



## *MEMORANDUM*

---

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** Ian Appleyard  
Director, HRM

**SUBJECT:** Fiscal Year 2019-20 Workers'  
Compensation Annual Report

**DATE:** January 22, 2021

---

City Administrator Approval

A handwritten signature in black ink, appearing to be "M. R. ...".

Date: Feb 8, 2021

---

### INFORMATION

#### RECOMMENDATION

**Staff Recommends That The City Council Receive An Informational Report On The Fiscal Year 2019-20 Workers' Compensation Program.**

#### EXECUTIVE SUMMARY

This report provides expenditure and program data on the City of Oakland's Workers' Compensation Program for Fiscal Year (FY) 2019-20. The report contains comparative metrics, historical data, and selected program highlights. Please note that COVID-19 associated expenses and responsibilities dominated the program's performance and cost.

#### BACKGROUND / LEGISLATIVE HISTORY

The City of Oakland is self-insured for workers' compensation. The Human Resources Management Department (HRM) works with a contracted third-party administrator (TPA), JT2 Integrated Resources, to provide services to injured workers and manage the technical aspects of each claim. Through HRM, the TPA provides services to all City agencies and departments to ensure program compliance with mandated California Labor Code requirements.

Each year HRM provides statistical information to the City Council regarding administration of the Workers' Compensation Program. These statistics are benchmarks by which the City can measure its performance and the effectiveness of Workers' Compensation Program initiatives. HRM also develops and implements new program changes based on these statistics. This information is contained in the 2019-20 Workers' Compensation Annual Report (**Attachment A**). Since the last report, HRM commissioned an Actuarial Analysis, as well as a Claims Management Performance Audit, to monitor and ensure continued effective administration of

the program. The results of the audit/analysis are included as appendices at the end of the annual report.

### **ANALYSIS AND POLICY ALTERNATIVES**

HRM administers the Workers' Compensation Program for the City of Oakland, providing program services and support to all City agencies and departments. The attached Workers' Compensation Report provides information on the current state of the program. As described more fully in the attached report, the program statistics for FY 2019-20 include:

- Total Gross Program Expenditure was \$18,770,316  
**Down 8% since 18-19**
- Final Excess Workers' Compensation Premium was \$1,945,355  
**Up 4.6% since 18-19**
- Total number of claims was 511  
**Up 18% since 18-19**
- Est. Outstanding Losses @ 50% Conf. was \$71,873,265  
**Down 21.3% since 18-19**

### ***Claims Management Performance Audit***

The annual Workers' Compensation Claims Audit overall performance rating of the Third-Party Administrator was **94.10%**. This is an increase of 1.9% over the prior year's Audit. The overall claims handling of the TPA is "Exceeds Expectations" as measured by standards set forth in Public Risk Innovation, Solutions, and Management ("PRISM") Guidelines. JT2's overall audit score has consistently risen over the years and show a 20.9% improvement over the FY 2014-15 audit. The HRM Department will continue to closely monitor and assess JT2's performance.

### ***Loss Frequency***

Over the past four years, the number of claims filed by City employees has remained consistent. For this report Department of Transportation ("DOT") statistics are combined with the Oakland Public Works statistics.

**Table 1: Number of New Workers' Compensation (WC) Claims by Department Fiscal Years 2016/17 through 2019/20**

Fiscal Year	Police			Fire		
	# Sworn Emp.	WC Cases	Percent	# Sworn Emp.	WC Cases	Percent
2016-17	745	189	25.37%	451	182	40.35%
2017-18	747	188	25.16%	439	130	29.61%
2018-19	748	162	21.65%	435	186	42.76%
2019-20	792	175	22.09%	429	174	40.55%
Fiscal Year	OPW & DOT			Other Depts.		
	# Emp.	WC Cases	Percent	# Emp.	WC Cases	Percent
2016-17	612	120	19.61%	2,463	78	3.17%
2017-18	832	117	14.06%	2,934	86	2.93%
2018-19	834	130	15.59%	2,815	74	2.63%
2019-20	841	103	12.24%	2,423	59	2.43%

HRM continues to support departments in injury reduction and accident prevention efforts by way of onsite audits/surveys, safety trainings, and program development.

- HRM continues its promotion of a City-wide Web-Based Training Program called **Target Solutions** that provides over 100 safety and wellness courses designed specifically to comply with State and Federal Occupational Safety and Health Administration (OSHA) requirements. This program supported the City-wide mandated training for prevention of sexual harassment and protected class discrimination. It has also been widely used by the Oakland Fire Department (OFD), Oakland Public Works (OPW), and Oakland DOT (Department of Transportation) to deliver mandated safety trainings and continuing education trainings. HRM will continue to enhance its use and tailor the topics offered to current City needs and mandated training requirements. The Target Solutions platform is made available to the City at no cost through the City's primary insurance pool – PRISM.

HRM continues to enhance existing elements that strategically impact overall program costs. HRM's continued efforts include the following:

**Ongoing**

- Monthly disability review meetings with department representatives to discuss active claims and identify cases for investigation and/or transitional duty assignments

- Telephonic injury reporting to triage Workers' Compensation claims reporting.
  - Participation in Medical Provider Network (MPN) through WellComp, a MPN sponsored by PRISM
  - Ongoing examination of City's disability programs
  - Continuing education
  - Oakland Police Officer Association - Alternative Dispute Resolution Carve-Out
    - Approved by the Department of Industrial Relations on December 9, 2019
    - Official Start Date January 11, 2020
    - Intended to improved customer service and reduce cost
  - Shift in Settlement philosophy
    - Intended to address future liabilities
    - Establishes a preference for one-time permanent settlements
    - Represents a more modern approach to claims management
- Working closely with Finance to balance annual cost vs. outstanding loss

**New Initiatives**

- COVID – 19 response, testing, and record keeping program design to manage legislatively assigned pandemic related cost
- Reevaluation of City's Bill review cost using modern metrics
- Reevaluation of caseload balancing for City assigned adjusters

**FISCAL IMPACT**

This is an informational report. It provides information and data regarding the existing program as compared to previous years. No new costs are introduced within this report but will be appropriately addressed in the City's FY 2021-2023 biennial budget.

A. **Table 2** summarizes the key categories of Workers' Compensation expenditures incurred by the City of Oakland.

**Table 2: Future Liability Incurred**

	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>Change</b>
Number of Claims Received	433	511	+18%
Total Expenditures	\$20,401,245	\$18,770,316	-8%
Total Future Liability	\$65,332,189	\$61,535,240	-5.8%
Settlements (Permanent Disability)	\$4,618,359	\$7,383,869	+59.9%
Temporary Disability	\$5,135,692	\$5,057,331	-1.5%
Allocated (Other Claim Costs)	\$1,746,046	\$1,899,805	+8.8%
Medical	\$8,547,327	\$5,511,582	-35.5%
Operational Expenses	\$18,021,592	\$16,151,283	-10.4%

**HONORABLE MAYOR AND CITY COUNCIL**

Subject: Fiscal Year 2019-20 Workers' Compensation Annual Report

Date: January 22, 2021

Page 5

Admin. Expenses	\$2,379,653	\$2,619,034	+10%
-----------------	-------------	-------------	------

The primary types of expenditures incurred in Workers' Compensation are medical, permanent and temporary disability, and allocated (other claim costs) payments. While Disability payments are generally the City's single largest workers' compensation expense, this year settlements were the top expenditure due to the settlement of a single high value claim. Temporary disability payments are impacted by Labor Code 4850 payments, which allow sworn employees to receive up to a full year of salary, tax-free, upon a doctor's order to stay off work. City Policies include similar payments for non-sworn employees, but generally for only 60 days.

Additional discussion regarding the expenditures listed above and control factors are included in the attached report.

**Estimated Future Liability/First Year Total Incurred by Department:**

**Table 3** below shows the estimated future liability incurred by each department for claims filed in the fiscal year referenced. This allows the City to review for fiscal trends by department and assists in planning loss prevention and cost-containment strategies for the future. Although not reported in this format, **Attachment A** provides additional actuarial analysis. The significant jump in estimated Police loss during the 2018-19 fiscal year is due to a single-injury vehicle accident. While most this loss will be covered by excess insurance reimbursements, the loss still appears in Oakland's loss history and reporting.

**Table 3: Estimated Future Liability by Dept – Total Incurred**

Department	2017-18	2018-19	2019-20
City Administration	\$23,934	\$4,299	\$6,808
City Attorney	\$12,358	\$0	-
Clerk's Office	\$0	\$0	-
Dept. of Info & Tech	\$0	\$0	-
Finance	\$4,473	\$25,149	-
Fire Department	\$1,236,120	\$2,006,761	\$2,014,466
Housing and Comm Dev.	\$0	\$11,680	\$6,633
Human Services	\$68,454	\$94,022	\$121,939
Library	\$87,722	\$5,078	\$7,671
Neighborhood Investment	\$5,710	\$0	-
Parks and Recreation	\$99,271	\$19,395	\$49,892
Planning and Building	\$1,004	\$81,863	\$5,065
Police Department	\$1,640,363	\$18,198,506	\$1,592,154
Public Works (including DOT)	\$670,479	\$552,501	\$534,222
<b>Total Incurred</b>	<b>\$3,862,710</b>	<b>\$20,999,253</b>	<b>\$4,365,850</b>

The estimated future liabilities of claims are measured for the life of the claim which may last many years. Workers' Compensation regulations require the employer be held responsible for all medical expenditures related to a work-related injury or illness. Employers are also responsible for a period of lost wages (indemnity) and for compensating the injured employee should their injury have a permanent impact on their ability to work (indemnity/permanent disability). We estimate the future liabilities actuarially for each claim to anticipate the financial burden placed on the City in the years to come. As explained above, the City suffered a high-exposure Police loss in FY 18-19. This loss will continue to have a large effect on the City's estimated future loss for several years.

### **PUBLIC OUTREACH / INTEREST**

There are no public outreach opportunities associated with this report further than the required publication on the City's website.

### **COORDINATION**

Development of this report was coordinated with internal staff in HRM, City Attorney's Office, and City Administrator's Office.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** *There are no economic opportunities associated with this report.*

***Environmental:*** *There are no environmental opportunities associated with this report.*

***Race & Equity:*** *There are no social equity opportunities associated with this report.*

**ACTION REQUESTED OF THE CITY COUNCIL**

**Staff Recommends The City Council Receive the Annual Informational Report On The Workers' Compensation Program For Fiscal Year 2019-20.**

Respectfully submitted,



---

IAN APPLEYARD  
Director/Human Resources Management  
Department

Prepared by:  
Andrew S. Lathrop, Risk Manager

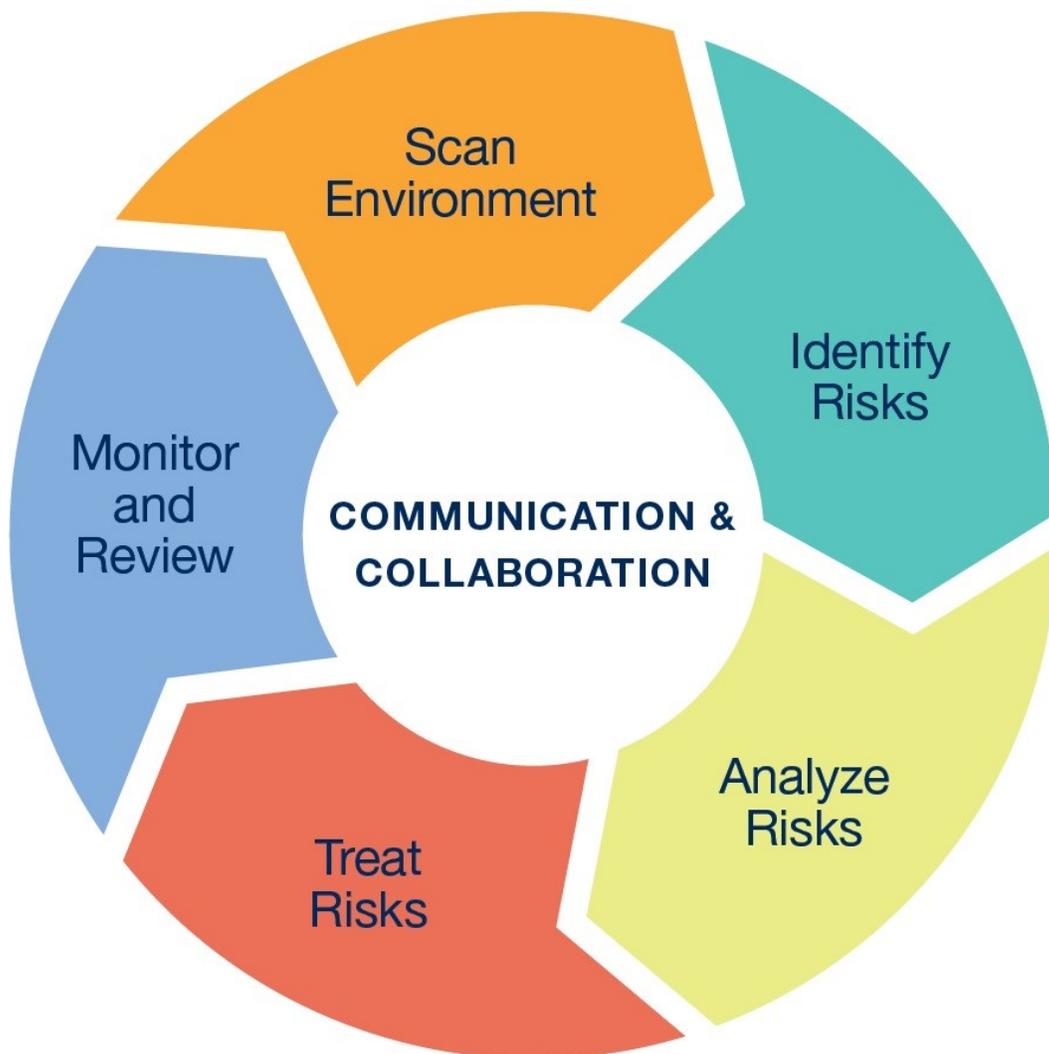
For questions regarding this report, please contact ANDREW LATHROP, RISK MANAGER, at (510) 238-7165.

Attachment (1):

A: FY 2019-20 Workers' Compensation Annual Report

# CITY OF OAKLAND

## WORKERS' COMPENSATION ANNUAL REPORT FY 2019-20



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

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

This report summarizes Oakland's Workers' Compensation Program for Fiscal Year 2019-20. It presents key program metrics along with comparisons between departments, previous years, and other cities.



**CITY OF OAKLAND**

HR Management Department, Risk Division  
150 Frank H. Ogawa Plaza, 3rd Floor  
Oakland, CA 94612, (510) 238-7660

**IAN APPLEYARD**  
DIRECTOR: HUMAN RESOURCES  
MANAGEMENT

**ANDREW LATHROP**  
RISK MANAGER: RISK MANAGEMENT  
DIVISION

**Integrated Disability Management**

Mary Baptiste (510) 238-2270  
Donella Williams (510) 238-6488  
Michael Akanji (510) 238-7445

**Safety / Loss Control**

Greg Elliott (510) 238-4993  
Lana Chan (510) 238-7971

**Risk Administration**

Michael Bailey (510) 986-2898  
Erika Turner (510) 238-7660

**TABLE OF CONTENTS**

<b>Citywide Overview</b>	<b>3</b>
<b>Third Party Claims Administrator</b>	<b>5</b>
<b>Initiatives</b>	<b>9</b>
<b>Year-over-Year Comparisons</b>	<b>11</b>
<b>Oakland vs. Other Cities</b>	<b>14</b>
<b>Claim Management Programs</b>	<b>15</b>
<b>Return to Work Statistics</b>	<b>17</b>
<b>Program Expenditure Categories</b>	<b>19</b>
<b>Claims by Department</b>	<b>22</b>
<b>Police Department</b>	<b>23</b>
<b>Fire Department</b>	<b>25</b>
<b>Public Works Agency / DOT</b>	<b>27</b>
<b>Office of Parks and Recreation</b>	<b>29</b>
<b>All Other Departments</b>	<b>31</b>
<b>Schedule of Exhibits</b>	<b>32</b>

Prior Claims (January 1, 1953—Jun 30, 2019):	1098
New Claims during 19-20:	511
Claims closed during 19-20:	700
Total Open Claims as of June 30, 2020:	980
Total Expenses for 19-20	\$18,770,316
Est. Outstanding Losses @ 50% Conf. as of June 30, 2019 (AON)	\$71,873,265
Est. Outstanding Losses (PDV)	\$61,535,240
2019/20 Final EWC Premium	\$1,945,355
TPA Annual Performance Audit (JT2)	94.10%



**CITY OF OAKLAND**

The total cost of the Workers' Compensation Program for Fiscal Year 2019-20:

<b>Settlements: Permanent Disability:</b>	<b>\$7,383,869</b>	<b>Medical</b> WC Disability Medical First Aid Only Claims	\$5,505,193 \$6,389
		<b>Total Medical:</b>	<b>\$5,511,582</b>
<b>Temporary Disability</b> <b>Non-4850</b> Temporary Disability MOU Benefit (non-sworn)	\$1,037,327 \$202,755	<b>Operational Expenses Sub-total</b> Contributions—Excess Ins.	19,852,586 (3,701,303)
Total Non-4850 Pay	\$1,240,082	<b>Total Operational Expenses:</b>	<b>\$16,151,283</b>
<b>4850</b> Oakland Police Dept. Oakland Fire Dept. Total 4850 Pay	\$1,423,617 \$2,393,632 \$3,817,249		
Subtotal—Temp. Disability	\$5,057,331		
<b>Total Disability Payments:</b>	<b>\$12,441,199</b>		
<b>Other Claim Cost</b> Rehabilitation Investigation Expenses Legal ADR (OPOA) Utilization Review Return to Work Services Injury Report Line 10% Penalties	\$162,524 \$64,594 \$1,059,131 \$32,183 \$324,391 \$174,077 \$78,755 \$4,150	<b>Administration Expenses</b> TPA Contract Bill Review Misc. Fees	\$2,024,173 \$594,310 \$552
<b>Other Claim Cost Total:</b>	<b>\$1,899,805</b>	<b>Total Administration Expenses:</b>	<b>\$2,619,034</b>

Total Operational Expenses + Admin Expense = **\$18,770,316**

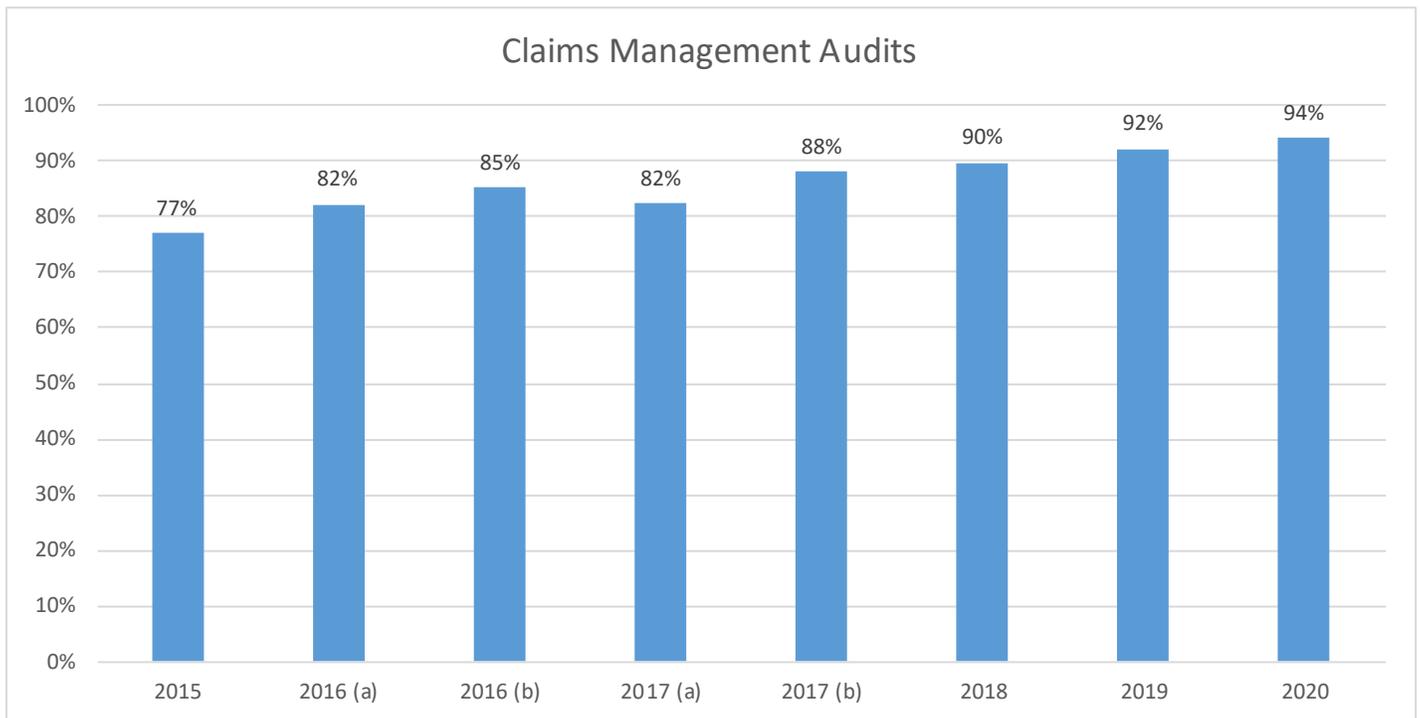


The purpose of a Third Party Administrator (TPA) is to manage the City’s workers’ compensation program by complying with the requirements of the California Division of Industrial Relations (DIR) and Division of Workers’ Compensation (DWC).

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

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

Exhibit 5-A



**Performance Strengths**

Outstanding results were achieved in the categories of adjuster caseload, medical only conversion, initial employer contact, penalties coded correctly, member notified of permanent work restrictions, TD/4850 reserves separate, PD exposure includes life pension, settlement valuations, Medicare’s interest protected, EIA settlement authority requested, member settlement authority requested and approval to accept/waive/settle subrogation.

**Performance Improvement Recommendations**

Additional attention is warranted in balancing the file when benefits are ended, as required by the standards.

There was a theme of cases being worked up for settlement well beyond the standard to pursue resolution within 10 worker days of receipt of information that would allow the claim to be finalized. Timely mail management and/or enhanced use of the diary could be employed to increase the performance in this category.

There were two files affecting the employee contact score which appear to be claims where the ongoing contact diary fell off track. There were also two files affecting the subsequent excess reporting score where the ongoing excess reporting diary fell off track. Given the low number of exceptions in these category we do not consider this to be an adverse handling trend. There was one file negatively impacting the subrogation score. We do not consider this to be a performance trend.

<b>Category</b>	<b>Points Available</b>	<b>Points</b>	<b>Score</b>	<b>%</b>
<b>Claim Handling - Administrative</b>	<b>1254</b>	<b>1200</b>	<b>Exceeds Expectations</b>	<b>95.69%</b>
Caseload	1	1	Exceeds Expectations	100.00%
Case Review and Documentation	1071	1031	Exceeds Expectations	96.27%
Communication	9	7	Below Expectations	77.78%
Fiscal Handling	62	53	Meets Expectations	85.48%
Claim Creation	55	54	Exceeds Expectations	98.18%
Reserves	56	54	Exceeds Expectations	96.43%
<b>Claims Handling - Technical</b>	<b>558</b>	<b>505</b>	<b>Exceeds Expectations</b>	<b>90.50%</b>
Payments	85	84	Exceeds Expectations	98.82%
Apportionment	31	27	Meets Expectations	87.10%
Disability Management	9	8	Meets Expectations	88.89%
Reserving	294	263	Meets Expectations	89.46%
Resolution of Claim	68	56	Meets Expectations	82.35%
Settlement Authority	24	24	Exceeds Expectations	100.00%
Litigated Cases	35	34	Exceeds Expectations	97.14%
Subrogation	3	2	Unsatisfactory	66.67%
Excess Coverage	9	7	Below Expectations	77.78%
<b>Overall Score</b>	<b>1812</b>	<b>1705</b>	<b>Exceeds Expectations</b>	<b>94.09%</b>

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

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

<b>Claims Productivity Ratio by Fiscal Year</b>			Exhibit 7-A
Fiscal Year	# Claims Closed	# Claims Opened	Closing Ratio
FY14-15	508	563	90%
FY15-16	717	593	121%
FY16-17	634	569	111%
FY17-18	636	515	123%
FY18-19	796	552	144%
FY19-20	700	511	137%

Fraud Investigations have 3 parts:

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

**Fraud Investigation Activity**

Indemnity Claims Filed FY2019-20	Surveillance	Field Investigation	Fraud Referral (FD-1) Submission	Background Checks	Denied Claims
440	2	26	0	2	62

Exhibit 7-B

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

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

The City of Oakland relies heavily on AMEs to bring resolution to Workers’ Compensation cases. The exhibit below illustrates the number of AME and Qualified Medical Examination processes that have been utilized for Fiscal Year 2015-16 through Fiscal Year 2019-20. In addition, this exhibit reflects the number of cases settled on the basis of the opinion of the employee’s Primary Treating Physician (PTP).

<b>Medical Legal Statistics by Fiscal Year</b>					Exhibit 8-A
Fiscal Year	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Number of Claims Settled	128	163	182	89	162
Agreed Medical Examiner	90	130	121	37	79
PTP (Primary Treating Physician)	25	15	24	12	25
Panel QME (Employee Unrepresented by Attorney)	3	0	0	0	0
QME (Employee Represented by Attorney)	12	18	37	39	54
Other	0	0	0	1	5



**Ongoing**

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

**New Initiatives**

- Oakland Police Officer Association - Alternative Dispute Resolution Carve-Out
  - Approved by the DIR on December 9, 2019
  - Official Start Date January 11, 2020 @ 0700
  - Intended to improved customer service and reduce cost
- Shift in settlement philosophy
  - Intended to address future liabilities
  - Working closely with Finance to balance annual cost vs. outstanding loss
- Fundamental shift in workflow and processing due to COVID-19 Pandemic. Additional audit and review considerations due to unusual circumstances.



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

The EWC Program provides the following special coverage features:

- Volunteers included (subject to resolution by employer prior to injury)
- Defense costs included within SIR and limit
- No terrorism exclusion
- Other states coverage (while in course and scope)
- EIA staff will coordinate a claims audit every 2 years
- 181 Members covering \$31B in total payroll.

**2019/20 Final EWC Premium: \$1,945,355**

**EWC Insurance Retention Review**

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

The City's position continues to be difficult due to a large loss early in the 18-19 fiscal year. This loss will continue to effect the City's program for the foreseeable future.



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

<b>COO Self-Insured Annual Report to State of California</b>						Exhibit 11-A
<b>Fiscal Year</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	
<b>Indemnity Claims Rec'd</b>	277	289	233	191	218	
<b>Medical Only Claims Rec'd</b>	243	211	191	242	222	
<b>Total # of Claims Rec'd</b>	520	500	424	433	440	
<b>Total Benefits Paid (Disability &amp; Medical Expenses Only)</b>	\$15,472,848	\$16,000,632	\$14,697,608	\$18,300,670	\$17,952,696	
<b>Total Future Liability</b>	\$54,384,319	\$50,316,257	\$48,486,464	\$65,332,189	\$55,020,690	
<b># of Employee (FTE)</b>	4576	5062	5283	5031	4701	
<b>Total Reported Payroll</b>	\$364,004,747	\$360,410,946	\$375,381,194	\$400,535,932	\$419,087,238	
<b>Total # Claims/100 FTE</b>	11.36	9.88	8.03	8.63	9.36	
<b>Total Benefits Paid/100 FTE</b>	\$338,130	\$316,093	\$278,206	\$363,758	381,891	
<b>Total # Claims per \$1M Payroll</b>	1.43	1.39	1.13	1.08	1.05	
<b>Total Benefits Paid per \$1M Payroll</b>	\$42,507	\$44,396	\$39,154	\$45,690	\$42,838	
<b>Average Cost per Claim</b>	\$29,755	\$32,001	\$34,664	\$37,856	\$40,801	

Exhibit 12-A

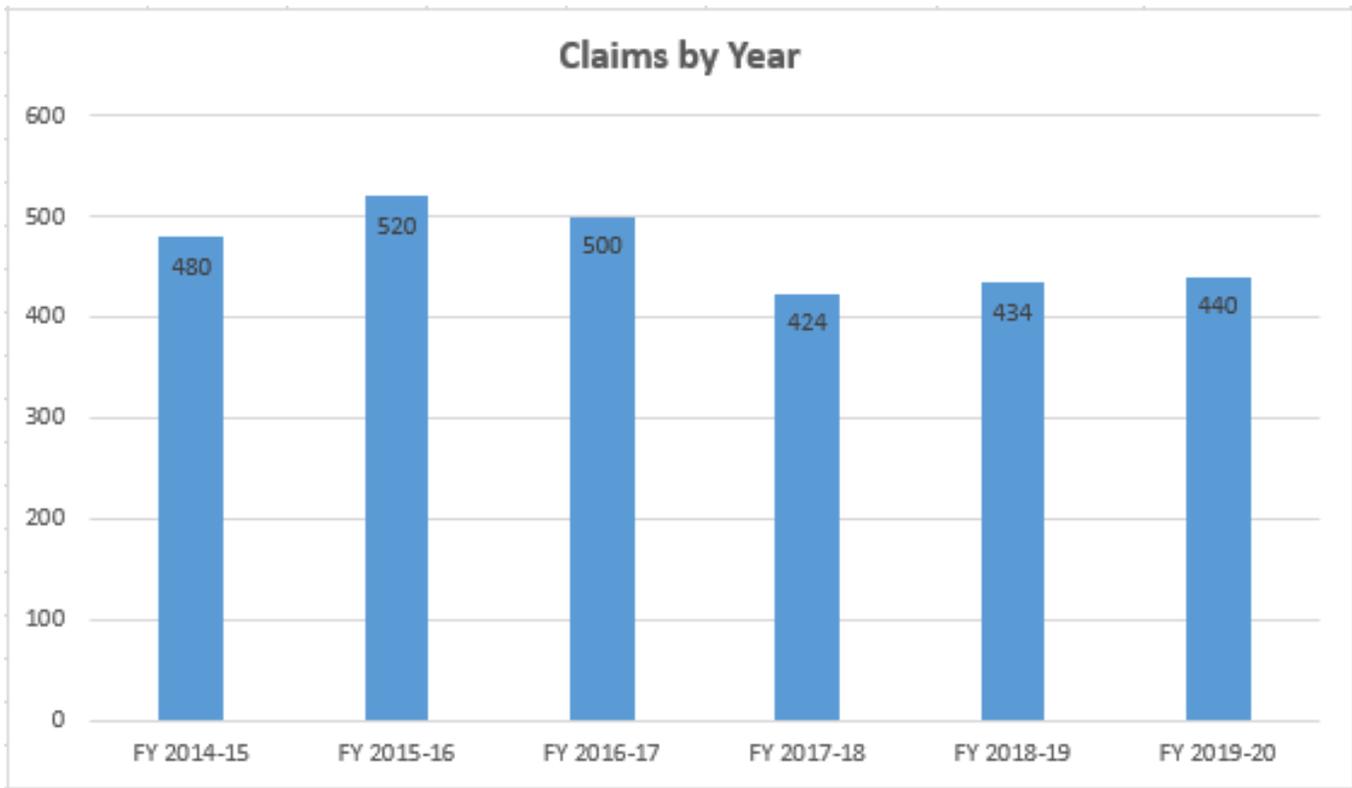
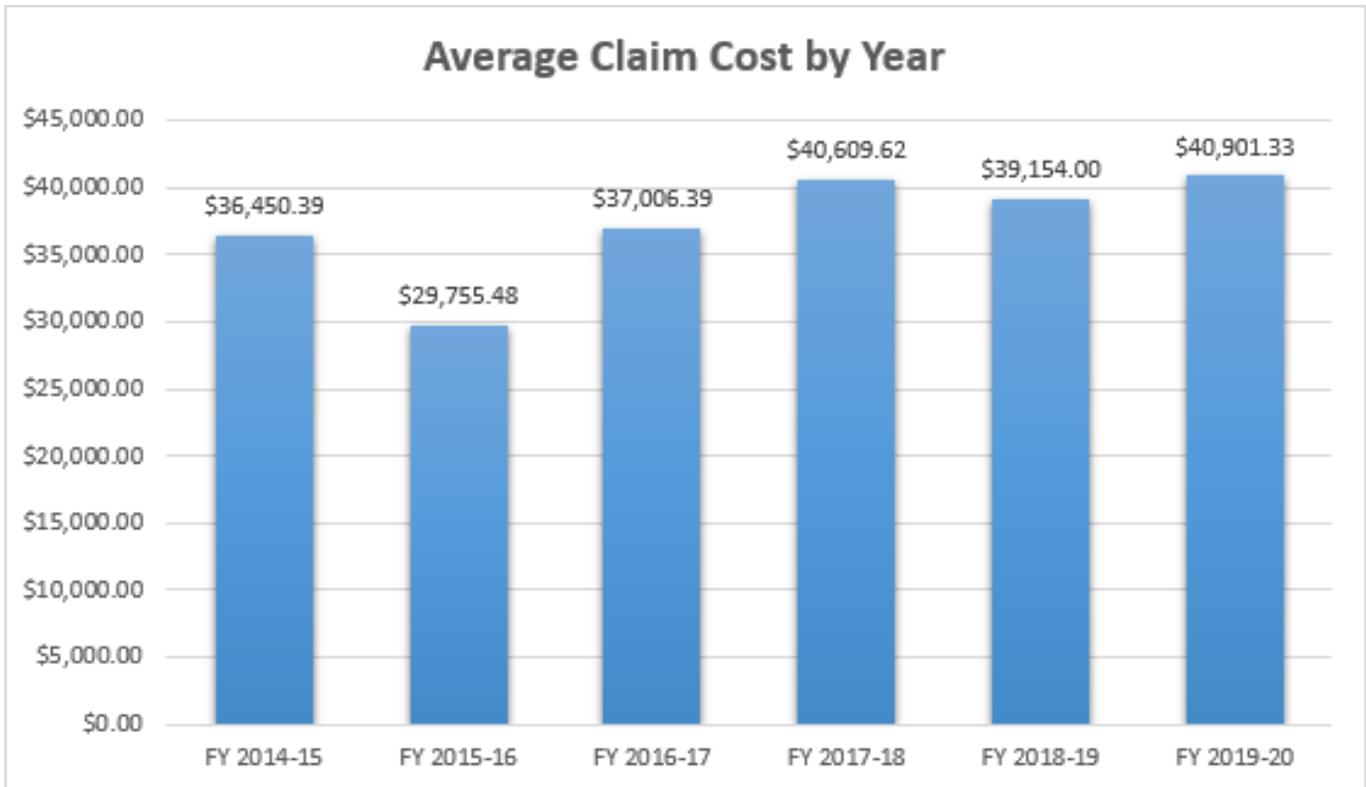


Exhibit 12-B



The average cost per claim over the past 4 years has remained relatively consistent with a 4 increase in FY2019-20 from the prior year. According to 2020 statistics from the Workers' Compensation Insurance Rating Bureau, the average statewide cost per claim is \$56,201.

Exhibit 13-A

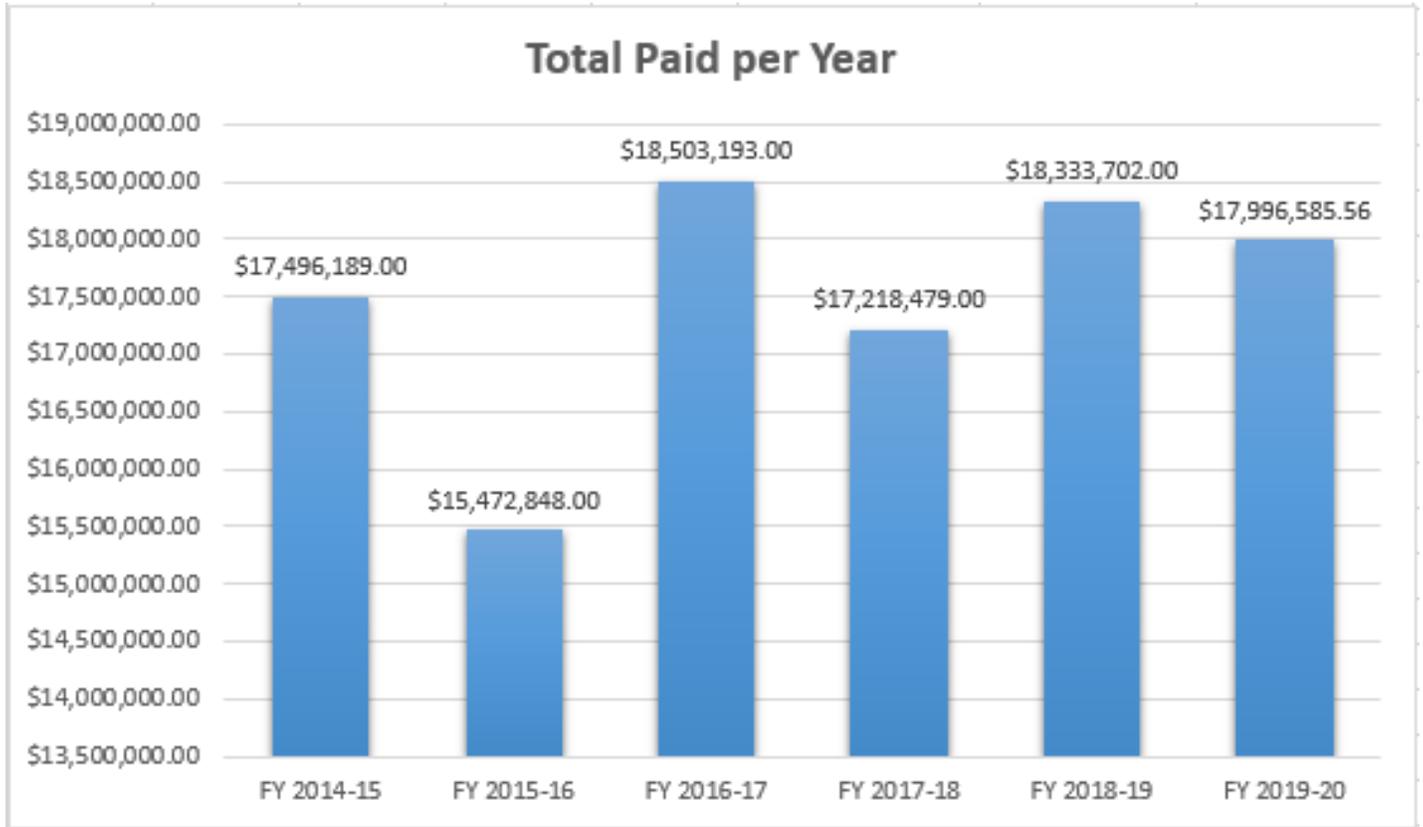
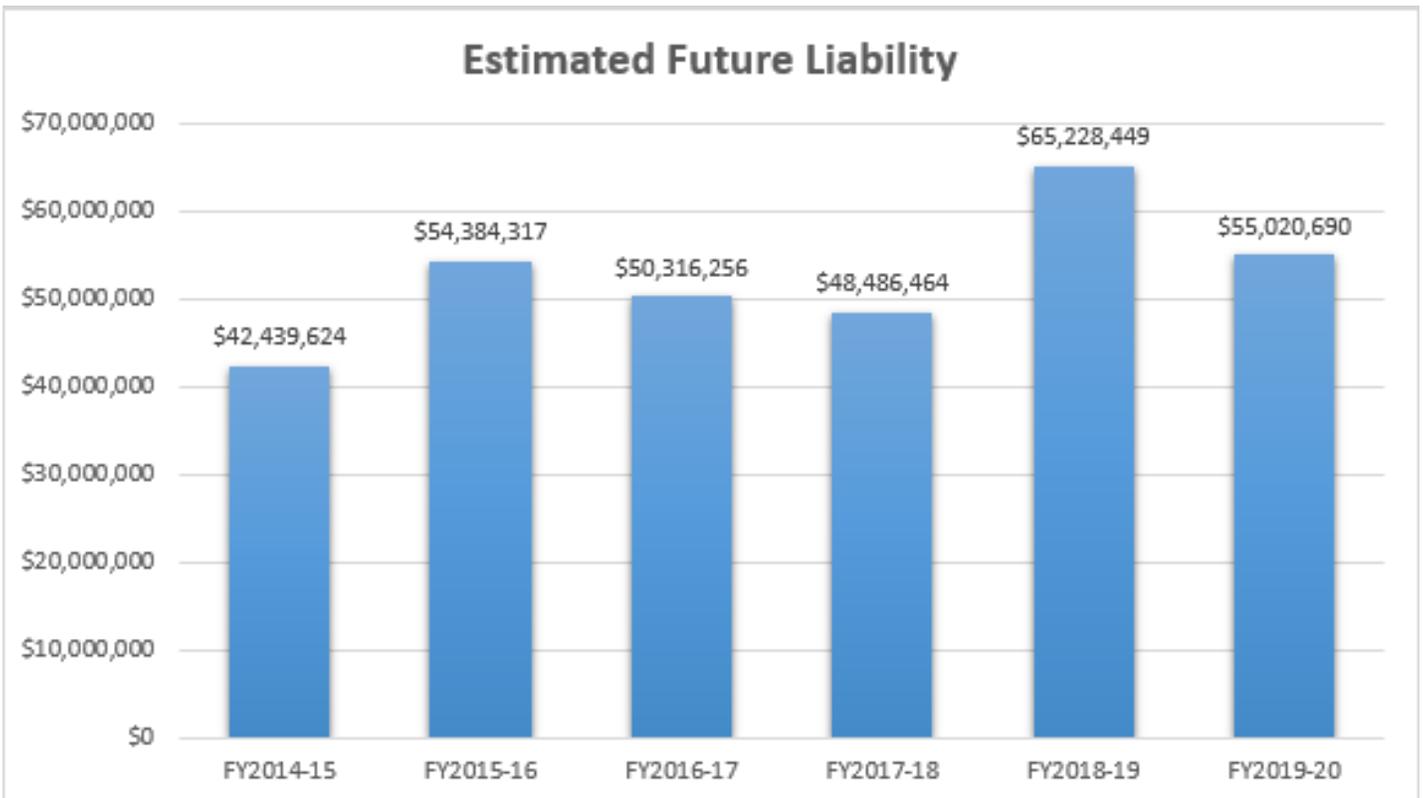


Exhibit 13-B



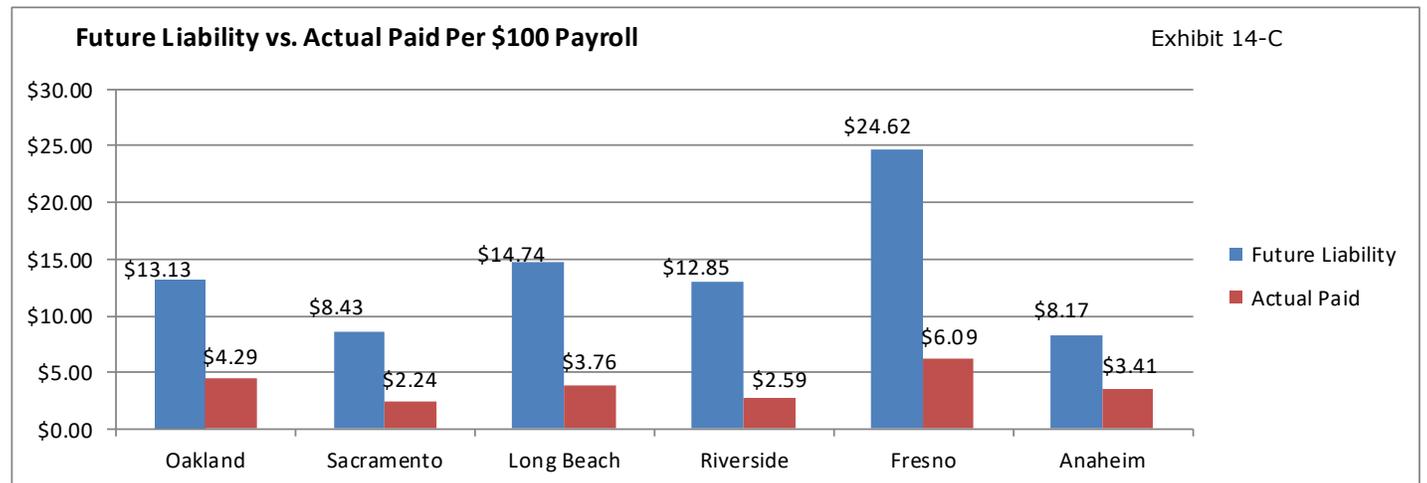
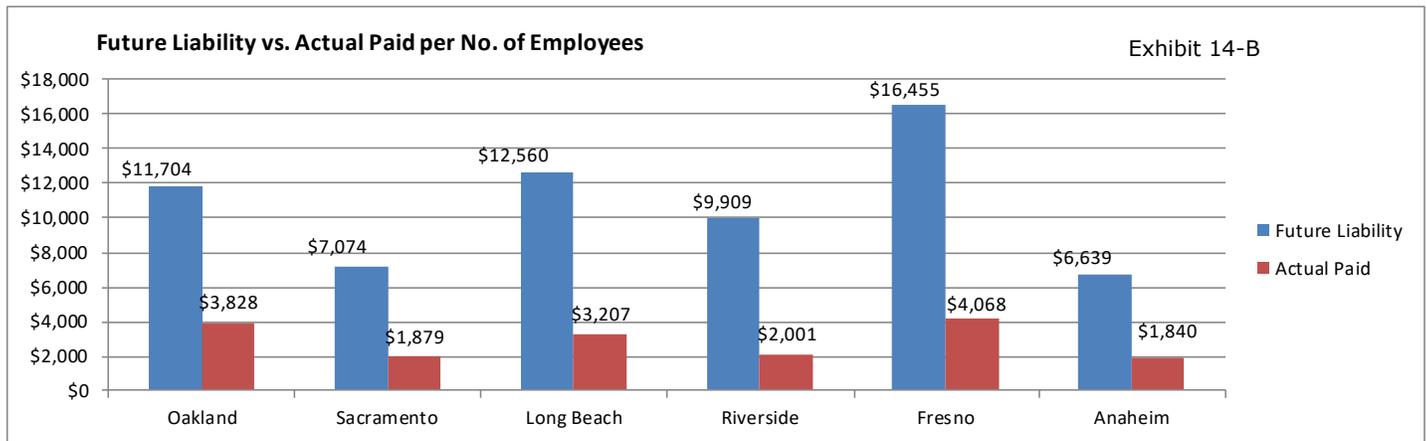
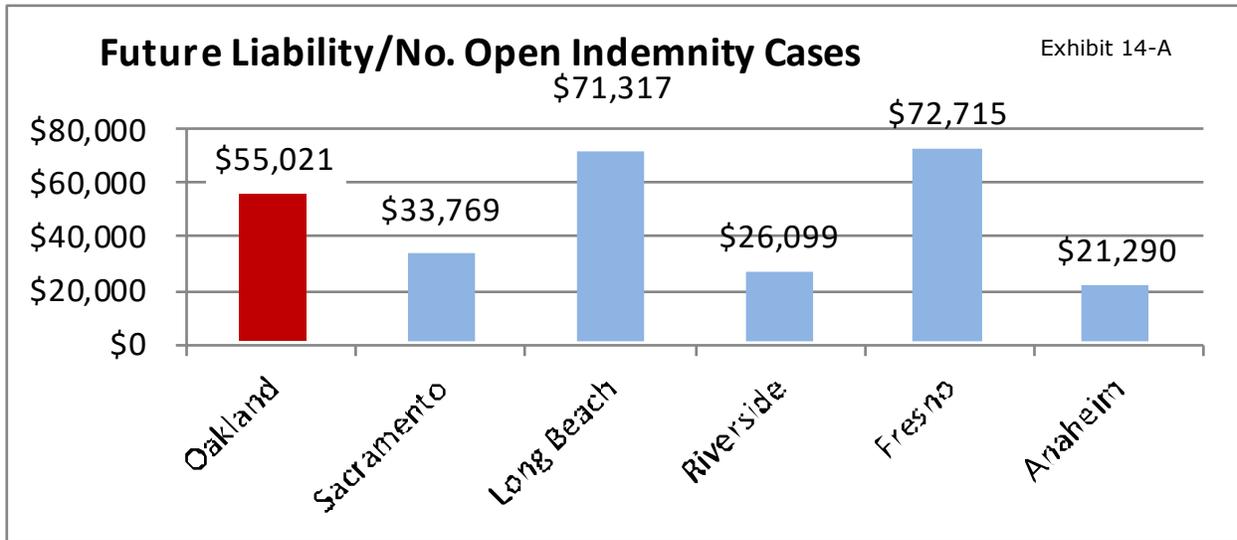
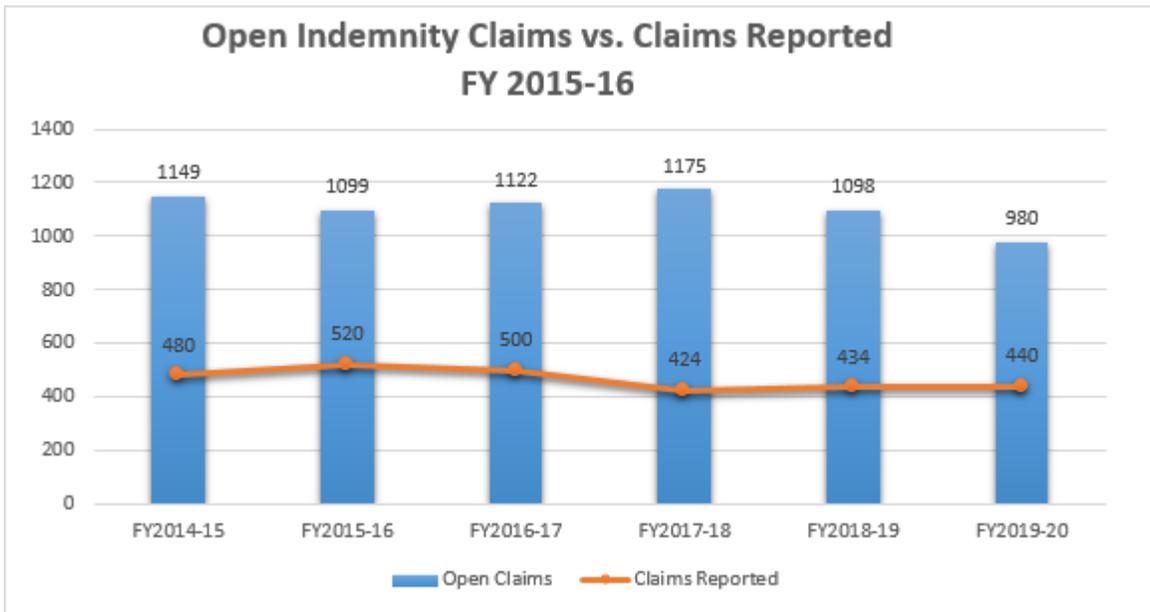
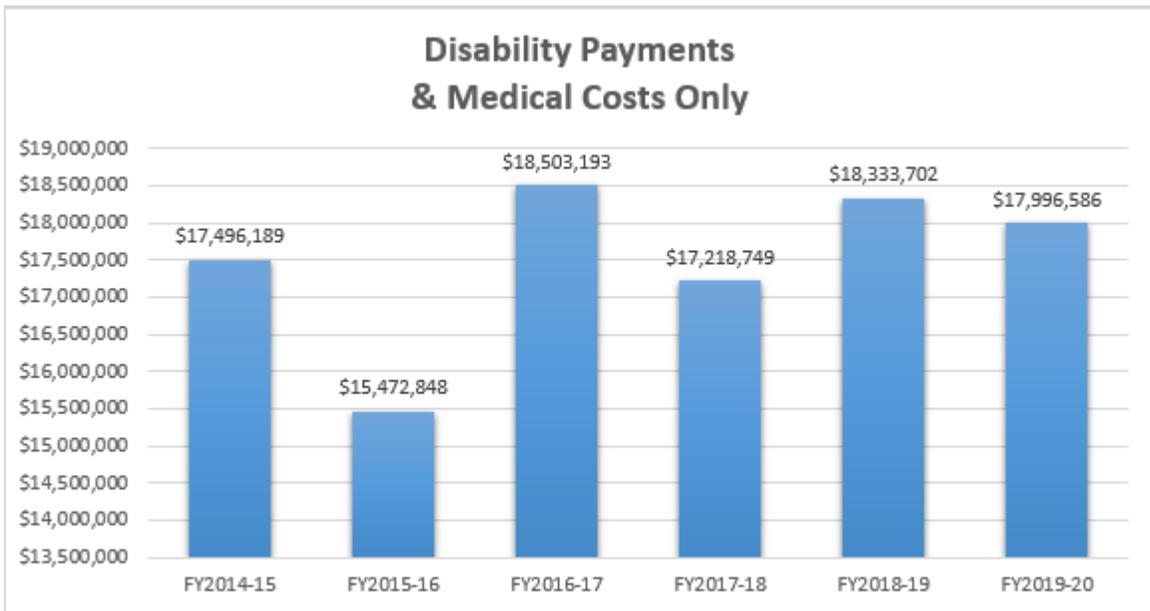


Exhibit 15-A



While the total number of reported claims have been steady over the last three years, there has been a dramatic decrease in the total number of open claims at year-end 19/20; i.e., a reduction of 118 claims, or 11% since last year.

Exhibit 15-B



Total disability and medical costs are down by \$337,116 from the prior year while annual medical inflation is about 9% for all employers statewide according to the WCIRB 2020 report.

Exhibit 16-A

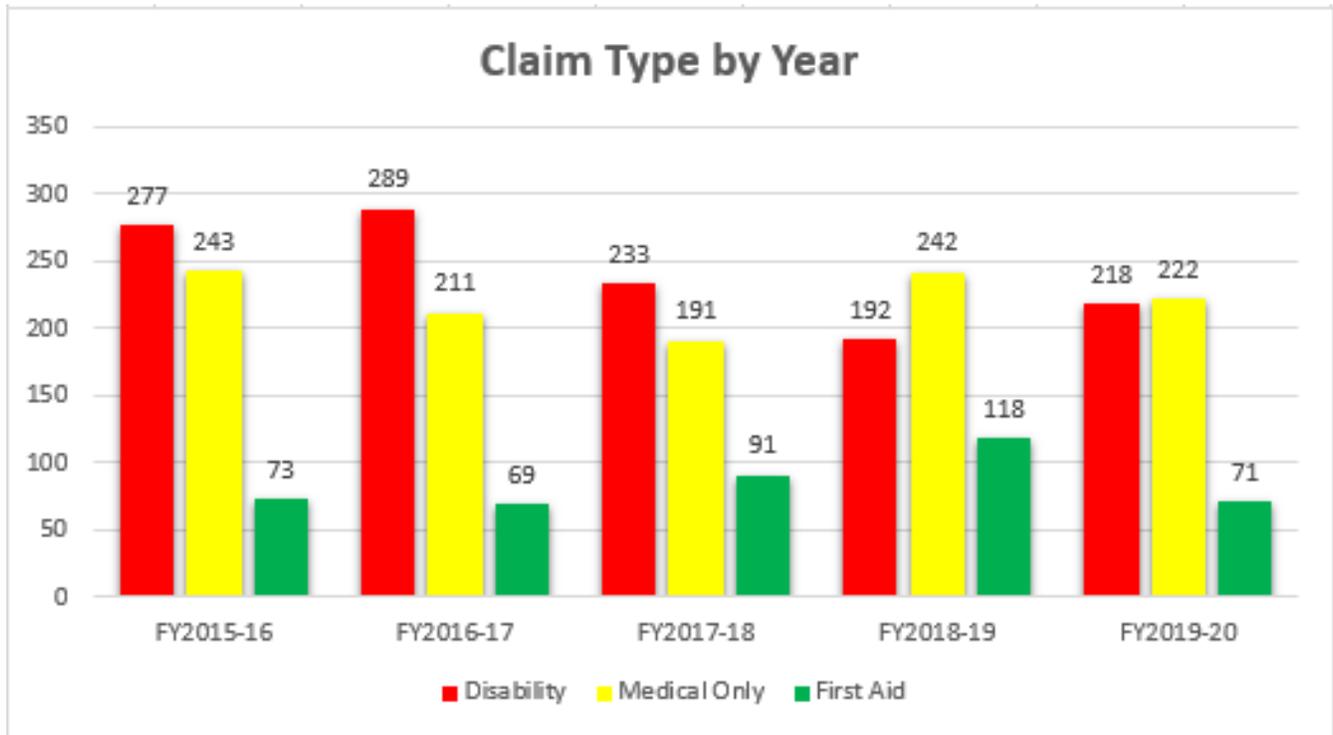


Exhibit 16-B

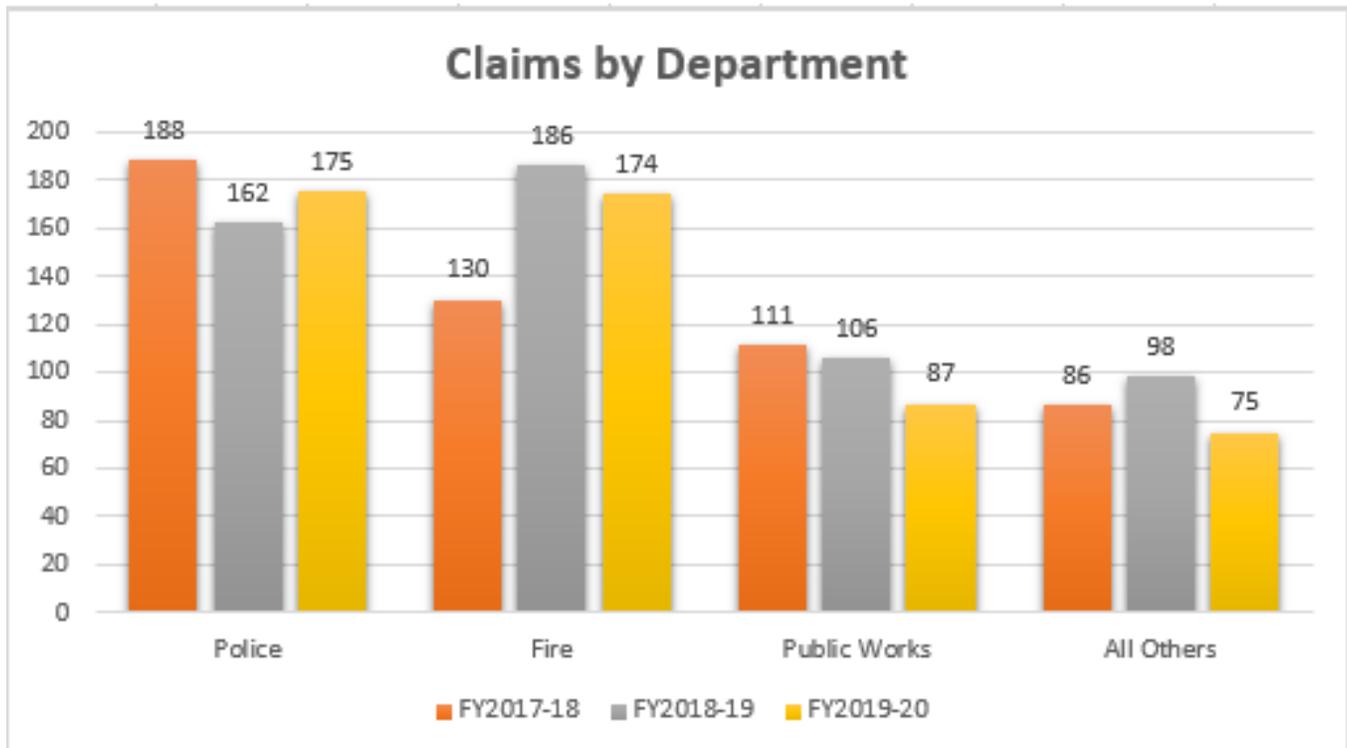


Exhibit 17-A



**City of Oakland**  
 RTW Claim Status Analysis  
 \*Start Date 05/11/11

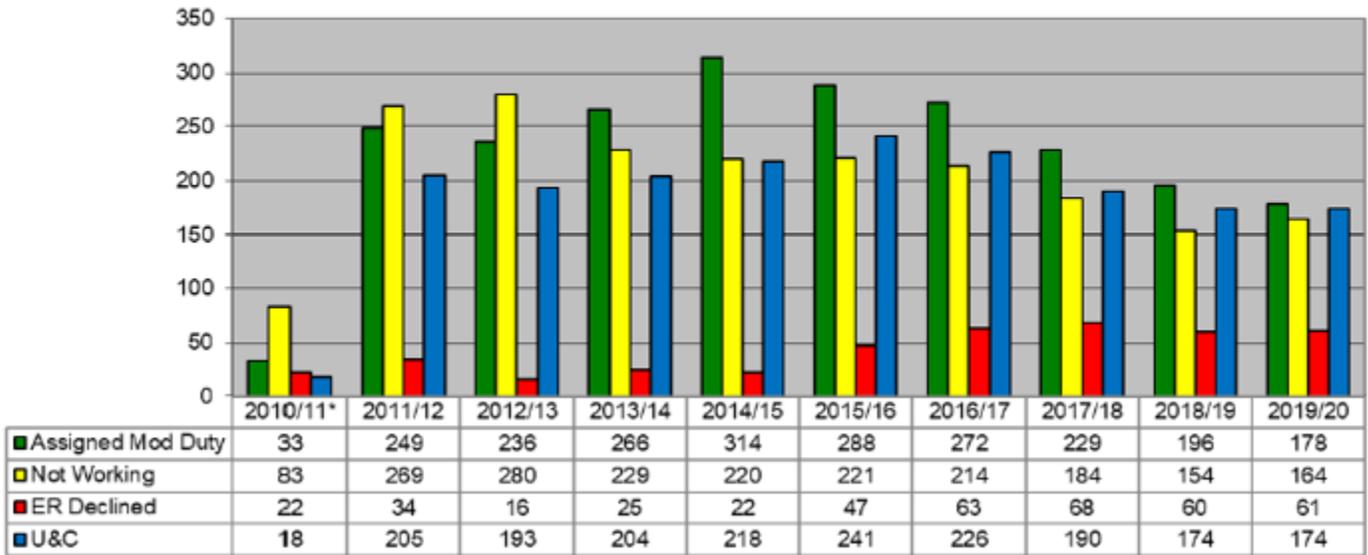
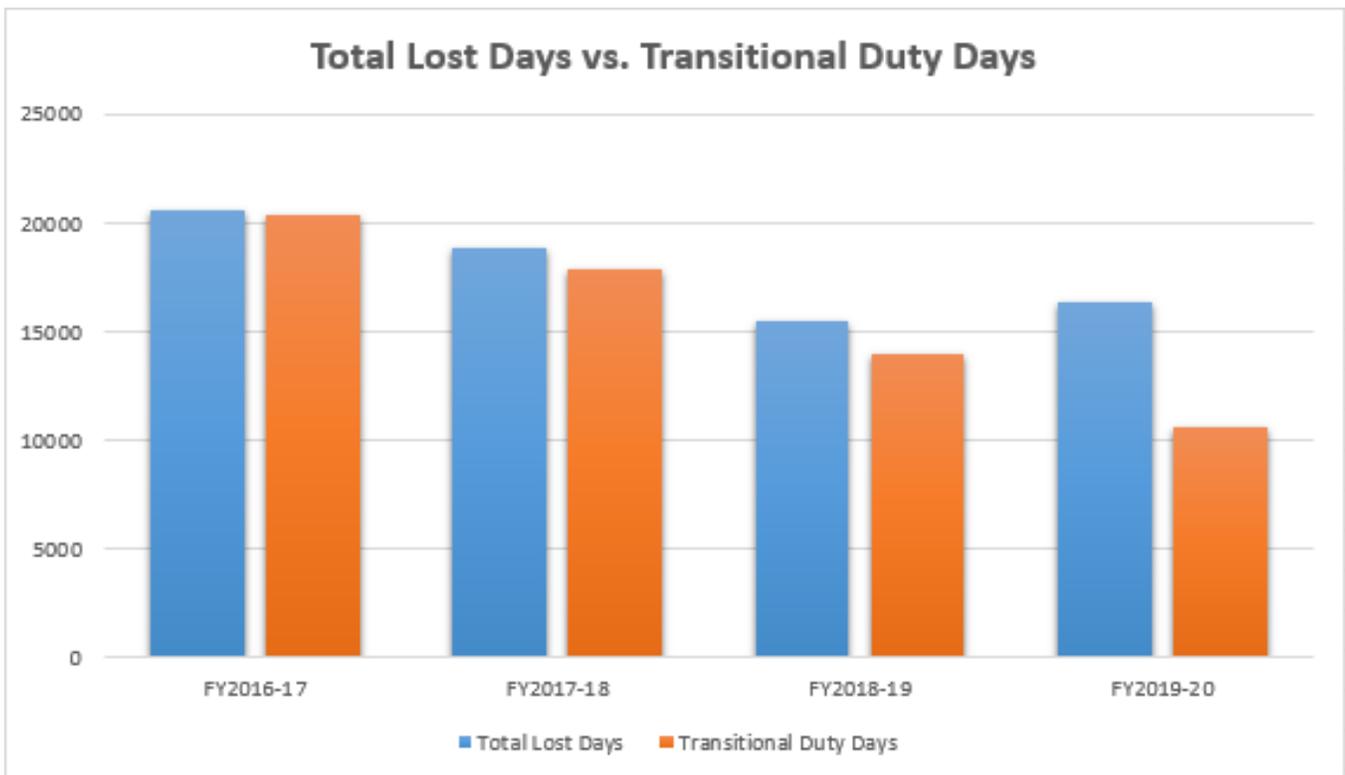


Exhibit 17-B



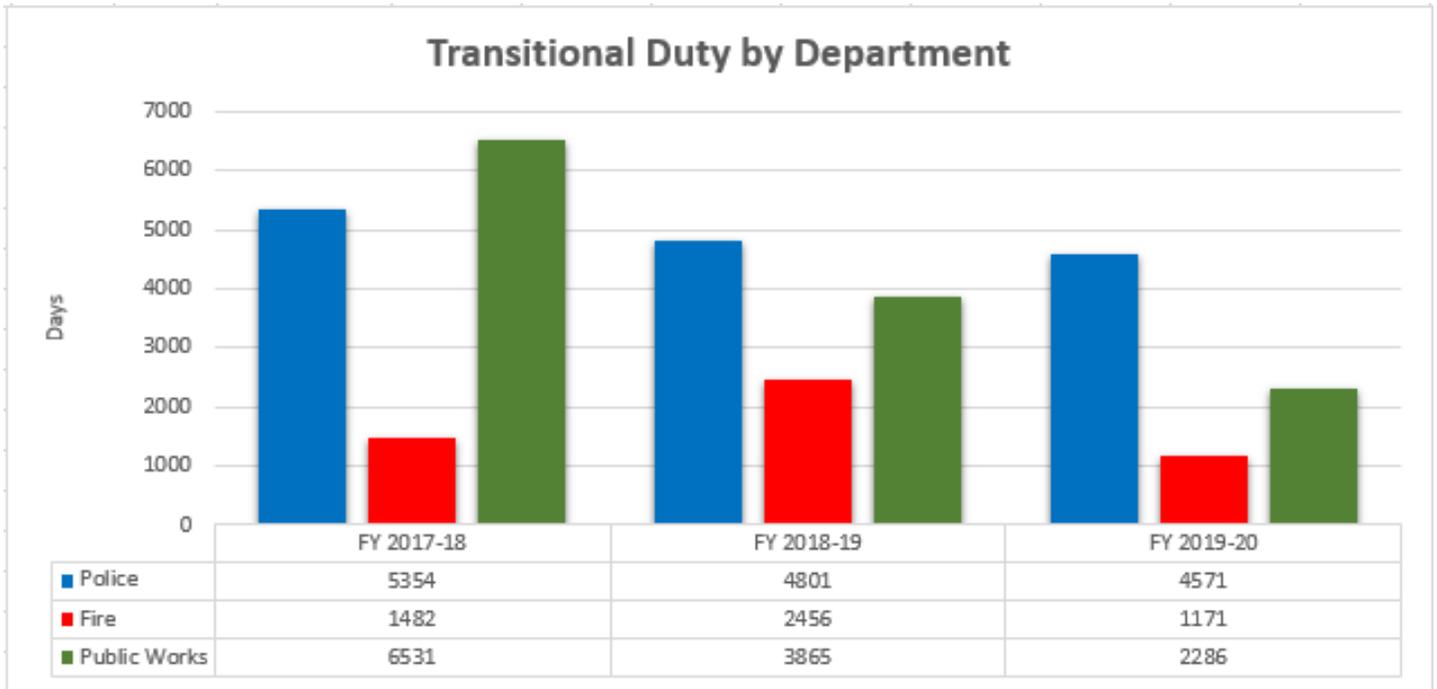
The number of Transitional Duty (TD) days for Fire and Public Works are down significantly.

Contributing factors include:

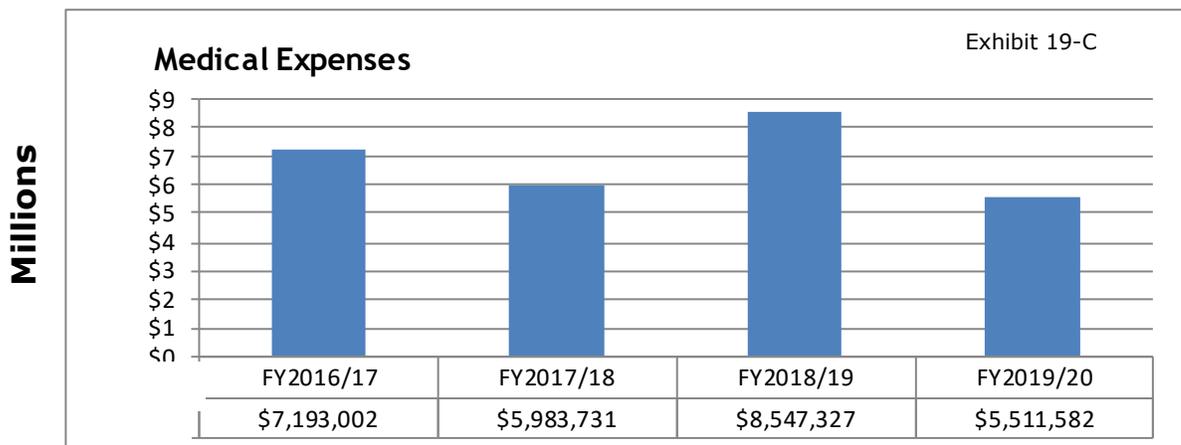
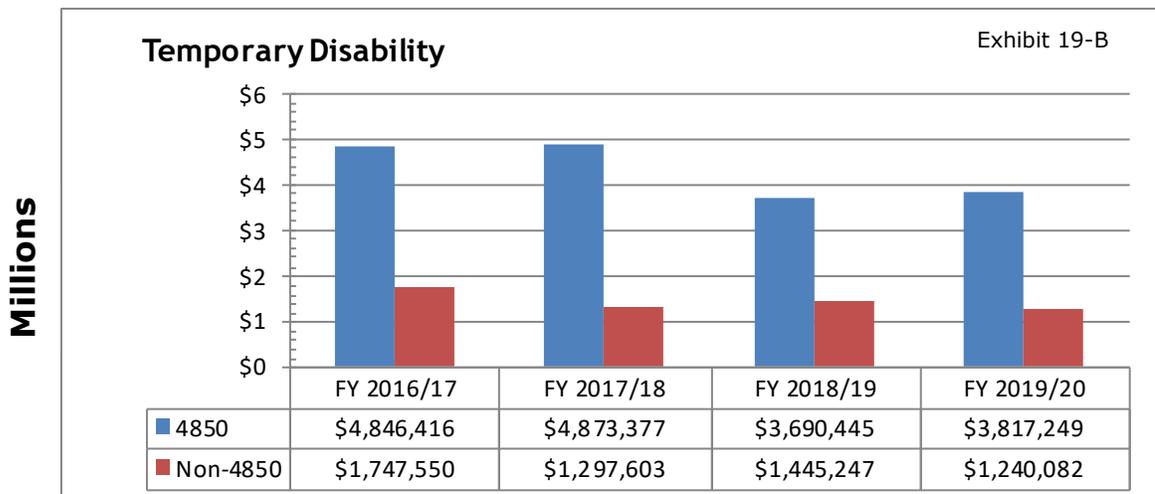
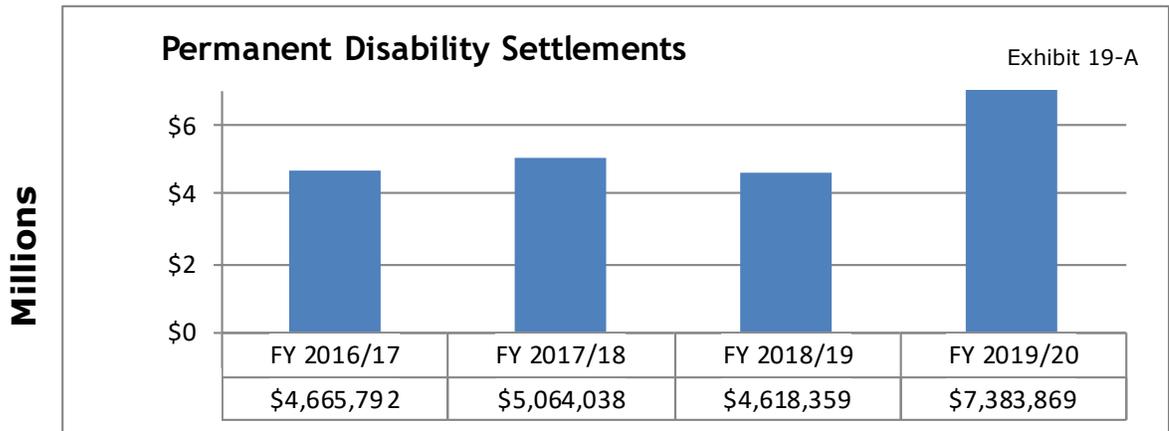
- Medical Providers releasing fewer employees to Modified Duty.
- Possible effects of COVID-19

Despite the reduction in Transitional Duty Days, the City's ability to provide modified duty remains fairly consistent with a 77% placement rate in FY18/19 and a 74% placement rate in FY19/20.

Exhibit 18-A



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



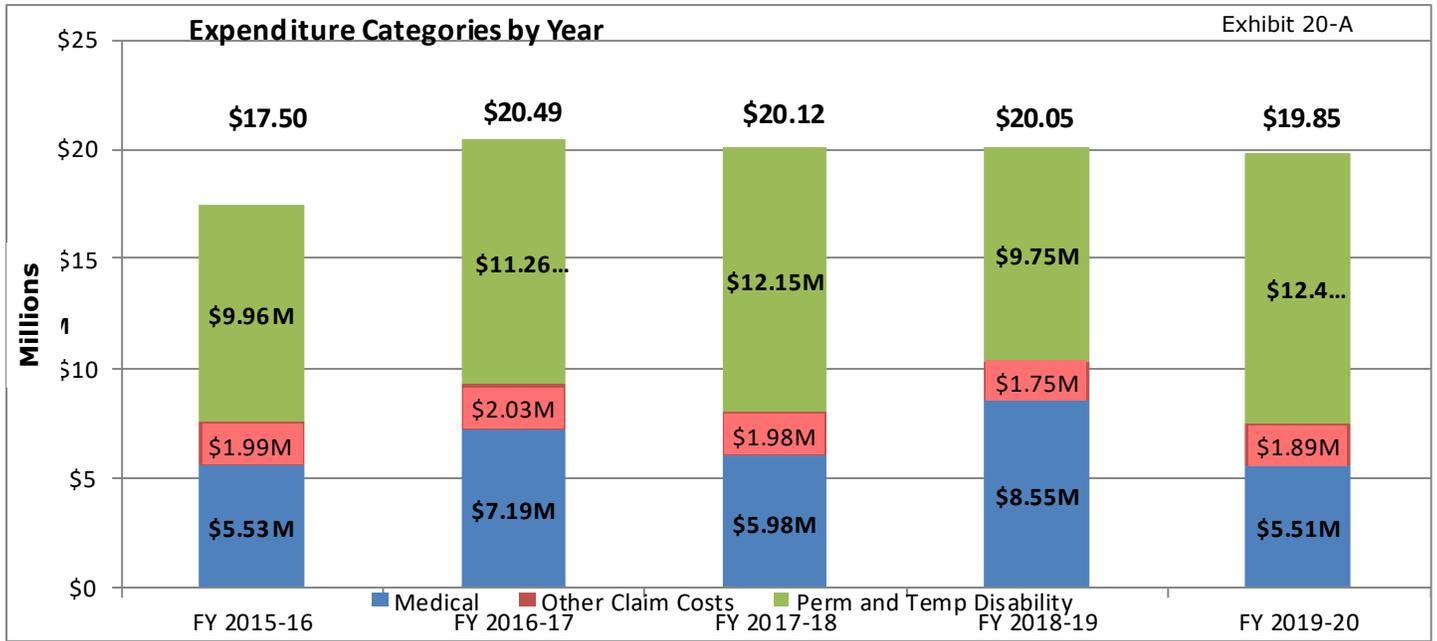
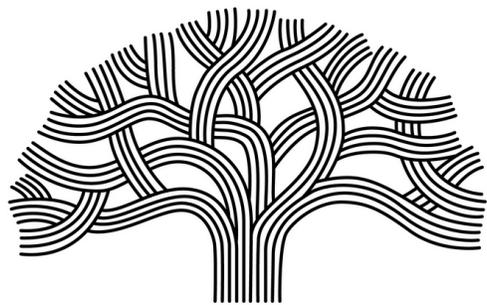
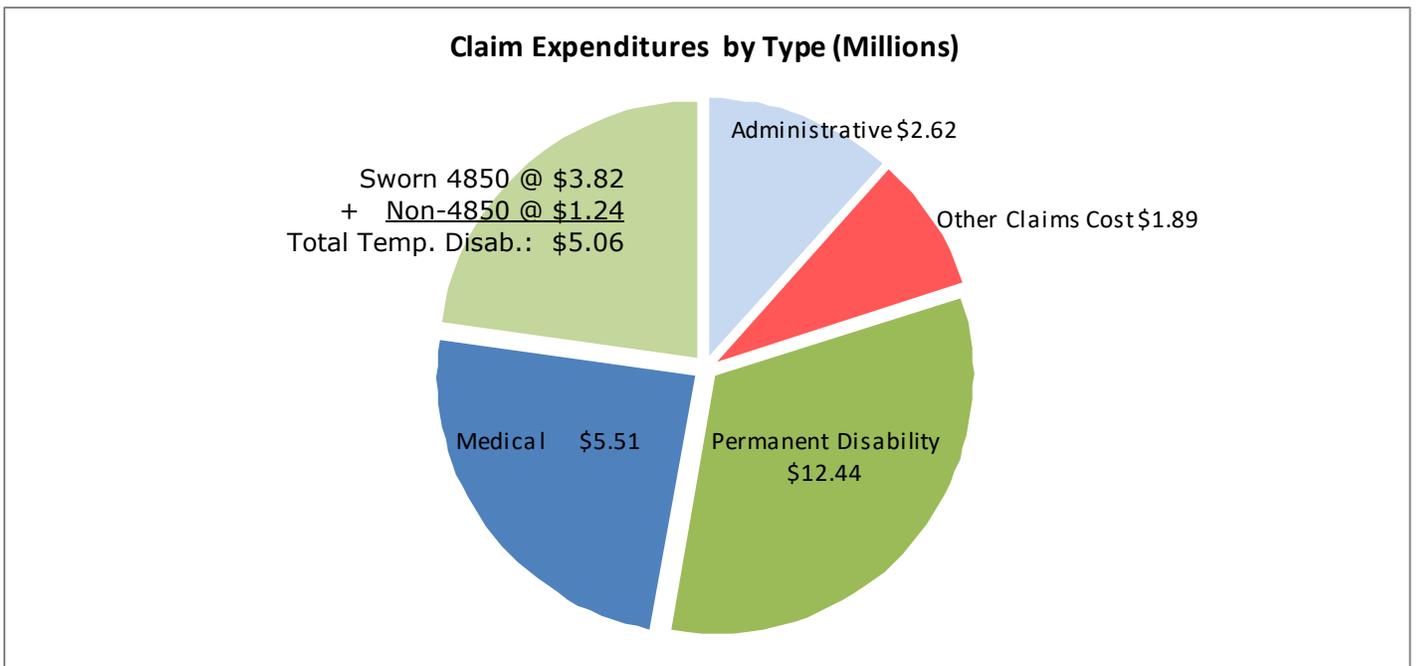
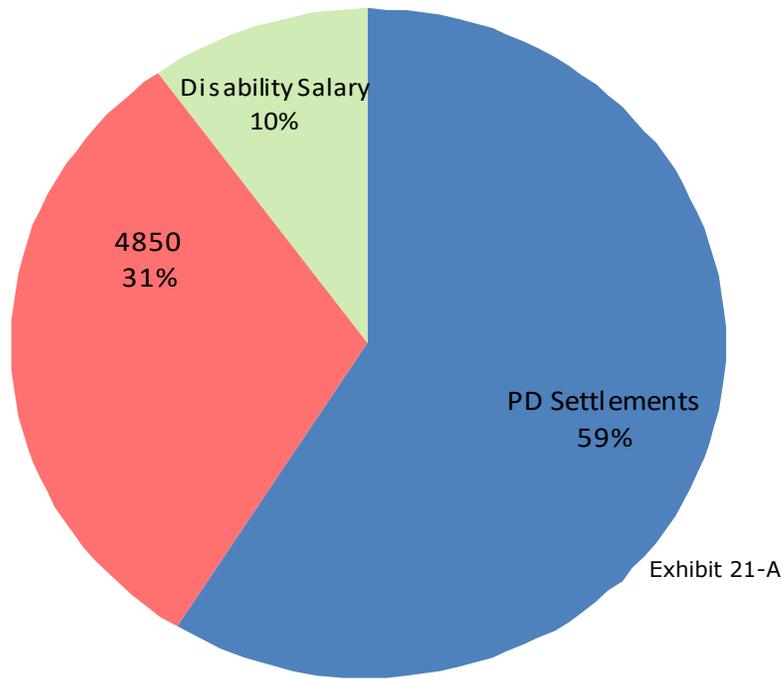


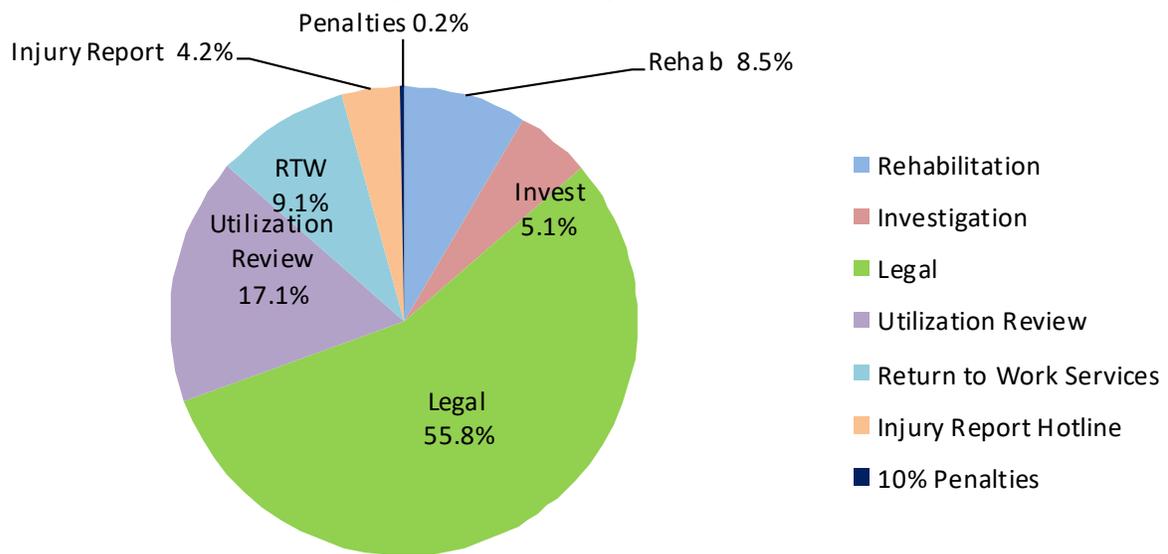
Exhibit 20-B



### Permanent Disability Settlements, Disability & 4850 Costs



### Other Claim Costs (Allocated)

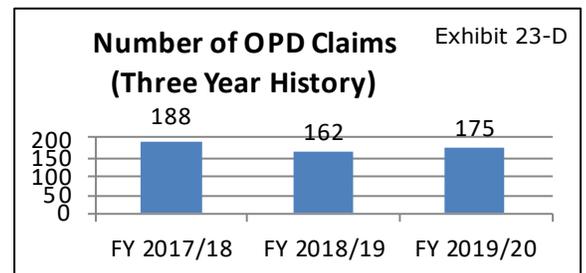
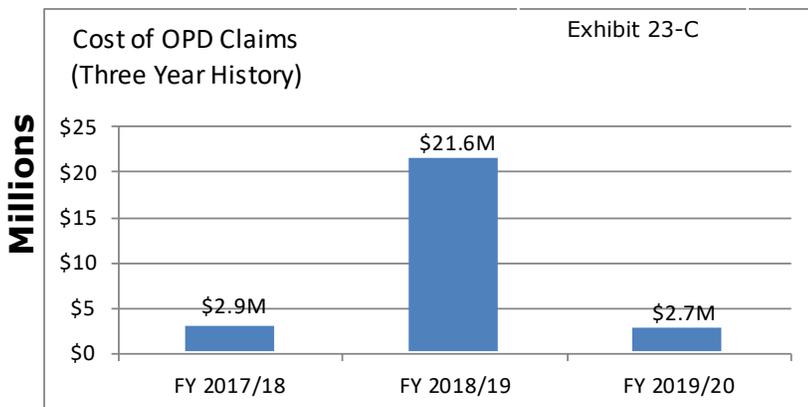
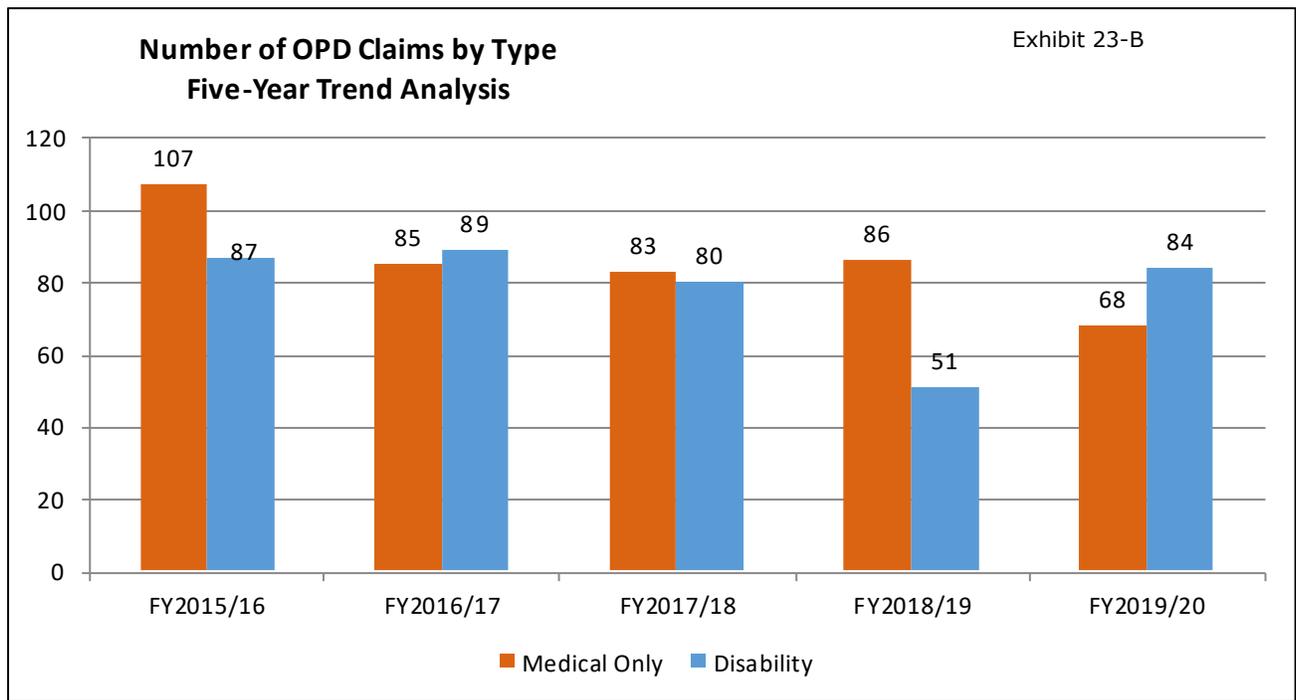


<b>Number of Claims by Department</b>										Exhibit 22-A
<b>Department</b>	<b>FY17-18</b>			<b>FY18-19</b>			<b>FY19-20</b>			
	<b>M.O.</b>	<b>Disb.</b>	<b>All</b>	<b>M.O.</b>	<b>Disb.</b>	<b>All</b>	<b>M.O.</b>	<b>Disb.</b>	<b>All</b>	
Budget & Revenue		0	0	0	0	0	0	0	0	
City Administration	1	3	6	3	0	5	5	3	11	
City Attorney	1	1	2	0	0	0	0	1	1	
City Auditor	0	0	0	0	0	0	0	0	0	
City Clerk	1	0	1	0	0	0	0	0	0	
Dept. Of Info & Tech	0	0	0	0	0	1	0	0	0	
Financial Mgmt	5	2	7	4	2	6	1	1	3	
Fire	30	67	130	58	74	186	65	86	174	
Housing & Comm Dev.	0	1	1	0	1	1	1	0	1	
Human Services	5	9	14	5	8	17	8	7	15	
Library	3	6	15	5	1	9	6	1	12	
Neighborhood Inv.	0	1	1	0	0	0	0	0	0	
Economic & Workforce Dev	0	0	0	0	0	0	1	0	1	
Parks & Recreation	7	10	26	10	2	23	3	3	13	
Planning & Bldg	2	4	7	7	4	12	2	0	2	
Police	83	80	188	86	51	162	68	84	175	
Public Works	49	47	111	52	42	106	50	28	87	
Dept. of Transportation	4	2	6	12	7	24	12	4	16	
<b>Totals</b>	<b>191</b>	<b>233</b>	<b>515</b>	<b>242</b>	<b>192</b>	<b>552</b>	<b>222</b>	<b>218</b>	<b>511</b>	

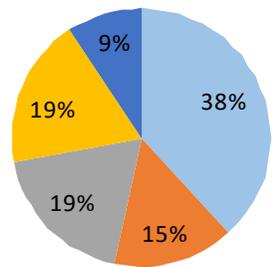
**M.O.:** Medical Only Claims      **Disb.** Claims with disability costing

<b>Estimated Future Liability by Department</b>				Exhibit 22-B		
<b>Department</b>	<b>FY17-18</b>		<b>FY18-19</b>		<b>FY19-20</b>	
City Administration	\$23,934		\$4,299		\$6,808	
City Attorney	\$12,358		-		-	
City Clerk	-		-		-	
Dept. Of Info & Tech	-		-		-	
Financial Mgmt	\$4,473		\$25,149		-	
Fire	\$1,236,120		\$2,006,761		\$2,014,466	
Housing & Com Dev.	-		\$11,680		\$6,633	
Human Services	\$68,454		\$94,022		\$121,939	
Library	\$87,722		\$5,078		\$7,671	
Neighborhood Inv.	\$5,710		-		-	
Parks & Recreation	\$99,271		\$19,395		\$49,892	
Planning & Bldg	\$1,004		\$81,863		\$5,065	
Police	\$1,640,363		\$18,198,506		\$1,592,154	
Public Works (PW) *	\$670,479		\$401,313		\$494,107	
Dept. of Transportation	\$12,823		\$151,188		\$40,115	
<b>Totals</b>	<b>\$3,862,711</b>		<b>\$20,999,253</b>		<b>\$4,365,850</b>	

<b>Police Department -- Workers' Compensation Claims</b>					Exhibit 23-A
	# of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
FY 2019-20	175	34%	\$2,680,371	37.78%	\$15,316
3-Year Average	175	33%	\$9,062,725	68.32%	\$51,787



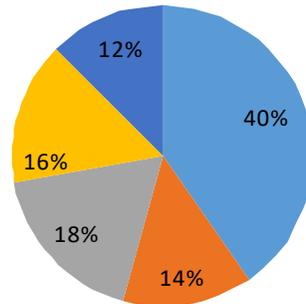
**Top 5 Body Parts**



- Multiple body parts (38%)
- Knee (15%)
- Lung (19%)
- Hand (19%)
- Lower Back area (Inc. Lumb./Lumb. Sac (9%)

Exhibit 24-A

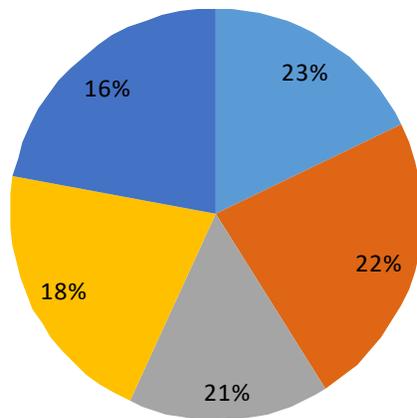
**Top 5 Nature of Injuries**



- Strain (40%)
- Contusion (14%)
- Sprain (18%)
- COVID-19 (16%)
- Multiple Injuries (12%)

Exhibit 24-B

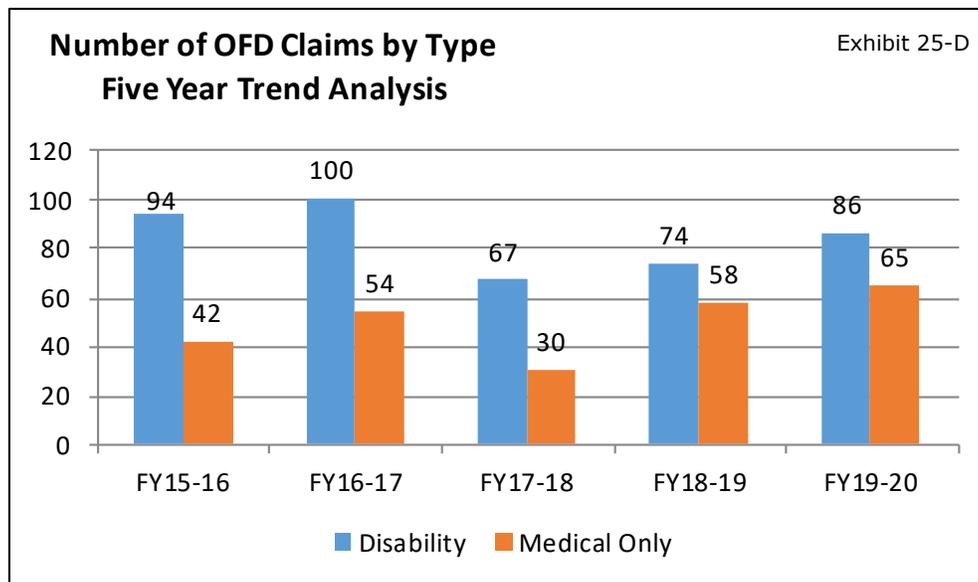
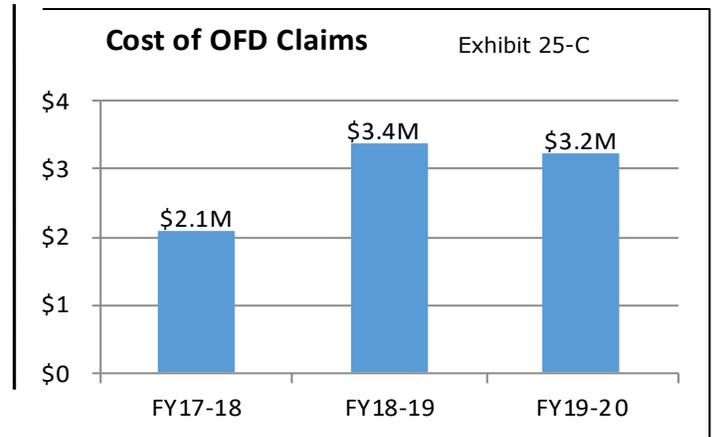
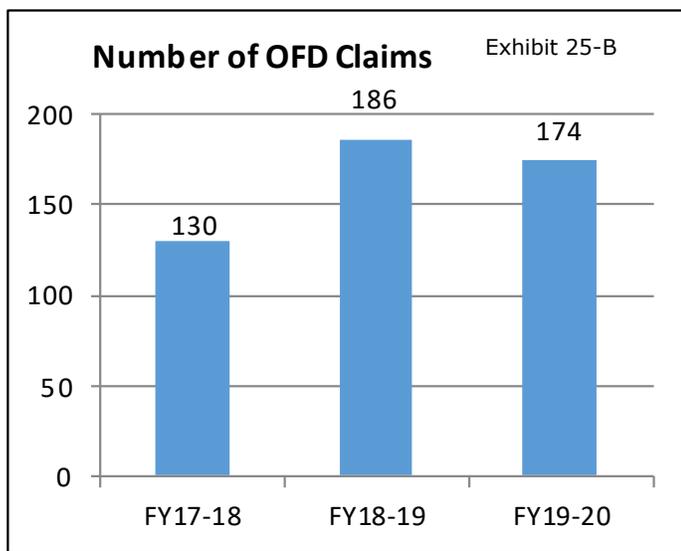
**Top 5 Loss Causes**

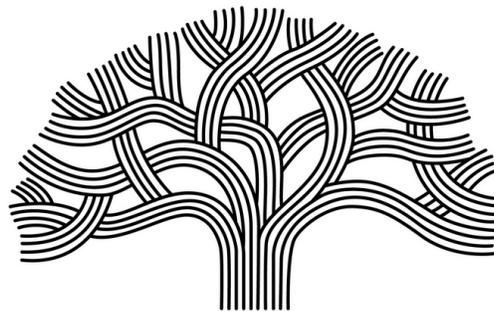
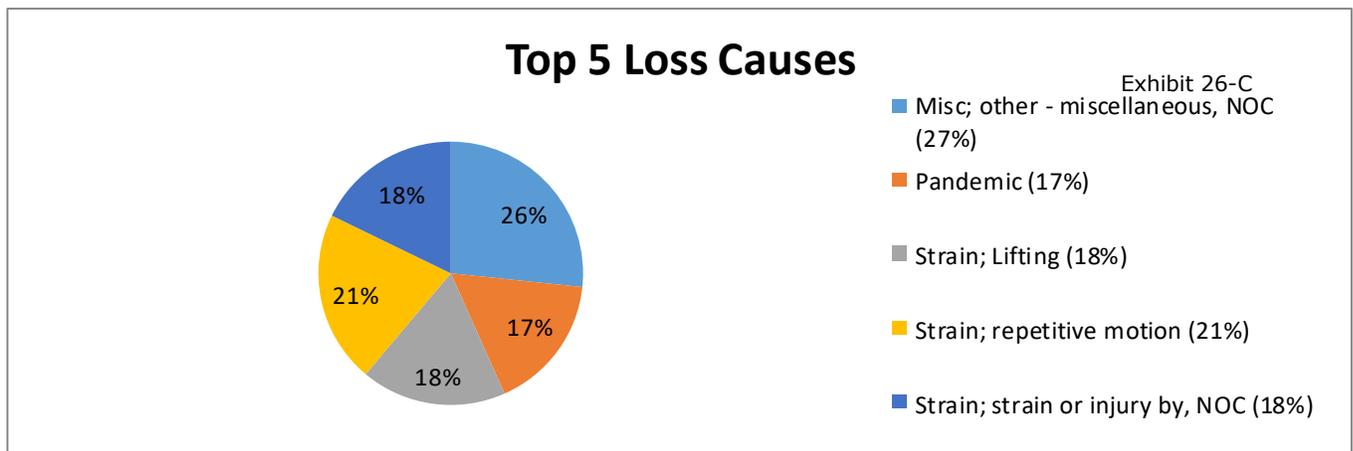
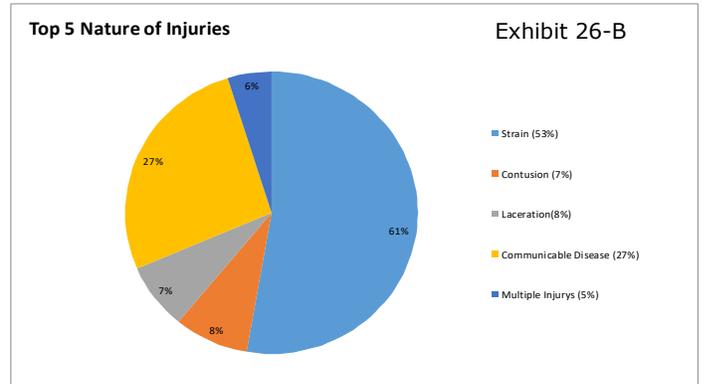
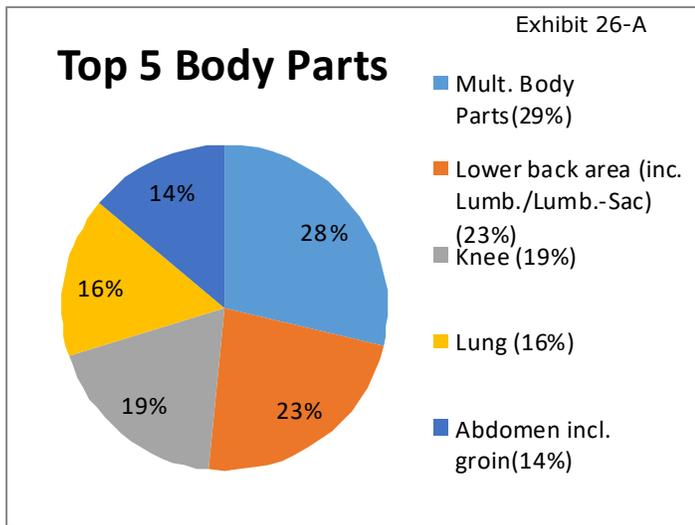


- Misc; other-misc, NOC
- Strain; repetitive motion
- Police/fire physical fitness
- Pandemic
- Fall, slip or trip, NOC

Exhibit 24-C

<b>Fire Department -- Workers' Compensation Claims</b>					Exhibit 25- A
	# of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
FY 2019-20	174	34%	\$3,213,313	45.29%	\$18,467
3-Year Average	163	31%	\$2,878,350	21.70%	\$17,623





**CITY OF OAKLAND**

**I changed the numbers in the table. However, I was unable to make changes to the charts. They are photos and do not open into EXCEL.**

<b>Public Works / DOT -- Workers' Compensation Claims</b>					Exhibit 27-A
	Number of Claims	% of City	Cost of Claims	% of City	Avg. Cost Per Claim
FY 2019-20	87	17%	\$750,106	10.57%	\$8,622
3 Year Avg.	101	19%	\$792,002	5.97%	\$7,816

Exhibit 27-B

Exhibit 27-C

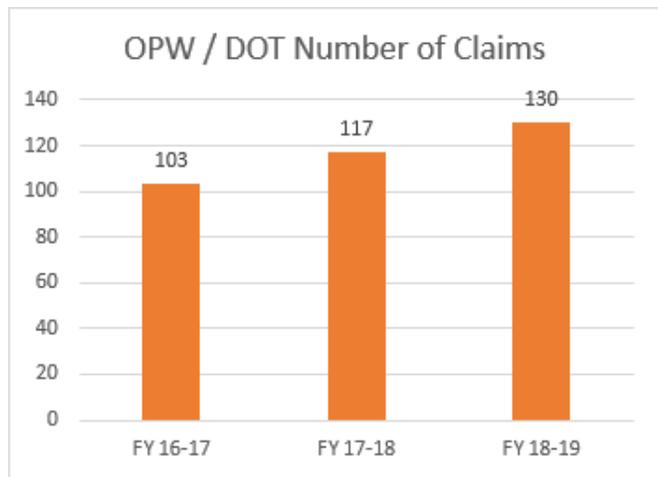
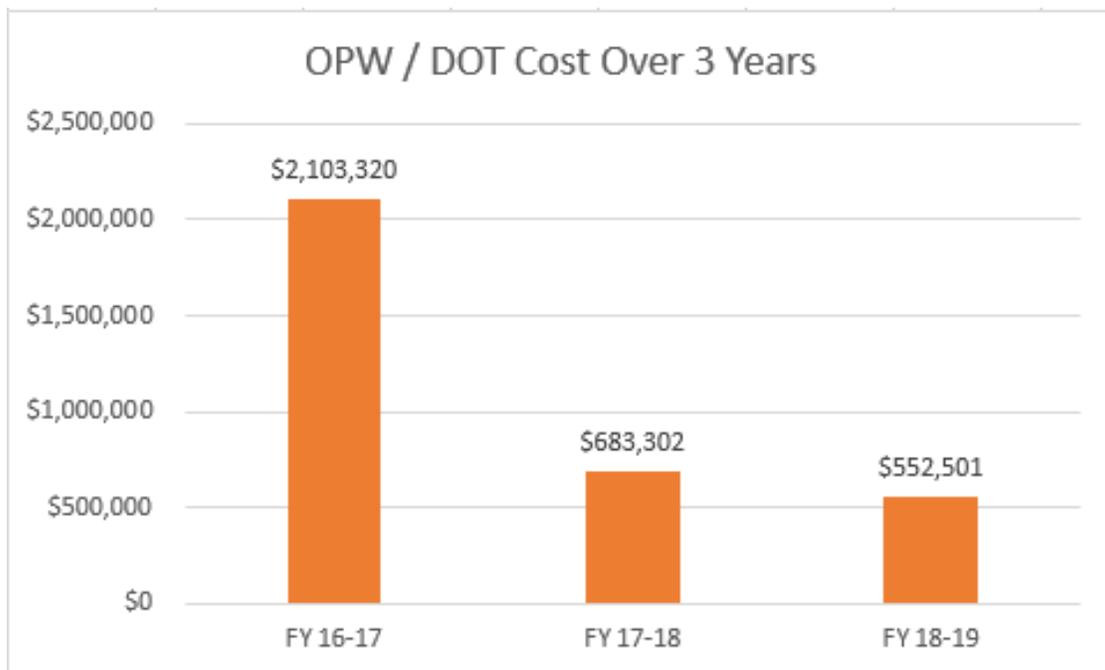
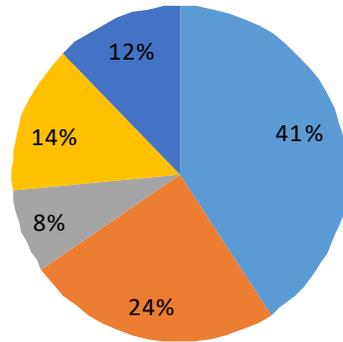


Exhibit 27-D



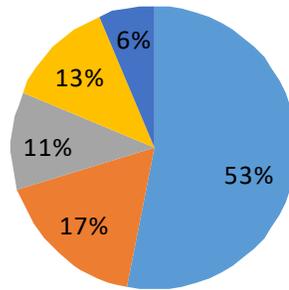
**Top 5 Body Parts**



- Multiple body parts (41%)
- Lower back area (inc. Lumb./Lumb.-Sac.)(24%)
- Finger(s) (8%)
- Knee(14%)
- Shoulder(s) (12%)

Exhibit 28-A

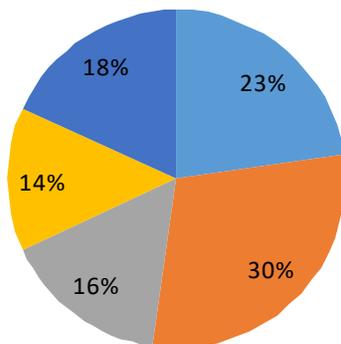
**Top 5 Natures of Injuries**



- Strain (53%)
- Contusion (17%)
- Sprain (11%)
- Puncture (13%)
- Multiple Injuries(6%)

Exhibit 28-B

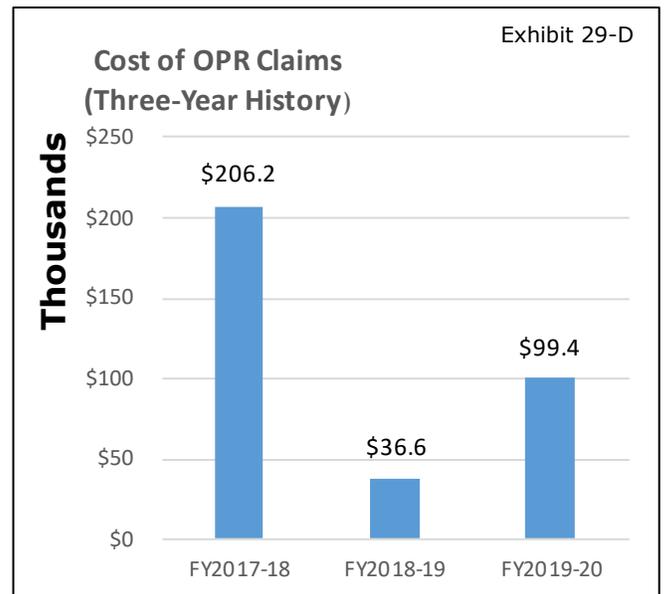
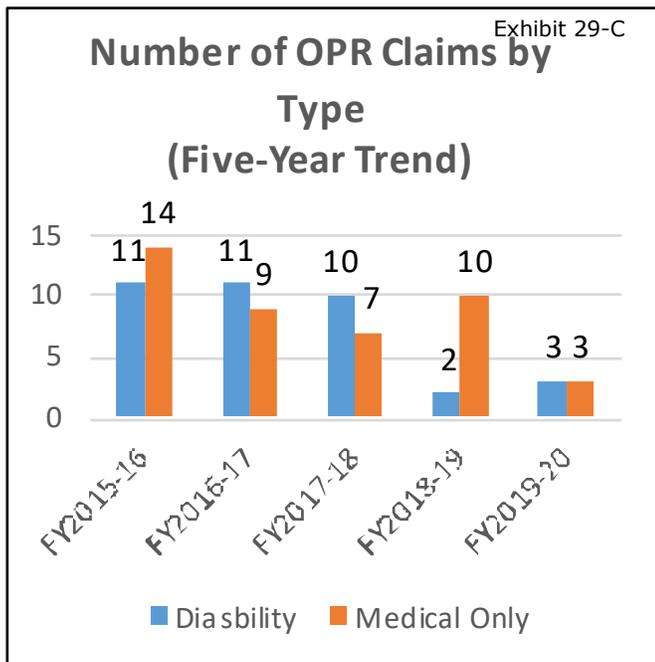
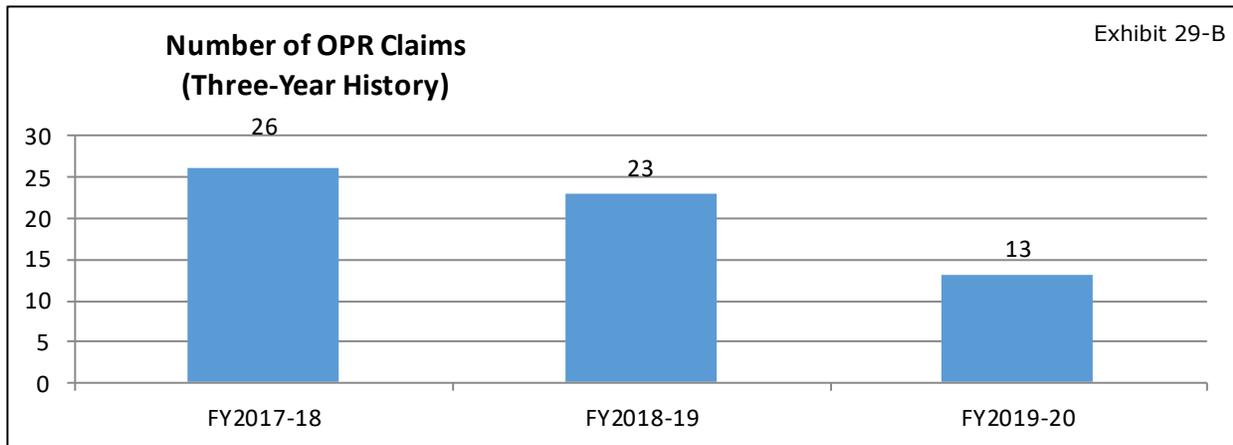
**Top 5 Loss Causes**

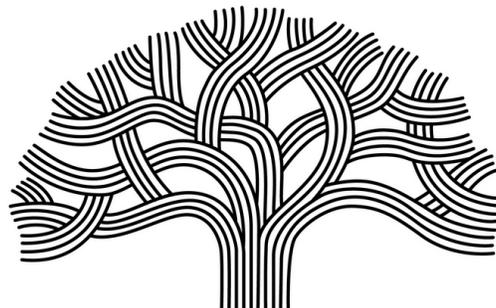
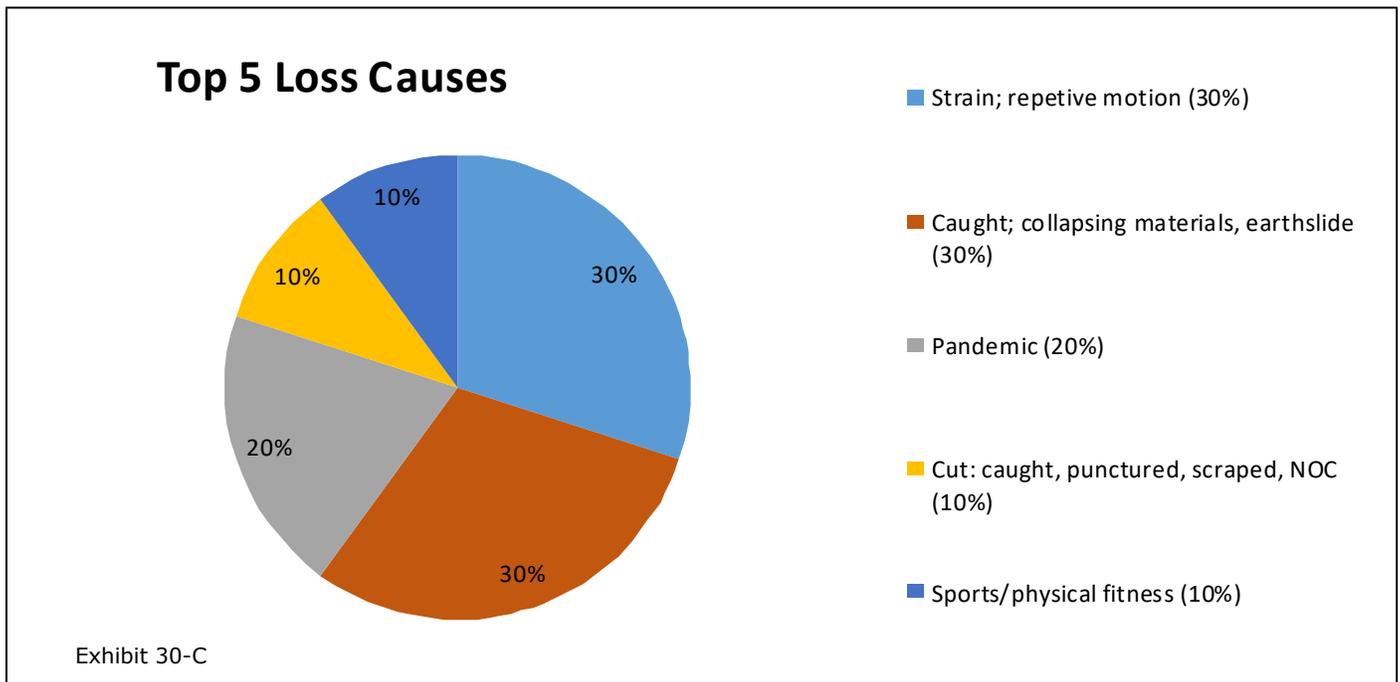
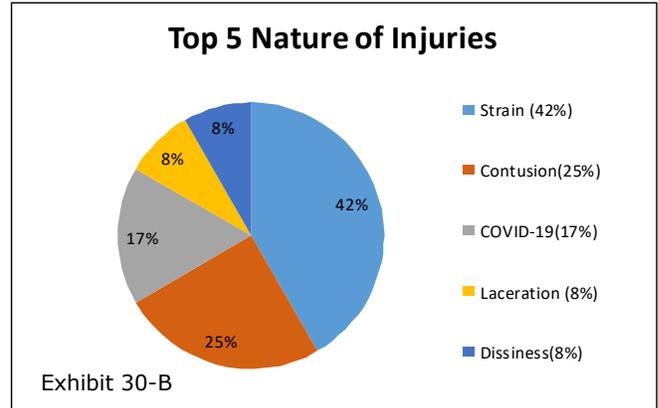
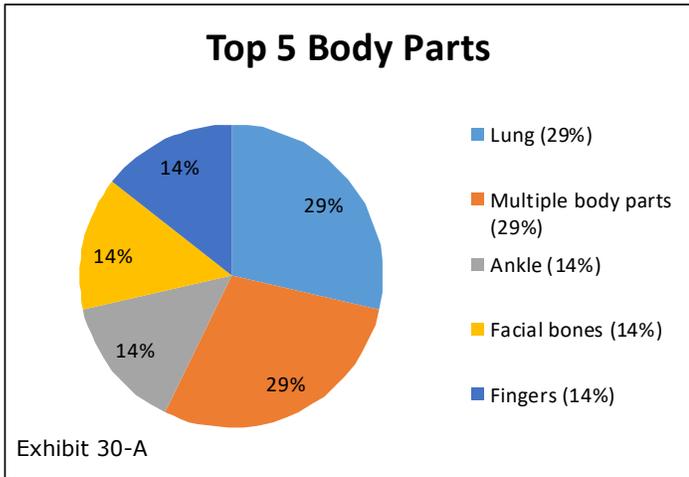


- Fall, slip or trip, NOC (23%)
- Strain; repetitive motion (30%)
- Strain; lifting (16%)
- Strain; strain or injury by, NOC (14%)
- Misc; other - miscellaneous, NOC(18%)

Exhibit 28-C

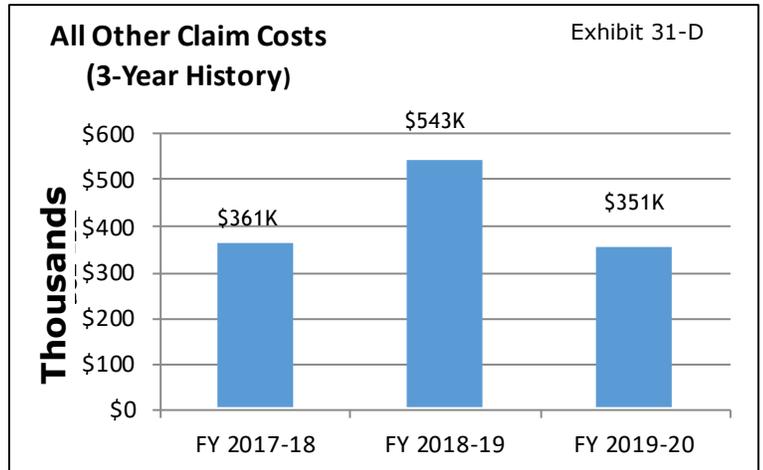
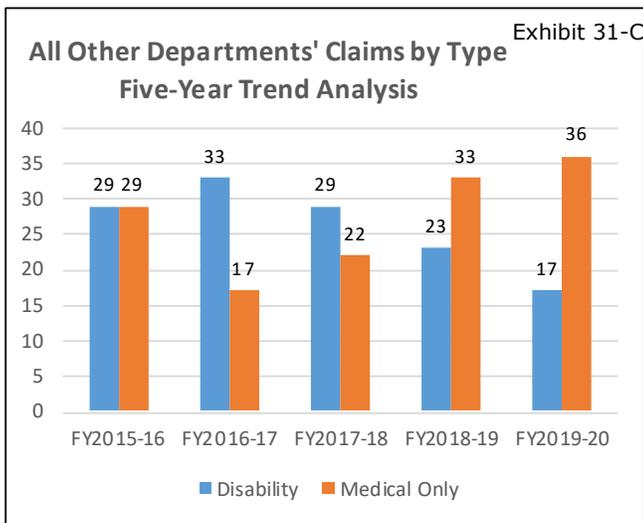
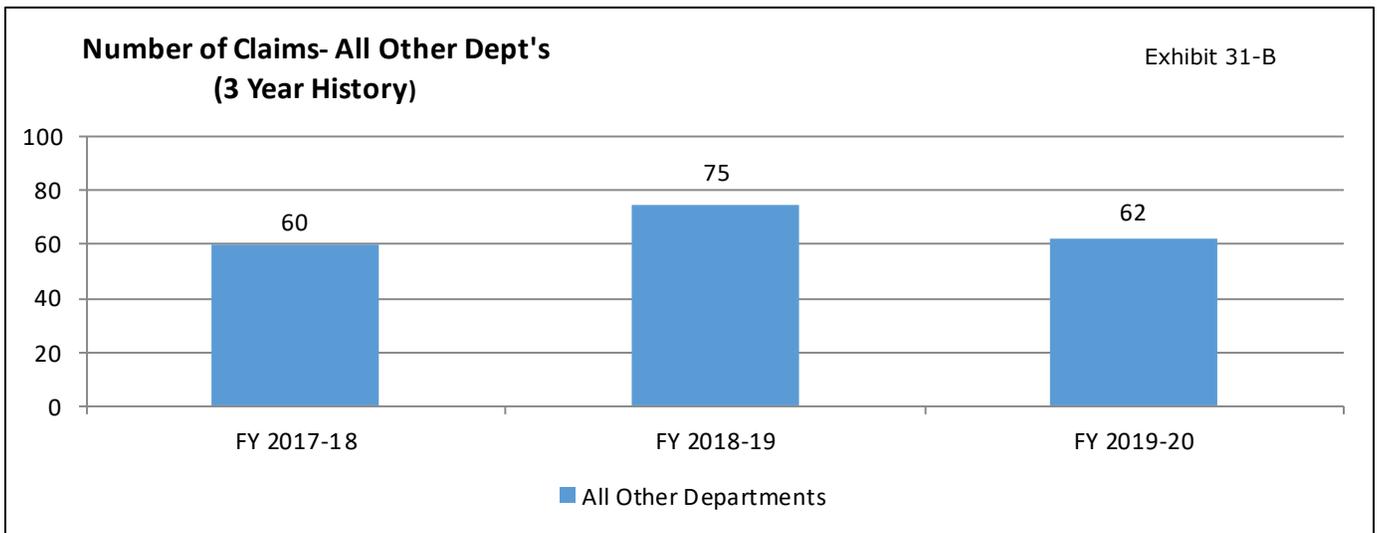
<b>Parks and Recreation--Workers' Compensation Claims</b>					Exhibit 29-A
	No. of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
FY 2019-20	13	3%	\$99,381	1.4%	\$7,645
3-Year Average	21	4%	\$114,062	0.86%	\$5,519





**CITY OF OAKLAND**

<b>All Other Departments' Claims</b>					Exhibit 31-A
	No. of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
FY 2019-20	62	12%	\$351,095	4.95%	\$5,663
3-Year Average	66	12%	\$418,503	3.15%	\$6,373

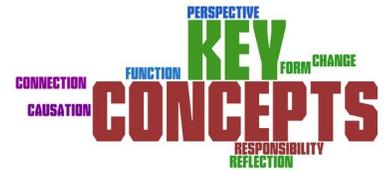


**SCHEDULE OF EXHIBITS**

<b>Appendix A</b>	<b>Key Terms</b>
<b>Appendix B</b>	<b>Workers' Compensation Expenditure Report</b> (FY 2016-17 through FY 2019-20)
<b>Appendix C</b>	<b>Workers' Compensation Claims Audit, Final Reports</b> <i>October 2020</i>
<b>Appendix D</b>	<b>Actuarial Review of the Self-Insured Workers' Compensation Program</b> <i>AON Risk Solutions, June 30, 2020</i>

# **Appendix A**

## **Key Terms**



**Permanent Disability Settlements:**

Settlements paid when an injury results in a permanent disability.

**Temporary Disability:**

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

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

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

**Allocated:  
(Other Claim Costs)**

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

**Medical:**

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

**Administrative:**

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

## **Appendix B**

# **Workers' Compensation Expenditures Report (Fiscal Years 2016-2020)**

<b>Expenditures By Year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>%Change</b>
<b>Settlements: Permanent Disability:</b>	<b>\$4,665,792</b>	<b>\$5,064,038</b>	<b>\$4,618,359</b>	<b>\$7,383,869</b>	<b>59.88%</b>
<b>Temporary Disability</b>					
<b>Non-4850</b>					
Temporary Disability	\$1,443,514	\$1,114,210	\$1,185,648	\$1,037,327	
MOU Benefit (non-sworn)	\$307,487	\$183,393	\$259,599	\$202,755	
Total Non-4850 Pay	\$1,751,001	\$1,297,247	\$1,445,247	\$1,240,082	-14.20%
<b>4850</b>					
Oakland Police Dept.	\$2,334,489	\$2,124,296	\$1,914,332	\$1,423,617	
Oakland Fire Dept.	\$2,508,476	\$2,749,082	\$1,776,113	\$2,393,632	
Total 4850 Pay	\$4,842,695	\$4,873,378	\$3,690,445	\$3,817,249	3.44%
Subtotal—Temp. Disability	\$6,593,966	\$6,170,981	\$5,135,692	\$5,057,331	
<b>Total Disability Payments:</b>	<b>\$11,259,758</b>	<b>\$11,235,019</b>	<b>\$9,754,051</b>	<b>\$12,441,199</b>	<b>27.55%</b>
<b>Other Claim Cost</b>					
Rehabilitation	\$69,308	\$209,710	\$74,577	\$162,524	
Investigation Expenses	\$100,898	\$77,675	\$71,594	\$64,594	
Legal	\$1,069,949	\$977,556	\$934,164	\$1,059,131	
ADR (OPOA)	\$0	\$0	\$0	\$32,183	
Utilization Review	\$552,992	\$523,046	\$438,406	\$324,391	
Return to Work Services	\$182,005	\$144,368	\$182,051	\$174,077	
Injury Report Line	\$41,863	\$36,442	\$40,489	\$78,755	
10% Penalties	\$17,355	\$9,693	\$4,784	\$4,150	
<b>Other Claim Cost Total:</b>	<b>\$2,034,370</b>	<b>\$1,978,490</b>	<b>\$1,746,046</b>	<b>\$1,899,805</b>	<b>8.81%</b>
<b>Medical</b>					
WC Disability Medical	\$7,181,856	\$5,966,600	\$8,525,914	\$5,505,193	
First Aid Only Claims	\$11,146	\$17,131	\$21,413	\$6,389	
<b>Total Medical:</b>	<b>\$7,193,002</b>	<b>\$5,983,731</b>	<b>\$8,547,327</b>	<b>\$5,511,582</b>	<b>-35.52%</b>
<b>Operational Expenses Sub-total</b>	20,487,128	19,197,239	20,047,424	\$19,852,586	
Contributions—Excess Ins.	(\$82,330)	(\$753,069)	(\$2,025,832)	(\$3,701,303)	
<b>Total Operational Expenses:</b>	<b>\$20,404,798</b>	<b>\$18,444,170</b>	<b>\$18,021,592</b>	<b>\$16,151,283</b>	<b>-10.38%</b>
<b>Administration Expenses</b>					
TPA Contract	\$1,824,322	\$1,747,238	\$1,839,550	\$2,024,173	
Bill Review	\$542,070	\$513,070	\$540,103	\$594,310	
Misc. Fees	\$0.00	\$1,800	\$0.00	\$552	
<b>Total Administration Expenses:</b>	<b>\$2,366,392</b>	<b>\$2,262,038</b>	<b>\$2,379,653</b>	<b>\$2,619,034</b>	<b>10.06%</b>
<b>Total Expense:</b>	<b>\$22,771,190</b>	<b>\$20,706,208</b>	<b>\$20,401,425</b>	<b>\$18,770,316</b>	<b>-8.00%</b>

**Appendix C**  
**Claims Audit Report**  
**October 2020**

SEPTEMBER 2020  
AUDIT REPORT

**CITY OF OAKLAND**  
**Third Party Administrator – JT2**



# Table of Contents

<b>Executive Summary.....</b>	<b>2</b>
<b>Audit Scoresheets .....</b>	<b>4</b>
<b>Audited But Not Scored Results.....</b>	<b>17</b>

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

*Addendum II – Audit Cross Reference List*

*Addendum III – Audit Worksheets*

## **EXECUTIVE SUMMARY**

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

### **Performance Strengths**

Outstanding results were achieved in the categories of adjuster caseload, medical only conversion, initial employer contact, penalties coded correctly, member notified of permanent work restrictions, TD/4850 reserves separate, PD exposure includes life pension, settlement valuations, Medicare's interest protected, EIA settlement authority requested, member settlement authority requested and approval to accept/waive/settle subrogation.

### **Performance Improvement Recommendations**

Additional attention is warranted in balancing the file when benefits are ended, as required by the standards.

There was a theme of cases being worked up for settlement well beyond the standard to pursue resolution within 10 working days of receipt of information that would allow the claim to be finalized. Timely mail management and/or enhanced use of the diary could be employed to increase the performance in this category.

There were two files affecting the employee contact score which appear to be claims where the ongoing contact diary fell off track. There were also two files affecting the subsequent excess reporting score where the ongoing excess reporting diary fell off track. Given the low number of exceptions in these categories we do not consider this to be an adverse handling trend. There was one file negatively impacting the subrogation score. We do not consider this to be a performance trend.

### **Audit Demographics**

The audit criterion was formed by using the PRISM Claims Administration standards. The file audits specifically focused on claims handling activity from 10/01/19 through the date of the audit. JT2 provided a list of the open inventory covered by the PRISM program and a random selection of the files was pulled to gather 121 files from the open inventory. The file selection consisted of a mix of indemnity claims, future medical files, and medical only claims. File documents, notes, payments, letters, and reserves are maintained in electronic form. The files were accessed remotely. Each worksheet was provided to Carmen Angeles, Angela Sorrentino, Andrew Lathrop and Mary Baptiste for review and comment. They engaged with the auditors and submitted all questions, feedback, or disputes prior to the conclusion of the audit.

## **AUDIT TEAM**

**Angela Mudge**

**Owner, President & CEO**

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

**Anne Ruiz**

**Chief Operating Officer**

*Over 24 years of workers' compensation claims experience. Associate in Claims Designation, Self-Insured Certificate & WCCA Designation. Prior positions held - adjuster, supervisor, claims services liaison and central services manager.*

**Tera Martin Del Campo**

**Senior Collaborator**

*Over 17 years of workers' compensation claims experience. IEA Certificate, Self-Insured Certificate and WCCA Designation. Prior positions held – adjuster and claim compliance analyst.*

**Sherrí Ventimiglia**

**Senior Collaborator**

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

**Fernando Rodriguez**

**Collaborator**

*Over 6 years of workers' compensation claims experience. Bachelor of science in business administration. Self-Insured Certificate. Prior positions held – adjuster and supervisor trainee.*

# AUDIT SCORESHEETS

## Overview

Category	Points Available	Points	Score	%
<b>Claim Handling - Administrative</b>	<b>1254</b>	<b>1200</b>	<b>Exceeds Expectations</b>	<b>95.69%</b>
Caseload	1	1	Exceeds Expectations	100.00%
Case Review and Documentation	1071	1031	Exceeds Expectations	96.27%
Communication	9	7	Below Expectations	77.78%
Fiscal Handling	62	53	Meets Expectations	85.48%
Claim Creation	55	54	Exceeds Expectations	98.18%
Reserves	56	54	Exceeds Expectations	96.43%
<b>Claims Handling - Technical</b>	<b>558</b>	<b>505</b>	<b>Exceeds Expectations</b>	<b>90.50%</b>
Payments	85	84	Exceeds Expectations	98.82%
Apportionment	31	27	Meets Expectations	87.10%
Disability Management	9	8	Meets Expectations	88.89%
Reserving	294	263	Meets Expectations	89.46%
Resolution of Claim	68	56	Meets Expectations	82.35%
Settlement Authority	24	24	Exceeds Expectations	100.00%
Litigated Cases	35	34	Exceeds Expectations	97.14%
Subrogation	3	2	Unsatisfactory	66.67%
Excess Coverage	9	7	Below Expectations	77.78%
<b>Overall Score</b>	<b>1812</b>	<b>1705</b>	<b>Exceeds Expectations</b>	<b>94.09%</b>

Detail

Category	Points Available	Points	Score	%	Prior Score	Variance
<b>Claim Handling - Administrative</b>						
<b>Caseload</b>						
Adjuster Caseload	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
<b>Case Review and Documentation</b>						
Examiner Reviews - Timing	663	652	Exceeds Expectations	98.34%	98.57%	-0.23%
Examiner Reviews - Quality Plan of Action	121	111	Exceeds Expectations	91.74%	84.29%	7.45%
Supervisor Reviews	282	263	Exceeds Expectations	93.26%	100.00%	-6.74%
Medical Only Conversion	5	5	Exceeds Expectations	100.00%	66.67%	33.33%
<b>Communication</b>						
Ongoing Employee Contact	9	7	Below Expectations	77.78%	50.00%	27.78%
<b>Fiscal Handling</b>						
Payments on Correct Claims	28	27	Exceeds Expectations	96.43%	68.42%	28.01%
File Balancing	34	26	Below Expectations	76.47%	91.30%	-14.83%
<b>Claim Creation</b>						
Three Point Contact - Initial Employee Contact	27	26	Exceeds Expectations	96.30%	57.14%	39.16%
Three Point Contact - Initial Employer Contact	28	28	Exceeds Expectations	100.00%	57.14%	42.86%
<b>Reserves</b>						
Initial Reserves for Probable Value	28	27	Exceeds Expectations	96.43%	100.00%	-3.57%
Initial Reserves Timely	28	27	Exceeds Expectations	96.43%	100.00%	-3.57%
<b>Score for Claim Handling - Administrative</b>	<b>1254</b>	<b>1200</b>		<b>95.69%</b>		

Category	Points Available	Points	Score	%	Prior Score	Variance
<b>Claim Handling - Technical</b>						
<b>Payments</b>						
Medical Bills Paid Timely	84	83	Exceeds Expectations	98.81%	100.00%	-1.19%
Penalties Coded Correctly	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
<b>Apportionment</b>						
Apportionment Ruled In/Out	16	14	Meets Expectations	87.50%	87.50%	0.00%
Apportionment Pursued Appropriately	15	13	Meets Expectations	86.67%	90.00%	-3.33%
<b>Disability Management</b>						
Proactive RTW	8	7	Meets Expectations	87.50%	100.00%	-12.50%
Member Noticed of Perm. Restrictions	1	1	Exceeds Expectations	100.00%	0.00%	100.00%
<b>Reserving</b>						
Reserves Adjusted Timely	121	102	Meets Expectations	84.30%	67.16%	17.14%
TD & 4850 Reserves Separate	18	18	Exceeds Expectations	100.00%	100.00%	0.00%
PD Exposure Includes Life Pension	2	2	Exceeds Expectations	100.00%	100.00%	0.00%
FM Reserve Consistent with OSIP	34	32	Exceeds Expectations	94.12%	81.48%	12.64%
Allocated Reserves Accurate	119	109	Exceeds Expectations	91.60%	89.06%	2.54%
<b>Resolution of Claim</b>						
Resolution Pursued Timely	38	26	Unsatisfactory	68.42%	61.90%	6.52%
Settlement Valuation	29	29	Exceeds Expectations	100.00%	100.00%	0.00%
Medicare's Interests Protected	1	1	Exceeds Expectations	100.00%	N/A	N/A
<b>Settlement Authority</b>						
EIA Settlement Authority Requested	1	1	Exceeds Expectations	100.00%	NA	N/A
Member Settlement Authority Requested	23	23	Exceeds Expectations	100.00%	100.00%	0.00%
<b>Litigated Cases</b>						
Initiate Investigation Material to Potential Lit.	0	0	N/A	N/A	100.00%	N/A
Litigation Management & Defense Attorney on Panel	35	34	Exceeds Expectations	97.14%	75.00%	22.14%
<b>Subrogation</b>						
Identify and Notice 3rd Party Timely	2	1	Unsatisfactory	50.00%	100.00%	-50.00%
Periodic Contact with 3rd Party	0	0	N/A	N/A	100.00%	N/A
Complaint or Lien Filed Timely	0	0	N/A	N/A	100.00%	N/A
Member Involved in Complaint vs. Lien	0	0	N/A	N/A	100.00%	N/A
Subrogation Pursued for Maximum Recovery	0	0	N/A	N/A	100.00%	N/A
Approval to Accept, Waive, or Settle	1	1	Exceeds Expectations	100.00%	N/A	N/A
<b>Excess Coverage</b>						
Timely Initial Excess Reporting	1	1	Exceeds Expectations	100.00%	100.00%	0.00%
Timely Subsequent Excess Reporting	8	6	Below Expectations	75.00%	75.00%	0.00%
Timely Excess Reimbursement Requests	0	0	N/A	N/A	N/A	N/A
Closing Excess Report Sent	0	0	N/A	N/A	N/A	N/A
<b>Score for Claim Handling - Technical</b>	<b>558</b>	<b>505</b>		<b>90.50%</b>		

# AUDIT EXCEPTION DETAILS

## Claim Handling – Administrative Caseload

### Adjuster Caseload

#### Opportunities 1 | Achieved 1

There are 7 dedicated adjusters handling claims for the City of Oakland. Two of these adjusters are predominately handling future medical claims. All caseloads are within the standard. The weighted values listed below include adjustment for the 2:1 ratio for future medical and medical only claims.

Adjuster / Supervisor	City of Oakland			Other Accounts			Total	Weighted Value
	Indemnity	Med Only	Future Med	Indemnity	Med Only	Future Med		
Caryl Calizo/Betsy Strome	0	0	211	0	0	0	211	106
Daniel Christensen/Alex Cardenas	5	0	217	0	0	0	222	114
Mary Denham/Betsy Strome	103	18	8	0	0	0	129	116
Jerry Hom/Alex Cardenas	91	10	10	0	0	0	111	101
Pearlie James/Betsy Strome	83	2	12	0	0	0	97	90
Linda Rocha/Betsy Strome	85	22	3	0	0	0	110	98
Jacqueline Stingily/Alex Cardenas	80	11	16	0	0	0	107	94
<b>Total</b>	<b>447</b>	<b>63</b>	<b>477</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>987</b>	<b>717</b>

## Case Review & Documentation

### Examiner Reviews - Timing

#### Opportunities 663 | Achieved 652

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

### Examiner Reviews - Quality Plan of Action

#### Opportunities 121 | Achieved 111

1. CSAC-1979 The POAs completed prior to the 07/22/20 reserve change outline that there is a surplus in indemnity reserves but do not have documentation to support why the additional money is warranted. The most recent POA, prior to the reserve change, was completed on 05/25/20 outlining that \$3,045 remains due on the PD award but there is \$11,817.50 remaining in PD reserves.
2. CSAC-2001 The plan of action 08/03/20 was marked down as it does not accurately reflect the expense reserve exposure.
3. CSAC-2014 The POA does not meet standard as it states reserves are appropriate for the accepted claim, but it does not support why additional expense reserves are not needed.
4. CSAC-2033 The 07/30/20 POA states that reserves are appropriate for med/legal and post-operative care at \$11,757.01. This is inaccurate for the exposures.
5. CSAC-2034 The POAs completed on 03/23/20, 05/07/20 and 06/19/20 state that the employee was last seen on 02/03/20 and the employee is to transfer care to ortho. The first documented follow up on initial ortho eval was not made until 07/02/20. POAs for the dates listed lack action items to drive results.
6. CSAC-2043 The 08/06/20 POA states that the employee has not sought treatment since 10/17/18 which is inaccurate. The employee was seen on 04/24/20, 06/17/20, and 07/17/20 by the PTP.

7. CSAC-2067 The 06/30/20 POA states the plan is to settle claim via C&R or Stips for additional PD and request the AME address apportionment between the N&F and CT. Auditor is unable to find action items to support this plan. The reserves outlined within the POA do not support the exposures for future medical care.
8. CSAC-2076 The plan of action 08/31/20 indicates the adjuster is working up the file for settlement authority, however it is not evident to the auditor that this action was timely taken.
9. CSAC-2081 The 02/24/20 and 04/09/20 POAs state that the SAR is in process, but this did not occur. The 05/22/20 POA states that SAR is deferred due to deficiencies in the AME reporting, however, there is no plan in place to get accurate reporting. There is a lack of action items to drive results.
10. CSAC-2087 The 08/26/20 POA is a copy and paste of the prior POA and contains stale information. POA outlines that examiner will continue efforts to secure the QME report so the claim can move forward to resolution. It states that examiner "Called today as today is 59th day from evaluation (QME have up to 60 days). No response / left a message on recorder. Diary for another week to follow up for this report. Suspecting this is delayed due to COVID-issues." This is inaccurate as it was previously determined that the employee no showed to the 05/04/20 QME reevaluation and wanted to be seen in November 2020 due to COVID concerns. Currently a QME reevaluation has not been scheduled nor has a supplemental QME report been requested with review of SDT records. There is a lack of action items outlined to bring this claim to conclusion.

### **Supervisor Reviews**

#### **Opportunities 282 | Achieved 263**

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

### **Medical Only Conversion**

#### **Opportunities 5 | Achieved 5**

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

## **Communication**

### **Ongoing Employee Contact**

#### **Opportunities 9 | Achieved 7**

1. CSAC-2035 The employee has been continually TD since 02/13/20. There was a gap in employee contact longer than 30 days from 02/28/20 to 04/01/20.
2. CSAC-2075 The employee was TD from 04/15/20 - 08/31/20. There was a gap in employee contact longer than 30 days from 04/16/20 to 05/28/20.

## **Fiscal Handling**

### **Payments on Correct Claims**

#### **Opportunities 28 | Achieved 27**

1. CSAC-1996 The DOS for the 02/14/20 emergency visit was paid on this claim when it should have been paid on DOI 02/14/20 which is claim #200200024.

## **File Balancing**

### **Opportunities 34 | Achieved 26**

1. CSAC-1975 Salary continuation benefits were paid through 08/02/20. File balancing was due prior to issuing the benefit termination letter of 08/10/20 and it was untimely completed on 08/19/20.
2. CSAC-1976 A permanent disability ending notice issued 02/06/20 and the file was untimely balanced 05/13/20.
3. CSAC-1979 Permanent disability payments began on 10/04/19. Semi-annual file balancing was due on 04/04/19. It was untimely completed on 07/14/20.
4. CSAC-2004 Salary continuation benefits were paid through 03/09/20. File balancing was due prior to issuing the benefits termination notice of 04/15/20 and it was untimely completed 05/18/20.
5. CSAC-2056 File balancing was marked down as temporary disability ended 11/04/19 and the file was untimely balanced 11/06/19.
6. CSAC-2067 TD/4850 benefits stopped on 01/24/20. Auditor is unable to locate a balance sheet.
7. CSAC-2071 File balancing was marked down as a temporary disability ending notice was issued 07/13/20 and the file was not balanced at that time.
8. CSAC-2075 Auditor was unable to locate a completed balance sheet when TD/4850 ended on 08/31/20.

## **Claim Creation**

### **Three Point Contact – Initial Employee Contact**

#### **Opportunities 27 | Achieved 26**

1. CSAC-2008 The initial contact with the employee was marked down as there was one call attempt made 04/06/20. A contact letter was sent 04/15/20.

### **Three Point Contact – Initial Employer Contact**

#### **Opportunities 28 | Achieved 28**

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

## **Reserves**

### **Initial Reserves for Probable Value**

#### **Opportunities 28 | Achieved 27**

1. CSAC-2014 The initial reserves were timely entered but did not support the probable value. There was 15% reserved for cost containment based upon the \$10K medical reserve and only \$1,000 set aside for a full AOE/COE investigation and copy service fees. This was inadequate for the probable cost.

### **Initial Reserve Timely**

#### **Opportunities 28 | Achieved 27**

1. CSAC-1978 Initial reserves were due on 06/22/20. They were untimely entered on 06/24/20.

## **Claim Handling – Technical Payments**

### **Medical Bills Paid Timely**

#### **Opportunities 84 | Achieved 83**

1. CSAC-2066 *The 09/26/19 DOS of Dr. Richard Levy was received on 10/08/19. It was originally objected to but should have been paid when the claim was accepted based on the 01/22/20 findings and award. The bill was untimely paid on 06/30/20.*

### **Penalties Coded Correctly**

#### **Opportunities 1 | Achieved 1**

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

## **Apportionment**

### **Ruled In/Out**

#### **Opportunities 16 | Achieved 14**

1. CSAC-2013 *The employee was not asked about his nonindustrial exposures during the initial contact to address apportionment. The medical record indicates that employee has been semi-professionally bowling for many years, but this is not mentioned in the file notes. The diagnostic findings were consistent with arthritic changes.*
2. CSAC-2035 *The ISO shows prior injury, but the employee was not asked about prior injuries at the time of initial contact. To date, the records have not been ordered and the medical release has not been secured. The employee's deposition has not been set to explore his history for apportionment opportunities.*

### **Pursued Appropriately**

#### **Opportunities 15 | Achieved 13**

1. CSAC-1999 *The employee will not settle based on the PTP report and has requested a QME eval. Auditor cannot locate efforts to secure the employee's prior medical records to have apportionment addressed by the QME.*
2. CSAC-2044 *Examiner discovered the employee had a prior injury to the right knee in 2016 while in the reserves. There has been no follow up on the return of the medical release to get the medical records so that apportionment can be addressed.*

## **Disability Management**

### **Proactive Return to Work**

#### **Opportunities 8 | Achieved 7**

1. CSAC-2035 *There have been no efforts to press the PTP for work restrictions or use of either a telephonic or field case manager to more aggressively intervene on RTW considering the employee is four months post-operative.*

### **Member Noticed of Permanent Work Restrictions**

#### **Opportunities 1 | Achieved 1**

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

## Reserving

### Reserves Adjusted Timely

#### Opportunities 121 | Achieved 102

1. CSAC-1979 The file settled on 09/20/19 for 19% totaling \$20,445 for PD. The PD reserves were untimely reduced by \$8,772.50 to the settlement amount on 07/22/20. The PD reserves were overstated during the audit period.
2. CSAC-1986 The claim was initially denied on 05/13/20 and later accepted on 08/24/20 after receipt of the AME report on 08/11/20. It is not evident to the auditor that the reserves were timely reviewed and adjusted to reflect the AME findings to include retro TD, ongoing treatment, estimated PD and cost of further litigation. A reserves increase is recommended.
3. CSAC-1987 An MMI report was received 01/23/20 and the reserves were untimely adjusted 02/24/20.
4. CSAC-1997 The member provided settlement authority 05/07/20 and the reserves were untimely adjusted for the settlement 08/11/20.
5. CSAC-1998 The medical reserves were untimely updated on 07/07/20 based on the 11/21/19 AME report which recommends additional treatment. The report was received on 12/17/19.
6. CSAC-1999 The employee has opted not to have hernia surgery and will be pursuing a QME for a final MMI report. There is \$24,010 in TD & 4850 reserved for the surgery. The employee is now retired and not pursuing surgery. Auditor recommends bringing the TD/4850 down and leaving a small amount for possible PD (5% \$4,350) in the event the QME assigns a WPI. This makes the indemnity over reserved by \$19,660. The medical reserves are set at \$21,955 which seem overstated for the exposures. A hernia repair costs around \$5,000, a QME eval costs around \$3,000, and auditor would recommend an additional \$5,000 for miscellaneous treatment/FMC buyout. The medical reserves are overstated by \$8,955.
7. CSAC-2001 Reserves adjusted timely and accurately was marked down as they were adjusted 06/28/20 for continued treatment, however the expense reserves are understated. There is \$215 in outstanding expense. The last year of medical spend was \$9,239.94.
8. CSAC-2006 An independent rating was received 03/12/20 and the reserves were untimely adjusted for the exposure 04/29/20.
9. CSAC-2013 The current reserves were updated on 09/09/20 based on the request for surgery and are appropriate for anticipated TD and medical costs. There is nothing reserved for anticipated PD. Auditor recommends adding money for realistic PD expectations.
10. CSAC-2014 There is currently only \$398.63 remaining in expense reserves which is insufficient for cost containment and pending copy records to address apportionment. Strengthening is recommended.
11. CSAC-2025 An AME report was received 08/12/19 finding New and Further disability. The reserves were untimely adjusted for the exposure 11/12/19.
12. CSAC-2033 The reserves have not been reviewed/updated since 06/15/18 when the employee returned to work after lumbar surgery. The employee has been full duty for over two years now and continues conservative treatment. There is \$91,581.82 remaining in TD and \$5,313.89 remaining in 4850 benefits. Auditor recommends this be reduced as no further TD is anticipated at this time. PD is estimated between 35% and 40%. Auditor recommends reallocating reserves to support 40% PD totaling \$58,290. Indemnity is currently overstated by \$38,605.71. There is only \$11,636.53 remaining in medical which is insufficient for the pending QME reevaluation and realistic values for future medical care post back surgery. The employee has a 35.85 (years) life expectancy. The medical record suggests that the employee is a candidate for a second surgery and/or functional restoration program. To date, the employee has declined both. Auditor recommends medical reserves be increased as follows: \$500/year average x LE of 35.85 years totaling \$21,500, \$3,000 for QME reevaluation, \$3,000 for diagnostic testing and \$10,000 for the

*possibility of surgery. This is a total of \$37,500. The current medical reserves are understated by \$25,863.47.*

13. *CSAC-2035 Surgery was authorized by UR on 04/14/20. The reserves were untimely increased on 06/09/20.*
14. *CSAC-2043 The reserves were last updated on 12/14/18 when \$10,000 was added for legal expenses. The legal fees are being paid on the master claim. Based on the outstanding medical reserve of \$9,170.92, the expense reserves are overstated for cost containment.*
15. *CSAC-2044 The current reserves were timely updated on 08/06/20 upon knowledge the employee would be having surgery, however, the expense reserves were not considered. There is only \$878 remaining in expense which is not sufficient for the cost containment associated with medical treatment. Strengthening is recommended.*
16. *CSAC-2062 The last reserve update per OSIP was completed on 10/19/18 and is currently overdue. Reserve reduction is recommended based upon the auditor's calculation which is outlined within the audit worksheet.*
17. *CSAC-2067 There is \$13,772 remaining in medical reserves, however, the employee is actively treating having spent \$5,034 in the last year on treatment. The employee is post back surgery with a life expectancy of 42.19 years. OSIP calculation is premature but even with a \$1,500/year average x LE, the reserves for medical should be around \$63,000. This does not include the possibility of further AME reporting or surgical procedures. Auditor recommends strengthening for realistic expectations for future medical care.*
18. *CSAC-2072 Defense counsel provided a settlement analysis which includes an increase in PD exposure per the AME findings. Reserves have not been reviewed and adjusted to reflect the new exposure. A reserve increase is recommended.*
19. *CSAC-2084 The examiner updated the reserves on 06/29/20 using a three-year average of \$887.70 x 20.6 life expectancy totaling \$18,287. The employee has not treated since 07/16/18 when found MMI so the yearly average is not accurate as it uses treatment prior to MMI. Based upon the MMI report, the employee is entitled to ortho or physiatry reevaluations, if needed, and PT/acupuncture should remain available. The employee has not pursued any future medical treatment to date. Auditor recommends a yearly average of \$300 for reevaluations/meds and \$2,000 for courses of PT/acupuncture. This totals \$8,180. The medical reserves are overstated by \$10,000.*

### **TD & 4850 Reserved Separately Opportunities 18 | Achieved 18**

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

### **PD Exposure Includes Life Pension Opportunities 2 | Achieved 2**

*Both claims that met the criteria for this category also met the standard.*

### **FM Reserves Consistent with OSIP Standards Opportunities 34 | Achieved 32**

1. *CSAC-2062 The last reserve update per OSIP was completed on 10/19/18 and is currently overdue. Reserve reduction is recommended based upon the auditor's calculation which is outlined within the audit worksheet.*
2. *CSAC-2084 The examiner updated the reserves on 06/29/20 using a three-year average of \$887.70 x 20.6 life expectancy totaling \$18,287. The employee has not treated since 07/16/18 when found MMI so the yearly average is not accurate as it uses treatment prior to MMI. Based upon the MMI report, the employee is entitled to ortho or physiatry reevaluations, if needed, and*

*PT/acupuncture should remain available. The employee has not pursued any future medical treatment to date. Auditor recommends a yearly average of \$300 for reevaluations/meds and \$2,000 for courses of PT/acupuncture. This totals \$8,180. The medical reserves are overstated by \$10,000.*

**Allocated Reserve Accurate  
Opportunities 119 | Achieved 109**

1. *CSAC-1986 The claim was initially denied on 05/13/20 and later accepted on 08/24/20 after receipt of the AME report on 08/11/20. It is not evident to the auditor that the reserves were timely reviewed and adjusted to reflect the cost of further litigation. A reserves increase is recommended.*
2. *CSAC-1998 The medical reserves were increased on 07/07/20 by \$29,500. The expense reserves are at \$75 which is insufficient based on the medical projection. Strengthening is recommended.*
3. *CSAC-2001 The reserves were adjusted 06/28/20 for continued treatment, however the expense reserves are understated. There is \$215 in outstanding expense. The last year of medical spend was \$9,239.94.*
4. *CSAC-2014 There is currently only \$398.63 remaining in expense reserves which is insufficient for cost containment and pending copy records to address apportionment. Strengthening is recommended.*
5. *CSAC-2033 There is only \$1,405 remaining in expense. This is insufficient considering the cost containment exposure for future medical care totaling \$37,500. Auditor recommends strengthening.*
6. *CSAC-2043 The reserves were last updated on 12/14/18 when \$10,000 was added for legal expenses. The legal fees are being paid on the master claim. Based on the outstanding medical reserve of \$9,170.92, the expense reserves are overstated for cost containment.*
7. *CSAC-2044 The current reserves were timely updated on 08/06/20 upon knowledge the employee would be having surgery, however, the expense reserves were not considered. There is only \$878 remaining in expense which is not sufficient for the cost containment associated with medical treatment. Strengthening is recommended.*
8. *SAC-2062 The average trending for cost containment has been roughly 15% of the medical spend. Using that same formula to project future cost containment expenses, the recommended expense reserve of \$6,406.15 is overstated based upon the current outstanding medical reserve of \$8,325.74.*
9. *CSAC-2067 Based upon the anticipated future medical care, the cost containment excess reserves are understated.*
10. *CSAC-2084 Based on the medical reserves being overstated by \$10,000, the expense reserves are overstated for expense/cost containment by \$1,000.*

**Reserve Detail**

No recommended changes	108 claims
Increase recommended	8 claims
Decrease recommended	5 claims
Total estimated reserve variance	\$19,679

## Resolution of Claim

### Resolution Pursued Timely

#### Opportunities 38 | Achieved 26

1. CSAC-1967 The AME report finding no additional PD was received on 10/28/19. The file was untimely reviewed for resolution on 11/14/19 when applicant's attorney was contacted to discuss their Petition for N&F.
2. CSAC-1987 An MMI report was received 01/23/20 and an SAR was untimely submitted 05/14/20.
3. CSAC-1992 An MMI report was received 11/23/19 and an SAR was untimely submitted 07/13/20.
4. CSAC-1995 The defense attorney drafted a letter dated 06/27/19 with recommendations for a C&R. That letter was uploaded to the system on 09/24/19. The SAR was untimely submitted to the employer on 10/16/19.
5. CSAC-2025 An AME report was received 08/12/19 finding New and Further disability and an SAR was untimely submitted 11/12/19.
6. CSAC-2026 The QME supplemental report of 11/08/19 was received on 11/14/19. A SAR was untimely prepared on 12/11/19.
7. CSAC-2034 The employee has not responded to the 12/31/19 PD denial nor 07/02/20 closure letter and the file remains open. Resolution pursued timely is scored down.
8. CSAC-2067 The employee was found MMI by the QME on 04/29/20. The examiner asked the defense attorney to close his legal file so that the examiner could negotiate settlement with applicant's attorney. The applicant's attorney's 07/16/20 email suggests that he is not willing to negotiate currently. Applicant's attorney has not scheduled the QME's cross examination. An SAR based on the QME report has not been submitted to the member and a DOR has not been filed to pursue settlement based on the QME report.
9. CSAC-2072 Defense counsel provided a settlement analysis within their emails of 07/21/20 and 08/25/20. It is not evident to the auditor that a SAR has been completed.
10. CSAC-2074 Defense counsel provided a settlement analysis in their emails of 07/21/20 and 08/25/20. It is not evident to the auditor that a SAR has been completed.
11. CSAC-2076 Resolution pursued timely was marked down as the adjuster sent an email to the defense attorney 07/17/20 advising that he was going to request settlement authority however it is not evident to the auditor that it has been submitted.
12. CSAC-2081 The supplemental AME report was received on 02/11/20. The subsequent reviews of the file state that SAR would be drafted but it never was. On 05/22/20 the file notes indicate that the reporting is not sufficient for settlement, but no action was taken to move the claim to settlement until 06/22/20 when the legal referral approval was requested from the member.

### Settlement Valuation

#### Opportunities 29 | Achieved 29

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

### Medicare's Interests Protected

#### Opportunities 1 | Achieved 1

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

## **Settlement Authority**

### **EIA Settlement Authority Requested**

**Opportunities 1 | Achieved 1**

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

### **Member Settlement Authority Requested**

**Opportunities 23 | Achieved 23**

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

## **Litigated Claims**

### **Initiate Investigation Material to Potential Litigation**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Proper Litigation Management and Defense Attorney on Panel**

**Opportunities 35 | Achieved 34**

1. CSAC-2067 Litigation management is scored down because examiner requested the defense attorney deactivate the litigation file on 06/30/20 so that the examiner could negotiate settlement with applicant's attorney. The last follow up with applicant's attorney was on 07/31/20 where applicant's attorney was unwilling to discuss settlement based on the AME's MMI report. There is a not a clear legal plan of action in place to bring the claim to resolution.

## **Subrogation**

### **Identify & Notice 3<sup>rd</sup> Party Timely**

**Opportunities 2 | Achieved 1**

1. CSAC-2006 It is not evident to the auditor that the 3rd party was placed on notice. There is a note in the claim file 08/27/18 that a police report was completed, and the 3rd party was identified.

### **Periodic Contact with 3<sup>rd</sup> Party**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Complaint or Lien Filed Timely**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Member Involved in Complaint vs. Lien**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

### **Subrogation Pursued for Maximum Recovery**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

**Approval to Accept, Waive or Settle 3<sup>rd</sup> Party Case**

**Opportunities 1 | Achieved 1**

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

**Excess Coverage**

**Timely Initial Excess Reporting**

**Opportunities 1 | Achieved 1**

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

**Timely Subsequent Excess Reports**

**Opportunities 8 | Achieved 6**

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

**Timely Excess Reimbursement Requests**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

**Closing Excess Report Sent**

**Opportunities 0 | Achieved N/A**

*There were no applicable claims for this category.*

## AUDITED BUT NOT SCORED RESULTS

Category	Points Available	Points	%	Prior %	Variance
Supervisor Caseload	1	1	100.00%	100.00%	0.00%
Respond to Written Inquiries	25	25	100.00%	84.21%	15.79%
Ongoing Employer Communication/Reporting	6	6	100.00%	N/A	N/A
Initial Decision	28	23	82.14%	100.00%	-17.86%
Final Decision	3	3	100.00%	60.00%	40.00%
AOE/COE Investigation	2	2	100.00%	66.67%	33.33%
Indexing	58	58	100.00%	100.00%	0.00%
Initial TD/PD Payment	22	18	81.82%	81.82%	0.00%
DWC Notice	36	30	83.33%	66.67%	16.66%
Subsequent TD/PD Payments	34	33	97.06%	90.91%	6.15%
Overpayments	1	1	100.00%	N/A	N/A
Undisputed Awards Paid Timely	13	13	100.00%	83.33%	16.67%
Copy of Award to Excess	1	1	100.00%	N/A	N/A
Medical Bills Objection Letters	6	6	100.00%	100.00%	0.00%
Employee Reimbursements Timely	10	10	100.00%	100.00%	0.00%
Advance Travel Timely	16	13	81.25%	88.89%	-7.64%
Self-Imposed Penalties Paid	0	0	N/A	66.67%	N/A
Penalty Reimbursement	0	0	N/A	N/A	N/A
Proper Use of UR	43	43	100.00%	95.83%	4.17%
NCM Used Appropriately	0	0	N/A	100.00%	N/A
Proof of Member/EIA Authority	22	21	95.45%	100.00%	-4.55%
Member Involved in Legal Activities Where Appropriate	4	4	100.00%	100.00%	0.00%

**Appendix D**  
**AON**  
**Actuarial Review of the Self-Insured Workers'**  
**Compensation Program**  
**Period ending June 30, 2020**

**City of Oakland,  
California**

**Actuarial Study of the  
Self-Insured Workers Compensation Program  
as of June 30, 2020**

**September 28, 2020**



September 28, 2020

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

Attn: Mr. Andrew Lathrop  
Risk Manager

**Actuarial Study of the  
Self-Insured Workers Compensation Program  
as of June 30, 2020**

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

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

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

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

Respectfully submitted,

*Aon Risk Consultants, Inc.*

By Mujtaba Dattoo  
Mujtaba Dattoo, ACAS, MAAA, FCA  
Actuarial Practice Leader

Brenda Craigmyle  
Brenda Craigmyle  
Senior Actuarial Analyst

MD:bc

X:\Clients\Actuarial\O\Oakland, City of 904\2020\_06\_30\Report\Oakland\_WC\_063020\_092820.doc

## Table of Contents

I.	Background.....	1
II.	Objectives.....	3
III.	Conclusions .....	4

### Appendices

A	Conditions and Limitations
B	Glossary of Actuarial Terms
C	Exhibits

## I. Background

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

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

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

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

Note: Above information provided by the City.

A self-insured retention of \$750,000 is assumed through 2021/22.

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

The fiscal period runs from July 1 through June 30.

### **Data**

Loss data valued as of June 30, 2020 was provided to us by the City. The City previously provided payroll for 2018/19 and prior. Payroll projections for 2019/20 through 2021/22 are based on a 1% trend.

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

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

## COVID-19

The potential short- and long-term impacts of the COVID-19 pandemic and the ensuing economic recession are currently unknown. However, considerations for the City regarding this emerging risk include:

1. *Claims impact.*

There were 1,199 claims attributed to COVID-19 reported during March to June 2020. The total incurred amount for these claims was \$213,492, with an average severity for non-zero claims of \$245. California Executive Order N-62-20 provided employees testing positive for COVID-19 a rebuttable presumption for compensability, which could result in additional claims. We recommend the City consult with its claims professionals and legal counsel to ascertain any potential risk for COVID-19 claims.

The 2019/20 projected losses shown in this study do not reflect the estimated impact of COVID-19. Due to the limited data currently available regarding the impact Executive Order N-62-20 on claims, the projected losses for 2019/20 are subject to more uncertainty than usual.

In addition, there is significant uncertainty regarding the impact of COVID-19 and any potential legislation, executive orders, or stay-at home orders on 2020/21 workers compensation claims. As such, we made no adjustment to the estimates for this year for COVID-19. The actual emerged claim experience may differ significantly from the estimates projected in this report.

2. *Other considerations*

To stimulate the economy during the pandemic, the Federal Reserve lowered its benchmark interest rate by a full percentage point to nearly zero. This may reduce the investment income the City earns going forward. The estimated outstanding claim liabilities shown in this report are discounted at an assumed 2.5% interest rate. If the City does not realize this return, then the discounted claim liabilities may be higher than indicated.

## II. Objectives

The specific objectives of this study are:

1. **Estimate Outstanding Losses.** Estimate outstanding losses (including allocated loss adjustment expenses [ALAE]) as of June 30, 2020.

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

2. **Project Ultimate Losses.** Project ultimate losses (including ALAE) for 2020/21 and 2021/22.

The projected ultimate losses are the accrual value of losses with accident dates during 2020/21 and 2021/22, regardless of report or payment date. The amounts are limited to the self-insured retention.

3. **Project Losses Paid.** Project losses paid during the 2020/21 and 2021/22 years.

The projected losses paid are the claim disbursements during 2020/21 and 2021/22, regardless of accident or report date. The amounts are limited to the self-insured retention.

4. **Compare to Previous Actuarial Study.** Compare to the previous actuarial study valued as of June 30, 2019.

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

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

### III. Conclusions

We have reached the following conclusions:

#### 1. Estimate Outstanding Losses

We estimate outstanding losses as of June 30, 2020 to be as shown in Table III-1.

**Table III-1  
Estimated Outstanding Losses  
at Expected (50%) Confidence Level  
June 30, 2020**

Item (1)	Amount (2)
(A) Estimated outstanding losses	\$71,873,265
(B) Present value of estimated outstanding losses	61,535,240

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

The estimated outstanding losses decreased by \$9.5 million from our prior estimate of \$81,399,970 as of June 30, 2019 to \$71,873,265 as of June 30, 2020. The decrease consists of:

- +\$17.1 million from the additional year (2019/20) of exposure,
- -\$16.5 million for claim payments made during 2019/20, and
- -\$10.1 million due to a decrease in projected ultimate losses for claim periods 2018/19 and prior. This decrease reflects lower than expected loss development, as discussed on pages 12 and 13.

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

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

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

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

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

## 2. Project Ultimate Losses

We project ultimate losses for 2020/21 and 2021/22 to be as shown in Tables III-2A and III-2B.

**Table III-2A  
Projected Ultimate Losses  
2020/21**

Item (1)	Projected Payroll (000) (2)	Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)
(A) Full Value	\$383,596	\$5.22	\$20,005,000
(B) Present Valu	383,596	4.61	17,700,000

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

**Table III-2B  
Projected Ultimate Losses  
2021/22**

Item (1)	Projected Payroll (000) (2)	Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)
(A) Full Value	\$387,432	\$5.27	\$20,407,000
(B) Present Valu	387,432	4.66	18,056,000

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

The projected ultimate losses have decreased by 6% compared to the projection in the prior study. This is due to a 1% increase in estimated payroll and a 7% decrease in the projected loss rate.

**Table III-2C  
Comparison of Projected Ultimate Losses  
2019/20 and 2020/21**

Claim Period (1)	Projected Payroll (000) (2)	Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)
(A) 2019/20 (prior study)	\$379,798	\$5.62	\$21,333,000
(B) 2020/21 (current study)	383,596	5.22	20,005,000
(C) Change (B) - (A)	\$3,798	(\$0.40)	(\$1,328,000)

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

All costs other than losses are additional.

### 3. Project Losses Paid

We project losses paid during 2020/21 and 2021/22 to be as shown in Table III-3.

**Table III-3  
Projected Losses Paid  
2020/21 and 2021/22**

Item (1)	2020/21 (2)	2021/22 (3)
(A) Projected losses paid	\$16,357,335	\$17,028,585

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

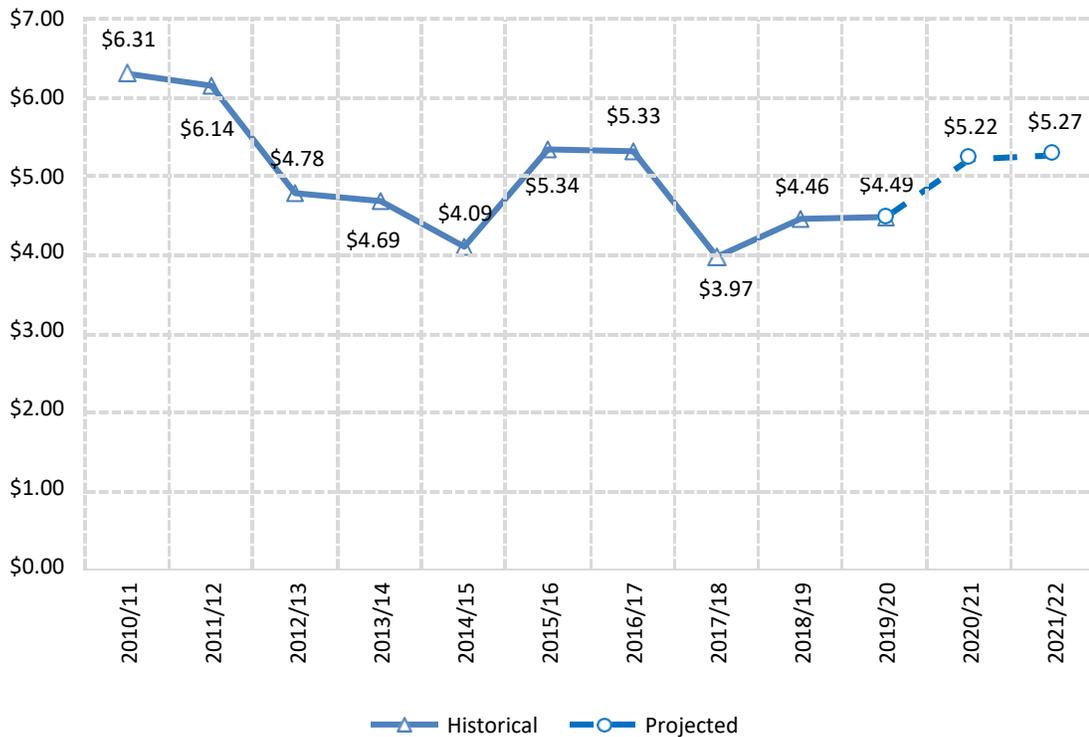
We note that there are three large open claims with case reserves greater than \$1 million (on an unlimited basis). We have assumed that these claims will be paid out according to the selected payment pattern anticipated in this report. If these claims are paid out in a lump sum, or in any manner different than the selected pattern, the projected loss payments shown in Table III-3 may vary from expected payments.

All costs other than losses are additional.

## Loss Experience Trends

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

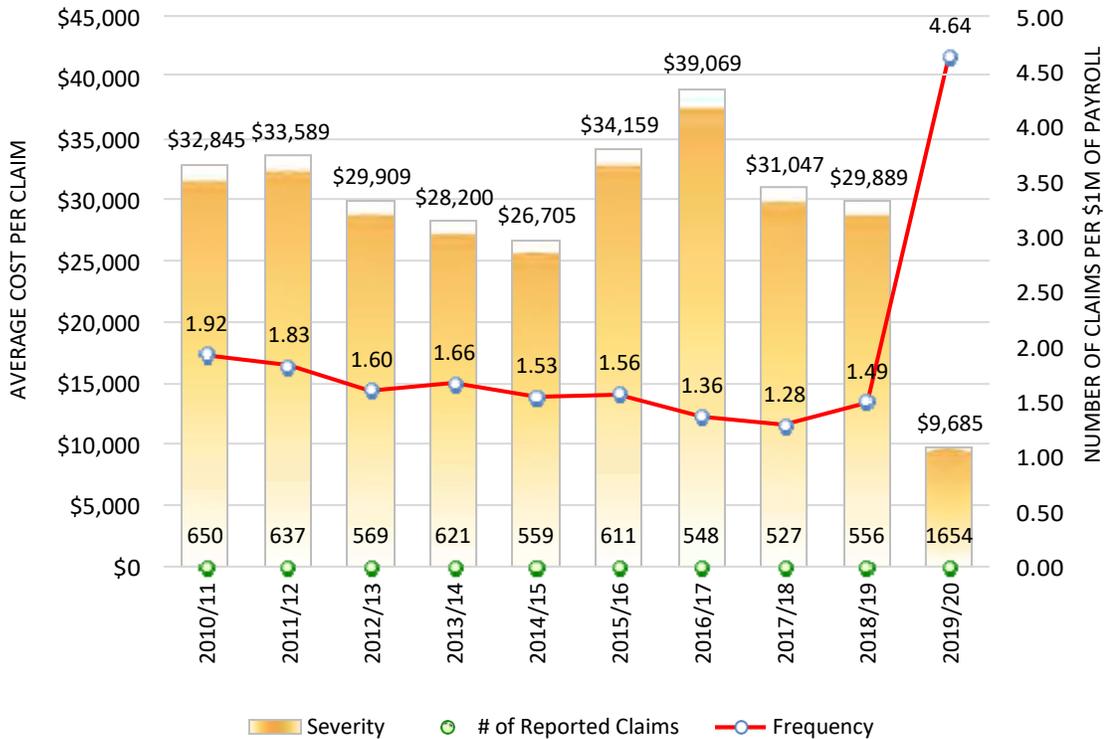
**Graph III-1  
Loss Rate per \$100 of Payroll  
(Workers Compensation)**



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

We note that the loss experience of 2010/11 and 2011/12 is greater due to the presence of more claims between \$100,000 to \$250,000. Conversely, the loss experience of 2012/13 through 2014/15 and 2017/18 is favorable because there are fewer claims over \$50,000 than there has been historically. A size of loss distribution is provided in Exhibit WC-16.

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

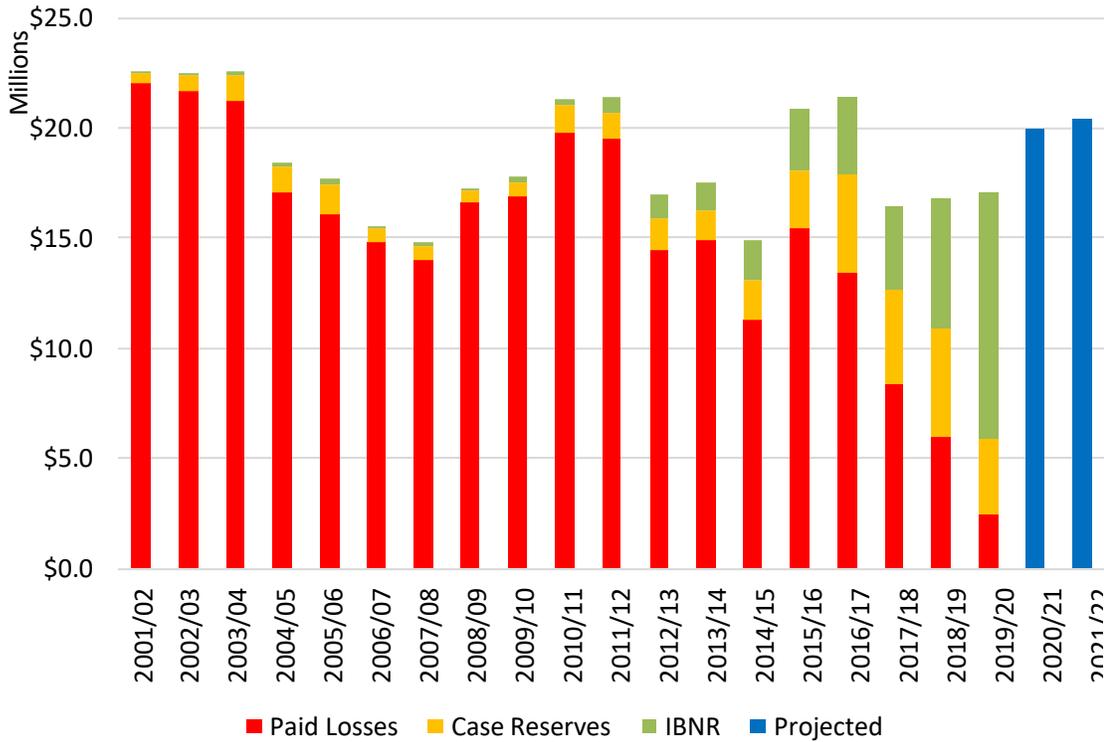


Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).  
Severity amounts are based on Exhibits WC-8 and WC-9.

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

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

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



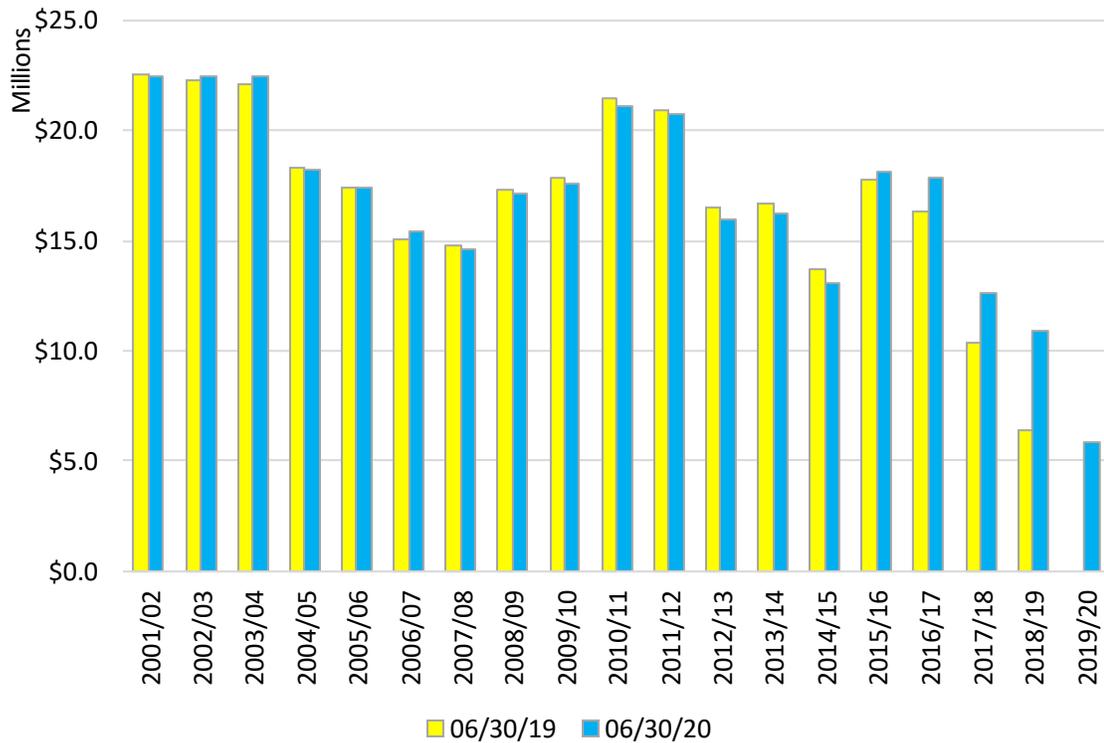
Note: Amounts through 2019/20 are from Exhibit WC-11.  
Amounts for 2020/21 and 2021/22 are from Exhibit WC-10.

A list of large claims with limited reported incurred losses \$500,000 or greater as of June 30, 2020 is as shown in Exhibit WC-15.

#### 4. Compare to Previous Actuarial Study

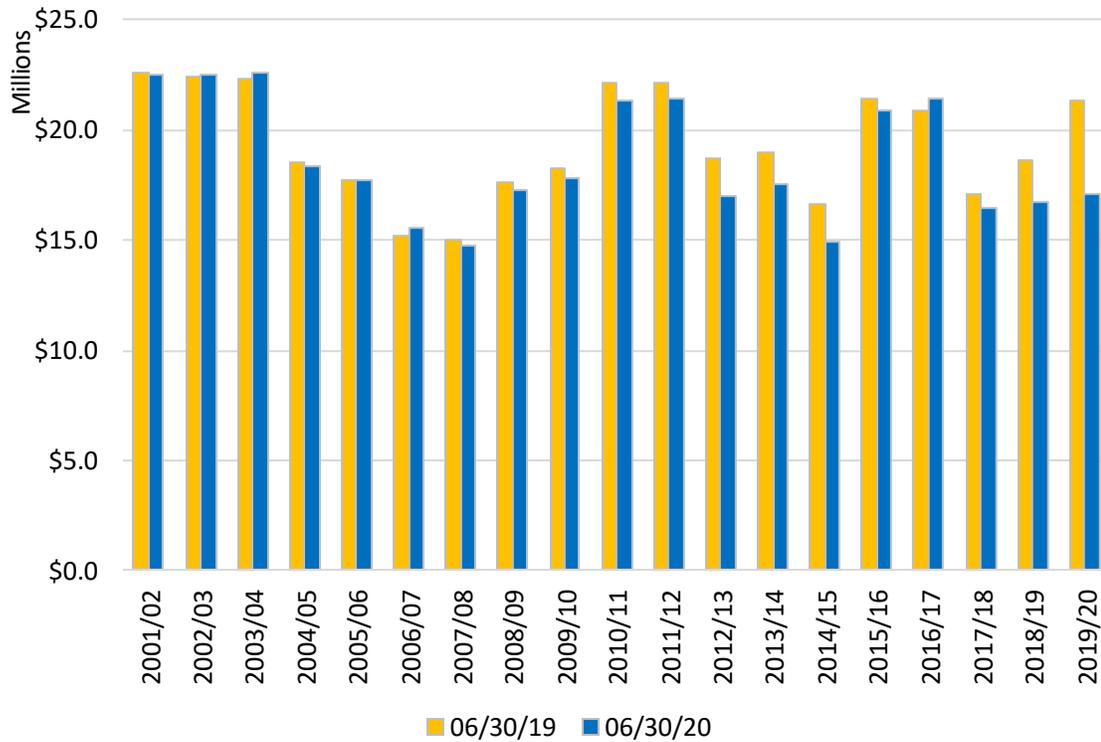
Graphs III-4 and III-5 are graphical comparisons of the reported incurred losses and projected ultimate losses, respectively, by fiscal year of occurrence of the workers compensation program from the previous study (report dated October 19, 2019) to the current study.

**Graph III-4  
Comparison of Limited Reported Incurred Losses  
as of June 30, 2019 and June 30, 2020**



Note: Amounts as of June 30, 2019 are from the previous actuarial study.  
Amounts as of June 30, 2020 are from Exhibit WC-1.

**Graph III-5  
Comparison of Projected Ultimate Limited Losses  
as of June 30, 2019 and June 30, 2020**



Note: Amounts as of June 30, 2019 are from the previous actuarial study.  
Amounts as of June 30, 2020 are from Exhibits WC-9.

For all claims through 2018/19, the change in the projected ultimate limited losses from June 30, 2019 to June 30, 2020 was -1.8%.

We compare the projected ultimate limited losses by year as of June 30, 2019 and June 30, 2020 as shown in Table III-4A.

**Table III-4A  
Comparison of Projected Ultimate Limited Losses  
as of June 30, 2019 and June 30, 2020**

<b>Claim Period (1)</b>	<b>Projected Ultimate Limited Losses as of 6/30/19 (2)</b>	<b>Projected Ultimate Limited Losses as of 6/30/20 (3)</b>	<b>Change (3) - (2) (4)</b>	<b>Percentage Change (4) / (2) (5)</b>
to 2000/01	\$229,000,441	\$228,245,000	(\$755,441)	-0.3%
2001/02	22,567,000	22,526,021	(40,979)	-0.2%
2002/03	22,382,000	22,496,000	114,000	0.5%
2003/04	22,313,000	22,562,000	249,000	1.1%
2004/05	18,552,000	18,393,000	(159,000)	-0.9%
2005/06	17,722,000	17,692,000	(30,000)	-0.2%
2006/07	15,211,000	15,582,000	371,000	2.4%
2007/08	14,996,000	14,783,000	(213,000)	-1.4%
2008/09	17,585,000	17,290,000	(295,000)	-1.7%
2009/10	18,273,000	17,824,000	(449,000)	-2.5%
2010/11	22,157,000	21,349,000	(808,000)	-3.6%
2011/12	22,176,000	21,396,000	(780,000)	-3.5%
2012/13	18,745,000	17,018,000	(1,727,000)	-9.2%
2013/14	18,968,000	17,512,000	(1,456,000)	-7.7%
2014/15	16,620,000	14,928,000	(1,692,000)	-10.2%
2015/16	21,371,000	20,871,000	(500,000)	-2.3%
2016/17	20,838,000	21,410,000	572,000	2.7%
2017/18	17,053,000	16,424,000	(629,000)	-3.7%
2018/19	18,615,000	16,768,000	(1,847,000)	-9.9%
2019/20	21,333,000	17,055,000	(4,278,000)	-20.1%
<b>Total</b>	<b>\$596,477,441</b>	<b>\$582,124,021</b>	<b>(\$14,353,419)</b>	<b>-2.4%</b>

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

The City experienced generally lower than expected loss development for most years from 2007/08 through 2019/20, resulting in a decrease in the estimated ultimate losses for most of these years. The estimate for 2019/20 has decreased from the prior projection, due to lower than expected paid and incurred loss development.

Actual loss experience versus expected experience in the prior actuarial study, for both paid and incurred losses, is as shown in Table III-4B.

**Table III-4B  
Comparison of Actual and Expected Experience  
June 30, 2019 to June 30, 2020**

Claim Period (1)	Paid Losses in the Period			Incurred Losses in the Period		
	Paid Expected (2)	Paid Actual (3)	Difference (3) - (2) (4)	Incurred Expected (5)	Incurred Actual (6)	Difference (6) - (5) (7)
to 2000/01	\$323,217	\$725,099	\$401,882	\$139,996	(\$620,702)	(\$760,698)
2001/02	31,657	123,355	91,698	13,753	(19,543)	(33,296)
2002/03	38,188	95,255	57,067	16,640	124,926	108,286
2003/04	74,070	278,975	204,905	40,464	283,487	243,023
2004/05	87,197	163,629	76,432	63,640	(75,881)	(139,521)
2005/06	138,147	117,364	(20,782)	60,857	32,392	(28,464)
2006/07	40,238	191,445	151,206	22,268	350,508	328,241
2007/08	83,823	34,142	(49,681)	50,253	(126,932)	(177,185)
2008/09	81,338	46,222	(35,117)	52,057	(177,430)	(229,487)
2009/10	130,730	109,674	(21,056)	86,726	(240,137)	(326,862)
2010/11	262,130	173,926	(88,204)	202,950	(411,943)	(614,893)
2011/12	266,786	267,422	636	275,947	(179,770)	(455,717)
2012/13	539,101	719,712	180,611	412,925	(574,880)	(987,805)
2013/14	527,212	569,151	41,940	414,067	(474,971)	(889,038)
2014/15	961,727	751,646	(210,081)	533,482	(594,129)	(1,127,611)
2015/16	1,458,947	1,599,664	140,717	515,364	309,320	(206,044)
2016/17	2,348,693	2,363,971	15,278	1,249,612	1,535,910	286,298
2017/18	2,902,115	2,736,425	(165,690)	1,732,664	2,239,584	506,921
2018/19	3,959,965	2,997,790	(962,175)	5,139,647	4,538,456	(601,190)
2019/20	3,079,348	2,441,420	(637,928)	8,269,017	5,852,332	(2,416,685)
Total	\$17,334,629	\$16,506,286	(\$828,344)	\$19,292,326	\$11,770,598	(\$7,521,728)

Note: (2) and (5) are expected amounts from June 30, 2019 to June 30, 2020.  
(3) and (6) are the actual experience from June 30, 2019 to June 30, 2020.

As part of our analysis, we project ultimate losses by year using paid loss development and incurred loss development (these are defined in the attached Glossary). Table III-4B shows how the paid and incurred claims emerged 12 months later based on loss development factors we selected in the actuarial study valued as of June 30, 2019. This analysis provides a peek into how the claims are actually emerging compared to the expected emergence which is based on historical development patterns.

## 5. Size of Loss Distribution Analysis

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

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

Claim Size (1)	Total Reported Claims (2)	Percent of Total (2)/Total(2) (3)	Cumulative Percent of Total (4)	Total Reported Incurred Losses (5)	Percent of Total (5)/Total(5) (6)	Cumulative Percent of Total (7)
(A) \$1 to \$5,000	28,521	77.9%	77.9%	\$24,576,334	4.2%	4.2%
(B) \$5,000 to \$10,000	1,933	5.3%	83.2%	13,555,262	2.3%	6.6%
(C) \$10,000 to \$25,000	1,929	5.3%	88.5%	31,269,944	5.4%	11.9%
(D) \$25,000 to \$50,000	1,408	3.8%	92.3%	50,519,552	8.7%	20.6%
(E) \$50,000 to \$100,000	1,264	3.5%	95.8%	90,212,711	15.5%	36.2%
(F) \$100,000 to \$250,000	1,199	3.3%	99.0%	188,025,870	32.4%	68.5%
(G) \$250,000 to \$500,000	277	0.8%	99.8%	90,035,749	15.5%	84.0%
(H) \$500,000 to \$750,000	42	0.1%	99.9%	25,670,550	4.4%	88.4%
(I) \$750,000 to \$1,000,000	16	0.0%	100.0%	13,800,874	2.4%	90.8%
(J) Over \$1,000,000	15	0.0%	100.0%	53,373,681	9.2%	100.0%
(K) Total (A) ... (J)	36,604	100%		\$581,040,528	100%	

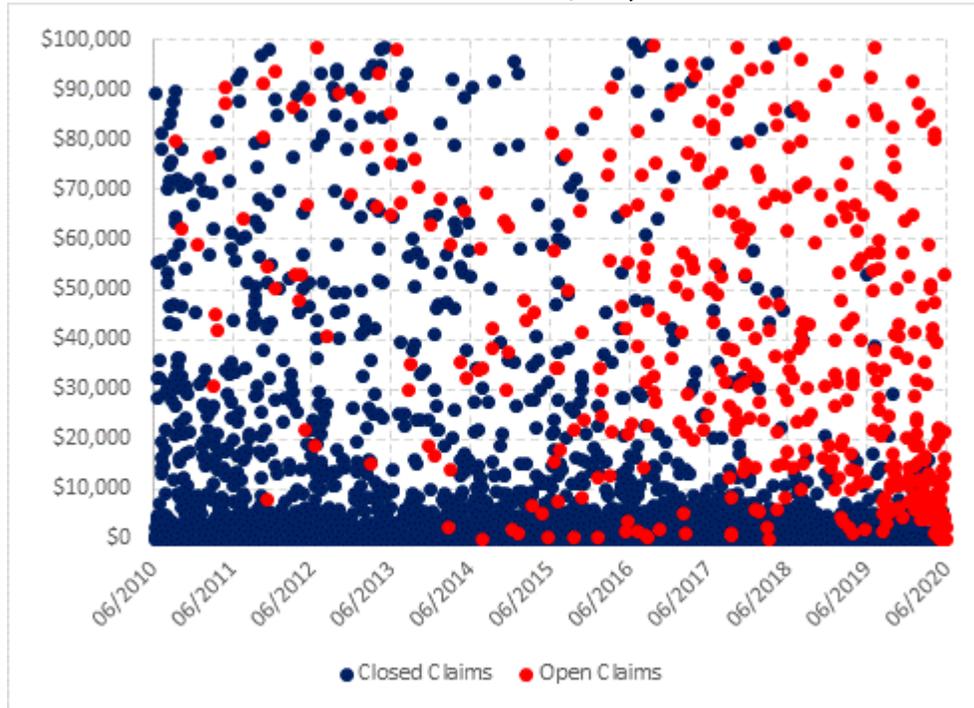
Note: See Exhibit WC-16. Claim counts exclude claims with incurred value of \$0.

For workers compensation, about 83% of the non-zero claims reported are below \$10,000 and represent about 7% of the incurred amounts. The remaining 17% of the claims consume about 93% of the incurred amounts.

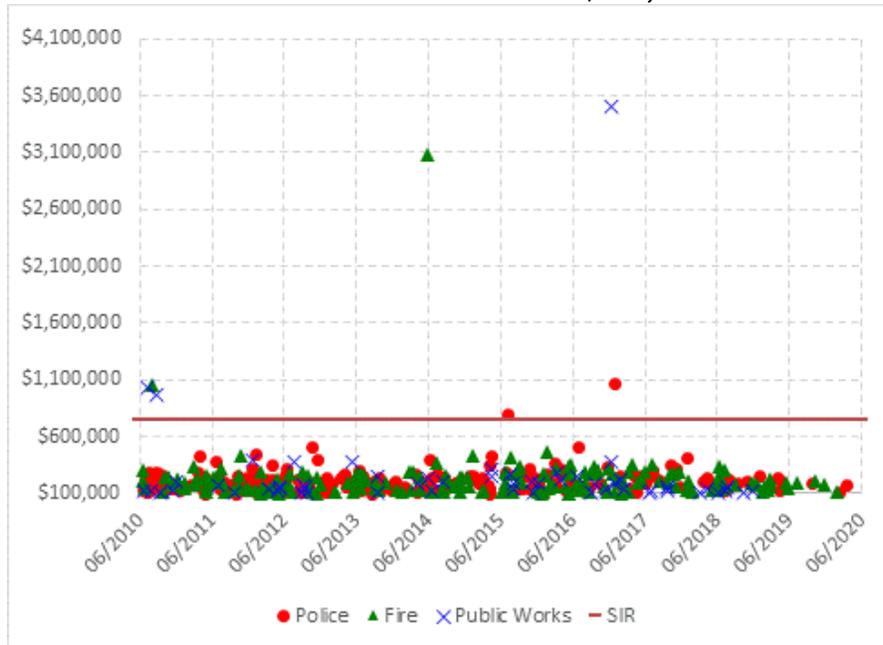
A size of loss distribution by year and loss layer as of June 30, 2020 is as shown in Exhibit WC-16.

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

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



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



Note: A large claim with \$19.9 million incurred is not shown in the above graph.

Table III-5B shows the distribution of claim counts and incurred losses (not developed or trended) by type of benefit.

**Table III-5B  
Loss Distribution by Type of Benefit  
(2009/10 through 2019/20)**

Claim Type (1)	Claim Counts		Incurred Losses	
	Count (2)	% (3)	Loss (4)	% (5)
(A) Medical Only	3,896	56.2%	\$2,817,486	1.6%
(B) Claims with Indemnity				
(i) Indemnity			96,651,946	54.3%
(ii) Medical			64,798,578	36.4%
(iii) <u>Expense</u>			<u>13,845,913</u>	<u>7.8%</u>
(iv) Subtotal	3,036	43.8%	175,296,437	98.4%
(C) Total (A)+(Biv)	6,932	100%	\$178,113,922	100%

Note: See Exhibit WC-17.

About 56% of the claims reported are Medical Only claims and represent about 1% of the incurred amounts. For the Claims with Indemnity, Indemnity benefits are 54.3%, Medical 36.4%, and expense 7.8% of the total benefit.

## 6. Affirm GASB Statement No. 10

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

## Conditions and Limitations

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

- **Data Quality** In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss data by the organization or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.
- **Economic Environment.** Unless otherwise stated, we assumed the current economic conditions will continue in the foreseeable future.
- **Insurance Coverage.** Unless otherwise stated, we assumed no insurance coverage changes (including coverage provided by the organization to others) subsequent to the date this study was prepared. This includes coverage language, self-insured retention, limitations and similar issues.
- **Insurance Solvency.** Unless otherwise stated, we assumed all insurance purchased by the organization is from solvent sources payable in accordance with terms of the coverage document.
- **Interest Rate.** The exhibits specify the annual interest rate used.
- **Methodology.** In this study, different actuarial methods were applied. In some instances, the methods yield significantly disparate results. The estimates, projections and recommendations in this study reflect our judgments as to the best method or combination of methods that are most reliable and reflective of the exposure to loss.
- **Reproduction.** Use of this report is limited to the organization for the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon.

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

- **Risk and Variability.** Insurance is an inherently risky enterprise. Actual losses may vary significantly from our estimates, projections and recommendations. They may emerge higher or lower.

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

## Glossary of Actuarial Terms

### Actuarial Methods (Most Common)

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

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

The following describes each method:

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

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

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

The net effect is that total estimated costs are often revised upward over time. This normal process is called “reported incurred loss development.” Actuaries typically review the development patterns of the recent past to make projections of the expected future loss development and, therefore, estimations of ultimate losses.

3. **Developed Case Reserves.** A case reserve is an estimate of the unpaid amount established by claims adjusters for which a particular claim will ultimately be settled or adjudicated. The developed case reserves method is a hybrid of the paid loss development and reported incurred loss development methods. It relies on the historical adequacy of case reserves to predict ultimate losses.

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

## **Actuary**

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

## **Allocated Loss Adjustment Expenses**

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

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

## **American Academy of Actuaries**

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

## **Benefits**

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

## **Casualty Actuarial Society**

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

## **Claim**

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

## **Claims Made**

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

## **Composite Rate**

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

## **Confidence Level**

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

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

## **Coverage**

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

## **Credibility**

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

## **Dates**

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

## **Deductible**

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

## **Disability**

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

## **Dividend (Policyholder)**

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

## **Estimated Outstanding Losses**

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

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

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

## **Experience Rating**

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

## Exposure Data

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

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

## Generally Accepted Accounting Principles (GAAP)

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

## Incurred But Not Reported

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

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

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

## Insurance Services Office (ISO)

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

## Investment Income

The return received by entities from their investment portfolios, including interest, dividends and realized capital gains on stocks. Realized capital gains means the profit realized on

assets that have actually been sold for more than their purchase price.

### **Limited**

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

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

### **Loss Development**

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

### **Manual Rates**

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

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

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

### **Net**

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

### **Occurrence**

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

## **Pool**

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

## **Premium**

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

## **Present Value**

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

## **Probability**

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

## **Projected Losses Paid**

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

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

## **Projected Ultimate Losses**

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

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

## **Rate**

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

## **Retrospective Rating**

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

## **Salvage**

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

## **Schedule Rating**

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

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

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

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

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

## **Standard Premium**

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

## **State Fund**

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

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

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

## **Unallocated Loss Adjustment Expenses**

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

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

**Exhibits**

The attached exhibits detail our analysis.

Data Summary as of June 30, 2020  
Losses Limited to Self-Insured Retention

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/20 (4)	Payroll (000) (5)	Reported Claims 6/30/20 (6)	Open Claims 6/30/20 (7)	Limited Paid Losses 6/30/20 (8)	Limited Case Reserves 6/30/20 (9)	Limited Reported Incurred Losses 6/30/20 (10)
to 2000/01	See Note	None	240.0	Not Provided	25,906	132	\$223,880,160	\$3,967,757	\$227,847,917
2001/02	Unlimited	None	228.0	293,519	1,013	13	22,083,318	402,457	22,485,775
2002/03	Unlimited	None	216.0	305,541	923	19	21,703,129	712,263	22,415,392
2003/04	Unlimited	None	204.0	307,406	773	20	21,259,151	1,147,839	22,406,990
2004/05	1,000,000	None	192.0	315,491	675	17	17,049,985	1,185,425	18,235,411
2005/06	1,000,000	None	180.0	326,085	748	20	16,102,054	1,314,346	17,416,400
2006/07	1,000,000	None	168.0	354,814	703	12	14,851,115	588,730	15,439,845
2007/08	1,000,000	None	156.0	370,278	704	14	14,051,364	569,949	14,621,314
2008/09	750,000	None	144.0	377,769	678	17	16,655,614	473,844	17,129,458
2009/10	750,000	None	132.0	338,407	646	21	16,938,663	632,949	17,571,612
2010/11	750,000	None	120.0	338,298	650	29	19,782,211	1,270,305	21,052,517
2011/12	750,000	None	108.0	348,514	637	32	19,525,582	1,185,460	20,711,042
2012/13	750,000	None	96.0	355,748	569	38	14,472,053	1,436,657	15,908,710
2013/14	750,000	None	84.0	373,451	621	40	14,904,635	1,335,447	16,240,081
2014/15	750,000	None	72.0	364,737	559	42	11,286,947	1,816,692	13,103,638
2015/16	750,000	None	60.0	390,571	611	74	15,457,327	2,640,458	18,097,785
2016/17	750,000	None	48.0	Not Provided	548	98	13,475,097	4,403,381	17,878,478
2017/18	750,000	None	36.0	413,589	527	110	8,367,306	4,256,891	12,624,197
2018/19	750,000	None	24.0	376,038	556	106	5,963,625	4,942,903	10,906,528
2019/20	750,000	None	12.0	Not Provided	1,654	169	2,441,420	3,410,913	5,852,332
<b>Total</b>					<b>39,701</b>	<b>1,023</b>	<b>\$510,250,755</b>	<b>\$37,694,667</b>	<b>\$547,945,422</b>

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

Effective Date	Retention
01/00/00	Unlimited
08/02/04	1,000,000
07/01/08	750,000

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

Data was provided by the City.

Data Summary as of June 30, 2020  
Net Unlimited Losses

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/20 (4)	Payroll (000) (5)	Reported Claims 6/30/20 (6)	Open Claims 6/30/20 (7)	Net Unlimited Paid Losses 6/30/20 (8)	Net Unlimited Case Reserves 6/30/20 (9)	Net Unlimited Reported Incurred Losses 6/30/20 (10)
to 2000/01	Unlimited	None	240.0	Not Provided	25,906	132	\$223,880,160	\$3,967,757	\$227,847,917
2001/02	Unlimited	None	228.0	293,519	1,013	13	22,083,318	402,457	22,485,775
2002/03	Unlimited	None	216.0	305,541	923	19	21,703,129	712,263	22,415,392
2003/04	Unlimited	None	204.0	307,406	773	20	21,259,151	1,147,839	22,406,990
2004/05	Unlimited	None	192.0	315,491	675	17	17,049,985	3,622,565	20,672,551
2005/06	Unlimited	None	180.0	326,085	748	20	17,468,492	1,314,346	18,782,838
2006/07	Unlimited	None	168.0	354,814	703	12	14,851,115	588,730	15,439,845
2007/08	Unlimited	None	156.0	370,278	704	14	14,562,809	957,235	15,520,043
2008/09	Unlimited	None	144.0	377,769	678	17	19,641,904	475,683	20,117,587
2009/10	Unlimited	None	132.0	338,407	646	21	16,938,663	632,949	17,571,612
2010/11	Unlimited	None	120.0	338,298	650	29	20,068,080	1,794,853	21,862,933
2011/12	Unlimited	None	108.0	348,514	637	32	19,525,582	1,185,460	20,711,042
2012/13	Unlimited	None	96.0	355,748	569	38	14,472,053	1,436,657	15,908,710
2013/14	Unlimited	None	84.0	373,451	621	40	17,227,535	1,348,002	18,575,537
2014/15	Unlimited	None	72.0	364,737	559	42	11,286,947	1,816,692	13,103,638
2015/16	Unlimited	None	60.0	390,571	611	74	15,508,360	2,640,458	18,148,819
2016/17	Unlimited	None	48.0	Not Provided	548	98	14,923,913	6,025,951	20,949,863
2017/18	Unlimited	None	36.0	413,589	527	110	8,367,306	4,256,891	12,624,197
2018/19	Unlimited	None	24.0	376,038	556	106	8,535,379	21,507,527	30,042,906
2019/20	Unlimited	None	12.0	Not Provided	1,654	169	2,441,420	3,410,913	5,852,332
<b>Total</b>					<b>39,701</b>	<b>1,023</b>	<b>\$521,795,300</b>	<b>\$59,245,227</b>	<b>\$581,040,528</b>

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

Data was provided by the City.

Data Summary as of June 30, 2020  
Gross Unlimited Losses

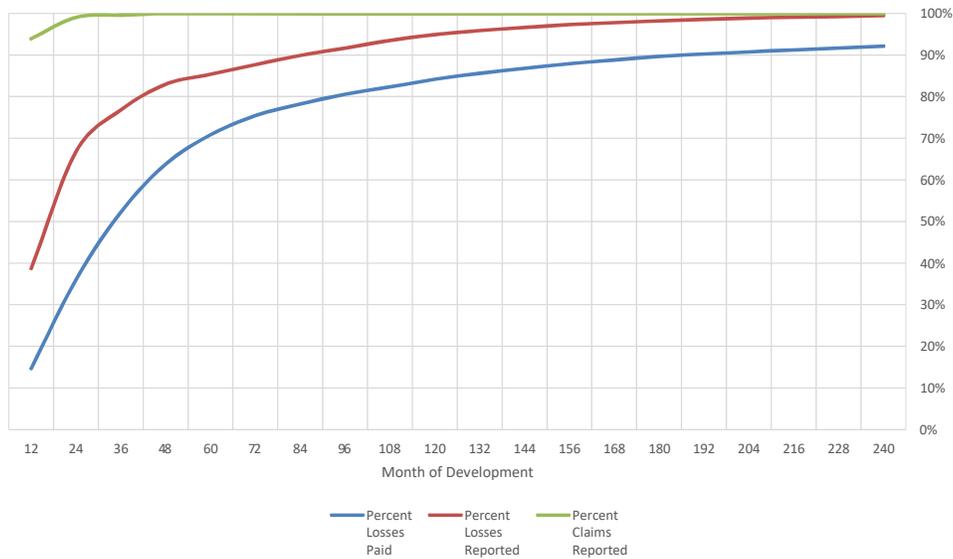
Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/20 (4)	Payroll (000) (5)	Reported Claims 6/30/20 (6)	Open Claims 6/30/20 (7)	Gross Unlimited Paid Losses 6/30/20 (8)	Gross Unlimited Case Reserves 6/30/20 (9)	Gross Unlimited Reported Incurred Losses 6/30/20 (10)
to 2000/01	Unlimited	None	240.0	Not Provided	25,906	132	\$224,285,477	\$3,970,859	\$228,256,336
2001/02	Unlimited	None	228.0	293,519	1,013	13	22,263,296	402,457	22,665,754
2002/03	Unlimited	None	216.0	305,541	923	19	21,818,440	712,263	22,530,703
2003/04	Unlimited	None	204.0	307,406	773	20	21,834,441	1,147,839	22,982,281
2004/05	Unlimited	None	192.0	315,491	675	17	17,219,810	3,622,565	20,842,375
2005/06	Unlimited	None	180.0	326,085	748	20	17,572,323	1,314,346	18,886,669
2006/07	Unlimited	None	168.0	354,814	703	12	14,970,832	588,730	15,559,561
2007/08	Unlimited	None	156.0	370,278	704	14	14,745,942	957,235	15,703,176
2008/09	Unlimited	None	144.0	377,769	678	17	19,915,556	475,683	20,391,238
2009/10	Unlimited	None	132.0	338,407	646	21	17,224,556	632,949	17,857,504
2010/11	Unlimited	None	120.0	338,298	650	29	20,096,947	1,794,853	21,891,800
2011/12	Unlimited	None	108.0	348,514	637	32	19,639,285	1,185,460	20,824,745
2012/13	Unlimited	None	96.0	355,748	569	38	14,473,769	1,436,657	15,910,425
2013/14	Unlimited	None	84.0	373,451	621	40	17,235,435	1,348,002	18,583,437
2014/15	Unlimited	None	72.0	364,737	559	42	11,315,174	1,816,692	13,131,866
2015/16	Unlimited	None	60.0	390,571	611	74	15,576,149	2,640,458	18,216,607
2016/17	Unlimited	None	48.0	Not Provided	548	98	14,977,635	6,025,951	21,003,586
2017/18	Unlimited	None	36.0	413,589	527	110	8,398,070	4,256,891	12,654,961
2018/19	Unlimited	None	24.0	376,038	556	106	8,535,379	21,507,527	30,042,906
2019/20	Unlimited	None	12.0	Not Provided	1,654	169	2,442,676	3,410,913	5,853,588
<b>Total</b>					<b>39,701</b>	<b>1,023</b>	<b>\$524,541,191</b>	<b>\$59,248,329</b>	<b>\$583,789,520</b>

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

Data was provided by the City.

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)
360.0	99.2%	100.0%	100.0%
348.0	98.9%	100.0%	100.0%
336.0	98.7%	100.0%	100.0%
324.0	98.4%	100.0%	100.0%
312.0	97.9%	100.0%	100.0%
300.0	97.4%	100.0%	100.0%
288.0	96.8%	100.0%	100.0%
276.0	96.0%	100.0%	100.0%
264.0	95.0%	100.0%	100.0%
252.0	93.7%	99.9%	100.0%
240.0	92.2%	99.5%	100.0%
228.0	91.7%	99.3%	100.0%
216.0	91.3%	99.1%	100.0%
204.0	90.8%	98.9%	100.0%
192.0	90.3%	98.6%	100.0%
180.0	89.7%	98.2%	100.0%
168.0	88.8%	97.8%	100.0%
156.0	87.9%	97.3%	100.0%
144.0	86.8%	96.7%	100.0%
132.0	85.6%	95.9%	100.0%
120.0	84.2%	94.9%	100.0%
108.0	82.4%	93.5%	100.0%
96.0	80.6%	91.7%	100.0%
84.0	78.3%	89.9%	100.0%
72.0	75.5%	87.7%	100.0%
60.0	70.9%	85.4%	100.0%
48.0	63.8%	83.0%	100.0%
36.0	52.3%	76.9%	99.6%
24.0	36.1%	66.8%	99.1%
12.0	14.7%	38.7%	93.9%



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

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

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

CITY OF OAKLAND  
WORKERS' COMPENSATION

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

I. Historical Limited Paid Losses (\$000)

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 2000/01																				
2001/02							18,378	18,963	19,678	20,043	20,442	20,700	20,923	21,071	21,610	21,692	21,805	21,960	22,083	
2002/03						16,745	17,702	18,322	18,692	19,444	19,819	20,358	20,586	20,776	21,141	21,332	21,608	21,703		
2003/04					15,966	16,776	17,253	18,274	18,603	19,046	19,578	19,834	20,116	20,222	20,566	20,980	21,259			
2004/05				11,109	12,288	13,255	14,081	14,562	15,529	15,627	15,961	16,191	16,539	16,702	16,886	17,050				
2005/06			9,239	10,733	11,925	12,719	13,209	13,887	14,276	15,170	15,448	15,742	15,878	15,985	16,102					
2006/07		7,705	10,428	12,123	12,969	13,467	13,788	14,031	14,145	14,375	14,459	14,544	14,660	14,851						
2007/08	3,274	6,798	9,061	10,643	11,516	12,147	12,662	13,281	13,573	13,800	13,968	14,017	14,051							
2008/09	3,500	8,732	11,787	13,716	14,403	14,960	15,523	15,776	15,958	16,538	16,609	16,656								
2009/10	3,877	9,024	12,032	13,699	15,065	15,655	16,040	16,538	16,640	16,829	16,939									
2010/11	4,975	10,288	13,545	16,083	17,050	18,197	18,956	19,410	19,608	19,782										
2011/12	2,977	10,326	14,196	16,388	17,323	18,141	18,804	19,258	19,526											
2012/13	2,401	6,100	8,993	10,823	12,447	13,342	13,752	14,472												
2013/14	2,368	6,551	9,474	11,631	13,379	14,335	14,905													
2014/15	2,240	5,593	8,020	9,489	10,535	11,287														
2015/16	2,798	7,556	11,276	13,858	15,457															
2016/17	3,866	8,139	11,111	13,475																
2017/18	2,557	5,631	8,367																	
2018/19	2,966	5,964																		
2019/20	2,441																			

II. Limited Paid Loss Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 2000/01																				
2001/02							1.032	1.038	1.019	1.020	1.013	1.011	1.007	1.026	1.004	1.005	1.007	1.006		
2002/03						1.057	1.035	1.020	1.040	1.019	1.027	1.011	1.009	1.018	1.009	1.013	1.004			
2003/04					1.051	1.028	1.059	1.018	1.024	1.028	1.013	1.014	1.005	1.017	1.020	1.013				
2004/05				1.106	1.079	1.062	1.034	1.066	1.006	1.021	1.014	1.021	1.010	1.011	1.010					
2005/06			1.162	1.111	1.067	1.039	1.051	1.028	1.063	1.018	1.019	1.009	1.007	1.007						
2006/07		1.353	1.163	1.070	1.038	1.024	1.018	1.008	1.016	1.006	1.006	1.008	1.013							
2007/08	2.077	1.333	1.175	1.082	1.055	1.042	1.049	1.022	1.017	1.012	1.004	1.002								
2008/09	2.495	1.350	1.164	1.050	1.039	1.038	1.016	1.012	1.036	1.004	1.003									
2009/10	2.327	1.333	1.139	1.100	1.039	1.025	1.031	1.006	1.011	1.007										
2010/11	2.068	1.317	1.187	1.060	1.067	1.042	1.024	1.010	1.009											
2011/12	3.469	1.375	1.154	1.057	1.047	1.037	1.024	1.014												
2012/13	2.541	1.474	1.203	1.150	1.072	1.031	1.052													
2013/14	2.767	1.446	1.228	1.150	1.071	1.040														
2014/15	2.497	1.434	1.183	1.110	1.071															
2015/16	2.700	1.492	1.229	1.115																
2016/17	2.105	1.365	1.213																	
2017/18	2.202	1.486																		
2018/19	2.011																			
2019/20																				
Average																				
All	2.438	1.397	1.183	1.097	1.058	1.039	1.035	1.022	1.024	1.015	1.012	1.011	1.009	1.016	1.011	1.010	1.006	1.006		
Wtd 3	2.102	1.442	1.211	1.126	1.072	1.036	1.032	1.010	1.018	1.007	1.004	1.006	1.010	1.012	1.013	1.010				
Last 3	2.106	1.448	1.208	1.125	1.072	1.036	1.033	1.010	1.019	1.008	1.004	1.006	1.010	1.012	1.013	1.010				
Last 5	2.268	1.455	1.215	1.125	1.070	1.036	1.026	1.012	1.015	1.008	1.008	1.010	1.009	1.015						
x-hi,low																				
Similar	2.642	1.473	1.224	1.122	1.074	1.053	1.041	1.030	1.026	1.022	1.019	1.016	1.013	1.011	1.010	1.009	1.008	1.007	1.091	
Previous	2.500	1.450	1.220	1.110	1.065	1.037	1.030	1.022	1.022	1.017	1.014	1.013	1.010	1.010	1.006	1.006	1.005	1.005	1.005	1.085
Selected	2.450	1.450	1.220	1.110	1.065	1.037	1.030	1.022	1.022	1.017	1.014	1.013	1.010	1.010	1.006	1.006	1.005	1.005	1.005	1.085
Cumulative	6.789	2.771	1.911	1.566	1.411	1.325	1.278	1.241	1.214	1.188	1.168	1.152	1.137	1.126	1.115	1.108	1.101	1.096	1.090	1.085
Percent	14.7%	36.1%	52.3%	63.8%	70.9%	75.5%	78.3%	80.6%	82.4%	84.2%	85.6%	86.8%	87.9%	88.8%	89.7%	90.3%	90.8%	91.3%	91.7%	92.2%

Amounts are limited (net of excess insurance).

Data was provided by the City.

CITY OF OAKLAND  
WORKERS' COMPENSATION

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

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

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 2000/01																				
2001/02								21,104	20,917	20,801	21,140	21,284	21,293	22,321	22,725	22,804	22,597	22,502	22,505	22,486
2002/03						19,806	19,717	20,191	20,328	20,637	20,663	21,445	21,641	21,999	22,125	22,270	22,290	22,290	22,415	
2003/04					18,973	18,991	19,153	19,790	20,472	20,531	21,219	21,397	21,566	21,443	21,748	22,124	22,407			
2004/05				14,940	14,940	16,266	16,963	17,540	18,362	18,405	18,550	18,705	18,629	18,256	18,311	18,235				
2005/06			13,636	13,940	14,760	15,366	15,996	16,186	16,806	17,020	17,344	17,151	17,710	17,384	17,416					
2006/07		12,182	13,503	14,335	14,489	14,947	14,660	14,772	14,904	15,252	15,052	14,935	15,089	15,440						
2007/08	8,126	10,793	12,889	14,266	14,228	14,126	14,723	15,079	15,246	15,205	15,344	14,748	14,621							
2008/09	7,312	13,225	16,845	17,497	17,101	17,372	17,328	18,010	18,072	17,486	17,307	17,129								
2009/10	8,727	15,621	17,474	17,349	17,587	17,768	18,240	18,186	18,165	17,812	17,572									
2010/11	11,395	17,821	18,656	20,235	20,504	21,515	21,356	21,318	21,464	21,053										
2011/12	9,353	17,335	19,494	21,503	22,167	21,392	21,233	20,891	20,711											
2012/13	5,495	10,353	13,970	17,381	16,461	17,021	16,484	15,909												
2013/14	5,431	11,242	16,389	16,874	16,874	16,715	16,240													
2014/15	6,785	11,750	12,680	13,471	13,698	13,104														
2015/16	10,563	14,766	16,876	17,788	18,098															
2016/17	8,774	14,167	16,343	17,878																
2017/18	6,025	10,385	12,624																	
2018/19	6,368	10,907																		
2019/20	5,852																			

II. Limited Reported Incurred Loss Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 2000/01																				
2001/02							0.991	0.994	1.016	1.007	1.000	1.048	1.018	1.003	0.991	0.996	1.000	0.999		
2002/03						0.996	1.024	1.007	1.015	1.001	1.038	1.009	1.017	1.006	1.007	1.001	1.006			
2003/04					1.001	1.009	1.033	1.034	1.003	1.034	1.008	1.008	0.994	1.014	1.017	1.013				
2004/05				1.000	1.089	1.043	1.034	1.047	1.002	1.008	0.996	0.980	1.003	0.996						
2005/06			1.022	1.059	1.041	1.041	1.012	1.038	1.013	1.019	0.989	1.033	0.982	1.002						
2006/07		1.108	1.062	1.011	1.032	0.981	1.008	1.009	1.023	0.987	0.992	1.010	1.023							
2007/08	1.328	1.194	1.107	0.997	0.993	1.042	1.024	1.011	0.997	1.009	0.961	0.991								
2008/09	1.809	1.274	1.039	0.977	1.016	0.997	1.039	1.003	0.968	0.990	0.990									
2009/10	1.790	1.119	0.993	1.014	1.010	1.027	0.997	0.999	0.981	0.987										
2010/11	1.564	1.047	1.085	1.013	1.049	0.993	0.998	1.007	0.981											
2011/12	1.853	1.125	1.103	1.031	0.965	0.993	0.984	0.991												
2012/13	1.884	1.349	1.244	0.947	1.034	0.968	0.965													
2013/14	2.070	1.458	1.012	1.017	0.991	0.972														
2014/15	1.732	1.079	1.062	1.017	0.957															
2015/16	1.398	1.143	1.054	1.017																
2016/17	1.615	1.154	1.094																	
2017/18	1.724	1.216																		
2018/19	1.713																			
2019/20																				
Average																				
All	1.707	1.189	1.073	1.008	1.015	1.005	1.009	1.013	1.000	1.005	0.998	1.014	1.002	1.006	1.003	1.003	1.003	1.003	0.999	
Wtd 3	1.675	1.166	1.071	1.017	0.996	0.979	0.984	0.999	0.977	0.994	0.981	1.013	0.993	1.007	1.007	1.003				
Last 3	1.684	1.171	1.070	1.017	0.994	0.978	0.982	0.999	0.976	0.995	0.981	1.011	0.995	1.006	1.007	1.003				
Last 5	1.684	1.171	1.070	1.017	0.997	0.986	0.993	1.003	0.986	0.995	0.990	1.005	0.997	1.004						
x-hi,low																				
Similar	1.554	1.182	1.080	1.046	1.029	1.019	1.013	1.011	1.011	1.007	1.006	1.005	1.003	1.002	1.001	1.001	1.001	1.000	1.022	
Previous	1.725	1.145	1.080	1.030	1.030	1.025	1.020	1.020	1.015	1.010	1.008	1.007	1.005	1.004	1.004	1.003	1.002	1.002	1.002	1.005
Selected	1.725	1.150	1.080	1.029	1.027	1.025	1.020	1.020	1.015	1.010	1.008	1.007	1.005	1.004	1.004	1.003	1.002	1.002	1.002	1.005
Cumulative	2.581	1.496	1.301	1.205	1.171	1.140	1.112	1.090	1.069	1.053	1.043	1.035	1.027	1.022	1.018	1.014	1.011	1.009	1.007	1.005
Percent	38.7%	66.8%	76.9%	83.0%	85.4%	87.7%	89.9%	91.7%	93.5%	94.9%	95.9%	96.7%	97.3%	97.8%	98.2%	98.6%	98.9%	99.1%	99.3%	99.5%

Amounts are limited (net of excess insurance).

Data was provided by the City.

Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 2000/01																				
2001/02							1,009	1,010	1,012	1,006	1,006	1,013	1,006	1,013	1,013	1,013	1,013	1,013	1,013	1,013
2002/03						918	919	920	918	919	922	919	922	922	922	923	923	923	923	923
2003/04					771	771	771	767	769	774	769	774	773	773	773	773	773	773	773	773
2004/05				670	672	674	671	671	674	672	675	675	675	675	675	675	675	675	675	675
2005/06			740	742	747	740	740	748	740	748	749	749	748	748	748	748	748	748	748	748
2006/07		696	701	703	700	700	703	700	703	703	703	703	703	703	703	703	703	703	703	703
2007/08	669	702	702	694	694	702	694	702	703	703	704	704	704	704	704	704	704	704	704	704
2008/09	637	674	672	673	677	674	678	678	678	678	678	678	678	678	678	678	678	678	678	678
2009/10	605	615	618	642	619	642	642	645	646	646	646	646	646	646	646	646	646	646	646	646
2010/11	576	615	645	625	649	650	650	650	650	650	650	650	650	650	650	650	650	650	650	650
2011/12	548	629	593	636	636	637	637	637	637	637	637	637	637	637	637	637	637	637	637	637
2012/13	515	560	566	568	569	569	569	569	569	569	569	569	569	569	569	569	569	569	569	569
2013/14	587	618	620	621	621	621	621	621	621	621	621	621	621	621	621	621	621	621	621	621
2014/15	526	553	555	559	559	559	559	559	559	559	559	559	559	559	559	559	559	559	559	559
2015/16	571	607	610	611	611	611	611	611	611	611	611	611	611	611	611	611	611	611	611	611
2016/17	525	543	545	548	548	548	548	548	548	548	548	548	548	548	548	548	548	548	548	548
2017/18	496	522	527	527	527	527	527	527	527	527	527	527	527	527	527	527	527	527	527	527
2018/19	537	556	556	556	556	556	556	556	556	556	556	556	556	556	556	556	556	556	556	556
2019/20	1,654																			

II. Reported Claim Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 2000/01																				
2001/02							1.001	1.002	0.994	1.000	1.007	0.993	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002/03						1.001	1.001	0.998	1.001	1.003	0.997	1.003	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
2003/04					1.000	1.000	0.995	1.003	1.007	0.994	1.007	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004/05				1.003	1.003	0.996	1.000	1.004	0.997	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005/06			1.003	1.007	0.991	1.000	1.011	0.989	1.011	1.001	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006/07		1.007	1.003	0.996	1.000	1.004	0.996	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007/08	1.049	1.000	0.989	1.000	1.012	0.989	1.012	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008/09	1.058	0.997	1.001	1.006	0.996	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009/10	1.017	1.005	1.039	0.964	1.037	1.000	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010/11	1.068	1.049	0.969	1.038	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011/12	1.148	0.943	1.073	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012/13	1.087	1.011	1.004	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013/14	1.053	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2014/15	1.051	1.004	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2015/16	1.063	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2016/17	1.034	1.004	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006
2017/18	1.052	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010
2018/19	1.035																			
2019/20																				
Average																				
All	1.060	1.003	1.008	1.001	1.003	1.000	1.002	1.000	1.001	1.000	1.001	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Wtd 3	1.040	1.006	1.005	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Last 3	1.041	1.006	1.005	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Last 5	1.046	1.004	1.004	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
x-hi,low																				
Similar	1.131	1.019	1.010	1.007	1.007	1.005	1.005	1.006	1.006	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Previous	1.055	1.005	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.055	1.005	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.065	1.009	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Percent	93.9%	99.1%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data was provided by the City.

CITY OF OAKLAND  
WORKERS' COMPENSATION

Historical Ratio of Limited Paid Losses and Limited Reported Incurred Losses

Claim Period	Months of Development:																			
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 2000/01																				
2001/02							87.1%	90.7%	94.6%	94.8%	96.0%	97.2%	93.7%	92.7%	94.8%	96.0%	96.9%	97.6%	98.2%	
2002/03						84.5%	89.8%	90.7%	92.0%	94.2%	95.9%	94.9%	95.1%	94.4%	95.5%	95.8%	96.9%	96.8%		
2003/04					84.1%	88.3%	90.1%	92.3%	90.9%	92.8%	92.3%	92.7%	93.3%	94.3%	94.6%	94.8%	94.9%			
2004/05				74.4%	82.2%	81.5%	83.0%	83.0%	84.6%	84.9%	86.0%	86.6%	88.8%	91.5%	92.2%	93.5%				
2005/06			67.8%	77.0%	80.8%	82.8%	82.6%	85.8%	84.9%	89.1%	89.1%	91.8%	89.7%	92.0%	92.5%					
2006/07		63.2%	77.2%	84.6%	89.5%	90.1%	94.1%	95.0%	94.9%	94.3%	96.1%	97.4%	97.2%	96.2%						
2007/08	40.3%	63.0%	70.3%	74.6%	80.9%	86.0%	86.0%	88.1%	89.0%	90.8%	91.0%	95.0%	96.1%							
2008/09	47.9%	66.0%	70.0%	78.4%	84.2%	86.1%	89.6%	87.6%	88.3%	94.6%	96.0%	97.2%								
2009/10	44.4%	57.8%	68.9%	79.0%	85.7%	88.1%	87.9%	90.9%	91.6%	94.5%	96.4%									
2010/11	43.7%	57.7%	72.6%	79.5%	83.2%	84.6%	88.8%	91.1%	91.4%	94.0%										
2011/12	31.8%	59.6%	72.8%	76.2%	78.1%	84.8%	88.6%	92.2%	94.3%											
2012/13	43.7%	58.9%	64.4%	62.3%	75.6%	78.4%	83.4%	91.0%												
2013/14	43.6%	58.3%	57.8%	70.1%	79.3%	85.8%	91.8%													
2014/15	33.0%	47.6%	63.3%	70.4%	76.9%	86.1%														
2015/16	26.5%	51.2%	66.8%	77.9%	85.4%															
2016/17	44.1%	57.4%	68.0%	75.4%																
2017/18	42.4%	54.2%	66.3%																	
2018/19	46.6%	54.7%																		
2019/20	41.7%																			
Average																				
All	40.7%	57.7%	68.2%	75.4%	82.0%	85.2%	87.9%	89.9%	90.6%	92.4%	93.2%	94.1%	93.4%	93.5%	93.9%	95.0%	96.2%	97.2%	98.2%	
Last 3	43.6%	55.5%	67.0%	74.6%	80.5%	83.4%	87.9%	91.4%	92.4%	94.3%	94.5%	96.6%	94.3%	93.2%	93.1%	94.7%	96.2%			
Last 5	42.7%	53.4%	65.4%	72.0%	78.1%	85.0%	88.4%	91.0%	90.7%	94.2%	94.4%	94.7%	93.0%	93.6%	93.9%					
x-hi,low																				
Implicit	38.0%	54.0%	68.1%	76.9%	83.0%	86.0%	87.0%	87.9%	88.1%	88.7%	89.3%	89.8%	90.4%	90.8%	91.3%	91.5%	91.8%	92.1%	92.4%	92.6%

Developed Limited Paid Losses

Claim Period (1)	Months of Development 6/30/20 (2)	Limited Paid Losses 6/30/20 (3)	Percent Losses Paid (4)	Developed Limited Paid Losses (3)/(4) (5)
to 2000/01	240.0	\$223,880,160	92.2%	\$242,909,973
2001/02	228.0	22,083,318	91.7%	24,080,202
2002/03	216.0	21,703,129	91.3%	23,783,963
2003/04	204.0	21,259,151	90.8%	23,413,904
2004/05	192.0	17,049,985	90.3%	18,890,781
2005/06	180.0	16,102,054	89.7%	17,832,937 *
2006/07	168.0	14,851,115	88.8%	16,718,770
2007/08	156.0	14,051,364	87.9%	15,839,612 *
2008/09	144.0	16,655,614	86.8%	19,036,301 *
2009/10	132.0	16,938,663	85.6%	19,783,046
2010/11	120.0	19,782,211	84.2%	23,356,027 *
2011/12	108.0	19,525,582	82.4%	23,702,266
2012/13	96.0	14,472,053	80.6%	17,954,236
2013/14	84.0	14,904,635	78.3%	18,837,255 *
2014/15	72.0	11,286,947	75.5%	14,956,475
2015/16	60.0	15,457,327	70.9%	21,505,639 *
2016/17	48.0	13,475,097	63.8%	20,258,771 *
2017/18	36.0	8,367,306	52.3%	15,990,824
2018/19	24.0	5,963,625	36.1%	15,197,510 *
2019/20	12.0	2,441,420	14.7%	16,575,311
<b>Total</b>		<b>\$510,250,755</b>		<b>\$610,623,801</b>

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

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.

Developed Limited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/20 (2)	Limited Reported Incurred Losses 6/30/20 (3)	Percent Losses Reported (4)	Developed Limited Reported Incurred Losses (3)/(4) (5)
to 2000/01	240.0	\$227,847,917	99.5%	\$228,987,156
2001/02	228.0	22,485,775	99.3%	22,643,401
2002/03	216.0	22,415,392	99.1%	22,617,669
2003/04	204.0	22,406,990	98.9%	22,654,410
2004/05	192.0	18,235,411	98.6%	18,478,002 *
2005/06	180.0	17,416,400	98.2%	17,714,054 *
2006/07	168.0	15,439,845	97.8%	15,782,671
2007/08	156.0	14,621,314	97.3%	14,993,380 *
2008/09	144.0	17,129,458	96.7%	17,694,652 *
2009/10	132.0	17,571,612	95.9%	18,323,366
2010/11	120.0	21,052,517	94.9%	22,053,001 *
2011/12	108.0	20,711,042	93.5%	22,140,275
2012/13	96.0	15,908,710	91.7%	17,346,673
2013/14	84.0	16,240,081	89.9%	17,978,009 *
2014/15	72.0	13,103,638	87.7%	14,938,162
2015/16	60.0	18,097,785	85.4%	21,060,460 *
2016/17	48.0	17,878,478	83.0%	21,231,706 *
2017/18	36.0	12,624,197	76.9%	16,425,501
2018/19	24.0	10,906,528	66.8%	15,947,004 *
2019/20	12.0	5,852,332	38.7%	15,105,349
Total		\$547,945,422		\$584,114,901

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

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.

Developed Limited Case Reserves

Claim Period (1)	Months of Development 6/30/20 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/20 [(4)-(3)]/ [100.0%-(3)] (5)	Limited Paid Losses 6/30/20 (6)	Limited Case Reserves 6/30/20 (7)	Developed Limited Case Reserves (6)+(7)/(5) (8)
to 2000/01	240.0	92.2%	99.5%	93.6%	\$223,880,160	\$3,967,757	\$228,116,980
2001/02	228.0	91.7%	99.3%	91.6%	22,083,318	402,457	22,522,655
2002/03	216.0	91.3%	99.1%	89.8%	21,703,129	712,263	22,496,492
2003/04	204.0	90.8%	98.9%	88.1%	21,259,151	1,147,839	22,561,552
2004/05	192.0	90.3%	98.6%	85.8%	17,049,985	1,185,425	18,393,088 *
2005/06	180.0	89.7%	98.2%	82.7%	16,102,054	1,314,346	17,691,712
2006/07	168.0	88.8%	97.8%	80.6%	14,851,115	588,730	15,581,954
2007/08	156.0	87.9%	97.3%	77.9%	14,051,364	569,949	14,782,673
2008/09	144.0	86.8%	96.7%	74.7%	16,655,614	473,844	17,290,020
2009/10	132.0	85.6%	95.9%	71.5%	16,938,663	632,949	17,824,338
2010/11	120.0	84.2%	94.9%	68.0%	19,782,211	1,270,305	21,349,062 *
2011/12	108.0	82.4%	93.5%	63.4%	19,525,582	1,185,460	21,396,381
2012/13	96.0	80.6%	91.7%	57.3%	14,472,053	1,436,657	16,981,113
2013/14	84.0	78.3%	89.9%	53.6%	14,904,635	1,335,446	17,395,987
2014/15	72.0	75.5%	87.7%	49.9%	11,286,947	1,816,692	14,924,313
2015/16	60.0	70.9%	85.4%	49.9%	15,457,327	2,640,458	20,744,286
2016/17	48.0	63.8%	83.0%	53.0%	13,475,097	4,403,381	21,782,345
2017/18	36.0	52.3%	76.9%	51.5%	8,367,306	4,256,891	16,640,071
2018/19	24.0	36.1%	66.8%	48.1%	5,963,625	4,942,903	16,238,776
2019/20	12.0	14.7%	38.7%	28.2%	2,441,420	3,410,913	14,553,053
Total					\$510,250,755	\$37,694,667	\$579,266,852

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

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

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

Preliminary Projected Ultimate Limited Losses to 2019/20

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	Preliminary Projected Ultimate Limited Losses (5)
to 2000/01	\$242,909,973	\$228,987,156	\$228,116,980	\$228,244,692
2001/02	24,080,202	22,643,401	22,522,655	22,526,021
2002/03	23,783,963	22,617,669	22,496,492	22,496,492
2003/04	23,413,904	22,654,410	22,561,552	22,561,552
2004/05	18,890,781	18,478,002	18,393,088	18,393,088
2005/06	17,832,937	17,714,054	17,691,712	17,691,712
2006/07	16,718,770	15,782,671	15,581,954	15,581,954
2007/08	15,839,612	14,993,380	14,782,673	14,782,673
2008/09	19,036,301	17,694,652	17,290,020	17,290,020
2009/10	19,783,046	18,323,366	17,824,338	17,824,338
2010/11	23,356,027	22,053,001	21,349,062	21,349,062
2011/12	23,702,266	22,140,275	21,396,381	21,396,381
2012/13	17,954,236	17,346,673	16,981,113	17,017,669
2013/14	18,837,255	17,978,009	17,395,987	17,512,392
2014/15	14,956,475	14,938,162	14,924,313	14,928,468
2015/16	21,505,639	21,060,460	20,744,286	20,870,756
2016/17	20,258,771	21,231,706	21,782,345	21,409,732
2017/18	15,990,824	16,425,501	16,640,071	16,424,394
2018/19	15,197,510	15,947,004	16,238,776	15,913,814
2019/20	16,575,311	15,105,349	14,553,053	15,031,427
<b>Total</b>	<b>\$610,623,801</b>	<b>\$584,114,901</b>	<b>\$579,266,852</b>	<b>\$579,246,636</b>

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

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

Bornhuetter - Ferguson Analysis

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2020/21 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)	Projected A-priori Loss Rate per \$100 of Payroll (7)/(5) (8)
2010/11	\$21,349,062	\$338,298	\$6.31	1.054	\$6.65	\$4.90
2011/12	21,396,381	348,514	6.14	1.053	6.46	4.90
2012/13	17,017,669	355,748	4.78	1.070	5.12	4.83
2013/14	17,512,392	373,451	4.69	1.071	5.02	4.82
2014/15	14,928,468	364,737	4.09	1.053	4.31	4.90
2015/16	20,870,756	390,571	5.34	1.041	5.56	4.96
2016/17	21,409,732	401,986	5.33	1.034	5.51	4.99
2017/18	16,424,394	413,589	3.97	1.030	4.09	5.01
2018/19	15,913,814	376,038	4.23	1.021	4.32	5.06
2019/20	15,031,427	379,798	3.96	1.010	4.00	5.11

(7) Projected 2020/21 a-priori loss rate per \$100 of Payroll \$5.16

II. Bornhuetter - Ferguson Analysis Based on Limited Paid Losses

Claim Period (1)	Limited Paid Losses 6/30/20 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Limited Paid Losses (2)+(6) (7)
2015/16	\$15,457,327	70.9%	\$4.96	\$390,571	\$5,642,406	\$21,099,732
2016/17	13,475,097	63.8%	4.99	401,986	7,256,364	20,731,461
2017/18	8,367,306	52.3%	5.01	413,589	9,884,925	18,252,231
2018/19	5,963,625	36.1%	5.06	376,038	12,156,907	18,120,533
2019/20	2,441,420	14.7%	5.11	379,798	16,553,607	18,995,027

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

Claim Period (1)	Limited Reported Incurred Losses 6/30/20 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Limited Reported Losses (2)+(6) (7)
2015/16	\$18,097,785	85.4%	\$4.96	\$390,571	\$2,824,427	\$20,922,212
2016/17	17,878,478	83.0%	4.99	401,986	3,410,020	21,288,498
2017/18	12,624,197	76.9%	5.01	413,589	4,798,469	17,422,667
2018/19	10,906,528	66.8%	5.06	376,038	6,308,777	17,215,306
2019/20	5,852,332	38.7%	5.11	379,798	11,891,733	17,744,065

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

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

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

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

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

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

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

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/20 (2)	Reported Claims 6/30/20 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)	Payroll (000) (6)	Frequency (per \$1M of Payroll) (5)/(6)X1,000 (7)
2010/11	120.0	650	100.0%	650	\$338,298	1.92
2011/12	108.0	637	100.0%	637	348,514	1.83
2012/13	96.0	569	100.0%	569	355,748	1.60
2013/14	84.0	621	100.0%	621	373,451	1.66
2014/15	72.0	559	100.0%	559	364,737	1.53
2015/16	60.0	611	100.0%	611	390,571	1.56
2016/17	48.0	548	100.0%	548	401,986	1.36
2017/18	36.0	527	99.6%	529	413,589	1.28
2018/19	24.0	556	99.1%	561	376,038	1.49
2019/20	12.0	1,654	93.9%	1,761	379,798	4.64

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2020/21 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2020/21 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
2010/11	\$21,349,062	650	\$32,845	1.416	\$46,518	\$26,809	\$17,425,985
2011/12	21,396,381	637	33,589	1.374	46,144	27,639	17,606,232
2012/13	17,017,669	569	29,908	1.355	40,523	28,024	15,945,536
2013/14	17,512,392	621	28,200	1.317	37,138	28,832	17,904,952
2014/15	14,928,468	559	26,706	1.258	33,589	30,189	16,875,808
2015/16	20,870,756	611	34,158	1.207	41,236	31,453	19,217,799
2016/17	21,409,732	548	39,069	1.164	45,477	32,620	17,875,653
2017/18	16,424,394	529	31,048	1.125	34,937	33,744	17,850,314
2018/19	15,913,814	561	28,367	1.083	30,715	35,068	19,673,022
2019/20	15,031,427	1,761	8,536	1.040	8,880	36,499	64,275,334

(7) Projected 2020/21 average claim severity

\$37,970

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

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

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

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

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

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

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

Projected Ultimate Limited Losses to 2019/20

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	B-F Ultimate Limited Paid Losses (5)	B-F Ultimate Limited Reported Losses (6)	Frequency Times Severity (7)	Projected Ultimate Limited Losses (8)
to 2000/01	\$242,909,973	\$228,987,156	\$228,116,980				\$228,245,000
2001/02	24,080,202	22,643,401	22,522,655				22,526,021
2002/03	23,783,963	22,617,669	22,496,492				22,496,000
2003/04	23,413,904	22,654,410	22,561,552				22,562,000
2004/05	18,890,781	18,478,002	18,393,088				18,393,000
2005/06	17,832,937	17,714,054	17,691,712				17,692,000
2006/07	16,718,770	15,782,671	15,581,954				15,582,000
2007/08	15,839,612	14,993,380	14,782,673				14,783,000
2008/09	19,036,301	17,694,652	17,290,020				17,290,000
2009/10	19,783,046	18,323,366	17,824,338				17,824,000
2010/11	23,356,027	22,053,001	21,349,062				21,349,000
2011/12	23,702,266	22,140,275	21,396,381				21,396,000
2012/13	17,954,236	17,346,673	16,981,113				17,018,000
2013/14	18,837,255	17,978,009	17,395,987				17,512,000
2014/15	14,956,475	14,938,162	14,924,313				14,928,000
2015/16	21,505,639	21,060,460	20,744,286	21,099,732	20,922,212	19,217,799	20,871,000
2016/17	20,258,771	21,231,706	21,782,345	20,731,461	21,288,498	17,875,653	21,410,000
2017/18	15,990,824	16,425,501	16,640,071	18,252,231	17,422,667	17,850,314	16,424,000
2018/19	15,197,510	15,947,004	16,238,776	18,120,533	17,215,306	19,673,022	16,768,000
2019/20	16,575,311	15,105,349	14,553,053	18,995,027	17,744,065	64,275,334	17,055,000

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

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

(7) is from Exhibit WC-8.

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

Projected Ultimate Limited Losses for 2020/21 and Subsequent

Claim Period (1)	Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2020/21 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)
2010/11	\$21,349,000	\$338,298	\$6.31	1.054	\$6.66
2011/12	21,396,000	348,514	6.14	1.053	6.46
2012/13	17,018,000	355,748	4.78	1.070	5.12
2013/14	17,512,000	373,451	4.69	1.071	5.02
2014/15	14,928,000	364,737	4.09	1.053	4.31
2015/16	20,871,000	390,571	5.34	1.041	5.56
2016/17	21,410,000	401,986	5.33	1.034	5.51
2017/18	16,424,000	413,589	3.97	1.030	4.09
2018/19	16,768,000	376,038	4.46	1.021	4.56
2019/20	17,055,000	379,798	4.49	1.010	4.54
Total	\$184,731,000	\$3,742,729	\$4.94		\$5.16

Claim Period (1)	Projected Limited Loss Rate per \$100 of Payroll (7)	Projected Payroll (000) (8)	Projected Ultimate Limited Losses (7)X(8)X10 (9)	Present Value Factor (10)	Present Value of Projected Limited Loss Rate per \$100 of Payroll (7)X(10) (11)	Present Value of Projected Ultimate Limited Losses (8)X(11)X10 (12)
2020/21	\$5.22	\$383,596	\$20,005,000	0.88	\$4.61	\$17,700,000
2021/22	5.27	387,432	20,407,000	0.88	4.66	18,056,000

(2) is from Exhibit WC-9.

(3) 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2017/18 and 2018/19 were provided by the City. Other periods assume a 1% trend.

(5) is from Exhibit WC-14.

(7) 2020/21 is based on (6) and actuarial judgment.  
Other period(s) based on 2020/21 plus the trend in Exhibit WC-14.

(8) is based on (3) for 2019/20 and a 1% trend.

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

Estimated Outstanding Losses as of June 30, 2020

Claim Period (1)	Limited Paid Losses 6/30/20 (2)	Limited Case Reserves 6/30/20 (3)	Limited Reported Incurred Losses 6/30/20 (4)	Projected Ultimate Limited Losses (5)	Estimated IBNR 6/30/20 (5)-(4) (6)	Estimated Outstanding Losses 6/30/20 (3)+(6) (7)	Present Value Factor (8)	Present Value of Estimated Outstanding Losses 6/30/20 (7)X(8) (9)
to 2000/01	\$223,880,160	\$3,967,757	\$227,847,917	\$228,245,000	\$397,083	\$4,364,840	0.91	\$3,960,202
2001/02	22,083,318	402,457	22,485,775	22,526,021	40,246	442,703	0.89	394,371
2002/03	21,703,129	712,263	22,415,392	22,496,000	80,608	792,871	0.88	693,991
2003/04	21,259,151	1,147,839	22,406,990	22,562,000	155,010	1,302,849	0.88	1,121,161
2004/05	17,049,985	1,185,425	18,235,411	18,393,000	157,589	1,343,014	0.88	1,138,591
2005/06	16,102,054	1,314,346	17,416,400	17,692,000	275,600	1,589,946	0.87	1,328,431
2006/07	14,851,115	588,730	15,439,845	15,582,000	142,155	730,885	0.87	605,801
2007/08	14,051,364	569,949	14,621,314	14,783,000	161,686	731,635	0.87	601,201
2008/09	16,655,614	473,844	17,129,458	17,290,000	160,542	634,386	0.87	518,681
2009/10	16,938,663	632,949	17,571,612	17,824,000	252,388	885,337	0.81	720,231
2010/11	19,782,211	1,270,305	21,052,517	21,349,000	296,483	1,566,788	0.81	1,271,041
2011/12	19,525,582	1,185,460	20,711,042	21,396,000	684,958	1,870,418	0.81	1,518,111
2012/13	14,472,053	1,436,657	15,908,710	17,018,000	1,109,290	2,545,947	0.81	2,061,591
2013/14	14,904,635	1,335,447	16,240,081	17,512,000	1,271,919	2,607,366	0.81	2,115,501
2014/15	11,286,947	1,816,692	13,103,638	14,928,000	1,824,362	3,641,054	0.81	2,963,421
2015/16	15,457,327	2,640,458	18,097,785	20,871,000	2,773,215	5,413,673	0.82	4,464,411
2016/17	13,475,097	4,403,381	17,878,478	21,410,000	3,531,522	7,934,903	0.82	6,666,211
2017/18	8,367,306	4,256,891	12,624,197	16,424,000	3,799,803	8,056,694	0.82	6,930,481
2018/19	5,963,625	4,942,903	10,906,528	16,768,000	5,861,472	10,804,375	0.82	9,475,031
2019/20	2,441,420	3,410,913	5,852,332	17,055,000	11,202,668	14,613,581	0.82	12,986,711
<b>Total</b>	<b>\$510,250,755</b>	<b>\$37,694,667</b>	<b>\$547,945,422</b>	<b>\$582,124,021</b>	<b>\$34,178,599</b>	<b>\$71,873,265</b>		<b>\$61,535,241</b>

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

(5) is from Exhibit WC-9.

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

Projected Losses Paid July 1, 2020 to June 30, 2021

Claim Period (1)	Months of Development 6/30/20 (2)	Percent Losses Paid (3)	Months of Development 6/30/21 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/20 to 6/30/21 [(5)-(3)]/ [100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/20 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/21 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/21 (9)X(10) (11)
to 2000/01	240.0	92.2%	252.0	93.7%	20.0%	\$4,364,840	\$872,968	\$3,491,872	0.91	\$3,175,394
2001/02	228.0	91.7%	240.0	92.2%	5.5%	442,703	24,479	418,224	0.91	379,453
2002/03	216.0	91.3%	228.0	91.7%	5.2%	792,871	41,348	751,523	0.89	669,485
2003/04	204.0	90.8%	216.0	91.3%	4.9%	1,302,849	64,271	1,238,578	0.88	1,084,123
2004/05	192.0	90.3%	204.0	90.8%	5.6%	1,343,014	74,636	1,268,378	0.86	1,091,499
2005/06	180.0	89.7%	192.0	90.3%	5.2%	1,589,946	83,234	1,506,712	0.85	1,277,379
2006/07	168.0	88.8%	180.0	89.7%	8.0%	730,885	58,118	672,767	0.84	562,112
2007/08	156.0	87.9%	168.0	88.8%	7.3%	731,635	53,398	678,237	0.83	562,169
2008/09	144.0	86.8%	156.0	87.9%	8.6%	634,386	54,329	580,057	0.82	476,645
2009/10	132.0	85.6%	144.0	86.8%	8.3%	885,337	73,812	811,525	0.82	663,513
2010/11	120.0	84.2%	132.0	85.6%	9.1%	1,566,788	141,846	1,424,942	0.81	1,159,214
2011/12	108.0	82.4%	120.0	84.2%	10.3%	1,870,418	192,368	1,678,050	0.81	1,361,306
2012/13	96.0	80.6%	108.0	82.4%	9.1%	2,545,947	232,783	2,313,164	0.81	1,877,463
2013/14	84.0	78.3%	96.0	80.6%	10.8%	2,607,366	281,540	2,325,826	0.81	1,883,353
2014/15	72.0	75.5%	84.0	78.3%	11.4%	3,641,054	414,377	3,226,677	0.81	2,617,985
2015/16	60.0	70.9%	72.0	75.5%	15.8%	5,413,673	855,667	4,558,006	0.81	3,709,724
2016/17	48.0	63.8%	60.0	70.9%	19.4%	7,934,903	1,540,807	6,394,096	0.82	5,272,921
2017/18	36.0	52.3%	48.0	63.8%	24.1%	8,056,694	1,945,404	6,111,290	0.84	5,134,173
2018/19	24.0	36.1%	36.0	52.3%	25.4%	10,804,375	2,745,159	8,059,216	0.86	6,932,652
2019/20	12.0	14.7%	24.0	36.1%	25.0%	14,613,581	3,660,204	10,953,377	0.88	9,605,707
2020/21	0.0	0.0%	12.0	14.7%	14.7%	20,005,000	2,946,587	17,058,413	0.89	15,159,373
<b>Total</b>						<b>\$91,878,265</b>	<b>\$16,357,335</b>	<b>\$75,520,930</b>		<b>\$64,655,643</b>

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

(7) to 2019/20 is from Exhibit WC-11. The amount for 2020/21 is from Exhibit WC-10.

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

Projected Losses Paid July 1, 2021 to June 30, 2022

Claim Period (1)	Months of Development 6/30/21 (2)	Percent Losses Paid (3)	Months of Development 6/30/22 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/21 to 6/30/22 [(5)-(3)]/ [100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/21 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/22 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/22 (9)X(10) (11)
to 2000/01	252.0	93.7%	264.0	95.0%	20.0%	\$3,491,872	\$698,374	\$2,793,498	0.91	\$2,547,729
2001/02	240.0	92.2%	252.0	93.7%	20.0%	418,224	83,645	334,579	0.91	304,255
2002/03	228.0	91.7%	240.0	92.2%	5.5%	751,523	41,555	709,968	0.91	644,151
2003/04	216.0	91.3%	228.0	91.7%	5.2%	1,238,578	64,592	1,173,986	0.89	1,045,831
2004/05	204.0	90.8%	216.0	91.3%	4.9%	1,268,378	62,570	1,205,808	0.88	1,055,439
2005/06	192.0	90.3%	204.0	90.8%	5.6%	1,506,712	83,734	1,422,978	0.86	1,224,540
2006/07	180.0	89.7%	192.0	90.3%	5.2%	672,767	35,220	637,547	0.85	540,508
2007/08	168.0	88.8%	180.0	89.7%	8.0%	678,237	53,932	624,305	0.84	521,621
2008/09	156.0	87.9%	168.0	88.8%	7.3%	580,057	42,335	537,722	0.83	445,701
2009/10	144.0	86.8%	156.0	87.9%	8.6%	811,525	69,499	742,026	0.82	609,739
2010/11	132.0	85.6%	144.0	86.8%	8.3%	1,424,942	118,800	1,306,142	0.82	1,067,919
2011/12	120.0	84.2%	132.0	85.6%	9.1%	1,678,050	151,919	1,526,131	0.81	1,241,533
2012/13	108.0	82.4%	120.0	84.2%	10.3%	2,313,164	237,904	2,075,260	0.81	1,683,540
2013/14	96.0	80.6%	108.0	82.4%	9.1%	2,325,826	212,656	2,113,170	0.81	1,715,139
2014/15	84.0	78.3%	96.0	80.6%	10.8%	3,226,677	348,412	2,878,265	0.81	2,330,695
2015/16	72.0	75.5%	84.0	78.3%	11.4%	4,558,006	518,732	4,039,274	0.81	3,277,291
2016/17	60.0	70.9%	72.0	75.5%	15.8%	6,394,096	1,010,630	5,383,466	0.81	4,381,560
2017/18	48.0	63.8%	60.0	70.9%	19.4%	6,111,290	1,186,699	4,924,594	0.82	4,061,090
2018/19	36.0	52.3%	48.0	63.8%	24.1%	8,059,216	1,946,013	6,113,203	0.84	5,135,781
2019/20	24.0	36.1%	36.0	52.3%	25.4%	10,953,377	2,783,017	8,170,360	0.86	7,028,260
2020/21	12.0	14.7%	24.0	36.1%	25.0%	17,058,413	4,272,551	12,785,862	0.88	11,212,729
2021/22	0.0	0.0%	12.0	14.7%	14.7%	20,407,000	3,005,799	17,401,201	0.89	15,464,000
<b>Total</b>						<b>\$95,927,930</b>	<b>\$17,028,585</b>	<b>\$78,899,345</b>		<b>\$67,539,051</b>

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

(7) to 2020/21 is from Exhibit WC-12, (9). The amount for 2021/22 is from Exhibit WC-10.

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

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
01/01/11	0.987	0.987
01/01/12	0.982	0.969
01/01/13	0.967	0.937
01/01/14	1.012	0.948
01/01/15	1.001	0.949
01/01/16	1.002	0.951
01/01/17	0.992	0.944
01/01/18	0.997	0.941
01/01/19	1.001	0.942

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2020/21 = 1.000) (2)	Residual Trend (2020/21 = 1.000) (3)	Retention Index (2020/21 = 1.000) (4)	Loss Rate Trend (2020/21 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2020/21 = 1.000) (6)	Severity Trend (2020/21 = 1.000) (5)X(6) (7)
2010/11	0.954	1.105	1.000	1.054	1.344	1.416
2011/12	0.963	1.094	1.000	1.053	1.305	1.374
2012/13	0.988	1.083	1.000	1.070	1.267	1.355
2013/14	0.999	1.072	1.000	1.071	1.230	1.317
2014/15	0.992	1.062	1.000	1.053	1.194	1.258
2015/16	0.991	1.051	1.000	1.041	1.159	1.207
2016/17	0.994	1.041	1.000	1.034	1.126	1.164
2017/18	0.999	1.030	1.000	1.030	1.093	1.125
2018/19	1.001	1.020	1.000	1.021	1.061	1.083
2019/20	1.000	1.010	1.000	1.010	1.030	1.040
2020/21	1.000	1.000	1.000	1.000	1.000	1.000
2021/22	1.000	0.990	1.000	0.990	0.971	0.961
2022/23	1.000	0.980	1.000	0.980	0.943	0.924

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

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

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

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

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

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

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/20 (5)	Unlimited Case Reserves 6/30/20 (6)	Unlimited Reported Incurred Losses 6/30/20 (7)
0000190143	12/27/72	to 2000/01	Unlimited	\$722,941	\$0	\$722,941
0000190774	01/19/74	to 2000/01	Unlimited	613,638	0	613,638
0000190326	08/01/74	to 2000/01	Unlimited	771,240	0	771,240
0000190147	07/04/75	to 2000/01	Unlimited	4,761,708	481,035	5,242,742
0000190244	10/03/75	to 2000/01	Unlimited	542,435	0	542,435
0000191607	03/11/77	to 2000/01	Unlimited	2,904,822	0	2,904,822
0000190910	12/05/77	to 2000/01	Unlimited	913,798	0	913,798
0000190513	10/19/78	to 2000/01	Unlimited	925,345	0	925,345
0001305216	04/11/83	to 2000/01	Unlimited	800,100	0	800,100
0001305673	10/28/83	to 2000/01	Unlimited	714,071	216,100	930,171
0001305402	01/03/84	to 2000/01	Unlimited	583,002	0	583,002
0001305712	01/26/84	to 2000/01	Unlimited	567,073	0	567,073
0008600690	07/16/86	to 2000/01	Unlimited	560,893	0	560,893
0087580347	02/24/87	to 2000/01	Unlimited	674,862	38,430	713,292
0088580060	10/17/87	to 2000/01	Unlimited	634,769	71,893	706,663
0088580879	07/01/88	to 2000/01	Unlimited	628,550	0	628,550
0088580941	10/06/88	to 2000/01	Unlimited	612,393	0	612,393
0090000792	08/23/90	to 2000/01	Unlimited	532,751	72,895	605,646
0091001095	10/20/91	to 2000/01	Unlimited	640,390	81,816	722,206
0091000967	10/20/91	to 2000/01	Unlimited	615,883	0	615,883
0094630112	08/01/94	to 2000/01	Unlimited	1,409,190	0	1,409,190
0095630121	01/11/95	to 2000/01	Unlimited	570,035	67,053	637,088
0096630131	08/15/95	to 2000/01	Unlimited	753,254	208,626	961,880
0096630617	03/01/96	to 2000/01	Unlimited	541,404	0	541,404
0097630604	07/10/97	to 2000/01	Unlimited	483,467	44,445	527,912
0058620066	01/25/98	to 2000/01	Unlimited	454,918	53,112	508,029
0058620470	06/11/98	to 2000/01	Unlimited	685,025	0	685,025
0059620316	03/26/99	to 2000/01	Unlimited	506,947	0	506,947
0059620442	05/04/99	to 2000/01	Unlimited	683,565	139,310	822,875
0056200017	01/03/00	to 2000/01	Unlimited	662,229	203,248	865,476
0056210090	01/03/01	to 2000/01	Unlimited	381,998	147,093	529,091
0056210086	01/24/01	to 2000/01	Unlimited	531,819	0	531,819
0056210681	07/19/01	2001/02	Unlimited	555,676	0	555,676
0108004322	08/23/01	2001/02	Unlimited	915,476	0	915,476
0109002741	09/21/01	2001/02	Unlimited	731,455	0	731,455
0204001439	04/06/02	2001/02	Unlimited	843,177	56,622	899,800
0208004522	08/03/02	2002/03	Unlimited	1,605,614	92,620	1,698,234
0208003005	08/11/02	2002/03	Unlimited	752,443	0	752,443
0209003498	09/27/02	2002/03	Unlimited	626,090	98,683	724,774
0210003933	10/03/02	2002/03	Unlimited	661,531	6,805	668,337
0211004343	11/23/02	2002/03	Unlimited	972,050	69,306	1,041,357
0308004286	08/16/03	2003/04	Unlimited	483,829	141,764	625,593
0312004058	12/27/03	2003/04	Unlimited	630,120	180,548	810,668
0401000424	01/13/04	2003/04	Unlimited	584,135	0	584,135
0403000853	03/15/04	2003/04	Unlimited	434,162	109,169	543,331
0405001211	05/14/04	2003/04	Unlimited	498,062	251,079	749,141
0408000000	08/27/04	2004/05	1,000,000	137,968	441,844	579,813
0509002575	12/03/04	2004/05	1,000,000	763,879	2,673,261 *	3,437,140 *
0506001414	06/23/05	2004/05	1,000,000	866,984	14,112	881,096
0507002799	07/01/05	2005/06	1,000,000	665,427	0	665,427
0509001885	09/28/05	2005/06	1,000,000	299,658	422,476	722,133
0601000103	01/21/06	2005/06	1,000,000	2,366,438 *	0	2,366,438 *
0602003173	02/28/06	2005/06	1,000,000	506,378	0	506,378
0608001735	08/14/06	2006/07	1,000,000	445,318	218,649	663,968
0701000110	01/20/07	2006/07	1,000,000	504,355	0	504,355
0706001687	06/18/07	2006/07	1,000,000	601,632	181,105	782,737
0708001974	08/17/07	2007/08	1,000,000	1,511,445 *	387,285	1,898,730 *
0708002337	08/27/07	2007/08	1,000,000	708,184	0	708,184
0802000349	02/22/08	2007/08	1,000,000	414,958	213,490	628,448
0903000603	03/21/09	2008/09	750,000	3,736,290 *	1,839	3,738,129 *
0906002809	06/12/09	2008/09	750,000	680,452 *	0	680,452
0908002206	08/18/09	2009/10	750,000	343,482	164,535	508,017
1003000505	03/19/10	2009/10	750,000	634,989	0	634,989
1008001619	08/06/10	2010/11	750,000	1,035,869 *	0	1,035,869 *
1008001950	08/31/10	2010/11	750,000	584,008	473,804 *	1,057,813 *
1009000688	09/23/10	2010/11	750,000	277,082	689,653 *	966,735 *
121100167	11/14/12	2012/13	750,000	518,743	0	518,743
140600108	06/24/14	2013/14	750,000	3,072,900 *	12,555	3,085,455 *
1508000000	08/03/15	2015/16	750,000	801,034 *	0	801,034 *
160700044	07/23/16	2016/17	750,000	318,683	186,589	505,272
170100012	01/08/17	2016/17	750,000	1,875,014 *	1,622,570	3,497,583 *
170100056	01/24/17	2016/17	750,000	1,073,802 *	0	1,073,802 *
180800033	08/13/18	2018/19	750,000	3,321,754 *	16,564,624	19,886,378 *

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

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

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

Size of Loss Distribution

I. Reported Claim Count

Claim Size (1)	Prior (2)	2015/16 (3)	2016/17 (4)	2017/18 (5)	2018/19 (6)	2019/20 (7)	Total (2)...(7) (8)	Non-Zero Claim Cumulative Total (9)	Non-Zero Claim Cumulative % of Total (10)
0	2,701	21	6	9	18	342	3,097		
0.01 - 5,000	25,875	393	360	343	401	1,149	28,521	28,521	77.9%
5,000 - 10,000	1,754	38	34	38	22	47	1,933	30,454	83.2%
10,000 - 25,000	1,739	44	33	27	31	55	1,929	32,383	88.5%
25,000 - 50,000	1,276	28	23	34	23	24	1,408	33,791	92.3%
50,000 - 100,000	1,111	23	35	41	24	30	1,264	35,055	95.8%
100,000 - 250,000	1,057	40	36	26	33	7	1,199	36,254	99.0%
250,000 - 500,000	224	23	18	9	3	0	277	36,531	99.8%
500,000 - 750,000	41	0	1	0	0	0	42	36,573	99.9%
750,000 - 1,000,000	15	1	0	0	0	0	16	36,589	100.0%
Over 1,000,000	12	0	2	0	1	0	15	36,604	100.0%
<b>Total</b>	<b>35,805</b>	<b>611</b>	<b>548</b>	<b>527</b>	<b>556</b>	<b>1,654</b>	<b>39,701</b>	<b>36,604</b>	

II. Total Reported Incurred Losses

Claim Size (1)	Prior (2)	2015/16 (3)	2016/17 (4)	2017/18 (5)	2018/19 (6)	2019/20 (7)	Total (2)...(7) (8)	Non-Zero Claim Cumulative Total (9)	Non-Zero Claim Cumulative % of Total (10)
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
0.01 - 5,000	22,135,235	519,362	533,371	470,729	458,202	459,435	24,576,334	24,576,334	4.2%
5,000 - 10,000	12,352,520	249,556	219,590	262,629	146,689	324,276	13,555,262	38,131,595	6.6%
10,000 - 25,000	28,246,988	702,818	531,026	451,047	467,121	870,943	31,269,944	69,401,539	11.9%
25,000 - 50,000	45,698,093	998,943	828,423	1,261,553	835,477	897,063	50,519,552	119,921,091	20.6%
50,000 - 100,000	79,101,352	1,603,645	2,698,883	2,973,804	1,728,653	2,106,375	90,212,711	210,133,803	36.2%
100,000 - 250,000	165,057,196	6,159,956	5,687,354	4,299,292	5,627,832	1,194,241	188,025,870	398,159,673	68.5%
250,000 - 500,000	73,749,989	7,113,505	5,374,559	2,905,142	892,554	0	90,035,749	488,195,422	84.0%
500,000 - 750,000	25,165,279	0	505,272	0	0	0	25,670,550	513,865,973	88.4%
750,000 - 1,000,000	12,999,840	801,034	0	0	0	0	13,800,874	527,666,846	90.8%
Over 1,000,000	28,915,918	0	4,571,386	0	19,886,378	0	53,373,681	581,040,528	100.0%
<b>Total</b>	<b>\$493,422,410</b>	<b>\$18,148,819</b>	<b>\$20,949,863</b>	<b>\$12,624,197</b>	<b>\$30,042,906</b>	<b>\$5,852,332</b>	<b>\$581,040,528</b>	<b>\$581,040,528</b>	

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

Data was provided by the City.

Oakland\_WC\_063020.xlsx

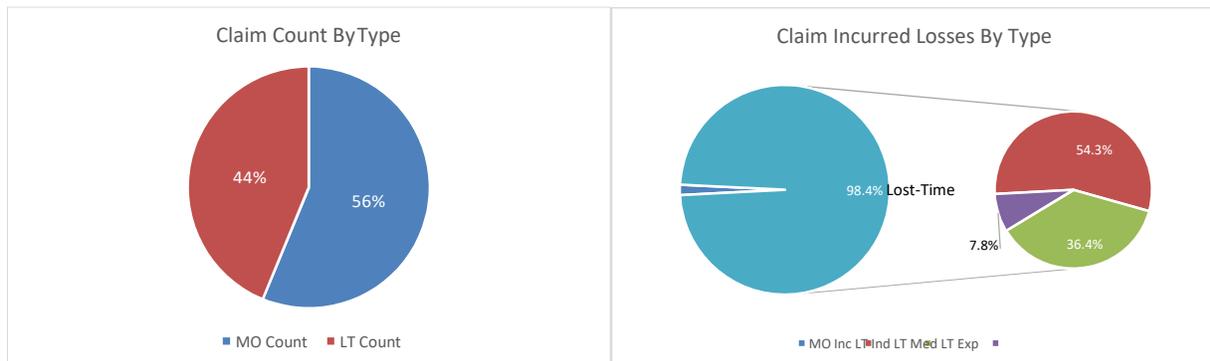
Loss Distribution by Type

I. Claim Counts and Incurred Losses

Claim Period (1)	Reported Claims 6/30/20			Unlimited Reported Incurred Losses 6/30/20				
	Medical Only (2)	Lost-Time (3)	Total (2)...(3) (4)	Medical Only (5)	Lost-Time			Total (5)...(8) (9)
					Indemnity (6)	Medical (7)	Expense (8)	
2010/11	226	424	650	\$132,349	\$13,450,916	\$6,554,583	\$1,753,952	\$21,891,800
2011/12	279	358	637	200,521	13,623,226	5,225,411	1,775,587	20,824,745
2012/13	243	326	569	179,792	9,487,593	4,512,472	1,730,567	15,910,425
2013/14	320	301	621	254,361	11,917,631	4,993,657	1,417,787	18,583,437
2014/15	239	320	559	198,649	8,403,294	3,342,383	1,187,540	13,131,866
2015/16	275	336	611	279,325	11,494,855	4,856,816	1,585,612	18,216,607
2016/17	252	296	548	344,673	11,218,281	8,018,950	1,421,683	21,003,586
2017/18	263	264	527	319,859	6,825,185	4,242,141	1,267,776	12,654,961
2018/19	341	215	556	335,794	7,335,012	21,235,510	1,136,591	30,042,906
2019/20	1,458	196	1,654	572,162	2,895,952	1,816,656	568,819	5,853,588
<b>Total</b>	<b>3,896</b>	<b>3,036</b>	<b>6,932</b>	<b>\$2,817,486</b>	<b>\$96,651,946</b>	<b>\$64,798,578</b>	<b>\$13,845,913</b>	<b>\$178,113,922</b>

II. Percentages

Claim Period (1)	Reported Claims 6/30/20			Unlimited Reported Incurred Losses 6/30/20				
	Medical Only (2)/(4) (10)	Lost-Time (3)/(4) (11)	Total (10)...(11) (12)	Medical Only (5)/(9) (13)	Lost-Time			Total (13)...(16) (17)
					Indemnity (6)/(9) (14)	Medical (7)/(9) (15)	Expense (8)/(9) (16)	
2010/11	34.8%	65.2%	100.0%	0.6%	61.4%	29.9%	8.0%	100.0%
2011/12	43.8%	56.2%	100.0%	1.0%	65.4%	25.1%	8.5%	100.0%
2012/13	42.7%	57.3%	100.0%	1.1%	59.6%	28.4%	10.9%	100.0%
2013/14	51.5%	48.5%	100.0%	1.4%	64.1%	26.9%	7.6%	100.0%
2014/15	42.8%	57.2%	100.0%	1.5%	64.0%	25.5%	9.0%	100.0%
2015/16	45.0%	55.0%	100.0%	1.5%	63.1%	26.7%	8.7%	100.0%
2016/17	46.0%	54.0%	100.0%	1.6%	53.4%	38.2%	6.8%	100.0%
2017/18	49.9%	50.1%	100.0%	2.5%	53.9%	33.5%	10.0%	100.0%
2018/19	61.3%	38.7%	100.0%	1.1%	24.4%	70.7%	3.8%	100.0%
2019/20	88.1%	11.9%	100.0%	9.8%	49.5%	31.0%	9.7%	100.0%
<b>Total</b>	<b>56.2%</b>	<b>43.8%</b>	<b>100.0%</b>	<b>1.6%</b>	<b>54.3%</b>	<b>36.4%</b>	<b>7.8%</b>	<b>100.0%</b>



Data was provided by the City. Medical Only includes claims with claim type of Medical Only or Record Only.