



# AGENDA REPORT

## CITY OF SAN CLEMENTE

### CITY COUNCIL MEETING

910 Calle Negocio  
2nd Floor  
San Clemente, California  
[www.san-clemente.org](http://www.san-clemente.org)

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**Meeting Date:** February 6, 2024

Agenda Item: 9A

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**Submitted By:** Finance and Administrative Services

**Subject:**

**RECEIVE AND FILE BICKMORE ACTUARIAL REVIEW OF THE CITY'S SELF-INSURED LIABILITY PROGRAM REPORT WITH INFORMATION ON VARIOUS SELF-INSURED RETENTION LEVELS**

**Fiscal Impact:**

None at this time.

**Summary:**

At the City Council's direction, the City engaged Bickmore Actuarial to evaluate self-insured retention (SIR) levels for the City's general liability insurance program. The report is summarized in this agenda item and the detailed report is attached. Self-insured retention is a dollar amount specified in a liability insurance policy that must be paid by the insured before the insurance policy will respond to a loss.

**Background:**

On October 18, 2022, the City Council directed staff to engage a consultant to evaluate SIR levels for the City's general liability insurance program as a potential cost savings to assist in funding the unfunded pension liability. On February 27, 2023, the City entered into an agreement with Bickmore Actuarial to review the feasibility of self-insuring a portion of its general liability claims exposure and provided the consultant with historical data regarding the City's claims losses. Bickmore Actuarial provided the final report on August 2, 2023.

The City has been a member of the primary liability program with California Joint Powers Insurance Authority (CJPIA) since 2005. Payment for the CJPIA program comes from the General Liability fund; charges are assessed to other funds through the budget process to fund this payment and additional costs related to liability insurance and claims.

CJPIA provides liability coverage and other risk management resources through a joint powers authority consisting of over 120 public entity member agencies. CJPIA treats risk management through a holistic model, providing members with insurance coverage (general liability, property, pollution, quiet zone, cyber, criminal, etc.); training for all staff; claims management, analysis, and reporting; risk assessment; operational guidance; recommended policy implementation; and various other activities and services. It is important to note that CJPIA provides liability coverage for subsidence claims, including earth movement, with a limit of \$50,000,000 per incident to members of its primary liability program only. The annual CJPIA contribution for FY 2023-24 was \$1,985,807.

Through CJPIA’s primary liability program, the City has “first dollar” coverage. This means that CJPIA pays all covered claims with no direct contribution from the City and immediately assigns defense counsel to handle covered claims. CJPIA also offers an excess liability program where members elect to set an SIR level, which places the “first dollar” risk on the City up to the selected SIR level. This would generally lower the annual CJPIA payment; however, any savings would be offset by the cost of direct claims and defense costs paid by the City within the SIR limit.

**Discussion:**

The Bickmore Actuarial report projected the City’s expected claim cost at various SIR levels. The columns below show the direct cost the City would expect to incur annually for all claims paid within the SIR. Because subsidence coverage is excluded for members of CJPIA’s excess liability program those costs are not included in the table. The detailed report is attached to this item and the information is summarized below.

SIR	Expected claims paid directly by the City
\$100,000	\$550,000
\$150,000	\$820,000
\$200,000	\$982,000
\$250,000	\$1,118,000
\$300,000	\$1,238,000
\$400,000	\$1,440,000
\$500,000	\$1,616,000

As the SIR increases savings to the City would be realized through a lower base annual contribution to CJPIA; however, these savings would be partially offset by claim payments based on the above table.

Separate preliminary CJPIA estimates show the City could potentially save approximately \$250,000 in FY 2023-24 by joining the excess liability program at the \$100,000 SIR level; the actual annual savings are subject to change based on loss history. While the City may have projected savings during an average year, subsidence coverage would be a risk solely retained by the City if the City switched coverages. Certain past subsidence claims resulted in payouts of \$10,000,000 to \$25,000,000 which were covered under the “first dollar” methodology coverage that the City currently has. Subsidence claims are low frequency and high severity and these claims can take over 10 years to resolve.

Staff has been in contact with CJPIA regarding their excess liability program. When a member joins the excess liability program, they chose the level of SIR that they will retain. Many of the holistic risk management benefits such as recommended policy implementation and some trainings are still available.

Currently, staff recommends no change to the coverage without any further analysis. If City Council directs further analysis staff will need to bring back SIR model impacts including further cost analysis. An analysis would include the following:

- Staffing demands and costs to address the shift in certain responsibilities;

- Steps to implement CJPIA coverage change, including how often coverage can be modified and the process to modify the coverage (letter/resolution);
- SIR level and the impact to the annual CJPIA contribution;
- Determination of the appropriate emergency reserve level for the SIR and subsidence claims;
- Impacts due to the loss of subsidence coverage; and
- Impacts due to the need to hire defense counsel within the SIR limit.

***Council Options:***

- Receive and file the staff report.
- Receive and file the staff report and provide other further direction.

***Environmental Review/Analysis***

Not a “project” under the California Environmental Quality Act.

***Recommended Actions:***

Staff Recommendation

Staff recommends that the City Council receive and file this report.

***Attachment:***

1. Bickmore Actuarial Actuarial Review of the Self-Insured Liability Program dated August 2, 2023

***Notification:***

None.

# Bickmore — Actuarial

## Actuarial Review of the Self-Insured Liability Program

*Forecast & SIR Options for Program Year 2023-24*

*Presented to*  
**City of San Clemente**

August 2, 2023

## SCOPE AND SIGNATURE

The City of San Clemente (“the City”) has engaged Bickmore Actuarial to conduct an actuarial review of its historical loss and loss adjustment expenses for claims valued as of December 31, 2022 for its self-insured liability program. The City seeks guidance on the appropriate funding level for claims to be incurred during the upcoming program year.

The specific objectives of the study are:

1. Project ultimate claims costs (net of reinsurance) for the 2023-24 program year, presented on both an undiscounted basis as well as a discounted basis. The projected costs are also presented at the expected level (i.e. without a risk margin) and with risk margins, which are quantified via confidence levels. They include provisions for loss, allocated loss adjustment expense (ALAE), but not unallocated loss adjustment expense (ULAE). ALAE and ULAE are defined in the Glossary section of this report.
2. Compare total projected costs at various self-insured retention (SIR) levels, including actuarial estimates but not excess insurance premiums. Note that expected is a statistical estimate, and actual experience can vary significantly, resulting in either savings or additional costs.

We appreciate the opportunity to be of service to the City in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Nina Gau at (916) 244-1193 with any questions you may have concerning this report.

Derek Burkhalter and Nina Gau meet the Casualty Actuarial Society continuing education requirements and the American Academy of Actuaries’ qualification standards to sign Statements of Actuarial Opinion.

A handwritten signature in black ink that reads "Derek Burkhalter".

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Derek Burkhalter, ACAS, MAAA  
Senior Actuarial Manager

A handwritten signature in black ink that reads "Nina Gau".

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Nina Gau, FCAS, MAAA  
Vice President and Principal

A handwritten signature in black ink that reads "Joe Gaulaba".

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Joe Gaulaba  
Assistant Actuarial Analyst

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## BACKGROUND

The City of San Clemente currently receives coverage for its general liability claims as a member of the California Joint Powers Insurance Authority (CJPIA). We understand the City is considering a transition to self-insurance for its liability program. The purpose of this study, therefore, is to provide ultimate loss cost projections for the upcoming fiscal year at various self-insurance retention (SIR) levels.

## EXECUTIVE SUMMARY

### Funding Projections

The following tables present our estimates of ultimate costs for the upcoming program year assuming SIRs of \$100,000, \$150,000, \$200,000, \$250,000, \$350,000, \$500,000, \$750,000 and \$1,000,000, respectively.

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$100,000

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	<b>\$629</b>	<b>\$743</b>	<b>\$798</b>	<b>\$862</b>	<b>\$942</b>	<b>\$1,049</b>
NPV Adjustment <sup>2</sup>	<u>(23)</u>	<u>(27)</u>	<u>(30)</u>	<u>(32)</u>	<u>(35)</u>	<u>(38)</u>
<b>Discounted Loss &amp; LAE</b>	<b>\$606</b>	<b>\$716</b>	<b>\$768</b>	<b>\$830</b>	<b>\$907</b>	<b>\$1,011</b>
Total Funding Rate <sup>3</sup>	\$3.20	\$3.78	\$4.05	\$4.38	\$4.79	\$5.33

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$150,000

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	<b>\$944</b>	<b>\$1,113</b>	<b>\$1,193</b>	<b>\$1,288</b>	<b>\$1,407</b>	<b>\$1,564</b>
NPV Adjustment <sup>2</sup>	<u>(42)</u>	<u>(50)</u>	<u>(53)</u>	<u>(58)</u>	<u>(63)</u>	<u>(69)</u>
<b>Discounted Loss &amp; LAE</b>	<b>\$902</b>	<b>\$1,063</b>	<b>\$1,140</b>	<b>\$1,230</b>	<b>\$1,344</b>	<b>\$1,495</b>
Total Funding Rate <sup>3</sup>	\$4.76	\$5.61	\$6.02	\$6.49	\$7.09	\$7.89

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$200,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,136	\$1,339	\$1,437	\$1,552	\$1,696	\$1,888
NPV Adjustment <sup>2</sup>	(55)	(65)	(70)	(75)	(82)	(91)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,081</b>	<b>\$1,274</b>	<b>\$1,367</b>	<b>\$1,477</b>	<b>\$1,614</b>	<b>\$1,797</b>
Total Funding Rate <sup>3</sup>	\$5.70	\$6.72	\$7.21	\$7.79	\$8.52	\$9.48

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$250,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,294	\$1,527	\$1,638	\$1,770	\$1,936	\$2,157
NPV Adjustment <sup>2</sup>	(64)	(76)	(81)	(87)	(96)	(107)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,230</b>	<b>\$1,451</b>	<b>\$1,557</b>	<b>\$1,683</b>	<b>\$1,840</b>	<b>\$2,050</b>
Total Funding Rate <sup>3</sup>	\$6.490	\$7.656	\$8.216	\$8.881	\$9.709	\$10.817

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$300,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,436	\$1,696	\$1,821	\$1,967	\$2,153	\$2,400
NPV Adjustment <sup>2</sup>	(73)	(86)	(93)	(100)	(110)	(122)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,363</b>	<b>\$1,610</b>	<b>\$1,728</b>	<b>\$1,867</b>	<b>\$2,043</b>	<b>\$2,278</b>
Total Funding Rate <sup>3</sup>	\$7.19	\$8.50	\$9.12	\$9.85	\$10.78	\$12.02

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$400,000

Dollars (\$000s)	Expected <sup>1</sup>	← Confidence Level →				
		70%	75%	80%	85%	90%
Loss & ALAE	\$1,672	\$1,975	\$2,122	\$2,296	\$2,515	\$2,806
NPV Adjustment <sup>2</sup>	(88)	(104)	(112)	(121)	(133)	(148)
<b>Discounted Loss &amp; LAE</b>	<b>\$1,584</b>	<b>\$1,871</b>	<b>\$2,010</b>	<b>\$2,175</b>	<b>\$2,382</b>	<b>\$2,658</b>
Total Funding Rate <sup>3</sup>	\$8.36	\$9.87	\$10.61	\$11.48	\$12.57	\$14.03



Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$500,000

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$1,878	\$2,220	\$2,385	\$2,582	\$2,830	\$3,159
NPV Adjustment <sup>2</sup>	<u>(101)</u>	<u>(120)</u>	<u>(128)</u>	<u>(139)</u>	<u>(152)</u>	<u>(170)</u>
<b>Discounted Loss &amp; LAE</b>	<b>\$1,777</b>	<b>\$2,100</b>	<b>\$2,257</b>	<b>\$2,443</b>	<b>\$2,678</b>	<b>\$2,989</b>
Total Funding Rate <sup>3</sup>	\$9.377	\$11.081	\$11.909	\$12.891	\$14.131	\$15.772

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$750,000

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$2,248	\$2,659	\$2,862	\$3,104	\$3,406	\$3,810
NPV Adjustment <sup>2</sup>	<u>(124)</u>	<u>(146)</u>	<u>(158)</u>	<u>(171)</u>	<u>(188)</u>	<u>(210)</u>
<b>Discounted Loss &amp; LAE</b>	<b>\$2,124</b>	<b>\$2,513</b>	<b>\$2,704</b>	<b>\$2,933</b>	<b>\$3,218</b>	<b>\$3,600</b>
Total Funding Rate <sup>3</sup>	\$11.208	\$13.260	\$14.268	\$15.476	\$16.980	\$18.996

Projected Ultimate Costs  
Fiscal Year 2023-24, SIR of \$1,000,000

Dollars (\$000s)	Expected <sup>1</sup>	Confidence Level				
		← 70%	75%	80%	85%	→ 90%
Loss & ALAE	\$2,538	\$3,000	\$3,233	\$3,510	\$3,855	\$4,320
NPV Adjustment <sup>2</sup>	<u>(142)</u>	<u>(168)</u>	<u>(180)</u>	<u>(196)</u>	<u>(215)</u>	<u>(242)</u>
<b>Discounted Loss &amp; LAE</b>	<b>\$2,396</b>	<b>\$2,832</b>	<b>\$3,053</b>	<b>\$3,314</b>	<b>\$3,640</b>	<b>\$4,078</b>
Total Funding Rate <sup>3</sup>	\$12.643	\$14.943	\$16.110	\$17.487	\$19.207	\$21.518

- <sup>1</sup> Expected values represent the “best actuarial” or “central” estimate.
- <sup>2</sup> Net present value is based on an annual discount rate of 2.0%.
- <sup>3</sup> Rate is per \$100 of payroll.

The following is a summarized comparison of the projected ultimate loss costs based on the detailed tables for each SIR listed above.

City of San Clemente  
Self-Insured General Liability Program  
Discounted Projected Ultimate Costs<sup>1</sup> for 2023-24  
(\$000s)

SIR	Expected	Recommended Range				
		Marginally Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
\$100,000	\$606	\$716	\$768	\$830	\$907	\$1,011
150,000	902	1,063	1,140	1,230	1,344	1,495
200,000	1,081	1,274	1,367	1,477	1,614	1,797
250,000	1,230	1,451	1,557	1,683	1,840	2,050
300,000	1,363	1,610	1,728	1,867	2,043	2,278
400,000	1,584	1,871	2,010	2,175	2,382	2,658
500,000	1,777	2,100	2,257	2,443	2,678	2,989
750,000	2,124	2,513	2,704	2,933	3,218	3,600
1,000,000	2,396	2,832	3,053	3,314	3,640	4,078

City of San Clemente  
Self-Insured General Liability Program  
Discounted Rates per \$100 of Payroll for 2023-24

SIR	Expected	Recommended Range				
		Marginally Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
\$100,000	\$3.20	\$3.78	\$4.05	\$4.38	\$4.79	\$5.33
150,000	4.76	5.61	6.02	6.49	7.09	7.89
200,000	5.70	6.72	7.21	7.79	8.52	9.48
250,000	6.49	7.66	8.22	8.88	9.71	10.82
300,000	7.19	8.50	9.12	9.85	10.78	12.02
400,000	8.36	9.87	10.61	11.48	12.57	14.03
500,000	9.38	11.08	11.91	12.89	14.13	15.77
750,000	11.21	13.26	14.27	15.48	16.98	19.00
1,000,000	12.64	14.94	16.11	17.49	19.21	21.52

<sup>1</sup> Projected ultimate costs include loss & ALAE only.

The following is a summarized comparison of the projected ultimate loss costs excluding potential claims resulting from subsidence or earth movement.

City of San Clemente  
Self-Insured General Liability Program – Excluding Earth Movement Claims  
Discounted Projected Ultimate Costs<sup>1</sup> for 2023-24  
(\$000s)

SIR	Expected	Recommended Range				
		Marginally Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
\$100,000	\$550	\$651	\$700	\$757	\$829	\$925
150,000	820	968	1,040	1,123	1,228	1,369
200,000	982	1,161	1,246	1,348	1,475	1,644
250,000	1,118	1,323	1,421	1,537	1,683	1,878
300,000	1,238	1,465	1,575	1,705	1,867	2,085
400,000	1,440	1,705	1,835	1,987	2,179	2,435
500,000	1,616	1,915	2,060	2,235	2,451	2,742
750,000	1,931	2,288	2,468	2,680	2,947	3,304
1,000,000	2,178	2,581	2,786	3,030	3,335	3,742

City of San Clemente  
Self-Insured General Liability Program – Excluding Earth Movement Claims  
Discounted Rates per \$100 of Payroll for 2023-24

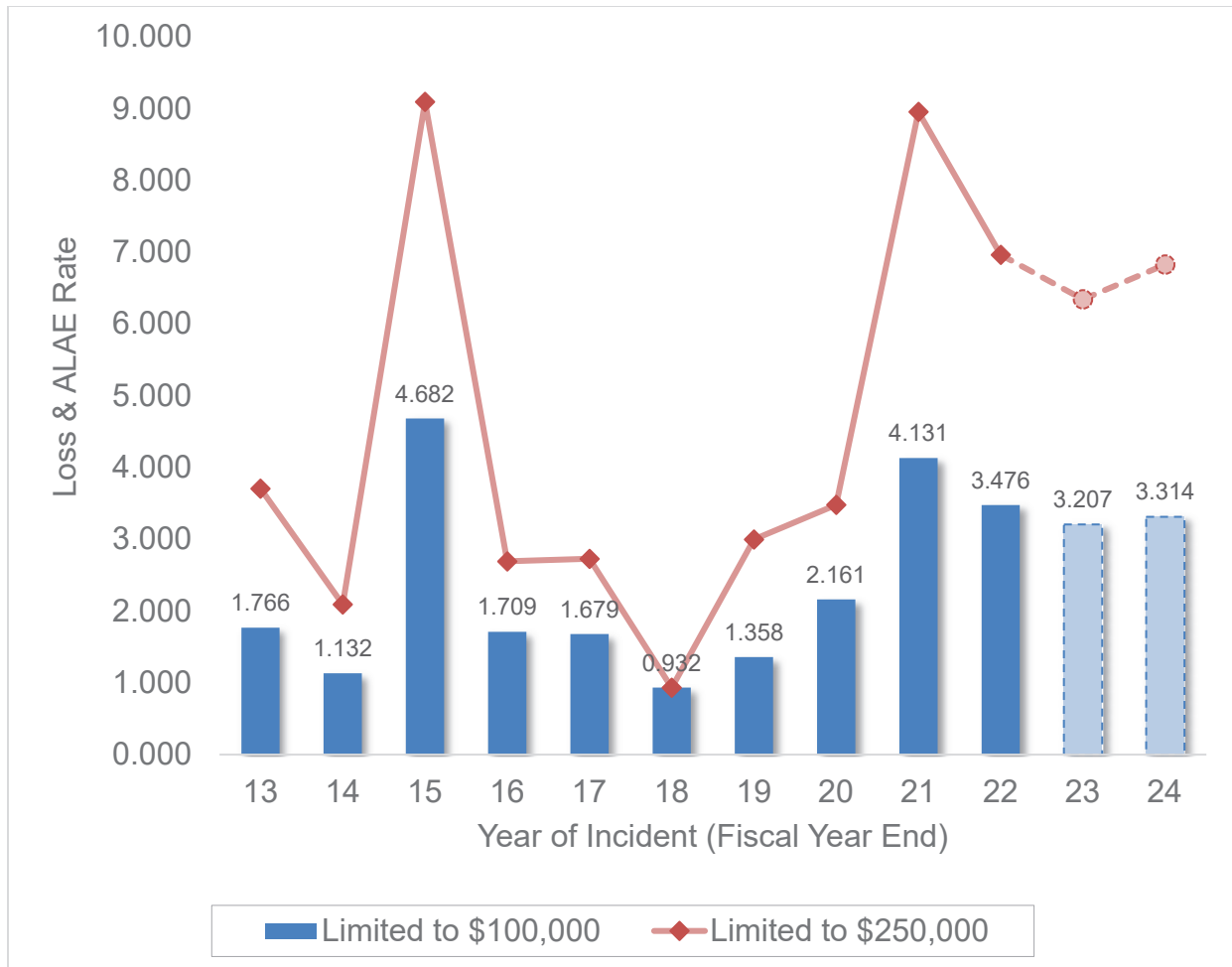
SIR	Expected	Recommended Range				
		Marginally Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
\$100,000	\$2.90	\$3.44	\$3.69	\$3.99	\$4.37	\$4.88
150,000	4.33	5.11	5.49	5.93	6.48	7.22
200,000	5.18	6.13	6.57	7.11	7.78	8.67
250,000	5.90	6.98	7.50	8.11	8.88	9.91
300,000	6.53	7.73	8.31	9.00	9.85	11.00
400,000	7.60	9.00	9.68	10.48	11.50	12.85
500,000	8.53	10.10	10.87	11.79	12.93	14.47
750,000	10.19	12.07	13.02	14.14	15.55	17.43
1,000,000	11.49	13.62	14.70	15.99	17.60	19.75

<sup>1</sup> Projected ultimate costs include loss & ALAE only.

**Loss Rate Trend**

We have evaluated the trend in the City’s projected ultimate loss & ALAE rate. This rate equals projected ultimate loss and ALAE (limited to either \$100,000 per occurrence or \$250,000) divided by payroll in \$100s, as displayed in the following graph.

Loss & ALAE Rate Trend<sup>1</sup>  
Ultimate Loss & ALAE / Payroll (\$100s)

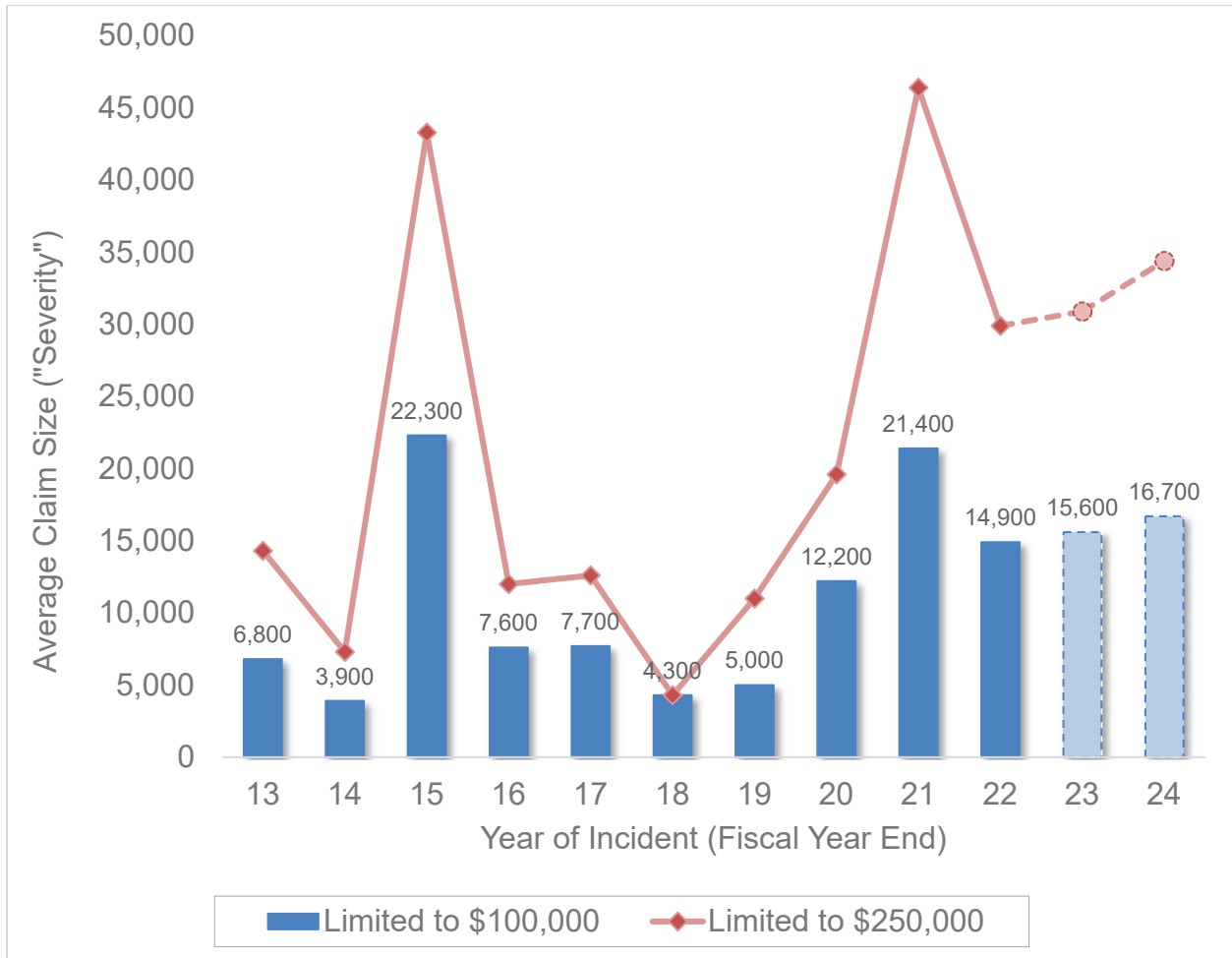


<sup>1</sup> Losses are at expected (no risk margin) and are not discounted to reflect net present value.

**Average Claim Size (Severity) Trend**

We have evaluated the trend in the City’s projected ultimate claim size (or “severity”). The ultimate claim size equals projected ultimate loss & ALAE (limited to either \$100,000 per occurrence or the SIR) divided by the projected ultimate number of reported claims, as displayed in the following graph.

Average Claim Size Trend<sup>1</sup>  
Ultimate Loss & ALAE / Ultimate Reported Claims

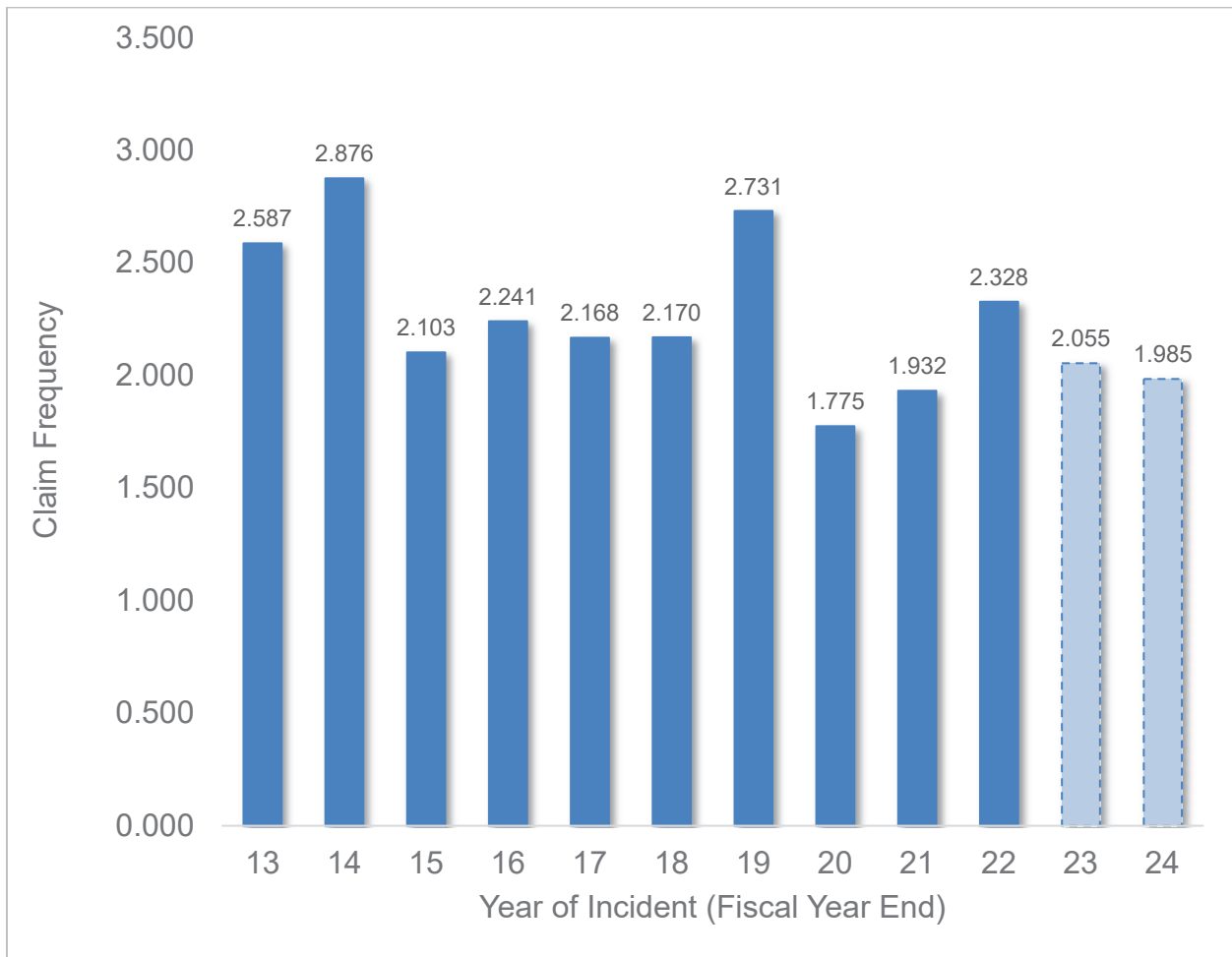


<sup>1</sup> Losses are at expected (no risk margin) and are not discounted to reflect net present value.

### Claim Frequency Trend

We have evaluated the trend in the City's claim frequency. The claim frequency equals projected ultimate number of reported claims divided by payroll in \$ millions, as displayed in the following graph.

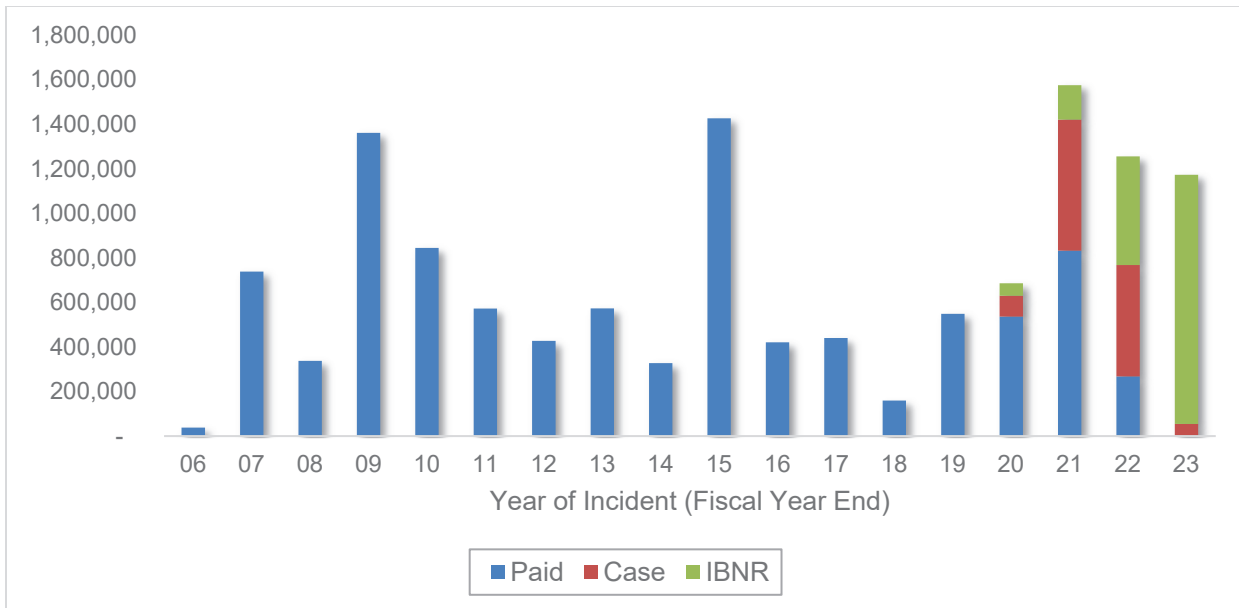
Claim Frequency Trend  
Ultimate Reported Claims / Payroll (\$ Millions)



**Losses by Component**

The following graphs illustrate our selected ultimate loss and ALAE amount for each accident year, assuming an SIR of \$250,000 per occurrence, and segregates each ultimate into its component parts of (1) amounts already paid, (2) amounts already reserved for individual claims, and (3) IBNR reserves to cover both unreported claims as well as any adverse development on known claims.

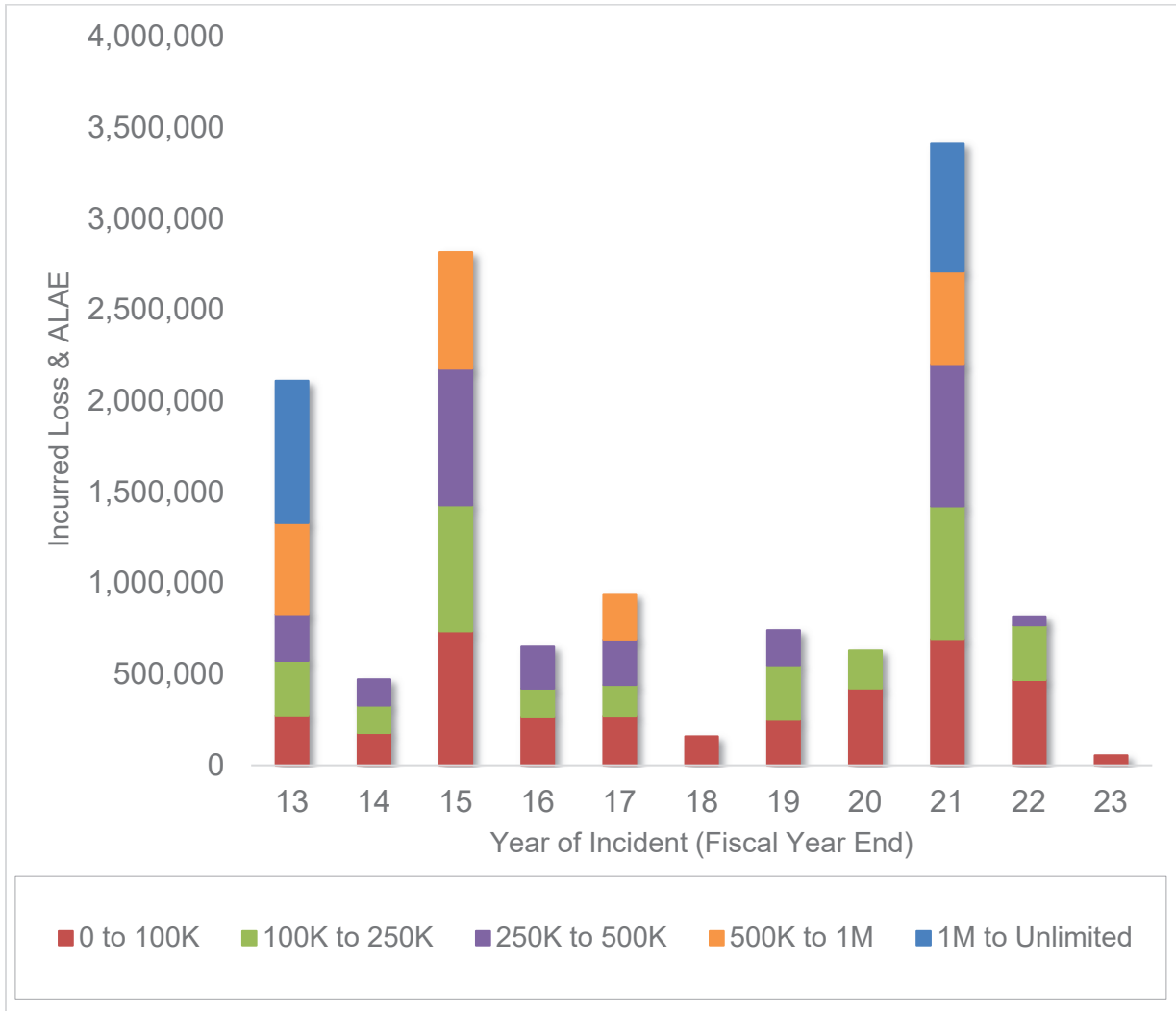
**Ultimate Loss & ALAE by Component  
As of December 31, 2022**



**Losses by Layer**

The following graph shows the incurred losses by layer as of the valuation date of December 31, 2022.

Incurred Loss & ALAE by Layer  
As of December 31, 2022





## METHODOLOGY

The methodology that we have used to estimate ultimate Loss & LAE funding levels is in accordance with standard actuarial principles. The 5-step process described below outlines the methods used to calculate the liabilities.

1. Estimate Ultimate Loss & ALAE: The ultimate value of losses associated with a given policy year is usually not known until many years after the policy year has expired. One estimate of future payments for a given policy year is the case reserve. However, to accurately project future payments for a given policy year, we also calculate indicated IBNR reserves that consider the following three factors:
  - The amount that case reserves are redundant or deficient.
  - Losses that occurred during the policy period but have not yet been reported. This is called “Pure IBNR”.
  - Future payments on claims which are closed but will reopen in the future.

Separate ultimate loss & ALAE projections are developed for costs limited to \$100,000 and limited to the retention. Loss development factors are primarily based on the City’s own historical experience supplemented with industry data. The following methods are used to estimate ultimate loss & ALAE:

- Reported Loss Development: Includes paid losses and case reserves.
- Paid Loss Development: Based on payments only.
- Reported Exposure Method: This calculates IBNR based on expected ultimate loss times an IBNR factor. For the first layer of losses, the expected ultimate loss is based on exposure times initial loss rates. These loss rates are based on historical losses in that layer developed to ultimate using loss development factors. The loss rates in the higher layer incorporate increased limits factors based on the City’s historical losses and industry data. Where appropriate, historical data is adjusted for both claims and exposure trend, to reflect issues such as inflation, benefit level changes, and legal changes.
- Paid Exposure Method: This calculates unpaid costs based on expected ultimate loss times an unpaid factor. The loss rates are identical to those utilized in the reported exposure method.
- Frequency x Severity: This calculates ultimate costs based on expected ultimate severity and expected ultimate frequency derived from historical experience.

2. Select Ultimate Loss & ALAE: Based on the indicated ultimate loss and ALAE from the various methods described previously, the ultimate losses by year are selected.
3. Discounting/Net Present Value: Since payments associated with claims liabilities will be spread out over several years, they are discounted to reflect anticipated investment income on the assets set aside to pay these costs. The expected Loss & ALAE payout pattern is based on the paid loss development factors previously described.
4. Claims Administration: Liabilities associated with claims administration expenses are not considered in this analysis.
5. Confidence Levels: The “expected” estimate of unpaid Loss & ALAE is our best estimate given current information. However, there is uncertainty inherent in the claims settlement process. This uncertainty is quantified via confidence levels. For example, we believe that future payments have a 75% chance of being less than the liabilities at the 75% confidence level and have only a 25% chance of exceeding the 75% confidence level estimates. The confidence levels are based on the Heckman Meyers approach.

## CONSIDERATIONS AND KEY ASSUMPTIONS

Several considerations should be taken into account when evaluating property/casualty claim liabilities and funding projections for upcoming years. The following is a list of issues that we have considered in this report, along with some key assumptions that we have made.

### Data

Data Quality: Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by or on behalf of the City. While we have not independently audited or verified this information, we have reviewed it for reasonability and internal consistency. We have assumed that the data is accurate and complete. Any material inaccuracy or omission could invalidate the conclusions in this report and should be brought to our attention immediately.

Exposure: The exposure base utilized in this study is payroll, which was provided to us by the City. A list of exposure by year can be found in Appendix K.

Claims: The claims data utilized in this study was provided to us by the City.

### Key Dates

Accounting Date: This study presents liabilities as of an accounting date of June 30, 2023.

Valuation Date: The data underlying this study are valued as of December 31, 2022.

Review Date: We have not reflected any actual claims activity subsequent to the valuation date.

### Accounting Standard

The accounting standards applicable to this analysis follow the guidance promulgated by the Governmental Accounting Standards Board (GASB).

### **Other Actuarial Considerations**

Discounting to Reflect Net Present Value: Reserves in this report are presented on both undiscounted and discounted bases. At the City's instruction, we have assumed that assets held for investment will generate an average annual rate of return of 2.0% over the time during which the loss liabilities are paid out. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon prevailing investment market conditions.

Uncertainty & Risk Margin: There is uncertainty regarding the ultimate cost of the reserves and funding amounts that are estimated in this report. Our estimates are presented both at the expected level (also known as the actuarial central estimate) and at higher confidence levels. The projections at higher confidence levels reflect uncertainty by including a risk margin for the potential of costs coming in higher than at the expected level.

Trending: We have adjusted historical payroll and claims costs to reflect inflation as well as other changes in the claims environment. The payroll, claim frequency, and claim cost trend factors by year are in Appendices K and E, respectively. Benefit level changes are based on estimates from the California Liability Rating Bureau (WCIRB). We have also projected payroll and claim costs to account for future changes in cost levels.

External Influences: This analysis contemplates a continuation of current social, economic, judicial, and legislative trends. Historical changes have been reflected through the use of trend factors.

Homogeneity: The accuracy of loss estimates may be improved by subdividing loss experience into groups exhibiting similar characteristics. In evaluating the City's loss experience, we considered all of the experience together.

Credibility: Credibility is a measure of the predictive value attached to a body of data. The degree to which consideration is given to homogeneity is related to the consideration of credibility. While making more homogeneous groupings may increase the credibility of the data, partitioning into cells too small to be reliable statistically may also decrease it. As discussed above, further subdivision of data (by individual department, for instance) would reduce the statistical credibility too greatly. This aggregation of data assumes that there has been a relatively stable distribution of exposures among various risk characteristics during the years included in this analysis.

Loss Development: The rate at which costs develop to their ultimate level was included in the calculation of loss development factors. The loss development factors are described in the Methodology section of this report.

Claim Emergence Patterns: The delay between the occurrence of claims and the recording of claims was considered in the estimation of loss development factors.

Claim Settlement Patterns: The rate at which claims are closed and the impact upon incurred losses are considered in the calculation of loss development factors.

Reopened Claim Potential: The effect of reopened claims is included in the calculation of loss development factors.

Claim Frequency and Average Claim Size: The average and potential claim frequency and average claim size have been measured and considered in the liability estimates.

Large Losses & Catastrophes: The impact of large losses and catastrophes have the potential to distort the results of actuarial analyses. We have mitigated this risk by separating loss development and loss rates into the lower layer (limited to \$100,000 per occurrence) and the excess layer. In addition, our net liability and funding estimates limit loss & ALAE to the appropriate SIR. Lastly, we have utilized industry size of loss curves and increased limits factors where we feel that the City's experience is not fully credible.

Loss Limitations: Our projections of claim costs are limited to the City's SIR. We have assumed that all relevant reinsurance purchased by the City for costs above the SIR is collectible. The retentions used in the study are displayed by year in the Background section of this report.

Recoveries: The data underlying this report are net of salvage, subrogation and other recoveries.

Portfolio Transfers, Commutations, and Structured Settlements: No historical loss portfolio transfers or commutations have been reflected in this analysis. To the extent there are structured settlements, they have been reflected in the claims data utilized in this analysis.

Operational Changes: This analysis has not made special adjustment for any specific operational changes at the City.

Reasonableness: We have established the reasonability of our results by utilizing standard actuarial techniques and reasonable assumptions.

Claims Administration Costs (Unallocated Loss Adjustment Expense or ULAE): ULAE costs have been

- excluded in our estimate of outstanding liabilities, and
- excluded in our estimate of funding amounts for future program years.

Other Program Costs: Our estimate of the funding amounts for future program years

- excludes contributions for excess insurance to cover claims or portions of claims that fall outside the program, and
- excludes costs for loss control, overhead, and other expenses associated with the program.

## CONDITIONS AND LIMITATIONS

It is important to recognize that the projections in this report are estimates at one point in time and are subject to future changes. Since the emergence and settlement of claims are subject to uncertainty, actual developments likely will vary, perhaps significantly, from the amounts carried in this report. No warranty is expressed or implied that such variance will not occur. The accuracy of the conclusions in this report depends on many factors, including the following:

Loss Activity since the Evaluation Date: The losses in this study were valued as of December 31, 2022. It is possible that there has been significant loss activity that has occurred since that date which would change the findings of this report.

Data Accuracy: This report relies on unaudited loss and exposure information provided by the City. The accuracy of our projections relies on the accuracy of this data.

Loss Development: The appropriateness of the City's historical and industry loss development patterns in projecting future loss development.

Trend Changes: The appropriateness of the trend indices used to adjust historical losses.

Discounting/Net Present Value: Our estimates that are discounted to reflect net present value assume a certain investment return on assets. This adjustment to reflect net present value is inaccurate to the extent that actual investment returns deviate from the assumed returns.

Insurance: Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than the City's excess coverage.

Future Law Changes: We cannot predict, nor have we attempted to predict, the impact of future law changes and court rulings on claims costs.

New Classes of Claims: Our projections make no provision for the extraordinary future emergence of new classes of loss or types of loss not sufficiently represented in the City's historical data, or which are not yet quantifiable.

## **DISTRIBUTION AND USE**

This report was prepared for the sole use of the City of San Clemente and its auditors. This report is neither intended nor necessarily suitable for any other use. It may be forwarded to regulatory authorities as required by law. Any other distribution of this report requires the express written consent of Bickmore Actuarial. If such consent is granted, the report should be forwarded in its entirety, including all exhibits and appendices. It should also be understood that Bickmore Actuarial would be available to answer any questions regarding this report and its conclusions.

## **GLOSSARY OF ACTUARIAL TERMS**

**Accident Year** – Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

**Allocated Loss Adjustment Expenses (ALAE)** – Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, utilization review, bill review, etc.)

**Benefit Level Factor** – Factor used to adjust historical losses to the current level of liability benefits.

**Case Reserve** – The amount left to be paid on an open claim, as estimated by the claims administrator.

**Claim Count Development Factor** – A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

**Claim Frequency** – Number of claims per \$1 million of payroll.

**Confidence Level** – An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

**Discount Factor** – A factor to adjust estimated loss costs to reflect net present value.

**Expected Losses** – The best estimate of the full, ultimate value of losses.

**Exposure Base** – An objective and easily measurable quantity that is correlated with loss. Commonly used exposure bases include payroll, population, revenue, number of employees (FTE), average daily attendance (ADA), number of vehicles and total insured value (TIV).

**Incurred but not Reported (IBNR) Losses** – This is the ultimate value of losses less any amount that has been paid to date or set up as a case reserve by the claims adjuster. It includes amounts for claims incurred but not yet received by the administrator as well as loss development on already reported claims.

**Loss Adjustment Expense** – The sum of Allocated Loss Adjustment Expense (ALAE) and Unallocated Loss Adjustment Expense (ULAE).



**Loss Development Factor** – A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled. See the Methodology section.

**Loss Rate** – Ultimate losses per \$100 of payroll.

**Non-Claims Related Expenses** – Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

**Outstanding Losses** – Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

**Paid Losses** – Losses actually paid on all reported claims.

**Program Losses** – Losses, including ALAE, limited to the SIR for each occurrence.

**Reported Losses** – The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

**Self-Insured Retention (SIR)** – The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

**Severity** – Average claim cost.

**Ultimate Losses** – The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

**Unallocated Loss Adjustment Expenses (ULAE)** – Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims administration expenses, taxes, etc.)

## EXHIBITS AND APPENDICES

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$100,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$572,000	\$3.094			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$572,000</u>	<u>\$3.094</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.964				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$551,000</u>	<u>\$2.980</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.181	1.268	1.370	1.497	1.668
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	100,000	148,000	204,000	274,000	368,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$651,000</u>	<u>\$699,000</u>	<u>\$755,000</u>	<u>\$825,000</u>	<u>\$919,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$3.521	\$3.781	\$4.083	\$4.462	\$4.970

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$100,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$629,000	\$3.319			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$629,000</u>	<u>\$3.319</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.964				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$606,000</u>	<u>\$3.198</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.181	1.268	1.370	1.497	1.668
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	110,000	162,000	224,000	301,000	405,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$716,000</u>	<u>\$768,000</u>	<u>\$830,000</u>	<u>\$907,000</u>	<u>\$1,011,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$3.778	\$4.052	\$4.380	\$4.786	\$5.335

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$150,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$843,000	\$4.559			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$843,000</u>	<u>\$4.559</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.955				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$805,000</u>	<u>\$4.354</u>			
	Marginally Acceptable	Recommended			Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.179	1.264	1.364	1.490	1.657
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	144,000	213,000	293,000	394,000	529,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$949,000</u>	<u>\$1,018,000</u>	<u>\$1,098,000</u>	<u>\$1,199,000</u>	<u>\$1,334,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$5.133	\$5.506	\$5.939	\$6.485	\$7.215

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$150,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$944,000	\$4.981			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$944,000</u>	<u>\$4.981</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.955				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$902,000</u>	<u>\$4.760</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.179	1.264	1.364	1.490	1.657
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	161,000	238,000	328,000	442,000	593,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,063,000</u>	<u>\$1,140,000</u>	<u>\$1,230,000</u>	<u>\$1,344,000</u>	<u>\$1,495,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$5.609	\$6.015	\$6.490	\$7.092	\$7.889

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$200,000)

	Dollar Amount					Payroll Rate
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$1,034,000					\$5.592
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0					0.000
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,034,000</u>					<u>\$5.592</u>
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.952					
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$984,000</u>					<u>\$5.322</u>
	<u>Marginally Acceptable</u>	<u>Recommended</u>			<u>Conservative</u>	
	70%	75%	80%	85%	90%	
(F) Confidence Level Factor: (Based on Appendix H)	1.179	1.265	1.366	1.493	1.662	
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	176,000	261,000	360,000	485,000	651,000	
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,160,000</u>	<u>\$1,245,000</u>	<u>\$1,344,000</u>	<u>\$1,469,000</u>	<u>\$1,635,000</u>	
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$6.274	\$6.734	\$7.269	\$7.945	\$8.843	

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$200,000)

	Dollar Amount					Payroll Rate
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$1,136,000					\$5.994
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0					0.000
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$1,136,000</u>					<u>\$5.994</u>
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.952					
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$1,081,000</u>					<u>\$5.704</u>
	<u>Marginally Acceptable</u>	<u>Recommended</u>			<u>Conservative</u>	
	70%	75%	80%	85%	90%	
(F) Confidence Level Factor: (Based on Appendix H)	1.179	1.265	1.366	1.493	1.662	
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	193,000	286,000	396,000	533,000	716,000	
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,274,000</u>	<u>\$1,367,000</u>	<u>\$1,477,000</u>	<u>\$1,614,000</u>	<u>\$1,797,000</u>	
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$6.722	\$7.213	\$7.794	\$8.516	\$9.482	

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.



City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (From Appendix F)	\$1,173,000	\$6.344			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,173,000</u>	<u>\$6.344</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix G, Page 2, (G))	0.950				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$1,115,000</u>	<u>\$6.031</u>			
	Marginally Acceptable	Recommended			Conservative
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix H)	1.180	1.266	1.368	1.496	1.667
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	201,000	297,000	410,000	553,000	744,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,316,000</u>	<u>\$1,412,000</u>	<u>\$1,525,000</u>	<u>\$1,668,000</u>	<u>\$1,859,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$7.118	\$7.637	\$8.248	\$9.021	\$10.054

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$250,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (From Appendix F)	\$1,294,000	\$6.828			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$1,294,000</u>	<u>\$6.828</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Appendix G, Page 2, (G))	0.950				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$1,230,000</u>	<u>\$6.490</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (From Appendix H)	1.180	1.266	1.368	1.496	1.667
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	221,000	327,000	453,000	610,000	820,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,451,000</u>	<u>\$1,557,000</u>	<u>\$1,683,000</u>	<u>\$1,840,000</u>	<u>\$2,050,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$7.656	\$8.216	\$8.881	\$9.709	\$10.817

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$300,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$1,287,000	\$6.961			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,287,000</u>	<u>\$6.961</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.949				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$1,221,000</u>	<u>\$6.604</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.181	1.268	1.370	1.499	1.671
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	221,000	327,000	452,000	609,000	819,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,442,000</u>	<u>\$1,548,000</u>	<u>\$1,673,000</u>	<u>\$1,830,000</u>	<u>\$2,040,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$7.799	\$8.372	\$9.048	\$9.898	\$11.033

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$300,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$1,436,000	\$7.577			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$1,436,000</u>	<u>\$7.577</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.949				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$1,363,000</u>	<u>\$7.192</u>			
	<u>Marginally Acceptable</u>	<u>Recommended</u>			<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.181	1.268	1.370	1.499	1.671
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	247,000	365,000	504,000	680,000	915,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,610,000</u>	<u>\$1,728,000</u>	<u>\$1,867,000</u>	<u>\$2,043,000</u>	<u>\$2,278,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$8.495	\$9.118	\$9.851	\$10.780	\$12.020

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$400,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$1,466,000	\$7.929			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,466,000</u>	<u>\$7.929</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.947				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$1,389,000</u>	<u>\$7.512</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.181	1.269	1.373	1.504	1.678
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	251,000	374,000	518,000	700,000	942,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,640,000</u>	<u>\$1,763,000</u>	<u>\$1,907,000</u>	<u>\$2,089,000</u>	<u>\$2,331,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$8.870	\$9.535	\$10.314	\$11.298	\$12.607

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$400,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$1,672,000	\$8.823			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$1,672,000</u>	<u>\$8.823</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.947				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$1,584,000</u>	<u>\$8.358</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.181	1.269	1.373	1.504	1.678
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	287,000	426,000	591,000	798,000	1,074,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,871,000</u>	<u>\$2,010,000</u>	<u>\$2,175,000</u>	<u>\$2,382,000</u>	<u>\$2,658,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$9.873	\$10.606	\$11.477	\$12.569	\$14.025

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$500,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$1,596,000	\$8.632			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,596,000</u>	<u>\$8.632</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.946				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$1,510,000</u>	<u>\$8.167</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.182	1.270	1.375	1.507	1.682
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	275,000	408,000	566,000	766,000	1,030,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,785,000</u>	<u>\$1,918,000</u>	<u>\$2,076,000</u>	<u>\$2,276,000</u>	<u>\$2,540,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$9.654	\$10.374	\$11.228	\$12.310	\$13.738

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$500,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$1,878,000	\$9.910			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$1,878,000</u>	<u>\$9.910</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.946				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$1,777,000</u>	<u>\$9.377</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.182	1.270	1.375	1.507	1.682
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	323,000	480,000	666,000	901,000	1,212,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$2,100,000</u>	<u>\$2,257,000</u>	<u>\$2,443,000</u>	<u>\$2,678,000</u>	<u>\$2,989,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$11.081	\$11.909	\$12.891	\$14.131	\$15.772

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.



City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$750,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$1,782,000	\$9.638			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,782,000</u>	<u>\$9.638</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.945				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$1,684,000</u>	<u>\$9.108</u>			
	<u>Marginally Acceptable</u>	<u>Recommended</u>			<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.183	1.273	1.381	1.515	1.695
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	308,000	460,000	642,000	867,000	1,170,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$1,992,000</u>	<u>\$2,144,000</u>	<u>\$2,326,000</u>	<u>\$2,551,000</u>	<u>\$2,854,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$10.774	\$11.596	\$12.580	\$13.797	\$15.436

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$750,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$2,248,000	\$11.862			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$2,248,000</u>	<u>\$11.862</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.945				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$2,124,000</u>	<u>\$11.208</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.183	1.273	1.381	1.515	1.695
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	389,000	580,000	809,000	1,094,000	1,476,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$2,513,000</u>	<u>\$2,704,000</u>	<u>\$2,933,000</u>	<u>\$3,218,000</u>	<u>\$3,600,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$13.260	\$14.268	\$15.476	\$16.980	\$18.996

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

City of San Clemente - Liability

Funding Options for Program Year 2022-2023 (SIR = \$1,000,000)

	<u>Dollar Amount</u>	<u>Payroll Rate</u>			
(A) Estimated Ultimate Losses Incurred in Accident Year 2022-2023: (Based on Exhibit 4, Page 1, (K))	\$1,932,000	\$10.449			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2022-2023: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2022-2023: ((A) + (B))	<u>\$1,932,000</u>	<u>\$10.449</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.944				
(E) Discounted Total Claims Costs Incurred in Accident Year 2022-2023: ((C) x (D))	<u>\$1,824,000</u>	<u>\$9.865</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.182	1.274	1.383	1.519	1.702
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	332,000	500,000	699,000	947,000	1,280,000
(H) Recommended Funding in 2022-2023 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$2,156,000</u>	<u>\$2,324,000</u>	<u>\$2,523,000</u>	<u>\$2,771,000</u>	<u>\$3,104,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$184,893)	\$11.661	\$12.569	\$13.646	\$14.987	\$16.788

Payroll rates are per hundred dollars of 2022-2023 payroll of \$18,489,300.

City of San Clemente - Liability

Funding Options for Program Year 2023-2024 (SIR = \$1,000,000)

	Dollar Amount	Payroll Rate			
(A) Estimated Ultimate Losses Incurred in Accident Year 2023-2024: (Based on Exhibit 4, Page 1, (K))	\$2,538,000	\$13.392			
(B) Estimated Claims Administration Fees Incurred in Accident Year 2023-2024: (From Exhibit 4, Page 1, (L))	0	0.000			
(C) Total Claims Costs Incurred in Accident Year 2023-2024: ((A) + (B))	<u>\$2,538,000</u>	<u>\$13.392</u>			
(D) Loss Discount Factor (Based on a Discount Rate of 2.00%.): (Based on Appendix G, Page 2, (G))	0.944				
(E) Discounted Total Claims Costs Incurred in Accident Year 2023-2024: ((C) x (D))	<u>\$2,396,000</u>	<u>\$12.643</u>			
	<u>Marginally Acceptable</u>		<u>Recommended</u>		<u>Conservative</u>
	70%	75%	80%	85%	90%
(F) Confidence Level Factor: (Based on Appendix H)	1.182	1.274	1.383	1.519	1.702
(G) Margin for Adverse Experience: ((E) x [(F) - 1])	436,000	657,000	918,000	1,244,000	1,682,000
(H) Recommended Funding in 2023-2024 for Claims Costs and Other Expenses: ((E) + (G))	<u>\$2,832,000</u>	<u>\$3,053,000</u>	<u>\$3,314,000</u>	<u>\$3,640,000</u>	<u>\$4,078,000</u>
(I) Rate per \$100 of Payroll: ((H) / \$189,515)	\$14.943	\$16.110	\$17.487	\$19.207	\$21.518

Payroll rates are per hundred dollars of 2023-2024 payroll of \$18,951,500.

## City of San Clemente - Liability

## IBNR as of 6/30/23 at Expected Claims Level

Accident Year	Estimated Ultimate (A)	Reported as of 12/31/22 (B)	Estimated IBNR as of 12/31/22 (C)	Estimated Percent of IBNR Reported Between 1/1/23 and 6/30/23 (D)	Estimated IBNR Reported (E)	Estimated IBNR as of 6/30/23 (F)
2005-2006	38,028	38,028	0	100.0%	0	0
2006-2007	738,196	738,196	0	100.0%	0	0
2007-2008	337,085	337,085	0	100.0%	0	0
2008-2009	1,361,721	1,361,721	0	100.0%	0	0
2009-2010	844,729	844,729	0	100.0%	0	0
2010-2011	572,478	572,478	0	100.0%	0	0
2011-2012	427,370	427,370	0	100.0%	0	0
2012-2013	572,990	572,990	0	100.0%	0	0
2013-2014	327,158	327,158	0	100.0%	0	0
2014-2015	1,427,034	1,427,034	0	100.0%	0	0
2015-2016	420,423	420,423	0	100.0%	0	0
2016-2017	440,266	440,266	0	66.6%	0	0
2017-2018	158,998	158,998	0	37.3%	0	0
2018-2019	548,608	548,608	0	36.0%	0	0
2019-2020	686,000	629,833	56,167	32.2%	18,000	38,167
2020-2021	1,576,000	1,421,309	154,691	29.9%	46,000	108,691
2021-2022	1,256,000	767,677	488,323	27.7%	135,000	353,323
2022-2023	1,173,000	54,491	532,509	22.8%	255,000	863,509
Totals	\$12,906,084	\$11,088,394	\$1,231,690		\$454,000	\$1,363,690

## Notes:

- (A) From Exhibit 3, Page 1.
- (B) Provided by the City. These losses exclude amounts incurred above \$250,000 for each year.
- (C) (A) - (B).
- (D) Percentage of incurred but not reported (IBNR) expected to be reported between 1/1/23 and 6/30/23. The percentage is based on the development pattern selected in Appendix A.
- (E) ((A) - (B)) x (D).
- (F) (A) - (B) - (E).

This exhibit shows the calculation of the amount of incurred but not reported losses we expect as of 6/30/23. This amount is dependent on both the strength of the case reserves and the average frequency and severity of the losses incurred.

City of San Clemente - Liability

Estimated Ultimate Program Losses

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Estimate of Ultimate Losses (F)	Selected Estimate of Ultimate Losses Limited to Aggregate (G)	
2005-2006	38,028	38,028	38,028	38,028	62,123	38,028	38,028	
2006-2007	738,196	738,196	738,196	738,196	614,075	738,196	738,196	
2007-2008	337,085	337,085	337,085	337,085	314,500	337,085	337,085	
2008-2009	1,361,721	1,361,721	1,361,721	1,361,721	1,298,757	1,361,721	1,361,721	
2009-2010	844,729	844,729	844,729	844,729	897,501	844,729	844,729	
2010-2011	572,478	572,478	572,478	572,478	477,652	572,478	572,478	
2011-2012	427,370	427,370	427,370	427,370	594,983	427,370	427,370	
2012-2013	572,990	572,990	572,990	572,990	490,840	572,990	572,990	
2013-2014	327,158	328,139	327,158	328,127	322,785	327,158	327,158	
2014-2015	1,427,034	1,437,023	1,427,034	1,436,525	1,355,970	1,427,034	1,427,034	
2015-2016	420,423	426,309	420,423	427,409	499,170	420,423	420,423	
2016-2017	441,587	453,034	441,806	454,642	513,415	440,266	440,266	
2017-2018	160,270	172,513	167,913	245,917	877,640	158,998	158,998	
2018-2019	565,066	661,073	582,982	750,112	1,229,400	548,608	548,608	
2019-2020	685,258	817,545	732,446	971,320	893,095	686,000	686,000	
2020-2021	1,780,900	2,068,715	1,648,019	1,503,631	899,946	1,576,000	1,576,000	
2021-2022	1,404,081	1,676,898	1,284,790	1,226,589	1,153,656	1,256,000	1,256,000	
2022-2023	325,093	55,757	1,020,242	1,143,077	1,082,620	1,173,000	1,173,000	
Totals						\$12,906,084	\$12,906,084	
						Projected Losses for the Year 2022-2023 (H)	\$1,173,000	\$1,173,000
						Projected Losses for the Year 2023-2024 (I)	1,294,000	1,294,000

Notes:

- (A) From Appendix A, Page 1, Column (G).
- (B) From Appendix B, Page 1, Column (G).
- (C) From Appendix C, Page 1, Column (G).
- (D) From Appendix C, Page 2, Column (G).
- (E) From Appendix D, Page 1, Column (C).
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) (F) limited to applicable aggregate.
- (H) From Exhibit 4, Page 1, Line (K).
- (I) From Exhibit 4, Page 1, Line (K).

This exhibit summarizes the results of the actuarial methods we have applied to estimate ultimate losses for each year. It is important to apply a number of estimation methods because each one relies on specific assumptions about the claims process that tend to hold generally true, but that may be violated in specific situations. Thus, the more estimation methods that can be applied, the better.

City of San Clemente - Liability

Estimated Ultimate Limited Losses Capped at \$100,000 per Claim

Accident Year	Reported Loss Development Method (A)	Paid Loss Development Method (B)	Exposure Method Based on Reported Losses (C)	Exposure Method Based on Paid Losses (D)	Frequency-Severity Method (E)	Selected Ultimate Limited Losses (F)
2005-2006	38,028	38,028	38,028	38,028	38,036	38,028
2006-2007	370,580	370,580	370,580	370,580	370,591	370,580
2007-2008	187,085	187,085	187,085	187,085	187,100	187,085
2008-2009	761,721	761,721	761,721	761,721	761,739	761,721
2009-2010	519,101	519,101	519,101	519,101	519,090	519,101
2010-2011	272,478	272,478	272,478	272,478	272,489	272,478
2011-2012	335,387	335,387	335,387	335,387	335,389	335,387
2012-2013	272,990	272,990	272,990	272,990	273,000	272,990
2013-2014	177,158	177,158	177,158	177,158	177,165	177,158
2014-2015	734,563	734,563	734,563	734,563	734,547	734,563
2015-2016	266,931	266,931	266,931	266,931	266,945	266,931
2016-2017	271,070	272,425	271,070	272,425	271,075	271,070
2017-2018	158,998	161,383	158,998	167,713	457,579	158,998
2018-2019	249,851	263,524	251,665	283,455	634,050	248,608
2019-2020	425,505	444,631	427,973	479,827	454,965	426,000
2020-2021	726,996	743,317	719,490	669,968	452,914	727,000
2021-2022	626,220	599,332	611,285	576,069	573,678	627,000
2022-2023	218,890	28,495	482,858	553,604	532,000	593,000
Totals						\$6,987,698
						Projected Losses for the Year 2022-2023 (G) \$593,000
						Projected Losses for the Year 2023-2024 (H) 628,000

Notes:

- (A) From Appendix A, Page 1, Column (D).
- (B) From Appendix B, Page 1, Column (D).
- (C) Based on results in Appendix C, Page 1.
- (D) Based on results in Appendix C, Page 2.
- (E) Based on results in Appendix D, Page 1.
- (F) Selected averages of (A), (B), (C), (D), and (E).
- (G) From Exhibit 4, Page 1, Line (K) / Line (G).
- (H) From Exhibit 4, Page 1, Line (K) / Line (G).

This exhibit summarizes the results of the actuarial methods we have applied to estimate limited losses for each year. These results are used to select a limited loss rate for future years.

City of San Clemente - Liability

Selection of Projected Limited Loss Rate  
and Projection of Program Losses and ALAE

Accident Year	Ultimate Limited Losses (A)	Trend Factor (B)	Trended Limited Losses (C)	Trended Payroll (\$00) (D)	Trended Limited Loss Rate (E)
2005-2006	38,028	1.084	41,222	198,386	0.208
2006-2007	370,580	1.079	399,856	200,199	1.997
2007-2008	187,085	1.074	200,929	205,491	0.978
2008-2009	761,721	1.069	814,280	215,752	3.774
2009-2010	519,101	1.064	552,323	208,696	2.647
2010-2011	272,478	1.059	288,554	196,436	1.469
2011-2012	335,387	1.054	353,498	198,618	1.780
2012-2013	272,990	1.049	286,367	197,878	1.447
2013-2014	177,158	1.044	184,953	195,422	0.946
2014-2015	734,563	1.039	763,211	191,245	3.991
2015-2016	266,931	1.034	276,007	185,721	1.486
2016-2017	271,070	1.030	279,202	187,312	1.491
2017-2018	158,998	1.025	162,973	193,028	0.844
2018-2019	248,608	1.020	253,580	202,100	1.255
2019-2020	426,000	1.015	432,390	212,341	2.036
2020-2021	727,000	1.010	734,270	184,958	3.970
2021-2022	627,000	1.005	630,135	184,893	3.408
2022-2023	593,000	1.000	593,000	184,893	3.207
Totals	\$6,987,698		\$7,246,750	3,543,369	\$2.045
16/17-20/21	1,831,676		1,862,415	979,739	1.901
19/20-21/22	1,780,000		1,796,795	582,192	3.086
20/21-22/23	1,947,000		1,957,405	554,744	3.528
			(F) Selected Limited Rate:		\$3.300
			Prior:		
Program Year:		2022-2023	2023-2024		
(G) Factor to \$250k:		1.978	2.059		
(H) Trend Factor:		1.000	1.005		
(I) Program Rate:		\$6.344	\$6.829		
(J) Trended Payroll (\$00):		184,893	189,515		
(K) Projected Program Losses:		1,173,000	1,294,000		
(L) Projected ULAE:		0	0		
(M) Projected Loss and ULAE:		\$1,173,000	\$1,294,000		

Notes appear on the next page.



City of San Clemente - Liability

Selection of Projected Limited Loss Rate  
and Projection of Program Losses and ALAE

Notes:

- (A) From Exhibit 3, Page 2, Column (F).  
For purposes of projecting future losses, losses are capped at \$100,000 per occurrence.
- (B) From Appendix E, Page 1, Column (B).
- (C)  $(A) \times (B)$ .
- (D) Appendix K, Column (C).
- (E)  $(C) / (D)$ .
- (F) Selected based on (E).
- (G) Based on a Burr distribution, a mathematical model of claims sizes. 2022-2023 is  $(K) / (A)$ .
- (H) From Appendix E.
- (I)  $(F) \times (G) \times (H)$ . 2022-2023 is  $(K) / (J)$ .
- (J) Appendix K, Column (C).
- (K)  $(I) \times (J)$ . 2022-2023 is from Exhibit 3, Page 1.
- (L) Based on an estimated claim closing pattern and the City's historical claims administration expenses.
- (M)  $(K) + (L)$ .

This exhibit shows the calculation of future loss costs based on the past loss rates. The projections will be accurate only to the extent that what has happened in the past is representative of what will happen in the future.

City of San Clemente - Liability

Reported Loss Development

Accident Year (A)	Limited Reported Losses as of 12/31/22 (B)	Reported Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Reported Losses as of 12/31/22 (E)	Reported Loss Development Factor (F)	Ultimate Program Losses (G)
2005-2006	38,028	1.000	38,028	38,028	1.000	38,028
2006-2007	370,580	1.000	370,580	738,196	1.000	738,196
2007-2008	187,085	1.000	187,085	337,085	1.000	337,085
2008-2009	761,721	1.000	761,721	1,361,721	1.000	1,361,721
2009-2010	519,101	1.000	519,101	844,729	1.000	844,729
2010-2011	272,478	1.000	272,478	572,478	1.000	572,478
2011-2012	335,387	1.000	335,387	427,370	1.000	427,370
2012-2013	272,990	1.000	272,990	572,990	1.000	572,990
2013-2014	177,158	1.000	177,158	327,158	1.000	327,158
2014-2015	734,563	1.000	734,563	1,427,034	1.000	1,427,034
2015-2016	266,931	1.000	266,931	420,423	1.000	420,423
2016-2017	271,070	1.000	271,070	440,266	1.003	441,587
2017-2018	158,998	1.000	158,998	158,998	1.008	160,270
2018-2019	248,608	1.005	249,851	548,608	1.030	565,066
2019-2020	420,875	1.011	425,505	629,833	1.088	685,258
2020-2021	692,377	1.050	726,996	1,421,309	1.253	1,780,900
2021-2022	467,677	1.339	626,220	767,677	1.829	1,404,081
2022-2023	54,491	4.017	218,890	54,491	5.966	325,093
Totals	\$6,250,118		\$6,613,551	\$11,088,394		\$12,429,468

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix A, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at \$250,000. Amounts are provided by the City.
- (F) Derived from factors on Appendix A, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses and case reserves as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

City of San Clemente - Liability  
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											761,721
2009-2010										519,101	519,101
2010-2011									272,478	272,478	272,478
2011-2012								335,387	335,387	335,387	335,387
2012-2013							272,990	272,990	272,990	272,990	272,990
2013-2014							177,158	177,158	177,158	177,158	177,158
2014-2015					684,563	734,563	734,563	734,563	734,563		
2015-2016				266,931	266,931	266,931	266,931	266,931			
2016-2017			240,460	271,070	271,070	271,070					
2017-2018		345,991	161,009	158,998	158,998	158,998					
2018-2019	125,128	456,111	329,083	248,608	248,608						
2019-2020	264,423	273,133	385,437	420,875							
2020-2021	302,758	660,571	692,377								
2021-2022	118,780	467,677									
2022-2023	54,491										

Reported Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											1.000
2009-2010										1.000	1.000
2010-2011									1.000	1.000	1.000
2011-2012								1.000	1.000	1.000	1.000
2012-2013							1.000	1.000	1.000	1.000	
2013-2014						1.000	1.000	1.000	1.000		
2014-2015					1.073	1.000	1.000	1.000			
2015-2016				1.000	1.000	1.000	1.000				
2016-2017			1.127	1.000	1.000	1.000					
2017-2018		0.465	0.988	1.000	1.000						
2018-2019	3.645	0.721	0.755	1.000							
2019-2020	1.033	1.411	1.092								
2020-2021	2.182	1.048									
2021-2022	3.937										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	2.699	0.911	0.991	1.000	1.018	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total	2.290	0.903	0.985	1.000	1.036	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	2.043	1.012	0.946	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	2.290	0.903	0.985	1.000	1.036	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors											
Prior	3.155	1.344	1.039	1.006	1.001	1.002	1.003	1.005	1.005	1.003	1.002
Selected	0.000	1.470	1.120	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	3.000	1.275	1.039	1.006	1.005	1.000	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability  
Reported Loss Development

Accident Year	<u>Limited Losses Reported as of:</u>						
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months
2001-2002							
2002-2003							
2003-2004							
2004-2005							
2005-2006			38,028	38,028	38,028	38,028	38,028
2006-2007		370,580	370,580	370,580	370,580	370,580	
2007-2008	187,085	187,085	187,085	187,085	187,085		
2008-2009	761,721	761,721	761,721	761,721			
2009-2010	519,101	519,101	519,101				
2010-2011	272,478	272,478					
2011-2012	335,387						
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							
2020-2021							
2021-2022							
2022-2023							

	<u>Reported Loss Development Factors:</u>						
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-Ult. Months
2001-2002							
2002-2003							
2003-2004							
2004-2005							
2005-2006			1.000	1.000	1.000	1.000	
2006-2007		1.000	1.000	1.000	1.000		
2007-2008	1.000	1.000	1.000	1.000			
2008-2009	1.000	1.000	1.000				
2009-2010	1.000	1.000					
2010-2011	1.000						
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							
2020-2021							
2021-2022							

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-Ult. Months
Average	1.000	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs							
Total	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.000				
Comparative Factors	1.003	1.003	1.002	1.002	1.002	1.002	1.006
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability  
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											956,868
2009-2010										575,629	575,629
2010-2011									800,000	800,000	800,000
2011-2012								91,983	91,983	91,983	91,983
2012-2013							556,314	556,314	556,314	556,314	556,314
2013-2014						295,000	294,212	294,212	294,212	294,212	294,212
2014-2015					1,065,595	1,443,612	1,442,470	1,442,470	1,442,470		
2015-2016				403,492	384,194	384,194	384,194	384,194			
2016-2017			276,635	685,872	419,196	419,196	419,196				
2017-2018		288,153									
2018-2019	200,002	750,000	1,042,656	493,053	493,053						
2019-2020	281,323	280,318	491,872	208,958							
2020-2021	601,536	801,535	1,510,591								
2021-2022	50,000	350,000									
2022-2023											

	<u>Reported Loss Development Factors:</u>										
	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											1.000
2009-2010										1.000	1.000
2010-2011									1.000	1.000	1.000
2011-2012								1.000	1.000	1.000	1.000
2012-2013							1.000	1.000	1.000	1.000	
2013-2014						0.997	1.000	1.000	1.000		
2014-2015					1.355	0.999	1.000	1.000			
2015-2016				0.952	1.000	1.000	1.000				
2016-2017			2.479	0.611	1.000	1.000					
2017-2018											
2018-2019	3.750	1.390	0.473	1.000							
2019-2020	0.996	1.755	0.425								
2020-2021	1.332	1.885									
2021-2022	7.000										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	3.270	1.677	1.126	0.854	1.118	0.999	1.000	1.000	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total	1.926	1.662	0.766	0.819	1.202	0.999	1.000	1.000	1.000	1.000	1.000
3-yr	1.535	1.662				0.999	1.000	1.000	1.000	1.000	1.000
4-yr	1.926					0.999	1.000	1.000	1.000	1.000	1.000
Comparative											
Factors	3.914	1.840	1.319	1.118	1.040	1.020	1.015	1.014	1.009	1.003	1.003
Prior	0.000	2.750	1.900	1.380	1.270	1.130	1.100	1.080	1.070	1.055	1.050
Selected	3.914	1.840	1.319	1.118	1.040	1.010	1.005	1.001	1.000	1.000	1.000
Cumulated	11.229	2.869	1.559	1.182	1.057	1.016	1.006	1.001	1.000	1.000	1.000

City of San Clemente - Liability  
Reported between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Reported as of:</u>					
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months
2001-2002						
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007		867,616	867,616	867,616	867,616	867,616
2007-2008	400,000	400,000	400,000	400,000	400,000	
2008-2009	956,868	956,868	956,868	956,868		
2009-2010	575,629	575,629	575,629			
2010-2011	800,000	800,000				
2011-2012	91,983					
2012-2013						
2013-2014						
2014-2015						
2015-2016						
2016-2017						
2017-2018						
2018-2019						
2019-2020						
2020-2021						
2021-2022						
2022-2023						

Reported Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-Ult. Months
2001-2002						
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007		1.000	1.000	1.000	1.000	
2007-2008	1.000	1.000	1.000	1.000		
2008-2009	1.000	1.000	1.000			
2009-2010	1.000	1.000				
2010-2011	1.000					
2011-2012						
2012-2013						
2013-2014						
2014-2015						
2015-2016						
2016-2017						
2017-2018						
2018-2019						
2019-2020						
2020-2021						
2021-2022						

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-Ult. Months
Average	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs						
Total	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000			
4-yr	1.000	1.000				
Comparative Factors	1.004	1.003	1.005	1.004	1.002	1.013
Prior	1.040	1.030	1.030	1.025	1.025	1.020
Selected	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability

Paid Loss Development

Accident Year (A)	Limited Paid Losses as of 12/31/22 (B)	Paid Loss Development Factor (C)	Ultimate Limited Losses (D)	Program Paid Losses as of 12/31/22 (E)	Paid Loss Development Factor (F)	Ultimate Program Losses (G)
2005-2006	38,028	1.000	38,028	38,028	1.000	38,028
2006-2007	370,580	1.000	370,580	738,196	1.000	738,196
2007-2008	187,085	1.000	187,085	337,085	1.000	337,085
2008-2009	761,721	1.000	761,721	1,361,721	1.000	1,361,721
2009-2010	519,101	1.000	519,101	844,729	1.000	844,729
2010-2011	272,478	1.000	272,478	572,478	1.000	572,478
2011-2012	335,387	1.000	335,387	427,370	1.000	427,370
2012-2013	272,990	1.000	272,990	572,990	1.000	572,990
2013-2014	177,158	1.000	177,158	327,158	1.003	328,139
2014-2015	734,563	1.000	734,563	1,427,034	1.007	1,437,023
2015-2016	266,931	1.000	266,931	420,423	1.014	426,309
2016-2017	271,070	1.005	272,425	440,266	1.029	453,034
2017-2018	158,998	1.015	161,383	158,998	1.085	172,513
2018-2019	248,608	1.060	263,524	548,608	1.205	661,073
2019-2020	366,253	1.214	444,631	536,799	1.523	817,545
2020-2021	437,245	1.700	743,317	832,481	2.485	2,068,715
2021-2022	163,976	3.655	599,332	267,704	6.264	1,676,898
2022-2023	891	31.981	28,495	891	62.578	55,757
Totals	\$5,583,063		\$6,449,130	\$9,852,959		\$12,989,603

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City. These losses exclude amounts over \$100,000 per occurrence.
- (C) From Appendix B, Page 2.
- (D) (B) x (C). These estimated losses exclude amounts over \$100,000 per occurrence.
- (E) Losses capped at \$250,000. Amounts are provided by the City.
- (F) Derived from factors on Appendix B, Page 4.
- (G) (E) x (F).

This method tends to understate ultimate losses for the most recent several years because the large losses for those years generally have not yet emerged at the time of our review.

This exhibit shows the calculation of estimated ultimate losses for each year based on paid losses as reported by the claims administrator. These losses tend to "develop" or change from period to period as more information becomes available about the cases. This development tends to follow quantifiable patterns over time.

City of San Clemente - Liability  
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											761,721
2009-2010										519,101	519,101
2010-2011									272,478	272,478	272,478
2011-2012								335,387	335,387	335,387	335,387
2012-2013							272,990	272,990	272,990	272,990	272,990
2013-2014							177,158	177,158	177,158	177,158	177,158
2014-2015					634,563	734,563	734,563	734,563	734,563		
2015-2016				266,931	266,931	266,931	266,931	266,931			
2016-2017			61,730	147,225	260,931	271,070	271,070				
2017-2018		46,119	158,998	158,998	158,998	158,998					
2018-2019	8,481	114,777	247,419	248,608	248,608						
2019-2020	46,233	153,191	317,845	366,253							
2020-2021	20,750	306,840	437,245								
2021-2022	9,642	163,976									
2022-2023	891										

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											1.000
2009-2010										1.000	1.000
2010-2011									1.000	1.000	1.000
2011-2012								1.000	1.000	1.000	1.000
2012-2013							1.000	1.000	1.000	1.000	
2013-2014						1.000	1.000	1.000	1.000		
2014-2015					1.158	1.000	1.000	1.000			
2015-2016				1.000	1.000	1.000	1.000				
2016-2017			2.385	1.772	1.039	1.000					
2017-2018		3.448	1.000	1.000	1.000						
2018-2019	13.534	2.156	1.005	1.000							
2019-2020	3.313	2.075	1.152								
2020-2021	14.787	1.425									
2021-2022	17.006										

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average	12.160	2.276	1.386	1.193	1.049	1.000	1.000	1.000	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total	8.681	1.871	1.172	1.138	1.083	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	8.144	1.744	1.068	1.205	1.015	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	8.681	1.871	1.172	1.138	1.083	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors	4.760	2.200	1.444	1.145	1.044	1.019	1.015	1.011	1.009	1.008	1.006
Prior	0.000	2.500	1.400	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	8.750	2.150	1.400	1.145	1.044	1.010	1.005	1.000	1.000	1.000	1.000
Cumulated	31.981	3.655	1.700	1.214	1.060	1.015	1.005	1.000	1.000	1.000	1.000



City of San Clemente - Liability  
Paid Loss Development

Accident Year	<u>Limited Losses Paid as of:</u>						
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months	210 Months
2001-2002							
2002-2003							
2003-2004							
2004-2005							
2005-2006			38,028	38,028	38,028	38,028	38,028
2006-2007		370,580	370,580	370,580	370,580	370,580	
2007-2008	187,085	187,085	187,085	187,085	187,085		
2008-2009	761,721	761,721	761,721	761,721			
2009-2010	519,101	519,101	519,101				
2010-2011	272,478	272,478					
2011-2012	335,387						
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							
2020-2021							
2021-2022							
2022-2023							

Paid Loss Development Factors:

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-210 Months	210-Ult. Months
2001-2002							
2002-2003							
2003-2004							
2004-2005							
2005-2006			1.000	1.000	1.000	1.000	
2006-2007		1.000	1.000	1.000	1.000		
2007-2008	1.000	1.000	1.000	1.000			
2008-2009	1.000	1.000	1.000				
2009-2010	1.000	1.000					
2010-2011	1.000						
2011-2012							
2012-2013							
2013-2014							
2014-2015							
2015-2016							
2016-2017							
2017-2018							
2018-2019							
2019-2020							
2020-2021							
2021-2022							
Average	1.000	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs							
Total	1.000	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000	1.000			
4-yr	1.000	1.000	1.000				
Comparative							
Factors	1.006	1.004	1.004	1.004	1.002	1.002	1.009
Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability  
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>										
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											956,868
2009-2010										575,629	575,629
2010-2011									800,000	800,000	800,000
2011-2012								91,983	91,983	91,983	91,983
2012-2013							556,314	556,314	556,314	556,314	556,314
2013-2014						293,026	294,212	294,212	294,212	294,212	294,212
2014-2015					762,209	1,178,861	1,442,470	1,442,470	1,442,470	1,442,470	
2015-2016				251,148	384,194	384,194	384,194	384,194			
2016-2017					19,196	69,089	419,196				
2017-2018											
2018-2019			402,312	493,053	493,053						
2019-2020		257,543	406,851	170,546							
2020-2021		448,128	729,030								
2021-2022		103,728									
2022-2023											

Paid Loss Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
2001-2002											
2002-2003											
2003-2004											
2004-2005											
2005-2006											
2006-2007											
2007-2008											
2008-2009											1.000
2009-2010										1.000	1.000
2010-2011									1.000	1.000	1.000
2011-2012								1.000	1.000	1.000	1.000
2012-2013							1.000	1.000	1.000	1.000	
2013-2014						1.004	1.000	1.000	1.000		
2014-2015					1.547	1.224	1.000	1.000			
2015-2016				1.530	1.000	1.000	1.000				
2016-2017					3.599	6.067					
2017-2018											
2018-2019			1.226	1.000							
2019-2020		1.580	0.419								
2020-2021		1.627									
2021-2022											

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months
Average		1.604	0.823	1.265	2.049	2.324	1.000	1.000	1.000	1.000	1.000
Dollar-Wtd. Avgs.											
Total		1.610	0.820	1.179	1.400	1.319	1.000	1.000	1.000	1.000	1.000
3-yr						1.376	1.000	1.000	1.000	1.000	1.000
4-yr						1.319	1.000	1.000	1.000	1.000	1.000
Comparative											
Factors	38.826	4.564	2.255	1.469	1.201	1.111	1.051	1.032	1.027	1.017	1.008
Prior	0.000	4.000	3.100	2.400	1.750	1.500	1.300	1.250	1.175	1.100	1.080
Selected	38.826	4.564	2.255	1.469	1.201	1.111	1.025	1.015	1.010	1.005	1.001
Cumulated	827.537	21.314	4.670	2.071	1.410	1.174	1.057	1.031	1.016	1.006	1.001

City of San Clemente - Liability  
Paid between \$100,000 and \$500,000 Loss Development

Accident Year	<u>Losses Paid as of:</u>					
	138 Months	150 Months	162 Months	174 Months	186 Months	198 Months
2001-2002						
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007		867,616	867,616	867,616	867,616	867,616
2007-2008	400,000	400,000	400,000	400,000	400,000	
2008-2009	956,868	956,868	956,868	956,868		
2009-2010	575,629	575,629	575,629			
2010-2011	800,000	800,000				
2011-2012	91,983					
2012-2013						
2013-2014						
2014-2015						
2015-2016						
2016-2017						
2017-2018						
2018-2019						
2019-2020						
2020-2021						
2021-2022						
2022-2023						

	<u>Paid Loss Development Factors:</u>					
	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-Ult. Months
2001-2002						
2002-2003						
2003-2004						
2004-2005						
2005-2006						
2006-2007		1.000	1.000	1.000	1.000	
2007-2008	1.000	1.000	1.000	1.000		
2008-2009	1.000	1.000	1.000			
2009-2010	1.000	1.000				
2010-2011	1.000					
2011-2012						
2012-2013						
2013-2014						
2014-2015						
2015-2016						
2016-2017						
2017-2018						
2018-2019						
2019-2020						
2020-2021						
2021-2022						

	138-150 Months	150-162 Months	162-174 Months	174-186 Months	186-198 Months	198-Ult. Months
Average	1.000	1.000	1.000	1.000	1.000	
Dollar-Wtd. Avgs						
Total	1.000	1.000	1.000	1.000	1.000	
3-yr	1.000	1.000	1.000			
4-yr	1.000	1.000				
Comparative Factors	1.007	1.007	1.009	1.009	1.007	1.037
Prior	1.070	1.055	1.045	1.035	1.035	1.030
Selected	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	1.000	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability

Exposure and Development Method  
Based on Reported Losses

Accident Year	Trended Payroll (\$00) (A)	Reported Losses as of 12/31/22 (B)	Reported Loss Development Factor (C)	Percentage of Losses Yet to Be Reported (D)	Program Rate (E)	Incurred but not Reported (IBNR) (F)	Ultimate Program Losses (G)
2005-2006	198,386	38,028	1.000	0.000	0.314	0	38,028
2006-2007	200,199	738,196	1.000	0.000	3.067	0	738,196
2007-2008	205,491	337,085	1.000	0.000	1.530	0	337,085
2008-2009	215,752	1,361,721	1.000	0.000	6.020	0	1,361,721
2009-2010	208,696	844,729	1.000	0.000	4.300	0	844,729
2010-2011	196,436	572,478	1.000	0.000	2.431	0	572,478
2011-2012	198,618	427,370	1.000	0.000	2.996	0	427,370
2012-2013	197,878	572,990	1.000	0.000	2.481	0	572,990
2013-2014	195,422	327,158	1.000	0.000	1.653	0	327,158
2014-2015	191,245	1,427,034	1.000	0.000	7.090	0	1,427,034
2015-2016	185,721	420,423	1.000	0.000	2.687	0	420,423
2016-2017	187,312	440,266	1.003	0.003	2.741	1,540	441,806
2017-2018	193,028	158,998	1.008	0.008	5.773	8,915	167,913
2018-2019	202,100	548,608	1.030	0.029	5.865	34,374	582,982
2019-2020	212,341	629,833	1.088	0.081	5.966	102,613	732,446
2020-2021	184,958	1,421,309	1.253	0.202	6.068	226,710	1,648,019
2021-2022	184,893	767,677	1.829	0.453	6.174	517,113	1,284,790
2022-2023	184,893	54,491	5.966	0.832	6.278	965,751	1,020,242
Totals	3,543,369	\$11,088,394				\$1,857,016	\$12,945,410

Notes:

- (A) Appendix K, Column (C).
- (B) Provided by the City. These losses exclude amounts incurred above \$250,000 for each year.
- (C) From Appendix A, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unreported will cost what this relationship would suggest.

City of San Clemente - Liability

Exposure and Development Method  
Based on Paid Losses

Accident Year	Trended Payroll (\$00) (A)	Paid Losses as of 12/31/22 (B)	Paid Loss Development Factor (C)	Percentage of Losses Yet to Be Paid (D)	Program Rate (E)	Incurred but not Paid (F)	Ultimate Program Losses (G)
2005-2006	198,386	38,028	1.000	0.000	0.314	0	38,028
2006-2007	200,199	738,196	1.000	0.000	3.067	0	738,196
2007-2008	205,491	337,085	1.000	0.000	1.530	0	337,085
2008-2009	215,752	1,361,721	1.000	0.000	6.020	0	1,361,721
2009-2010	208,696	844,729	1.000	0.000	4.300	0	844,729
2010-2011	196,436	572,478	1.000	0.000	2.431	0	572,478
2011-2012	198,618	427,370	1.000	0.000	2.996	0	427,370
2012-2013	197,878	572,990	1.000	0.000	2.481	0	572,990
2013-2014	195,422	327,158	1.003	0.003	1.653	969	328,127
2014-2015	191,245	1,427,034	1.007	0.007	7.090	9,491	1,436,525
2015-2016	185,721	420,423	1.014	0.014	2.687	6,986	427,409
2016-2017	187,312	440,266	1.029	0.028	2.741	14,376	454,642
2017-2018	193,028	158,998	1.085	0.078	5.773	86,919	245,917
2018-2019	202,100	548,608	1.205	0.170	5.865	201,504	750,112
2019-2020	212,341	536,799	1.523	0.343	5.966	434,521	971,320
2020-2021	184,958	832,481	2.485	0.598	6.068	671,150	1,503,631
2021-2022	184,893	267,704	6.264	0.840	6.174	958,885	1,226,589
2022-2023	184,893	891	62.578	0.984	6.278	1,142,186	1,143,077
Totals	3,543,369	\$9,852,959				\$3,526,989	\$13,379,948

Notes:

- (A) Appendix K, Column (C).
- (B) Provided by the City. These losses exclude amounts paid above \$250,000 for each year.
- (C) From Appendix B, Page 1, Column (F).
- (D)  $1 - 1 / (C)$ .
- (E) From Appendix C, Page 3, Column (H).
- (F)  $(A) \times (D) \times (E)$ .
- (G)  $(B) + (F)$ .

This exhibit shows the calculation of ultimate losses based on the assumption that there is an underlying relationship between losses and exposure that changes in regular ways over time. The method relies on the premise that the losses that are currently unpaid will cost what this relationship would suggest.

City of San Clemente - Liability

Exposure and Development Method

Accident Year	Trended Payroll (\$00) (A)	Ultimate Limited Losses (B)	Trend Factor (C)	Trended Limited Losses (D)	Trended Limited Loss Rate (E)	Limited Loss Rate (F)	Factor to \$250,000 (G)	Program Loss Rate (H)
2005-2006	198,386	38,028	1.084	41,222	0.208	0.192	1.633	0.314
2006-2007	200,199	370,580	1.079	399,856	1.997	1.851	1.657	3.067
2007-2008	205,491	187,085	1.074	200,929	0.978	0.910	1.681	1.530
2008-2009	215,752	761,721	1.069	814,280	3.774	3.531	1.705	6.020
2009-2010	208,696	519,101	1.064	552,323	2.647	2.487	1.729	4.300
2010-2011	196,436	272,478	1.059	288,554	1.469	1.387	1.753	2.431
2011-2012	198,618	335,387	1.054	353,498	1.780	1.689	1.774	2.996
2012-2013	197,878	272,990	1.049	286,367	1.447	1.380	1.798	2.481
2013-2014	195,422	177,158	1.044	184,953	0.946	0.907	1.822	1.653
2014-2015	191,245	734,563	1.039	763,211	3.991	3.841	1.846	7.090
2015-2016	185,721	266,931	1.034	276,007	1.486	1.437	1.870	2.687
2016-2017	187,312	271,070	1.030	279,202	1.491	1.447	1.894	2.741
2017-2018	193,028	158,998	1.025	162,973	0.844	3.010	1.918	5.773
2018-2019	202,100	248,608	1.020	253,580	1.255	3.025	1.939	5.865
2019-2020	212,341	426,000	1.015	432,390	2.036	3.039	1.963	5.966
2020-2021	184,958	727,000	1.010	734,270	3.970	3.054	1.987	6.068
2021-2022	184,893	627,000	1.005	630,135	3.408	3.070	2.011	6.174
2022-2023	184,893	219,000	1.000	219,000	1.184	3.085	2.035	6.278
Total/Avg	3,543,369	\$6,613,698		\$6,872,750	\$1.940			
16/17-20/21	979,739	1,831,676		1,862,415	1.901			
19/20-21/22	582,192	1,780,000		1,796,795	3.086			

Selected Limited Rate: \$3.085  
Prior:

Notes:

- (A) Appendix K, Column (C).
- (B) Selected average of results from Appendices A and B.
- (C) From Appendix E, Page 1, Column (B).
- (D) (B) x (C).
- (E) (D) / (A).
- (F) Selected Limited Rate / (C). For 2016-2017 and prior (B) / (A).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the underlying historical relationship between losses and exposure that is needed to apply the estimation methods shown on pages 1 and 2 of this Appendix.

City of San Clemente - Liability

Frequency and Severity Method

Accident Year	Ultimate Program Severity (A)	Adjusted Ultimate Claims (B)	Ultimate Program Losses (C)
2005-2006	1,679	37	62,123
2006-2007	21,175	29	614,075
2007-2008	6,290	50	314,500
2008-2009	31,677	41	1,298,757
2009-2010	27,197	33	897,501
2010-2011	9,748	49	477,652
2011-2012	19,193	31	594,983
2012-2013	12,271	40	490,840
2013-2014	7,173	45	322,785
2014-2015	41,090	33	1,355,970
2015-2016	14,262	35	499,170
2016-2017	14,669	35	513,415
2017-2018	23,720	37	877,640
2018-2019	24,588	50	1,229,400
2019-2020	25,517	35	893,095
2020-2021	26,469	34	899,946
2021-2022	27,468	42	1,153,656
2022-2023	28,490	38	1,082,620
Total		694	\$13,578,128

Notes:

- (A) From Appendix D, Page 2, Column (H).
- (B) From Appendix D, Page 2, Column (B).
- (C) (A) x (B).

This exhibit shows the calculation of the estimated ultimate losses for each year based on the observed average frequency and severity of claims.

City of San Clemente - Liability

Frequency and Severity Method

Accident Year	Ultimate Limited Losses (A)	Adjusted Ultimate Claims (B)	Ultimate Limited Severity (C)	Trend Factor (D)	Trended Limited Severity (E)	Limited Severity (F)	Factor to \$250,000 (G)	Program Severity (H)
2005-2006	38,028	37	1,028	1.521	1,564	1,028	1.633	1,679
2006-2007	370,580	29	12,779	1.484	18,964	12,779	1.657	21,175
2007-2008	187,085	50	3,742	1.448	5,418	3,742	1.681	6,290
2008-2009	761,721	41	18,579	1.412	26,234	18,579	1.705	31,677
2009-2010	519,101	33	15,730	1.378	21,676	15,730	1.729	27,197
2010-2011	272,478	49	5,561	1.344	7,474	5,561	1.753	9,748
2011-2012	335,387	31	10,819	1.312	14,195	10,819	1.774	19,193
2012-2013	272,990	40	6,825	1.280	8,736	6,825	1.798	12,271
2013-2014	177,158	45	3,937	1.249	4,917	3,937	1.822	7,173
2014-2015	734,563	33	22,259	1.218	27,111	22,259	1.846	41,090
2015-2016	266,931	35	7,627	1.188	9,061	7,627	1.870	14,262
2016-2017	271,070	35	7,745	1.160	8,984	7,745	1.894	14,669
2017-2018	158,998	37	4,297	1.132	4,864	12,367	1.918	23,720
2018-2019	248,608	50	4,972	1.104	5,489	12,681	1.939	24,588
2019-2020	426,000	35	12,171	1.077	13,108	12,999	1.963	25,517
2020-2021	727,000	34	21,382	1.051	22,472	13,321	1.987	26,469
2021-2022	627,000	42	14,929	1.025	15,302	13,659	2.011	27,468
2022-2023	519,000	38	13,658	1.000	13,658	14,000	2.035	28,490

Average Limited Severity: \$12,735  
Average 16/17-20/21 Limited Severity: 10,983  
Average 17/18-21/22 Limited Severity: 12,247

Selected Limited Severity: \$14,000  
Prior:

Notes:

- (A) Selected average of results from Appendices A, B, and C.
- (B) Appendix D, Page 3, Column (C).
- (C) (A) / (B).
- (D) From Appendix E, Page 1, Column (J).
- (E) (C) x (D).
- (F) Selected Limited Severity / (D).
- (G) Based on a Burr distribution, a mathematical model of claim sizes.
- (H) (F) x (G).

This exhibit shows the calculation of the historical average cost per claim, or severity. The observed average severity is used in the method shown on page 1 of this Appendix.



City of San Clemente - Liability

Frequency and Severity Method  
Projection of Ultimate Claims

Accident Year	Reported Claim Development (A)	Closed Claim Development (B)	Selected Ultimate Claims (C)	Trended Payroll (\$000,000) (D)	Claim Frequency (E)	Trend Factor (F)	Trended Claim Frequency (G)
2005-2006	37	37	37	19.8	1.865	0.710	1.324
2006-2007	29	29	29	20.0	1.449	0.725	1.051
2007-2008	50	50	50	20.5	2.433	0.740	1.800
2008-2009	41	41	41	21.6	1.900	0.755	1.435
2009-2010	33	33	33	20.9	1.581	0.769	1.216
2010-2011	49	48	49	19.6	2.494	0.785	1.958
2011-2012	31	31	31	19.9	1.561	0.801	1.250
2012-2013	40	40	40	19.8	2.021	0.817	1.651
2013-2014	45	45	45	19.5	2.303	0.834	1.921
2014-2015	33	33	33	19.1	1.726	0.851	1.469
2015-2016	35	35	35	18.6	1.885	0.868	1.636
2016-2017	35	35	35	18.7	1.869	0.886	1.656
2017-2018	37	38	37	19.3	1.917	0.904	1.733
2018-2019	50	52	50	20.2	2.474	0.922	2.281
2019-2020	35	34	35	21.2	1.648	0.942	1.552
2020-2021	34	30	34	18.5	1.838	0.961	1.766
2021-2022	41	43	42	18.5	2.272	0.980	2.227
2022-2023	26	28	38	18.5	2.055	1.000	2.055
Total	681	682	694	354.3			1.659
17/18-21/22	197	197	198	97.7			1.907

(H) Selected Frequency: 2.025  
Prior:

Program Year:	2022-2023	2023-2024
(I) Trend Factor:	1.000	0.980
(J) Selected Frequency:	2.055	1.985
(K) Est. Payroll (\$000,000):	18.5	19.0
(L) Ultimate Claims:	38	38

Notes:

- (A) Appendix D, Page 4, (C).
- (B) Appendix D, Page 5, (C).
- (C) Selected from (A) and (B).
- (D) Appendix K, Column (C) / 10,000.
- (E) (C) / (D).
- (F) Appendix E, Page 1, Column (F).
- (G) (E) x (F).
- (H) The selected frequency of 2.025 is based on (G).
- (I) Appendix E, Page 1, Column (F).
- (J) (H) x (I). 2022-2023 is (L) / (K).
- (K) Appendix K, Column (C) / 10,000.
- (L) (J) x (K). 2022-2023 is (C).

This exhibit summarizes the estimated numbers of claims and shows the estimated frequencies per \$1,000,000 of trended payroll.

City of San Clemente - Liability

Frequency and Severity Method  
Reported Claim Count Development

Accident Year	Claims Reported as of 12/31/2022 (A)	Reported Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2005-2006	37	1.000	37	1.324
2006-2007	29	1.000	29	1.050
2007-2008	50	1.000	50	1.801
2008-2009	41	1.000	41	1.435
2009-2010	33	1.000	33	1.216
2010-2011	49	1.000	49	1.958
2011-2012	31	1.000	31	1.250
2012-2013	40	1.000	40	1.652
2013-2014	45	1.000	45	1.920
2014-2015	33	1.000	33	1.468
2015-2016	35	1.000	35	1.636
2016-2017	35	1.000	35	1.656
2017-2018	37	1.002	37	1.733
2018-2019	50	1.008	50	2.281
2019-2020	34	1.021	35	1.553
2020-2021	33	1.036	34	1.767
2021-2022	38	1.083	41	2.173
2022-2023	8	3.249	26	1.406
Total	658		681	1.623

Notes:

- (A) Provided by the City.
- (B) From Appendix D, Page 6.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on reported claims as provided by the City. These numbers of claims tend to "develop" or change from period to period as more claims are filed. This development tends to follow quantifiable patterns over time.

City of San Clemente - Liability

Frequency and Severity Method  
Closed Claim Count Development

Accident Year	Claims Closed as of 12/31/2022 (A)	Closed Claim Development Factor (B)	Ultimate Claims (C)	Trended Claim Frequency (D)
2005-2006	37	1.000	37	1.324
2006-2007	29	1.000	29	1.050
2007-2008	50	1.000	50	1.801
2008-2009	41	1.000	41	1.435
2009-2010	33	1.000	33	1.216
2010-2011	48	1.000	48	1.918
2011-2012	31	1.000	31	1.250
2012-2013	40	1.000	40	1.652
2013-2014	45	1.000	45	1.920
2014-2015	33	1.002	33	1.468
2015-2016	35	1.006	35	1.636
2016-2017	34	1.015	35	1.656
2017-2018	37	1.026	38	1.780
2018-2019	50	1.041	52	2.372
2019-2020	32	1.069	34	1.508
2020-2021	27	1.128	30	1.559
2021-2022	32	1.337	43	2.279
2022-2023	3	9.426	28	1.514
Total	637		682	1.626

Notes:

- (A) Provided by the City.
- (B) From Appendix D, Page 7.
- (C) (A) x (B).
- (D) (C) / [Appendix D, Page 3, (D)] x [Appendix D, Page 3, (F)].

This exhibit shows the calculation of estimated ultimate claims for each year based on closed claims as provided by the City. These numbers of closed claims tend to "develop" or change from period to period as more claims are closed. This development tends to follow quantifiable patterns over time.

City of San Clemente - Liability  
Reported Claim Count Development

Accident Year	Claims Reported as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
2001-2002														
2002-2003														
2003-2004														
2004-2005														
2005-2006														37
2006-2007													29	29
2007-2008												50	50	50
2008-2009											41	41	41	41
2009-2010											33	33	33	33
2010-2011										49	49	49	49	49
2011-2012								31	31	31	31	31		
2012-2013							40	40	40	40	40			
2013-2014						45	45	45	45	45				
2014-2015					32	33	33	33	33					
2015-2016				35	35	35	35	35						
2016-2017			34	35	35	35	35							
2017-2018		35	36	36	37	37								
2018-2019	15	48	49	49	50									
2019-2020	12	32	33	34										
2020-2021	6	30	33											
2021-2022	16	38												
2022-2023	8													

Reported Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
2001-2002														1.000
2002-2003													1.000	1.000
2003-2004												1.000	1.000	1.000
2004-2005												1.000	1.000	1.000
2005-2006												1.000	1.000	1.000
2006-2007												1.000	1.000	1.000
2007-2008												1.000	1.000	1.000
2008-2009												1.000	1.000	1.000
2009-2010										1.000	1.000	1.000	1.000	
2010-2011									1.000	1.000	1.000	1.000		
2011-2012								1.000	1.000	1.000	1.000			
2012-2013							1.000	1.000	1.000	1.000				
2013-2014						1.000	1.000	1.000	1.000					
2014-2015					1.031	1.000	1.000	1.000						
2015-2016				1.000	1.000	1.000	1.000							
2016-2017			1.029	1.000	1.000	1.000								
2017-2018		1.029	1.000	1.028	1.000									
2018-2019	3.200	1.021	1.000	1.020										
2019-2020	2.667	1.031	1.030											
2020-2021	5.000	1.100												
2021-2022	2.375													
Average Claim-Wtd. Avgs.	3.311	1.045	1.015	1.012	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Total	3.020	1.041	1.013	1.013	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	2.941	1.045	1.008	1.017	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	3.020	1.041	1.013	1.013	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors	2.653	1.144	1.017	1.010	1.006	1.004	1.005	1.004	1.003	1.003	1.003	1.002	1.003	1.002
Prior	0.000	1.100	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	3.000	1.045	1.015	1.013	1.006	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	3.249	1.083	1.036	1.021	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability  
Closed Claim Development

Accident Year	Claims Closed as of:													
	6 Months	18 Months	30 Months	42 Months	54 Months	66 Months	78 Months	90 Months	102 Months	114 Months	126 Months	138 Months	150 Months	162 Months
2001-2002														
2002-2003														
2003-2004														
2004-2005														
2005-2006														37
2006-2007													29	29
2007-2008												50	50	50
2008-2009											41	41	41	41
2009-2010											33	33	33	33
2010-2011										48	48	48	48	48
2011-2012								31	31	31	31	31		
2012-2013							40	40	40	40	40			
2013-2014						44	45	45	45	45				
2014-2015					28	30	33	33	33					
2015-2016				34	35	35	35	35						
2016-2017			32	33	34	34	34							
2017-2018		31	35	36	37	37								
2018-2019	5	42	46	49	50									
2019-2020	2	26	30	32										
2020-2021	2	20	27											
2021-2022	8	32												
2022-2023	3													

Closed Claim Count Development Factors:

	6-18 Months	18-30 Months	30-42 Months	42-54 Months	54-66 Months	66-78 Months	78-90 Months	90-102 Months	102-114 Months	114-126 Months	126-138 Months	138-150 Months	150-162 Months	162-174 Months
2001-2002														
2002-2003														
2003-2004														
2004-2005														
2005-2006														1.000
2006-2007													1.000	1.000
2007-2008												1.000	1.000	1.000
2008-2009											1.000	1.000	1.000	1.000
2009-2010										1.000	1.000	1.000	1.000	
2010-2011									1.000	1.000	1.000	1.000		
2011-2012								1.000	1.000	1.000	1.000			
2012-2013							1.000	1.000	1.000	1.000				
2013-2014						1.023	1.000	1.000	1.000					
2014-2015					1.071	1.100	1.000	1.000						
2015-2016				1.029	1.000	1.000	1.000							
2016-2017			1.031	1.030	1.000	1.000								
2017-2018		1.129	1.029	1.028	1.000									
2018-2019	8.400	1.095	1.065	1.020										
2019-2020	13.000	1.154	1.067											
2020-2021	10.000	1.350												
2021-2022	4.000													
Average	8.850	1.182	1.048	1.027	1.018	1.031	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Claim-Wtd. Avgs.														
Total	7.059	1.160	1.049	1.026	1.015	1.028	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-yr	6.500	1.170	1.054	1.025	1.000	1.030	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
4-yr	7.059	1.160	1.049	1.026	1.015	1.028	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Comparative Factors														
Prior	3.720	1.528	1.096	1.038	1.019	1.011	1.009	1.008	1.008	1.006	1.004	1.005	1.004	1.004
Selected	0.000	1.600	1.080	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulated	7.050	1.185	1.055	1.027	1.015	1.011	1.009	1.004	1.002	1.000	1.000	1.000	1.000	1.000
	9.426	1.337	1.128	1.069	1.041	1.026	1.015	1.006	1.002	1.000	1.000	1.000	1.000	1.000

City of San Clemente - Liability

Loss Trend Factors

Accident Year	Benefit Level Factor (A)	Factor to 2022-2023 Loss Rate Level (B)	Factor to 2023-2024 Loss Rate Level (C)	Factor to 2024-2025 Loss Rate Level (D)	Factor to 2025-2026 Loss Rate Level (E)	Factor to 2022-2023 Frequency Level (F)	Factor to 2023-2024 Frequency Level (G)	Factor to 2024-2025 Frequency Level (H)	Factor to 2025-2026 Frequency Level (I)	Factor to 2022-2023 Severity Level (J)
2001-2002	1.000	1.107	1.113	1.118	1.124	0.655	0.642	0.629	0.616	1.679
2002-2003	1.000	1.101	1.107	1.112	1.118	0.668	0.655	0.642	0.629	1.638
2003-2004	1.000	1.096	1.101	1.106	1.112	0.682	0.669	0.655	0.642	1.598
2004-2005	1.000	1.090	1.095	1.100	1.106	0.696	0.682	0.668	0.655	1.559
2005-2006	1.000	1.084	1.089	1.095	1.100	0.710	0.696	0.682	0.668	1.521
2006-2007	1.000	1.079	1.084	1.090	1.095	0.725	0.710	0.696	0.682	1.484
2007-2008	1.000	1.074	1.079	1.085	1.090	0.740	0.725	0.710	0.696	1.448
2008-2009	1.000	1.069	1.074	1.080	1.085	0.755	0.740	0.724	0.710	1.412
2009-2010	1.000	1.064	1.069	1.075	1.080	0.769	0.754	0.739	0.724	1.378
2010-2011	1.000	1.059	1.064	1.070	1.075	0.785	0.770	0.754	0.739	1.344
2011-2012	1.000	1.054	1.059	1.065	1.070	0.801	0.785	0.769	0.754	1.312
2012-2013	1.000	1.049	1.054	1.060	1.065	0.817	0.801	0.785	0.769	1.280
2013-2014	1.000	1.044	1.050	1.055	1.060	0.834	0.818	0.801	0.785	1.249
2014-2015	1.000	1.039	1.045	1.050	1.055	0.851	0.834	0.817	0.801	1.218
2015-2016	1.000	1.034	1.040	1.045	1.050	0.868	0.851	0.834	0.817	1.188
2016-2017	1.000	1.030	1.035	1.040	1.045	0.886	0.869	0.851	0.834	1.160
2017-2018	1.000	1.025	1.030	1.035	1.040	0.904	0.886	0.868	0.851	1.132
2018-2019	1.000	1.020	1.025	1.030	1.035	0.922	0.904	0.886	0.868	1.104
2019-2020	1.000	1.015	1.020	1.025	1.030	0.942	0.923	0.904	0.886	1.077
2020-2021	1.000	1.010	1.015	1.020	1.025	0.961	0.942	0.922	0.904	1.051
2021-2022	1.000	1.005	1.010	1.015	1.020	0.980	0.960	0.941	0.922	1.025
2022-2023	1.000	1.000	1.005	1.010	1.015	1.000	0.980	0.960	0.941	1.000
2023-2024	1.000	--	1.000	1.005	1.010	--	1.000	0.980	0.960	--
2024-2025	1.000	--	--	1.000	1.005	--	--	1.000	0.980	--
2025-2026	1.000	--	--	--	1.000	--	--	--	1.000	--

Notes:

- (A) No benefit level adjustment applied.
- (B) - (E) (A) adjusted for a 0.5% annual loss rate trend.
- (F) - (I) (A) adjusted for a -2.0% annual frequency trend.
- (J) (A) adjusted for a 2.5% annual severity trend.

This exhibit shows the calculation of the ways in which we expect claims costs to have changed over the past twenty years due to changes in inflation.

City of San Clemente - Liability

Residual Trend Factors

Accident Year	Initial Estimate of Ultimate Limited Losses (A)	Ultimate Reported Claims (B)	BLF (C)	Adjusted Limited Severity (D)	Trended Payroll (\$00) (E)	Ultimate Frequency (F)
2001-2002		0	1.000			
2002-2003		0	1.000			
2003-2004		0	1.000			
2004-2005		0	1.000			
2005-2006	38,028	37	1.000	1,028	198,386	1.865
2006-2007	370,580	29	1.000	12,779	200,199	1.449
2007-2008	187,085	50	1.000	3,742	205,491	2.433
2008-2009	761,721	41	1.000	18,579	215,752	1.900
2009-2010	519,101	33	1.000	15,730	208,696	1.581
2010-2011	272,478	49	1.000	5,561	196,436	2.494
2011-2012	335,387	31	1.000	10,819	198,618	1.561
2012-2013	272,990	40	1.000	6,825	197,878	2.021
2013-2014	177,158	45	1.000	3,937	195,422	2.303
2014-2015	734,563	33	1.000	22,259	191,245	1.726
2015-2016	266,931	35	1.000	7,627	185,721	1.885
2016-2017	271,070	35	1.000	7,745	187,312	1.869
2017-2018	158,998	37	1.000	4,297	193,028	1.917
2018-2019	248,608	50	1.000	4,972	202,100	2.474
2019-2020	426,000	35	1.000	12,171	212,341	1.648
2020-2021	727,000	34	1.000	21,382	184,958	1.838
2021-2022	627,000	42	1.000	14,929	184,893	2.272

Severity Trend Factors

Frequency Trend Factors

Latest 10 x 2021-2022	1.040	1.004
Mvg 5-Yr Wtd Latest 10 x 2021-2022	0.980	0.999
Latest 5 x 2021-2022	1.360	0.982
Mvg 5-Yr Wtd Latest 5 x 2021-2022	0.989	0.999
Prior	1.025	0.980
Default	1.030	0.975
Selected Residual Trend	1.025	0.980

Notes:

- (A) Selected average of results from Appendices A and B.
- (B) Appendix D, Page 3, Column (C).
- (C) Appendix E, Page 1, Column (A).
- (D) (A) x (C) / (B).
- (E) Appendix K, Column (C).
- (F) (B) / (E) x 10,000.

City of San Clemente - Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2022</u>	<u>Calendar Period</u>	
		<u>1/1/2023</u> <u>to</u> <u>6/30/2023</u>	<u>7/1/2023</u> <u>to</u> <u>6/30/2024</u>
Prior			
Ultimate Loss	\$38,028	\$38,028	\$38,028
Paid in Calendar Period	-		
Paid to Date	38,028	38,028	38,028
Outstanding Liability			
2006-2007			
Ultimate Loss	\$738,196	\$738,196	\$738,196
Paid in Calendar Period	-		
Paid to Date	738,196	738,196	738,196
Outstanding Liability			
2007-2008			
Ultimate Loss	\$337,085	\$337,085	\$337,085
Paid in Calendar Period	-		
Paid to Date	337,085	337,085	337,085
Outstanding Liability			
2008-2009			
Ultimate Loss	\$1,361,721	\$1,361,721	\$1,361,721
Paid in Calendar Period	-		
Paid to Date	1,361,721	1,361,721	1,361,721
Outstanding Liability			
2009-2010			
Ultimate Loss	\$844,729	\$844,729	\$844,729
Paid in Calendar Period	-		
Paid to Date	844,729	844,729	844,729
Outstanding Liability			
2010-2011			
Ultimate Loss	\$572,478	\$572,478	\$572,478
Paid in Calendar Period	-		
Paid to Date	572,478	572,478	572,478
Outstanding Liability			
2011-2012			
Ultimate Loss	\$427,370	\$427,370	\$427,370
Paid in Calendar Period	-		
Paid to Date	427,370	427,370	427,370
Outstanding Liability			
2012-2013			
Ultimate Loss	\$572,990	\$572,990	\$572,990
Paid in Calendar Period	-		
Paid to Date	572,990	572,990	572,990
Outstanding Liability			



City of San Clemente - Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of 12/31/2022</u>	<u>Calendar Period</u>	
		<u>1/1/2023 to 6/30/2023</u>	<u>7/1/2023 to 6/30/2024</u>
2013-2014			
Ultimate Loss	\$327,158	\$327,158	\$327,158
Paid in Calendar Period	-		
Paid to Date	327,158	327,158	327,158
Outstanding Liability			
2014-2015			
Ultimate Loss	\$1,427,034	\$1,427,034	\$1,427,034
Paid in Calendar Period	-		
Paid to Date	1,427,034	1,427,034	1,427,034
Outstanding Liability			
2015-2016			
Ultimate Loss	\$420,423	\$420,423	\$420,423
Paid in Calendar Period	-		
Paid to Date	420,423	420,423	420,423
Outstanding Liability			
2016-2017			
Ultimate Loss	\$440,266	\$440,266	\$440,266
Paid in Calendar Period	-		
Paid to Date	440,266	440,266	440,266
Outstanding Liability			
2017-2018			
Ultimate Loss	\$158,998	\$158,998	\$158,998
Paid in Calendar Period	-		
Paid to Date	158,998	158,998	158,998
Outstanding Liability			
2018-2019			
Ultimate Loss	\$548,608	\$548,608	\$548,608
Paid in Calendar Period	-		
Paid to Date	548,608	548,608	548,608
Outstanding Liability			
2019-2020			
Ultimate Loss	\$686,000	\$686,000	\$686,000
Paid in Calendar Period	-	37,748	57,398
Paid to Date	536,799	574,547	631,945
Outstanding Liability	149,201	111,453	54,055
2020-2021			
Ultimate Loss	\$1,576,000	\$1,576,000	\$1,576,000
Paid in Calendar Period	-	157,626	266,581
Paid to Date	832,481	990,107	1,256,688
Outstanding Liability	743,519	585,893	319,312

City of San Clemente - Liability

Payment and Reserve Forecast

<u>Accident Year</u>	<u>As of</u> <u>12/31/2022</u>	<u>Calendar Period</u>	
		<u>1/1/2023</u> <u>to</u> <u>6/30/2023</u>	<u>7/1/2023</u> <u>to</u> <u>6/30/2024</u>
2021-2022			
Ultimate Loss	\$1,256,000	\$1,256,000	\$1,256,000
Paid in Calendar Period	-	142,315	291,863
Paid to Date	267,704	410,019	701,882
Outstanding Liability	988,296	845,981	554,118
2022-2023			
Ultimate Loss	\$587,000	\$1,173,000	\$1,173,000
Paid in Calendar Period	-	85,564	230,348
Paid to Date	891	86,455	316,803
Outstanding Liability	586,109	1,086,545	856,197
2023-2024			
Ultimate Loss	-	-	\$1,294,000
Paid in Calendar Period	-	-	113,872
Paid to Date	-	-	113,872
Outstanding Liability	-	-	1,180,128
Totals			
Ultimate Loss	\$12,320,084	\$12,906,084	\$14,200,084
Paid in Calendar Period	-	423,253	960,062
Paid to Date	9,852,959	10,276,212	11,236,274
Outstanding Liability	2,467,125	2,629,872	2,963,810
Total Outstanding ULAE	0	0	0
Outstanding Liability plus ULAE	2,467,125	2,629,872	2,963,810

Notes appear on the next page.

City of San Clemente - Liability

Payment and Reserve Forecast

Notes to previous page:

- Accident Year is associated with date of loss. Calendar Period is associated with date of transaction. For example, for the losses which occurred during 2020-2021, \$157,626 is expected to be paid between 1/1/23 and 6/30/23, \$990,107 will have been paid by 6/30/23, and the reserve for remaining payments on these claims should be \$585,893.
- Ultimate Losses for each accident year are from Exhibit 3, Page 1.
- Paid in Calendar Period is a proportion of the Outstanding Liability from the previous calendar period. These proportions are derived from the paid loss development pattern selected in Appendix B. For example, \$266,581 = \$585,893 x 45.5%.
- Paid to Date is Paid in Calendar Period plus Paid to Date from previous calendar period. For example, \$1,256,688 = \$266,581 + \$990,107.
- Outstanding Liability is Ultimate Loss minus Paid to Date. For example, \$585,893 = \$1,576,000 - \$990,107.

This exhibit shows the calculation of the liability for outstanding claims as of the date of evaluation, the end of the current fiscal year, and the end of the coming fiscal year. It also shows the expected claims payout during the remainder of the current fiscal year and the coming fiscal year. Refer to the Totals at the end of the exhibit for the balance sheet information. The top parts of the exhibit show information for each program year.

City of San Clemente - Liability

Discount Factors to be Applied to Overall Reserves

Accident Year	Full Value of Reserve at 12/31/22 (A)	Discount Factor (B)	Discounted Reserve at 12/31/22 (C)	Full Value of Reserve at 6/30/23 (D)	Discount Factor (E)	Discounted Reserve at 6/30/23 (F)
2019-2020	149,201	0.973	145,114	111,453	0.974	108,576
2020-2021	743,519	0.968	719,804	585,893	0.971	568,922
2021-2022	988,296	0.960	949,120	845,981	0.965	816,518
2022-2023	586,109	0.949	555,937	1,086,545	0.956	1,038,246
Totals	\$2,467,125		\$2,369,975	\$2,629,872		\$2,532,262

(G) Discount Factor at 12/31/22 for Overall Reserve: 0.961  
(H) Discount Factor at 6/30/23 for Overall Reserve: 0.963

Notes:

- (A) From Appendix F, Outstanding Liability at 12/31/22.
- (B) Based on Appendix G, Page 2, Column (F).
- (C) (A) x (B).
- (D) From Appendix F, Outstanding Liability at 6/30/23.
- (E) Based on Appendix G, Page 2, Column (F).
- (F) (D) x (E).
- (G) Total of (C) / Total of (A).
- (H) Total of (F) / Total of (D).

This exhibit shows the expected impact of anticipated investment income on the liability for outstanding claims at the date of evaluation and the end of the current fiscal year. For example, if the discount factor in item (G) is 0.961, the discounted liability for outstanding claims is 96.1% of the full value.

City of San Clemente - Liability

Calculation of Discount Factors

Payment Year (A)	Payment Pattern (B)	Return on Investment (C)	Discounted Reserves (D)	Undiscounted Reserves (E)	Discount Factor (F)
22	0.0%	2.00%	0.000	0.000	1.000
21	0.0%	2.00%	0.000	0.000	1.000
20	0.0%	2.00%	0.000	0.000	1.000
19	0.0%	2.00%	0.000	0.000	1.000
18	0.0%	2.00%	0.000	0.000	1.000
17	0.0%	2.00%	0.000	0.000	1.000
16	0.0%	2.00%	0.000	0.000	1.000
15	0.0%	2.00%	0.000	0.000	1.000
14	0.0%	2.00%	0.000	0.000	1.000
13	0.0%	2.00%	0.000	0.000	1.000
12	0.0%	2.00%	0.000	0.000	1.000
11	0.2%	2.00%	0.002	0.002	0.990
10	0.3%	2.00%	0.005	0.005	0.982
9	0.7%	2.00%	0.012	0.012	0.979
8	1.1%	2.00%	0.022	0.022	0.974
7	3.4%	2.00%	0.055	0.057	0.976
6	7.4%	2.00%	0.127	0.130	0.976
5	13.4%	2.00%	0.257	0.264	0.974
4	21.4%	2.00%	0.464	0.478	0.970
3	24.6%	2.00%	0.698	0.724	0.965
2	19.0%	2.00%	0.872	0.914	0.955
1	8.6%	2.00%	0.941	1.000	0.941
(G) Discount Factor for Future Funding:				2022-2023	0.950
				2023-2024	0.950

Notes:

- (A) This is the year of payment relative to the accident year. For example, year 7 refers to payments made in the seventh year after the inception of the accident year. We assume that payments are made at midyear.
- (B) Percent of ultimate loss paid this year. This payment pattern is based on the paid loss development pattern selected in Appendix B, Page 2.
- (C) Assumed Investment Income Rates.
- (D) Discounted Reserves at the beginning of this year is next year's Discounted Reserves discounted one year plus this year's payments discounted six months. For example, in year 2,  $87.2\% = [69.8\% / 1.020] + [19.0\% / (1.010)]$ .
- (E) Summation of future (B) values. This is the percent of ultimate loss unpaid at the beginning of the year.
- (F) (D) / (E).
- (G) (F) at year 1, with interest accumulated for six months. We assume that the required funding is deposited at the middle of the first year.

This exhibit shows the calculation of the effect of anticipated investment income on future claims costs. Thus, if the discount factor in item (F) is 0.95, on a discounted basis, \$0.95 must be budgeted for every \$1 that will actually be paid on claims that will be incurred in the next fiscal year.

City of San Clemente - Liability

Confidence Level Table

Probability	Projected Losses	Outstanding Losses
95%	1.951	1.593
90%	1.667	1.421
85%	1.496	1.317
80%	1.368	1.239
75%	1.266	1.176
70%	1.180	1.122
65%	1.104	1.075
60%	1.035	1.031
55%	0.972	0.991
50%	0.913	0.953
45%	0.856	0.917
40%	0.801	0.881
35%	0.747	0.846
30%	0.692	0.810
25%	0.637	0.772

To read table: For the above retention, there is a 90% chance that final loss settlements will be less than 1.667 times the average expected amount of losses.

This exhibit shows the loads that must be applied to bring estimated losses at the expected level to the various indicated confidence levels.

## City of San Clemente - Liability

## Program History

Policy Year Start Date	Policy Year End Date	Policy Year	Self-Insured Retention	
			Per Occurrence	Aggregate
7/1/2005	6/30/2006	2005-2006	250,000	(none)
7/1/2006	6/30/2007	2006-2007	250,000	(none)
7/1/2007	6/30/2008	2007-2008	250,000	(none)
7/1/2008	6/30/2009	2008-2009	250,000	(none)
7/1/2009	6/30/2010	2009-2010	250,000	(none)
7/1/2010	6/30/2011	2010-2011	250,000	(none)
7/1/2011	6/30/2012	2011-2012	250,000	(none)
7/1/2012	6/30/2013	2012-2013	250,000	(none)
7/1/2013	6/30/2014	2013-2014	250,000	(none)
7/1/2014	6/30/2015	2014-2015	250,000	(none)
7/1/2015	6/30/2016	2015-2016	250,000	(none)
7/1/2016	6/30/2017	2016-2017	250,000	(none)
7/1/2017	6/30/2018	2017-2018	250,000	(none)
7/1/2018	6/30/2019	2018-2019	250,000	(none)
7/1/2019	6/30/2020	2019-2020	250,000	(none)
7/1/2020	6/30/2021	2020-2021	250,000	(none)
7/1/2021	6/30/2022	2021-2022	250,000	(none)
7/1/2022	6/30/2023	2022-2023	250,000	(none)
7/1/2023	6/30/2024	2023-2024	250,000	(none)
	Third Party Claims Administrator		Begin Date	End Date
				Current

This exhibit summarizes some of the key facts about the history of the program.

City of San Clemente - Liability

Incurred Losses as of 12/31/22

Accident Year (A)	Unlimited Incurred (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Incurred (E)	Incurred Over \$250,000 (F)	Incurred Over \$100,000 (G)	Incurred Capped at \$100,000 (H)	Incurred \$100,000 to \$250,000 Layer (I)	Incurred Capped at \$250,000 (J)	Incurred Capped at \$250,000 & Aggregate (K)
2005-2006	38,028	0	0	38,028	0	0	38,028	0	38,028	38,028
2006-2007	2,695,012	0	9,243	2,685,769	1,947,573	2,315,189	370,580	367,616	738,196	738,196
2007-2008	1,579,956	0	2,000	1,577,956	1,240,871	1,390,871	187,085	150,000	337,085	337,085
2008-2009	1,751,679	0	33,090	1,718,589	356,868	956,868	761,721	600,000	1,361,721	1,361,721
2009-2010	3,222,282	0	0	3,222,282	2,377,552	2,703,181	519,101	325,629	844,729	844,729
2010-2011	17,116,245	0	294	17,115,951	16,543,472	16,843,472	272,478	300,000	572,478	572,478
2011-2012	435,808	0	8,439	427,370	0	91,983	335,387	91,983	427,370	427,370
2012-2013	2,111,804	0	0	2,111,804	1,538,813	1,838,813	272,990	300,000	572,990	572,990
2013-2014	498,870	0	27,500	471,370	144,212	294,212	177,158	150,000	327,158	327,158
2014-2015	2,950,737	0	132,279	2,818,458	1,391,424	2,083,895	734,563	692,470	1,427,034	1,427,034
2015-2016	651,125	0	0	651,125	230,703	384,194	266,931	153,492	420,423	420,423
2016-2017	940,978	0	0	940,978	500,712	669,908	271,070	169,196	440,266	440,266
2017-2018	158,998	0	0	158,998	0	0	158,998	0	158,998	158,998
2018-2019	741,661	0	0	741,661	193,053	493,053	248,608	300,000	548,608	548,608
2019-2020	904,833	0	275,000	629,833	0	208,958	420,875	208,958	629,833	629,833
2020-2021	3,428,186	0	14,695	3,413,492	1,992,182	2,721,115	692,377	728,933	1,421,309	1,421,309
2021-2022	817,677	0	0	817,677	50,000	350,000	467,677	300,000	767,677	767,677
2022-2023	54,491	0	0	54,491	0	0	54,491	0	54,491	54,491
Total	\$40,098,371	\$0	\$502,540	\$39,595,831	\$28,507,436	\$33,345,712	\$6,250,119	\$4,838,276	\$11,088,394	\$11,088,394

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City.
- (C)
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of incurred losses in excess of \$250,000.
- (G) Sum of incurred losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix I.



City of San Clemente - Liability

Paid Losses as of 12/31/22

Accident Year (A)	Unlimited Paid (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Paid (E)	Paid Over \$250,000 (F)	Paid Over \$100,000 (G)	Paid Capped at \$100,000 (H)	Paid \$100,000 to \$250,000 Layer (I)	Paid Capped at \$250,000 (J)	Paid Capped at \$250,000 & Aggregate (K)
2005-2006	38,028	0	0	38,028	0	0	38,028	0	38,028	38,028
2006-2007	2,695,012	0	9,243	2,685,769	1,947,573	2,315,189	370,580	367,616	738,196	738,196
2007-2008	1,579,956	0	2,000	1,577,956	1,240,871	1,390,871	187,085	150,000	337,085	337,085
2008-2009	1,751,679	0	33,090	1,718,589	356,868	956,868	761,721	600,000	1,361,721	1,361,721
2009-2010	3,222,282	0	0	3,222,282	2,377,552	2,703,181	519,101	325,629	844,729	844,729
2010-2011	13,660,949	0	294	13,660,655	13,088,177	13,388,177	272,478	300,000	572,478	572,478
2011-2012	435,808	0	8,439	427,370	0	91,983	335,387	91,983	427,370	427,370
2012-2013	2,111,804	0	0	2,111,804	1,538,813	1,838,813	272,990	300,000	572,990	572,990
2013-2014	498,870	0	27,500	471,370	144,212	294,212	177,158	150,000	327,158	327,158
2014-2015	2,950,737	0	132,279	2,818,458	1,391,424	2,083,895	734,563	692,470	1,427,034	1,427,034
2015-2016	651,125	0	0	651,125	230,703	384,194	266,931	153,492	420,423	420,423
2016-2017	900,613	0	0	900,613	460,347	629,543	271,070	169,196	440,266	440,266
2017-2018	158,998	0	0	158,998	0	0	158,998	0	158,998	158,998
2018-2019	741,661	0	0	741,661	193,053	493,053	248,608	300,000	548,608	548,608
2019-2020	811,799	0	275,000	536,799	0	170,546	366,253	170,546	536,799	536,799
2020-2021	1,189,269	0	14,695	1,174,574	342,093	737,329	437,245	395,236	832,481	832,481
2021-2022	267,704	0	0	267,704	0	103,728	163,976	103,728	267,704	267,704
2022-2023	891	0	0	891	0	0	891	0	891	891
<b>Total</b>	<b>\$33,667,186</b>	<b>\$0</b>	<b>\$502,540</b>	<b>\$33,164,646</b>	<b>\$23,311,687</b>	<b>\$27,581,583</b>	<b>\$5,583,063</b>	<b>\$4,269,896</b>	<b>\$9,852,959</b>	<b>\$9,852,959</b>

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City.
- (C)
- (D) Subrogation recoveries.
- (E) (B) + (C) - (D).
- (F) Sum of paid losses in excess of \$250,000.
- (G) Sum of paid losses in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix I.

City of San Clemente - Liability

Case Reserves as of 12/31/22

Accident Year (A)	Unlimited Reserves (B)	Additions to Losses (C)	Subtractions from Losses (D)	Adjusted Reserves (E)	Reserves Over \$250,000 (F)	Reserves Over \$100,000 (G)	Reserves Capped at \$100,000 (H)	Reserves \$100,000 to \$250,000 Layer (I)	Reserves Capped at \$250,000 (J)	Reserves Capped at \$250,000 & Aggregate (K)
2005-2006	0	0	0	0	0	0	0	0	0	0
2006-2007	0	0	0	0	0	0	0	0	0	0
2007-2008	0	0	0	0	0	0	0	0	0	0
2008-2009	0	0	0	0	0	0	0	0	0	0
2009-2010	0	0	0	0	0	0	0	0	0	0
2010-2011	3,455,296	0	0	3,455,296	3,455,296	3,455,296	0	0	0	0
2011-2012	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0
2013-2014	0	0	0	0	0	0	0	0	0	0
2014-2015	0	0	0	0	0	0	0	0	0	0
2015-2016	0	0	0	0	0	0	0	0	0	0
2016-2017	40,365	0	0	40,365	40,365	40,365	0	0	0	0
2017-2018	0	0	0	0	0	0	0	0	0	0
2018-2019	0	0	0	0	0	0	0	0	0	0
2019-2020	93,034	0	0	93,034	0	38,412	54,622	38,412	93,034	93,034
2020-2021	2,238,917	0	0	2,238,917	1,650,089	1,983,785	255,132	333,696	588,828	588,828
2021-2022	549,973	0	0	549,973	50,000	246,272	303,702	196,272	499,973	499,973
2022-2023	53,600	0	0	53,600	0	0	53,600	0	53,600	53,600
Total	\$6,431,185	\$0	\$0	\$6,431,185	\$5,195,750	\$5,764,129	\$667,056	\$568,380	\$1,235,435	\$1,235,435

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Appendix J, Page 1, Column (B) - Appendix J, Page 2, Column (B).
- (C) Appendix J, Page 1, Column (C) - Appendix J, Page 2, Column (C).
- (D) Appendix J, Page 1, Column (D) - Appendix J, Page 2, Column (D).
- (E) (B) + (C) - (D).
- (F) Sum of case reserves in excess of \$250,000.
- (G) Sum of case reserves in excess of \$100,000.
- (H) (E) - (G).
- (I) (G) - (F).
- (J) (E) - (F).
- (K) Minimum of (J) and the aggregate stop loss. See Appendix I.

City of San Clemente - Liability

Claim Counts as of 12/31/22

Accident Year (A)	Reported Claims (B)	Additions to Reported Claims (C)	Subtractions from Reported Claims (D)	Adjusted Reported Claims (E)	Closed Claims (F)	Additions to Closed Claims (G)	Subtractions from Closed Claims (H)	Adjusted Closed Claims (I)	Open Claims (J)	Adjusted Open Claims (K)
2005-2006	37	0	0	37	37	0	0	37	0	0
2006-2007	29	0	0	29	29	0	0	29	0	0
2007-2008	50	0	0	50	50	0	0	50	0	0
2008-2009	41	0	0	41	41	0	0	41	0	0
2009-2010	33	0	0	33	33	0	0	33	0	0
2010-2011	49	0	0	49	48	0	0	48	1	1
2011-2012	31	0	0	31	31	0	0	31	0	0
2012-2013	40	0	0	40	40	0	0	40	0	0
2013-2014	45	0	0	45	45	0	0	45	0	0
2014-2015	33	0	0	33	33	0	0	33	0	0
2015-2016	35	0	0	35	35	0	0	35	0	0
2016-2017	35	0	0	35	34	0	0	34	1	1
2017-2018	37	0	0	37	37	0	0	37	0	0
2018-2019	50	0	0	50	50	0	0	50	0	0
2019-2020	34	0	0	34	32	0	0	32	2	2
2020-2021	33	0	0	33	27	0	0	27	6	6
2021-2022	38	0	0	38	32	0	0	32	6	6
2022-2023	8	0	0	8	3	0	0	3	5	5
Total	658	0	0	658	637	0	0	637	21	21

Notes:

- (A) Years are 7/1 to 6/30.
- (B) Provided by the City.
- (C)
- (D)
- (E) (B) + (C) - (D).
- (F) Provided by the City.
- (G)
- (H)
- (I) (F) + (G) - (H).
- (J) (B) - (F).
- (K) (E) - (I).

## City of San Clemente - Liability

## Exposure Measures

Accident Year	Total Payroll (\$00) (A)	Inflation Trend Factor (B)	Trended Payroll (\$00) (C)
2001-2002	91,633	1.679	153,852
2002-2003	98,524	1.638	161,382
2003-2004	114,716	1.598	183,316
2004-2005	116,362	1.559	181,408
2005-2006	130,431	1.521	198,386
2006-2007	134,905	1.484	200,199
2007-2008	141,914	1.448	205,491
2008-2009	152,691	1.413	215,752
2009-2010	151,339	1.379	208,696
2010-2011	146,049	1.345	196,436
2011-2012	151,386	1.312	198,618
2012-2013	154,592	1.280	197,878
2013-2014	156,463	1.249	195,422
2014-2015	156,887	1.219	191,245
2015-2016	156,199	1.189	185,721
2016-2017	161,476	1.160	187,312
2017-2018	170,519	1.132	193,028
2018-2019	183,062	1.104	202,100
2019-2020	197,160	1.077	212,341
2020-2021	175,983	1.051	184,958
2021-2022	180,383	1.025	184,893
2022-2023	184,893	1.000	184,893
2023-2024	189,515	1.000	189,515

## Notes:

- (A) Provided by the City.
- (B) Based on industry factors.
- (C) (A) x (B).