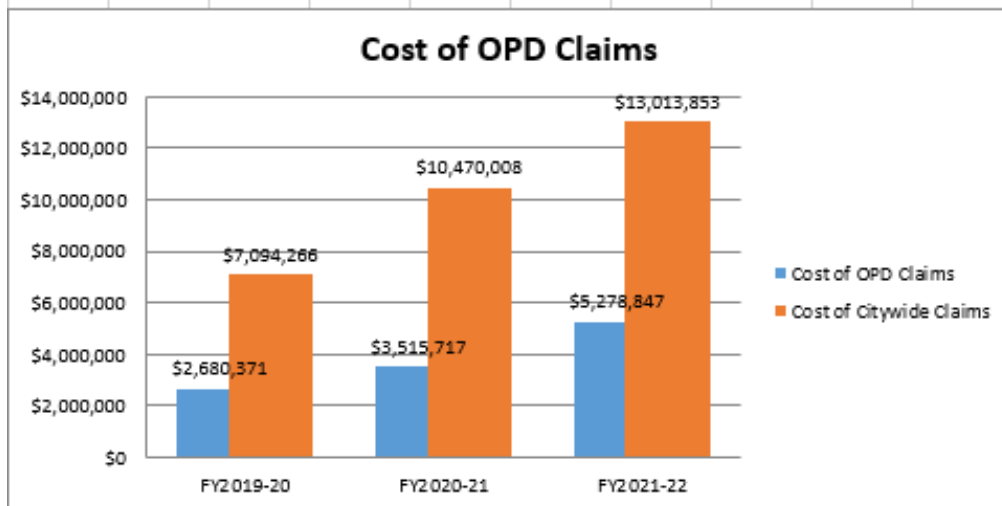


Exhibit 22-C

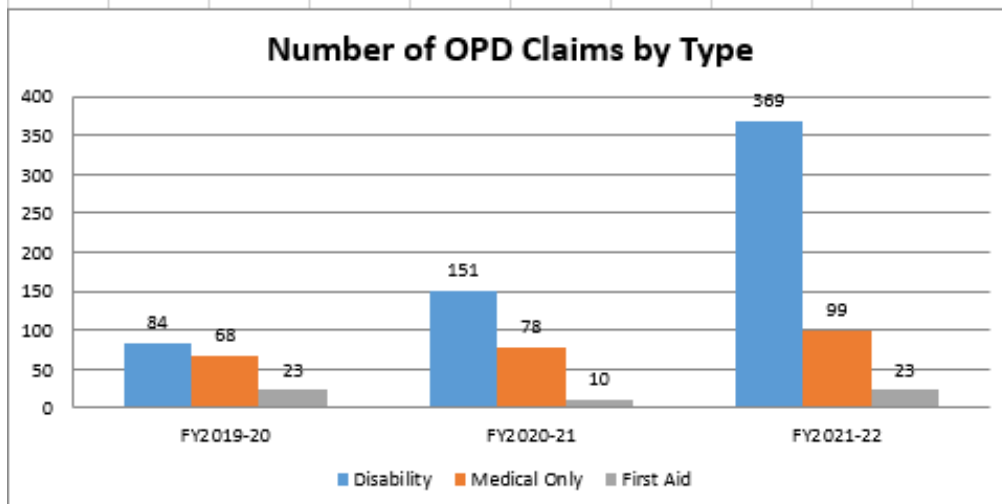


Exhibit 22-D

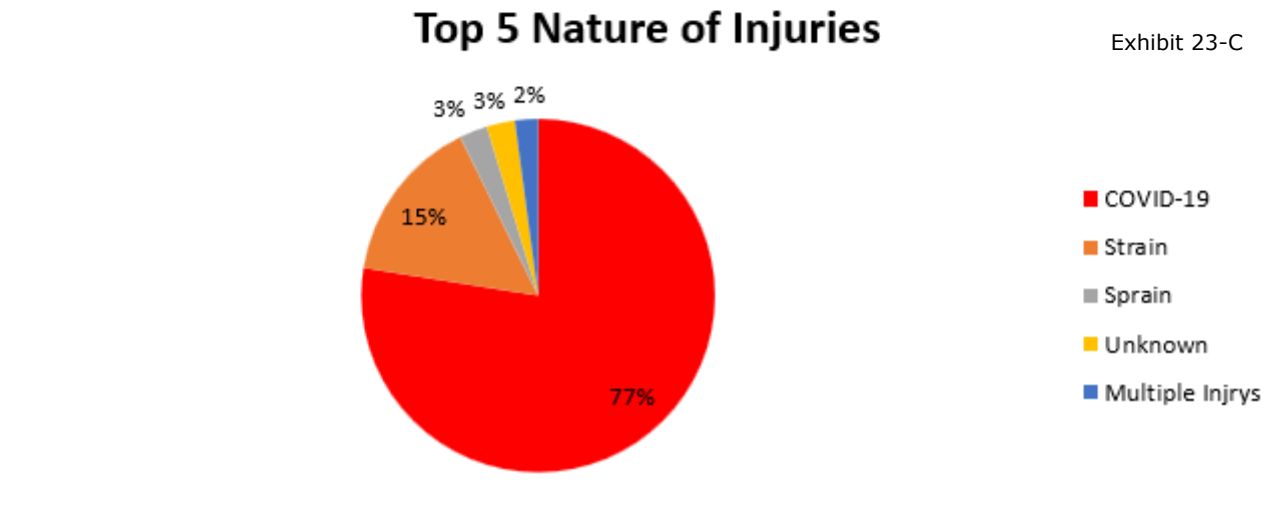
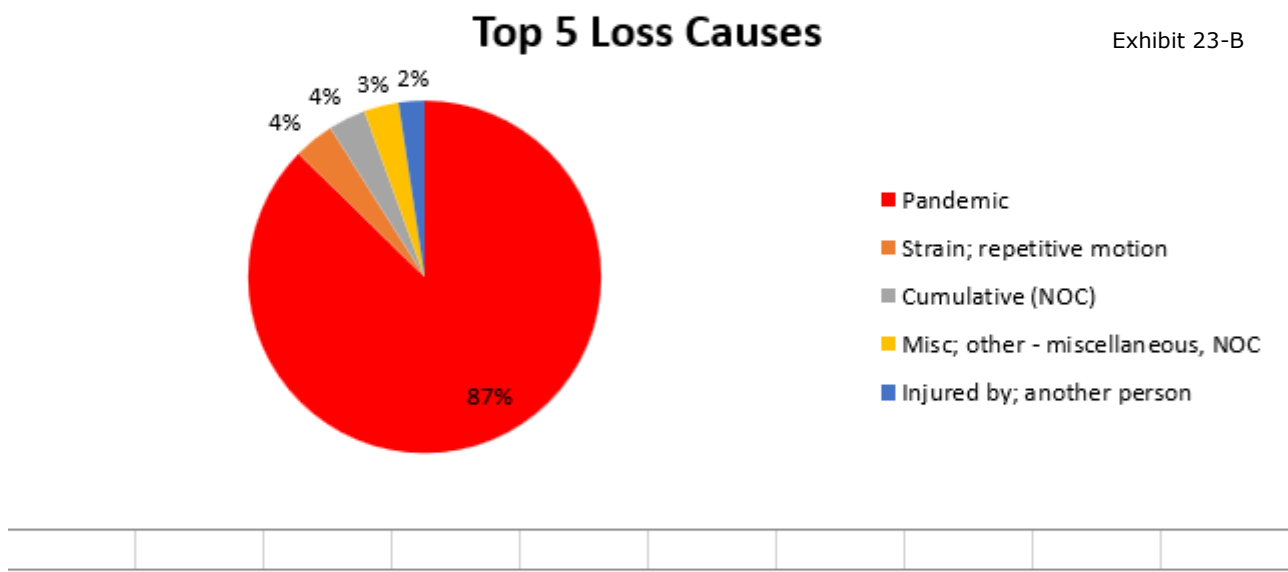
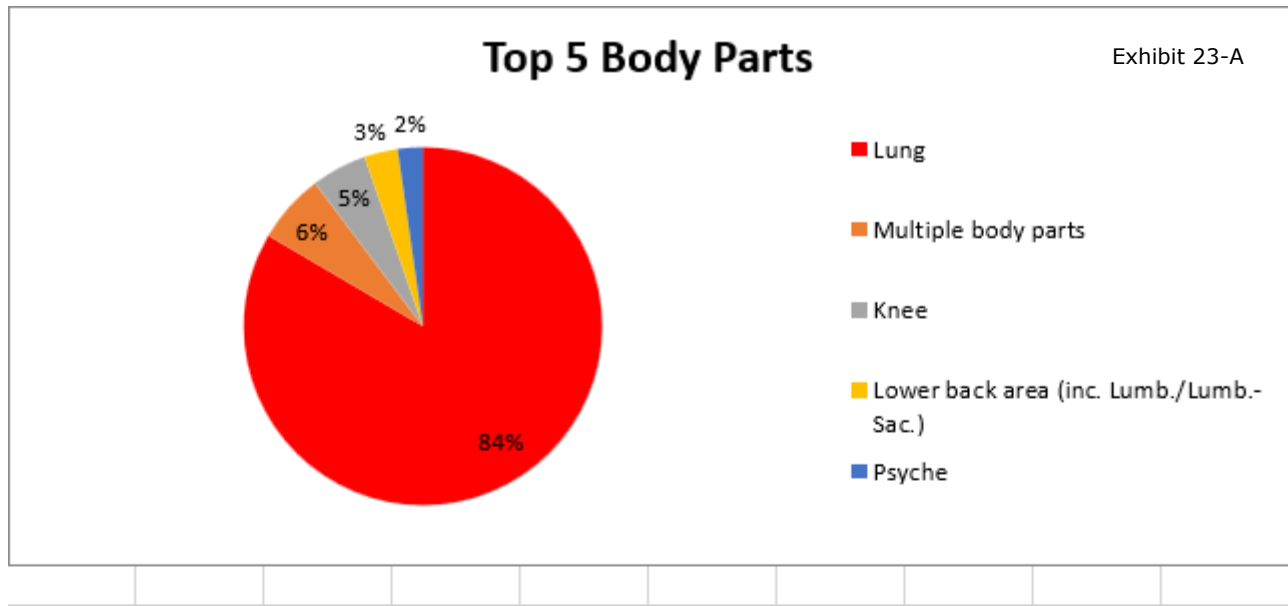


Exhibit 24-A

	FD Claims	% of City Claims	FD Claims Cost	% of City Cost	Average Incurred Claim Cost
FY2021-22	382	36%	\$6,437,907	49.47%	\$16,853.16
3 Year Avg	268	36%	\$5,174,113	50.76%	\$19,306.39

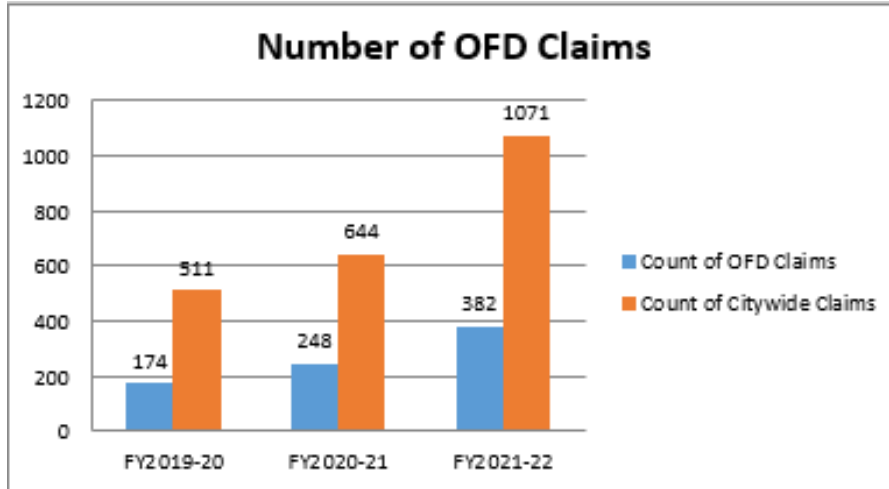


Exhibit 24-B

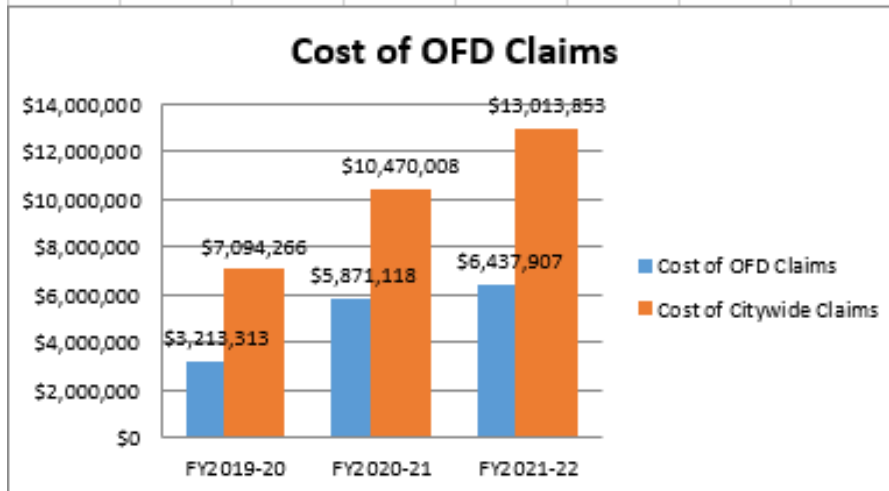


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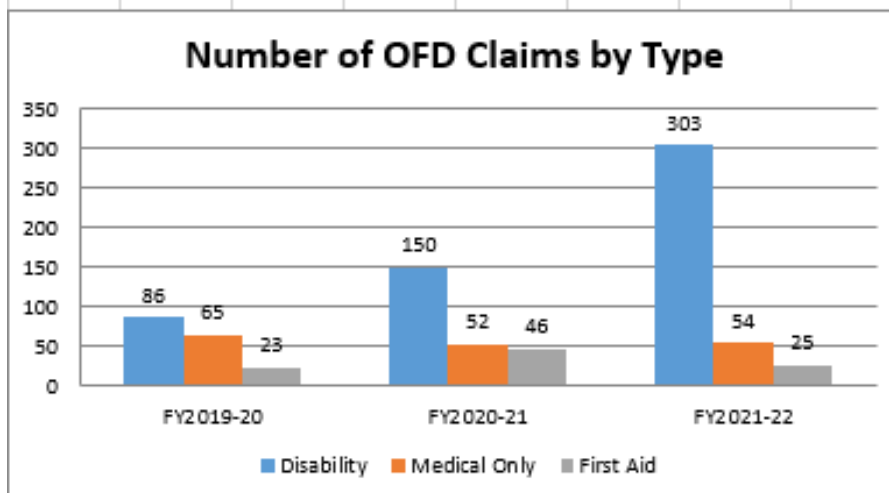


Exhibit 24-D

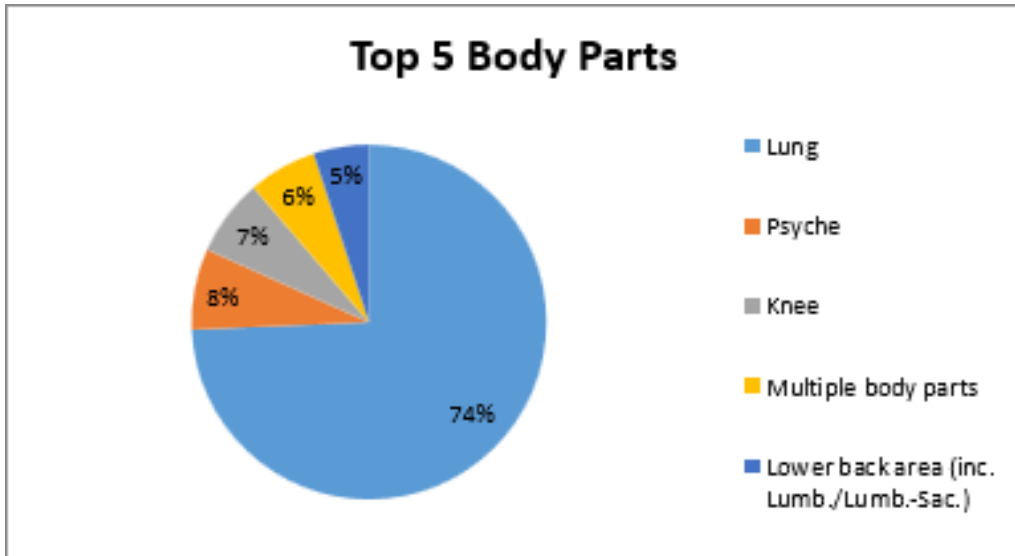


Exhibit 25-A

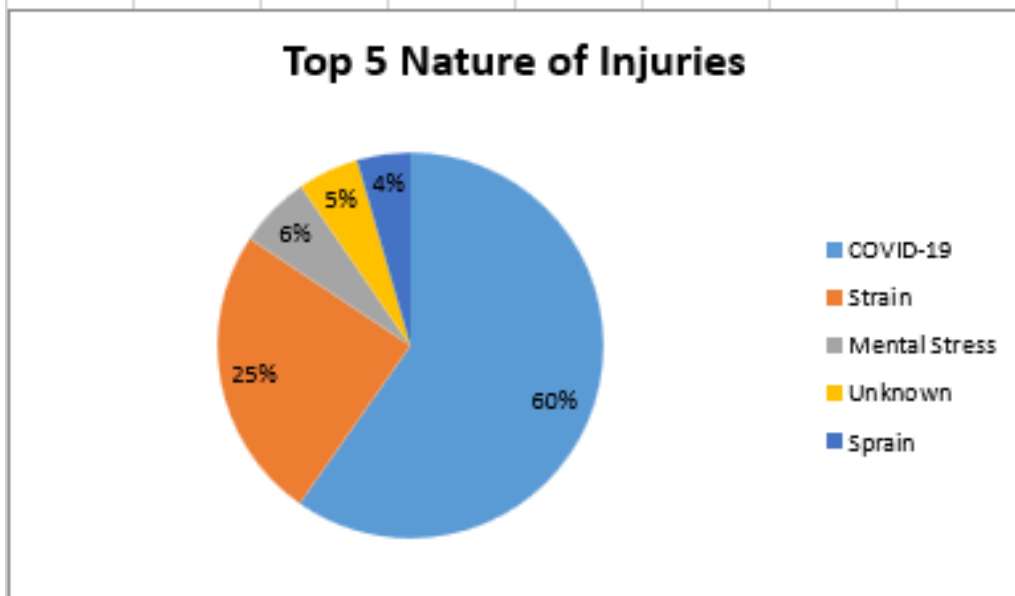


Exhibit 25-B

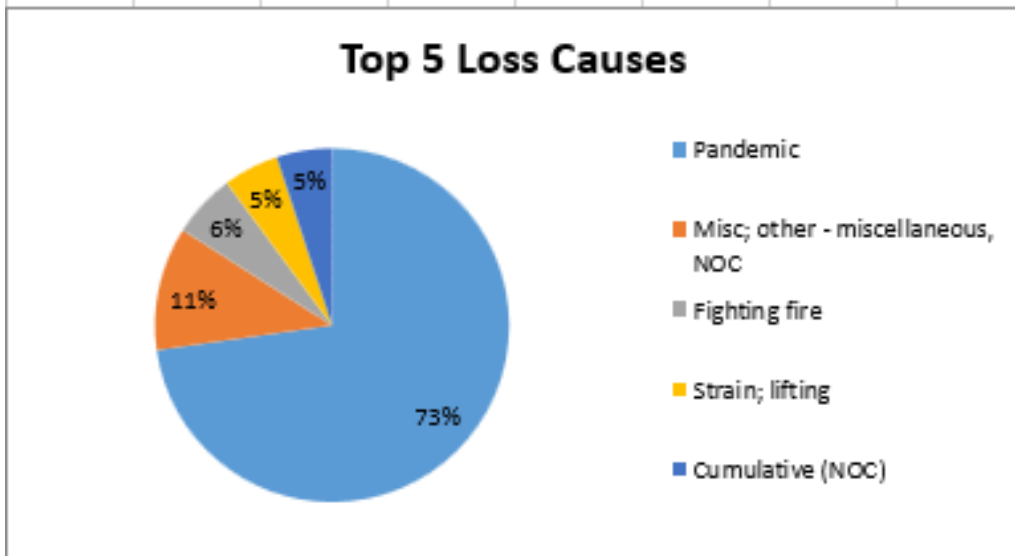


Exhibit 25-C

Exhibit 26-A

	OPW Claims	% of City Claims	OPW Claims Cost	% of City Cost	Average Incurred Claim Cost
FY2021-22	106	9.90%	\$667,537	5.13%	\$6,297.52
3 Year Avg	98	13.25%	\$750,276	7.36%	\$7,629.92

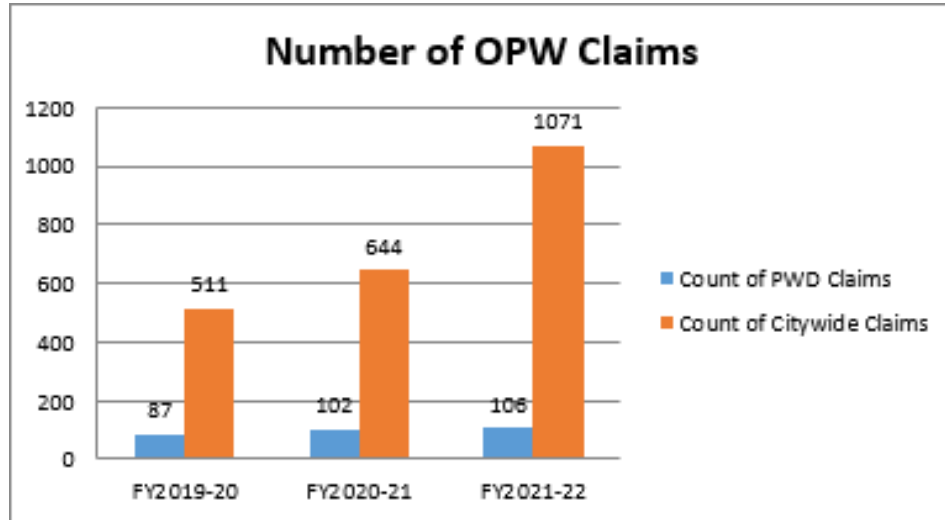


Exhibit 26-B

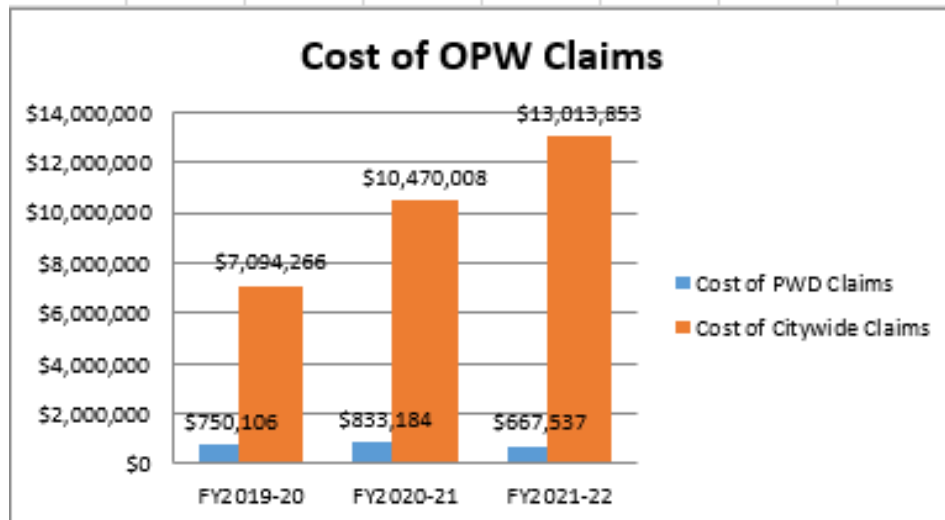


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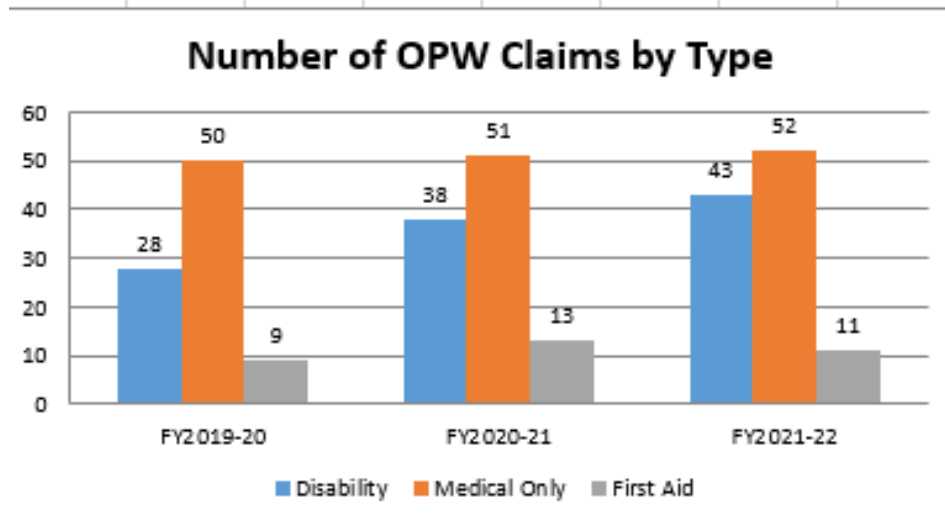


Exhibit 26-D

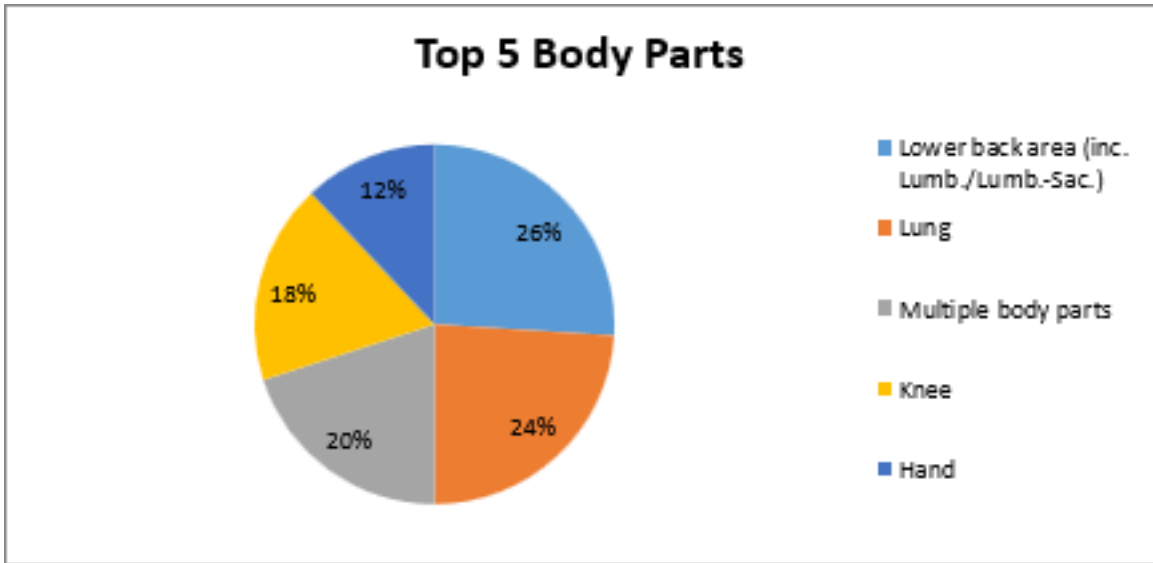


Exhibit 27-A

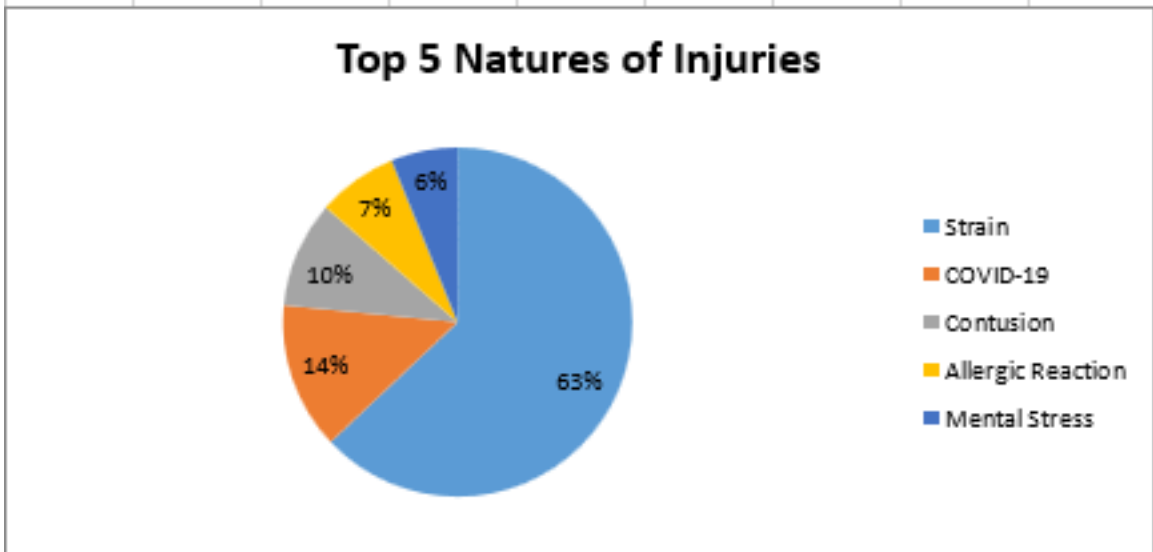


Exhibit 27-B

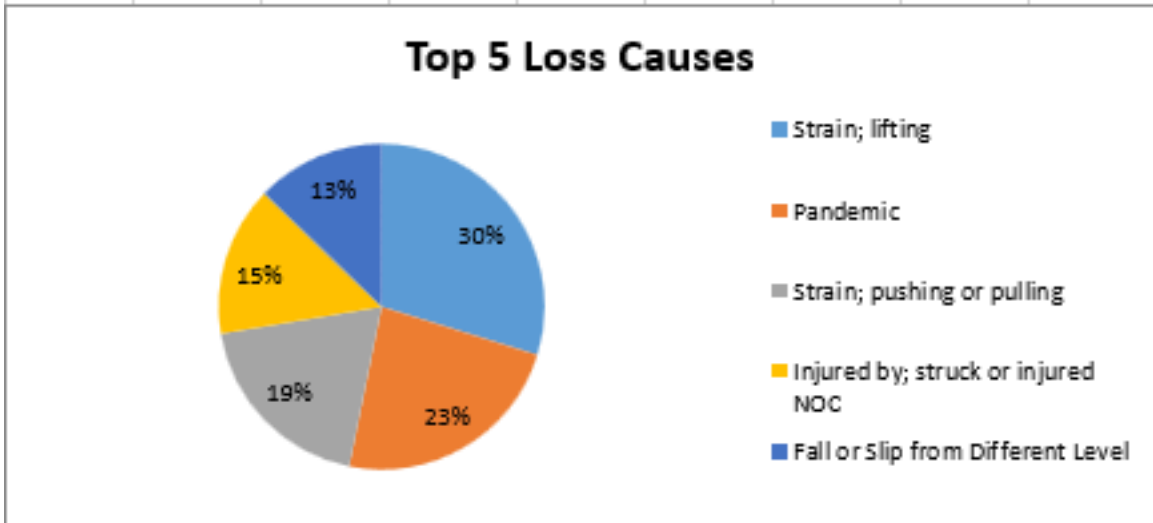


Exhibit 27-C

Exhibit 28-A

	P&R Claims	% of City Claims	P&R Claims Cost	% of City Cost	Average Incurred Claim Cost
FY2021-22	5	2%	\$19,863	0.15%	\$3,972.54
3 Year Avg	13	2%	\$42,017.26	0.41%	\$3,232.10

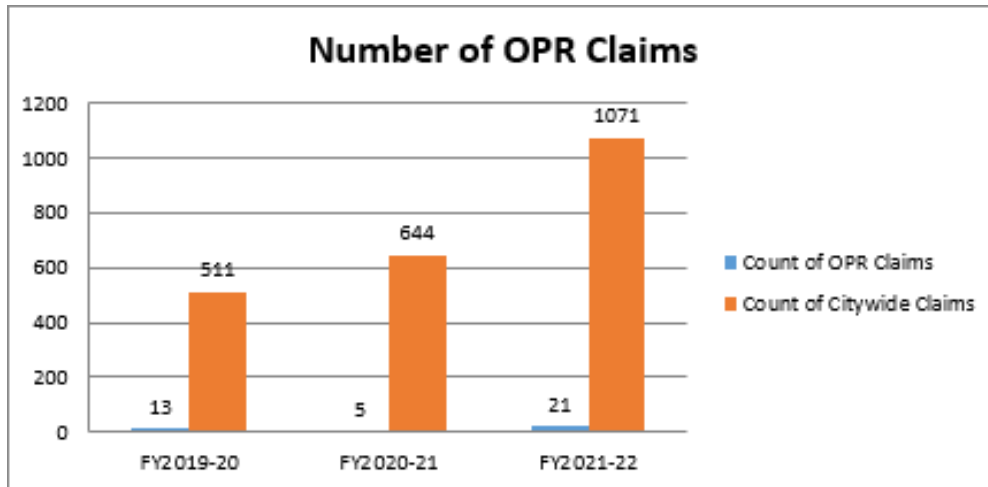


Exhibit 28-B

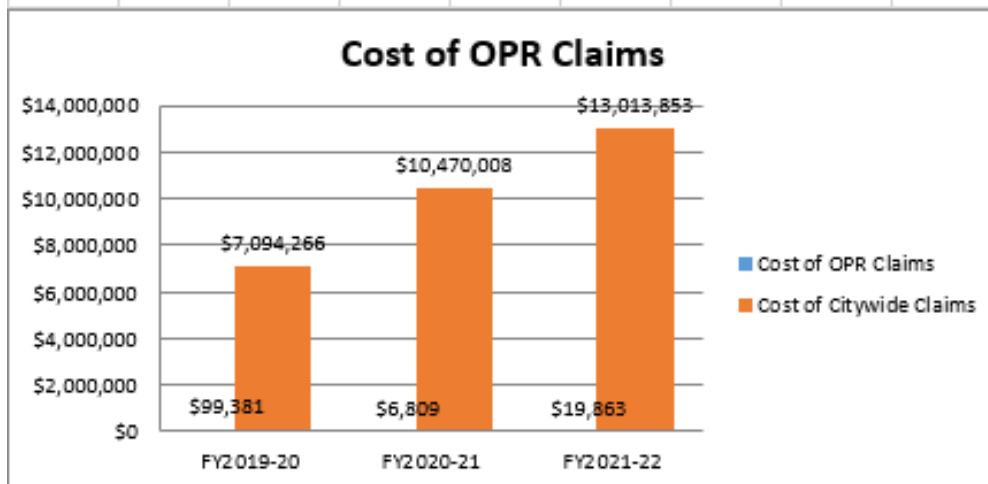


Exhibit 28-C

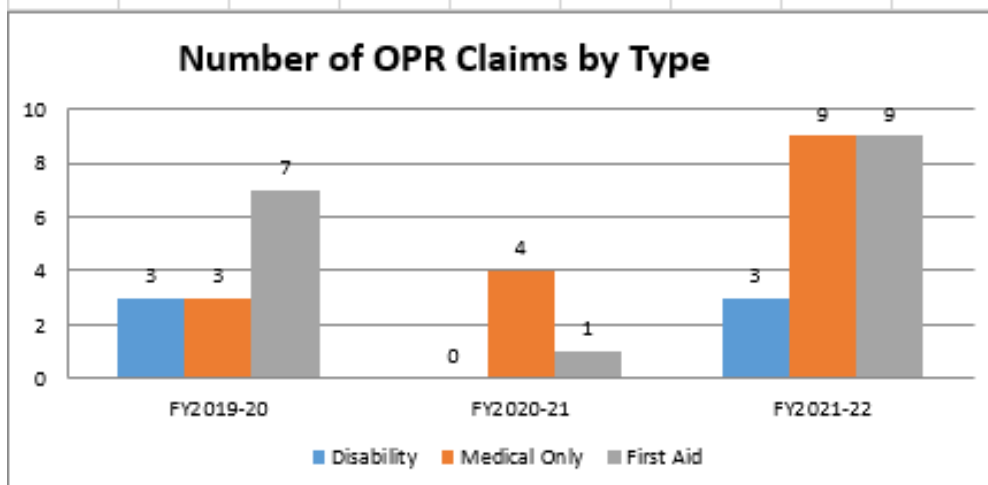


Exhibit 28-D

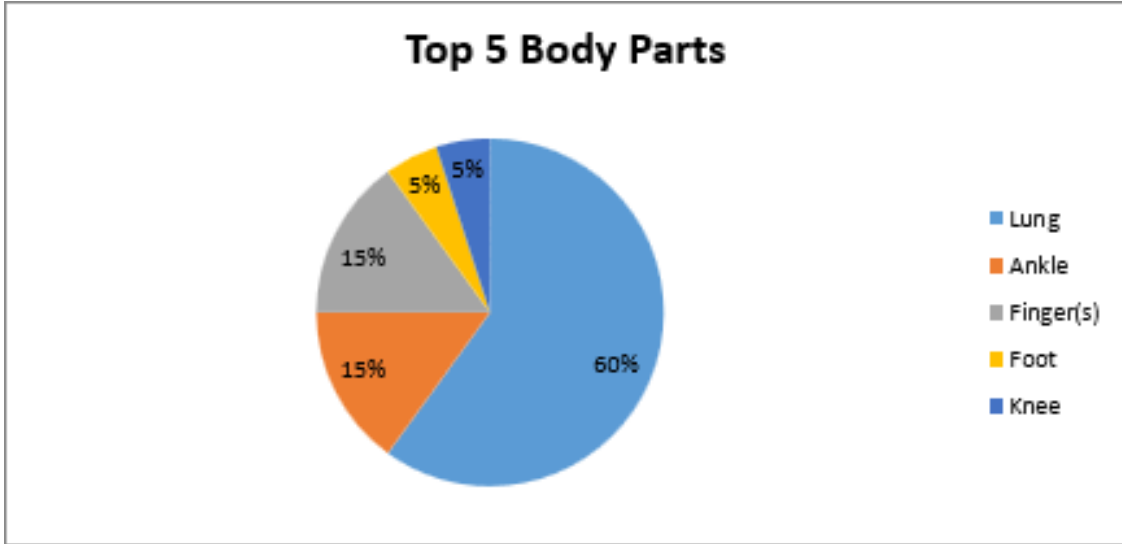


Exhibit 29-A

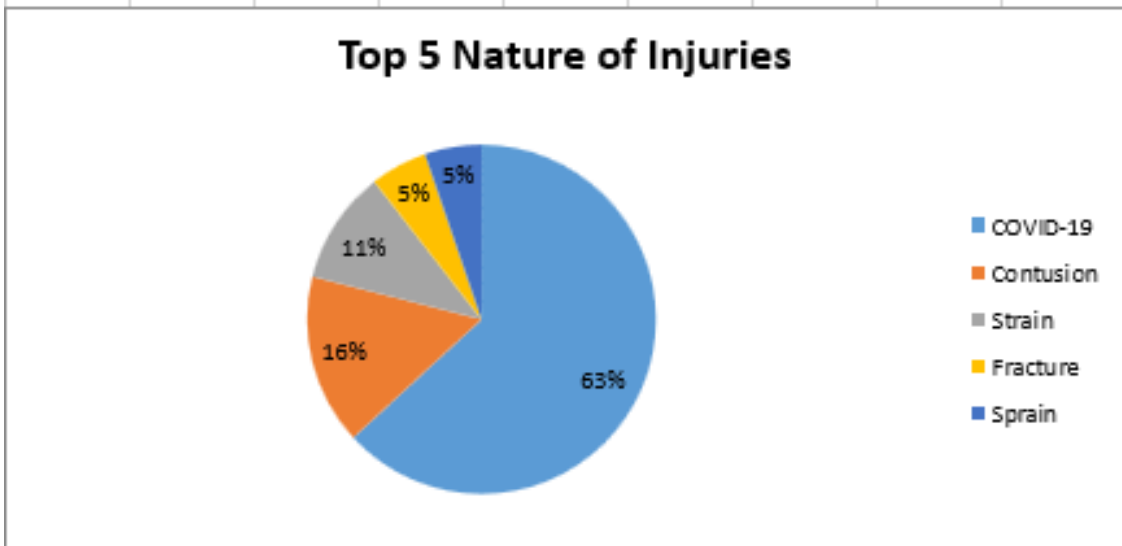


Exhibit 29-B

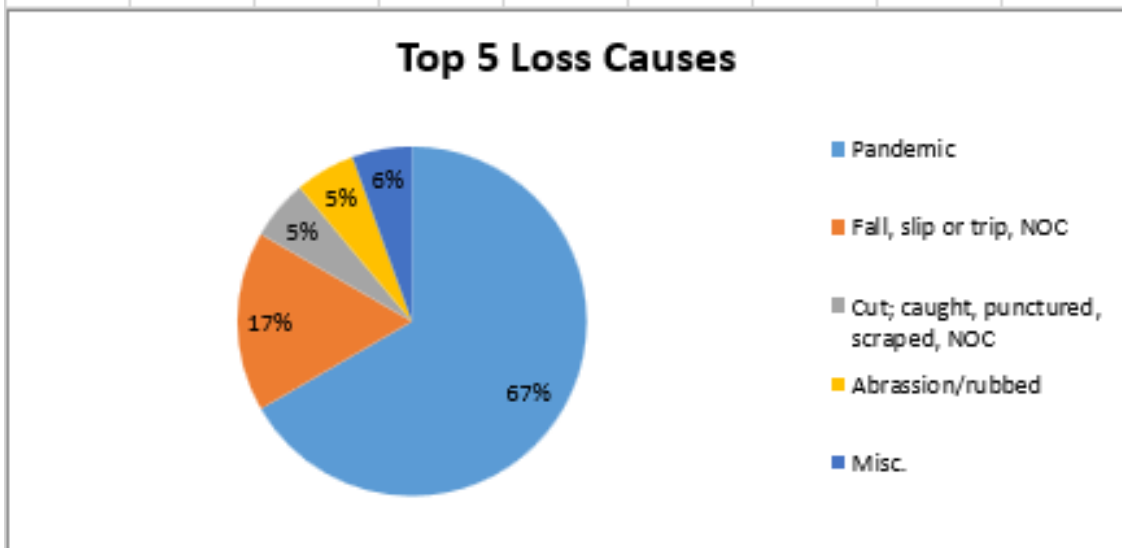


Exhibit 29-C

Exhibit 30-A

	Other Claims	% of City Claims	Other Claims Cost	% of City Cost	Average Incurred Claim Cost
FY2021-22	71	6.63%	\$609,699	4.69%	\$8,587.31
3 Year Avg	61	8.22%	\$401,325	3.94%	\$6,579.10

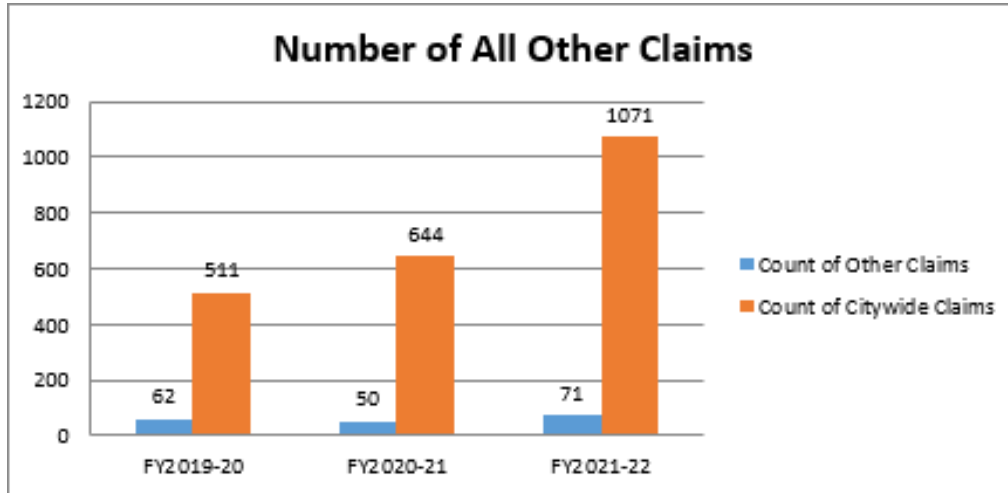


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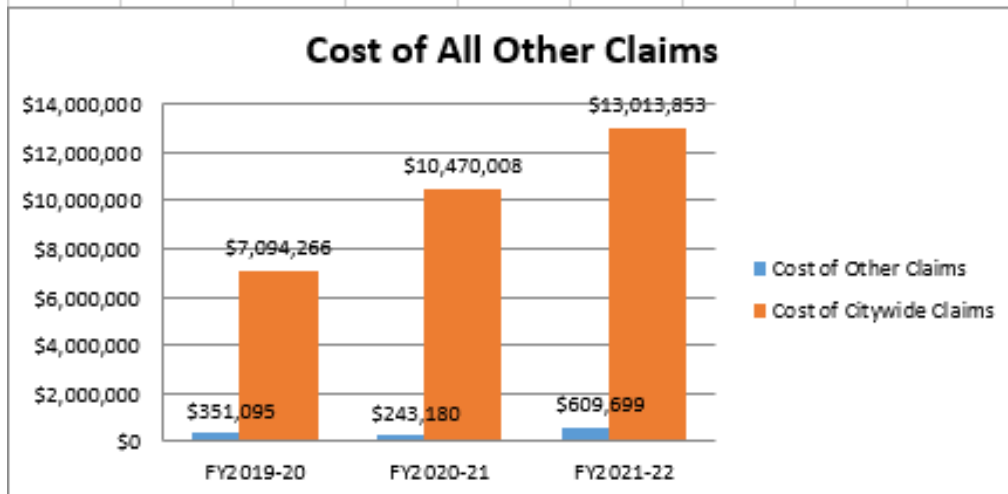


Exhibit 30-C

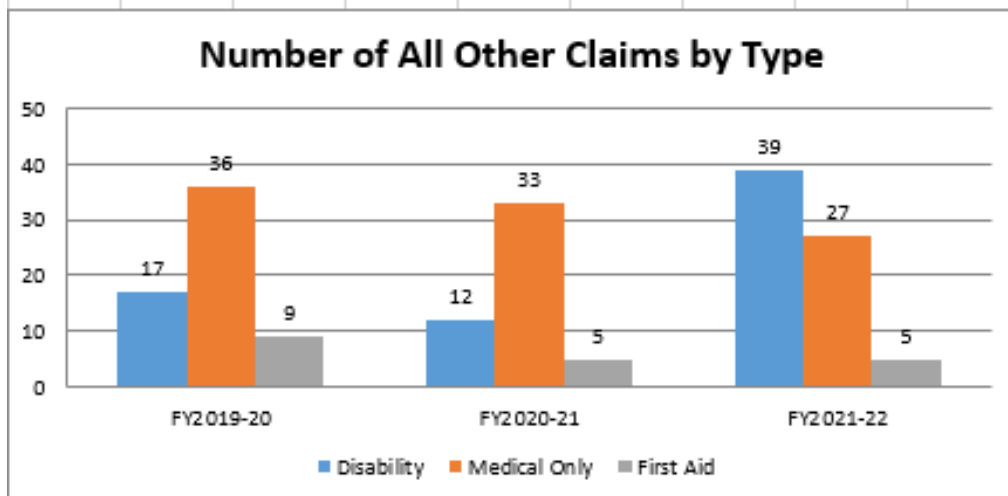


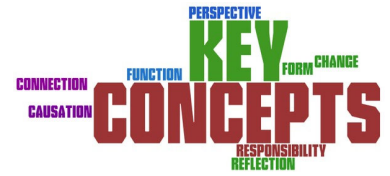
Exhibit 30-D

SCHEDULE OF EXHIBITS

Appendix A	Key Terms
Appendix B	Workers' Compensation Expenditure Report (FY 2018-19 through FY 2021-22)
Appendix C	Workers' Compensation Claims Audit, Final Reports <i>December 2022</i>
Appendix D	Actuarial Review of the Self-Insured Workers' Compensation Program <i>AON Risk Solutions, June 30, 2022</i>
Appendix E	Workers' Compensation Market Update <i>PRISM, February 14, 2023</i>

Appendix A

Key Terms



Permanent Disability Settlements:

Settlements paid when an injury results in a permanent disability.

Temporary Disability:

Non-Sworn Salary Supplement: City payments at the employee's full rate of pay made in the first 60-90 days when injured workers are unable to perform work of any kind.

Temporary Disability: State-mandated payments made when injured workers are unable to perform work of any kind.

Sworn Salary Supplement/4850: State-mandated payments at the employee's full rate of pay for up to one-year when an injured worker is unable to perform work of any kind.

**Allocated:
(Other Claim Costs)**

- Rehabilitation
- Investigation Expenses
- Legal
- Utilization Review
- Return to Work Services
- 24 hour Injury Report Line
- 10% Penalties

Medical:

All medical expenses related to treatment of the injury, including diagnostics, physical therapy, durable medical equipment, prescriptions and surgery, and in/out hospital patient care.

Administrative:

This includes costs associated with administration of the Workers' Compensation Program.

Appendix B

Workers' Compensation Expenditures Report (Fiscal Years 18/19—21/22)

Expenditures By Year	FY2018-19	FY2019-20	FY2020-21	FY2021-22	% Change
Permanent Disability					
Settlements	\$4,618,359	\$7,383,869	\$3,945,591	\$3,722,094	-6%
Temporary Disability					
Non-4850					
Temporary Disability	\$1,185,648	\$1,037,327	\$729,747	\$1,315,488	80%
MOU Benefit-Non-Sworn	\$259,599	\$202,755	\$107,864	\$324,045	200%
Subtotal Non-4850 Pay	\$1,445,247	\$1,240,082	\$837,610	\$1,639,534	96%
4850					
Sworn-OPD-4850 Pay	\$1,914,332	\$1,423,617	\$2,491,992	\$3,609,925	45%
Sworn-OFD-4850 Pay	\$1,776,113	\$2,393,632	\$3,380,864	\$5,734,673	70%
Subtotal 4850 Pay	\$3,690,445	\$3,817,249	\$5,872,855	\$9,344,598	59%
Subtotal-Temp. Disability	\$5,135,692	\$5,057,331	\$6,710,465	\$10,984,132	64%
Total Disability Payments	\$9,754,051	\$12,441,199	\$10,656,056	\$14,706,226	38%
Allocated:					
(Other Claim Costs)					
Rehabilitation	\$74,557	\$162,524	\$91,887	\$71,326	-22%
Investigation Expenses	\$71,594	\$64,594	\$36,646	\$86,726	137%
Legal	\$934,164	\$1,059,131	\$761,187	\$827,585	9%
ADR (OPOA)	\$0	\$32,183	\$82,461	\$107,521	30%
Utilization Review	\$438,406	\$324,391	\$256,334	\$347,825	36%
Return to Work Services	\$182,051	\$174,077	\$163,140	\$183,758	13%
24hrs injury Report Line	\$40,489	\$78,755	\$55,562	\$58,400	5%
10% Penalties (JT2 & Non JT2)	\$4,784	\$4,150	\$6,042	\$4,003	-34%
Total - Allocated	\$1,746,046	\$1,899,805	\$1,453,259	\$1,687,143	16%
Medical					
WC Disability Medical	\$8,525,914	\$5,505,193	\$5,681,408	\$7,418,063	31%
First Aid Only Claims	\$21,413	\$6,389	\$2,261	\$6,020	166%
Total Medical:	\$8,547,327	\$5,511,582	\$5,683,670	\$7,424,083	31%
Operational Expenses	\$20,047,424	\$19,852,586	\$17,792,985	\$23,817,453	34%
Contributions Excess Ins.	-\$2,025,832	-\$3,701,303	-\$316,153	-\$829,132	162%
Total Operational Expenses	\$18,021,592	\$16,151,282	\$17,476,831	\$22,988,320	32%
Admin. Expenses					
TPA Contract	\$1,839,550	\$2,024,173	\$2,024,174	\$2,024,174	0%
Bill Review Expense	\$540,103	\$594,310	\$590,310	\$594,616	1%
Misc. Admin. Fee	\$0	\$552	\$2,706	\$26,686	886%
Total- Admin. Expenses	\$2,379,653	\$2,619,034	\$2,617,189	\$2,645,476	1%
Total Workers' Compensation Expense	\$20,401,425	\$18,770,316	\$20,094,020	\$25,633,796	28%

Appendix C
Claims Audit Report
December 2022

DECEMBER 2022
AUDIT REPORT

CITY OF OAKLAND
Third Party Administrator – JT2



Table of Contents

Executive Summary.....	2
Audit Scoresheets	4
Audited But Not Scored Results.....	21

Addendum I – POA, S/R and Excess Detail Results

Addendum II – Audit Cross Reference List

Addendum III – Audit Worksheets

EXECUTIVE SUMMARY

This section will serve as an overview of the audit findings with recommendations for moving forward. The overall claims handling of the TPA is *Exceeds Expectations* as measured in accordance with the standards set forth in the Guidelines.

Performance Strengths

Outstanding results were achieved in the categories of adjuster caseload, initial reserves for probable value, medical bills paid timely, apportionment ruled in/out, apportionment pursued appropriately, proactive return to work, TD/4850 reserves separate, settlement valuations, member settlement authority requested, periodic contact with third party, subrogation pursued for max recovery, approval to accept/waive/settle subrogation, and timely excess reimbursement requests.

Performance Improvement Recommendations

Upon notice of a surgery approval, we recommend that a diary be set 1-2 business days after the procedure to contact the employee within three business days. The earlier diary date will assist with accommodating any unplanned delays in getting the contact done. When the employee is off work, we recommend a separate 25-day diary for ongoing contact to ensure the 30-day standard is met.

There needs to be continued focus on timely and appropriately adjusting of the reserves based upon new information, as well as at each diary review for the plan of action update. Additionally, OSIP compliant reserve reviews must be completed annually.

There was a theme of cases being worked up for settlement well beyond the standard to pursue resolution within 10 working days of receipt of information that would allow the claim to be finalized. Upon receipt of information that would allow the claim to be finalized we recommend a diary be set to ensure that resolution is pursued within 10 days with timely follow up efforts demonstrated until settlement or closure is achieved.

When potential subrogation is identified, we recommend a diary be set to ensure compliance with all timeframes for notification and follow up.

There was one file with untimely initial excess reporting which created a low score. There were also five files affecting the subsequent excess reporting score where the ongoing excess reporting diary fell off track. Given the low number of exceptions in these categories we do not consider this to be an adverse handling trend.

Audit Demographics

The audit criterion was formed by using the PRISM Claims Administration standards. The file audits specifically focused on claims handling activity from 12/01/21 through the date of the audit. JT2 provided a list of the open inventory covered by the PRISM program and a random selection of the files was pulled to gather 152 files from the open inventory. The file selection consisted of a mix of indemnity claims, future medical files, and medical only claims. File documents, notes, payments, letters, and reserves are maintained in electronic form. The files were accessed remotely. Each worksheet was provided to Carmen Angeles and Angela Sorrentino for review and comment. They engaged with the auditors and submitted all questions, feedback, or disputes prior to the conclusion of the audit.

AUDIT TEAM

Angela Mudge

Owner, President & CEO

Over 30 years of workers' compensation claims experience. IEA Certificate, Self-Insured Certificate & WCCP Designation. Prior positions held - adjuster, supervisor, claims manager and vice president.

Tera Martin Del Campo

Vice President Operations

Over 20 years of workers' compensation claims experience. IEA Certificate, Self-Insured Certificate and WCCA Designation. Prior positions held – adjuster and claim compliance analyst

Mayra Reyes

Collaborator

Over 20 years of workers' compensation claims experience. Self-Insured Certificate. Prior positions held – adjuster.

AUDIT SCORESHEETS

Overview

Category	Points Available	Points	Score	%	Prior Score	Variance
Claim Handling - Administrative	1725	1613	Exceeds Expectations	93.51%	95.69%	-2.19%
Caseload	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
Case Review and Documentation	1486	1395	Exceeds Expectations	93.88%	96.27%	-2.39%
Communication	12	5	Unsatisfactory	41.67%	77.78%	-36.11%
Fiscal Handling	50	43	Meets Expectations	86.00%	85.48%	0.52%
Claim Creation	84	80	Exceeds Expectations	95.24%	98.18%	-2.94%
Reserves	92	89	Exceeds Expectations	96.74%	96.43%	0.31%
Claims Handling - Technical	705	614	Meets Expectations	87.09%	90.50%	-3.41%
Payments	108	108	Exceeds Expectations	100.00%	98.82%	1.18%
Apportionment	58	58	Exceeds Expectations	100.00%	87.10%	12.90%
Disability Management	23	22	Exceeds Expectations	95.65%	88.89%	N/A
Reserving	367	304	Meets Expectations	82.83%	89.46%	-6.62%
Resolution of Claim	63	48	Below Expectations	76.19%	82.35%	-6.16%
Settlement Authority	26	26	Exceeds Expectations	100.00%	100.00%	0.00%
Litigated Cases	32	28	Meets Expectations	87.50%	97.14%	-9.64%
Subrogation	6	4	Unsatisfactory	66.67%	66.67%	0.00%
Excess Coverage	22	16	Below Expectations	72.73%	77.78%	N/A
Overall Score	2430	2227	Exceeds Expectations	91.65%	94.09%	-2.45%

Detail

	Category	Points Available	Points	Score	%	Prior Score	Variance
Claim Handling - Administrative							
Caseload							
	Adjuster Caseload	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
Case Review and Documentation							
	Examiner Reviews - Timing	944	917	Exceeds Expectations	97.14%	98.34%	-1.20%
	Examiner Reviews - Quality Plan of Action	152	112	Below Expectations	73.68%	91.74%	-18.05%
	Supervisor Reviews	386	363	Exceeds Expectations	94.04%	93.26%	0.78%
	Medical Only Conversion	4	3	Below Expectations	75.00%	100.00%	-25.00%
Communication							
	Ongoing Employee Contact	12	5	Unsatisfactory	41.67%	77.78%	-36.11%
Fiscal Handling							
	Payments on Correct Claims	12	11	Exceeds Expectations	91.67%	96.43%	-4.76%
	File Balancing	38	32	Meets Expectations	84.21%	76.47%	7.74%
Claim Creation							
	Three Point Contact - Initial Employee Contact	39	38	Exceeds Expectations	97.44%	96.30%	1.14%
	Three Point Contact - Initial Employer Contact	45	42	Exceeds Expectations	93.33%	100.00%	-6.67%
Reserves							
	Initial Reserves for Probable Value	46	46	Exceeds Expectations	100.00%	96.43%	3.57%
	Initial Reserves Timely	46	43	Exceeds Expectations	93.48%	96.43%	-2.95%
Score for Claim Handling - Administrative		1725	1613		93.51%	95.69%	

Category	Points Available	Points	Score	%	%	Variance
Claim Handling - Technical						
Payments						
Medical Bills Paid Timely	108	108	Exceeds Expectations	100.00%	98.81%	1.19%
Penalties Coded Correctly	0	0	N/A	N/A	100.00%	N/A
Apportionment						
Apportionment Ruled In/Out	36	36	Exceeds Expectations	100.00%	87.50%	12.50%
Apportionment Pursued Appropriately	22	22	Exceeds Expectations	100.00%	86.67%	13.33%
Disability Management						
Proactive RTW	18	18	Exceeds Expectations	100.00%	87.50%	12.50%
Member Noticed of Perm. Restrictions	5	4	Meets Expectations	80.00%	100.00%	-20.00%
Reserving						
Reserves Adjusted Timely	148	117	Below Expectations	79.05%	84.30%	-5.24%
TD & 4850 Reserves Separate	33	33	Exceeds Expectations	100.00%	100.00%	0.00%
PD Exposure Includes Life Pension	4	3	Below Expectations	75.00%	100.00%	-25.00%
FM Reserve Consistent with OSIP	34	15	Unsatisfactory	44.12%	94.12%	-50.00%
Allocated Reserves Accurate	148	136	Exceeds Expectations	91.89%	91.60%	0.30%
Resolution of Claim						
Resolution Pursued Timely	37	22	Unsatisfactory	59.46%	68.42%	-8.96%
Settlement Valuation	26	26	Exceeds Expectations	100.00%	100.00%	0.00%
Medicare's Interests Protected	0	0	N/A	N/A	100.00%	N/A
Settlement Authority						
EIA Settlement Authority Requested	0	0	N/A	N/A	100.00%	N/A
Member Settlement Authority Requested	26	26	Exceeds Expectations	100.00%	100.00%	0.00%
Litigated Cases						
Initiate Investigation Material to Potential Lit.	0	0	Exceeds Expectations	N/A	N/A	N/A
Litigation Management & Defense Attorney on Panel	32	28	Meets Expectations	87.50%	97.14%	-9.64%
Subrogation						
Identify and Notice 3rd Party Timely	3	1	Unsatisfactory	33.33%	50.00%	-16.67%
Periodic Contact with 3rd Party	1	1	Exceeds Expectations	100.00%	N/A	N/A
Complaint or Lien Filed Timely	0	0	N/A	N/A	N/A	N/A
Member Involved in Complaint vs. Lien	0	0	N/A	N/A	N/A	N/A
Subrogation Pursued for Maximum Recovery	1	1	Exceeds Expectations	100.00%	N/A	N/A
Approval to Accept, Waive, or Settle	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
Excess Coverage						
Timely Initial Excess Reporting	3	2	Unsatisfactory	66.67%	100.00%	-33.33%
Timely Subsequent Excess Reporting	17	12	Below Expectations	70.59%	75.00%	-4.41%
Timely Excess Reimbursement Requests	2	2	Exceeds Expectations	100.00%	N/A	N/A
Closing Excess Report Sent	0	0	N/A	N/A	N/A	N/A
Score for Claim Handling - Technical	705	614		87.09%	90.50%	-3.41%

AUDIT EXCEPTION DETAILS

Claim Handling – Administrative Caseload

Adjuster Caseload

Opportunities 1 | Achieved 1

There are 11 dedicated adjusters handling claims for the City of Oakland. Two of these adjusters are predominately handling future medical claims. All caseloads are within the standard. The weighted values listed below include adjustment for the 2:1 ratio for future medical and medical only claims.

Adjuster	City of Oakland			Other Accounts			Total	Weighted Total
	Indemnity	Med Only	Future Med	Indemnity	Med Only	Future Med		
Alma Attiogbe	75	21	4	0	0	0	100	88
Candy Martin Del Campo	0	10	0	0	0	0	10	5
Candance Pierson	0	0	163	0	0	0	163	82
Daniel Christensen	3	0	120	0	0	0	123	63
Devon Franzella	80	6	8	0	0	0	94	87
Doris Manuzon	62	8	40	0	0	0	110	86
Jaki Stingily	86	12	7	0	0	0	105	96
Lorraine Lord	66	8	39	0	0	0	113	90
Mary Denham	81	7	2	0	0	0	90	86
Pearlie James	87	0	5	0	0	0	92	90
Regina Woodson	78	34	2	0	0	0	114	96
Total	618	106	390	0	0	0	1114	866

Case Review & Documentation

Examiner Reviews - Timing

Opportunities 944 | Achieved 917

Please see Addendum I for a detailed summary of opportunities and plan of actions meeting the criteria for this standard.

Examiner Reviews - Quality Plan of Action

Opportunities 152 | Achieved 112

1. P-6527 There is no basis for the file reserves listed in the plan of action (POA) and the expense reserves are currently understated.
2. P-6530 The reserve rationales outlined within the POAs are not accurate. The adjuster should have recognized that an OSIP compliant calculation was due.
3. P-6533 The reserve rationales outlined within the POAs are not accurate. It should have been recognized that an OSIP compliant calculation was due. The reserves are understated.
4. P-6539 The reserve rationales outlined within the POAs are not accurate. The POAs indicate the reserves were reviewed and include PD exposure of 23%. However, the indemnity reserves are insufficient for the outlined exposures.
5. P-6541 The reserve rationales outlined within the POAs are not accurate. The rationales state all discovery and expense is being paid on the accepted primary file. However, all legal billing is being paid on this file. The reserve review does not address the ongoing exposures to support the \$10,500 in outstanding reserves for medical and cost containment expense.
6. P-6543 The reserve rationales outlined within the POAs are duplicative and do not include details including the last OSIP calculation date, current three year average, and current life expectancy. The adjuster should have recognized that an OSIP compliant calculation was due.

7. *P-6547 The POAs from 12/29/21 to 09/15/22 contain stale information. They inaccurately state the employee will be seeking a QME although the file settled on 10/16/20. The POAs do not include the future medical award details.*
8. *P-6548 The reserve rationales outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. This resulted in understated reserves.*
9. *P-6556 The reserve rationale outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserves are currently understated.*
10. *P-6562 The reserve rationales outlined within the 09/12/22 and 12/09/22 POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. This resulted in understated reserves.*
11. *P-6566 The reserve rationale outlined within the POA on 11/18/22 is not accurate. The adjuster should have recognized that an OSIP compliant calculation was due and should have also considered ongoing legal expenses. The reserves are currently understated.*
12. *P-6568 The POAs do not include a rationale for the outstanding reserves which are currently overstated. The adjuster mentions settlement will be attempted without having to return to the qualified medical evaluator (QME) for re-evaluation but does not mention the agreed medical evaluator's (AME) re-evaluation scheduled for 03/15/23. There is one QME and one AME involved in this claim. The POAs do not discuss prior evaluation dates, outcomes, specialties, nor future evaluation dates. The current POA fails to outline what is needed to bring this claim to resolution.*
13. *P-6572 The POA's completed 04/21/22, 06/03/22, 07/18/22, 09/01/22 and 10/14/22 were duplicative of the POA completed 03/07/22. The POA's outlined a settlement authority request (SAR) would be completed to finalize the claim. The auditor was unable to locate timely follow up on the outlined plan of action.*
14. *P-6576 The reserve rationales outlined within the POAs were not accurate. The reserve rationales were not updated at the time of each review which resulted in understated reserves for the exposures related to ongoing medical care.*
15. *P-6578 The POAs completed 07/29/22, 09/12/22 and 10/27/22 are duplicative. The POA's outline a plan to reach out to the employee to discuss settlement. Auditor is unable to locate timely follow up on the outlined plan of action until the task was completed on 11/18/22.*
16. *P-6583 The reserve rationales outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserves are currently overstated.*
17. *P-6585 The POAs do not include a rationale for the outstanding reserves which are currently overstated.*
18. *P-6594 The POAs completed on 12/13/21, 01/27/21 and 04/25/22 were duplicative of the POA completed on 10/29/21. The POAs did not recognize the AME's supplemental report dated 07/13/21 had been received on 07/23/21. They did not outline the AME results, nor a plan to bring the claim to resolution.*
19. *P-6598 The POAs completed on 09/09/22 and 10/24/22 outline a plan to contact the employee to discuss the QME results and claim resolution. The auditor was unable to locate timely follow up on the outlined plan of action as the employee had not been contacted as of the date of the audit.*
20. *P-6602 The 02/25/22 POA states that a SAR should be submitted based on the 03/09/21 MMI report of AME, Dr. Stark. There was no follow up on this until 04/11/22. The current POA completed on 10/31/22 fails to outline the current legal status, address the 10/20/22 supervisor review requesting follow up with DA, nor does it outline the plan for bringing the claim to resolution.*

21. P-6603 The 09/23/22 POA outlines a plan to continue to review medical care for MMI status and closure of the file. The POA failed to recognize that the employee had not been treated since 06/03/22, that a closure letter was issued 08/10/22, and that the file was overdue for closure.
22. P-6611 The reserve rationales outlined within the POAs are not accurate. The adjuster should have recognized that an OSIP compliant calculation was due.
23. P-6613 The 06/02/22 POA outlines a plan to request settlement authority with no follow up action documented. The 07/15/22 POA outlines a plan to depose the QME for clarification on the ratings with no follow up action documented until 08/04/22 when the notice of hearing was received based on AA's DOR. The POAs lacked follow through on listed action items which led to discovery being closed before the ratings could be challenged.
24. P-6614 The 11/29/22 POA outlines the plan to close this file based on the right shoulder being included in the employee's newly filed 07/07/22 date of injury, 07/20/22 date injury, and corresponding CT. The POA fails to recognize that the AME reporting on the newer dates of injury is not finalized and liability for future medical care for the right shoulder has not been outlined. The POA also fails to recognize that file closure is premature pursuant to CCR15400.2.
25. P-6616 The POAs do not include a rationale for the outstanding reserves which are currently overstated. The period of temporary disability (TD) listed in the POAs are inaccurate.
26. P-6619 The POAs do not include a rationale for the outstanding reserves which are currently understated.
27. P-6623 The POAs completed on 04/25/22, 06/17/22, 08/01/22, 09/15/22 and 10/28/22 outline a plan to complete the SAR and reach out to AA to discuss settlement. The auditor was unable to locate timely follow up on the outlined plan of action.
28. P-6624 The reserve rationales outlined within the POAs are not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserve rationale does not outline accurate annual averages, nor does it include the life expectancy used. This resulted in overstated reserves.
29. P-6625 The reserve rationales outlined within the POAs are not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserve rationale does not outline accurate annual averages, nor does it include the life expectancy used. This resulted in overstated reserves.
30. P-6630 The reserve rationales outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due.
31. P-6631 The reserve rationale outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserve rationale does not outline accurate annual averages, nor does it include the life expectancy used. This resulted in understated reserves.
32. P-6640 The reserve rationales outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserve rationale does not outline accurate annual averages, nor does it include the life expectancy used. This resulted in understated reserves.
33. P-6642 The POAs do not include a rationale for the outstanding reserves. Auditor recommends a comprehensive reserve review for the anticipated med-legal evaluation, shoulder surgery, and future medical exposures.
34. P-6646 The reserve rationales outlined within the POAs were not accurate. The adjuster should have recognized that an OSIP compliant calculation was due. The reserve rationale does not outline accurate annual averages, nor does it include the life expectancy used. This resulted in understated reserves.

35. P-6648 The POAs completed on 09/08/22 and 10/22/22 were duplicative of the POA completed on 07/25/22. The POAs outlines a plan to follow up for a response from AA regarding a settlement demand. The auditor is unable to locate timely follow up on the outlined plan of action as the last contact with AA regarding a demand was on 07/01/22.
36. P-6653 The 07/26/22 and 10/20/22 POAs fail to address the reserves and that the file is overdue for an annual OSIP compliant reserve review. This resulted in overstated reserves.
37. P-6657 The reserve rationales outlined within the POAs are not accurate. The adjuster should have recognized that an OSIP compliant calculation was due.
38. P-6665 The 09/09/22 and 10/24/22 POAs outline a plan to address subrogation once the police report is received. The POAs fail to address the police report received on 08/25/22 and do not outline a plan to pursue subrogation.
39. P-6670 The reserve rationale outlined within the POAs are duplicative and do not include the details including the last OSIP calculation date, current three year average, and current life expectancy. The adjuster should have recognized that an OSIP compliant calculation was due.
40. P-6673 The 07/29/22 POA does not document the AME report which was received on 07/19/22, nor does it discuss the plan to bring the claim to resolution.

Supervisor Reviews

Opportunities 386 | Achieved 363

Please see Addendum I for a detailed summary of opportunities and supervisor reviews meeting the criteria for this standard.

Medical Only Conversion

Opportunities 4 | Achieved 3

1. P-6664 Based on the claim receipt date of 09/07/21, the file has been overdue for conversion to indemnity from the file reopen date of 09/12/22 through the date of the audit.

Communication

Ongoing Employee Contact

Opportunities 12 | Achieved 5

1. P-6567 The employee was TD from 02/15/22 to 10/18/22. There was a gap longer than 30 days in ongoing employee contact from 02/15/22 to 04/01/22 and 07/13/22 to 10/18/22.
2. P-6571 The employee was TD from 09/23/21 through the date of the audit. There was a gap longer than 30 days in ongoing employee contact from 10/04/21 to 12/01/21, 12/01/21 to 01/15/22, 01/15/22 to 02/23/22, 02/23/22 to 04/19/22, 04/19/22 to 06/28/22 and 08/11/22 to 10/14/22.
3. P-6575 The employee was paid 4850/TD benefits from 09/26/21 to 01/26/22. There was a gap of more than 30 days in ongoing employee contact from 11/22/21 to 01/04/22.
4. P-6628 The employee had surgery on 02/22/22 and there are no documented efforts to reach him within three business days of the procedure.
5. P-6635 The employee was TD from 09/27/22 through the date of the audit. There was a gap longer than 30 days in ongoing employee contact from 09/30/22 to 11/07/22.
6. P-6637 The employee was TD from 04/07/22 through the date of the audit. There was a gap longer than 30 days in ongoing employee contact from 05/08/22 to 07/01/22, 07/01/22 to 08/09/22, and 08/09/22 to 09/14/22.
7. P-6665 The employee was TD from 03/25/22 through the date of audit. There was a gap longer than 30 days in ongoing employee contact from 05/25/22 to 06/28/22.

Fiscal Handling

Payments on Correct Claims

Opportunities 12 | Achieved 11

1. *P-6670 The medical provider payment issued on 02/14/22 for date of service 01/24/22 for MRI to the lumbar spine should have been paid from claim #210900000 as this claim is for the right hand.*

File Balancing

Opportunities 38 | Achieved 32

1. *P-6605 Biweekly life pension benefits were issued throughout the audit period. Based on the last file balance prior to the audit period on 04/09/21, file balancing was due 10/06/21. However, it was untimely completed 12/13/21.*
2. *P-6621 The employee was paid permanent disability (PD) from 07/31/18 through the date of the audit. Based on the last balance sheet completed prior to the audit period on 09/14/21, the subsequent balance sheet was due 03/13/22 and was untimely completed on 03/30/22.*
3. *P-6622 The employee was paid PD from 11/07/21 through the date of the audit. A semi-annual balance sheet was due 05/22/22 and was untimely completed on 06/09/22. A subsequent semi-annual balance sheet was due 12/04/22 and was untimely completed on 12/09/22.*
4. *P-6623 The employee was paid 4850/TD benefits from 02/02/21 to 03/04/22. A balance sheet was not completed at the time the ending TD notice was sent on 03/15/22. The balance sheet was completed late on 03/18/22.*
5. *P-6670 Permanent disability award payments began prior to the audit period on 07/08/21. An initial file balancing was due 01/02/22 and was untimely completed on 02/01/22.*
6. *The 12/16/21 file balancing was untimely based on the last balance completed on 03/09/21.*

Claim Creation

Three Point Contact – Initial Employee Contact

Opportunities 39 | Achieved 38

1. *P-6524 The claim was received on 07/01/22 with initial employee contact due by 07/06/22. There is one documented attempt on 07/01/22. A contact letter was sent on 07/06/22. The auditor is unable to locate a third employee contact attempt documented in the first three days.*

Three Point Contact – Initial Employer Contact

Opportunities 45 | Achieved 42

1. *P-6559 The claim was received on 08/25/22 with initial employer contact due by 08/30/22. One initial employer contact was documented on 08/26/22. Auditor is unable to locate any additional contact attempt in the first three days.*
2. *P-6589 The claim was received on 01/21/22 with initial employer contact due by 01/26/22. The auditor was unable to locate any employer contact attempts documented in the first three days.*
3. *P-6666 The claim was received on 06/30/22 with initial employer contact due by 07/05/22. One employer contact attempt was documented on 07/01/22. The auditor was unable to locate any additional employer contact attempts documented in the first three days.*

Reserves

Initial Reserves for Probable Value

Opportunities 46 | Achieved 46

The claims that met the criteria for this category also met the standard.

Initial Reserve Timely

Opportunities 46 | Achieved 43

1. P-6524 The initial reserves were due 07/14/22 and were untimely established on 07/19/22.
2. P-6529 The initial reserves were due 10/19/22 and were untimely established on 11/15/22.
3. P-6561 The initial reserves were due 01/24/22 and were untimely established on 01/25/22.

Claim Handling – Technical

Payments

Medical Bills Paid Timely

Opportunities 108 | Achieved 108

The claims that met the criteria for this category also met the standard.

Penalties Coded Correctly

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

Apportionment

Ruled In/Out

Opportunities 36 | Achieved 36

The claims that met the criteria for this category also met the standard.

Pursued Appropriately

Opportunities 22 | Achieved 22

The claims that met the criteria for this category also met the standard.

Disability Management

Proactive Return to Work

Opportunities 18 | Achieved 18

The claims that met the criteria for this category also met the standard.

Member Noticed of Permanent Work Restrictions

Opportunities 5 | Achieved 4

1. P-6584 The AME report outlining permanent work restrictions was received on 10/17/22. The permanent work restrictions were untimely sent to the member by the RTW coordinator on 11/02/22.

Reserving

Reserves Adjusted Timely

Opportunities 148 | Achieved 117

1. P-6527 The reserves were last reviewed and updated on 09/02/20. The file lacks documentation of regular reserve reviews during the audit period. A review is required at the time of regular diary review or at the time of a significant event regardless of if a reserve change is made. This resulted in understated expense reserves.
2. P-6530 The reserves were last reviewed and updated on 05/27/21. The file lacks documentation of regular reserve reviews with at least one OSIP compliant reserve review due during the audit period.
3. P-6533 The auditor was unable to locate a reserve review throughout the audit period with at least one OSIP compliant review warranted. This resulted in understated reserves.
4. P-6539 The reserves were last reviewed and updated on 09/08/20. The file is overdue for a reserve review based on the current exposures. Indemnity reserves are insufficient for the current indemnity exposures.
5. P-6541 The reserves were last reviewed and updated on 10/05/20. Auditor was unable to locate a reserve review throughout the audit period with at least one due.
6. P-6543 The auditor was unable to locate a reserve review throughout the audit period. The reserve rationales within the POAs completed during the audit period are duplicative and do not include details of the current three year average and life expectancy. The reserves were last reviewed and updated on 03/01/21. The file is overdue for an annual OSIP reserve review based on the current life expectancy.
7. P-6556 The last reserve review was completed on 03/15/21. The file is overdue for an annual OSIP compliant reserve review. The expense reserves are overstated by approximately \$10,500.
8. P-6562 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 06/22/21. This resulted in understated reserves.
9. P-6566 The file lacks documentation of regular reserve reviews during the audit period. A review is required at the time of regular diary review. This resulted in understated reserves.
10. P-6568 The reserves were adjusted during the audit period on 09/26/22. However, they were not accurately reviewed and adjusted. The employee returned to work on 12/16/21. There is \$38,908 outstanding in indemnity for TD. The outstanding medical reserves totaling \$4,419 are insufficient for the current exposures. They do not contemplate ongoing discovery as the medical evaluations and supplemental reports are still pending.
11. P-6576 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 09/28/21. The outstanding medical reserves totaling \$989 are understated for the current exposures. They do not contemplate ongoing medical treatment.
12. P-6583 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 03/30/21. The outstanding medical reserves totaling \$36,232 are overstated based upon the auditor's OSIP compliant reserve calculation outlined within the audit worksheet.
13. P-6585 The reserves were last reviewed and updated on 12/28/21. The employee returned to work on 03/16/22 and the indemnity reserves are overstated. The indemnity reserves have \$26,057 in 4850/TD outstanding. Auditor recommends a comprehensive reserve review.

14. P-6600 The AME's MMI report was received on 07/05/22. The reserves were untimely increased for the exposures on 10/18/22. A voucher was issued on 07/01/22. However, the file has not been reserved for the SJDV exposures. The file settled by way of C&R on 11/22/22. The \$17,291 in outstanding medical reserves are overstated as the C&R is paid in full and there are no liens on file. The file is overdue for reserve review with adjustment for the current exposures.
15. P-6611 The reserves were adjusted during the audit period on 10/18/22 and 12/20/22. However, the file lacks documentation of an annual OSIP compliant reserve calculation during the audit period with the last one completed on 04/07/21.
16. P-6613 The MMI report of the QME was received on 05/06/22. The reserves were untimely increased for the exposures on 08/04/22. The C&R is paid in full and there is \$72,104 in outstanding indemnity reserves. The indemnity reserves are overstated for the exposures.
17. P-6614 The file is not eligible for administrative closure until 06/08/24. The reserves were prematurely reduced to \$0 when the file was closed on 11/29/22. Although the employee is currently being treated for the same shoulder under a new claim, the auditor anticipates this file is under reserved by approximately \$5,000 for treatment and expense exposures through eligibility for claim closure.
18. P-6616 The reserves were last reviewed and updated on 12/22/21. The employee returned to work on 05/23/22 and the indemnity reserves are overstated. Auditor recommends a comprehensive reserve review with reduction.
19. P-6619 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 09/27/21. The QME report dated 05/10/22 rates 15% for this date of injury totaling \$14,645. The indemnity reserves are understated for the PD exposure.
20. P-6624 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 05/14/21. The outstanding medical reserves totaling \$21,327 are overstated for the current exposures based on the OSIP calculation located within the audit worksheet.
21. P-6625 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last updated 06/18/21. This resulted in overstated reserves.
22. P-6630 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 03/24/21. However, a review is required at the time of regular diary review or at the time of a significant event regardless of if a reserve change is made.
23. P-6631 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 05/07/21. This resulted in understated reserves based upon the auditor's OSIP compliant reserve calculation located within the audit worksheet.
24. P-6640 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 02/26/21. This resulted in understated reserves based upon the auditor's OSIP compliant reserve calculation outlined within the audit worksheet.
25. P-6642 The auditor was unable to locate a comprehensive reserve review throughout the audit period with at least one due.
26. P-6646 The auditor was unable to locate a reserve review throughout the audit period. The reserves were last reviewed and updated on 05/19/21. This resulted in understated reserves based upon the auditor's OSIP compliant reserve calculation located within the audit worksheet.
27. P-6650 The reserves were last reviewed and updated on 08/18/21. The outstanding medical reserves totaling \$5,661 are appropriate for the current exposures. However, a review is required at the time of regular diary review or at the time of a significant event regardless of if a reserve change is made.

28. *P-6653 The last reserve review was completed prior to the audit period on 05/06/21. The file is overdue for annual OSIP reserve review based on reasonable anticipated future medical care and the current life expectancy. The reserves are overstated based on the calculation located within the audit worksheet.*
29. *P-6657 The reserves were last reviewed and updated on 06/23/21. The file lacks documentation of regular reserve reviews during the audit period with at least one due.*
30. *P-6670 The auditor was unable to locate a reserve review throughout the audit period with at least one OSIP compliant review warranted. The reserves were last updated 09/22/21.*
31. *P-6671 The reserves were last adjusted on 10/02/19. The file is overdue for comprehensive review and adjustment based on the current life expectancy and LP rate with consideration of COLA increases. The reserves are understated by approximately \$21,000.*

TD & 4850 Reserved Separately
Opportunities 33 | Achieved 33

All claims that met the criteria for this category also met the standard.

PD Exposure Includes Life Pension
Opportunities 4 | Achieved 3

1. *P-6671 The PD reserve does not include LP exposure for the current life expectancy of 10.7 years and LP rate with consideration of COLA increases.*

FM Reserves Consistent with OSIP Standards
Opportunities 34 | Achieved 15

1. *P-6530 The reserves were last reviewed and updated on 05/27/21. The auditor was unable to locate an OSIP compliant reserve calculation prior to the audit period, nor could one be located during the audit period. At least one annual OSIP compliant calculation was due during the audit period.*
2. *P-6533 The auditor was unable to locate a reserve review throughout the audit period with at least one OSIP compliant review warranted. This resulted in understated reserves.*
3. *P-6543 The reserves were last reviewed and updated on 03/01/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.*
4. *P-6556 The last reserve review was completed on 03/15/21. The file is overdue for an annual OSIP compliant reserve review. This resulted in overstated expense reserves.*
5. *P-6562 The last reserve review with adjustment was completed on 06/22/21. This file is overdue for an OSIP annual calculation.*
6. *P-6566 The reserves were last reviewed and updated on 09/13/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.*
7. *P-6583 The reserves were last reviewed and updated on 03/30/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.*
8. *P-6611 The file lacks documentation of an OSIP compliant reserve review during the audit period with the last one completed on 04/07/21.*
9. *P-6624 The reserves were last reviewed and updated on 05/14/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.*

10. P-6625 The reserves were last updated 06/18/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
11. P-6630 The reserves were last reviewed and updated on 03/24/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
12. P-6631 The reserves were last reviewed and updated on 05/07/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
13. P-6640 The reserves were last reviewed and updated on 02/26/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
14. P-6646 The reserves were last reviewed and updated on 05/19/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
15. P-6650 The reserves were last reviewed and updated on 08/18/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
16. P-6653 The last reserve review was completed prior to the audit period on 05/06/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
17. P-6657 The reserves were last reviewed and updated on 06/23/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
18. P-6670 The reserves were last updated 09/22/21. The auditor was unable to locate an OSIP compliant reserve calculation completed during the audit period with at least one reserve review due.
19. P-6671 The last OSIP compliant reserve review was completed prior to the audit period on 10/02/19. The file is overdue for an OSIP compliant reserve review with at least one due during the audit period.

**Allocated Reserve Accurate
Opportunities 148 | Achieved 136**

1. P-6527 Expense reserves for cost containment are averaging 13% of the medical spent. The outstanding expense reserves totaling \$177.50 are understated based on \$15,715 in outstanding medical reserves.
2. P-6533 Based on the medical bills paid to date the cost containment fees have been equivalent to roughly 30%. Therefore, based on the projected medical costs, the current expense reserves of \$1,467 are understated.
3. P-6556 There are no outstanding legal or discovery issues on this claim. Based on \$10,850 in outstanding medical reserves, the outstanding expense reserves totaling \$11,450 are overstated.
4. P-6566 The current outstanding allocated/expense reserves of \$3,762.50 are understated. They do not contemplate cost containment for the outstanding medical reserves and ongoing litigation fees (AA has filed a petition for N&F).
5. P-6600 The C&R is paid in full, and the file remains open. The outstanding expense reserves totaling \$7,626 are overstated as there are no outstanding medical or discovery issues for this claim and the DA bills were not paid on this claim.

6. *P-6614 The expense reserves were prematurely reduced to \$0 due to premature closure. They are understated for the exposures for cost containment related to anticipated future medical care.*
7. *P-6624 Based on the medical bills paid to date the cost containment fees have been equivalent to roughly 7%. Therefore, based on the projected medical costs, the current expense reserves of \$3,215 are overstated.*
8. *P-6625 Allocated/expense reserves are overstated as all legal and discovery issues have resolved and there is \$2,218 still remaining in outstanding legal reserves.*
9. *P-6631 Based on the medical bills paid to date the cost containment fees have been equivalent to roughly 22%. Therefore, based on the projected medical costs, the current expense reserves of \$1,342 are understated.*
10. *P-6640 Based on the medical bills paid to date the cost containment fees have been equivalent to roughly 12%. Therefore, based on the projected medical costs, the current expense reserves of \$5,717 are understated.*
11. *P-6646 Based upon the three year paid values the cost containment fees have been equivalent to 22% of the medical spent. Using 22% of the medical based upon the auditor's OSIP calculation the current outstanding expense reserve of \$3,264 is understated.*
12. *P-6653 Based on the medical bills paid to date the cost containment fees have been equivalent to roughly 10%. Therefore, based on the projected medical costs, the current expense reserves of \$5,075 are overstated.*

Reserve Detail

No recommended changes	131 claims
Increase recommended	12 claims
Decrease recommended	9 claims
Total estimated reserve variance	\$141,899

Resolution of Claim

Resolution Pursued Timely

Opportunities 37 | Achieved 22

1. *P-6572 The PTP's MMI report was received on 01/13/22. The SAR was untimely completed on 10/25/22. It was approved by the member on 10/27/22. The stips were untimely sent to the employee on 11/28/22.*
2. *P-6578 The PTP's MMI report was received on 06/10/22. The SAR was timely completed on 06/15/22 and was approved by the member on 08/25/22. As of the date of the audit, the stips have not been sent to the employee. The file is overdue for settlement follow up.*
3. *P-6594 The AME's supplemental report dated 07/13/21 was received prior to the audit period on 07/23/21. The SAR was untimely completed on 06/15/22.*
4. *P-6596 The MMI report dated 09/15/21 was received prior to the audit period on 09/28/21. The informal rating was received on 10/05/21. The SAR was overdue from the start of the audit period until it was completed on 12/21/21. Settlement follow up is on hold pending IDR and exhaustion of 4850.*
5. *P-6598 The QME's MMI report dated 08/22/22 was received on 09/06/22. The auditor was unable to locate documentation showing appropriate action was taken within 10 working days to finalize the claim. The DEU rating was untimely requested on 12/10/22 and is currently pending.*

6. *P-6600 The AME's MMI report was received on 07/05/22. The auditor is unable to locate any action taken towards resolution within ten days of receipt of the report. The defense attorney (DA) letter outlining a C&R recommendation on all three claims was received on 09/09/22. The adjuster called the DA on 09/16/22 and 10/03/22 to finalize ratings, confirm applicant attorney's (AA) agreement to settle, and confirm the file is ready for C&R. The final ratings were received via email on 10/04/22 and the SAR was untimely submitted on 10/18/22.*
7. *P-6602 The employee was found to be at maximum medical improvement (MMI) prior to the audit period on 03/09/21. The settlement authority request (SAR) was pending exhaustion of TD/4850 benefits. These benefits ended on 11/29/21. The SAR was untimely submitted on 04/25/22. The employer approved the SAR on 05/23/22 and an offer was made that day. The AA set the depo of the AME over a rating dispute, but the depo was cancelled on 08/01/22. There was an untimely settlement follow up with the DA documented on 11/28/22.*
8. *P-6603 There was no lost time for this medical only claim. A 30 day closure letter was issued on 08/10/22. The file was untimely closed on 11/01/22.*
9. *P-6613 The QME's MMI report was received on 05/06/22 with no actions towards resolution documented within 10 working days. The DA provided a settlement analysis and confirmed agreement with AA on 09/21/22. The SAR was untimely submitted to the employer on 10/06/22.*
10. *P-6614 This claim was settled by way of Stips on 03/15/22. The PD was paid on 03/21/22 for the period of 02/10/21 to 03/23/21, and the last medical treatment date was on 06/08/22. Pursuant to CCR15400.2, the file is not eligible for administrative closure until 06/08/24. The file was prematurely closed on 11/29/22.*
11. *P-6623 The QME's MMI report was received on 04/13/22. Auditor is unable to locate documentation showing appropriate action was taken within 10 working days to finalize the claim. The SAR was untimely completed on 11/23/22.*
12. *P-6641 The AME's MMI report was received on 11/23/22. Auditor is unable to locate documentation showing appropriate action was taken within 10 working days to finalize the claim.*
13. *P-6648 The AME's MMI report was received on 06/03/22. Auditor is unable to locate documentation showing appropriate action was taken within 10 working days to finalize the claim. The SAR was untimely completed on 07/01/22.*
14. *P-6668 The QME's report was received prior to the audit period on 10/13/21 and sent for informal rating on 10/23/21. The rating was received on 10/26/21. The SAR was untimely completed on 12/17/21.*
15. *P-6673 The AME's MMI report was received on 07/19/22. Auditor is unable to locate documentation showing appropriate action was taken within 10 working days to finalize the claim. The SAR was untimely completed on 11/30/22.*

Settlement Valuation

Opportunities 26 | Achieved 26

All claims that met the criteria for this category also met the standard.

Medicare's Interests Protected

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

Settlement Authority

EIA Settlement Authority Requested

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

Member Settlement Authority Requested

Opportunities 26 | Achieved 26

All claims that met the criteria for this category also met the standard.

Litigated Claims

Initiate Investigation Material to Potential Litigation

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

Proper Litigation Management and Defense Attorney on Panel

Opportunities 32 | Achieved 28

1. P-6594 The AME report was received prior to the audit period on 07/23/21 with no action towards resolution documented until the SAR was completed on 06/15/22. The file lacks documentation of proactive litigation management showing the examiner maintaining control of the ongoing claim activities to bring the claim to resolution. A defense attorney was not considered to assist with resolution.
2. P-6602 The file was referred to a DA on 07/22/22 when the adjuster received notice that the AA scheduled the deposition of the AME due to a rating dispute. The depo was cancelled on 08/01/22. The auditor is unable to locate any follow up until an email was sent to the DA on 11/28/22. A current legal POA is not evident.
3. P-6613 The MMI report of the AME was received on 05/06/22. There were no proactive litigation communications with the AA to bring the file to resolution, nor discussions about the rating disputes. The first documented legal action was on 08/04/22 when the file was referred to a DA due to AA filing a DOR. The DA tried to set the deposition of the QME to reduce the PD exposures. However, the judge thought there was too much time between when the report received date and the date it was referred to defense counsel, so discovery was closed, and the matter was set for trial.
4. P-6673 The file lacks documentation of proactive litigation management. A DA is not currently assigned. Auditor is unable to locate documentation of contact between the examiner and AA upon receipt of the AME report to move the case to resolution.

Subrogation

Identify & Notice 3rd Party Timely

Opportunities 3 | Achieved 1

1. P-6542 Subrogation was recognized when the claim was reported 04/14/22. A request for the police report was due by 04/27/22 and was untimely sent 06/15/22. The police report was received 08/30/22 and the adverse party was placed on notice, late, on 11/01/22.
2. P-6665 The police report was requested on 08/17/22 and was received on 08/25/22. There has been no documentation of investigation into the subrogation potential. Notice has not been issued to the adverse party.

Periodic Contact with 3rd Party

Opportunities 1 | Achieved 1

The claim that met the criteria for this category also met the standard.

Complaint or Lien Filed Timely

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

Member Involved in Complaint vs. Lien

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

Subrogation Pursued for Maximum Recovery

Opportunities 1 | Achieved 1

The claim that met the criteria for this category also met the standard.

Approval to Accept, Waive or Settle 3rd Party Case

Opportunities 1 | Achieved 1

The claim that met the criteria for this category also met the standard.

Excess Coverage

Timely Initial Excess Reporting

Opportunities 3 | Achieved 2

1. P-6567 The claim met excess reporting criteria upon receipt on 02/17/22. The initial excess report was due by 02/24/22 and was untimely sent on 02/27/22.

Timely Subsequent Excess Reports

Opportunities 17 | Achieved 12

Please see Addendum I for a detailed summary of opportunities and excess reports meeting the criteria for this standard.

Timely Excess Reimbursement Requests

Opportunities 2 | Achieved 2

The claims that met the criteria for this category also met the standard.

Closing Excess Report Sent

Opportunities 0 | Achieved N/A

There were no applicable claims for this category.

AUDITED BUT NOT SCORED RESULTS

Category	Points Available	Points	%	Prior %	Variance
Supervisor Caseload	1	1	100.00%	100.00%	0.00%
Respond to Written Inquiries	76	76	100.00%	100.00%	0.00%
Ongoing Employer Communication/Reporting	0	0	N/A	100.00%	N/A
Initial Decision	45	43	95.56%	82.14%	13.41%
Final Decision	13	13	100.00%	100.00%	0.00%
AOE/COE Investigation	14	13	92.86%	100.00%	-7.14%
Indexing	46	46	100.00%	100.00%	0.00%
Initial TD/PD Payment	14	11	78.57%	81.82%	-3.25%
DWC Notice	79	58	73.42%	83.33%	-9.92%
Subsequent TD/PD Payments	21	19	90.48%	97.06%	-6.58%
Overpayments	5	5	100.00%	100.00%	0.00%
Undisputed Awards Paid Timely	9	9	100.00%	100.00%	0.00%
Copy of Award to Excess	0	0	N/A	100.00%	N/A
Medical Bills Objection Letters	2	2	100.00%	100.00%	0.00%
Employee Reimbursements Timely	13	13	100.00%	100.00%	0.00%
Advance Travel Timely	25	14	56.00%	81.25%	-25.25%
Self-Imposed Penalties Paid	1	1	100.00%	N/A	N/A
Penalty Reimbursement	1	0	0.00%	N/A	N/A
Proper Use of UR	60	60	100.00%	100.00%	0.00%
NCM Used Appropriately	5	5	100.00%	N/A	N/A
Proof of Member/EIA Authority	18	18	100.00%	95.45%	4.55%
Member Involved in Legal Activities Where Appropriate	0	0	N/A	100.00%	N/A

Appendix D

AON

**Actuarial Review of the Self-Insured Workers'
Compensation Program**

Period ending June 30, 2022

**City of Oakland,
California**

**Actuarial Study of the
Self-Insured Workers' Compensation Program
as of June 30, 2022**

August 29, 2022



August 29, 2022

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

Attn: Mr. Andrew Lathrop
Risk Manager

**Actuarial Study of the
Self-Insured Workers' Compensation Program
as of June 30, 2022**

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.

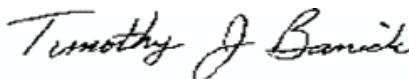
Each section and appendix of the study is an integral part of the whole. We recommend a review of the entire study prior to reliance upon this study.

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

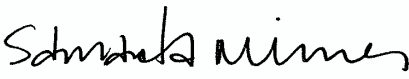
Please call if you have any questions. Thank you for the opportunity to be of service.

Respectfully submitted,

Aon Risk Consultants, Inc.

By 

Tim Banick, FCAS, MAAA
Regional Director and Actuary



Samantha Millner
Consultant

Additional Team Members: Alison Millerbernd, Actuarial Analyst

GL:bc

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Table of Contents

I. Background 1

II. Objectives 3

III. Conclusions 4

Appendices

- A Conditions and Limitations
- B Glossary of Actuarial Terms
- C Exhibits

I. Background

The City of Oakland (the City) was fully self-insured for workers' compensation until August 1, 2004. Effective August 2, 2004, the City began purchasing excess insurance.

The history of the City's self-insured retentions for workers' compensation is as shown in Table I-1.

Table I-1
Self-Insured Retentions
(Workers' Compensation)

Claim Period (1)	Self-Insured Retention (2)
To 8/1/04	Unlimited
8/2/04 to 6/30/08	\$1,000,000
7/1/08 and subsequent	750,000

Note: Above information provided by the City.

A self-insured retention of \$750,000 is assumed through 2023/24.

We have not reviewed the collectibility of the excess insurance. JT2 administers the workers' compensation program.

The fiscal period runs from July 1 through June 30.

Data

Loss data valued as of June 30, 2022 was provided to us by the City. The City also provided payroll for 2021/22. Payroll projections for 2022/23 and 2023/24 are based on a 1% trend.

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss or exposure data by the City or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.

Consistent with the prior study, we have combined several claims from 2009 into one occurrence that was identified by the City.

COVID-19

The estimates provided in this report have been adjusted for the potential impact of the COVID-19 pandemic in the following manner:

- Exposures were provided by the City taking into account the impacts of COVID-19 to their exposure basis of payroll;
- No adjustments were specifically made related to COVID-19's potential impact to the frequency or severity of claims; and
- A risk margin has not been specifically added to our unpaid liability estimates specifically related to COVID-19.

The potential short- and long-term impacts of this emerging risk are not fully known. Consequently, the uncertainty in our estimates is greater than it would otherwise be. The adjustments above are based on judgment and limited qualitative and quantitative information available at this time. They do not contemplate all potential impacts related to COVID-19 and its economic, political, and social consequences.

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, 2022.

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 2022/23 and 2023/24.

The projected ultimate losses are the accrual value of losses with accident dates during 2022/23 and 2023/24, regardless of report or payment date. The amounts are limited to the self-insured retention.

3. **Project Losses Paid.** Project losses paid during the 2022/23 and 2023/24 years.

The projected losses paid are the claim disbursements during 2022/23 and 2023/24, regardless of accident or report date. The amounts are limited to the self-insured retention.

4. **Compare to Previous Actuarial Study.** Compare to the previous actuarial study valued as of June 30, 2021.

5. **Size of Loss Distribution Analysis.** Analyze the distribution of losses in various layers.

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, 2022 to be as shown in Table III-1.

**Table III-1
Estimated Outstanding Losses
at Expected (50%) Confidence Level
June 30, 2022**

Item (1)	Amount (2)
(A) Estimated outstanding losses	\$69,530,774
(B) Present value of estimated outstanding losses	61,678,900

Note: (A) and (B) are from Exhibit WC-11.

The estimated outstanding losses decreased by \$4.1 million from our prior estimate of \$73,623,697 as of June 30, 2021 to \$69,530,774 as of June 30, 2022. The decrease consists of:

- + \$25.3 million from the additional year (2021/22) of exposure,
- - \$23.3 million for claim payments made during 2021/22, and
- - \$6.1 million due to a decrease in projected ultimate losses for claim periods 2020/21 and prior. This decrease reflects lower than expected loss development, as discussed on pages 12 and 13.

The present value of the estimated outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 2.5% yield on investments, as previously provided by the City.

The estimated outstanding losses reflect the excess insurance maintained by the City.

GASB Statement No. 10 requires public entities to recognize the impact of all benefits paid for work-related injuries.

The implementation guide for 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.

'4850' benefits are a full-salary (12 months) benefit for safety personnel. They are typically about 5% of the estimated outstanding losses.

2. Project Ultimate Losses

We project ultimate losses for 2022/23 and 2023/24 to be as shown in Tables III-2A and III-2B.

**Table III-2A
Projected Ultimate Losses
2022/23**

Item (1)	Projected Payroll (000) (2)	Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)
(A) Full Value	\$432,858	\$5.20	\$22,520,000
(B) Present Value	432,858	4.69	20,286,000

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

**Table III-2B
Projected Ultimate Losses
2023/24**

Item (1)	Projected Payroll (000) (2)	Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)
(A) Full Value	\$437,187	\$5.25	\$22,973,000
(B) Present Value	437,187	4.73	20,694,000

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

The projected ultimate losses have increased by 9.6% compared to the projection in the prior study. This is due to a 6.5% increase in estimated payroll and a 2.8% increase in the projected loss rate.

**Table III-2C
Comparison of Projected Ultimate Losses
2021/22 and 2022/23**

Claim Period (1)	Projected Payroll (000) (2)	Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)
(A) 2021/22 (prior study)	\$406,341	\$5.06	\$20,555,000
(B) 2022/23 (current study)	\$432,858	\$5.20	22,520,000
(C) Change (B) - (A)	\$26,517	\$0.14	\$1,965,000

The present value of the projected ultimate limited losses is the amount of money, discounted for anticipated investment income, required to meet claims. It is calculated based on a 2.5% yield on investments, as provided by the City.

All costs other than losses are additional.

3. Project Losses Paid

We project losses paid during 2022/23 and 2023/24 to be as shown in Table III-3.

**Table III-3
Projected Losses Paid
2022/23 and 2023/24**

Item (1)	2022/23 (2)	2023/24 (3)
(A) Projected losses paid	\$19,349,005	\$20,286,058

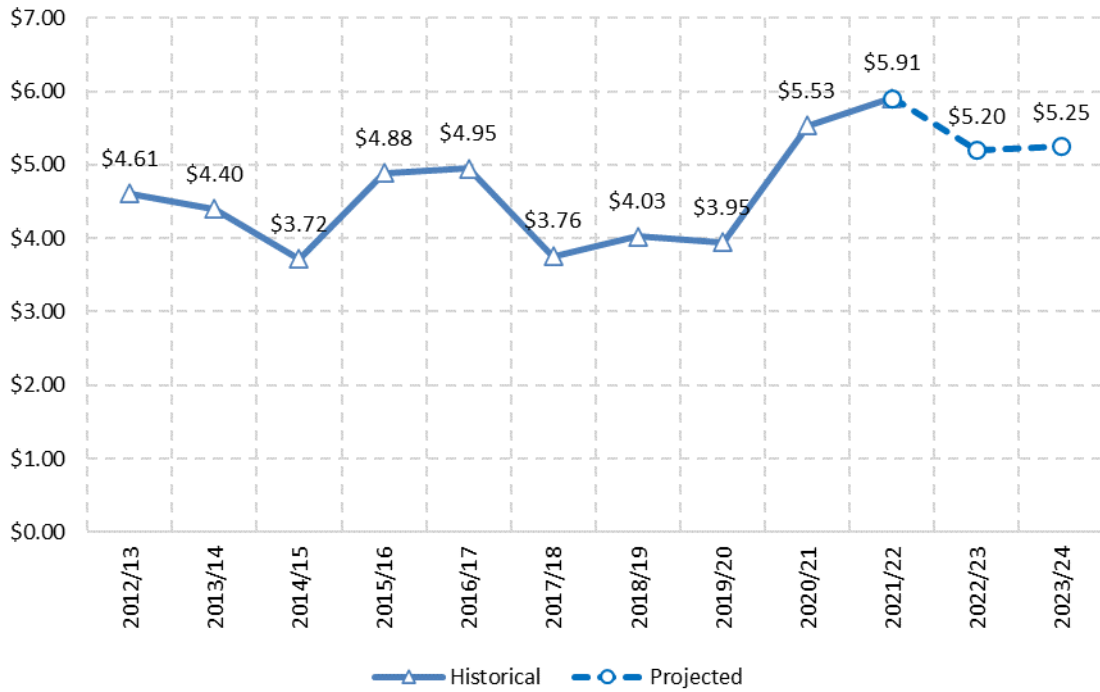
Note: (2) is from Exhibit WC-12.
(3) is from Exhibit WC-13.

All costs other than losses are additional.

Loss Experience Trends

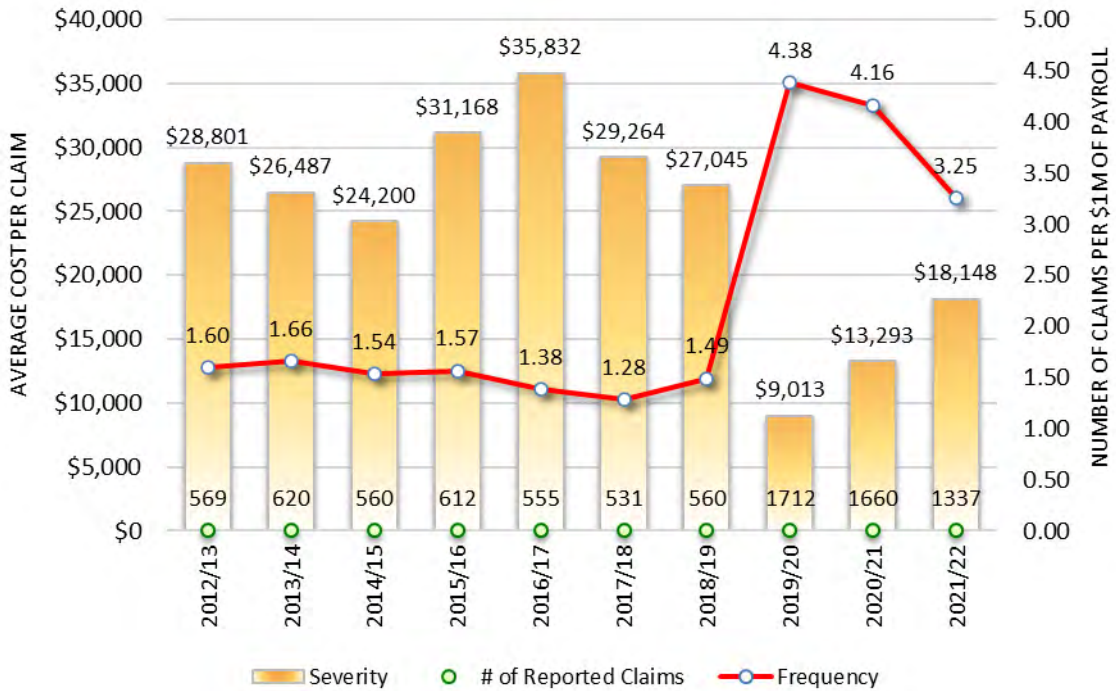
Graphs III-1 and III-2 show loss experience trends for workers' compensation as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

**Graph III-1
Loss Rate per \$100 of Payroll
(Workers' Compensation)**



Note: Loss rates per \$100 of payroll are from Exhibit WC-10, columns (4) and (7).

**Graph III-2
Frequency and Severity
(Workers' Compensation)**

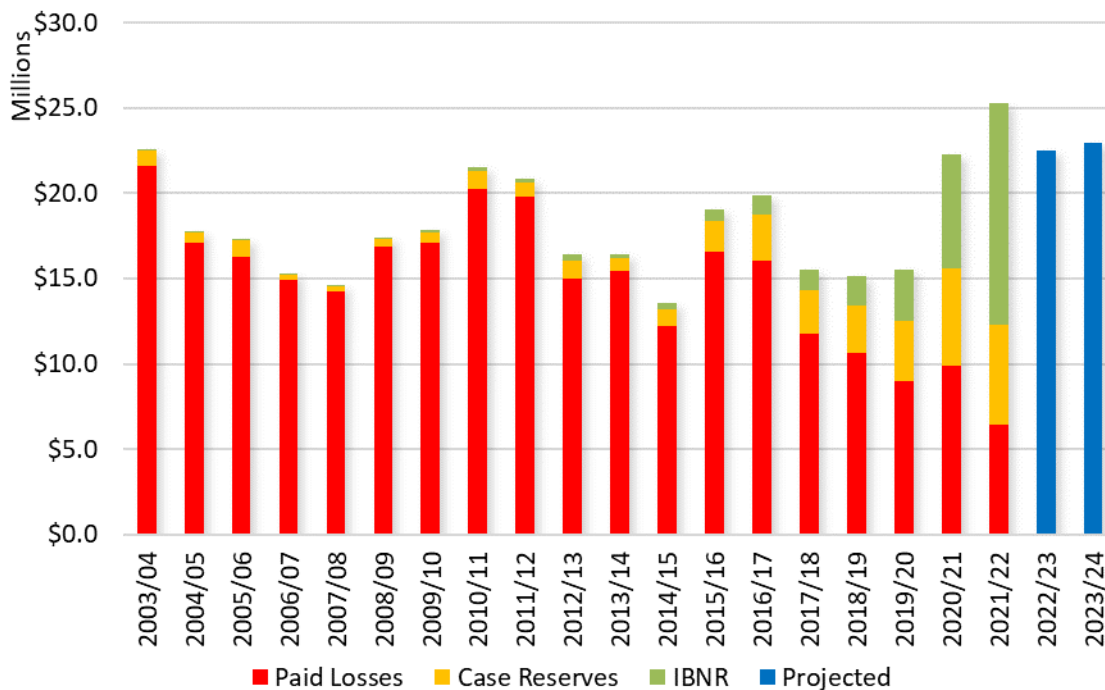


Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).
Severity amounts are based on Exhibits WC-8 and WC-9.

The frequency for 2019/20 through 2021/22 is relatively high due to the reported number of COVID-19 claims. The incurred values of these claims are relatively low, resulting in a lower severity for these years.

Graph III-3 shows the composition of the projected ultimate limited losses for workers' compensation.

**Graph III-3
Composition of Projected Ultimate Limited Losses
(Workers' Compensation)**



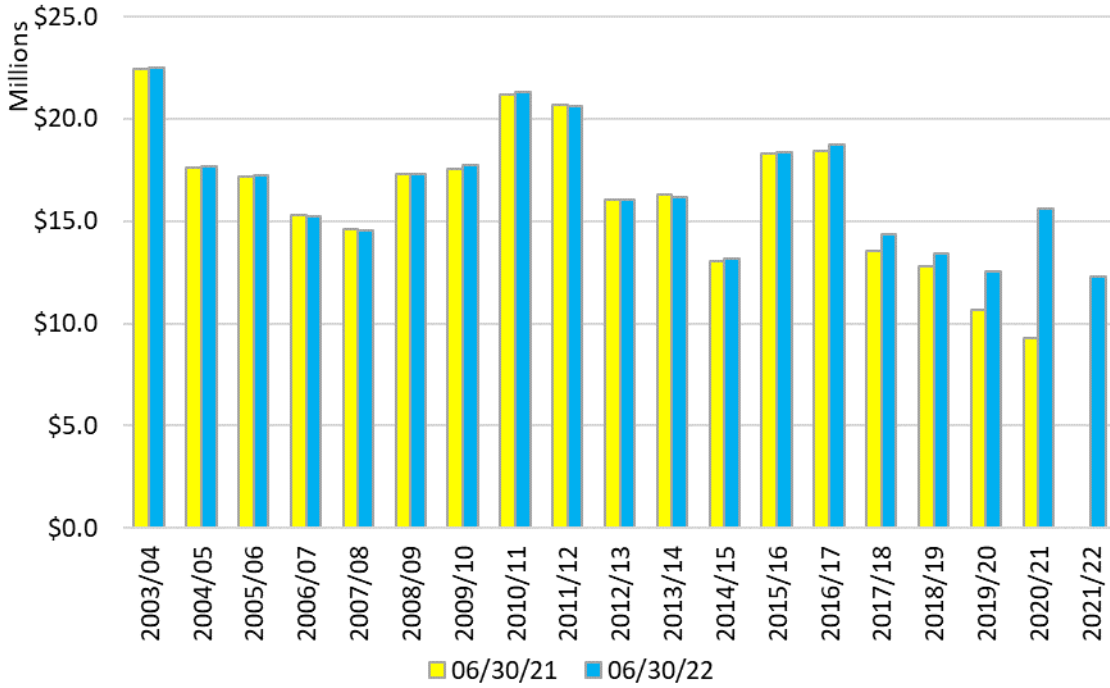
Note: Amounts through 2021/22 are from Exhibit WC-11.
Amounts for 2022/23 and 2023/24 are from Exhibit WC-10.

A list of large claims with limited reported incurred losses \$500,000 or greater as of June 30, 2022 is as shown in Exhibit WC-15.

4. Compare to Previous Actuarial Study

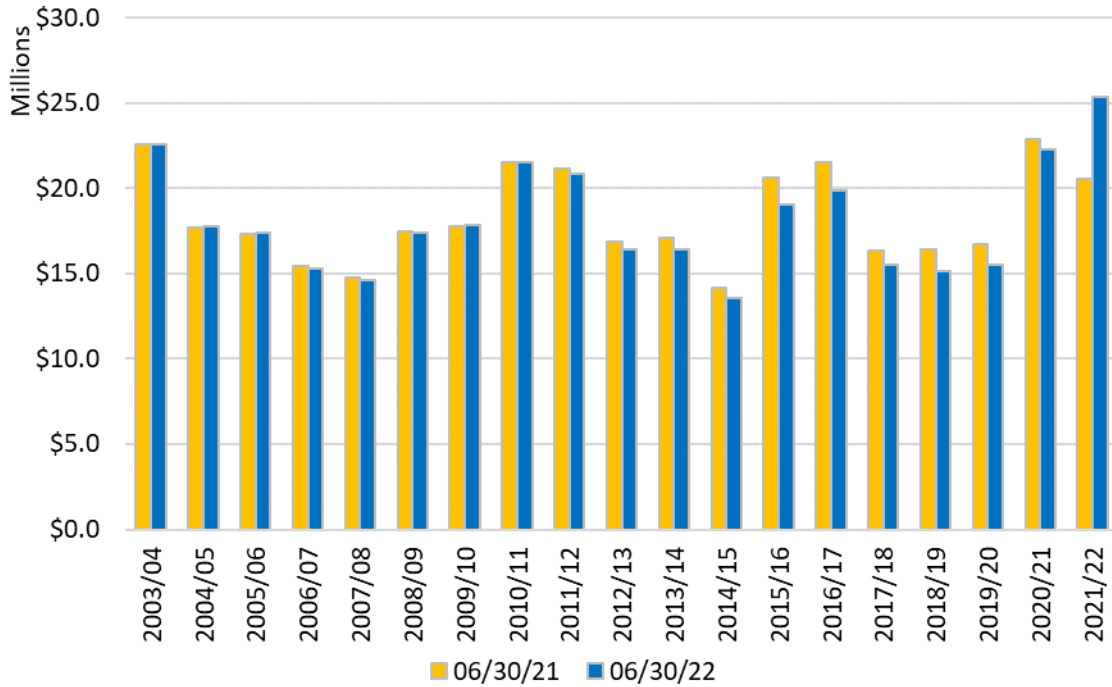
Graphs III-4 and III-5 are graphical comparisons of the reported incurred losses and projected ultimate losses, respectively, by fiscal year of occurrence of the workers' compensation program from the previous study (report dated October 22, 2021) to the current study.

**Graph III-4
Comparison of Limited Reported Incurred Losses
as of June 30, 2021 and June 30, 2022**



Note: Amounts as of June 30, 2021 are from the previous actuarial study.
Amounts as of June 30, 2022 are from Exhibit WC-1.

**Graph III-5
Comparison of Projected Ultimate Limited Losses
as of June 30, 2021 and June 30, 2022**



Note: Amounts as of June 30, 2021 are from the previous actuarial study.
Amounts as of June 30, 2022 are from Exhibits WC-9.

For all claims through 2020/21, the change in the projected ultimate limited losses from June 30, 2021 to June 30, 2022 was -1.0%.

We compare the projected ultimate limited losses by year as of June 30, 2021 and June 30, 2022 as shown in Table III-4A.

**Table III-4A
Comparison of Projected Ultimate Limited Losses
as of June 30, 2021 and June 30, 2022**

Claim Period (1)	Projected Ultimate Limited Losses as of 6/30/21 (2)	Projected Ultimate Limited Losses as of 6/30/22 (3)	Change (3) - (2) (4)	Percentage Change (4) / (2) (5)
to 2002/03	\$273,354,783	\$276,352,000	\$2,997,217	1.1%
2003/04	22,551,000	22,599,000	48,000	0.2%
2004/05	17,673,219	17,740,000	66,781	0.4%
2005/06	17,341,000	17,360,000	19,000	0.1%
2006/07	15,407,000	15,296,000	(111,000)	-0.7%
2007/08	14,742,000	14,606,000	(136,000)	-0.9%
2008/09	17,427,000	17,412,000	(15,000)	-0.1%
2009/10	17,775,000	17,841,000	66,000	0.4%
2010/11	21,526,000	21,529,000	3,000	0.0%
2011/12	21,139,000	20,833,000	(306,000)	-1.4%
2012/13	16,829,000	16,388,000	(441,000)	-2.6%
2013/14	17,104,000	16,422,000	(682,000)	-4.0%
2014/15	14,164,000	13,552,000	(612,000)	-4.3%
2015/16	20,638,000	19,075,000	(1,563,000)	-7.6%
2016/17	21,530,000	19,887,000	(1,643,000)	-7.6%
2017/18	16,302,000	15,539,000	(763,000)	-4.7%
2018/19	16,431,000	15,145,000	(1,286,000)	-7.8%
2019/20	16,677,000	15,494,000	(1,183,000)	-7.1%
2020/21	22,844,000	22,265,000	(579,000)	-2.5%
2021/22	20,555,000	25,316,000	4,761,000	23.2%
Total	\$622,010,002	\$620,651,000	(\$1,359,002)	-0.2%

Note: (2) is from the prior actuarial study.
(3) is from Exhibit WC-9 and Exhibit WC-10.

The City experienced generally lower than expected loss development for most years, most notably from 2011/12 through 2020/21, resulting in a decrease in the estimated ultimate losses for most of these years. The estimate for 2021/22 has increased from the prior projection, due to a 6.5% increase in payroll, as well as greater than expected paid and incurred loss development.

As part of our analysis, we compared how claims emerged during the past 12 months to the expected emergence during that period. The expected emergence is based on the projected ultimate losses, the reported paid and incurred losses, and the selected loss development factors from the prior actuarial study. The actual and expected emerged losses, as well as the difference between these amounts are shown in Table III-4B.

Table III-4B
Comparison of Actual and Expected Experience
June 30, 2021 to June 30, 2022

Claim Period (1)	Paid Losses in the Period			Incurred Losses in the Period		
	Paid Expected (2)	Paid Actual (3)	Difference (3) - (2) (4)	Incurred Expected (5)	Incurred Actual (6)	Difference (6) - (5) (7)
to 2002/03	\$255,806	\$1,285,810	\$1,030,004	\$110,798	\$2,755,710	\$2,644,911
2003/04	55,552	151,763	96,211	24,133	47,143	23,010
2004/05	33,081	81,702	48,621	14,414	65,631	51,216
2005/06	64,666	68,821	4,155	35,326	41,332	6,005
2006/07	26,150	11,896	(14,254)	19,086	(75,007)	(94,092)
2007/08	47,604	96,848	49,244	20,971	(70,669)	(91,639)
2008/09	46,933	63,697	16,764	25,972	46,955	20,983
2009/10	64,274	46,122	(18,152)	38,533	129,748	91,216
2010/11	131,004	288,336	157,332	83,843	138,535	54,692
2011/12	131,764	101,851	(29,913)	87,411	(66,443)	(153,854)
2012/13	213,498	248,336	34,838	165,298	9,121	(156,177)
2013/14	161,554	140,817	(20,738)	167,102	(109,999)	(277,101)
2014/15	245,487	322,028	76,541	188,031	136,089	(51,942)
2015/16	523,230	564,423	41,193	410,940	57,212	(353,728)
2016/17	999,233	828,640	(170,593)	500,315	326,721	(173,594)
2017/18	1,158,553	1,415,511	256,958	397,151	786,218	389,067
2018/19	1,915,637	2,142,551	226,914	1,023,177	642,861	(380,316)
2019/20	2,676,192	2,838,434	162,242	1,747,049	1,859,528	112,479
2020/21	4,786,661	6,177,924	1,391,263	6,241,084	6,280,952	39,868
2021/22	3,027,598	6,413,415	3,385,817	7,895,062	12,295,659	4,400,597
Total	\$16,564,477	\$23,288,924	\$6,724,447	\$19,195,697	\$25,297,299	\$6,101,602

Note: (2) and (5) are expected amounts from June 30, 2021 to June 30, 2022.
(3) and (6) are the actual experience from June 30, 2021 to June 30, 2022.

5. Size of Loss Distribution Analysis

Table III-5A shows the distribution of losses in various layers for workers' compensation.

**Table III-5A
Size of Loss Distribution
(Workers' Compensation)**

Claim Size (1)	Total Reported Claims (2)	Percent of Total (2)/Total(2) (3)	Cumulative Percent of Total (4)	Total Reported Incurred Losses (5)	Percent of Total (5)/Total(5) (6)	Cumulative Percent of Total (7)
(A) \$1 to \$5,000	31,202	78.2%	78.2%	\$26,653,727	4.3%	4.3%
(B) \$5,000 to \$10,000	2,129	5.3%	83.6%	14,933,444	2.4%	6.7%
(C) \$10,000 to \$25,000	2,076	5.2%	88.8%	33,698,765	5.5%	12.2%
(D) \$25,000 to \$50,000	1,471	3.7%	92.5%	52,640,596	8.5%	20.7%
(E) \$50,000 to \$100,000	1,302	3.3%	95.7%	92,818,415	15.0%	35.8%
(F) \$100,000 to \$250,000	1,306	3.3%	99.0%	204,701,413	33.2%	69.0%
(G) \$250,000 to \$500,000	320	0.8%	99.8%	103,067,977	16.7%	85.7%
(H) \$500,000 to \$750,000	44	0.1%	99.9%	26,925,191	4.4%	90.0%
(I) \$750,000 to \$1,000,000	14	0.0%	100.0%	11,918,321	1.9%	92.0%
(J) Over \$1,000,000	15	0.0%	100.0%	49,662,083	8.0%	100.0%
(K) Total (A) ... (J)	39,879	100%		\$617,019,933	100%	

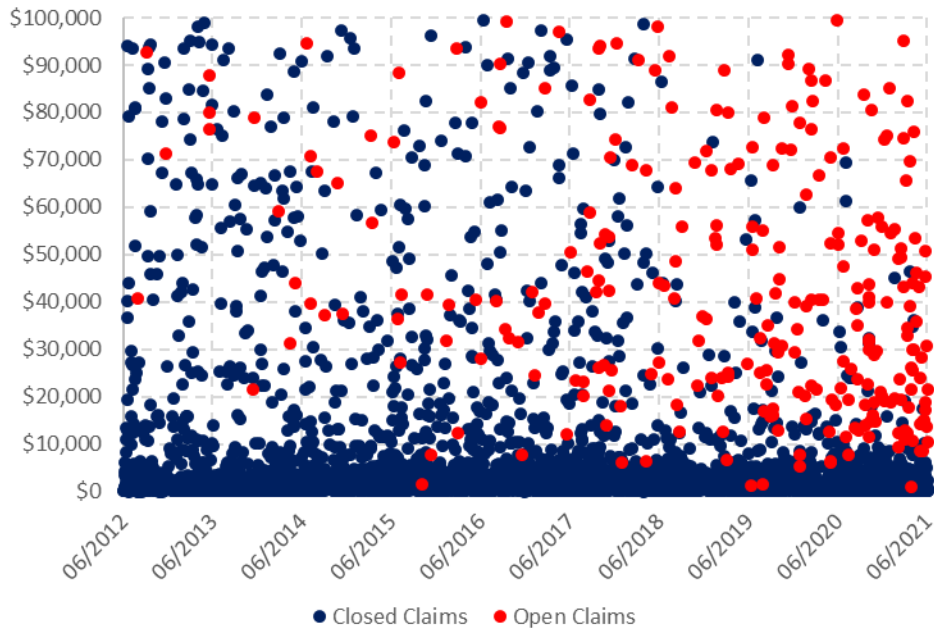
Note: See Exhibit WC-16. Claim counts exclude claims with incurred value of \$0.

For workers' compensation, about 84% of the non-zero claims reported are below \$10,000 and represent about 7% of the incurred amounts. The remaining 16% of the claims consume about 93% of the incurred amounts.

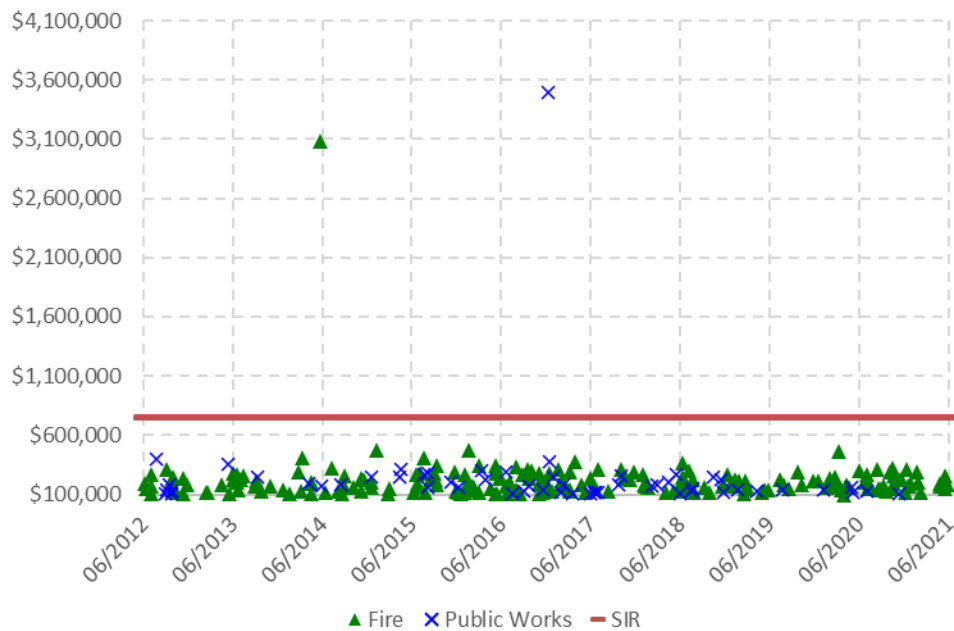
A size of loss distribution by year and loss layer as of June 30, 2022 is as shown in Exhibit WC-16.

The reported workers' compensation claim experience underlying our analysis is shown below in Graphs III-6 and III-7, with each point representing one claim. The amounts are gross of excess insurance.

**Graph III-6
Distribution of Workers' Compensation Losses
Incurred Less Than \$100,000**



**Graph III-7
Distribution of Workers' Compensation Losses
Incurred Greater Than \$100,000**



Note: A large claim with \$13 million incurred is not shown in the above graph.

6. Affirm GASB Statement No. 10

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

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 Aon for clarification.

- **Data Quality** In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss data by the organization or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.
- **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.** Use of this report is limited to the organization for the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon.

Distribution by the organization is unrestricted. The report should only be distributed in its entirety including all supporting exhibits.

- **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 Aon prior to use of this study.

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.** A case reserve is an estimate of the unpaid amount established by claims adjusters for which a particular claim will ultimately be settled or adjudicated. 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.

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. Aon 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. Aon 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 than 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.

Exhibits

The attached exhibits detail our analysis.

Data Summary as of June 30, 2022
Losses Limited to Self-Insured Retention

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/22 (4)	Payroll (000) (5)	Reported Claims 6/30/22 (6)	Open Claims 6/30/22 (7)	Limited Paid Losses 6/30/22 (8)	Limited Case Reserves 6/30/22 (9)	Limited Reported Incurred Losses 6/30/22 (10)
to 2002/03	See Note	None	240.0	Not Provided	27,845	113	\$270,014,341	\$5,675,583	\$275,689,924
2003/04	Unlimited	None	228.0	307,406	773	13	21,637,529	851,599	22,489,128
2004/05	1,000,000	None	216.0	315,491	675	15	17,084,326	593,560	17,677,886
2005/06	1,000,000	None	204.0	326,085	748	16	16,246,220	970,214	17,216,434
2006/07	1,000,000	None	192.0	354,814	703	7	14,919,370	326,149	15,245,519
2007/08	1,000,000	None	180.0	370,278	704	6	14,240,188	314,926	14,555,115
2008/09	750,000	None	168.0	377,769	678	12	16,847,638	484,784	17,332,422
2009/10	750,000	None	156.0	338,407	646	19	17,070,614	644,343	17,714,956
2010/11	750,000	None	144.0	338,298	650	21	20,243,012	1,102,679	21,345,692
2011/12	750,000	None	132.0	348,514	638	24	19,785,423	822,259	20,607,681
2012/13	750,000	None	120.0	355,748	569	22	15,001,468	1,076,109	16,077,578
2013/14	750,000	None	108.0	373,451	620	20	15,477,897	721,797	16,199,694
2014/15	750,000	None	96.0	364,737	560	24	12,212,554	984,249	13,196,803
2015/16	750,000	None	84.0	390,571	612	39	16,604,894	1,761,160	18,366,053
2016/17	750,000	None	72.0	Not Provided	555	59	16,036,649	2,723,606	18,760,255
2017/18	750,000	None	60.0	413,589	531	63	11,751,155	2,600,885	14,352,040
2018/19	750,000	None	48.0	376,038	560	67	10,640,135	2,806,699	13,446,835
2019/20	750,000	None	36.0	392,360	1,712	96	8,982,500	3,557,882	12,540,382
2020/21	750,000	None	24.0	402,318	1,660	147	9,910,898	5,674,146	15,585,044
2021/22	750,000	None	12.0	428,572	1,337	337	6,413,415	5,882,244	12,295,659
Total					42,776	1,120	\$551,120,226	\$39,574,874	\$590,695,100

* The specific self-insured retention changes are as follows:

Effective Date	Retention
09/20/35	Unlimited
08/02/04	1,000,000
07/01/08	750,000

(8), (9) and (10) are net of the specific self-insured retention and other recoveries.

Data was provided by the City.

Data Summary as of June 30, 2022
Net Unlimited Losses

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/22 (4)	Payroll (000) (5)	Reported Claims 6/30/22 (6)	Open Claims 6/30/22 (7)	Net Unlimited Paid Losses 6/30/22 (8)	Net Unlimited Case Reserves 6/30/22 (9)	Net Unlimited Reported Incurred Losses 6/30/22 (10)
to 2002/03	Unlimited	None	240.0	Not Provided	27,845	113	\$270,014,341	\$5,675,583	\$275,689,924
2003/04	Unlimited	None	228.0	307,406	773	13	21,637,529	851,599	22,489,128
2004/05	Unlimited	None	216.0	315,491	675	15	17,084,326	3,030,700	20,115,026
2005/06	Unlimited	None	204.0	326,085	748	16	17,612,658	970,214	18,582,872
2006/07	Unlimited	None	192.0	354,814	703	7	14,919,370	326,149	15,245,519
2007/08	Unlimited	None	180.0	370,278	704	6	14,762,632	691,213	15,453,844
2008/09	Unlimited	None	168.0	377,769	678	12	19,835,970	484,784	20,320,754
2009/10	Unlimited	None	156.0	338,407	646	19	17,070,614	644,343	17,714,956
2010/11	Unlimited	None	144.0	338,298	650	21	20,528,881	1,102,679	21,631,560
2011/12	Unlimited	None	132.0	348,514	638	24	19,785,423	822,259	20,607,681
2012/13	Unlimited	None	120.0	355,748	569	22	15,001,468	1,076,109	16,077,578
2013/14	Unlimited	None	108.0	373,451	620	20	17,804,803	721,797	18,526,600
2014/15	Unlimited	None	96.0	364,737	560	24	12,212,554	984,249	13,196,803
2015/16	Unlimited	None	84.0	390,571	612	39	16,655,927	1,761,160	18,417,087
2016/17	Unlimited	None	72.0	Not Provided	555	59	17,605,592	4,227,089	21,832,682
2017/18	Unlimited	None	60.0	413,589	531	63	11,751,155	2,600,885	14,352,040
2018/19	Unlimited	None	48.0	376,038	560	67	13,938,890	12,405,903	26,344,793
2019/20	Unlimited	None	36.0	392,360	1,712	96	8,982,500	3,557,882	12,540,382
2020/21	Unlimited	None	24.0	402,318	1,660	147	9,910,898	5,674,146	15,585,044
2021/22	Unlimited	None	12.0	428,572	1,337	337	6,413,415	5,882,244	12,295,659
Total					42,776	1,120	\$563,528,946	\$53,490,987	\$617,019,933

(8), (9) and (10) are gross of the specific self-insured retention and net of other recoveries.

Data was provided by the City.

Data Summary as of June 30, 2022
Gross Unlimited Losses

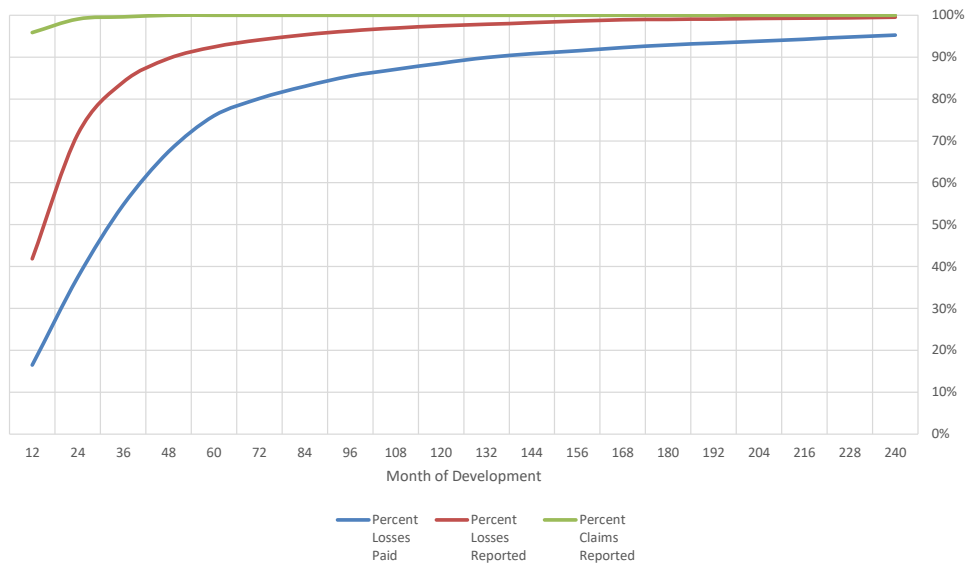
Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/22 (4)	Payroll (000) (5)	Reported Claims 6/30/22 (6)	Open Claims 6/30/22 (7)	Gross Unlimited Paid Losses 6/30/22 (8)	Gross Unlimited Case Reserves 6/30/22 (9)	Gross Unlimited Reported Incurred Losses 6/30/22 (10)
to 2002/03	Unlimited	None	240.0	Not Provided	27,845	113	\$270,714,947	\$5,675,583	\$276,390,530
2003/04	Unlimited	None	228.0	307,406	773	13	22,212,820	851,599	23,064,419
2004/05	Unlimited	None	216.0	315,491	675	15	17,254,150	3,030,700	20,284,851
2005/06	Unlimited	None	204.0	326,085	748	16	17,716,489	970,214	18,686,703
2006/07	Unlimited	None	192.0	354,814	703	7	15,039,087	326,149	15,365,236
2007/08	Unlimited	None	180.0	370,278	704	6	14,945,764	691,213	15,636,977
2008/09	Unlimited	None	168.0	377,769	678	12	20,109,621	484,784	20,594,405
2009/10	Unlimited	None	156.0	338,407	646	19	17,356,506	644,343	18,000,849
2010/11	Unlimited	None	144.0	338,298	650	21	20,557,748	1,102,679	21,660,427
2011/12	Unlimited	None	132.0	348,514	638	24	19,899,126	822,259	20,721,384
2012/13	Unlimited	None	120.0	355,748	569	22	15,003,184	1,076,109	16,079,293
2013/14	Unlimited	None	108.0	373,451	620	20	17,812,703	721,797	18,534,500
2014/15	Unlimited	None	96.0	364,737	560	24	12,240,781	984,249	13,225,031
2015/16	Unlimited	None	84.0	390,571	612	39	16,723,716	1,761,160	18,484,876
2016/17	Unlimited	None	72.0	Not Provided	555	59	17,659,315	4,227,089	21,886,404
2017/18	Unlimited	None	60.0	413,589	531	63	11,783,872	2,600,885	14,384,756
2018/19	Unlimited	None	48.0	376,038	560	67	13,938,890	12,405,903	26,344,793
2019/20	Unlimited	None	36.0	392,360	1,712	96	8,982,231	3,559,407	12,541,638
2020/21	Unlimited	None	24.0	402,318	1,660	147	9,910,898	5,674,146	15,585,044
2021/22	Unlimited	None	12.0	428,572	1,337	337	6,413,415	5,882,244	12,295,659
Total					42,776	1,120	\$566,275,264	\$53,492,511	\$619,767,776

(8), (9) and (10) are gross of the specific self-insured retention and other recoveries.

Data was provided by the City.

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)
360.0	99.9%	100.0%	100.0%
348.0	99.8%	100.0%	100.0%
336.0	99.7%	100.0%	100.0%
324.0	99.6%	100.0%	100.0%
312.0	99.4%	100.0%	100.0%
300.0	99.2%	100.0%	100.0%
288.0	98.9%	100.0%	100.0%
276.0	98.4%	100.0%	100.0%
264.0	97.7%	100.0%	100.0%
252.0	96.7%	99.9%	100.0%
240.0	95.2%	99.5%	100.0%
228.0	94.8%	99.4%	100.0%
216.0	94.3%	99.3%	100.0%
204.0	93.8%	99.2%	100.0%
192.0	93.4%	99.1%	100.0%
180.0	92.9%	99.0%	100.0%
168.0	92.2%	98.9%	100.0%
156.0	91.5%	98.6%	100.0%
144.0	90.8%	98.2%	100.0%
132.0	89.9%	97.8%	100.0%
120.0	88.6%	97.4%	100.0%
108.0	87.1%	97.0%	100.0%
96.0	85.5%	96.3%	100.0%
84.0	83.0%	95.3%	100.0%
72.0	80.1%	94.1%	100.0%
60.0	76.0%	92.4%	100.0%
48.0	67.4%	89.7%	100.0%
36.0	54.7%	84.0%	99.6%
24.0	37.5%	71.6%	99.1%
12.0	16.5%	41.9%	95.8%



(2) is from Exhibit WC-2 (page 2).

(3) is from Exhibit WC-2 (page 3).

(4) is from Exhibit WC-2 (page 4).

Historical Limited Paid Losses (\$000) and Limited Paid Loss Development

I. Historical Limited Paid Losses (\$000)

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 2002/03																					
2003/04					15,966	16,776	17,253	18,274	18,603	19,046	19,578	19,834	20,116	20,222	20,566	20,980	21,259	21,486	21,638		
2004/05				11,109	12,288	13,255	14,081	14,562	15,529	15,627	15,961	16,191	16,539	16,702	16,886	17,050	17,003	17,084			
2005/06			9,239	10,733	11,925	12,719	13,209	13,887	14,276	15,170	15,448	15,742	15,878	15,985	16,102	16,177	16,246				
2006/07		7,705	10,428	12,123	12,969	13,467	13,788	14,031	14,145	14,375	14,459	14,544	14,660	14,851	14,907	14,919					
2007/08	3,274	6,798	9,061	10,643	11,516	12,147	12,662	13,281	13,573	13,800	13,968	14,017	14,051	14,143	14,240						
2008/09	3,500	8,732	11,787	13,716	14,403	14,960	15,523	15,776	15,958	16,538	16,609	16,656	16,784	16,848							
2009/10	3,877	9,024	12,032	13,699	15,065	15,655	16,040	16,538	16,640	16,829	16,939	17,024	17,071								
2010/11	4,975	10,288	13,545	16,083	17,050	18,197	18,956	19,410	19,608	19,782	19,955	20,243									
2011/12	2,977	10,326	14,196	16,388	17,323	18,141	18,804	19,258	19,526	19,684	19,785										
2012/13	2,401	6,100	8,993	10,823	12,447	13,342	13,752	14,472	14,753	15,001											
2013/14	2,368	6,551	9,474	11,631	13,379	14,335	14,905	15,337	15,478												
2014/15	2,240	5,593	8,020	9,489	10,535	11,287	11,891	12,213													
2015/16	2,798	7,556	11,276	13,858	15,457	16,040	16,605														
2016/17	3,866	8,139	11,111	13,475	15,208	16,037															
2017/18	2,557	5,631	8,367	10,336	11,751																
2018/19	2,966	5,964	8,498	10,640																	
2019/20	2,441	6,144	8,982																		
2020/21	3,733	9,911																			
2021/22	6,413																				

II. Limited Paid Loss Development

Claim Period	Months of Development:																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult	
to 2002/03																					
2003/04					1.051	1.028	1.059	1.018	1.024	1.028	1.013	1.014	1.005	1.017	1.020	1.013	1.011	1.007			
2004/05				1.106	1.079	1.062	1.034	1.066	1.006	1.021	1.014	1.021	1.010	1.011	1.010	0.997	1.005				
2005/06			1.162	1.111	1.067	1.039	1.051	1.028	1.063	1.018	1.019	1.009	1.007	1.007	1.005	1.004					
2006/07		1.353	1.163	1.070	1.038	1.024	1.018	1.008	1.016	1.006	1.006	1.008	1.013	1.004	1.001						
2007/08	2.077	1.333	1.175	1.082	1.055	1.042	1.049	1.022	1.017	1.012	1.004	1.002	1.007	1.007							
2008/09	2.495	1.350	1.164	1.050	1.039	1.038	1.016	1.012	1.036	1.004	1.003	1.008	1.004								
2009/10	2.327	1.333	1.139	1.100	1.039	1.025	1.031	1.006	1.011	1.007	1.005	1.003									
2010/11	2.068	1.317	1.187	1.060	1.067	1.042	1.024	1.010	1.009	1.009	1.014										
2011/12	3.469	1.375	1.154	1.057	1.047	1.037	1.024	1.014	1.008	1.005											
2012/13	2.541	1.474	1.203	1.150	1.072	1.031	1.052	1.019	1.017												
2013/14	2.767	1.446	1.228	1.150	1.071	1.040	1.029	1.009													
2014/15	2.497	1.434	1.183	1.110	1.071	1.053	1.027														
2015/16	2.700	1.492	1.229	1.115	1.038	1.035															
2016/17	2.105	1.365	1.213	1.129	1.054																
2017/18	2.202	1.486	1.235	1.137																	
2018/19	2.011	1.425	1.252																		
2019/20	2.517	1.462																			
2020/21	2.655																				
2021/22																					
Average																					
All	2.459	1.403	1.192	1.102	1.056	1.038	1.035	1.019	1.021	1.012	1.010	1.009	1.008	1.009	1.005	1.005	1.008	1.007			
Wtd 3	2.409	1.457	1.231	1.126	1.053	1.042	1.036	1.014	1.011	1.007	1.008	1.004	1.008	1.006	1.005	1.006					
Last 3	2.394	1.458	1.233	1.127	1.055	1.043	1.036	1.014	1.011	1.007	1.007	1.004	1.008	1.006	1.005	1.005					
Last 5	2.275	1.458	1.226	1.127	1.066	1.037	1.027	1.011	1.012	1.007	1.005	1.006	1.008	1.008							
x-hi,low																					
Similar	2.660	1.439	1.191	1.093	1.056	1.036	1.030	1.024	1.022	1.019	1.016	1.014	1.014	1.012	1.011	1.009	1.009	1.008	1.109		
Previous	2.450	1.450	1.220	1.110	1.065	1.037	1.030	1.022	1.022	1.017	1.014	1.013	1.010	1.010	1.006	1.006	1.005	1.005	1.005	1.085	
Selected	2.275	1.460	1.233	1.127	1.054	1.037	1.029	1.019	1.017	1.015	1.010	1.008	1.008	1.007	1.005	1.005	1.005	1.005	1.005	1.050	
Cumulative	6.074	2.670	1.829	1.483	1.316	1.249	1.204	1.170	1.148	1.129	1.112	1.101	1.093	1.084	1.077	1.071	1.066	1.061	1.055	1.050	
Percent	16.5%	37.5%	54.7%	67.4%	76.0%	80.1%	83.0%	85.5%	87.1%	88.6%	89.9%	90.8%	91.5%	92.2%	92.9%	93.4%	93.8%	94.3%	94.8%	95.2%	

Amounts are limited (net of excess insurance).

Data was provided by the City.

WORKERS' COMPENSATION

Historical Limited Reported Incurred Losses (\$000) and Limited Reported Incurred Loss Development

I. Historical Limited Reported Incurred Losses (\$000)

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 2002/03																					
2003/04					18,973	18,991	19,153	19,790	20,472	20,531	21,219	21,397	21,566	21,443	21,748	22,124	22,407	22,442	22,489		
2004/05				14,940	14,940	16,266	16,963	17,540	18,362	18,405	18,550	18,629	18,256	18,311	18,235	17,612	17,678				
2005/06			13,636	13,940	14,760	15,366	15,996	16,186	16,806	17,020	17,344	17,151	17,710	17,384	17,416	17,175	17,216				
2006/07		12,182	13,503	14,335	14,489	14,947	14,660	14,772	14,904	15,252	15,052	14,935	15,089	15,440	15,321	15,246					
2007/08	8,126	10,793	12,889	14,266	14,228	14,126	14,723	15,079	15,246	15,205	15,344	14,748	14,621	14,626	14,555						
2008/09	7,312	13,225	16,845	17,497	17,101	17,372	17,328	18,010	18,072	17,486	17,307	17,129	17,285	17,332							
2009/10	8,727	15,621	17,474	17,349	17,587	17,768	18,240	18,186	18,165	17,812	17,572	17,585	17,715								
2010/11	11,395	17,821	18,656	20,235	20,504	21,515	21,356	21,318	21,464	21,053	21,207	21,346									
2011/12	9,353	17,335	19,494	21,503	22,167	21,392	21,233	20,891	20,711	20,674	20,608										
2012/13	5,495	10,353	13,970	17,381	16,461	17,021	16,484	15,909	16,068	16,078											
2013/14	5,431	11,242	16,389	16,585	16,874	16,715	16,240	16,310	16,200												
2014/15	6,785	11,750	12,680	13,471	13,698	13,104	13,061	13,197													
2015/16	10,563	14,766	16,876	17,788	18,098	18,309	18,366														
2016/17	8,774	14,167	16,343	17,878	18,434	18,760															
2017/18	6,025	10,385	12,624	13,566	14,352																
2018/19	6,368	10,907	12,804	13,447																	
2019/20	5,852	10,681	12,540																		
2020/21	9,304	15,585																			
2021/22	12,296																				

II. Limited Reported Incurred Loss Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 2002/03																				
2003/04					1.001	1.009	1.033	1.034	1.003	1.034	1.008	1.008	0.994	1.014	1.017	1.013	1.002	1.002		
2004/05				1.000	1.089	1.043	1.034	1.047	1.002	1.008	1.008	0.996	0.980	1.003	0.996	0.966	1.004	1.004		
2005/06			1.022	1.059	1.041	1.041	1.012	1.038	1.013	1.019	0.989	1.033	0.982	1.002	0.986	1.002				
2006/07		1.108	1.062	1.011	1.032	0.981	1.008	1.009	1.023	0.987	0.992	1.010	1.023	0.992	0.995					
2007/08	1.328	1.194	1.107	0.997	0.993	1.042	1.024	1.011	0.997	1.009	0.961	0.991	1.000	0.995						
2008/09	1.809	1.274	1.039	0.977	1.016	0.997	1.039	1.003	0.968	0.990	0.990	1.009	1.003							
2009/10	1.790	1.119	0.993	1.014	1.010	1.027	0.997	0.999	0.981	0.987	1.001	1.007								
2010/11	1.564	1.047	1.085	1.013	1.049	0.993	0.998	1.007	0.981	1.007	1.007									
2011/12	1.853	1.125	1.103	1.031	0.965	0.993	0.984	0.991	0.998	0.997										
2012/13	1.884	1.349	1.244	0.947	1.034	0.968	0.965	1.010	1.001											
2013/14	2.070	1.458	1.012	1.017	0.991	0.972	1.004	0.993												
2014/15	1.732	1.079	1.062	1.017	0.957	0.997	1.010													
2015/16	1.398	1.143	1.054	1.017	1.012	1.003														
2016/17	1.615	1.154	1.094	1.031	1.018															
2017/18	1.724	1.216	1.075	1.058																
2018/19	1.713	1.174	1.050																	
2019/20	1.825	1.174																		
2020/21	1.675																			
2021/22																				
Average																				
All	1.713	1.187	1.072	1.014	1.015	1.005	1.009	1.013	0.997	1.004	0.995	1.008	0.997	1.001	0.999	0.994	1.003	1.002		
Wtd 3	1.727	1.188	1.075	1.034	0.999	0.990	0.992	0.998	0.992	0.997	1.000	1.003	1.009	0.997	0.992	0.995				
Last 3	1.738	1.188	1.073	1.035	0.995	0.990	0.993	0.998	0.993	0.997	0.999	1.003	1.009	0.996	0.992	0.994				
Last 5	1.704	1.167	1.064	1.022	1.007	0.987	0.995	1.000	0.987	0.998	0.994	1.009	0.995	1.000						
x-hi/low																				
Similar	1.667	1.164	1.068	1.038	1.022	1.013	1.009	1.009	1.008	1.006	1.004	1.004	1.000	1.001	1.001	1.000	1.001	1.000	1.006	
Previous	1.725	1.160	1.080	1.029	1.027	1.025	1.020	1.020	1.015	1.010	1.008	1.007	1.005	1.004	1.004	1.003	1.002	1.002	1.002	1.005
Selected	1.710	1.174	1.067	1.031	1.018	1.013	1.010	1.007	1.005	1.004	1.004	1.004	1.003	1.001	1.001	1.001	1.001	1.001	1.001	1.005
Cumulative	2.389	1.397	1.190	1.115	1.082	1.063	1.049	1.039	1.031	1.026	1.022	1.018	1.014	1.011	1.010	1.009	1.008	1.007	1.006	1.005
Percent	41.9%	71.6%	84.0%	89.7%	92.4%	94.1%	95.3%	96.3%	97.0%	97.4%	97.8%	98.2%	98.6%	98.9%	99.0%	99.1%	99.2%	99.3%	99.4%	99.5%

Amounts are limited (net of excess insurance).

Data was provided by the City.



CITY OF OAKLAND
WORKERS' COMPENSATION
Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 2002/03																				
2003/04					771	771	771	767	769	774	769	774	773	773	773	773	773	773	773	773
2004/05				670	672	674	671	671	674	672	675	675	675	675	675	675	675	675	675	675
2005/06			740	742	747	740	740	748	740	748	749	749	748	748	748	748	748	748	748	748
2006/07		696	701	703	700	700	703	700	703	703	703	703	703	703	703	703	703	703	703	703
2007/08	669	702	702	694	694	702	694	702	703	703	704	704	704	704	704	704	704	704	704	704
2008/09	637	674	672	673	677	674	678	678	678	678	678	678	678	678	678	678	678	678	678	678
2009/10	605	615	618	642	619	642	642	645	646	646	646	646	646	646	646	646	646	646	646	646
2010/11	576	615	645	625	649	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650
2011/12	548	629	593	636	636	637	637	637	637	637	637	637	637	637	637	637	637	637	637	637
2012/13	515	560	566	568	569	569	569	569	569	569	569	569	569	569	569	569	569	569	569	569
2013/14	587	618	620	621	621	621	621	620	620	620	620	620	620	620	620	620	620	620	620	620
2014/15	526	553	555	559	559	559	559	560	560	560	560	560	560	560	560	560	560	560	560	560
2015/16	571	607	610	611	611	612	612	612	612	612	612	612	612	612	612	612	612	612	612	612
2016/17	525	543	545	548	554	555	555	555	555	555	555	555	555	555	555	555	555	555	555	555
2017/18	496	522	527	531	531	531	531	531	531	531	531	531	531	531	531	531	531	531	531	531
2018/19	537	556	559	560	560	560	560	560	560	560	560	560	560	560	560	560	560	560	560	560
2019/20	1,654	1,707	1,712																	
2020/21	1,635	1,660																		
2021/22	1,337																			

II. Reported Claim Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 2002/03																				
2003/04					1.000	1.000	0.995	1.003	1.007	0.994	1.007	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004/05				1.003	1.003	0.996	1.000	1.004	0.997	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005/06			1.003	1.007	0.991	1.000	1.011	0.989	1.011	1.001	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006/07		1.007	1.003	0.996	1.000	1.004	0.996	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007/08	1.049	1.000	0.989	1.000	1.012	0.989	1.012	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008/09	1.058	0.997	1.001	1.006	0.996	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009/10	1.017	1.005	1.039	0.964	1.037	1.000	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010/11	1.068	1.049	0.969	1.038	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011/12	1.148	0.943	1.073	1.000	1.002	1.000	1.000	1.000	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012/13	1.087	1.011	1.004	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013/14	1.053	1.003	1.002	1.000	1.000	1.000	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2014/15	1.051	1.004	1.007	1.000	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015/16	1.063	1.005	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016/17	1.034	1.004	1.006	1.011	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2017/18	1.052	1.010	1.008	1.000																
2018/19	1.035	1.005	1.002																	
2019/20	1.032	1.003																		
2020/21	1.015																			
2021/22																				
Average																				
All	1.055	1.003	1.007	1.002	1.003	1.000	1.001	1.000	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Wtd 3	1.025	1.005	1.005	1.004	1.001	1.001	0.999	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Last 3	1.028	1.006	1.005	1.004	1.001	1.001	0.999	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Last 5	1.034	1.005	1.005	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
x-hi,low																				
Similar	1.131	1.019	1.010	1.007	1.007	1.005	1.005	1.006	1.006	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Previous	1.050	1.005	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.034	1.005	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.043	1.009	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Percent	95.8%	99.1%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data was provided by the City.

Historical Ratio of Limited Paid Losses and Limited Reported Incurred Losses

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 2002/03																				
2003/04					84.1%	88.3%	90.1%	92.3%	90.9%	92.8%	92.3%	92.7%	93.3%	94.3%	94.6%	94.8%	94.9%	95.7%	96.2%	
2004/05				74.4%	82.2%	81.5%	83.0%	83.0%	84.6%	84.9%	86.0%	86.6%	88.8%	91.5%	92.2%	93.5%	96.5%	96.6%		
2005/06			67.8%	77.0%	80.8%	82.8%	82.6%	85.8%	84.9%	89.1%	89.1%	91.8%	89.7%	92.0%	92.5%	94.2%	94.4%			
2006/07		63.2%	77.2%	84.6%	89.5%	90.1%	94.1%	95.0%	94.9%	94.3%	96.1%	97.4%	97.2%	96.2%	97.3%	97.9%				
2007/08	40.3%	63.0%	70.3%	74.6%	80.9%	86.0%	86.0%	88.1%	89.0%	90.8%	91.0%	95.0%	96.1%	96.7%	97.8%					
2008/09	47.9%	66.0%	70.0%	78.4%	84.2%	86.1%	89.6%	87.6%	88.3%	94.6%	96.0%	97.2%	97.1%	97.2%						
2009/10	44.4%	57.8%	68.9%	79.0%	85.7%	88.1%	87.9%	90.9%	91.6%	94.5%	96.4%	96.8%	96.4%							
2010/11	43.7%	57.7%	72.6%	79.5%	83.2%	84.6%	88.8%	91.1%	91.4%	94.0%	94.1%	94.8%								
2011/12	31.8%	59.6%	72.8%	76.2%	78.1%	84.8%	88.6%	92.2%	94.3%	95.2%	96.0%									
2012/13	43.7%	58.9%	64.4%	62.3%	75.6%	78.4%	83.4%	91.0%	91.8%	93.3%										
2013/14	43.6%	58.3%	57.8%	70.1%	79.3%	85.8%	91.8%	94.0%	95.5%											
2014/15	33.0%	47.6%	63.3%	70.4%	76.9%	86.1%	91.0%	92.5%												
2015/16	26.5%	51.2%	66.8%	77.9%	85.4%	87.6%	90.4%													
2016/17	44.1%	57.4%	68.0%	75.4%	82.5%	85.5%														
2017/18	42.4%	54.2%	66.3%	76.2%	81.9%															
2018/19	46.6%	54.7%	66.4%	79.1%																
2019/20	41.7%	57.5%	71.6%																	
2020/21	40.1%	63.6%																		
2021/22	52.2%																			
Average																				
All	41.5%	58.1%	68.3%	75.7%	82.0%	85.4%	88.2%	90.3%	90.7%	92.3%	93.0%	94.0%	94.1%	94.6%	94.9%	95.1%	95.3%	96.2%	96.2%	
Last 3	44.7%	58.6%	68.1%	76.9%	83.3%	86.4%	91.1%	92.5%	93.9%	94.2%	95.5%	96.3%	96.5%	96.7%	95.9%	95.2%	95.3%			
Last 5	43.6%	56.6%	67.1%	76.5%	81.2%	85.8%	90.0%	91.9%	92.6%	94.3%	95.4%	96.4%	96.5%	94.9%	94.8%					
x-hi,low																				
Implicit	39.3%	52.3%	65.1%	75.2%	82.2%	85.1%	87.1%	88.8%	89.8%	90.9%	91.9%	92.4%	92.8%	93.3%	93.8%	94.2%	94.6%	95.0%	95.3%	95.7%

Developed Limited Paid Losses

Claim Period (1)	Months of Development 6/30/22 (2)	Limited Paid Losses 6/30/22 (3)	Percent Losses Paid (4)	Developed Limited Paid Losses (3)/(4) (5)
to 2002/03	240.0	\$270,014,341	95.2%	\$283,515,058
2003/04	228.0	21,637,529	94.8%	22,833,003
2004/05	216.0	17,084,326	94.3%	18,118,376
2005/06	204.0	16,246,220	93.8%	17,249,861 *
2006/07	192.0	14,919,370	93.4%	15,981,003
2007/08	180.0	14,240,188	92.9%	15,253,245 *
2008/09	168.0	16,847,638	92.2%	18,200,635 *
2009/10	156.0	17,070,614	91.5%	18,653,432
2010/11	144.0	20,243,012	90.8%	22,220,843 *
2011/12	132.0	19,785,423	89.9%	22,010,852
2012/13	120.0	15,001,468	88.6%	16,939,139
2013/14	108.0	15,477,897	87.1%	17,662,945 *
2014/15	96.0	12,212,554	85.5%	14,290,887
2015/16	84.0	16,604,894	83.0%	19,841,120 *
2016/17	72.0	16,036,649	80.1%	19,651,442 *
2017/18	60.0	11,751,155	76.0%	15,465,644
2018/19	48.0	10,640,135	67.4%	15,419,442 *
2019/20	36.0	8,982,500	54.7%	16,427,507
2020/21	24.0	9,910,898	37.5%	26,463,074
2021/22	12.0	6,413,415	16.5%	38,958,125
Total		\$551,120,226		\$655,155,633

* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.

Developed Limited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/22 (2)	Limited Reported Incurred Losses 6/30/22 (3)	Percent Losses Reported (4)	Developed Limited Reported Incurred Losses (3)/(4) (5)
to 2002/03	240.0	\$275,689,924	99.5%	\$277,068,374
2003/04	228.0	22,489,128	99.4%	22,624,175
2004/05	216.0	17,677,886	99.3%	17,794,815 *
2005/06	204.0	17,216,434	99.2%	17,346,457 *
2006/07	192.0	15,245,519	99.1%	15,383,125
2007/08	180.0	14,555,115	99.0%	14,691,141 *
2008/09	168.0	17,332,422	98.9%	17,515,576 *
2009/10	156.0	17,714,956	98.6%	17,964,352
2010/11	144.0	21,345,692	98.2%	21,719,185 *
2011/12	132.0	20,607,681	97.8%	21,065,318
2012/13	120.0	16,077,578	97.4%	16,500,352
2013/14	108.0	16,199,694	97.0%	16,685,238 *
2014/15	96.0	13,196,803	96.3%	13,706,825
2015/16	84.0	18,366,053	95.3%	19,229,836 *
2016/17	72.0	18,760,255	94.1%	19,841,978 *
2017/18	60.0	14,352,040	92.4%	15,526,028
2018/19	48.0	13,446,835	89.7%	14,911,226 *
2019/20	36.0	12,540,382	84.0%	14,923,840
2020/21	24.0	15,585,044	71.6%	21,774,387
2021/22	12.0	12,295,659	41.9%	29,375,539
Total		\$590,695,100		\$625,647,767

* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.

Developed Limited Case Reserves

Claim Period (1)	Months of Development 6/30/22 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/22 [(4)-(3)]/ [100.0%-(3)] (5)	Limited Paid Losses 6/30/22 (6)	Limited Case Reserves 6/30/22 (7)	Developed Limited Case Reserves (6)+(7)/(5) (8)
to 2002/03	240.0	95.2%	99.5%	89.6%	\$270,014,341	\$5,675,583	\$276,352,075
2003/04	228.0	94.8%	99.4%	88.6%	21,637,529	851,599	22,598,711
2004/05	216.0	94.3%	99.3%	87.8%	17,084,326	593,560	17,740,308 *
2005/06	204.0	93.8%	99.2%	87.1%	16,246,220	970,214	17,359,855
2006/07	192.0	93.4%	99.1%	86.5%	14,919,370	326,149	15,296,271
2007/08	180.0	92.9%	99.0%	86.0%	14,240,188	314,926	14,606,291
2008/09	168.0	92.2%	98.9%	85.9%	16,847,638	484,784	17,411,931
2009/10	156.0	91.5%	98.6%	83.6%	17,070,614	644,343	17,840,997
2010/11	144.0	90.8%	98.2%	80.7%	20,243,012	1,102,679	21,529,056 *
2011/12	132.0	89.9%	97.8%	78.5%	19,785,423	822,259	20,832,713
2012/13	120.0	88.6%	97.4%	77.6%	15,001,468	1,076,109	16,388,188
2013/14	108.0	87.1%	97.0%	76.4%	15,477,897	721,797	16,422,467
2014/15	96.0	85.5%	96.3%	74.4%	12,212,554	984,249	13,535,214
2015/16	84.0	83.0%	95.3%	72.4%	16,604,894	1,761,160	19,036,560
2016/17	72.0	80.1%	94.1%	70.4%	16,036,649	2,723,606	19,906,179
2017/18	60.0	76.0%	92.4%	68.5%	11,751,155	2,600,885	15,547,110
2018/19	48.0	67.4%	89.7%	68.3%	10,640,135	2,806,699	14,751,904
2019/20	36.0	54.7%	84.0%	64.8%	8,982,500	3,557,882	14,476,433
2020/21	24.0	37.5%	71.6%	54.6%	9,910,898	5,674,146	20,311,633
2021/22	12.0	16.5%	41.9%	30.4%	6,413,415	5,882,244	25,763,653
Total					\$551,120,226	\$39,574,874	\$617,707,547

* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

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

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

Preliminary Projected Ultimate Limited Losses to 2021/22

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 2002/03	\$283,515,058	\$277,068,374	\$276,352,075	\$276,352,075
2003/04	22,833,003	22,624,175	22,598,711	22,598,711
2004/05	18,118,376	17,794,815	17,740,308	17,740,308
2005/06	17,249,861	17,346,457	17,359,855	17,359,855
2006/07	15,981,003	15,383,125	15,296,271	15,296,271
2007/08	15,253,245	14,691,141	14,606,291	14,606,291
2008/09	18,200,635	17,515,576	17,411,931	17,411,931
2009/10	18,653,432	17,964,352	17,840,997	17,840,997
2010/11	22,220,843	21,719,185	21,529,056	21,529,056
2011/12	22,010,852	21,065,318	20,832,713	20,832,713
2012/13	16,939,139	16,500,352	16,388,188	16,388,188
2013/14	17,662,945	16,685,238	16,422,467	16,422,467
2014/15	14,290,887	13,706,825	13,535,214	13,552,375
2015/16	19,841,120	19,229,836	19,036,560	19,075,215
2016/17	19,651,442	19,841,978	19,906,179	19,886,919
2017/18	15,465,644	15,526,028	15,547,110	15,538,677
2018/19	15,419,442	14,911,226	14,751,904	14,882,387
2019/20	16,427,507	14,923,840	14,476,433	15,045,610
2020/21	26,463,074	21,774,387	20,311,633	22,127,023
2021/22	38,958,125	29,375,539	25,763,653	28,166,666
Total	\$655,155,633	\$625,647,767	\$617,707,547	\$622,653,732

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

(5) is based on (2) to (4) and actuarial judgment.

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 (2022/23 = 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)
2012/13	\$16,388,188	\$355,748	\$4.61	1.114	\$5.13	\$4.77
2013/14	16,422,467	373,451	4.40	1.096	4.82	4.84
2014/15	13,552,375	364,737	3.72	1.078	4.01	4.92
2015/16	19,075,215	390,571	4.88	1.066	5.21	4.98
2016/17	19,886,919	401,986	4.95	1.059	5.24	5.01
2017/18	15,538,677	413,589	3.76	1.054	3.96	5.04
2018/19	14,882,387	376,038	3.96	1.045	4.14	5.08
2019/20	15,045,610	392,360	3.83	1.033	3.96	5.14
2020/21	22,127,023	402,318	5.50	1.021	5.62	5.20
2021/22	28,166,666	428,572	6.57	1.010	6.64	5.26

(7) Projected 2022/23 a-priori loss rate per \$100 of Payroll \$5.31

II. Bornhuetter - Ferguson Analysis Based on Limited Paid Losses

Claim Period (1)	Limited Paid Losses 6/30/22 (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)
2017/18	\$11,751,155	76.0%	\$5.04	\$413,589	\$5,002,537	\$16,753,692
2018/19	10,640,135	67.4%	5.08	376,038	6,225,206	16,865,341
2019/20	8,982,500	54.7%	5.14	392,360	9,139,036	18,121,536
2020/21	9,910,898	37.5%	5.20	402,318	13,086,681	22,997,579
2021/22	6,413,415	16.5%	5.26	428,572	18,821,977	25,235,393

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

Claim Period (1)	Limited Reported Incurred Losses 6/30/22 (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)
2017/18	\$14,352,040	92.4%	\$5.04	\$413,589	\$1,574,935	\$15,926,975
2018/19	13,446,835	89.7%	5.08	376,038	1,975,872	15,422,706
2019/20	12,540,382	84.0%	5.14	392,360	3,220,578	15,760,960
2020/21	15,585,044	71.6%	5.20	402,318	5,947,211	21,532,255
2021/22	12,295,659	41.9%	5.26	428,572	13,100,318	25,395,978

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

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

Section I, (5) is from Exhibit WC-14.

Section I, (7) is based on Section I, (6) and actuarial judgment.

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

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

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

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/22 (2)	Reported Claims 6/30/22 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)	Payroll (000) (6)	Frequency (per \$1M of Payroll) (5)/(6)X1,000 (7)
2012/13	120.0	569	100.0%	569	\$355,748	1.60
2013/14	108.0	620	100.0%	620	373,451	1.66
2014/15	96.0	560	100.0%	560	364,737	1.54
2015/16	84.0	612	100.0%	612	390,571	1.57
2016/17	72.0	555	100.0%	555	401,986	1.38
2017/18	60.0	531	100.0%	531	413,589	1.28
2018/19	48.0	560	100.0%	560	376,038	1.49
2019/20	36.0	1,712	99.6%	1,719	392,360	4.38
2020/21	24.0	1,660	99.1%	1,675	402,318	4.16
2021/22	12.0	1,337	95.8%	1,395	428,572	3.25

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2022/23 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2022/23 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
2012/13	\$16,388,188	569	\$28,802	1.497	\$43,117	\$20,554	\$11,695,415
2013/14	16,422,467	620	26,488	1.430	37,891	21,510	13,336,365
2014/15	13,552,375	560	24,201	1.366	33,063	22,523	12,612,611
2015/16	19,075,215	612	31,169	1.311	40,872	23,465	14,360,781
2016/17	19,886,919	555	35,832	1.264	45,306	24,336	13,506,367
2017/18	15,538,677	531	29,263	1.222	35,768	25,174	13,367,461
2018/19	14,882,387	560	26,576	1.176	31,257	26,162	14,650,770
2019/20	15,045,610	1,719	8,753	1.129	9,881	27,256	46,852,885
2020/21	22,127,023	1,675	13,210	1.083	14,309	28,407	47,581,217
2021/22	28,166,666	1,395	20,191	1.040	21,005	29,578	41,261,595
						(7) Projected 2022/23 average claim severity	\$30,770

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

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

Section I, (6) is from Exhibit WC-10.

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

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

Section II, (5) is from Exhibit WC-14.

Section II, (7) is based on (6) and actuarial judgment.

Projected Ultimate Limited Losses to 2021/22

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 2002/03	\$283,515,058	\$277,068,374	\$276,352,075				\$276,352,000
2003/04	22,833,003	22,624,175	22,598,711				22,599,000
2004/05	18,118,376	17,794,815	17,740,308				17,740,000
2005/06	17,249,861	17,346,457	17,359,855				17,360,000
2006/07	15,981,003	15,383,125	15,296,271				15,296,000
2007/08	15,253,245	14,691,141	14,606,291				14,606,000
2008/09	18,200,635	17,515,576	17,411,931				17,412,000
2009/10	18,653,432	17,964,352	17,840,997				17,841,000
2010/11	22,220,843	21,719,185	21,529,056				21,529,000
2011/12	22,010,852	21,065,318	20,832,713				20,833,000
2012/13	16,939,139	16,500,352	16,388,188				16,388,000
2013/14	17,662,945	16,685,238	16,422,467				16,422,000
2014/15	14,290,887	13,706,825	13,535,214				13,552,000
2015/16	19,841,120	19,229,836	19,036,560				19,075,000
2016/17	19,651,442	19,841,978	19,906,179				19,887,000
2017/18	15,465,644	15,526,028	15,547,110	16,753,692	15,926,975	13,367,461	15,539,000
2018/19	15,419,442	14,911,226	14,751,904	16,865,341	15,422,706	14,650,770	15,145,000
2019/20	16,427,507	14,923,840	14,476,433	18,121,536	15,760,960	46,852,885	15,494,000
2020/21	26,463,074	21,774,387	20,311,633	22,997,579	21,532,255	47,581,217	22,265,000
2021/22	38,958,125	29,375,539	25,763,653	25,235,393	25,395,978	41,261,595	25,316,000

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

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

(7) is from Exhibit WC-8.

(8) is based on (2) to (7) and actuarial judgment.

Projected Ultimate Limited Losses for 2022/23 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 (2022/23 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)
2012/13	\$16,388,000	\$355,748	\$4.61	1.114	\$5.13
2013/14	16,422,000	373,451	4.40	1.096	4.82
2014/15	13,552,000	364,737	3.72	1.078	4.01
2015/16	19,075,000	390,571	4.88	1.066	5.21
2016/17	19,887,000	401,986	4.95	1.059	5.24
2017/18	15,539,000	413,589	3.76	1.054	3.96
2018/19	15,145,000	376,038	4.03	1.045	4.21
2019/20	15,494,000	392,360	3.95	1.033	4.08
2020/21	22,265,000	402,318	5.53	1.021	5.65
2021/22	25,316,000	428,572	5.91	1.010	5.97
Total	\$179,083,000	\$3,899,371	\$4.59		\$4.83

Claim Period (1)	Projected Limited Loss Rate per \$100 of Payroll (7)	Projected Payroll (000) (8)	Projected Ultimate Limited Losses (7)X(8)X10 (9)	Present Value Factor (10)	Present Value of Projected Limited Loss Rate per \$100 of Payroll (7)X(10) (11)	Present Value of Projected Ultimate Limited Losses (8)X(11)X10 (12)
20 2022/23	\$5.20	\$432,858	\$22,520,000	0.90	\$4.69	\$20,286,000
2023/24	5.25	437,187	22,973,000	0.90	4.73	20,694,000
2024/25	5.31	441,558	23,435,000	0.90	4.78	21,110,000
2025/26	5.36	445,974	23,906,000	0.90	4.83	21,534,000
2026/27	5.41	450,434	24,386,000	0.90	4.88	21,967,000

(2) is from Exhibit WC-9.

(3) 2012/13, 2013/14, 2014/15, 2015/16, 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 were provided by the City. Other periods assume a 1% trend.

(5) is from Exhibit WC-14.

(7) 2022/23 is based on (6) and actuarial judgment.
Other period(s) based on 2022/23 plus the trend in Exhibit WC-14.

(8) is based on (3) for 2021/22 and a 1% trend.

(10) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.

Estimated Outstanding Losses as of June 30, 2022

Claim Period (1)	Limited Paid Losses 6/30/22 (2)	Limited Case Reserves 6/30/22 (3)	Limited Reported Incurred Losses 6/30/22 (4)	Projected Ultimate Limited Losses (5)	Estimated IBNR 6/30/22 (5)-(4) (6)	Estimated Outstanding Losses 6/30/22 (3)+(6) (7)	Present Value Factor (8)	Present Value of Estimated Outstanding Losses 6/30/22 (7)X(8) (9)
to 2002/03	\$270,014,341	\$5,675,583	\$275,689,924	\$276,352,000	\$662,076	\$6,337,659	0.94	\$5,930,260
2003/04	21,637,529	851,599	22,489,128	22,599,000	109,872	961,471	0.92	884,234
2004/05	17,084,326	593,560	17,677,886	17,740,000	62,114	655,674	0.90	593,196
2005/06	16,246,220	970,214	17,216,434	17,360,000	143,566	1,113,780	0.89	991,963
2006/07	14,919,370	326,149	15,245,519	15,296,000	50,481	376,630	0.88	330,400
2007/08	14,240,188	314,926	14,555,115	14,606,000	50,885	365,811	0.86	316,235
2008/09	16,847,638	484,784	17,332,422	17,412,000	79,578	564,362	0.86	482,762
2009/10	17,070,614	644,343	17,714,956	17,841,000	126,044	770,387	0.85	653,107
2010/11	20,243,012	1,102,679	21,345,692	21,529,000	183,308	1,285,987	0.84	1,079,912
2011/12	19,785,423	822,259	20,607,681	20,833,000	225,319	1,047,578	0.83	873,940
2012/13	15,001,468	1,076,109	16,077,578	16,388,000	310,422	1,386,531	0.83	1,156,489
2013/14	15,477,897	721,797	16,199,694	16,422,000	222,306	944,103	0.83	787,080
2014/15	12,212,554	984,249	13,196,803	13,552,000	355,197	1,339,446	0.83	1,115,512
2015/16	16,604,894	1,761,160	18,366,053	19,075,000	708,947	2,470,107	0.84	2,068,465
2016/17	16,036,649	2,723,606	18,760,255	19,887,000	1,126,745	3,850,351	0.84	3,243,465
2017/18	11,751,155	2,600,885	14,352,040	15,539,000	1,186,960	3,787,845	0.85	3,220,335
2018/19	10,640,135	2,806,699	13,446,835	15,145,000	1,698,166	4,504,865	0.87	3,923,918
2019/20	8,982,500	3,557,882	12,540,382	15,494,000	2,953,618	6,511,500	0.89	5,785,930
2020/21	9,910,898	5,674,146	15,585,044	22,265,000	6,679,956	12,354,102	0.90	11,120,908
2021/22	6,413,415	5,882,244	12,295,659	25,316,000	13,020,341	18,902,585	0.91	17,120,789
Total	\$551,120,226	\$39,574,874	\$590,695,100	\$620,651,000	\$29,955,901	\$69,530,774		\$61,678,900

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

(5) is from Exhibit WC-9.

(8) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.

Projected Losses Paid July 1, 2022 to June 30, 2023

Claim Period (1)	Months of Development 6/30/22 (2)	Percent Losses Paid (3)	Months of Development 6/30/23 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/22 to 6/30/23 [(5)-(3)]/ [100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/22 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/23 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/23 (9)X(10) (11)
to 2002/03	240.0	95.2%	252.0	96.7%	30.0%	\$6,337,659	\$1,901,298	\$4,436,361	0.94	\$4,153,599
2003/04	228.0	94.8%	240.0	95.2%	9.0%	961,471	87,011	874,460	0.94	818,248
2004/05	216.0	94.3%	228.0	94.8%	8.3%	655,674	54,164	601,510	0.92	553,189
2005/06	204.0	93.8%	216.0	94.3%	7.6%	1,113,780	84,597	1,029,183	0.90	931,115
2006/07	192.0	93.4%	204.0	93.8%	7.0%	376,630	26,464	350,166	0.89	311,868
2007/08	180.0	92.9%	192.0	93.4%	6.5%	365,811	23,905	341,906	0.88	299,939
2008/09	168.0	92.2%	180.0	92.9%	8.3%	564,362	47,003	517,359	0.86	447,244
2009/10	156.0	91.5%	168.0	92.2%	8.6%	770,387	66,469	703,918	0.86	602,140
2010/11	144.0	90.8%	156.0	91.5%	7.9%	1,285,987	101,395	1,184,592	0.85	1,004,255
2011/12	132.0	89.9%	144.0	90.8%	8.9%	1,047,578	93,136	954,442	0.84	801,496
2012/13	120.0	88.6%	132.0	89.9%	11.6%	1,386,531	161,018	1,225,513	0.83	1,022,382
2013/14	108.0	87.1%	120.0	88.6%	11.5%	944,103	108,180	835,923	0.83	697,233
2014/15	96.0	85.5%	108.0	87.1%	11.2%	1,339,446	149,544	1,189,902	0.83	991,998
2015/16	84.0	83.0%	96.0	85.5%	14.2%	2,470,107	350,944	2,119,163	0.83	1,764,873
2016/17	72.0	80.1%	84.0	83.0%	14.9%	3,850,351	572,905	3,277,446	0.84	2,744,530
2017/18	60.0	76.0%	72.0	80.1%	17.1%	3,787,845	647,094	3,140,751	0.84	2,645,711
2018/19	48.0	67.4%	60.0	76.0%	26.3%	4,504,865	1,183,921	3,320,944	0.85	2,823,387
2019/20	36.0	54.7%	48.0	67.4%	28.1%	6,511,500	1,830,497	4,681,003	0.87	4,077,341
2020/21	24.0	37.5%	36.0	54.7%	27.5%	12,354,102	3,402,726	8,951,376	0.89	7,953,933
2021/22	12.0	16.5%	24.0	37.5%	25.1%	18,902,585	4,749,417	14,153,168	0.90	12,740,390
2022/23	0.0	0.0%	12.0	16.5%	16.5%	22,520,000	3,707,317	18,812,683	0.91	17,039,361
Total						\$92,050,774	\$19,349,005	\$72,701,769		\$64,424,232

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

(7) to 2021/22 is from Exhibit WC-11. The amount for 2022/23 is from Exhibit WC-10.

(10) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.

Projected Losses Paid July 1, 2023 to June 30, 2024

Claim Period (1)	Months of Development 6/30/23 (2)	Percent Losses Paid (3)	Months of Development 6/30/24 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/23 to 6/30/24 [(5)-(3)]/[100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/23 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/24 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/24 (9)X(10) (11)
to 2002/03	252.0	96.7%	264.0	97.7%	30.0%	\$4,436,361	\$1,330,908	\$3,105,453	0.94	\$2,909,998
2003/04	240.0	95.2%	252.0	96.7%	30.0%	874,460	262,338	612,122	0.94	573,107
2004/05	228.0	94.8%	240.0	95.2%	9.0%	601,510	54,435	547,075	0.94	511,908
2005/06	216.0	94.3%	228.0	94.8%	8.3%	1,029,183	85,020	944,163	0.92	868,316
2006/07	204.0	93.8%	216.0	94.3%	7.6%	350,166	26,597	323,569	0.90	292,737
2007/08	192.0	93.4%	204.0	93.8%	7.0%	341,906	24,024	317,882	0.89	283,115
2008/09	180.0	92.9%	192.0	93.4%	6.5%	517,359	33,808	483,551	0.88	424,197
2009/10	168.0	92.2%	180.0	92.9%	8.3%	703,918	58,625	645,293	0.86	557,840
2010/11	156.0	91.5%	168.0	92.2%	8.6%	1,184,592	102,206	1,082,386	0.86	925,886
2011/12	144.0	90.8%	156.0	91.5%	7.9%	954,442	75,254	879,188	0.85	745,344
2012/13	132.0	89.9%	144.0	90.8%	8.9%	1,225,513	108,956	1,116,557	0.84	937,633
2013/14	120.0	88.6%	132.0	89.9%	11.6%	835,923	97,076	738,847	0.83	616,382
2014/15	108.0	87.1%	120.0	88.6%	11.5%	1,189,902	136,345	1,053,557	0.83	878,759
2015/16	96.0	85.5%	108.0	87.1%	11.2%	2,119,163	236,597	1,882,566	0.83	1,569,458
2016/17	84.0	83.0%	96.0	85.5%	14.2%	3,277,446	465,648	2,811,798	0.83	2,341,710
2017/18	72.0	80.1%	84.0	83.0%	14.9%	3,140,751	467,322	2,673,429	0.84	2,238,726
2018/19	60.0	76.0%	72.0	80.1%	17.1%	3,320,944	567,331	2,753,613	0.84	2,319,593
2019/20	48.0	67.4%	60.0	76.0%	26.3%	4,681,003	1,230,212	3,450,791	0.85	2,933,780
2020/21	36.0	54.7%	48.0	67.4%	28.1%	8,951,376	2,516,389	6,434,987	0.87	5,605,132
2021/22	24.0	37.5%	36.0	54.7%	27.5%	14,153,168	3,898,247	10,254,921	0.89	9,112,226
2022/23	12.0	16.5%	24.0	37.5%	25.1%	18,812,683	4,726,829	14,085,854	0.90	12,679,795
2023/24	0.0	0.0%	12.0	16.5%	16.5%	22,973,000	3,781,891	19,191,109	0.91	17,382,116
Total						\$95,674,769	\$20,286,058	\$75,388,711		\$66,707,758

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

(7) to 2022/23 is from Exhibit WC-12, (9). The amount for 2023/24 is from Exhibit WC-10.

(10) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
01/01/13	0.967	0.967
01/01/14	1.012	0.979
01/01/15	1.001	0.980
01/01/16	1.002	0.982
01/01/17	0.992	0.973
01/01/18	0.997	0.971
01/01/19	1.001	0.972
01/01/20	1.002	0.973
01/01/21	1.002	0.975

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2022/23 = 1.000) (2)	Residual Trend (2022/23 = 1.000) (3)	Retention Index (2022/23 = 1.000) (4)	Loss Rate Trend (2022/23 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2022/23 = 1.000) (6)	Severity Trend (2022/23 = 1.000) (5)X(6) (7)
2012/13	1.008	1.105	1.000	1.114	1.344	1.497
2013/14	1.002	1.094	1.000	1.096	1.305	1.430
2014/15	0.996	1.083	1.000	1.078	1.267	1.366
2015/16	0.994	1.072	1.000	1.066	1.230	1.311
2016/17	0.998	1.062	1.000	1.059	1.194	1.264
2017/18	1.003	1.051	1.000	1.054	1.159	1.222
2018/19	1.004	1.041	1.000	1.045	1.126	1.176
2019/20	1.003	1.030	1.000	1.033	1.093	1.129
2020/21	1.001	1.020	1.000	1.021	1.061	1.083
2021/22	1.000	1.010	1.000	1.010	1.030	1.040
2022/23	1.000	1.000	1.000	1.000	1.000	1.000
2023/24	1.000	0.990	1.000	0.990	0.971	0.961
2024/25	1.000	0.980	1.000	0.980	0.943	0.924
2025/26	1.000	0.971	1.000	0.971	0.915	0.888
2026/27	1.000	0.961	1.000	0.961	0.888	0.854

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

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

Section II, (3) is based on 1% trend per actuarial judgment.

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

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

List of Large Claims
Reported Incurred Losses Greater Than \$500,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/22 (5)	Unlimited Case Reserves 6/30/22 (6)	Unlimited Reported Incurred Losses 6/30/22 (7)
0000190143	12/27/72	to 2002/03	Unlimited	\$722,941	\$0	\$722,941
0000190774	01/19/74	to 2002/03	Unlimited	613,638	0	613,638
0000190326	08/01/74	to 2002/03	Unlimited	771,240	0	771,240
0000190147	07/04/75	to 2002/03	Unlimited	5,403,362	2,228,207	7,631,569
0000190244	10/03/75	to 2002/03	Unlimited	542,435	0	542,435
0000191607	03/11/77	to 2002/03	Unlimited	2,904,822	0	2,904,822
0000190910	12/05/77	to 2002/03	Unlimited	913,798	0	913,798
0000190513	10/19/78	to 2002/03	Unlimited	925,345	0	925,345
0001305216	04/11/83	to 2002/03	Unlimited	800,100	0	800,100
0001305673	10/28/83	to 2002/03	Unlimited	833,461	186,281	1,019,743
0001305402	01/03/84	to 2002/03	Unlimited	583,002	0	583,002
0001305712	01/26/84	to 2002/03	Unlimited	567,073	0	567,073
0008600690	07/16/86	to 2002/03	Unlimited	560,893	0	560,893
0087580347	02/24/87	to 2002/03	Unlimited	676,052	0	676,052
0088580060	10/17/87	to 2002/03	Unlimited	782,553	97,089	879,642
0088580879	07/01/88	to 2002/03	Unlimited	628,550	0	628,550
0088580941	10/06/88	to 2002/03	Unlimited	612,393	0	612,393
0090000792	08/23/90	to 2002/03	Unlimited	560,415	45,231	605,646
0091001095	10/20/91	to 2002/03	Unlimited	667,540	84,612	752,152
0091000967	10/20/91	to 2002/03	Unlimited	615,883	0	615,883
0094630112	08/01/94	to 2002/03	Unlimited	1,409,190	0	1,409,190
0095630121	01/11/95	to 2002/03	Unlimited	601,851	73,146	674,997
0096630131	08/15/95	to 2002/03	Unlimited	808,156	153,724	961,880
0096630617	03/01/96	to 2002/03	Unlimited	541,404	0	541,404
0097630604	07/10/97	to 2002/03	Unlimited	488,894	39,018	527,912
0058620066	01/25/98	to 2002/03	Unlimited	468,427	43,685	512,112
0058620470	06/11/98	to 2002/03	Unlimited	685,025	0	685,025
0059620316	03/26/99	to 2002/03	Unlimited	506,947	0	506,947
0059620442	05/04/99	to 2002/03	Unlimited	684,177	138,698	822,875
0056200017	01/03/00	to 2002/03	Unlimited	670,345	26,732	697,077
0056200781	08/18/00	to 2002/03	Unlimited	443,511	64,318	507,829
0056210090	01/03/01	to 2002/03	Unlimited	393,815	166,919	560,734
0056210086	01/24/01	to 2002/03	Unlimited	531,819	0	531,819
0056210681	07/19/01	to 2002/03	Unlimited	555,676	0	555,676
0108004322	08/23/01	to 2002/03	Unlimited	915,476	0	915,476
0109002741	09/21/01	to 2002/03	Unlimited	731,455	0	731,455
0204001439	04/06/02	to 2002/03	Unlimited	847,137	52,662	899,800
0208004522	08/03/02	to 2002/03	Unlimited	1,606,907	91,327	1,698,234
0208003005	08/11/02	to 2002/03	Unlimited	752,443	0	752,443
0209003498	09/27/02	to 2002/03	Unlimited	632,185	92,589	724,774
0210003933	10/03/02	to 2002/03	Unlimited	660,693	0	660,693
0211004343	11/23/02	to 2002/03	Unlimited	1,141,250	83,477	1,224,727
0308004286	08/16/03	2003/04	Unlimited	493,431	90,600	584,030
0312004058	12/27/03	2003/04	Unlimited	762,769	78,671	841,440
0401000424	01/13/04	2003/04	Unlimited	584,135	0	584,135
0403000853	03/15/04	2003/04	Unlimited	438,711	104,620	543,331
0405001211	05/14/04	2003/04	Unlimited	545,955	203,186	749,141
0509002575	12/03/04	2004/05	1,000,000	855,711	2,581,429 *	3,437,140 *
0506001414	06/23/05	2004/05	1,000,000	881,096	0	881,096
0507002799	07/01/05	2005/06	1,000,000	665,427	0	665,427
0509001885	09/28/05	2005/06	1,000,000	309,277	412,856	722,133
0601000103	01/21/06	2005/06	1,000,000	2,366,438 *	0	2,366,438 *
0602003173	02/28/06	2005/06	1,000,000	506,378	0	506,378
0608001735	08/14/06	2006/07	1,000,000	457,913	205,684	663,597
0701000110	01/20/07	2006/07	1,000,000	504,355	0	504,355
0706001687	06/18/07	2006/07	1,000,000	601,632	0	601,632
0708001974	08/17/07	2007/08	1,000,000	1,522,444 *	376,286	1,898,730 *
0708002337	08/27/07	2007/08	1,000,000	708,184	0	708,184
0802000349	02/22/08	2007/08	1,000,000	432,713	180,406	613,119
0903000603	03/21/09	2008/09	750,000	3,738,332 *	0	3,738,332 *
0906002809	06/12/09	2008/09	750,000	680,452	0	680,452
1003000505	03/19/10	2009/10	750,000	634,989	0	634,989
1008001619	08/06/10	2010/11	750,000	1,035,869 *	0	1,035,869 *
1008001950	08/31/10	2010/11	750,000	584,008	0	584,008
100900068	09/23/10	2010/11	750,000	310,664	419,689 *	730,353
110400180	04/22/11	2010/11	750,000	630,936	0	630,936
121100167	11/14/12	2012/13	750,000	518,743	0	518,743
140600108	06/24/14	2013/14	750,000	3,076,906 *	0	3,076,906 *
150800000	08/03/15	2015/16	750,000	801,034 *	0	801,034 *
170100012	01/08/17	2016/17	750,000	1,994,100 *	1,503,483	3,497,583 *
170100056	01/24/17	2016/17	750,000	1,074,843 *	0	1,074,843 *
180100077	01/26/18	2017/18	750,000	553,288	0	553,288
180800033	08/13/18	2018/19	750,000	4,048,755 *	9,599,204	13,647,958 *

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

Amounts are gross of excess insurance and net of other recoveries.

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

Size of Loss Distribution

I. Reported Claim Count

Claim Size (1)	Prior (2)	2012/13 (3)	2013/14 (4)	2014/15 (5)	2015/16 (6)	2016/17 (7)	2017/18 (8)	2018/19 (9)	2019/20 (10)	2020/21 (11)	2021/22 (12)	Total (2)...(12) (13)	Non-Zero Claim Cumulative Total (14)	Non-Zero Claim Cumulative % of Total (15)
0	2,651	13	29	11	20	7	10	21	18	18	99	2,897		
0.01 - 5,000	24,682	368	428	400	395	362	347	400	1,531	1,411	878	31,202	31,202	78.2%
5,000 - 10,000	1,656	30	30	37	38	35	37	25	33	63	145	2,129	33,331	83.6%
10,000 - 25,000	1,662	36	20	23	41	34	29	27	38	49	117	2,076	35,407	88.8%
25,000 - 50,000	1,205	25	20	20	31	25	30	17	23	41	34	1,471	36,878	92.5%
50,000 - 100,000	1,017	42	34	20	22	28	35	18	28	25	33	1,302	38,180	95.7%
100,000 - 250,000	926	43	47	38	42	44	29	38	30	39	30	1,306	39,486	99.0%
250,000 - 500,000	195	11	11	11	22	18	13	13	11	14	1	320	39,806	99.8%
500,000 - 750,000	42	1	0	0	0	0	1	0	0	0	0	44	39,850	99.9%
750,000 - 1,000,000	13	0	0	0	1	0	0	0	0	0	0	14	39,864	100.0%
Over 1,000,000	11	0	1	0	0	2	0	1	0	0	0	15	39,879	100.0%
Total	34,060	569	620	560	612	555	531	560	1,712	1,660	1,337	42,776	39,879	

II. Total Reported Incurred Losses

Claim Size (1)	Prior (2)	2012/13 (3)	2013/14 (4)	2014/15 (5)	2015/16 (6)	2016/17 (7)	2017/18 (8)	2018/19 (9)	2019/20 (10)	2020/21 (11)	2021/22 (12)	Total (2)...(12) (13)	Non-Zero Claim Cumulative Total (14)	Non-Zero Claim Cumulative % of Total (15)
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
0.01 - 5,000	20,723,582	407,476	474,270	533,622	521,504	545,417	475,274	456,800	512,783	639,023	1,363,978	26,653,727	26,653,727	4.3%
5,000 - 10,000	11,672,292	210,841	203,591	266,329	254,453	231,536	255,502	164,756	221,783	423,750	1,028,613	14,933,444	41,587,171	6.7%
10,000 - 25,000	27,057,992	532,845	356,287	346,198	641,038	525,976	480,476	440,276	611,199	830,422	1,876,057	33,698,765	75,285,936	12.2%
25,000 - 50,000	43,239,025	900,866	712,445	667,513	1,096,447	896,141	1,096,699	621,407	810,085	1,496,991	1,102,977	52,640,596	127,926,532	20.7%
50,000 - 100,000	72,068,251	3,275,921	2,297,336	1,503,498	1,586,151	2,258,209	2,493,899	1,263,949	2,022,012	1,658,515	2,390,676	92,818,415	220,744,947	35.8%
100,000 - 250,000	142,975,925	6,597,343	8,085,248	6,467,998	6,660,612	7,105,611	5,107,864	6,022,366	4,901,039	6,566,061	4,211,346	204,701,413	425,446,361	69.0%
250,000 - 500,000	64,778,960	3,633,543	3,320,517	3,411,646	6,855,848	5,697,367	3,889,039	3,727,280	3,461,482	3,970,281	322,014	103,067,977	528,514,338	85.7%
500,000 - 750,000	25,853,161	518,743	0	0	0	0	553,288	0	0	0	0	26,925,191	555,439,529	90.0%
750,000 - 1,000,000	11,117,287	0	0	0	801,034	0	0	0	0	0	0	11,918,321	567,357,850	92.0%
Over 1,000,000	28,364,792	0	3,076,906	0	0	4,572,426	0	13,647,958	0	0	0	49,662,083	617,019,933	100.0%
Total	\$447,851,265	\$16,077,578	\$18,526,600	\$13,196,803	\$18,417,087	\$21,832,682	\$14,352,040	\$26,344,793	\$12,540,382	\$15,585,044	\$12,295,659	\$617,019,933	\$617,019,933	

Amounts are gross of excess insurance and net of other recoveries.

Data was provided by the City.

Appendix E
PRISM
Workers' Compensation Market Update
February 14, 2023



PRISM

Public Risk Innovation,
Solutions, and Management

February 14, 2023

To: Workers' Compensation Program Members

From: Gina Dean, CEO

Re: Workers' Compensation Market Update

Better Together - It's still a good time to be in a JPA!

Much like the liability market, the excess workers' compensation market is facing challenging renewals for a myriad of reasons. While excess workers' compensation is a more stable line of coverage, the combination of the aging workforce, medical cost inflation, new and expanded presumptions for public safety personnel, and the pandemic have disrupted the workers' compensation environment dramatically.

Factors affecting workers' compensation premium rates according to Safety National include:

Medical Inflation

Workers who are injured on the job are living longer, better lives than they were 25 years ago, which is a positive outcome. However, increased costs associated with new medications and medical devices, like prosthetics, are costly.

Increased Severity of Workplace Injuries

There's a misconception that losses, in general, are improving. While that is partially true, most of the improvement is on a frequency basis. However, injury severity has not seen the same improvement. Catastrophic claims are becoming more sizable, and the frequency of severe claims has not significantly decreased, partly due to medical inflation. For example, if a worker becomes a quadriplegic, more resources exist to provide the best possible care. However, it can be quite expensive. Loss prevention methods have traditionally focused on reducing injury frequency. This has helped reduce the number of less costly claims, but not as much emphasis has been placed on lowering injury severity, which results in catastrophic claims.

Data published by the Workers' Compensation Insurance Rating Bureau points to a firming of the workers' compensation market in California.



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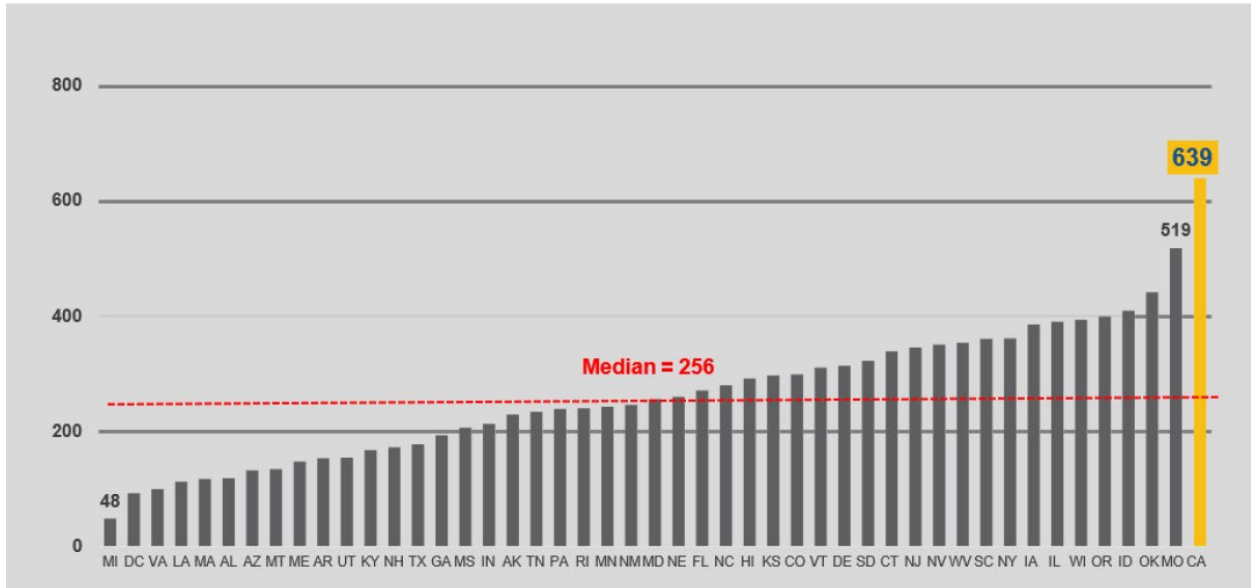
A Public Agency

75 Iron Point Circle, Suite 200 - Folsom, CA 95630

916.850.7300

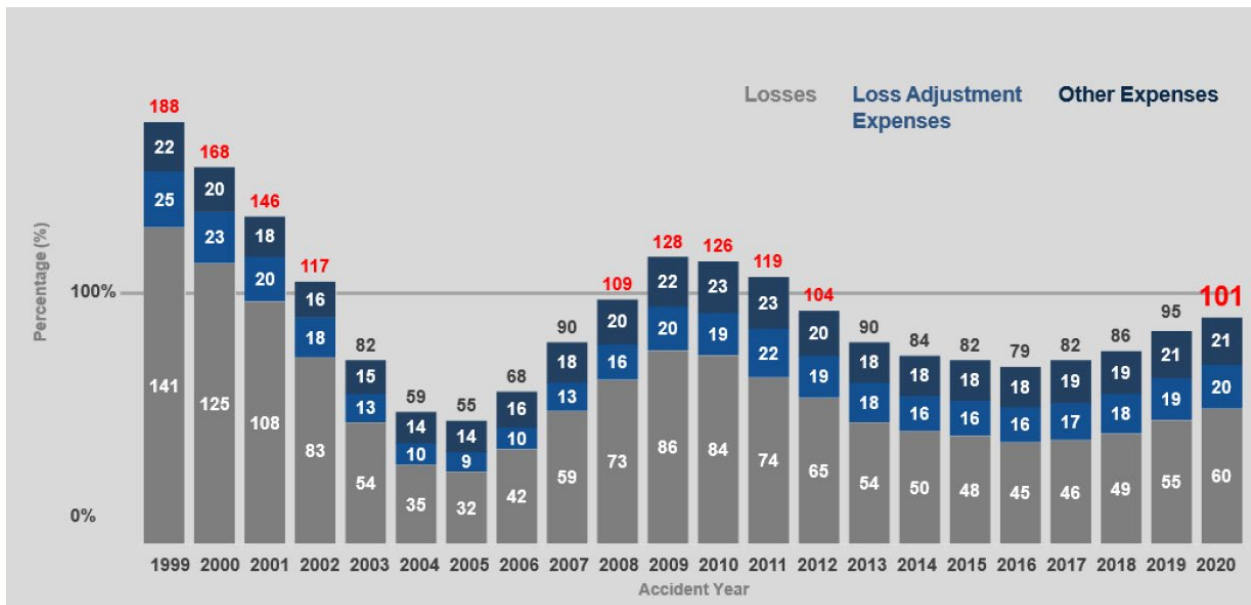
prismrisk.gov

Permanent Disability Claims per 100,000 Employees



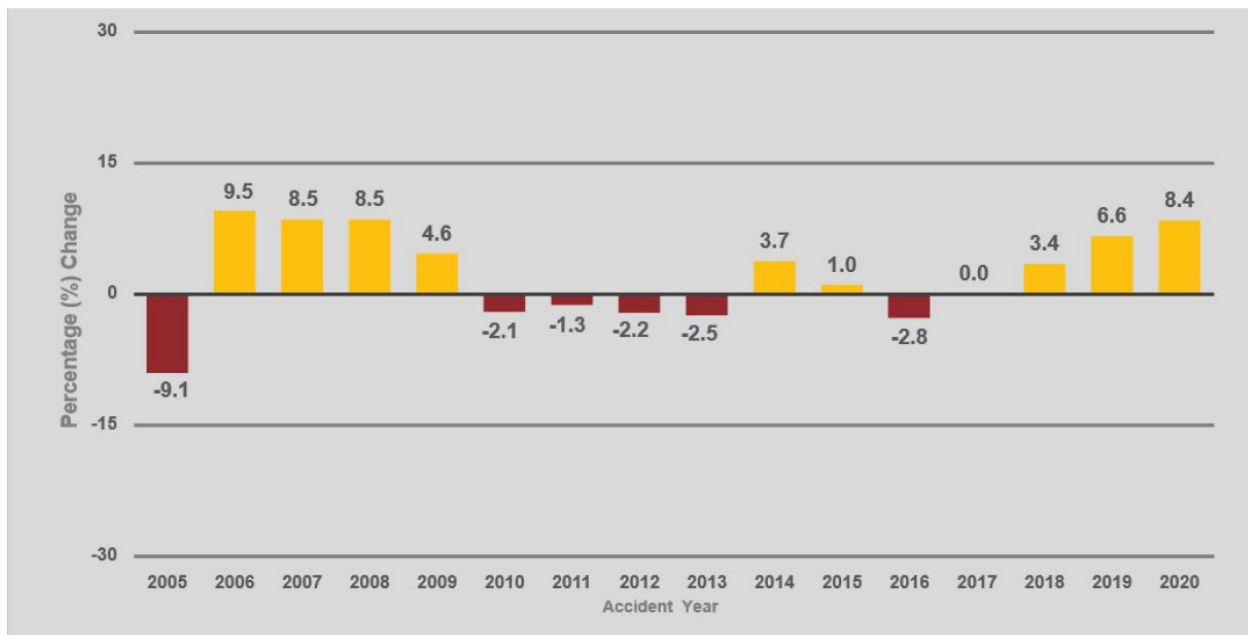
California has the highest permanent partial disability claim frequency in the country, approximately two times the countrywide median.

Combined Loss and Expense Ratios



The workers' compensation industry combined ratio has been trending upward, which tends to be an indicator of increased rates. 2020 was the first above 100% since 2012.

Change in Average Indemnity Cost per Indemnity Claim



Average indemnity costs per claim have been increasing; another indicator of firming rates. The increase in average indemnity costs per claim from 2018 to 2020 suggests moderation of the impact of the SB 863 reforms that kept average indemnity costs relatively flat prior to 2018.

PRISM's **Excess Workers' Compensation Program (EWC)** has been severely impacted by COVID-19 losses and we continue to see increased loss activity, COVID and non-COVID, in the layers above \$5M. Excess carriers are placing more emphasis on wildfire related claims, which have the potential to involve severe injury to multiple firefighters in a single incident, and are focusing on employee concentration data related to catastrophic loss (earthquake). All of this contributes to the challenges we are seeing in the California excess workers' compensation market.

As a result, we expect PRISM EWC members will see rate increases this year. The amount of increase for individual members is dependent upon your entity's claims experience and size. If you are one of the lucky ones who have not yet experienced these claim trends, you may expect to see increases, but to a lesser degree. The PRISM Committees and Board of Directors have dedicated time and resources to ensure premiums are equitable amongst the members, based on an allocation that takes into consideration each individual member's potential exposure *and* claims experience.

What Can You Do?

PRISM Risk Control wants you to know that you are not alone while managing the multitude of risks facing your agency. Our team of specialists is here to help, whether by providing safety and workplace injury prevention training for your employees, direct consultation or connecting you with one of our trusted partners. Regardless of the topic, we encourage you to reach out to the Risk Control team for assistance with your organization's risk management challenges.

We would also like to call your attention to a few services and resources we think you should be taking advantage of:

- Returning employees to work early in the life of a claim can be one of the most effective cost-control techniques available. PRISM has partnered with [Norm Peterson and Associates](#) to offer a discounted rate on return to work services.
- The [Workplace Violence Prevention](#) guide describes methods public agency employers can adopt to both prevent and protect employees from workplace violence, as well as protect the members of the public they interact with.
- [Safety Talks: A Tailgate/ Toolbox Resource](#) is a selection of safety meeting topics which may be used to plan safety meetings. The guide includes over 200 topics to choose from such as; safe driving, portable ladders, working safely, hazard communication, and emergency preparedness.
- PRISM has partnered with [Company Nurse](#), a first call, first reporting system that provides both a medical needs triage at the time of injury and a means of completing the first report documents for the member. As a result, more injuries are designated as first-aid while others are immediately directed to the appropriate level of care.

What advantages does PRISM have over a stand-alone open market placement?

PRISM's EWC Program size is an advantage. A positive for PRISM members is that the size of the EWC Program creates stability and offers economies of scale that could not be realized without being in a large pool. Because of this, we have been able to secure unique reinsurance agreements largely due to the Program's premium volume.

The EWC Program offers self-insured retentions well below the market minimum attachments. The market's minimum attachment for entities with police and or fire exposure is generally \$1,000,000 and for all other, \$500,000.

Pools have an advantage in challenging markets. If we have learned anything from history, we know that JPAs (self-insurance pooling) have been benefiting members in turbulent markets. All members benefit from our flexibility, economies of scale, our leverage in the insurance markets, and our sharing of best practices to help manage risk.

