

Workers' Compensation Actuary & Self Insurance Feasibility Report

March, 2006

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

WORKERS COMPENSATION PROGRAM

EXECUTIVE SUMMARY

San Mateo County Community College District efforts have resulted in improvements in its Worker's Compensation loss and claim experience.

As a result, Andreini & Co. was asked to assist in evaluating alternative self-insured options to the current PIPS guaranteed cost program.

Based on historical loss and exposure information provided by SMCCD, Jim Rech of GPWA Actuaries and Consultants was retained to evaluate and prepare an Actuarial Pure Loss Cost Rate Review. This actuarial report provides an actuarial projection of loss and defense & cost containment expense (DCCE) pure loss costs at various self-insured retention levels for the next five program years.

In addition, Andreini & Co. obtained premium indications from the marketplace for Excess Workers Compensation Coverage at various retention levels.

In the following summary exhibits, we have outlined the pure loss rates provided by GPWA' actuarial report as well as the overall program cost when excess premiums are taken into consideration. Our program costs estimates do not include CIGA Charges (@ 2% of Excess Premium), Claim Service Fees (estimated at under \$30,000 annually) and broker fee.

As the exhibit indicates, a \$350,000 Self-Insured Retention per Occurrence would generate a 33% savings over the current guaranteed cost program. This is based on expected losses of \$750,307. However, as the five-year experience and loss summary indicates, SMCCCD's actual loss experience may be well below the actuarial projection, which is always conservative at best.

We believe that a self-insured program will allow SMCCD not only to capture premium savings based on its own loss experience, but it will also allow it take full control of its claim management and loss control service providers.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT WORKERS COMPENSATION PROGRAM

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT WORKERS COMPENSATION PROGRAM				
75Th Percentile Pure Loss and DCCE Rates / \$100 Payroll				
Accident Year	\$250,000 Retention	\$350,000 Retention	\$500,000 Retention	Unlimited
2006-2007	0.97	1.014	1.051	1.208
2007-2008	0.973	1.018	1.054	1.211
2008-2009	0.976	1.021	1.057	1.215
2009-2010	0.979	1.024	1.06	1.219
2010-2011	0.982	1.027	1.064	1.223

PAYROLL	\$73,994,771	\$73,994,771	\$73,994,771	\$73,994,771	\$73,994,771
RETENTION	\$250,000	\$350,000	\$500,000	GC	
PURE LOSS RATE	0.970	1.014	1.051	1.208	
EXPECTED LOSSES	\$717,749	\$750,307	\$777,685	\$893,857	
EXCESS PREMIUM RATE	0.4780	0.3486	0.2415	2.0656	
EXCESS PREMIUM	\$353,697	\$257,946	\$178,697	\$1,528,436	
TOTAL	\$1,071,446	\$1,008,253	\$956,382	\$1,528,436	

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT WORKERS COMPENSATION PROGRAM

EXPOSURE AND LOSS SUMMARY

Policy Period	7/1/2005-7/1/2006	7/1/2004-7/1/2005	7/1/2003-7/1/2004	7/1/2002-7/1/2003	7/1/2001-7/1/2002
Total Payroll	\$ 75,629,609	\$ 71,127,739	\$ 66,844,236	\$ 72,014,096	\$ 67,963,449
Valuation Date	11/1/2005	11/1/2005	11/1/2005	11/1/2005	11/1/2005
Total Paid	24,105	85,613	237,982	1,006,220	424,927
Total Reserved	74,743	120,885	412,236	399,388	200,698
Total Incurred	98,848	206,498	650,219	1,405,608	625,625
Number of Closed Claims	5	45	43	71	61
Number of Open Claims	7	9	9	11	8
Total Number of Claims	12	54	52	82	69

***An Actuarial Pure Loss Cost Rate Review for
California Workers' Compensation Coverages***

***Performed for
San Mateo County Community College District***

March 2006

March 6, 2006

PERSONAL AND CONFIDENTIAL

Mr. James W. Keller
Executive Vice Chancellor
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

**Re: San Mateo County Community College District's Workers' Compensation Program
- Pure Loss Costs at \$50,000, \$100,000, \$250,000, \$500,000, and Unlimited Retentions**

Dear Mr. Keller:

Enclosed is our actuarial report for San Mateo County Community College District (SMCCCD). SMCCCD's management, through its representative, Andreini & Company, requested GPW and Associates, Inc. (GPWA) to conduct an actuarial review and recommend appropriate pure loss cost levels for its Workers' Compensation (WC) Program for program years 2006-2007 through 2010-2011. It is our understanding that these rates will be used as support to SMCCCD's self-insurance feasibility study.

This report may contain workpapers, trade secrets, and confidential information of SMCCCD, and as such it is not intended to be subject to disclosure requirements under Freedom of Information Acts.

We are available to answer any questions or respond to any comments on our analysis.

Sincerely,



James E. Rech, ACAS, MAAA
Vice President

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I. Executive Summary

PURPOSE

The management of Andreini & Company requested GPW and Associates, Inc. (GPWA) to develop an actuarial projection of loss and defense & costs containment expense (DCCE) pure loss costs for the Workers' Compensation (WC) Program for San Mateo County Community College District (SMCCCD). To develop this projection, we have estimated the ultimate loss and DCCE costs since the 2001-2002 program (prior five (5) accident years).

DISTRIBUTION AND USE

This report and the findings contained within are prepared for the internal use of the management of SMCCCD as a guide to managing their WC program. In addition, we understand that the report may be presented to underwriters considering participating in this program as policy-issuing insurers and insurance regulators reviewing a self-insurance application. Such third-party users are advised to seek review of this report by their own actuaries. Any other use or distribution of this report is expressly unauthorized without the prior written consent of GPWA. If released to any party other than SMCCCD, the report must be provided in its entirety including all text, exhibits and appendices, if any.

GPWA has prepared this report in conformity with its intended utilization by a person(s) technically competent in the areas addressed (statutory insurance accounting and actuarial estimation techniques) and for the stated purposes only. Judgments as to the findings and conclusions, methods, and data contained in this report should be made only after reviewing the report in its entirety and understanding the conditions and limitations as outlined in Section III - Conditions and Limitations. Of particular note is that we cannot guarantee that our loss and DCCE projections for the 2006-2007 through 2010-2011 program years will be adequate to cover all WC's loss and DCCE; if actual loss and DCCE exceed projected amounts, the difference will have to be covered by SMCCCD or the program's insurance carrier.

The exhibits, appendices and analysis sections attached in support of our recommendations should be considered integral parts of this report. These sections have been prepared so that actuarial judgments and assumptions are documented. Finally, GPWA is available to answer any questions that may arise regarding this report.

FINDINGS AND CONCLUSIONS

On-Level Loss and DCCE Rates for 2006-2007 through 2010-2011 Program Years

To project the loss and DCCE rates for the 2006-2007 through 2010-2011 program accident years, we first developed a projection for the 2006-2007 accident year. We did this by bringing the 1999-2000 through 2005-2006 historical exposures and claims to the 2006-2007 “on-level” basis by adjusting for historical wage inflation and benefit levels changes during this five-year exposure period (See Exhibit 1). Based on these adjustments, the indicated weighted average 2006-2007 pure loss and DCCE rate for losses limited to \$50,000 per occurrence is \$0.559 per \$100 of payroll at the 75th Percentile Level. To develop the 2007-2008 through 2010-2011 loss rates, we simply adjusted the 2006-2007 pure loss and DCCE rate for projected future inflation. As the five years of projected pure premium rates are at the \$50,000 retention level, other retention levels were calculated by using California WCIRB¹ Loss Elimination Ratios (LERs). Displayed in Table 1 are our recommended rates at various retention levels. The Expected Loss Level and the 95th Percentile Confidence Level rates are also displayed in the attached Summary Exhibit I.

Table 1 Workers' Compensation Program 75th Percentile Pure Loss and DCCE Rates/\$100 Payroll					
Accident Year	\$50k Retention¹	\$100k Retention²	\$250k Retention³	\$500k Retention⁴	Unlimited⁵
2006-2007	\$0.559	\$0.778	\$0.970	\$1.051	\$1.208
2007-2008	0.561	0.780	0.973	1.054	1.211
2008-2009	0.563	0.783	0.976	1.057	1.215
2009-2010	0.564	0.785	0.979	1.060	1.219
2010-2011	0.566	0.787	0.982	1.064	1.223

Notes:

¹ GPWA's Recommended \$50k Loss & DCCE Rates are from Summary Exhibit I, Column (12).

² GPWA's Recommended \$100k Loss & DCCE Rates are from Summary Exhibit I, Column (14).

³ GPWA's Recommended \$250k Loss & DCCE Rates are from Summary Exhibit I, Column (16).

⁴ GPWA's Recommended \$500k Loss & DCCE Rates are from Summary Exhibit I, Column (18).

⁵ GPWA's Recommended Unlimited Loss & DCCE Rates are from Summary Exhibit I, Column (22).

¹ The California Workers Compensation Insurance Rating Bureau (WCIRB) developed Loss Elimination Ratios (LERs) in the July 2003 rate filing. We adjusted the WCIRB's published LERs to represent increased limits factors (ILFs) from the \$50,000 retention level to \$100,000, \$250,000, \$500,000 and Unlimited retentions levels using Hazard Group Q (See Summary Exhibit III).

There is considerable political uncertainty regarding California WC. While there are several enacted bills (i.e., AB 749) that materially increase WC indemnity costs; other enacted bills (i.e., AB749, AB227, and SB228) have a negative impact on medical and a negative impact on indemnity (i.e., AB227 and SB228). In addition, over the last several years there have been numerous demands for WC reforms. In 2004, even the Governor of California entered a call for reform. Further, operational uncertainty is higher due to any restructured insurance program in which there may not be a broad spectrum of independent risks, critical premium volume and continuity of insurance operations. As a result of these political and business uncertainties, we recommend funding this program at least at the discounted 75th percentile level. The recommended rates shown in Table 1 above are approximately equivalent to the 75th percentile average loss and DCCE rate. In addition, we recommend that the premiums not be discounted at this early stage of the self-insurance process.

* * * * *

This executive summary should be considered an integral part of the complete actuarial report. If there are any comments or questions, we are available to provide further assistance.

Respectfully submitted,

J 

Vice President

II. Analysis

BACKGROUND

Coverages

WC provides for unlimited liability. It is our understanding that SMCCCD will seek a self-insurance program that will provide coverage for the SMCCCD program. We were asked to provide loss rate estimates for retentions of \$50,000, \$100,000, \$250,000, \$500,000 and unlimited.

Loss and Exposure Data

SMCCCD will provide self-insurance for a closed group of community college campuses. Historically over the past twenty years or so, SMCCCD's WC exposures have been insured through a Keenan & Associates' WC pool. The claims history was generally available in a digital format for the last five (5) program years. For each program year, detailed claim statistics were provided. These loss runs had a single valuation date of January 31, 2006. For each claim, they had paid loss and DCCE, case reserves, and reported loss and DCCE. The loss information was provided through Andreini & Company.

Andreini & Company was also able to provide exposure information such as payroll. The completeness of this information included the single WC class code, 8875. This data was used to develop on-level premium adjustments.

DESCRIPTION OF PROCEDURES

To estimate loss and DCCE reserves, we relied on the summary of SMCCCD's historical loss experience to the extent possible. As we were unable to create program specific loss development patterns, we relied on insurance industry data and our general knowledge of the California WC development patterns.

In general terms, our procedure can be described in the following three steps:

1. Estimated Ultimate Loss and DCCE. We project ultimate loss and DCCE using several actuarial methods (see Exhibits 3 through 7). Individual losses have been limited to \$50,000.

The retention of \$50,000 was selected as a point where most accident years displayed a few claims in excess of this retention level.

2. Select Ultimate Loss and DCCE. We select ultimate loss and DCCE for accident years 1999-2000 through 2005-2006 based on the results of these methods (see Exhibit 2).
3. Project Pure Losses and DCCE Rates for Future Program Year 2006-2007 through 2010-2011. We project the pure losses and DCCE ratio based on our selected ultimate losses and DCCE after adjustment to an on-level basis (see Exhibit 1).

The following describes each of these steps in greater detail.

Project Ultimate Loss and DCCE at Total Limits and Net Retained Limits

We use two actuarial methods to project ultimate loss and DCCE:

- Loss development method using paid loss and DCCE (Exhibit 3).
- Loss development method using reported loss and DCCE (Exhibit 4).
- Bornhuetter - Ferguson method using paid loss and DCCE (Exhibit 5).
- Bornhuetter - Ferguson method using incurred loss and DCCE (Exhibit 6).
- Loss Rate Method (Exhibit 7).

Loss Development Method

The distinguishing characteristic of the loss development technique is that ultimate losses for each report year are projected from reported claims and their associated dollars of loss. That is, the loss development technique assumes that the relative change in a given year's losses from one evaluation point to the next is similar to the relative change in prior years' losses at similar evaluations. [We include DCCE with losses for the analysis.]

Generally, the loss development method consists of four basic steps:

1. Display loss data in a loss triangle.
2. Calculate age-to-age factors and average age-to-age factors.
3. Select loss development factors.
4. Multiply current evaluation of losses by cumulative loss development factors to estimate ultimate losses.

Step 1 - Display Data. As the loss and DCCE experience (Exhibit 8) provided only a single diagonal of loss information, loss triangles could not be completed.

Step 2 - Calculate Age-to-Age Factors and Average Age-to-Age Factors. Given the limited historical loss development data, the loss development patterns were supplemented by industry data. We used development patterns based on the California WC data provided through the NCCI's *Annual Statistical Bulletin* (2005 Edition). We adjusted these development patterns from an accident period to an accident year basis (see Exhibit 10).

Step 3 - Select Loss Development Factors. A loss development factor is selected for each age-to-age period. The selected loss development factor represents the growth we anticipate in the next development interval.

Step 4 - Estimate Ultimate Losses. Ultimate losses are equal to the product of losses as of June 30, 2003 and the cumulative loss development factors. In Exhibits 3 and 4, we present the paid and reported loss projections.

The Bornhuetter-Ferguson (B-F) Technique²

The underlying assumption of the B-F technique is that unreported (or unpaid) losses will emerge in accordance with expected losses. Thus, the B-F method is related to the loss development method but unreported (or unpaid) losses are a function of expected losses rather than paid (or reported) losses. As a program year matures, the expected losses are replaced by actual losses and the initial expected loss assumption becomes gradually less important.

The B-F technique combines actual reported (or paid losses) at valuation date with expected unreported (or unpaid) losses to estimate ultimate losses. We employ the BF technique in Exhibit 5 for paid losses and Exhibit 6 for reported losses. Expected unpaid (or unreported) losses are based on:

1. Loss Rate Ultimates (Developed in Exhibit 7).
2. The selected development pattern.

Development patterns for both the paid and reported B-F techniques are based on those used for the loss development method. The Paid (Reported) Ultimate Development Factor (UDF) is the complement of the inverse of the Paid (Reported) loss development factor.

Select Ultimate Loss and DCCE at Total Limits and Net Retained Limits

²The B-F technique is described in the *Proceedings of the Casualty Actuarial Society*, Volume LIX, 1972 ("The Actuary and IBNR," by R.L. Bornhuetter and R.E. Ferguson).

Exhibit 2 summarizes the results of our five estimators. We select ultimate loss and DCCE judgmentally; for program years 1999-2000 through 2005-2006 we have selected the greater of the straight average of the various methods.

Projected Loss and DCCE Rate for 2006-2007

The projected Loss and DCCE rate for the 2006-2007 program year is developed in Exhibit 1. For each accident year, exposures are brought to the 2006-2007 rate level, and losses are adjusted to represent 2006-2007 loss costs. The purpose of these adjustments is to place these historical exposures and losses on the same level as projected to be experienced in accident year 2006-2007. The on-level premium exposures and losses are produced in Columns (4) and (7), respectively. The average on-level loss and DCCE rate, limited to a \$50,000 per occurrence retention, over the entire exposure period is \$0.504 per \$100 of payroll.

In *Summary Exhibit IV*, we compared SMCCCD's calculated pure loss and DCCE rate (\$0.702) with the industry average pure premium rate (\$1.256) at \$100k loss limits. The industry average pure premium is based on the actual payroll by class from the 2005-2006 accident year and the pure premium rates from the WCIRB's January 1, 2006 rate filing, pages 4 and 5 (See Summary Exhibit III). Since SMCCCD was under a Keenan workers' compensation pool, the district does not have an experience modification factor. So our only comparison at this time is the direct comparison between the five year historical loss rate and the California WCIRB pure loss cost. Overall, the loss and DCCE rates (\$1.089, unlimited retention level) calculated under SMCCCD's loss and exposure data represent approximately 55.9% (100.0% - 44.1%) of the industry pure loss rate (\$1.950).

The weighted average of the On-Level Loss Rate in Exhibit 1, Column (8) is the projected loss and DCCE rate for the 2006-2007 calendar accident year. Confidence level (at two levels of significance, 75th and 95th Percentile) are then built around the projected loss rate using the "Student t" distribution and the Standard Error of the Mean calculated from SMCCCD's five-year history.

Projected Loss and DCCE Rate for 2005 through 2010-2011

The projected Loss and DCCE rate for program years 2006-2007 through 2010-2011 are developed in *Summary Exhibits I through II*. For each future calendar accident year, the projected 2006-2007 pure loss and DCCE rate per \$100 of payroll (limited to \$50,000 per occurrence) is increased for projected benefit level changes in excess of projected wage inflation (See *Summary Exhibit II*). The future benefit level changes are based on recent California WC historical changes (See Exhibit 9, "Average Benefit and Payroll Growth Factor"). The "Average Benefit and Payroll Growth Factor" represent an annual inflation factor that is in net of payroll inflation.

Due to the uncertainty regarding California WC, we have selected a small annual inflation of 0.3% in excess of payroll inflation for the growth in pure loss and DCCE premiums for future accident years. This selection reflects the fact that several politicians, including California's Governor, have called for substantial review of WC benefits and costs. At this time, we think that the best estimate for future periods is the current rate level.

Projected Loss and DCCE Rate at Various Retention Levels

The projected pure loss and DCCE rates up to this point in the analysis have been based on a \$50,000 per occurrence retention level. To provide other retention levels, we adjusted the pure loss and DCCE rates at \$50,000 per occurrence retention using increased limits factors (ILFs). The ILFs used in this analysis are based on the California loss elimination ratios (LERs) for Hazard Group Q, published by the WCIRB in the July 2003 rate study (See *Summary Exhibit I*).

III. Conditions and Limitations

DATA

In developing this report, GPWA relied on historical loss data provided by the insurance carrier and other quantitative and qualitative information supplied by SMCCCD's representatives. We rely upon the general accuracy of this data and information without independent audit or verification. We do, however, review the data for reasonableness and consistency with our knowledge of commercial automobile claims. The accuracy of our results is dependent upon the accuracy and completeness of this underlying data. Therefore, any material discrepancies discovered by SMCCCD should be reported to us and, if necessary, this report will be amended accordingly.

We supplement this information with conclusions drawn from insurance industry sources.

UNCERTAINTY OF LOSS PROJECTIONS

There is a limitation upon the accuracy of our estimates in that there is an inherent uncertainty in any estimate of loss reserves. This is due to the fact that the ultimate liability for claims is subject to the outcome of events yet to occur, e.g., the likelihood of claimants bringing suit, the size of jury awards, changes in the standards within judicial courts and the attitudes of claimants towards settlements of their claims.

In our judgment we employ techniques and assumptions that are appropriate, and the conclusions presented herein are reasonable given the information currently available. However, it should be recognized that future loss emergence will likely deviate, perhaps materially, from our estimates. Upward deviations will have to be covered by the program's insurance carrier. Downward deviations will result in improved profits for the insurance company.

METHODOLOGY

Development Patterns. One of the key assumptions underlying our analysis is related to the selected loss development patterns. We select patterns based on insurance industry experience. Absent any more credible data showing loss development patterns for WC, we assume that future paid and incurred loss development for WC will be similar to the selected patterns.

We note that the selected patterns are sensitive to the selected tail factor, which reflects loss development beyond SMCCCD's available data. The industry loss development patterns include all claims, including the most severe losses, without restriction to the loss limit of \$50,000 imposed in this analysis. As a result, in a normal year of claims experience, our limited loss development patterns may be conservative, i.e., for those years in which no large claim occurs, the projected losses may be redundant. On the other hand, for those years in which SMCCCD does experience large claims (greater severity) or a greater frequency of larger claims, the estimated losses may be deficient.

Trend Factors. Trend factors are used to adjust past loss experience for changes in the frequency and severity of losses and are used in our development of ultimate losses and DCCE estimates. We select the trend factors based on our general knowledge of California coverage benefits and inflation. The selected losses and DCCE costs are sensitive to such trend factors.

GENERAL

The industry data and the data specific to SMCCCD's WC program as used in our analysis may, even after adjustment and projection to future periods, prove to be poor predictors of actual future experience. Even for a large exposure base, it is likely that loss results will be unstable. For example, if we project WC's average experience in total for the next several years, the year-to-year fluctuations creating that average could be substantial.

The instability of long tail liability lines, such as WC losses, from year to year is notable due to changing exposures and the uniqueness of the underlying claims. For example, we note the range of estimates within the past five accident years for losses limited to \$50,000 per occurrence range from \$427,000 to \$814,000 (see Exhibit 2, Column (8)). In addition, we have a wide range of estimates within our estimators for any single year's development. For example, the 2005-2006 accident year

estimates range from \$491,660 to \$1,398,401 (Exhibit 2, Row: 2005 – 2006). Such ranges are not uncommon, or even unexpected, for any book of WC exposures.

LOSS AND DCCE

Throughout our analysis, unless otherwise noted, the term “losses” refers to both loss and DCCE. In WC, the term losses refer to both “medical & indemnity.” DCCE refers to Defense and Cost Containment Expenses. In statutory Annual Statement preparation for insurance companies, DCCE is the newer term for Allocated Loss Adjustment Expenses (ALAE). Adjusting and Other Expenses (A&OE) is also the newer name for Unallocated Loss Adjustment Expense (ULAE). Together, the DCCE and A&OE represent Loss Adjustment Expenses (LAE). We have not included any claims adjusting expenses in the development of the pure loss costs in this report. As a result, additional amounts need to be added to the pure loss and DCCE costs for claims expenses and other frictional expenses (such as reinsurance costs, claims adjusting expenses, management fees, etc.) involved in running a WC program.

Section IV. Summary Exhibits

Summary Exhibit I
San Mateo County Community College District
Workers Compensation

Five Year Projections of Pure Loss & DCCE Rate/\$100 Payroll
Per Occurrence Losses Limited to \$50k, \$100k, \$250k, \$350k, \$500k and Unlimited

Expected Loss & DCCE Level											
Policy Year	\$50k Pure Loss & DCCE Exp Rate (1)	\$100k Limit		\$250k Limit		\$350k Limit		\$500k Limit		Unlimited	
		WCIRB \$100k ILF (2)	Pure Loss & DCCE Rate (3)=(1)x(2)	WCIRB \$250k ILF (4)	Pure Loss & DCCE Rate (5)=(1)x(4)	WCIRB \$350k ILF (6)	Pure Loss & DCCE Rate (7)=(1)x(6)	WCIRB \$500k ILF (8)	Pure Loss & DCCE Rate (9)=(1)x(8)	WCIRB ILF Unlimited (10)	Projected & DCCE Rate (11)=(1)x(10)
2006-2007	0.504	1.391	\$0.702	1.734	\$0.875	1.814	\$0.915	1.879	\$0.948	2.160	\$1.089
2007-2008	0.506	1.391	0.704	1.734	0.878	1.814	0.918	1.879	0.951	2.160	1.093
2008-2009	0.508	1.391	0.706	1.734	0.880	1.814	0.921	1.879	0.954	2.160	1.096
2009-2010	0.509	1.391	0.708	1.734	0.883	1.814	0.924	1.879	0.957	2.160	1.100
2010-2011	0.511	1.391	0.710	1.734	0.886	1.814	0.927	1.879	0.960	2.160	1.103

Recommended - 75th Percentile											
Policy Year	\$50k Pure Loss & DCCE Exp Rate (12)	\$100k Limit		\$250k Limit		\$350k Limit		\$500k Limit		Unlimited	
		WCIRB \$100k ILF (13)	Pure Loss & DCCE Rate (14)=(12)x(13)	WCIRB \$250k ILF (15)	Pure Loss & DCCE Rate (16)=(12)x(15)	WCIRB \$350k ILF (17)	Pure Loss & DCCE Rate (18)=(12)x(17)	WCIRB \$500k ILF (19)	Pure Loss & DCCE Rate (20)=(12)x(19)	WCIRB ILF Unlimited (21)	Projected & DCCE Rate (22)=(12)x(21)
2006-2007	0.559	1.391	\$0.778	1.734	\$0.970	1.814	\$1.014	1.879	\$1.051	2.160	\$1.208
2007-2008	0.561	1.391	0.780	1.734	0.973	1.814	1.018	1.879	1.054	2.160	1.211
2008-2009	0.563	1.391	0.783	1.734	0.976	1.814	1.021	1.879	1.057	2.160	1.215
2009-2010	0.564	1.391	0.785	1.734	0.979	1.814	1.024	1.879	1.060	2.160	1.219
2010-2011	0.566	1.391	0.787	1.734	0.982	1.814	1.027	1.879	1.064	2.160	1.223

95th Percentile											
Policy Year	\$50k Pure Loss & DCCE Exp Rate (23)	\$100k Limit		\$250k Limit		\$350k Limit		\$500k Limit		Unlimited	
		WCIRB \$100k ILF (24)	Pure Loss & DCCE Rate (25)=(23)x(24)	WCIRB \$250k ILF (26)	Pure Loss & DCCE Rate (27)=(23)x(26)	WCIRB \$350k ILF (28)	Pure Loss & DCCE Rate (29)=(23)x(28)	WCIRB \$500k ILF (30)	Pure Loss & DCCE Rate (31)=(23)x(30)	WCIRB ILF Unlimited (32)	Projected & DCCE Rate (33)=(23)x(32)
2006-2007	0.617	1.391	\$0.859	1.734	\$1.071	1.814	\$1.120	1.879	\$1.160	2.160	\$1.333
2007-2008	0.619	1.391	0.861	1.734	1.074	1.814	1.124	1.879	1.164	2.160	1.338
2008-2009	0.621	1.391	0.864	1.734	1.077	1.814	1.127	1.879	1.167	2.160	1.342
2009-2010	0.623	1.391	0.867	1.734	1.081	1.814	1.131	1.879	1.171	2.160	1.346
2010-2011	0.625	1.391	0.870	1.734	1.084	1.814	1.134	1.879	1.175	2.160	1.350

Summary Exhibit II
San Mateo County Community College District
Workers Compensation
Five Year Projections
Pure Loss & DCCE Rate/\$100 Payroll
Limited to \$50,000

Expected Loss & DCCE Level		
Policy Year	Pure Loss & DCCE Rate¹	Projected Benefit Change²
2006-2007	0.504	
2007-2008	0.506	0.3%
2008-2009	0.508	0.3%
2009-2010	0.509	0.3%
2010-2011	0.511	0.3%

Recommended - 75th Percentile		
Policy Year	Pure Loss & DCCE Rate	Projected Benefit Change
2006-2007	0.559	
2007-2008	0.561	0.3%
2008-2009	0.563	0.3%
2009-2010	0.564	0.3%
2010-2011	0.566	0.3%

95th Percentile		
Policy Year	Pure Loss & DCCE Rate	Projected Benefit Change
2006-2007	0.617	
2007-2008	0.619	0.3%
2008-2009	0.621	0.3%
2009-2010	0.623	0.3%
2010-2011	0.625	0.3%

Notes:

¹ The 2004 Calendar Accident Year Rate is from Exhibit 1, Column (8), "Totals." The remaining Calendar Year Rates are based on the 2004 Rate time the Projected Benefit Change.

² The Projected Benefit Change is the "Average Benefit & Payroll Growth Factor" from Exhibit 9.

Summary Exhibit III
San Mateo County Community College District
Workers Compensation
WCIRB Pure Loss & DCCCE Rate/\$100 Payroll

<u>Class Code</u>	<u>Estimated Payroll¹</u>	<u>WCIRB</u>		<u>2004</u>	<u>California Hazard Group²</u>		
		<u>2005-2006</u>	<u>PP Rate¹</u>		<u>PurePrem</u>	<u>9 Group Option</u>	<u>4 Group Option</u>
	<u>(1)</u>	<u>(2)</u>		<u>(3)=(1)x(2)/100</u>	<u>(4)</u>	<u>(5)</u>	
8875	756,296	1.95		1,474,777	Q	I	
Totals	\$756,296	\$1.950		\$1,474,777	Q	I	

Notes:

¹ WCIRB Pure Premium (PP) Rate by Class Code, Effective January 1, 2006

² WCIRB California Large Risk Deductible Plan, Table of Classifications by California Hazard Group, Effective July 1, 2003.

Summary Exhibit IV
San Mateo County Community College District
Workers Compensation
WCIRB Projected Pure Loss & DCCE Rate/\$100 Payroll
Limited to \$100k, \$250k, \$350k, \$500k and Unlimited

	<u>\$100k</u>	<u>\$250k</u>	<u>\$350k</u>	<u>\$500k</u>	<u>Unlimited</u>
Average PP Rate ¹					\$1.950
LER ²	0.356	0.197	0.160	0.130	0.000
WCIRB Loss Rate ³	\$1.256	\$1.566	\$1.638	\$1.697	\$1.950
2003-2004 Average X-Mod ⁴					1.00
Adjusted PP Rate ⁵					\$1.950
LER	0.356	0.197	0.160	0.130	0.000
WCIRB Projected Loss Rate ⁶	\$1.256	\$1.566	\$1.638	\$1.697	\$1.950
Observed Loss Rate ⁷	\$0.702	\$0.875	\$0.915	\$0.948	\$1.089
Change	-44.1%	-44.1%	-44.1%	-44.1%	-44.1%

Notes:

- ¹ The Average Pure Premium (PP) Rate is based on 2005-2006 Policy Year Payroll Exposures. Payroll Exposure and the WCIRB's PP Rates effective January 1, 2006. (See Summary Exhibit III)
- ² Loss Elimination Ratio (LER) is from the WCIRB's July 2003 Revised Rate Filing, Page C:B-7.
- ³ "WCIRB Loss Rate" by loss limit = "Average PP Rate" (\$1.950) x "LER" by loss limit
- ⁴ The "2005-2006 Average X-Mod" was determined from the 2005-2006 Policy Year.
- ⁵ "Adjusted PP Rate" = "WCIRB Loss Rate" x "2005-2006 Average X-Mod."
- ⁶ WCIRB Projected Loss Rate by loss limit = "Adjusted PP Rate" (\$1.950) x "LER" by loss limit
- ⁷ Observed Loss Rate is from Exhibit 1, Column (8), "Total"
- ⁸ Change = ("Observed Loss Rate" / "WCIRB Projected Loss Rate") - 1

Section V. Exhibits

Exhibit 1

San Mateo County Community College District

Workers Compensation

On-Level Loss and DCCE Rate per \$1,000 of Payroll -- Limited to \$50,000

Accident Year	Payroll (00's Omitted)	Payroll Factor	On-Level Payroll	Selected Ultimate	Trend to 1/1/07	On-Level Losses	On-Level Loss Rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001 - 2002	\$679,634	1.172	\$796,299	\$544,000	0.645	\$350,917	\$0.441
2002 - 2003	720,141	1.170	842,663	814,000	0.632	514,182	0.610
2003 - 2004	668,442	1.165	778,665	505,000	0.660	333,477	0.428
2004 - 2005	711,277	1.131	804,196	424,000	0.834	353,618	0.440
2005 - 2006	756,296	1.084	819,921	527,000	0.923	486,395	0.593
Total	\$3,535,791		\$4,041,743	\$2,814,000		\$2,038,589	\$0.504

Statistical Calculations Based on 2001-2006 Only				Std Dev	0.09
Level of Significance	Student t Distribution	Lower	Upper	Std Err of Mean	
				Confidence Interval	
0.25	1.344	0.450	0.559	Mean	
0.05	2.776	0.391	0.617	0.504	
0.01	4.604	0.317	0.692	0.504	

Notes:

1. Column (2) is from Exhibit 8, Column (2).
2. Column (3) is from Exhibit 9a, Column (14).
3. Column (4) = Column (2) x Column (3)
4. Column (5) is from Exhibit 2, Column (8).
5. Column (6) is from Exhibit 9, Column (11).
6. Column (7) = Column (5) x Column (6)
7. Column (8) = Column (7) / Column (4)

Exhibit 1-a
San Mateo County Community College District
Workers Compensation

WC Class Code	Class Code Description	1st Prior Year 2005-2006	2nd Prior Year 2004-2005	3rd Prior Year 2003-2004	4th Prior Year 2002-2003	5th Prior Year 2001-2002	5 Year Summary	California 01/2006 Pure Loss Costs ²
	Payroll¹							1.95
(1)	8875 Education	\$756,296	\$711,277	\$668,442	\$720,141	\$679,634	\$3,535,791	
(2)	Total Payroll	\$756,296	\$711,277	\$668,442	\$720,141	\$679,634	\$3,535,791	
(3)	Change in Payroll	6.3%	6.4%	-7.2%	6.0%	X X X	X X X	
	01/2007 Pure Loss Cost Premiums³							
(4)	8875 Education	\$1,474,777	\$1,386,991	\$1,303,463	\$1,404,275	\$1,325,287	\$6,894,793	
(5)	Total Pure Premium	\$1,474,777	\$1,386,991	\$1,303,463	\$1,404,275	\$1,325,287	\$6,894,793	
(6)	Projected On-Level Pure Losses ⁴	\$486,395	\$353,618	\$333,477	\$514,182	\$350,917	\$2,038,589	
(7)	Projected On-Level Pure Loss Ratio ⁵	33.0%	25.5%	25.6%	36.6%	26.5%	29.6%	
(8)	Avg CA Pure Loss Rate per \$100 of Payroll ⁶	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	\$1.95	
(9)	1- CA LER (Adjustment for 50K limits) ⁷	0.463	0.463	0.463	0.463	0.463	0.463	
(10)	Avg CA Pure Loss Rate per \$100 of Payroll at \$50k Limits ⁸	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	
(11)	Avg On-Level Pure Loss Cost Rate per \$100 of Payroll ⁹	\$0.59	\$0.44	\$0.43	\$0.61	\$0.44	\$0.50	
(12)	On-Level Loss / Pure Premium Rate ¹⁰	65.7%	48.7%	47.4%	67.6%	48.8%	55.9%	
(13)	Average CA Experience Mod ¹¹	N/A	N/A	N/A	N/A	N/A	N/A	

Notes:

¹ The payroll was provided by Andreini and Company

² The Pure Loss Cost Rates per \$100 of payroll are from the California WCIRB filing of January 1, 2006, pages 2 and 3.

³ The pure loss premium by class code are developed from the cross multiplication of the payroll for the policy year times the January 2006 pure loss cost rates per \$100 of payroll

⁴ Projected On-Level Pure Losses by policy year are from Exhibit 1, Column (7).

⁵ Row (7) = Row (6) / Row (5)

⁶ The Pure Loss Cost Rates per \$100 of payroll are from the California WCIRB filing of January 1, 2006, pages 2 and 3.

⁷ Loss Elimination Ratio (LER) is from the WCIRB's July 2003 Revised Rate Filing, Page C:B-7.

⁸ Row (10) = Row (8) x Row (9)

⁹ The average on-level pure loss rate per \$100 of payroll is from Exhibit 1, Column (8).

¹⁰ Row (12) = Row (11) / Row (10)

¹¹ Row (13) is a payroll loss weighted average experience modification factor.

Comparison of Historical and On-Level Loss Rates

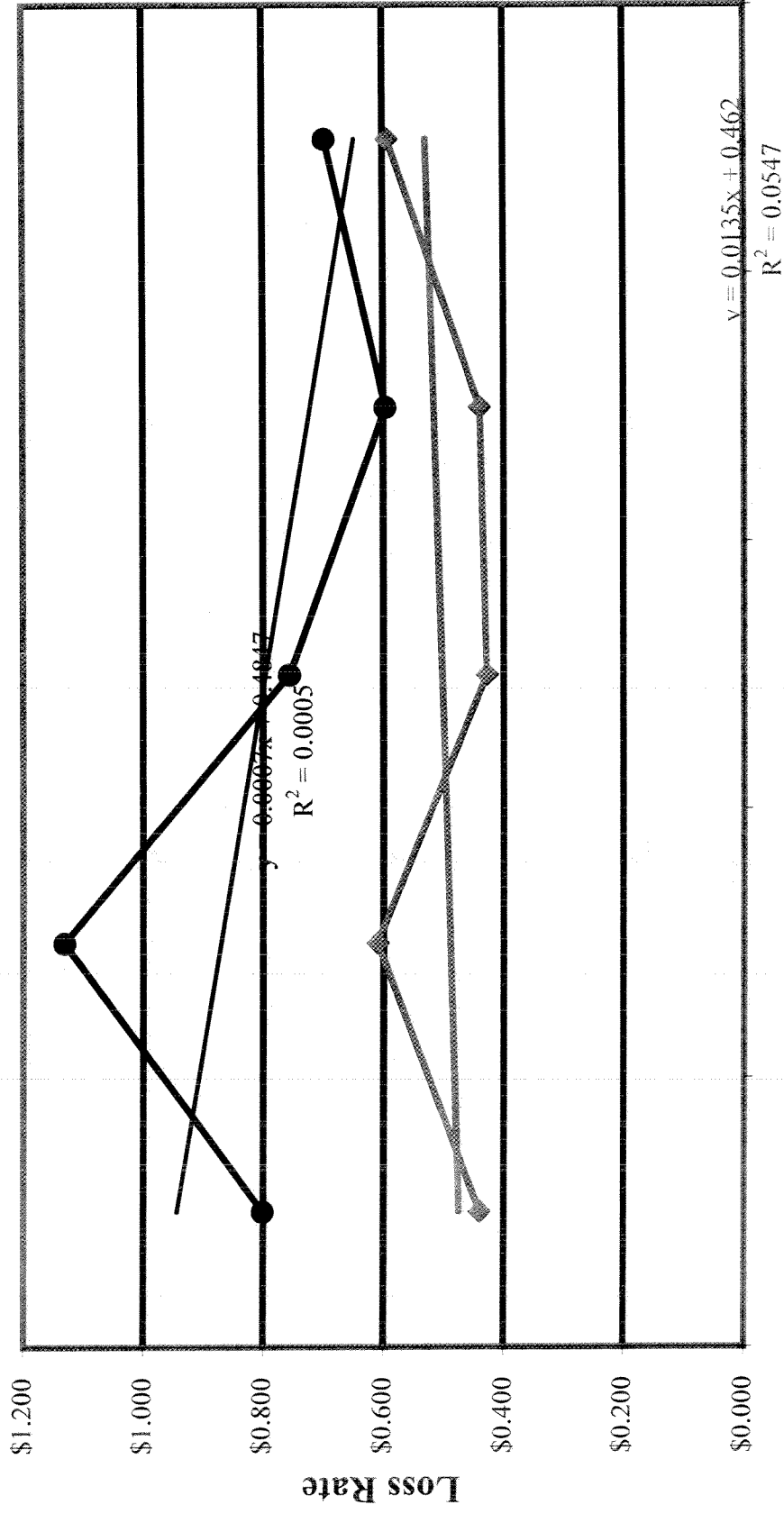


Exhibit 2

San Mateo County Community College District

Workers Compensation

Summary and Selected Ultimate Loss and DCCCE -- Limited to \$50,000

Accident Year (1)	Loss Development Method		B-F Method		Loss Rate Ultimates (6)	Reported Loss (7)	Selected Ultimate (8)	Payroll (00's Omitted) (9)	Loss Rate (10)
	Paid (2)	Reported (3)	Paid (4)	Reported (5)					
2001 - 2002	\$520,357	\$520,435	\$567,546	\$565,683	\$632,151	\$486,601	\$544,000	\$679,634	\$0.80
2002 - 2003	775,857	799,614	843,661	838,707	684,032	724,679	814,000	720,141	1.13
2003 - 2004	479,790	402,866	543,011	490,206	607,352	340,555	505,000	668,442	0.76
2004 - 2005	362,919	349,903	474,641	419,592	511,708	199,148	424,000	711,277	0.60
2005 - 2006	<u>1,398,401</u>	<u>1,260,412</u>	<u>516,803</u>	<u>573,687</u>	<u>491,660</u>	<u>134,487</u>	<u>527,000</u>	<u>756,296</u>	<u>0.70</u>
Total	\$3,537,324	\$3,333,230	\$2,945,662	\$2,887,875	\$2,926,903	\$1,885,470	\$2,814,000	\$3,535,791	\$0.80

Notes:

1. Columns (2) and (3) are from Exhibit 3, Columns (9) and Exhibit 4, Column (9) respectively.
2. Columns (4) and (5) are from Exhibit 5, Columns (6) and Exhibit 6, Column (6) respectively.
3. Column (6) is from Exhibit 7, Column (11).
4. Column (7) is from Exhibit 4, Column (5).
5. Column (8) was selected by GPW & Associates, Inc.
6. Column (9) is from Exhibit 8, Column (2).
7. Column (10) = Column (8) / Column (9)

Exhibit 3

San Mateo County Community College District

Workers Compensation

Loss Development Method -- Limited to \$50,000

PAID LOSS/DCCE

Accident Year	Paid Losses	Claims x/s \$50,000		Net Paid Losses	Valuation Date	Valuation Month	Paid LDF	Ultimate Losses
		Count	Amount					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2001 - 2002	\$429,625	2	\$102,986	\$426,639	01/31/06	55	1.287	\$520,357
2002 - 2003	1,020,725	6	699,784	620,941	01/31/06	43	1.483	775,857
2003 - 2004	241,886	0	0	241,886	01/31/06	31	1.984	479,790
2004 - 2005	90,399	0	0	90,399	01/31/06	19	4.015	362,919
2005 - 2006	38,762	0	0	38,762	01/31/06	7	36.077	1,398,401
Grand Totals	\$1,821,397	8	\$802,770	\$1,418,627				\$3,537,324

Notes:

1. Column (2) is from Exhibit 8, Column (6).
2. Columns (3) and (4) are from Exhibit 8a with claims in excess of \$50,000
3. Column (5) = Column (2) - Column (4) + [Column (3) x \$50,000]
4. Column (6) is the latest valuation date of the data provided by the insurance carriers.
5. Column (7) is the number of months between the valuation date and the beginning of the accident year.
6. Column (8) is from Exhibit 10, Column (11).
7. Column (9) = [Column (2) - Column (4)] x Column (8) + [Column (3) x \$50,000]

Exhibit 4

San Mateo County Community College District

Workers Compensation

Loss Development Method -- Limited to \$50,000

REPORTED LOSS/DCCE

Accident Year	Reported Losses	Claims x/s \$50,000		Net Reported Losses	Valuation Date	Valuation Month	Reported LDF	Ultimate Losses
		Count	Amount					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2001 - 2002	\$625,626	5	\$389,024	\$486,601	01/31/06	55	1.143	\$520,435
2002 - 2003	1,417,262	7	1,042,583	724,679	01/31/06	43	1.200	799,614
2003 - 2004	629,910	3	439,355	340,555	01/31/06	31	1.327	402,866
2004 - 2005	199,148	0	0	199,148	01/31/06	19	1.757	349,903
2005 - 2006	134,487	0	0	134,487	01/31/06	7	9.372	1,260,412
Grand Totals	\$3,006,433	15	\$1,870,963	\$1,885,470				\$3,333,230

Notes:

1. Column (2) is from Exhibit 8, Column (8).
2. Columns (3) and (4) are from Exhibit 8a with claims in excess of \$50,000
3. Column (5) = Column (2) - Column (4) + [Column (3) x \$50,000]
4. Column (6) is the latest valuation date of the data provided by the insurance carriers.
5. Column (7) is the number of months between the valuation date and the beginning of the accident year.
6. Column (8) is from Exhibit 10, Column (10).
7. Column (9) = [Column (2) - Column (4)] x Column (8) + [Column (3) x \$50,000]

Exhibit 5

San Mateo County Community College District

Workers Compensation

Bornhuetter-Ferguson Method -- Limited to \$50,000

PAID LOSS/DCCE

Accident Year	Loss Rate Ultimates	Paid UDF	Unpaid Losses	Net Paid Losses	Ultimate Losses	Valuation Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001 - 2002	\$632,151	0.223	\$140,906	\$426,639	\$567,546	1/31/2006
2002 - 2003	684,032	0.326	222,721	620,941	843,661	1/31/2006
2003 - 2004	607,352	0.496	301,125	241,886	543,011	1/31/2006
2004 - 2005	511,708	0.751	384,242	90,399	474,641	1/31/2006
2005 - 2006	491,660	0.972	478,041	38,762	516,803	1/31/2006
Grand Totals	\$2,926,903		\$1,527,035	\$1,418,627	\$2,945,662	

Notes:

1. Column (2) is Exhibit 7, Column (11)
2. Column (3) = $1 - [1 / \text{Exhibit (3), Column (8)}]$
3. Column (4) = Column (2) x Column (3)
4. Column (5) is from Exhibit 3, Column (5)
5. Column (6) = Column (4) + Column (5)
6. Column (7) is the latest valuation date of the data provided by the insurance carriers.

Exhibit 6

San Mateo County Community College District

Workers Compensation

Bornhuetter-Ferguson Method -- Limited to \$50,000

REPORTED LOSS/DCCE

Accident Year (1)	Loss Rate Ultimates (2)	Reported UDF (3)	Unpaid Losses (4)	Net Reported Losses (5)	Ultimate Losses (6)	Valuation Date (7)
2001 - 2002	\$632,151	0.125	\$79,082	\$486,601	\$565,683	1/31/2006
2002 - 2003	684,032	0.167	114,028	724,679	838,707	1/31/2006
2003 - 2004	607,352	0.246	149,652	340,555	490,206	1/31/2006
2004 - 2005	511,708	0.431	220,444	199,148	419,592	1/31/2006
2005 - 2006	491,660	0.893	439,200	134,487	573,687	1/31/2006
Grand Totals	\$2,926,903		\$1,002,405	\$1,885,470	\$2,887,875	

Notes:

1. Column (2) is from Exhibit 7, Column (11)
2. Column (3) = 1 - [1 / Exhibit (4), Column (8)]
3. Column (4) = Column (2) x Column (3)
4. Column (5) is from Exhibit 4, Column (5)
5. Column (6) = Column (4) + Column (5)
6. Column (7) is the latest valuation date of the data provided by the insurance carriers.

Exhibit 7
San Mateo County Community College District
Workers Compensation
Loss Rate Method -- Limited to \$50,000

Accident Year (1)	Paid LDF Ultimate (2)	Reported LDF Ultimate (3)	Reported Losses (4)	100.0% Avg Ult (5)	Payroll (00's Omitted) (6)	Loss Rate (7)	Trend to 2006 (8)	Trended Loss Rate (9)	Detrended Selected (10)	Loss Rate Ultimates (11)	Valuation Date (12)
2001 - 2002	\$520,357	\$520,435	\$486,601	\$520,396	\$679,634	\$0.766	0.6451	\$0.494	\$0.930	\$632,151	1/31/2006
2002 - 2003	775,857	799,614	724,679	787,736	720,141	1.094	0.6317	0.691	0.950	684,032	1/31/2006
2003 - 2004	479,790	402,866	340,555	441,328	668,442	0.660	0.6604	0.436	0.909	607,352	1/31/2006
2004 - 2005	362,919	349,903	199,148	356,411	711,277	0.501	0.8340	0.418	0.719	511,708	1/31/2006
2005 - 2006	1,398,401	1,260,412	134,487	1,329,406	756,296	1.758	0.9230	1.622	0.650	491,660	1/31/2006
Grand Totals	\$3,537,324	\$3,333,230	\$1,885,470	\$3,435,277	\$3,535,791	\$0.97		\$0.828	\$0.828	\$2,926,903	

All Years Average 0.732
All Years Weighted Average 0.972
Three Year (2003-2006) Average 0.825
Three Year (2003-2006) Weighted Average 0.996
Average X-H&L 0.515
Selected Loss Rate \$0.600

Notes:

- Column (2) is from Exhibit 3, Column (9)
- Column (3) is from Exhibit 4, Column (9)
- Column (4) is from Exhibit 4, Column (5)
- Column (5) is 1 times the Max[Average of Columns (2) and (3), Column (4)].
- Column (6) is from Exhibit 8, Column (2), adjusted to an accident year basis.
- Column (7) = Column (5) / Column (6)
- Column (8) is from Exhibit 9, Column (8).
- Column (9) = Column (7) x Column (8)
- Column (10) = Selected Loss Rate (\$0.6) / Column (8)
- Column (11) = Column (6) x Column (10)
- Column (12) is the latest valuation date of the data provided by the insurance carriers.

Bornhuetter-Ferguson	
Method	A/E
Paid	101%
Reported	98%
Average	100%

Exhibit 8
San Mateo County Community College District
Workers Compensation
Premium and Loss Summary -- Unlimited Losses

Accident Year	Payroll (00's Omitted)	Claim Counts			Loss and DCCE			Reported Loss Rate	Effective Valuation Date
		Closed	Open	Reported	Paid	Case	Reported		
(1)	(2)	(3)	(4)	(5)=(3)+(4)	(6)	(7)	(8)=(6)+(7)	(9)=(8)/(2)	(10)
2001 - 2002	\$679,634	61	8	69	\$429,625	\$196,001	\$625,626	\$0.92	01/31/06
2002 - 2003	720,141	71	11	82	1,020,725	396,537	1,417,262	1.97	01/31/06
2003 - 2004	668,442	43	9	52	241,886	388,024	629,910	0.94	01/31/06
2004 - 2005	711,277	45	9	54	90,399	108,749	199,148	0.28	01/31/06
2005 - 2006	756,296	5	7	12	38,762	95,725	134,487	0.18	01/31/06
Grand Totals	\$3,535,791	225	44	269	\$1,821,397	\$1,185,036	\$3,006,433	\$0.85	

Notes:

1. All Columns were provided through Aquatech
2. Loss and DCCE is on an accident year basis and are based on individual loss runs provided by the carriers.
3. Column (9) = Column (8) / Column (2)
4. Column (10) is the latest average valuation date of the data provided by the insurance carriers.

Exhibit 8a

San Mateo County Community College District

Workers Compensation

Large Claim Listing (Greater Than \$50,000)

Accident Year	Claim Status	DOL	Loss and DCCE		
			Paid	Case	Reported
(1)	(2)	(3)	(4)	(5)	(6)
2001 - 2002					
	0	08/27/01	\$52,188	\$17,936	\$70,124
	0	09/20/01	46,229	9,063	55,291
	0	01/01/02	50,798	73,552	124,350
	0	01/28/02	33,258	49,834	83,092
	0	02/11/79	28,897	27,269	56,167
2001-2002 Total			\$211,370	\$177,654	\$389,024
2002 - 2003					
	0	7/1/2002	10,631	41,769	52,400
	0	7/6/2002	92,119	56,332	148,451
	0	9/10/2002	96,893	86,354	183,247
	0	9/27/2002	237,847	27,823	265,670
	0	11/18/2002	137,783	15,955	153,737
	0	3/4/2003	54,508	41,571	96,079
	0	6/9/2003	80,636	62,364	143,000
2002-2003 Total			\$710,415	\$332,168	\$1,042,583
2003 - 2004					
	0	8/7/2003	\$37,411	\$33,781	\$71,192
	0	8/21/2003	37,488	174,771	212,260
	0	2/5/2004	41,008	114,895	155,904
2003-2004 Total			\$115,908	\$323,447	\$439,355
2004 - 2005					
None					
2004-2005 Total			\$0	\$0	\$0
2005 - 2006					
None					
2005-2006 Total			\$0	\$0	\$0
Grand Totals			\$1,037,693	\$833,270	\$1,870,963

Exhibit 9

Source: NCCI Annual Statistical Bulletin (2003 Edition)

Calendar Year	Date of Change	California	
		Benefit Level Change	Benefit Level Index
1997	(1)	(2)	(3) (4)
	1997	1-Jan	0.00% 10113
		1-Jul	0.00% 10113
		1-Sep	0.00% 10113
1998		1-Oct	0.00% 10113
		1-Jan	0.00% 10113
		1-Jul	0.00% 10113
		1-Sep	0.00% 10113
1999		1-Oct	0.00% 10113
		1-Jan	0.00% 10113
		1-Apr	0.80% 10194
		1-Jul	0.00% 10194
2000		1-Sep	0.00% 10194
		1-Oct	0.00% 10194
		1-Jan	0.00% 10194
		1-Jul	0.00% 10194
2001		1-Sep	0.00% 10194
		1-Oct	0.00% 10194
		1-Jan	0.00% 10194
		1-Jul	1.10% 10306
2002		1-Sep	0.00% 10306
		1-Oct	0.00% 10306
		1-Jan	0.00% 10306
		1-Jul	0.00% 10306
2002		1-Sep	0.00% 10306
		1-Oct	0.00% 10306
		1-Jan	0.00% 10306
		1-Jul	0.00% 10306

Sept. '71	W ₃	Oct. '71	W ₄
Index ₃		Index ₄	
1.0306	0.25	1.0306	0.50
1.0306	0.25	1.0306	0.50
1.0677	0.25	1.0677	0.50
0.8091	0.25	0.8091	0.50
0.7703	0.25	0.7703	0.50
0.6524	0.25	0.6524	0.50

Selected Medical Inflation from California
WCIIRB January 2004 Rate Filing - Exhibit
Exhibit B-8 for years 1999 through 2004.

See Exhibit 9(a), Projected

Exhibit 9a
San Mateo County Community College District
Composite Payroll Changes
Source: NCCI Annual Statistical Bulletin (2005 Edition)

Calendar Year	NCCI-California			UCLA Business Forecast		Selected Payroll Wage Index
	Average Weekly Wage	Average Weekly Change	Payroll Index	Annual Wage Change	Payroll Index	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1991	\$494.97		1.594		1.812	1.812
1992	503.95	1.018	1.565	1.0346	1.751	1.751
1993	512.66	1.017	1.539	1.0309	1.699	1.699
1994	521.30	1.017	1.513	1.0058	1.689	1.689
1995	530.11	1.017	1.488	1.0118	1.669	1.669
1996	542.15	1.023	1.455	1.0456	1.597	1.597
1997	555.85	1.025	1.419	1.0482	1.523	1.523
1998	584.91	1.052	1.349	1.0405	1.464	1.464
1999	604.04	1.033	1.306	1.0585	1.383	1.383
2000	644.25	1.067	1.224	1.0672	1.296	1.296
2001	667.71	1.036	1.181	1.1060	1.172	1.172
2002	682.33	1.022	1.156	1.0013	1.170	1.170
2003	690.64	1.012	1.142	1.0045	1.165	1.165
				1.0303		
Projected		1.034				
2004	713.98		1.105	1.0429	1.131	1.131
2005	738.11		1.069	1.0333	1.084	1.084
2006	763.05		1.034	1.0256	1.049	1.049
2007	788.83		1.000	1.0230	1.023	1.000
		Weight:	100%			

¹ NCCI Annual Statistical Bulletin (2005 Edition), Exhibit VIII, Average Weekly Wages

² WCIIRB January 2006 Rev (as amended September 15, 2005), Annual Wage Level Change.

- i. UCLA Business Forecasting Project for 1974-1976.
- ii. Employment Cost Index for the western region for 1977-1980 as provided by Global Insight, Inc. (Formerly DRI/McGraw-Hill).
- iii. California average wage salary for 1981-2007.

Exhibit 10
San Mateo County Community College District
Workers Compensation
California Industry & Selected Loss Development Factors

BOY Valuation	NCCT's Accident Year (AY) ¹				GPWA Selected	
	Term From Average DOL	Reported	Paid	NCCT's Rptd NCCT's Pd	Reported ² AY LDF	Paid ³ AY LDF
(1)	(2)	(3)	(4)	(5)	(6)	(7)
0	0.0					
3	1.5	32.294	206.680		32.294	206.680
7	3.0	9.372	36.077		9.372	36.077
9	4.5	4.577	18.420		4.577	18.420
12	6	3.099	7.502	0.413	3.099	7.502
15	9	1.946	4.925	0.395	1.946	4.925
19	13	1.757	4.015	0.438	1.757	4.015
21	15	1.663	3.560	0.467	1.663	3.560
24	18	1.521	2.877	0.529	1.521	2.877
27	21	1.379	2.194	0.628	1.379	2.194
31	25	1.327	1.984	0.669	1.327	1.984
33	27	1.301	1.878	0.693	1.301	1.878
36	30	1.262	1.720	0.734	1.262	1.720
39	33	1.223	1.562	0.783	1.223	1.562
43	37	1.200	1.483	0.809	1.200	1.483
45	39	1.189	1.443	0.824	1.189	1.443
48	42	1.171	1.384	0.846	1.171	1.384
51	45	1.154	1.325	0.871	1.154	1.325
55	49	1.143	1.287	0.888	1.143	1.287
57	51	1.138	1.268	0.897	1.138	1.268
60	54	1.129	1.240	0.911	1.129	1.240
63	57	1.121	1.211	0.926	1.121	1.211
67	61	1.113	1.190	0.935	1.113	1.190
69	63	1.109	1.180	0.940	1.109	1.180
72	66	1.103	1.164	0.948	1.103	1.164
75	69	1.097	1.148	0.956	1.097	1.148
79	73	1.092	1.135	0.962	1.092	1.135
81	75	1.090	1.128	0.966	1.090	1.128
84	78	1.086	1.119	0.971	1.086	1.119
87	81	1.082	1.109	0.976	1.082	1.109
91	85	1.079	1.100	0.981	1.079	1.100
93	87	1.078	1.096	0.983	1.078	1.096
96	90	1.075	1.090	0.987	1.075	1.090
99	93	1.073	1.083		1.073	1.083

Notes:

¹ Loss Development Factors based on NCCT's *Annual Statistical Bulletin*, (2003 Edition), California.

² Column (6) = Column (3)

³ Column (7) = Column (4)

Exhibit 11
San Mateo County Community College District
Workers Compensation
Loss and DCCCE Reserves Tests (as of 2003)
Losses limited to \$50,000

<i>Accident Year</i>	<i>Selected Ultimate</i>	<i>Paid</i>	<i>Total Reserves</i>	<i>Case Reserves</i>	<i>IBNR Reserves</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2001	2002				
	\$544,000	\$426,639	\$117,361	\$59,962	\$57,399
2002	2003				
	814,000	620,941	193,059	103,738	89,321
2003	2004				
	505,000	241,886	263,114	98,669	164,445
2004	2005				
	424,000	90,399	333,601	108,749	224,852
2005	2006				
	<u>527,000</u>	<u>38,762</u>	<u>488,238</u>	<u>95,725</u>	<u>392,513</u>
Total	\$2,814,000	\$1,418,627	\$1,395,373	\$466,843	\$928,530

Notes:

1. Column (2) is from Exhibit 2, Column (8).
2. Column (3) is from Exhibit 3, Column (5).
3. Column (4) = Column (2) - Column (3)
4. Column (5) = Exhibit (4), Column (5) - Exhibit (3), Column (5)
5. Column (6) = Column (4) - Column (5)